

ANNUAL REPORT

2018–2019



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Translating and interpreting assistance

Building Queensland is committed to providing accessible services to Queenslanders from 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 for an interpreter to effectively communicate the report to you.

This Annual Report provides information about Building Queensland's financial and non-financial performance for 2018–19. 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 Minister for State Development, Manufacturing, 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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Letter of compliance

30 August 2019

—

The Honourable Cameron Dick MP
Minister for State Development, Manufacturing, Infrastructure and Planning
PO Box 15009
CITY EAST QLD 4002

Dear Minister,

I am pleased to submit for presentation to the Parliament the Annual Report 2018–19 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 agencies
- / section 51 of the *Building Queensland Act 2015*.

A checklist outlining the annual reporting requirements can be found on pages 68–69 of this Annual Report.

Yours sincerely,



Alan Millhouse
Chair
Building Queensland Board

Chair and CEO's report

The past year has been one of progress and achievements for Building Queensland. We have made major strides in our efforts to provide independent expert advice and transparent analysis of the state's infrastructure priorities—and we are proud of our achievements as outlined in this Annual Report.

In 2018–19 Building Queensland completed 12 detailed business cases—our highest number yet. Our success, however, is not measured by the volume of business cases we lead but rather in the knowledge that our advice is accepted and contributes to positive infrastructure outcomes across the state.

We continued to partner with government agencies to develop business cases for the state's major infrastructure projects, and our involvement has increasingly extended to the earlier stages of development—we assisted with 13 early-stage infrastructure proposals over the past year.

/ Collaboration has been another area of focus. Building Queensland has been influencing infrastructure planning and decision-making, and participating in various project steering committees and working groups across our partner agencies.

Building Queensland's vision is to enhance infrastructure outcomes for Queensland, but we can only do that if we deliver robust advice and are transparent in our analysis. For those business cases considered by government, we also published comprehensive summaries, including cost benefit analysis.

Our Infrastructure Pipeline Report detailed 19 of the state's priority infrastructure projects progressing for government consideration. It also highlighted several more projects where a funding commitment has been made for delivery, and where Building Queensland is leading the development of the business case.

We need to ensure we are learning from our involvement in developing government infrastructure proposals and that our guidance materials reflect lessons learned and contemporary best practice. To that end, we have been collaborating with government and industry to enhance our Business Case Development Framework.

We also introduced a new organisational structure in June 2019—to enhance our advisory capability. The revised structure will enable us to maximise our ability to meet

future challenges facing the infrastructure sector head on. It also reflects alignment with Building Queensland's values of independence, collaboration, excellence and teamwork.

Our work over the past year would not be possible without the dedication and expertise of our staff—Building Queensland's greatest asset. Our collective ability to collaborate, lead and influence will ensure we continue to meet our purpose and deliver on our values.

Finally, in acknowledging the valuable support of the Board, Building Queensland welcomed new Board members Mr Kevin Hegarty OAM, Ms Lesley Morris and Ms Fiona Murdoch in late 2018. Our retired Board members Ms Jacqui Walters and Mr Graham Hooper contributed strongly to establishing Building Queensland and we thank them sincerely for their leadership.

Looking forward, we are excited by the opportunity ahead to lead the development of the state's business cases and to continue providing expert advice to inform good infrastructure decisions.



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

/ Alan Millhouse
Chair



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

/ Damian Gould
Chief Executive Officer

2018–19 HIGHLIGHTS



Led and completed / **12** /
detailed business cases



Assisted with / **13** /
proposals



Published / **7** /
business case summaries



Reported / **19** /
pipeline proposals



Further enhanced Building
Queensland's organisational culture

Our organisation

About us

Building Queensland is the Queensland Government's infrastructure advisory body. We provide independent expert advice to support the government in making its infrastructure decisions.

Building Queensland partners with Queensland Government agencies, including government departments, government-owned corporations and nominated statutory authorities, to develop robust business cases while enhancing capability across government.

Established on 3 December 2015, Building Queensland operates under the *Building Queensland Act 2015*. Amendments to the Act were made as part of the *Economic Development and Other Legislation Amendment Act 2019* on 11 April 2019. These amendments drive greater efficiencies in developing robust business cases and advice to inform government decision-making.

/ Building Queensland leads the development of detailed business cases for infrastructure projects with an estimated capital cost of \$100 million or more.

This threshold is higher for road transport projects that do not incorporate a toll road, with Building Queensland leading detailed business cases for projects over \$500 million. Where a toll road is included, Building Queensland's \$100 million threshold applies. Building Queensland also assists with the development of detailed business cases for projects between \$50–\$100 million.

We develop business cases for infrastructure projects across all state government sectors which means we are well placed to consider how potential solutions fit within wider networks and systems. One of our greatest opportunities for adding value is during the early stages of business case development. We work closely with agencies to analyse service needs and develop options—infrastructure and non-infrastructure—to improve the foundations for good proposal development.

All of our business cases are underpinned by our Business Case Development Framework. The framework provides detailed, section-by-section guidance on the requirements for robust business cases. It guides a proposal from strategic assessment of service requirement to options analysis, and finally to the detailed analysis of a preferred option.



Gold Coast Light Rail

Supplementary guidance is also provided for investment logic mapping, social impact evaluation, cost benefit analysis and benefits management.

Building Queensland's Infrastructure Pipeline Report signals the priority infrastructure proposals under development by the Queensland Government. The report is presented in two parts—unfunded and funded proposals. In line with our legislation, Building Queensland delivers a view of priority unfunded proposals to be further developed, providing government with an informed evidence base for decision-making.

Operating environment

Developments in infrastructure technology, standards and guidelines are affecting the nature of the business cases we lead and changing the way we assess business cases. In 2018–19 Building Queensland started engaging with the state's major dam operators to develop detailed business

cases for several critical water supply assets to ensure they continue to function safely during extreme weather events. Engineering standards have changed since many of our dams were built, and the detailed business cases for these projects are investigating solutions to meet the latest guidelines on acceptable flood capacity.

New emerging technologies are also affecting our approach to business case development, such as those from the transport sector. The business cases for the M1 Pacific Motorway, for example, included implementation of managed motorways technology for ramp metering. As the transport sector continues to evolve, multiple digital trends will change transportation into the future.

Building Queensland is cognisant of policy developments and initiatives being pursued by both the Australian and Queensland governments, such as City Deals, Principles of Innovative Financing, Smart Cities Plan and themes emerging through consultation with Infrastructure Australia on the

National Infrastructure Audit. Consistent with Building Queensland's Business Case Development Framework, detailed business cases analyse the strategic context, as well as policy developments and initiatives under which projects are developed.

Acknowledging risk

Building Queensland acknowledges and manages risk in the development of infrastructure proposals. Areas of strategic risk focus on:

- / demonstrating expertise and maintaining a respected level of independence
- / efficiently undertaking our functions while prioritising our resources to maximise value for our stakeholders
- / keeping pace with trends that are influencing the future of infrastructure.



M1 Pacific Motorway

OUR STRATEGY

OUR VISION

To enhance infrastructure outcomes for Queensland.

OUR PURPOSE

To provide independent expert advice and transparent analysis on the state's infrastructure priorities.

OUR VALUES

INDEPENDENCE

We maintain a respected level of independence in developing advice.



COLLABORATION

We respect our stakeholders and work together to deliver effective outcomes.



EXCELLENCE

We drive high standards and pursue opportunities to innovate and continuously improve.



TEAMWORK

We value our colleagues and promote a vibrant and inclusive environment that encourages us to develop.







Building Queensland's strategic direction supports the government's objectives to create jobs in a strong economy and be a responsive government.

Our values complement the Queensland public service values of: customers first, ideas into action, unleash potential, be courageous, and empower people.

Our performance

In 2018–19 Building Queensland focused on driving clear outcomes and making further progress towards our vision of enhancing infrastructure outcomes for Queensland. We have successfully delivered across all our objectives and have built a culture focused on continuous improvement.

OBJECTIVES	RESULTS
TRUSTED AND RESPECTED ADVICE	
 <p>Work collaboratively with stakeholders to enhance infrastructure development</p>	<p>ACHIEVED</p> <ul style="list-style-type: none"> ✓ Agencies proactively engaged with us ✓ Government accepted our advice ✓ Industry sought engagement opportunities with us ✓ Various surveys confirmed we deliver trusted and respected advice
ROBUST BUSINESS CASE DEVELOPMENT	
 <p>Develop robust business cases to underpin Queensland Government decision-making</p>	<p>ACHIEVED</p> <ul style="list-style-type: none"> ✓ The Board endorsed our business cases in a timely manner ✓ Government accepted our business case recommendations ✓ Infrastructure Australia confirmed priority project status for the upgrades of the M1 Pacific Motorway Eight Mile Plains to Daisy Hill and Varsity Lakes to Tugun
TRANSPARENCY OF PROPOSALS UNDER DEVELOPMENT	
 <p>Improve the transparency of proposals under development</p>	<p>ACHIEVED</p> <ul style="list-style-type: none"> ✓ Awareness of Queensland infrastructure proposals has increased through information we shared on our website, in publications and at speaking engagements ✓ Industry provided positive feedback on our Infrastructure Pipeline Report ✓ The state government is progressing priority proposals in our Infrastructure Pipeline Report ✓ Infrastructure Australia is recognising relevant proposals in our Infrastructure Pipeline Report as national priorities
SKILLED AND COMMITTED WORKFORCE	
 <p>Develop a skilled and committed workforce to ensure expert advice is delivered</p>	<p>ACHIEVED</p> <ul style="list-style-type: none"> ✓ The Queensland Public Sector Working for Queensland Survey confirms Building Queensland is a great place to work ✓ Our staff participate in development opportunities to build capacity and we have a skilled and committed workforce

Building Queensland's performance against these objectives listed in our Strategic Plan 2018–2022 is addressed in the following sections of the Annual Report: Advice, Business cases, Transparency and Workforce.

Advice

Building Queensland's expert capability is available to support all Queensland Government agencies.

Our expertise includes:

- / business case planning
- / service need and problem identification
- / options analysis
- / financial analysis
- / cost benefit analysis
- / social impact evaluation
- / delivery model analysis
- / project implementation planning.

Our expertise is recognised across government and we are increasingly invited to advise on proposals in the early stages of development.

Good early-stage work on infrastructure proposals improves investment decisions as it provides a better understanding of the problem or opportunity that a proposal seeks to address.














It also helps ensure all possible options to solve a problem are explored, including non-infrastructure solutions. To further support the government's infrastructure decisions, Building Queensland participates in various project steering committees and working groups across government.

Achievements 2018–19

Building Queensland assisted with the development of 13 proposals from across the Queensland Government's infrastructure portfolio during the reporting period.

Our increasing involvement in infrastructure planning that is not mandated under our legislation confirms we are meeting our objective of delivering trusted and respected advice.

