



Market-led proposals

Report 12: 2018–19



Your ref:
Our ref: 9172P

13 December 2018

The Honourable C Pitt MP
Speaker of the Legislative Assembly
Parliament House
BRISBANE QLD 4000

Dear Speaker

Report to parliament

This report is prepared under Part 3 Division 3 of the *Auditor-General Act 2009*, and is titled Market-led proposals (Report 12: 2018–19).

In accordance with s.67 of the Act, would you please arrange for the report to be tabled in the Legislative Assembly.

Yours sincerely

A handwritten signature in blue ink, appearing to read "B. Worrall".

Brendan Worrall
Auditor-General

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Audit objective and scope

The objective of this audit was to determine the extent to which the market-led proposals initiative is meeting its objectives of creating jobs and stimulating the economy.

We assessed how well agencies have designed and applied the market-led proposals process to achieve the initiative's objectives.

The scope of the audit included:

- Queensland Treasury
- Department of State Development, Manufacturing, Infrastructure and Planning (the department).

In December 2017, responsibility for the market-led proposal initiative moved from Queensland Treasury to the department.

We consulted with some of the proponents of proposals we examined. We also consulted with other state government departments involved in the market-led proposals we examined.

Appendix B contains further details about the audit scope, and our methods.

Recent announcement of proposed changes

On 30 November 2018, two weeks before we tabled this report, the Minister for State Development, Manufacturing, Infrastructure and Planning announced changes to the market-led proposals initiative.

The proposed changes include the establishment of a new unit called the Investment Facilitation and Partnerships Group to manage future 'major' proposals, with 'smaller department-specific' proposals being directed to relevant government departments for assessment.

Given the recency of the announcement, we have not audited or formed an opinion on these proposed changes or assessed their potential to address our audit findings and recommendations.

Reference to comments

In accordance with s.64 of the *Auditor-General Act 2009*, we provided a copy of this report to relevant agencies. In reaching our conclusions, we considered their views and represented them to the extent we deemed relevant and warranted. Any formal responses from the agencies are at Appendix A.

Omission of sensitive information

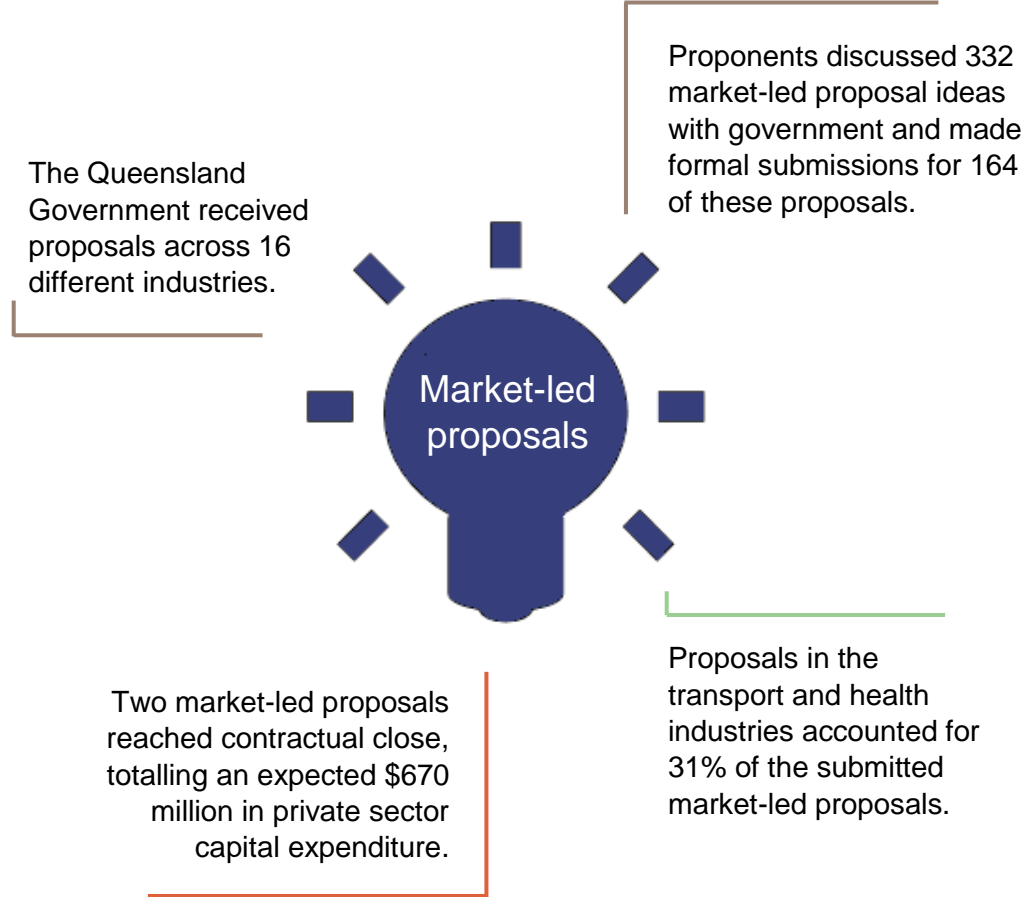
In accordance with s.66(1)(a) of the *Auditor-General Act 2009*, the Auditor-General has determined to omit certain information from this report. The information could have an adverse effect on the commercial interests of entities and disclosing it would not be in the public interest.

In accordance with s.66(1)(a) of the *Auditor-General Act 2009*, a report including the omitted information has been prepared and given to the parliamentary committee.



Key facts

Between July 2015 and August 2018:



Source: Queensland Audit Office, using data provided by Queensland Treasury and the Department of State Development, Manufacturing, Infrastructure and Planning.



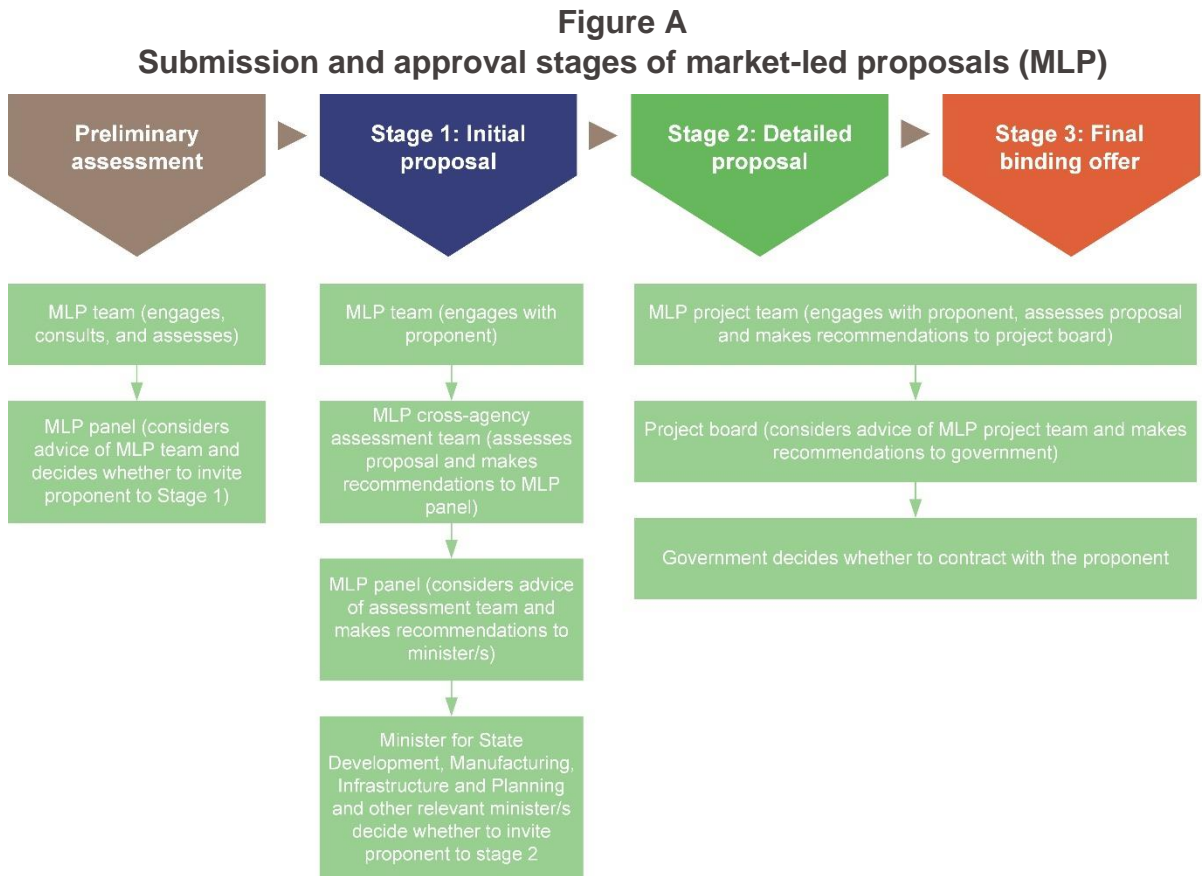
Introduction

Market-led proposals are proposals from the private sector that seek an exclusive commercial arrangement with government to deliver a service or infrastructure to meet a community need. They always include a role for government, such as providing access to government land, assets, information, or networks. In return, market-led proposals are expected to provide benefits to government and/or the Queensland community.

Market-led proposals are suited to projects that can be funded by the private sector and that are of low cost and low risk to the Queensland Government.

Market-led (or unsolicited) proposal frameworks are now in place in every Australian state and territory. They are also used in many other countries around the world, including the United States, the United Kingdom, and New Zealand.

Queensland’s market-led proposal assessment and approval process involves four stages. Figure A shows the stages and the various assessment teams and panels involved.



Source: Queensland Audit Office.



Private sector benefits

Market-led proposals provide benefits for those who propose them (the proponents) because:

- they result in government contracting directly with proponents, rather than through the government's usual competitive tender process
- the proponent receives some level of assistance from government for the project. This is usually not funding, but can include access, lease, or provision of government land, changes to legislation, provision of government information, or rezoning of land.

Government benefits and challenges

Market-led proposals offer several benefits to governments. They enable the delivery of innovative solutions to service and infrastructure challenges at no or low cost to taxpayers. In some cases, they may allow for planned future projects to occur earlier.

In addition to the benefits, market-led proposals present government with challenges. Governments need to demonstrate that they are protecting public and private interests by presenting a clear case for directly negotiating with proponents rather than opening the project up to the broader competitive market. Failing to do so, or not being transparent about its decision-making, can create perceptions of favouritism, bias, or impropriety.

If not managed well, market-led proposals can result in missed opportunities (if the government incorrectly rejects suitable proposals) or expose the state to unnecessary cost and liability (if the government incorrectly approves unsuitable proposals).

For these reasons, government agencies responsible for assessing market-led proposals must ensure there is clear alignment with the market-led proposals assessment criteria and therefore clear justification for their decisions.

To address these challenges, governments assign responsibilities to specific departments and establish policy, guidelines, and criteria to ensure there is clear governance and accountability over market-led proposal initiatives. If effectively designed and applied the policy, guidelines and criteria help mitigate the risks of fraud and corruption.



Summary of audit findings

Is the market-led proposal initiative designed well?

Structured process

Queensland Treasury has developed a structured and logical process for assessing market-led proposals.

There has been one internal review and an update of the market-led proposal process. These have led to refinements.

The process is designed to capture, assess, and filter ideas for their suitability to be a market-led proposal. It is designed to include all relevant state government agencies needed to assess each specific proposal. If applied as intended, it should be effective in progressing only suitable proposals and encouraging referral of unsuitable market-led proposals to other government procurement processes, such as tender or grants processes, where appropriate.

