



# QUEENSLAND PARLIAMENT **COMMITTEES**

## **Consideration of Auditor-General Report 9: 2024-25 – *Major projects 2024***

State Development, Infrastructure and Works Committee



**Report No. 23**

**58th Parliament, March 2026**



## **State Development, Infrastructure and Works Committee**

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All references and webpages are current at the time of publishing.

### **Acknowledgements**

The committee acknowledges the assistance provided by the Auditor-General and officers of the Queensland Audit Office.

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## Chair's foreword

This report presents a summary of the State Development, Infrastructure and Works Committee's consideration of the Auditor-General Report 9: 2024-25 – *Major projects 2024*.

Portfolio committees have a responsibility to consider reports of the Auditor-General that fall within their portfolio areas. Through this work, committees are uniquely placed to assess and highlight the findings and recommendations of the Auditor-General. The committee reviewed the report and held a public briefing to more closely examine some aspects of the Auditor-General's findings.

The report made clear that while the significant increase to Queensland's capital expenditure presents important opportunities for growth and investment in the state, it also poses serious risks which need to be addressed effectively to ensure the government's infrastructure agenda is realised.

The committee acknowledges the recommendations of the Auditor-General outlined in Report 9 regarding the implementation of appropriate governance arrangements regarding asset transfers and the development of guidelines to assist this process. The committee is pleased to see that both these recommendations have now been fully implemented.

On behalf of the committee, I thank the Auditor General, Ms Rachel Vagg, and officers of the Queensland Audit Office, for assisting the committee in its consideration of this report. I also thank our Parliamentary Service staff.

I commend this report to the House.



Jim McDonald MP

Chair

## Executive Summary

The Auditor-General provides the Parliament with independent assurance of public sector accountability and performance by reporting to Parliament on the results of its financial and performance audits.

Under section 94 of the *Parliament of Queensland Act 2001*, the State Development, Infrastructure and Works Committee (committee) is responsible for assessing the integrity, economy, efficiency and effectiveness of government financial management by considering reports of the Auditor-General within its portfolio areas of responsibility.

Accordingly, the committee has considered Auditor-General Report 9: 2024-25 – *Major projects 2024* (Report 9) tabled in the Legislative Assembly on 20 January 2025.

Report 9 provides insights into significant infrastructure projects in Queensland using publicly available data from the capital budgets from the 2020 to 2024 financial years. The report does not cover any changes in the strategy or budget following the change of government in October 2024.

The Auditor-General found that Queensland's capital expenditure continues to increase, the asset transfer process requires coordination improvement, and relevant guidelines and labour market constraints have affected the costs and timeline of Cross River Rail.

As a part of its consideration of Report 9, the committee conducted a public briefing with the Auditor-General and officers of the Queensland Audit Office on 25 March 2025.

The committee made one recommendation, that the Legislative Assembly notes the contents of this report.

## **Recommendation**

### **Recommendation 1 ..... 1**

That the Legislative Assembly note the contents of this report.

## 1. Consideration of Auditor-General reports

### 1.1. Role of the Auditor-General

The role of the Auditor-General is to provide Parliament with independent assurance of public sector accountability and performance. The Auditor-General is supported by the Queensland Audit Office (QAO), which is the independent auditor of the Queensland public sector, including local governments. The Auditor-General's reports to Parliament on the results of the QAO's financial and performance audits, provide insights and advice, and recommendations for improvement.

Financial audit reports provide the results of the QAO's examination of an entity's financial statements to ensure proper accounts have been kept, they fairly present the entity's financial performance and position, and they comply with relevant reporting requirements. Performance audit reports present the QAO's evaluation of entities' efficiency, effectiveness, and economy in providing public services.<sup>1</sup>

### 1.2. Role of the committee

Under section 94 of the *Parliament of Queensland Act 2001*, portfolio committees have public accounts and public works responsibilities.

With respect to public accounts, committees are responsible for assessing the integrity, economy, efficiency and effectiveness of government financial management within their portfolio areas by, among other things, considering reports of the Auditor-General.<sup>2</sup>

Committees also have a statutory responsibility to provide effective oversight of government management of capital works (public works) within their portfolio areas.<sup>3</sup>

### 1.3. Referral for consideration and committee activities

Auditor-General Report 9: 2024-25 – *Major projects 2024* (Report 9) was tabled on 20 January 2025. Report 9 was referred to the committee for consideration by the Committee of the Legislative Assembly on 20 February 2025.<sup>4</sup>

The committee held a public briefing with the Auditor-General and officers of the QAO to assist its consideration of Report 9 on 25 March 2025 (see Appendix A for a list of witnesses).

