

ANNUAL REPORT

2015–2016

Queensland Treasury



Queensland
Government

23 September 2016

The Honourable Curtis Pitt MP

Treasurer, Minister for Aboriginal and Torres Strait Islander Partnerships and Minister for Sport

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 2015–16 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 accessed at www.treasury.qld.gov.au.

Yours sincerely,



Jim Murphy
Under Treasurer

Translating and interpreting assistance



The Queensland Government is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding the annual report, contact us on (07) 3035 3503 between 9am and 5pm Monday to Friday and we will arrange an interpreter to help you.

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About our annual report

The Queensland Treasury Annual Report 2015–16 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 2015–16 financial year. It aligns with the Queensland Government's objectives for the community, the *Queensland Treasury Strategic Plan 2015–19*, and our *Service Delivery Statement 2015–16*.

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.

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UNDER TREASURER'S REPORT



If a theme was evident over the past year, it would be the energy with which Queensland Treasury pursued growth for

the Queensland economy. We stayed focused on the things that mattered while emerging challenges and opportunities remained an ever-present feature of our operating environment.

Externally, economic conditions remained challenging with lower global demand, lower prices for resources and historically low revenue growth. Within Treasury, our workforce almost doubled as we integrated the Office of Industrial Relations (OIR) and its significant accountabilities for safety and workplace relations. Despite these complex challenges, we can reflect on a year marked with significant achievements.

To that end, economic growth in 2015–16 is estimated to finish at 3.5 per cent and in 2016–17 we have forecast growth of 4 per cent. Beyond that, Queensland is forecast to have the fastest-growing state

economy out to 2018–19. This growth is largely driven by liquefied natural gas (LNG) exports and, while the resources sector remains important to Queensland, our economy is more diverse than many people realise. Mining made up just 8 per cent of our output in 2014–15, while services make up a significant majority of our overall output.

Unlocking the full growth potential of our state will be possible with innovative approaches to attracting private investment to deliver job-creating infrastructure and fund services Queenslanders require.

This approach is evident in the government's economic plan, outlined in the 2016–17 Queensland Budget. This plan highlights three clear goals: to foster innovation, attract investment and build infrastructure. Ultimately these goals aim to create jobs. To support these goals Treasury has focused our attention on key programs and strategies that have potential to add significant value to this growth agenda for the benefit of Queenslanders.

In 2015–16 our people demonstrated their capacity for innovation through establishing the \$40 million Business Development Fund on behalf of the government. This is already providing valuable opportunities for job-creating businesses at the leading edge of their fields. The first investments totalling \$3 million have now been made in two technology businesses revolutionising electrical vehicle charging stations and road journey management software.

Furthermore, we have made significant progress in attracting private investment which will support job-creating infrastructure, in particular through the establishment of our Market-Led Proposals model. This is a fresh approach that attracts and accelerates unsolicited proposals from private sector businesses that see investment opportunities in our state. In its first year we supported four major projects worth \$665 million through to the final, detailed planning stage and we will have more proposals under active consideration in the year ahead.

We have also targeted job creation directly through the establishment of our Employment Policy Unit which has traversed the state delivering regional employment forums and consulting closely with more than 300 business owners and stakeholders to support policy development. This informed the government's \$100 million Back to Work regional employment package which seeks to create up to 8,000 jobs across Queensland over two years.

The contribution of fair and safe work practices to the wellbeing of employees and the productivity of our economy cannot be underestimated. I have been impressed with the work of OIR across the diverse elements that support safe and productive workplaces. Of critical importance has been their support of significant reductions in workplace injuries and fatalities. OIR has also implemented the legislation and frameworks that ensure all Queenslanders enjoy a fair and modern industrial relations system.

So much of the government's work is supported by a secure revenue base. Throughout 2015–16, the Office of State Revenue used its expertise in legislation, systems and customer service to administer approximately \$13 billion in revenue and grants.

As we grow Queensland's economy we also need to ensure the government is getting the best possible outcomes from its investment in services for Queenslanders. In 2015–16 we have made solid progress towards successfully delivering Queensland's first social benefit bonds (SBBs), an innovative way of delivering the services vulnerable Queenslanders need. With our SBB pilot program on track, we expect Queenslanders will be able to start accessing SBB-funded services in 2017.

The government's commitment to revitalising frontline services has also been delivered in 2015–16, resulting in an increase of almost 8,500 full-time equivalent government employees, including nurses, doctors, teachers and police officers. This saw the addition of a new principle to the government's fiscal strategy – to maintain a sustainable public service by ensuring that overall growth in full-time equivalent employees, on average over the forward estimates, does not exceed population growth.

In the year ahead, our job will be to support the successful implementation of all six principles that now underpin the government's fiscal strategy. It is a strategy which aims to advance Queensland's

growth and it reflects the complex economic conditions in which we operate.

Amidst this complexity, Treasury remains focused on the things that matter, with the ultimate goal of growing our economy for the benefit of Queenslanders.

Our sole purpose is to assist the government in providing first-class services to Queenslanders. By working collaboratively with other agencies and consulting with private sector organisations, we have been able to provide the government with the best possible information to support their service delivery priorities.

To equip ourselves to deliver our work program, during the year we embarked on a major organisational reform program. The *One Treasury: Agency Excellence program* will set Treasury up to meet the government's expectations, with stronger relationships with agencies, strategic goals for key priority areas and more targeted application of our people's expertise.

The achievements we reflect upon in our 2015–16 Annual Report show we are on the right track, and I maintain full confidence in Queensland's long term growth potential. I commend our people for successfully tackling some of our state's most complex social and economic challenges to realise this growth. Our results reflect our people's expertise, and above all, our dedication to Queensland.



Jim Murphy
Under Treasurer

HIGHLIGHTS

2015–16 was a successful year for Queensland Treasury, despite a challenging global environment with direct impact on the Queensland economy. A sound, proven fiscal strategy and a willingness to pursue innovation and stakeholder engagement has led us to strong performance in each of our strategic objectives, as shown in the quadrants below.

- Developed the Queensland Budget 2016–17
- Amended our fiscal strategy to contain public service growth
- Implemented the Jobs Now, Jobs for the Future program and the Back to Work regional employment package
- Successfully advocated for a fairer share of GST revenue for Queensland
- Established the Business Development Fund
- Progressed the business case for Cross River Rail
- Led Queensland's negotiations for the Northern Australian Infrastructure Facility
- Progressed four Market-Led Proposals for major infrastructure projects to detailed planning stage
- Progressed initial procurement for the North Queensland Stadium in Townsville

**Supporting
economic growth,
job creation and
fiscal strength**

- Established the One Treasury: Agency Excellence transformation program
- Supported the Not Now, Not Ever domestic violence awareness campaign
- Inducted 12 employees into our Great Leaders Program
- Ranked 29th of Australia's top 75 graduate employers
- Welcomed 39 new graduates to Treasury
- Awarded four scholarships to top university students
- Reduced our lost time injuries

**Empowering
our people**

The *Queensland Treasury Strategic Plan 2015–19* is the roadmap that guided us to this level of performance and to achieve our vision. More details of our performance in 2015–16 are included in our Service Reports on pages 24 to 61.

Improving services for Queenslanders

- Progressed the Debt Action Plan
- Introduced the Social Benefit Bonds pilot program
- Collected a record \$298 million in penalty debt
- Administered approximately \$13 billion in revenue and grants
- Realised an estimated \$2.3 billion in dividends and tax equivalents from government-owned corporations
- Led the formation of Energy Queensland
- Introduced electronic conveyancing into Queensland

Ensuring safe, productive and fair workplaces

- Contributed to significant reductions in work-related deaths and injuries
- Reinstated the Electrical Safety Office
- The lowest average premium rate of a centrally funded WorkCover scheme at \$1.20 per \$100 of wages paid.
- Restored Labour Day to its traditional May date
- Continued direct engagement with workers and businesses
- Prepared for the 2015 review of Queensland's industrial relations legislation

ABOUT US

Our purpose

To grow the Queensland economy

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.

Who we are

Queensland Treasury is the government's expert on state finances and the economy. We do this by:

- supporting economic growth, job creation and fiscal strength
- improving services for Queenslanders
- empowering our people
- ensuring safe, productive and fair workplaces.

Above all else, we are dedicated to Queensland.

How we began

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.

Treasury's presence in Brisbane will enter a new chapter in the final months of 2016, when we move to our new working environment at 1 William Street, Brisbane. This move, to the site bounded by William Street, Alice Street and the north-bound on ramp of the South East Freeway, will introduce our people to new ways of working and to new technologies. Read more on page 17.

Our services

Economic

We provide the economic advice, research and analysis the government needs to deliver on its commitments for jobs and the economy. We work for Queenslanders by:

- developing employment policy and programs and responses to labour market issues
- conducting statistical and demographic research for planning and decision making
- managing fiscal relations between Queensland and the Australian Government
- monitoring the performance of government-owned corporations (GOCs).

Fiscal

We are the Queensland Government's principal source of fiscal advice. We work for Queenslanders by:

- developing and monitoring the State Budget and managing Queensland's debt
- promoting Queensland's interests in negotiations with the Australian Government and other jurisdictions
- working collaboratively with agencies on policies and processes that support service provision and deliver value-for-money outcomes.



Commercial

We help to grow the Queensland economy by:

- providing timely financial and commercial policy advice to the government
- identifying and assessing opportunities for private investment
- procuring privately financed major public infrastructure and services
- ensuring Queensland achieves the expected benefits of its public-private partnerships.

Revenue management

To help fund services for Queenslanders, we administer a revenue base of around \$13 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.

Industrial relations

We make Queensland workplaces safer, fairer and more just places to work. We do this with:

- work health and safety services, advice and standards
- standards and strategies for improved electrical safety
- workers' compensation regulation and policy advice
- an industrial relations framework and public sector bargaining.

Statutory bodies

We enjoy close relationships with statutory bodies whose work complements that of our organisation and which are the legal responsibilities of our Ministers or the Under Treasurer. These are:

- the Motor Accident Insurance Commission
- Nominal Defendant
- Queensland Treasury Corporation

If it's important to Queenslanders, it's important to us.

- Queensland Competition Authority
- Building and Construction Industry (Portable Long Service Leave) Authority
- Contract Cleaning Industry (Portable Long Service Leave) Authority
- WorkCover Queensland.

These authorities 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, Minister for Aboriginal and Torres Strait Islander Partnerships and Minister for Sport, 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 the 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.

ABOUT US

Changes for Treasury

Since joining Treasury in July 2015, the Office of Industrial Relations (OIR) has fulfilled an important part of Treasury's strategic direction: to ensure Queenslanders enjoy safe, productive and fair workplaces. Since then, OIR has worked to strengthen Queensland's industrial relations laws, and expand its reach into communities, such as by establishing their Indigenous and Remote Communities Unit to better serve these communities. Read more about OIR's diverse portfolio from pages 49 to 61.

In December 2015, the Honourable Grace Grace MP became Minister for Employment and Industrial Relations, Minister for Racing and Minister for Multicultural Affairs. In this portfolio, Minister Grace continues the government's commitment to employment policy, job creation and industrial relations.

The Honourable Curtis Pitt MP continued with his portfolios as Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships, and added Sport to his ministerial responsibilities.

As of 1 July 2016, Queensland's Motor Accident Insurance Commission established the National Injury Insurance Agency, an independent statutory body which will implement the National Injury Insurance Scheme Queensland (NIISQ). NIISQ will guarantee lifetime treatment, care and support for people who are seriously injured in motor vehicle accidents, regardless of fault.

Raising awareness of NIIS

A campaign to raise awareness of the need for a National Injury Insurance Scheme in Queensland (NIISQ) was launched in March in preparation for its commencement in July.

The creative campaign, "You're not half as protected as you think" (shown at right) drove home the message that NIISQ will fund care and support costs for catastrophically injured motorists not eligible to receive compensation through compulsory third party (CTP) insurance.

From 1 July 2016, NIISQ will provide lifetime care and support for anyone catastrophically injured in a road traffic crash, regardless of fault or age.



MANAGING OUR ORGANISATION

Our fiscal strategy

Treasury's fiscal strategy is a cornerstone of each year's State Budget. It outlines the principles by which the government is able to manage Queensland's finances in a responsible and measured way.

In 2016, we introduced an additional fiscal principle to our strategy to meet the government's commitment to contain growth in the public service. Read more about our strategy in the Fiscal Service Report on pages 31 to 35.

Principle 1	Target ongoing reductions in Queensland's relative debt burden, as measured by the General Government debt-to-revenue ratio.
Principle 2	Target a net operating surplus that ensures any new capital investment is funded primarily through recurrent revenues rather than borrowing.
Principle 3	Manage the capital program to ensure a consistent flow of works to support jobs and the economy and reduce the risk of backlogs emerging.
Principle 4	Maintain competitive taxation by ensuring that General Government sector own-source revenue remains at or below 8.5 per cent of nominal gross state product, on average, over the forward estimates.
Principle 5	Target full funding of long-term liabilities such as superannuation and WorkCover Queensland in accordance with actuarial advice.
Principle 6	Maintain a sustainable public service by ensuring overall growth in full-time equivalent employees does not exceed population growth from 2017–18.

Each year's budget, mid-year review and end-of-year reports outline the government's achievements 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:

- leadership and planning
- internal and external accountability
- mechanisms
- audit and risk management
- corporate support
- rigorous financial controls.

These functions are driven by a number of management committees. Read more on pages 14 to 16.

Managing our performance

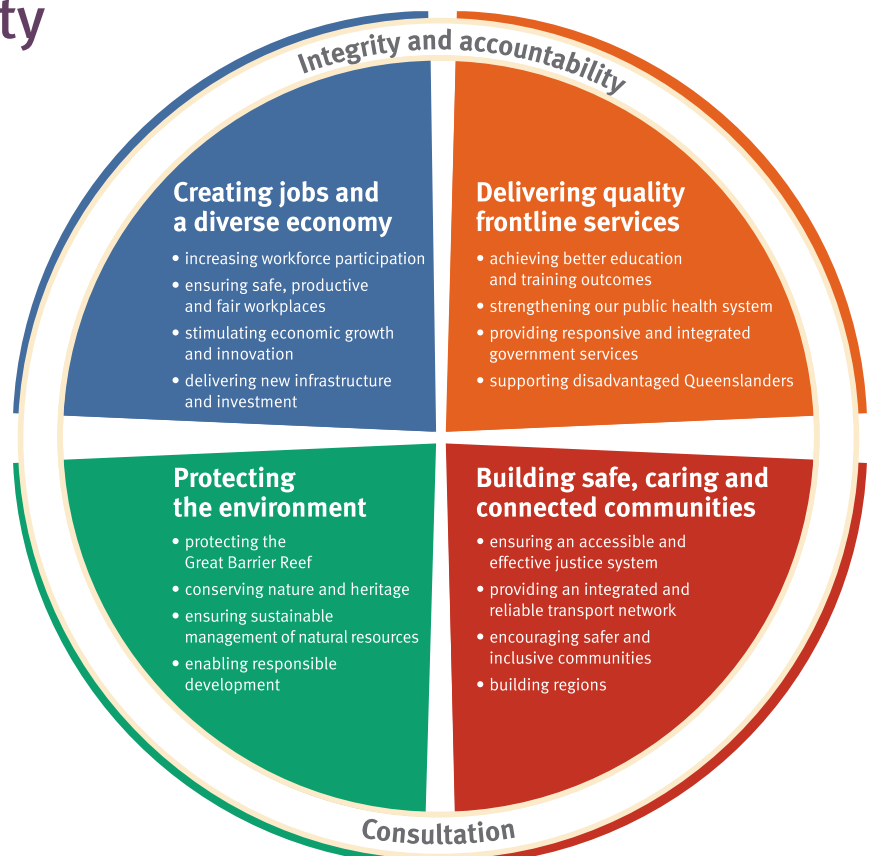
We manage and improve our performance in line with the Queensland Government's Performance Management Framework. This framework helps guide how we identify risks and opportunities for agencies, government and the community, and develop plans to address these. At an organisation-wide level, our Strategic Plan is the roadmap which guides our longer term efforts to deliver our purpose (read more on pages 4 to 5). 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 on pages 24 to 61). 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 the Minister for Employment and Industrial Relations 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 operational plan shows a direct link between its priority initiatives and Treasury's strategic objectives. Progress is monitored and reported quarterly to the Resource Governance Committee. The operational plans are updated each year, but as 'living documents' 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

Treasury directly supports three of the government's objectives for the community (illustrated at right): creating jobs and a diverse economy, delivering quality frontline services and building safe, caring and connected communities.



How we supported the objectives in 2015-16

Creating jobs and a diverse economy

Delivered regional employment forums to support jobs growth. Read more on page 27.

Delivered the Market-Led Proposals initiative to attract private investment. Read more on page 39.

Delivered the annual State Budget including further options to reduce debt.

Read more on pages 31 to 35.

Delivering quality frontline services

Managed the State Budget to maximise services and minimise costs. Read more on pages 31 to 35.

Progressed energy and water sector reforms. Read more on page 30.

Made it easier for clients to meet their tax obligations. Read more on page 47.

Building safe, caring and connected communities

Delivered strategies to keep workplaces safer and healthier. Read more on pages 55 to 59.

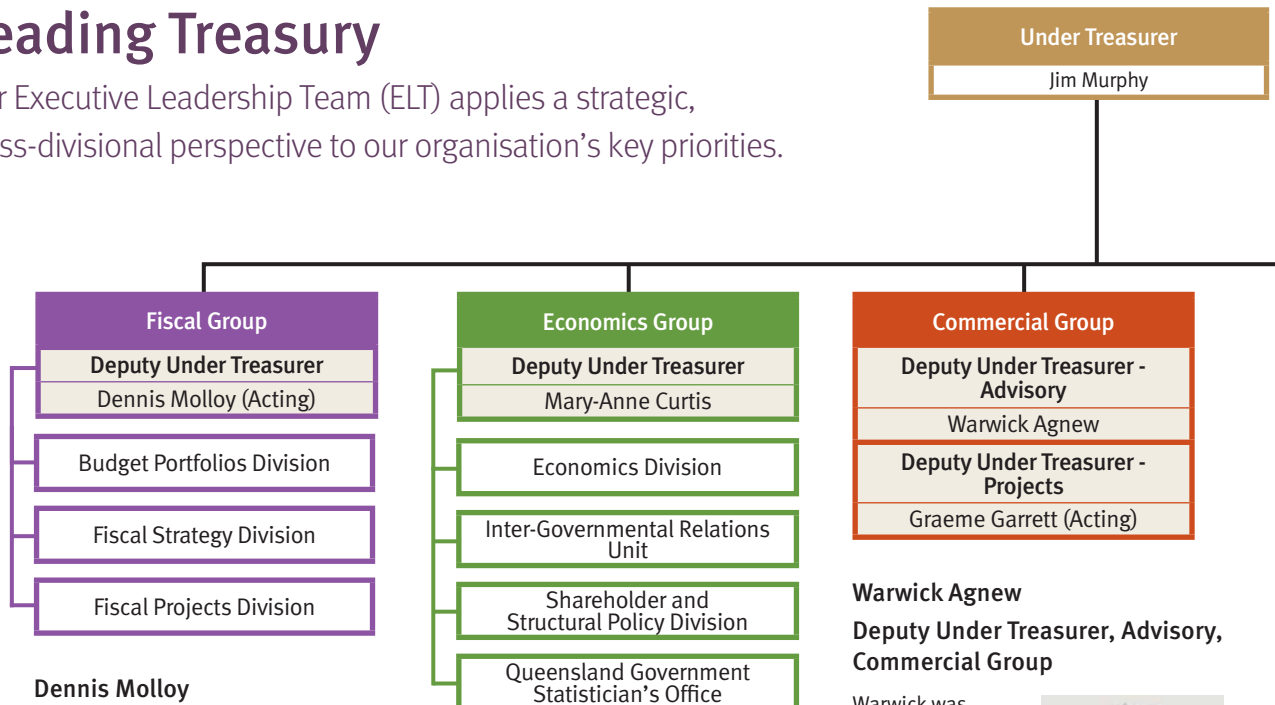
Delivered strategies to keep homes and communities safe from hazardous materials and electrical harm. Read more on page 53.

Progressed actions to ensure a fair and efficient workers' compensation system.

Read more on pages 60 to 61.

Leading Treasury

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



Dennis Molloy Acting Deputy Under Treasurer, Fiscal Group

Dennis commenced as Acting Deputy Under Treasurer, Fiscal Group in 2015. He has been closely involved in all Queensland State Budgets since 2010. He also worked as the Executive Director of Economic Policy in the Department of the Premier and Cabinet and took a particular interest in policies that would facilitate growth of the Queensland economy. Dennis started his career as an economist with the Commonwealth Treasury and enjoyed over a decade engaged in economic forecasting, competition policy, Commonwealth – state financial relations, and advising the Commonwealth Treasurer on the health, education, social security and defence portfolios.



Mary-Anne Curtis Deputy Under Treasurer, Economics Group

Mary-Anne was appointed Deputy Under Treasurer, Economics Group in July 2014. Before her appointment, Mary-Anne was the Acting Executive Director of Projects Queensland, where she was responsible for providing governance and strategic direction for the development and delivery of some of Queensland's major infrastructure and service delivery projects. Before this, Mary-Anne spent more than a decade working on the state's major commercial transactions.



Warwick Agnew Deputy Under Treasurer, Advisory, Commercial Group

Warwick was appointed Deputy Under Treasurer, Advisory, for Treasury's Commercial Group in 2015. Before rejoining our organisation in 2014, Warwick was the Executive Manager, Property and Asset Services at Transfield Services. Throughout his career, he has gained valuable experience in social and economic infrastructure projects, financial and commercial procurement, and corporate finance advisory services.



Graeme Garrett Acting Deputy Under Treasurer, Projects, Commercial Group

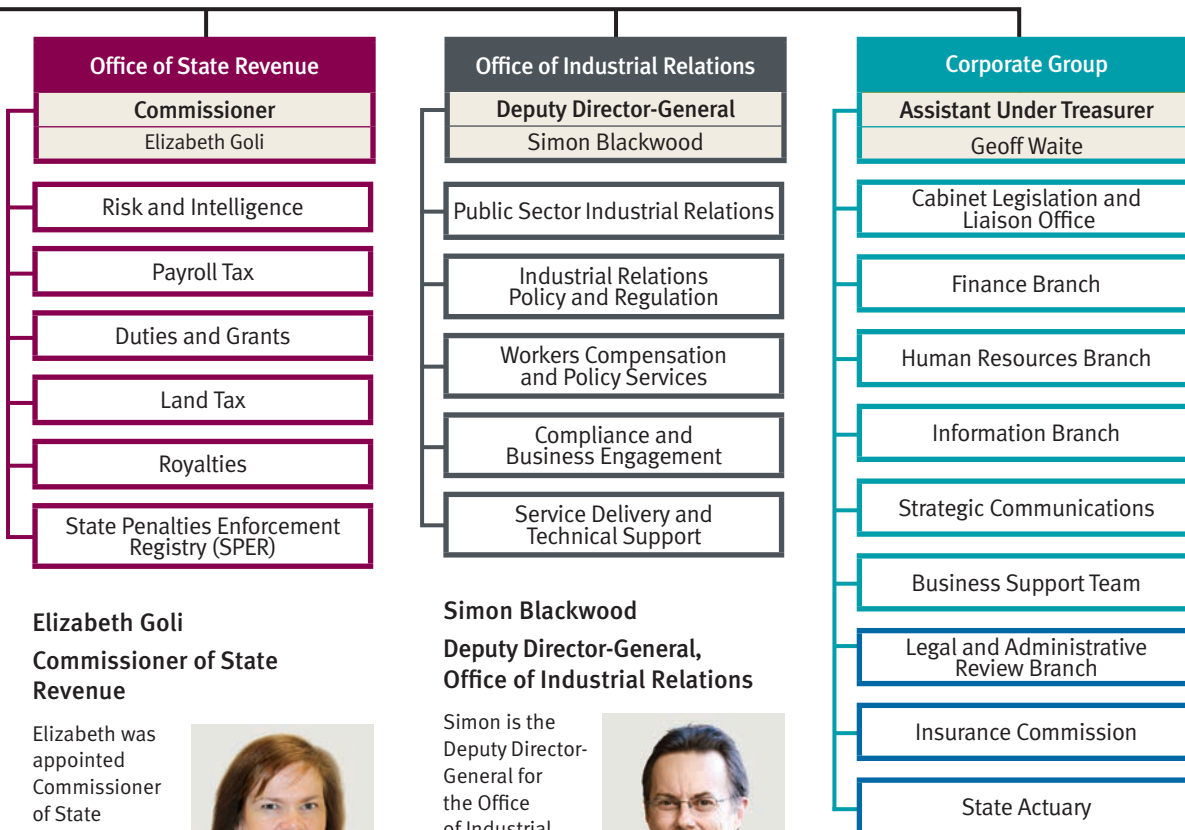
Graeme was appointed acting Deputy Under Treasurer, Projects, for Treasury's Commercial Group in 2015. Before this, he was a foundation director of Commercial Group's predecessor, Projects Queensland. Graeme has provided governance and strategic direction for the development and procurement of some of the state's major infrastructure and service delivery projects. Originally a solicitor with a major national law firm, Graeme undertook various senior roles with Queensland Treasury Corporation.



Current as at 30 June 2016

Jim Murphy
Under Treasurer

Jim Murphy became Under Treasurer in 2015. Formerly a senior executive with ANZ, Jim was Deputy Secretary in the federal Treasury and also held executive positions in the federal departments of Attorney-General and Finance. His career includes a role as an advisor with the International Monetary Fund in Washington and a short period as Chief of Staff in the Office of the Prime Minister. Jim received a Public Service Medal for his strategic economic advice for the Australian Government’s response to the global financial crisis.



Elizabeth Goli
Commissioner of State Revenue

Elizabeth was appointed Commissioner of State Revenue in February 2014. She was previously Senior Assistant Commissioner,



Indirect Tax at the Australian Taxation Office in Brisbane, and has held senior and executive leadership roles in tax administration. Elizabeth has international tax experience with the Organisation for Economic Cooperation and Development in Paris. She worked in the Office of State Revenue from 1997 to 2001 in a leading role rewriting Queensland’s duties legislation.

Simon Blackwood
Deputy Director-General, Office of Industrial Relations

Simon is the Deputy Director-General for the Office of Industrial Relations (OIR), which joined our team in July 2015. Under Simon’s



leadership, OIR is responsible for regulatory frameworks and services to improve workplace health and safety and electrical safety; regulatory responsibility and policy advice on workers’ compensation matters; and supporting a productive industrial relations framework for Queensland’s public sectors. Simon’s previous roles include Executive Director of Workplace Health and Safety Queensland and General Manager of Private Sector Industrial Relations. He holds a PhD in sociology from the University of Queensland.

Geoff Waite
Assistant Under Treasurer, Corporate Group

Geoff was appointed Assistant Under Treasurer, Corporate Group in 2015. He first joined Treasury in 1984 to work on Commonwealth – state employment programs. He



followed his appointment as Director of Finance in 1995 with executive roles in corporate services, Budget Division and the Office of Government-Owned Corporations. After operating his own management consultancy, Geoff returned to Treasury in 2012 and worked on several internal reviews before heading up the Office of the Under Treasurer.

Our management committees

Our corporate governance is strengthened by Executive Leadership Team (ELT) sub-committees that adhere to the *Public Sector Ethics Act 1994* and the *Financial and Performance Management Standard 2009*.

These committees oversee specific accountabilities and functions of our business.

Resource Governance Committee

The Resource Governance Committee (RGC) helps our Under Treasurer and Chief Finance Officer discharge their duties under the *Financial Accountability Act 2009* by:

- monitoring our use of financial resources
- providing advice and direction on corporate governance and resource management
- approving submissions and proposals with resource implications
- reviewing workforce data and providing direction on risks, issues and trends
- reviewing compliance with whole-of-government financial management requirements
- reviewing and approving proposals for new financial systems, processes and tools
- monitoring fee-for-service arrangements with financial service providers.

Chair: Under Treasurer

Members: Assistant Under Treasurer, Corporate Group
Deputy Under Treasurer, Fiscal Group
Deputy Under Treasurer, Economics Group
Commissioner of State Revenue
Deputy Under Treasurer, Commercial Group
Chief Finance Officer, Corporate Group
Deputy Director-General,
Office of Industrial Relations

Achievements in 2015–16

Modernising our financial management systems was a key focus for the RGC during the year.

Our modernised system also included new self-service, end-to-end processes for corporate cards, CabCharge and expense claims, reducing the need for paper-based transactions.

Our investment in this space has brought us a modern and sustainable finance platform that improves how we can manage transactions and reporting across Treasury.

Information Steering Committee

Our information technology and information management programs offer great scope for innovation in our business practices. The Information Steering Committee (ISC) allows us to achieve maximum benefit from these programs by:

- leading information management and information and communication technology (ICT) strategic planning
- developing and implementing ICT policies, architectures and investment proposals
- reviewing and monitoring major information management and ICT projects

- identifying and addressing risks to productivity and service delivery
- ensuring Treasury is up to speed with emerging trends and technologies.

Representation

Information Branch

Motor Accident Insurance Commission

Office of State Revenue

Fiscal Strategy Division

Government Statistician's Office

Achievements in 2015–16

One of the ISC's key achievements during the year was the development of an Information Strategic Plan for Treasury.

The disparate nature of our information systems serving revenue, debt, records, budget and statistical programs, presented a risk to information governance, security and sustainability. The new plan allows an integrated, whole-of-portfolio view, which will allow us to make the most efficient use of taxpayer-funded resources.

Read more about our information management achievements on page 17.

Workforce Capability and Performance Committee

Our Workforce Capability and Performance Committee (WCAP) was formed in 2013 to prioritise workforce improvement initiatives and ensure that our people were able to become leaders in shaping policy and services for Queensland.

Achievements in 2015-16

WCAP's guidance allowed us to meet the government's requirement to contain growth in full-time equivalent employees to population growth. In the first half of the year, WCAP also provided guidance for our twice-yearly graduate intakes and our Great Leaders Program.

In 2016, WCAP's accountabilities were reallocated directly to our Executive Leadership Team and Resource Governance Committee as we began streamlining and strengthening our governance processes as part of the One Treasury's Agency Excellence Reform Program. Read more about this program in the Our People report on page 18.

Audit and Risk Management Committee

Our 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:

- considering audit outcomes and related findings
- assessing and enhancing Treasury's corporate governance processes such as internal controls
- evaluating and facilitating internal audit functions, particularly in planning, monitoring and reporting
- overseeing and appraising our financial and operational reporting
- reviewing our risk management, control and compliance framework and strategies
- considering our external accountability responsibilities and integrity framework.