The market-led proposal process generally aligns with the Queensland Government's Project Assessment Framework, to the extent relevant. Its design, however, could better recognise the important role of local government for many proposals by consulting them earlier in the process, especially for infrastructure developments.

Another important gap is that it does not have a project stage at which it assesses the actual benefits derived from approved projects. As a result, Queensland Treasury and the Department of State Development, Manufacturing, Infrastructure and Planning (the department) have not sought sufficient information from the projects that have reached contract close to assess whether intended government and community benefits have been achieved.

This made it challenging for us to assess, as part of this audit, the extent to which the market-led proposals initiative delivers on its stated benefits of creating jobs and stimulating the economy.

Guidance for proponents

The department provides detailed information to guide proponents throughout the market-led proposal process. Proponents' responsibilities and expectations are clearly set out in the guidance material, including the fact that they will bear all their own risk and costs during the assessment stages (preliminary to stage 3 in Figure A).

It provides opportunities for potential proponents to seek further information, guidance, or advice if they need it.

The department does not, however, provide proponents with information on common reasons why proposals are unsuccessful. Nor does it provide clear direction outlining government priorities to assist proponents in targeting their ideas.



The government's recent release of its *Our Future State: Advancing Queensland's Priorities* provides an opportunity for the department to provide better guidance to potential proponents about government priorities. This is important for proponents, as alignment with government priorities is a key requirement for their proposal to be assessed as suitable. It is also a common reason for proposals being unsuccessful.

Governance and reporting

The governance arrangements of the market-led proposals are designed to ensure a separation between those assessing the proposals and those making approval recommendations and decisions.

Ministerial level approval is required for proposals at stages 1 and 2, following assessment by the market-led proposals team and review and recommendation from the panel or the project board. These decisions are documented in minutes.

Quality assurance, conflicts of interest and reviews

The design of the market-led proposal process includes controls intended to ensure the process is efficient, effective, and applied as intended. This includes checklists, templates, gateways (decision points), and a separation of assessment and decision-making roles.

The market-led proposals initiative could be improved by including external quality assurance processes. An external quality assurance process would test and provide reasonable assurance that market-led proposal elements and internal controls are functioning and applied as intended. This would reduce potential risks and perceptions of inconsistency, error, bias, and manipulation.

Staff responsible for assessing and making decisions about market-led proposals currently complete conflict of interest declarations once a proponent progresses to stage 2. Requiring staff to complete conflict of interest declarations when a proposal is initially submitted would strengthen the process, in line with the requirements of the Queensland Government's Project Assessment Framework.

In July 2016, Queensland Treasury undertook an internal review of the market-led proposal initiative. This resulted in a review of the market-led proposal guidelines and in some improvements, such as setting up project boards to oversee stage 2 and 3 assessments.

Reporting

The department publicly reports on the status of all proposals on its website once they reach stage 2, excluding those it deems to be commercially sensitive. Its public reporting does not provide information on common reasons why proposals are unsuccessful. The department also does not report on reasons why publicly-announced market-led proposals were unsuccessful. This information (in aggregated form) would provide public transparency and would be useful for potential proponents.

The department's performance indicators for the market-led proposal initiative are not linked to the initiative's overall objective (create jobs and stimulate the economy) and do not accurately reflect the entire market-led proposal initiative. The measures do not monitor whether the initiative is effective in approving proposals that meet community and infrastructure needs and provide value for money outcomes for the state, specifically by creating jobs and stimulating the economy.



How well are market-led proposals assessed?

Applying the process

Queensland Treasury has developed clear criteria for assessing proposals. The criteria are logical and relevant and have been improved over time. If applied as intended, the criteria should be effective in progressing only suitable proposals through each stage.

However, effective application of the assessment criteria is hampered by inconsistent guidance on the extent (threshold) to which the criteria must be met. The *Market-Led Proposal Guidelines—Bringing good ideas to life* and the supplementary guidelines are inconsistent on whether, at stage 1, each criterion needs to be ‘met’ or ‘met in principle’. As the market-led proposal assessment team apply the ‘in principle’ threshold, this contributes to ambiguous language in the assessment reports.

The department can improve the way it applies the process by:

- being more specific and consistent with the language they use in assessment reports
- ensuring their justification for including projects in the market-led process and progressing projects within the process is clear.

Assessing against the criteria

The rate of ideas and submissions that government has received from industry for market-led proposals has decreased since the market-led proposal initiative began in July 2015.

From July 2015 to August 2018, Queensland Treasury and the department recorded 332 proposal ideas. Of these, 164 were submitted as proposals and began the market-led proposal approval process. From the 164 proposals submitted, a total of 141 proposals have closed and 23 remain active (total across all stages) as of August 2018.

The department can improve on how it applies (and previously Queensland Treasury applied) the process to ensure there is clear and sufficient justification for including proposals in, and progressing them through, the market-led proposal initiative.

For the proposals we examined, the recorded outcomes of assessments included vague language and, in some cases, provided weak justification for including the proposal in the market-led proposal initiative or progressing it through the stages.

We concluded that some proposals could have been referred to other procurement processes to be dealt with in that way rather than be considered a market-led proposal.

From the proposals we examined, we did not find evidence of proposals being inappropriately rejected.

Timely assessments

The market-led proposal team aims to complete its stage 1 assessments within four months. We examined the 15 active proposals (as at August 2018), that had reached or passed stage 1. On average, the market-led proposal team took longer than the four months targeted (a median of 4.7 months and an average of 5.8 months) to assess these proposals (excluding time the proposal was with the proponent, other government agencies or with the minister/s).



The average duration of active proposals (as at August 2018):

- at the preliminary stage is 6.8 months (203 days)
- at stage 1 is 14.3 months (428 days)
- at stage 2 is 9.8 months (293 days).

Not all of this time is within the control of the market-led proposal team.

It is important for the department to facilitate timely resolution of decisions and issues to ensure proposals are not delayed unnecessarily.

Announcing proposals

Governments can be understandably eager to publicly announce proposals with the potential to create jobs and community and economic benefits. These announcements can create proponent and community expectations about the viability and likely success of the proposals, so the timing of the announcements is important.

The Queensland Government has publicly announced proposals when they have progressed from stage 1 to stage 2. At that stage of the process, the information and analysis on the proposal is still largely conceptual and not sufficiently developed for a fully informed announcement to be made.

At present, there are no guidelines within the process to ensure announcements are made at an appropriate stage.

Targeted 'market-led' proposals

In 2017, Queensland Treasury started to consider applying the market-led proposal process to a list of potential targeted proposals generated by government departments. Since taking responsibility for market-led proposals, the Department of State Development, Manufacturing, Infrastructure and Planning has not progressed with targeted market-led proposals.

A targeted market-led proposal is an initiative that has been identified:

- by government as a priority
- as a candidate for a non-traditional approach to obtain a better value-for-money outcome for government.

Proposals that the government targets in this way would be government-led rather than market-led. This would fundamentally change the premise and structure for market-led proposals.

If the department considers this approach in future, it should reconsider the suitability of applying the market-led process to targeted proposals.

Managing costs

Market-led proposals are intended to result in low or no cost to government. Inevitably, there will be some costs, as government invests resources in the screening and assessment of proposals. Some proposals may also require a level of action or financial commitment by government agencies. Government agencies recover their costs where possible in accordance with the market-led proposal guidelines, usually by the proponent reimbursing them. The market-led proposal guidelines specify that the proposed allocation of costs and risks between the proponent and the government must be acceptable to the government.



Process deeds (government's confirmed legal intention) outline how and to what extent the government will seek reimbursement of its costs. Currently, the government does not consistently document its rationale for whether it seeks reimbursement of internal costs or not. It is unclear why it includes the cost of staff in some circumstances and not others. In some cases, no funds are recovered from proponents.

Delays and uncertainties impacting on decision-making and communication have resulted in costs being incurred unnecessarily. One proposal we audited has not progressed and the government is in negotiations with the proponent.

Evaluating success

Two market-led proposals have successfully completed the market-led proposal process and reached contractual close. The two projects are expected to result in \$670 million in private sector capital investment in public infrastructure. Both projects are at the implementation stage but are not yet fully implemented. One of the proposals had identified ways of measuring benefits as part of the contract.

Government does not have a consistent approach to assessing the realisation of benefits after market-led proposals are implemented. An approach of this sort should be included in the contracts at stage 3 and should tie into the government's objective of meeting community and infrastructure needs, through creating jobs and stimulating the economy.

Without these measures, the government cannot fully assess and report on whether the market-led proposals are achieving the intended economic, government, and community benefits.



Audit conclusions

The market-led proposals initiative is a valuable initiative for the Queensland Government to have, but the Department of State Development, Manufacturing, Infrastructure and Planning (the department) cannot yet demonstrate that value is being realised. Only two projects have reached contract closure to date (and are currently being implemented) and only one is measuring benefits.

Queensland's market-led proposal initiative has been appropriately designed to provide a means of attracting and objectively assessing private sector proposals. Queensland Treasury developed clear criteria for assessing the suitability of proposals to meet government objectives and justify dealing exclusively with proponents.

While Queensland Treasury has refined this process over time, other improvements can be made to further enhance the design. Now that it has responsibility for the initiative, the department needs to be clearer on the threshold required to meet assessment criteria at each stage of the process. Better incorporating local government earlier where relevant, establishing quality assurance processes, and clearly identifying and assessing the government's expectations of benefits would also strengthen the process.

The department can improve the way it applies the process. Both its, and previously Queensland Treasury's assessment against the criteria and justification for including or progressing some of the proposals we examined was unclear or weak. We concluded some of these proposals could have been referred to a competitive or other procurement process rather than be considered a market-led proposal. Consequently, decisions about the inclusion and progression or non-progression of proposals lack defensibility. Progressing unviable or unsuitable proposals exposes government to costs and risks, undermining the value of the market-led proposals initiative. Decisions must be defensible, and agencies must improve their process.

The timeliness of the application of the process is also an area for improvement. Speed of decision-making and the experience of engaging with government can influence a proponent's desire to take an opportunity to government. Moving forward the department needs to ensure that the declining number of proposals flowing into the market-led proposals initiative is not due to inefficient processes deterring potential proponents.

Proposals are currently being announced at concept stage before detailed proposals or business cases have been developed. This can create risk and lead to undue pressure for the proposal to progress. Progressing with a proposal further through the process than warranted has proven costly to the government, further demonstrating why strict protocols for announcements are necessary.

To be competitive, the government needs to attract ideas from industry and filter and distribute them to agencies accordingly. These ideas can play a key role as an alternative funding mechanism for much needed or improved community infrastructure and services. Government needs to continue to welcome these ideas. But it also needs to strengthen its guidelines and assessments to ensure the right ones get through and to make sure public and private sector time and money are not spent on unviable or unsuitable propositions.



Recommendations

Department of State Development, Manufacturing, Infrastructure and Planning

We recommend that the Department of State Development, Manufacturing, Infrastructure and Planning:

1. provides additional information to better inform proponents about how to improve their chances of success in the market-led proposals process (Chapter 2)

This should include:

- publishing the reasons why market-led proposals are not successful
- publishing the government's priority areas
- updating the submission templates to prompt proponents to self-assess their proposals against the government's priorities.