Building Queensland assisted with the development of the following proposals:

BUSINESS CASE	AGENCY
 Cairns Convention Centre Preliminary Business Case	Department of Housing and Public Works
 Gold Coast Convention and Exhibition Centre Preliminary Business Case	Department of Housing and Public Works
 Redland Campus Redevelopment Preliminary Business Case	Metro South Hospital and Health Service
 Princess Alexandra Hospital Rehabilitation and Subacute Services Renewal Preliminary Business Case	Metro South Hospital and Health Service
 Bundaberg Hospital Redevelopment Preliminary Business Case	Wide Bay Hospital and Health Service and the Department of Health
 Redcliffe Hospital Redevelopment Stage 1 Preliminary Business Case	Metro North Hospital and Health Service
 Gold Coast Secure Mental Health Detailed Business Case	Gold Coast Hospital and Health Service
 South West Pipeline—Bulk Water Connection to Beaudesert Detailed Business Case	Seqwater
 Lake Macdonald Dam Improvement Project Detailed Business Case	Seqwater
 Youth Justice Correctional Facility Strategic Business Case	Department of Child Safety, Youth and Women
 Lockyer Valley Additional Water Supply Options Strategic Business Case	Department of Natural Resources, Mines and Energy
 Integrated Client Management System Replacement Detailed Business Case	Department of Child Safety, Youth and Women
 Rockhampton Ring Road Preliminary Business Case	Department of Transport and Main Roads

Outcomes

The successful completion of many of these proposals has helped position government to make informed decisions on the future of these projects. One such project is the Cairns Convention Centre. The Queensland Government supported the development of a detailed business case for the Cairns Convention Centre which was completed by Building Queensland in June 2019. As demonstrated by the Cairns Convention Centre Detailed Business Case, through engagement in the earlier stages of proposal development, Building Queensland was in a strong position to lead the timely delivery of analysis for the final stage in the business case development process—the detailed business case. Other examples where Building Queensland had early stage involvement and went on to lead detailed business cases include the New Youth Detention Centre and Bundaberg Hospital Redevelopment projects.

In positioning Building Queensland to deliver on our strategy, and in recognition of stakeholder feedback, we implemented an organisational restructure in June 2019. Our revised structure is designed to optimise our ability to support the development of robust business cases while emphasising our advisory function with the formation of a new team—Strategy and Advisory—that provides advice to project teams within Building Queensland and to external stakeholders. The organisational restructure is also cultivating a stronger team culture at Building Queensland (refer to Workforce section on page 15).

Future directions

Building Queensland is exploring opportunities to enhance infrastructure proposal development and provide more of a leadership role through an update of our Business Case Development Framework.

This update will reflect contemporary practice and lessons learned from government practitioners and advisors who use our framework, as well as those receiving completed business cases. It will also reflect the complexity of business cases and the various purposes they serve for multiple audiences.

Business cases are often used as a funding and budget instrument, and also provide a tool for prioritisation, planning, performance management, implementation and evaluation.

Opportunities to cater to a broader audience, including those with smaller projects, will also be explored in the update. Other considerations will include more detailed guidance on service need, base case, options identification and filtering, and economics, along with new technical guidance for financial and commercial analysis.

Business cases

Building Queensland partners with agencies to develop robust business cases to inform government decision-making. We lead the development of detailed business cases for projects with an estimated capital cost of \$100 million or more and assist with those between \$50–\$100 million. This threshold is higher for road transport projects that do not incorporate a toll road, with Building Queensland leading detailed business cases for projects over \$500 million. Where a toll road is included, Building Queensland's \$100 million threshold applies.

Achievements 2018–19

Building Queensland led the development of 12 detailed business cases that were completed in 2018–19. These business cases have been provided to the Queensland Government for consideration.

/ Brisbane Live Entertainment Arena—Roma Street Project

The development of the Cross River Rail station at Roma Street has provided the opportunity to redevelop an underutilised section of the Brisbane central business district and the most connected transport precinct in Brisbane if implemented. This redevelopment would create a world-class entertainment arena for Queensland. Building Queensland led the development of a detailed business case, in partnership with the Cross River Rail Delivery Authority, investigating the construction of a new 17,000–18,000 seat arena. The proposed arena would be located on a large deck structure built over railways, roads and property, bounded by Albert Street to the north and Roma Street to the south. The proposal also includes ancillary facilities to support the arena's operation as well as new public spaces and active transport connections with neighbouring central business district locations.

/ Bruce Highway Upgrade—Deception Bay Road Interchange

Building Queensland led the development of the Bruce Highway Deception Bay Road Interchange Detailed Business Case in partnership with the Department of Transport and Main Roads. The business case investigated the replacement of the existing two-lane Deception Bay Road bridge over the Bruce Highway with two four-lane bridges, replacement of signalised ramps with free flow ramps, and upgrades to the intersections east and west of the interchange.

/ Cairns Convention Centre

Building Queensland partnered with the Department of Housing and Public Works to develop a detailed business case for an upgrade and expansion of the Cairns Convention Centre to meet potential unmet demand for national and



Image courtesy of Cairns Convention Centre

international conventions in Cairns. The detailed business case investigated essential maintenance works, refurbishment works, and expansion works to facilitate additional space for convention, meeting and support spaces.

/ Centenary Bridge Upgrade

The Centenary Motorway performs a critical role within the broader South East Queensland transport network, providing a key link that connects the western corridor and inner and northern suburbs of Brisbane and the Australia Trade Coast Precinct. An analysis of major Brisbane River crossings revealed that Centenary Bridge has the highest lane utilisation, with traffic congestion expected to exacerbate over time. Working in partnership with the Department of Transport and Main Roads, Building Queensland led the development of a detailed business case investigating the construction of a new three-lane northbound bridge and rehabilitation works for the existing bridges. Upgrades to active transport facilities were also examined.

/ Ebenezer Regional Industrial Area (Willowbank Stage 1)

The Ebenezer Regional Industrial Area is a proposed manufacturing hub located 15 kilometres south-west of Ipswich city centre around Ebenezer. This greenfield site provides an opportunity to accommodate a mix of innovative, sustainable and best practice business and industry development. Building Queensland, in partnership with Economic Development Queensland, led the development of a detailed business case investigating infrastructure to support potential manufacturing opportunities, including internal precinct works such as roads, earthworks, reticulated water and sewerage, and other utilities; road access to the precinct from the Cunningham Highway (including intersection works); and a trunk water main.

/ Gold Coast Light Rail Stage 3A

Working in partnership with the Department of Transport and Main Roads, Building Queensland led the development of a detailed business case investigating the extension of light rail to Burleigh Heads (Stage 3A). The proposal investigated delivery of approximately 6.7 kilometres of dedicated dual



Logan Hospital



Burdekin Falls Dam (Image courtesy of Sunwater)



light rail track from Broadbeach South Station to Burleigh Heads including new light rail stations and vehicles, upgrade to existing depot facilities, a light rail–bus interchange, crossings and various supporting works and improvements.

/ Inner City South State Secondary College

Building Queensland partnered with the Department of Education to develop a detailed business case for the Inner City South State Secondary College. The detailed business case investigated a proposed year 7–12 secondary school located in the inner-south Brisbane suburb of Dutton Park. The Inner City South State Secondary College will encompass a number of multi-storey, campus-style buildings including a multi-purpose hall, learning hub, creative hub, and administration/staff centre, and have affiliations with the University of Queensland.

/ Ipswich Hospital Redevelopment Stage 1A

Building Queensland led the development of a detailed business case for Stage 1A of the Ipswich Hospital Redevelopment. Developed in partnership with Queensland Health and the West Moreton Hospital and Health Service, the business case investigated a new mental health facility with 50 beds for adult acute and older persons; a magnetic resonance imaging (MRI) suite; purchase and refurbishment of Ipswich City Council facilities to provide new facilities for community health and administration functions; and

upgrades to the existing car parks on the Ipswich City Council sites.

/ Logan Hospital Expansion

Logan is one of the fastest growing regions in the state and a major growth corridor for South East Queensland with an estimated population of 1.2 million. The Logan Hospital is the main acute facility for the region. Building Queensland led the development of a detailed business case to increase capacity at the Logan Hospital. Working in partnership with Metro South Hospital and Health Service and Queensland Health, the business case investigated a vertical and floorplate expansion of one of the buildings. This expansion is a critical enabler to improving emergency department efficiency and performance. The refurbishment of a further two buildings was investigated to increase capacity of the pharmacy, intensive care unit, mental health services and endoscopy unit.

/ M1 Pacific Motorway—Eight Mile Plains to Daisy Hill

Building Queensland developed a detailed business case investigating improvements to eight kilometres of the M1 Pacific Motorway between Eight Mile Plains and Daisy Hill. Working in partnership with the Department of Transport and Main Roads, Building Queensland examined widening of the motorway from six to eight lanes to align with the motorway standards upstream and downstream of the

project location. In addition, a 6.6-kilometre dedicated bus lane and 7.5-kilometre bike and shared pathway incorporating a grade-separated cycleway crossing of Logan Road were also investigated.

/ M1 Pacific Motorway—Varsity Lakes to Tugun

Building Queensland developed a detailed business case for the 10-kilometre section of the M1 Pacific Motorway between Varsity Lakes and Tugun. Working in partnership with the Department of Transport and Main Roads, Building Queensland investigated widening the motorway from four to six lanes, along with several interchange and ramp upgrades.

/ Nullinga Dam and Mareeba Dimbulah Water Supply Scheme Improvements Project

Working in partnership with Sunwater, Building Queensland led the development of a detailed business case that investigated improving the Mareeba Dimbulah Water Supply Scheme rules and operation, and upgrading the existing Arriga and East Barron channels. An in-depth analysis of the design and construction of Nullinga Dam was also undertaken. The engineering solution incorporated demand findings to determine the optimal volume, price for water and subsequent economic viability of the proposed dam.













Outcomes



The Building Queensland Board endorsed all 12 completed detailed business cases. Assurance processes comprising Business Case Development Framework alignment reviews, gateway reviews and expert peer reviews of technical and other inputs supported the Board’s decisions to endorse the findings and recommendations in these detailed business cases.

The Queensland Government accepted the business case recommendations for six of the projects completed by Building Queensland during the reporting period. The status of these projects is provided below. The remaining business cases have been presented to the Queensland Government for consideration.

With Act amendments coming into effect in April 2019, Building Queensland continued to lead the development of detailed business cases for the Bruce Highway Upgrade—Deception Bay Interchange and the Centenary Bridge Upgrade. Moving forward, Building Queensland’s role in leading the development of road transport projects will be triggered by a project with an estimated capital delivery cost of over \$500 million (unless the project incorporates a toll road, in which case the \$100 million threshold will continue to apply).

Business cases considered by government

 <p>BRUCE HIGHWAY—DECEPTION BAY ROAD INTERCHANGE Department of Transport and Main Roads STATUS » Detailed design phase underway</p> 	 <p>M1 PACIFIC MOTORWAY—EIGHT MILE PLAINS TO DAISY HILL Department of Transport and Main Roads STATUS » Detailed design phase underway</p> 
 <p>M1 PACIFIC MOTORWAY—VARSITY LAKES TO TUGUN Department of Transport and Main Roads STATUS » Detailed design phase underway</p> 	 <p>LOGAN HOSPITAL EXPANSION Queensland Health STATUS » Detailed design phase underway</p> 
 <p>INNER CITY SOUTH STATE SECONDARY COLLEGE Department of Education STATUS » Site clearing underway to make way for construction</p> 	 <p>IPSWICH HOSPITAL REDEVELOPMENT STAGE 1A Queensland Health STATUS » Transitioning to delivery</p> 

 STATE AND FEDERAL FUNDING
  STATE FUNDING

Future directions

Building Queensland is progressing with the development of detailed business cases for the following projects:

- / Bundaberg Hospital Redevelopment
- / Toowoomba Hospital Redevelopment
- / Somerset Dam Safety Upgrade
- / Paradise Dam Improvement Project
- / New Youth Detention Centre.

