

ANNUAL REPORT 2016–2017



23 September 2017

The Honourable Curtis Pitt MP
Treasurer
Minister for Trade and Investment

The Honourable Grace Grace MP
Minister for Employment and Industrial Relations
Minister for Racing and Minister for Multicultural Affairs

Dear Ministers

I am pleased to submit for presentation to the Parliament the Annual Report 2016–17 and financial statements for Queensland Treasury.

I certify that this Annual Report complies with:

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

A checklist outlining the annual reporting requirements can be found on page 155 of this annual report.

Yours sincerely



Jim Murphy
Under Treasurer

Translating and interpreting assistance



The Queensland Government is committed to providing accessible services to Queenslanders from all cultural and linguistic backgrounds. If you have difficulty in understanding the annual report, you can contact us on telephone (07) 30353 503 and we will arrange an interpreter to effectively communicate the report to you.

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About our annual report

The Queensland Treasury Annual Report 2016–17 is an integral part of our corporate governance framework and one of the main tools we use to ensure we are accountable to the Queensland Parliament and the community about our activities.

This report details our achievements, performance and financial position for the 2016–17 financial year. It aligns with the Queensland Government's objectives for the community, the Queensland Treasury Strategic Plan 2016–20, and our Service Delivery Statement 2016–17.

It also provides information on our future direction, people management and corporate governance processes.

Find our report online

This report is available online:

www.treasury.qld.gov.au/publications-resources/

For enquiries about this annual report, contact the Principal Communications Officer, Strategic Communications on (07) 3035 3532 or via communications@treasury.qld.gov.au.

Follow us



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Under Treasurer's report

For Queensland Treasury, 2016–17 was characterised by partnerships: a sharper focus on the needs of our clients and stakeholders, and by our desire to work in partnership with agencies to realise the government's agenda for jobs and growth.

Treasury is a wide-ranging policy and service agency, covering economic and fiscal advice, strategy and policy, including each year's State Budget; statistical and demographic research; intergovernmental fiscal relations; commercial and procurement services; state revenue and grants management; penalty debt management; industrial relations; work health and electrical safety; and workers' compensation services.

Economic performance

Many economic indicators during 2016–17 were favourable, despite the impact of Severe Tropical Cyclone Debbie. Growth is expected to strengthen to 3 per cent, gross state product is expected to strengthen to 2¾ per cent in 2016–17 and 2017–18, and unemployment is expected to decrease to 6 per cent by the June quarter 2019. We will however continue to keep a watching brief on geopolitical events for their potentially negative impact on business confidence and demand for our exports.

State Budget

We developed the 2017–18 Queensland Budget in this overall environment with the advantage of a prudent fiscal strategy. Through the government's Debt Action Plan, we have played a part in a forecast reduction in General Government sector debt of more than \$9.3 billion.

Employment

The government's Back to Work program is now a \$177.5 million, two-year program to create employment for disadvantaged jobseekers. The Jobs and Regional Growth Fund is one of a number of initiatives that uses private sector investment to generate sustainable employment.



Revenue

The Office of State Revenue, which administers a revenue base of some \$14 billion, again played a role in implementing the government's economy-growing and job-creating initiatives, most recently with the payroll tax rebate. OSR have undertaken their own client-centric journey, and next year will invest in a digital transformation with more tailored services and payment options.

Disadvantaged people with penalty debts now have the option to resolve their debts via work development orders through community organisations. Our client-focussed approach to penalty debt has seen us achieve 93 per cent debt finalisation, an impressive 29 per cent increase on last year.

Infrastructure

In the infrastructure space, a headline project for Treasury was Cross River Rail. Long anticipated by South East Queenslanders, this project is now a reality, with an additional commitment from the government of \$1.952 billion. Market-Led Proposals have been welcomed enthusiastically by Queensland's business community, and we have tailored our MLP criteria to improve their fit with the needs of potential proponents.

Another welcome addition to Queensland's business and investment environment has been the Business Development Fund. During the year, the government invested some \$6.4 million in a range of innovative businesses ventures, including electric vehicle technology, legal procurement and software to help carers provide greater quality of service.

Social Benefit Bonds

Never before have we been so closely connected to the lives of vulnerable Queenslanders. Social benefit bonds are coming to fruition, with services for homeless youth, Indigenous families and youth at risk of reoffending to be delivered through strategic investments with social service organisations.

Communities

2016–17 saw many instances of potentially life-changing work through our partnerships with agencies: improving access to secure and affordable housing through the Queensland Housing Strategy, increasing economic participation for Aboriginal and Torres Strait Islander communities, supporting North Stradbroke Island workers as sand mining on the island comes to an end, and continuing preparations for an on-time and on-budget Gold Coast 2018 Commonwealth Games.

Industrial relations

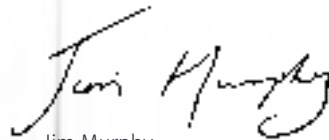
Sadly, the year was marred by the Dreamworld theme park tragedy, and the deaths of two construction workers at Eagle Farm. Our Office of Industrial Relations led the government's swift and decisive response to these incidents, conducting investigations and preparing legislative and other responses.

Under its charter of keeping workplaces safe and fair, OIR met its commitment to modernise all Queensland industrial awards, and played key roles in a number of reviews, including of work health and safety legislation and the state's labour hire sector.

Our people

We have sought to improve the services we provide to the government and the community through an increased emphasis on training and development of our leaders.

This annual report documents another rewarding year for Queensland Treasury. The outcomes on which it reports are a direct result of our people's commitment to the Queensland economy and the wellbeing of Queenslanders.



Jim Murphy
Under Treasurer



"Agencies' performance is
our performance"

Our performance

Economic and fiscal coordination

Service standards <i>Effectiveness measures</i>	Notes	2016–17 Published annual target	2016–17 Estimated actual
Target ongoing reduction in Queensland's relative debt burden, as measured by the General Government debt-to-revenue ratio	1	71%	60%
Target net operating surplus that ensures any new capital investment in the General Government sector is funded primarily through recurrent revenues rather than borrowing	2	70%	126%
Manage the capital program to ensure a consistent flow of works to support jobs and the economy and reduce the risk of backlogs emerging		Met	Met
Maintain competitive taxation – own-source revenue to remain at or below 8.5% as a proportion of nominal gross state product	1	7.8%	8.1%
Target full funding of long term liabilities such as superannuation and WorkCover in accordance with actuarial advice		Met	Met

End of year variance notes

- 1 These measures are in line with the government's fiscal principles. Further information regarding these measures can be found in Budget Strategy and Outlook (Budget Paper 2).
- 2 The 2016-17 Estimated Actual coverage is expected to be 126%. This is primarily due to the upwards revisions to revenue as a result of higher royalty revenue from the increase in coal prices towards the end of 2016.

Statistical services

Service standards <i>Effectiveness measures</i>	Notes	2016–17 Published annual target	2016–17 End of year actual
Stakeholder and customer satisfaction with Queensland Government Statistician outputs (rated satisfied or very satisfied)	1	95%	100%

End of year variance notes

- 1 Customer satisfaction survey results produced no instances of dissatisfaction with outputs.

Commercial services

Service standards <i>Effectiveness measures</i>	Notes	2016–17 Published annual target	2016–17 End of year actual
Percentage of key project milestones met	1	85%	91%
Achievement of agreed cost targets for projects	2	85%	100%

End of year variance notes

- 1 The majority of project milestones in 2016–17 have been met.
- 2 All cost targets in 2016–17 have been met.



Our performance

Revenue management

	Notes	2016–17 Published annual target	2016–17 End of year actual
Service: Revenue services			
Service standards			
<i>Effectiveness measure</i>			
Customer satisfaction with services provided	1	70%	78.7%
Average overdue debt as a percentage of total revenue collected		2%	1.8%
Total revenue dollars administered per dollar expended – accrual	2	\$200	\$251
Service: Penalty debt services			
Service standards			
<i>Effectiveness measure</i>			
State Penalties Enforcement Registry (SPER) clearance rate (finalisations/ lodgements)	3	60%	94%

End of year variance notes

- 1 This measures customers' overall satisfaction with service provided. Key customers include state tax and royalties payers and grant recipients.*
- 2 The increase is mainly due to higher than projected coal royalties and lower than anticipated operating expenses as a result of the Office of State Revenue reprofiling expenses to future years.*
- 3 SPER achieved debt clearance rates above target due mainly to restructured tolling debt referrals arrangements together with improved recovery actions resulting from outbound call campaigns, and vehicle immobilisation and asset seizure and sale activities.*

Industrial relations

	Notes	2016–17 Published annual target	2016–17 Estimated actual
Service: Industrial relations			
Service standards			
<i>Effectiveness measure</i>			
Overall client satisfaction with inspectorate's effectiveness and professionalism		85%	85%
<i>Efficiency measure</i>			
Cost of industrial relations services per Queensland worker		\$2.54	\$2.62
Service: Administration of the Industrial Court and Commission system			
Service standards			
<i>Effectiveness measure</i>			
Percentage of matters resolved at conference	1	65%	71%
Service: Work health and safety services			
Service standards			
<i>Effectiveness measure</i>			
Number of workplace health and safety incidents notified to Workplace Health and Safety Queensland (WHSQ) per 10,000 employing businesses	2	166	189
Overall client satisfaction with inspectorate's effectiveness and professionalism		85%	85%
<i>Efficiency measure</i>			
Cost of WHSQ services per worker covered by the workers' compensation scheme		\$30.32	\$32.45
Service: Electrical safety services			
Service standards			
<i>Effectiveness measure</i>			
The number of reported serious electrical incidents involving powerlines, installations and electrical equipment per million population		6	4
Overall client satisfaction with inspectorate's effectiveness and professionalism		85%	85%
<i>Efficiency measure</i>			
Cost of electrical safety services per person in Queensland		\$3.87	\$3.66
Service: Workers' compensation services			
Service standards			
<i>Effectiveness measure</i>			
Cost of Workers' Compensation Regulator service per worker covered by the workers' compensation scheme	3	\$7.00	\$9.25

End of year variance notes

1. Although there has been an increase in the number of matters filed, particularly employment claims and disputes, the variance is largely attributed to change in commission/registry processes and procedures in progressing matters through the commission.
2. Actual is higher than original estimate (based on previous year's trends), as Workplace Health and Safety Queensland has no control over number of incidents notified by the public.
3. Increase due to an administrative change in the way tribunal doctors are paid, as well as an increase in projected Medical Assessment Tribunals.

Highlights

Our efforts to pursue innovation in service delivery, to understand our clients' and stakeholders' expectations more thoroughly and to work in partnership with other agencies led to very satisfying performance on behalf of Queenslanders in 2016–17. The *Queensland Treasury Strategic Plan 2016–2020* is the roadmap that guided us to this level of performance and to achieve our vision. More details of our performance are included in our Service Reports on pages 36 to 68, and in our Key Performance Indicators on pages 4 to 7.

Empowering our people

- ◆ Enrolled in the White Ribbon Workplace accreditation program, as part of our commitment to ending domestic and family violence and supporting our employees
- ◆ Established a Diversity and Inclusion Network to support our desired workplace culture
- ◆ Launched a new Indigenous scholarship program
- ◆ Again achieved 'Top 50' status as a graduate employer
- ◆ Inducted 12 employees into our Great Leaders program
- ◆ Reduced our lost-time injuries

Support economic growth through fiscal strength and employment

- ◆ Developed the 2017–18 Queensland Budget
- ◆ Facilitated \$26.4 million in payments to employers to hire disadvantaged jobseekers through the Back to Work Program
- ◆ Partnered with QIC Limited to deliver the Business Development Fund, investing more than \$14 million in innovative and emerging businesses
- ◆ Led the development of the \$200 million Jobs and Regional Growth Package
- ◆ Achieved contract close on the \$512 million Logan Motorway Enhancement project, and entered detailed negotiations for five other market-led proposals
- ◆ Progressed Cross River Rail through planning and assessment

Improve services for Queenslanders

- ◆ Achieved an expected reduction in General Government sector debt of more than \$9.3 billion
- ◆ Administered approximately \$14 billion in revenue and grants
- ◆ Facilitated three social benefit bonds, to deliver frontline services for Indigenous families, homeless youth and youth at risk of reoffending
- ◆ Achieved penalty debt finalisation of 93 per cent, an increase of 29 per cent from 2015–16
- ◆ Offered work development orders for disadvantaged fine debtors, as an alternative to Corrective Services orders
- ◆ Cut red tape in land tax

Ensure safe, productive and fair workplaces

- ◆ Participated in major industrial and work health and safety reviews, including trading hours, coal workers' pneumoconiosis, the labour hire sector, workplace deaths, and diving and snorkelling deaths
- ◆ Modernised all Queensland industrial awards
- ◆ Rate of serious electrical incidents fell for second consecutive year
- ◆ Achieved fastest workers' compensation dispute resolution in Australia
- ◆ Achieved a 22.3 per cent reduction in serious work-related injuries
- ◆ Established a committee to ensure people affected by workplace incidents of death, serious injury or illness get the information and support they need

About us

Our vision is to grow the Queensland economy and improve the wellbeing of all Queenslanders

Our values

Our highly skilled and capable people are able to fulfil our purpose because they practise the public service values of:

- ◆ customers first
- ◆ ideas into action
- ◆ unleash potential
- ◆ be courageous
- ◆ empower people.

Our Agency Excellence reform program also drives us to work collaboratively, take collective responsibility, and continuously improve what we do.

We are Queensland Treasury,
the government's principal
source of trusted, impartial and
influential advice for the economy
and state finances.

We do this by:

- ◆ supporting economic growth through fiscal strength and employment
- ◆ improving services for Queenslanders
- ◆ ensuring safe, productive and fair workplaces
- ◆ empowering our people so that they can lead in shaping policy and delivering services for Queensland

Above all else, we put Queenslanders
at the centre of everything we do.

About us

How we began

Although we administer a wide range of legislation to support Queensland's economic growth and fiscal strength, Treasury has no single legislative charter. The Treasury Department began in 1859 with the separation of the Colony of Queensland from the Colony of New South Wales. The appointment of the first Colonial Treasurer, Robert Ramsay Mackenzie, was gazetted on 15 December 1859.

Our services

Economic and fiscal coordination

We provide economic and fiscal advice and strategy to support the government's focus on creating jobs, driving sustainable economic growth, and delivering quality frontline services. We do this through each year's Queensland Budget, and also through:

- ◆ economic and fiscal strategy and policy development
- ◆ economic forecasts and whole-of-government fiscal estimates
- ◆ economic analysis and modelling
- ◆ collection and analysis of data to inform public policy and decision making
- ◆ employment policy advice, and implementation and delivery of key employment programs
- ◆ advice on regulatory reform and skilled migration policy statistical and demographic research
- ◆ statistical and demographic research.

Agency performance

Agency performance places our clients at the centre of everything we do. By better supporting agencies, we can better support the government achieve its objectives for jobs, the economy, services and communities. We do this by:

- ◆ partnering with agencies to optimise their performance in balancing service delivery within budget parameters
- ◆ providing economic and fiscally responsible public policy analysis and advice to agencies to support the government's priorities
- ◆ managing and coordinating intergovernmental fiscal relations issues
- ◆ managing whole-of-government banking and payment services contracts
- ◆ undertaking statistical and demographic research.

Commercial services

We promote investment and seek to secure the infrastructure Queensland needs to grow and flourish by:

- ◆ providing the best economic, commercial and fiscal policy advice and advocacy to maximise opportunities for private sector investment
- ◆ advising on the funding, financing, procurement and delivery of infrastructure and property
- ◆ leading complex governance and commercial issues in substantial business enterprises with private sector investment and industry development
- ◆ providing advice on optimising the performance of the state's government-owned corporations, Seqwater and Queensland Rail
- ◆ strengthening regulatory frameworks to promote competition, investment, innovation and economic growth and productivity.

Revenue management

To help fund services for Queenslanders, we administer a revenue base of around \$14 billion, from state taxes, duties, mining royalties and revenue from fines and penalties. We also administer grants that help bring home ownership within the reach of Queenslanders, and implement concessions and other Budget initiatives that encourage business, jobs and investment.

Industrial relations

Our place in Queensland's prosperity lies in increasing workplace and electrical safety, helping Queenslanders get on with the job, and making workplaces fairer and more just places to work. We do this by providing:

- ◆ services, advice and standards to keep Queenslanders safe at work

- ◆ standards and strategies for better electrical safety at work and in the home
- ◆ workers' compensation regulation and policy
- ◆ industrial relations frameworks.

Statutory and other bodies

We enjoy close relationships with the following statutory and other bodies whose work complements our own and which are the legal responsibilities of our Ministers and/or the Under Treasurer:

- ◆ Motor Accident Insurance Commission
- ◆ Nominal Defendant
- ◆ National Injury Insurance Agency (Queensland)
- ◆ Queensland Treasury Corporation
- ◆ Queensland Competition Authority
- ◆ Queensland Productivity Commission
- ◆ Trade and Investment Queensland
- ◆ Queensland Racing Integrity Commission
- ◆ Building and Construction Industry (Portable Long Service Leave) Authority
- ◆ Contract Cleaning Industry (Portable Long Service Leave) Authority
- ◆ WorkCover Queensland.

These organisations produce their own annual reports.

Our clients

The diverse ways in which we help to grow the Queensland economy is reflected in our broad range of clients, such as:

- ◆ the Premier; the Treasurer and Minister for Trade and Investment; and the Minister for Employment and Industrial Relations, Minister for Racing and Minister for Multicultural Affairs, whom we support to create jobs and a diverse economy, improve service delivery and build safe, caring and connected communities
- ◆ government agencies with whom we partner to meet their infrastructure and procurement needs
- ◆ the business and non-government sectors, with whom we partner for investment and service delivery opportunities
- ◆ first homebuyers, taxpayers and fine debtors.

We also invest heavily in relationships with business, industry, academia and other key stakeholders to influence policy agendas for maximum value to the economy.

Changes for Treasury

In early 2017, the statutory body Trade and Investment Queensland joined the portfolio of the Treasurer, and Minister for Trade and Investment. Rejoining the Treasury portfolio will allow Trade and Investment Queensland to continue its pursuit of healthy export figures and investment attraction for the benefit of Queensland's economy.

On 1 September 2016, the Queensland Racing Integrity Commission, a statutory body, joined the Treasury portfolio as an administrative responsibility of our Under Treasurer. While relying on Treasury for some administrative matters, the Commission operates independently to oversee the integrity of racing industry participants and the welfare of racing animals in Queensland.

Agency Excellence – our new direction

In mid-2016, Treasury embarked on a major program to improve our performance in delivering on the government's objectives for jobs, the economy, services, and communities. This program – Agency Excellence – refocused our business on sharpening our client focus, partnering with our clients and working more collaboratively as one Treasury. Four cultural pillars underpin the Agency Excellence program: collaboration, client-centricity, continuous improvement and collective responsibility.

The Agency Excellence program launched in August 2016 with a substantial restructure of our organisation. The new business units of Agency Performance, Agency Performance and Investment, Risk and Intelligence, and Operations and Change allow our people to work effectively across teams and respond to changing priorities with more agility. Read more about our structure and leadership team on pages 19 to 23.

During the year, Agency Excellence enabled us to deliver on many fronts, including:

- ◆ streamlining decision making through a single Executive Leadership Team
- ◆ taking advantage of the new collaborative environment of 1 William Street to develop better workflows and communications within and across groups
- ◆ better strategic planning processes and new measures and targets to drive improved performance and service delivery.

Managing our organisation

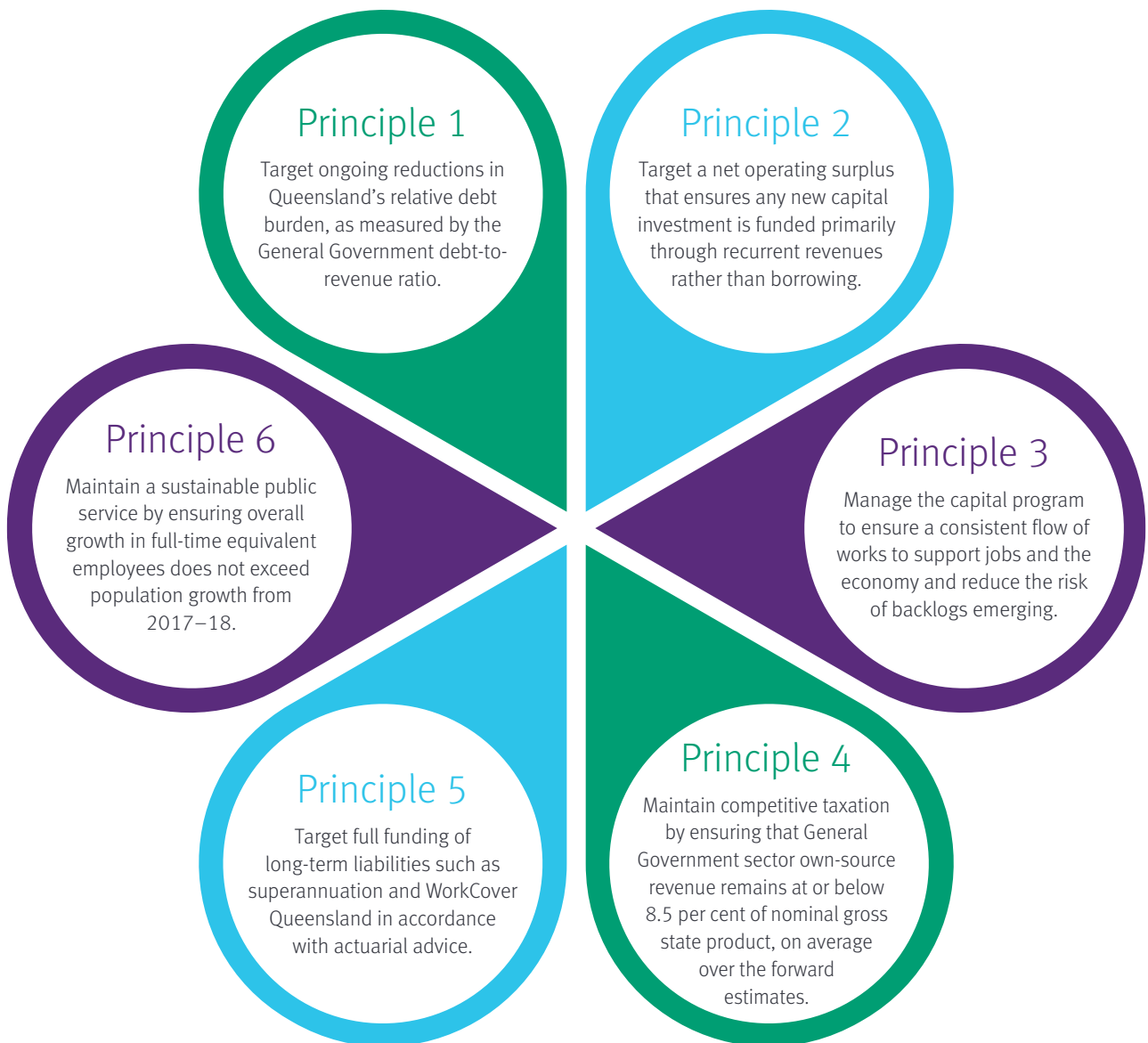




Our fiscal strategy

The government’s ability to grow the economy and improve the wellbeing of all Queenslanders is supported by a solid, prudent fiscal strategy. It is a cornerstone of each year’s State Budget, and it outlines the principles by which the government is able to manage Queensland’s finances in a responsible and measured way. Read more about our fiscal strategy in the Economic and Fiscal Coordination report from page 36.

Each year’s Budget, mid-year review and end-of-year reports outline the government’s performance against these principles. We take a lead role in strengthening the government’s financial accountability by partnering with agencies so they can meet their obligations under the *Financial Accountability Act 2009*.



Strong governance

Underpinning our commitment to these endeavours are strong corporate governance practices, in:

- ◆ leadership and planning
- ◆ internal and external accountability
- ◆ corporate support
- ◆ rigorous financial controls
- ◆ workforce planning and capability
- ◆ resource allocation
- ◆ information management.

In 2016–17, as part of our Agency Excellence Reform program, we streamlined our decision-making and corporate governance structures so that decisions in these areas are made directly and efficiently by our Executive Leadership Board.

Managing our performance

We manage and improve our performance in line with the Queensland Government's Performance Management Framework. This framework helps guide how we identify risks and opportunities for agencies, government and the community, and develop plans to address these.

At an organisation-wide level, our Strategic Plan is the roadmap which guides our longer term efforts to deliver our purpose. Annually we translate this into financial year objectives and performance measures for each service area through our Service Delivery Statement, and report against these in our annual report (see our service reports from pages 36 to 68).

Our performance is monitored externally through the Parliamentary Estimates Committee process held after each year's State Budget. We are accountable to the Treasurer, and Minister for Trade and Investment, and the Minister for Employment and Industrial Relations, Minister for Racing and Minister for Multicultural Affairs, who each report on our performance against our Service Delivery Statement through this process.

Internally, we cascade our Strategic Plan into annual Operational Plans for each group within Treasury. Each group's plan shows a direct link between its priority initiatives and Treasury's strategic objectives.

The operational plans are updated each year, but they can also be amended at any time to reflect emerging risks, opportunities and new government priorities. These plans provide a foundation for managers and employees to agree on priority deliverables which are tracked in individual achievement and development plans. Overall, our planning framework aims to provide a clear line of sight from Treasury's vision to employees' day-to-day work.

The Queensland Government's objectives for the community

The Queensland Government has a clear agenda for delivering the things that Queenslanders need:

- ◆ Jobs and a diverse economy
- ◆ Quality frontline services
- ◆ A protected, sustainable environment
- ◆ Safe, caring and connected communities.

We use our expertise in economic and fiscal management to directly support the economic, service delivery and community objectives of this agenda, and indirectly in the form of support for agencies to make their own unique contributions. Examples of specific contributions to the objectives are outlined overleaf.

Read more about the government's objectives for the community at www.premiers.qld.gov.au.

How we supported the objectives in 2016–17

Creating jobs and a diverse economy

- Delivered the 2017–18 Queensland Budget including implementing the government's Debt Action Plan.
- Invested more than \$14 million in job-creating, innovative business through the Business Development Fund.
- Led the development of the \$200 million Jobs and Regional Growth Package.

Delivering quality frontline services

- Introduced more options for people to resolve their penalty debts.
- Successfully advocated in the federal arena for continued funding for key frontline services, including access to early childhood education and adult dental services.
- Provided economic and financial advice and leadership that allowed agencies to deliver in specialist areas such as social and affordable housing, the National Disability Insurance Scheme, assistance for workers who will be displaced by the end of sandmining on North Stradbroke Island, and Indigenous economic participation.

Building safe, caring and connected communities

- Partnered with Griffith University on research to understand patterns of criminal behaviour.
- Delivered strategies to keep Queenslanders safe at work, home and play.
- Began work on recommendations from the review of Queensland's industrial relations framework, including strengthening consultative mechanisms and equal pay for equal work.

Protecting the environment

- Began developing a more effective scheme for greater assurance in mine rehabilitation.

Our leaders



Jim Murphy
Under Treasurer

Jim is an outstanding senior policy executive and respected government leader. He commenced as Under Treasurer on 1 June 2015.

Formerly, Jim was a senior executive with the ANZ Bank. Before this, he was Deputy Secretary in the Federal Treasury for more than a decade and held a number of senior executive positions in the Commonwealth Departments of Treasury, Attorney-General and Finance.

His distinguished career also includes a role as an advisor with the International Monetary Fund in Washington DC and, for a short period, Chief of Staff in the Office of the Prime Minister.

Jim was awarded a Public Service Medal for his strategic economic advice, which formed the Australian Government's response to the global financial crisis.

Jim attained a Bachelor of Arts (Economics and History) from the University of New South Wales, a Bachelor of Laws from the University of Sydney and a Master of Public Law from the Australian National University.



Mary-Anne Curtis

Deputy Under Treasurer,
Agency Performance

Mary-Anne commenced as Deputy Under Treasurer in August 2017 following the establishment of Agency Performance.

She is responsible for providing advice and analysis on public policy, fiscal and economic issues, particularly in relation to the health, education, communities, justice and housing portfolios.

Previously Mary-Anne was the Deputy Under Treasurer for the Economics Group where she was oversaw the economics functions of the department including macroeconomic forecasting, microeconomic policy and Government Owned Corporations oversight.

Prior to that Mary-Anne spent more than a decade working on infrastructure projects and commercial transactions.

She is a Graduate of the Australian Institute of Company Directors and holds a Bachelor of Laws from Queensland University of Technology and a Bachelor of Commerce (with Distinction) from the University of Southern Queensland.



Dennis Molloy

Acting Deputy Under Treasurer,
Economics and Fiscal Coordination

Dennis has extensive experience in providing fiscal and economic policy advice to both the Queensland and Commonwealth governments.

He has been closely involved in the formulation and delivery of all state budgets since 2010-11. He also worked as the Executive Director of Economic Policy in the Department of Premier and Cabinet and took a particular interest in policies that would facilitate growth of the Queensland economy. Immediately prior to that he was the senior economic advisor to the then Queensland Premier, Peter Beattie.

Dennis started his career as an economist with the Commonwealth Treasury and enjoyed over a decade engaged in a wide range of subject areas, including economic forecasting, competition policy, Commonwealth-State financial relations, and providing policy advice to the Commonwealth Treasurer on the health, education, social security and defence portfolios.



Robert Fleming

Acting Deputy Under Treasurer,
Commercial Group

Robert was appointed Acting Deputy Under Treasurer of Queensland Treasury's Commercial Group in June 2017.

Robert is an economist with a background in government policy and project management, within a career built in the public sector.

During his 20 years in government, Robert has been responsible for providing advice for some of the state's largest infrastructure projects in roles at both the Queensland Treasury Corporation and Queensland Treasury.

He has led teams responsible for developing business cases and procuring key infrastructure projects including the Toowoomba Second Range Crossing, the Herston Quarter redevelopment, Gold Coast Light Rail, Cross River Rail, and market-led proposals like the Logan Motorway Enhancement Project.

Our leaders



Warwick Agnew

Deputy Under Treasurer,
Agency Performance and Investment

Warwick commenced his current role as Deputy Under Treasurer in August 2015.

He is responsible for commercial, fiscal and economic advice on the State's economic portfolios and Treasury's investment policy and attraction programs.

Warwick has gained significant experience in both public and private sectors throughout his career. This includes experience in social and economic infrastructure projects; economic analysis and policy; financial and commercial procurement and corporate finance advisory services.

Warwick also represents QT on various Boards – Queensland Treasury Corporation Advisory; Long Term Asset Advisory; Public Trustee Investment; Queensland Rural and Industry Development Authority.

Warwick is a graduate of the Australian Institute of Company Directors. He holds a Master of Applied Finance (Macquarie University), Master of Social Science (Economics) and a Bachelor of Economics (The University of Queensland).



Elizabeth Goli

Commissioner of State Revenue

Liz was appointed Commissioner of the Office of State Revenue (OSR) in February 2014.

Prior to her appointment, Liz was Senior Assistant Commissioner, Indirect Tax at the Australian Taxation Office (ATO) in Brisbane, and has held senior and executive management and leadership roles in tax administration since 1997.

Liz has international tax experience with the Organisation for Economic Cooperation and Development (OECD) in Paris, and previously worked in OSR from 1997 to 2001 where she had a leading role in the rewrite of the State duties legislation.

She began her career as a graduate with the ATO in 1984.

Liz enjoys reading, movies, walking the family dog, catching up with friends over dinner, and travel.



Angela Wilke

Acting Executive General Manager,
Operations and Change

Angela Wilke commenced her role as Acting Executive General Manager, Operations and Change in February 2016.

With a broad generalist HR management background spanning more than 17 years, Angela has performed senior HR leadership roles across a range of industries, including health, energy generation, civil construction, underground mining and manufacturing.

Angela advocates the development of a positive and effective workplace culture where management and employee relations are managed proactively and strengthened consciously.



Simon Blackwood

Deputy Director-General,
Office of Industrial Relations

Simon leads the Office of Industrial Relations, with responsibility for improving work health and safety, and electrical safety performance in Queensland.

Simon has driven a shift in service delivery over the last few years to create a responsive regulator that takes an evidence-based approach, engages and collaborates with industry, and enforces compliance.

His previous roles have included Executive Director of Workplace Health and Safety Queensland, and General Manager of Private Sector Industrial Relations.

Simon holds a PhD in Sociology from The University of Queensland.



Geoff Waite

Executive General Manager,
Risk and Intelligence

Geoff joined Queensland Treasury in 1984 to work on joint Commonwealth–state employment programs.

Geoff also worked in several budget portfolio roles until his appointment as Queensland Treasury's Director of Finance in 1995.

He then headed up the department's corporate services as Assistant Under Treasurer until 2001, and performed various roles including Assistant Under Treasurer, Budget Division and Executive Director of the Office of Government Owned Corporations.

In 2007, Geoff started his own business consulting to state and local governments in Queensland.

He returned to Queensland Treasury in 2012 to work on several internal reviews before heading up the Office of the Under Treasurer and, subsequently, moving into the Corporate Group role.



Alex Beavers

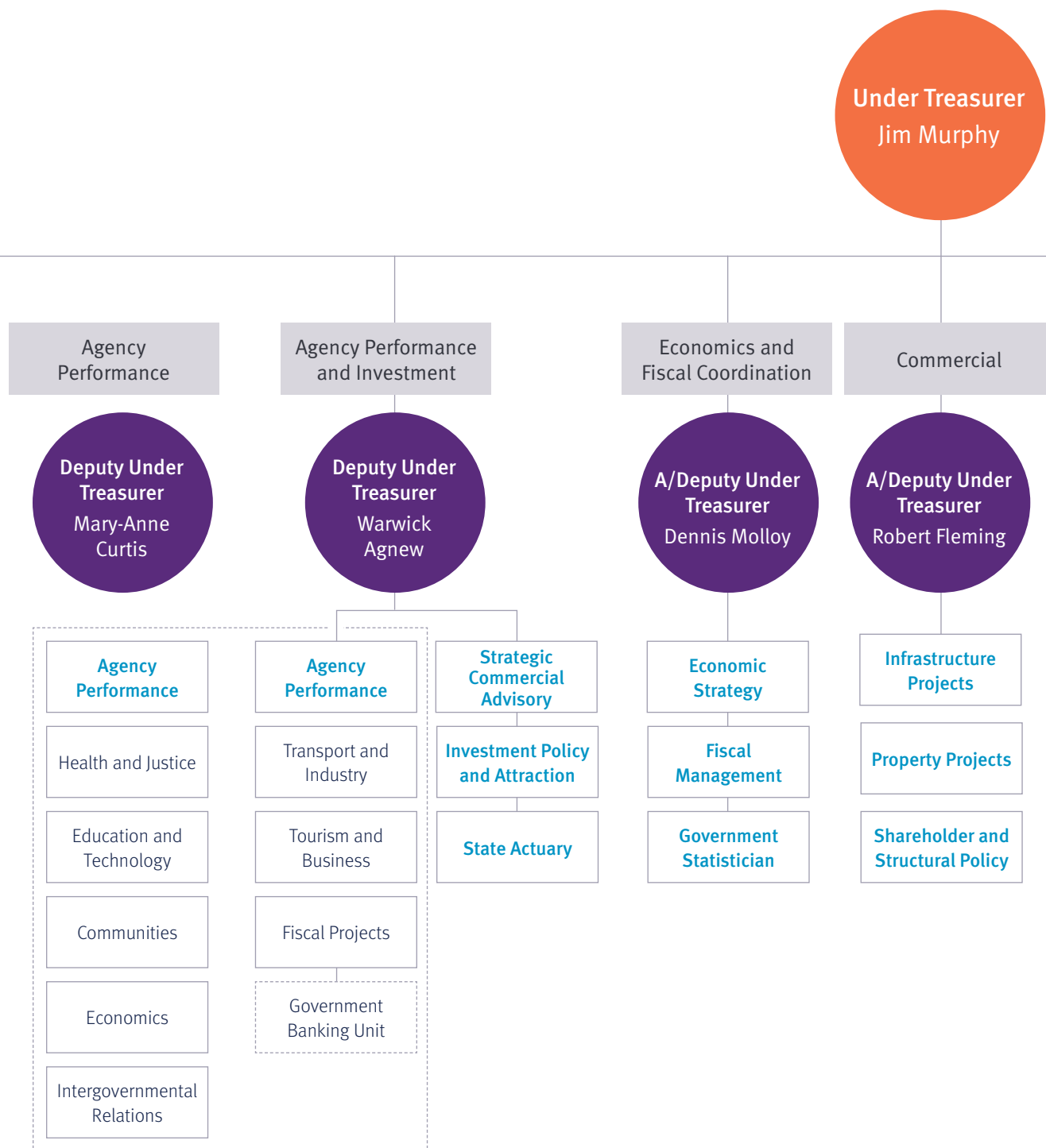
Deputy Under Treasurer
Fiscal and Economic Policy Projects

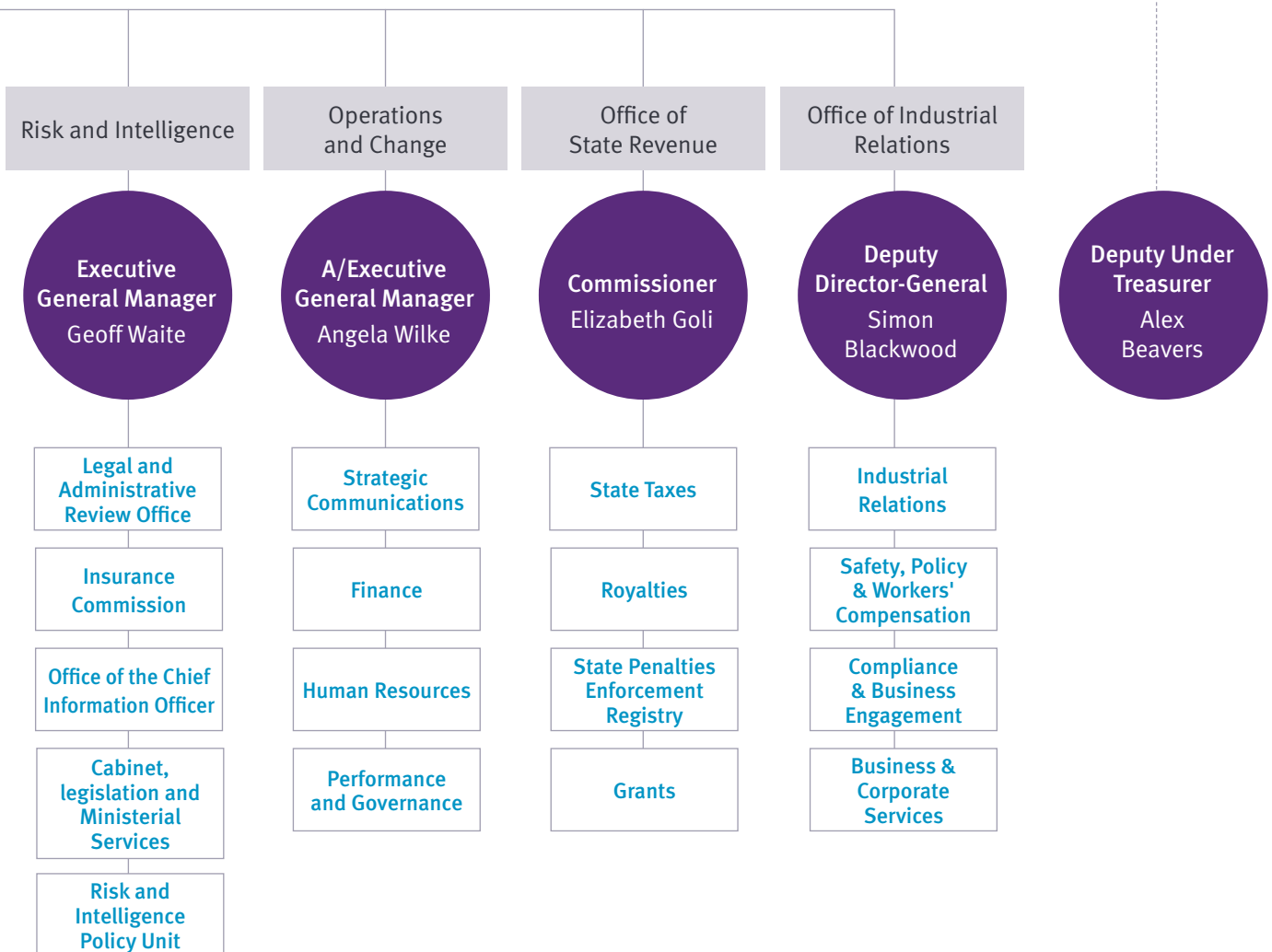
Alex Beavers was appointed Deputy Under Treasurer in June 2009. Prior to this appointment, Alex was Deputy Director-General of Policy in the Department of the Premier and Cabinet. He led the State Government's policy coordination processes and managed policy advice to the Premier. Alex has held various leadership roles in Treasury over the past 15 years.