2. improves the effectiveness and efficiency of the market-led proposal initiative by strengthening the guidelines for assessors and decision-makers and introducing quality assurance processes (Chapters 2 and 3)

This should include:

- removing inconsistencies in the guidelines and supplementary material on the extent (threshold) to which assessment criteria must be met to justify proposals becoming market-led proposals and progressing through the stages
- requiring all staff involved in the market-led proposal process to make conflict of interest declarations when proposals are first submitted for assessment
- requiring assessment teams and decision-makers to use definitive language in justifying decisions about whether a proponent has met each criterion before progressing proposals to the next stage and decisions about proponents reimbursing government costs
- having an external quality assurance process to provide reasonable assurance that process controls are effective and the policies and guidelines are applied consistently and appropriately at all stages of the market-led proposal process
- setting clear target timeframes for decisions and resolving issues to ensure proposals are not delayed unnecessarily.

3. consults local government (where relevant) earlier in the assessment process for the market-led proposal initiative (Chapter 2)

4. establishes clear protocols for communication about market-led proposals, ensuring that announcements occur once sufficient assessment has been undertaken to determine the project is suitable and sufficiently viable (Chapter 3)



5. improves the performance evaluation and reporting framework for the market-led proposal initiative (Chapters 2 and 3)

This should include:

- developing more outcome, effectiveness, and efficiency focused performance measures aligned to the initiative's high-level economic objective/s
 - monitoring and reporting on the costs of government's contribution to market-led proposals at all stages and on the recovery of costs from proponents
 - implementing a process for assessing the realisation of benefits with proponents.
6. thoroughly assesses the benefits and risks of applying the market-led proposal process to any future policy on government targeted initiatives (Chapter 3).



1. Context

The Queensland Government uses market-led proposals as part of its economic plan to create jobs and stimulate the economy. The intent is for the market to come to government with proposals that meet community and infrastructure needs and for government to select the ones that meet its selection criteria.

Roles and responsibilities

Queensland Treasury

Queensland Treasury administered the market-led proposal initiative from July 2015 to December 2017. It was responsible for developing the market-led proposal process and structure. It undertook a review of the process from July 2016 and updated it in July 2017.

Its market-led proposal team performed a secretariat role to the market-led proposal panel (this panel considers assessments from the market-led proposals team and make recommendations to the minister). It was also responsible for administering the *Market-Led Proposal Guidelines—Bringing good ideas to life* and for assessing proposals.

Department of State Development, Manufacturing, Infrastructure and Planning

In December 2017, the Department of State Development, Manufacturing, Infrastructure and Planning took over responsibility for administering the market-led proposal initiative from Queensland Treasury. It now manages the process across all stages.

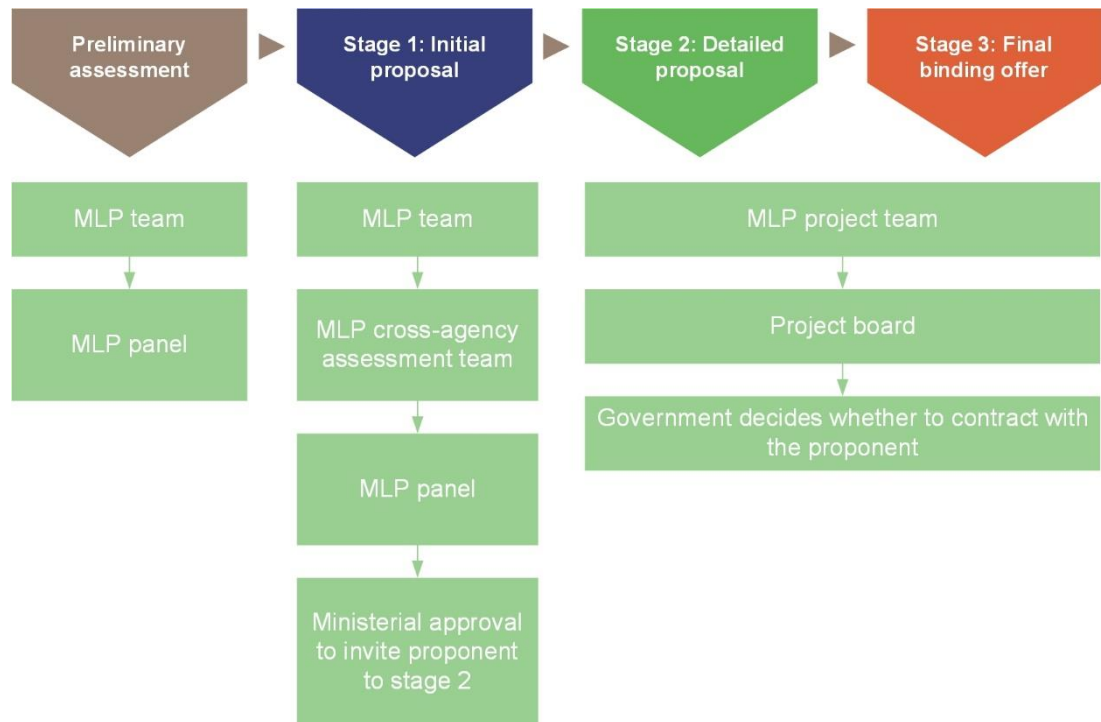
Other departments

Other government departments are included in the market-led proposal process as needed. Most of the proposals submitted require government to do something, such as change legislation or provide access to government information or access to land. As these proposals are submitted, the market-led proposal team engages with the appropriate departments for their expertise.

Figure 1A shows the various assessment teams, panels, boards, and approval stages.



Figure 1A
Submission and approval teams, panels, boards, and stages of the market-led proposals (MLP) process



Source: Queensland Audit Office.

How are proposals approved?

Policy

The *Market-Led Proposal Guidelines—Bringing good ideas to life* (the guidelines) is the policy document that sets out the process for how all market-led proposals will be considered by government. The guidelines:

- define market-led proposals
- set the assessment criteria
- describe the process for proponents to submit and government to assess proposals
- detail the stages of the process and potential outcomes.

The process

Queensland's market-led proposal assessment and approval process involves a preliminary and three assessment stages. Appendix C includes further detail on the role of the assessment team and panels at each stage.



Preliminary assessment

Preliminary assessment

This is an opportunity for proponents to submit their idea and receive high-level feedback from government about the likely alignment with the market-led proposal criteria. It also provides the government with the opportunity to make an initial assessment of whether it is interested in the concept and if it aligns with government priorities.

Proponents provide government with a preliminary proposal (approximately 2–3 pages, plus attachments) which addresses:

- proposal outline—the deal the proponent is offering to government
- government contribution—the cost to government
- four key criteria—how the proposal meets these criteria
- permissions—agreement for government to share the proposal information with other departments.

The process at this stage is not intended to require proponents to commit a significant investment of time or resources. Proponents identify what is being sought from government, what they are proposing in exchange, and the justification for direct negotiation.

The market-led proposal team consults relevant government agencies before preparing a preliminary assessment report and passing it to the market-led proposal panel to consider. The guidelines require the panel to progress the proposal to stage 1 if the panel considers the proposal ‘may meet the market-led proposal criteria’. (This stage was not mandatory prior to July 2017. It was added as a result of the Queensland Treasury review of the process.)

There is a preliminary assessment template setting out the information proponents need to submit.



Stage 1: Initial proposal

Stage 1—initial proposal

Proponents are invited to submit a stage 1 proposal expanding on the information provided at the preliminary stage. The additional information allows the assessment team to further determine if a proposal meets the market-led proposal criteria. The four assessment criteria are:

- alignment with government policy, priority, and community need
- justification for direct negotiation
- value for money
- capacity and capability of the proponent.

At this stage, proponents also need to provide information about financial estimates and funding, risks, technical information, and affected stakeholders. The process is flexible to allow the assessment team to request further information and discuss it with the proponent throughout the assessment.

The team establishes a cross-agency assessment team to assess and recommend whether an exclusive mandate should be granted to the proponent to develop a detailed proposal. The team considers whether any proposal addressing the same need, or proposing a similar outcome, is under active consideration by government. It determines if the proposal is a genuine commercial proposition requiring the support of government and is unsuited to existing funding mechanisms (such as grants or tender processes).

It provides an assessment report to the market-led proposal panel as to whether the proposal should progress to stage 2.



Once the market-led proposal panel considers and is satisfied with the recommendations, it submits a brief to the Minister for State Development, Manufacturing and Planning for approval. The minister will write to relevant portfolio minister/s seeking agreement to the proposed approach.

If the panel does not agree with the assessment report recommendations, it may:

- decide not to accept the report recommendations and instead make other recommendations to government
- ask for further information or issues to be considered (which may result in a revised assessment report or addendum)
- suggest additional information for inclusion.

After a ministerial decision is made, the Director-General, Department of State Development, Manufacturing, Infrastructure and Planning writes to each proponent to advise them of the government's decision and the assessment findings.

Stage 2: Detailed proposal

Stage 2—detailed proposal

At stage 2, with the assistance of government, proponents develop a detailed proposal (a business case) to enable government to make a more informed determination on whether the proposal meets the market-led proposal criteria.

As stage 2 begins, the proponent and the government enter into a process deed to guide their engagement. It includes:

- the nature and terms of the arrangement, including a program of delivery and engagement
- milestones at key stages of the development process
- the basis of reimbursement by the proponent of the government's reasonable costs incurred in conducting the detailed proposal stage (costs reimbursement is decided on a case-by-case basis)
- confidentiality, communication, and probity protocols, such as notification of actual and perceived conflicts of interest.

The process deed may include an offer from government of an exclusive mandate (granting sole access for development) to the proponent while it progresses through stage 2.

Stage 3: Final binding offer

Stage 3—final binding offer

The final stage is the negotiation of legal and commercial terms. A binding contract may be executed in this stage if the government and proponent agree to terms.

Alternative methods to progress

If government considers a proposal is unsuitable for a market-led proposal, but nevertheless a good idea, it can progress it in other ways, for example, by:

- inviting the proponent to meet with government to discuss or consider other opportunities
- considering the proposal under alternative mechanisms, such as government grant funding programs
- further considering or developing the proposal as part of the ongoing operations of relevant government agencies
- proceeding with the proposal via a competitive procurement process.

What proposals has the government received?

From July 2015 to August 2018, Queensland Treasury and the Department of State Development, Manufacturing, Infrastructure and Planning recorded 332 proposal ideas. Of these, 164 were submitted as proposals and began the market-led proposal approval process.

From the 164 proposals submitted, a total of 141 proposals have closed and 23 remain active as of August 2018. Figure 1B shows the number of proposals closed at each stage of the process.

Figure 1B
The number of proposals closed at each stage of the market-led proposal (MLP) process (July 2015–August 2018)

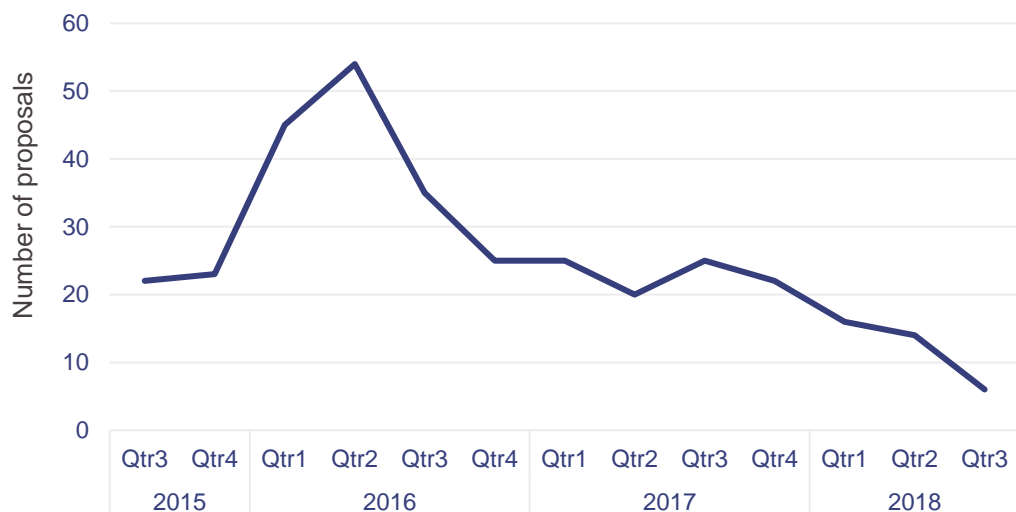
MLP stage	Number of closed proposals
Preliminary assessment stage	106
Stage 1	31
Stage 2	2
Stage 3	*2
Total	141

Note: *Although they have not been fully implemented, two proposals have reached contractual close and are considered closed from a market-led proposal assessment process perspective.