Building Queensland is working collaboratively with relevant agencies to develop the analysis that will inform the government's infrastructure decisions.

/
In developing the state's business cases for major infrastructure projects, Building Queensland engages extensively with stakeholders, including Infrastructure Australia.

Our engagement activities facilitate a gathering of diverse perspectives that contribute to the development of the right infrastructure solutions to address identified service needs.

Transparency

Building Queensland is enhancing the transparency of government infrastructure proposals under development. We regularly update our website with information on business cases under development. We also publish six-monthly summaries of the projects in which Building Queensland has been involved, and summaries of priority infrastructure proposals in the Infrastructure Pipeline Report.

Consistent with the requirements of the *Building Queensland Act 2015*, business case summaries, including cost benefit analysis, are released on Building Queensland's website after government consideration of the business case. These summaries provide an overview of the project and outline the economic analysis undertaken.

To further raise awareness, Building Queensland's CEO undertakes an extensive engagement program with government and industry.

Central to this engagement activity is the CEO's participation in speaking opportunities and panel discussions at major infrastructure forums. Building Queensland also regularly updates our stakeholders on the availability of information on our website through LinkedIn and electronic newsletters.

Achievements 2018–19

Building Queensland released business case summaries, including cost benefit analysis, for seven detailed business cases completed during the reporting period.

- / M1 Pacific Motorway—Eight Mile Plains to Daisy Hill
- / M1 Pacific Motorway—Varsity Lakes to Tugun
- / Bruce Highway Cairns Southern Access Corridor Stage 3 Edmonton to Gordonvale
- / Bruce Highway Cairns Southern Access Corridor Stage 4 Kate Street to Aumuller Street
- / Bruce Highway Deception Bay Road Interchange
- / Bruce Highway Caboolture/Bribie Island Road Interchange to Steve Irwin Way Interchange
- / Bruce Highway Maroochydore Interchange.

Building Queensland produced two updates to the Infrastructure Pipeline Report. The December 2018 update was released during the reporting period and provided an update of the 19 unfunded priority proposals identified six months prior. It also introduced two new business cases under development by Building Queensland with funding commitments for delivery. The 2019 update of the Infrastructure Pipeline Report will be released in the third quarter of 2019 to align with Act amendments introduced earlier in the year.

Outcomes

The transparency of Building Queensland's expert advice has helped build confidence in the Queensland Government's investment decisions. In the 2018–19 State Budget, the Queensland Government allocated funding to five projects detailed in Building Queensland's Infrastructure Pipeline Report, Part 1—unfunded proposals. Two emerged from the former strategic business case investigating additional education capacity in the southern Sunshine Coast—an additional primary school in Palmview and secondary school in Caloundra South. Similarly, the strategic business case for additional special education capacity in South East Queensland led to government investment in special schooling on the Sunshine Coast.

The Queensland Government also committed to the construction of a 1000-bed male high-security correctional facility in South East Queensland to increase the state's corrections capacity. Formerly identified as the South Queensland Correctional Facilities Expansion, this project takes a system-wide approach to managing capacity across the state's correctional facilities.

INFRASTRUCTURE PIPELINE REPORT

DECEMBER 2018



Future directions

As the state's infrastructure advisor, Building Queensland is involved in all large infrastructure proposals under development by the state. We recognise the importance of making our analysis and advice visible so the community can have confidence in the government's decisions. Building Queensland will continue to meet our statutory requirement to publish business case summaries, including cost benefit analysis, after projects have been considered by government. Where further information is required to help stakeholders and community members understand the outcomes of a business case, Building Queensland will release full business cases (after firstly removing commercially sensitive information) when authorised to do so by government.

/ **Moving forward, our Infrastructure Pipeline Report will be released annually after the State Budget, ensuring budget priorities and developments are captured in the report.**

We are partnering with government and industry associations to collaborate and share information and research to inform the state's pipeline development and improve the visibility of projects across pipelines. In addition, we are participating in other workshops, including exploring alternative risk allocation approaches in procurement and delivery models, to achieve value for money for government and sustainable outcomes for industry.

Workforce

Building Queensland is developing a skilled and committed workforce to ensure our people are well equipped to deliver expert advice. In 2018–19 our talent agenda included expanded training and development programs for our staff with a focus on leadership training for members of Building Queensland's leadership team.

We believe that a committed workforce is not only skilled and capable but fundamental to Building Queensland's success.

In addition to our training and development program, our team has contributed to several initiatives aimed at defining and enhancing our organisational culture and improving collaboration across our organisation and with our stakeholders. This will help position Building Queensland as an employer of choice.

Achievements 2018–19

We successfully balanced in-house and formal training:

- / Our internal Back to Base forums gave staff access to industry leaders, including the Chair of Infrastructure Australia, Julieanne Alroe, who offered insights on emerging trends and technologies.
- / Our staff also participated in training to support a safe and compliant workplace—workplace health and safety, cyber security, fraud and corruption prevention, records management and responsible management.

- / To supplement Building Queensland's technical skillsets, our Infrastructure Assessment Team participated in technical training on investment logic mapping, gateway reviews and key components of our business case development and assurance activities. The knowledge gained from these sessions help the team as they develop robust business cases.
- / To further enhance business case development capability, our Infrastructure Assessment Team collaborated with Infrastructure Australia and undertook training with a broad range of Queensland Government stakeholders.
- / To ensure Building Queensland's Leadership Team is equipped to support the Board in its deliberations, members completed the Australian Institute of Company Directors Foundations of Directorship course. To enhance the experience, several Board members participated in the course, sharing insights and experience.
- / Our 2018 Working for Queensland Survey results indicated a marked improvement in our organisational culture. The findings suggest Building Queensland is emerging as an employer of choice—inspiring staff to do their best and providing opportunities for career development. Over 80 per cent of staff declared they are proud to tell others they work for Building Queensland.

Outcomes

The strong upswing in employee engagement shown in our Working for Queensland Survey results has inspired us to further our cultural development journey. We have extended on our culture development program to harness staff feedback in pursuit of Building Queensland's ideal culture. The Working Group has provided various presentations to staff and organised several internal engagement activities.

By balancing essential compliance training with technical skills development in a workplace that values and nurtures its people, Building Queensland has contributed to the successful delivery of robust advice to government and high levels of employee satisfaction.

Future directions

Building Queensland will continue to improve our leadership capability and develop our people, putting us in the best possible position to deliver on our strategy of meeting future challenges facing the infrastructure sector. Our focus for next year will be to ensure our people's technical skillsets position Building Queensland to deliver the best possible advice to government.

Following the implementation of our new organisational structure in June 2019, which focuses on alignment of Building Queensland's values, target areas identified for 2019–20 are employee involvement, communication and change management.

/ **We will continue to improve and measure Building Queensland's organisational culture and to formalise the Culture Development Working Group's activities by rolling out a culture program.**

This will help to secure long-term organisational sustainability and success, and ensure that every person working at Building Queensland both understands and aligns with the vision and values of our organisation, and feels a sense of community in the workplace.

Other developments to drive efficiencies will be realised through ongoing work to improve business systems, practices and reporting processes through the use of electronic forms and the introduction of online performance development plans. Furthermore, Building Queensland's Intranet will be reviewed and updated to enhance our internal communication and provide staff with greater access to corporate documents and announcements.



Governance

Building Queensland Board

Building Queensland is led by a Board of eight members comprising five government-appointed members from the private sector and the Chief Executives from the Department of the Premier and Cabinet, Department of State Development, Manufacturing, Infrastructure and Planning and Queensland Treasury.

Board members are appointed for a term of three years. Government-appointed members are engaged on a part-time basis and entitled to the remuneration and allowances fixed by Governor in Council.

The Building Queensland Board met eleven times in the year to June 2019, three being extraordinary meetings.

BOARD MEMBER	TERM OF APPOINTMENT	MEETINGS ATTENDED/ ELIGIBLE	APPROVED ANNUAL FEE	APPROVED ANNUAL SUB-COMMITTEE FEE (Risk and Audit Committee)
Alan Millhouse (Chair)	December 2015–current	11/11	\$50,000	0
Dr Catherin Bull #	December 2015–current	11/11	\$27,000	\$2,000
Kevin Hegarty OAM #	August 2018–current	10/10	\$27,000	\$2,500
Lesley Morris	December 2018–current	7/7	\$27,000	0
Fiona Murdoch #	December 2018–current	7/7	\$27,000	\$2,000
Frankie Carroll »	February 2019–current	2/6	n/a	n/a
Rachel Hunter » #	April 2018–current	7/11	n/a	n/a
Toni Power » #	February 2019–current	4/6	n/a	n/a
Dave Stewart » #	December 2015–current (February 2019 sabbatical leave)	4/5	n/a	n/a
Jacqui Walters * #	December 2015–December 2018	4/4	\$27,000	\$2,500
Graham Hooper *	December 2015–December 2018	4/4	\$27,000	0
Jim Murphy * »	December 2015–August 2018	1/2	n/a	n/a
Mary-Anne Curtis * »	September 2018–January 2019 (Acting Under Treasurer)	2/3	n/a	n/a

* Retired

» No fees are paid to Queensland Government representatives

Risk and Audit Committee member

Board members



/ Alan Millhouse (Chair)

Alan Millhouse was reappointed as Building Queensland's Chair in December 2018 for a further term of three years. 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 Chair 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. He also worked closely with the Australia Japan Business Cooperation Committee to promote trade and commerce between Australia and Japan. He was Chair of the Banking and Financial Services Association of Australia, Chair 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, Bond University and Keio University in Tokyo.

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 Bull was reappointed to the Building Queensland Board in December 2018 for a further three-year term. 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, a teacher, researcher and advisor to government and industry on development and design, most recently as the Elisabeth Murdoch Professor of Landscape Architecture (2010).

She has published two 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, and 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, UrbanGrowth NSW and Sydney Olympic Park Authority; in QLD, the Board for Urban Places and Brisbane City Council's Independent Design Advisory Panel; in VIC, Phillip Island Nature Parks; and in SA, the Capital City Commission. She was awarded the Order of Australia in 2009 in recognition of her contribution to landscape architecture and urban design.



/ Frankie Carroll

Frankie Carroll was appointed Under Treasurer for the State of Queensland in February 2019. Previously Frankie was Director-General of the Department of Infrastructure, Local Government and Planning from November 2015 until December 2017.

Frankie is a former 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 his CEO appointment, Frankie held the positions 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.



/ Mary-Anne Curtis

Mary-Anne Curtis commenced as Acting Under Treasurer for Queensland Treasury on 17 September 2018 on secondment from her role as the Director-General of the Department of Employment, Small Business and Training.

Mary-Anne has extensive leadership experience at Queensland Treasury having worked previously as a deputy under treasurer, providing advice and analysis to the Queensland Government on public policy, fiscal and economic issues.

Mary-Anne was appointed to the Board of Construction Skills Queensland in April 2018, an independent industry-funded body supporting employers, workers, apprentices and career seekers in the building and construction industry.

She was also appointed to the Board of QSuper, one of Australia's largest superannuation funds in July 2018.

Mary-Anne is a member of the Australian Institute of Company Directors and holds a Bachelor of Laws and Bachelor of Commerce from the Queensland University of Technology and the University of Southern Queensland respectively.