Alex works across our portfolio and with state and federal agencies on projects such as regulatory reform that support the government's fiscal and economic objectives.

Leading Treasury

Our Executive Leadership Team (ELT) applies a strategic, cross-divisional perspective to our organisation’s key priorities.





Current as @ 30 June 2017

Audit and risk management

The Audit and Risk Management Committee helps our accountable officer – Under-Treasurer Jim Murphy – to meet his responsibilities under the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009* and other prescribed requirements. It does this by carrying out a range of activities to maintain oversight of key financial, risk and performance management activities for our organisation, including:

- ◆ Financial statements – reviewing the appropriateness of Treasury’s accounting policies and our financial performance
- ◆ Risk management – reviewing the effectiveness of our risk management framework, and processes for identifying, monitoring and managing significant business risks
- ◆ Integrity oversight and misconduct prevention – monitoring misconduct trends and prevention approaches and highlighting issues and areas for improvement with management
- ◆ Internal control – reviewing, with the assistance of our internal and external audit functions, the adequacy of our internal controls, including IT security
- ◆ Internal and external audit – reviewing and approving Treasury’s Internal Audit Plan, consulting with External Audit on our proposed audit strategy, and considering findings and recommendations from audit activity to ensure key risks are considered and mitigated.

The committee also performs these functions for some Treasury-related entities who sit within Treasury’s broader portfolio but prepare independent financial statements. In 2016–17 those entities were the Motor Accident Insurance Commission, Nominal Defendant, and National Injury Insurance Scheme Queensland.

2016–17 Audit and Risk Management Committee membership

Chair:

Deputy Under-Treasurer, Economics and Fiscal Coordination

Members:

Deputy Under-Treasurer, Agency Performance

Insurance Commissioner

Deputy Commissioner, Office of State Revenue

Deputy Director-General, Office of Industrial Relations

Don Licastro, Queensland Treasury Corporation – independent member

Standing invitations:

Under Treasurer

Executive General Manager, Risk and Intelligence

Chief Finance Officer

Queensland Audit Office (QAO)

Internal Audit

2016–17 achievements

In 2016–17, the committee met five times and fulfilled its responsibilities in accordance with its charter and an approved work plan, which included:

- ◆ reviewing the 2015–16 Financial Statements for Queensland Treasury, Motor Accident Insurance Commission and Nominal Defendant
- ◆ reviewing the outcomes of the 2016–17 Internal Audit Plan and endorsing proposed activity for the 2017–18 Internal Audit Plan
- ◆ considering issues raised by QAO including recommendations from performance audits
- ◆ considering Treasury-related QAO reports to Parliament.

Read more about these reports in the External scrutiny section on pages 143 to 147.

Everyone in Treasury is responsible for managing risk, and a robust risk management framework is integrated into all of our business activities and systems. During the year we continued to enhance our risk management capabilities and conducted a program of workshops and stakeholder engagement activities aligned to strategic priorities and emerging projects and areas of risk.

The risk management function works with business areas to update their risk registers and identify any relevant risk mitigation strategies for implementation by the respective business areas. Key and high rated business area risks inform our risk management profile and risk report. This report provides our Executive Leadership Team with a snapshot of risks across business areas, risk rating changes and an overview of current and emerging risks and opportunities. This risk profile is also used to inform strategic and business planning, and the targeting of relevant assurance activity.

Internal Audit

Internal Audit supports the Audit and Risk Management Committee by evaluating Treasury's financial and operational systems, reporting processes and activities.

PwC provides an independent and objective internal audit service and operates in accordance with our Internal Audit Charter and ethical standards. Although independent, Internal Audit liaises with QAO regularly to ensure appropriate assurance services are provided to Treasury.

In 2016–17, Internal Audit delivered a program of work for Treasury's three-year Internal Audit Plan (approved by the Audit and Risk Management Committee in June 2016). This plan is aligned to our key risk areas, operations, and strategic objectives and draws on additional specialist expertise as needed.

The plan comprised 28 reviews that were completed over the year, including:

- ◆ grants management program reviews including Jobs and Regional Growth and Back to Work
- ◆ reviews of revenue management activities and systems, including land tax revenue
- ◆ reviews of selected agency and frontline service delivery functions including work health and safety and electrical safety regulatory functions in the Office of Industrial Relations, and the recently established National Injury Insurance Scheme Queensland
- ◆ business process improvement and business intelligence reviews including monitoring of data controls, data analysis and reporting, and contract management.

Making the most of our information

Information is central to our role as Queensland's financial and economic advisor. With the constant evolution of technology and the rise of large, complex data sets, we are always looking for ways to improve how we create, use, find, manage and secure our information.

Through effectively managing and leveraging our information assets, we have been able to integrate and streamline processes, improve services and compliance, enable easier access to information, and make more informed decisions.

Over 2016–17, our major achievements included:

- ◆ embedding our extranet to enhance collaboration with partner agencies
- ◆ bedding down our SharePoint-based enterprise content management solution, which integrates our corporate intranet, collaboration tools, workflows, and document and records management functions

- ◆ reviewing our SharePoint environment, including a complete refresh of the corporate intranet content, to ensure information is relevant, up to date and easily accessible
- ◆ embedding our electronic records management system to improve records management and compliance activities and automate our sentencing and disposal processes
- ◆ continuing the digitisation and early disposal of temporary low-risk paper records, reducing our reliance on physical storage, shrinking our physical footprint, and improving information access and sharing
- ◆ installing Windows 10, Internet Explorer 11 and Office 2016 across Treasury.

Solutions for an evolving workforce

In late 2016 we successfully relocated our people to 1 William Street (1WS). This involved integrating technologies with work spaces aimed at improving flexibility, collaboration, productivity and wellness for our organisation.

Our work in this space throughout 2016–17 included:

- ◆ introducing FixIT, a suite of support services for staff that provides:
 - a dedicated help space in our Sharepoint environment with improved and easily accessible help resources
 - a dedicated FixIT drop-in desk where staff can access IT support
 - a pop-up service that visits Treasury-occupied 1WS floors so staff can stop by and discuss their needs
- ◆ providing work teams with the tools and techniques to rely less on paper documents and to make it easier to share information
- ◆ reducing the amount of information stored on network drives and improving the capture of information in the SharePoint-based enterprise content management solution
- ◆ building staff capabilities with the new technologies and work spaces
- ◆ supporting and facilitating flexible working arrangements via access to corporate information anywhere with a reliable WiFi connection.

This ongoing program of work is allowing us to continue to realise the benefits of our new location.

Our people





Pursuing excellence

Our people remain Treasury's greatest strength. We are committed to the ongoing development of our workforce to ensure we are best placed to achieve our vision to grow the Queensland economy and improve the wellbeing of all Queenslanders. In 2016–17 we embarked on a transformational change journey – the Agency Excellence program – to further strengthen the skills, capability and focus of our people to support complex challenges and opportunities facing the Queensland Government.

An organisational restructure in August 2016 marked the start of this journey with the creation of new groups which clearly emphasise our intention to:

- ◆ partner with our government agency clients to better support government objectives for jobs, the economy, services and communities
- ◆ take a longer term view of key risks and opportunities, informed by better use of data
- ◆ bring together our economics and fiscal coordination efforts.

We have also deployed new programs, systems and processes which will help our people develop the capability and culture to support our Agency Excellence objectives. Specifically our agency-facing groups have developed a partnership approach comprising practical steps to build a clear understanding of clients' needs so we are better placed to support innovative policy and service improvements.

We have developed a Performance Excellence Framework which refreshes our approach to strategic and operational planning, as well as individual performance planning. This will ensure our vision and purpose is reflected in the day-to-day work of employees at all levels of our organisation.

A changing workplace and environment

In late 2016 Treasury's Brisbane-based people moved from several offices to co-locate for the first time in the new 1 William Street building. Open plan floors and shared team spaces have increase the collaboration and mobility of our workforce. A new physical environment is not the only change experienced by our workforce. In 2017 the Public Service Commission released its 10 Year Capital Outlook and 3 Year Human Capital strategic roadmap to highlight future changes to the public sector's work, workers and workforce.

The unprecedented pace and scale of societal change will affect our workforce in different ways, including the emergence of a multigenerational workforce. Older generations will work longer and newer generations will enter the workforce with high degrees of technical literacy and a more mobile attitude to career development.

Our Agency Excellence program and a new approach to strategic planning will help us optimise our response to these changes. We also empowered our people to build their own capability and thought leadership through a pro bono speaker series. In 2016–17 this featured Dr Irena Yashin-Shaw sharing insights on leading in the innovation age, and Dr Terry Fitzsimmons discussing gender parity.

Living by our ethics and values

While our workforce and workplace continues to change, our commitment to our ethics and values remains steadfast. As reported on page 10, Treasury adheres to the Queensland public service values which guide our behaviour and the way we do business:

- ◆ customers first
- ◆ ideas into action
- ◆ unleash potential
- ◆ be courageous
- ◆ empower people.

We uphold the *Code of Conduct for the Queensland Public Service*, which is our blueprint for our work as public officials. It is based on the ethics principles outlined in the *Public Sector Ethics Act 1994*:

- ◆ integrity and impartiality
- ◆ promoting the public good
- ◆ commitment to the system of government
- ◆ accountability and transparency.

All new starters receive Code of Conduct training, and we reinforced messaging about the code with existing staff when required. We also publish a number of resources to help our people model ideal professional behaviour, including guides on appropriate use of social media, managing conflicts of interest, and community or charitable activities in the workplace. In the year ahead, we will release a procedure to address corrupt conduct, and continue to train our people to identify, minimise and deal with workplace bullying.

Health, wellbeing and diversity

A diverse and inclusive workplace

Treasury is committed to ensuring our workforce reflects the communities we serve including representation of women, people from different ages, races, cultures, sexualities, gender identities and those with disabilities and family responsibilities. In 2016–17 we launched a new Diversity and Inclusion Strategy and established a Diversity and Inclusion Network (read more on page 33) to strengthen employee advocacy for key initiatives that support our desired workplace culture.

A Gender Equity Strategy was also developed to specifically support our commitment to equal representation of men and women in our workforce, from our graduates through to our senior and executive levels. We are taking active steps to achieve this including ensuring equal representation of male and female candidates in our 2017 graduate intake and our 2016 Great Leaders development program. We have also introduced flexible work strategies to acknowledge the rights of both women and men to balance family and community life more successfully, such as job sharing; part-time employment; working at home and paid and unpaid leave arrangements for new and expectant parents.

In 2017 we launched a new Indigenous scholarship program, which includes financial support for study, paid work placements and entry to our graduate program upon completion of tertiary studies. This is part of our ongoing commitment to improving employment outcomes and career development for Aboriginal and Torres Strait Islander people.

Domestic violence as a workplace issue

The Queensland Government, as the state's largest employer, is well placed to influence the culture and attitudes of Queenslanders towards domestic and family violence (DFV). To join this challenge, Treasury has 'signed on' to become a White Ribbon accredited workplace. This is a clear statement to our workforce, clients and stakeholders that we believe violence of any form is unacceptable, and that we will support people who are experiencing DFV.

As part of this process, our employees have been encouraged to make a clear commitment to embodying respectful relationships in the workplace and to support employees affected by DFV:

- ◆ Our employees have undertaken training in 2016–17 and will complete further training in 2017–18.
- ◆ We have put in place policies and procedures to promote gender equality and support employees experiencing DFV.
- ◆ Forty-one of our employees made their support for people experiencing DFV public by participating in the Darkness to Daylight challenge run in May.
- ◆ In early 2017, our Executive Leadership Team signed the Not now, Not ever declaration to end DFV in Queensland.

Health, safety and wellbeing

Treasury maintains a commitment to a workplace that promotes employees' health, safety and wellbeing.

During 2016–17, we experienced just five lost time injuries, one less than the previous year. This result excludes Treasury's Office of Industrial Relations which is covered by the Department of Justice and Attorney-General's (DJAG) WorkCover policy.

Our commitment to safety extends to the mental health and wellbeing of our employees. We do this through ongoing provision of an employee assistance counselling service, manager assistance hotline and through hosting a calendar of annual events, including R U OK Day, to raise awareness and understanding of mental health. In 2017 we will launch mental health first aid tools to assist managers and human resources officers respond to critical incidents early and effectively.

For more information on our statewide responsibilities for work health and safety, read the Office of Industrial Relations' report from page 61.

Our workforce in numbers

At 30 June 2017, our workforce comprised:



Workforce composition

	Number	% of workforce ⁴
Men	873	46.73%
Women	995	53.27%
Aboriginal and Torres Strait Islanders	23	1.23%
People from non-English speaking backgrounds	250	13.38%
People with disability	40	2.14%
Women in middle and upper management(AO7 – AO8) ²	211	51.21%
Women in senior officer and senior executive service positions (SO-CEO equiv) ³	62	41.01%
Women in senior executive service positions (SES-CEO equiv) ⁵	20	33.90%
Average annual earnings by men (nominal salary) ⁶		\$101,200
Average annual earnings by women (nominal salary) ⁶		\$91,341

¹ Includes Treasury staff outsourced to the Motor Accident Insurance Commission and the Nominal Defendant. Represents employees who are active and paid in the final pay of 2016–17 financial year.

² Represents 11.30 % of the total workforce

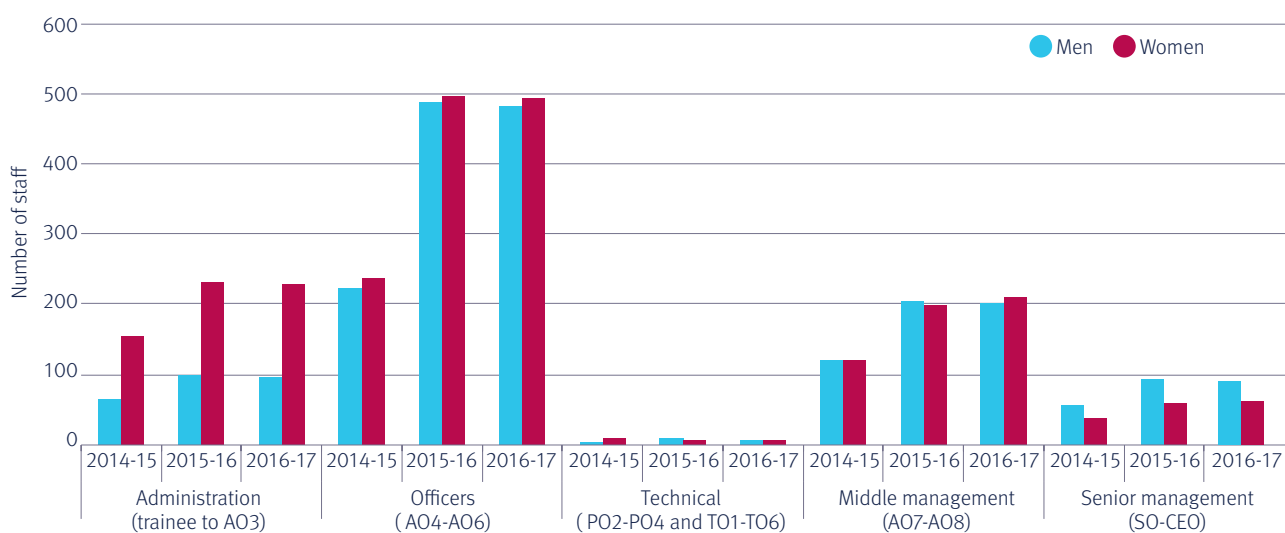
³ Represent 3.32 % of the total workforce

⁴ Percentage of total workforce or demographic cohort

⁵ Includes SES, Section 122 and CEO equivalent roles and includes Queensland Industrial Relations Commission

⁶ Nominal salary based on full-time earnings for each gender – correct as at 30 June 2017

Total staff by gender and classification



Early retirement, redundancy and retrenchment

During 2016–17, 13 employees received redundancy packages at a cost of \$1.55 million. Of these, 12 were from the Office of Industrial Relations which underwent a restructure including the reduction of five operating regions into three. An additional voluntary redundancy was also accepted by an employee of the Queensland Government Statistician's Office. Employees who did not accept an offer of a redundancy were offered case management for a set period of time, where reasonable attempts were made to find alternative employment placements. No employees received retrenchment packages during 2016–17.

Our values in action

A flying start

Treasury's GRADStart graduate program is recognised as an industry-leading program which attracts and engages high performing graduates to build Treasury's current capability and future leadership pipeline. In 2017 we were named amongst the top 50 graduate employers in Australia by the Australian Association of Graduate Employers.

In 2016–17 Treasury welcomed 10 new graduates, two of which had successfully completed a scholarship program with Treasury in 2015–16. We also awarded an Indigenous scholarship, which includes financial support for study, paid work placements and entry in our graduate program upon completion of tertiary studies.

Treasury's Office of the State Actuary continued its sponsorship of Queensland's only actuarial program at Bond University. State Actuary Wayne Cannon presented Bond University's top actuarial student Nikki Cornwell with the 2017 prize. In addition, the Office has continued its second year of internships offering work experience for Bond University actuarial students. One intern has been successful in applying for a graduate position with the Office due to start in the second half of 2017.

We also continued our scholarship program for the University of Queensland's Bachelor of Occupational Health and Safety Science degree. This year the Office of Industrial Relations has four high performing students participating in the scholarship program which provides financial assistance and vacation work placement. Two students are completing their final year of study and will be eligible for one year's work with Work Health and Safety Queensland.



Developing great leaders

Treasury welcomed twelve outstanding employees into its Great Leaders Program (GLP) for 2017. Now in its third year, Great Leaders has been developed with QUT to draw together leading business and neuroscience insights to coach future leaders to realise their potential. Past graduates have formed a leadership network to support each other with continuing development.

Treasury also encourages its people to participate in the Public Service Commission's leadership development opportunities which support professional growth of team leaders and supervisors through to executives.

Saying 'no' to family violence

The 2017 Darkness to Daylight challenge saw 41 Treasury employees join a team with the Public Service Commission and Department of the Premier and Cabinet to take part in the overnight fun run.

Darkness to Daylight raises awareness and funds to support victims of domestic and family violence and was a great chance to also shine a light on Treasury's White Ribbon workplace accreditation commitment.



Valuing an inclusive workplace

In 2017 Treasury launched its first Diversity and Inclusion Network making a highly visible commitment to ensuring our workplace reflects the communities we serve. This network includes employee advocates from across the business who will actively build support for events and initiatives that make sure all employees feel comfortable to be themselves at work.



Big ideas from the BiiG Network

BiiG – Business Improvement and Innovation in Government – is a Queensland public sector network hosted by Treasury.

BiiG helps connect public servants with a passion for doing things differently through the application of innovative projects.

Anyone can join this growing community, which strives to stimulate new ideas, and bring people and ideas together to support innovative practice across all areas of government. At the Public Sector Futures Conference in Mackay in May, delegates looked at "Designing our future" and helped each other make sense of the rapidly changing economic, demographic, societal and technological trends shaping our future in Queensland regions.



Service Reports





Economic and fiscal coordination



Jobs and a strong economy

We provide economic and fiscal advice and strategy to support the government's focus on creating jobs, driving sustainable economic growth, and delivering quality frontline services.

We do this most visibly through each year's Queensland Budget, and also through:

- ◆ economic and fiscal strategy and policy development
- ◆ economic forecasts and whole-of-government fiscal estimates
- ◆ economic analysis and modelling
- ◆ collection and analysis of data to inform public policy and decision making
- ◆ employment policy advice, and implementation and delivery of key employment programs
- ◆ advice on regulatory reform and skilled migration policy
- ◆ statistical and demographic research.

Key issues in our environment

Global events, commodity prices, trends in key industries and natural events impacted on the Queensland economy during 2016–17

Severe Tropical Cyclone Debbie is estimated to shave three quarters of a percentage point from Gross State Product across 2016–17 and 2017–18.

Reflecting the government's commitment to transition to more broad-based growth, Queensland's gross state product is expected to strengthen to 2¾ per cent in 2016–17 and 2017–18. These forecasts would have been higher but for the impact of Severe Tropical Cyclone Debbie. Growth is expected to strengthen further in 2018–19, to 3 per cent, with an anticipated recovery in business investment and a solid contribution from public sector capital spending. The combination of these trends is expected to support some improvement in labour market conditions, with Queensland's unemployment rate expected to fall to 6 per cent by June quarter 2019.

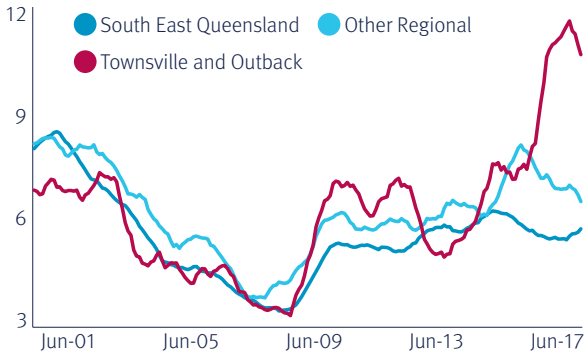
Overseas exports are a key contributor to the Queensland economy and the state's net operating balance, which is supported by revenues received from royalties. Volatility in commodity prices can also impact growth in household incomes and business investment. For the government, movements in commodity prices can change forecast revenues from royalties.

Potential changes in tariff and trade arrangements in some overseas markets and heightened geopolitical tensions have the potential to impact on Queensland's overseas trade by reducing demand for our exports, or slowing global economic growth more generally.

Domestically, key sources of uncertainty include the emergence of an oversupply of dwelling units, which could accelerate the decline in dwelling investment, and the pace and timing of the recovery in business investment.

Regional unemployment¹

Better prospects for mining, construction, agriculture and tourism have resulted in a welcome improvement in regional labour market conditions. Consistent with the expected improvement in overall domestic activity, a strengthening in employment growth is expected to result in the unemployment rate gradually improving.

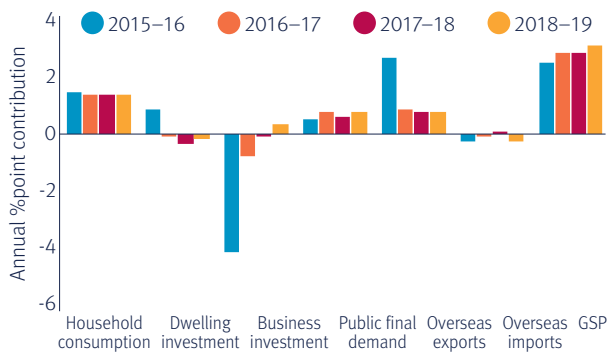


1. Based on 12 month moving averages. South East Queensland is defined as Greater Brisbane, Gold Coast, Sunshine Coast and Toowoomba. Other regional is defined as Cairns, Darling Downs–Maranoa, Fitzroy, Mackay and Wide Bay

Source: ABS 6291.0.55.001.

Contributions to growth in Queensland's gross state product²

Following an unprecedented resources investment boom, the Queensland economy continues its transition to more broad based growth. Strong growth in the housing sector has supported construction employment during the downturn in mining and liquefied natural gas (LNG) investment. Construction of new housing is expected to peak in 2016–17, before falling in the next two years, while business investment is forecast to return to moderate growth in 2018–19 following adjustment from the LNG construction boom. Subdued real wages and population growth are expected to result in modest growth in household consumption. Meanwhile, LNG exports will make a solid contribution to export growth, while a competitive Australian dollar and growing demand from Asia is supporting growth in tourism and education exports



2. CVM, 2016–17 onwards are forecasts.

Source: Queensland Treasury.

Queensland's Budget

Each year we develop Queensland's Budget to:

- ◆ monitor our economic performance and the state's finances
- ◆ outline the state's economic plan and key policy initiatives in line with that plan
- ◆ implement the government's fiscal and debt reduction strategies
- ◆ manage ongoing impacts in our economic environment.

The 2017–18 Budget demonstrates the government's ongoing commitment to responsible fiscal management while responding to the challenges of natural disasters.

The economic plan outlined in the Budget also reiterated the government's commitment to facilitating sustainable economic growth and diversifying the state's economy following the mining investment boom.

Most importantly, the economic plan will ensure the translation of the state's economic growth into more job opportunities for all Queenslanders over the short, medium and long term.

The Budget also delivers on the government's objective of revitalising frontline services.

Highlights of the Budget include:

- ◆ a record \$16.6 billion for health services
- ◆ \$13.7 billion for education
- ◆ significant investments in social and economic infrastructure, including:
 - \$42.75 billion in capital works over the next four years. The capital works in 2017–18 and key new existing budget initiatives would directly support around 40,000 full time equivalent jobs, predominantly in the private sector in 2017–18
 - a commitment to fully fund the \$5.409 billion Cross River Rail, Queensland's highest priority infrastructure project.

The value of the government's fiscal strategy was supported with Moody's Investors Service affirming its Aa1 rating (equivalent to AA+) for Queensland, and restoring a 'stable' outlook for Queensland's credit rating. Standard & Poor's Global has also affirmed a AA+ (stable) rating.

Read more about the Queensland Budget at www.budget.qld.gov.au

Strategy

Managing the budget and state finances, and reducing debt

Queensland's Debt Action Plan

A key performance indicator for government is the extent to which it can improve the sustainability of the state's finances by driving down debt.

Beginning with the 2015–16 Budget, the government committed to reducing General Government debt without selling GOCs, increasing taxes or cutting services.

The resulting Debt Action Plan is predicated on the government's fiscal principles, supporting the principle to achieve ongoing reductions in Queensland's relative debt burden.

The Debt Action Plan focuses on better balance sheet management to reduce debt by:

- ◆ stopping future borrowing to contribute to an overfunded defined benefit superannuation scheme, and reducing overfunding in the scheme to pay for priority infrastructure and repay debt
- ◆ using funds to reduce debt today rather than holding them to pay for a future long service leave obligation
- ◆ increasing the gearing levels of GOCs and reducing underutilised GOC cash balances to reduce General Government Sector debt
- ◆ drawing funds from the Queensland Government Insurance Fund surplus to help fund the government's response to Cyclone Debbie instead of borrowing.

The plan has already achieved a reduction in General Government sector debt which is expected to fall by more than \$9.3 billion from \$43.1 billion in 2014–15 to \$33.8 billion in 2017–18. Read more about the government's fiscal strategy on page 16.

The strong surplus in 2016–17 combined with balance sheet measures from the 2017–18 Budget, provide capacity to fund further priority capital projects over the forward estimates without significantly increasing debt levels. We expect to continue advancing the government's fiscal principles as we develop and implement the 2018–19 Queensland Budget in the coming year.

Strategy

Shaping policy to support employment growth and increase workforce participation, including Aboriginal and Torres Strait Islander and regional employment

In 2016, we began administering the government's Back to Work Program.

Back to Work focuses on creating employment for disadvantaged jobseekers across Queensland, such as the long-term unemployed, young people, older Queenslanders, Queenslanders with a disability, and Aboriginal and Torres Strait Islander people.

Following announcements in the 2017–18 Budget in June 2017, Back to Work is now a two-year, \$177.5 million initiative. This expansion of Back to Work provides a statewide stimulus for private sector employers to take on Queensland jobseekers and includes:

- ◆ \$150 million for the Back to Work Regional program
- ◆ \$27.5 million from 1 July 2017 for the Back to Work South East Queensland expansion.

As at 30 June 2017, \$26.4 million had been paid to employers in first payments, which supported:

- ◆ 2,563 employers
- ◆ 5,275 jobseekers across regional Queensland
- ◆ 2,831 young people (aged 15–24 years) under the \$20,000 Youth Boost payment introduced on 1 December 2016.

When the Back to Work Regional package was first established in 2016, South East Queensland was experiencing relatively strong labour market conditions. However, it became apparent that the region was challenged by youth and long-term unemployment.

From 1 July 2017, the Back to Work Program will expand to include support payments of up to \$20,000 for employers who hire a long-term unemployed (out of work for 52 weeks or more) or young unemployed jobseeker in South East Queensland. The initiative is designed to stimulate economic and labour market conditions in south-east Queensland by giving businesses the confidence to employ disadvantaged jobseekers.

Strategy

Providing expert economic policy, fiscal and statistical advice across agencies

Informing policy development across agencies

Following on from our highly visible Census campaign featuring Sesame Street's The Count, we have begun updating Queensland Government population projections with 2016 Census benchmarks. These projections, to be released in 2017–18, will form a solid base for the government's service delivery and infrastructure planning objectives.

We also provided expert economic analysis and policy advice to agencies and government in relation to several major economic development and policy issues, including:

- ◆ significant contributions to the development of the government's Strategic Blueprint for Queensland's North West Minerals Province
 - ◆ economic analysis and advice to inform the government's review of trading hours (Read more about this review on pages 68 and 146 to 147)
 - ◆ whole-of government submissions to several significant reviews and inquiries undertaken by the Australian Government, including the Productivity Commission's Inquiry into Transitioning Regional Economies and the Australian Competition and Consumer Commission's market study on fuel prices in Cairns.
-

Strategy

Attracting investment and promoting growth

Innovation and jobs through sustainable venture capital

During 2016–17, we continued our partnership with QIC Limited in encouraging a sustainable venture capital investment market in Queensland via the \$40 million Business Development Fund (BDF). Through BDF, the government provides early stage co-investment funding to grow innovative and emerging Queensland businesses that can create high value, knowledge-based and skilled jobs. Read more about the Business Development Fund on page 47.

Leveraging private sector investment

In 2016–17, we led the development of the \$200 million Jobs and Regional Growth Package, announced as a key initiative in the 2016–17 Mid Year Fiscal and Economic Review.

The flagship initiative included in the package was the \$130 million Jobs and Regional Growth Fund. The fund is focused on leveraging private sector investment by supporting projects in regional Queensland to generate economic activity and long term employment opportunities.

The overall suite of initiatives included in the Jobs and Regional Growth Package also includes a range of new programs aimed at giving young people the best chance of securing a job across regional Queensland. Read more about Jobs and Regional Growth on page 50 to 51.

Solving society’s ‘wicked and complex’ problems

People’s lives can derail for all sorts of reasons, with devastating consequences. To help researchers understand the reasons and find the solutions, Griffith University’s Social Analytics Lab (SAL) and our own Government Statistician’s Office (QGSO) have collaborated to provide researchers with access to top quality data.

SAL is a secure repository for highly sensitive datasets. QGSO provides SAL with datasets linked to each other so researchers can understand what they call society’s ‘wicked and complex’ problems. These are issues that have no simple solution, such as child maltreatment and out-of-home care, mental illness and offending, and patterns of criminal behaviour. Through SAL, researchers and government can design innovative, outcomes-based interventions.

The partnership began with linking datasets to trace people’s trajectories through the criminal justice system, for which QGSO received open acknowledgement from Police Commissioner Ian Stewart and Police Minister Mark Ryan.

Government Statistician Antony Skinner explained the vital role the Statistical Returns Act plays in the partnership with SAL.

“Being sanctioned by the Act means we can broker highly sensitive datasets from agencies for legitimate research projects,” Antony said.

“Without that legislative authority and protection, a lot of important research such as that taking place at SAL could not happen.”

SAL Director Professor Anna Stewart (pictured below with Antony Skinner) has researched ‘wicked and complex’ problems at Griffith University for 25 years.

“What we can do now that we have access to this data is really cool,” Professor Stewart explained.

“It has opened up new ways of doing social science. If we can find out why people offend, we can work out how to prevent them from offending.”

As more research projects begin to use SAL’s facilities, the scope for getting people’s lives back on track continues to grow. And it’s all down to collaboration, innovation, and some good old Queensland know-how.

In the year ahead, QGSO will further expand the body of knowledge on crime, its causes and solutions by establishing a Crime Statistics and Research Unit to provide a single point of access for crime statistics in Queensland.



Agency performance



Our clients are at the
centre of everything we do

As a central agency, our role is to support agencies to improve frontline services by managing public policy and fiscal and economic issues across government. To improve our performance in this role, in 2016 we established our Agency Performance business model to work in strategic partnership with our client government agencies.

Agency Performance places our clients at the centre of everything we do. By better supporting agencies, we can better support the government achieve its objectives for jobs, the economy, services and communities. We do this by:

- ◆ partnering with agencies to optimise their performance in balancing service delivery within budget parameters
- ◆ providing economic and fiscally responsible public policy analysis and advice to agencies to support the government’s priorities
- ◆ managing and coordinating intergovernmental fiscal relations issues
- ◆ managing whole-of-government banking and payment services contracts
- ◆ undertaking statistical and demographic research.

Key issues in our environment

Agency Performance is continuing to implement our business model based on strategic partnering with our client agencies, including developing engagement plans for each agency. This will continue to have a significant influence on our relationship with agencies and the way we work together.

In providing economic and fiscally responsible public policy advice, Agency Performance is guided by the government’s economic plan and the six fiscal principles. Read more about the government’s fiscal strategy on pages 16 and 39.

2017-18 State Budget Expenses



Proportion of Queensland Government expenditure by major purpose classification for the 2017–18 Queensland Budget. Expenditure on health services accounted for the largest share of expenses (29.5 per cent) followed by Education (24.2 per cent).

Strategy

Providing expert economic and financial advice across agencies

Our performance during the year included working with agencies on the following initiatives, the outcomes of which are the responsibility of those agencies:

- ◆ Developing performance indicators for select initiatives under child protection and domestic and family violence reforms, with the Department of Communities, Child Safety and Disability Services, Department of Justice and Attorney-General, Department of the Premier and Cabinet, and the Queensland Family and Child Commission.
- ◆ Providing advice on a range of policy and financial matters related to the National Disability Insurance Scheme, with the Department of Communities, Child Safety and Disability Services, the Department of the Premier and Cabinet and other relevant agencies.
- ◆ Expanding the trial of kindergartens in remote schools and improving Aboriginal and Torres Strait Islander families' participation in kindergarten, with the Department of Education and Training.
- ◆ Developing a business case for the Cairns Innovation Centre, which will be a multipurpose facility for innovation and entrepreneurship, with James Cook University.
- ◆ Developing *Moving ahead: A strategic approach to increasing the participation of Aboriginal people and Torres Strait Islander people in Queensland's economy 2016–2022*, with the Department of Aboriginal and Torres Strait Islander Partnerships.
- ◆ Developing the government's response to the Queensland Parole System Review. The review sought input from victims' organisations, organisations working with offenders, academics, experts, workers in the criminal justice system and interested members of the public. The government released the report and its response in February 2017. We partnered with the Department of Justice and Attorney-General on this initiative.
- ◆ Implementing the \$5 million North Stradbroke Island Workers' Assistance Scheme, in partnership with the Departments of Education and Training and State Development. This scheme will help workers prepare for the end of sand mining on the island from 2019, with assistance with new employment, training, relocation, housing, commuting and income supplementation.
- ◆ Developing the 10 year *Queensland Housing Strategy 2017–2027*. The strategy is supported by a \$1.8 billion funding commitment to increase the supply of social and affordable housing and reform the state's housing and homelessness services. In developing the strategy we partnered with the Department of Housing and Public Works. Read more on page 45.
- ◆ Developing a new public transport fare system with simpler zones and new fare price points across South East Queensland.
- ◆ Developing the South East Queensland Regional Plan (ShapingSEQ). The plan has been developed with a 50-year vision to manage expected growth and capitalise on our economic strengths. The plan was led by the Department of Infrastructure, Local Government, and Planning.
- ◆ Continued preparations for an on-time and on-budget Gold Coast 2018 Commonwealth Games, the largest sporting event Australia has seen in a decade. Preparation continues across multiple agencies with leadership from the Department of Tourism, Major Events, Small Business and the Commonwealth Games.

Strategy

Advocating Queensland's interests in Commonwealth–State fiscal relations

Our enhanced partnership model was also reflected in our advocacy of Queensland's interests in the federal arena.

We worked with treasuries in the other states and territories to lead the Treasurers' annual joint submission to the Commonwealth on expiring National Partnerships. This submission recommended that the Australian Government continue to fund 32 National Partnerships, with particular priority being given to partnerships for:

- ◆ Universal Access to Early Childhood Education (UAECE)
- ◆ Building Australia's Future Workforce – Skills Reform
- ◆ Homelessness
- ◆ Remote Housing Strategy
- ◆ Adult Public Dental Services

on the basis that certainty of ongoing funding was needed to maintain the improved outcomes that these agreements had already delivered for Australians.

Because nearly half of Queensland's revenue, around \$23 billion in 2016–17, comes from the Australian Government, our influence with the Commonwealth Grants Commission is critical to ensure we maintain an appropriate share of funding, minimise conditions on how it is spent and improve services for Queenslanders.

Our advocacy in 2016–17 was successful. The Commonwealth Grants Commission's 2017 Update Report recommended that Queensland's GST relativity increase to 1.188 in 2017–18 (from 1.171 in 2016–17). This means an increased share of the GST for Queensland in 2017–18.

Partnering for homes and jobs

Treasury is continuing to work in close partnership with the Department of Housing and Public Works (DHPW) as it rolls out the government's 10 year *Queensland Housing Strategy 2017–2027*.

The strategy was announced in the 2017–18 Queensland Budget with funding provided to:

- ◆ grow the supply of social and affordable housing
- ◆ renew the existing social housing property portfolio
- ◆ progress home ownership in discrete Aboriginal and Torres Strait Islander communities
- ◆ undertake reforms to housing and homelessness services.

In addition to ensuring that every Queenslanders has a pathway to a safe, secure and affordable home, the Queensland Housing Strategy will help to drive local job creation and economic growth through the Housing Construction Jobs Program to increase the supply of social and affordable housing.

The housing strategy will also drive service reforms in DHPW to offer person-centric, holistic approaches to determine the best response to the needs and circumstances of Queenslanders.

We will continue to jointly investigate innovative housing interventions and progress further policy work on the direction of social and affordable housing in Queensland.



Commercial services



Value-for-money Infrastructure
and attracting investment

We promote investment and seek to secure the infrastructure Queensland needs to grow and flourish by:

- ◆ providing the best economic, commercial and fiscal policy advice and advocacy to maximise opportunities for private sector investment
- ◆ advising on the funding, financing, procurement and delivery of infrastructure and property
- ◆ leading complex governance and commercial issues in substantial business enterprises with private sector investment and industry development
- ◆ providing advice on optimising the performance of the state's government-owned corporations, Seqwater and Queensland Rail
- ◆ strengthening regulatory frameworks to promote competition, investment, innovation and economic growth and productivity.

Strategy

Attracting investment and promoting growth

Business Development Fund

The Business Development Fund (BDF) is the Queensland Government's \$40 million early stage and follow-on venture capital fund, investing in growing innovative Queensland businesses. The fund may invest between \$125,000 and \$2.5 million alongside a private sector co-investor. The co-investor and the fund will become shareholders with identical rights in the same company. The fund will hold this investment until its shares are bought out through a merger, acquisition or initial public offering.

In 2016–17, the government invested;

- ◆ \$2.5 million in Tritium to develop an export program for its innovative electric vehicle technology
- ◆ \$2 million in FGF Holdings, which is reinventing traditional home care for the aged with a software platform connecting technology, people and the community
- ◆ \$1.05 million in the Plant Miner Group, for an on-line plant hire and equipment platform
- ◆ \$250,000 in MiCare Global to develop and market its software which enables facility operators and in-home carers to provide a greater quality of service
- ◆ \$125,000 in EFTLab to improve electronic payment processing for the banking industry
- ◆ \$500,000 in Lawcadia for an online business-to-business marketplace for legal services procurement.

Resources development

A new policy approach to promote the economic development of key resource basins and regions of the state has been developed, again generating employment and royalty revenue for Queensland.