Source: Queensland Audit Office from data provided by the Department of State Development, Manufacturing, Infrastructure and Planning.

The rate of ideas and proposals received from industry has decreased from when the market-led proposal initiative began in July 2015, as shown in Figure 1C.

Figure 1C
The number of ideas and proposals received from industry (July 2015–August 2018)

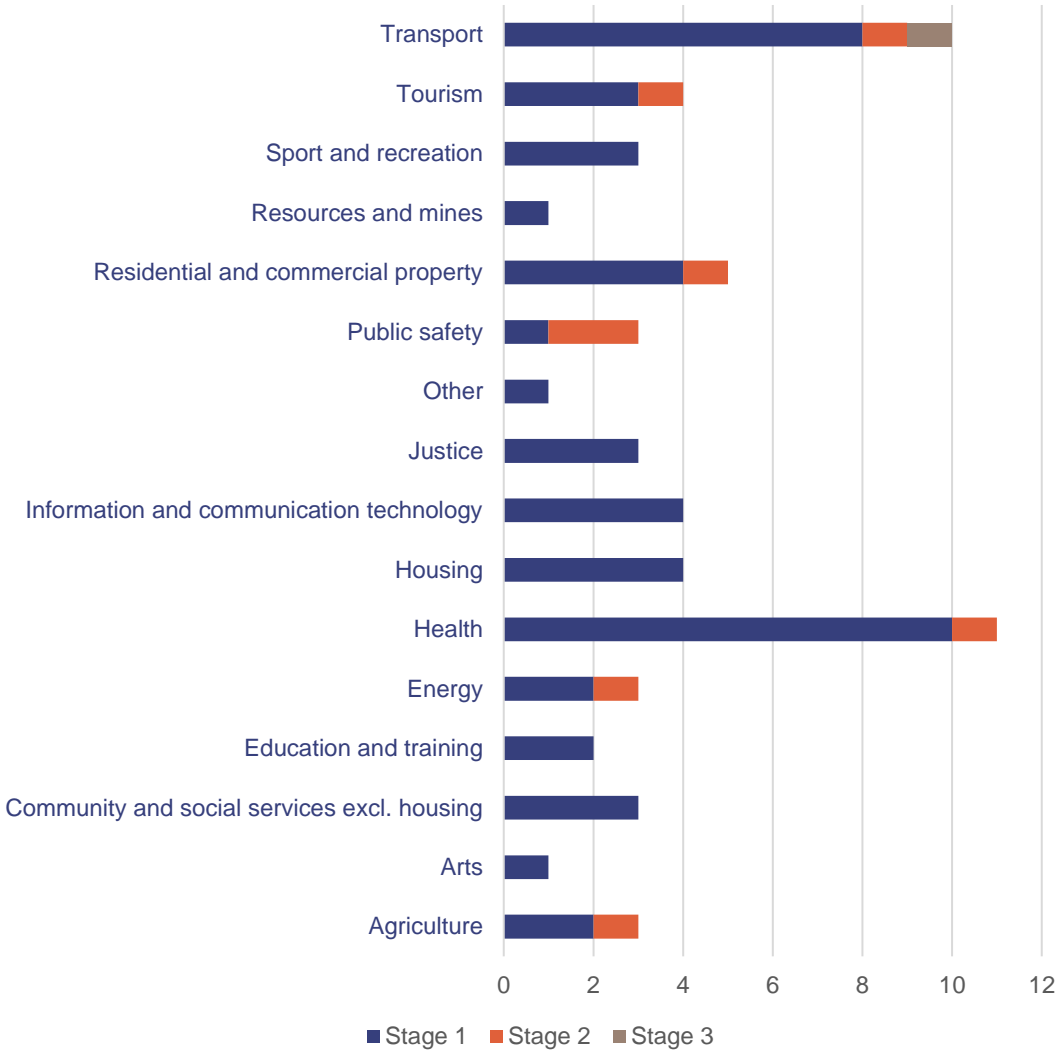


Source: Queensland Audit Office from data provided by the Department of State Development, Manufacturing, Infrastructure and Planning.



Government has received proposals from a range of sectors including infrastructure, tourism, renewable energy, energy efficiency, health services, public transport, and public housing. Figure 1D provides a breakdown of the number of market-led proposals submitted by industry. Most proposals are in the transport and health industries.

Figure 1D
The number of proposals by stage and industry



(July 2015—August 2018)

Note: The department may count a proposal in two industries. For example, the Brisbane International Cruise Terminal is counted in tourism and transport.

Source: Queensland Audit Office from data provided by the Department of State Development, Manufacturing, Infrastructure and Planning.



2. Designing the market-led proposal initiative

Introduction

Market-led proposals used to be known as ‘unsolicited proposals’. Queensland Treasury renamed the process in July 2015.

It also established a dedicated market-led proposals structure. It developed the *Project Assessment Framework—Guidelines for the assessment of market-led proposals, July 2015*, as part of the suite of documents which form the state’s existing Project Assessment Framework.

The guidelines needed to reflect the different nature of market-led proposals—that they are essentially private projects with community benefits that are supported but not delivered by government.

In July 2016, Queensland Treasury reviewed the process. In July 2017, it published revised guidelines: the *Market-Led Proposal Guidelines—Bringing good ideas to life* (the guidelines).

We examined whether the market-led proposal initiative was well designed. We expected to find:

- a structured and logical process for assessing proposals
- specific, relevant, and accessible information to guide proponents
- clear criteria for assessing proposals and ensuring only suitable proposals progress through each stage
- appropriate governance and reporting arrangements to ensure the initiative is well managed and achieving its objectives.

Structured process

Queensland Treasury designed a structured and logical process that is appropriate for assessing market-led proposals. Queensland Treasury and the Department of State Development, Manufacturing, Infrastructure and Planning (the department) have continued to revise and refine the process over recent years.

The four-stage market-led proposal process is designed to identify and progress suitable proposals and filter out unsuitable proposals at each stage. It incorporates appropriate elements of government guidelines, such as the Project Assessment Framework. (Appendix D shows the alignment of the market-led proposal framework with the Project Assessment Framework.) The staged gateway structure (whereby proposals can ‘leave’ the process at any stage) aligns with that of similar initiatives in other Australian jurisdictions.

The process is designed to include all relevant state government agencies necessary to assess each specific proposal. But the design could better recognise the important role of local governments for many proposals. It could do this by consulting them earlier in the assessment process where appropriate. Doing so could potentially provide efficiencies when assessing and deciding on proposals.



The market-led proposals framework also lacks a process for considering and assessing whether identified benefits for government in these proposals are eventually realised (commonly referred to as 'post-project benefits realisation'). Well-designed processes require proponents to measure and report on whether the proposal's benefits for the government and the community are realised after implementation.

Defining benefits

The requirements and efforts needed for measuring and assessing whether the government's expected project benefits are subsequently realised will vary, depending on the nature of the project and extent of government support and investment. The benefits realisation process needs to be scaled for each project to appropriately reflect the cost, risks, and anticipated benefits to Queensland. The anticipated benefits are an important part of the decision-making by which government decides if it is going to provide the proponent with a market advantage (by enabling to deal exclusively with government). For this reason, the department must assess whether the expected benefits eventuate—for all approved market-led proposals.

Although the market-led proposal framework does not have a post-project benefit realisation stage for government, it does require proponents to consider government and community benefits at each stage of the process.

Proponents identify expected benefits at:

- stage 1—assessing the priority and affordability of the project to decide whether to develop a business case, including conducting preliminary evaluation of the benefits associated with the project
- stage 2—undertaking a more detailed analysis of the option/s, including conducting a detailed evaluation of benefits associated with the project.

However, the department (and previously Queensland Treasury) does not clearly assess how the proposed benefits to the state will be measured and then assess whether those benefits are realised.

By not clearly identifying the government's expectations of benefits and not assessing the benefits after the project is completed, the department has no way of determining:

- what benefits, if any, were realised (or delivered) by the project
- how accurate the suggested benefits in the proponent's submission were
- whether there were unintended benefits and consequences to government or the community as a result of the project.

This information is valuable not only for assessing the value of the project but also for assessing the value of the market-led processes themselves.

Guidance for proponents

The information and guidance available to proponents and potential proponents is clear and accessible and adequately guides them through the process. But it does not contain sufficient detail about the government's priorities to assist proponents to appropriately target market-led proposals.



Initial guidance

The Department of State Development, Manufacturing, Infrastructure and Planning's website has a portal that provides clear explanations of what a market-led proposal is. It also provides information on:

- criteria used to assess proposals across the various stages of the process
- each stage of the process
- the market-led proposal teams and panels
- proposals that have reached stage 2 and those that have been approved.

This information is supported by links to other guidance and supporting material, such as the market-led proposals guidelines and contact details (phone and email) for further advice.

Setting government priorities

The department does not provide sufficient information to guide potential proponents on the importance of ensuring their proposals align with government priorities. This is significant, because failure to align with government priorities is a reason for many market-led proposals being assessed as unsuitable.

As part of its 2017 review of market-led proposals, Queensland Treasury identified that potential proponents found it difficult to identify the government's priorities. It tried to address this by amending the guidelines to state that government highly regarded proposals of 'economic or social significance' and those which 'support a large number of jobs or generate economic activity'.

These amendments provide limited guidance to proponents. The guidance does not describe the government's procurement priorities, which are to:

- focus on the economic benefit to Queensland
- maximise Queensland suppliers' opportunity to participate
- support regional and remote economies
- support disadvantaged Queenslanders
- stimulate the information and communication technology (ICT) sector and drive innovation.

Other jurisdictions publish (on their websites) information about government priority areas for market-led proposals. For example, the Victorian Government's online information outlines priority industries and sectors it has identified to drive economic growth and jobs. It refers potential proponents to the *Victorian Infrastructure Plan* and provides additional resources to help in understanding what its priorities are.

The recent release of the Queensland Government's *Our Future State: Advancing Queensland's Priorities* and accompanying website provides an opportunity for the Department of State Development, Manufacturing, Infrastructure and Planning (the department) to link the market-led proposals guidance and assessment material and provide greater clarity for proponents and assessment staff.

It also provides an opportunity for the department to revise submission templates to prompt proponents to self-assess their proposal against the listed priority areas in *Our Future State: Advancing Queensland's Priorities*.



Guidance throughout the process

The guidelines provide a key starting point for proponents when they are considering making a proposal and submitting it for assessment. Once proponents submit their proposal, the market-led proposal team guides and assists them through the preliminary and stage 1 processes.

At stage 2, the department appoints a single point of contact for the proponent for all interactions with government. The contact ensures there is appropriate involvement in the assessment of the proponent's detailed proposal. In addition, the proponent and the department agree on a communication and stakeholder management plan.

Clarity of responsibilities and expectations

The department provides adequate guidance on the responsibilities and expectations of proponents and the government at each stage of the assessment process.