/ Kevin Hegarty OAM

Kevin Hegarty was appointed to Building Queensland's Board in July 2018. He was reappointed for a further three-year term in December 2018 and appointed as Building Queensland's Risk and Audit Committee Chair.

Kevin had a 22-year career within Queensland Health, 17 years of which he was a Health Service Chief Executive. This included an unparalleled period of 13 years as Chief Executive of the Sunshine Coast Hospital and Health Service (and its organisational predecessors).

He established a record of successfully leading large-scale organisational change and sustaining a performance-focused and responsive organisational culture. His longevity as a Chief Executive was underpinned by his ability to develop and maintain relationships with staff at all levels within the organisation. This was accompanied by effective community engagement.

As the Senior Responsible Owner of the \$1.87 billion Sunshine Coast University Hospital (SCUH) Project, Kevin had the unique experience of being Chief Executive when the project was announced by government in April 2005 through to its successful completion and commissioning in March 2017. SCUH is the first public hospital in Queensland procured through a Public Private Partnership model.

Kevin has also been accountable for a number of other hospital redevelopments.

He currently heads his own consultancy practice and is engaged part time as an Associate Professor of Health Management at the University of the Sunshine Coast.

In 2019, Kevin was awarded the Order of Australia in recognition of his service to public health administration.



/ Graham Hooper

Graham Hooper retired from the Building Queensland Board on 2 December 2018. 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 the 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.



/ Rachel Hunter

Rachel Hunter was appointed Acting Director-General of the Department of the Premier and Cabinet in February 2019. Rachel's substantive role is that of Director-General, Department of State Development, Manufacturing, Infrastructure and Planning, which she has held since April 2018. Rachel is a highly regarded and accomplished Director-General and CEO, having worked across various portfolios. Her distinguished career includes director-general roles in several Queensland Government departments including Justice and Attorney-General, and the Department of Education, Training and the Arts. She also served as Queensland's Public Service Commissioner from 2000 to 2003.

Rachel has chaired the Board of Jobs Queensland providing industry and evidence-based advice on skills needs and workforce planning. She is currently a deputy chancellor with Griffith University and has served as the Chair of Children's Health Queensland.

Much of Rachel's career in government has been spent in portfolios with a focus on employment, skills, training, and economic growth and resilience. She brings to the role an outcome-focused, and values-led leadership style.



/ Lesley Morris

Lesley Morris was appointed to the Building Queensland Board in December 2018 for a term of three years. She is an experienced board director and has 30 years' professional experience in the engineering and infrastructure sectors. She has extensive national and international experience in enterprise-wide strategy, business planning and executive leadership. Her technical expertise is in urban and regional planning, strategic land use and infrastructure development, legislative frameworks, and impact assessment.

She was senior principal and board member of Sinclair Knight Merz, a leading global engineering firm and held executive leadership roles as project director and chair of project boards for major infrastructure projects across a range of sectors including transport, water, energy, technology, resources and tourism. She also served as a general manager (secondment) with Queensland Water Infrastructure, developing an integrated strategy for the delivery of over \$3 billion of water supply infrastructure in South East Queensland.

Lesley is currently an independent consultant, non-executive director, business strategist and executive coach. She holds a Bachelor of Arts (Urban and Regional Planning), is a qualified project director, member of the Planning Institute of Australia and member of the Australian Institute of Company Directors.



/ Fiona Murdoch

Fiona Murdoch was appointed to the Building Queensland Board in December 2018 for a three-year term and appointed to the Building Queensland Risk and Audit Committee in June 2019. She has more than 28 years of experience as a non-executive director and senior executive in the resources and infrastructure sectors across multi-national and publicly listed companies, as well as government statutory authorities.

Fiona has been involved in the business case analysis, governance and oversight of major infrastructure projects across broad asset classes, including rail, roads, ports, energy and water.

Fiona is a non-executive director for ASX-listed companies Metro Mining Limited and KGL Resources Limited. She is also a director of metallurgical services company Core Resources Pty Ltd. Fiona also serves as a member of the Joint Venture Committee for the West Pilbara Iron Ore Project.

Fiona was a partner of Neuchâtel Partners for a decade, a corporate advisory firm in the resources and utility sectors, and a member of the Joint Venture Committee for the West Pilbara Iron Ore Project, which she undertakes in her role as General Manager—Commercial for AMCI Investments Pty Ltd.

She has held senior operational leadership roles with MIM Holdings, later Xstrata Queensland, as Group Business Development Manager, and with Seqwater, including Acting CEO and Executive General Manager, Corporate and Stakeholder Relations.

Her experience includes resource and infrastructure projects in Western Australia, the Northern Territory and Queensland, as well as international exposure across South America, the United Kingdom, Germany, the Dominican Republic, Papua New Guinea and the Philippines, working with Chinese, Japanese, South Korean, German and South American investment partners.

Fiona is a graduate of the AICD Company Director program and holds an MBA as well as an Honours degree in Law.



/ Jim Murphy

Jim Murphy retired as Queensland's Under Treasurer in August 2018, having held the role since 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.

In 2011 Jim was also awarded a Public Service Medal for his strategic economic advice that formed the government's response to the global financial crisis.



/ Toni Power

Toni Power was appointed Acting Director-General, Department of State Development, Manufacturing, Infrastructure and Planning in February 2019.

She is a senior executive with 25 years' experience in the public sector at Commonwealth and state levels. In addition to executive roles within the Department of State Development, Manufacturing, Infrastructure and Planning, Toni has held senior roles within the departments of Housing, Communities and Public Works.

Toni has a professional background in government, property management, commercialised business services and corporate services. Toni's experience in program and project management, and leading organisations through transition and major change has created her strong relationship-based leadership style with a focus on achieving real outcomes for the department.

Toni was appointed Deputy Director-General of Industry Partnerships in early 2017.



/ Dave Stewart

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

He has considerable public service experience. 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, Dave 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.

More recently, Dave 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.

Dave 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 community members 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.

Dave was named as one of Australia's Top 100 most influential engineers by Engineers Australia magazine in 2014.

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

He 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 and the Great Barrier Reef Marine Park Authority.

Dave Stewart took six months sabbatical leave in mid-February 2019.



/ Jacqui Walters

Jacqui Walters retired from the Building Queensland Board in December 2018, having served since December 2015. Jacqui was also the Risk and Audit Committee Chair during her term with Building Queensland.

Jacqui has held leadership roles in top tier professional services firms with over 25 years' experience in delivering and leading strategy and change projects in both the public and private sectors. She has international experience across many industry sectors. Her work has ranged from whole-of-organisation transformation and restructuring to highly specific areas such as major capital project delivery, new product introduction, professional services strategy and performance, and post-merger culture alignment.

Jacqui was a principal and senior executive of Evans & Peck, a leading infrastructure advisory firm. She is a founding partner of Era Innovation, a boutique advisory firm working with large corporates to identify, select and commercialise growth opportunities.

She established and chairs the Citytrain Response Unit (oversighting the transformation of Queensland Rail and public transport in Queensland). In March 2018 Jacqui joined the Board of Slater & Gordon and is Chair of their Risk and Audit Committee.

Committees

Risk and Audit Committee

The Building Queensland Board has one sub-committee that supports its decision-making—the Risk and Audit Committee.

The Risk and Audit Committee consisted of four Board members—two of whom were government representatives. Building Queensland's Chair has a standing invitation to attend all Risk and Audit Committee meetings in the capacity of ex-officio. The CEO; Group Director, Governance and Business Services; and representatives from the Queensland Audit Office also have standing invitations as observers to attend committee meetings. The committee met four times during 2018–2019.

The Risk and Audit Committee provides independent assurance and advice to the Board on risk, control and compliance frameworks, and Building Queensland's external accountability responsibilities as prescribed in the *Financial Accountability Act 2009* and Accounting Policy Standards.

The committee's responsibilities include:

- / reviewing financial performance
- / overseeing the risk management framework, including identifying, monitoring and managing significant risks

- / reviewing regulatory compliance
- / reviewing and monitoring internal controls, structures and systems
- / reviewing internal and external audit plans, and monitoring the implementation of audit recommendations.

During 2018–2019, the committee observed the terms of its charter and had due regard to the Audit Committee Guidelines. The committee's achievements included:

- / reviewing financial performance of Australian Accounting Standards as they apply
- / reviewing and supporting the Board's Risk Appetite Statement, Risk Management Framework and reporting
- / reviewing and supporting the three-year internal audit program designed to take into consideration both Building Queensland's operational and strategic risks, and current issues faced by the infrastructure sector in Queensland
- / reviewing reports on the development and review of Building Queensland's corporate policies and procedures, and compliance management
- / reviewing internal and external audit plans, and monitoring the implementation of audit recommendations
- / overseeing Building Queensland's organisational cultural development and capability development programs and strategies.

RISK AND AUDIT COMMITTEE MEMBER	TERM	MEETINGS ATTENDED/ ELIGIBLE
Jacqui Walters (Chair)*	December 2015—December 2018	2/2
Kevin Hegarty OAM (Chair) #	July 2018—current	4/4
Dr Catherin Bull	May 2018-current	3/4
Rachel Hunter»	April 2018—current	3/4
Fiona Murdoch •	June 2019—current	0/0
Toni Power»	February 2019—current	1/2
Dave Stewart»	December 2015—current (February 2019 sabbatical leave)	2/2

* Retired » No fees are paid to Queensland Government representatives # Appointed Risk and Audit Committee Chair in December 2018 following the retirement of Jacqui Walters
 • Commenced 21 June 2019

Workplace Health and Safety Committee

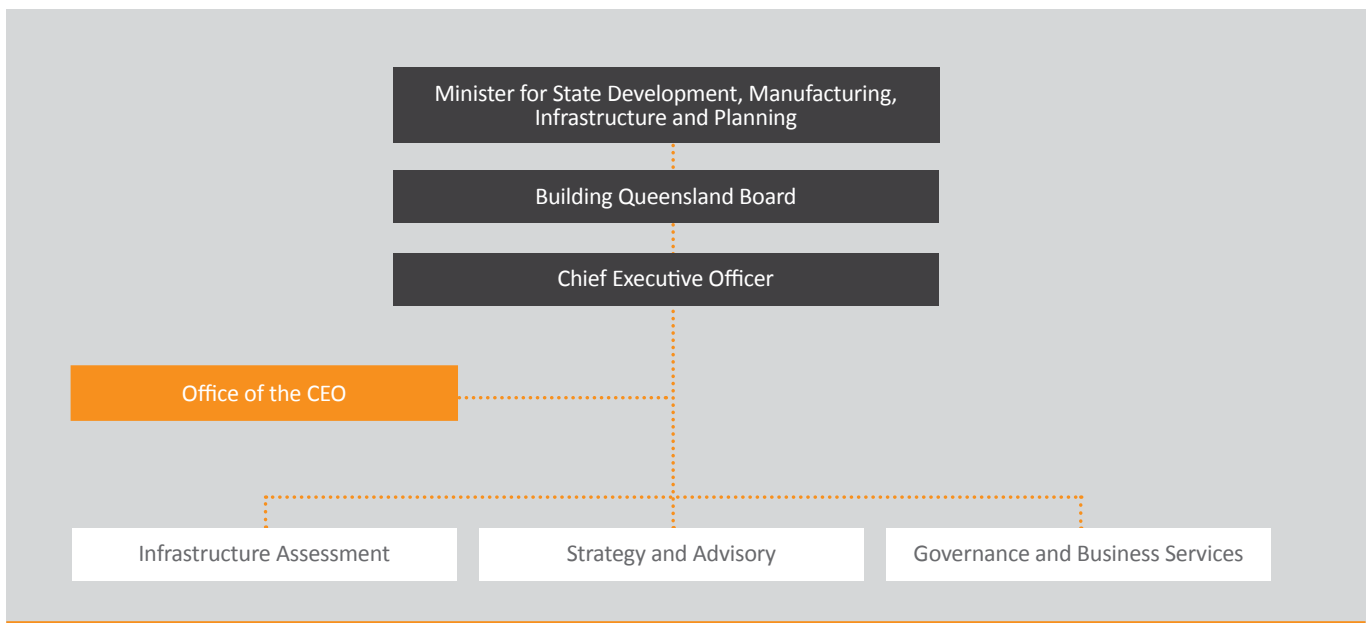
Building Queensland has an active Workplace Health and Safety Committee which contributes to our compliance with the *Work Health and Safety Act 2011* and regulations. Our Workplace Health and Safety Committee comprises four members—our CEO and three staff members, who meet regularly to identify, discuss and manage risks in accordance with Building Queensland’s risk management framework. The committee also provides updates at Building Queensland staff forums.