### 1.4. Committee's recommendation



#### Recommendation 1

That the Legislative Assembly note the contents of this report.

<sup>1</sup> Performance audit reports can also be in the form of an 'Audit Insights', 'Audit Brief', or 'Audit Overview' report, depending on the level of assurance being provided by the QAO: Queensland Audit Office (QAO), *Understanding an audit*, <https://www.qao.qld.gov.au/audits/understanding-audit>.

<sup>2</sup> *Parliament of Queensland Act 2001*, s 94(1).

<sup>3</sup> *Parliament of Queensland Act 2001*, s 94(2).

<sup>4</sup> *Standing Rules and Orders of the Legislative Assembly*, Standing Order 194B.

## 2. Audit background

Report 9 provides insights into significant infrastructure projects in Queensland using publicly available data from the capital budgets from the 2020-21 to 2024-25 financial years. The report does not cover any changes in the strategy or budget following the change of government in October 2024.<sup>5</sup>

## 3. Summary of audit findings

Report 9 provides the following audit conclusions:

- Queensland continues to increase capital expenditure: Total budgeted capital expenditure for 2024–25 increased 40 per cent from the 2023–24 budget and 82 per cent from the 2022–23 budget. Report 9 states that this ‘reflects the government’s continuing investment in supporting the state’s growth and areas of priority including energy, education, health, water and transport’.<sup>6</sup> Further, the government continues to spend more on its capital projects than is budgeted. Estimated actual expenditures were 13.8 per cent higher than budgeted expenditures, primarily due to the Transport and Main Roads portfolio (compared to a 16.4 per cent variance in 2022–23).<sup>7</sup> Report 9 states that the government should consider assessing and addressing key risks (including a tight labour market, ongoing industrial disputes, and rising supply chain costs) to effectively deliver its infrastructure agenda over the next decade.<sup>8</sup>
- Improving coordination and guidelines for timely asset transfers: During the delivery of the Cross River Rail project, there were delays in respect of the transfer of assets from the Cross River Rail Delivery Authority (CRR Delivery Authority) to Queensland Rail due to differing views as to the transfer date. Report 9 notes that agencies ‘should effectively collaborate on the transfer process’ to minimise such risks of delay and acknowledges the role Queensland Treasury may play in providing guidance in this process to assist agencies to better understand their responsibilities for asset transfers.<sup>9</sup>
- Labour market constraints have affected the costs and timeline of Cross River Rail: Due to constraints involving materials, labour and industrial relations, the productivity and delivery timeline for Cross River Rail has been adversely impacted.<sup>10</sup>

### ***Key findings continue to be relevant***

Auditor-General Report 8: 2025-26 – *Major projects 2025*, was tabled in the Legislative Assembly on 17 December 2025. Many of its key findings were consistent with those of Report 9. Most notably, it identified the continued growth of Queensland’s capital expenditure and the impact of labour market constraints on Cross River Rail and other major projects as key issues.

<sup>5</sup> QAO, Auditor-General Report 9: 2024-25 – *Major projects 2024* (Report 9), p 1.

<sup>6</sup> Report 9, p 1.

<sup>7</sup> Report 9, pp 1, 5.

<sup>8</sup> Report 9, p 1.

<sup>9</sup> Report 9, p 1.