Chair: Deputy Under Treasurer, Fiscal

Members: Under Treasurer

Deputy Under Treasurer, Economics

Insurance Commissioner

General Manager Finance, Queensland
Treasury Corporation

Standing invitations:

Deputy Under Treasurer, Commercial Group
Chief Finance Officer

Queensland Audit Office (QAO)

Internal Audit

Achievements in 2015–16

In 2015–16, the committee met five times and fulfilled its responsibilities in accordance with its charter and an approved work plan. During the year, the committee reviewed:

- 2015–16 internal audit plan
- 2014–15 Financial Statements for Queensland Treasury, Motor Accident Insurance Commission and Nominal Defendant
- QAO reports to Parliament as they related to Treasury
- issues raised by QAO including recommendations from performance audits
- issues raised by Internal Audit
- activities of other Treasury committees.

QAO reports that relate to Treasury are summarised in External Scrutiny on pages 138 to 140.

Risk management

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. The risk management function facilitates a reporting process where it works with business areas to update their risk registers and consolidates a quarterly risk management report. The report is presented to the ELT and provides a snapshot of risks across business areas, risk rating changes and an overview of current and emerging risks and opportunities. In 2015-16, the risk management team also worked closely with the OIR to support them in adopting Treasury's risk framework and including OIR in risk reporting.

Internal Audit

Internal Audit supports the Audit and Risk Management Committee and our organisation 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 2015–16, 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 2015). This plan is aligned to our key risk areas, operations, and strategic objectives and draws on additional specialist expertise as needed.

The plan comprised a suite of reviews over the year, including, but not limited to, program reviews over key initiatives; reviews over revenue management activities and systems; and reviews of select agency and front line service delivery functions.

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 2015–16, our major achievements included:

- migrating our data centres to an externally hosted IT infrastructure as-a-service arrangement
- implementing a new SharePoint-based enterprise content management solution, integrating our corporate intranet, collaboration tools, and document and records management functions into one
- building a stable solution to pilot upgrades to Windows 10, Internet Explorer 11 and Office 2016
- reducing the amount of information stored on our network drives to move these assets to an appropriate place where they can be better managed
- embedding our electronic records management system to improve records management and compliance activities and automate our sentencing and disposal processes
- developing and piloting new digitisation and disposal techniques for temporary low-risk records, reducing our reliance on physical storage, shrinking our physical footprint, and improving instant access to information
- building an extranet to enhance collaboration with outside organisations, reduce paper and increase control over documents leaving our organisation.

Solutions for an evolving workforce

During the year, our people invested considerable energy in preparing for the relocation to 1 William Street in late 2016. This has involved implementing cutting-edge technologies, together with work spaces aimed at improving flexibility, mobility, collaboration, productivity and wellness within the organisation.

Key initiatives driven by our people throughout 2015–16 included:

- reducing the amount of information stored on our network drives
- providing teams with the tools and techniques to reduce their dependency on paper documents
- supporting and facilitating flexible working arrangements, including mobility, by providing reliable access to corporate information anywhere with a reliable WiFi connection
- building staff capabilities with the new technologies and work spaces, so that utilisation upon relocation is optimal
- rolling out new collaboration technologies at the new building following extensive testing.

This program of work has allowed us to remain on track for a seamless, streamlined move into our new accommodation.

OUR PEOPLE

Empowering our people, now and into the future

Our people are Treasury's greatest strength. That is why 'empowering our people' remains a strategic priority for our organisation. In 2015–16 Treasury continued to deliver a range of established programs to attract, retain and develop our people. We also embarked on a larger scale transformation earmarked for 2016–17. The One Treasury: Agency Excellence Reform Program will ensure Treasury's structure, culture and ways of working are aligned to best meet the evolving needs of our clients and stakeholders. It will target the expertise of our people towards the priority objectives for the Queensland Government by emphasising a partnering approach to how we engage with line agencies. Strong relationships across government, deep sectoral knowledge and clear, strategic goals for key policy areas will ensure we achieve our purpose to grow the Queensland economy and improve the wellbeing of all Queenslanders. Agency Excellence will also leverage improved workflows enabled by the open floorplan of the 1 William Street building to which Treasury will relocate in late 2016.

Building capability

Developing future leaders

In 2015–16 we delivered our second Great Leaders Program, welcoming 12 employees into the professional development program. Great Leaders, developed in partnership with Queensland University of Technology, draws on leading insights from business and neuroscience to coach high performing employees to realise their leadership potential. We also encouraged our people to make use of the Public Service Commission's leadership development opportunities which support professional growth of team leaders and supervisors through to executives.

Working as a leadership team

As well as developing individuals as leaders, we focused on developing our senior executives as a leadership team. A quarterly Senior Leadership Team (SLT) forum was introduced during the year, bringing together Treasury's top 55 executives to learn more about department-wide priorities and discuss opportunities to support the ongoing transformation of Treasury. These forums will continue in 2016–17 as our SLT works together to refine and implement the Agency Excellence transformation.

Challenging our thinking

Innovation remains an important focus for Treasury and in 2015–16 we introduced a pro bono speaker series to expose our workforce to thought leaders from diverse fields. Dr Stefan Hajkovicz, from CSIRO's Data 61, shared insights on emerging global megatrends. These are gradual yet powerful trajectories of change that demand attention today. Successful business woman Margie Seale, non-executive director of Telstra Corporation and former CEO of Random House Australia, also addressed Treasury employees. She discussed the challenge of driving a customer focus by 'eating your own dog food', as tech companies have come to call the practice of standing in your customers' shoes. The series will continue in 2016–17 to inspire innovative thinking from our people.

Striking a balance

We want our workforce to reflect the Queensland communities we exist to support. Cultural diversity and gender diversity are two areas under the spotlight for Treasury.

Cultural diversity

In 2016–17 Treasury will explore ways to employ more Aboriginal and Torres Strait Islander people in our workforce. This will focus on adapting our strategies for graduates, scholarships and vacation employment. Focusing on early career attraction is considered critical to influence students to choose a finance or economics path they may not have otherwise considered.

Gender parity

In 2015–16 Treasury looked critically at the issue of gender parity. While our workforce gender balance is evident up to middle management level, there are fewer women than men in senior officer and senior executive service positions. We now have a dedicated Women's Reference Group, chaired by Deputy Under Treasurer Mary-Anne Curtis, to address this issue. The group consulted with employees throughout the year to identify perceived career barriers for women. As a result, initiatives are being developed to promote flexible work practices, increase visibility of senior women and support management of career pauses including maternity leave. These initiatives will continue to roll out in 2016–17.

will be supported to learn about different aspects of our business over their 12 month program. We also awarded three GRADStart scholarships, which included financial support for study, paid work placements and entry in our graduate program upon completion of tertiary studies.

We also continued our scholarship program for the University of Queensland's Bachelor of Occupational Health and Safety Science degree. Since 2010 the Office of Industrial Relations has awarded five high performing students with financial assistance, a vacation work placement and one year's work with Work Health and Safety Queensland. Investing in our graduates is key to developing Queensland's next generation of thinkers and leaders. Each year we review our program to consider the evolving needs of our organisation and students' preferences for early career development.

Achieving high standards

Our graduates vote us top employer

In 2016 the Australian Association of Graduate Employers ranked Treasury 29th in its list of the 75 best graduate employers in Australia. This means our graduates believe our GRADStart program is one of the best in the country.

In 2015–16 Treasury welcomed 39 new graduates who

Our workforce at a glance

At the end of the year, our workforce comprised:

1,876
people

1,802.94
full-time
equivalent
staff

245
part-time
staff

Includes staff in Motor Accident Insurance Commission and the Nominal Defendant. Represents employees active and paid in final pay of 2015–16 financial year.

Living by our ethics and values

As reported on page 6, Treasury adheres to the Queensland public service values which guide our behaviour and the way we do business. These values are:

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

Furthermore 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 existing staff will next receive refresher training in late 2016. In addition to the Code of Conduct, we published 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 doing 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, safety and wellbeing

Treasury manages the health and safety of its employees through the Work Health and Wellbeing Strategy. This strategy incorporates traditional work health and safety approaches and integrated human resource strategies to decrease exposure to harm and continuously improve in organisational health management. In 2015–16 we implemented a range of activities including rehabilitation and return to work case management, flu vaccinations, resilience and anti-bullying training, and information sessions on health, fitness and wellbeing.

Treasury has expanded accountabilities for safety across government and Queensland since the Office of Industrial Relations joined the department in 2015. This has lifted the profile of workplace safety across the department with all Treasury staff encouraged to support key events including a breakfast with safety ambassador Shane Webcke to kick off Safe Work Month in October 2015. In 2015–16 Treasury recorded six lost time injuries, a decrease from seven in 2014–15. The Office of Industrial Relations was still covered by the Department of Justice and Attorney-General (DJAG) WorkCover policy in 2015–16 and its safety performance is therefore reported as part of the DJAG Annual Report.

Family violence: not now, not ever

As the state's largest employer, the Queensland Government has the ability to engage its widespread workforce to influence culture and attitudes that underpin violence in our community. As such, Treasury supports the Queensland Government's Not Now, Not Ever campaign aimed at tackling family and domestic violence. Across Treasury, awareness raising and training programs were delivered in 2015–16. Employees also showed their personal commitment to ending domestic and family violence by supporting the Darkness to Daylight challenge run in May. Under Treasurer Jim Murphy joined 50 other Treasury employees taking part in the overnight event which made a public show of support for those experiencing family violence.

Workforce composition

	Number	Percentage of workforce ⁽³⁾
Men	891	47.49%
Women	985	52.51%
Aboriginal and Torres Strait Islanders	24	1.28%
People from non-English speaking backgrounds	238	12.69%
People with disability	27	1.44%
Women in middle and upper management (AO7 - AO8) ⁽¹⁾	198	49.13%
Women in senior officer and senior executive service positions (SO-CEO) ⁽²⁾⁽⁴⁾	58	41.13%
Average annual earnings by men (proportional salary)		\$97,007
Average annual earnings by women (proportional salary)		\$82,662
Redundancy ⁽⁵⁾	1	\$41,268.11

⁽¹⁾ Represents 10.55% of total workforce.

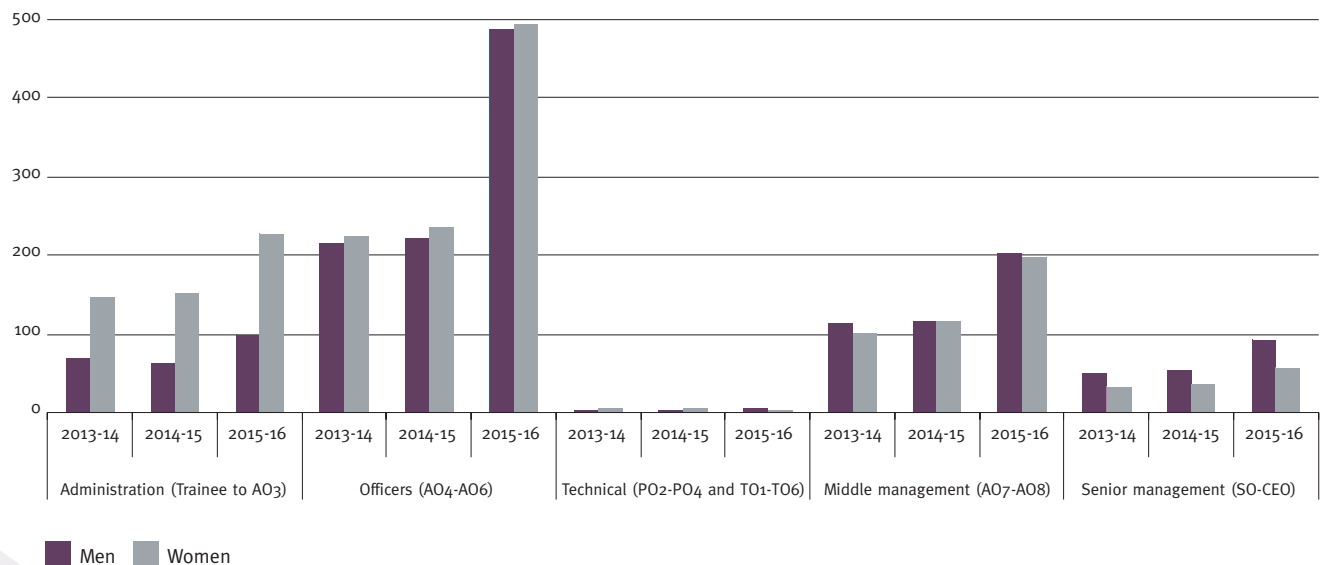
⁽²⁾ Represent 3.09% of total workforce.

⁽³⁾ Percentage of total workforce or demographic cohort.

⁽⁴⁾ Includes judiciary appointed to Queensland Industrial Relations Commission.

⁽⁵⁾ No retrenchments were paid during the period.

Total staff by gender and classification



We make a difference – at work, in the community

Are Janine and Simon our future leaders?

Janine Inglis and Simon Fraser know who they are and where they need to go to reach their career goals. Both were handpicked for our second Great Leaders Program, our high quality, purpose-built leadership development program created with the QUT Graduate School of Business.



A loud and clear statement about domestic violence

Treasury's people joined their colleagues and leaders across government – including Under Treasurer Jim Murphy – in the Darkness to Daylight challenge in May 2016. They all ran in a public show of support for those experiencing family violence.





Planning for tomorrow today

At the Infrastructure Sustainability Council of Australia's annual sustainability conference in October 2015, Treasury Fiscal Director David Jackson made a case for incorporating the wellbeing of future generations in today's resource decisions. "Making the right decisions now means we can accommodate the needs of current and future generations," David explained.

Outstanding community spirit

Treasury graduate Kate Moynihan received an Australia Day Achievement Medallion for her vital work for the Australian Cervical Cancer Foundation. Kate was recognised for her work in visiting local secondary schools to educate students on preventing and treating cervical cancer, and on safe sexual behaviour.



Scholarship the key to Matt's success

For Master of Economics graduate Matt Kelly, a Treasury GRADStart Scholarship was the key to a long-held goal. "Since starting my degree I have wanted to work at Treasury, and I want to take advantage of every opportunity I get here," Matt explained.

SERVICE REPORTS

Jobs and a strong economy

We are the principal source of the economic advice, research and analysis the Queensland Government uses to deliver on its commitments to Queenslanders for jobs and the economy.

We work for Queenslanders by:

- developing employment policy and programs and responses to labour market issues

- conducting statistical and demographic research for a sound foundation to planning and decision making
- managing financial relations between Queensland and the Australian Government
- monitoring the performance of government-owned corporations (GOCs).

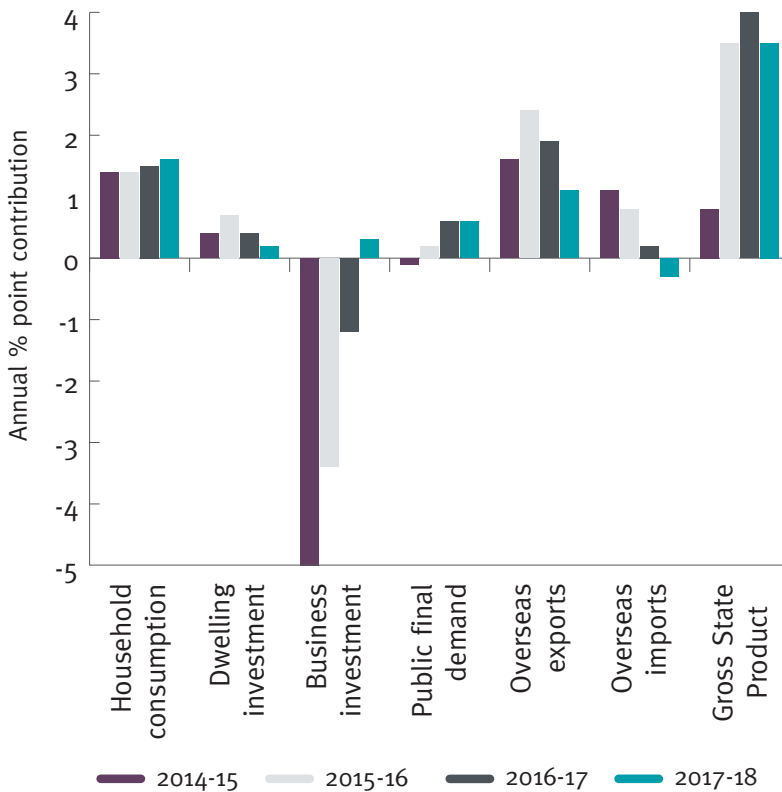
Key performance indicators

Service standards	Notes	2015-16 published annual target	2015-16 actual
Stakeholder and customer satisfaction with Queensland Government Statistician outputs (rated satisfied or very satisfied)	1	95%	100%
Development of labour market policies to assist disadvantaged cohorts		Met	Met
Provision of regular, timely and high quality advice on Queensland economic and employment conditions and performance		Met	Met
Provision of regular and timely analysis and advice on the government's economic agenda, especially in terms of economic impacts (e.g. benefit-cost analysis)		Met	Met

Variance notes

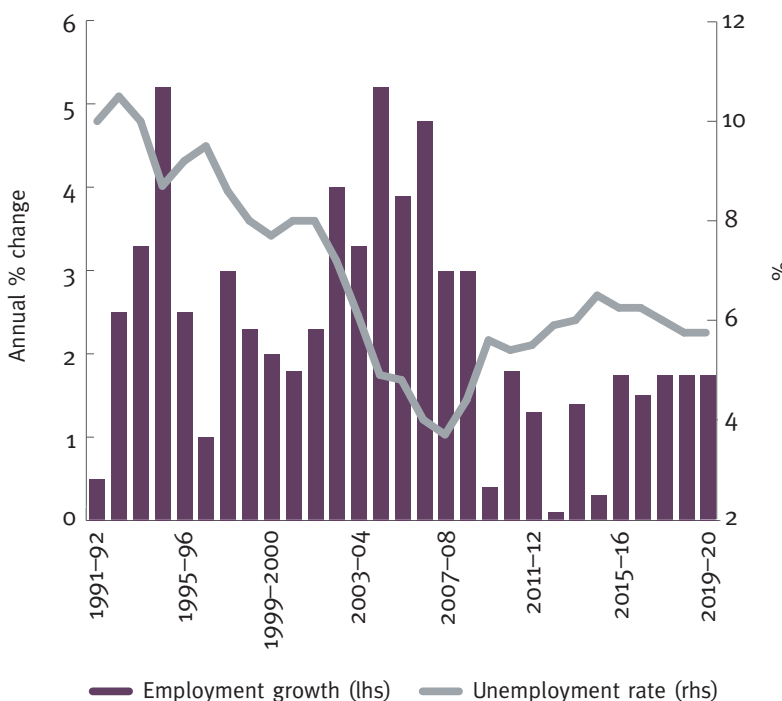
- ¹ Customer satisfaction survey results produced no instances of dissatisfaction with outputs.

Economic growth



Analysis: As the three large liquefied natural gas (LNG) projects near completion, the associated fall in business investment has detracted from economic growth, with further declines expected in 2015-16 and 2016-17. However, as these projects ramp up production, exports are making a strong contribution to economic growth. Meanwhile, low interest rates are supporting housing construction and the lower Australian dollar is boosting tourism and education exports. Beyond 2016-17, economic growth is expected to be more balanced across the major components, with business investment expected to improve in 2017-18.

Employment



Analysis: Queensland's headline labour market indicators improved in 2015-16. However, moderation in health and education employment growth and subdued domestic demand are expected to result in some softening in employment growth and a broadly unchanged unemployment rate in 2016-17. In the following years, a gradual pick up in domestic demand, particularly household consumption, is expected to result in slightly stronger employment growth, with the unemployment rate also expected to improve.

Financial summary – Economics Group	2015–16	2014–15
State contribution	\$20.55M	\$18.56M
Other income	\$6.34M	\$4.68M
Full-time equivalent employees	153	146

Key issues in our environment

Queensland's gross state product (GSP) is expected to strengthen to 3½ per cent in 2015–16 and to 4 per cent in 2016–17, underpinned by a surge in overseas exports of LNG. Queensland is expected to record the strongest economic growth of all states over the three years to 2017–18. In contrast to this robust outlook for Queensland exports, conditions in global economies remain subdued.

The combination of these trends is expected to support some improvement in labour market conditions in Queensland, including a fall in the unemployment rate to around 6 per cent by 2017–18. However, parts of regional Queensland are experiencing softer labour market conditions and high unemployment, particularly in areas where there has been a wind down in mining or resource-related construction workforces.

Securing a fair share of Commonwealth revenue for Queensland remains an ongoing focus with the 2016–17 Commonwealth Budget lacking funding certainty for a number of our key service priorities.

Strategy

Support economic growth, job creation and fiscal strength

Investing in job-creating businesses

In 2015–16, we established the Business Development Fund (BDF) to invest in innovative, growing businesses based in Queensland.

The \$40 million fund invests from \$125,000 up to \$2.5 million, alongside matched funding from private sector co-investors, in companies with great ideas.

In June 2016, the government announced its first investments from the fund:

- \$2.5 million for Brisbane-based firm Tritium, which produces super-speed Veefil charging stations for electric cars. BDF's investment was matched by St Baker Energy Innovation Trust and the Varley Group.
- \$500,000 for JESI Management Solutions' journey management software project, which uses mobile phone technology to help companies safeguard their employees on the road by monitoring their journeys in real time. BDF's investment was matched by Future Now Ventures.

BDF is administered by QIC, with investment decisions made by an independent panel of experienced investors who have a strong background in entrepreneurship and early stage investment. We will continue to oversee implementation of BDF over the course of 2016–17.

Getting Queenslanders back to work

Through our Employment Policy Unit, we played the lead role in implementing the government's Jobs Now, Jobs for the Future strategy introduced in 2015. This strategy was designed to boost jobs by:

- improving skills and training
- enhancing productivity and efficiency of business
- fostering emerging and innovative industries
- growing our regions
- boosting government services.

As part of Jobs Now, Jobs for the Future, we committed to consult closely with stakeholders and the community about how to improve employment in existing, new and emerging industries, rural and regional areas, and for job seekers with less favourable opportunities. We held forums in Charters Towers, Mount Isa, Maryborough, Mackay, Gladstone, Cairns, Rockhampton, Bundaberg, the Gold Coast, Brisbane North, Brisbane South and Toowoomba. At these forums, we connected with over 300 business owners, community and industry leaders, people helping disadvantaged Queenslanders, not-for-profit organisations and government agencies.

While there have been some signs of improvement in Queensland's labour market, conditions remain challenging in regions. The forums highlighted that:

- employers need greater confidence before taking on more staff
- employers find it difficult to find information and get the support and assistance they need, particularly to employ disadvantaged jobseekers
- jobseekers need help to navigate the training system, and to access information to support good training and career choices linked to real jobs.

This inspired the government to introduce, through the 2016–17 Queensland Budget, the \$100 million, two-year Back to Work regional employment package.

Back to Work will support up to 8,000 jobs across regional Queensland through:

- \$10 million for the Certificate 3 Guarantee Boost to provide additional training for eligible jobseekers to ensure they have the skills they need for work
- \$10 million for Back to Work Teams who know their local economies and can connect employers and jobseekers to opportunities and support, including through Regional Employment Networks
- \$80 million for support payments to employers who take on regional jobseekers, including long term unemployed jobseekers.

Five cohorts of people were targeted by this program, including Aboriginal and Torres Strait Islander people and people with a disability.

A fair share for Queenslanders

We represent Queenslanders at the Commonwealth – state financial relations table. Because nearly half of Queensland's revenue – around \$23 billion in 2015–16 – comes from the Australian Government, our influence is critical to ensure we are to maintain an appropriate share of funding, minimise conditions on how it is spent and improve services for Queenslanders.

These issues will prove critical in 2016–17 as we participate in ongoing fiscal and economic reforms through the Council of Australian Governments. Resolving these issues would provide a lot of certainty for governments, businesses, communities, and our economy in general.

Our advocacy for a fair share of goods and services tax (GST) revenue during 2015–16 resulted in the Commonwealth Grants Commission's *Report on GST Revenue Sharing Relativities – 2016 Update* recommending that Queensland receive an increased share of GST, with a positive underlying impact of \$520 million in 2016–17.

Again, we will maintain our focus on this issue in the years ahead to ensure Queensland continues to receive an appropriate share of GST revenue.

Changes for Stradbroke Island

When the government made a decision that sandmining on North Stradbroke Island would end by 2019 after 70 years, it created a challenge for the employees of mining lessee Sibelco.

To help workers move to other employment, we have begun consultation with Sibelco and established the \$5 million North Stradbroke Island Sand Mining Workers Assistance Scheme to assist workers with:

- finding new jobs
- training, employment, relocation and dislocation

- housing
- commuting
- income supplementation.

Over the course of 2016–17, we will start implementing the scheme with our partners in the Department of State Development and the Department of Education and Training.

Helping regional Queenslanders get Back to Work

The \$100 million Back to Work regional employment package was one of the headline items from the 2016-17 Queensland Budget.

The package, which provides direct support to Queensland employers to invest in their communities by hiring more staff, was designed with input from around 300 business owners, community and industry groups and not-for-profit organisations at regional employment forums coordinated by Queensland Treasury's Employment Policy Unit (EPU).

Laura Barnes, Team Leader EPU, said the Jobs Now, Jobs for the Future employment forums provided a great opportunity to understand the priorities of local businesses and organisations.

“The forums were a classic example of community engagement, providing participants from across regional Queensland a chance to discuss the employment challenges and opportunities in their region, as well as provide their ideas for policies and programs with job-generating potential,” she said

“It was this wealth of local knowledge that helped us form the Back to Work package.”



Laura Barnes, part of the team getting Queenslanders back to work.

Strategy

Improve services for Queenslanders

Debt Action Plan

A whole-of-government approach to managing Queensland's balance sheet was at the core of the Debt Action Plan announced with the 2015–16 Queensland Budget. Work on the plan continued during the year with an announcement that capital committed to Queensland's GOCs would be reallocated to reduce General Government debt.

Paying down debt in this way reduces interest expense and allows revenue to be used for more pressing services such as health and education. Our role in this endeavour was to work with external advisors to structure GOC capital in a way that would allow this to happen.

Water and energy reform

During the year, the newly formed Queensland Productivity Commission (QPC) conducted two significant reviews: electricity pricing and a fair price for solar photovoltaic energy. As expected, both were of great interest to individuals and stakeholder groups. In May and June, the QPC delivered its final reports on these reviews to government. In consultation with the Department of Energy and Water Supply, we will now prepare the government's response to these reports, and work with stakeholders to implement new policies emerging from the government's response to the recommendations.

During the year, many agricultural irrigators welcomed news of plans to move SunWater's channel irrigation schemes to local management. This initiative is expected to add value to Queensland's agricultural sector with local know-how about how to reduce costs and add productivity. We will work with the Department of Energy and Water Supply to progress these arrangements, subject to agreements between irrigators and the government.

Healthy returns for Queenslanders

Queensland's government-owned corporations (GOCs) provide essential energy, water and transport services for Queenslanders, and funds management services. We oversee the governance of 10 GOCs and two statutory authorities, and manage the relationships between these bodies and the government. The better their governance and management, the healthier their returns and services for Queenslanders.

A major development in 2015 was the announcement that the state's electricity network distribution businesses, Energex and Ergon Energy, would merge to form Energy Queensland. Queensland Treasury Corporation led the implementation of the merger. We provided advice and support and drafted legislation for the merger, which will improve network efficiencies and deliver savings for customers over the longer term.

The integration will remain a large body of work in the coming year, as we work with Energy Queensland to fine tune its business model, corporate objectives and future direction.

Queensland Rail, a mainstay of our state's transport infrastructure, has undergone significant changes in recent years. In 2015, the government decided that a review of Queensland Rail's structure, funding arrangements (such as its transport service contract) and commercial mandate was needed to ensure it was achieving value for money for Queenslanders. Queensland Treasury Corporation was appointed to lead the review. The government will consider the review's outcomes in the second half of 2016, and we will address any recommended structural or financial changes in the 2016–17 Mid-Year Fiscal and Economic Review.

Seeing the complete picture

Accurate, reliable data sources are our bread and butter. They help us and other agencies offer sound advice, develop policies based on accurate forecasts and deliver services where and when they are needed.

In 2015–16, we released the *Queensland Government Population Projections, 2015* edition. These data project our population out to 2061, with population changes at state and small region levels, plus an analysis of the age composition of our future population.

Accurate population counts enable us to know what infrastructure and resources Queenslanders need – including schools, roads, hospitals, teachers, police and nurses.

However, some groups and areas of Queensland can be harder to count, such as Aboriginal and Torres Strait Islander communities, culturally and linguistically diverse groups, people living in secure apartment buildings and remote communities, and people visiting events such as the Brisbane Ekka and the Mount Isa Rodeo.

To maximise Queensland's count and its accuracy in the 2016 national Census of Population and Housing, we delivered the Making Queensland Count census awareness campaign. For this campaign, we enlisted Count von Count, the well-known Sesame Street character, to use his own brand of humour to motivate Queensland households to complete their census forms.

Better systems equal better value for money

Better systems are usually the 'back end' of achieving better value for money for Queensland taxpayers. Agencies use our Queensland Government Program Evaluation Guidelines to assess the appropriateness and value for money of service delivery and other programs. We were engaged by the Queensland Mental Health Commission to develop a performance indicator framework to support the State Government's *Queensland Mental Health, Drug and Alcohol Strategic Plan 2014–2019* to improve the mental health and wellbeing of Queenslanders. The Office of the Public Guardian also engaged us to evaluate the appropriateness of their Hub Model as a state-wide access point to their services.



Everybody counts on Census night: Treasury enlisted Sesame Street's Count von Count to maximise Queensland's count in the 2016 national Census of Population and Housing.

Queensland's Budget

Treasury's key roles are to develop Queensland's Budget, support government in managing debt and growing the economy. Year round, we monitor Queensland's finances, ensure efficient decision making, implement the government's debt reduction strategies and manage ongoing fiscal pressures.

During the year, we developed the Queensland Budget 2016–17 within a fiscal environment characterised by:

- softer international economic conditions
- lower global demand and lower prices for resources
- constrained resources investment and royalty revenue write-downs.

These conditions highlighted the importance of targeted initiatives, adherence to sound fiscal principles and having a diversified economy.

The government's strategy, as communicated in the Budget, was to grow innovation, attract investment and build infrastructure, all of which have one objective — to create jobs.

Treasury has a key role in supporting the government in achieving this strategy for Queenslanders.

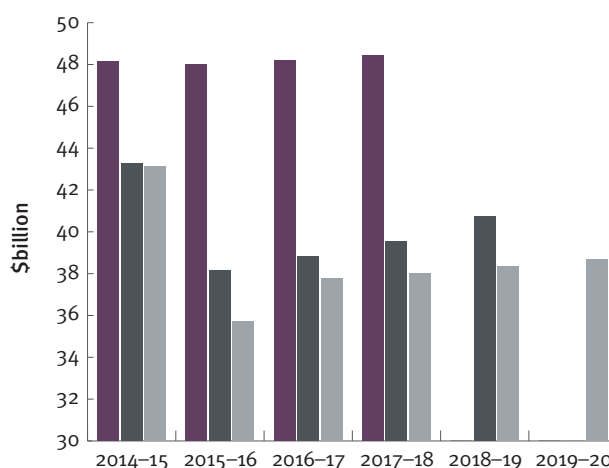
Learn more about Queensland's Budget at www.budget.qld.gov.au.