Culture Development Working Group

Building Queensland’s Culture Development Working Group comprises seven members of staff and the CEO. Established in early 2019, the Culture Working Group meets regularly to capture valuable information from across Building Queensland, develop actions and strategies, agree priorities and report back to the broader team on how best to pursue an ideal organisational culture

Management and structure

Building Queensland is managed within three groups: Governance and Business Services, Infrastructure Assessment, and Strategy and Advisory.



Executive Leadership Team



/ Damian Gould

Chief Executive Officer

Since his appointment in February 2017, Damian has been responsible for driving the development of the state's major infrastructure business cases and advising the Queensland Government on infrastructure priorities. 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 CEO role over 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 include lead roles in the establishment of flood recovery programs for the Queensland Reconstruction Authority and Toowoomba Regional Council, and the Queensland Government Wireless Network.

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.



/ Alicia Fava

Executive Director, Infrastructure Assessment

Alicia Fava leads Building Queensland's team of experts developing Queensland Government business cases for large infrastructure projects.

She brings an intrinsic understanding of all phases of planning and delivery of infrastructure projects from her career experiences with major contractors, consultancies and now government.

She has been instrumental in the planning and development of numerous high-profile projects in Australia, the United Kingdom and the Middle East, including Wembley Stadium, the Gateway Upgrade Project, Port Botany Expansion project, Saadiyat Island Development and the Dubai Waterfront.

Alicia is a graduate of the Australian Institute of Company Directors and holds a Bachelor of Building Construction Management.



/ Liam Gordon

**Executive Director,
Strategy and Advisory**

Liam Gordon leads Building Queensland's strategy and advisory services, and is responsible for delivering contemporary best practice business case guidance and infrastructure advisory services to the Queensland Government and industry.

Liam has over 20 years' experience in the Queensland Government and infrastructure sectors, and has held senior leadership positions focused on infrastructure and major commercial transactions. Recent roles include the Executive General Manager, Projects at Queensland Rail, and Deputy Under Treasurer, Economics Group at Queensland Treasury. In other senior roles, Liam has provided leadership and strategic direction across major projects and commercial transactions.

Liam holds a Bachelor of Economics (Honours).



/ Andrea Tamas

**Group Director,
Governance and Business Services**

Andrea Tamas leads the multi-disciplinary team of Governance and Business Services within Building Queensland and is responsible for finance, human resources, procurement, governance, compliance and risk management functions.

Andrea brings extensive commercial, organisational and project management experience from both the public and private sectors. She joined Building Queensland in June 2017 after 16 years with Brisbane City Council where she held several roles and worked on complex organisational and large-scale infrastructure projects.

Andrea holds a Master of Science degree in Tourism Development and Resort Management from the Western Illinois University.

Workforce profile

As at 30 June 2019, Building Queensland employed 27 people. We also draw on secondments and interchange agreements from other government departments, contractors, agency staff and advisors for the development of business cases.

All new staff members and advisors undertake a comprehensive corporate induction program that includes orientation to Building Queensland's role and functions, policies and procedures, and information technology and records management systems. Building Queensland supports the principles underlying equal employment opportunities and we actively ensure that our work environment adheres to these principles, the principles of anti-discrimination and the avoidance of sexual harassment and bullying.

Workforce planning

We have adopted the Public Service Commission principles in our strategic workforce management, leadership and capability development activities. Personal development plans for our staff are developed annually and reviewed six-monthly. Through this process our people have a clear understanding of their roles in achieving Building Queensland's vision and strategic direction.

Building Queensland has continued to build a sustainable, innovative and diverse workforce and a culture that drives high performance. A key focus for 2018–19 was to further develop organisational and individual capabilities that align with the delivery of our Strategic Plan 2018–2022.

We will revise our Workforce Plan to provide further strategic direction for the development and management of our workforce. To help operationalise the Workforce Plan, Building Queensland will undertake a skills mapping exercise

to establish existing skills and future skill requirements. This will form the basis for an effective training program covering management capabilities, technical skills and compliance.

Building Queensland is collaborating with central agencies, the Department of State Development, Manufacturing, Infrastructure and Planning, and Queensland Treasury Corporation to leverage the capability within these agencies and provide further training to support our highly capable workforce.

Early retirement, redundancy and retrenchment

No redundancy, early retirement or retrenchment packages were paid during the 2018–19 reporting period.

Industrial and employee relations

All employees are covered by the *Industrial Relations Act 1999* and the *Public Service Act 2008*. Under the Building Queensland corporate policies, the Group Director Governance and Business Services manages workplace complaints, investigations and WorkCover claims that may arise. Investigations may be outsourced where specialist knowledge or skills are required, or where there may be a perceived conflict of interest. Building Queensland engages the Corporate Administration Agency to provide advice in employee relations matters.

Corporate governance

Under the guidance of the Building Queensland Board, management has implemented a robust governance framework which ensures that our organisation and people are managed in an effective and efficient manner. A wide range of policies and procedures have been developed or reviewed in 2018–19 to ensure we are meeting our legislative obligations and objectives, whilst individuals adhere to strict professional and ethical standards.

The governance framework is underpinned by the Building Queensland Register of Compliance Activities, Corporate Risk Register, Corporate Policy Register and Register of Audit Findings and Recommendations.

Ethical standards

Building Queensland employees, contractors and advisors, and anyone engaged in any other capacity for Building Queensland must adhere to Building Queensland's Code of Conduct. The Code of Conduct provides information on ethical conduct and is aligned to the principles outlined in the Code of Conduct for the Queensland Public Service and *Public Sector Ethics Act 1994*.

Staff health and wellbeing

We value our people and strongly supports their health and wellbeing by actively pursuing a positive culture and a working environment that advocates zero harm to all staff. Staff members can access a range of flexible work options including flexible working hours, telecommuting/working from home and accrued leave arrangements.

During the 2018–19 reporting period, health and wellbeing initiatives included:

- / free annual influenza vaccinations to all employees
- / first aid officer training
- / compulsory domestic and family violence training to promote a respectful workplace culture and provide support to those whose lives are affected by domestic and family violence
- / access to a free employee assistance program to support employees and immediate family members with confidential counselling in regard to workplace and personal issues
- / advice through the Workplace Health and Safety Committee.

Risk management

Building Queensland has a comprehensive risk management framework that incorporates the Risk Appetite Statement, Risk Management Policy, Business Continuity Plan, corporate risk registers and risk treatment plans. The framework helps to ensure that we achieve our strategic objectives and fulfil our legislative mandate within the *Building Queensland Act 2015*.

The Risk and Audit Committee reviews the effectiveness of Building Queensland's Risk Management Framework, processes and systems.

Internal audit

Building Queensland continues to maintain its internal assurance function to monitor adherence to policies and procedures, and assess the effectiveness and efficiency of operations. This risk-based approach includes an option to conduct reviews by using internal resources or to procure audit services either through the Corporate Administration Agency or from the open market as required.

In accordance with section 31 of the Performance Management and Standard 2009, we have developed a Three-year Strategic Internal Audit Plan 2018–21 that provides the overall strategy for internal audit function, and an audit plan for each year within the plan. The plan provides an essential tool to meet assurance requirements associated with Building Queensland's growing work program.

From the Three-year Strategic Internal Audit Plan 2018–21, a detailed annual program was developed and successfully implemented for 2018–19. The program included the following activities:

- / audit of finance systems and reporting
- / review of contract management
- / audit of fraud and corruption
- / review of cost recovery
- / procurement audit.

These activities confirmed that our internal control measures are robust, and opportunities identified for process improvements are progressively being implemented.

Building Queensland's internal audit function has had due regard to the Audit Committee Guidelines.

External scrutiny

In April 2019, the Queensland Audit Office commenced a Performance Audit on Evaluating Major Infrastructure Projects in accordance with the Queensland Audit Office Strategic Audit Plan. The objective of this audit is to assess whether Building Queensland effectively and efficiently develops robust business cases to support the Queensland Government's decision-making for major infrastructure projects.

The Queensland Audit Office also performs an annual review of Building Queensland's financial statements. Recommendations communicated to Building Queensland were reported to the Risk and Audit Committee for review and noting.

Information systems and recordkeeping

We manage information systems and recordkeeping in accordance with the *Public Records Act 2002* (Qld) and other key information standards and guidelines that form the Building Queensland Recordkeeping Policy.

All official records are held in HPE Content Manager. Building Queensland engages the Corporate Administration Agency to provide support and all staff are trained in the making and keeping of public records.

At Building Queensland we are committed to quality records management with the provision of policies, processes, systems and training to support sound business decision-making and accountability. During 2018–19, records were managed appropriately in accordance with Queensland Government security requirements, with no breaches of information security.

Open data

No Building Queensland staff travelled overseas on official duties during the reporting period. Information regarding Building Queensland's engagement of consultancies is available on the Queensland Government open data website www.data.qld.gov.au.



Financial performance

The financial statements included in this Annual Report provide specific information about Building Queensland's activities for the period 1 July 2018 to 30 June 2019 and Building Queensland's financial position at the end of that period.

The 2018–19 financial statements were prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* and section 43 of the Financial and Performance Management Standard 2009. The financial statements give a true and fair view in accordance with these requirements.

There were no significant changes to accounting policies in the financial statements, including voluntary changes arising from the initial adoption of accounting standards or Queensland Treasury mandates.

Operating result

Building Queensland's operating result for the reporting period was a surplus of \$990,000 compared to a budgeted surplus of \$2.3 million. This result was primarily due to the timing of the cost recovery of expenditure incurred in the development of detailed business cases, together with efficiencies in business operations.

Total operating expenses were \$22.2 million compared to total revenue of \$23.2 million. This was a satisfactory outcome given the number of detailed business cases undertaken throughout the year.

Summary of operating result

CATEGORY	ACTUAL 2018–19 \$'000	BUDGET 2018–19 \$'000	ACTUAL 2017–18 \$'000
Total income	23,228	28,699	23,379
Total expenditure	22,238	26,399	23,237
Operating result for year	990	2,300	142

Income

User charges and fees represent the value of business case development costs that have been recovered from business case owner agencies.