The Resources Regional Development Framework, announced in May 2017, will facilitate future mineral development projects in the Galilee and Surat Basins, the North West Minerals Province and undeveloped gas basins. It will provide investor certainty and encourage new mining development and other related economic opportunities in these regions.

Market-Led Proposals

A Market-Led Proposal (MLP) is a submission from the private sector seeking a commercial arrangement with government to provide a service or infrastructure. MLPs always include a role for government and are expected to provide benefits to government and/or the Queensland community. Usually low risk–low cost to government, they must present a clear case for direct negotiation between the proponent and government, rather than a competitive process.

Since MLPs were introduced in July 2015 the Treasury MLP Team has had discussions with proponents across every industry. From these discussions, 44 Stage One: Initial Proposals have been submitted for formal consideration, and six proposals have progressed to Stage Two: Detailed Proposal or beyond.

In 2016–17 the \$512 million Logan Motorway Enhancement Project, put forward by Transurban Queensland, reached contract close and commenced construction. Five proposals are in detailed negotiations. They represent almost \$260 million in potential capital investment, and would potentially support an average of 400 jobs each year during construction.

MLPs are rigorously assessed against strict criteria. Where a good idea doesn't fit the criteria, it can still be progressed in another way. Of the 20 proposals closed to date, six are being considered or are progressing through a competitive process and three have been referred to existing programs or other government support.

In 2016–17, this included a request for expressions of interest for the Fortitude Valley Police-Citizens Youth Clubs site, and a market sounding exercise to develop innovative ways to reduce state school energy costs.

Updated MLP guidelines released in July 2017 make it easier for proponents to engage with the process. They include a streamlined approval process, consolidated assessment criteria, and a 'justification for direct negotiation' criterion in place of the 'uniqueness' criterion. New guidance material and practical examples will help proponents to offer submissions which are more likely to succeed.

Herston Quarter Redevelopment

Australian Unity was engaged in February 2017 as master developer for the \$1.1 billion Herston Quarter project, adjacent to the Royal Brisbane and Women's Hospital. This site will become a health-related, mixed-use community, with a 132-bed public Specialist Rehabilitation and Ambulatory Care Centre. The government's vision is for the broader Herston Health Precinct to host globally recognised health care, research, education, clinical trials and treatments. The project will support over 700 full-time equivalent jobs annually during construction. On contract execution, responsibility for Herston Quarter was transferred to Metro North Hospital and Health Service, which has entered into a development agreement with Australian Unity. Site works commenced in March, with staged development over the next ten years.

Cross River Rail

In 2016–17, the long-awaited Cross River Rail project moved through the planning and assessment phases of what will become one of Queensland's biggest ever infrastructure projects.

This second rail river crossing will ease congestion, improve network reliability and increase accessibility to the Brisbane CBD, allowing more people to travel longer distances but with shorter journey times.

Our Commercial team assisted in the establishment of the Cross River Rail Delivery Authority and the Cross River Rail Delivery Board. Responsibility for the project moved to the Delivery Authority from April 2017 and our Commercial team has continued to provide input into market readiness activities throughout the year.

The State Government allocated an additional \$1.952 billion in the 2017–18 Queensland Budget for Cross River Rail. This amount, together with \$850 million previously allocated from the State Infrastructure Fund and the Australian Government's \$10 million contribution, provides total funding of \$2.812 billion over the forward estimates (2016–17 to 2020–21). Further allocations will be made in future budgets.

CROSSRIVERRAIL

- ◆ 10.2 kilometre link from Dutton Park to Bowen Hills
- ◆ 5.9 kilometres of tunnel under the Brisbane River and CBD
- ◆ Connecting Brisbane's northern and southern rail networks, with significant benefits to commuters in both directions
- ◆ Five new and upgraded high-capacity stations: Boggo Road, Woolloongabba, Albert Street, Roma Street and the Exhibition showgrounds
- ◆ Significant potential for jobs and economic growth.



Logan Motorway Enhancement Project

Queensland's first MLP – the Logan Motorway Enhancement Project – progressed during the year when the government entered into a binding contract with Transurban Queensland, following their detailed proposal for the \$512 million project.

Transurban's proposal was found to be “... commercially sound, represented value for money and would deliver positive outcomes for Queenslanders.”

The project is expected to support around 1,300 jobs during construction and generate around \$1 billion (present value) in economic benefits for Queenslanders over 30 years. Our Commercial team will continue to represent government on the project board during construction, which is expected to be completed in 2019.

Maryborough fire station

Queensland's sixth MLP progressed to stage two in June 2017, when Hyne Timber's proposal to design and construct a new fire station and emergency response centre in Maryborough reached Stage Two: Detailed Proposal stage. Hyne proposes using Queensland grown, manufactured and engineered wood products in a partnership of forest industry and innovation experts. It is the result of a five year research partnership with the University of Queensland into emerging and advanced engineered timber products and associated building techniques.

The proposal is an excellent example of the versatility of the government's MLP framework in welcoming innovative proposals.

The Prince Charles Hospital Carpark and Office Accommodation

Work has progressed steadily with International Parking Group (IPG) to progress Stage Two of their MLP to finance and construct two multi-level car parks offering 1,500 bays and office accommodation for 500 staff at The Prince Charles Hospital on Brisbane's northside.

The project has an estimated cost of \$54 million and will be undertaken in return for an extension of IPG's existing contract to manage all paid parking on the campus. A detailed proposal from IPG is expected in the second half of 2017.



Above: Treasurer Curtis Pitt joined Linus Power MP, Leeanne Enoch MP, Logan Mayor Luke Smith, and Transurban Queensland Group General Manager Wesley Ballantine at a sod turning event to mark the start of construction for the Logan Motorway Enhancement project.

Brisbane International Cruise Terminal

The Brisbane International Cruise Terminal is a proposal for a \$100 million facility for mega-cruise ships at Luggage Point. This will expand South East Queensland's position in the Oceania cruise market, potentially adding as much as \$1 billion into the Queensland economy in the next two decades. The proposal, which is in Stage Two: Detailed Proposal, received in-principle support for its proposed commercial and technical solutions in April 2017, and the Port of Brisbane's detailed proposal is expected in late September 2017.

Mount Cotton Driver Training Centre

RACQ's proposal to turn the Mount Cotton Driver Training Centre into a driving centre of excellence and innovation hub to research, design, and test vehicle and road safety technologies has reached Stage Two: Detailed Proposal. The government and RACQ are working through several operational issues to secure the long-term use of the site.

One William Street

Practical completion of Queensland's largest office premises, the 75,000m² 1 William Street (1WS) was achieved on 20 October 2016.

By the end of November 2016, nearly 5,000 public servants from 20 agencies occupying 16 different CBD buildings moved into the 41-storey building. It was the largest government relocation and agency integration project ever undertaken in Australia.

Our 1WS project team lead the relocation, all aspects of the project development, contract management, fitout design, communication and stakeholder engagement, agency change management, and government business process reform.

1WS is an important part of the strategy to consolidate the state's real estate portfolio and provides a single address for government leaders and decision-makers, promoting agency communication, collaboration and innovation.

The building achieved a 5 Green Star Office Design Rating (V3) and 5 Star NABERS Energy Rating.

Acknowledging outstanding achievement

Project Delivery Director Paul Krautz received the Public Service Medal for his service to Queensland's infrastructure sector recognising his work as Project Delivery Director for 1WS and other high-end infrastructure projects, including the Boggo Road precinct, Kangaroo Point Park redevelopment, the Gallery of Modern Art, and the Queensland Art Gallery and State Library extension.

Better infrastructure for north Queensland

The Northern Australia Infrastructure Facility (NAIF) is an Australian Government initiative that offers \$5 billion in concessional finance to encourage private sector investment in infrastructure across northern Australia.

We are leading the State Government's engagement with the Cairns-based NAIF office. Our objective is to maximise NAIF's value to our state and ensure Queensland gets a fair share of the benefits of NAIF-funded projects.

We reached a key milestone in the first half of 2017 with the Australian and Queensland Governments signing a NAIF Master Facility Agreement. This agreement outlines the legal and financial obligations of both governments in providing NAIF assistance.

We now stand ready to assess and progress NAIF-financed infrastructure projects over the course of 2017–18, in partnership with the Australian Government. We expect that proponents, having seen the government's commercial focus and willingness to engage with the private sector, will be keen to participate in this opportunity.

Strategy

Shaping policy to support employment growth

\$130 million Jobs and Regional Growth Fund

The \$130 million Jobs and Regional Growth Fund was designed to support growth and job creation by helping businesses to grow and expand in regional Queensland.

We are working in partnership with the Department of State Development to maximise the fund's employment and economic opportunities.

From the outset, there has been significant interest in the fund from regional Queensland across a diverse range of sectors, including agriculture, biofutures, resources, tourism, manufacturing and construction. Projects already approved under this fund will:

- ◆ support additional Indigenous employment by providing assistance for Cape York Timber to secure a business loan to expand its operations in Cooktown

- ◆ advance our state's biofutures sector by supporting the proposed construction of a large-scale bioprocessing plant in Mackay.

Integral to the fund's success is a rigorous framework for assessing applications. The success of applications is dependent on achievement of agreed milestones such as the number of additional jobs generated.

2017–18 will be the year in which we assess a significant number of applications to the fund, with the objective of fast-tracking business activity for regional Queensland. With the Department of State Development we will continue to ensure applications are assessed rigorously and offer value for money. Read more about Jobs and Regional Growth on page 40.

Social Benefit Bonds

The introduction of our agency partnership model in 2016 provided exciting opportunities for us to make a positive impact on people's lives.

Nowhere was this more visible than with the introduction of Social Benefit Bonds (SBBs), in which we partnered with agencies and investors to tackle some of our most challenging social issues. We expect this to revolutionise how social services are delivered in Queensland.

SBBs are a form of impact investment, where the government brings private investors and service providers together to deliver specific social services. SBBs are outcomes driven – the government pays investors their principal investment plus a financial return if agreed outcomes are achieved. SBBs are developed in partnership with government agencies who will manage the contracts on behalf of government.

In 2017, the government entered into three contracts for SBBs:

- ◆ Uniting Care Queensland will deliver the New Parent Infant Network (NEWPIN) service will focus on reunifying Aboriginal and Torres Strait Islander children in the child protection system safely with their families. NEWPIN aims to increase the current reunification rate from 16.5 per cent to 41.5 per cent.
- ◆ Life Without Barriers will introduce a service to reduce youth reoffending by reducing the risk of young people being held on remand. This SBB will aim to reduce youth reoffending rates by 25 per cent to 50 per cent.
- ◆ Churches of Christ in Queensland will deliver the YouthCONNECT program targeting young people aged 15 to 25 years leaving statutory care who are homeless or are at risk of becoming so.

The NEWPIN SBB has secured finance, while the other two SBBs are in the process of connecting with investors. All three services are expected to commence in the second half of 2017.

Treasury and mine rehabilitation

The rehabilitation of abandoned mines is a big issue for Queensland in the post-mining boom economy. Fortunately, our people have what it takes to solve big issues.

Kirsten Vagne is director of the Financial Assurance Project Management Office, a partnership between Treasury and the Departments of Environment and Heritage Protection (EHP), and Natural Resources and Mines (DNRM).

Financial assurance is the money held by government to ensure mining sites are rehabilitated – rather than just abandoned – when mining ends. Typically, mining companies take out a bank guarantee to provide the assurance.

However, a recent review by Queensland Treasury Corporation found Queensland's financial assurance system was ineffective. Kirsten and her team are now charged with developing a new, workable scheme from 1 July 2018.

"Abandoned mines are a large liability for government," Kirsten explained.

"The review into Queensland's scheme found that it wasn't protecting the state's financial interest adequately, was expensive for industry and didn't promote good environmental outcomes.

"Although expanding companies needed to provide even more assurance, banks were less willing to bear the risk of those guarantees.

"We have an idea of what the solution might be, but we need to explore and test it, and also write the necessary legislation. We also want to make sure the incentive balance is right."

Even with good financial assurance in place, we also want mining companies to do the right thing by the environment along the way.

"It's a project that has lots of opportunities for innovation."

Service delivery in Indigenous communities

In 2016, the Treasurer directed the Queensland Productivity Commission to undertake an inquiry into service delivery in Queensland's remote and discrete Aboriginal and Torres Strait Islander communities. While there have been many successful programs implemented in these communities, outcomes for others have been mixed. The ultimate aim of the inquiry is to improve outcomes for all remote and discrete Aboriginal and Torres Strait Islander communities. Again, we will participate in developing the government's response to the inquiry's recommendations after its report is received in late 2017.

South East Queensland bulk water pricing

In May 2017 the Treasurer issued a referral notice to the Queensland Competition Authority to direct it to investigate the pricing practices of the monopoly bulk water supply business activity of Seqwater to ensure their spending is prudent and efficient. It will also recommend bulk water prices for the period 1 July 2018 to June 2021.

The authority will provide a draft report by 31 March 2018. Treasury will work with the Department of Energy and Water Supply to ensure a direction on water pricing in South East Queensland is finalised by mid-June 2018 to allow implementation by local government councils from 1 July 2018.

Queensland manufacturing inquiry

In September 2016, the Treasurer asked the Queensland Productivity Commission to undertake an inquiry into Queensland's manufacturing sector, including a review of reshoring initiatives (returning 'offshored' businesses to their originating countries). The inquiry will identify policy options to improve the productivity and competitiveness of manufacturing in Queensland. The draft report was released 20 July 2017, and we will work closely with government and other stakeholders on the government's response, which is due in April 2018.



Supporting energy reform in Queensland

We participated in two energy inquiries in the past twelve months: electricity and solar pricing.

The Electricity Pricing Inquiry investigated the underlying drivers of electricity pricing and options for benefitting the economy while protecting vulnerable customers. The government's response to this inquiry was released in late 2016, after which Treasury began working with the Department of Energy and Water Supply and our government-owned energy corporations to implement initiatives raised in the report.

The Solar Feed-in Pricing Inquiry sought a fair price for solar exports, one that was based on the public and consumer benefits of solar exported energy that did not impose unreasonable costs on electricity customers. The inquiry submitted its final report at the end of 2015–16 and our Commercial Group participated in preparing the government's response which was released in December 2016.

In 2017–18 we will continue working with stakeholders to progress energy and water sector reforms in line with government objectives. Key to our performance will be understanding Queensland's requirements for future large-scale water infrastructure.

Powering Queensland Plan

In June 2017, the Queensland Government announced a \$1.16 billion investment in affordable and secure energy for Queenslanders, to combat the pressures that increased energy prices placed on households, business and industry.

The Powering Queensland Plan supports moving to a cleaner energy sector, with new investment and jobs, so Queenslanders can continue to enjoy affordable and secure energy.

A \$386 million downpayment for the Powering North Queensland Plan has been included in the 2017–18 Budget using dividends from government-owned corporations to kick-start growth-enhancing infrastructure projects in the region. This includes:

- ◆ \$150 million for transmission infrastructure to support a clean energy hub
- ◆ \$100 million for the proposed hydro-electric power station at Burdekin Falls Dam
- ◆ \$100 million for improvement works for the dam
- ◆ a study to assess options for new hydro in the state, including North Queensland.

We will continue to work with the Department of Energy and Water Supply and GOCs in 2017–18 to progress these arrangements and deliver elements of the Powering Queensland Plan.

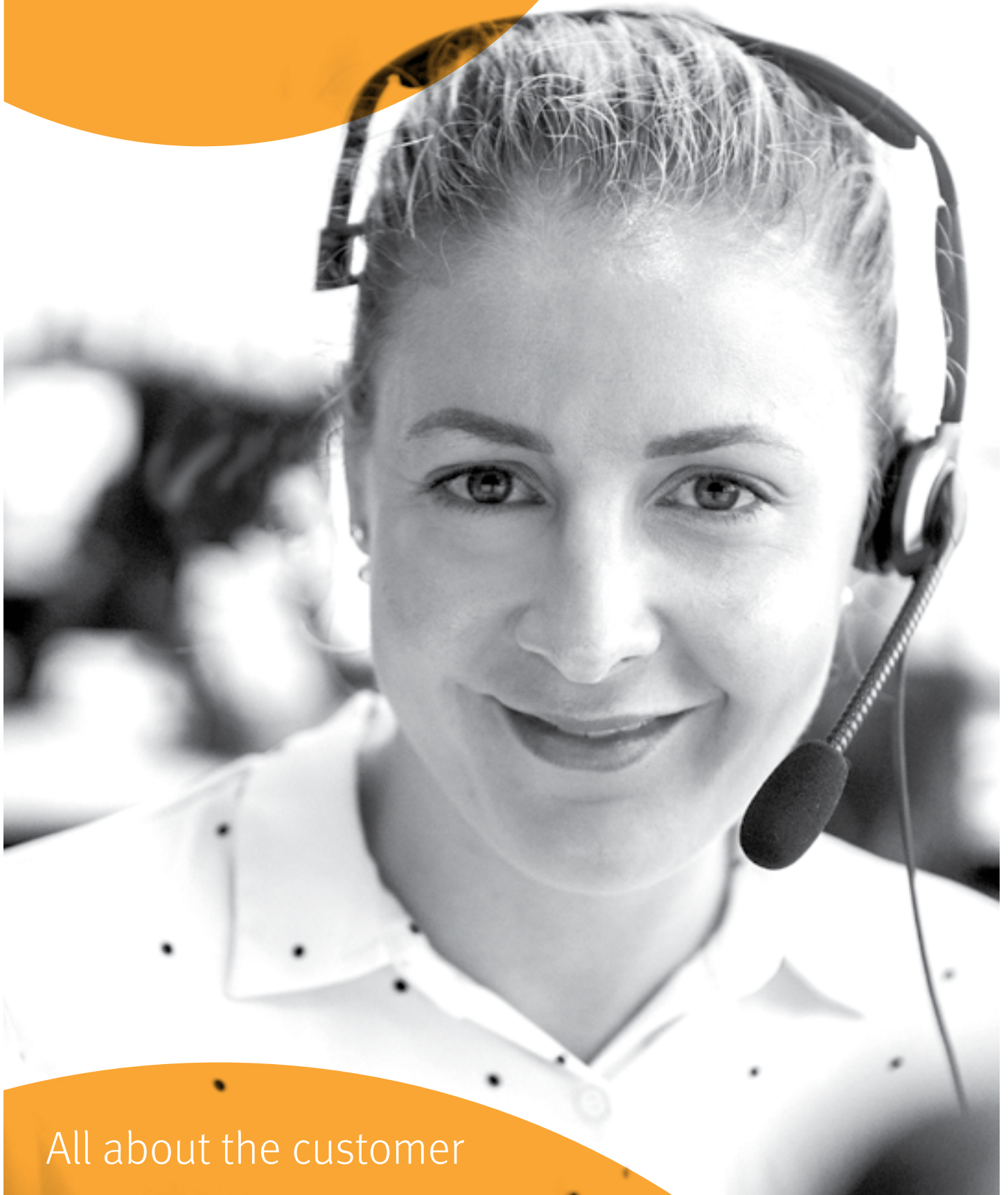
Energy Security Taskforce

A key activity in the Powering Queensland Plan for the coming year will be the work of the Energy Security Taskforce. This group will offer options for maintaining system security and reliability and implement relevant outcomes of the Finkel Review which were accepted by Queensland.

The taskforce will work with the state's energy businesses to ensure the system remains secure during high demand periods over the 2017–18 and 2018–19 summers. They will also lead work in developing transmission infrastructure in Queensland's north-west to support a clean energy hub, assess the need for expanded interconnection between Queensland and other states, and investigate new hydro-electric sites.



Revenue management



All about the customer

To help fund services for Queenslanders, we administer a revenue base of around \$14 billion, from state taxes, duties, mining royalties and revenue from fines and penalties. We also administer grants that help bring home ownership within the reach of Queenslanders, and implement concessions and other Budget initiatives that encourage business, jobs and investment.

Our work for Queenslanders is underpinned by:

- ◆ high level client support
- ◆ responsive legislative services and advice to the Queensland Government
- ◆ targeted, fair and efficient enforcement
- ◆ improved end-to-end penalty debt management
- ◆ improved services for clients using business intelligence and behavioural economics.

Key issues in our environment

Because Queensland's economic story has a direct bearing on our revenue and grants streams, it is a story we follow closely.

Queensland's economic growth is forecast to be 2.75 per cent in 2017–18. This growth is underpinned by an increase in dwelling investments, a stable business sector, increase in liquefied natural gas (LNG) production volumes and the flow-on effect to supporting markets, as well as a depreciating exchange rate.

We expect revenue from taxation to increase by an average of 4.6 per cent annually from 2015–16 to 2020–21. Growth in transfer duty is expected to be largely supported by residential activity as prices and volumes continue to grow modestly, with non-residential activity expected to improve from recent low levels. Land taxes are anticipated to increase because of modest growth in land valuations along with additional revenue from the measures announced in the 2017–18 Budget. Although relatively restrained, payroll tax revenue is expected to grow steadily, with employment conditions expected to improve.

Royalty revenue is forecast to decrease significantly in 2017–18 after 2016–17 levels were much higher than expected due to the surge in coal prices in late 2016. Royalties are expected to fall in 2017–18 and 2018–19 as prices return to a medium term outlook, and then grow modestly due to increases in coal export volumes and the price for Brent oil.

However, economic pressures on business and private finances may impact negatively on forecast revenue and debt recovery. Regulating agencies (Queensland Police Service, Department of Transport and Main Roads and Electoral Commission Queensland) are also expected to increase their use of fines as a sanction of choice.

Strategy

Maintain and improve the integrity of Queensland’s revenue base

In 2016–17 we administered approximately \$14 billion in revenue and grants.

We secure this resource for Queenslanders through a combination of a strong legislative and regulatory base, Budget initiatives, system improvements, online customer service offerings, and client education.

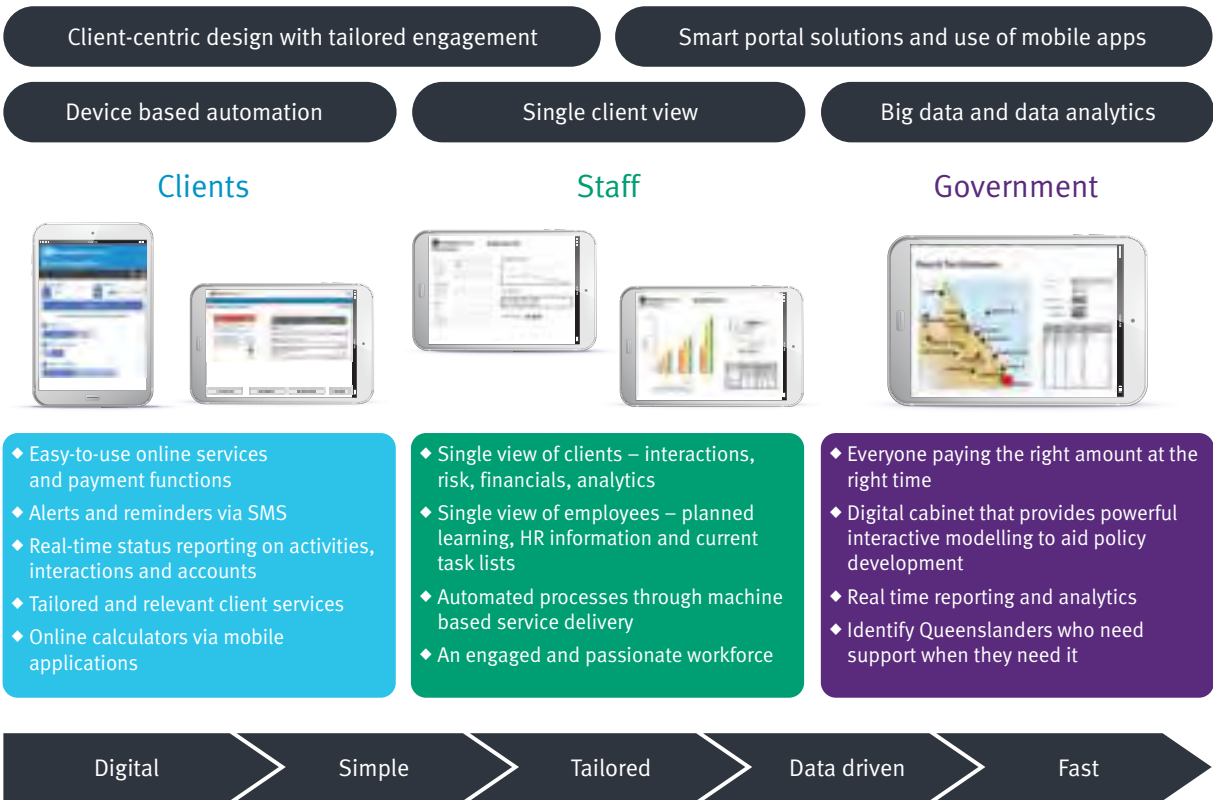
Focus on the customer

In the Office of State Revenue (OSR), we are all about the customer. Our information, decisions, processes and education programs are designed to help clients receive their entitlements and meet their obligations, and are informed by sound business intelligence. Our people are proud to describe OSR as an intelligence-led and performance-driven organisation.

In 2017–18, the government will invest in our client-centric objectives with a digital transformation. This will deliver an enhanced online experience, automated services and campaigns targeted at specific results for specific client groups.

With contemporary, industry-standard technology, our people will spend more time on building value and better outcomes for clients and less time on routine tasks. We will be able to focus our efforts on those Queenslanders who need more support to meet their obligations. Being able to collect the right amount of revenue and disburse the right amount of entitlements to the right people at the right time will ultimately allow Queenslanders to spend more time growing their businesses and the economy.

OSR Transformation Program



Strategy

Shaping policy to support employment growth and increase workforce participation

Encouraging business to create jobs has long been an objective of the Queensland Government. Reducing the costs of doing business is one way of achieving this objective.

Apprentice and trainee wages are generally exempt from payroll tax in Queensland. In addition to this exemption, the 2015–16 Queensland Budget introduced a rebate of 25 per cent to reduce the overall payroll tax liability for businesses who employ apprentices and trainees. In 2016–17, the government temporarily doubled this rebate to 50 per cent. From 1 July 2015 to 30 June 2017, 4,159 businesses benefitted from the rebate to the value of \$34 million.

With the 2017–18 Queensland Budget the Treasurer announced that the ‘doubled’ rebate would remain in place for a further year until 30 June 2018.



Strategy

Improve services for Queenslanders

Supporting first home ownership

The First Home Owners’ Grant helps people buy their first home and stimulates employment and growth in the construction and related sectors. The grant applies to newly constructed houses, townhouses or units valued at less than \$750,000. In 2016–17 we implemented a temporary increase in the grant from \$15,000 to \$20,000. For many people, this extra incentive tipped the balance in favour of making the step to home ownership. The grant continues to be popular with Queenslanders. As at 30 June 2017, 7,430 applications worth \$149 million were received in 2016–17. Using a measure of \$750,000 per new dwelling, this would represent almost \$5.6 billion worth of activity in the building and construction sector.

We expect this rewarding trend to continue over 2017–18, as the government announced with the Queensland Budget that the \$5,000 increase in the grant would be extended until 31 December 2017.

Better grants management for Queensland

OSR’s success in managing major grants programs for government has extended to other grants and other agencies. Treasury uses QGrants to administer the government’s Back to Work grants for regional employers. In 2016–17, over 5,400 ‘first instalment’ grants of \$4,500 and 94 ‘second payment’ Youth Boost grants were paid to employers to take on long-term unemployed and/or young jobseekers. The government announced in the Queensland Budget a continuation of the Back to Work regional program and the Back to Work – South East Queensland program for 2017–18. Read more about Back to Work on page 39 and at backtowork.initiatives.qld.gov.au.

The following agencies also use our QGrants solution to manage their own grants programs¹:

- ◆ Department of National Parks, Sport and Recreation’s Get Started grants – 40,880 vouchers of up to \$150 each redeemed in sports clubs for young people to play club sports.
- ◆ Department of Education and Training – more than 1,000 grants totalling just over \$56.3 million for a range of kindy and early years education programs.

¹2016–17 data

Less red tape in land tax

Land tax is levied on the value of freehold land owned in this state, but the family home is exempt. Many people fail to apply for this exemption before a tax assessment notice is issued, which results in many assessments being issued for people who don't need to pay the tax. Processing reassessments to allow late exemption applications is inconvenient for clients and time consuming (for no revenue return) for our staff. To address this, we ran a targeted campaign to encourage particular groups of clients to lodge exemption claims before assessments were issued. This campaign achieved response rates of 97 per cent for one client group and 89 per cent for another. The number of unnecessary assessments fell dramatically, freeing up our staff for work more likely to strengthen the state's revenue base.

We will leverage this success in 2017–18 with other land tax client groups, and will improve the design and messaging of our client publications to promote timely compliance. Our assessment notices will now draw a direct link between the tax clients pay and the services, such as roads and hospitals, it potentially funds.

In 2017–18, we will be implementing the government's 1.5 per cent surcharge for absentee taxpayers that applies to land holdings with a value of \$350,000 or higher, in addition to other land tax payable. This charge is designed to ensure absentee landowners make a fair contribution for the benefits they receive by owning property in this state.

Strategy

Delivering improvements in state penalty enforcement services

Queenslanders expect that people with State Penalties Enforcement Registry (SPER) debts will do the right thing and resolve them as quickly as possible. They also expect the government to collect and manage penalty debt fairly and efficiently.

Our performance in penalty debt management was high. Over 2016–17, we achieved:

- ◆ debt finalisation (debts completely paid off) of 94 per cent, up from 65 per cent in 2015–16
- ◆ collections of \$262 million, despite a temporary suspension of debt enforcement in areas affected by Cyclone Debbie
- ◆ containment of growth in the debt pool to just 3 per cent, compared to 15 per cent growth in 2015–16.

Two strategies have proved particularly successful in containing the debt pool. Our Vehicle Immobilisation Seizure and Sale (VISS) Program (wheel clamping and sale) was introduced for high-value debtors (those owing \$5,000+) in May 2016. This program has so far resulted in more than \$1.6 million in revenue being returned to Queenslanders to fund service delivery. With its value now proven, in 2017–18 VISS will be trialled in the Toowoomba, Ipswich and Sunshine Coast regions, to assess the program's success when seized vehicles need to be towed over longer distances.

A simple yet highly successful strategy to contain the debt pool growth and clear debt was our program of calling people to remind them to pay their debt and to inform them of the consequences of not paying. Our experience is that a personal 'voice to voice' communication is more likely to achieve a positive and quick response than a letter.

Better options for people in hardship

A significant proportion of people with fines or penalty debts are in financial hardship or disadvantaged in some way. Until this year, the only option available to people who couldn't pay was unpaid community service administered through Queensland Corrective Services. We wanted to open up more avenues for people who genuinely want to meet their obligations but simply can't afford to do so.

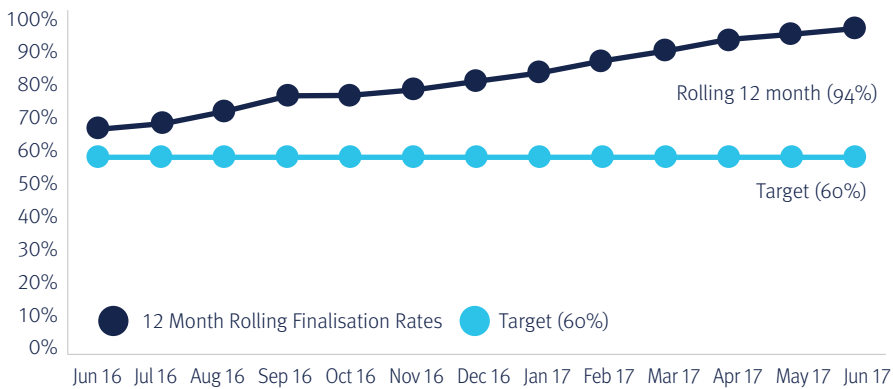
In 2016–17 we began developing Work and Development Orders (WDOs) for people experiencing domestic or family violence, homelessness, financial hardship, mental illness, intellectual or cognitive disability, or serious substance abuse and who can't pay their debt. WDOs will see SPER partnering with government and community-based sponsors who will supervise people as they undertake activities such as financial or other counselling, education, vocational or life skills courses, and unpaid community work.

The first WDOs will be offered in 2017–18 when existing Corrective Services community service orders are converted to WDOs, after which we will offer WDOs with community-based sponsors.

Total revenue administered by Office of State Revenue 2010–11 to 2016–17

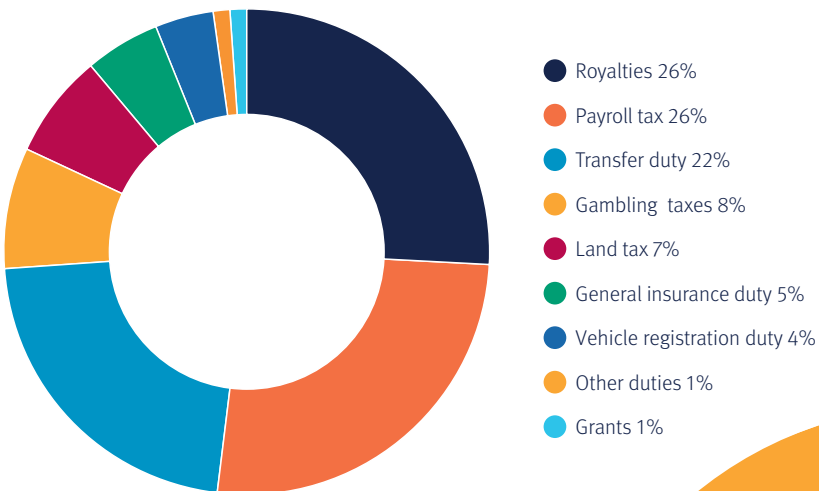


SPER Yearly Debt Finalisation rate



Analysis: In 2016–17 SPER has been able to achieve a record rate of debt finalisations - 94 per cent, compared with 65 per cent for 2015–16. This is due to the effectiveness of reforms under the SPER program. The 2016–17 finalisation rate was affected in the last quarter by suspensions in response to natural disasters. However, due to the exceptionally high number of finalisations in the first three quarters of the year, the 12 month average finalisation rate is still well above target.

Office of State Revenue administered revenue 2016–17



Industrial relations



Safe, productive and fair workplaces

Our place in Queensland's prosperity lies in increasing workplace and electrical safety, helping Queenslanders get on with the job, and making workplaces fairer and more just places to work.

We do this by providing:

- ◆ services, advice and standards to keep Queenslanders safe at work
- ◆ standards and strategies for better electrical safety, at work and in the home
- ◆ workers' compensation regulation and policy
- ◆ industrial relations frameworks and public sector bargaining.

We are also responsible for:

- ◆ the Work Health and Safety Board and Industry Sector Standing Committees
- ◆ the ANZAC Day Trust
- ◆ the Electrical Safety Board and Committees

which report on pages 135 to 142.

Key issues in our environment

Our electrical environment is changing at a rapid pace. Critical changes include the development and uptake of renewable energy technologies, contestability in the electricity market, the ever-growing global manufacture and supply of electrical equipment, and the emergence of new markets for buying and selling electrical equipment and electrical work services. Existing workforce skills and capabilities, marketplace regulatory approaches, and work systems need to evolve to ensure Queenslanders can continue to work and live safely around electricity.

The nature of work is also changing. Alongside technological advances that require new skills while displacing others, the rise of peer-to-peer platforms in the 'Gig economy', the proliferation of insecure employment including casual, labour hire and contract engagements, under-employment, and increasing expectations for better work-life balance, are all challenging the traditional notions underpinning the workplace, the employment relationship and job security. Read more about peer-to-peer overleaf.

The Australian Government has implemented controversial industrial relations changes including the reintroduction of the Australian Building and Construction Commission and establishing the Fair Work Registered Organisations Commission. The Queensland Government does not support these initiatives, nor any reduction in penalty rates. As a participant in the national workplace system, the Queensland Government will continue to advocate for decent work that offers fair pay and conditions, economic security and social equality.

An ageing workforce is challenging Queensland's workers' compensation scheme. Older injured workers are often off work for longer than younger workers with similar injuries, and this can impact on the cost of WorkCover claims. We will continue to improve our evidence base to adapt our services for an ageing workforce.

P2P – the new face of employment?

Peer-to-peer platforms (P2P) in the Gig economy are changing the way markets and businesses operate.

P2P means buyers and sellers deal directly with each other online. Think AirBnB for accommodation and Uber for passenger services. Similar platforms operate for on-demand labour services. Through these platforms a buyer contracts directly with a ‘worker’ to do a specific job or ‘gig’ for an agreed price. The work gets done and the money gets paid, more or less securely thanks to online payment technology. Not surprisingly, P2P and the Gig economy is becoming more pervasive in service and employment markets. While these platforms can create opportunities and innovation, they also raise difficult questions about workplace protections and decent employment.

P2P challenges employment laws, such as award wages and conditions that have been established to protect low-paid or vulnerable workers and safeguard community standards and expectations. Regulators are seeing a change in the relationship from employer-employee to buyer-seller, potentially outside the scope of traditional instruments and protections. At its fullest, P2P means large parts of the labour market are becoming a very flexible labour force operating outside traditional employer/employee relationships. This encourages more competitive tendering for jobs, blurring the concept of a contract of employment. At its worst, it can be a way for businesses to attempt to avoid labour laws and drive down wages.



Strategy

Making Queensland homes, businesses and communities safe from electrical harm

Our vision – a safer Queensland

During 2016–17, an independent review of Queensland’s electrical licensing regime proposed 22 recommendations for reform. Recommendations covered:

- ◆ more stringent oversight of apprentice training and assessment
- ◆ heightened eligibility and professional development requirements for electrical contractor licences
- ◆ more focus on the ongoing skills maintenance of electrical workers
- ◆ a stronger compliance regulatory approach.

An external stakeholder reference group was established to provide advice on the implementation of the recommendations, which will be a major focus for us in 2017–18. Legislation was introduced into Queensland Parliament in June 2017 to improve the rigour of the electrical licensing framework by providing for immediate suspensions for licensing infringements.

Over the last 12 months, the Electrical Safety Office (ESO) has worked very closely with the Department of Employment and Training and the Training Ombudsman in overseeing registered training organisations (RTOs) and employers to ensure they provide apprentices the breadth of experience they need from their on-the-job training. Joint audits of pre-qualified RTOs are underway and several changes have been implemented to improve the robustness and consistency of assessment processes. The ESO is also applying greater scrutiny to apprentice licence applications.

As technology constantly changes and advances, the relevant safety standards and laws also have to evolve. To ensure electrical workers and contractors are up-to-date with changes to the Wiring Rules, the ESO partnered with the Electrical Trades Union, Master Electricians Australia, and the National Electrical and Communication Association on an information roadshow through 36 sessions held across Queensland. More than 4,000 electrical workers and contractors attended.

We ran the ‘Stay safer up there, switch off down here’ advertising campaign for a second time in mid-2016. The campaign urged homeowners and tradespeople to turn off all the main power switches at the switchboard before heading up into the roof.



We also continued the ‘One safety switch may not be enough’ campaign on social media in April 2017 which encourages the installation of safety switches on all circuits in the home.

In 2016–17 our compliance program focused on construction sites, ceiling spaces, unlicensed electrical work, and maintaining safe exclusion zones around overhead powerlines (targeting the billboard, agriculture and tree lopping industries).

Over 3,000 proactive audits were conducted and 365 notices issued. Five matters involving electrical licence holders were referred to the Electrical Licensing Committee and found to be in breach of electrical safety legislation. Disciplinary action including fines, reprimands and licence suspension pending re-training were ordered. Electrical safety inspectors provided engagement activities to over 2,900 organisations and more than 12,600 people.

In 2016–17, 20 serious electrical incidents occurred across Queensland, five fewer than the previous financial year. Tragically, five people died as a result of contact with electricity. All serious electrical incidents are reviewed to identify the causes and implement strategies and actions to prevent recurrence.