Net operating balance



Analysis: Consistent with the government's fiscal principles, General Government sector operating surpluses are projected in each year of the forward estimates. While there is continuing softness in revenue outlooks, the operating surplus in 2016–17 is forecast to be the largest operating surplus since 2006–07, and the fourth consecutive operating surplus in a row.

General Government debt



Analysis: Compared with borrowing projections in the 2014–15 and 2015–16 Budgets, General Government Sector borrowings are expected to be substantially lower in each year of the forward estimates and in 2016–17 will be \$10.4 billion lower than the comparable 2014–15 Budget estimate. Borrowings are also expected to be \$4.4 billion lower in 2019–20 than 2014–15.

Fiscal strength to fund services to the community

We are the Queensland Government's principal source of fiscal advice, through which we support the government's objectives for the community. Our strategies, policies and advice drive growth, employment and value-for-money service delivery.

We work for Queenslanders by:

- developing and monitoring the State Budget and managing Queensland's debt

- promoting Queensland's interests in negotiations with the Australian Government and other jurisdictions
- working collaboratively with agencies to develop policies and processes that support high quality service provision and deliver value-for-money outcomes.

Key performance indicators

Service standards	Note	2015–16 Budget	2015–16 estimated actual
Target ongoing reduction in Queensland's relative debt burden, as measured by the General Government debt-to-revenue ratio		75%	71%
Target a net operating surplus that ensures any new capital investment in the General Government sector is funded primarily through recurrent revenues rather than borrowing	1	83%	115%
The capital program will be managed 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		8.1%	8.2%
Target full funding of long term liabilities such as superannuation and WorkCover in accordance with actuarial advice		Met	Met

Variance note

¹ The 2015–16 estimated actual coverage is expected to be 115%. This is primarily due to early receipt of cash related to dividends recognised as operating revenue in 2015–16, as well as reclassifications of capital expenditure to operating expenses or finance leases since the Mid-Year Fiscal and Economic Review.

Key issues in our environment

Historically low revenue growth and continuing uncertainty in national and global economic outlooks will have a significant impact on revenue available to government in pursuing its objectives. This will also inform our advice to government on how to maintain fiscal discipline in the face of community expectations of service delivery.

Strategy

Support economic growth, job creation and fiscal strength

A new fiscal principle

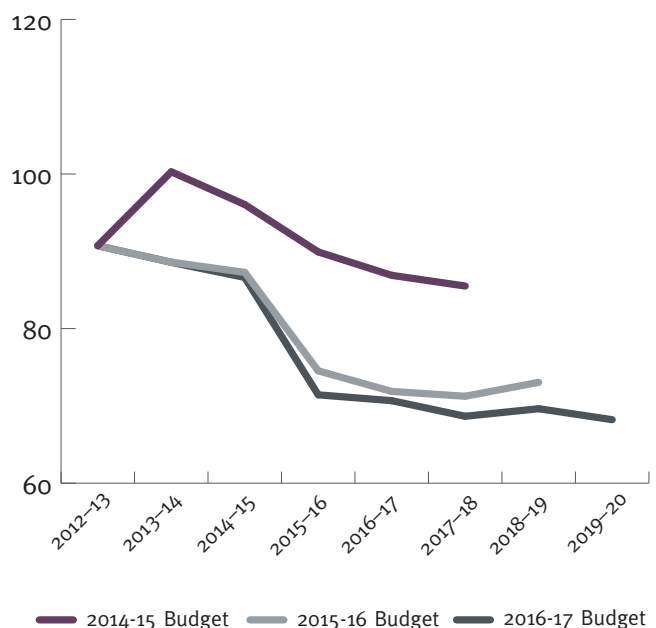
Over the course of 2015–16, the government met its commitment to revitalising frontline services, resulting in an increase of almost 8,500 full-time equivalent government employees, including nurses, doctors, teachers and police officers.

With services now largely restored, the government has added a new fiscal principle to its strategy – to maintain a sustainable public service by ensuring that overall growth in full-time equivalent employees, on average over the forward estimates, does not exceed population growth. In the year ahead, our job will be to implement and monitor progress for this new fiscal principle. Read more about the government’s fiscal strategy on page 9.

The year-round budget cycle continued during 2015–16 as we monitored and reported to Queenslanders on the state’s position through the *2014–15 Report on State Finances* and the *2015–16 Mid-Year Fiscal and Economic Review*.

In the year ahead, we will coordinate and deliver the 2017–18 State Budget, 2015–16 Report on State Finances and 2016–17 Mid-Year Fiscal and Economic Review.

General Government debt to revenue ratio



Analysis: The General Government Sector’s debt to revenue ratio – the focus of our first fiscal principle – is a key measure of the sustainability of debt levels. It is important to see this ratio reduce to improve the state’s fiscal sustainability. Queensland’s debt to revenue ratio peaked at 91 per cent in 2012–13. This ratio is expected to have fallen substantially in 2015–16 to 71 per cent as a result of the Debt Action Plan, and is projected to fall more gradually across the forward estimates.

Financial summary – Fiscal Group	2015–16	2014–15
State contribution	\$28.84M*	\$78.62M
Other income	\$0.70M	\$0.60M
Full-time equivalent employees	135	154

* Decrease mainly relates to funding provided in 2014-15 for costs incurred in relation to the former government's preparatory and due diligence activities for transactions associated with the state's income-generating activities.

Strategy

Improve services for Queenslanders

Better services for vulnerable Queenslanders

Despite a strong economy backed by a sound fiscal strategy, prosperity and security remain out of reach for some Queenslanders. Every year:

- around 44,000 Queenslanders receive specialist homeless services³
- of the more than 7,000 people in Queensland prisons, two-thirds have been there before⁴
- Indigenous Queenslanders still have a lower life expectancy at birth than non-Indigenous people.

These longstanding problems demand innovative solutions.

The government announced in its 2015–16 Budget the establishment of the Social Benefit Bonds (SBBs) Pilot Program, which we are managing for the government.

SBBs – a first for Queensland – are a form of investment in social services. The government contracts with private investors and service providers to cover the cost of delivering services to achieve specific social outcomes. The government pays the investors their principal investment plus a financial return if the outcome is achieved.

In February 2016, we invited expressions of interest for three SBBs to tackle homelessness, re-offending, and issues facing Aboriginal and Torres Strait Islander people.

The response to our invitation showed that the market was keen to be involved in this opportunity. At the close of expressions of interest in March 2016, 23 quality submissions were evaluated. Six proponents were shortlisted to go forward to the Request for Proposals stage, which will see a further evaluation to select three final submissions to proceed to the final joint development phase.

We expect Queenslanders to be able to access services funded by SBBs in 2017. Together with our partner agencies, our role will then be to monitor and evaluate to ensure that agreed outcomes are met for Queenslanders in need.

³ 2014 data

⁴ 2013 data

Getting our systems right

During the year, we began work on Horizon, a project to review our technology requirements, improve productivity and explore how our systems should be upgraded to meet current demand. Our aim is to ensure our technology is fit for purpose and user-friendly in developing the budget and telling its story to Queenslanders.

Horizon's program of ongoing improvement will continue throughout 2016–17.

Expanding our horizons

To bring the Queensland Budget a step closer to Queenslanders, some smart Treasury people have developed BP3Map, an online tool that uses geocoding to create an interactive map of State Budget capital projects.

Program Director Laurie Ehrenberg said the map was a good example of how Treasury's Horizon program is using new technology to change the way Treasury develops and communicates the budget.

“Preparation of the Budget Papers has always been about explaining the government's plans and strategies,” Laurie explained

“The map concept is a great tool for helping people to visualise a key part of the Budget and how it affects their community.



Program Director Laurie Ehrenberg (right) and team member Shane Griffin preview the interactive BP3Map capital projects tool.

View the BP3 Map at
www.budget.qld.gov.au

COMMERCIAL

Value-for-money infrastructure

We help to grow the Queensland economy and improve the wellbeing of all Queenslanders by:

- providing timely financial and commercial policy advice to the Treasurer and government
- identifying opportunities to stimulate private investment
- assessing private sector investment proposals
- procuring privately financed major public infrastructure and services
- ensuring the state achieves the expected benefits of its public-private partnerships.

Key issues in our environment

During the year, the government set a clear priority for an 'open for business' approach through key initiatives led by Treasury, such as Market-Led Proposals.

The government also made significant progress with its infrastructure agenda in 2016. In March 2016 it published the *State Infrastructure Plan*, which outlines Queensland's infrastructure priorities and includes a program of funded work as well as future opportunities.

On the back of the *State Infrastructure Plan*, the government also established an Infrastructure Portfolio Office to coordinate state government infrastructure, planning and delivery, land use and economic planning. Building Queensland, established in 2015, released its first *Infrastructure Pipeline Report* to help the government make its major infrastructure decisions. A value sharing taskforce was also established to consider this as part of Queensland's infrastructure funding strategy.

Key performance indicators

Service standards	Notes	2015-16 published annual target	2015-16 actual
Percentage of key project milestones met		85%	88%
Achievement of agreed cost targets for projects	1	85%	100%

Variance notes

¹ Target of 85 per cent represents degree of uncertainty that exists in annual program of work as projects are approved by government progressively throughout the year. Target may be exceeded depending on degree of variation to original program of work.

Financial summary – Commercial Group	2015–16	2014–15
State contribution	\$5.94M	\$5.77M
Other income	\$6.78M	\$10.18M
Full-time equivalent employees	44*	34

* Increase reflects additional resources required to manage the number of projects.

Strategy

Support economic growth, job creation and fiscal strength

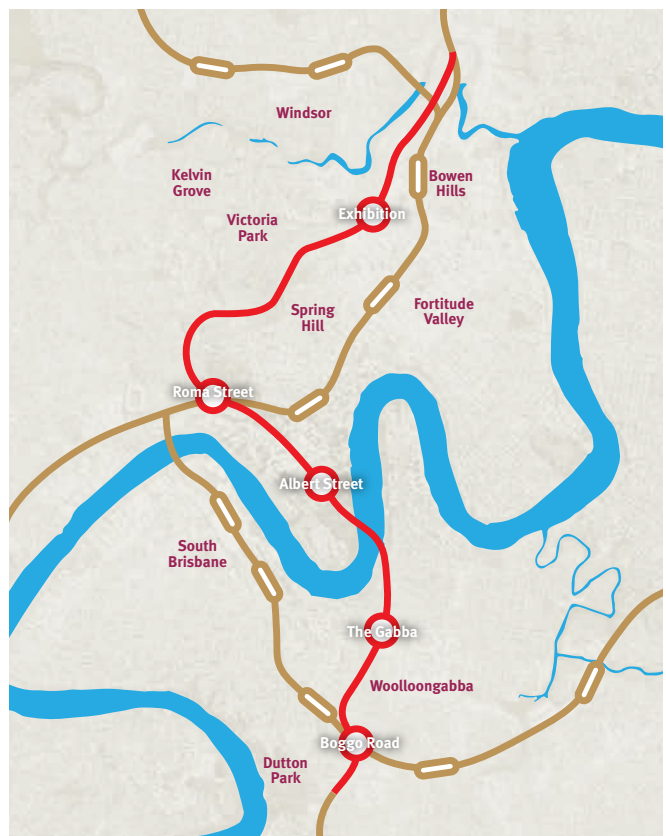
Infrastructure's big picture

Treasury's Commercial Group plays an important role in shaping the government's infrastructure agenda by providing financing and funding advice and identifying opportunities for private sector investment in Queensland.

In 2015–16 we contributed to the development of the *State Infrastructure Plan* by advising how projects could be financed and funded. This document is the definitive statement about what the government wants from its infrastructure and how this can best be achieved.

We also contributed to the development of the business case for Cross River Rail – the government's highest priority infrastructure project. We provided valuable input into the assessment of delivery options, the development of funding and financing strategies, and the approach to economic assessment. We also helped to facilitate the market sounding. In 2016–17 we will continue to assist with the Cross River Rail project by taking part in the detailed planning and pre-market phase of the project. This will include the preparation of procurement documentation, the design of the commercial structure of the project and further development of a funding strategy. Our work on the government's value sharing taskforce – a potential infrastructure funding strategy – will contribute to this.

We led the Queensland Government's negotiations with the Australian Government for the \$5 billion Northern Australia Infrastructure Facility (NAIF), which will encourage economic infrastructure in northern Queensland and elsewhere in northern Australia. With NAIF coming into effect on 1 July 2016, we will actively work with the Australian Government and private sector proponents to get projects off the ground in northern Queensland. In this space, it will be important for us to monitor any risks with projects contingent on Commonwealth funding, particularly large scale water infrastructure.



Outline of the proposed route of Brisbane's Cross River Rail. Image courtesy of the Department of Infrastructure, Local Government and Planning.

The \$36 million Rural Assistance Package, released with the 2016–17 Queensland Budget, is aimed at reducing financial stress and improving financial sustainability in rural communities, particularly with issues of succession and renewal in the family farming sector. We contributed critical commercial advice for this initiative, and we will monitor its implementation with the Department of Agriculture and Fisheries. We will also keep a close watch on Australian Government policy on drought loans and agriculture, water and infrastructure projects.

In early 2016, we partnered with Queensland Treasury Corporation for a roadshow to China to further the government's policy of attracting capital and global investment to Queensland. This was an invaluable opportunity to strengthen existing relationships with Chinese banks and to update this important market on Queensland's economic and fiscal position.

We are also working with other agencies to implement the *Advancing our Cities and Regions Strategy*. This strategy will use surplus or underused government-owned property to help fund new infrastructure, pay off debt and deliver new facilities and opportunities such as:

- public spaces
- community services
- social and affordable housing
- arts, sports and educational facilities.

A good example of this strategy in action is the Herston Quarter Redevelopment Project. Read more about this exciting project on page 42.

Market-Led Proposals

The government recognises the value of working with the private sector to achieve innovative outcomes for Queensland. Our Commercial Group recognised an opportunity to stimulate private sector investment and contribute to Queensland's social and infrastructure solutions by introducing an improved unsolicited proposals framework for Queensland businesses and innovators in July 2015.

Significant work was done to clarify criteria and improve the submission and assessment processes.

We introduced an efficient, staged and interactive process for submitting and assessing proposals, designed to give proponents timely, comprehensive feedback early and to gauge interest and commitment from government before proponents invest significant time and money. In addition, to further indicate that the government was taking a fresh approach to partnering with the private sector, unsolicited proposals were repositioned as Market-Led Proposals (MLPs) and promoted widely to business and industry.

MLPs are proposals from the private sector seeking an exclusive commercial arrangement with government to provide a service or infrastructure to meet a community need. Proponents will often also seek financial or in-kind support from government, such as access to government land, assets, information or networks.

If the government can be satisfied that the proposal is a good one and delivers value for money for taxpayers, procurement and delivery can be accelerated, delivering benefits to Queenslanders sooner.

Following significant engagement with industry through forums throughout Queensland in 2015–16, business confidence in MLPs is high. Within 12 months, more than 80 preliminary proposals were received and 30 proponents submitted formal Stage 1 proposals, a number of which are still under active consideration. Of these, four major projects worth an estimated \$665 million are already through to Stage 2 for detailed planning.

These projects include:

- Logan Motorway Enhancement Project
- Brisbane International Cruise Terminal
- Queensland Aquarium and Maritime Museum
- Mount Cotton Driver Training Centre.

Should these projects receive final government approval, they will create hundreds of jobs and inject more than \$1 billion into the Queensland economy. These projects are expected to be funded and delivered by the private sector, not the taxpayer.

Market-Led Proposals – bringing good ideas to life

Through targeted engagement with industry during 2015-16, we were able to attract strong interest from the market:

- 240+ people attended MLP forums around Queensland
- More than 80 pre-submissions
- 30 proposals at Stage 1 consideration
- Four projects in Stage 2 detailed planning stage:
 - Worth > \$655 million
 - Create >1600 jobs
 - Inject >\$1.2 billion into the economy

BRINGING GOOD IDEAS TO LIFE



We are currently working with the proponents of these four projects – Logan Motorway Enhancement, Brisbane International Cruise Terminal, Queensland Aquarium and Maritime Museum, and the Mount Cotton Driver Training Centre – to guide them through the detailed planning stage and to make sure the projects match the government’s priorities for the community. The outcomes of the four Stage 2 proposals will be known in 2016–17.

If successful, the government will enter into contractual arrangements for delivery of these projects.

Brisbane International Cruise Terminal – extending South East Queensland’s tourist reach

A \$100 million facility for mega cruise ships, which could add as much as \$1 billion annually to the Queensland economy by 2036, has been proposed by the Port of Brisbane.

The Brisbane International Cruise Terminal would accommodate vessels of all sizes, including those longer than 270 metres which carry up to 4,500 passengers.

These super-size vessels, which may comprise 60 per cent of Australia’s cruise vessel market by 2020, currently have no option other than to berth at the agricultural Grain Berth at Fisherman Islands.

Already experts in providing and maintaining port infrastructure and facilities, the Port of Brisbane has requested that government make available a vacant parcel of land adjacent to existing port facilities to build the facility. The site would leverage the Port’s existing facilities and systems and provide ready access to deep water frontage and an existing swing basin that requires minimal dredging. Its proximity to the heart of Brisbane and the airport, as well as transport connections to the Gold and Sunshine Coasts is also highly favourable.

If approved, the project would support an estimated 300 jobs during construction and be ready to open in 2019.



Artist's impression of the Brisbane International Cruise Terminal. Image courtesy of the Port of Brisbane.

Encouraging commercial activity

Our role is to stimulate private sector investment in Queensland and more specifically to foster private sector investment in infrastructure with the aim of ensuring that the government achieves the greatest value for money from its infrastructure and service delivery programs. We do this by working with the private sector and other government agencies to guide their assessment and evaluation of major investment decisions.

In 2015–16 we provided vital commercial and financial advice on the following major government projects, which are progressing under the management of other agencies:

- Gold Coast Light Rail Stage 2 (Department of Transport and Main Roads)
- Cross River Rail (Department of Transport and Main Roads)
- Queen's Wharf Brisbane (Department of State Development).

North Queensland Stadium

The people of North Queensland will realise a long-held dream with the development of the 25,000 seat North Queensland Stadium.

We are working with the Department of State Development to deliver this key initiative of the *Advancing North Queensland* strategy and the *State Infrastructure Plan*.

We provided advice on alternative procurement, delivery and ownership options for the stadium and assisted government to secure commitments of \$100 million from the Australian Government and \$10 million from the National Rugby League. Combined with the \$140 million committed by the Queensland Government, this funding will cover the budgeted construction costs of the stadium.

This project will deliver an economic uplift and investment for Townsville, plus around 700 jobs during construction and ongoing jobs in hospitality, new tourism opportunities and major events.

A Queensland Government-led procurement approach and design competition to be held in the first quarter of 2016–17 will set the scene for completion in time for the 2020 National Rugby League season.

Gold Coast Integrated Resort Development

In 2015–16, the government continued discussions with ASF Consortium Pty Ltd to deliver an integrated resort on the Gold Coast. If approved, the project will deliver an iconic tourist attraction.

A masterplanning process for The Spit, including community consultation about development and transport infrastructure solutions, will start in 2016–17. The government will seek a detailed proposal from ASF which will include how they will accommodate outcomes from the community consultation.

As part of the government's multiagency project team, we will continue to provide financial and commercial advice so that the government can obtain value-for-money outcomes and economic and tourism benefits for Queensland.

Herston Quarter Redevelopment Project

Procurement of a master planned health-related development on the former children's hospital site at Herston continued in 2015–16. The primary use of the site will be for health and health-related uses and will include a 132-bed publically operated Specialist Rehabilitation and Ambulatory Care Centre. The development may also include residential and retail space for doctors, nurses, and family and friends visiting patients at the nearby Royal Brisbane and Women's Hospital.

In August 2016, Australian Unity was announced as the preferred proponent. Australian Unity estimates that the project is worth \$1.1 billion and will create 700 jobs annually during construction and hundreds of jobs annually during operation. Works are expected to commence early in 2017.

Toowoomba Second Range Crossing

In 2015–16 we completed procurement of the \$1.6 billion Toowoomba Second Range Crossing, one of Australia's largest regional road projects.

Following a bidding process which allowed the government to drive innovative technical and value-for-money solutions, in August 2015 Nexus Infrastructure consortium was named the successful proponent to design, construct and maintain the Toowoomba Second Range Crossing using a no-tunnel design solution.

The project has now moved to the Department of Transport and Main Roads, which will oversee the project's contract, construction and maintenance. We will continue to provide commercial advice where necessary to ensure maximum value is delivered.



Artist's impression of the detailed proposal for the Herston Quarter Redevelopment. Image courtesy of Australian Unity.

REVENUE MANAGEMENT

To help fund services for Queenslanders, we administer a revenue base of around \$13 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.

Our work for Queenslanders is underpinned by:

- high level client support
- responsive legislation and revenue policy advice to the Queensland Government
- targeted, fair and efficient enforcement
- improving end-to-end penalty debt management
- business intelligence and behavioural economics to improve services for clients.

A secure revenue base

Key performance indicators

Service standards	Notes	2015–16 published annual target	2015–16 actual
Effectiveness measure			
Customer satisfaction with services provided		70%	77%
Efficiency measures			
Average overdue debt as a percentage of total revenue collected	1	2%	2.7%
Total revenue dollars administered per dollar expended – accrual		\$203	\$203
State Penalty Enforcement Registry clearance rate (finalisations/ lodgements)	2	60%	65%
State Penalty Enforcement Registry percentage of debt pool under compliance		64%	61%

Variance notes

- 1 This calculation contains a small number of abnormal items which have a significant impact on the end result. Without these abnormal items the result is 1.3%, comparable to previous years.
- 2 The increased clearance rate is primarily due to some improvements to debt recovery actions taken during the year.

Key issues in our environment

Queensland's economic growth is forecast to improve to four per cent in 2016–17. This growth is underpinned by an increase in dwelling investments, a stable business sector, an increase in liquefied natural gas 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 3.9 per cent from 2015–16. Growth in transfer duties is expected to be supported by residential and non-residential activity as prices and volumes continue to grow moderately. Land taxes are anticipated to rise because of modest growth in land valuations, while payroll tax revenue remains steady. Several extraordinarily large business transactions will contribute to an increase in transfer duty revenues.

Royalty revenue is forecast to decrease slightly in 2016–17 due to a continuing weakness in key commodity prices. Nevertheless, royalty revenue is then expected to increase reflecting forecast growth in export volumes and a modest recovery in some commodity prices.

Strategy

Maintain and improve the integrity of Queensland's revenue base

In 2015–16 we administered approximately \$13 billion in revenue and grants.

We secure this revenue base for Queenslanders through a combination of effective administration of Queensland's revenue legislation, budget initiatives, system improvements and online customer service offerings.

Legislation

Our work in the legislative space helps achieve certainty for business, transparency for government and laws that keep pace with contemporary business practices and customer expectations.

In 2015–16, the government implemented a new administrative framework for petroleum royalty decisions, which will provide greater certainty for the petroleum sector on how the royalties they pay are calculated.

Financial summary – Office of State Revenue	2015–16	2014–15
State contribution	\$120.81M	\$112.43M
Other income	\$3.42M	\$3.33M
Full-time equivalent employees	611	601

State Budget initiatives

Consistent with the government's election commitment, there were no new or increased taxes, fees or charges in 2015–16.

In the coming year, we will:

- manage a forecast \$12.9 billion in revenue and grants
- implement a three per cent transfer duty surcharge for foreign purchasers who acquire residential property in Queensland from 1 October 2016. This Budget initiative ensures these purchasers make a contribution for the government services and infrastructure from which they benefit
- implement a temporary increase in the Queensland First Home Owners' Grant from \$15,000 to \$20,000
- continue to administer the family farm transfer duty concession, which as part of the government's rural assistance package was extended in the 2016–17 Queensland Budget, to remove the requirements for transfers between family members to be by way of gifts.

Safer, more reliable online services

Protecting Queensland's revenue base includes protecting our data. In 2015–16, we became the first Queensland Government agency to move its physical data business centre to a private onshore cloud facility. Our revenue management system is now entirely in the cloud, bringing with it increased flexibility to adopt new technologies without purchasing new hardware, fewer system issues and less disruption to clients.

Strategy

Ensure services are responsive, efficient and integrated

Online conveyancing – now live in Queensland

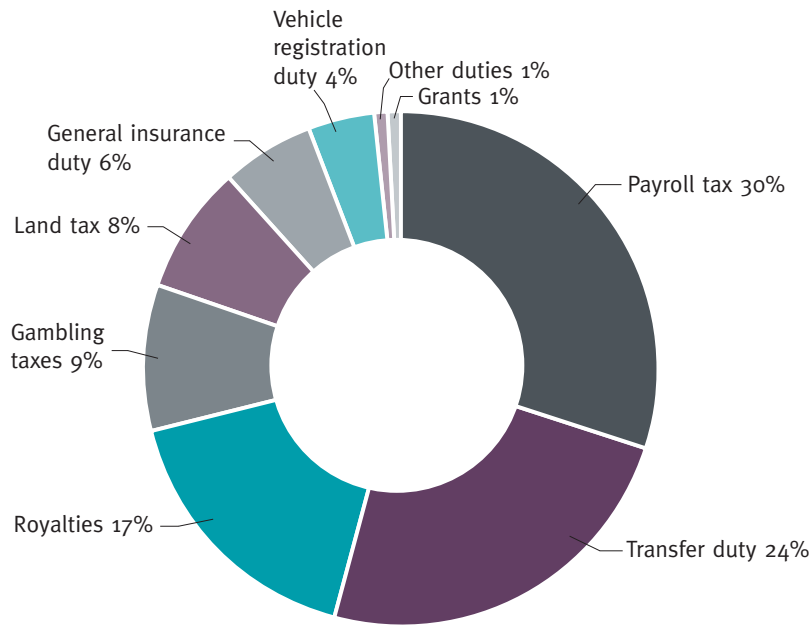
During the year, electronic conveyancing was introduced into Queensland. E-conveyancing was initiated by the Council of Australian Governments, which has an interest in deregulation and other reforms that see governments working together for the benefit of all Australians. E-conveyancing allows property settlements, including funds settlement and electronic lodgement with land registries, to take place online rather than face to face. This saves time and transaction costs.

We supported the introduction of e-conveyancing through the implementation of amendments and IT system changes to allow integration between our systems and e-conveyancing.

E-conveyancing in Queensland has started small, with just a few conveyances in 2015–16. As more solicitors, financial institutions, vendors and purchasers get to know the system through our client engagement program, e-conveyancing's reach will grow until it becomes the standard for property settlements.

REVENUE MANAGEMENT

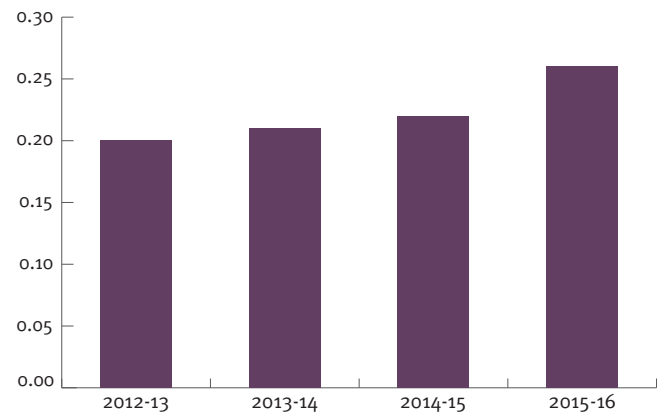
Office of State Revenue administered revenue 2015–16



Total revenue administered by Office of State Revenue 2010–11 to 2015–16



Total revenue administered by SPER 2012–13 to 2015–16



Analysis: The graph above shows a decrease in payroll tax. The decrease is a result of lower collections from a number of industries, including mining and construction. The decrease in duties was mainly a result of strong transfer duty revenue in 2014–15, which was supported by a number of large commercial transactions.

It's all about the customer

Like taxpayers, clients with fines expect agencies dealing with their debt to respond to their circumstances and provide them good quality relationship management.

This was the thinking behind our program to modernise the State Penalties Enforcement Registry (SPER). 2015–16 was the year we moved our focus from simply processing transactions to resolving debt in a customer-centric way.

We designed a new business model that incorporated:

- a new debt recovery ICT system
- an improved customer experience
- building our people's capability and capacity to be more responsive to our customers, including engaging with them earlier
- integrating services across the various government agencies that levy fines and penalties.

Our investment in the new SPER is paying dividends with some very encouraging results.

- We began contacting first-time SPER customers to tell them about their payment options and the consequences of ignoring overdue fines.
- A new agreement between SPER, the Department of Transport and Main Roads and toll road operators (a major referrer of fines to SPER) will allow operators to deal more proactively and directly with customers to resolve fines before they get to SPER. By resolving fines sooner, the customer accumulates less debt.
- With other agencies and peak bodies, we began planning a work and development order program. These programs, successfully trialled in other jurisdictions, help people in financial hardship pay off their fines through work or community development activities. Subject to government approval, we aim to introduce our program in the second half of 2017, working with a network of community advocates who will play a major part in the success of this program.

- For people owing more than \$5,000 in overdue fines, we reintroduced vehicle immobilisation (wheel clamping) and vehicle seizure and sale enforcement. In 2016–17, we plan to introduce more enforcement actions, such as seizure of other property to recover debt.
- Work began on our new debt recovery software solution with the appointment of CGI Technologies and Solutions Australia. The new system's data analytics, payments and reporting capability will allow us to recover debt more efficiently and effectively, and improve our customers' experience. We expect to be able to go live with our system in the second half of 2017.

Our objective was to improve how we resolve debt, and our efforts have already borne fruit. During the year, we achieved:

- a 64 per cent finalisation rate (target: 60 per cent)
- record collections of \$298 million which will be applied to funding services for Queenslanders at both state and local government level
- a 14 per cent increase in debt finalisations, which is greater than the 10 per cent increase in lodgement.

Focus on customer brings results

We are also adopting a customer-centric approach in how we administer taxes, duties and royalties.

People buying their principal residence in Queensland receive a transfer duty concession, provided they do not rent out or sell the home within one year of purchase. If they do not comply with these requirements, they have an obligation to notify us. If they do not do this, and we detect a breach, there is an increased likelihood of a penalty and interest applying. This results in a debt to the state.

We have addressed this problem using the principles of behavioural economics (see page 48) to determine the best way to help people comply and by making our forms easier to access. The result is a 195 per cent increase in payments being made before they are escalated to debt collection, and a 55 per cent increase in notifications from claimants that the concession requirements have not been met.

What is behavioural economics?

Behavioural economics is the study of how people behave in real life. It looks at how psychological, social, cognitive and emotional factors affect people's decisions and actions. Organisations use this insight to fine tune how they engage with and work with their customers.