Total revenue includes allocated grant funding of \$7.5 million, which was provided by the Department of State Development, Manufacturing, Infrastructure and Planning for the purpose of funding the corporate operations and strategic objectives of Building Queensland.

The main revenue categories are:

- / user charges and fees—includes fees for service arrangements with agencies that generated revenue of \$15.6 million (2017–18: \$15.8 million), which was lower than the original budget of \$21.1 million as a result of the timing of cost recoveries for business case development.
- / operational grant revenue—\$7.2 million was utilised to support business objectives and strategic outcomes, which was lower than the initial budget of \$7.5 million as a consequence of operational efficiencies.

Expenses

CATEGORY	ACTUAL 2018–19 \$'000	BUDGET 2018–19 \$'000	ACTUAL 2017–18 \$'000
Employee expenses	4,685	5,430	4,648
Non-labour	17,545	20,849	18,466
Depreciation	8	120	123
Total expenses	22,238	26,399	23,237

Building Queensland's main expenditure categories are summarised below:

- / Employee expenses were \$745,000 lower than budgeted due to vacancies. This was offset by higher contractor spend linked to the temporary backfilling of vacant positions.
- / Other operating expenses consisting of contractor expenses associated with the development of business cases were \$3.3 million lower than budgeted, primarily due the planned timing of cost recoveries for business case development.
- / Depreciation expenses were \$112,000 lower than budget reflecting the low asset base.

Summary of financial position

CATEGORY	ACTUAL 2018–19 \$'000	ACTUAL 2017–18 \$'000
Total assets	6,256	7,815
Total liabilities	1,879	4,428
Total equity	4,377	3,387
Cash	2,991	2,015

Current assets were \$6.3 million compared to current liabilities of \$1.9 million. The actual cash balance as at 30 June 2019 was \$3 million (2018: \$2 million). The current ratio is supported by prudent working capital management to ensure funding is available to meet liabilities. The continuing strong cash position of Building Queensland is dependent upon the continuing efforts to recover costs in a timely manner, and obtaining the continued support of the Department of State Development, Manufacturing, Infrastructure and Planning for grant funding to underpin Building Queensland's operational activities.



Building Queensland Financial Statements

for the year ended 30 June 2019

Building Queensland Financial Statements for the year ended 30 June 2019

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Building Queensland
Statement of Comprehensive Income
for the year ended 30 June 2019

		2019	2018
	Notes	\$'000	\$'000
Income from Operations			
User charges and fees	2	15,562	15,783
Grants and contributions	3	7,513	7,271
Interest income		116	65
Other income	4	35	260
		<hr/>	<hr/>
Total Revenue		23,226	23,379
Gains on disposal of assets		2	-
		<hr/>	<hr/>
Total Income from Operations		23,228	23,379
		<hr/>	<hr/>
Expenses from Operations			
Supplies and services	6	17,447	18,369
Employee expenses	5	4,685	4,648
Other expenses	7	98	97
Depreciation	10	8	123
		<hr/>	<hr/>
Total Expenses from Operations		22,238	23,237
		<hr/>	<hr/>
Operating Result from Operations		990	142
		<hr/>	<hr/>
Other Comprehensive Income		-	-
		<hr/>	<hr/>
Total Comprehensive Income		990	142
		<hr/>	<hr/>

The accompanying notes form part of these financial statements.

Building Queensland

Statement of Financial Position

as at 30 June 2019

		2019	2018
	Notes	\$'000	\$'000
Current Assets			
Cash and cash equivalents	8	2,991	2,015
Trade and other receivables	9	3,223	5,774
Other current assets		34	13
Total Current Assets		6,248	7,802
Non-Current Assets			
Plant and equipment	10	8	13
Total Non-Current Assets		8	13
Total Assets		6,256	7,815
Current Liabilities			
Trade and other payables	11	1,644	4,256
Employee benefit obligations	12	171	172
Other current liabilities - commercial rent	13	64	-
Total Current Liabilities		1,879	4,428
Total Liabilities		1,879	4,428
Net Assets		4,377	3,387
Equity			
Accumulated surplus		4,377	3,387
Total Equity		4,377	3,387

The accompanying notes form part of these financial statements.

Building Queensland
Statement of Changes in Equity
for the year ended 30 June 2019

	Accumulated Surplus \$'000
Balance as at 1 July 2017	3,245
Operating Result from Operations	142
	<hr/>
Balance as at 30 June 2018	3,387
	<hr/>
Balance as at 1 July 2018	3,387
Operating Result from Operations	990
	<hr/>
Balance as at 30 June 2019	4,377
	<hr/>

The accompanying notes form part of these financial statements.

Building Queensland

Statement of Cash Flows

for the year ended 30 June 2019

	2019	2018
	\$'000	\$'000
Cash flows from operating activities		
<i>Inflows:</i>		
Grants and other contributions	7,513	7,271
User charges and fees	18,153	12,982
Funds received - National Water Infrastructure Development Fund	-	890
GST collected from customers	1,506	1,892
GST input tax credits from ATO	2,179	1,760
Interest receipts	116	65
Other	37	-
<i>Outflows:</i>		
Employee expenses	(4,684)	(4,670)
Supplies and services	(19,126)	(16,796)
Payment for National Water Infrastructure Development Fund	(890)	-
GST paid to suppliers	(1,987)	(1,890)
GST remitted to ATO	(1,740)	(1,690)
Other	(98)	(97)
Net cash provided by (used in) operating activities	979	(283)
Cash flows from investing activities		
<i>Outflows:</i>		
Payments for plant and equipment	(3)	(7)
Net cash used in investing activities	(3)	(7)
Net increase (decrease) in cash held	976	(290)
Cash and cash equivalents at beginning of financial year	2,015	2,305
Cash and cash equivalents at end of financial year	2,991	2,015
Reconciliation of Operating Result to Net Cash Provided from Operating Activities		
Operating surplus	990	142
Reversal of make good provision	-	(260)
Increase/(decrease) in National Water Infrastructure Development Fund	(890)	890
Depreciation expense	8	123
<i>Changes in assets and liabilities:</i>		
(Increase)/decrease in receivables	2,551	(2,769)
(Increase)/decrease in other current assets	(21)	25
Increase/(decrease) accounts payable	(1,722)	1,568
Increase/(decrease) in accrued employee benefits	(1)	18
Increase/(decrease) in lease liabilities	64	(20)
Net cash provided by (used in) Operating Activities	979	(283)

The accompanying notes form part of these financial statements.

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2019

	Basis of Financial Statement Preparation
Note 1:	Objectives and principal activities of Building Queensland
Note 2:	User charges and fees
Note 3:	Grants and contributions
Note 4:	Other income
Note 5:	Employee expenses
Note 6:	Supplies and services
Note 7:	Other expenses
Note 8:	Cash and cash equivalents
Note 9:	Trade and other receivables
Note 10:	Plant and equipment and related depreciation expense
Note 11:	Trade and other payables
Note 12:	Employee benefit obligations
Note 13:	Lease liabilities
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:	First year application of new accounting standards of change in policy
Note 21:	Future impact of accounting standards not yet effective
Note 22:	Taxation
Note 23:	Accounting estimates and judgements
Note 24:	Events after the balance date

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2019

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 2018.

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 have been applied in these financial statements, refer to Note 20 for further detail.

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 2017-18 financial statements.

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

Building Queensland is not required to publish budgetary reporting disclosures under *AASB 1055 Budgetary Reporting* 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 2019

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 triennially and include:

- Financial services
- Human resources, recruitment, administration 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 Chair, Building Queensland 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.

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2019

1. Objectives and principal activities of Building Queensland

Building Queensland provides objective and transparent advice to the Queensland Government to enhance infrastructure outcomes for Queensland.

Building Queensland works with Queensland Government departments, government-owned corporations and statutory authorities providing strategic advice and assisting with early stage development of projects.

Amendments to the *Building Queensland Act 2015* were passed on 2 April 2019 with the amendments coming into effect from 11 April 2019. This change facilitates the Queensland Government's response to the report on 'An Administrative Review of Building Queensland's Operating Arrangements'. Three amendments were passed relating to business case lead thresholds, the frequency of the Infrastructure Pipeline Report and proxies for government Board members. A further amendment was passed to increase monetary value for business case thresholds by 10 per cent, effective from 1 July 2021. This will ensure that the monetary values keep pace with the producer price indexes for building roads and bridges in Queensland and for other heavy and civil engineering construction in Australia.

Building Queensland leads the development of business cases for infrastructure projects with an estimated capital cost of \$100 million or more. This threshold is now higher for road transport projects administered by the Department of Transport and Main Roads with an estimated capital cost of \$500 million or more. Where a toll road is included, Building Queensland's \$100 million threshold applies.

Building Queensland develops the Infrastructure Pipeline Report to assist the Queensland Government in determining the projects that will best address the state's infrastructure priorities. The Infrastructure Pipeline Report provides transparency of key government proposals under development. To further enhance transparency of analysis and advice, the Building Queensland business case summaries (including cost benefit analysis) are published after the government has considered the business cases.

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2019

	2019 \$'000	2018 \$'000
2. User charges and fees		
User charges and fees	15,562	15,783
Total	<u>15,562</u>	<u>15,783</u>

Accounting Policy

User charges and fees are recognised as revenue 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 and fees are the value of business case development costs that have been recovered or are recoverable from business case owner agencies.

3. Grants and contributions		
Grants	7,513	7,271
Total	<u>7,513</u>	<u>7,271</u>

The grant was provided by the Department of State Development, Manufacturing, Infrastructure and Planning for the purpose of funding 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.

No contributed physical assets were received in 2018-19.

Disclosure about Grant Funding Received

The grant revenue is non-reciprocal in nature. The terms of the grant are that it must be used to fund Building Queensland's operations and strategic objectives. The grant has been recognised in its entirety upon receipt as the statutory body has met the grant agreement's conditions entitling it to receipt of the funding.

4. Other income		
Reversal of make good provision	-	260
Other	35	-
Total	<u>35</u>	<u>260</u>

Building Queensland signed a new lease for Level 30, 12 Creek Street, Brisbane, with the Department of Housing and Public Works on 1 June 2018. The new lease is effective 1 July 2018, which does not contain a make good clause. Building Queensland was released from the make good obligation with respect to the lease that expired on 30 June 2018.

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2019

5. Employee expenses

	2019	2018
	\$'000	\$'000
Employee benefits		
Wages and salaries	3,494	3,488
Employer superannuation contributions	450	428
Annual leave levy	326	330
Long service leave levy	67	77
Other employee benefits	24	12
Employee related expenses		
Workers' compensation premium	11	8
Payroll tax	186	180
Other employee related expenses	127	125
Total	4,685	4,648
	2019	2018
	No.	No.
Full-time equivalent employees	27	27

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 statutory body 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.

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2019

5. Employee expenses (cont'd)

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 2019

	2019	2018
	\$'000	\$'000
6. Supplies and services		
Consultants and contractors	15,531	16,663
Operating leases	810	794
Corporate service charges	558	427
Other	548	485
Total	17,447	18,369

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 five years. Building Queensland has no option to purchase the leased item at the conclusion of the lease. In 2018-19, Building Queensland negotiated and signed a new agreement with the Department of Housing and Public Works, effective 1 July 2018. There is no provision for extension of terms in the current lease.