Strategy

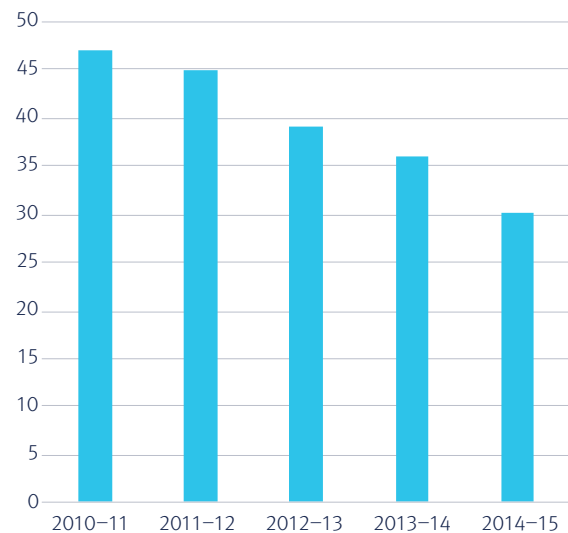
Make Queensland workplaces safer and healthier

Putting an end to tragedy

Our ultimate goal is for every Queenslanders to go out to work or play each day and come home safely. Everything we do in this space – such as our Injury Prevention Management Program, inspections and audits, notices and prosecutions, transport safety networks, workplace visits by people who have been injured at work, and our Safety Leadership at Work Program – is about stopping accidents happening in the first place and achieving reductions in work-related injuries and fatalities.

During 2016–17, our inspectors visited over 27,000 workplaces, and issued over 3,200 notices for contraventions of the work health and safety legislation, predominately relating to non-compliance with workplace environment, work at heights, plant and hazardous chemicals requirements. Our inspectors also issued 123 infringement notices for non-compliance, mainly relating to construction and high risk work practices.

Number of traumatic fatalities at the workplace for Queensland



Source: Source: Safe Work Australia, National Dataset.

Analysis: Queensland recorded a 36.2 per cent reduction in the number of traumatic workplace fatalities between 2010–11 and 2014–15. This means the number of fatalities has reduced from 47 in 2010–11 to 30 in 2014–15.

We are committed to delivering a timely response to serious injuries and incidents in Queensland workplaces. During 2016–17 we completed 337 investigations into non-compliance with work health and safety laws, consisting of 153 incidents and complaints, and 224 comprehensive investigations into serious injuries, fatalities and other high priority matters.

During the same period, we finalised 69 prosecutions, with 64 of these successful, resulting in more than \$2.6 million in fines and costs. Several notable outcomes have been achieved recently, including:

- ◆ the first water recreational activity prosecution under the *Safety in Recreational Waters Activities Act 2011*
- ◆ an overall increase in the dollar amount of fines under harmonised legislation across all duty and offence types
- ◆ the first prosecutions involving charges of reckless conduct against both officers and companies
- ◆ an increase in latent onset type exposure prosecutions (e.g. asbestos exposure).

Tragically, October 2016 was marred by two fatal workplace incidents. Two workers died when a wall collapsed at an Eagle Farm construction site, and four people died in an accident on a ride at Dreamworld amusement park.

It is our wish that this never happens again. In response to the Dreamworld tragedy, our Work Health and Safety Queensland team conducted an audit of the state’s major amusement parks.

The Minister for Employment and Industrial Relations also ordered a Best Practice Review of health and safety legislation to determine if further measures could be taken to discourage unsafe work practices. The review was conducted by former ACTU Assistant Secretary Tim Lyons between March and July 2017, supported by a tripartite reference group and covered all the functions of Workplace Health and Safety Queensland. The review also considered the introduction of a new offence of gross negligence causing death as well as increasing existing penalties for work-related deaths and injuries.

Findings from the review are to be provided to the government in the latter half of 2017, and we will make implementing the recommendations a priority throughout 2017–18.

We continue to work with industry and analyse trends to be responsive to safety issues. In February 2017, a review was initiated to address the increase in snorkelling and diving fatalities due to medical conditions or drowning between July 2016 and December 2016. The Reef Safety Roundtable was convened in Cairns with representatives from the recreational diving and snorkelling industry which identified a series of initiatives to improve safety in the industry. These initiatives include:

- ◆ updating the *Recreational Diving, Recreational Technical Diving and Recreational Snorkelling Code of Practice 2011* with more effective measures to prevent fatalities.
- ◆ developing a Recreational diving and Occupational diving Action Plan 2017–19 with strategies to improve dive safety.

A review of construction codes of practice has been undertaken to consider whether aspects of the codes should become mandatory and therefore enforceable. This review included nine codes of practice (Asbestos Management and Removal, Concrete Pumping, Demolition, Formwork, Mobile Cranes, Scaffolding, Tilt up and Pre Cast and Traffic Management) with proposals which are currently being finalised by a reference group.

In addition, a separate review has resulted in a new Tower Crane Code of Practice which commenced in July 2017.

In consultation with the Interagency Asbestos Group, we again prepared the annual progress report on the *Statewide Strategic Plan for the Safe Management of Asbestos in Queensland 2014–2019*. This report informs Cabinet on the work being undertaken by government agencies, and is available at www.asbestos.qld.gov.au.

Together, these actions are reducing the number of work-related injuries and fatalities and making a difference to Queenslanders' lives.

We continue to focus on high-risk industries, targeting those that have workers' compensation claim rates significantly higher than other industries. Over the five years from 2010–11 to 2014–15, significant reductions in the incidence of severe injuries were achieved in the following industries:

- ◆ manufacturing – 27.4 per cent
- ◆ agriculture – 16.6 per cent

- ◆ transport – 16.2 per cent
- ◆ construction – 12.8 per cent

This equates to an overall reduction of 22.3 per cent in serious work-related injuries over that period – a great result for business and workers.

Networks to support and inform

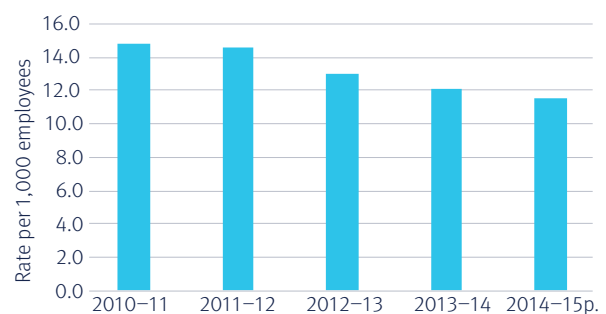
During the year, we established the Persons Affected by Work Related Fatalities and Serious Incidents Consultative Committee. This initiative is a key election commitment that will help ensure people affected by a workplace incident that involves death, serious injury or illness get the information and support they need. In June 2017, we introduced legislation to formalise this committee's ongoing role. In the year ahead we will formally convene the committee and get to work helping Queenslanders.

Advertising is a high-performing medium for our education work and an investment in safer communities. In 2016–17 our campaigns covered many of the issues workers and families face every day without always being aware of them, including:

- ◆ "Stop and think about safety", to spread the word that, although farms employ only 3 per cent of Queenslanders, they are responsible for nearly 30 per cent of workplace deaths
- ◆ child safety in businesses run from home
- ◆ "Playing it safe with Shane Webcke", with the message that coming home safely is what work health and safety is all about
- ◆ "Ride ready", to improve attitudes and behaviours surrounding quad bike safety.

We also enlist well-known Queenslanders to encourage people to take charge of their own health. Joining Shane Webcke in the work health and safety space is Olympian Libby Trickett, who shared her own personal experience of depression, and league legend Trevor Gillmeister, who uses the experience of his father's death from mesothelioma to raise awareness of the very real dangers of asbestos.

Incidence rates of serious injury and disease claims for Queensland (per 1,000 employees)



Analysis: Queensland's incidence of serious work-related injuries fell by 22.3%, from 14.8 claims per 1,000 Queensland employees in 2010–11 to 11.5 claims per 1,000 in 2014–15. The focus of our compliance and enforcement work will always be on driving this result lower.

The show must go on... safely

All Access Crewing Pty Ltd (AAC) provides specialist workers – stage managers, riggers, scaffolders, and lighting and sound technicians – for some of Queensland’s biggest entertainment events, including 2017’s Adele concert at the ‘Gabba.

When their workers' compensation claims reached above industry average, ACC joined our Injury Prevention and Management Program (IPaM).

The problem

A dispersed workforce made communicating with crews difficult, and many claims were due to hazardous manual handling tasks.

The solution

After an IPaM advisor visited AAC worksites and reviewed their management system, the company implemented a number of solutions, including:

- ◆ a new digital platform with mobile applications to improve staff access to important information
- ◆ online delivery of site-specific inductions about upcoming performances, training, toolbox meetings and team meetings.

The results

AAC’s sound business sense, commitment to its workers and involvement in IPaM has turned its injury record around:

- ◆ There have been no new workers’ compensation claims in the past two years.
- ◆ Seventy-five per cent of staff use the new system for pre-performance orientation, and diagrams and videos are used to help for people from non-English speaking backgrounds or whose reading skills aren’t the best.
- ◆ Use of mechanical aids instead of manual lifting has increased.
- ◆ Staff are more involved in their own work safety.



The All Access crew celebrates another successful – and safe - set-up.

IPaM works

For businesses and workers all around Queensland, IPaM participants have achieved:



2.6% decrease

in claims, compared to an increase of 14.7 per cent for non-IPaM employers



10.1% decrease

in average days off work, compared to a decrease of 4.2 per cent for non-IPaM employers



0.2% increase

in the average statutory claim cost, compared to a 3.8 per cent increase for non-IPaM employers



5.7% decrease

in claims costs per \$ million of wages, compared to an increase of 8 per cent for non-IPaM employers



1.1% decrease

in the workers’ compensation premium rate, compared to a 1.1 per cent increase for non-IPaM employers

Strategy

Ensure a fair and efficient workers' compensation system

Queensland's workers' compensation scheme gives people injured at work the support and protection they need to return to work so they can support themselves and their families. The scheme's performance is such that Queensland has the fastest workers' compensation dispute resolution service in Australia: 88 per cent of disputes are resolved within three months.

During the year we continued a range of education programs, including e-learning programs for businesses through our website www.worksafe.qld.gov.au, and return to work conferences in metropolitan and regional areas.

Our plans for 2017–18 include campaigns with WorkCover Queensland on injury prevention, mental health and wellness, and occupational violence. A second 'Getting Back' advertising campaign will raise awareness of the benefits of returning injured workers to meaningful work as soon as they are cleared to do so safely.

Queensland's Workers' Compensation scheme is reviewed every five years. Planning for the next review, which is due to be completed by 30 June 2018, is underway.

Black lung disease

Coal workers' pneumoconiosis (CWP), or black lung disease, emerged as a critical issue for workers and Queensland's workers' compensation scheme during the year.

CWP is a disease caused by long-term exposure to respirable coal dust. Exposure to high concentrations of this dust over several years causes the dust to collect in the air sacs of the lungs, causing scarring, reduced elasticity of the tissue and ultimately impaired lung function.

Following the re-emergence of CWP in Queensland, Parliament established the Coal Workers' Pneumoconiosis Select Committee on 15 September 2016 to conduct an inquiry into CWP in coal mine workers in Queensland. Evidence provided before the Select Committee raised concerns about how the workers' compensation scheme operates in relation to CWP.

In response to these concerns, in December 2016 the government established a CWP Stakeholder Reference Group comprising representatives of employers, unions, the legal profession, insurers and departments relevant to coal mining. This group will provide advice on any gaps in the workers' compensation scheme.

On 14 June 2017 the Workers' Compensation and Rehabilitation (Coal Workers' Pneumoconiosis) and Other Legislation Amendment Bill 2017 was introduced into the Queensland Parliament. The Bill implements the recommendations of the Ministerial Coal Workers'

Pneumoconiosis Stakeholder Reference Group and the Coal Workers' Pneumoconiosis Parliamentary Select Committee to address gaps in the workers' compensation scheme for workers with CWP.

Key workers' compensation changes proposed by the Bill include:

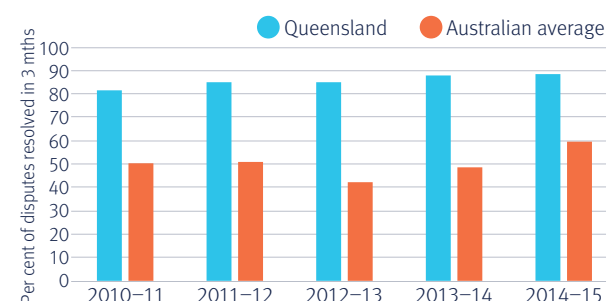
- ◆ a medical examination process for retired or former coal workers with suspected CWP or a coal mine dust lung disease
- ◆ a new lump sum compensation for workers with a pneumoconiosis injury up to a maximum of \$120,000
- ◆ clarifying that a worker with pneumoconiosis can re-open their workers' compensation claim and access further entitlement if they experience disease progression.

We are continuing to work with the reference group to implement the inquiry's non-legislative recommendations such as enhanced rehabilitation, including pulmonary rehabilitation and programs for diagnosed workers to return to meaningful suitable employment.

A better safety net for injured workers

The rollout of the National Injury Insurance Scheme (NIIS) in Queensland is now complete, with the Motor Accident Insurance Commission managing claims for injured workers on behalf of the workers' compensation scheme. Although NIIS will provide a much improved safety net for workers in the form of lifetime care for catastrophic injuries, it will also present funding challenges to the workers' compensation scheme. Our role is to manage these challenges so that the positive impact of the scheme on workers' lives is maintained.

Workers' compensation dispute resolution



Source: Comparative Performance Monitoring Report produced by SafeWork Australia

Analysis: Queensland's workers' compensation dispute resolution performance is consistently above the Australian average.

Strategy

Ensure a fair and modern industrial relations (IR) system

The Queensland Government has a significant IR agenda: as an employer, a policy setter and a participant in national workplace relations. We measure our performance by the extent to which our IR practices and systems keep pace with emerging expectations and trends, and that our interests in the federal sphere are pursued.

During the year, we met our target of having modernised all industrial awards in Queensland – a total of 31 awards.

IR review

The report *A review of the industrial relations framework in Queensland* was released in early 2016, and the government accepted all of its 68 recommendations.

Recommendations requiring legislative reform were implemented through the passage of the Industrial Relations Bill 2016 in December of that year, and included:

- ◆ re-establishing collective bargaining as the cornerstone for determining wages and conditions
- ◆ strengthening IR consultative mechanisms
- ◆ introducing contemporary IR protections, including domestic and family violence-related leave and anti-workplace bullying measures
- ◆ moving workplace-related discrimination matters to the Queensland Industrial Relations Commission
- ◆ establishing equal remuneration for work of equal and comparable value
- ◆ establishing democratic control and accountability within industrial organisations
- ◆ improving the accountability, performance and independence of the Queensland Industrial Relations Commission, which is now in the process of developing its own code of conduct, appointment protocol and efficiency measures.

Other items not requiring legislative change are being progressed, including:

- ◆ directives to enable long-term temporary public sector employees to be made permanent
- ◆ guidelines for good-faith bargaining and industrial relations negotiation
- ◆ advocacy skills training
- ◆ a review of gender pay equity in the public sector.

In the national sphere, Queensland's Minister for Employment, and Industrial Relations, Minister for Racing and Minister for Multicultural Affairs has begun negotiations with the Federal Minister for Employment for employees of unincorporated bodies to access the anti-bullying jurisdiction of the Fair Work Commission. We expect these negotiations and implementation of the remaining IR review recommendations to be concluded in late 2017.

A fair go for labour hire workers

A parliamentary inquiry into Queensland's labour hire industry uncovered evidence of exploitation and mistreatment of workers, for example, the practice of some labour hire companies to avoid their obligations as employers by issuing workers with Australian Business Numbers. The inquiry recommended that the Queensland Government work with the Federal Government to address this issue.

Although the Queensland Government accepted and progressed this recommendation, it did not feel that this was enough to end mistreatment and exploitation of workers. The government opted for further measures to achieve greater transparency in labour hire arrangements, namely a government-administered licensing scheme and a public register of license holders. This proposed scheme will go a long way towards protecting vulnerable workers while minimising the administrative burden on labour hire providers and host employers, particularly those who already operate ethically and meet their obligations.

Inquiries in Victoria and South Australia have identified similar allegations of exploitation in labour hire arrangements, and they support Queensland's approach.

A Bill to bring about these changes is now being considered by the Parliamentary Finance and Administration Committee, and we expect the legislation will be debated in Parliament in the second half of 2017. We anticipate that we will need to establish a well-resourced compliance unit to promote the scheme and to ensure that compliance is maintained.

Changes to trading hours

During the year, we developed amendments to the *Holidays Act 1983* to make Easter Sunday a public holiday, in recognition of its significance as a religious and cultural day. Subsequently, the *Trading (Allowable Hours) Act 1990* was amended to establish Easter Sunday as an open trading day in South East Queensland from 2017. Read more about the review into trading hours on pages 40 and 146 to 147.

Building capacity

In 2017–18 we will further strengthen IR capability in Queensland's public sector by establishing a sector-wide IR graduate program.

Apprentices and trainees

In 2015–16 we reported on the issue of orders in place to protect apprentices and trainees. As responsibility for private sector IR now lies with the Australian Government, we expected to be able to negotiate to resolve this issue during 2016–17. This has not occurred. In 2017–18 we will continue to pursue this issue by negotiating further with the Australian Government to have the *Fair Work Act 2009* amended to protect these orders.



Our financial position explained

Queensland Treasury's financial statements fall into two categories:

Administered –
the funds we administer on behalf of the government

Controlled –
the revenue, expenses, assets and liabilities we use to conduct our business as a department.

Analysis

In 2016–17, Queensland Treasury administered \$34.555 billion of revenue and \$6.077 billion of expenses on behalf of the State. This excludes administered item revenue which is appropriation revenue received from the Consolidated Fund to meet administered expenses.

The largest single source of administered revenue was grants and other contributions of \$19.560 billion, followed by state taxes of \$10.631 billion.

The main component of Commonwealth grant revenue was Queensland's share of the GST. Other Commonwealth revenue includes funding for National Partnership Payments and Natural Disaster Relief and Recovery funding arrangements.

We administered a number of grants on behalf of the State in 2016–17 including the First Home Owners' Grant.

Our controlled revenue consists principally of Parliamentary appropriations. In 2016–17, revenue allocated to services was \$241.10 million (compared with \$210.19 million in 2015–16).

Administered

Queensland Government Insurance Fund

The Queensland Government Insurance Fund (QGIF), administered by Treasury, is a self-insurance arrangement into which government agencies pay premiums to meet the cost of claims and to build reserves to cover the cost of future potential liabilities.

Claims are paid out of Queensland Treasury's Administered accounts, while the provision for future claims is held at the whole-of-government level.

The liability balance at 30 June 2017 was \$1,168.9 million (net of estimated property reinsurance recovery of \$3.3 million), compared to \$882.3 million at 30 June 2016. Investments to sufficiently cover the government's outstanding claims liabilities are held by Queensland Treasury Corporation within its long-term assets. The fund reinsurance program has been in place since 1 November 2011 and is subject to annual renewal.

QGIF claims liabilities and associated investment balances are reported in the government's annual Report on State Finances.

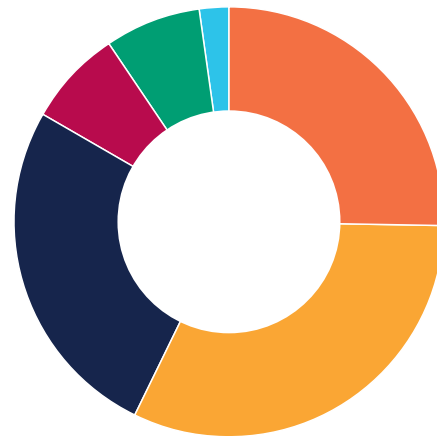
Queensland Government Insurance Fund Financial summary	30 June 2017 \$M	30 June 2016 \$M
Assets under investment	1,838.3	1,642.8
Provision for future liabilities	1,168.9	882.3
Premiums collected	189.4	189.0
Net claims paid	121.7	136.4
Fund operating expenses	4.9	4.8
Reinsurance expense	25.4	25.5

Queensland Treasury administered revenue

	2016-17	2015-16
Commonwealth funding as a percentage of total revenues	48%	47%
State funding as a percentage of total revenues	15%	17%
Funding from external sources as a percentage of total revenues	37%	36%

Royalties, state taxes, fees, levies and fines 2016-17

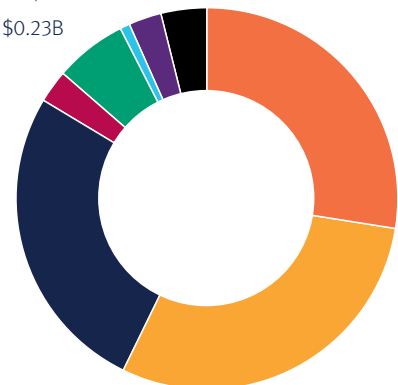
- Payroll tax \$3.74B
- Duties \$4.68B
- Royalties \$3.85B
- Land tax \$1.08B
- Gaming taxes and other taxes \$1.06B
- Fees, levies and fines \$0.29B



Administered revenue collected by Office of State Revenue increased 16.1 per cent to \$14.7 billion in 2016-17

Total administered expenses by category 2016-17

- Superannuation benefit payments \$1.67B
- Finance costs \$1.81B
- Annual Leave Central Scheme \$1.61B
- Benefit Payments \$0.16B
- Long service leave reimbursements \$0.37B
- Grants and subsidies \$0.06B
- Supplies and services \$0.17B
- All other expenses \$0.23B



Queensland Treasury

Administered Statement of Comprehensive Income for the year ended 30 June 2017

	Treasury Department Actual 2015–16 \$'000	Treasury Department Actual 2016–17 \$'000	
Income from continuing operations			
Revenue			
Grants and other contributions	17,071,872	19,559,579	Increase is largely attributable to increased Natural Disaster Relief and Recovery Arrangements (NDRRA) funding from the Australian Government and increased GST payments to Queensland.
Taxes	10,249,138	10,630,683	Increase mainly relates to transfer duty due to a favourable property market.
User charges and fees	130,765	105,390	
Royalties	2,092,949	3,846,737	Increase predominantly relates to mining royalties collected by the Office of State Revenue.
Interest	132,149	54,941	
Appropriation revenue	5,972,731	6,082,395	
Other revenue	538,355	358,015	Decrease reflects lower investment earnings on working capital fund balances during 2016–17.
Total income from continuing operations	36,187,959	40,637,740	
Expenses			
Supplies and services	165,378	167,796	
Losses on sale/revaluation of assets	10,106	10,042	
Grants and subsidies	8,514	63,462	Appropriation revenue is received from Consolidated Fund (CF) to fund administered expenses. Material variances in administered expenses are outlined below.
Benefit payments	95,762	158,069	
Finance/borrowing costs	2,028,103	1,811,934	Increase reflects grants payments to Trade and Investment Queensland and Queensland Racing Integrity Commission as a result of machinery-of-government transfers in 2016–17.
Superannuation benefit payments	1,580,244	1,669,447	
Long service leave reimbursements	363,482	372,644	
Annual Leave Central Scheme claims paid	1,554,535	1,605,539	
Other expenses	156,408	217,920	Increase reflects higher First Home Owners' Grants paid in 2016–17.
Total expenses from continuing operations	5,962,532	6,076,853	Increase reflects higher state share of superannuation beneficiary payments compared to 2015–16.
Operating result for the year before transfers to government	30,225,427	34,560,887	
Transfers of administered revenue to government	30,225,427	34,560,887	Increase primarily relates to other expenses recognised for appropriation payable at the end of 2016–17, in accordance with Section 3B.2 of the Financial Reporting Requirements.
Total administered comprehensive income	–	–	This represents revenues collected on behalf of Queensland Government which are transferred to CF. Material variances in administered revenue are outlined above.

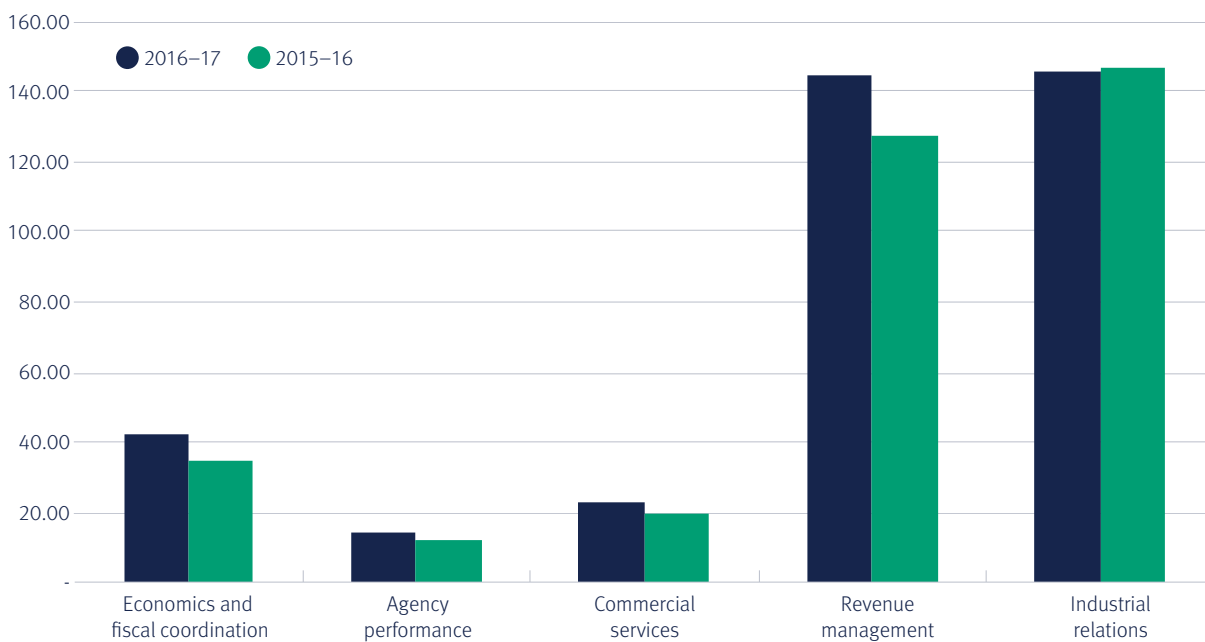
Controlled

Total expenses by category 2016–17

- Employee expenses \$202.68M
- Supplies and services \$137.64M
- Grants and subsidies \$11.63M
- Depreciation and amortisation \$3.3M
- Other \$17.76M



Total expenses by service 2016–17



Queensland Treasury

Controlled Statement of Comprehensive Income for the year ended 30 June 2017

	Treasury Department Actual 2015-16 \$'000	Treasury Department Actual 2016-17 \$'000
Income from continuing operations		
Revenue		
Appropriation revenue	210,194	241,099
User charges and fees	29,081	30,311
Grants and other contributions	91,391	99,515
Other revenue	1,358	1,291
Total income from continuing operations	332,024	372,216
Expenses from continuing operations		
Employee expenses	200,532	202,679
Supplies and services	111,428	137,641
Grants and subsidies	7,600	11,626
Depreciation and amortisation	11,273	3,331
Impairment expense	143	139
Other expenses	4,799	17,619
Total expenses from continuing operations	335,775	373,035
Loss		
Loss on sale/disposal of property, plant and equipment	(6)	-
Operating result from continuing operations	(3,757)	(819)
Total comprehensive income	(3,757)	(819)

Increase relates to funding associated with SPER Transformation Program, Back to Work Program and OSR securing the integrity of the state's revenue base and improving services into the future. Also contributing is funding for enterprise bargaining increase and First Home Owners' Grant advertising campaign.

Increase relates to funding from WorkCover Queensland for workers' compensation services and Workplace Health and Safety Queensland.

Increase is largely due to impact of enterprise bargaining increase.

Increase reflects costs associated with SPER Transformation Program, increased accommodation and ICT costs as a result of move to 1 William St, and costs associated with First Home Owners' Grant advertising campaign.

Increase due to grants associated with Back to Work Program and payments to Queensland Ambulance for services provided to Workplace Health and Safety Queensland.

Decrease due to portion of Revenue Management System asset reaching end of its accounting useful life in 2015-16 and accelerated depreciation on leasehold improvement assets prior to move to 1 William St.

Increase primarily relates to other expenses recognised for appropriation payable resulting from re-profiling of a number of departmental projects and initiatives from 2016-17 to future years, in accordance with Section 3B.2 of the Financial Reporting Requirements.

Queensland Treasury

Controlled Statement of Financial Position as at 30 June 2017

	Treasury Department Actual 2015-16 \$'000	Treasury Department Actual 2016-17 \$'000
Assets		
Cash	37,910	53,116
Receivables	15,825	9,245
Other	2,828	3,925
Financial assets	16,833	26,833
Intangible assets	8,481	10,940
Property, plant and equipment	3,017	4,211
Total assets	84,894	108,270
Liabilities		
Payables	22,248	37,116
Accrued employee benefits	7,773	9,109
Other liabilities	356	396
Total liabilities	30,377	46,621
Net assets	54,517	61,649
Total equity	54,517	61,649

Increase primarily due to appropriation payable at end of 2016-17 as a result of delays in number of projects, including SPER Transformation Program, Back to Work Program and OSR securing the integrity of the state's revenue base and improving services into the future.

Decrease predominantly due to reduction in grants receivable from WorkCover Queensland for workers' compensation services and Workplace Health and Safety Queensland.

Increase mainly comprises prepayment of software licences and managed services charges relating to OSR securing the integrity of the state's revenue base and improving services into the future.

Increase reflects additional Business Development Fund investments.

Increase relates to capital expenditure associated with OSR securing the integrity of the state's revenue base and improving services into the future.

Increase largely attributable to asset replacements for Office of Industrial Relations during 2016-17.

Increase predominantly reflects increase in appropriation payable as a result of delays in a number of projects.

Increase predominantly due to an equity injection for additional Business Development Fund investments in 2016-17, partially offset by equity withdrawal for transfer of cash to WorkCover Queensland by the Office of Industrial Relations.

Financial Statements

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Foreword

Queensland Treasury's Financial Statements are general purpose financial statements prepared in accordance with prescribed requirements including *Australian Accounting Standards* and the *Financial Reporting Requirements* issued by the Treasurer.

The Financial Statements comprise the following components:

- Statements of Comprehensive Income
- Statements of Financial Position
- Statements of Changes in Equity
- Statements of Cash Flows
- Statements of Comprehensive Income by Major Departmental Services
- Statements of Assets and Liabilities by Major Departmental Services
- Notes To and Forming Part of the Financial Statements.

In addition, the department administers transactions and balances in a trust or fiduciary capacity. These are identified in notes 53-56.

Queensland Treasury and QTH are controlled by the State of Queensland which is the ultimate parent entity.

The head office and principal place of business of Queensland Treasury (QT or department) is:

1William St
BRISBANE QLD 4000

Queensland Treasury and controlled entity
Statement of Comprehensive Income
for the year ended 30 June 2017

	Notes	Consolidated Entity		Parent Entity	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Income from continuing operations					
Revenue					
Appropriation revenue	3	241,099	210,194	241,099	210,194
User charges and fees	4	30,311	29,081	30,311	29,081
Grants and other contributions	5	99,515	91,398	99,515	91,391
Interest revenue	6	15,470	21,386	..	..
Other revenue		1,339	1,407	1,291	1,358
Amortisation of unearned revenue		328	325	..	..
Dividends received		14,776	13,841	..	..
Gains					
Gain/(loss) on sale/fair value movement of investments	7	29,660	(17,027)	..	..
Total income from continuing operations		432,498	350,605	372,216	332,024
Expenses from continuing operations					
Employee expenses	8	202,679	200,532	202,679	200,532
Supplies and services	9	137,641	111,428	137,641	111,428
Grants and subsidies	10	11,626	7,600	11,626	7,600
Depreciation and amortisation		3,331	11,273	3,331	11,273
Borrowing costs		6,517	6,966	..	..
Other financing costs		102	67	..	..
Operating leases		366	363	..	..
Impairment expense	11	139	69,508	139	143
Other expenses	12	18,285	5,496	17,619	4,799
Total expenses from continuing operations		380,686	413,233	373,035	335,775
Loss on sale/disposal of property, plant and equipment		..	6	..	6
Income tax expense	13	12,589	3,603	..	..
		12,589	3,609	..	6
Operating result for the year from continuing operations		39,223	(66,237)	(819)	(3,757)
Total comprehensive income		39,223	(66,237)	(819)	(3,757)

The accompanying notes form part of these statements.

Queensland Treasury and controlled entity
Statement of Financial Position
as at 30 June 2017

	Notes	Consolidated Entity		Parent Entity	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current assets					
Cash assets	14	130,229	97,111	53,116	37,910
Receivables	15	9,245	15,825	9,245	15,825
Lease receivables	16	8,760	8,892	..	..
Loans and advances		5,324	4,839	..	..
Other assets		4,230	3,100	3,925	2,828
Other financial assets	17	294,404	264,744	..	..
Total current assets		452,192	394,511	66,286	56,563
Non-current assets					
Receivables	15	48,123	44,149	..	..
Other financial assets	17	26,833	16,833	26,833	16,833
Lease receivables	16	121,625	130,385	..	..
Loans and advances		44,614	46,870	..	..
Intangibles	18	10,940	8,481	10,940	8,481
Property, plant and equipment		4,211	3,017	4,211	3,017
Deferred tax asset	19	21,944	23,136	..	..
Total non-current assets		278,290	272,871	41,984	28,331
Total assets		730,482	667,382	108,270	84,894
Current liabilities					
Payables	20	34,767	22,690	34,320	22,248
Accrued employee benefits		9,109	7,773	9,109	7,773
Other current liabilities	21	733	687	396	356
Interest bearing liabilities	23	8,760	8,892	..	..
Total current liabilities		53,369	40,042	43,825	30,377
Non-current liabilities					
Payables	20	2,796	..	2,796	..
Other non current liabilities	21	2,378	2,713	..	..
Deferred tax liabilities	22	46,480	37,582	..	..
Interest bearing liabilities	23	121,625	130,385	..	..
Total non-current liabilities		173,279	170,680	2,796	..
Total liabilities		226,648	210,722	46,621	30,377
Net assets		503,834	456,660	61,649	54,517
Equity					
Accumulated surplus		367,455	328,232	19,683	20,502
Contributed equity		136,379	128,428	41,966	34,015
Total equity		503,834	456,660	61,649	54,517

The accompanying notes form part of these statements.

Queensland Treasury and controlled entity
Statement of Changes in Equity
for the year ended 30 June 2017

	Consolidated Entity		Parent Entity		
	Notes	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Accumulated surplus					
Balance 1 July		328,232	414,466	20,502	24,256
Operating result from continuing operations		39,223	(66,237)	(819)	(3,757)
Dividend paid - Type A shareholders		..	(20,000)	..	..
Net effect of changes to prior year adjustment		..	3	..	3
Balance 30 June		<u>367,455</u>	<u>328,232</u>	<u>19,683</u>	<u>20,502</u>
Contributed equity *					
Balance 1 July		128,428	110,730	34,015	16,317
Transactions with owners as owners:					
Appropriated equity injections		13,911	11,511	13,911	11,511
Appropriated equity withdrawals		(3,460)	(11,671)	(3,460)	(11,671)
Non appropriation equity withdrawal**		(2,500)	..	(2,500)	..
Net assets transferred in/(out) - Machinery of Government, Office of Industrial Relations and Queensland Productivity Commission		..	17,858	..	17,858
Balance 30 June		<u>136,379</u>	<u>128,428</u>	<u>41,966</u>	<u>34,015</u>
Total equity		<u>503,834</u>	<u>456,660</u>	<u>61,649</u>	<u>54,517</u>

* Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland state public sector entities as a result of MoG changes are adjusted to 'Contributed equity' in accordance with Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities. Appropriations for equity adjustments are similarly designated.

** During 2016-17 OIR made a payment of \$2.5 million from retained earnings to WorkCover Queensland in accordance with Interpretation 1038.

The accompanying notes form part of these statements.

Queensland Treasury and controlled entity
Statement of Cash Flows
for the year ended 30 June 2017

	Notes	Consolidated Entity		Parent Entity	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Cash flows from operating activities					
<i>Inflows</i>					
Appropriation receipts		240,396	211,257	240,396	211,257
User charges and fees		32,656	28,036	32,608	27,989
Grants and other contributions		114,305	91,391	114,305	91,391
GST input tax credits from Australian Taxation Office (ATO)		12,234	12,271	11,510	11,518
Interest received		8,175	8,682	..	..
Other		1,341	1,289	1,341	1,289
<i>Outflows</i>					
Employee expenses		(202,240)	(190,215)	(202,240)	(190,215)
Supplies and services		(148,287)	(113,035)	(147,247)	(111,994)
Grants and subsidies		(11,626)	(4,185)	(11,626)	(4,185)
GST remitted to ATO		(7,898)	(2,662)	(7,171)	(1,940)
Income tax paid		(2,528)	(2,999)	..	..
Other		(7,635)	(17,076)	(7,635)	(17,076)
Net cash provided by/(used in) operating activities	24	28,893	22,754	24,241	18,034
Cash flows from investing activities					
<i>Inflows</i>					
Sales of property, plant and equipment		..	..	..	..
Lease payments received		1,235	1,163	..	..
Proceeds from sale of investments		5,000	4,500	..	..
Novation payments received		7,658	7,862	..	..
Dividends received		14,776	13,841	..	..
<i>Outflows</i>					
Payments for property, plant and equipment		(1,867)	(193)	(1,867)	(193)
Payments for investments		(10,000)	(10,000)	(10,000)	(10,000)
Payments for intangibles		(5,119)	(6,830)	(5,119)	(6,830)
Net cash provided by/(used in) investing activities		11,683	10,343	(16,986)	(17,023)
Cash flows from financing activities					
<i>Inflows</i>					
Equity injections		13,911	11,511	13,911	11,511
Borrowings		..	..	..	..
<i>Outflows</i>					
Repayment of borrowings		(8,892)	(9,025)	..	..
Interest paid		(6,517)	(6,966)	..	..
Dividend paid		..	(20,000)	..	..
Repayment of Grant to Consolidated Fund		..	(1,221)	..	..
Equity withdrawals		(5,960)	(11,671)	(5,960)	(11,671)
Net cash provided by/(used in) financing activities		(7,458)	(37,372)	7,951	(160)
Net increase/(decrease) in cash and cash equivalents		33,118	(4,275)	15,206	851
Cash and cash equivalents at beginning of financial year		97,111	86,867	37,910	22,540
Cash transfers due to restructuring		..	14,519	..	14,519
Cash and cash equivalents at end of financial year	14	130,229	97,111	53,116	37,910

The accompanying notes form part of these statements.

Queensland Treasury
Statement of Comprehensive Income by Major Departmental Services
for the year ended 30 June 2017

	Economic & Fiscal Coordination		Agency Performance		Commercial Services		Revenue Management		Industrial Relations		General – not attributed**		Inter-service/activity eliminations		Queensland Treasury ***	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Income from continuing operations *																
Revenue																
Appropriation revenue	36,022	27,836	13,477	11,305	16,189	12,877	139,422	123,899	32,281	31,741	3,708	2,536	..	..	241,099	210,194
User charges and fees	6,432	6,213	331	206	6,838	6,983	4,254	2,786	13,156	19,861	941	117	(1,641)	(7,085)	30,311	29,081
Grants and other contributions	254	38	14	14	15	15	117	128	99,105	91,187	10	9	..	..	99,515	91,391
Other revenue	21	72	10	27	160	28	548	718	544	496	8	17	..	..	1,291	1,358
Total income from continuing operations	42,729	34,159	13,832	11,552	23,202	19,903	144,341	127,531	145,086	143,285	4,667	2,679	(1,641)	(7,085)	372,216	332,024
Expenses from continuing operations *																
Employee expenses	21,029	22,579	10,117	8,775	9,960	8,933	60,328	61,856	98,963	97,278	2,282	1,116	..	(5)	202,679	200,532
Supplies and services	13,373	10,294	3,401	2,397	12,612	10,494	70,964	53,399	36,813	40,527	2,119	1,397	(1,641)	(7,080)	137,641	111,428
Grants and subsidies	2,848	61	..	..	300	..	..	..	8,478	7,539	..	..	..	..	11,626	7,600
Depreciation and amortisation	164	365	132	133	117	118	1,476	9,089	1,310	1,489	132	79	..	..	3,331	11,273
Impairment expense	..	..	..	39	..	..	..	1	139	102	..	..	..	..	139	142
Other expenses	5,291	840	172	205	201	355	11,501	3,143	327	169	127	87	..	..	17,619	4,799
Total expenses from continuing operations	42,705	34,139	13,822	11,550	23,190	19,900	144,269	127,488	146,030	147,104	4,660	2,679	(1,641)	(7,085)	373,035	335,775
Loss on sale/disposal of property, plant and equipment	..	1	..	1	..	..	..	2	..	2	..	..	..	..	..	6
Total comprehensive income	24	19	10	1	12	3	72	41	(944)	(3,821)	7	..	..	..	(819)	(3,757)

* Allocation of income and expenses to corporate services (disclosure only):

Income	5,600	6,020	2,744	2,351	2,753	1,982	16,818	15,618	103	147	2,250	1,497	..	..	30,268	27,615
Expenses	5,600	6,019	2,744	2,350	2,753	1,981	16,818	15,616	103	147	2,250	1,497	..	..	30,268	27,610

** 2017 and 2016 include corporate support allocated to Motor Accident Insurance Commission, Nominal Defendant and National Injury Insurance Agency Queensland (NIIAQ) (2017 only).