The department communicates this through its website and the market-led proposal guidelines. Its *Market-led proposal supplementary guidance: Frequently asked questions* (supplementary guidance) document also provides some clarity on responsibilities and expectations.

The supplementary guidance makes it clear that, unless otherwise agreed, proponents will:

- bear all their own risks and costs of preparing, lodging, developing, and negotiating the proposal
- meet the government's reasonable costs in stages 2 and 3.

In response to requests from proponents, the department provides additional guidance through case studies. It gives actual examples of how proposals have met four of the six criteria. These are:

- government policy, priority, and community need
- justification for direct negotiation
- value for money
- risk and cost allocation.

The other two criteria (capacity and capability of the proponent; and feasibility of the proposal) are not included because they can contain commercial-in-confidence information.

The case studies are included in supplementary guidance provided on the website, which is an effective means of reinforcing information in the guidance material.

Assessment criteria

The assessment criteria are logical, relevant, and appropriate for assessing the merits of proposals. They are clear and adequate in terms of ensuring only suitable proposals progress through each stage. They provide:

- clarity to proponents on how their proposal is assessed
- guidance to departmental staff to help them in processing market-led proposals consistently.

Figure 2A shows the changes Queensland Treasury made to the assessment criteria in July 2017.

Figure 2A
Comparison of previous and current assessment criteria



Source: Queensland Audit Office.

The key amendments introduced efficiencies in the process with:

- the consolidation of the assessment criteria from nine to six, with only four criteria applicable at the preliminary stage and stage 1 and all six criteria at stage 2
- the reframing of the former 'uniqueness and intellectual property' criterion to 'justification for direct negotiation'.

The guidelines are not clear on the extent (threshold) to which the criteria must be met to progress within the various stages of the process. There are inconsistencies on this issue in the guidance materials.

For stage 1, the *Market-led proposal Supplementary Guidance: Criteria for assessment* states that proposals 'must' satisfy all the criteria before progressing to the next stage, whereas the guidelines state that the proposal only has to meet the criteria 'in principle'.

In practice, the department and Queensland Treasury have applied the guidelines, assessing all criteria as to whether each proposal has the potential 'in principle' to meet the criteria at the final stage.



Governance and reporting

Good governance, accountability, and transparency are the cornerstones to providing a credible and defensible market-led proposal process. Without them, government could risk perceptions of bias and manipulation of markets.

The governance arrangements of the market-led proposals are designed to ensure there is separation between those who are assessing the proposals and those making approval recommendations and decisions. This is good practice.

Figure 2B demonstrates the separation between assessment and decision-making at the different stages of the market-led proposal process.

Figure 2B
Assessors, reviewers, and approvers of each stage of the market-led proposal process

Preliminary	Assess	▪ Market-led proposal team
	Review	▪ Executive Director, Market-led proposal team
	Approve	▪ Market-led proposal panel
Stage 1	Assess	▪ Market-led proposal cross-agency assessment team
	Review	▪ Executive Director, Market-led proposal team ▪ Market-led proposal panel chair ▪ Market-led proposal panel ▪ Director-General, Department of State Development, Manufacturing, Infrastructure and Planning
	Approve	▪ Minister for State Development, Manufacturing, Infrastructure and Planning ▪ Relevant portfolio minister/s
Stage 2	Assess	▪ Project team
	Review	▪ Project board ▪ Director-General, Department of State Development, Manufacturing, Infrastructure and Planning
	Approve	▪ Cabinet Budget Review Committee
Stage 3	Negotiate	▪ Project team
	Review	▪ Project board ▪ Director-General, Department of State Development, Manufacturing, Infrastructure and Planning
	Approve	▪ Cabinet Budget Review Committee

Source: Queensland Audit Office.



At both stage 1 and 2, ministerial level approval is required. At each stage, a proposal is assessed by a team whose recommendations are reviewed by the panel or the project board, who provide recommendations to the ministers. Decisions are documented in minutes for stages 1 and 2.

The adequacy of these minutes is explored further in Chapter 3.

Quality assurance, conflict of interest, and reviews

The market-led proposal process includes internal controls intended to ensure the process is efficient, effective, and applied as intended. This includes checklists, templates, gateways (decision points), and a separation of assessment and decision-making roles.

Queensland Treasury undertook an internal review of the market-led proposal initiative in July 2016. It made five recommendations, which resulted in some improvements, such as implementing project boards for stage 2 and 3 assessments to assist with oversight.

The market-led proposals initiative could be further improved by including external quality assurance processes. A quality assurance process would test and provide reasonable assurance that market-led proposal elements and internal controls are functioning and applied as intended. For example, it would confirm whether guidelines are followed, templates and checklists are completed, assessment criteria are appropriately applied, assessment reports are complete and accurate, management reviews are undertaken, and panel and boards are functioning as intended. This would reduce risks and perceptions of inconsistency, error, bias, and manipulation.

In addition, staff responsible for assessing and making decisions on market-led proposals only complete conflict of interest declarations once a proponent progresses to stage 2. To strengthen the process, staff should address conflict of interest from the outset, when a proposal is initially submitted for assessment. This is in line with the requirements of the Queensland Government's Project Assessment Framework.

Public reporting of market-led proposals

Reporting of current proposals

The department publicly reports on the status of some proposals on its website once they reach stage 2. The proposals not reported are those of a commercially sensitive nature or those not yet ready to be announced by the government.

There is no documented process regarding when a proposal should be announced, or the information published following that announcement. The decision to announce a project is at ministerial discretion and is documented in relevant briefs seeking the minister's approval for a proposal to progress to stage 2. In these briefs, the department usually provides advice, including risks about the timing of publicly announcing proposals.

The department does not provide publicly available information on common reasons why proposals are unsuccessful. This information (in aggregated form) would be useful for potential proponents and in terms of public transparency. For example, the New South Wales Government provides information on the number of proposals received in each industry category, and the reasons for proposals not progressing past the initial assessment stage.

Figure 2C shows the criteria not met by Queensland's 28 market-led proposals that made a stage 1 submission but did not progress further (as at July 2018). This information is not publicly available.



Figure 2C
Reasons why stage 1 market-led proposals did not go further
(July 2015–July 2018)

Reasons	Number of proposals
Government policy, priority, and community need	12
Value for money	14
Justification for direct negotiation	20
Benefit of proponent's preliminary investment	5
Risk/cost allocation	11
Capacity and capability of the proponent	6
Feasibility of the proposal	6
Public interest and benefits to government	9
Competing proposals	15
Referral to other process	6

Notes: The table includes 28 proposals. One proposal may not meet more than one of the criteria, which is reflected in the above table. The market-led proposal assessment team does not use consistent criteria ratings across various proposal assessments. Therefore, a proposal is recorded as not meeting a criterion if it has been assessed as no, unlikely, or doubtful.

Source: Queensland Audit Office.

The department also does not report on reasons why publicly-announced market-led proposals were unsuccessful. Providing information (to the extent possible) on the reason the government decided to not progress individual proposals would increase public transparency around the process and decision-making.

This also highlights the need to ensure that proposals are publicly announced once sufficient assessment has been undertaken to determine a market-led proposal is suitable and sufficiently viable. Decisions on the timing of announcements are made by relevant ministers on advice from agencies.

Service Delivery Statements

It is reasonable for the community to expect the department to monitor and report on the achievement of objectives of the market-led proposal initiatives. The department does monitor and report on the progress of proposals and elements of the process, but not on the achievement of outcomes.

Queensland Treasury included key performance indicators for the market-led proposal initiative in its 2017–18 Service Delivery Statements. It included measures on the preliminary and stage 1 assessments.

The stated effectiveness measures in the Service Delivery Statement are: '85 per cent of assessment report recommendations endorsed by the market-led proposal panel'; and 'efficiency measure of cost per proposal'. These are no outcome measures aligned to the overall objectives of the market-led proposal initiative.



The performance indicators do not monitor whether the market-led proposal initiative is effective in approving proposals that meet community and infrastructure needs and provide value for money outcomes for the state, specifically by creating jobs and stimulating the economy.

By not measuring whether the market-led proposal initiative is achieving its objective, the department cannot effectively demonstrate its value.



3. Applying the market-led proposal process

Introduction

A good process can be ineffective if it is not applied well. The market-led proposals assessment process must be applied as intended to select appropriate proposals and support appropriate and defensible decisions. It is just as important to ensure that proposals are not inappropriately rejected as it is to ensure suitable proposals are approved.

Progressing proposals through each stage of the market-led proposals process requires expenditure in terms of time, effort, and cost to proponents and government. As a result, only suitable proposals should progress through each stage of the process to avoid unnecessary expenditure.

For these reasons, we examined whether Queensland Treasury and the Department of State Development, Manufacturing, Infrastructure and Planning (the department) are applying the market-led proposals process as intended and whether the process is achieving the desired outcomes. Appendix B contains a list of the market-led proposals we sampled.

We expected to find that the Queensland Treasury and the department:

- assessed submitted proposals within target timeframes
- consistently and appropriately applied and documented the assessment criteria
- progressed only suitable proposals through the stages
- did not inappropriately reject suitable proposals
- recovered their costs where possible in accordance with the market-led proposal guidelines
- evaluated and reported on whether the intended benefits—for government and the community—of approved proposals were realised.

Applying the process

Queensland Treasury and the department have not always applied the market-led proposals process effectively. This has had the effect of limiting the benefits of the generally appropriately designed initiative.

Assessing proposals

The time needed to assess proposals can vary considerably depending on a number of factors, including the scale and complexity of the proposal. Timely assessment of proposals (to the extent possible) is important in order to ensure proponents are not unnecessarily inconvenienced, excessive cost is not incurred, and opportunities are not lost.

Figure 3A shows the average duration of days at each stage for the 23 active proposals as at 14 August 2018.



Figure 3A
Active market-led proposals (MLP) ideas and submission durations—as at August 2018

MLP stage	Number of active proposals	Average proposal duration at each stage (days)
Preliminary assessment stage	8	203
Stage 1	9	428
Stage 2	5	293
Stage 3	1	573*

Note: *Denotes a specific time duration (not an average) as this refers to a single proposal.

Note: The average number of days at each listed stage includes the time the proposal is with the market-led proposal team, the proponent, other government departments and ministers.

Source: Queensland Audit Office.

While the average duration of the submissions at each stage seems high, it is not all within the control of the market-led proposal team. There are numerous reasons why a market-led proposal may take or appear to take a long period of time. This includes the time proponents need to develop detailed business cases, studies, and analyses. Any of the parties involved may be responsible for delays in the process.

For example, of the currently active stage 1 proposals as at August 2018:

- one remained active with the proponent for 738 days
- one remained with the relevant minister for 622 days
- one remained with the relevant government department for 543 days.

At stage 2, one proposal remained active with the proponent for 636 days.

The market-led proposal team aims to provide preliminary assessment feedback to proponents within four weeks, and to complete stage 1 assessments within four months. It communicates this to proponents in its *Market-led proposal supplementary guidance: Frequently asked questions* document.

Figure 3B shows the market-led proposal team is not meeting its targets for the preliminary and stage 1 assessments. Stages 2 and 3 do not have targets for proposal assessment duration. This is because each proposal can be significantly different, so project milestone dates are defined on a case-by-case basis in the process deeds. (Process deeds show the government's confirmed legal intention.)