Behavioural economics in action: one of SPER's social media posts encouraging positive behaviour

In the case of the State Penalties Enforcement Registry (SPER), this means understanding why some people don't pay fines on time and how best to encourage them to take positive action when their fines become overdue.

"There are a number of factors that determine whether people will pay their fines, and by understanding these we can improve the way we manage unpaid fines and penalties," SPER Registrar Natalie Barber said.

SPER is working with CGI Technologies and Solutions Australia to improve the impact of letters and notices sent to customers with overdue fines. Gordon Smith, Executive Consultant with CGI Tax, Revenue and Collections Centre of Excellence, explained how it works.

"The key is for notices and letters to highlight the actions which customers can take easily and quickly to resolve their debts," he said. "Plain, everyday language, and good design, will work better than something that looks like an impersonal mass mailing. It's about engaging their attention and guiding them to do the right thing; to either meet their legal obligations or to engage with SPER if they're unable to do so."

INDUSTRIAL RELATIONS

We increase workplace safety and electrical safety, help Queenslanders get on with the job, and make Queensland workplaces fairer and more just places to work.

Safe, productive and fair workplaces

We do this by providing:

- work health and safety services
- advice and standards to keep Queenslanders safe at work
- standards and strategies for improved electrical safety performance, in workplaces and homes
- workers' compensation regulation and policy advice
- industrial relations (IR) framework and public sector bargaining.

We are also responsible for the following bodies:

- the Work Health and Safety Board
- the ANZAC Day Trust
- the Electrical Safety Board.

The reports of these bodies are contained in pages 127 to 137.

Key issues in our environment

The recovery from the global financial crisis and the resources sector slowdown have put a strain on the finances of governments, businesses and households. These have created funding pressures on systems of work and labour costs which may in turn have adverse workplace safety outcomes in the community.

A backlog of industrial issues from previous changes to the IR framework in 2013 continue to present pressures for the Office of Industrial Relations (OIR) and key stakeholders such as agencies, unions and tribunals.

Until the modernisation of Queensland's industrial awards is complete (see page 52), transitional arrangements will continue to cause delays in

negotiations for some agreements. This will be a significant stressor for negotiating parties and for the Queensland Industrial Relations Commission if it needs to intervene.

There has been a strong drive from public sector unions to safeguard entitlements and a renewed focus on consultative mechanisms.

While the National Injury Insurance Scheme (NIIS) will provide workers with a vastly improved safety net, it will also present a number of service delivery challenges to the workers' compensation scheme.

Key performance indicators

Service standards	Notes	2015–16 published annual target	2015–16 Actual
Industrial relations policy and regulation (IRPR)			
Overall client satisfaction with the IRPR inspectorate's effectiveness and professionalism		85%	85%
Cost of IRPR services per Queensland worker	1	\$3.24	\$2.51
Public sector industrial relations (PSIR)			
Employee costs contained within government wages policy		100%	100%
The average number of enterprise negotiations undertaken per full-time equivalent		2	2
Administration of the Industrial Court and Commission system			
Percentage of matters resolved at conference	2	65%	69%
Average time for decisions to be published and made available to the community (days)		4	4
Work health and safety services			
Number of work health and safety incidents notified to Work Health and Safety Queensland (WHSQ) per 10,000 employing businesses	3	166	182
Overall client satisfaction with inspectorate's effectiveness and professionalism	4	85%	94%
Cost of WHSQ services per worker covered by the workers' compensation scheme	5	\$27.88	\$30.55
Electrical safety services			
The number of reported serious electrical incidents involving powerlines, installations and electrical equipment per million population		6	5
Overall client satisfaction with electrical safety inspectorate's effectiveness and professionalism	6	85%	91%
Cost of electrical safety services per person in Queensland		\$3.82	\$3.87

Workers' compensation regulator services

Cost of Workers' Compensation Regulator service per worker covered by the workers' compensation scheme	7	\$7.00	\$8.38
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Percentage of dispute resolution completed within 3 months		85%	87%
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Variance notes

- 1 Reduction due to the conclusion of several large projects.
- 2 Increase as a result of fewer matters being filed that required a conference.
- 3 Actual is higher than original estimate (based on previous year's trends), as WHSQ has no control over number of incidents notified by the public.
- 4 WHSQ has been working in collaboration with stakeholders to provide a higher level of service and this has resulted in greater client satisfaction.
- 5 Increase due to machinery-of-government changes resulting in a reallocation of WHSQ administrative overhead from Department of Justice and Attorney-General (JAG) to Office of Industrial Relations (OIR) in Queensland Treasury.
- 6 Electrical Safety Office (ESO) has been working in collaboration with stakeholders to provide a higher level of service and this has resulted in greater client satisfaction.
- 7 Increase due to administrative changes to the way Medical Assessment Tribunal doctors are being paid.

Financial summary – Office of Industrial Relations	2015–16
State contribution	\$31.74M
Other income	\$111.54M
Full-time equivalent employees	813

Machinery of Government (MoG) transfer into Queensland Treasury for the Office of Industrial Relations occurred in 2015-16.

Strategy

Ensure a fair and modern industrial relations system

Strong, fair legislation

Modern IR systems are supported by solid legislation and other regulatory frameworks. They are constantly reviewed and reformed if necessary to ensure they keep pace with contemporary expectations and changing workforce trends.

Queensland's IR legislation was last comprehensively reviewed in 1998. Since then, our state's IR landscape has changed significantly, not the least from changes in the Commonwealth – state relations space. In 2015, the Queensland Government committed to a comprehensive review of Queensland's industrial relations laws and tribunals.

To undertake this task, the government established the independent Industrial Relations Legislative Reform Reference Group. Its report, *A review of the industrial relations framework in Queensland* was released in March 2016. In the year ahead, we expect to assist the government to consider and respond to the report's recommendations.

During the year, the (Australian) Productivity Commission, in its review of national workplace relations, called for a review of apprentice and trainee arrangements in Australia. If such a review were to occur, it could impact on orders that are in place to protect conditions for these workers. The Queensland Government negotiated to protect these orders when responsibility for private sector IR was returned to the Commonwealth in 2010. In the year ahead, we will assist the Commonwealth in consulting with stakeholders on whether these orders should continue to be preserved.

Modernising Queensland's industrial awards to meet contemporary business practices and how people work will be a key project for us in 2016. We aim to have all awards in Queensland's IR jurisdiction, including those for public sector workers, modernised by 30 June 2017.

Labour hire under scrutiny

Queensland's labour hire industry was in the spotlight during the year. The government had become concerned about alleged practices including undercutting of conditions, avoidance of payroll tax and WorkCover premiums, a perceived uneven playing field and the potential impacts of labour hire workforces on regional communities. Debate on this issue culminated in a Parliamentary Inquiry and a report to government. In the year ahead, we will lead the government's response to this inquiry, and assess its impact for Queensland's labour force.

Return to a May Labour Day

Up until 2013, labour Day in Queensland was observed on the second Monday in May, and commemorated the 1891 Shearers' Strike. Labour Day honours those who had fought for rights such as an eight-hour working day, collective bargaining, fair and safe working conditions and fair wages. However, in 2014, the then government moved this public holiday to October. We prepared legislation to restore Labour Day to what many Queenslanders consider its 'real' date in May from 2016, to coincide with the 125th anniversary of the Shearers' Strike.

Fairness and support for government workers

On attaining office in 2015, the government set about restoring fairness to its workers, following a period of job cuts and a subsequent impact on service delivery. Over 2015–16, this ‘revitalisation’ resulted in an increase of some 8,500 full-time equivalent workers and restored service delivery. Job security and other conditions covering state government workers were also restored. As the Queensland Government is a major employer in many communities, and many households contain government workers, this was welcomed by many Queenslanders. We advised government on IR issues surrounding this initiative. We also played a key role in implementing and reporting on the *Queensland Government Commitment to Union Encouragement*, a policy to encourage, not just accept, union activity in its workplaces.

Like all responsible employers, the Queensland Government believes strongly in its duty of care to workers who experience domestic and family violence. During the year, we developed legislation and directives to give government employees access to special leave and flexible work arrangements in these times of need.

In the year ahead, we will continue to support Queensland workers in the national Fair Work system and the national minimum wage case. This will involve promoting the government’s support for current arrangements for penalty rates and the minimum wage. In Queensland, we will represent the government at the State Wage Case and other tribunal matters.

Strategy

Make Queensland homes and communities safe from the risk of hazardous materials and electrical harm

Better safety

In 2015–16 we reinstated the Electrical Safety Office (ESO) with a Commissioner for Electrical Safety to better protect homes, communities and businesses from harm and to improve business productivity. The ESO will build our evidence base for approaches to electrical safety and strengthen partnerships with industry and other stakeholders.

Community engagement has always been a mainstay of our safety education work. In 2015–16, we:

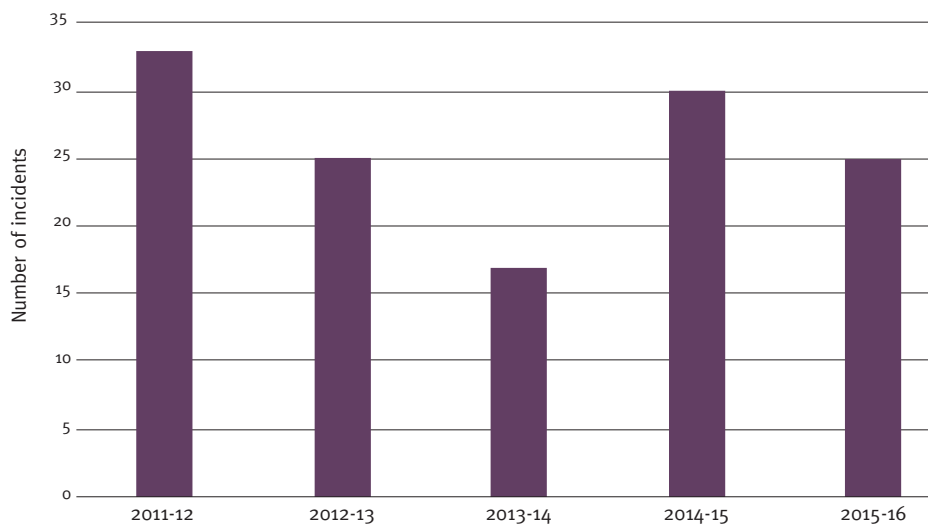
- initiated electrical safety workshops for electrical contractors
- met one on one with new contractors
- delivered presentations to electrical apprentices and toolbox talks to electrical businesses
- took our safety messages to community events such as home shows
- conducted audits of householders, businesses in the electrical industry and general industry as part of the annual Electrical Safety Compliance and Engagement program.

In the coming year, we will:

- work with the Commissioner for Electrical Safety and newly restored electrical safety committees to implement the five year safety plan for Queensland
- continue with practical, consumer-targeted campaigns such as the *One safety switch may not be enough* campaign
- work with industry to improve the electrical safety of new technologies including smart metering, solar systems and energy storage
- review electrical licensing arrangements, including eligibility criteria for contractors, the effectiveness of the administration of current training assessment, and the potential impact of a tiered electrical contracting system.

INDUSTRIAL RELATIONS

Serious electrical incidents 2011–12 to 2015–16



Analysis: The rate of serious electrical incidents fell from 30 in 2014–15 to 25 in 2015–16, as a direct result of electrical safety initiatives delivered by the Electrical Safety Office.

Healthy investment for healthy workers

On attaining office in 2015, the government set about restoring fairness to its workers, which saw the restoration of job security and other conditions covering state government workers, resulting in service delivery enhancements.

It is getting businesses to invest in their employees by providing healthy and safe working environments.

HWI is tackling chronic diseases such as heart disease, stroke, diabetes and some cancers by encouraging healthy lifestyles through reduced smoking, good nutrition, sensible alcohol consumption, increased physical activity, healthy weight levels and good mental health.

Healthy Worker Initiative Unit Manager Alison Abbott says she and her team are all about making a difference in peoples' lives.

“Many organisations are changing their attitudes towards healthy workers and safe workplaces. It’s an investment with lots of returns.”



Healthy Worker Initiative Unit Manager Alison Abbott (right) and Project Officer Beverley Jones – part of the team focussed on creating healthier workers.

Strategy

Make Queensland workplaces safer and healthier

Queensland workplaces and workforces are changing, and our response to safety in the workplace has to change with them:

- Advances in workplace design and technology bring new types of hazards which in turn will increase the incidence of workplace disorders and diseases.
- An ageing workforce and increases in obesity and chronic disease require changes to how people work to avoid injury and disease.

These and other factors demand that we respond with services that meet current and emerging expectations.

2015–16 was the year in which we:

- empowered trained health and safety representatives with the authority to direct workers to stop unsafe work
- restored the rights of work health and safety (WHS) permit holders to enter potentially unsafe sites to protect workers
- reported to Cabinet on the *Statewide Strategic Plan for the Safe Management of Asbestos in Queensland 2014–2019* with the Interagency Asbestos Group
- increased awareness of the risks associated with quad bikes and implemented initiatives to mitigate these risks through promotion of the *Statewide Plan for Improving Quad Bike Safety in Queensland 2016–2019*
- coordinated Families Forums for injured workers and surviving families of workers fatally injured at work

- coordinated the Serious Workplace Incidents Interagency Group to actively consider and implement a number of key initiatives in response to the issues identified by the families at the Families Forums
- expanded our Small Business Program to offer more mentoring and targeted coaching to help small businesses make their workplaces safer.

Year after year, Queensland businesses and workers have taken our safety messages on board. The number of workers fatally injured at work has reduced by 23.1 per cent between 2009 and 2014.

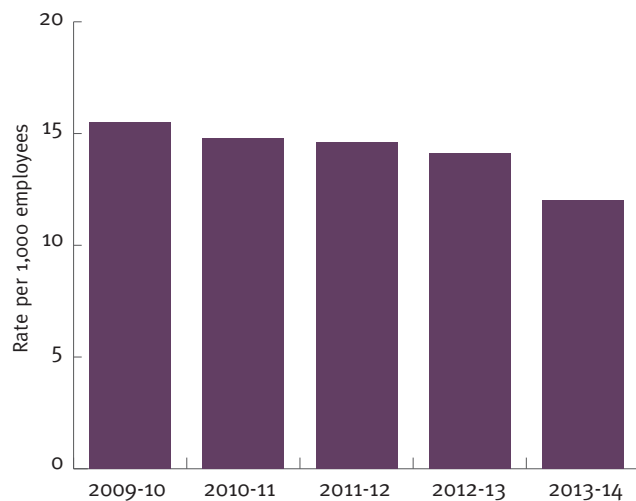
Significant reductions in the incidence of severe injuries in high-risk industries – those with higher than average workers' compensation rates – have occurred over the six years in these industries from 2009–10 to 2013–14*. Reductions achieved in these industries were:

- manufacturing – 36.4 per cent
- construction – 29.6 per cent
- agriculture – 13.7 per cent
- transport – 13.2 per cent.

These reductions lead to an overall reduction of 22.5 per cent in serious work-related injuries between 2009–10 and 2013–14.

*Latest data available

Incidence rate of serious injury and disease claims 2009–10 to 2013–14



Analysis: Queensland recorded a 22.5 per cent reduction in serious work-related injuries between 2009–10 and 2013–14. This means the number of serious injuries reduced from 15.5 claims per 1,000 Queensland employees in 2009–10 to only 12 claims per 1,000 Queensland employees in 2013–14.

IPaM – Making a difference

The Injury Prevention and Management Program (IPaM) is a joint initiative between Work Health and Safety Queensland (WHSQ) and WorkCover Queensland to assist businesses improve their injury prevention, rehabilitation and return to work arrangements.

IPaM advisors work with employers who have comparatively high workers' compensation claim rates and costs compared to other businesses of similar size. Participating businesses are guided through a program, for up to two years, to develop safety management systems and processes.

As of 30 June 2016, 288 employers had completed the program. More than 572 employers are continuing to work with IPaM advisors to improve health and safety standards at their workplaces.

Seeking cost-effective WHS induction for businesses

We are conducting a study of the costs of induction training for businesses that contract to the mining and non-mining sectors. Currently there is a pilot program being developed for the transport industry on how they should interact with industry sectors they service.

This study was prompted by concerns from stakeholders that induction programs included duplicated information and were inconsistent. Training for multiple sites can also mean considerable down time for the contractor, resulting in a significant cost burden. This is particularly burdensome for businesses contracting to multiple sites, or for people working in remote locations.

Safety Leadership at Work Program

In 2015 we launched the Safety Leadership at Work Program to develop safety leadership capacity, improve safety culture and ultimately reduce work-related injuries and fatalities.

Leaders play a critical role in WHS outcomes. Consequently, the program seeks to increase the number of Queensland organisations implementing effective leadership and build a positive safety culture through supply chains in order to create safer and more productive workplaces.

Safety Leadership at Work also recognises that anyone can be a safety leader. The program enables peer-to-peer learning between small, medium and large businesses through online and face-to-face activities and events.

As at 30 June 2016, there were over 1,400 members from 800 organisations in the Safety Leadership at Work program.

During 2015–16, over 3,000 industry delegates engaged in various Safety Leadership at Work events including:

- two program launches in Brisbane and Mackay which enabled over 300 delegates to increase their understanding of leadership in the 21st century
- a construction forum in which 180 participants shared a mix of high level safety leadership concepts and practical examples of what safety leadership looks like in this industry
- Toll NQX opening its Tennyson site to more than 800 industry representatives. Toll's transport safety showcase assembled a range of safety-related products and services available to the transport industry
- a safety culture webinar series which attracted more than 1,300 delegates. The key focus was to assist delegates increase their understanding of safety culture and climate, and of how to measure and improve their own culture
- a safety leadership masterclass with 40 experienced safety professionals. Delegates advanced their understanding of how they could influence safety improvements, safety leadership and safety management
- a forum on ageing workforce issues which attracted 130 delegates to learn about how work is changing. This event promoted a positive approach to an ageing workforce using good work design and supporting the return to work of older workers.

The program continues to develop resources that will enable industry to measure their current safety culture and identify opportunities to improve and enhance safety leadership skills.

Organisations involved in the program experienced key benefits in comparison to others across the workers' compensation scheme, including:

- 3.5 per cent average reduction in premium rate compared to 2.2 per cent

- \$5,135 average cost per claim compared to \$7,612
- 10.9 per cent reduction in new statutory claim numbers, compared to an overall reduction of 4.4 per cent
- 17.4 days average to return an injured worker to work, compared to 21.2 days average
- paid injured employees for an average of 25.7 days compared to an average of 29.5 days.

Doing the right thing

When it comes to WHS, we believe most employers and workers try to do the right thing. When someone does contravene a safety law, we have introduced an alternative to prosecution. Our Enforceable Undertaking Program allows people to give a written undertaking that they will address the issue in a way that is compatible with the law. If the undertaking is not followed, we then have an option to prosecute. We believe this is a more sustainable approach than immediately taking more severe sanctions in all instances.

Mental Health at Work Action Plan

Queensland businesses face a number of challenges from work-related mental disorders and physical disorders caused by prolonged exposure to workplace stressors. Reducing the incidence and severity of these disorders and promoting good work design to enhance mental health continues to be a priority for the Office of Industrial Relations.

The newly developed *Mental Health at Work Action Plan 2016–2022* aims to make Queensland workplaces safer and healthier through work design practices that enhance mental health. Through this plan, we will build industry capacity to identify and manage work-related mental health hazards with a particular focus on high-risk industries, occupations and injury mechanisms.

The plan's objectives are:

1. Build leadership capability at all levels of industry to better understand and manage workplace mental health hazards.
2. Turn the latest research into practical, evidence-based tools relevant to the industry sectors experiencing the highest prevalence of mental disorders.
3. Work with community, industry and social partners to increase the visibility and importance of mental health at work.
4. Provide a targeted and effective regulatory framework designed to increase recognition of mental health hazards and ability to meet legal requirements.

Young worker safety

The Young Workers Program focuses on building health and safety capabilities of supervisors and managers that are responsible for managing the health and safety of young workers.

The program focuses on interventions in four areas:

- raising awareness of the risk profile of young workers
- partnering with the education and training sector
- promoting good work design by improving the standard of inductions, training, supervision, feedback, support and mentoring
- fostering positive workplace culture towards safety.

In November 2015, WHSQ released the Young Worker Safety Toolkit, which is now available online at www.worksafe.qld.gov.au. The toolkit was launched in Rockhampton at an event which showcased industry examples of young worker safety initiatives, and educated industry around strategies to improve young workers' safety. Throughout 2016, WHSQ has supported industry by presenting at young worker safety inductions and forums across Queensland.

Direct support for businesses

Small businesses are a mainstay of Queensland's economy: businesses employing fewer than 20 people represent more than 96 per cent of Queensland's businesses and employ approximately 50 per cent of all private sector workers.

Our Small Business Program is educating and supporting small businesses to manage their health and safety risks and help them build a culture of WHS in their operations.

In 2015–16, our work with small businesses delivered:

- 150 workshops with 900 participants
- 350 workplace consultations
- more than 60 other services such as presentations, tool box talks or group coaching to over 1,200 people
- 100 per cent participant satisfaction with our safety management systems workshops.

Our Industry Partnership Program allows us vital access to businesses so that we can deliver targeted services that make a difference, such as industry-specific workshops, on-site consultations and presentations. Our industry partners include Master Electricians Australia, Master Builders Queensland, Queensland Arboricultural Association and Safe Food Production Queensland. Partnership activities include industry-specific workshops, on-site consultations and presentations throughout the state.

Greyhound's journey to improve safety

Road transport giant Greyhound Australia achieved a significant drop in injury rates by participating in the Office of Industrial Relations Injury Prevention and Management program.

After finding many of its on-the-job injuries could be attributed to ageing vehicles, Greyhound invested in a range of new safety measures including new equipment and fleet with air suspension driver seats, remote controlled bin doors, and even bump caps to protect drivers' heads when retrieving luggage.

Greyhound also moved to scheduled, face-to-face safety induction and training programs. These and other measures resulted in its workers' compensation premium decreasing for the first time in five years, and its average days to first return to work dropping from 39 to 18.



Thanks to our Injury Prevention and Management program, Greyhound drivers such as Brad Denny are a lot safer at work.

Strategy

Ensure a fair and efficient workers' compensation system

Closely linked with WHS is workers' compensation. A fair and efficient workers' compensation system begins with preventing injury in the first place, then, if workers are injured, supporting them to return to meaningful and appropriate work as soon as practical.

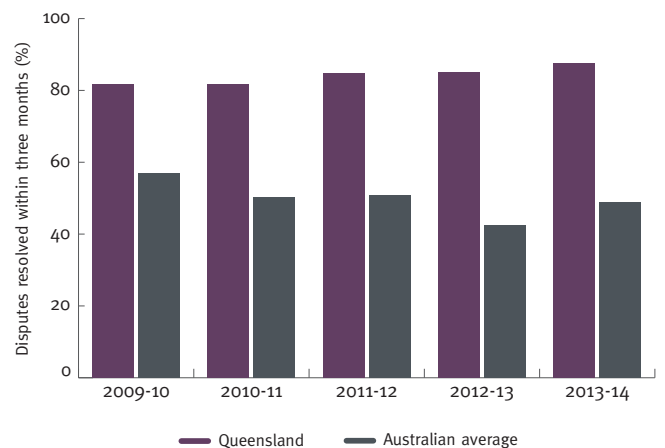
These strategies are essential to drive down scheme costs while maximising ideal return to work outcomes for both employers and workers. In 2015 we established a Stakeholder Reference Group of unions, employer associations, professional groups and insurers to advise government on workers' compensation matters.

Their involvement has enabled Queensland's Workers' Compensation Regulator to:

- review the guidelines for standards for rehabilitation
- develop a suite of promotional and educational materials on the health benefits of work and how to support workers to get back to work after an injury
- develop a new Work Capacity Certificate with a focus on the health benefits of work. We also ran a campaign on the new certificate which emphasised what the worker could do, rather than what they were unable to do
- developed a website for doctors working within the scheme to help them achieve better return to work outcomes for their patients
- convened two Queensland return to work conferences, one in regional Queensland
- trained scheme doctors in the updated *Guidelines for the Evaluation of Permanent Impairment* and how to draft effective robust written reasons for decisions.

This work has contributed to the number of workers' compensation claims reducing from 15.5 claims per

Workers' compensation disputes resolved within three months 2009–10 to 2013–14



Analysis: Queensland has the fastest dispute resolution rate in Australia; 88 per cent of all disputes are resolved in under three months. The low rate of dispute and efficient dispute resolution processes ensure workers are back to work faster.

Comparative Performance Monitoring Report (17th edition), October 2015, Safe Work Australia. Latest available data.

1,000 Queensland employees in 2009–10 to 12 claims per 1,000 Queensland employees in 2013–14.

Back to work and back on track

During the year, our popular Getting Back TV, radio, billboard, online and social media campaign successfully increased awareness of the importance of staying at work or returning to work following injury. Post campaign research showed that:

- 96 per cent of workers believed returning to work was important in a worker's recovery
- people who saw the campaign were more likely to have recently had a conversation about returning to work after a work injury (31 per cent) than those who had not seen the campaign (13 per cent)
- the frequency of injured workers' contact with their employer increased by 12 per cent

- 56 per cent of the general population agreed that the best course of action was an early return to work – a seven per cent increase.

OIR is responsible for resolving disputes about claims from either employers or workers in an efficient and timely manner. Most disputes involve:

- a decision to accept or reject a claim
- a decision to end, decrease or increase compensation payments
- a failure to make a decision on a claim within 20 business days of lodgement.

Each year, approximately 3,000 reviews are received, and less than 10 per cent of these are appealed in the Queensland Industrial Relations Commission. Approximately 70 per cent do not reach a hearing at the commission and are finalised out of court.

League legend talks safety

Rugby league legend Shane Webcke has a personal interest in work safety after losing his mechanical engineer father in a work accident.

Shane is also an employer with strong ties to his rural Queensland community, and this makes him passionate about everyone taking responsibility for safety on the job.

“Family and loved ones are the most important reason for work safety,” he said.

As a safety ambassador for Safe Work Month October 2015, Shane took the message to more than 20 events over the month, speaking to work health and safety and return-to-work professionals and community members.

He also featured in a film and advertising campaign about his experience and reflections of losing his dad.

Shane’s online campaign attracted more than 1.1 million views on Facebook and Twitter and was shared more than 1,500 times, increasing the reach of this thought-provoking campaign.

Watch Shane’s story at www.worksafe.qld.gov.au/safe-work-month/



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 2015-16, Queensland Treasury administered \$30.22 billion of revenue and \$5.97 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 \$17.07 billion, followed by state taxes of \$10.24 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 2015–16 including the First Home Owners Grants.

Our controlled revenue consists principally of Parliamentary appropriations. In 2015–16, revenue allocated to services was \$210.19 million (compared with \$217.37 million in 2014–15).

Queensland Government Insurance Fund

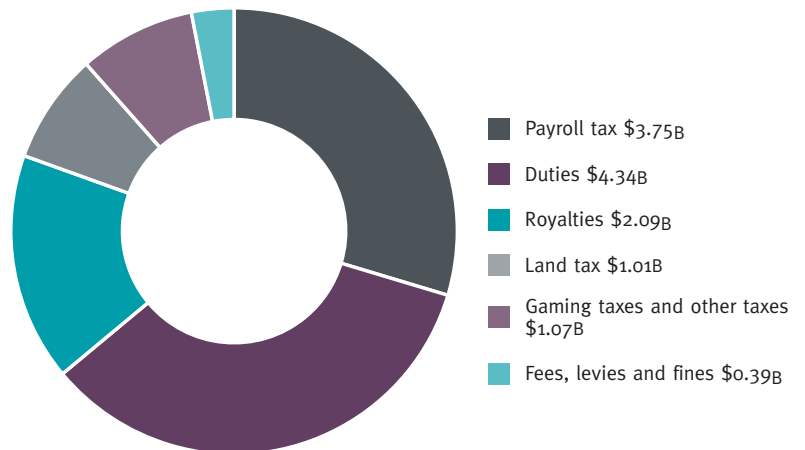
The Queensland Government Insurance Fund (QGIF), administered by Treasury, is a self-insurance arrangement into which government agencies pay premiums to meet the cost of claims and to build reserves to cover the cost of future potential liabilities.

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 2016 was \$882.3 million (net of estimated property reinsurance recovery of \$4.3 million), compared to \$902.8 million at 30 June 2015. Investments to sufficiently cover the government's outstanding claims liabilities are held by the 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.

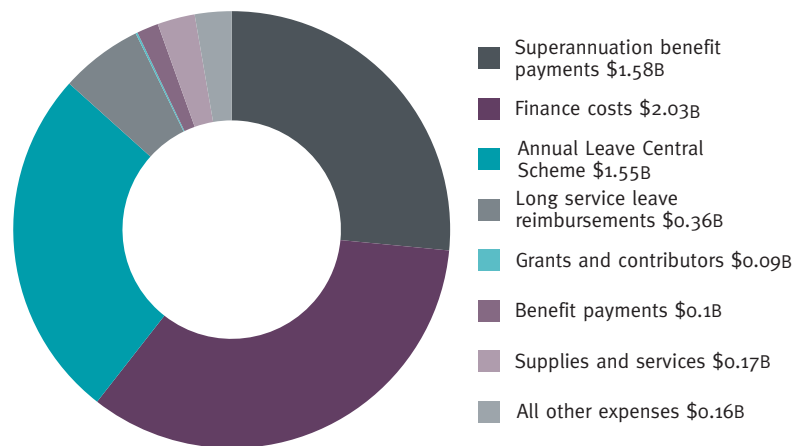
QGIF claims liabilities and associated investment balances are reported in the government's annual Report on State Finances.