*** In August 2016 Queensland Treasury implemented an organisational restructure to better service evolving client needs, including taking a more strategic approach to partnering with agencies to improve policy development and performance. This resulted in the following changes to the service areas:

- Parts of the Fiscal service area and Economic service area presented in the 2015-16 Financial Statements have been combined into a single service area, Economic and Fiscal Coordination to more closely align fiscal and economic strategy.
- The new service area, Agency Performance, emphasises a client partnering approach to support agency performance and policy development.
- The Commercial Services area remains. In addition to the single service line of Commercial Projects, two new service lines have been defined: shareholder services and investment programs.
- Revenue Management and Industrial Relations service areas were excluded from the organisational restructure.

Comparative information reflects the recast of 2015-16 financials to align with the 2016-17 service areas as described above.

Queensland Treasury
Statement of Assets and Liabilities by Major Departmental Services
as at 30 June 2017

	Economic & Fiscal Coordination*		Agency Performance*		Commercial Services*		Revenue Management*		Industrial Relations		General – not attributed**		Queensland Treasury	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current assets														
Cash assets	20,716	4,921	1,790	2,465	2,936	2,933	17,193	18,737	9,905	8,445	576	409	53,116	37,910
Receivables	1,516	838	79	126	1,195	2,718	1,845	1,212	3,452	9,959	1,158	972	9,245	15,825
Other assets	42	41	..	..	..	..	2,281	1,291	813	767	789	729	3,925	2,828
Total current assets	22,274	5,800	1,869	2,591	4,131	5,651	21,319	21,240	14,170	19,171	2,523	2,110	66,286	56,563
Non-current assets														
Other financial assets	..	..	..	..	20,000	10,000	6,833	6,833	..	..	..	..	26,833	16,833
Intangible assets	7	7	..	..	..	..	5,404	2,297	2,402	2,218	3,127	3,959	10,940	8,481
Property, plant and equipment	9	11	..	..	..	..	30	..	4,172	3,006	..	..	4,211	3,017
Total non-current assets	16	18	..	..	20,000	10,000	12,267	9,130	6,574	5,224	3,127	3,959	41,984	28,331
Total assets	22,290	5,818	1,869	2,591	24,131	15,651	33,586	30,370	20,744	24,395	5,650	6,069	108,270	84,894
Current liabilities														
Payables	17,424	5,218	13	74	1,127	1,715	8,260	5,398	4,654	6,732	2,842	3,111	34,320	22,248
Accrued employee benefits	750	879	313	439	356	341	2,043	2,547	4,661	3,521	986	46	9,109	7,773
Other current liabilities	247	198	..	..	..	..	22	62	127	96	..	..	396	356
Total current liabilities	18,421	6,295	326	513	1,483	2,056	10,325	8,007	9,442	10,349	3,828	3,157	43,825	30,377
Non-current liabilities														
Payables	..	..	..	..	..	..	..	..	703	..	2,093	..	2,796	..
Total non-current liabilities	..	..	..	..	..	..	..	..	703	..	2,093	..	2,796	..
Total liabilities	18,421	6,295	326	513	1,483	2,056	10,325	8,007	10,145	10,349	5,921	3,157	46,621	30,377
Net assets	3,869	(477)	1,543	2,078	22,648	13,595	23,261	22,363	10,599	14,046	(271)	2,912	61,649	54,517

* The department has systems in place to allocate assets and liabilities by Major Departmental Service
** Includes assets and liabilities associated with corporate support functions

Queensland Treasury
Administered Statement of Comprehensive Income
for the year ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000
Income and expenses administered on behalf of the whole of Government			
Income from continuing operations			
Revenue			
Grants and other contributions	32	19,559,579	17,071,872
Taxes	33	10,630,683	10,249,138
User charges and fees		105,390	130,765
Royalties	34	3,846,737	2,092,949
Interest	35	54,941	132,149
Appropriation revenue	36	6,082,395	5,972,731
Other revenue	37	358,015	538,355
Total income from continuing operations		40,637,740	36,187,959
Expenses from continuing operations			
Supplies and services	38	167,796	165,378
Losses on sale/revaluation of assets	39	10,042	10,106
Grants and subsidies		221,531	104,276
Finance/borrowing costs	40	1,811,934	2,028,103
Other expenses	41	3,865,550	3,654,669
Total expenses from continuing operations		6,076,853	5,962,532
Operating result from continuing operations before transfers to Government		34,560,887	30,225,427
Operating result for the year before transfers to Government		34,560,887	30,225,427
Transfers of administered revenue to Government		34,560,887	30,225,427
Total administered comprehensive income		..	..

The accompanying notes form part of these statements.

Queensland Treasury
Administered Statement of Financial Position
as at 30 June 2017

	Notes	2017 \$'000	2016 \$'000
Assets and liabilities administered on behalf of the whole of Government			
Current assets			
Cash assets	42	(2,731,190)	(2,137,018)
Receivables	43	973,827	1,049,626
Other current assets	44	8,641	20,644
Total current assets		(1,748,722)	(1,066,748)
Non-current assets			
Receivables	43	88,471	104,630
Total non-current assets		88,471	104,630
Total administered assets		(1,660,251)	(962,118)
Current liabilities			
Payables	45	75,655	1,402
Transfer to Government payable		1,019,690	1,062,688
Interest Bearing Liabilities	46	1,359,316	6,989
Other liabilities	47	40,067	35,447
Total current liabilities		2,494,728	1,106,526
Non-current liabilities			
Interest Bearing Liabilities	46	30,329,534	33,091,661
Total non-current liabilities		30,329,534	33,091,661
Total administered liabilities		32,824,262	34,198,187
Administered net assets		(34,484,513)	(35,160,305)

The accompanying notes form part of these statements.

Queensland Treasury
Administered Statement of Cash Flows
for the year ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000
Cash flows administered on behalf of the whole of Government			
Cash flows from operating activities			
<i>Inflows</i>			
Administered item receipts		6,190,887	5,767,130
Grants and other contributions		19,574,309	17,071,871
Taxes		10,625,687	10,281,648
Royalties		3,848,675	2,104,664
Finance income		52,879	126,240
GST input tax credits from ATO		5,217	157,752
Other		470,907	407,228
<i>Outflows</i>			
Transfers to Government		(34,603,883)	(29,859,501)
Grants and subsidies		(221,507)	(104,276)
Finance costs		(1,532,722)	(2,029,766)
Supplies and services		(173,005)	(351,216)
GST remitted to ATO		(18,936)	(49,860)
Superannuation benefit payments		(1,669,447)	(1,580,244)
Long service leave reimbursements		(372,644)	(363,482)
Annual leave reimbursements		(1,605,539)	(1,554,535)
Other		(172,929)	(160,298)
Net cash provided by/(used in) operating activities	48	397,949	(136,645)
Cash flows from investing activities			
<i>Inflows</i>			
Loans and advances		21,345	29,760
<i>Outflows</i>			
Loans and advances made		(445)	(196)
Net cash provided by/(used in) investing activities		20,900	29,564
Cash flows from financing activities			
<i>Inflows</i>			
Equity injections		1,008,736	7,605,565
Advances received from GOC's		1,398,212	..
Borrowings		18,534	1,543,753
Transfer from redraw		472,066	..
<i>Outflows</i>			
Borrowing redemptions		(1,019,472)	(8,117,372)
Transfer to redraw		(2,505,000)	..
Advance redemptions to GOC's		(53,153)	..
Equity withdrawals		(332,944)	(500,000)
Net cash provided by/(used in) financing activities		(1,013,021)	531,946
Net increase/(decrease) in cash and cash equivalents		(594,172)	424,865
Administered cash and cash equivalents at beginning of financial year		(2,137,018)	(2,561,883)
Administered cash and cash equivalents at end of financial year	42	(2,731,190)	(2,137,018)

The accompanying notes form part of these statements.

Queensland Treasury
Administered Statement of Comprehensive Income by Major Departmental Services
for the year ended 30 June 2017

	Fiscal		Revenue Management		Industrial Relations		Other *		Inter-service/activity eliminations		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Income and expenses administered on behalf of the whole of Government												
Income from continuing operations												
Revenue	19,544,833	17,071,872	..	..	..	..	14,746	..	..	..	19,559,579	17,071,872
Grants and other contributions	..	..	10,642,412	11,407,647	..	..	..	..	..	..	10,630,683	10,249,138
Taxes	..	..	48,632	83,408	56,758	47,357	..	..	(11,729)	(1,158,509)	105,390	130,765
User charges and fees	..	..	3,846,737	2,092,754	..	..	..	195	..	..	3,846,737	2,092,949
Royalties	..	..	17,027	18,672	..	..	48,016	127,151	..	..	54,941	132,149
Interest	180,009	141,274	179,833	118,375	..	..	5,722,553	5,713,082	(10,102)	(13,674)	6,082,395	5,972,731
Appropriation revenue	119,877	207,441	221,778	321,191	..	40	16,360	9,683	..	..	358,015	538,355
Other revenue	19,844,719	17,420,587	14,956,419	14,042,047	56,758	47,397	5,801,675	5,850,111	(21,831)	(1,172,183)	40,637,740	36,187,959
Total income from continuing operations												
Expenses from continuing operations												
Supplies and services	136,905	134,968	5,086	4,942	..	..	25,805	25,468	..	..	167,796	165,378
Losses on sale/revaluation of assets	..	..	10,078	10,041	(36)	65	..	..	..	..	10,042	10,106
Grants and subsidies	34,539	4,836	162,899	97,501	..	..	24,093	1,939	..	..	221,531	104,276
Finance/borrowing cost	..	..	119	31	..	..	1,821,917	2,041,746	(10,102)	(13,674)	1,811,934	2,028,103
Other expenses	8,565	1,471	11,730	1,158,509	..	..	3,856,984	3,653,198	(11,729)	(1,158,509)	3,865,550	3,654,669
Losses	180,009	141,275	189,912	1,271,024	(36)	65	5,728,799	5,722,351	(21,831)	(1,172,183)	6,076,853	5,962,532
Total expenses from continuing operations												
Operating result from continuing operations before transfers to Government												
	19,664,710	17,279,312	14,766,507	12,771,023	56,794	47,332	72,876	127,760	..	..	34,560,887	30,225,427
Transfers of administered comprehensive income to Government												
	19,664,710	17,279,312	14,766,507	12,771,023	56,794	47,332	72,876	127,760	..	..	34,560,887	30,225,427
Total administered comprehensive income												

* Includes superannuation, whole of Government offset account, central schemes (insurance, annual leave and long service leave), and other administered items

Queensland Treasury
Administered Statement of Assets and Liabilities by Major Departmental Services
as at 30 June 2017

	Fiscal*		Revenue Management*		Industrial Relations*		Other**		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Assets and liabilities administered on behalf of the whole of Government										
Current assets										
Cash and cash equivalents		(102,939)	68,086	61,450	..	..	(2,702,914)	(2,095,529)	(2,731,190)	(2,137,018)
Receivables	30,357	53,184	900,464	867,911	8,333	6,098	34,673	122,433	973,827	1,049,626
Other current assets	146	387	..	..	..	..	8,495	20,257	8,641	20,644
Total current assets	(65,859)	(49,368)	968,550	929,361	8,333	6,098	(2,659,746)	(1,952,839)	(1,748,722)	(1,066,748)
Non-current assets										
Receivables	..	..	..	..	..	..	88,471	104,630	88,471	104,630
Total non-current assets	..	..	..	..	..	..	88,471	104,630	88,471	104,630
Total administered assets	(65,859)	(49,368)	968,550	929,361	8,333	6,098	(2,571,275)	(1,848,209)	(1,660,251)	(962,118)
Current liabilities										
Payables	7,409	..	(24,083)	690	..	..	92,329	712	75,655	1,402
Transfer to Government payable	35,727	59,628	952,120	892,799	8,333	6,098	23,510	104,163	1,019,690	1,062,688
Interest bearing liabilities	..	..	..	..	..	..	1,359,316	6,989	1,359,316	6,989
Other liabilities	..	..	40,067	35,427	..	..	..	20	40,067	35,447
Total current liabilities	43,136	59,628	968,104	928,916	8,333	6,098	1,475,155	111,884	2,494,728	1,106,526
Non-current liabilities										
Interest bearing liabilities	..	..	..	..	..	..	30,329,534	33,091,661	30,329,534	33,091,661
Total non-current liabilities	..	..	..	..	..	..	30,329,534	33,091,661	30,329,534	33,091,661
Total administered liabilities	43,136	59,628	968,104	928,916	8,333	6,098	31,804,689	33,203,545	32,824,262	34,198,187
Administered net assets	(108,995)	(108,996)	446	445	..	..	(34,375,964)	(35,051,754)	(34,484,513)	(35,160,305)

* The department has systems in place to allocate assets and liabilities by Major Departmental Services

** Includes superannuation, whole of Government offset account and central schemes (insurance, annual leave and long service leave), and other administered items

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(a) Objectives of the department

Queensland Treasury's vision is to grow the Queensland economy and improve the wellbeing of all Queenslanders. It aims to support this through providing the Government with trusted, impartial advice on State finances and the economy, innovative revenue and commercial services and support for fair, safe and productive workplaces. This includes managing the State's finances in line with the Government's fiscal principles listed in the *Charter of Fiscal Responsibility*.

Queensland Treasury's strategic objectives are to:

- Enable sustainable growth that supports current and future government objectives
- Partner proactively to facilitate better outcomes for the community
- Ensure our services are tailored, fit-for-purpose and easy to access
- Develop a capable and flexible workforce that can lead in policy development and service delivery.

Details on QT's departmental service areas can be viewed in the department's Budget Paper 5 - Service Delivery Statements – QT, at

<https://s3.budget.qld.gov.au/budget/papers/5/bp5-qt-2017-18.pdf>

(b) Major activities of the department:

The Financial Statements have been aggregated into the following disclosures (refer Notes 2(b) and 2(c) for full details of this aggregation):

1. Controlled
 - (a) Queensland Treasury (as an entity in its own right and to which the remainder of this financial report refers) – column headed 'Parent Entity'
 - (b) Consolidated (Queensland Treasury and its controlled entity Queensland Treasury Holdings Pty Ltd (QTH) and its subsidiaries) - column headed 'Consolidated Entity'.
2. Administered on behalf of the whole of Government – shaded statements and notes.

2 Summary of significant accounting policies

The significant policies, which have been adopted in the preparation of these financial statements, are as follows:

(a) Statement of compliance

Queensland Treasury has prepared these financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements, prepared in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with the Treasurer's Minimum Reporting Requirements for the year beginning 1 July 2016 and other authoritative pronouncements.

(b) The reporting entity

The consolidated financial statements include the value of all revenues, expenses, assets, liabilities and equity of the department and the entities that it controls. Details of the department's controlled entities are disclosed in note 27.

The department as an economic entity consists of the parent entity together with QTH. In order to provide enhanced disclosure, the department has adopted the principles outlined in Australian Accounting Standard AASB 10 *Consolidated Financial Statements* and AASB 12 *Disclosure of Interests in Other Entities*. This approach is considered appropriate as it reflects the relationship between the department's core business activities and those of its controlled entities. In the process of reporting on the department as a single economic entity, all transactions and balances internal to the economic entity have been eliminated in full.

The accrual basis of accounting has been adopted for both controlled transactions and balances, and those administered by the department on a whole of Government basis. Except when stated, the historical cost convention is used.

(c) Controlled and Administered transactions and balances

Transactions and balances are controlled by the department where they can be deployed for the achievement of departmental objectives.

The department administers, but does not control, certain resources on behalf of the Government such as the collection of Grants, State taxes, Royalties and State Penalties Enforcement Registry (SPER) fines. In doing so, it has responsibility and is accountable for administering related transactions and items, but does not have the discretion to deploy the resources for the achievement of the department's objectives.

Transactions and balances relating to administered resources are not recognised as controlled revenues, expenses, assets or liabilities, but are disclosed separately as administered transactions and balances in the administered statements and associated notes.

2 Summary of significant accounting policies (continued)

(d) Trust and agency transactions and balances

The department administers certain transactions and balances in a trust or fiduciary capacity such as the settlement account held by the third party Cuscal (note 55).

As the department performs only a custodial role in respect of these transactions and balances, they are not recognised in the financial statements. While these transactions and balances are in the care of the department, they are subject to the department's normal system of internal control and external audit by the Auditor-General (notes 53-56).

(e) Departmental service revenue/administered item revenue

Appropriations provided under the Annual Appropriation Act are recognised as revenue when received or when approved as an accrual at year end. In some rare circumstances when approval is sought a deferred appropriation payable may be recognised with a corresponding expense at year end.

(f) User charges and fees

User charges and fees are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This involves either invoicing for related goods/services and/or the recognition of accrued revenue.

Administered user charges and fees primarily relate to SPER administration fees which are brought to account when the underlying transaction or event which gives rise to the right to collect the revenue occurs and can be measured reliably. This occurs on registration of the default certificate where the amount unpaid is increased by the amount of the registration fee.

(g) Taxes and royalties

The main revenue streams and the governing Acts which underpin them include:

- *Duties Act 2001*
- *Payroll Tax Act 1971*
- *Mineral Resources Act 1989, Petroleum and Gas (Production and Safety Act) 2004*
- *Land Tax Act 2010*
- *Taxation Administration Act 2001*
- *Local Government Act 2009, (National Tax Equivalents Regime (NTER))*
- *Gaming Machine Act 1991, Casino Control Act 1982, Keno Act 1996, Lotteries Act 1997 and Wagering Act 1998 (administered by The Office of Liquor and Gaming Regulation (OLGR))*

Revenue is recognised when one or more of the following events are satisfied:

- the underlying transaction or event which gives rise to the right to collect the revenue occurs and can be measured reliably
- the assessment is raised by the self-assessor (a person who lodges transactions online), predominantly for payroll tax and duties, additional revenue is recognised upon amended assessment
- the assessment is issued as a result of Commissioner-assessed transactions or following compliance activities such as reviews and audits, predominantly for land and gaming taxes
- tax penalty and interest revenue is recognised when raised, when an assessment becomes overdue or further enforcement activity commences

(h) SPER fines

The *State Penalties Enforcement Act 1999* largely covers administrative arrangements for the enforcement and recovery of court ordered fines, related levies and unpaid infringement notices. Revenue is recognised when the unpaid penalty, fine or levy has been transferred and registered with SPER, such as court, traffic offences and tolling fines. Additional income from enforcement fees on overdue fines is recognised when they are subject to further enforcement action.

(i) Grants and other contributions

Grants, donations, gifts and other contributions that are non-reciprocal in nature are recognised as revenue in the year in which the department obtains control over them (control is generally obtained at the time of receipt). Where grants are received that are reciprocal in nature, revenue is progressively recognised as it is earned, according to the terms of the funding agreements.

(j) Cash and cash equivalents

Cash assets include all cash as well as deposits at call with financial institutions. Cash equivalents include investments with short periods to maturity that are readily convertible to cash on hand at the department's option and that are subject to a low risk of changes in value.

Bank accounts grouped within the whole of Government set-off arrangement with the Queensland Treasury Corporation (QTC) do not earn interest on surplus funds. Interest earned on the aggregate set-off arrangement balance accrues to the Consolidated Fund.

(k) Receivables

Debtors are recognised at the amounts due at the time of service delivery i.e. the agreed purchase/contract price. Settlement of debtors is generally required within 30 days.

Licence fee receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are carried at amortised cost using the effective interest rate method.

2 Summary of significant accounting policies (continued)

Administered receivables are recognised in line with revenue criteria, explained in notes (f) to (h).

(l) Other financial assets

The department carries equity investments in unlisted companies at cost under AASB 139 *Financial Instruments: Recognition and Measurement*. The fair value of the investments cannot be reliably determined due to inactive markets for identical investments (refer note 17).

(m) Amortisation of intangibles and depreciation of property, plant and equipment

Property, plant and equipment assets are depreciated on a straight-line basis so as to allocate the net cost of each asset, less its estimated residual value, progressively over its estimated useful life to the department. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

All intangible assets of the department have finite useful lives and are amortised on a straight line basis.

For each class of depreciable asset, the following depreciation/amortisation rates were used:

Class	Depreciation/amortisation rates
Plant and equipment	
– IT and communications	16.6% - 50%
– Furniture and office amenities	20%
– Office equipment	10% - 50%
– Leasehold improvements	7.14% - 33.33%
Intangibles	
– Internally generated software	7.14% - 20%
– Purchased software/licences	12.5% - 25%

Queensland Treasury currently holds plant and equipment with a written down value of zero that has an original cost of \$0.931million. Also QT has no temporary idle plant and equipment and no plant and equipment recorded at cost with materially different fair values.

(n) Payables

Creditors are recognised upon receipt of goods and services at the agreed purchase price. Amounts owing are generally settled on 30 day terms.

(o) Leases

Operating lease payments have been entered into under which the lessor retains substantially all the risks and benefits incidental to ownership. Property leases are recognised on a straight line basis over the lease life including any applicable lease incentives and annual rent increments, in accordance with AASB 117 *Leases*.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability in the period in which they are incurred.

Leases are classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, refer note 16.

(p) Financial instruments

Recognition

Financial assets and financial liabilities are recognised in the Statements of Financial Position when the department becomes party to the contractual provisions of the financial instrument.

Classification

Financial instruments are classified and measured as follows:

1. Financial assets at fair value through profit or loss – held at fair value
 - o Other financial assets – Shares in Aurizon Holdings Ltd (AZI)
2. Financial assets – held at amortised cost
 - o Receivables
 - o Lease receivables
 - o Loans and advances
3. Financial liabilities – held at amortised cost
 - o Payables
 - o Tax liabilities
 - o Interest bearing liabilities – Commonwealth, QTC borrowings and Advances payable to GOC's
 - o Other liabilities – insurance premiums on pass to the State
4. Equity instrument – held at cost
 - o Other financial assets

Valuation

Interest bearing liabilities are initially recognised at fair value, plus any transaction costs directly attributable to the interest bearing liability, then subsequently held at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument (or, when appropriate, a shorter period) to the net carrying amount of that instrument.

2 Summary of significant accounting policies (continued)

(q) Employee benefits

Employer superannuation contributions, annual leave levies and long service leave levies are regarded as employee benefits.

Workers' compensation insurance is not counted in an employee's total remuneration package as employee benefits and is recognised separately as employee related expenses.

Wages, salaries and sick leave

Unpaid salaries and wages expenses are recognised in the Statement of Financial Position at the current salary rates.

History indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Annual leave

No provision for annual leave has been recognised in the department's financial statements as the liability is held on a whole of Government basis and reported in those financial statements pursuant to *AASB 1049 Whole of Government and General Government Sector Financial Reporting*, under the Annual Leave Central Scheme (ALCS). A levy is made on the department to cover the cost of employees' annual leave (including leave loading and on-costs). The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave are claimed from the scheme quarterly in arrears.

Long service leave

Under the Queensland Government's long service leave scheme, a levy is made on the department to cover the cost of employees' long service leave. Levies are expensed in the period in which they are paid or payable.

Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears. Therefore, no provision for long service leave is recognised in the department's financial statements, the liability being held on a whole of Government basis and reported in those financial statements prepared pursuant to *AASB 1049 Whole of Government and General Government Sector Financial Reporting*.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. The department's obligation is limited to its contribution to QSuper.

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole of Government basis and reported in those financial statements pursuant to *AASB 1049 Whole of Government and General Government Sector Financial Reporting*.

(r) Taxation

Queensland Treasury is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of fringe benefits tax (FBT) and goods and services tax (GST). As such, FBT and GST credits receivable from/payable to the ATO are recognised and accrued.

QTH is subject to the National Tax Equivalent Regime (NTER), and payments are made to the State Treasurer equivalent (Consolidated Fund) to the amount of Commonwealth income tax.

The QTH controlled entity falls under the Taxation of Financial Arrangements (TOFA) legislation and applies the default realisation and accrual methods.

(s) Allocation of revenues and expenses from ordinary activities of corporate services

The department allocates revenues and expenses attributable to corporate services to its controlled departmental services in the Statement of Comprehensive Income based on the average usage patterns of the services' key drivers of costs.

(t) Rounding and comparatives

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

(u) Issuance of financial statements

The financial statements are authorised for issue by the Under Treasurer and Chief Finance Officer at the date of signing the Management Certificate.

2 Summary of significant accounting policies (continued)

(v) Accounting estimates and judgements

Estimates and assumptions that have a potential significant effect are outlined in the following notes and categories on the face of the statements:

- notes 15 and 43 (Allowance for impairment)
- notes 26 and 49 (Contingencies)
- note 30 (a) and (f)
- note 50 (a) and (f)

Further, the matters covered in each of those notes necessarily involve estimation uncertainty with the potential to materially impact on the carrying amount of the department's assets and liabilities in the next reporting period. Reference should be made to the respective notes for more information.

(w) First year application of new accounting standards or change in accounting policy

A revised version of *AASB 124 Related Party Disclosures* will apply to QT for the first time in 2016-17. *AASB 124* requires disclosures about the remuneration of key management personnel (KMP) (refer note 8), transactions with related parties, and relationships between parent and controlled entities.

Queensland Treasury already discloses detailed information about remuneration of its KMP, based on Financial Reporting Requirements for Queensland Government Agencies. Due to the additional guidance about the KMP definition in the revised *AASB 124*, the department discloses its responsible Minister(s) as part of its KMP in 2016-17. The department does not provide remuneration to Ministers, so figures for Ministerial remuneration will not be disclosed by the department.

The most significant implications of *AASB 124* in 2016-17 are the required disclosures about transactions between the department and its related parties. Disclosures include the nature of the related party relationship with KMP, as well as information about those transactions' terms/conditions and amounts, any guarantees given/received, outstanding receivables/ payables, commitments, and any receivables where collection has been assessed as being doubtful. In respect of related party transactions with other Queensland Government controlled entities, the information disclosed will be more high level, unless a transaction is individually significant. No comparative information is required in respect of related party transactions in the 2016-17 financial statements.

(x) Future impact of Accounting Standards not yet effective

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

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB107

From reporting periods beginning on or after 1 July 2017, this Standard will require additional disclosures to enable the reader to evaluate changes in liabilities arising from financing activities. These disclosures will include both cash flows and non-cash changes between the opening and closing balance of the relevant liabilities and be disclosed by way of reconciliation in the notes to the statement of cash flows.

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

These standards will become effective from reporting periods on or after 1 January 2019. The department has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts, however QT are not expecting any significant impacts from this standard due to no coverage of taxation revenue collection for administered revenue streams. Potential future impacts identifiable at the date of this report are as follows:

- under the new standards, other grants presently recognised as revenue upfront may be eligible to be recognised as revenue progressively as the associated performance obligations are satisfied, but only if the associated performance obligations are enforceable and sufficiently specific. The department is yet to evaluate the existing grant arrangements with the Australian Government's Department of Efficiency as to whether revenue from those grants could be deferred under the new requirements.
- grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. The department receives several grants for which there are no sufficiently specific performance obligations, so these grants will continue to be recognised as revenue upfront.
- depending on the respective contractual terms, the new requirements may potentially result in a change to the timing of revenue from user charges such that some revenue may need to be deferred to a later reporting period to the extent that the department has received cash but has not met its associated obligations (such amounts would be reported as a liability in the meantime). The department is yet to complete its analysis of existing arrangements for sale of its goods and services, but at this stage does not expect a significant impact on its present accounting practices.
- a range of new disclosures may also be required by the new standards in respect of the department's revenue, however and in-depth assessment of these requirements is yet to be undertaken.

2 Summary of significant accounting policies (continued)

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

These standards will become effective for reporting periods beginning on or after 1 January 2018. The main impacts of these standards on the department are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the department's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

At this stage assuming no change in the types of transactions the department enters into, all the financial assets are expected to be measured at fair value as required in the standard (instead of the measurement classifications presently used in Note 2(p), 30 and 50). In the case of the department's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value. Changes in the fair value of those assets will be reflected in the department's operating result. A significant impact of the new measurement requirements on QT is that "Loans and advances" in the administered accounts and "Licence fee receivable" in the consolidated controlled accounts will need to be measured at fair value and are currently recorded at amortised cost. The department is not yet able to reliably estimate what the fair value of loans and advances will be at the date of initial application of AASB 9, due to availability of inputs from the Commonwealth and the use of historical estimates which could significantly mislead users of this information. Under the new standard the nature of how the Licence fee receivable is recorded will change impacting the financial position or performance of the amount receivable. The difference between the carrying amount of these assets and their initial fair value will be recognised as an adjustment to the balance of Accumulated Surplus on initial application of AASB 9. AASB 9 allows an entity to make an irrevocable election at the date of initial recognition to present in 'other comprehensive income' subsequent changes in the fair value of such an asset.

AASB 16 Leases

This standard will become effective for reporting periods on or after 1 January 2019. When applied, the standard supersedes AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases – Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Impact for Lessees

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

In effect, the majority of operating leases (as defined by the current AASB 117) will be reported on the statement of financial position under AASB 16. The impact on the reported assets and liabilities would be largely in proportion to the scale of the agency's leasing activities. Queensland Treasury's current lease commitments include rental accommodation managed by the Department of Housing and Public Works. The department has a number of accommodation leases in Brisbane and regional Queensland with the majority apportioned to 1 William St, Brisbane.

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense. Refer to note 25 for details of the types of non-cancellable lease commitments the department currently carries. A full comprehensive analysis of how these commitments will be brought to account is yet to be undertaken.

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

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

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

Impact for Lessors

Lessor accounting under AASB 16 remains largely unchanged from AASB 117. For finance leases, the lessor recognises a receivable equal to the net investment in the lease. Lease receipts from operating leases are recognised as income either on a straight-line basis or another systematic basis where appropriate.

All other Australian accounting standards and interpretations with future effective dates are either not applicable to QT activities, or have no material impact on the department.

	Consolidated Entity		Parent Entity	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
3 Reconciliation of payments from Consolidated Fund to appropriated revenue recognised in the Statement of Comprehensive Income				
Budgeted appropriation revenue	251,486	217,173	251,486	217,173
Transfer (to)/from other departments	..	3,770	..	3,770
Transfer (to)/from other heading	(11,090)	(9,686)	(11,090)	(9,686)
Total appropriation receipts	240,396	211,257	240,396	211,257
Plus opening balance of deferred appropriation payable	3,163	2,100	3,163	2,100
Less closing balance of deferred appropriation payable	(15,241)	(3,163)	(15,241)	(3,163)
Net appropriation revenue	228,318	210,194	228,318	210,194
Plus deferred appropriation expense payable to Consolidated Fund	12,781	..	12,781	..
State and Commonwealth appropriation revenue recognised in Statement of Comprehensive Income	241,099	210,194	241,099	210,194
Reconciliation of payments from Consolidated Fund to appropriated equity adjustments recognised in contributed equity				
Budgeted equity adjustment appropriation	11,058	4,462	11,058	4,462
Transfer (to)/from other heading	(607)	(4,622)	(607)	(4,622)
Total equity adjustment receipts	10,451	(160)	10,451	(160)
Appropriated equity adjustment recognised in contributed equity	10,451	(160)	10,451	(160)
4 User charges and fees				
Sale of services	30,304	29,072	30,304	29,072
Other fees	7	9	7	9
	30,311	29,081	30,311	29,081
5 Grants and other contributions				
Resources received below fair value	427	221	427	221
Grant revenue	..	207	..	200
Industry contributions	14,989	13,531	14,989	13,531
Contributions from Workcover	84,099	77,439	84,099	77,439
	99,515	91,398	99,515	91,391
6 Interest revenue				
Interest - QTC	1,751	1,717	..	..
Interest - lease receivables *	6,517	6,966	..	..
Interest - loans and receivables **	7,202	12,703	..	..
	15,470	21,386	..	..
7 Gain/loss on sale/fair value movement of investments				
Gain/Loss on shares - unrealised *	29,660	(17,027)	..	..
	29,660	(17,027)	..	..

* Relates to interest recognised on QTH Lease receivables by Dalrymple Bay Coal Terminal Holdings (DBCTH) Pty Ltd (refer note 16).

** Relates to interest recognised on QTH financial assets acquired from Brisbane Port Holdings Pty Ltd (BPH) following the long-term lease of the Port of Brisbane (refer note 15)

* Relates to the market movement on remaining shares held in AZJ (formerly QR National Limited) recorded at fair value (recognised at the closing listed market price of \$5.36 per share (2016: \$4.82 per share))

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
8 Employee expenses				
Salaries, wages and related - Government employees	157,397	157,922	157,397	157,922
Redundancy payments	1,786	53	1,786	53
Salaries & wages not included for LSL & Annual leave levy calcs	(789)	(35)	(789)	(35)
Employer contributions - Accumulation schemes	17,466	16,640	17,466	16,640
Employer contributions - Defined benefit scheme	2,979	2,956	2,979	2,956
Long service leave	3,024	3,257	3,024	3,257
Annual leave	15,746	15,156	15,746	15,156
Fringe benefits tax expense	1,167	1,086	1,167	1,086
Workers' compensation premium	437	494	437	494
Other employee related expenses	3,466	3,003	3,466	3,003
	202,679	200,532	202,679	200,532

The number of employees as at 30 June, including both full-time employees and part-time employees, measured on a full-time equivalent basis (reflecting Minimum Obligatory Human Resource Information (MOHRI)) is:

Number of employees:	1,757	1,768	1,757	1,768
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(a) Key management personnel and remuneration

As from 2016-17, the department's Treasurer is identified as part of the department's key management personnel (KMP), consistent with additional guidance included in the revised version of AASB 124 Related Party Disclosures. Those Ministers are the Treasurer and Minister for Trade and Investment – Curtis Pitt, and the Minister for Employment and Industrial Relations, Minister for Racing and Minister for Multicultural Affairs – Grace Grace.

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

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

The following details for non-Ministerial KMP reflect those departmental positions that had authority and responsibility for planning, directing and controlling the activities of the department during the respective reporting periods. Further information about these positions can be found in the body of the Annual Report under the section relating to Executive Management.

The following disclosures focus on the expenses incurred by the department during the respective reporting periods that are attributable to non-Ministerial KMP.

8 Employee expenses (continued)

The amounts disclosed below reflect expenses recognised in the Statement of Comprehensive Income.

1 July 2016 - 30 June 2017

Position (a)	Responsibilities	Date appointed to position (End date of position)	Short Term Employee Expenses		Long Term Employee Expenses	Post Employment Expenses	Termination Benefits	Total Expenses
			Monetary Expenses * \$'000	\$'000				
Under Treasurer	Responsible for executive leadership, strategic direction of the department and whole of Government financial management	09-Jun-15	596	12	74	..	682	
Acting Deputy Under Treasurer	Responsible for executive leadership, strategic direction of the department and whole of Government financial management for Economics and Fiscal Coordination	24-Aug-15	238	5	26	..	269	
Deputy Under Treasurer	Responsible for Agency Performance	6-Aug-15	233	4	26	..	263	
Acting Deputy Under Treasurer	Responsible for Commercial Services	20-Apr-15 (16-Jun-17) (b)	..	..	..	..	..
Deputy Under Treasurer	Responsible for Commercial Services and Agency Performance	27-Aug-15	286	5	32	..	323	
Commissioner	Responsible for the Office of State Revenue	10-Feb-14	284	6	32	..	322	
Acting Executive General Manager	Responsible for the Operations and Change	15-Sept-16 (c)	143	3	15	..	161	
Executive General Manager	Responsible for Risk and Intelligence	27-Jan-16	219	4	24	..	247	
Deputy Director-General	Responsible for the Office of Industrial Relations	09-Jan-14	245	5	27	..	277	
Total Expenses			2,244	44	256	..	2,544	

* The department does not have any non-monetary benefits to disclose in relation to its KMP

(a) Some positions have been excluded from the table on the basis of being immaterial in relation to time in the role and dollar value

(b) The former Acting Deputy Under Treasurer was remunerated by QTC and departed interchange agreement on 16 June 2017.

(c) Appointed as Acting Executive General Manager on 15 September 2016 following a departmental restructure. Previously in a non KMP position.

8 Employee expenses (continued)

1 July 2015 - 30 June 2016

Position (a)	Responsibilities	Date appointed to position (End date of position)	Short Term Employee Expenses \$'000		Long Term Employee Expenses	Post Employment Expenses	Termination Benefits \$'000	Total Expenses \$'000
			Monetary Expenses *					
Under Treasurer	Responsible for executive leadership, strategic direction of the department and whole of Government financial management	09-Jun-15	595	11	73	..	679	
Acting Deputy Under Treasurer (b)	Responsible for executive leadership, strategic direction of the department and whole of Government financial management and the Fiscal Group	24-Aug-15	197	4	21	..	222	
Deputy Under Treasurer	Responsible for the Economics Group	6-Aug-15	243	5	25	..	273	
Acting Deputy Under Treasurer (c)	Responsible for Commercial Group	20-Apr-15	..	..	..	..	..
Deputy Under Treasurer	Responsible for Commercial Group	27-Aug-15 (d)	285	5	31	..	321	
Commissioner	Responsible for the Office of State Revenue	10-Feb-14	266	5	31	..	302	
Assistant Under Treasurer, Corporate Group	Responsible for the Corporate Group	27-Jan-16 (e)	100	2	11	..	113	
Deputy Director-General (f)	Responsible for the Office of Industrial Relations	09-Jan-14	243	5	26	..	274	
Total Expenses			1,929	37	218	..	2,184	

* The department does not have any non-monetary benefits to disclose in relation to its' KMP

(a) Some positions have been excluded from the table on the basis of being immaterial in relation to time in the role and dollar value

(b) The incumbent Deputy Under Treasurer was seconded to QSuper on 21 December 2015, the incumbent worked offline and did not meet the criteria as a KMP

(c) The Acting Deputy Under Treasurer is remunerated by QIC

(d) The Chief Operating Officer was transferred to this position on 27 August 2015 with a s122 contract variation. Remuneration remains the same, only the role title, duties and location were varied from 27 August 2015, with the approval of the Public Commission (PSO) Chief Executive.

(e) Commenced as QT employee on 27 January 2016. Before this was a contractor in the role as head of Corporate Group since August 2015

(f) The OIR joined QT on 1 July 2015 as part of a MoG change

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
9 Supplies and services				
Consultants	12,379	10,636	12,379	10,636
Professional legal, service fees and charges	10,090	9,301	10,090	9,301
Advertising, postage and telephone charges	9,358	11,573	9,358	11,573
Property, parking, accommodation fitout and equipment charges	9,166	5,184	9,166	5,184
Payments to contractors and employment agencies	24,737	18,513	24,737	18,513
Operating lease rentals	21,854	18,428	21,854	18,428
Computer management, licence fees and administration charges	30,540	18,171	30,540	18,171
SPER Call Centre costs	10,881	10,615	10,881	10,615
Other Supplies and services	8,636	9,007	8,636	9,007
	<u>137,641</u>	<u>111,428</u>	<u>137,641</u>	<u>111,428</u>
10 Grants and subsidies				
Safe Work Australia	2,037	2,068	2,037	2,068
Anzac Day Trust	1,299	1,277	1,299	1,277
Queensland Ambulance Service	3,918	3,415	3,918	3,415
Back to Work	2,848	..	2,848	..
Other recurrent grants	1,524	840	1,524	840
	<u>11,626</u>	<u>7,600</u>	<u>11,626</u>	<u>7,600</u>
11 Impairment expense				
Impairment losses on receivables *	139	69,468	139	103
Impairment losses on Intangibles	..	40	..	40
	<u>139</u>	<u>69,508</u>	<u>139</u>	<u>143</u>

* Relates to the rights to cash flows under a revenue sharing arrangement as part of the Port of Brisbane sale. The carrying value of the licence fee receivable is reviewed annually incorporating projected trade volumes and price growth. A discount rate is applied against the expected cash flows based on a pre-tax discount rate of 9.54% (2016 9.00%) which is based on a weighted average cost of capital methodology adjusted for lower volatility from revenue, refer notes 6 and 15.