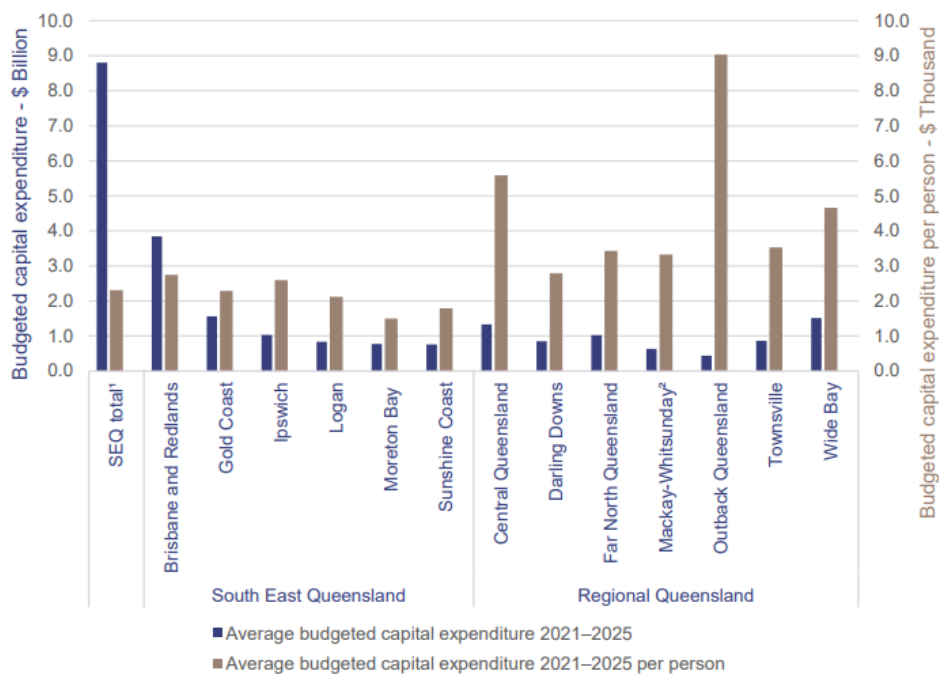
<sup>10</sup> Report 9, p 1

### 3.1. Queensland’s major projects

Report 9 states that between 2020–21 and 2024–25, total budgeted capital expenditure in South East Queensland (SEQ) was \$44 billion and \$33.2 billion across the rest of Queensland. This represents increases of 44 per cent for SEQ and 149 per cent for the rest of Queensland since 2020-21.<sup>11</sup>

Report 9 presents the following graph which details average budgeted capital expenditure per region, and per region by head of population. The largest budgeted capital expenditure per region was in SEQ, with the lowest in Outback Queensland. The largest budgeted capital expenditure per head of population was in Outback Queensland, with the lowest in Moreton Bay.<sup>12</sup>

**Average budgeted capital expenditure – financial years from 2020–21 to 2024–25 (using June 2023 population figures)**



**Notes:**

1 Capital expenditure has been shown for South East Queensland (SEQ) as a whole, as well as for the 6 regions within that area. This is because of the interconnected nature of many projects within the area. Individual projects (for example, upgrades to the M1 Pacific Motorway) benefit people across multiple regions.

2 Figure 2D includes the Pioneer-Burdekin Early Works project, which was cancelled in November 2024.

Source: Compiled by the Queensland Audit Office from capital statements 2020–21 to 2024–25; and data from the Australia Bureau of Statistics – Regional population estimates.

Further, Report 9 outlines that the number of capital projects with a budget of over \$500 million continues to grow with an increase of 18 per cent from 33 projects in 2023–24 to 39 projects in 2024-25.<sup>13</sup> A list of all projects, including status, completion date and estimated budget as at 30 June 2024 is provided at pages 7 to 11 of Report 9.

<sup>11</sup> Report 9, p 5.

<sup>12</sup> Report 9, p 5.

<sup>13</sup> Report 9, p 7.

## 3.2. Accountability for Queensland’s major projects

Report 9 encourages entities to take steps to continue to assess their governance frameworks, cost management processes, and project management processes.<sup>14</sup>

In particular, the QAO notes ongoing issues in procurement decisions and states that public sector entities need to effectively manage conflicts of interest when making procurement decisions.<sup>15</sup>

The QAO continues to recommend agencies strengthen their practices, including improving how they manage conflicts of interest and conduct value-for-money assessments.<sup>16</sup>

## 3.3. Cross River Rail

One of the major projects considered by the QAO in Report 9 was the delivery of the Cross River Rail project (CRR project).<sup>17</sup>

As outlined above in section 3, the Auditor-General found that the project had experienced ongoing constraints and ‘[a]s a result of these supply chain and market challenges, major construction works were extended from 2024 to 2025, delaying the formal opening date’.<sup>18</sup>

Report 9 outlines the following key aspects of the ongoing delivery of the CRR project:

- In March 2023, the capital budget for the CRR project increased by \$960 million to \$7.848 billion due to supply chain issues and rising material and labour costs. The report noted:<sup>19</sup>

These challenges have significantly impacted the project’s progress and are expected to continue to do so. Efforts are underway to address these issues, but the full extent of their impact on the project timeline and budget is still being assessed, with further delays or cost increases likely.