Royalties, state taxes, fees, levies and fines 2015–16



Administered revenue collected by Office of State Revenue decreased 0.8 per cent to \$12.659 billion in 2015-16

Total administered expenses by category 2015–16



Queensland Treasury administered revenue

	2015–16	2014–15
Commonwealth funding as a percentage of total revenues	47%	47%
State funding as a percentage of total revenues	17%	17%
Funding from external sources as a percentage of total revenues	36%	36%

Queensland Government Insurance Fund Financial summary	30 June 2016 \$M	30 June 2015 \$M
Assets under investment	1,642.8	1,524.7
Provision for future liabilities	882.3	902.8
Premiums collected	189.0	181.3
Net claims paid	136.4	120.9
Fund operating expenses	4.8	4.9
Reinsurance expense	25.5	26.8

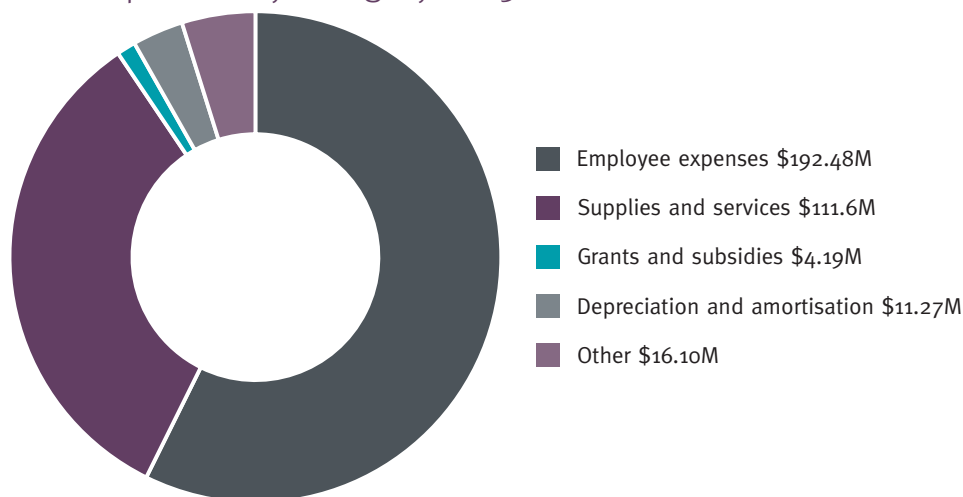
ADMINISTERED

Queensland Treasury

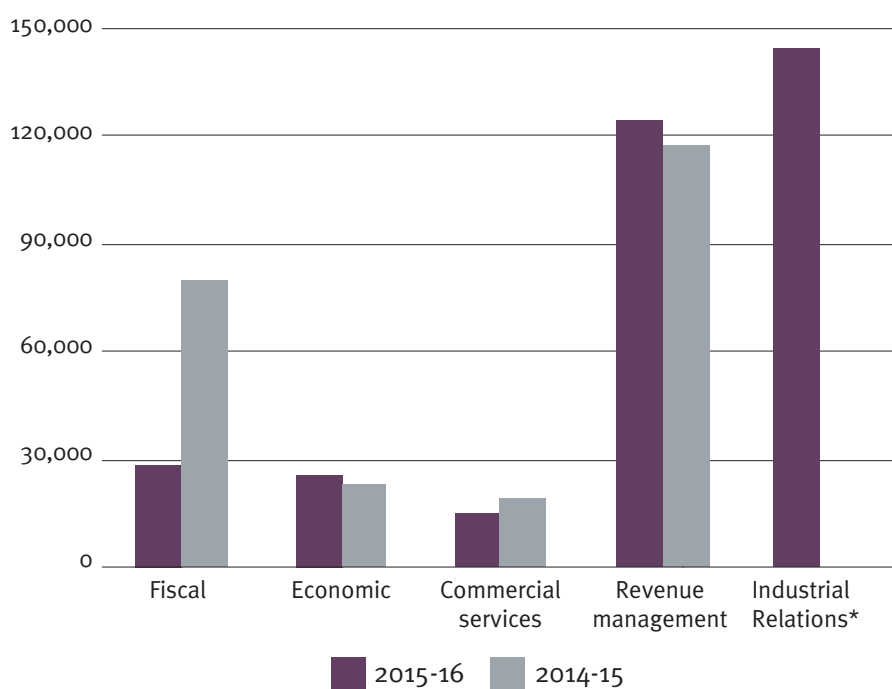
Administered Statement of Comprehensive Income for the year ended 30 June 2016

	Treasury Department actual 2014-15 \$'000	Treasury Department actual 2015-16 \$'000	
Income from continuing operations			
Revenue			
Grants and other contributions	16,757,732	17,071,872	Increase is largely attributable to growth in GST funding due to a review of GST revenue sharing relativities and an increase in funding due to indexation of Students First - Education reform. This is partially offset by a decrease in capital project payments due to revised funding cash flows from Commonwealth and a reduction in National Partnership agreements payments expiring in 2014-15.
Taxes	10,370,039	10,244,571	Decrease is due to reduced payroll tax arising from low growth in employment and wages and a reduction in the collection of transfer duty.
User charges and fees	76,974	135,332	Increase is largely due to a machinery-of-government (MoG) transfer of Office of Industrial Relations (OIR) and an increase to the collection of fees by the State Penalties Enforcement Registry (SPER).
Royalties	2,008,980	2,092,949	Increase is predominantly due to an increase in mining royalties collected by the Office of State Revenue.
Finance income	30,744	126,960	Increase is due to investment earnings on balances held in QTC working capital funds during 2015-16 as part of the implementation of the government's enhanced Debt Action Plan.
Administered item revenue	6,289,927	5,972,731	Administered item revenue is received from Consolidated Fund (CF) to fund administered expenses. Material variances in administered expenses are outlined below.
Other revenue	566,985	549,048	
Total income from continuing operations	36,101,381	36,193,463	
Expenses			
Supplies and services	168,338	165,365	Decrease is primarily due to the reversal of an impairment loss recognised in 2014-15 as a result of a court decision, and also an overall reduction in impairment losses recognised by SPER.
Impairment losses	163,068	10,106	
Grants and subsidies	38,538	8,514	Decrease is due to grants made to Trade and Investment Queensland as they are now paid by another department, and also grants paid to the Queensland Competition Authority associated with Office of Best Practice Regulation.
Benefit payments	97,406	95,762	
Finance cost	2,125,447	2,028,103	Decrease reflects higher than average state share of superannuation beneficiary payments made during 2014-15.
Superannuation benefit payments	1,798,151	1,580,244	
Long service leave reimbursements	368,008	363,482	Increase is a result of higher than average payments made to QSuper Ltd compared to 2014-15.
Annual Leave Central Scheme claims paid	1,422,684	1,554,535	
Other expenses	243,261	161,925	Decrease is mainly due to an expense recognised in 2014-15 associated with appropriation payable to the CF, partially offset by an increase in Queensland Government Insurance Fund claims.
Losses on financial instruments at fair value	7,483	-	The decrease reflects that the forward swap contract to hedge the interest rate exposure risk associated with the Sunshine Coast University Hospital project was transferred to the Government Debt Pool in 2014-15.
Total expenses from continuing operations	6,432,384	5,968,036	
Operating result for the year before transfers to government	29,668,997	30,225,427	
Transfers of administered comprehensive income to government	29,668,997	30,225,427	Represents revenues collected on behalf of Queensland Government which are transferred to CF. Material variances in administered revenue are outlined above.
Total administered comprehensive income	-	-	

Total expenses by category 2015–16



Total expenses by service 2015–16



* Machinery of Government (MoG) transfer into QT for the Office of Industrial Relations (OIR) occurred in 2015-16.

Queensland Treasury controlled key financial performance indicators

	2015–16 actual	2014–15 actual
Net cost of services funded by appropriation (\$M)	\$210.13	\$216.86
State funding as a % of total revenue	64%	92%
Fixed assets employed (\$'000)	\$11,498	\$10,420
Net assets (\$'000)	\$54,517	\$40,573

CONTROLLED

Queensland Treasury and controlled entity

Statement of Comprehensive Income for the year ended 30 June 2016

	Treasury Department Actual 2014-15 \$'000	Treasury Department Actual 2015-16 \$'000
Income from continuing operations		
Revenue		
Appropriation revenue	217,370	210,194
User charges	17,141	29,072
Grants and other contributions	253	91,391
Other revenue	427	1,367
Gains		
Gain/(loss) on sale/disposal of property, plant and equipment	-1	-6
Total income from continuing operations	235,190	332,018
Expenses from continuing operations		
Employee expenses	94,181	192,484
Supplies and services	119,692	111,595
Grants and subsidies	-	4,185
Depreciation and amortisation	10,984	11,273
Impairment expense	-4	143
Other expenses	9,827	16,095
Total expenses from continuing operations	234,680	335,775
Operating result from continuing operations	510	-3,757
Operating result for the year	510	-3,757
Total comprehensive income	510	-3,757

Decrease is due to finalisation of funding provided in 2014-15 to compensate Queensland Treasury Corporation (QTC) for costs incurred in relation to the former Government's preparatory and due diligence activities for transactions associated with State's income-generating assets. This is partially offset by the impact of the Machinery-of-Government (MoG) transfer of Office of Industrial Relations (OIR).

Increase is entirely due to the MoG transfer of OIR relating to licensing and registration fees for plant and electrical and self-insurer levies.

Increase is due to the MoG transfer of OIR reflecting workplace health and safety grant payments from Workcover Queensland.

Increase is largely due to the MoG transfer of OIR reflecting revenue from electrical safety breaches fines and claims recoveries.

Increase is largely due to the MoG transfer of OIR. Also contributing is the impact of the Enterprise Bargaining increase.

Decrease is due to payments in 2014-15 to compensate QTC for costs incurred in relation to the former Government's preparatory and due diligence activities for transactions associated with State's income-generating assets. This is partially offset by the MoG transfer of OIR.

Increase is wholly due to the MoG transfer of OIR reflecting grant payments made to organisations.

Increase is predominately due to the MoG transfer of OIR reflecting operating lease expenses associated with motor vehicle lease arrangements with QFleet and advertising and promotional costs associated with a number of OIR advertising campaigns.

Queensland Treasury and controlled entity

Statement of Financial Position as at 30 June 2016

	Treasury Department Actual 2014-15 \$'000	Treasury Department Actual 2015-16 \$'000
Assets		
Cash	22,540	37,910
Receivables	11,148	13,514
Other	3,500	4,725
Financial assets	6,833	16,833
Intangible assets	8,942	8,481
Property, plant and equipment	1,478	3,017
Total assets	54,441	84,480
Liabilities		
Payables	10,992	21,819
Accrued employee benefits	2,809	7,788
Unearned revenue	67	356
Total liabilities	13,868	29,963
Net assets	40,573	54,517
Total equity	40,573	54,517

The increase is primarily due to the MoG transfer of OIR, a reduction in net GST receivable, and decreased project cost reimbursements receivable for projects managed by the Commercial Group.

The increase is due to the MoG transfer of OIR. This is partially offset by a reduction in net GST receivable and decreased project cost reimbursements receivable for projects managed by the Commercial Group.

Increase mainly comprises of the MoG transfer of OIR relating to prepayments of software licences.

Increase reflects the purchase of units in the Business Development Fund Trust.

Increase is largely attributable to the MoG transfer of OIR, partially offset by accelerated depreciation on leasehold improvements and general property, plant and equipment due to the transition to 1 William Street.

Increase predominately reflects payables to Department of Justice and Attorney-General relating to post MoG transactions, trade and corporate cards associated with OIR. Also contributing is an increase in unearned appropriation associated with funding carried over to the future year for departmental projects.

Increase primarily relates to the MoG transfer of OIR

Increase is predominately due to the MoG transfer of OIR.

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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.

Within the above components, 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 annual 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.

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) is:

Executive Building
100 George Street
BRISBANE QLD 4000

Queensland Treasury and controlled entity
Statement of Comprehensive Income
for the year ended 30 June 2016

	Notes	Consolidated Entity		Parent Entity	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Income from continuing operations					
Revenue					
Appropriation revenue	3	210,194	217,370	210,194	217,370
User charges	4	29,072	17,141	29,072	17,141
Grants and other contributions	5	91,398	1,815	91,391	253
Interest revenue	6	21,386	22,348	..	..
Other revenue		1,416	477	1,367	427
Amortisation of unearned revenue		325	319	..	..
Dividends received		13,841	10,216	..	..
Gains					
Fair value gain/(loss) on investments	7	(17,027)	8,239	..	..
Total income from continuing operations		350,605	277,925	332,024	235,191
Expenses from continuing operations					
Employee expenses	8	192,484	94,181	192,484	94,181
Supplies and services	9	111,595	119,692	111,595	119,692
Grants and subsidies	10	4,185	..	4,185	..
Depreciation and amortisation		11,273	10,984	11,273	10,984
Borrowing costs		6,966	7,395	..	..
Other financing costs		67	191	..	..
Operating leases		363	356	..	..
Impairment expense	11	69,508	11,894	143	(4)
Other expenses	12	16,792	12,027	16,095	9,827
Total expenses from continuing operations		413,233	256,720	335,775	234,680
Loss on sale/disposal of property, plant and equipment		6	1	6	1
Income tax expense	13	3,603	6,021	..	..
		3,609	6,022	6	1
Operating result from continuing operations		(66,237)	15,183	(3,757)	510
Operating result for the year		(66,237)	15,183	(3,757)	510
Total comprehensive income		(66,237)	15,183	(3,757)	510

The accompanying notes form part of these statements.

Queensland Treasury and controlled entity
Statement of Financial Position
as at 30 June 2016

	Notes	Consolidated Entity		Parent Entity	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current assets					
Cash and cash equivalents	14	97,111	86,867	37,910	22,540
Receivables	15	13,514	11,148	13,514	11,148
Lease receivables	16	8,892	9,025	..	..
Loans and advances		4,839	4,355	..	..
Tax asset		3	191	..	..
Other assets		4,994	3,953	4,725	3,500
Other financial assets	17	264,744	281,771	..	..
Total current assets		394,097	397,310	56,149	37,188
Non-current assets					
Other financial assets	17	16,833	6,833	16,833	6,833
Receivables	15	44,149	104,142	..	..
Lease receivables	16	130,385	139,277	..	..
Loans and advances		46,870	48,525	..	..
Intangible assets	18	8,481	8,942	8,481	8,942
Property, plant and equipment		3,017	1,478	3,017	1,478
Deferred tax asset	19	23,136	28,537	..	..
Total non-current assets		272,871	337,734	28,331	17,253
Total assets		666,968	735,044	84,480	54,441
Current liabilities					
Payables	20	22,136	11,388	21,819	10,992
Accrued employee benefits		7,788	2,809	7,788	2,809
Unearned revenue	21	687	1,613	356	67
Tax liabilities		125	1	..	..
Interest bearing liabilities	23	8,892	9,025	..	..
Total current liabilities		39,628	24,836	29,963	13,868
Non-current liabilities					
Unearned revenue	21	2,713	3,044	..	..
Deferred tax liabilities	22	37,582	42,691	..	..
Interest bearing liabilities	23	130,385	139,277	..	..
Total non-current liabilities		170,680	185,012	..	..
Total liabilities		210,308	209,848	29,963	13,868
Net assets		456,660	525,196	54,517	40,573
Equity					
Accumulated surplus		328,232	414,466	20,502	24,256
Contributed equity		128,428	110,730	34,015	16,317
Total equity		456,660	525,196	54,517	40,573

The accompanying notes form part of these statements.

Queensland Treasury and controlled entity
Statement of Changes in Equity
for the year ended 30 June 2016

	Notes	Consolidated Entity		Parent Entity	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Accumulated surplus					
Balance 1 July		414,466	399,283	24,256	23,746
Operating result from continuing operations		(66,237)	15,183	(3,757)	510
Dividend paid - Type A shareholders*		(20,000)	..	..	..
Net effect of changes to prior year adjustment		3	..	3	..
Balance 30 June		<u>328,232</u>	<u>414,466</u>	<u>20,502</u>	<u>24,256</u>
Contributed equity **					
Balance 1 July		110,730	116,073	16,317	21,660
Transactions with owners as owners:					
Appropriated equity injections	3	11,511	..	11,511	..
Appropriated equity withdrawals	3	(11,671)	(5,343)	(11,671)	(5,343)
Reclassification from accumulated surplus		..	..	..	..
Net assets transferred in/(out) - Machinery of Government, Office of Industrial Relations and Queensland Productivity Commission		17,858	..	17,858	..
Balance 30 June		<u>128,428</u>	<u>110,730</u>	<u>34,015</u>	<u>16,317</u>
Total equity		<u>456,660</u>	<u>525,196</u>	<u>54,517</u>	<u>40,573</u>

*Dividend per share \$3.333 million

** 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.

The accompanying notes form part of these statements.

Queensland Treasury and controlled entity
Statement of Cash Flows
for the year ended 30 June 2016

		Consolidated Entity		Parent Entity	
	Notes	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash flows from operating activities					
<i>Inflows</i>					
Appropriation revenue receipts		211,257	218,070	211,257	218,070
User charges		28,036	17,212	27,989	17,162
Grants and other contributions		91,391	253	91,391	253
GST input tax credits from Australian Taxation Office (ATO)		12,271	11,753	11,518	9,140
Interest received		8,682	9,392		..
Other		1,289	427	1,289	427
<i>Outflows</i>					
Employee expenses		(190,215)	(96,091)	(190,215)	(96,091)
Supplies and services		(113,035)	(138,670)	(111,994)	(135,878)
Grants and contributions		(4,185)	..	(4,185)	..
Interest paid		(6,966)	(7,395)	..	..
GST remitted to ATO		(2,662)	(4,011)	(1,940)	(1,389)
Income tax paid		(2,999)	(16,529)	..	..
Other		(17,076)	(9,787)	(17,076)	(9,787)
Net cash provided by/(used in) operating activities	24	15,788	(15,376)	18,034	1,907
Cash flows from investing activities					
<i>Inflows</i>					
Sales of property, plant and equipment		..	..	..	..
Lease payments received		1,163	1,116	..	..
Proceeds from investments		4,500	4,000	..	..
Novation payments received		7,862	8,101	..	..
Dividends received		13,841	10,216	..	..
<i>Outflows</i>					
Payments for property, plant and equipment		(193)	..	(193)	..
Acquisition of investments		(10,000)	..	(10,000)	..
Payments for intangibles		(6,830)	..	(6,830)	..
Net cash provided by/(used in) investing activities		10,343	23,433	(17,023)	..
Cash flows from financing activities					
<i>Inflows</i>					
Equity injections		11,511	..	11,511	..
Borrowings		..	..	..	..
<i>Outflows</i>					
Repayment of borrowings		(9,025)	(9,217)	..	..
Dividend paid		(20,000)	..	..	..
Repayment of Grant to Consolidated Fund		(1,221)	..	..	..
Equity withdrawals		(11,671)	(5,343)	(11,671)	(5,343)
Net cash provided by/(used in) financing activities		(30,406)	(14,560)	(160)	(5,343)
Net increase/(decrease) in cash and cash equivalents		(4,275)	(6,503)	851	(3,436)
Cash and cash equivalents at beginning of financial year		86,867	93,370	22,540	25,976
Cash transfers due to machinery of Government change		14,519	..	14,519	..
Cash and cash equivalents at end of financial year	14	97,111	86,867	37,910	22,540

The accompanying notes form part of these statements.

Queensland Treasury and controlled entity
Statement of Comprehensive Income by Major-Departmental Services
for the year ended 30 June 2016

	Fiscal		Economic		Commercial Services		Revenue Management		Industrial Relations		General – not attributed**		Inter-service/activity eliminations		Queensland Treasury	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from continuing operations *																
Revenue																
Appropriation revenue	28,842	78,618	20,545	18,560	5,942	5,772	120,805	112,432	31,741	..	2,319	1,988	..	..	210,194	217,370
User charges	313	550	6,306	4,639	6,765	10,166	2,794	2,769	19,861	..	118	122	(7,085)	(1,105)	29,072	17,141
Grants and other contributions	26	39	32	38	9	9	129	156	91,187	..	8	11	..	..	91,391	253
Other revenue	365	8	5	7	2	2	497	408	496	..	2	2	..	..	1,367	427
Total income from continuing operations	29,546	79,215	26,888	23,244	12,718	15,949	124,225	115,765	143,285	..	2,447	2,123	(7,085)	(1,105)	332,024	235,191
Expenses from continuing operations *																
Employee expenses	19,795	18,723	18,204	15,999	4,382	3,784	59,451	54,888	89,700	..	957	827	(4)	(40)	192,484	94,181
Supplies and services	8,431	55,281	7,694	6,386	8,058	11,588	51,714	46,404	35,468	..	1,294	1,094	(1,064)	(1,061)	111,595	119,692
Grants and subsidies	..	..	61	..	..	..	..	..	4,124	..	..	..	..	..	4,185	..
Depreciation and amortisation	280	268	278	260	73	50	9,075	10,345	1,489	..	78	61	..	..	11,273	10,984
Impairment expense	..	(1)	40	(3)	..	..	1	..	102	..	..	..	..	..	143	(4)
Other expenses	1,040	4,871	589	529	203	190	3,940	4,102	16,222	..	118	139	(6,017)	(4)	16,095	9,827
Total expenses from continuing operations	29,546	79,142	26,866	23,171	12,716	15,612	124,180	115,739	147,105	..	2,447	2,121	(7,085)	(1,105)	335,775	234,680
Loss on sale/disposal of property, plant and equipment	..	..	1	..	..	..	3	1	2	..	..	..	..	..	6	1
Total comprehensive income	..	73	21	73	2	337	42	25	(3,822)	..	..	2	..	..	(3,757)	510

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

Income	4,528	3,952	3,883	3,499	1,241	868	14,255	14,461	147	..	1,402	1,063	..	..	25,456	23,843
Expenses	4,527	3,951	3,881	3,497	1,241	868	14,253	14,456	147	..	1,401	1,062	..	..	25,450	23,834

** 2016 and 2015 include corporate support allocated to Motor Accident Insurance Commission and Nominal Defendant.

Statement of Assets and Liabilities by Major Departmental Services
as at 30 June 2016

	Fiscal*		Economic*		Commercial Services*		Revenue Management*		Industrial Relations		General – not attributed**		Queensland Treasury	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current assets	7,439	2,468	1,433	136	(817)	(3,244)	(121)	(75)	8,445	..	21,531	23,255	37,910	22,540
Cash and cash equivalents	285	4,728	200	621	1,013	3,324	1,203	1,409	9,959	..	854	1,066	13,514	11,148
Receivables	41	64	315	399	1,582	1,011	1,290	1,141	767	..	730	885	4,725	3,500
Other assets	7,765	7,260	1,948	1,156	1,778	1,091	2,372	2,475	19,171	..	23,115	25,206	56,149	37,188
Total current assets														
Non-current assets														
Other financial assets	..	..	10,000	..	..	..	6,833	6,833	..	..	..	..	16,833	6,833
Intangible assets	7	8	..	53	..	..	2,297	8,856	2,218	..	3,959	25	8,481	8,942
Property, plant and equipment	..	40	12	25	..	..	..	56	3,005	..	..	1,357	3,017	1,478
Total non-current assets	7	48	10,012	78	..	..	9,130	15,745	5,223	..	3,959	1,382	28,331	17,253
Total assets	7,772	7,308	11,960	1,234	1,778	1,091	11,502	18,220	24,394	..	27,074	26,588	84,480	54,441
Current liabilities														
Payables	978	645	632	499	1,405	1,048	5,445	3,959	6,732	..	6,627	4,841	21,819	10,992
Accrued employee benefits	635	503	539	409	375	45	1,850	1,261	3,521	..	868	591	7,788	2,809
Unearned revenue	..	..	198	32	..	..	62	35	96	..	..	..	356	67
Total current liabilities	1,613	1,148	1,369	940	1,780	1,093	7,357	5,255	10,349	..	7,495	5,432	29,963	13,868
Non-current liabilities														
Total non-current liabilities	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Total liabilities	1,613	1,148	1,369	940	1,780	1,093	7,357	5,255	10,349	..	7,495	5,432	29,963	13,868
Net assets	6,159	6,160	10,591	294	(2)	(2)	4,145	12,965	14,045	..	19,579	21,156	54,517	40,573

* 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 2016

	Notes	2016 \$'000	2015 \$'000
Income and expenses administered on behalf of the whole of Government			
Income from continuing operations			
Revenue			
Grants and other contributions	33	17,071,872	16,757,732
Taxes	34	10,244,571	10,370,039
User charges and fees		135,332	76,974
Royalties	35	2,092,949	2,008,980
Finance income	36	126,960	30,744
Administered item revenue	37	5,972,731	6,289,927
Other revenue	38	549,048	566,985
Total income from continuing operations		36,193,463	36,101,381
Expenses from continuing operations			
Supplies and services	39	165,365	168,338
Impairment losses	40	10,106	163,068
Grants and subsidies		8,514	38,538
Benefit payments		95,762	97,406
Finance cost	41	2,028,103	2,125,447
Superannuation benefit payments		1,580,244	1,798,151
Long service leave reimbursements		363,482	368,008
Annual Leave Central Scheme claims paid		1,554,535	1,422,684
Other expenses	42	161,925	243,261
Losses			
Losses on financial instruments at fair value		..	7,483
Total expenses from continuing operations		5,968,036	6,432,384
Operating result from continuing operations before transfers to Government		30,225,427	29,668,997
Operating result from discontinued operations		..	..
Operating result for the year before transfers to Government		30,225,427	29,668,997
Transfers of administered comprehensive income to Government		30,225,427	29,668,997
Total administered comprehensive income		..	..

The accompanying notes form part of these statements.

Queensland Treasury
Administered Statement of Financial Position
as at 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Assets and liabilities administered on behalf of the whole of Government			
Current assets			
Cash and cash equivalents	43	(2,137,018)	(2,561,883)
Receivables	44	918,420	669,589
Administered item revenue receivable		108,491	(97,110)
Loans and advances		20,854	29,270
Other current assets	45	22,128	14,998
Total current assets		(1,067,125)	(1,945,136)
Non-current assets			
Receivables	44	1,828	2,131
Loans and advances		102,802	118,527
Total non-current assets		104,630	120,658
Total administered assets		(962,495)	(1,824,478)
Current liabilities			
Payables	46	1,069	36,123
Transfer to Government payable		1,062,688	692,273
Interest Bearing Liabilities		6,989	17,777
Other liabilities	47	35,403	43,261
Total current liabilities		1,106,149	789,434
Non-current liabilities			
QTC borrowings		33,026,233	40,053,989
Interest Bearing Liabilities		65,428	70,493
Total non-current liabilities		33,091,661	40,124,482
Total administered liabilities		34,197,810	40,913,916
Administered net assets		(35,160,305)	(42,738,394)

The accompanying notes form part of these statements.

Queensland Treasury
Administered Statement of Cash Flows
for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Cash flows administered on behalf of the whole of Government			
Cash flows from operating activities			
<i>Inflows</i>			
Administered item receipts		5,767,130	6,359,983
Grants and other contributions		17,071,871	16,757,954
Taxes		10,281,648	10,314,845
Royalties/User charges and fees		2,104,664	1,932,148
Finance income		126,240	29,975
GST input tax credits from ATO		157,752	4,574
Other		407,228	584,571
<i>Outflows</i>			
Transfers to Government		(29,859,501)	(29,700,186)
Grants and subsidies/Benefit payments		(104,276)	(129,869)
Finance costs		(2,029,766)	(2,128,598)
Supplies and services		(351,216)	(147,963)
GST remitted to ATO		(49,860)	(18,496)
Superannuation benefit payments		(1,580,244)	(1,798,151)
Long service leave reimbursements		(363,482)	(368,007)
Annual leave central scheme claims paid		(1,554,535)	(1,422,685)
Other		(160,298)	(321,970)
Net cash provided by/(used in) operating activities	48	(136,645)	(51,875)
Cash flows from investing activities			
<i>Inflows</i>			
Loans and advances		29,760	16,082
<i>Outflows</i>			
Loans and advances made		(196)	(1,345)
Net cash provided by/(used in) investing activities		29,564	14,737
Cash flows from financing activities			
<i>Inflows</i>			
Equity injections		7,605,565	..
Borrowings		1,543,753	2,658,807
<i>Outflows</i>			
Borrowing redemptions		(8,117,372)	(1,053,944)
Equity withdrawals		(500,000)	(1,986,917)
Net cash provided by/(used in) financing activities		531,946	(382,054)
Net increase/(decrease) in cash and cash equivalents		424,865	(419,192)
Administered cash and cash equivalents at beginning of financial year		(2,561,883)	(2,142,691)
Administered cash and cash equivalents at end of financial year	43	(2,137,018)	(2,561,883)

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 2016

	Fiscal		Revenue Management		Industrial Relations		Other *		Inter-service/activity eliminations		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Income and expenses administered on behalf of the whole of Government												
Income from continuing operations												
Revenue												
Grants and other contributions	17,071,872	16,757,732										
Taxes			11,403,080	10,396,779								
User charges and fees			87,975	76,974								
Royalties			2,092,754	2,007,474	47,357							
Finance income			18,672	21,349			195	1,506				
Administered item revenue	141,274	144,534	118,375	130,185			121,962	23,418				
Other revenue	207,441	238,201	321,191	306,328	40		5,713,082	6,015,208				
Total income from continuing operations	17,420,587	17,140,467	14,042,047	12,939,089	47,397		5,855,615	6,062,588	(1,172,183)	(40,763)	36,193,463	36,101,381
Expenses from continuing operations												
Supplies and services	134,968	136,761	4,942	4,691			25,455	26,886				
Impairment losses			10,041	163,068	65							
Grants and subsidies	4,836	7,275	1,739	1,024			1,939	30,239				
Benefit payments			95,762	97,406								
Finance cost			31	324								
Superannuation benefit payments							2,041,746	2,139,146				
Long service leave reimbursements							1,580,244	1,798,151				
Annual Leave Central Scheme claims paid							363,482	368,008				
Other expenses	1,471	498	1,158,509	26,740			1,554,535	1,422,684				
Losses							160,454	242,763				
losses on financial instruments at fair value												
Total expenses from continuing operations	141,275	152,017	1,271,024	293,253	65		5,727,855	6,027,877	(1,172,183)	(40,763)	5,968,036	6,432,384
Operating result from continuing operations before transfers to Government	17,279,312	16,988,450	12,771,023	12,645,836	47,332		127,760	34,711	..	..	30,225,427	29,668,997
Transfers of administered comprehensive income to Government	17,279,312	16,988,450	12,771,023	12,645,836	47,332		127,760	34,711	..	..	30,225,427	29,668,997
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 2016

	Fiscal*		Revenue Management*		Industrial Relations		Other**		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Assets and liabilities administered on behalf of the whole of Government										
Current assets										
Cash and cash equivalents		(536,531)	61,450	43,478	..	..	(2,095,529)	(2,068,830)	(2,137,018)	(2,561,883)
Receivables	52,503	58,014	855,186	587,824	5,600	..	5,131	23,751	918,420	669,589
Administered item revenue receivable	(305)	..	12,681	..	..	..	96,115	(97,110)	108,491	(97,110)
Loans and advances	..	..	..	..	..	..	20,854	29,270	20,854	29,270
Other current assets	1,373	1,309	..	934	498	..	20,257	12,755	22,128	14,998
Total current assets	(49,368)	(477,208)	929,317	632,236	6,098	..	(1,953,172)	(2,100,164)	(1,067,125)	(1,945,136)
Non-current assets										
Receivables	..	..	..	..	..	..	1,828	2,131	1,828	2,131
Loans and advances	..	..	..	..	..	..	102,802	118,527	102,802	118,527
Other financial assets	..	..	..	..	..	..	..	..	..	..
Total non-current assets	..	..	..	..	..	..	104,630	120,658	104,630	120,658
Total administered assets	(49,368)	(477,208)	929,317	632,236	6,098	..	(1,848,542)	(1,979,506)	(962,495)	(1,824,478)
Current liabilities										
Payables	..	..	690	17,185	..	..	379	18,938	1,069	36,123
Transfer to Government payable	59,628	42,540	892,799	597,775	6,098	..	104,163	51,958	1,062,688	692,273
Interest Bearing Liabilities	..	..	..	..	..	..	6,989	17,777	6,989	17,777
Other liabilities	..	..	35,383	41,761	..	..	20	1,500	35,403	43,261
Total current liabilities	59,628	42,540	928,872	656,721	6,098	..	111,551	90,173	1,106,149	789,434
Non-current liabilities										
QTC borrowings	..	..	..	..	..	..	33,026,233	40,053,989	33,026,233	40,053,989
Interest Bearing Liabilities	..	..	..	..	..	..	65,428	70,493	65,428	70,493
Total non-current liabilities	..	..	..	..	..	..	33,091,661	40,124,482	33,091,661	40,124,482
Total administered liabilities	59,628	42,540	928,872	656,721	6,098	..	33,203,212	40,214,655	34,197,810	40,913,916
Administered net assets	(108,996)	(519,748)	445	(24,485)	..	..	(35,051,754)	(42,194,161)	(35,160,305)	(42,738,394)

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

** 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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1 Objectives and major activities of the department

(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:

- support economic growth through fiscal strength and employment
- improve services for Queenslanders
- ensure safe, productive and fair workplaces
- empower our people.