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

7. Other expenses		
Queensland Audit Office - external audit fees for the audit of financial statements	43	50
Insurance	52	32
Sponsorships	3	15
Total	98	97

(a) Total audit fees quoted by the Queensland Audit Office relating to the 2018-19 financial statements are \$40,000 (2018: \$45,000). There are no non-audit services included in this amount.

8. Cash and cash equivalents		
Cash at bank	2,991	2,015
Total	2,991	2,015

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 2019.

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2019

	2019	2018
	\$'000	\$'000
9. Trade and other receivables		
Accrued revenue	1,218	3,161
Trade debtors	1,889	2,537
	<hr/>	<hr/>
	3,107	5,698
GST receivable	123	315
GST payable	(92)	(326)
	<hr/>	<hr/>
	31	(11)
Long service leave reimbursements	5	34
Annual leave reimbursements	80	53
	<hr/>	<hr/>
	85	87
	<hr/>	<hr/>
Total	3,223	5,774

Accounting policy - Receivables

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

Accruals are recognised when the outcome of a transaction involving the rendering of services can be estimated reliably. Revenue associated with the transaction is recognised by Building Queensland by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to Building Queensland.

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 14 days from invoice date as standard payment terms. 30 day settlement terms are offered to a limited number of agencies. The extended payment terms are offered at management discretion.

Accounting policy - Impairment of receivables

The loss allowance for trade and other debtors reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information. Economic changes impacting Building Queensland's debtors, and relevant industry data form part of Building Queensland's impairment assessment.

Building Queensland's other receivables are from Queensland Government agencies or Australian Government agencies. No loss allowance is recorded for these receivables on the basis of materiality. Refer to Note 14 for Building Queensland's credit risk management policies.

Where Building Queensland has no reasonable expectation of recovering an amount owed by a debtor, the debt is written-off by directly reducing the receivable against the loss allowance. This occurs when the debt is over 90 days past due and Building Queensland has ceased enforcement activity. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

Building Queensland did not incur any impairment loss for receivables as at 30 June 2019 (2018: Nil).

Disclosure - Credit Risk Exposure of Receivables

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets. No collateral is held as security and there are no other credit enhancements relating to Building Queensland's receivables.

All receivables have been assessed and are expected to be fully collectible. They are considered of good credit quality based on recent collection history. Credit risk management strategies are detailed in Note 14.

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2019

9. Trade and other receivables (cont'd)

Set out below is the credit risk exposure on Building Queensland's trade and other debtors broken down by aging band.

Impairment Group - Receivables from Sale of Services

Ageing	Gross receivables \$'000	2019		Gross receivables \$'000	2018 Impairment allowance \$'000	Carrying amount \$'000
		Loss rate %	Expected credit losses \$'000			
Current	1,369	-	-	-	-	-
1 to 30 days overdue	518	-	-	-	-	-
31 to 60 days overdue	2	-	-	-	-	-
61 to 90 days overdue	-	-	-	-	-	-
> 90 days overdue	-	-	-	-	-	-
Total	1,889	-	-	-	-	-

Disclosure - Movement in loss allowance for trade and other debtors

	2019 \$'000	2018 \$'000
Loss allowance as at 1 July	-	-
Increase/decrease in allowance	-	-
Amounts written-off during the year	-	-
Loss allowance as at 30 June	-	-

Certain trade and other receivables were past due but not impaired as at 30 June 2019 (2018: Nil).

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2019

10. Plant and equipment and related 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.

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	
	2019	2018
	\$'000	\$'000
Gross	29	26
Less: accumulated depreciation plant and equipment	(21)	(13)
Carrying amount at 30 June	8	13
<i>Represented by movements in carrying amount</i>		
Carrying amount at 1 July	13	129
Acquisitions	3	7
Depreciation for period	(8)	(123)
Carrying amount at 30 June	8	13

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2019

	2019	2018
	\$'000	\$'000
11. Trade and other payables		
Accrued expenses	1,053	2,506
Grants payable	-	890
Trade creditors	573	840
Payroll tax	18	20
Total	1,644	4,256

Accounting Policy - Accrued Expenditure

Accrued expenditure is recognised upon receipt of goods or services and is measured at the nominal amount, i.e., value of the invoice received or the consultant's unbilled work-in-progress at the end of the reporting period. This is gross of applicable trade and other discounts.

Accounting Policy - Grants Payable

Grants payable are recognised upon the receipt of funds and are measured at the nominal amount.

Building Queensland received the first tranche of a Commonwealth National Water Infrastructure Development Fund (NWIDF) grant from the Department of Natural Resources, Mines and Energy (DNRME) on 29 June 2018, upon the completion of the first project milestone, which was paid to Sunwater Ltd in August 2018. The remaining project milestones fall within the 2019-20 financial year. The total value of the grant is \$4.39 million (ex GST). The grant was awarded to the Queensland Government, for the development of the Nullinga Dam and Mareeba Dimbulah Water Supply Scheme Detailed Business Case.

Building Queensland is responsible for leading the development of the detailed business case, under the *Building Queensland Act 2015*. Sunwater Ltd is the business case proponent.

Building Queensland entered into a binding agreement with Sunwater Ltd to remit the funds to Sunwater Ltd, upon the receipt from DNRME. DNRME is not permitted to remit the funds directly to Sunwater Ltd, as it is a government-owned corporation.

At balance date, Building Queensland has not received funding from DNRME and has not yet remitted the final tranche of the NWIDF grant to Sunwater Ltd.

Accounting Policy - Trade Creditors

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.

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2019

	2019	2018
	\$'000	\$'000
12. Employee benefit obligations		
<i>Current</i>		
Salary and wage related	58	61
Annual leave levy payable	83	84
Long service leave levy payable	18	19
Superannuation	8	8
Paid parental leave	4	-
Total	<u>171</u>	<u>172</u>

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*.

13. Lease liabilities

Building Queensland is not party to any finance leases as at 30 June 2019.

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.

	2019	2018
	\$'000	\$'000
<i>Current</i>		
Commercial rent - current	64	-
Total	<u>64</u>	<u>-</u>

Accounting Policy - Lease liabilities

A distinction is made in the financial statements between finance leases that effectively transfer from the lessor to the lessee substantially all risks and rewards incidental to ownership, and operating leases, which do not transfer substantially all risks and rewards to the lessee.

Incentives received on entering into operating leases are recognised as a reduction of rental expenses over the lease term.

Lease payments are allocated between the principal component of the lease liability and the interest expense.

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2019

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	2019 \$'000	2018 \$'000
Financial assets			
Cash and cash equivalents	8	2,991	2,015
Trade and other receivables	9	3,223	5,774
Total Financial assets		6,214	7,789
Financial liabilities			
Financial liabilities measured at amortised cost:			
Trade and other payables	11	1,644	4,256
Total Financial liabilities at amortised cost		1,644	4,256

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

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 risks are managed by the Governance and Business Services Group under policies approved by the statutory body. Building Queensland has a comprehensive corporate risk register and appropriate risk treatments, 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	Exposure
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 trade and other receivables (Note 9).
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 trade and other payables (Note 11).
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. Building Queensland is not materially 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 2019

14. Financial risk disclosures (cont'd)

(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	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 majority of liabilities are current with payment terms no greater than 30 days.
Market Risk	Interest rate sensitivity analysis	Building Queensland is not materially sensitive to interest rate risk.

(c) Credit Risk Disclosures

Credit risk management practices

Building Queensland considers financial assets that are over 30 days past due to have significantly increased in credit risk, and measures the loss allowance of such assets at lifetime expected credit losses instead of 12-month expected credit losses. The exception is trade debtors (Note 9), for which the loss allowance is always measured at lifetime expected credit losses.

All financial assets with counterparties that have a credit rating of at least AA by Standard and Poor's (S&P) are considered to have low credit risk. This includes receivables from other Queensland Government agencies and Australian Government agencies. Building Queensland assumes that credit risk has not increased significantly for these low credit risk assets.

Building Queensland typically considers a financial asset to be in default when it becomes 90 days past due. However, a financial asset can be in default before that point if information indicates that Building Queensland is unlikely to receive the outstanding amounts in full. Building Queensland's assessment of default does not take into account any collateral or other credit enhancements.

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2019

15. Contingencies

There are no material legal or any other contingencies that are known to Building Queensland at 30 June 2019.

16. Commitments

Non-cancellable operating lease commitments

Commitments in relation to the new lease agreement for office space and commitments under operating leases at reporting date (inclusive of non-recoverable GST input tax credits) are payable:

	2019 \$'000	2018 \$'000
Not later than 1 year	693	673
Later than 1 year but not later than 5 years	2,281	3,018
	2,974	3,691

17. Economic dependency

Building Queensland is dependent on a State grant of \$7.58m for 2019-20 (\$7.513m for 2018-19) to ensure its continued existence and ability to carry out its normal activities.

18. Key management personnel (KMP) disclosures

Details of key management personnel

The Minister for State Development, Manufacturing, Infrastructure and Planning is the responsible Minister under the *Building Queensland Act 2015*. 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*.

The following details for non-ministerial key management personnel reflect those positions that had authority and responsibility for planning, directing and controlling the activities of Building Queensland during 2018-19.

Position	Position Responsibility
Chief Executive Officer (CEO)	Responsible for the day-to-day administration of Building Queensland and is accountable to the Board.
Executive Director	Responsible for leading the activities of the Project Assessment and Assurance team including the development of business cases, along with supporting project assurance and business case framework activities. The Executive Director also provides strategic direction in leading key deliverables for Building Queensland.
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.

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2019

18. Key management personnel (KMP) disclosures (cont'd)

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 Ministers. 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 are disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements, which are published as part of Queensland Treasury's Report on State Finances.

Remuneration policy for Building Queensland's other 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; 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.

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2019

18. Key management personnel (KMP) disclosures (cont'd)

Remuneration expenses

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

2018-19

Position	Short Term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000	\$'000	\$'000	\$'000	\$'000
Chief Executive Officer *	362	6	8	26	0	402
Executive Director	211	6	4	25	0	246
Group Director, ** Governance and Business Services	4	0	50	6	11	71
Group Director, *** Governance and Business Services	140	6	3	18	0	167
Chair	50	6	0	5	0	61
Director	29	0	0	3	0	32
Director (from 26 Jul 18)	27	0	0	3	0	30
Director (to 2 Dec 18)	13	0	0	1	0	14
Director (from 3 Dec 18)	15	0	0	2	0	17
Director (to 2 Dec 18)	12	0	0	1	0	13
Director (from 3 Dec 18)	15	0	0	2	0	17
Total Remuneration	878	24	65	92	11	1,070

* Increase relates to back-pay resulting from residual super which should have been paid as a taxable allowance during the period from 20 February 2017. The CEO was last subject to a CPI increase of 2.5% on 1 September 2017. No other adjustments have occurred during the reporting period.

** Incumbent retired from service following Long Service Leave in October 2018.

*** Backfill for Long Service Leave, effective 2 January 2018 to 19 October 2018

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2019

18. Key management personnel (KMP) disclosures (cont'd)

2017-18

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
Chief Executive Officer	327	5	7	21	0	360
Executive Director (from 11/07/2017)	198	4	4	17	0	223
Group Director, Governance and Business Services (Long-term leave) 2/1/2018 - 19/10/2018	89	4	35	18	0	146
Group Director, Governance and Business Services (from 2/1/2018)	72	1	1	8	0	82
Chair	50	0	0	5	0	55
Director	29	0	0	3	0	32
Director (to 14/02/2018)	19	0	0	2	0	21
Director	27	0	0	3	0	30
Director	27	0	0	3	0	30
Total Remuneration	838	14	47	80	0	979

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

No KMP remuneration packages provide for performance or bonus payments.