- The expenditure increases included funding for the Tunnel, Stations and Development and Rail, Integration and Systems work packages, and for other works such as station upgrades and land acquisitions.<sup>20</sup>
- While project timelines have shifted, the CRR Delivery Authority has made progress on all major work packages associated with the CRR project in 2023–24.<sup>21</sup>
- The CRR Delivery Authority had not yet announced any revised opening dates or revised budgets.<sup>22</sup>

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<sup>14</sup> Report 9, p 17.

<sup>15</sup> Report 9, p 17.

<sup>16</sup> Report 9, p 22.

<sup>17</sup> Cross River Rail involves the delivery of a 10.2-kilometre rail line that includes 5.9 kilometres of twin tunnels running under the Brisbane River and central business district, 4 new underground stations, one new station, and 7 rebuilt aboveground stations: Report 9, p 21.

<sup>18</sup> Report 9, p 1.

<sup>19</sup> Report 9, p 21.

<sup>20</sup> Report 9, p 21.

<sup>21</sup> Report 9, p 22.

<sup>22</sup> Report 9, p 1.

In response to Report 9, the CRR Delivery Authority indicated that it is:<sup>23</sup>

...[c]urrently working with its delivery partners to assess the impacts of ongoing industrial actions, market conditions, and contractor performance issues. A revised completion date and budget will be announced subject to the outcome of the integrated schedule review. The integrated schedule is intended to allow all parties to work together to ensure there are limited gaps at interfaces.

Similar to my response to the Major Projects 2023 report last year, the Delivery Authority implemented the integrated schedule approach to reduce the risk of whole elements of the project being handed over simultaneously for testing and commissioning. It allows for progressive testing, thereby reducing the potential impact on delivery from a resourcing and program point of view. The Delivery Authority will continue to manage the cost and align delivery schedules with all stakeholders to review and achieve the revised milestones.

In a response to Report 9, the Minister for Transport and Main Roads indicated that further data in relation to time and cost parameters of the CRR project had since been released.<sup>24</sup> A Ministerial Media Statement, published on 11 December 2024, canvassed the issue of cost increases and delays to the completion date, stating that the total cost of the project was expected to exceed \$17 billion and the project may not be complete until 2029.<sup>25</sup>

#### 4. Auditor-General's recommendations and entity responses

Report 9 makes 2 new recommendations aimed at more timely asset transfers as outlined below in Table 1:<sup>26</sup>

**Table 1 – Auditor-General's recommendations**

**Relevant agencies should work together better to ensure all legal, accounting, and operational aspects of asset transfers are considered early and agreed prior to the transfer**

1. We recommend that agencies involved with future asset transfers implement appropriate governance arrangements to ensure that:
  - there is early collaboration between the respective operational, legal, and financial teams, and if necessary, relevant central agencies and key stakeholders
  - all delivery milestones are accurately recorded, and the operational handover date of the assets is agreed
  - the accounting entries in their financial statements are understood and appropriately reflect the transfer and/or use of the assets
  - where required, approval for the equity designation is obtained at or before the transfer of assets, aligning both the accounting and operational aspects of the transfer.
2. We recommend that Queensland Treasury considers whether additional guidance can be provided to better assist agencies in understanding their responsibilities for asset transfers and the issues they may need to consider in discharging their responsibilities.

<sup>23</sup> Report 9, p 30.

<sup>24</sup> Report 9, p 27.

<sup>25</sup> Report 9, p 27; Minister for Transport and Main Roads, 'Labor racked up more than \$17 billion for Cross River Rail', media statement, 11 December 2024, <https://statements.qld.gov.au/statements/101708>.

<sup>26</sup> Report 9, p 2.