Details on QT's departmental service areas can be viewed in the department's Budget Paper 5 - Service Delivery Statements – QT, at <http://budget.qld.gov.au/budget-papers>

(b) Major activities of the department:

Transfer of Fair and Safe Work Queensland from the Department of Justice and Attorney-General (DJAG) to Queensland Treasury forming the Office of Industrial Relations (OIR).

This transfer occurred as a consequence of a MoG change with effect from 1 July 2015.

The following controlled assets and liabilities of DJAG were transferred to QT:

		\$'000
Assets		
	Cash	16,989
	Receivables	2,865
	Other assets - current	369
	Property plant and equipment	4,078
	Intangibles	1,305
		<u>25,606</u>
Liabilities		
	Payables	3,941
	Unearned revenue	209
	Accrued employee benefits	2,922
	Other liabilities - current	48
	Lease incentives - current	352
	Lease incentives - non current	269
		<u>7,741</u>
Net assets		<u><u>17,865</u></u>

The increase in net assets of \$17.865 million is accounted for as an increase in the contributed equity to be disclosed in the Statement of Changes in Equity.

Budgeted appropriation revenue of \$30.760 million for 2015-16 was transferred to QT with approval for additional funding of \$1.205 million for the 2015-16 financial year.

In addition to the above increase in net assets, the OIR spent \$1.022 million for capital expenditure in the 2015-16 financial year.

The following administered assets and liabilities of DJAG were transferred to QT:

		\$'000
Assets		
	Cash	14
	Receivables	4,682
		<u>4,696</u>
Liabilities		
	Payables	4,692
	Other liabilities - current	4
		<u>4,696</u>
Net assets		<u><u>..</u></u>

Budgeted net administered revenue of \$48.383 million for 2015-16 was transferred to Government.

Transfer of Queensland Productivity Commission from QT to the statutory body of the Queensland Productivity Commission (QPC).

The Commission was established in May 2015 on an interim basis as a government entity under the Public Service Act 2008, to allow a timely start to the electricity pricing inquiry. From 1 December 2015, the Commission was converted to a statutory body under its own enabling Act as a result of a MoG change to enable increased permanency and operational flexibility. The decrease in net assets of \$0.007 million is reflected in the Statement of Changes in Equity. Since inception of the statutory body QT has paid grant funding of \$0.836 million to the QPC.

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 ended 30 June 2016 and other authoritative pronouncements.

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.

(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.

(c) Administered transactions and balances

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.

(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.

(f) User charges and fees

User charges and fees controlled by the department are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty, items not controlled by the department are reported as administered. This involves either invoicing for related goods/services and/or the recognition of accrued revenue. User charges and fees are controlled by the department where they can be deployed for the achievement of departmental objectives.

2 Summary of significant accounting policies (continued)

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

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)
- the assessment is issued as a result of Commissioner-assessed transactions or following compliance activities such as reviews and audits.

(h) SPER fines

Revenue is recognised when the unpaid penalty, fine or levy has been transferred and registered to SPER.

(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 and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions. Cash assets 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

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of trade 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.

Administered receivables recognition criteria are explained in notes (f) to (h).

(l) Amortisation and depreciation of intangibles, 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.

The cost (or other value) of leasehold improvements is depreciated over the estimated useful lives of the improvements or the unexpired period of the lease, whichever is shorter.

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 \$0.762million. Also QT has no temporary idle plant and equipment and no plant and equipment recorded at cost with materially different fair values.

(m) Payables

Trade creditors are recognised upon receipt of goods and services at the contracted amount to be paid for the goods and services received. Amounts owing are generally settled on 30 day terms.

2 Summary of significant accounting policies (continued)

(n) Leases

Operating lease payments have been entered into under which the lessor retains substantially all the risks and benefits incidental to ownership.

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.

(o) 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
 - Other financial assets – Shares in Aurizon Holdings Ltd (AZ)
2. Financial assets – held at amortised cost
 - Receivables
 - Lease receivables
 - Loans and advances
 - Other assets
3. Financial liabilities – held at amortised cost
 - Payables
 - Tax liabilities
 - Interest bearing liabilities – Commonwealth and QTC borrowings
 - Other liabilities – insurance premiums on pass to the State
4. Equity instrument – held at cost
 - Other financial assets

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.

(p) 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

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values.

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*.

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.

2 Summary of significant accounting policies (continued)

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*.

(q) 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.

Under the National Tax Equivalents Regime (NTER), payments are made to the State Treasurer equivalent 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.

(r) 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.

(s) 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.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(t) 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.

(u) 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, Depreciation and amortisation, notes 26 and 49 (Contingencies), Loans and advances, QTC borrowings and note 50 (Financial liabilities held at amortised cost). Further, the matters covered in each of those notes (except for Depreciation and Amortisation) 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.

(v) New and revised accounting policies and standards

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 are 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 amends *AASB 107 Statement of Cash Flows* and requires entities preparing financial statements in accordance with Tier 1 reporting requirements to provide additional disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities. These disclosures will include both cash flows and non-cash changes between the opening and closing balance of the relevant liabilities and be disclosed by way of a reconciliation or roll forward as part of the notes to the statement of cash flows. The measurement of assets, liabilities, income and expenditure in the financial statements will be unaffected.

2 Summary of significant accounting policies (continued)

AASB 124 Related Party Disclosures

Effective from reporting periods beginning on or after 1 July 2016, a revised version of AASB 124 will apply to QT. AASB 124 requires disclosures about the remuneration of key management personnel (KMP), 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 will disclose its responsible Minister(s) as part of its KMP from 2016-17. The department does not provide remuneration to Ministers, so figures for Ministerial remuneration will not be disclosed by the department. Comparative information will continue to be disclosed in respect of KMP remuneration.

The most significant implications of AASB 124 for QT are the required disclosures about transactions between the department and its related parties (as defined in AASB 124). For any such transactions, from 2016-17, disclosures will include the nature of the related party relationship, 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.

AASB 15 Revenue from Contracts with Customers will become effective from reporting periods on or after 1 January 2018. The new requirements may result in a change to the timing of revenue recognition of the Department 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. The department is yet to complete its analysis of current arrangements, but at this stage does not expect a significant impact on its present accounting practices.

AASB 9 Financial Instruments and *AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* 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(o), 31 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 controlled accounts will need to be measured at fair value. The department is not yet able to reliably estimate what the fair value of this investment will be at the date of initial application of AASB 9. The difference between the carrying amount of this investment and its 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 will become effective for reporting periods on or after 1 January 2019. The standard introduces a single lease accounting model for lessees. The main impact of this standard is the majority of operating leases will be reported on the statement of financial position. The impact on the reported assets and liabilities would be largely in proportion to the scale of the Department's leasing activities. Queensland Treasury has not yet quantified the impact on the Statement of Comprehensive Income and the Statement of Financial Position of applying AASB 16 to current operating leases, including the additional disclosures required.

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Queensland Treasury Notes To and Forming Part of the Financial Statements 2015-16

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	Consolidated Entity		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
3 Reconciliation of payments from Consolidated Fund to service revenue recognised in the Statement of Comprehensive Income				
Budgeted appropriation revenue	217,173	193,009	217,173	193,009
Transfer (to)/from other departments	3,770	..	3,770	..
Transfer (to)/from other heading	(9,686)	25,061	(9,686)	25,061
Total appropriation receipts	211,257	218,070	211,257	218,070
Less opening balance of appropriation revenue receivable	..	(700)	..	(700)
Plus opening balance of deferred appropriation payable	2,100	..	2,100	..
Less closing balance of deferred appropriation payable	(3,163)	(2,100)	(3,163)	(2,100)
Net appropriation revenue	210,194	215,270	210,194	215,270
Plus deferred appropriation expense payable to Consolidated Fund	..	2,100	..	2,100
Appropriation revenue recognised in Statement of Comprehensive Income	210,194	217,370	210,194	217,370
Reconciliation of payments from Consolidated Fund to appropriated equity adjustments recognised in contributed equity				
Budgeted equity adjustment appropriation	4,462	157	4,462	157
Transfer (to)/from other heading	(4,622)	(5,500)	(4,622)	(5,500)
Total equity adjustment receipts	(160)	(5,343)	(160)	(5,343)
Appropriated equity adjustment recognised in contributed equity	(160)	(5,343)	(160)	(5,343)
4 User charges				
Sale of services	29,072	17,141	29,072	17,141
	29,072	17,141	29,072	17,141
5 Grants and other contributions				
Resources received below fair value	221	253	221	253
Grant revenue *	207	1,562	200	..
Contributions from Workcover	77,439	..	77,439	..
Industry contributions	13,531	..	13,531	..
	91,398	1,815	91,391	253
* The QTH controlled entity undertook project management responsibilities on behalf of the State of Queensland for the Airport Link, Northern Busway (Windsor to Kedron) and Airport Roundabout Upgrade projects, which were previously undertaken by City North Infrastructure (CNI). From 1 July 2015, these activities have been transferred to the Department of Transport and Main Roads.				
6 Interest revenue				
Interest - QTC	1,717	1,994	..	..
Interest - lease receivables *	6,966	7,395	..	..
Interest - loans and receivables **	12,703	12,959	..	..
	21,386	22,348	..	..

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

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

	Consolidated Entity		Parent Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
7 Fair value gain/(loss) on investments				
Gain/Loss on shares - unrealised *	(17,027)	8,239	..	..
	<u>(17,027)</u>	<u>8,239</u>	<u>..</u>	<u>..</u>
* 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 \$4.82 per share (2015: \$5.13 per share))				
8 Employee expenses				
<i>Employee benefits</i>				
Salaries and wages	155,184	72,881	155,184	72,881
Employer superannuation contributions	19,596	9,638	19,596	9,638
Long service leave levy	3,257	1,688	3,257	1,688
Parental leave expense	389	466	389	466
Annual leave levy	10,134	8,153	10,134	8,153
Other employee benefits	1,201	215	1,201	215
<i>Employee related expenses *</i>				
Workers' compensation premium	494	120	494	120
Payroll tax	2	30	2	30
Other employee related expenses	2,227	990	2,227	990
	<u>192,484</u>	<u>94,181</u>	<u>192,484</u>	<u>94,181</u>

* Employment expenses not included in employees total remuneration package

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:	1,768	942	1,768	942
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Queensland Treasury
Notes To and Forming Part of the Financial Statements 2015-16

8 Employee expenses (continued)
(a) Key management personnel and remuneration

The following disclosures focus on the expenses incurred by the department during the respective reporting periods that are attributable to key management positions. The amounts disclosed below reflect expenses recognised in the Statement of Comprehensive Income.

1 July 2015 - 30 June 2016

Position (a)	Responsibilities	Current Incumbents		Short Term Employee Expenses Monetary Expenses * \$'000	Long Term Employee Expenses	Post Employment Expenses	Termination Benefits	Total Expenses
		Contract classification and appointment authority	Date appointed to position (end date of position)					
Under Treasurer	Responsible for executive leadership, strategic direction of the department and whole of Government financial management	CEO; Governor in Council under s92 of the Public Service Act 2008	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	SES4-1; Relieving in accordance with Directive 4/11, Higher Duties, issued under section 54 of the Public Service Act 2008. In accordance with Directive 4/11 and QT's HR Delegations, relieving was approved by the Under Treasurer	24-Aug-15	197	4	21	..	222
Deputy Under Treasurer	Responsible for the Economics Group	SES4-1; Commission Chief Executive under s110 of Public Service Act 2008	6-Aug-15	243	5	25	..	273
Acting Deputy Under Treasurer (c)	Responsible for Commercial Group	Under an interchange arrangement from QTC in accordance with s184 of the Public Service Act 2008	20-Apr-15	..	..	..	..	..
Deputy Under Treasurer	Responsible for Commercial Group	CE05-4; Under Treasurer under s119, s121(2) and s122 of the Public Service Act 2008. Contract variation under s122 Public Service Act	27-Aug-15 (d)	285	5	31	..	321
Commissioner	Responsible for the Office of State Revenue	CE05-4; Under Treasurer under s119, s121(2) and s122 of the Public Service Act 2008	10-Feb-14	266	5	31	..	302
Assistant Under Treasurer, Corporate Group	Responsible for the Corporate Group	SES3-5; Commission Chief Executive under s110 of Public Service Act 2008	27-Jan-16 (e)	100	2	11	..	113
Deputy Director-General (f)	Responsible for the Office of Industrial Relations	SES4-2; Commission Chief Executive under s110 of Public Service Act 2008	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 Executive Director is remunerated by QTC

(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 Service Commission (PSC) 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

Queensland Treasury
Notes To and Forming Part of the Financial Statements 2015-16

8 Employee expenses (continued)

The mutually agreed terms for the separating Under Treasurer considered all of the contract's relevant clauses. The payment for the Under Treasurer's separation was determined prior to 30 June 2015 and is included in the below expenses for 2014-15.

1 July 2014 - 30 June 2015

Position (a)	Responsibilities	Current Incumbents		Short Term Employee Expenses \$'000	Long Term Employee Expenses \$'000	Post Employment Expenses \$'000	Termination Benefits \$'000	Total Expenses \$'000
		Contract classification and appointment authority	Date appointed to position (End date of position)					
Under Treasurer	Responsible for executive leadership, strategic direction of the department and whole of Government financial management	CEO; Governor in Council under s92 of the Public Service Act 2008	9-Jun-15 (b)	52	1	6	..	59
Under Treasurer (ceased)	Responsible for executive leadership, strategic direction of the department and whole of Government financial management	CEO; Governor in Council under s92 of the Public Service Act 2008	18-Nov-2013 (8-Jun-15) (c)	671	13	62	259	1,005
Deputy Under Treasurer	Responsible for executive leadership, strategic direction of the department and whole of government financial management and the Fiscal Group (d)	CEO; Commission Chief Executive under s121 of the Public Service Act 2008	27-Jun-12	303	6	35	..	344
Acting Deputy Under Treasurer	Responsible for executive leadership, strategic direction of the department and whole of government financial management and the Fiscal Group	CEO; Relieving in accordance with Directive 4/11, Higher Duties, issued under section 54 of the Public Service Act 2008. In accordance with Directive 4/11 and QT's HR Delegations, relieving was approved by the Under Treasurer	19-Jan-15 (7-May-15) and 1 Jun-15 (e)	102	2	9	..	113
Acting Deputy Under Treasurer	Responsible for the Economics Group	SES4; Relieving in accordance with Directive 4/11, Higher Duties, and Directive 3/14, Senior Executive Service - Employment Conditions, issued under sections 54 and 53 of the Public Service Act 2008. In accordance with Directives 4/11 and 3/14 and QT's HR Delegations, relieving was approved by the Under Treasurer	7-Jul-14	224	4	25	..	253
Acting Executive Director (f)	Responsible for Commercial Group	Under an interchange arrangement from QTC in accordance with s184 of the Public Service Act 2008 (f)	20-Apr-15	..	..	..	..	..
Executive Director (currently on secondment)	Responsible for the former Projects Queensland division	CEO; Under Treasurer under s121 and s122 of the Public Service Act 2008 and Directive 16/08, section 8.2.4	7-Jul-14 (17-Apr-15) (g)	318	6	34	..	358
Commissioner	Responsible for the Office of State Revenue	CEO; Under Treasurer under s119, s121(2) and s122 of the Public Service Act 2008	10-Feb-14	291	6	31	..	328
Chief Operating Officer	Responsible for the Corporate Group	CEO; Under Treasurer under s119, s121(2) and s122 of the Public Service Act 2008	02-Jun-14	282	5	31	..	318
Total Expenses				2,243	43	233	259	2,778

* 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 Under Treasurer acted in this role from 1 June to 8 June 2015, approved by the Treasurer under s94(1) of the Public Service Act 2008

(c) The Under Treasurer commenced leave on 8 May 2015 and ceased as Under Treasurer on 8 June 2015

(d) From 19 January 2015 the Deputy Under Treasurer took a period of leave and upon return led a review of the state's finances for the government. Relieving arrangements were put in place from this time

(e) The Deputy Under Treasurer relieved in this position for two separate periods; from 19 Jan 2015 to 7 May 2015 and from 1 June 2015

(f) The Acting Executive Director is remunerated by QTC

(g) The Executive Director commenced a secondment to Building Queensland on 20 April 2015

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Queensland Treasury Notes To and Forming Part of the Financial Statements 2015-16

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8 Employee expenses (continued)

(b) Performance payments

No At Risk Component payment was made for 2014-15 in accordance with the Government's commitment to discontinue such payments.

The basis for performance payments expensed in the 2014-15 financial year is set out below:

Position	Basis for payment	Date Paid	Amount
(Former) Under Treasurer	Consistent with the abovementioned timeframe and process, this payment relates to the achievement of performance criteria during 2013-14. The payment made was determined in accordance with the terms of the performance agreement for this position	17-Oct-14	\$43,200

	Consolidated Entity		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
9 Supplies and services				
Consultants and contractors	36,199	75,805	36,199	75,805
Supplies and consumables	8,552	5,634	8,552	5,634
Repairs and maintenance	8,370	4,747	8,370	4,747
Accommodation	22,479	12,038	22,479	12,038
SPER call centre fees	10,615	9,498	10,615	9,498
Computer related charges	5,777	3,612	5,777	3,612
Other	19,603	8,358	19,603	8,358
	<u>111,595</u>	<u>119,692</u>	<u>111,595</u>	<u>119,692</u>

10 Grants and subsidies

Safe Work Australia	2,068	..	2,068	..
Anzac Day Trust	1,277	..	1,277	..
Queensland Working Womens's Service	191	..	191	..
Healthy Worker Initiative	196	..	196	..
Workers' Compensation Advisory and Education Services	227	..	227	..
Other recurrent grants	226	..	226	..
	<u>4,185</u>	<u>..</u>	<u>4,185</u>	<u>..</u>

11 Impairment expense

Impairment losses on receivables *	69,468	11,894	103	(4)
Impairment losses on Intangibles	40	..	40	..
	<u>69,508</u>	<u>11,894</u>	<u>143</u>	<u>(4)</u>

* Relates to the rights to cash flows under a revenue sharing arrangement as part of the Port of Brisbane sale which has been written down to its recoverable value. The receivable was originally recognised in 2011 as \$121.249 million and has been amortised at 9% annually. The carrying value of the licence fee receivable is reviewed annually and tested for impairment, incorporating current projections of trade volumes and price growth which have been decreasing. The balance was written down in the prior financial year to \$44.149 million. Refer notes 6 and 15.

	Consolidated Entity		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
12 Other expenses				
Audit fees – Auditor-General	905	820	866	782
Other audit fees	1,259	846	1,259	846
Company secretariat and accounting services - QTC	428	379	..	..
Project management - CNI	7	1,562	..	..
Operating lease rentals	2,345	142	2,345	142
Advertising and promotions	6,970	3,766	6,970	3,766
Minor assets < \$5,000	826	1,737	826	1,737
Bank charges	1,941	1,686	1,941	1,686
Ex-gratia payments - payments to former core agreement employees	24	..	24	..
Other	2,087	1,089	1,864	868
	<u>16,792</u>	<u>12,027</u>	<u>16,095</u>	<u>9,827</u>
13 Income tax expense				
Current tax comprises:				
Current tax on profit for the year	3,310	4,243	..	..
	<u>3,310</u>	<u>4,243</u>	<u>..</u>	<u>..</u>
Deferred tax comprises:				
Decrease/(increase) in deferred tax asset	5,401	(694)	..	..
(Decrease)/increase in deferred tax liability	(5,108)	2,472	..	..
	<u>293</u>	<u>1,778</u>	<u>..</u>	<u>..</u>
Income tax expense/(benefit)	<u>3,603</u>	<u>6,021</u>	<u>..</u>	<u>..</u>
Numerical reconciliation of income tax expense to prima facie tax payable:				
Profit/(loss) before income tax expense	(58,877)	20,694	..	..
Less (profit)/loss of non taxable entities	(472)	(624)	..	..
Plus dividend received from AZ]	(6,635)	..	..	..
Profit/(loss) before income tax expense from taxable entities	<u>(65,984)</u>	<u>20,070</u>	<u>..</u>	<u>..</u>
Tax at the Australian Company tax rate of 30%	(19,797)	6,021	..	..
Plus write-back of deferred tax asset	23,400	..	..	..
Income tax expense/(benefit)	<u>3,603</u>	<u>6,021</u>	<u>..</u>	<u>..</u>
14 Cash and cash equivalents				
Cash at bank	37,895	22,530	37,893	22,528
QTC Cash Fund	59,199	64,325	..	..
Imprest accounts	17	12	17	12
Cash and cash equivalents at the end of financial year	<u>97,111</u>	<u>86,867</u>	<u>37,910</u>	<u>22,540</u>

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	Consolidated Entity		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
15 Receivables				
<i>Current</i>				
Trade debtors	10,747	4,832	10,747	4,832
Less allowance for impairment loss	(173)	..	(173)	..
	<u>10,574</u>	<u>4,832</u>	<u>10,574</u>	<u>4,832</u>
GST input tax credits receivable	692	5,237	692	5,237
GST payable	(414)	(441)	(414)	(441)
Net GST receivable	<u>278</u>	<u>4,796</u>	<u>278</u>	<u>4,796</u>
Annual leave reimbursements	2,662	1,520	2,662	1,520
	<u>2,662</u>	<u>1,520</u>	<u>2,662</u>	<u>1,520</u>
Total Current	<u>13,514</u>	<u>11,148</u>	<u>13,514</u>	<u>11,148</u>
<i>Ageing of past due but not impaired Receivables*</i>				
Overdue				
Less than 30 days	62	221	62	221
30-60 days	134	109	134	109
61 to 90 days	48	106	48	106
Greater than 90 days	85	39	85	39
Total overdue	<u>329</u>	<u>475</u>	<u>329</u>	<u>475</u>
* 2016 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	58,753	49,380	..	..
Impairment expense - accumulated	(135,853)	(66,487)	..	..
Total Non-current	<u>44,149</u>	<u>104,142</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%. 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 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.

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

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). An upfront payment of \$50.5 million was made to BPH for the rights to payments under a loan arrangement entered into between BPH and QPH Hold Trust as part of the privatisation of the Brisbane Port operations. A further amount of \$121.2 million was paid in return for BPH's rights to future licence fees from PBPL. In the current financial year, an amount of \$4.5 million was received against the loan with the loan repayable via fixed annual payments to 2025. Repayments against the licence fee primarily commence in 2016 for a period of

35 years. However, these payments are subject to a cap and collar arrangement. In the current financial year, an impairment expense was recognised against the licence fee receivable due to expectations of lower price growth affecting these cash flows (refer note 11).

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.

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	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current				
Lease receivable	1,235	1,163	..	..
Novation receivable	7,657	7,862	..	..
	<u>8,892</u>	<u>9,025</u>	<u>..</u>	<u>..</u>
Non-current				
Lease receivable	108,439	109,674	..	..
Novation receivable	21,946	29,603	..	..
	<u>130,385</u>	<u>139,277</u>	<u>..</u>	<u>..</u>
Total				
Lease receivable	109,674	110,837	..	..
Novation receivable	29,603	37,465	..	..
	<u>139,277</u>	<u>148,302</u>	<u>..</u>	<u>..</u>
Finance leases				
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	195,462	201,932	..	..
Minimum lease commitments receivable at balance date *	<u>227,815</u>	<u>234,285</u>	<u>..</u>	<u>..</u>
Less future finance charges	(118,141)	(123,448)	..	..
Total lease receivable	<u>109,674</u>	<u>110,837</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	22,328	22,328	..	..
- Later than five years	81,065	82,228	..	..
	<u>109,674</u>	<u>110,837</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

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16 Lease receivables (continued)	Consolidated Entity		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Novation receivable				
<i>Operating lease</i>				
Minimum lease payments				
- Not later than one year	8,938	9,521	..	..
- Later than one year and not later than five years	23,644	32,582	..	..
- Later than five years	..	..	..	..
Minimum novation payments receivable at balance date *	32,582	42,103	..	..
Less: future finance charges	(2,979)	(4,638)	..	..
Total novation receivable	29,603	37,465	..	..
Present value of minimum lease payments				
- Not later than one year	8,679	9,243	..	..
- Later than one year and not later than five years	20,924	28,222	..	..
- Later than five years	..	..	..	..
	29,603	37,465	..	..
* The novation receivable represents payments owing to North Queensland Bulk Ports Corporation Limited from DBCT Management Pty Ltd which has been novated to Dalrymple Bay Coal Terminal (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				
<i>Current</i>				
Shares - AZ) *	264,744	281,771	..	..
	264,744	281,771	..	..
<i>Non-current</i>				
Shares held in unlisted company at cost	6,833	6,833	6,833	6,833
QIC investments, Business Development Fund	10,000	..	10,000	..
	16,833	6,833	16,833	6,833
* The QTH controlled entity holds 54,926,186 (2015: 54,926,186) shares in AZ), purchased at the institutional price of \$2.55 per share. The shares are market valued based on the closing listed share price of \$4.82 per share (2015: \$5.13)				
18 Intangible assets				
<i>Non-current</i>				
Internally generated software				
- at cost	9,130	82,775	9,130	82,775
- accumulated amortisation	(3,346)	(71,814)	(3,346)	(71,814)
- accumulated impairment loss	(136)	(3,828)	(136)	(3,828)
	5,648	7,133	5,648	7,133
Other software/licences				
- at cost	9,591	10,371	9,591	10,371
- accumulated amortisation	(8,601)	(8,562)	(8,601)	(8,562)
	990	1,809	990	1,809
Work in progress				
- at cost	1,843	..	1,843	..
	1,843	..	1,843	..
Total intangibles				
- net book value	8,481	8,942	8,481	8,942

18 Intangible assets (continued)

Reconciliation

	Internally generated software		Other software/licences		Software works in progress		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Carrying amount at 1 July	7,132	15,808	1,809	2,641	..	27	8,941	18,476
Acquisitions	..	..	1,260	..	5,570	..	6,830	..
Mog Transfer in	738	..	..	..	567	..	1,305	..
Impairment losses recognised in operating surplus/deficit	(40)	..	..	..	..	..	(40)	..
Assets transferred between asset classes	5,434	27	(1,140)	..	(4,294)	(27)	..	..
Amortisation *	(7,616)	(8,702)	(939)	(832)	..	..	(8,555)	(9,534)
Carrying amount at 30 June	5,648	7,133	990	1,809	1,843	..	8,481	8,942

* 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 \$6.283 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.

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	Consolidated Entity		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
19 Deferred tax asset				
The balance comprises temporary differences attributable to:				
Long term receivable - BPH	23,130	5,131	..	..
Reduction in subsidiary carrying value	..	23,400	..	..
Accruals	6	6	..	..
	<u>23,136</u>	<u>28,537</u>	<u>..</u>	<u>..</u>
20 Payables				
<i>Current</i>				
Trade creditors	9,432	4,959	9,432	4,959
Interdepartmental payable	4,512	1,148	4,512	1,148
Deferred appropriation payable	3,163	2,100	3,163	2,100
Other	5,029	3,181	4,712	2,785
	<u>22,136</u>	<u>11,388</u>	<u>21,819</u>	<u>10,992</u>
21 Unearned revenue				
<i>Current</i>				
Unearned revenue *	356	1,288	356	67
Sub-lease on land **	331	325	..	..
	<u>687</u>	<u>1,613</u>	<u>356</u>	<u>67</u>
<i>Non-current</i>				
Sub-lease on land **	2,713	3,044	..	..
	<u>2,713</u>	<u>3,044</u>	<u>..</u>	<u>..</u>

*All surplus funds held by QTH have been returned to the State during 2015-16 (refer note 5).

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

	Consolidated Entity		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
22 Deferred tax liabilities				
Attributable to temporary differences:				
Financial assets at fair value - AZJ	37,404	42,513	..	..
Investments in subsidiaries - DBCTH	178	178	..	..
	<u>37,582</u>	<u>42,691</u>	<u>..</u>	<u>..</u>
23 Interest bearing liabilities				
Current loans with QTC				
Lease loan *	1,235	1,163	..	..
Novation loan *	7,657	7,862	..	..
	<u>8,892</u>	<u>9,025</u>	<u>..</u>	<u>..</u>
Interest bearing liabilities				
Non-current loans with QTC				
Lease loan *	108,439	109,674	..	..
Novation loan *	21,946	29,603	..	..
	<u>130,385</u>	<u>139,277</u>	<u>..</u>	<u>..</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

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	Consolidated Entity		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
24 Reconciliation of operating surplus to net cash from operating activities				
Operating surplus/(deficit)	(66,237)	15,183	(3,757)	510
Impairment expense	69,508	11,898	143	..
Gain on shares - unrealised	17,027	(8,239)	..	..
Interest - loans and receivables	(12,703)	(12,959)	..	..
Loss on sale of property, plant and equipment	6	1	6	1
Dividend received	(13,841)	(10,216)	..	..
Decrease in amortisation of unearned income	(325)	(319)	..	..
Depreciation/amortisation expense	11,273	10,984	11,273	10,984
Change in assets and liabilities:				
(Increase)/decrease in appropriation receivable	..	700	..	700
(Increase)/decrease in GST input tax credits receivable	4,545	(4,283)	4,545	(4,283)
(Increase)/decrease in interdepartmental receivable	..	693	..	693
(Increase)/decrease in trade debtors	(4,771)	(2,451)	(5,741)	(2,375)
(Increase)/decrease in annual leave reimbursements	(1,142)	(56)	(1,142)	(56)
(Increase)/decrease in other assets	(445)	(176)	(445)	(176)
(Increase)/decrease in other debtors	..	2	..	2
Increase/(decrease) in interdepartmental payable	3,364	..	3,364	..
(Increase)/decrease in prepayments	(664)	1,213	(780)	1,111
Increase/(decrease) in trade creditors	4,473	108	4,473	108
Increase/(decrease) in accrued employee benefits	4,979	(5,513)	4,979	(5,513)
Increase/(decrease) in GST payable	(27)	23	(27)	23
Increase/(decrease) in other payables	2,206	132	2,990	206
Increase/(decrease) in unearned revenue	282	(1,621)	289	(59)
Increase/(decrease) in tax provision	124	(12,258)	..	31
Increase/(decrease) in deferred tax liability	(5,109)	2,472	..	..
Decrease in deferred tax asset	5,401	(694)	..	..
Adjustment to various assets and liabilities due to MoG (non-cash items)	(2,136)	..	(2,136)	..
Net cash provided by/(used in) operating activities	15,788	(15,376)	18,034	1,907

	Consolidated Entity		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'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	7,597	415	7,191	15
Later than one year and not later than five years	10,401	1,648	8,776	48
Later than five years	17,210	14,490	2,532	..
Total commitments	<u>35,208</u>	<u>16,553</u>	<u>18,499</u>	<u>63</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	2,421	20	2,421	20
Later than one year and not later than five years	6,004	44	6,004	44
Later than five years	..	..	..	..
Total commitments	<u>8,425</u>	<u>64</u>	<u>8,425</u>	<u>64</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	73,581	29,559	73,581	29,559
Later than one year and not later than five years	114,456	11,458	114,456	11,458
Later than five years	21,204	..	21,204	..
Total commitments	<u>209,241</u>	<u>41,017</u>	<u>209,241</u>	<u>41,017</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	3,255	..	3,255	..
Later than one year and not later than five years	763	..	763	..
Later than five years	..	..	..	..
Total commitments	<u>4,018</u>	<u>..</u>	<u>4,018</u>	<u>..</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.