19. Related party transactions

Transactions with people/entities related to KMP

Based upon KMP declarations, there have been no transactions with related parties to disclose for 2018-19, that affected the operational result and/or financial position.

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 received its grant revenue from the Department of State Development, Manufacturing, Infrastructure and Planning.

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

- The Department of State Development, Manufacturing, Infrastructure and Planning provides Building Queensland with corporate services relating to Ethics and Integrity, and GIS services.
- The Corporate Administration Agency provides Building Queensland with corporate business services and technology solutions to support finance and human resources transactions.

Building Queensland derives revenue from the provision of business case advice and preparation services, charged on a cost recovery basis.

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2019

19. Related party transactions (cont'd)

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

Revenue			
Agency	Nature	2019 \$'000	2018 \$'000
Former Department of Energy & Water	Cost recovery for Business Case development	-	45
Department of Justice & Attorney General	Cost recovery for Business Case development	-	353
Department of Transport & Main Roads	Cost recovery for Business Case development	1,385	4,930
Gladstone Area Water Board	Cost recovery for Business Case development	4	694
Queensland Ambulance Services	Cost recovery for Business Case development	-	339
Queensland Fire & Emergency Services	Cost recovery for Business Case development	-	339
Queensland Police Service	Cost recovery for Business Case development	-	339
Sunwater Ltd	Cost recovery for Business Case development	1,686	935
Metro North Hospital & Health Service	Cost recovery for Business Case development	1,426	2,360
Metro South Hospital & Health Service	Cost recovery for Business Case development	3,267	2,130
Cross River Rail Delivery Authority	Cost recovery for Business Case development	540	321
Department of Education	Cost recovery for Business Case development	1,299	1,091
Department of Housing & Public Works	Cost recovery for Business Case development	1,442	631
Darling Downs Hospital & Health Service	Cost recovery for Business Case development	88	-
Department of Natural Resources, Mines & Energy	Cost recovery for Business Case development	75	-
Economic Development Queensland	Cost recovery for Business Case development	111	-
Queensland Health	Cost recovery for Business Case development	39	-
West Moreton Health	Cost recovery for Business Case development	2,691	-
Wide Bay Hospital & Health Service	Cost recovery for Business Case development	2,515	-

Expenses			
Agency	Nature	2019 \$'000	2018 \$'000
Department of Housing and Public Works	Commercial Office Rent	826	1,000
Corporate Administration Agency	Corporate services provider and technology solutions	591	514
Department of State Development, Manufacturing, Infrastructure and Planning	Ethics and integrity services, Geographic Information Systems, Right to Information and Information Privacy	8	13

In June 2018, Sunwater Ltd engaged Building Queensland to lead and prepare a Detailed Business Case for the Nullinga Dam and Mareeba Dimbulah Water Supply Scheme.

A Commonwealth National Water Infrastructure Development Fund (NWIDF) grant of \$4.8 million (incl GST) was awarded to the Queensland Government to assist the proponent in furthering the business case. Sunwater Ltd was the intended recipient of the grant funds.

Building Queensland will claim the grant funds from Department of Natural Resources, Mines and Energy (DNRME) upon the completion of agreed milestones. Building Queensland met the first project milestone for Nullinga Dam and Mareeba Dimbulah Water Supply Scheme detailed business case and claimed \$979,000 (incl GST) from DNRME in 2017-18.

Building Queensland remitted the funds to Sunwater Ltd in 2018-19.

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2019

19. Related party transactions (cont'd)

The table below represents 2018-19 NWIDF cash flows (incl GST) for the Nullinga Dam Mareeba Dimbulah Water Supply Scheme business case.

NWIDF Funds Received		
Agency	2019 \$'000	2018 \$'000
Department of Natural Resources, Mines and Energy	-	(979)

NWIDF Funds Disbursed		
Agency	2019 \$'000	2018 \$'000
Sunwater Ltd	979	-

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2019

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

Changes in accounting policy - AASB 9 *Financial Instruments*

Building Queensland applied AASB 9 Financial Instruments for the first time in 2018-19. Comparative information for 2017-18 has not been restated and continues to be reported under AASB 139 Financial Instruments: Recognition and Measurement. The accounting standard changes the previous guidance on the classification and measurement of financial assets and introduces different criteria for whether financial assets can be measured at amortised cost or fair value using an 'expected credit loss' model for impairment of financial assets. The nature and effect of the changes as a result of adoption of the new accounting standard are described below.

Classification and measurement

The impact of AASB 9 is minimal. Building Queensland did not record a material change in the value of financial instruments reported in Note 14.

- There is no change to either the classification or valuation of the cash and cash equivalent item.
- Trade and other receivables are classified and measured at amortised cost, similar to the current classification of loans and receivables. At 30 June 2019, Building Queensland did not recognise a loss allowance for the impairment of receivables owing from other government agencies due to the low credit risk (high quality credit rating) for the State of Queensland. No additional impairment provision has been raised on transition.
- All financial liabilities listed in Note 14 are measured at amortised cost.

Accounting standards early adopted

No Australian Accounting Standards have been early adopted for 2018-19.

21. 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 1058 *Income of Not-for-Profit Entities* and AASB 15 *Revenue from Contracts with Customers*

The transition date for both AASB 15 and AASB 1058 is 1 July 2019. Consequently, these standards will first apply to the statutory body when preparing the financial statements for 2019-20.

Building Queensland has reviewed the new revenue recognition requirements under these standards and noted no material impact arising from the adoption of the new standards.

Grants

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.

User Charges

Consistent with the principles of the new accounting standard AASB 15: *Revenue from Contracts with Customers*, Building Queensland will adopt a pragmatic approach to the recognition of cost recoveries in the financial statements in a similar manner reported this financial year. This approach meets the interpretation and conditions of the new standard, and provides a transparent view of the operations of Building Queensland.

Under the conditions of the new standard, management has determined that Building Queensland's performance obligation is the development of a Business Case for a client agency that can be used only by that customer. Building Queensland is not creating a Business Case with an alternative use and it has an enforceable right to payment for performance completed to date. Building Queensland revenue will be recognised on a progressive basis over the life of the business case i.e. recognition of revenue over time, and that costs incurred from developing a business case qualifies for periodic recovery.

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2019

21. Future impact of accounting standards not yet effective (cont'd)

Building Queensland has elected to use a cost-based measurement method, so that Building Queensland can recognise revenue and a receivable when costs are incurred.

AASB 16 Leases

This standard will first apply to Building Queensland from reporting period 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

Under AASB 16, the majority of operating leases (as defined by the current AASB 117) will be reported on the statement of financial position as right-of-use assets and lease liabilities.

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 effective 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.

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. In accordance with Queensland Treasury's policy, Building Queensland will apply the 'cumulative approach', and will 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.

Internal-to-Government leases

Building Queensland has completed its review of the impact of adoption of AASB 16 on the statement of financial position and statement of comprehensive income and has identified the following major impacts which are outlined below.

During the 2018-19 financial year, Building Queensland held operating leases under AASB 117 from the Department of Housing and Public Works (DHPW) for non-specialised, commercial office accommodation through the Queensland Government Accommodation Office (QGAO). Lease payments under these arrangements totalled \$825,856 (excl GST). Building Queensland has been advised by Queensland Treasury and DHPW that, effective 1 July 2019, amendments to the framework agreements that govern QGAO will result in the above arrangement being exempt from lease accounting under AASB 16. This is due to DHPW having substantive substitution rights over the non-specialised, commercial office accommodation and residential premises assets used within these arrangements. From 2019-20 onwards, costs for these services will continue to be expensed as supplies and services expense when incurred.

22. Taxation

Building Queensland 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 9).

Building Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2019

23. 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.

24. Events after the balance date

There were no significant events occurring after balance date.

**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 2019 and of the financial position of the entity at the end of that period;

We acknowledge responsibility under section 8 and section 15 of the *Financial and Performance Management Standard 2009* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



Alan Millhouse
Chair



Damian Gould
Chief Executive Officer

Date: 23 August 2019

Date: 23 August 2019

INDEPENDENT AUDITOR'S 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 2019, 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 2019, 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 2019, 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.

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2019:

- 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.



Vaughan Stemmett
as delegate of the Auditor-General

23 August 2019

Queensland Audit Office
Brisbane

Compliance checklist

SUMMARY OF REQUIREMENT	BASIS FOR 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	ARRs—section 7	p. 2
	Table of contents	ARRs—section 9.1	p. 1
	Public availability	ARRs—section 9.2	Inside front cover
	Interpreter service statement	Queensland Government Language Services Policy ARRs—section 9.4	Inside front cover
	Copyright notice	<i>Copyright Act 1968</i> ARRs—section 9.4	Inside front cover
	Information licensing	QGEA—Information Licensing ARRs—section 9.5	Inside front cover
General information	Introductory information	ARRs—section 10.1	p. 3
	Agency role and main functions	ARRs—section 10.2	p. 5
	Operating environment	ARRs—section 10.3	p. 5–6
Non-financial	Government’s objectives for the community	ARRs—section 11.1	p. 7
	Other whole-of-government plans/specific initiatives	ARRs—section 11.2	p. 5–6
	Agency objectives and performance indicators	ARRs—section 11.3	p. 8
	Agency service areas and service standards	ARRs—section 11.4	N/A
Financial performance	Summary of financial performance	ARRs—section 12.1	p. 32–33
Governance—management and structure	Organisational structure	ARRs—section 13.1	p. 26

SUMMARY OF REQUIREMENT	BASIS FOR REQUIREMENT	BASIS FOR REQUIREMENT	ANNUAL REPORT REFERENCE
	Executive management	ARRs—section 13.2	p. 26–28
	Government bodies (statutory bodies and other entities)	ARRs—section 13.3	buildingqueensland.qld.gov.au
	<i>Public Sector Ethics Act 1994</i>	ARRs—section 13.4	p. 29
	Queensland public service values	ARRs—section 13.5	p. 7
Governance—risk management and accountability	Risk management	ARRs—section 14.1	p. 29
	Audit committee	ARRs—section 14.2	p. 25–26
	Internal audit	ARRs—section 14.3	p. 29–30
	External scrutiny	ARRs—section 14.4	p. 30
	Information systems and recordkeeping	ARRs—section 14.5	p. 30
Governance—human resources	Strategic workforce planning and performance	ARRs—section 15.1	p. 28–29
	Early retirement, redundancy and retrenchment	Directive No.04/18 Early Retirement, Redundancy and Retrenchment ARRs—section 15.2	p. 29
Open data	Statement advising publication of information	ARRs—section 16	p. 30
	Consultancies	ARRs—section 33.1	p. 30
	Overseas travel	ARRs—section 33.2	p. 30
	Queensland Language Services Policy	ARRs—section 33.3	N/A
Financial statements	Certification of financial statements	FAA—section 62 FPMS—sections 42, 43 and 50 ARRs—section 17.1	p. 64
	Independent Auditor’s Report	FAA—section 62 FPMS—section 50 ARRs—section 17.2	p. 65–67



