

ANNUAL REPORT 2016–2017



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An electronic copy of the Department of Infrastructure, Local Government and Planning's Annual Report and details of Government Bodies are available online at www.dilgp.qld.gov.au.

A number of annual reporting requirements are also addressed through publication of information on the Queensland Open Data website at data.qld.gov.au.

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Letter of compliance

22 September 2017

The Honourable Jackie Trad MP
Deputy Premier, Minister for Transport and Minister for Infrastructure and Planning
1 William Street
BRISBANE QLD 4000

The Honourable Mark Furner MP
Minister for Local Government and
Minister for Aboriginal and Torres Strait Islander Partnerships
1 William Street
BRISBANE QLD 4000

Dear Deputy Premier and Minister Furner

I am pleased to submit for presentation to the Parliament, the Annual Report 2016–17 and financial statements for the Department of Infrastructure, Local Government and Planning.

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; and
- the detailed requirements set out in the Annual report requirements for Queensland Government agencies.

A checklist outlining the annual reporting requirements can be found at page 99 of this annual report.

Yours sincerely



FRANKIE CARROLL

Director-General

Department of Infrastructure, Local Government and Planning
Queensland Government



Director-General's foreword



I am pleased to present the 2016–17 Annual Report for the Department of Infrastructure, Local Government and Planning.

It has been a year in which we focused on the demands of a diverse economy, the wellbeing of communities and on delivering modern infrastructure to meet current and future demands.

Our achievements include being part of Queensland's number one infrastructure priority, Cross River Rail, with the establishment of the Cross River Rail Delivery Authority. The project is now entering the delivery phase with early works starting in September 2017 to mark the beginning of the \$5.4 billion city-shaping project.

Cross River Rail is also an integral part of *Connecting Brisbane*, a public transport strategy led by the department in collaboration with the Department of Transport and Main Roads and Brisbane City Council.

The first annual update of the State Infrastructure Plan Part B will provide a forward pipeline of emerging capital and infrastructure investment across all asset classes over the next four years.

The Infrastructure Policy and Planning group now monitors and provides regular reporting on the delivery of the Government's capital program worth in excess of \$40 billion over four years.

The department established the Cities Transformation Taskforce to lead and coordinate the negotiation of City Deal initiatives. The benefits have been immediate, with the signing of a city deal for Townsville and discussions commenced to support a South East Queensland city deal.

The \$400 million Works for Queensland program is being rolled out over three years with the aim of boosting regional economic growth and creating employment opportunities. The first round supported more than 700 projects in 65 local governments across regional Queensland and was heralded by mayors and other community leaders as ground-breaking.

We have adopted a more streamlined approach to the council grants application and assessment process, designed to get the money to councils sooner for key infrastructure projects. The department also developed legislative amendments to provide for online real-time disclosure of local government electoral donations, improving transparency and accountability in the election of mayors and councillors.

The Advancing our cities and regions strategy managed by the department's commercialised business unit, Economic Development Queensland, has created job opportunities and improved economic prospects in many parts of the state. It uses an innovative approach to renewing and repurposing surplus and underutilised state owned land.

Much work was done to ensure a smooth transition to the commencement of the *Planning Act 2016* in July 2017. The new planning framework balances efficient and transparent planning with economic development, cultural and environmental protection and the physical and social wellbeing of Queenslanders.

The South East Queensland Regional Plan – *ShapingSEQ* – reflects the aspirations and needs of south east Queenslanders, responds to the region's projected growth over the next 25 years and will deliver improved environmental outcomes for the region.

The Office of the Queensland Government Architect continued to assist government departments and local governments to create enhanced urban environments by providing expertise and strategic advice on urban design, procurement, heritage and the built environment.

There is a new chief executive officer for the South Bank Corporation bringing vision and experience to the precinct including the iconic parklands which is celebrating its 25th birthday.

While much has been accomplished in 2016–17, in the coming year, the department will continue to work with tenacity and dedication to:

- finalise the draft North Queensland Regional Plan following consultation
- continue to administer the Works for Queensland program
- deliver infrastructure innovation and best-practice infrastructure solutions across Queensland
- implement tailored capacity building initiatives to help improve local government sustainability
- deliver additional funding of \$120 million over four years from 2016–17 to provide water, wastewater and general waste infrastructure programs in Indigenous communities
- engage with local government to encourage planning innovation and improvement
- deliver the Advancing our cities and regions strategy by progressing renewal and reinvigoration of surplus and underutilised state land
- commence implementation of *ShapingSEQ*
- commence a community-led master plan for the Gold Coast Spit to strike a balance between protecting environmental and community values and allowing appropriate commercial development.

I would like to thank all business teams who work collaboratively to bring together the functions of Local Government and Regional Services, the Planning Group, Infrastructure Policy and Planning, Economic Development Queensland, Strategy, Governance and Engagement, South Bank, Chief Engineer and the Office of the Queensland Government Architect.

Together we are delivering the government's objectives and contributing to economic growth, social wellbeing and community connectedness of all Queenslanders across our vast and great state.

About the department

The Department of Infrastructure, Local Government and Planning has a vision for great cities, vibrant urban places, thriving towns and communities and for places where Queenslanders can participate fully in the economy and become active citizens within their communities.

The department contributes to the Queensland Government's objectives for the community by driving initiatives that promote new employment opportunities within a growing and vibrant economy, by supporting safe and connected communities by ensuring planning directly improves the environment and by delivering practical and timely advice and services through collaborative working relationships, particularly with the local government sector.