As part of the audit process, relevant entities including the Minister for Transport and Main Roads, Queensland Treasury, CRR Delivery Authority, Department of Transport and Main Roads (DTMR) and Department of State Development, Infrastructure and Planning provided responses to the recommendations.<sup>27</sup>

In summary, Queensland Treasury acknowledged the delays in the transfer of assets noting that it ‘continues to meet regularly with stakeholders to progress the rail asset transfers’ and that there is now an established process in place which forms the template for future transfers.’<sup>28</sup> Queensland Treasury stated that it will ‘review the current guidance provided to agencies and consider whether amendments or enhancements are necessary’.<sup>29</sup>

Similarly, the CRR Delivery Authority confirmed that ‘the differences in opinion on when the control of assets was transferred caused the delay in the processing of the asset transfer between the Delivery Authority and QR [Queensland Rail]’ and that it attends ongoing meetings with the asset handover group which was already in place prior to when the first assets were handed over to operations.<sup>30</sup> The CRR Delivery Authority also stated that all asset transfers prior to 30 June 2024 have now been transferred to the accounting books of Queensland Rail and that the asset handover group is in the process of finalising an Enduring Designation to expedite future asset transfers.<sup>31</sup>

The Director-General of DTMR acknowledged there were no significant issues raised by the audit and stated DTMR ‘will continue to share insights about our major projects with QAO to give visibility of our program.’<sup>32</sup>

### ***Progress in implementation in 2025***

In Auditor-General Report 8: 2025-26 – *Major projects 2025*, the Auditor-General noted that both recommendations made in Report 9 had been implemented by the relevant government entities.<sup>33</sup>

#### **4.1. Status of previous Auditor-General’s recommendations and entity responses**

Report 9 also contained an update on the status of recommendations made in its *Major projects 2023* report.<sup>34</sup> In particular, the QAO continues to identify issues with how agencies are disclosing projects in the capital statement and that this practice lacks consistency and adequate detail.<sup>35</sup>

In its previous report, the Auditor-General recommended that Queensland Treasury strengthen the disclosure requirements for project summaries of public–private partnerships

<sup>27</sup> Report 9, pp 26-33.

<sup>28</sup> Report 9, p 28.

<sup>29</sup> Report 9, p 28.

<sup>30</sup> Report 9, p 30.

<sup>31</sup> Report 9, p 31.

<sup>32</sup> Report 9, p 32.

<sup>33</sup> See Auditor-General Report 8: 2025-26 – *Major projects 2025*, p 45.

<sup>34</sup> Report 9, p 2.

<sup>35</sup> Report 9, p 19.

and update its guidelines for agencies for preparing the capital statement (being the annual overview of proposed capital expenditure).<sup>36</sup>

Report 9 states that ‘Queensland Treasury has taken some corrective action to address these recommendations, but we continue to identify issues in how agencies are disclosing projects in the capital statement’.<sup>37</sup>

In response, Queensland Treasury stated, ‘Treasury has implemented several components of these [recommendations] and is actively working to implement the remainder using a staged approach’.<sup>38</sup>

### ***Progress in implementation in 2025***

In Auditor-General Report 8: 2025-26 – *Major projects 2025*, the Auditor-General noted that both recommendations made in its *Major projects 2023* report<sup>39</sup> have now been fully implemented.<sup>40</sup>

## **5. Committee consideration**

The committee’s consideration of Report 9 focused on:

- progress on the delivery of the CRR project and how costs of the project should be calculated
- audit parameters regarding budgetary matters
- potential improvements to be made in respect of asset transfer arrangements between public entities
- updates on the implementation of previous Auditor-General recommendations
- overall risks associated with a significant increase in capital expenditure in Queensland.

In regard to these issues, the Auditor-General and officers of the QAO reiterated the following key points in the advice provided at the public briefing:

- In terms of the information provided about the CRR project in the course of the audit, the Auditor-General advised ‘we have not seen anything that we consider to be of concern and that we have raised as an audit issue’.<sup>41</sup>
- Figure 4B on page 24 of Report 9 ‘tries to give clarity of the number of projects involved in the delivery of the rail upgrade, which will include specific Cross River Rail Delivery Authority projects as well as projects associated with other entities...’<sup>42</sup> and the Auditor-General advised that ‘all and any’ of those costs should be included in the costs of the

<sup>36</sup> Report 9, p 2.

<sup>37</sup> Report 9, p 2.

<sup>38</sup> Report 9, p 28.

<sup>39</sup> Report 9, p 2.

<sup>40</sup> See Auditor-General Report 8: 2025-26 – *Major projects 2025*, p 46.