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
12 Other expenses				
External audit fees*	812	905	773	866
Internal audit fees	1,525	1,259	1,525	1,259
Company secretariat and accounting services - QTC	412	428	..	..
Project management - CNI	..	7	..	..
Deferred departmental projects and initiatives	12,781	..	12,781	..
Sponsorships and special payments	168	295	168	295
Bank charges	1,750	1,941	1,750	1,941
Qld Government Insurance Fund - insurance premiums	137	78	137	78
Ex-gratia payments - payments to former core agreement employees	..	24	..	24
Sundry expenses	700	559	485	336
	<u>18,285</u>	<u>5,496</u>	<u>17,619</u>	<u>4,799</u>
* Total audit fees quoted by the Queensland Audit Office relating to the 2016-17 financial statements for the parent entity are \$540k, (2016: \$550k)				
13 Income tax expense				
Current tax comprises:				
Current tax on profit for the year	2,499	3,310	..	..
	<u>2,499</u>	<u>3,310</u>	<u>..</u>	<u>..</u>
Deferred tax comprises:				
Decrease/(increase) in deferred tax asset	1,192	5,401	..	..
(Decrease)/increase in deferred tax liability	8,898	(5,108)	..	..
	<u>10,090</u>	<u>293</u>	<u>..</u>	<u>..</u>
Income tax expense/(benefit)	<u>12,589</u>	<u>3,603</u>	<u>..</u>	<u>..</u>
Numerical reconciliation of income tax expense to prima facie tax payable:				
Profit/(loss) before income tax expense	52,631	(58,877)	..	..
Less (profit)/loss of non taxable entities	(327)	(472)	..	..
Plus dividend received from AZ]	(10,343)	(6,635)	..	..
Profit/(loss) before income tax expense from taxable entities	<u>41,961</u>	<u>(65,984)</u>	<u>..</u>	<u>..</u>
Tax at the Australian Company tax rate of 30%	12,589	(19,797)	..	..
Plus write-back of deferred tax asset	..	23,400	..	..
Income tax expense/(benefit)	<u>12,589</u>	<u>3,603</u>	<u>..</u>	<u>..</u>
14 Cash assets				
Cash on hand and at bank	53,117	37,912	53,116	37,910
QTC Cash Fund	77,112	59,199	..	..
Cash at the end of financial year	<u>130,229</u>	<u>97,111</u>	<u>53,116</u>	<u>37,910</u>

	Consolidated Entity		Parent Entity	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
15 Receivables				
<i>Current</i>				
Receivables of operating nature	3,362	10,445	3,362	10,445
Less allowance for impairment loss	(310)	(173)	(310)	(173)
	<u>3,052</u>	<u>10,272</u>	<u>3,052</u>	<u>10,272</u>
GST input tax credits receivable	970	692	970	692
Sundry receivable	1,595	1,908	1,595	1,908
Long service leave claims receivable	752	291	752	291
Annual leave claims receivable	2,876	2,662	2,876	2,662
	<u>6,193</u>	<u>5,553</u>	<u>6,193</u>	<u>5,553</u>
Total Current	<u>9,245</u>	<u>15,825</u>	<u>9,245</u>	<u>15,825</u>
<i>Ageing of past due but not impaired Receivables*</i>				
Overdue				
Less than 30 days	63	62	63	62
30-60 days	98	134	98	134
61 to 90 days	..	48	..	48
Greater than 90 days	262	85	262	85
Total overdue	<u>423</u>	<u>329</u>	<u>423</u>	<u>329</u>
* 2017 and comparative ageing of individually impaired financial assets are not disclosed as they are immaterial.				
<i>Non-current</i>				
Licence fee receivable*	121,249	121,249	..	..
Interest revenue - accumulated	62,727	58,753	..	..
Impairment expense - accumulated	(135,853)	(135,853)	..	..
Total Non-current	<u>48,123</u>	<u>44,149</u>	<u>..</u>	<u>..</u>
* The licence fee receivable has been estimated based on projected trade volume and price growth and is discounted at a rate of 9.54% (2016: 9%). The discount rate is applied against expected cash flows under a revenue sharing arrangement based on a pre-tax discount rate. The licence fee was written down in the prior financial year to its recoverable amount (refer note 11).				

Credit risk exposure of receivables

Credit risk exposure refers to the situation where the department and its controlled entities may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

Credit risk (receivables) is managed pursuant to internal policies. These focus on the prompt collection of revenues due and payable to the department and follow-up of outstanding fees and charges within specified timeframes. Any write-offs require high level approval.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets net of any provisions for impairments.

No collateral is held as security and no credit enhancements relate to the financial assets held by the department.

The QTH controlled entity is exposed to credit risk in relation to the receivables arrangements entered into with Brisbane Port Holding (BPH). BPH has assigned its rights to QTH to receive money payable to it by the Port Manager, Port of Brisbane Pty Ltd (PBPL).

The QTH controlled entity is also exposed to credit risk primarily through its investments in the QTC Cash Fund. The QTC Cash Fund is an asset management portfolio that invests with a wide variety of high credit rated counterparties. Deposits with the QTC Cash fund are capital guaranteed.

15 Receivables (continued)

The allowance for impairment reflects the occurrence of loss events. The most readily identifiable loss event is where a debtor is overdue in paying a debt to the department and its controlled entities, according to the due date (normally terms of 30 days). Economic changes impacting debtors, and relevant industry data, also form part of the documented risk analysis.

If no loss events have arisen in respect of a particular debtor or group of debtors, no allowance for impairment is made in respect of that debt/group of debtors. If the department and its controlled entities determine that an amount owing by such a debtor does become uncollectible (after an appropriate range of debt recovery actions), that amount is recognised as a bad debt expense and written-off directly against Receivables.

16 Lease receivables	Consolidated Entity		Parent Entity	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<i>Current</i>				
Finance lease receivable	1,288	1,235	..	..
Novation receivable	7,472	7,657	..	..
	<u>8,760</u>	<u>8,892</u>	<u>..</u>	<u>..</u>
<i>Non-current</i>				
Finance lease receivable	107,151	108,439	..	..
Novation receivable	14,474	21,946	..	..
	<u>121,625</u>	<u>130,385</u>	<u>..</u>	<u>..</u>
Total				
Lease receivable	108,439	109,674	..	..
Novation receivable	21,946	29,603	..	..
	<u>130,385</u>	<u>139,277</u>	<u>..</u>	<u>..</u>
<i>Finance leases</i>				
Minimum lease payments				
- Not later than one year	6,471	6,471	..	..
- Later than one year and not later than five years	25,882	25,882	..	..
- Later than five years	188,992	195,462	..	..
Minimum lease commitments receivable at balance date *	<u>221,345</u>	<u>227,815</u>	<u>..</u>	<u>..</u>
Less future finance charges	(112,906)	(118,141)	..	..
Total lease receivable	<u>108,439</u>	<u>109,674</u>	<u>..</u>	<u>..</u>
Present value of minimum lease payments				
- Not later than one year	6,281	6,281	..	..
- Later than one year and not later than five years	22,329	22,328	..	..
- Later than five years	79,829	81,065	..	..
	<u>108,439</u>	<u>109,674</u>	<u>..</u>	<u>..</u>

* These lease commitments receivable represent payments due from the primary lessee under the Plant lease, On-shore sub-lease, Off-shore sub-sub-lease and Road sub-sub-lease. The terms of the Plant lease and On-shore sub-lease are 50 years each, with options to renew for a further 49 years, while the Off-shore sub-sub-lease and Road sub-sub-lease terms are 99 years each. There are no guaranteed residuals for any of the leases

16 Lease receivables (continued)	Consolidated Entity		Parent Entity	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Novation receivable				
<i>Operating lease</i>				
Minimum lease payments				
- Not later than one year	8,391	8,938	..	..
- Later than one year and not later than five years	15,253	23,644	..	..
Minimum novation payments receivable at balance date *	23,644	32,582	..	..
Less: future finance charges	(1,698)	(2,979)	..	..
Total novation receivable	21,946	29,603	..	..
Present value of minimum lease payments				
- Not later than one year	8,147	8,679	..	..
- Later than one year and not later than five years	13,799	20,924	..	..
	21,946	29,603	..	..

* The novation receivable represents payments owing to North Queensland Bulk Ports Corporation Limited from DBCT Management Pty Ltd which has been novated to DBCT Holdings Pty Ltd. The novation payments to be made are set out in the Framework Agreement, with the final payment to be made on 30 June 2020

17 Other financial assets

Current

Shares - AZJ *	294,404	264,744	..	..
	294,404	264,744	..	..

Non-current

Shares held in unlisted company at cost	6,833	6,833	6,833	6,833
QIC investments - Business Development Fund at cost	20,000	10,000	20,000	10,000
	26,833	16,833	26,833	16,833

* The QTH controlled entity holds 54,926,186 shares (2016: 54,926,186) shares in AZJ, purchased at the institutional price of \$2.55 per share. The shares are market valued based on the closing listed share price of \$5.36 per share (2016: \$4.82)

18 Intangibles

Non-current

Internally generated software				
- at cost	11,092	9,130	11,092	9,130
- accumulated amortisation	(4,871)	(3,346)	(4,871)	(3,346)
- accumulated impairment loss	..	(136)	..	(136)
	6,221	5,648	6,221	5,648
Other software/licences				
- at cost	10,250	9,591	10,250	9,591
- accumulated amortisation	(9,468)	(8,601)	(9,468)	(8,601)
	782	990	782	990
Work in progress				
- at cost	3,937	1,843	3,937	1,843
	3,937	1,843	3,937	1,843
Total intangibles				
- net book value	10,940	8,481	10,940	8,481

18 Intangibles (continued)

Reconciliation

	Internally generated software		Other software/licences		Software works in progress		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Carrying amount at 1 July	5,648	7,132	990	1,809	1,843	..	8,481	8,941
Acquisitions	..	..	500	1,260	4,619	5,570	5,119	6,830
Mog Transfer in	..	738	..	..	..	567	..	1,305
Disposals	(404)	..	..	..	..	..	(404)	..
Impairment losses recognised in operating surplus/deficit	..	(40)	..	..	..	..	..	(40)
Assets transferred between asset classes	2,366	5,434	159	(1,140)	(2,525)	(4,294)	..	..
Amortisation *	(1,389)	(7,616)	(867)	(939)	..	..	(2,256)	(8,555)
Carrying amount at 30 June	6,221	5,648	782	990	3,937	1,843	10,940	8,481

* Amortisation of intangibles is included in the line item 'Depreciation and amortisation' in the Statement of Comprehensive Income.

Queensland Treasury has intangibles which are fully amortised and still in use that had an original cost of \$9.733 million. The department has no significant unrecognised intangibles.

No intangible assets have been classified as held for sale or form part of a disposal group classified as held for sale.

	Consolidated Entity		Parent Entity	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
19 Deferred tax asset				
The balance comprises temporary differences attributable to:				
Long term receivable - BPH	21,944	23,136	..	..
	<u>21,944</u>	<u>23,136</u>	<u>..</u>	<u>..</u>
20 Payables				
<i>Current</i>				
Payables of operating nature	16,281	13,860	16,281	13,860
Interdepartmental payable	2,147	4,512	2,147	4,512
Deferred appropriation departmental services payable	15,241	3,163	15,241	3,163
Taxes payable	387	398	289	273
GST payable	352	414	352	414
Sundry payables	359	343	10	26
	<u>34,767</u>	<u>22,690</u>	<u>34,320</u>	<u>22,248</u>
<i>Non-current</i>				
Payables of operating nature	2,796	..	2,796	..
	<u>2,796</u>	<u>..</u>	<u>2,796</u>	<u>..</u>
21 Other current liabilities				
<i>Current</i>				
Unearned revenue	396	356	396	356
Sub-lease on land*	337	331	..	..
	<u>733</u>	<u>687</u>	<u>396</u>	<u>356</u>
<i>Non-current</i>				
Sub-lease on land*	2,378	2,713	..	..
	<u>2,378</u>	<u>2,713</u>	<u>..</u>	<u>..</u>

* The QTH controlled entity, through DBCTH, has deferred revenue resulting from an upfront payment on a long-term lease arrangement

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
22 Deferred tax liabilities				
Attributable to temporary differences:				
Financial assets at fair value - AZJ	46,302	37,404	..	..
Investments in subsidiaries - DBCTH	178	178	..	..
	<u>46,480</u>	<u>37,582</u>	..	..
23 Interest bearing liabilities				
Current loans with QTC				
Lease loan *	1,288	1,235	..	..
Novation loan *	7,472	7,657	..	..
	<u>8,760</u>	<u>8,892</u>	..	..
Interest bearing liabilities				
Non-current loans with QTC				
Lease loan *	107,151	108,439	..	..
Novation loan *	14,474	21,946	..	..
	<u>121,625</u>	<u>130,385</u>	..	..

* The long-term Lease Loan and Novation Loan from QTC, is for a period of 50 and 20 years, respectively for each loan, unless terminated earlier. Interest on the loans is fixed at 4.8% per annum, calculated on the daily balance and payable in arrears on each date rent is payable. A first ranking registered fixed and floating charge has been granted by DBCTH in favour of QTC over all the assets and undertakings of DBCTH

	Consolidated Entity		Parent Entity	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
24 Reconciliation of operating surplus to net cash from operating activities				
Operating surplus/(deficit)	39,223	(66,237)	(819)	(3,757)
Impairment expense	139	69,508	139	143
Gain on shares - unrealised	(29,660)	17,027	..	..
Interest - loans and receivables	(7,202)	(12,703)	..	..
Loss on sale of property, plant and equipment	..	6	..	6
Dividend received	(14,775)	(13,841)	..	..
Decrease in amortisation of unearned income	(328)	(325)	..	..
Depreciation/amortisation expense	3,331	11,273	3,331	11,273
Interest expense	6,517	6,966	..	..
Change in assets and liabilities:				
(Increase)/decrease in appropriation receivable	(703)	..	(703)	..
(Increase)/decrease in GST input tax credits receivable	(278)	4,545	(278)	4,545
(Increase)/decrease in trade debtors	7,652	(4,771)	7,082	(5,741)
(Increase)/decrease in annual leave reimbursements	(214)	(1,142)	(214)	(1,142)
(Increase)/decrease in other receivables	(146)	(445)	(146)	(445)
Increase/(decrease) in interdepartmental payable	(2,365)	3,364	(2,365)	3,364
(Increase)/decrease in other assets	(995)	(664)	(1,097)	(780)
Increase/(decrease) in trade creditors	5,213	4,473	5,213	4,473
Increase/(decrease) in accrued employee benefits	1,336	4,979	1,336	4,979
Increase/(decrease) in GST payable	(62)	(27)	(62)	(27)
Increase/(decrease) in other payables	12,107	2,206	12,784	2,990
Increase/(decrease) in other current liabilities	40	282	40	289
Increase/(decrease) in tax provision	(607)	124	..	..
Increase/(decrease) in deferred tax liability	8,905	(5,109)	..	..
Decrease in deferred tax asset	1,765	5,401	..	..
Adjustment to various assets and liabilities due to MoG (non-cash items)	..	(2,136)	..	(2,136)
Net cash provided by/(used in) operating activities	28,893	22,754	24,241	18,034

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
25 Commitments for expenditure				
(a) Non-cancellable operating lease commitments				
Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:				
Not later than one year	414	406	..	..
Later than one year and not later than five years	1,656	1,625	..	..
Later than five years	14,906	14,678	..	..
Total commitments	<u>16,976</u>	<u>16,709</u>	<u>..</u>	<u>..</u>

(b) Motor vehicle operating lease commitments

Commitments under motor vehicle operating leases at reporting date are inclusive of anticipated GST and are payable as follows:

Not later than one year	2,260	2,421	2,260	2,421
Later than one year and not later than five years	3,982	6,004	3,982	6,004
Later than five years	..	..	..	..
Total commitments	<u>6,242</u>	<u>8,425</u>	<u>6,242</u>	<u>8,425</u>

Motor vehicle operating lease commitments consist of the department's motor vehicle operating leases with QFleet

(c) Non-Capital operating expenditure commitments

Material operating expenditure commitments, inclusive of GST, contracted for but not recognised in the financial statements are payable as follows:

Not later than one year	68,602	80,772	68,602	80,772
Later than one year and not later than five years	130,469	123,232	130,469	123,232
Later than five years	146,867	180,703	146,867	180,703
Total commitments	<u>345,938</u>	<u>384,707</u>	<u>345,938</u>	<u>384,707</u>

(d) Capital expenditure commitments

Material capital expenditure commitments, inclusive of GST, contracted for but not recognised in the financial statements are payable as follows:

Not later than one year	1,086	3,255	1,086	3,255
Later than one year and not later than five years	52	763	52	763
Later than five years	..	..	..	..
Total commitments	<u>1,138</u>	<u>4,018</u>	<u>1,138</u>	<u>4,018</u>

26 Contingencies

Environmental obligations

The QTH controlled entity has exposure to claims made against it through its subsidiaries and associated companies in relation to any pre-existing contamination of land assets. At balance date, there have been no claims made against the QTH controlled entity.

Land tax

Under the Port of Brisbane Share Sale and Purchase Agreement, the State has agreed to pay to the Port lessee any portion of the Port lessee's land tax liability in years the land tax assessment for the leased area exceeds the estimated land tax assessment. The obligations are subject to certain conditions, including the lessee pursuing any objection available to it in relation to an assessment, and are limited to assessment years up to and including 30 June 2025.

27 Controlled entities

Queensland Treasury Holdings is controlled by the department and its revenues, expenses, assets, liabilities and equity have been included within these financial statements. The Under Treasurer, as Trustee for the Treasurer of Queensland, holds a 60% beneficial interest in QTH, which comprises ownership of “A” class capital. The remaining 40% interest is held by the QTC for and on behalf of the Under Treasurer as the corporation sole of QTC. Queensland Treasury Holdings acts as a corporate vehicle through which the Queensland Government invests in assets of strategic importance to the State. The QTH controlled entity is audited by the Auditor-General of Queensland.

QTH summarised financial statements:	2017 \$'000	2016 \$'000
Income Statement		
Revenues	60,282	18,581
Expenses	7,651	77,458
Income tax expense	12,589	3,603
Operating result for the year (after income tax)	40,042	(62,480)
Balance Sheet		
Total assets	622,212	582,488
Total liabilities	180,027	180,345
Net Assets	442,185	402,143

Name of Controlled Entity	Net Assets	
	2017 \$000	2016 \$000
QTH Pty Ltd holds 100% ownership interest in the following material subsidiaries:		
Controlled Entities of QTH		
City North Infrastructure Pty Ltd *	..	..
Queensland Lottery Corporation Pty Ltd (QLC)	2,741	2,736
Queensland Airport Holdings (Cairns) Pty Ltd***	..	..
Queensland Airport Holdings (Mackay) Pty Ltd***	..	..
Network Infrastructure Company Pty Ltd **	..	..
Brisbane Port Holdings Pty Ltd (BPH)	18,593	18,351
DBCT Holdings Pty Ltd	7,225	7,140

* City North Infrastructure Pty Ltd did not trade during the year and the company is in the process of deregistering.

** Network Infrastructure Company Pty Ltd was registered on 15 June 2010 and has not traded.

*** Act as lessors for the Mackay and Cairns airport assets under 99 year finance lease arrangements. As such all airport assets were derecognised and upfront funds received were repatriated to the State Consolidated Fund in 2009.

28 Investments in entities which are not controlled entities or associated companies

Name of entity	Principal activities	Percentage ownership		Carrying amount	
		2017 %	2016 %	2017 \$'000	2016 \$'000
Property Exchange Australia Ltd*	Develop then operate the national e-Conveyancing system	3.97%	4.67%	6,833	6,833

*originally known as National e-Conveyancing Development Limited

29 Events occurring after balance date

Subsequent to the end of financial year, the directors of the QTH consolidated entity declared a dividend of \$10.0 million to be paid to the State in 2017-18.

30 Financial instruments

(a) Categorisation of financial instruments

The consolidated entity has the following categories of financial assets and financial liabilities:

Category	Note	2017 \$'000	2016 \$'000
Financial assets			
Cash and cash equivalents	14	130,229	97,111
Receivables	15	57,368	59,974
Loans and advances*		49,938	51,709
Finance lease receivables	16	130,385	139,277
Other financial assets	17		
Shares - AZJ		294,404	264,744
Shares held in unlisted company at cost		6,833	6,833
QIC investments, Business Development Fund		20,000	10,000
Total		689,157	629,648
Financial liabilities			
Payables	20	34,767	22,690
Interest bearing liabilities	23	130,385	139,277
Total		165,152	161,967

*The loan receivable is discounted at 6.55% and includes the rights to fixed annual payments up to 31 December 2025

(b) Financial risk management

The consolidated entity's activities expose it to a variety of financial risks – interest rate risk, credit risk, liquidity risk and market risk.

Financial risk management is implemented pursuant to Government and QT policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the department.

The department and its controlled entities manage exposure to these financial risks through advice and consultation with QTC primarily in relation to borrowing activities. Risk management parameters are reviewed regularly to reflect changes in market conditions and changes to the department and its controlled entities' activities.

(c) Liquidity risk

Liquidity risk refers to the situation where the department may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The QTH controlled entity is exposed to liquidity risk through the normal course of business.

The department and its controlled entity manage liquidity risk by ensuring that it has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

The QTH controlled entity is exposed to liquidity risk through its borrowings with QTC however this is mitigated by back to back arrangements on debt obligations.

The following table sets out the liquidity risk in relation to financial liabilities held by the department and its controlled entity. It represents the remaining contractual cash flows (principal and interest) of financial liabilities at the end of the reporting period.

30 Financial instruments (continued)

Note	2017 payable in			Total	Carrying Amount \$'000
	< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000	Undiscounted Cash Flow \$'000	
Financial liabilities					
Payables	20	34,767	..	..	34,767
Interest bearing liabilities	23	14,862	41,135	188,992	244,989
Total		49,629	41,135	188,992	279,756

Note	2016 payable in			Total	Carrying Amount \$'000
	< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000	Undiscounted Cash Flow \$'000	
Financial liabilities					
Payables	20	22,690	..	..	22,690
Interest bearing liabilities	23	15,409	49,526	195,462	260,397
Total		38,099	49,526	195,462	283,087

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange, interest rates and equity prices will affect the department and its controlled entities income or value of its holdings of financial instruments. The objective is to manage and control market risk exposure within acceptable parameters, while optimising return within desired frameworks.

Interest rate risk

The QTH controlled entity is exposed to interest rate risk through the QTC Cash Fund which is capital guaranteed. All other financial assets and financial liabilities are fixed in nature.

Sensitivity analysis

Interest rates

Sensitivity to interest rate movements is shown for variable financial assets and liabilities based on the carrying amount at reporting date. The following interest rate sensitivity analysis depicts the effect that a reasonably possible change in interest rates (assumed to be 1%) would have on the operating result and equity, based on the carrying values at the end of the reporting period:

Carrying amount	-1%		1%	
	Profit	Equity	Profit	Equity
\$'000	\$'000	\$'000	\$'000	\$'000
Cash *	77,113	(771)	(771)	771
Potential impact		(771)	(771)	771

* excludes fixed rate or non-interest bearing assets

Carrying amount	-1%		1%	
	Profit	Equity	Profit	Equity
\$'000	\$'000	\$'000	\$'000	\$'000
Cash*	59,201	(592)	(592)	592
Potential impact		(592)	(592)	592

* excludes fixed rate or non-interest bearing assets

Equities

Sensitivity analysis for equity instruments is based on a reasonably possible change in the ASX200 share price which is estimated at +/- 10% (2016: +/- 10%).

30 Financial instruments (continued)

		2017 Equities			
		-10%		10%	
		Profit	Equity	Profit	Equity
Carrying amount	\$'000	\$'000	\$'000	\$'000	
Financial instruments					
Other financial assets					
Shares - AZJ	294,404	(29,440)	(29,440)	29,440	
Potential impact		(29,440)	(29,440)	29,440	

		2016 Equities			
		-10%		10%	
		Profit	Equity	Profit	Equity
Carrying amount	\$'000	\$'000	\$'000	\$'000	
Financial instruments					
Other financial assets					
Shares - AZJ	264,744	(26,474)	(26,474)	26,474	
Potential impact		(26,474)	(26,474)	26,474	

Fair value

Fair value hierarchy

Financial instruments measured at fair value have been classified in accordance with the hierarchy described in AASB 13 *Fair Value Measurement*. The fair value hierarchy is categorised into three levels based on the observability of the inputs to fair valuation techniques.

- level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities
- level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly and
- level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

According to the above hierarchy, the fair values of each class of asset recognised at fair value are as follows:

Class	Classification according to fair value hierarchy			2017 Total Consolidated Carrying Amount \$'000
	Level 1	Level 2	Level 3	
	\$'000	\$'000	\$'000	
Financial assets				
Cash and cash equivalents	53,117	77,112	..	130,229
Other financial assets				
Shares - AZJ	294,404	..	..	294,404
Total	347,521	77,112	..	424,633

Class	Classification according to fair value hierarchy			2016 Total Consolidated Carrying Amount \$'000
	Level 1	Level 2	Level 3	
	\$'000	\$'000	\$'000	
Financial assets				
Cash and cash equivalents	37,912	59,199	..	97,111
Other financial assets				
Shares - AZJ	264,744	..	..	264,744
Total	302,656	59,199	..	361,855

Classification of instruments into fair value hierarchy levels is reviewed annually, and any transfers are deemed to occur at the end of the reporting period. There were no transfers between Level 1 and Level 2 and no transfers in or out of Level 3 during the year ended 30 June 2017.

Level 2 instruments for the QTC Cash Fund are measured at net realisable value.

30 Financial instruments (continued)

The fair values of financial assets and liabilities not carried at fair value at balance date are as follows:

	2017		2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$'000	\$'000	\$'000	\$'000
Financial asset				
Loans and advances ^	49,938	57,894	51,709	62,349
Licence fee receivable ^	48,123	60,069	44,149	44,149
Total	98,061	117,963	95,858	106,498

^ QTH only

For financial assets and financial liabilities, fair values have been based on the following:

- Loans and advances are discounted to present value using a discount rate taking into account the entity specific risks and using valuation techniques.
- The lease receivable and associated interest bearing liabilities (lease loan and novation loan) are back to back leasing arrangements held by DBCTH. Both the lease receivable and associated loan fair values are reasonably approximate to the carrying value at balance date due to the offsetting nature of these arrangements.

31 Budget vs actual comparison

NB. A budget vs actual comparison, and explanations of major variances, has not been included for the Statement of Changes in Equity, as major variances relating to that statement have been addressed in explanations of major variances for other statements.

Statement of Comprehensive Income for the year ended 30 June 2017

	Variance Notes	Original Budget 2017 \$'000	Actual 2017 \$'000	Variance \$'000
Income from continuing operations				
Revenue				
Appropriation revenue		251,486	241,099	(10,387)
User charges and fees	1	21,781	30,311	8,530
Grants and other contributions		99,788	99,515	(273)
Other revenue		1,217	1,291	74
Total income from continuing operations		374,272	372,216	(2,056)
Expenses from continuing operations				
Employee expenses		211,850	202,679	(9,171)
Supplies and services	2	147,098	137,641	(9,457)
Grants and subsidies	3	4,754	11,626	6,872
Depreciation and amortisation	4	6,372	3,331	(3,041)
Other expenses	5	4,198	17,619	13,421
Total expenses from continuing operations		374,272	373,035	(1,237)
Losses				
Loss on sale/disposal of property, plant and equipment		..	..	..
Operating result from continuing operations		..	(819)	(819)
Operating result for the year		..	(819)	(819)
Total comprehensive income		..	(819)	(819)

Explanations of major variances

1. The increase is primarily driven by the volume and values of reimbursable projects managed by the Commercial Group unknown during budget development (\$3.625M) and additional survey revenue of \$1.405M for the Queensland Government Statistician's Office. Also contributing are \$0.976M in greater than anticipated electrical licencing charges for the Office of Industrial Relations (OIR), \$0.722M in unbudgeted revenue for the reimbursement of costs for service provided to the National Injury Insurance Agency Queensland, \$0.772M in the Office of State Revenue (OSR) primarily relates to greater than anticipated contribution to QGrant system from other departments and \$0.577M in unbudgeted revenue for the reimbursement of costs for the 1 William Street project.

2. The decrease is primarily due to costs for the SPER Transformation Program of \$6.026M and to prepare OSR to deliver the planned Transformation Program of \$1.877M being deferred from 2016-17 to 2017-18. Also contributing is the levy contribution to the Queensland Ambulance Services from OIR being reclassified from Outsourced Services to Grants and Subsidies (\$3.918M). These decreases are partially offset by additional costs associated with projects managed by the Commercial Group (\$3.625M).

3. The increase is mainly due to levy contribution of \$3.918M to the Queensland Ambulance Services from OIR being reclassified from Outsourced Services to Grants and Subsidies and grant payments associated with the Back to Work Program being reclassified from Administered to Controlled (\$2.848M). These increases are partially offset by \$0.7M in Readiness Fund grant payments for the Social Benefit Bonds pilots being deferred from 2016-17 to 2017-18.

4. The decrease primarily relates to \$1.1M in SPER due to a revised methodology of procuring ICT. Instead of investing in capital systems, SPER will implement an ICT Software as a Service solution to support the modernisation of the business. Also contributing is \$0.909M in OSR due to a changed amortisation schedule for capital expenditure associated with the improved revenue management services into the future.

5. The increase primarily relates to other expenses recognised for appropriation payable resulting from the re-profiling of a number of departmental projects and initiatives from 2016-17 to future years, in accordance with Section 3B.2 of the Financial Reporting Requirements.

31 Budget vs actual comparison (continued)

Statement of Financial Position
as at 30 June 2017

	Variance Notes	Original Budget 2017 \$'000	Actual 2017 \$'000	Variance \$'000
Current assets				
Cash assets		32,815	53,116	20,301
Receivables	1	7,095	9,245	2,150
Other assets		4,408	3,925	(483)
Total current assets		44,318	66,286	21,968
Non-current assets				
Other financial assets		26,832	26,833	1
Intangible assets	2	9,307	10,940	1,633
Property, plant and equipment	3	2,779	4,211	1,432
Total non-current assets		38,918	41,984	3,066
Total assets		83,236	108,270	25,034
Current liabilities				
Payables	4	10,708	34,320	23,612
Accrued employee benefits	5	6,053	9,109	3,056
Other current liabilities		677	396	(281)
Total current liabilities		17,438	43,825	26,387
Non-current liabilities				
Payables	6	269	2,796	2,527
Total non-current liabilities		269	2,796	2,527
Total liabilities		17,707	46,621	28,914
Net assets		65,529	61,649	(3,880)
Equity				
Accumulated surplus		20,743	19,683	(1,060)
Capital or contributed equity		44,786	41,966	(2,820)
Total equity		65,529	61,649	(3,880)

Explanations of major variances

1. The increase is primarily due to unbudgeted receivables associated with QGrant support charges and accrued survey revenue in the Queensland Government Statistician's Office.
2. The variance is mainly due to lower than anticipated amortisation costs as a result of revised methodology of procuring ICT in SPER and a changed amortisation schedule for capital expenditure associated with OSR to improve revenue management services into the future.
3. The variance reflects the level of leasehold improvements, ICT hardware and office equipment assets held by OIR to meet its operational requirements.
4. The increase is mainly due to \$16.016M in appropriation payable resulting from re-profiling of a number of departmental programs and initiatives from 2016-17 to future years. Also contributing are unbudgeted payable to the Department of Justice and Attorney-General relating to the Office of the Industrial Relations (\$2.147M) and higher than anticipated accrued expenses in SPER (\$2.436M).
5. The increase reflects variances in annual leave levy payable, long service leave levy payable and salaries and wages payable at year end.
6. The increase is a result of the straight-line methodology adopted for lease expenses after assessing the application of AASB 117 to leased property portfolio.

	Variance Notes	Original Budget 2017 \$'000	Actual 2017 \$'000	Variance \$'000
Cash flows from operating activities				
<i>Inflows</i>				
Appropriation revenue receipts		251,486	240,396	(11,090)
User charges and fees	1	21,781	32,608	10,827
Grants and other contributions	2	99,788	114,305	14,517
GST input tax credits from Australian Taxation Office (ATO)	3	..	11,510	11,510
Other		1,217	1,341	124
<i>Outflows</i>				
Employee expenses		(211,850)	(202,240)	9,610
Supplies and services		(147,164)	(147,247)	(83)
Grants and other contributions	4	(4,754)	(11,626)	(6,872)
GST remitted to ATO	5	..	(7,171)	(7,171)
Other	6	(4,198)	(7,635)	(3,437)
Net cash provided by/(used in) operating activities		6,306	24,241	17,935
Cash flows from investing activities				
<i>Outflows</i>				
Payments for property, plant and equipment		(1,454)	(1,867)	(413)
payments for investments		(10,000)	(10,000)	..
Payments for intangibles		(5,642)	(5,119)	523
Net cash provided by/(used in) investing activities		(17,096)	(16,986)	110
Cash flows from financing activities				
<i>Inflows</i>				
Equity injections	7	14,691	13,911	(780)
<i>Outflows</i>				
Equity withdrawals	8	(3,633)	(5,960)	(2,327)
Net cash provided by/(used in) financing activities		11,058	7,951	(3,107)
Net increase/(decrease) in cash and cash equivalents		268	15,206	14,938
Cash and cash equivalents at beginning of financial year		32,547	37,910	5,363
Cash and cash equivalents at end of financial year		32,815	53,116	20,301

Explanations of major variances

1. Refer to Income Statement.

2. The increase relates to \$6.453M cash received in 2016-17 for 2015-16 payment from WorkCover Queensland to the Workers Compensation Regulatory Authority and Workplace Healthy and Safety Queensland, and unbudgeted GST associated with grants revenue received in 2016-17 from WorkCover Queensland.

3. The variance is due to the amount of Input tax credits paid by the Australian Taxation Office (ATO) for supplier invoices processed which was not budgeted for.

4. The increase is mainly due to OIR contribution of \$3.918M to the Queensland Ambulance Services being reclassified from Outsourced Services to Grants and Subsidies and grant payments of \$2.848M associated with the Back to Work Program being reclassified from Administered to Controlled.

5. The variance is due to GST input credit collected and remitted to the ATO for customer invoices processed which was not budgeted for.

6. The increase is mainly due to higher than budgeted payables to the Department of Justice and Attorney-General relating to post MoG activities associated with the OIR, which is derived from timing of historical payment activity.

7. The decrease reflects changing from equity to appropriation funding as a result of a reclassification from capital to operational expenditure for costs associated with preparing OSR to deliver the planned Transformation Program.

8. The increase primarily relates to \$2.5M for return of cash to WorkCover Queensland through an equity withdrawal.

	2017 \$'000	2016 \$'000
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32 Grants and other contributions

Administered on behalf of the whole of Government		
GST revenue grant	13,939,043	13,121,976
<i>Specific purpose - recurrent</i>		
- Schools	1,414,448	1,279,221
- Skills and workforce development	296,292	292,355
- Disability services	341,285	289,165
- Affordable housing	269,497	265,955
National Partnership Payments - recurrent project	557,297	559,825
National Partnership Payments - capital project	2,660,997	1,263,333
Other	80,720	42
	<u>19,559,579</u>	<u>17,071,872</u>

33 Taxes

Administered on behalf of the whole of Government		
<i>Taxes</i>		
Casino tax	98,466	101,425
Gaming machine tax	683,767	677,471
Gold Lotto	206,793	223,949
Golden Casket	33,672	34,965
Keno tax	20,452	21,212
Land tax	1,083,395	1,014,770
Payroll tax	3,735,578	3,751,927
Duties	4,683,602	4,344,396
Wagering tax	9,917	10,464
Other taxes	2,241	562
	<u>10,557,883</u>	<u>10,181,141</u>
<i>Levies</i>		
Health Services levy	72,800	67,997
	<u>72,800</u>	<u>67,997</u>
	<u>10,630,683</u>	<u>10,249,138</u>

2017
\$'000

2016
\$'000

34 Royalties

Administered on behalf of the whole of Government		
Mining royalties	3,846,737	2,092,754
Dividends *	..	195
	<u>3,846,737</u>	<u>2,092,949</u>

* represents dividend receipts from the HIH/FAI liquidators

35 Interest

Administered on behalf of the whole of Government		
Interest from investments	32,748	106,810
Interest from loans	952	1,366
Interest from trust funds *	17,027	18,672
Time value financial assets (non-cash)	4,101	5,189
Other	113	112
	<u>54,941</u>	<u>132,149</u>

* interest collected from Trust Funds under the *Property Occupations and Motor Dealers and Chattel Auctioneers Act 2014*

36 Appropriation revenue

Administered on behalf of the whole of Government		
Budgeted administered item appropriation and equity	5,762,535	13,061,402
Transfer (to)/from other departments	25,628	..
Transfer (to)/from other heading	11,697	14,308
Lapsed appropriation	..	..
Unforeseen expenditure	1,068,359	296,985
Total administered item receipts	<u>6,868,219</u>	<u>13,372,695</u>
Plus closing balance of administered item receivable	..	108,491
Less opening balance of administered item receivable	(108,491)	97,110
Less closing balance of administered deferred appropriation payable	(68,040)	..
Net appropriation revenue	<u>6,691,688</u>	<u>13,578,296</u>
Plus deferred appropriation expense payable to Consolidated Fund	68,040	..
Total administered appropriation revenue recognised in the Statement of Comprehensive Income	<u>6,759,728</u>	<u>13,578,296</u>
This is represented by:		
Administered item revenue recognised in Statement of Comprehensive Income	6,082,395	5,972,731
Equity adjustment recognised in equity withdrawal	677,333	7,605,565
	<u>6,759,728</u>	<u>13,578,296</u>

	2017 \$'000	2016 \$'000
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37 Other revenue

Administered on behalf of the whole of Government		
Proceeds of crime from the Public Trustee	11,103	7,458
SPER Fines	218,130	315,884
Competitive neutrality fees	114,756	200,877
Miscellaneous receipts	14,026	14,136
	<u>358,015</u>	<u>538,355</u>

38 Supplies and services

Administered on behalf of the whole of Government		
GST administration expense remitted to the Commonwealth	136,905	134,968
Administration fees	916	928
Reinsurance expense	25,403	25,455
Other	4,572	4,027
	<u>167,796</u>	<u>165,378</u>

39 Losses on sale/revaluation of assets - impairment losses

Administered on behalf of the whole of Government		
Impairment losses on receivables - Taxation	1,174	(58,237)
Impairment losses on receivables - SPER	(14,000)	40,221
Bad debts written off *	22,868	28,122
	<u>10,042</u>	<u>10,106</u>

* Debt Write Off Guidelines 1/2013, enables the Registrar to write off bad debts in all circumstances in which it is unlikely the debts could be recovered cost effectively (refer to note 43).

40 Finance/borrowing costs

Administered on behalf of the whole of Government		
Interest paid by Treasury Offset Bank Account on trust and bank balances	1,871	2,411
Interest on loans – Commonwealth Government	914	1,402
Unwind concessional loan discount - Commonwealth borrowings	1,005	2,479
Interest on loans – QTC	1,468,965	1,981,355
Interest - other	12,630	14,804
Market Value Realisation charge on repayment of QTC borrowings	303,720	55
Concessional loan discount - NDRRA loans *	(1,224)	68
Administration fees	24,053	25,529
	<u>1,811,934</u>	<u>2,028,103</u>

* represents the discount on initial recognition of NDRRA loans

	2017	2016
	\$'000	\$'000

41 Other expenses

Administered on behalf of the whole of Government		
Queensland Government Insurance Fund claims and concessions	121,956	137,023
Ex-gratia payments *	8,522	1,474
Superannuation benefit payments	1,669,447	1,580,244
Long service leave reimbursements	372,644	363,482
Annual leave central scheme claims paid	1,605,539	1,554,535
Sundry	87,442	17,911
	<u>3,865,550</u>	<u>3,654,669</u>
* A portion of dividends and tax equivalent payments received by the State under the National Tax Equivalents Regime are paid to local governments via ex-gratia payments from Treasury administered.		