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27 Controlled entities (continued)

QTH summarised financial statements:	2016 \$'000	2015 (restated) \$'000
Income Statement		
Revenues	18,581	42,734
Expenses	77,458	22,040
Income tax expense	3,603	6,021
Operating result for the year (after income tax)	(62,480)	14,673
Balance Sheet		
Total assets	582,488	680,603
Total liabilities	180,345	195,980
Net Assets	402,143	484,623

Name of Entity	Country of Incorporation	Shares Held No.	Carrying Value \$	Equity Holding	
				2016 %	2015 %
Queensland Treasury Holdings Pty Ltd	Australia				
Controlled Entities of QTH					
City North Infrastructure Pty Ltd *	Australia	3	-	100%	100%
Queensland Lottery Corporation Pty Ltd (QLC)	Australia	1	1	100%	100%
Queensland Airport Holdings (Cairns) Pty Ltd	Australia	2	2	100%	100%
Queensland Airport Holdings (Mackay) Pty Ltd	Australia	2	2	100%	100%
Network Infrastructure Company Pty Ltd **	Australia	2	2	100%	100%
Brisbane Port Holdings Pty Ltd (BPH)	Australia	2,314,152	16,414,358	100%	100%
DBCT Holdings Pty Ltd	Australia	2	6,017,190	100%	100%

* City North Infrastructure Pty Ltd has not been consolidated due to its immaterial status.

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

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

Name of entity	Principal activities	Percentage ownership		Carrying amount	
		2016 %	2015 %	2016 \$'000	2015 \$'000
Property Exchange Australia Ltd*	Develop then operate the national e-Conveyancing system	4.84%	6.20%	6,833	6,833

*originally known as National e-Conveyancing Development Limited

29 Correction to prior period error for the QTH consolidated entity

A prior period adjustment has been recognised for the QTH controlled entity's carrying value of the licence fee receivable due to a calculation error relating to price growth. This has resulted in the carrying value being overstated by \$11.9 million in the 2015 financial statements. The carrying value has been reduced by a further \$69.4 million in 2016 (refer notes 11, 15 and Loans and Advances).

	Consolidated Entity			Parent Entity	
	2015 \$'000	adjustment \$'000	restated \$'000	2015 \$'000	adjustment \$'000
Correction of prior period error					
Balance 30 June 2015					
Licence fee receivable - Non current	116,039	(11,898)	104,141	..	..
Impairment expense	..	(11,898)	(11,898)	..	..
Profit before income tax	32,592	(11,898)	20,694	..	..
Income tax expense	(9,590)	(3,569)	(6,021)	..	..
Profit after income tax	23,002	(8,329)	14,673	..	..

30 Events occurring after balance date

Major activities – transfer Queensland Industrial Relations Commission (QIRC) from QT to DJAG.

This transfer will occur as a consequence of a MoG change with a possible effective date of 1 July 2016.

The following controlled assets and liabilities of QT will potentially transfer to DJAG once final MoG approval has been obtained:

		\$'000
Assets		
	Cash	670
	Receivables	153
	Other assets - current	16
	Property plant and equipment	481
	Intangibles	21
		<u>1,341</u>
Liabilities		
	Payables	61
	Accrued employee benefits	596
	Other liabilities - current	269
		<u>926</u>
Net assets		
		<u>415</u>

The decrease in net assets of \$0.415 million will be accounted for as a decrease in contributed equity to be disclosed in the Statement of Changes in Equity.

Total budgeted Output funding of \$8.536 million for 2016-17 will potentially transfer to DJAG, once final MoG approval has been obtained.

In addition, to the above decrease in net assets QIRC has no budgeted capital expenditure for the 2016-17 financial year and approximately 33.8 full time equivalents to be transferred as part of the MoG.

31 Financial instruments

(a) Categorisation of financial instruments

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

Category	Note	2016 \$'000	2015 \$'000
Financial assets			
Cash and cash equivalents	14	97,111	86,867
Receivables	15	57,663	115,290
Loans and advances*		51,709	52,880
Lease receivables	16	139,277	148,302
Other assets			
Other accrued revenue		1,897	1,452
Other financial assets	17		
Shares - AZJ		264,744	281,771
Shares held in unlisted company at cost		6,833	6,833
QIC investments, Business Development Fund		10,000	..
Total		<u>629,234</u>	<u>693,395</u>
Financial liabilities			
Payables	20	22,136	11,388
Tax liabilities		125	1
Interest bearing liabilities	23	139,277	148,302
Total		<u>161,538</u>	<u>159,691</u>

*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.

31 Financial instruments (continued)

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. All borrowings are mitigated by back to back arrangements on debt obligations.

Note	2016 payable in			Total Undiscounted Cash Flow \$'000	Carrying Amount \$'000
	< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000		
Financial liabilities					
Payables	20	22,136	..	..	22,136
Tax liabilities		125	..	..	125
Interest bearing liabilities	23	15,409	49,526	195,462	260,397
Total		37,670	49,526	195,462	282,658

Note	2015 payable in			Total Undiscounted Cash Flow \$'000	Carrying Amount \$'000
	< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000		
Financial liabilities					
Payables	20	11,388	..	..	11,388
Tax liabilities		1	..	..	1
Interest bearing liabilities	23	15,992	58,464	201,932	276,388
Total		27,381	58,464	201,932	287,777

(d) 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.

(e) 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:

31 Financial instruments (continued)

Financial instruments	2016 Interest rate risk				
	Carrying amount	-1%		1%	
		Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash *	59,201	(592)	(592)	592	592
Potential impact		(592)	(592)	592	592

* excludes fixed rate or non-interest bearing assets

Financial instruments	2015 Interest rate risk				
	Carrying amount	-1%		1%	
		Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash*	64,327	(643)	(643)	643	643
Potential impact		(643)	(643)	643	643

* excludes fixed rate or non-interest bearing assets

Equities

Sensitivity analysis for equity instruments is based on a reasonable possible change in the ASX200 share price which is estimated at +/- 10% (2015: +/- 10%).

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

Financial instruments	2015 Equities				
	Carrying amount	-10%		10%	
		Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Other financial assets					
Shares - AZJ	281,771	(28,177)	(28,177)	28,177	28,177
Potential impact		(28,177)	(28,177)	28,177	28,177

(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.

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31 Financial instruments (continued)

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			2016 Total Consolidated Carrying Amount
	Level 1	Level 2	Level 3	
	\$'000	\$'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

Class	Classification according to fair value hierarchy			2015 Total Consolidated Carrying Amount
	Level 1	Level 2	Level 3	
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	22,542	64,325	..	86,867
Other financial assets				
Shares - AZJ	281,771	..	..	281,771
Total	304,313	64,325	..	368,638

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 2016.

The inputs used in the classification of Level 2 instruments for the QTC Cash Fund is measured at net realisable value.

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

	2016		2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$'000	\$'000	\$'000	\$'000
Financial asset				
Loans and advances	51,709	43,454	52,880	61,253
Total	51,709	43,454	52,880	61,253

For financial assets and financial liabilities shown in the above table, 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.

32 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 2016

	Variance Notes	Adjusted Budget 2016 \$'000	Actual 2016 \$'000	Variance \$'000	Variance % of budget
Income from continuing operations					
Revenue					
Appropriation revenue		220,326	210,194	(10,132)	(5)
User charges	1	18,894	29,072	10,178	54
Grants and other contributions		91,020	91,391	371	..
Other revenue	2	1,124	1,367	243	22
Total income from continuing operations		331,364	332,024	660	
Expenses from continuing operations					
Employee expenses		199,969	192,484	(7,485)	(4)
Supplies and services	3	105,710	111,595	5,885	6
Grants and subsidies	4	5,647	4,185	(1,462)	(26)
Depreciation and amortisation		11,738	11,273	(465)	(4)
Impairment expense			143	143	..
Other expenses	5	8,300	16,095	7,795	94
Total expenses from continuing operations		331,364	335,775	4,411	1
Losses					
Loss on sale/disposal of property, plant and equipment		..	6	6	..
Operating result from continuing operations		..	(3,757)	(3,757)	..
Operating result for the year		..	(3,757)	(3,757)	..
Total comprehensive income		..	(3,757)	(3,757)	..

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 (\$5.899M) including the Herston Site Redevelopment, Toowoomba Second Range Crossing and Logan Enhancement Project. Also contributing is additional survey revenue of \$1.959M for the Queensland Government Statistician's Office, \$1.397M in greater than anticipated electrical licencing charges for the OIR and \$0.750M in unbudgeted revenue primarily for the reimbursement of corporate costs for the 1 William Street project
2. The increase is primarily due to cost recoveries from QTC (\$0.359M) and unbudgeted fines and forfeiture revenue for OIR (\$0.065M). These are partially offset by legal cost recoveries from OIR being less than anticipated (\$0.187M)
3. The increase primarily relates to costs associated with projects managed by the Commercial Group (\$5.770M), including the Herston Site Redevelopment, Toowoomba Second Range Crossing and Logan Enhancement Project
4. The decrease primarily relates to \$0.9M in Readiness Fund grant payments for the Social Benefit Bonds pilots being deferred from 2015-16 to 2016-17. Also contributing is \$0.614M underspend in Healthy Workers Initiatives grants in OIR
5. The increase is mainly due to higher than anticipated promotional costs of \$5.708M in OIR for advertising campaigns including "Getting Back", "One safety switch may not be enough" and "Stay safe up there, switch off down here". Also contributing is higher than anticipated audit fees (predominantly other audit fees) (\$0.538M), portable and attractive equipment (\$0.256M) and bank charges (\$0.173M)

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32 Budget vs actual comparison (continued)

Statement of Financial Position
as at 30 June 2016

	Variance Notes	Adjusted Budget 2016 \$'000	Actual 2016 \$'000	Variance \$'000	Variance % of Budget
Current assets					
Cash and cash equivalents		38,345	37,910	(435)	(1)
Receivables	1	7,020	13,514	6,494	93
Other assets		4,684	4,725	41	1
Total current assets		50,049	56,149	6,100	12
Non-current assets					
Other financial assets		16,832	16,833	1	..
Intangible assets	2	2,518	8,481	5,963	237
Property, plant and equipment	3	8,421	3,017	(5,404)	(64)
Total non-current assets		27,771	28,331	560	2
Total assets		77,820	84,480	6,660	9
Current liabilities					
Payables	4	8,601	21,819	13,218	154
Accrued employee benefits	5	6,584	7,788	1,204	18
Unearned revenue	6	245	356	111	45
Total current liabilities		15,430	29,963	14,533	94
Net assets		62,390	54,517	(7,873)	(13)
Equity					
Accumulated surplus	7	24,033	20,502	(3,531)	(15)
Contributed equity	8	38,357	34,015	(4,342)	(11)
Total equity		62,390	54,517	(7,873)	(13)

Explanations of major variances

1. The increase is primarily due to funding of \$7.089M to be received from Workcover Queensland to Workplace Health and Safety Queensland and Workers' Compensation Regulator
2. The increase reflects capital expenditure for S/4 HANA Finance Solution (\$4.151M) and Revenue Management Platform Infrastructure (\$1.386M)
3. The decrease is mainly attributable to a revised methodology for procuring ICT for SPER. Instead of investing in a capital system, SPER will implement ICT Software as a Service solution to support the modernisation of its business
4. The increase is mainly due to \$4.512M unbudgeted payable to the DJAG relating to OIR and appropriation payable (\$3.163M). Also contributing is higher than anticipated accrued expenses across the department, mainly for corporate projects and SPER
5. The increase is mainly due to higher than anticipated accrued wages and salaries (\$0.821M). Also contributing is unbudgeted jurisprudential allowances payable to members of the Industrial Court and Commission (\$0.609M)
6. The increase is mainly due to higher than anticipated amount of advance payments being received for works performed by the Government Statistician's Office
7. The decrease mainly relates to using retained earnings to fund the "Getting Back", "One safety switch may not be enough" and "Stay safe up there, switch off down here" campaigns in OIR
8. The decrease is mainly attributable to a revised methodology for procuring ICT for SPER. Instead of investing in a capital system, SPER will implement ICT Software as a Service solution to support the modernisation of its business (refer Note 3)

32 Budget vs actual comparison (continued)

Statement of Cash Flows
for the year ended 30 June 2016

	Variance Notes	Adjusted Budget 2016 \$'000	Actual 2016 \$'000	Variance \$'000	Variance % of Budget
Cash flows from operating activities					
<i>Inflows</i>					
Appropriation revenue receipts		220,326	211,257	(9,069)	(4)
User charges	1	18,894	27,989	9,095	48
Grants and other contributions		91,020	91,391	371	..
GST input tax credits from Australian Taxation Office (ATO)	2	..	11,518	11,518	..
Other	3	1,124	1,289	165	15
<i>Outflows</i>					
Employee expenses		(199,969)	(190,215)	9,754	(5)
Supplies and services		(105,776)	(111,994)	(6,218)	6
Grants and contributions	4	(5,647)	(4,185)	1,462	(26)
GST remitted to ATO	5	..	(1,940)	(1,940)	..
Other	6	(8,300)	(17,076)	(8,776)	106
Net cash provided by/(used in) operating activities		11,672	18,034	6,362	55
Cash flows from investing activities					
<i>Outflows</i>					
Payments for property, plant and equipment	7	(7,022)	(193)	6,829	(97)
Acquisition of investments		(10,000)	(10,000)	..	..
Payments for intangibles	8	..	(6,830)	(6,830)	..
Net cash provided by/(used in) investing activities		(17,022)	(17,023)	(1)	..
Cash flows from financing activities					
<i>Inflows</i>					
Equity injections	9	15,500	11,511	(3,989)	(26)
<i>Outflows</i>					
Equity withdrawals		(11,038)	(11,671)	(633)	6
Net cash provided by/(used in) financing activities		4,462	(160)	(4,622)	(104)
Net increase/(decrease) in cash and cash equivalents		(888)	851	1,739	(196)
Cash and cash equivalents at beginning of financial year		22,244	22,540	296	1
Cash transfers due to machinery of Government change	10	16,989	14,519	(2,470)	(15)
Cash and cash equivalents at end of financial year		38,345	37,910	(435)	(1)

Explanations of major variances

1. Refer to Income Statement
2. The variance is due to the amount of Input tax credits paid by the ATO for supplier invoices processed which was not budgeted for
3. Refer to Income Statement
4. Refer to Income Statement
5. The variance is due to the amount of GST paid to the ATO for customer invoices processed which was not budgeted for
6. Refer to Income Statement
7. Refer to Income Statement
8. Refer to Income Statement
9. The decrease is mainly attributable to a revised methodology for procuring ICT for SPER. Instead of investing in a capital system, SPER will implement ICT Software as a Service solution to support the modernisation of its business
10. The variance reflects the machinery of Government change to transfer the QPC for its establishment as a statutory body effective 1 December 2015

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2016
\$'000

2015
\$'000

33 Grants and other contributions

Administered on behalf of the whole of Government		
GST revenue grant	13,121,976	11,815,628
<i>Specific purpose - recurrent</i>		
- Schools	1,279,221	1,122,080
- Skills and workforce development	292,355	288,339
- Disability services	289,165	279,955
- Affordable housing	265,955	262,340
National Partnership Payments - recurrent project	559,825	673,197
National Partnership Payments - recurrent facilitation	..	16,690
National Partnership Payments - capital project	1,263,333	2,299,499
Other	42	4
	<u>17,071,872</u>	<u>16,757,732</u>

34 Taxes

Administered on behalf of the whole of Government		
<i>Taxes</i>		
Casino tax	101,425	94,444
Gaming machine tax	677,471	647,279
Gold Lotto	223,949	204,971
Golden Casket	34,965	35,788
Keno tax	21,212	20,973
Land tax	1,010,203	978,261
Payroll tax	3,751,927	3,866,025
Duties	4,356,020	4,420,733
Wagering tax	10,464	13,617
Other taxes	562	711
	<u>10,188,198</u>	<u>10,282,802</u>
<i>Other duties</i>		
Other duties	(11,624)	27,594
	<u>(11,624)</u>	<u>27,594</u>
<i>Levies</i>		
Health Services levy	67,997	59,643
	<u>67,997</u>	<u>59,643</u>
	<u>10,244,571</u>	<u>10,370,039</u>

Queensland Treasury 2016 \$'000	Queensland Treasury 2015 \$'000
--	--

35 Royalties

Administered on behalf of the whole of Government		
Mining royalties	2,092,754	2,007,474
Dividends *	195	1,506
	<u>2,092,949</u>	<u>2,008,980</u>
* represents dividend receipts from the HIH/FAI liquidators		

36 Finance income

Administered on behalf of the whole of Government		
Interest from investments	106,810	7,483
Interest from loans	1,366	1,912
Interest from trust funds *	18,784	21,349
	<u>126,960</u>	<u>30,744</u>
* interest collected from Trust Funds under the <i>Property Occupations and Motor Dealers and Chattel Auctioneers Act 2014</i>		

37 Administered item revenue

Administered on behalf of the whole of Government		
Budgeted administered item appropriation and equity	13,061,402	6,507,357
Transfer (to)/from other departments	..	(6,417)
Transfer (to)/from other heading	14,308	(19,561)
Lapsed appropriation	..	(121,396)
Unforeseen expenditure	296,985	..
Total administered item receipts	<u>13,372,695</u>	<u>6,359,983</u>
Plus closing balance of administered item receivable	108,491	(97,110)
Less opening balance of administered item receivable	97,110	(70,056)
Net appropriation revenue	<u>13,578,296</u>	<u>6,192,817</u>
Plus deferred appropriation expense payable to Consolidated Fund	..	97,110
Total administered appropriation revenue recognised in the Statement of Comprehensive Income	<u>13,578,296</u>	<u>6,289,927</u>
This is represented by:		
Administered item revenue recognised in Statement of Comprehensive Income	5,972,731	6,289,927
Equity adjustment recognised in equity withdrawal	7,605,565	..
	<u>13,578,296</u>	<u>6,289,927</u>

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	2016	2015
	\$'000	\$'000

38 Other revenue

Administered on behalf of the whole of Government		
Proceeds of crime from the Public Trustee	7,458	9,640
SPER Fines	315,884	300,440
Competitive neutrality fees	200,877	231,671
Miscellaneous receipts	24,829	25,234
	<u>549,048</u>	<u>566,985</u>

39 Supplies and services

Administered on behalf of the whole of Government		
GST administration expense remitted to the Commonwealth	134,968	136,761
Administration fees	928	840
Reinsurance expense	25,455	26,795
Other	4,014	3,942
	<u>165,365</u>	<u>168,338</u>

40 Impairment losses

Administered on behalf of the whole of Government		
Impairment losses on trade receivables	(58,237)	51,395
Impairment losses on trade receivables - SPER	40,221	67,213
Bad debts written off *	28,122	44,460
	<u>10,106</u>	<u>163,068</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.

41 Finance cost

Administered on behalf of the whole of Government		
Interest paid by Treasury Offset Bank Account on trust and bank balances	2,411	4,019
Interest on loans – Commonwealth Government	1,402	2,116
Unwind concessional loan discount - Commonwealth borrowings	2,479	(1,556)
Interest on loans – QTC	1,981,355	2,081,379
Interest - other	14,804	15,539
Market Value Realisation charge on repayment of QTC borrowings	55	..
Concessional loan discount - NDRRA loans *	68	(552)
Administration fees	25,529	24,502
	<u>2,028,103</u>	<u>2,125,447</u>

* represents the discount on initial recognition of NDRRA loans

2016
\$'000

2015
\$'000

42 Other expenses

Administered on behalf of the whole of Government		
Queensland Government Insurance Fund claims and concessions	142,527	128,688
Ex-gratia payments *	1,474	512
Other	17,924	114,061
	<u>161,925</u>	<u>243,261</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.

43 Cash and cash equivalents

Administered on behalf of the whole of Government		
Cash at bank	<u>(2,137,018)</u>	<u>(2,561,883)</u>
Comprised of:		
Whole of Government Treasury Offset arrangement *	(5,640,936)	(2,658,470)
Other administered bank accounts	3,503,918	96,587
	<u>(2,137,018)</u>	<u>(2,561,883)</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 Working Capital Facility is used for short term borrowings. The market value of the borrowings in the QTC Working Capital Facility at 30 June 2016 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 2.30% and 2.05% (2015: between 2.55% to 2.05%) along with an administration margin of 0.10% (2015: 0.10%).

44 Receivables

Administered on behalf of the whole of Government		
Current		
Trade debtors	1,328,506	1,089,322
Less allowance for impairment	(463,629)	(481,558)
	<u>864,877</u>	<u>607,764</u>
Competitive neutrality fees	52,503	58,014
Other debtors	1,040	3,811
	<u>53,543</u>	<u>61,825</u>
	<u>918,420</u>	<u>669,589</u>
Non-current		
Other debtors	1,828	2,131
	<u>1,828</u>	<u>2,131</u>
	<u>920,248</u>	<u>671,720</u>

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	2016	2015
	\$'000	\$'000

44 *Continued - Ageing of past due but not impaired Receivables*

Administered on behalf of the whole of Government		
Overdue		
Less than 30 days	32,763	33,622
30 to 60 days	39,031	37,643
61 to 90 days	40,481	17,790
Greater than 90 days	623,656	417,880
Total overdue	735,931	506,935

Administered on behalf of the whole of Government	2016			2015		
	Gross Receivables* \$'000	Allowance for impairment \$'000	Carrying amount \$'000	Gross Receivables* \$'000	Allowance for impairment \$'000	Carrying amount \$'000
Not due/overdue						
Not yet due	725	(725)	..	..	..	..
Less than 30 days	528	(528)	..	523	(523)	..
30 to 60 days	418	(418)	..	6,953	(6,953)	..
61 to 90 days	343	(343)	..	6,398	(6,398)	..
Greater than 90 days	461,615	(461,615)	..	467,684	(467,684)	..
Total overdue	463,629	(463,629)	..	481,558	(481,558)	..

* gross receivables should be those receivables that have been individually impaired and not the total gross receivables in note 44 above

Movements in allowance for impairment of impaired receivables		
Balance at 1 July		481,558
OIR Opening Balance		87
Amounts written off during the year		(28,121)
Amounts recovered during the year		..
Increase/(decrease) recognised in Statement of Comprehensive Income		10,106
Balance at 30 June		463,629

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.

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

An allowance for impairment for tax collections is calculated based on the status of the debtor (solvent or insolvent) and the age of the debt. SPER debts are impaired based on historic collection 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 determines that an amount owing by such a debtor does become uncollectible (after an appropriate range of debt recovery actions have been taken), that amount is 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 directly as a bad debt expense and written off directly against Receivables.

Impairment loss expense for the current year regarding the department's receivables is \$10.106 million. The decrease of \$152.962 million is primarily due to \$57.852 million in an impairment loss recognised in 2014-15 for an assessment in relation to duties. As a result of a court decision favouring the client the assessment was partly derecognised and the associated impairment loss of \$57.852 million taken up in 2014-15 was reversed in 2015-16. Also contributing is a reduction of \$26.929 million in impairment losses recognised by SPER.

2016
\$'000

2015
\$'000

45 Other current assets

Administered on behalf of the whole of Government		
Current		
Accrued revenue	13,796	6,288
Prepayments	8,332	8,710
	<u>22,128</u>	<u>14,998</u>

46 Payables

Administered on behalf of the whole of Government		
Current		
GST input tax credits receivable	(333)	(213)
GST payable	4	13,961
Net GST payable	<u>(329)</u>	<u>13,748</u>
Trade creditors	700	17,480
Other creditors	698	4,895
	<u>1,069</u>	<u>36,123</u>

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	2016 \$'000	2015 \$'000
47 Other liabilities		

Administered on behalf of the whole of Government		
Unearned revenue	35,383	41,761
Insurance premiums on-pass to State	20	1,500
	<u>35,403</u>	<u>43,261</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	(4,890)	3,062
QTC market value realisation charges	(55)	..
Interest expense on QTC loans	2,061	1,492
Interest revenue on ancillary setoff	..	746
Change in assets and liabilities:		
(Increase)/decrease in GST input tax credits receivable	(120)	(48)
(Increase)/decrease in trade and other receivables	(248,832)	(68,337)
(Increase)/decrease in other assets	(6,828)	(5,613)
(Increase)/decrease in administered appropriation receivable	(205,601)	167,166
(Increase)/decrease in other financial assets	..	7,483
Increase/(decrease) in trade and other payables	(20,978)	(2,863)
Increase/(decrease) in GST payable	(13,958)	1,414
Increase/(decrease) in transfers to Government payable	370,415	(31,190)
Increase/(decrease) in other liabilities	(7,859)	(125,187)
Net cash provided by/(used in) operating activities	<u>(136,645)</u>	<u>(51,875)</u>

49 Contingencies

Administered on behalf of the whole of Government

Litigation in progress

As at 30 June 2016, the following cases were filed in the courts:

	Cases	Estimated Amount \$'000
Supreme Court	13	245,537
Civil and Administrative Tribunal	7	5,644
Total	<u>20</u>	<u>251,181</u>

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.

In addition to the above the Office of State Revenue was considering 4 objections relating to the Queensland Building Boost and First Home Owners Grants schemes with a potential liability to the Department of \$48,125.

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	2016 \$'000	2015 \$'000
Financial assets			
Cash and cash equivalents	43	(2,137,018)	(2,561,883)
Receivables	44	920,248	671,720
Administered item revenue receivable		108,491	(97,110)
Loans and advances*		123,656	147,797
Other current assets			
Other accrued revenue		13,796	6,288
Total		(970,827)	(1,833,188)
Financial liabilities			
Payables	46	1,069	36,123
Transfer to Government payable		1,062,688	692,273
QTC borrowings**		33,026,233	40,053,989
Interest bearing liabilities held at amortised cost***		72,417	88,270
Other liabilities			
Insurance premium on-pass to State	47	20	1,500
Total		34,162,427	40,872,155

* Natural Disaster Relief and Recovery Arrangements loans are carried at amortised cost. 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 2015-16 year the interest rate was 1.38% (2015: 1.92%), which was calculated as 50% of the 10-year Treasury bond rate, averaged over the three-month period between April to June 2015.

** Interest is charged on the whole of Government borrowing with QTC at rates of between 3.64% and 4.82% (2015: between 2.22% and 5.21%) along with an administration margin at rates between 0.055% and 0.099% (2015: between 0.055% and 0.099%) which is accrued and paid quarterly to QTC.

***Interest is charged on NDRRA loans at a predetermined rate and recognised as an expense as it accrues. The Commonwealth Attorney-General's Department – Emergency Management Australia determines the annual interest rate to be applied to the NDRRA loans. In the 2015-16 year the interest rate was 1.38% (2015: 1.92%) which was calculated as 50% of the 10-year Treasury bond rate, averaged over the three-month period between April to June 2015.

FINANCIAL STATEMENTS

Queensland Treasury Notes to and forming part of the Financial Statements 2015-16

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50 Financial instruments (continued)

(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.

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.

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 Resource Governance Committee 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 and Government Debt Pools.

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	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
Interest Bearing Liabilities - Commonwealth borrowings		13,363	48,429	21,193	82,986	78,762
Interest Bearing Liabilities - QTC borrowings		1,500,953	6,007,945	34,793,177	42,302,075	33,026,233
Other liabilities	47					
Insurance premium on-pass to State		20	..	..	20	20
Total		2,578,093	6,056,374	34,814,370	43,448,838	34,168,772

Administered on behalf of the whole of Government						
	Notes	2015 payable in			Total Undiscounted Cash Flow \$'000	Carrying Amount \$'000
		< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000		
Financial liabilities						
Payables	46	36,123	..	..	36,123	36,123
Transfer to Government payable		692,273	..	..	692,273	692,273
Interest Bearing Liabilities - Commonwealth borrowings		19,966	51,229	32,700	103,895	97,094
Interest Bearing Liabilities - QTC borrowings		1,966,048	7,847,979	39,676,608	49,490,635	40,053,989
Other liabilities	47					
Insurance premium on-pass to State		1,500	..	..	1,500	1,500
Total		2,715,910	7,899,208	39,709,308	50,324,426	40,880,979

(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.

50 Financial instruments (continued)

(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.

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					
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)

Administered on behalf of the whole of Government					
2015 Interest rate risk					
-1%					
1%					
Financial instruments	Carrying amount	Transfer to Government	Equity	Increase in appropriation revenue	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash	(2,658,470)	26,585	26,585	(26,585)	(26,585)
Receivables					
Loans and advances	96,048	(960)	(960)	960	960
Interest Bearing Liabilities					
Interest Bearing Liabilities -Commonwealth borrowings	96,048	960	960	(960)	(960)
QTC borrowings - Fixed Rate Debt Pool	..	..	..	..	..
QTC borrowings - General Debt Pool (floating rate)	40,043,989	31,698	31,698	(29,590)	(29,590)
Potential Impact		58,283	58,283	(56,175)	(56,175)

(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:

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50 Financial instruments (continued)

(f) Fair value (continued)

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)

Class	Classification according to fair value hierarchy			2015 Total Carrying Amount \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets				
Cash and cash equivalent				
Other administered bank accounts	96,587	..	..	96,587
Whole of Government Treasury Offset Arrangement	(2,658,470)	..	..	(2,658,470)
Total	(2,561,883)	-	..	(2,561,883)

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>				
	2016		2015	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets				
Receivables				
Loans and advances	139,463	134,796	168,726	160,594
	<u>139,463</u>	<u>134,796</u>	<u>168,726</u>	<u>160,594</u>
Financial liabilities				
Interest Bearing Liabilities - Commonwealth borrowings	78,762	78,013	97,094	96,509
QTC borrowings	33,026,233	38,148,497	40,053,989	43,604,583
Total	<u>33,104,995</u>	<u>38,226,510</u>	<u>40,151,083</u>	<u>43,701,092</u>

Queensland Treasury
Notes to and forming part of the Financial Statements 2015-16

51 Adjustment to comparatives – administered

The fourth quarter accrual for the Annual Leave Central Scheme and Long Service Leave WoG schemes will no longer be recognised in QT administered, as the Parent Entity records levies receivable and claims payable to/from member agencies and the duplication at the departmental level of the AL and LSL claim payments do not eliminate at WoG.