Figure 3B
Average duration with participants at each stage of the market-led proposal process (for 23 active proposals as at August 2018)

Process participant	Market-led proposal assessment stages (average duration in days)					
	Preliminary assessment stage		Stage 1		Stage 2	Stage 3
	Target	Actual	Target	Actual	Actual	Actual
Market-led proposal team	30	47	120	175	31*	573*
Proponent		160		177	285	
Government agencies		34		155		
Ministers				115	15*	

Note: *Denotes a specific time duration (not an average) as this refers to a single proposal.

Source: Queensland Audit Office.

The market-led proposal team has, on average, taken longer than its target times for preliminary and stage 1 assessments.

The median time taken by the market-led proposal team for stage 1 assessments was 4.7 months (or 5.8 months on average). Fifty-three per cent of the 15 proposals have taken longer than four months.

One proposal has remained active within the market-led process for 573 days while the proponent has been unable to resolve issues. Discussions between the proponent and government have continued during this period about a range of possible solutions. The department and previously Queensland Treasury have not established a time frame for the proponent to resolve the issues despite the passage of more than 18 months.

Proposals requiring legislative change or agreement between local councils, the Queensland Government, and the community may take longer than others.

Applying the assessment criteria

Queensland Treasury administered the market-led proposal initiative from July 2015 to December 2017 and did not always apply the criteria well. The Department of State Development, Manufacturing, Infrastructure and Planning can also improve the way it administers the initiative, by:

- being more specific and consistent with the language used in assessment reports
- ensuring the justification is clear for including projects in the market-led process and progressing projects within the process.



In order to progress only suitable proposals and ensure that suitable proposals are not inappropriately rejected, the assessment criteria must be applied consistently and effectively. Clear assessment outcomes must be provided, with sufficient justification to support decisions. We found that the Queensland Treasury and the department have not always done this.

For the proposals we examined, the recorded outcomes of assessments included ambiguous language and, in some cases, provided weak justification for including the proposal in the market-led proposal initiative or progressing it through the stages.

We concluded that some proposals could have progressed through other procurement processes (such as competitive procurement processes) to be dealt with in that way rather than be considered a market-led proposal.

From the proposals we examined, we did not find evidence of any being inappropriately rejected.

Assessments and decisions

Figure 3C shows the outcomes of Queensland Treasury's assessment for three market-led proposals we reviewed. The recorded assessment outcomes are described using vague language and provide little justification for recommending the minister approve the proposal to progress to stage 2.

This is not to suggest all of these proposals were unsuitable for progression, just that the assessment results were not clear. The assessment reports for these proposals usually include a narrative summary of the assessment against each criterion, but these are sometimes brief and don't appear to contain sufficient justification for progression within the process.

Figure 3C
Stage 1 market-led proposal assessments that successfully progressed to stage 2—using the old criteria

Previous market-led proposal criteria	Proposal A		Proposal B		Proposal C
	Stage 1A	Stage 1B	Stage 1A	Stage 1B	Stage 1A
1. Community need/government priority	yes	yes	yes	yes	highly likely
2. Value for money	to be determined	to be determined	to be determined	yes	likely
3. Uniqueness and intellectual property	to be determined	to be determined	to be determined	yes	likely
4. Benefits of proponent's preliminary investment	yes	yes	not assessed	to be determined	highly likely
5. Risk and cost allocation	to be determined	yes, at this stage	to be determined	to be determined	potentially

Previous market-led proposal criteria	Proposal A	Proposal B	Proposal B	Proposal C	
6. Capacity and capability of the proponent	yes	yes, at this stage	to be determined	to be determined	yes
7. Feasibility	to be determined	yes, at this stage	to be determined	to be determined	potentially
8. Public interest and benefits to government	to be determined	yes, at this stage	to be determined	to be determined	likely
9. Competing proposal/s under active consideration by government	to be determined	yes	no	yes	highly likely

Note: The table represents proposals assessed under the old criteria, from July 2015 to June 2017.

Source: Queensland Audit Office.

The market-led proposal for the Maryborough Fire Station, which is detailed in Case Study 1, provides an example of a proposal that progressed without clear justification for dealing exclusively with the proponent.

Case study 1 Maryborough Fire Station

Government funded market-led proposal

The Maryborough Fire Station progressed to stage 2 after only clearly meeting one of the nine criteria (capacity and capability of the proponent). All the other criteria were variously assessed as 'potentially', 'likely' and 'highly likely'.

From this, it is hard to see how it was approved to progress to the next stage of the market-led proposal process.

The proponent is a partnership between a number of parties. All partners are members of the Centre for Future Timber Structures, a research and development initiative. The government is also a member and has provided significant financial contributions to a range of timber research and technology development initiatives.

The government advised that the facility will be a demonstration project for the research outputs. However, the construction of the facility is to be paid for by government, not by the private sector.

Additionally, there are builders in the market who can construct buildings in Queensland with similar products. Progressing this as a market-led proposal means the government misses the opportunity to consider other funding mechanisms.

Source: Queensland Audit Office.

After reviewing this proposal, we concluded that it could have been referred to a competitive procurement process to be dealt with in that way rather than be considered a market-led proposal. The government's view was that the proposal met, in so far as could be determined at the end of stage 1, the criteria for a market-led proposal and that there was advantage to the state in pursuing a market-led proposal.



As noted in Chapter 2, the guidelines and assessment criteria were updated. The updated guidelines state that a successful proposal must satisfy each of the first four of the revised six criteria to progress to stage 2. We did not find any evidence that the revised criteria improved the quality of Queensland Treasury's assessment.

Queensland Treasury and the department have not yet developed detailed guidance to assist market-led proposal team and panel members to apply the assessment process consistently and transparently.

These gaps in guidance create the risk of:

- inconsistent assessments
- unclear decision-making
- approved proposals not meeting government priorities.

An example of insufficient justification and application of the market-led proposal process is the Logan Motorway. Initially it progressed as a contract extension to an existing project until it required the Treasurer's approval. It then changed to a market-led proposal.

However, as this proposal had already progressed as a contract extension prior to being considered for the market-led proposal initiative, the assessment process was not fully applied.

The Australian Competition and Consumer Commission concluded and publicly reported in August 2018 that state governments should only award new toll road concessions as market-led (unsolicited) proposals in truly compelling reasons.

Documenting assessment decisions

Queensland Treasury documented minutes of meetings on market-led proposals in the past, and the Department of State Development, Manufacturing, Infrastructure and Planning does so now. The minutes include decisions and actions resulting from the meetings.

The detail contained in the minutes from the meetings varies considerably. In some circumstances, the basis for decisions is documented clearly. In others, information is missing, or the information provides little basis for decisions.

Adequate documentation of the market-led proposal team's and panel's assessments of applications is important for transparency and accountability of decisions, and to:

- demonstrate compliance with the guidelines and internal procedures
- provide accountability where initial assessments are refined and updated following further analysis, the gathering of further information, or in light of discussion between the panel members
- enable the provision of feedback to successful and unsuccessful proponents regarding how they have been assessed against the criteria.

Timing and effects of decisions on public announcements

Policy decisions by government are outside the control of Queensland Treasury and the department. In these cases, their role is to provide relevant information to government to help inform the government's decisions.

Market-led proposals are generally seen as good news by governments. They have large investment amounts attached to them and have the potential to create a number of jobs within the community. For these reasons, they are desirable announcements.



Once a market-led proposal has been announced, there is an expectation by the public that it will be delivered. The public does not know that a comprehensive final proposal may not have been developed, let alone been assessed as likely to be successful.

The announcement creates pressures that a market-led proposal should progress as government has announced it.

From our sample, we found government had announced all proposals after they had progressed from stage 1 to stage 2. At this point, the process has not determined if the proposals fully meet all the criteria and are likely to go ahead.

Case study 2 provides an example of where the government approved and progressed a market-led proposal and the proposal was announced as it progressed to stage 2.

Case study 2 Queensland Aquarium and Maritime Museum

Announcing at stage 2

The Queensland Aquarium and Maritime Museum was approved to progress to stage 2 of the market-led proposal process.

The proposal progressed despite meeting only four of the nine criteria, with five 'to be determined'. One of the five to be determined was the capacity and capability of the proponent at the time, despite them having demonstrated experience in designing and building aquarium facilities.

Queensland Treasury raised potential issues with the government about announcing the proposal, as it was only at the concept stage and the detailed design and feasibility studies were not being conducted until the completion of stage 2. It also raised issues about making announcements ahead of public consultation processes.

On 16 March 2016, the government announced the proposal's progression to stage 2 (detailed proposal development) via a press conference at Southbank.

As the proposal progressed through stage 2, the market-led proposal team continued to assist the proponent to develop the idea. In the interim, the government provided funding to the Maritime Museum to keep it viable.

In June 2018, after two years at stage 2, the proponent withdrew from the process due to issues with financing the proposal. It did not rule out the potential of an aquarium at some future time.

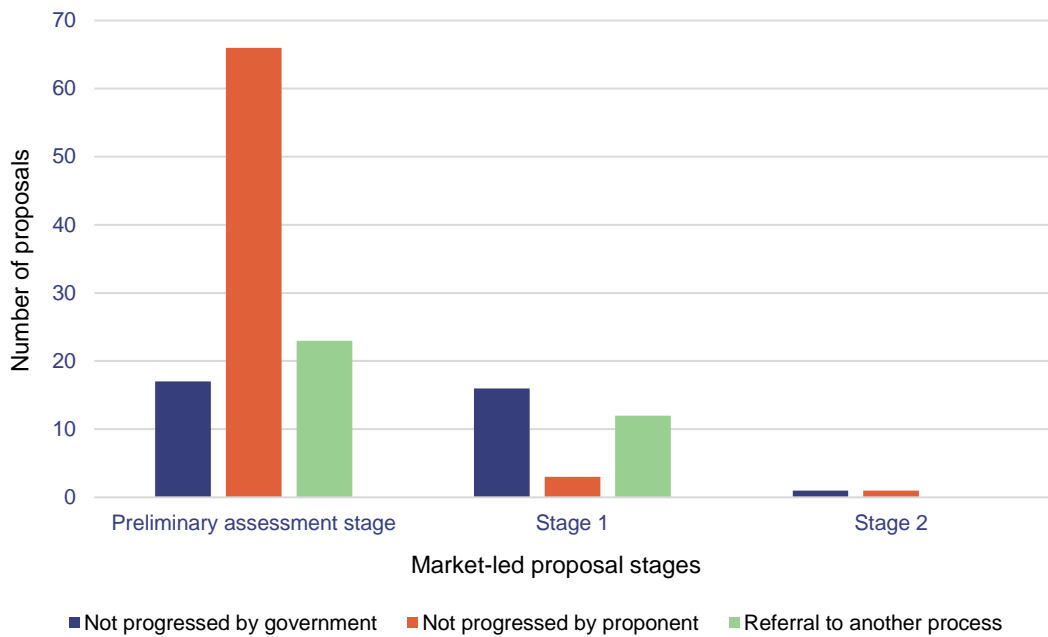
Source: Queensland Audit Office.

Closed proposals

Proposals are closed for various reasons, for example, not being progressed by government, not being progressed by the proponent, or being referred to another process. The department records these in the proposal register spreadsheets. Table 3D shows the breakdown of recorded reasons for proposal closure at each stage of the process.



Figure 3D
Reason and stage of proposal closure (July 2015–August 2018)



Source: Queensland Audit Office.

Submissions closed by government

Between July 2015 and July 2018, the government decided to close 34 proposals that did not satisfy the assessment criteria. Most failed because the proposal did not:

- meet a government priority or community need
- demonstrate value for money.

To date, the government has only closed one proposal at stage 2. Seventeen were closed at the preliminary stage and 16 were closed at stage 1.