<sup>41</sup> Public briefing transcript, Brisbane, 25 March 2025, p 2.

<sup>42</sup> Public briefing transcript, Brisbane, 25 March 2025, p 2.

CRR project. The Auditor-General also confirmed that costs associated with projects like the Logan and Gold Coast Faster Rail should not be included.<sup>43</sup>

- The Auditor-General is unable to comment on the appropriateness of the budgets of various government departments, instead the QAO audits ‘the actual expenditure as it is delivered by the agency... [and] whether there is appropriate infrastructure management, so capital spend within agencies, to maintain infrastructure’.<sup>44</sup>
- In respect of recommendation 2 around the transfer of assets, the Auditor-General noted ‘[w]hat we are looking for overall in this recommendation is collaboration amongst government agencies to define when an asset is transferring from one to another... There is risk associated with managing that particular asset as well as the bit we are mostly interested in—that is, accounting and recording of the assets and when it sits in a set of financial statements’.<sup>45</sup>
- The Auditor-General confirmed that directors-general and chief executives of agencies are responsible for the delivery of projects against their budgets and, where there are costs or other constraints, ‘[t]hose directors-general and CEOs should ensure they adequately budget for expected costs of the projects’.<sup>46</sup>
- Difficulties related to supply chain and industrial issues and accessing appropriate materials and labour are challenges faced by many projects, not only the CRR project.<sup>47</sup>
- In terms of an update on the implementation of the previous recommendation its *Major projects 2023* report, the Auditor-General advised ‘Treasury did respond from a positive perspective with that particular recommendation, and we will follow through to see what future budgets look like in responding to that particular recommendation’.<sup>48</sup>
- Speaking on the increases to the capital budget year on year, the Auditor-General outlined:<sup>49</sup>

What I have highlighted is that there has been an increase in the budget last year and a significant increase in the last two years, and that means that good oversight and practices in terms of recording are very important. The other comment I have in here is that actual expenditure is larger also than the budgeted expenditure. That can be for a couple of reasons: the scope of the projects or extent of the projects has increased, or the costs associated with the budgets have increased. It is either a scope change or an underlying cost change of those budgets.

- The Auditor-General confirmed that it will continue to report on the CRR project in its major projects report and will also audit the financial statements of the CRR Delivery Authority.<sup>50</sup>
- In respect of audits which focus on equity issues, the Auditor-General confirmed ‘when I do performance audits we often include equity of services in certain locations within

<sup>43</sup> Public briefing transcript, Brisbane, 25 March 2025, p 3.

<sup>44</sup> Public briefing transcript, Brisbane, 25 March 2025, p 5.

<sup>45</sup> Public briefing transcript, Brisbane, 25 March 2025, p 6.

<sup>46</sup> Public briefing transcript, Brisbane, 25 March 2025, p 6.

<sup>47</sup> Public briefing transcript, Brisbane, 25 March 2025, p 7.

<sup>48</sup> Public briefing transcript, Brisbane, 25 March 2025, p 7.

<sup>49</sup> Public briefing transcript, Brisbane, 25 March 2025, p 8.

<sup>50</sup> Public briefing transcript, Brisbane, 25 March 2025, p 9.

the state or for certain groups of people. That may be included in the performance audit. That is more about the delivery of a particular outcome of government'.<sup>51</sup>

#### Committee comment



The committee notes that while the significant increase to Queensland's capital expenditure presents important opportunities for growth and investment in the state, it also poses serious risks which need to be addressed effectively to ensure the government's infrastructure agenda is realised.

In this regard, the committee acknowledges the recommendations of the Auditor-General outlined in Report 9 regarding the implementation of appropriate governance arrangements regarding asset transfers and the development of guidelines to assist this process. The committee is pleased to see that both these recommendations have now been fully implemented.

As Report 9 observes, the Cross River Rail project faces several significant challenges, some of which have already affected its budget and completion date. Given the continued impact of labour market shortages on this and other major projects, the committee encourages the government to continue investing in Queensland's skilled workforce. The committee looks forward to monitoring the progress of the Cross River Rail project over the coming years in future audits to be conducted by the QAO.

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<sup>51</sup> Public briefing transcript, Brisbane, 25 March 2025, p 9.

## **Appendix A – Public briefing, 25 March 2025**

### **Queensland Audit Office**

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