	30 June 2015 \$'000	Increase / (decrease) \$'000	30 June 2015 (restated) \$'000	1 July 2014 \$'000	Increase / (decrease) \$'000	1 July 2014 (restated) \$'000
Statement of Financial Position (Extract*)						
Assets						
Current						
Administered item revenue receivable	290,355	(387,465)	(97,110)	470,801	(400,745)	70,056
Liabilities						
Current						
Payables	423,588	(387,465)	36,123	438,365	(400,745)	37,620
			
Administered net assets	(133,233)	..	133,233	32,436	..	32,436
Accumulated surplus	4,065	..	4,065	5,795	..	5,795
Net equity withdrawal	(42,742,459)	..	(42,742,459)	(40,755,542)	..	(40,755,542)
Administered equity	(42,738,394)	..	(42,738,394)	(40,749,747)	..	(40,749,747)
Statement of Comprehensive Income (Extract*)						
Revenue						
Administered item revenue	6,179,537	110,390	6,289,927			
Expenses from continuing operations						
Long service leave reimbursements	350,626	17,382	368,008			
Annual leave central scheme claims paid	1,426,786	(4,102)	1,422,684			
Other Expenses	16,951	97,110	114,061			
Operating result from continuing operations before transfers to Government	4,385,174	..	4,385,174			
Total administered comprehensive income	..	..	..

* Amounts stated represent extracts from the QT administered financial statements and therefore may not add to the corresponding totals in this restatement

52 Budget vs actual comparison

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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 2016

Income and expenses administered on behalf of the whole of Government	Variance Notes	Adjusted Budget	Actual	Variance \$'000	Variance % of Budget
		2016 \$'000	2016 \$'000		
Income from continuing operations					
Revenue					
Grants and other contributions		18,227,400	17,071,872	(1,155,528)	(6)
Taxes		10,576,397	10,244,571	(331,826)	(3)
User charges and fees	1	64,932	135,332	70,400	108
Royalties		2,222,046	2,092,949	(129,097)	(6)
Finance income	2	25,764	126,960	101,196	393
Administered item revenue		6,139,437	5,972,731	(166,706)	(3)
Other revenue		580,732	549,048	(31,684)	(5)
Total income from continuing operations		37,836,708	36,193,463	(1,643,245)	(4)
Expenses from continuing operations					
Supplies and services		158,521	165,365	6,844	4
Impairment losses	3	166,394	10,106	(156,288)	(94)
Grants and subsidies	4	11,217	8,514	(2,703)	(24)
Benefit payments		91,800	95,762	3,962	4
Finance cost		1,904,076	2,028,103	124,027	7
Superannuation benefit payments	5	1,929,837	1,580,244	(349,593)	(18)
Long service leave reimbursements	6	426,608	363,482	(63,126)	(15)
Annual leave central scheme claims paid		1,441,497	1,554,535	113,038	8
Other expenses		175,881	161,925	(13,956)	(8)
Total expenses from continuing operations		6,305,831	5,968,036	(337,795)	(5)
Operating result from continuing operations before transfers to Government		31,530,877	30,225,427	(1,305,450)	(4)
Operating result from discontinued operations		..	..	..	..
Operating result for the year before transfers to Government		31,530,877	30,225,427	(1,305,450)	(4)
Transfers of administered comprehensive income to Government		31,530,877	30,225,427	(1,305,450)	(4)
Total administered comprehensive income		..	..	..	..

Explanations of major variances

1. The increase reflects increased SPER fee income due to increased volume of debt referrals (\$21.310M).
2. The increase is a result of increased balances held in working capital funds during the year as part of the Government's Enhanced Debt Action Plan (\$104.679M).
3. The decrease is mainly due to lower than anticipated impairments in SPER (\$93.308M) and the reversal of impairment loss recognised in 2014-15 as a result of a court decision favouring the client in a tax related matter (\$57.852M).
4. The decrease reflects lower than anticipated payroll tax rebates to the Film Industry.
5. The decrease reflects lower than anticipated State's share of the superannuation beneficiary payments.
6. The decrease is due to lower than anticipated Long Service Leave payments to QSuper Ltd.

52 Budget vs actual comparison (continued)

Administered Statement of Financial Position
as at 30 June 2016

Assets and liabilities administered on behalf of the whole of Government	Variance Notes	Adjusted Budget	Actual	Variance	Variance
		2016 \$'000	2016 \$'000	\$'000	% of Budget
Current assets					
Cash and cash equivalents		(2,276,648)	(2,137,018)	139,630	(6)
Receivables	1	607,610	918,420	310,810	51
Administered item revenue receivable	2	..	108,491	108,491	100
Loans and advances	3	6,986	20,854	13,868	199
Other current assets	4	11,171	22,128	10,957	98
Total current assets		(1,650,881)	(1,067,125)	583,756	(35)
Non-current assets					
Receivables	5	2,131	1,828	(303)	100
Loans and advances	6	142,899	102,802	(40,097)	(28)
Total non-current assets		145,030	104,630	(40,400)	(28)
Total assets		(1,505,851)	(962,495)	543,356	(36)
Current liabilities					
Payables	7	26,941	1,069	(25,872)	(96)
Transfer to Government payable	8	594,059	1,062,688	468,629	79
Interest bearing liabilities	9	9,483	6,989	(2,494)	..
Other liabilities	10	62,788	35,403	(27,385)	(44)
Total current liabilities		693,271	1,106,149	412,878	60
Non-current liabilities					
QTC borrowings		34,600,461	33,026,233	(1,574,228)	(5)
Interest Bearing Liabilities	11	103,164	65,428	(37,736)	(37)
Total non-current liabilities		34,703,625	33,091,661	(1,611,964)	(5)
Total liabilities		35,396,896	34,197,810	(1,199,086)	(3)
Net assets		(36,902,747)	(35,160,305)	1,742,442	(5)

Explanations of major variances

1. The increase is mainly due to higher than expected taxes, fees and fines receivable and mining royalties receivable.
2. The increase is primarily due to higher than anticipated Annual Leave Central Scheme payments to QSuper Ltd (\$91.694M), partially offset by lower than anticipated Long Service Leave Central Scheme payments to QSuper Ltd (\$13.451M).
3. The increase represents the re-classification of the State and Commonwealth NDRRA loans from non-current to current due to loans for the prior 3 years becoming repayable for the first time in 2015-16, which was unknown at the time when the 2015-16 budget was developed.
4. The increase is primarily due to unbudgeted grant receivable from the Queensland Reconstruction Authority relating to NDRRA events.
5. The decrease reflects movements in loan provided to Springfield Lakes residential development.
6. The decrease is predominately due to State and Commonwealth NDRRA loans for the prior 3 years becoming repayable for the first time in 2015-16.
7. The decrease is predominately due to lower than anticipated GST Payable, interest payable and other accrued expenses.
8. The increase reflects higher than expected administered revenue earned but yet to be transferred to Consolidated Fund at year end.
9. The decrease represents the re-classification of the commonwealth NDRRA loans from non-current to current due to loans for the prior 3 years becoming repayable for the first time in 2015-16.
10. The decrease reflects a lower than anticipated amount of unearned revenue for payroll tax and duties.
11. The decrease predominately due to Commonwealth NDRRA loans for the prior 3 years becoming repayable for the first time in 2015-16.

53 Transfer payments

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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 2015-16 totalled \$2.264 billion (2014-15: \$2.166 billion):

- Department of Education and Training (non-government schools, \$2.240 billion)
- Department of Agriculture and Fisheries (plant disease and eradication, \$24.431 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 2015-16 financial year the total value of grants paid was \$241.373 million (2014-15: \$258.151 million). The decrease in 2015-16 is due to fewer grants being approved for disbursement by the respective state agencies responsible for grants.

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 \$0.534 million including interest earned for the year, \$51,527.66 (2014-15: \$24,565.62), 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.

	2016	2015
	\$'000	\$'000
Opening balance	15,943	14,688
Collections:		
Cash receipts	41,060	40,431
Debtor overpayments	1,603	..
Cash not receipted	1,007	..
Cash not banked	(12)	..
Other	(6)	..
Distributions to principals	(44,925)	(39,176)
Balance 30 June	14,670	15,943

(b)

	Total revenue		Total expenses		Net Surplus/(deficit)		Total current assets		Total current liabilities		Net assets	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
District Industrial Inspectors' Collection Accounts												
<i>Industrial Relations Act 1999 s 358</i>												
Holds recovered wages owed to employees until funds are cleared before forwarding on to workers	10	..	9	..	1	..	14	..	14	..	..	..
In-scope electrical Equipment (Registration Fees) Fund												
<i>Electrical Safety Act 2002 s 204A</i>												
holds money collected from the registration of electrical equipment and make payments to participating jurisdictions for electrical safety services	1,383	..	13	..	1,370	..	3,225	..	..	..	3,225	..

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 2016 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

30 August 2016



J. Murphy BA, LLB, Master of Public Law
Under Treasurer

30 August 2016

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of Queensland Treasury

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Report on the Financial Report

I have audited the accompanying financial report of Queensland Treasury, which comprise the controlled and administered statement of financial position and controlled and administered statement of assets and liabilities by major departmental services as at 30 June 2016, the controlled and administered statement of comprehensive income, controlled statement of changes in equity, controlled and administered statement of cash flows and controlled and administered statement of comprehensive income by major departmental services for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificates given by the Under Treasurer and Chief Finance Officer.

Accountable Officer's Responsibility 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 prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Accountable Officer's responsibility also includes such internal control as the Accountable Officer determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Accountable Officer, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

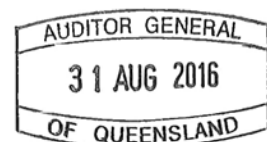
In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of Queensland Treasury and the consolidated entity for the financial year 1 July 2015 to 30 June 2016 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

A M GREAVES FCA FCPA
Auditor-General of Queensland



Queensland Audit Office
Brisbane

APPENDICES

Reports of boards administered by the Office of Industrial Relations

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 and Minister for Multicultural Affairs on WHS matters.

The *Work Health and Safety Act 2011* established the WHS Board under schedule 2, division 2 of the Act to give advice and make recommendations to the Minister regarding policies, strategies, allocation of resources and legislative arrangements for WHS.

Through the board, key industry representatives work collaboratively to assist Work Health and Safety Queensland (WHSQ) in developing WHS strategies, legislation and advice.

Board membership

The current WHS Board was appointed for a three year term from 22 March 2014 up to and including 21 March 2017. Members are selected by the Minister for Industrial Relations for their knowledge and experience in WHS.

Chair: Derek Pingel, Past Executive President, Queensland Master Builders' Association and State Councillor

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.

Meetings

The board formally met four times during 2015–16.

Work plan

In August 2015 the board developed its work plan for 2015-16, based on:

- their goal to enhance their engagement and leadership to ensure a reduction in fatalities and serious injuries
- their purpose to bring the views of Queensland business and workers to the Minister, in collaboration with WHSQ, to improve WHS outcomes
- four strategic areas:
 - strengthen stakeholder engagement
 - enhance WHS leadership
 - good work by design
 - foster a positive culture in dealing with mental health at work.

The board has adopted a variety of initiatives to address these areas, including active involvement in and promotion of the Safety Leadership at Work program, the Mental Health at Work program and the Young Worker program. More information on these programs can be found in the Industrial Relations report on pages 55 to 59.

The work plan also complements the Australian Work Health and Safety Strategy 2012–2022 and supports national targets to be achieved by 2022.

As at 30 June 2016, board members attended or promoted over 60 industry engagement activities and 20 safety leadership events to spread the safety message.

The board's work plan also includes actions designed to assist businesses improve health and safety, create productive and innovative workplaces and reduce workers' compensation premiums for employers.

People at Work

The People at Work project (PAW) has a unique purpose – to provide a free and easily accessible psychosocial risk management tool for Australian workplaces. Psychosocial hazards are aspects of the work environment and the way that work is organised that are associated with psychiatric, psychological and/or physical injury or illness.

There is currently no other risk assessment tool that provides items and benchmarking data regarding psychosocial hazards that is specific to the Australian context.

PAW has achieved some significant milestones, including:

- developing and validating a risk assessment survey tool
- designing and launching a project website (www.peopleatworkproject.com.au)
- developing a suite of free resources to help organisations implement the five-step psychosocial risk management framework
- publishing case studies for the public and private sectors
- establishing a database of over 17,000 workers across 115 workplaces.

Now that the psychosocial risk assessment tool has been validated, OIR is working towards an online platform which will enable all workplaces to easily consult workers around workplace specific psychosocial hazards, identify priority areas and determine suitable control measures.

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 provide advice and make recommendations to the board about WHS 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.

Committee members attended an induction session in June 2016 and the first committee meetings will be held in August 2016.

Payments to members of the board for 2015–16 totalled \$10,260.00.

Electrical Safety Board report

The *Work Health and Safety and Other Legislation Amendment Act 2015* commenced on 22 October 2015 and gave effect to election commitments to reinstate the Electrical Safety Commissioner and two statutory committees: Electrical Safety Education and Electrical Equipment.

The *Electrical Safety Act 2002* provides a legislative framework to help protect people and property from the risks associated with electricity. The Act establishes a Commissioner for Electrical Safety, an Electrical Safety Board and three committees including the Electrical Licensing Committee; Electrical Safety Education Committee and the Electrical Equipment Committee. All committees report to the board.

The primary function of the board is to give advice and make recommendations to the Minister for Employment and Industrial Relations, Minister for Racing, Minister for Multicultural Affairs about policies, strategies and legislative arrangements for electrical safety.

Board and committee members represent employers, workers and the community.

Board membership

The Minister made appointments to the board for a new term from 10 November 2014 up to and including 30 September 2017. Members are selected by the Minister for their knowledge of and practical experience in the management of electrical safety. Members represent employers, workers and the community. The board's membership also includes the Regulator under the *Electrical Safety Act 2002*.

Board activities and achievements

The board met four times during 2015–16, during which it reviewed and developed its *Electrical Safety Plan for Queensland 2014–2019*. This strategic plan outlines the board's:

- vision, in partnership with its stakeholders, to strive to achieve the lowest rate of preventable electrical fatalities of any state or territory in Australia
- goal of a continuing reduction in preventable electrical fatalities and other serious electrical incidents in Queensland over the life of the plan
- targets for the Queensland five year moving average electrical fatality rate to be below the national average, and reduction in the number of serious electrical incidents over the life of the plan.

The *Electrical Safety Plan* also details the board's priorities and high level objectives and strategies to support improvements in electrical safety in Queensland over a five year period. While there is no direct accountability relationship between the board and the Electrical Safety Office, the strategies identified in the plan will generally guide the focus of the Electrical Safety Office over the life of the plan. The board will continue to assess performance against the plan, and identify and address emerging risk areas as and when they occur.

Electrical Safety Board membership from 10 November 2014 to 30 September 2017

Chair: Richard Flanagan till 17 July 2016, with Commissioner for Electrical Safety, Mr Grey Skyring appointed Chair from 18 July 2016

Regulator

Dr Simon Blackwood	Deputy Director-General, Office of Fair and Safe Work Queensland Department of Justice and Attorney-General (now Deputy Director-General, Office of Industrial Relations, Queensland Treasury)
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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	Health and Safety Manager, Bunnings Group Ltd

Other activities

The board considered other issues throughout the year, including:

- a statewide safety switch awareness advertising campaign encouraging homeowners to install safety switches on all circuits
- a post-campaign evaluation of the *Stay safe up there, switch off* down here ceiling spaces advertising campaign aimed at improving electrical safety for homeowners and tradespeople
- the Electrical Safety Office's participation in the Australian Competition and Consumer Commission taskforce on the voluntary recall and remediation program for electrical cable imported, sold or distributed by Infinity Cable Co Pty Ltd. The recall occurred after the product failed electrical safety standards due to poor quality plastic insulation coating
- the prohibition on the supply or installation of certain models of DC isolators used in solar electricity system installations, and the recall of certain models of DC isolators used including the mandatory recall and replacement of 10 models of Avanco brand DC isolators
- 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 the electrical industry and implementing cooperative strategies to achieve positive safety outcomes.

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 hears review appeals against decisions refusing electrical licence applications.

The Minister made appointments to the committee for a term from 13 October 2014 up to and including 30 September 2017. Members are selected by the Minister for their knowledge of and practical experience in the management of electrical safety and electrical training.

The Electrical Licensing Committee met eight times during 2015–16. Matters involving seven electrical licence holders were referred to the committee for consideration of disciplinary action as a result of unsafe electrical work and non-compliant practices.

In relation to disciplinary hearing decisions, the committee has reviewed its scale of penalties spreadsheet based on a range of applicable criteria for comparison of decisions for each disciplinary hearing.

In addition to its disciplinary and review functions, the committee has defined a number of tracked deliverables to facilitate providing advice to the Board about electrical licences and training matters. These deliverables include analysis of:

- non-compliance reports
- the context of issues within disciplinary hearings and any linkage with ongoing non-compliances
- the quality of training delivery in relation to licence-related qualifications.

Electrical Licensing Committee membership from 13 October 2014 to 30 September 2017

Chair: Mr Noel Ryan , Energy Consultant

Representing employers

Vacant

Representing workers

Keith McKenzie State Assistant Secretary, Electrical Trade Union

Representing the community

John Love Non-Executive Director, Ergon Energy Corporation

Technical expert

Veronica Mauri Training and Safety Consultant

Electrical Safety Education Committee

The Electrical Safety Education Committee will focus on the provision of 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 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 Safety Education Committee membership from 28 April 2016 to 28 April 2019

Chair: Penelope Twemlow, Chief Executive Officer, Energy Skills QLD

Member

Justin Coomber	Strategic Communications Manager, Energex
Michelle Cooper	General Manager, Membership Services, Master Electricians Australia
Michelle Palmer	Executive Manager, Stakeholder Engagement and Corporate Services, Powerlink
Aaron Smith	Senior Advisor, Community Health & 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

Electrical Equipment Committee membership from 28 April 2016 to 28 April 2019

Chair: Owen Manley, Standards and Regulations Manager, Lighting Council Australia

Member

Glen Cook	Community Health and Safety Advisor, Ergon Energy
Kirsten Vallmuur	Associate Professor, Principal Research Fellow, CARRS-Q
Michelle Taylor	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
Sara Suleman	Group Compliance Advisor, Super Retail Group

ANZAC Day Trust Annual Report 2015–16

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
- 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 mail out 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:

- 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.

On 24 November 2015, Steve Rowan tendered his resignation as Chairperson. Mr Rowan recommended serving trustee, Greg Shannon OAM, as his replacement from 25 April 2016.

Activities

The main activities of the trust throughout 2015–16 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 2016 appeal which netted a total of \$16,891 from 22 donors (compared to \$15,806 from 25 donors in 2015).

In 2015-16, payments totalling \$1,311,318 were disbursed to 242 applicant ex-service organisations. In 2014-15, 254 organisations benefitted. Preliminary indications are that disbursements will be given to more than 240 organisations in 2016-17.

Income

The trust was funded predominantly by way of a grant appropriation of \$1,277 161.03 from the Queensland Government.

Proceeds of the 2016 annual appeal totalled \$16,891.

Interest on investments during the year amounted to \$8,427, and cash at bank as at 30 June 2016 was \$14,745.

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 2015, \$1,311,318 was disbursed as follows:

Returned and Services League of Australia (Queensland Branch)	\$692,288
Legacy Clubs of Queensland	\$289,451
Brisbane	100,000
Bundaberg	12,668
Cairns	10,002
Coolangatta/ Tweed Heads	22,938
Fraser Coast and Country Burnett	17,619
Gold Coast	43,577
Ipswich	12,220
Mackay	5,858
Rockhampton and Central Queensland	15,398
Toowoomba	13,502
Townsville	35,669
Other organisations	\$329,579
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 Queensland	15,000
Armed Services Assistance Centre	1,500
Association of Queensland Korean Veterans Inc.	1,500
Australian Army Aviation Association	1,051
Australian Army Training Team Vietnam Queensland Branch	1,500
Australian Federation of Totally and Permanently Incapacitated Ex-Servicemen and Women Queensland Branches	17,108

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Australian Commando Association Queensland	1,500
Bundaberg and District Disabled Veterans Association Inc.	1,500
Bundaberg and District Ex Servicewomen's Association Inc.	1,500
Council of Ex-Servicewomen's Associations (Queensland)	1,500
Defence Force Welfare Association Queensland Branch	2,480
Ex-Servicemen and Women Welfare Association Inc.	1,500
FESR Navy Association (Queensland Division)	1,500
Hervey Bay Ex-Servicewomen's Association Social Club	1,500
Incapacitated Servicemen and Women's Association of Australia	6,737
Mates4Mates	100,000
National Servicemen's Association of Australia (Queensland)	46,976
Naval Associations of Australia – Queensland	19,496
Partners of Veterans Association of Australia (Queensland Branch)	1,500
Post 1955 Veterans Group Inc.	1,500
RAAF Associations	25,615
Rats of Tobruk Association (Queensland)	1,500
Redcliffe District Ex-Servicemen's Club Inc.	1,500
Royal Australian Army Nursing Corps Association Queensland Inc.	1,500
Royal Australian Army Ordnance Corps Association (Queensland Division)	1,500
Royal Australian Navy Corvettes Association (Queensland)	1,500
Royal Australian Regiment Association (Queensland Division) Inc.	1,500
Royal Marines Association Queensland	1,500
Royal Naval Association Queensland Branch	1,094
Salvation Army	1,500
Submarines Association of Australia Queensland	1,500
Totally and Permanently Disabled Ex-Servicemen's Association (Townsville) Inc.	7,339
Totally and Permanently Disabled Soldiers' Association Queensland Branches	9,000
Veterans Support and Advocacy Service Australia Inc.	8,494
Victoria Barracks Historical Society	3,004
Vietnam Veterans Association of Australia (Queensland) Sub Branches	15,586
Vietnam Veterans and Associated Forces Social Club Hervey Bay	1,500
Vietnam Veterans Federation Brisbane/Gold Coast Regional Sub Branch	1,500
Vietnam Veterans Federation of Australia Townsville Sub Branch Inc.	1,500
War Widows Guild of Australia (Queensland)	5,600
War Widows Guild of Australia (Queensland) - Caloundra Sub Branch	1,500
Womens Royal Australian Army Corps Queensland Inc.	1,500
TOTAL	\$1,311,318

ANZAC Day Trust Donors

Aussie World

Ardent Leisure Lts (Dreamworld/Whitewater World)

Bay Boozatorium

Biggenden Bowls Club

Birch Carrol & Coyle

Buderim Bowls Club Inc.

Bundaberg & District RSL and Citizens Memorial Club

Carina Leagues Club Ltd

Clifton Bowls Club

Eidsvold Bowls Club Inc.

Event Cinemas

Gatton RSL Services Club Inc.

Gaythorne RSL

Goomeri Bowls Club Inc.

Gum Sing Café

Kingaroy & District RSL and Citizens Memorial Club

Laserforce International

Murgon & District Services and Citizens Memorial Club Inc.

Murgon Ladies Bowling Club Inc.

Pomona Bowls Club Inc.

RAMM Trading Pty Ltd (Caltex Carseldine)

Redcliffe Golf Club

Sherwood Services Club

Solander Lake Bowls Club

Sporting Shooters Association of Australia (Brisbane)

Townsville RSL Sub-Branch

Village Roadshow Theme Parks

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 2015–16 Results of audit: Internal control systems 2014–15

Tabled 28 July 2015

The report summarises the results of evaluations of the systems of financial controls and of selective testing of controls that operated within the 21 government departments during 2014–15.

In addition to the results of internal control systems, focus was placed on the effectiveness of internal financial management reporting and the examination of disaster recovery planning. Within the report, entities were provided with two better practice guides to assist them with the self-assessment of their disaster recovery planning and internal financial management reporting.

Queensland Treasury was not in scope for disaster recovery planning.

The internal financial controls within most departments continued to strengthen, as indicated by the reduction in the number of internal control issues identified. The report recognised the efforts of departments regarding improvements to their internal controls.

Recommendations

While no recommendations were supplied about the areas of control focus audit for internal management reporting, each department received a report with a number of improvement items.

Queensland Treasury was included in the report as a case study on strategies for shortening reporting timelines without technology change.

Our response

Queensland Treasury provided comments on the area of controls focus audit on the quality and timeliness of internal financial management reporting practices.

Treasury acknowledged the overall assessment and observations identified and the favourable results for Treasury in comparison with the general government sector.

While there were no deficiencies identified by the audit, management did respond regarding the business improvement opportunities identified.

Auditor-General Report to Parliament

No. 6 for 2015–16 State Public Sector Entities: 2014–15 Financial Statements

Tabled 3 December 2015

This report helps to achieve the Queensland Audit Office's (QAO) objective to strengthen the accountability of the public sector and help it improve performance. The report discussed the status and nature of the audit opinions issued, commented on the timeliness and quality of financial reporting, and provided explanations regarding the assessment of key audit matters disclosed by state public sector entities.

Recommendations

There were no specific recommendations for Queensland Treasury however four key audit matters were raised across the sector. The matter raised regarding replacement of dated accounting systems was relevant to Queensland Treasury. An unqualified audit opinion on the financial statements was issued. Treasury met the legislative timeframes for completing financial statements and the quality of the supporting work papers for audit purposes were of a high standard.

The entity and cycle level controls for Treasury were confirmed as generally operating effectively, and the client strategy assessment was confirmed as a strong controls environment. During the assessment of controls no significant deficiencies or material weaknesses that would pose a significant business or financial risk were identified. A small number of deficiencies were raised and response from management resolved these matters.

Our response

No response was required from Treasury to this report. Management responses to the deficiencies of part of the Management Report for the 2014–15 audit were supplied.

Auditor-General Report to Parliament

No. 10 for 2015-16 Queensland State Government: 2014–15 Financial Statements

Tabled 17 December 2015

The financial statements for the state of Queensland are required to be audited each year, and an independent audit opinion expressed thereon.

This report provides further information on the results of the audit beyond the independent audit opinion, including assessment of factors impacting on the financial sustainability of the state and the financial impact of natural disasters.

The State of Queensland obtains its revenues through taxation, royalties, sales of goods and services and by payments from the Australian Government. With those revenues, the Queensland Government pays for the operations of the state; provides community services including health, community safety and education; and builds state infrastructure.

Each year, the state prepares consolidated financial statements of the Government of Queensland (state government financial statements) which are accrual financial statements reporting how much the state has earned; what it cost to operate; and, together with the values of its assets, how it managed its liabilities. From this, a user of the statements can discern whether the state is spending more than it receives; how well it has managed its assets and liabilities; and what reserves it has to meet its future obligations.

The Auditor-General audits the consolidated financial statements, which report on the performance and position of both the total state sector and of the general government sector.

Recommendations

There were no specific recommendations for Queensland Treasury however four key audit matters were raised. 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. There were however material restatements of the operating statement and balance sheet from the prior year.

Our response

No response was required from Queensland Treasury. Queensland Treasury did provide comments about the state's financial sustainability improving since 2012–13, with financial sustainability ratios either improving or holding stable over the medium term. The contribution of the government's Debt Action Plan to reduce general government debt by \$9.6 billion by 2017–18 was also acknowledged.

Further context in relation to revising the capital structure of the Government's energy network businesses was emphasised. The approach taken in the 2015–16 Budget was recommended by the Independent Review of State Finances and increases the businesses' gearing to more commercial levels. Analysis by KPMG shows this measure is consistent with industry practice and enables the government to ration their equity investments without impacting prices, which are set by the regulator. Improving the efficiency of these businesses to the benefit of all Queenslanders was a key driver of the strategy.

Reference in the report on the need to increase net cash flows from operating activities and generating larger operating surpluses was welcomed as this is currently an important element of the government's strategy.

Following consideration of the Review of State Finances, the government has implemented revised fiscal principles as the key driver of its fiscal strategy.

Fiscal principles including:

- targeting an ongoing reduction in Queensland's debt burden, as measured by the General Government debt to revenue ratio
- targeting net operating surpluses that ensure any new capital investment is primarily funded through recurrent revenues, rather than borrowing are critical to ensuring financial sustainability.

All QAO reports tabled during the 2014–15 year are available at www.qao.qld.gov.au

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 grants for first homebuyers
- 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
- City North Infrastructure (CNI) Pty Ltd
- 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
- 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
- Transport and Storage Industry Sector Standing Committee
- Work Health and Safety Board

Legislation administered by Treasury

- Aboriginal Land Act 1991 (Part 18 to the extent that it is relevant to royalties)
- 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 2014
- Appropriation Act 2015
- Appropriation Act (No 2) 2008
- Appropriation Act (No 2) 2014
- Appropriation Act (No 2) 2015
- Appropriation (Parliament) Act 2014
- Appropriation (Parliament) Act 2015

- Appropriation (Parliament) Act (No 2) 2008
- Appropriation (Parliament) Act (No 2) 2014
- 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
- Holidays Act 1983
- Industrial Relations Act 1999
- 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
- Safety in Recreational Water 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 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
- Workers' Accommodation Act 1952
- Workers' Compensation and Rehabilitation Act 2003
- Work Health and Safety Act 2011

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Glossary

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

HWI

Healthy Worker Initiative, a project of the Office of Industrial Relations

IPaM

Injury Prevention and Management Program, a project of the Office of Industrial Relations

IR

Industrial relations

IRPR

Industrial relations policy and regulation

ISC

Information Steering Committee

IT as a service

A method of delivering technology services in which an organisation purchases its IT requirements as a service from another organisation, rather than owning the infrastructure inhouse.

Land tax

State tax on freehold land, assessed on the taxable value of an owner's total land holdings.

MLP

Market-Led Proposal

NAIF

Northern Australia Infrastructure Facility

NIISQ

National Injury Insurance Scheme in Queensland

NIISA

National Injury Insurance 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 a company pays more than \$1.2 million per year in taxable wages. The threshold for payroll tax will increase by \$100,000 each year until it reaches \$1.6 million on 1 July 2019.

PSIR

Public sector industrial relations

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.

RGC

Resource Governance Committee

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

SLT

Senior Leadership Team

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.

WCAP

Workforce Capability and Performance Committee

WHSQ

Work Health and Safety Queensland, a unit of the Office of Industrial Relations

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Feedback

Help us improve our annual report by sharing your feedback with us through the government's Get Involved website – www.qld.gov.au/annualreportfeedback