Submissions referred to another process

If the government considers a proposal to be a good idea but it does not meet the market-led proposal criteria, it may:

- invite the proponent to meet with government to discuss or consider other opportunities
- consider the proposal under an alternative mechanism, such as a grants program
- consider or develop the proposal as part of ongoing departmental operations
- proceed with the proposal via a competitive procurement process.

In its 2016–17 annual report, Queensland Treasury identified six proposals as being referred to other procurement processes and three as being referred to existing programs or other government support.

From July 2015 to August 2018, 35 proposals were closed after the proponent was referred to other government processes.



Managing costs

The government set up the market-led proposals initiative with the intent that it would be led and funded by private sector proponents and be used for projects that are of low cost and low risk to the government. However, the guidelines only require that the proposed allocation of costs and risks between the proponent and the government are acceptable to government.

In most cases, proponents reimburse the government for any reasonable costs it incurs during stage 2—the detailed proposal stage and stage 3—the final binding offer. There are cases, assessed on merit, where Queensland Treasury (or now the Department of State Development, Manufacturing, Infrastructure and Planning) may determine that the benefits of the proposed project warrant the government forgoing reimbursement of its costs.

We found that Queensland Treasury and the Department of State Development, Manufacturing, Infrastructure and Planning have not always:

- documented the rationale for their decisions to forgo reimbursement of government internal costs
- minimised costs.

Measuring and reimbursing costs

Proposal development costs

The guidelines require proponents, unless otherwise agreed between the parties, to reimburse the government for reasonable costs incurred in developing and assessing the detailed proposal during stages 2 and 3. The reimbursement arrangements are agreed as part of the process deed signed by the proponent and government at the end of stage 1.

The guidelines also make it clear, unless otherwise agreed between the parties, that it is expected the proponent will bear all their own risks and costs for developing the proposal throughout the process. Any commitments or expenditure of money is at the proponent's own risk and expense.

The market-led proposal project teams track costs incurred by government at stages 2 and 3 for each proposal to obtain reimbursement from proponents. The percentage of costs Queensland Treasury and the department have recovered for their internal assessment costs for stages 2 and 3 vary from 0 per cent to 100 per cent.

While they track and recover government's external costs for assessing proposals, they do not always recover their own internal assessment costs.

Minimising costs

Queensland Treasury and the department have not always minimised government and proponent costs by ensuring agreement between government agencies, resolving issues and making timely decisions.

If the government terminates a proposal through no fault of the proponent, the proponent can seek reimbursement of costs in some circumstances.

For example, differing views between agencies on policy and assessing value for money led to changing requirements for a proposal. This resulted in the proposal being cancelled and the government is in negotiations with the proponent.



Evaluating success

We looked at whether the department is evaluating and reporting on whether the intended benefits—for government and the community—of approved proposals have been realised.

Benefits realisation

Benefits management needs to occur throughout the whole process. The market-led proposal framework allows for consideration of government and community benefits at each stage.

Individual proposals

In assessing proposals at each stage, varying emphasis is placed on measuring and reporting benefits to government. The government expects to secure approximately \$670 million in private sector capital investment in public infrastructure through the two projects that have completed the market-led proposal process and reached contractual close to date. From these two proposals, one had benefits measurement and reporting included in the contract, while the other did not.

The government validated the economic and employment benefits proposed for the Logan Motorway Enhancement Project stage 2 detailed proposal. The contract signed at stage 3 included the requirement for the proponent to measure and report on whether benefits were realised. This meant the proponent had to report on economic benefits to the Department of Transport and Main Roads one year after completion of construction. Economic benefits reported were based on the proponent's proposal, including:

- decreased trip times for motorway users
- decreased number of road accidents
- number of trips on the south-facing off-ramp.

Similarly, the government validated the economic and employment benefits proposed in the Brisbane International Cruise Ship Terminal stage 2 detailed proposal. For example, economic benefits were based on the number of ships being brought to Brisbane. However, the need to measure and report on whether the benefits are realised was not built into the stage 3 contract.

At the proposal level, the criterion for alignment with government policy, priority, and community need requires proponents to provide information that contributes to understanding the benefits. The proponent submits this information three times prior to successfully being awarded a contract.

For the preliminary stage and stage 1, the department, on behalf of the government, does not independently verify the financial information or associated projections.

Targeted market-led proposals

In October 2017, the Under Treasurer wrote to all departments requesting a list of potential targeted market-led proposals. The intent in requesting departments to identify potential market-led proposals was to provide industry with specific challenges or opportunities that government had identified as a priority.

A targeted market-led proposal is an initiative that has been identified:

- by government as a priority
- as a candidate for a non-traditional approach to obtain a better value-for-money outcome for government.



In response, departments provided Queensland Treasury with 17 suggested projects for targeted market-led proposals. The market-led proposals team undertook a preliminary review of the 17 suggested projects and identified 10 as potentially suitable market-led proposals.

This approach fundamentally changes the premise and structure for market-led proposals. These targeted 'market-led' proposals are not market-led but are government-led

There is a fine line between the government making its priorities known in order to assist proponents in better focusing market-led proposal ideas and providing a list of targeted preidentified projects that the government wants achieved. This approach also creates a risk of confusing the market about the purpose of market-led proposals.

Since taking responsibility for market-led proposals, the Department of State Development, Manufacturing, Infrastructure and Planning has not progressed the targeted market-led proposals initiative further. If it considers this approach in future, it should reconsider the suitability of applying the market-led process to targeted proposals.



Appendices

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A. Full responses from agencies

As mandated in Section 64 of the *Auditor-General Act 2009*, the Queensland Audit Office gave a copy of this report with a request for comments to the Department of State Development, Manufacturing, Infrastructure and Planning, and Queensland Treasury.

The Director-General, Department of State Development, Manufacturing, Infrastructure and Planning and the Under Treasurer are responsible for the accuracy, fairness and balance of their comments.

This appendix contains their detailed responses to our audit recommendations.



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



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

Our ref: DGC18/1472

04 DEC 2018

Mr Brendan Worrall
Auditor-General
Queensland Audit Office
Level 14, 53 Albert Street
BRISBANE QLD 4000

Email: qao@qao.qld.gov.au

Dear Mr Worrall

Thank you for your letters of 13 and 22 November 2018 providing an opportunity for the Department of State Development, Manufacturing, Infrastructure and Planning (DSDMIP) to respond to the Queensland Audit Office's (QAO's) proposed report (the proposed report) on the performance audit of Market-Led Proposals (MLPs), prior to its tabling in Parliament.

In December 2017, responsibility for administering and applying the MLP initiative moved from Queensland Treasury to DSDMIP. My response relates to the period since December 2017 and to the future application of recommendations to the process for progressing unsolicited proposals from the private sector. The proposed report's findings, in relation to the original design of the MLP process, are a matter for Queensland Treasury, along with its application of the process between July 2015 and December 2017.

I am pleased to note the QAO found that MLPs are valuable for government and the proposed report includes several positive findings about the application of the MLP process and its governance arrangements.

I accept the QAO's findings as they relate to DSDMIP's operations and the six recommendations for improving the current MLP process and future design of a repositioned MLP initiative. Please find enclosed my response to each of the six recommendations.

I would like to inform you of the government's decision to reposition the MLP process as one of several means by which government facilitates private sector investment in Queensland. The revised approach takes the best elements of the current process, responds to your proposed report and feedback from industry, and aligns with the recent functional and structural changes within DSDMIP.

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MLPs have required a facilitation service for complex, commercial proposals initiated from the private sector which require negotiations across departments and an exclusive mandate with government. The repositioning of MLPs aligns with organisational changes within DSDMIP, which consolidate a number of functions into a group focused on investment facilitation and partnerships with industry.

In future, facilitation of investment proposals which require an exclusive mandate will be one of a range of services designed to attract new investment to Queensland. Others include services such as grants (including the Jobs and Regional Growth Fund and the Advance Queensland Industry Attraction Fund) and statutory processes available through the Coordinator-General and Economic Development Queensland.

Additionally, the revised approach addresses feedback from industry that the MLP process can be cumbersome and it enables DSDMIP to sharpen the focus on attracting significant private sector investment which will contribute positively to achieving the government's investment growth targets.

A framework for investment facilitation will improve the stakeholder experience by coordinating investment attraction and facilitation programs and processes. To support this, a clear entry point for major new ideas and business propositions has been established to provide streamlined, tailored support, including case management for complex commercial proposals.

Key differences between the previous MLP framework and the future investment facilitation approach include:

- a clear, coordinated DSDMIP entry point for unsolicited proposals and other requests for industry facilitation
- immediate and personal engagement with proponents to explore their offering and provide guidance on how it may be progressed with government
- early identification of tailored pathways for proposals which demonstrate an alignment to government priorities
- allocating proposals to the responsible portfolio agency where they relate only to that agency, so that appropriate decision makers can engage meaningfully and early with ideas that may impact agency policies or budget
- referring those proposals which are relevant only to a single portfolio, but which potentially have significant economic value to the attention of relevant ministers, with the offer of DSDMIP's assistance.

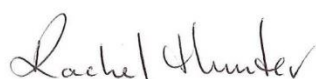
The transition to the new approach is underway and is expected to be completed in the first quarter of 2019.

All active proposals under the MLP framework are being transitioned to the new approach. As noted above, this means that some which are relevant only to a single agency will be referred to that agency for consideration and appropriate follow up action. Others will continue to be case managed by DSDMIP. Proponents affected by these changes have been informed about the implications for their proposal and transition plans are being implemented.

I would like to thank you again for the constructive and professional way your team conducted this performance audit. I have appreciated the opportunity for dialogue and consideration of my department's feedback throughout the stages of this audit.

If you require any further information, please contact Ms Toni Power, Deputy Director-General, Investment Facilitation and Partnerships, DSDMIP, on (07) 3452 7085 or toni.power@dsmip.qld.gov.au, who will be pleased to assist.

Yours sincerely



Rachel Hunter
Director-General



Responses to recommendations

Department of State Development, Manufacturing, Infrastructure and Planning

Market-led proposals

Response to recommendations provided by Ms Rachel Hunter, Director-General, Department of State Development, Manufacturing, Infrastructure and Planning on 4 December 2018.

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter & year)	Additional comments
<p>The Government is repositioning the Market-Led Proposal (MLP) process as one of several means by which government facilitates private sector investment in Queensland. It takes the best elements of the current process, responds to this report and feedback from industry, and aligns with the recent functional and structural changes within the Department of State Development, Manufacturing, Infrastructure and Planning (DSDMIP). This will sharpen the focus on attracting significant private sector investment which will contribute positively to achieving the Government's investment growth targets.</p> <p>DSDMIP facilitates private sector investment through a range of products and services including grants; statutory processes; and working with major private sector project proponents to ease their pathway to project implementation. A framework for investment facilitation will improve the stakeholder experience by coordinating investment attraction and facilitation programs and processes. To support this, a clear entry point for major new ideas and business propositions has been established to provide streamlined, tailored support, including case management for complex commercial proposals.</p> <p>All of the recommendations of this report are accepted and will be applied in the design of the repositioned process. The transition to the new approach is underway and is expected to be completed in the first quarter of 2019.</p>			
<p>1. Provides additional information to better inform proponents about how to improve their chances of success in the market-led proposals process (Chapter 2)</p> <p>This should include:</p> <ul style="list-style-type: none"> publishing the reasons why market-led proposals are not successful publishing the Government's priority areas updating the submission templates to prompt proponents to self-assess their proposals against the government's priorities. 	Agree	Q1 2019	Principles of recommendation accepted. They will be applied in the design of the new approach.
<p>2. Improves the effectiveness and efficiency of the MLP initiative by strengthening the guidelines for assessors and decision-makers and introducing quality assurance processes</p>	Agree	Q1 2019	Principles of recommendation accepted. They will be applied in the design of the new approach.