42 Cash assets

Administered on behalf of the whole of Government		
Cash at bank	<u>(2,731,190)</u>	<u>(2,137,018)</u>
Comprised of:		
Whole of Government Treasury Offset arrangement *	(2,735,481)	(5,640,936)
Other administered bank accounts	4,291	3,503,918
	<u>(2,731,190)</u>	<u>(2,137,018)</u>

* The whole of Government Treasury offset arrangement incorporates the Treasury Offset Bank Account which is an overdraft facility as required under section 49 (1) of the *Financial Accountability Act 2009* and a QTC Working Capital Facility. This overdraft facility is part of an offset arrangement with other departmental bank accounts and is taken into account in determining the interest earned on the whole of Government position. Cash at bank is an aggregate of Treasury administered bank accounts including the Treasury Offset Bank Account.

In addition, QT has established another setoff arrangement with the Commonwealth Bank of Australia to maximise interest earned on surplus cash balances held by departmental bank accounts that do not fall within the whole of Government setoff arrangement.

The QTC Cash Advances Fund is utilised to transfer Government Owned Corporations surplus funds to the Treasury Offset arrangement (refer note 46).

The QTC Working Capital Facility is used for short term borrowings. The market value of the borrowings in the QTC Working Capital Facility at 30 June 2017 is represented by its book value (as notified by QTC). Interest is calculated daily based on the Reserve Bank's official cash rate. Interest is charged at rates between 2.05% and 1.5% (2016: between 2.05% to 1.5%) along with an administration margin of 0.10% (2016: 0.10%).

A post balance date transfer of \$1.0b occurred from the QTC borrowings to the WOG Treasury Offset Arrangement in line with the department's operating requirements, also refer note 46.

2017 2016
\$'000 \$'000

43 Receivables

Administered on behalf of the whole of Government		
Current		
Trade debtors*	1,367,712	1,328,550
Less allowance for impairment*	(450,804)	(463,629)
	<u>916,908</u>	<u>864,921</u>
Competitive neutrality fees	29,403	52,503
GST input tax credits receivable	223	333
Other advances - advances paid, repayments received and reclassifications	20,084	20,854
Other administered appropriation receivable	..	108,491
Sundry receivable	7,209	2,524
	<u>56,919</u>	<u>184,705</u>
	<u>973,827</u>	<u>1,049,626</u>
Non-current		
Other advances - advances paid, repayments received and reclassifications	87,058	102,802
Sundry receivable	1,413	1,828
	<u>88,471</u>	<u>104,630</u>
	<u>1,062,298</u>	<u>1,154,256</u>

* The trade debtors balance includes receivables of \$980.2 million (2016: \$955.8 million) for SPER fines. As at 30 June 2017, \$416.0 million of the fines receivable were impaired (2016: \$430.0 million) representing 42% of the total amount receivable (2016: 45%).

Administered on behalf of the whole of Government		
Overdue		
Less than 30 days	65,641	32,763
30 to 60 days	26,850	39,031
61 to 90 days	26,068	40,481
Greater than 90 days	686,155	623,656
Total overdue	<u>804,714</u>	<u>735,931</u>

Ageing of individually impaired Receivables

	2017			2016		
	Gross Receivables* \$'000	Allowance for impairment \$'000	Carrying amount \$'000	Gross Receivables* \$'000	Allowance for impairment \$'000	Carrying amount \$'000
Administered on behalf of the whole of Government						
Not due/overdue						
Not yet due	32	(32)	..	725	(725)	..
Less than 30 days	194	(194)	..	528	(528)	..
30 to 60 days	1,049	(1,049)	..	418	(418)	..
61 to 90 days	610	(610)	..	343	(343)	..
Greater than 90 days	448,918	(448,918)	..	461,615	(461,615)	..
Total overdue	<u>450,803</u>	<u>(450,803)</u>	<u>..</u>	<u>463,629</u>	<u>(463,629)</u>	<u>..</u>

* gross receivables should be those receivables that have been individually impaired and not the total gross receivables in note 43 above

43 Receivables (continued)

	2017 \$'000	2016 \$'000
Movements in allowance for impairment of impaired receivables		
Balance at 1 July	463,629	481,558
OIR Opening Balance	..	87
Amounts written off during the year	(22,868)	(28,121)
Amounts recovered during the year	..	..
Increase/(decrease) recognised in Statement of Comprehensive	10,042	10,106
Balance at 30 June	<u>450,803</u>	<u>463,629</u>

Credit risk exposure of receivables

The department manages credit risk through the use of a credit management strategy. This strategy focuses on the prompt collection of revenues due and payable to the department and follow up of outstanding fees and charges within specified timeframes. Exposure to credit risk is monitored on an ongoing basis.

Risk assessments are performed upon non-payment of debt and maintained in the State Revenue Risk Register with assigned risk ratings. Under this risk based revenue management framework compliance plans are developed with reference to the debt management strategies.

An allowance for impairment for tax collections is calculated based on the solvency status of the debtor and the age of the debt. SPER debts are impaired on consideration of the likelihood of collectability with reference to historical activity for the specific debt types being assessed. Historical activity of the specific debt is determined based on a combination of the long-term debt finalisation rate and withdrawal and recall rates. Management judgement is required in assessing the long-term debt finalisation, withdrawal and recall rates.

A number of debt collection measures are undertaken including the exercising of legislative powers contained within the *Taxation Administration Act 2001* and the *State Penalties Enforcement Act 1999*, prior to impairing debt. If no loss events have arisen in respect of a particular debtor or group of debtors, no allowance for impairment is made in respect of that debt/group of debtors. If the department determines that an amount owing by such a debtor does become uncollectible, the amount is impaired, then subsequently recognised as a bad debt expense and written-off directly against Receivables. In other cases where a debt becomes uncollectible but the uncollectible amount exceeds the amount already allowed for impairment of that debt, the excess is recognised as a bad debt expense and written off directly against Receivables.

44 Other current assets

Administered on behalf of the whole of Government		
Current		
Accrued revenue	146	12,312
Prepayments	8,495	8,332
	<u>8,641</u>	<u>20,644</u>

45 Payables

Administered on behalf of the whole of Government		
Current		
GST payable	..	4
Deferred appropriation payable to Consolidated Fund	68,040	..
Trade creditors	1,039	700
Other creditors	6,576	698
	<u>75,655</u>	<u>1,402</u>

2017
\$'000

2016
\$'000

46 Interest Bearing Liabilities

Administered on behalf of the whole of Government		
Current		
Advances payable to GOC's*	1,345,079	..
Commonwealth borrowings	14,237	6,989
	<u>1,359,316</u>	<u>6,989</u>
Non-current		
QTC borrowings	30,265,029	33,026,233
Commonwealth borrowings	70,782	71,773
Less concessional loan discount and unwind	(6,277)	(6,345)
	<u>30,329,534</u>	<u>33,091,661</u>

* Government Owned Corporations (GOCs) are required to make any surplus cash available to the General Government Sector through modified set-off banking arrangements, which commenced in 2016-17 with Energy Queensland and Powerlink. Advances are made to the Treasurer's Offset Arrangement (refer note 42). QTC charge interest at rates between 3.39% and 2.50% along with an administration margin of 0.15%.

47 Other liabilities

Administered on behalf of the whole of Government		
Unearned revenue	39,500	35,383
Sundry liabilities	567	64
	<u>40,067</u>	<u>35,447</u>

48 Reconciliation of administered comprehensive income to net cash from operating activities

Administered on behalf of the whole of Government		
Administered comprehensive income		
Non cash finance cost adjustments	(4,317)	(4,890)
QTC market value realisation charges	303,720	(55)
Interest expense on QTC loans	(24,774)	2,061
Change in assets and liabilities:		
(Increase)/decrease in GST input tax credits receivable	110	(120)
(Increase)/decrease in trade and other receivables	(27,664)	(248,832)
(Increase)/decrease in other assets	11,975	(6,828)
(Increase)/decrease in administered appropriation receivable	108,491	(205,601)
Increase/(decrease) in trade and other payables	68,757	(20,978)
Increase/(decrease) in GST payable	(4)	(13,958)
Increase/(decrease) in transfers to Government payable	(42,997)	370,415
Increase/(decrease) in other liabilities	4,652	(7,859)
Net cash provided by/(used in) operating activities	<u>397,949</u>	<u>(136,645)</u>

49 Contingencies

Administered on behalf of the whole of Government

Litigation in progress

As at 30 June 2017, the following cases were filed in the courts:

	Cases	Estimated Amount \$'000
Supreme Court	7	265,851
Civil and Administrative Tribunal	9	5,175
Total	16	271,026

These cases relate to revenue collected by the Office of State Revenue. The department's legal advisers and management believe there is insufficient information available to determine the outcome of the abovementioned cases. Accordingly, no provision has been taken up in QT's financial statements.

The department is potentially liable for Employer Support and Youth Boost payments of up to \$50.906M under the Queensland Government's Back to Work initiative. The potential payments to eligible employers are subject to the employer meeting the required continuous employment milestones and eligibility criteria under the initiative.

50 Financial instruments

(a) Categorisation of financial instruments

Queensland Treasury has the following categories of financial assets and financial liabilities:

Administered on behalf of the whole of Government			
Category	Notes	2017 \$'000	2016 \$'000
Financial assets			
Cash and cash equivalents	42	(2,731,190)	(2,137,018)
Receivables*	43	1,062,298	1,154,256
Other current assets			
Other accrued revenue	44	146	12,312
Total		(1,668,746)	(970,450)
Financial liabilities			
Payables	45	75,655	1,402
Transfer to Government payable		1,019,690	1,062,688
Advances payable to GOC's	46	1,345,079	..
QTC borrowings**	46	30,265,029	33,026,233
Commonwealth borrowings held at amortised cost*	46	78,742	72,417
Other liabilities	47	567	64
Total		32,784,762	34,162,804

* Natural Disaster Relief and Recovery Arrangements loans are carried at amortised cost. Interest is charged on NDRRA loans at a predetermined rate and recognised as an expense as it accrues. Repayments are received yearly in arrears. The Commonwealth Attorney-General's Department – Emergency Management Australia determines the annual interest rate to be applied to the loans. In the 2016-17 year the interest rate was 1.16% (2016: 1.38%), which was calculated as 50% of the 10-year Treasury bond rate, averaged over the three-month period between April and June 2016.

** Interest is charged on the whole of Government borrowing with QTC at rates of between 2.50% and 4.75% (2016: between 2.14% and 4.89%) along with an administration margin at rates between 0.070% and 0.150% (2016: between 0.055% and 0.099%) which is accrued and paid quarterly to QTC.

(b) Financial risk management

The department's activities expose it to a variety of financial risks – interest rate risk, credit risk, liquidity risk and market risk. For discussion on managing credit risk refer to note 43.

The department adopts a risk based revenue management framework in conjunction with debt management strategies to manage credit risk, refer to note 43 Receivables for further information.

The management of financial risks are integral to QT's overall governance framework. The department has adopted various strategies for the mitigation of each risk category, including active monitoring by the Fiscal Strategy Division of borrowings by the State on behalf of the whole of Government.

50 Financial instruments (continued)

It is assisted in the discharge of these responsibilities through the provision of professional advice and assistance by the QTC (borrowings and short term investments).

The department's internal financial reporting framework and oversight by the Executive Leadership Team also contribute to the effective management of financial risks.

(c) Liquidity risk

The department is exposed to liquidity risk in respect of its payables, Commonwealth borrowings, borrowings from QTC for the Floating Rate Government Debt Pools and Advances payable to GOC's.

The following table sets out the liquidity risk of financial liabilities held by the department. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date. The undiscounted cash flows in these tables differ from the amounts included in the Statement of Financial Position that are based on amortised cost.

QTC borrowings are interest only with no fixed repayment date for the principal component. For the purposes of completing the maturity analysis, the principal component of these loans has been included in the more than five year time band with no interest payment assumed in this time band.

Administered on behalf of the whole of Government						
	Notes	2017 payable in			Total Undiscounted Cash Flow \$'000	Carrying Amount \$'000
		< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000		
Financial liabilities						
Payables	45	75,655	..	..	75,655	75,655
Transfer to Government payable		1,019,690	..	..	1,019,690	1,019,690
Commonwealth borrowings*	46	15,579	42,387	30,657	88,623	85,019
Advances payable to GOC's	46	1,345,079	..	..	1,345,079	1,345,079
QTC borrowings	46	1,295,804	5,318,992	31,230,988	37,845,784	30,265,029
Other liabilities	47	567	..	..	567	567
Total		3,752,374	5,361,379	31,261,645	40,375,398	32,791,039

Administered on behalf of the whole of Government						
	Notes	2016 payable in			Total Undiscounted Cash Flow \$'000	Carrying Amount \$'000
		< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000		
Financial liabilities						
Payables	46	1,069	..	..	1,069	1,069
Transfer to Government payable		1,062,688	..	..	1,062,688	1,062,688
Commonwealth borrowings*	46	13,363	48,429	21,193	82,986	78,762
QTC borrowings	46	1,500,953	6,007,945	34,793,177	42,302,075	33,026,233
Other liabilities	47	64	..	..	64	64
Total		2,578,137	6,056,374	34,814,370	43,448,882	34,168,816

*Carrying amount excludes amortised cost component of Commonwealth borrowings

(d) Market risk

Whilst QT (administered) does not trade in foreign currency, royalties revenue received is impacted by changes in the Australian dollar exchange rate and commodity prices. The department is exposed to interest rate risk through its borrowings, loans and advances and cash deposited in interest bearing accounts.

(e) Interest rate sensitivity analysis

The following interest rate sensitivity analysis depicts the outcome on comprehensive income if interest rates were to change by +/- 1% from the year end rates applicable to the department's financial assets and liabilities. This is mainly attributable to the department's exposure to variable interest rates on its borrowings from QTC, the Commonwealth and cash holdings.

50 Financial instruments (continued)

Administered on behalf of the whole of Government					
2017 Interest rate risk					
-1%					
1%					
Financial instruments	Carrying amount	Transfer to Government	Equity	Increase in appropriation revenue	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash	(2,735,481)	27,355	27,355	(27,355)	(27,355)
Receivables					
Loans and advances	85,019	(850)	(850)	850	850
Interest Bearing Liabilities					
Commonwealth borrowings	85,019	850	850	(850)	(850)
Advances payable to GOC's	1,345,079	13,451	13,451	(13,451)	(13,451)
QTC borrowings - Fixed Rate Debt Pool	7,898,605	..	..	..	..
QTC borrowings - General Debt Pool (floating rate)	22,366,424	15,586	15,586	(14,241)	(14,241)
Potential Impact		56,392	56,392	(55,047)	(55,047)

Administered on behalf of the whole of Government					
2016 Interest rate risk					
-1%					
1%					
Financial instruments	Carrying amount	Transfer to Government	Equity	Increase in appropriation revenue	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash	(5,640,936)	56,409	56,409	(56,409)	(56,409)
Receivables					
Loans and advances	78,762	(788)	(788)	788	788
Interest Bearing Liabilities					
Commonwealth borrowings	78,762	788	788	(788)	(788)
QTC borrowings - Fixed Rate Debt Pool	12,850,378	..	..	..	..
QTC borrowings - General Debt Pool (floating rate)	20,175,855	18,225	18,225	(17,071)	(17,071)
Potential Impact		74,634	74,634	(73,480)	(73,480)

(f) Fair value

Fair value hierarchy

Financial instruments measured at fair value have been classified in accordance with the hierarchy described in AASB 13 *Fair Value Measurement*. The fair value hierarchy is categorised into three levels based on the observability of the inputs to fair valuation techniques.

- level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities
- level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly and
- level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

According to the above hierarchy, the fair values of each class of financial instrument carried at fair value are as follows:

50 Financial instruments (continued)

(f) Fair value (continued)

Class	Classification according to fair value hierarchy			2017 Total Carrying Amount \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets and liabilities				
Cash and cash equivalent				
Other administered bank accounts	4,291	..	..	4,291
Whole of Government Treasury Offset Arrangement	(2,735,481)	..	..	(2,735,481)
Interest bearing liabilities - Advances payable to GOC's	1,345,079	..	..	1,345,079
Total	(1,386,111)	..	..	(1,386,111)

Class	Classification according to fair value hierarchy			2016 Total Carrying Amount \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets				
Cash and cash equivalent				
Other administered bank accounts	3,503,918	..	..	3,503,918
Whole of Government Treasury Offset Arrangement	(5,640,936)	..	..	(5,640,936)
Total	(2,137,018)	-	..	(2,137,018)

The department does not recognise any financial assets or financial liabilities at fair value other than for cash and cash equivalents on its Statement of Financial Position.

The fair value of trade receivables, administered item revenue receivable, other accrued revenue, other assets, payables, transfer to government payable and other liabilities are assumed to approximate the value of the original transaction, less any provision for impairment.

The fair value of monetary financial assets and financial liabilities, other than QTC borrowings, is based on market prices where a market exists, or is determined by discounting expected future cash flows by the current interest rate for financial assets and liabilities with similar risk profiles.

The fair value of borrowings is notified by the QTC. It is calculated using discounted cash flow analysis and the effective interest rate and is disclosed below:

Administered on behalf of the whole of Government				
<i>Fair value</i>				
	2017		2016	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets				
Receivables				
Loans and advances*	118,563	113,690	139,463	134,796
	<u>118,563</u>	<u>113,690</u>	<u>139,463</u>	<u>134,796</u>
Financial liabilities				
Interest bearing liabilities - Commonwealth borrowings*	85,019	82,653	78,762	78,013
Interest bearing liabilities - QTC borrowings	30,265,029	32,728,093	33,026,233	38,148,497
Total	<u>30,350,048</u>	<u>32,810,746</u>	<u>33,104,995</u>	<u>38,226,510</u>

* Carrying amount excludes amortised cost component of Loans and Advances and Commonwealth borrowings

51 Budget vs actual comparison

NB. A budget vs actual comparison, and explanations of major variances, has not been included for the Statement of Changes in Equity, as major variances relating to that statement have been addressed in explanations of major variances for other statements

Administered Statement of Comprehensive Income

for the year ended 30 June 2017

Income and expenses administered on behalf of the whole of Government	Variance Notes	Adjusted Budget	Actual	Variance \$'000
		2017 \$'000	2017 \$'000	
Income from continuing operations				
Revenue				
Grants and other contributions		19,266,335	19,559,579	293,244
Taxes		10,829,160	10,630,683	(198,477)
User charges and fees	1	95,215	105,390	10,175
Royalties	2	1,913,929	3,846,737	1,932,808
Interest	3	29,915	54,941	25,026
Appropriation revenue		5,788,163	6,082,395	294,232
Other revenue		407,746	358,015	(49,731)
Total income from continuing operations		38,330,463	40,637,740	2,307,277
Expenses from continuing operations				
Supplies and services		159,321	167,796	8,475
Losses on sale/revaluation of assets - impairment	4	132,865	10,042	(122,823)
Grants and subsidies	5	204,079	221,531	17,452
Finance/borrowing costs	6	1,442,521	1,811,934	369,413
Other expenses		3,982,242	3,865,550	(116,692)
Total expenses from continuing operations		5,921,028	6,076,853	155,825
Operating result from continuing operations before transfers to Government		32,409,435	34,560,887	2,151,452
Operating result for the year before transfers to Government		32,409,435	34,560,887	2,151,452
Transfers of administered revenue to Government		32,409,435	34,560,887	2,151,452
Total administered comprehensive income		..	..	..

Explanations of major variances

1. The increase is primarily due to higher than anticipated Construction Work Notification Fees (\$9.814M).
2. The increase reflects the impact of higher coal prices on coal royalties.
3. The increase is a result of increased balances held in working capital funds during the year.
4. The decrease is mainly due to lower than anticipated impairments in SPER (\$110.131M) resulting from decreased tolling debt referrals.
5. The increase is mainly due to an increase in the Queensland First Home Owners' Grant (\$38.151M), partially offset by lower than anticipated Back to Work grant payment (\$18.491M).
6. The increase is due to the market value realisation (MVR) effect of the repayment of borrowings. This was budgeted for centrally at the time of the 2016-17 Budget, due to the uncertainty surrounding changes in interest rates. The change mainly arises from Debt Action Plan proceeds which were held in the QTC redraw facility at 30 June 2016 and used to repay debt in July and August 2016. MVR arises because debt must be extinguished at current market value as calculated by QTC.

51 Budget vs actual comparison (continued)

Administered Statement of Financial Position
as at 30 June 2017

Assets and liabilities administered on behalf of the whole of Government	Adjusted Budget 2017	Actual 2017	Variance
Variance Notes	\$'000	\$'000	\$'000
Current assets			
Cash and cash equivalents	(2,521,625)	(2,731,190)	(209,565)
Receivables 1	675,585	973,827	298,242
Other current assets 2	13,929	8,641	(5,288)
Total current assets	(1,832,111)	(1,748,722)	83,389
Non-current assets			
Receivables 3	119,236	88,471	(30,765)
Total non-current assets	119,236	88,471	(30,765)
Total assets	(1,712,875)	(1,660,251)	52,624
Current liabilities			
Payables 4	45,848	75,655	29,807
Transfer to Government payable 5	676,724	1,019,690	342,966
Interest bearing liabilities 6	17,572	1,359,316	1,341,744
Other liabilities	41,100	40,067	(1,033)
Total current liabilities	781,244	2,494,728	1,713,484
Non-current liabilities			
Interest Bearing Liabilities 7	33,512,481	30,329,534	(3,182,947)
Total non-current liabilities	33,512,481	30,329,534	(3,182,947)
Total liabilities	34,293,725	32,824,262	(1,469,463)
Net assets	(36,006,600)	(34,484,513)	1,522,087

Explanations of major variances

1. The increase is primarily due to a reduction in impairments and write-offs of receivables for SPER infringements. Also contributing is an increase in accrued taxes and royalties recognised at year end.
2. The decrease is primarily due to lower than anticipated recovery from the Queensland Reconstruction Authority for grant payments made to the Queensland Rural and Industry Development Authority.
3. The decrease primarily relates to the reclassification of NDRRA loans from non-current to current.
4. The increase is primarily due to unbudgeted appropriation payable to the Consolidated Fund, partially offset by lower than anticipated GST Payable and SPER third party trade creditors.
5. The increase reflects higher than expected administered revenue earned but yet to be transferred to Consolidated Fund at year end.
6. The increase represents advances received from Powerlink Queensland and Energy Queensland as part of the Cash Management Strategy.
7. The decrease predominately due to lower than anticipated whole-of-government borrowing requirements mainly attributable to the improved operating position and the re-profiling of the capital program.

52 Related entity transactions with other Government Departments

The references to note numbers in the following disclosures may include other items to those listed below that are not classified as material or significant related entity transactions.

Controlled transactions:

The department paid grants to the Department of State Development and the Department of Education and Training to support the objectives of the Back to Work Regional Employment package (note 10).

To support the Advance Queensland initiative the department holds an investment with Queensland Investment Corporation (QIC) for the Business Development Fund, which provides early stage co-investment funding to promote angel and venture capital to Queensland based businesses (note 17).

The department receives reimbursement costs for commercial advisory services from the Department of Transport and Main Roads and Queensland Health for Public Private Partnership projects such as the Herston site re-development and Logan Motorway Enhancement (note 4).

The department incurred disaggregation costs from Queensland Shared Services to better realign services under the Finance Modernisation Project (note 9).

The department engaged QTC to commission a report on the “Review of Queensland’s Financial Assurance Framework”, aimed at improving the management of the State’s rehabilitation risk (note 9).

The department received revenue from the Department of Justice and Attorney-General to undertake surveys in relation to Revenue for Household Gambling, OIR – Queensland Trading Hours and education planning services for the Department of Education and Training (note 4).

The department accrued revenue to conduct surveys on behalf of Queensland Health for Queensland Preventive Health, Small Hospitals Patient Experience and Maternity Patient Experience (note 15).

The departments’ Revenue Management Service outsources the SPER contact centre to the Department of Science, Information Technology and Innovation (note 9).

The department has accommodation leases managed by the Department of Housing and Public Works (note 9).

The department engages Qfleet for OIR’s motor vehicle leases (note 9).

The department outsources OIR’s IT works and services to the Department of Science, Information Technology and Innovation (note 9).

The OIR receives workplace health and safety contributions from WorkCover Queensland and Queensland Health; and electrical safety industry contributions from Energy Queensland (note 5).

The OIR pays grant funding to Queensland Ambulance Services to undertake transport and pre-hospital patient care for injured workers under the Queensland Workers’ Compensation Scheme (note 10).

The department pays legal fees to the Department of Justice and Attorney-General for professional services rendered in relation to State Revenue and Worker’s Compensation legal cases (note 9).

The QTH consolidated entity invested funds with the QTC Cash Fund as at 30 June 2017 totalled \$77.1 million (2016: \$59.2 million) and interest revenue net of management fees received during the year totalled \$1.6 million (2016: \$1.6million).

The QTH consolidated entity has loan balances outstanding to QTC as at 30 June 2017 of \$130.4 million (2016: \$139.3 million) with interest expense and fees totalling \$6.5 million (2016: \$7.0 million) capitalised against these loans.

QTC provides company secretariat and accounting services to the QTH consolidated entity. A fee of \$411,642 (2016: \$428 229) was charged for these services.

Administered transactions:

The department administers the Queensland Government Insurance Fund, which receives premiums from and pays claims to member agencies relating to a full suite of insurance lines (note 41).

The department operates a whole of Government offset arrangement, which includes the Treasury Offset Bank Account and a Working Capital Facility. Note 42 outlines the key terms and conditions of these arrangements which covers advances and principal repayments from the General Government Debt Pool (GDP).

The department received an administered appropriated equity injection under the Queensland Government Debt Action Plan.

The department administers the collection of competitive neutrality fees from Government Owned Corporations (GOC’s) under the National Competition Policy (Note 37).

The department’s State Revenue collection is responsible for administering local government tax equivalents under the *Local Government Act 2009* (note 33). Commercialised business units that are in scope under these administrative arrangements are subject to payroll tax, land tax, vehicle registration duty, insurance duty and transfer duty.

The department receives appropriation revenue (note 3 and 36) provided in cash via the State’s Consolidated Fund.

The department pays interest for borrowings it undertakes with QTC (note 40), note 42 outlines the key terms and conditions of those borrowings.

52 Related entity transactions with other Government Departments (continued)

The department collects State revenues and transfers to the Consolidated Fund, refer to the Administered Statement of Comprehensive Income.

The department administers the provision of State and Commonwealth loans and grants for Natural Disaster Relief and Recovery Arrangement (NDRRA) to Queensland Reconstruction Authority (QRA) and Queensland Rural and Industry Development Authority (QRIDA) (formerly Queensland Rural Adjustment Authority (QRAA), (note 43).

The department administers grant payments to statutory bodies including Queensland Productivity Commission (QPC), Queensland Competition Authority (QCA), Queensland Racing Integrity Commission (QRIC) and Trade and Investment Queensland (TIQ); refer to grants and subsidies on the Administered Statement of Comprehensive Income.

The department administers the receipt of unclaimed money and proceeds of crime from Public Trustee Office (PTO) for transfer to the Consolidated Fund (note 37).

53 Transfer payments

Payments under the Intergovernmental Agreement on Federal Financial Relations are made from the Commonwealth Treasury to the State and Territory Treasuries. These payments represent Specific Purpose Payments, National Partnership Payments and general revenue assistance.

While most of these payments are receipted and paid out to departments via appropriation funding, some payments are passed on directly to the relevant entities. These payments occur where:

- the payment is ultimately for a third party, for example, non-government schools
- the payment is a reimbursement of expenditure incurred by the State after invoicing the Commonwealth, or
- the agreement with the Commonwealth requires the payment to be paid into an interest bearing account held by the final recipient of the funding.

Amounts received from the Commonwealth for direct payments to the following entities in 2016-17 totalled \$2.403 billion (2015-16: \$2.264 billion):

- Department of Education and Training (non-government schools, \$2.394 billion)
- Department of Agriculture and Fisheries (plant disease and eradication, \$2.245 million)
- Department of Infrastructure, Local Government and Planning (National Insurance Affordability initiative, \$7 million).

54 Agency transactions

Queensland Treasury currently acts as an agent and processes grant payments on behalf of a number of Queensland government departments. These transactions do not form part of QT's accounts and are instead reported by the various departments. For the 2016-17 financial year the total value of grants paid was \$219.507 million (2015-16: \$241.373 million). The decrease in 2016-17 is due to fewer grants being approved for disbursement by the respective state agencies responsible for grants.

QSuper operate the Employers Contribution bank account on behalf of Queensland Treasury, in accordance with the *Financial Accountability Act 2009*. The account is utilised to provide for the WOG Long Service and Annual Leave Central Schemes and Employer Superannuation Contributions. The account balance as at 30 June 2017 was \$4.082 million (2015-16 \$18.736 million), which represents money in transit to be identified as owing to either the Consolidated Fund and/or other Government Agencies.

55 Queensland Government E-merchant program

Queensland Treasury acts as a custodian over the settlement account (held by the third party, Cuscal) for the Queensland Government's pre-paid debit card program. At reporting date the balance in the account is \$0.863 million including interest earned for the year, \$15,946.02 (2015-16: \$51,527.66), which represents unspent funds advanced by agencies.

56 Trust transactions and balances

(a)

Queensland Treasury also acts as an agent in the collection and distribution of unpaid infringement fines and court ordered monetary amounts for various external parties including local government bodies, universities and individuals.

	2017 \$'000	2016 \$'000
Opening balance	14,670	15,943
Collections:		
Cash receipts	41,434	41,060
Debtor overpayments	(273)	1,603
Cash not receipted	(137)	1,007
Cash not banked	(124)	(12)
Other	(6)	(6)
Distributions to principals	(38,148)	(44,925)
Balance 30 June	17,415	14,670

(b)

	Total revenue		Total expenses		Net Surplus/(deficit)		Total current assets		Total current liabilities		Net assets													
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000												
District Industrial Inspectors' Collection Accounts																								
<i>Industrial Relations Act 1999 s 358</i>		5		10		5		9		..		1		14		14		14		14		..		..
Holds recovered wages owed to employees until funds are cleared before forwarding on to workers																								
In-scope electrical Equipment (Registration Fees) Fund																								
<i>Electrical Safety Act 2002 s 204A</i>		1,311		1,383		11		13		1,300		1,370		4,525		3,225		..		..		4,525		3,225
holds money collected from the registration of electrical equipment and make payments to participating jurisdictions for electrical safety services																								

CERTIFICATE OF QUEENSLAND TREASURY

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

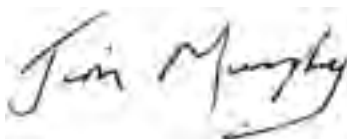
- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects, and
- (b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of QT for the financial year ended 30 June 2017 and of the financial position of the department at the end of that year.

The assertions in this certificate are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



D. Brooks BComm, FCPA
Chief Finance Officer

28 August 2017



J. Murphy BA, LLB, Master of Public Law
Under Treasurer

28 August 2017

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of Queensland Treasury

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Queensland Treasury (the parent) and its controlled entities (the group).

In my opinion, the financial report:

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

The financial report comprises the statements of financial position and statements of assets and liabilities by major departmental services as at 30 June 2017, the statements of comprehensive income, statements of changes in equity, statements of cash flows and statements of comprehensive income by major departmental services for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the certificates given by the Under Treasurer and the Chief Finance Officer.

Basis for opinion

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

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

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

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report for the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Impairment of State Penalties Enforcement Registry (SPER) Fines Receivable

Refer to Note 43 of the financial report

Key audit matter	How my audit addressed the key audit matter
<p>SPER debts are impaired on consideration of the likelihood of collectability with reference to historical activity for the specific debt types being assessed.</p> <p>Management judgement is required in assessing the extent to which debts may be impaired.</p>	<p>My procedures included but were not limited to:</p> <ul style="list-style-type: none"> • Assessing management's controls over SPER collection and finalisation rates of the referred debts as these impacts the determination of the long-term debt finalisation, withdrawal and recall rate. • Obtaining an understanding of the methodology used and assessing its design, integrity and appropriateness. • Recalculating the long-term debt finalisation, withdrawal and recall rate to validate the mathematical accuracy of the model. • Recalculated the impairment charge by applying the long-term debt finalisation, withdrawal and recall rate to the debt pool and comparing the impairment charge to the general ledger.

Completeness of payroll tax revenue
Refer to note 33 in the financial report

Key audit matter	How my audit addressed the key audit matter
<p>Tax revenue administered on behalf of the whole of Government totals \$10.631 billion. Payroll tax transactions represented 35% of this balance and were considered significant to the department.</p> <p>Completeness of revenue recognised is dependent on whether:</p> <ul style="list-style-type: none"> All liable taxpayers have registered to pay payroll tax The amounts disclosed by taxpayers accurately reflect their operations, and thus the calculation base for the tax is complete. <p>The self-assessed nature of payroll tax increases the risk over completeness of payroll tax revenue collected and accrued reported in the administered statement of comprehensive income.</p> <p>The department verifies taxpayer compliance using a risk-management approach, to ensure taxpayers are paying the correct amount of tax.</p> <p>The department has implemented an annual compliance program to address this risk.</p>	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> Assessing management's controls over the completeness of registered taxpayers and disclosure of taxable wages in payroll tax returns, including: <ul style="list-style-type: none"> Reviewing data matching results and compliance program reporting, including whether new payroll tax revenue have been identified or previously raised revenues written-off Evaluating the design, implementation and effectiveness of the annual payroll tax compliance program, by: <ul style="list-style-type: none"> Verifying that all significant payroll tax revenue risks are addressed by the planned program Obtaining an understanding of the methodology used and assessing its design, integrity and appropriateness including the methods used to select cases for investigation. Re-performing a sample of compliance cases. Analysing the movements and volatility of payroll tax revenue, including internal year-on-year trends and comparing to external sources, including population and wage growth data.

Responsibilities of the accountable officer for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the parent's and group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accountable officer.
- Conclude on the appropriateness of the accountable officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent's or group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the parent or group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

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

From the matters communicated with the accountable officer, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters.

Report on other legal and regulatory requirements

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

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



Brendan Worrall
Auditor-General

Queensland Audit Office
Brisbane

Appendices

Work Health and Safety Board Report

The Work Health and Safety (WHS) Board is the peak advisory body to the Queensland Government and the Minister for Employment and Industrial Relations, Minister for Racing, Minister for Multicultural Affairs on work health and safety matters.

The *Work Health and Safety Act 2011* established the Work Health and Safety Board under schedule 2, division 2 of the Act to advise

and make recommendations to the Minister regarding policies, strategies, allocation of resources and legislative arrangements for work health and safety. Through the board, key industry representatives work collaboratively to assist Workplace Health and Safety Queensland (WHSQ) in developing work health and safety strategies, legislation and advice.

Board membership

The previous WHS Board was appointed for a three year term from 22 March 2014 up to and including 21 March 2017. Its membership is detailed below.

Work Health and Safety Board membership 22 March 2014 to 21 March 2017

Previous Chair: Derek Pingel, Past Executive President, Queensland Master Builders' Association

Representing employers

David Foote Chief Executive Officer, Australian Country Choice Pty Ltd

Peter Garske Past Chief Executive Officer, Queensland Trucking Association

Mick Crowe Managing Director, G&S Engineering Services

Vacancy

Representing workers

Amanda Richards Secretary/General Manager, Asbestos Related Diseases Support Society Queensland

Ian Leavers General President and Chief Executive Officer, Queensland Police Union of Employees

Bradley O'Carroll Former State Secretary, Plumbers Union Queensland

Wendy Streets Local Executive Secretary, Finance Sector Union of Australia, Queensland Branch

Other members

John Crittall Past Director, Construction Division, Master Builders Association Queensland

Murray Procter Partner, ClarkeKann Lawyers

Irene Violet Former General Manager Corporate Services, WorkCover Queensland
Current Acting Assistant Director General, Queensland Shared Services,
Department of Science, Information Technology and Innovation.

The current WHS Board was appointed for a three year term from 8 May 2017 up to and including 8 May 2020. Members are selected by the Minister for their knowledge and experience in work health and safety.

Work Health and Safety Board membership 8 May 2017 to 8 May 2020

Chair: Dr Linda Colley, Senior Lecturer HRM/Industrial Relations, School of Business and Law, Central Queensland University

Representing employers

David Foote	Chief Executive Officer, Australian Country Choice Pty Ltd
Mick Crowe	Managing Director, G&S Engineering Services
Melanie Roberts	Manager Workplace Health, Safety and Environmental Policy, Master Builders Queensland
Vacancy	

Representing workers

Royce Kupsch	President, Construction, Forestry, Mining and Energy Union
Kate Ruttiman	Deputy General Secretary, Queensland Teachers Union
Sandra Eales	Assistant Secretary, Queensland Nurses Union
Ben Swan	Branch Secretary, Australian Workers' Union, Queensland Branch

Other members

Jennifer Roberston	Consultant, Board Matters
Patrick Murphy	Chair of the Safety Institute of Australia
Bruce Watson	Chief Executive Officer, WorkCover Queensland

Meetings

The board formally met three times during 2016–17.

Work plan

In September 2016 the board held its annual planning day to develop its work plan for 2017. The plan is based upon the board's:

- ◆ goal to enhance the board's engagement and leadership to ensure a reduction in fatalities and serious injuries
- ◆ purpose to bring the views of Queensland business and workers to the Minister, in collaboration with Workplace Health and Safety Queensland, to improve work health and safety outcomes
- ◆ three strategic areas:
 - Strengthen our engagement – Increase engagement with stakeholders to improve work health and safety outcomes.
 - Drive a positive health and safety leadership culture.
 - Lead and influence industry to foster a positive culture in dealing with mental health issues and better understand the mental health environment in their workplace.

The board has adopted a variety of initiatives to specifically address the strategic areas identified in its work plan. These include the board's active involvement in and promotion of the Safety Leadership at Work program, the Mental Health at Work program and the Young Worker program.

The plan complements the *Australian Work Health and Safety Strategy 2012–2022* and supports the national targets to be achieved by 2022.

It also includes a range of actions which are designed to work collaboratively with business and workers to improve health and safety outcomes and create productive and innovative workplaces.

Industry sector standing committees

The board is supported by six industry sector standing committees:

- ◆ Construction Industry Sector Standing Committee
- ◆ Health and Community Services Industry Sector Standing Committee
- ◆ Manufacturing Industry Sector Standing Committee
- ◆ Retail and Wholesale Industry Sector Standing Committee (incorporating hospitality, recreation and other services)
- ◆ Rural Industry Sector Standing Committee
- ◆ Transport and Storage Industry Sector Standing Committee.

These committees advise and make recommendations to the board about work health and safety in the industry sector for which the committee was established. Committee members are not remunerated.

On 22 March 2016 the Minister appointed a new term of committees up until and including 21 March 2019. These committees have met and work plans have been developed.

Payments to members of the board for 2016–17 totalled \$6,870.

Electrical Safety Board report

The Electrical Safety Board is established under the *Electrical Safety Act 2002* (ES Act) to provide advice and make recommendations to the Minister about policies, strategies and legislative arrangements for electrical safety.

In accordance with the Queensland Government's election commitment, part 2 of the *Work Health and Safety and*

Other Legislation Amendment Act 2015 commenced by proclamation on 8 April 2016 and amended the ES Act by reinstating the position of Commissioner for Electrical Safety and two statutory committees: the Electrical Safety Education Committee and the Electrical Equipment Advisory Committee. These committees report to the Board. Board and committee members represent employers, workers and the community.

Board membership

Members were selected by the Minister for their knowledge of and practical experience in managing electrical safety. The board's membership also includes the Regulator under the ES Act.