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter & year)	Additional comments
<p>This should include:</p> <ul style="list-style-type: none"> removing inconsistencies in the guidelines and supplementary material on the extent (threshold) to which assessment criteria must be met to justify proposals becoming MLPs and progressing through the stages (Chapter 2) requiring all staff involved in the MLP process to make conflict of interest declarations when proposals are first submitted for assessment requiring assessment teams and decision-makers to use definitive language in justifying decisions about whether a proponent has met each criterion before progressing proposals to the next stage and decisions about proponents reimbursing government costs (Chapter 3) having an external quality assurance process to provide reasonable assurance that process controls are effective and the policies and guidelines are applied consistently and appropriately at all stages of the MLP process (Chapter 3) setting clear target timeframes for decisions and resolving issues to ensure proposals are not delayed unnecessarily. 			
<p>3. Consults local government (where relevant) earlier in the assessment process for the MLP initiative (Chapter 2)</p>	Agree	Q1 2019	Principles of recommendation accepted. They will be applied in the design of the new approach.
<p>4. Establishes clear protocols for communication about MLPs, ensuring that announcements occur once sufficient assessment has been undertaken to determine the project is suitable and sufficiently viable (Chapter 3).</p>	Agree	Q1 2019	Principles of recommendation accepted. They will be applied in the design of the new approach.
<p>5. Improves the performance evaluation and reporting framework for the MLP initiative</p>	Agree	Q1 2019	Principles of recommendation accepted. They will be applied in the design of the new approach.



Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter & year)	Additional comments
<p>This should include:</p> <ul style="list-style-type: none"> developing more outcome, effectiveness, and efficiency focused performance measures aligned to the initiative's high-level economic objective/s (Chapter 2) monitoring and reporting on the costs of the Government's contribution to MLPs at all stages and on the recovery of costs from proponents (Chapter 2) implementing a process for assessing the realisation of benefits with proponents. (Chapter 3) 			
<p>6. Thoroughly assesses the benefits and risks of applying the MLP process to any future policy on government targeted initiatives. (Chapter 3)</p>	Agree	Q4 2018	The government is not pursuing targeted initiatives as part of the repositioning of MLPs.



Comments received from Acting Under Treasurer, Queensland Treasury



Queensland Treasury

Our Ref: 05091-2018
Your Ref: 9172P

- 5 DEC 2018

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

Dear Mr Worrall

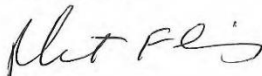
Thank you for your letter of 13 November 2018 providing the proposed Final Report to Parliament (Final Report) on the Queensland Audit Office's (QAO) performance audit on Market-Led proposals (MLPs) and inviting me to provide comments.

The findings in the Final Report on Queensland Treasury's role in establishing and administering the MLP framework and guidelines are useful, and the QAO has identified a number of opportunities for improvement for the Department of State Development Manufacturing Infrastructure and Planning (DSDMIP) (as the current agency responsible for MLPs). While no longer custodian of the MLP initiative, Treasury welcomes further improvements which will contribute to better outcomes for the State.

I note your acknowledgement that the MLP initiative is a valuable pathway for the Queensland Government to receive proposals from the non-government sector, and that the MLP initiative has been appropriately designed to provide a means of both attracting and objectively assessing those proposals received. It is positive that the QAO recognises that, in the right circumstances, and with the right controls, direct negotiations are appropriate and can be effectively assessed and progressed for Government consideration.

Queensland Treasury will continue to work with DSDMIP to implement the recommendations in the Final Report.

Yours sincerely


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Acting Under Treasurer

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B. Audit objectives and methods

Audit objective, scope, and criteria

The objective of the audit was to determine the extent to which the market-led proposals initiative is meeting its objective to create jobs and stimulate the economy.

The audit addressed the primary objective through the following sub-objectives:

- to determine the effectiveness of the market-led proposal initiative and its governance arrangements
- to determine the effectiveness and efficiency of the application of government's *Market-Led Proposal Guidelines—Bringing good ideas to life*
- to determine the extent to which benefits are considered in the market-led proposal initiative.

Entities subject to this audit

We audited the two agencies that have had responsibility for the market-led proposals initiative:

- Department of State Development, Manufacturing, Infrastructure and Planning
- Queensland Treasury.

We also consulted with other state government departments involved in the market-led proposals we examined.

Audit approach

We conducted the audit in accordance with the Auditor-General of Queensland Auditing Standards—September 2012, which incorporate the requirements of standards issued by the Australian Auditing and Assurance Standards Board.

The audit included:

- assessing key market-led proposal documents, such as frameworks, guidance materials, departmental websites, and communication material
- analysing a sample of assessment reports and submissions of market-led proposals, departmental performance reporting and monitoring, and other relevant records
- interviews with relevant Queensland Treasury and Department of State Development, Manufacturing, Infrastructure and Planning staff
- interviews with relevant proponent staff from three of the sample selection proposals
- considering submissions and other information from relevant stakeholders such as the Property Council of Australia (Queensland division).



C. Assessment teams

All stages

Market-led proposal team

The market-led proposal team is responsible for administering the market-led proposal framework. It is a proponent's first point of contact with government. The team works across government to coordinate feedback for the preliminary and stage 1 proposals. It also provides the secretariat function for the market-led proposal panel.

When responsibility for market-led proposals shifted to the Department of State Development, Manufacturing, Infrastructure and Planning, the existing team moved across from Queensland Treasury to the department. This aided in the transfer of knowledge to the department and provided some consistency for proponents.

Preliminary and Stage 1: Initial proposal

Market-led proposal cross-agency assessment team

The market-led proposal team establishes a cross-agency assessment team to consider each stage 1 proposal. It includes staff from relevant government agencies who have expertise on the areas being assessed during the stage. For example, a proposal involving the development of roads would include a representative from the Department of Transport and Main Roads.

It also includes members of the market-led proposal team and provides advice and recommendations on the proposal to the market-led proposal panel.

Market-led proposal panel

The market-led proposal panel (the panel) provides oversight of the application of the market-led proposal guidelines. It ensures there is a defensible and consistent approach to the assessment of market-led proposals at a whole-of-government level. The panel has responsibility for inviting proponents to make a stage 1 submission and making recommendations to government about stage 1 proposals. The four panel members are senior government officials, currently:

- Deputy Director-General Industry Partnerships, Department of State Development, Manufacturing, Infrastructure and Planning (Chair)
- Deputy Director-General Major Projects and Property, Department of State Development, Manufacturing, Infrastructure and Planning
- Executive Director, Department of the Premier and Cabinet
- Deputy Under Treasurer, Commercial Advisory, Queensland Treasury.

Additional agency representation joins the panel as needed, depending on the nature of the proposal.



Market-led proposal project team

The establishment of a cross-agency project team occurs when a proposal progresses to stage 2. This team manages the ongoing relationship with the proponent, coordinates government activity, and evaluates the detailed proposal and final negotiations. It also provides advice and recommendations about the proposal to the project board.

Project board

The establishment of a project board of senior government officials occurs for each market-led proposal that progresses to stage 2. The board considers the advice of the market-led proposal project team and makes recommendations about the proposal to government.



D. Market-led proposal structure

Figure D1 shows how the market-led proposals structure generally aligns with the stages of the Queensland Government’s Project Assessment Framework.

Figure D1
Alignment of market-led proposal process with the Project Assessment Framework

Project assessment framework		Market-led proposal initiative	
Stage	Purpose	Stage	Purpose
No corresponding project assessment framework stage		Pre-submission stage	Informal discussions
Pre-project stage	Strategic assessment of service requirement	Preliminary assessment stage	High level assessment of proposal’s alignment with criteria
Project stage	Preliminary evaluation	Stage 1—Initial assessment	Initial assessment of proposal against criteria, including government priorities
	Business case development	Stage 2—detailed proposal	Proponent’s submission of comprehensive final proposal
	Supply strategy development		Establishment of process deed and governance material for assessing stage 2 detailed proposal
	Source supplier/s		<i>No corresponding market-led proposal stage</i>
	Establish service capability		Assessment of comprehensive final proposal
	Deliver service	Stage 3—binding offer	Contractual negotiation for delivery of the project
Post-project stage	Benefits realisation	<i>No corresponding market-led proposal stage</i>	

Source: Queensland Audit Office, from Queensland Treasury Project Assessment Framework and Market-Led Proposal Guidelines—Bringing good ideas to life.



E. Roles and responsibilities

Figure E1 provides a high-level overview of roles and responsibilities for proponents and the government at each market-led proposal stage.

Figure E1
Responsibilities of proponents and government

Preliminary assessment	Stage 1	Stage 2	Stage 3
Informal discussion	Initial proposal	Detailed proposal	Final binding offer
<p>Proponent responsibilities:</p> <p>To discuss with government what:</p> <ul style="list-style-type: none"> - it seeks from government and proposes to return - the justification for direct negotiation. 	<p>Proponent responsibilities:</p> <p>Submit a proposal to government showing how it addresses the market-led proposal criteria.</p>	<p>Proponent responsibilities:</p> <p>Develop and submit a detailed proposal for government to assess.</p>	<p>Proponent responsibilities:</p> <p>Negotiate legal and commercial terms.</p> <p>Execute binding contract with government.</p>
<p>Government responsibilities:</p> <p>Provide feedback to proponent about whether the idea meets the market-led proposal criteria and is aligned to government priorities and interest.</p>	<p>Government responsibilities:</p> <p>Form a cross-government assessment team to assess the stage 1 proposal. Decide if the proposal progresses to stage 2.</p>	<p>Government responsibilities:</p> <p>Assess the proposal and make a decision as to whether the proposal progresses to stage 3.</p>	<p>Government responsibilities:</p> <p>Negotiate legal and commercial terms.</p> <p>Execute binding contract with proponent.</p>

Source: Queensland Audit Office from information on the Department of State Development, Manufacturing, Infrastructure and Planning market-led proposal website.

If a proposal successfully reaches stage 2, the government outlines further roles, responsibilities, and terms for proceeding in a process deed, including:

- the terms of the exclusive mandate—including the date for submitting the detailed proposal and the length of time for which the exclusive mandate applies
- the terms of exclusivity—how government will engage
- the nature and level of detail required for the submission
- the terms for recovery of the government's assessment cost (for the proponent to pay)
- confidentiality, communication and probity protocols, such as notification of actual and perceived conflicts of interest.

Auditor-General reports to parliament

Reports tabled in 2018–19

1. **Monitoring and managing ICT projects**
Tabled July 2018
2. **Access to the National Disability Insurance Scheme for people with impaired decision-making capacity**
Tabled September 2018
3. **Delivering shared corporate services in Queensland**
Tabled September 2018
4. **Managing transfers in pharmacy ownership**
Tabled September 2018
5. **Follow-up of Bushfire prevention and preparedness**
Tabled October 2018
6. **Delivering coronial services**
Tabled October 2018
7. **Conserving threatened species**
Tabled November 2018
8. **Water: 2017–18 results of financial audits**
Tabled November 2018
9. **Energy: 2017–18 results of financial audits**
Tabled November 2018
10. **Digitising public hospitals**
Tabled December 2018
11. **Transport: 2017–18 results of financial audits**
Tabled December 2018
12. **Market-led proposals**
Tabled December 2018



Audit and report cost

This audit and report cost \$390 000 to produce.

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Performance engagement

This audit has been performed in accordance with ASAE 3500 *Performance Engagements*.

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