The Commissioner for Electrical Safety was appointed by Governor in Council on 18 July 2016. On appointment, the Commissioner assumed the role of the chairperson of the Board and the Electrical Licensing Committee and oversight of the education and equipment committees.

Electrical Safety Board membership from 10 November 2014 to 30 September 2017

Chair: Greg Skyring, Electrical Safety Commissioner

Regulator: Dr Simon Blackwood, Deputy Director-General Office of Industrial Relations Queensland Treasury

Representing employers

Malcolm Richards	Chief Executive Officer, Master Electricians Australia
Michael Logan	Chief Executive Officer, National Electrical and Communications Association

Representing workers

Keith McKenzie	State Assistant Secretary, Electrical Trade Union
Stacey Cowper	Electrician/Instrument Technician, Bechtel

Representing the community

Nicola Irvine	Director, BMI Group
Bill Martin	Safety Advocate

Board activities and achievements

The board met four times during 2016–17.

One of the functions of the Board is to develop a five year strategic plan for improving electrical safety.

The current plan, the *Electrical Safety Plan for Queensland 2014–2019*, sets out the board's vision and goals to support improvements in electrical safety in Queensland. The key objectives of the plan are to improve electrical safety awareness and engagement, strengthen collaborative relationships, monitor electrical safety compliance and performance, and plan for the future.

Specific targets under the plan include reducing the number of serious electrical incidents and ensuring Queensland's five year moving average electrical fatality rate is below the national average.

The board and the Commissioner for Electrical Safety reviewed the existing plan in November 2016 and developed a new five year plan for 2017–2022, following extensive stakeholder consultation with a wide range of community and industry leaders. The new plan is to be finalised by the end of 2017. Strategic themes to improve electrical safety have been identified around safety leadership at all points of the supply chain, emerging technologies, workforce skills and competence and the control of the global supply risk through design and quality standards.

Other activities

The board considered and/or made recommendations on various other issues throughout the year, including:

- ◆ the KPMG review of regulatory requirements for Queensland electrical licences

- ◆ the activities of the electrical licensing, education and equipment committees
- ◆ the oversight of reports of electrical incidents and trends in electrical safety compliance outcomes
- ◆ the Electrical Safety Office’s statewide compliance and engagement program for engaging with the electrical industry and implementing cooperative strategies to achieve positive safety outcomes.
- ◆ the draft Electrical Safety Action Plans of the Electrical Safety Office.

A combined Work Health and Safety and Electrical Safety board meeting in November 2016 provided an opportunity for members to work together to prevent harm in the workplace and broader community. Safety leadership, young workers, asbestos, heat and ceiling space issues, and the installation of mandatory smoke alarms were the themes covered at the meeting.

Electrical Licensing Committee

The Electrical Licensing Committee establishes and safeguards appropriate standards of performance for electrical services providers and advises the board about electrical licences and training. It takes appropriate disciplinary action against electrical contractors and workers and reviews decisions of the regulator about electrical licences.

Members are selected by the Minister for their knowledge of and practical experience in the management of electrical safety and electrical training.

Electrical Licensing Committee membership from 13 October 2014 to 30 September 2017

Chair: Greg Skyring, Electrical Safety Commissioner

Representing employers

Jane Errey	Senior Engineer, SPA Consulting Engineers (Queensland)
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Representing workers

Keith McKenzie	State Assistant Secretary, Electrical Trade Union
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Representing the community

Noel Ryan	Consultant
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Technical expert

Veronica Mauri	Training and Safety Consultant
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The Electrical Licensing Committee met nine times during 2016–17.

Matters involving 12 electrical licence holders were referred to the committee for consideration of disciplinary action as a result of unsafe electrical work and non-compliant practices.

Other activities included:

- ◆ a review of the disciplinary hearing procedures and referral process to improve investigation timeframes, case management, decision making, and communication
- ◆ the establishment of a Technical Reference Group to review certain recommendations of the KPMG review of regulatory requirements for Queensland electrical licences and to make recommendations through the licencing committee and the Electrical Safety Board to the Minister.

Electrical Safety Education Committee

The Electrical Safety Education Committee focuses on providing advice and making recommendations to the board about the promotion of electrical safety in workplaces and in the broader community. Members are selected by the Minister for their knowledge of and practical experience in the management of electrical safety and competence in relation to the functions of the Committee.

Electrical Safety Education Committee membership 28 April 2016 to 28 April 2019

Chair: Penelope Twemlow, Chief Executive Officer, Energy Skills Queensland

Members

Justin Coomber	Strategic Communications Manager, Energex
Michelle Cooper	Master Electricians Australia (resigned effective 21 November 2016)
Michelle Palmer	Executive Manager, Stakeholder Engagement and Corporate Services, Powerlink
Aaron Smith	Senior Advisor, Community Health and Safety, Ergon Energy
Keith Sallaway	Operations Manager, Goss Group of Companies
Cameron Humphreys	Sub Branch Vice President, Electrical Trades Union Queensland and Northern Territory
Tracey Wilson	Director, Working Visions

The safety education committee met four times during 2016–17, and their activities included:

- ◆ the development of priority areas for marketing campaigns
- ◆ a marketing and communications industry working group to develop business cases for recommendations to the Electrical Safety Education Committee and the Electrical Safety Board

- ◆ recommendations presented for the Board's consideration on:
 - skills awareness campaign for consumers
 - diversity and inclusion in the workforce
 - continuity and prioritisation of skills investment
 - workforce skilling
 - education and training package process and design review.

Electrical Equipment Committee

The Electrical Equipment Committee will focus on providing advice and making recommendations to the board about the safety, energy efficiency and performance of electrical appliances and equipment. The committee will also focus on changes to national electrical safety standards, proposed research to identify trends in electrical equipment incidents, as well as those involving emerging technologies. Members are selected by the Minister for their knowledge of and practical experience in the management of electrical safety and competence in relation to the functions of the committee.

Electrical Equipment Committee membership 28 April 2016 to 28 April 2019

Chair: Owen Manley, Standards and Regulations Manager
Lighting Council Australia

Members

Glen Cook	Community Health and Safety Advisor, Ergon Energy
Kirsten Vallmuur	Associate Professor, Principal Research Fellow, CARRS-Q
Michelle Taylor	Manager, Technology Development, Ergon Energy
Dennis Galvin	Technical Director, HPM Legrand
Gordon Hemphrey	Manager, State Fire Investigation Unit, Queensland Fire and Rescue Service
Scott Reichman	Organiser, Electrical Trades Union
Jackson Richards	Quality Assurance and Control Engineer, Schneider Electrical (resigned effective 8 June 2016)
Sara Suleman	Group Compliance Advisor, Super Retail Group (resigned effective 13 February 2017)

The Electrical Equipment Committee met four times during 2016–17, and their activities included:

- ◆ a recommendation for the Electrical Equipment Safety System (EESS) intergovernmental agreement to be finalised by other states to prevent failures of electrical equipment, and non-compliant electrical equipment which could lead to failure, and may create a risk of electric shock or fire to individuals, families, businesses and the community
- ◆ reviewing the risk levels associated with the EESS
- ◆ review of the *Electrical Safety Act 2002* in relation to energy storage systems. A recommendation was submitted for the Electrical Safety Board to consider at the September 2017 board meeting.

ANZAC Day Trust Annual Report 2016–17

Legislation was passed in 1965 that allowed places of public entertainment and amusement to trade on the afternoon and evening of ANZAC Day. This signalled the end of an era in which ANZAC Day was a 'closed day' and business trading was very restricted. The Parliament of the day was optimistic that in return for the bonus of extra trading hours on ANZAC Day, those businesses which benefited would donate to the ANZAC Day Trust Fund. The fund was established under the same legislation and provides funding, on application, to organisations offering financial assistance and relief to ex-service men and women and their dependants.

The annual disbursement of the trust fund to over 240 ex-service organisations supports:

- ◆ aged and infirm veterans wishing to remain in their own homes
- ◆ maintenance of essential services
- ◆ the construction and maintenance of homes/units for war veterans
- ◆ many other services such as advocacy, hospital visits, food hampers and gift/amenities parcels for the sick.

An annual appeal for donations each April begins with a mailout targeting those businesses providing public entertainment and amusement. However, the main source of funds continues to be an annual grant provided by the Queensland Government.

The Board of Trustees

The following members of the Board of Trustees were appointed for a three year term commencing 26 April 2016 until 25 April 2019:

Members

Greg Shannon OAM	Chairperson
Mary Bennet	representing all other ex-service organisations.
Bill O'Chee	representing the Returned and Services League of Australia (Queensland Branch)
Colin Green	representing the Legacy Clubs of Queensland

Activities

The main activities of the trust throughout 2016–17 were the public appeal in April and the disbursement of the trust fund, including the Government grant appropriation, in November.

Queensland bowls clubs, sporting clubs, cinemas and theme parks/tourist attractions were canvassed in the 2017 appeal which netted a total of \$13,674.48 from 17 donors (compared to \$16,891 from 22 donors in 2016).

In 2016–17, payments totalling \$1,303,178 were disbursed to 237 applicant ex-service organisations. In 2015–16, 242 organisations benefitted. Preliminary indications are that disbursements will be given to more than 210 organisations in 2016–17.

Income

The trust was funded predominantly by a grant appropriation of \$1,298,706.39 from the Queensland Government.

Proceeds of the 2017 annual appeal totalled \$13,774.48.

Interest on investments during the year amounted to \$147.67, and cash at bank as at 30 June 2017 was \$24,337.05.

Acknowledgments

The trustees wish to record their gratitude and appreciation to all supporters of the trust, in particular the donors who have maintained their generosity for many years. Certificates of appreciation were issued to all those who contributed.

The Queensland Government is once again commended by the trustees for its generous financial support. The secretariat and administrative support provided by Queensland Treasury is also gratefully acknowledged.

Financial audit and statements

The audit of the books and accounts of the trust has been performed under the provisions of the *Financial Accountability Act 2009*.

Disbursement of the ANZAC Day Trust Fund

The trust fund is disbursed annually to applicant ex-service organisations in November. In 2016, \$1,303,178 was disbursed as follows:

Returned and Services League of Australia (Queensland Branch)	\$725,276
(Branches and Sub-Branches)	
Legacy Clubs of Queensland	\$246,842
Made up as follows:	
Brisbane	100,000
Bundaberg	22,858
Cairns	10,968
Coolangatta/ Tweed Heads	12,046

Fraser Coast and Country Burnett	20,040
Ipswich	13,630
Mackay	5,048
Rockhampton and Central Queensland	14,635
Toowoomba	14,027
Townsville	33,590
Other organisations	\$331,060
Made up as follows:	
2/10th Field Regiment Association	1,500
2nd Battalion Royal Australian Regiment Association	1,500
2nd Field Ambulance Past members Association Queensland Branch	1,500
Air Crew Association Brisbane Branch	1,500
Anzac Day Commemoration Committee Qld	3,678
Association of Queensland Korean Veterans Inc	1,500
Australian Army Aviation Association	1,500
Australian Army Training Team Vietnam Qld Branch	1,500
Australian Federation of TPI Ex-servicemen and Women Qld Branches	14,065
Australian Commando Association Queensland	1,500
Bundaberg and District Ex-Servicewomen's Association Inc	1,500
Australian War Widows (Queensland)	50,000
Council of Ex-Servicewomen's Associations (Qld)	1,500
Defence Force Welfare Association Queensland Branch	1,625
Ex-servicemen and Women Welfare Association Inc	1,500
FESR Navy Association (Qld Division)	1,500
Hervey Bay Ex-Servicewomen's Association Social Club	1,500
Incapacitated Servicemen and Women's Association of Australia	9,615
Mates4Mates	100,000
National Servicemen's Association of Australia (Qld)	14,349
Naval Associations of Australia – Queensland	22,462
Partners of Veterans Association of Australia (Queensland Branch)	1,500
Post 1955 Veterans Group Inc	1,500
RAAF Associations	20,858
Rats of Tobruk Association (Queensland)	1,500
Redcliffe District Ex-Service Women's Club Inc.	1,500

Royal Australian Army Ordnance Corps Association (Queensland Division)	1,500
Royal Australian Navy Corvettes Association (Queensland)	1,500
Royal Marines Association Queensland	1,500
Royal Naval Association Queensland Branch	1,500
Salvation Army	7,000
Submarines Association of Australia Queensland	1,500
Totally and Permanently Disabled Ex-Servicepersons Association (Townsville) Inc	3,813
Totally and Permanently Disabled Soldiers' Association Queensland Branches	9,000
Veterans Support and Advocacy Service Australia Inc	9,219
Victoria Barracks Historical Society	2,753
Vietnam Veterans Association of Australia (Queensland) Sub Branches	21,392
Vietnam Veterans and Associated Forces Social Club Hervey Bay	1,500
Vietnam Veterans Federation Brisbane/Gold Coast Regional Sub Branch	2,231
Vietnam Veterans Federation of Australia Townsville Sub Branch Inc	1,500
War Widows Guild of Australia (Queensland) – Caloundra Sub Branch	1,500
Women's Royal Australian Army Corps Queensland Inc	1,500

ANZAC Day Trust Donors

Ardent Leisure Ltd (Dreamworld/Whitewater World)	Kedron Wavell RSL Sub-Branch
Aussie World	Kingaroy and District RSL and Citizens Memorial Club
Australia Zoo	Murgon and District Services and Citizens Memorial Club Inc
Bay Boozatorium	Murgon Ladies Bowling Club Inc
Biggenden Bowls Club	Pomona Bowls Club Inc
Buderim Bowls Club Inc	RAMM Trading Pty Ltd (Caltex Carseldine)
Bundaberg and District RSL and Citizens Memorial Club	Sherwood Services Club
Carina Leagues Club Ltd	Solander Lake Bowls Club
Clifton Bowls Club	Sporting Shooters Association of Australia (Brisbane)
Currumbin Wildlife Sanctuary	Star Casino, Broadbeach
Eidsvold Bowls Club Inc	Townsville RSL Sub-Branch
Gaythorne RSL	Village Roadshow Theme Parks
Hoyts Cinemas, Sunnybank	

External scrutiny

External audits and reviews aid transparency in government and help us improve our performance and that of other agencies. This is critical if we are to meet the Government's and communities' expectations of accountability and value-for-money service delivery.

Auditor-General Report to Parliament No 1 for 2016–17 Strategic Procurement

Tabled on 27 September 2016

This audit examines whether Queensland government departments are enabling and achieving value-for-money procurement outcomes through effective strategic procurement. It also examines if sufficient measures are in place to develop the necessary procurement capability in the staff who work in this field, and whether good quality data is available.

Procurement of services and supplies makes up a significant proportion of expenditure for Queensland Government departments. During 2015–16, 21 government departments and 16 Hospital and Health Services made around 2.1 million separate payments to procure about \$10 billion of supplies and services from 33,903 suppliers (excluding capital spend). This is about 18 per cent of their total expenditure.

Accountable officers are responsible for carrying out their operations efficiently, effectively, and economically. This includes economy in procurement — the cost-effective acquisition of services and supplies of the right quality at the best price.

There have been several reviews into whole-of-government procurement between 2007 and 2012. Each review identified significant opportunities for departments to achieve substantial cost savings; however, while the public sector is better positioned to undertake strategic procurement now than it was four years ago, significant financial benefits have not been fully delivered.

Recommendations

The report recommended that the Department of the Premier and Cabinet, Queensland Treasury and the Department of Housing and Public Works (DHPW) work together to confirm the role and level of authority required by the Office of the Chief Advisor — Procurement to enable strategic procurement outcomes and to assess the merits of retaining the role within DHPW versus within a central agency.

Further recommendations were identified for the Office of the Chief Advisor — Procurement to collaborate with government departments to develop a Queensland Government procurement planning guide, develop a benefits realisation framework, improve procurement capability in the public sector as part of its current program and the development of a procurement data strategy.

A further recommendation was made for all Queensland Government departments to develop a comprehensive agency procurement plan covering more than the Queensland Procurement Policy minimum requirements.

Our Response

Queensland Treasury provided relevant comments regarding the strategic procurement audit to DHPW who provided a consolidated whole of government response.

Auditor-General Report to Parliament No 3 for 2016–17 Follow up: Monitoring and Reporting Performance

Tabled on 9 November 2016

This audit follows up on the three recommendations QAO made in Monitoring and Reporting Performance (Report 18: 2013–14), which was tabled in June 2014.

Public sector entities must report publicly on their performance as part of their accountability obligations. This demonstrates their effective stewardship and responsible use of taxpayer funded resources.

The original audit, Monitoring and Reporting Performance (Report 18: 2013–14), examined how well the 20 core Queensland departments measured, monitored, and publicly reported on their non financial performance. QAO found that the measures, known as service standards, that the majority of departments reported on their service areas fell well short of being direct measures of the efficiency or the effectiveness of the services they delivered. The widespread lack of service standards and targets for service efficiency was of particular concern.

QAO made three recommendations in Monitoring and Reporting Performance (Report 18: 2013–14), two of which were accepted. Central agencies did not support our third recommendation — that departments be required to publish an audited performance statement in their annual reports — primarily because they perceived it would be costly and complex to implement. Instead, the Department of Premier and Cabinet and Queensland Treasury proposed that departments implement alternative assurance mechanisms over non-financial performance measures.

This audit follows up on the progress and effectiveness of departments in implementing the two accepted recommendations, and checks the status of the department's assurance activities regarding the third recommendation.

Queensland Treasury has made positive progress regarding the recommendations made as part of the Monitoring and Reporting Performance audit which was undertaken in 2013–14.

Auditor-General Report to Parliament No 8 for 2016–17 Queensland State Government: 2015–16 Results of Financial Audits Tabled on 16 December 2016

Most public sector entities, including departments, statutory bodies, and government owned corporations and the entities they control, prepare annual financial statements and table these in parliament. Each year the Treasurer also prepares consolidated state government financial statements. The consolidated state government financial statements separately disclose transactions and balances for the general government sector and the total state sector.

The general government sector includes the entities funded by the government for the delivery of services, including all government departments. These entities deliver key government services in the areas of health, education, law and order, transport, communications, public housing, and other community services. The general government sector is part of the total state sector, which also includes public financial corporations and public non-financial corporations. Public financial corporations are government-controlled entities, which borrow and invest on behalf of the state government and public sector entities. Public non-financial corporations are government-controlled entities engaged in producing market goods and providing non-financial services including energy generation and distribution, water distribution, and rail and port services.

A broad range of parties, including parliamentarians, taxpayers, employees, and users of government services, use public sector financial statements. For these financial statements to be useful, the information reported must be relevant and accurate. Each year the Queensland Auditor-General audits these financial statements and provides an audit opinion that assures users of the financial statements that they are accurate and can be relied on.

This report summarises QAO's analysis of the financial position, performance, and sustainability of the Queensland state government, as reported in the consolidated state government financial statements. It also summarises the timeliness and quality of financial reporting by public sector entities controlled by the state government.

In the 2015–16 State Budget, the government introduced a number of measures to reduce the level of general government sector borrowings. This is commonly referred to as the government's debt action plan and we consider the financial position of the state against this context throughout this report.

Recommendations

There were no specific recommendations for Queensland Treasury. The majority of state sector public entities financial statements were presented in a timely manner and were of good quality. Improvement opportunities were noted in regards to the timeliness of completing asset valuations.

An unqualified audit opinion on the state government financial statements was issued. The state met the legislative timeframes for completion of financial statements and the quality of the supporting work papers for audit purposes were of a high standard.

The report highlights the strong performance of the State in 2015–16 and the significant reductions in General Government sector debt under the Government's Debt Action Plan.

Comments were noted regarding the net operating balance being supported by \$2.7 billion in dividends and income tax equivalents from government owned corporations. The Government maintains its commitment not to sell these assets in recognition of the ongoing benefits to Queenslanders from public ownership.

Auditor-General Report to Parliament No 16 for 2016–17 Government Advertising Tabled on 30 May 2017

In this audit QAO examined the economy of government purchasing of advertising, the effectiveness of a selection of advertising campaigns, and the application of governance frameworks.

Public sector entities use advertising and communication activities to convey messages to the public about the rollout of new policies and programs, items of public interest and other critical community information.

As advertising has the potential to influence people and impact on public opinion, public sector entities must use their advertising and communication activities appropriately. Government advertising expenditure should be prudent, with entities using taxpayer funds to genuinely provide information to the public rather than to gain political advantage. The government can achieve this by applying robust review and approval processes and guidelines.

Queensland Treasury was in scope and was one of three agencies subject to an emphasised review. For Queensland Treasury a detailed review was associated with the First Home Owner's Grant campaign.

Recommendations

A number of audit findings related specifically to the case study focused on Queensland Treasury.

There were no specific recommendations for Queensland Treasury however two recommendations for all government departments were identified as follows: strengthen the evaluation of communications activities by preparing formal reports post campaigns which summarise results, cost-effectiveness of advertising mediums and insights into how the results inform future campaigns and ensure that campaign materials submitted to the Government Advertising and Communication Committee have been certified by the relevant authority as compliant with the Queensland Government Advertising Code of Conduct, and that evidence of this certification is included in submissions.

Our Response

Queensland Treasury did provide comments regarding the audit on government advertising.

Queensland Treasury acknowledged the whole of government response provided by Department of Premiers and Cabinet and support for the recommendations made in the report for all government departments.

Auditor-General Report to Parliament No 17 for 2016–17 Organisational Structure and Accountability Tabled on 31 May 2017

This audit assessed whether the structure within Queensland Government departments supports the achievement of individual agency strategic objectives as well as government priorities, and whether there is clear accountability for delivering these objectives.

QAO reviewed the strategic plan and organisational structure of 18 departments including Queensland Treasury. QAO also considered the government's overarching strategic direction, and assessed whether each department's strategic plan referenced these objectives and clearly demonstrated how the department planned to contribute towards them.

A clearly articulated strategy drives an organisation's direction and contributes to a strong governance structure. The Queensland Government outlines the state's objectives, and public sector agencies must develop strategies that support the delivery of these government objectives. Agencies should then consider their strategy when developing their organisational structure, or they run the risk that their strategy will not be realised.

Two types of reviews were undertaken across the in scope departments; either a detailed review or a high level review. Queensland Treasury was in scope for a high level departmental review.

Recommendations

There were no specific recommendations for Queensland Treasury however four recommendations for all government departments were identified as follows: enhancing strategic planning approaches, establish clear alignment between accountability and strategic objectives, review delegations of authority in relation to organisational structure design and to calculate and review staffing structures and workforce profiles to ensure that the department allocates its employees efficiently and effectively to deliver the department's strategic objectives.

Our Response

No response was required from Queensland Treasury to the report. Relevant management action to address recommendations requires consideration.

All Queensland Audit Office reports tabled during the 2016–17 year are available at www.qao.qld.gov.au

Crime and Corruption Commission Queensland CCC Corruption Allegations Data from 1 July 2015 – 30 June 2016 Published in November 2016

This report provides a summary of the types of conduct alleged, the activities related to the alleged conduct, subject officers and locations for matters concerning the Queensland Police Service, public service departments and local government from 1 July 2015 to 30 June 2016.

Queensland Treasury was included in the scope of the report under Queensland Public Service Departments.

Recommendations

The report did not include any recommendations. Reporting included the type, activities and location relating to included conduct matters. None of the activities identified related to Queensland Treasury.

Our response

Queensland Treasury was not required to provide relevant comments.

All Crime and Corruption Commission Queensland reports published during 2016–17 are available at www.ccc.qld.gov.au

Queensland Treasury Corporation Review of Queensland's Financial Assurance Framework May 2017

In late 2016, an interdepartmental committee of the Under Treasurer and Directors General for the departments of Natural Resources and Mines and Environment and Heritage Protection commissioned Queensland Treasury Corporation (QTC) to undertake a review into the financial assurance arrangements for the resource sector in Queensland.

The review examined the financial risk to the State from sector entities who fail to meet their regulatory rehabilitation obligations for land disturbed by resource activities. Based on an analysis of the sector and current practice, the review proposed options for dealing with the financial and associated environmental risks.

At the time of the review, resource sector rehabilitation costs for 'disturbed' land was estimated to create an exposure risk to the Queensland Government of approximately \$8.7 billion. However, due to the current discount system, the actual financial assurance held was \$6.9 billion.

To address this financial risk and improve environmental outcomes, the review proposed a package of reforms, which included:

- ◆ reforming the current resource sector financial assurance framework
- ◆ improving mine rehabilitation in Queensland
- ◆ expanding the range of surety providers available for financial assurance
- ◆ improved care and maintenance of sites
- ◆ expansion of the abandoned mines program to improve management of legacy issues
- ◆ review of existing approval conditions on the sale of resource assets
- ◆ improved data analysis, information systems and governance framework
- ◆ residual risk policy development.

Government's response

In May 2017, the Treasurer published QTC's *Review of Queensland's Financial Assurance Framework*.

The government has noted the issues outlined in the review and is undertaking a program of works to implement the reforms.

Also in May 2017, the government formed an interdepartmental project management office, situated in Queensland Treasury, to implement reforms and facilitate additional works being undertaken by the Departments of Natural Resources and Mines and Environment and Heritage Protection.

The first two discussion papers to implement the review – *Better Mine Rehabilitation for Queensland and Financial Assurance Framework Reform* – were released for consultation in May 2017.

The project management office will continue work on the proposed reforms throughout 2017–18, with a view to implementing a new financial assurance scheme from July 2018.

Review of trading hours

Background

In 2016, the Queensland Government established an independent reference group to consider and report on Queensland's current regulatory framework for trading hours. The reference group was chaired by Mr John Mickel and comprised of representatives of the National Retail Association, Chamber of Commerce and Industry Queensland, Master Grocers Australia, Queensland Tourism Industry Council, Shop, Distributive and Allied Employees' Association, Australian Workers Union, United Voice and the Queensland Council of Unions (QCU).

The reference group was to assess the appropriateness of the current trading hours' regulation; address anomalies in trading hours' arrangements considering challenges facing small and large business, workers and the community; and promote job creation and business growth.

The Office of Industrial Relations provided research and administrative support to the reference group and its chair, and prepared the amendment Bill to implement trading hours reform as directed by the government.

Recommendations and government's response

The review reported to the government in December 2016 with 13 recommendations for reform. The government has adopted the recommendations for:

- ◆ extending and standardising trading hours for non-exempt shops in South East Queensland and outside of South East Queensland (other than in those areas that currently do not have Sunday and public holiday trading)

- ◆ extending opening times for large hardware stores across the state
- ◆ standardising the closed public holidays for all non-exempt shops
- ◆ adding butcher shops, special exhibitions and trade shows to the list of exempt shops.

In addition, special international and cultural events, such as the 2018 Commonwealth Games, will be able to apply for relaxation of trading hours' restrictions; and workers will not be made to work the additional hours unless they have voluntarily agreed to do so.

The Trading (Allowable Hours) Amendment Bill 2017 was introduced into Parliament on 1 March 2017 and referred to the Finance and Administration Committee for scrutiny. The committee, while not reaching a majority decision to pass the Bill, recommended three further amendments to the Bill which were accepted by the government

The Trading (Allowable Hours) Amendment Bill 2017 was passed by Parliament on 22 August 2017.

Publications

We produce a range of publications, guidelines, and other useful resources about:

- ◆ each year's State Budget
- ◆ financial and economic policy
- ◆ government-owned corporations
- ◆ economic, statistical and demographic research
- ◆ infrastructure projects
- ◆ state revenue, including land tax, payroll tax and duties
- ◆ the first Home Owner Grant
- ◆ advice on paying infringement notices and fines.

Many of these are available through www.treasury.qld.gov.au or by contacting us.

Government bodies

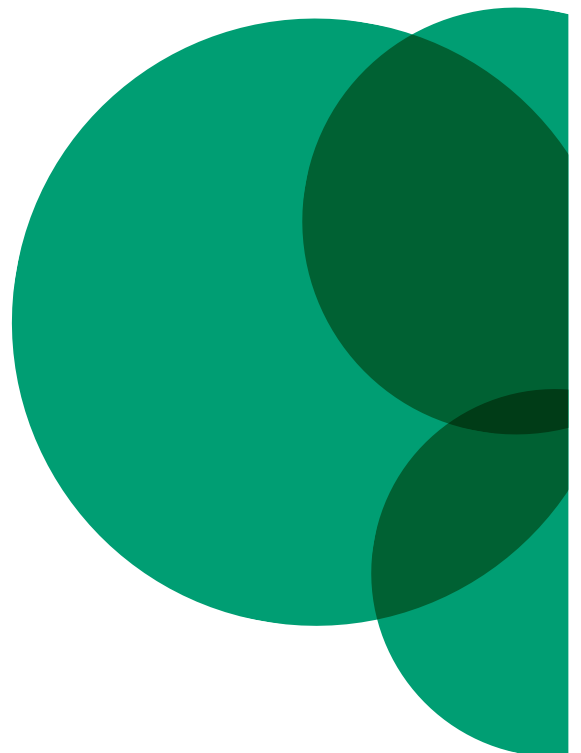
Reports on the following government bodies relevant to Queensland Treasury, many of which relate to the work of the Office of Industrial Relations, are available at www.treasury.qld.gov.au:

- ◆ ANZAC Day Trust
- ◆ Business Development Fund Investment Panel
- ◆ Cardiac Assessment Tribunal
- ◆ Composite Medical Assessment Tribunal
- ◆ Construction Industry Sector Standing Committee
- ◆ Deemed Disease Review Panel
- ◆ Dermatology Assessment Tribunal

- ◆ Disfigurement Assessment Tribunal
- ◆ Ear, Nose and Throat Assessment Tribunal
- ◆ International Education and Training Advisory Group
- ◆ Electrical Licensing Committee
- ◆ Electrical Safety Board
- ◆ General Medical Assessment Tribunal
- ◆ Health and Community Services Industry Sector Standing Committee
- ◆ Manufacturing Industry Sector Standing Committee
- ◆ Neurology/Neurosurgical Assessment Tribunal
- ◆ Ophthalmology Assessment Tribunal
- ◆ Orthopaedic Assessment Tribunal
- ◆ Retail and Wholesale Industry Sector Standing Committee
- ◆ Rural Industry Sector Standing Committee
- ◆ Section 193A Review Panel
- ◆ Trade and Investment Queensland board
- ◆ Transport and Storage Industry Sector Standing Committee
- ◆ Work Health and Safety Board

Consultancies, language services, overseas travel

Reports of Treasury's expenditure on consultancies, language services and overseas travel are published on the Open Data website data.qld.gov.au



Legislation administered by Treasury

Aboriginal Land Act 1991 (Part 18 to the extent that it is relevant to royalties)

Agent-General for Queensland Act 1975

Airport Assets (Restructuring and Disposal) Act 2008

Alcan Queensland Pty. Limited Agreement Act 1965 (to the extent that it is relevant to royalties)

ANZAC Day Act 1995

Appropriation Act 2015

Appropriation Act 2016

Appropriation Act (No. 2) 2015

Appropriation Act (No. 2) 2016

Appropriation (Parliament) Act 2015

Appropriation (Parliament) Act 2016

Appropriation (Parliament) Act (No. 2) 2015

Brisbane Trades Hall Management Act 1984

Building and construction Industry (Portable Long Service leave) Act 1991

Building Boost Grant Act 2011

Central Queensland Coal Associates Agreement Act 1968 (to the extent that it is relevant to royalties); (Sch pt V)

Child Employment Act 2006

Commonwealth Aluminium Corporation Pty. Limited Agreement Act 1957 (to the extent that it is relevant to royalties)

Commonwealth Places (Mirror Taxes Administration) Act 1999

Community Ambulance Cover Levy Repeal Act 2011

Competition Policy Reform (Queensland) Act 1996

Contract Cleaning Industry (Portable Long Service Leave) Act 2005

Dalrymple Bay Coal Terminal (Long-term Lease) Act 2001

Duties Act 2001

Electrical Safety Act 2002

Fair Work (Commonwealth Powers) and Other Provisions Act 2009

Financial Accountability Act 2009

Financial Agreement Act 1994

Financial Intermediaries Act 1996

Financial Sector Reform (Queensland) Act 1999

First Home Owner Grant Act 2000

Fossicking Act 1994 (to the extent that it is relevant to royalties)

Fuel Subsidy Repeal Act 2009

Gaming Machine Act 1991 (s 322(a))

Geothermal Energy Act 2010 (to the extent that it is relevant to royalties)

Government Owned Corporations Act 1993

GST and Related Matters Act 2000

Holidays Act 1983

Industrial Relations Act 2016

Infrastructure Investment (Asset Restructuring and Disposal) Act 2009

Judges (Pensions and Long Leave) Act 1957 (s17)

Land Tax Act 2010

Mineral Resources Act 1989 (to the extent that it is relevant to royalties)

Motor Accident Insurance Act 1994

Mount Isa Mines Limited Agreement Act 1985 (to the extent that it is relevant to royalties)

Mutual Recognition (Queensland) Act 1992

National Injury Insurance Scheme (Queensland) Act 2016

Occupational Licensing National Law (Queensland) Act 2010

Offshore Minerals Act 1998 (to the extent that it is relevant to royalties)

Pastoral Workers' Accommodation Act 1980

Payroll Tax Act 1971

Petroleum Act 1923 (to the extent that it is relevant to royalties)

Petroleum and Gas (Production and Safety) Act 2004 (to the extent that it is relevant to royalties)

Petroleum (Submerged Lands) Act 1982 (to the extent that it is relevant to royalties)

Private Employment Agents Act 2005

Public Officers Superannuation Benefits Recovery Act 1988

Queensland Competition Authority Act 1997

Queensland Investment Corporation Act 1991

Queensland Nickel Agreement Act 1970 (all financial and related matters); (to the extent that it is relevant to royalties)

Queensland Productivity Commission Act 2015

Queensland Treasury Corporation Act 1988

Racing Integrity Act 2016

Safety in Recreational Waters Activities Act 2011

South East Queensland Water (Restructuring) Act 2007 (including as a responsible Minister for the purposes of Chapter 2 of the Act)

State Financial Institutions and Metway Merger Facilitation Act 1996

State Penalties Enforcement Act 1999 (except to the extent administered by the Attorney-General and Minister for Justice and Minister for Training and Skills)

Statistical Returns Act 1896

Statutory Authorities (Superannuation Arrangements) Act 1994

Statutory Bodies Financial Arrangements Act 1982

Superannuation (Public Employees Portability) Act 1985

Superannuation (State Public Sector) Act 1990

Taxation Administration Act 2001

Thiess Peabody Coal Pty. Ltd. Agreement Act 1962 (to the extent that it is relevant to royalties)

Thiess Peabody Mitsui Coal Pty. Ltd. Agreements Act 1965 (to the extent that it is relevant to royalties)

Torres Strait Islander Land Act 1991 (Part 13 to the extent that it is relevant to royalties)

Trading (Allowable Hours) Act 1990

Trans-Tasman Mutual Recognition (Queensland) Act 2003

Trade and Investment Queensland Act 2013

Workers' Accommodation Act 1952

Workers' Compensation and Rehabilitation Act 2003

Work Health and Safety Act

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Glossary

Brent oil

A major trading classification for crude oil.

BDF

Business Development Fund

Commonwealth Grants Commission

An independent statutory body that recommends, in consultation with the states and territories, how revenues raised from the goods and services tax should be distributed.

Duties

A state tax on certain transactions including transfer of property (transfer duty), vehicle registration, insurance contracts and other acquisitions.

ELT

Executive Leadership Team

ESO

Electrical Safety Office, a unit of the Office of Industrial Relations

GOC

Government-owned corporation

IPaM

Injury Prevention and Management Program, a project of the Office of Industrial Relations

IR

Industrial relations

Land tax

State tax on freehold land, assessed on the taxable value of an owner's total land holdings.

Mesothelioma

A cancer affecting the mesothelial cells which cover most internal organs. The only known cause is exposure to asbestos.

MLP

Market-Led Proposal

NAIF

Northern Australia Infrastructure Facility

NIISQ

National Injury Insurance Scheme in Queensland

NIISA

National Injury Insurance Scheme Agency

Nominal Defendant

A statutory body that compensates people injured by unidentified and/or uninsured vehicles.

OIR

Office of Industrial Relations

OSR

Office of State Revenue

Payroll tax

State tax paid if an employer, or group of employers, pays more than \$1.1 million per year in total Australian taxable wages.

QAO

Queensland Audit Office

Productivity

The measure of how efficiently an economy uses its resources (such as labour and capital) to produce outputs (goods and services). Productivity growth reflects the extent to which additional output is generated in an economy from managing the resources or inputs more effectively. Increased productivity is a key factor in driving long-term economic growth, which in turn results in greater prosperity and improvements in living standards.

Project proponent

In the context of major infrastructure, a proponent is one who puts forward a proposition or proposal.

QPC

Queensland Productivity Commission, a body established in 2015 to drive economic growth and lift productivity and living standards by advising on complex economic and regulatory issues.

RTO

Registered training organisation

Royalty revenue

Royalties are payments to the owners of a resource for the right to sell, dispose of or use that resource. In the context of Treasury's revenue management service, these resources are usually from petroleum, coal and other mining activities.

SBB

Social Benefit Bonds

State Penalties Enforcement Registry (SPER)

Part of the Office of State Revenue, SPER collects and enforces unpaid infringement notice fines, court ordered monetary fines and offender recovery orders issued in Queensland.

VISS

Vehicle Immobilisation Seizure and Sale program, in which vehicles of high-value fine debtors (those owing \$5,000 or more) are immobilised through wheel clamping, removed from the owner and/or sold to recoup unpaid penalty debt.

WHSQ

Work Health and Safety Queensland, a unit of the Office of Industrial Relations

Contact us

Queensland Treasury – Principal place of business

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Phone: +61 7 3035 1933
GPO Box 611, Brisbane QLD 2001, Australia
www.treasury.qld.gov.au

Statutory and other bodies

Motor Accident Insurance Commission

GPO Box 2203, Brisbane Qld 4001, Australia
Phone: +61 7 3035 6327
Email: maic@maic.qld.gov.au
Web: www.maic.qld.gov.au

National Injury Insurance Scheme Queensland

GPO Box 2203, Brisbane QLD 4001, Australia
Phone: 1300 607 566
Email: enquiries@niis.qld.gov.au

Nominal Defendant

GPO Box 2203, Brisbane QLD 4001, Australia
Phone +61 7 3035 6321
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Queensland Competition Authority

Level 27, 145 Ann Street, Brisbane Qld 4000, Australia
Phone: 3222 0555

QLeave

Level 4, 543 Lutwyche Road, Lutwyche QLD 4030, Australia
Phone: 3212 6811

Queensland Productivity Commission

Level 27, 145 Ann Street, BRISBANE Qld 4000, Australia
PO Box 12112, George St Qld 4003, Australia
Phone: +61 7 3015 5111
Email: enquiry@qpc.qld.gov.au
Web: www.qpc.qld.gov.au

Queensland Treasury Corporation

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GPO Box 1096, Brisbane Qld 4001, Australia
Phone: +61 7 3842 4600
Email: qtc@qtc.com.au
Web: www.qtc.qld.gov.au/qtc/public

Queensland Racing Integrity Commission

Level 2, 60 Kingsford Smith Drive, Albion Qld 4010, Australia
Phone 1300 087 021
Email: licensing@qric.qld.gov.au

Trade and Investment Queensland

Level 10, 1 William Street, Brisbane Qld 4000, Australia
Phone +61 7 3514 3147
Email: tiq.info@tiq.qld.gov.au

WorkCover Queensland

Phone: 1300 362 128

Feedback

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Compliance checklist

Requirement		Basis for requirement	AR page ref.
Letter of compliance	From accountable officer to relevant Minister/s	ARRs ¹ – section 7	Inside front cover
Accessibility	Table of contents	ARRs – section 9.1	1
	Glossary	ARRs – section 9.1	153
	Public availability	ARRs – section 9.2	Inside front cover
	Interpreter statement	Queensland Government Language Services Policy ARRs – section 9.3	Inside front cover
	Copyright notice	Copyright Act 1968 ARRs – section 9.4	Inside front cover
	Information licensing	Copyright Act 1968 QGEA – Information Licensing ARRs – section 9.5	Inside front cover
General information	Introductory information	ARRs – section 10.1	2-3, 10-13
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1 ARR’s Annual report requirements for Queensland Government agencies

2 FAA Financial Accountability Act 2009

3 FPMS Financial and Performance Management Standard 2009