Employees are located in Brisbane's central business district and in regional offices across Queensland – in Cairns, Townsville, Mackay, Rockhampton, Bundaberg, Toowoomba, Ipswich, Maroochydore and Southport. Regional staff work closely with local governments and the community and are the face of the department, making connections between regional, rural and remote local governments, other government departments and partners. Regional officers facilitate collaboration and discussion on a range of planning and development matters, local government business and whole-of-government and community issues.

Staff are committed to the public sector values – encouraged to be courageous, to turn ideas into action, and to contribute to the efficiency and effectiveness of the organisation. Across the department's business areas, work is underpinned by employees' ongoing commitment to activities and initiatives that bring lasting benefits to Queensland's diverse communities in cities and towns – in the densely populated south east, along the vast coastline and in rural and remote parts of the state.





Organisational structure and machinery-of-government changes

Following machinery of government changes in February 2017, the Honourable Jackie Trad MP, Deputy Premier and Minister for Transport and Minister for Infrastructure and Planning, assumed responsibility for transport and retained responsibility for planning and infrastructure. The Honourable Mark Furner MP, was appointed as Minister for Local Government and Minister for Aboriginal and Torres Strait Islander Partnerships.

While the Deputy Premier and the Minister for Local Government have responsibilities external to this department, the internal department functions did not change with the machinery of government changes. The organisational structure aligns with the key functions of the department and with the government's vision and priorities regarding planning and development, infrastructure, economic development, and local government and regional services.

The department's structure supports its role to lead the creation of dynamic urban places, to contribute to the prosperity and growth in regional towns and cities and to actively support connected communities across Queensland. Our priorities are implemented and our objectives realised through the professionalism and enthusiasm of staff working collaboratively across the department's business areas.

Director-General

Planning

The business area supports economic growth and promotes sustainable and environmentally sound development. It does this through streamlined and simplified legislative frameworks and policies and the design of sound regional plans that include planning for corridors, precincts and growth areas. The business area provides practical, fair and efficient planning and development services and builds the capacity of partners and stakeholders to achieve quality outcomes.

Local Government and Regional Services

The business area administers local government legislation and undertakes programs and initiatives to support and promote the state's 77 local governments. It does this through delivery of practical and useful capacity building programs and resources, assistance with financial management and the administration of funding and grants programs.

Strategy, Governance and Engagement

The business area manages and administers strategy, policy and corporate services for the department. These include human resource management, legal services, legislation and policy support, risk management, ICT, media and communications. It also provides governance, business support and executive services.

Infrastructure Policy and Planning

The business area has the lead role in infrastructure policy, planning and investment prioritisation for the state. The coordinated and integrated approach to infrastructure planning builds industry confidence, generates jobs and promotes economic growth. The Infrastructure Portfolio Office established within the business area, coordinates and integrates state government infrastructure, land use and economic planning, now and into the future.

Economic Development Queensland

A specialist land use planning and property development unit within the department, Economic Development Queensland works collaboratively with state agencies, local governments, the development industry, not-for-profit organisations and communities across Queensland to identify, plan, facilitate and deliver property development and infrastructure projects to create prosperous, sustainable and liveable communities.

Queensland Government Architect

The Office of the Queensland Government Architect provides whole-of-government leadership and strategic advice on the built environment, urban design and procurement and heritage issues. The office collaborates with the department's business areas and relevant agencies to create enhanced urban environments in Queensland cities and regions.

South Bank

The office sits within the department and has administrative responsibility for the South Bank Corporation, providing funding to Brisbane City Council to maintain and operate the inner city parklands at South Bank and Roma Street.

Ministers

The Honourable Jackie Trad MP, State Member for South Brisbane, is the Deputy Premier and Minister for Transport and Minister for Infrastructure and Planning. The Deputy Premier's role includes oversight of the infrastructure and planning business areas of the department, Economic Development Queensland, Building Queensland, the Cross River Rail Delivery Authority, the Queensland Reconstruction Authority and South Bank Corporation.

The Honourable Mark Furner MP, State Member for Ferny Grove, is the Minister for Local Government and Minister for Aboriginal and Torres Strait Islander Partnerships. Minister Furner's portfolio encompasses the local government and regional services business area of the department and responsibility for Aboriginal and Torres Strait Islander policy, economic, social and cultural matters under the Department of Aboriginal and Torres Strait Islander Partnerships.

Legislation

The department administers a number of pieces of legislation from which its functions and powers are derived as follows:

- *Aboriginal and Torres Strait Islander Communities (Justice, Land and Other Matters) Act 1984* (Part 9, Div 2 and Part 10)
- *Building Queensland Act 2015*
- *City of Brisbane Act 2010*
- *Cross River Rail Delivery Authority Act 2016*
- *Economic Development Act 2012*
- *Integrated Resort Development Act 1987*
- *Local Government Act 2009*
- *Local Government Electoral Act 2011*
- *Local Government (Robina Central Planning Agreement) Act 1992*
- *Mixed Use Development Act 1993*
- *Planning Act 2016* (except to the extent administered by the Minister for Housing and Public Works and Minister for Sport)
- *Planning and Environment Court Act 2016*
- *Regional Planning Interests Act 2014* (except to the extent administered by the Minister for Agriculture and Fisheries and Minister for Rural Economic Development)
- *Royal National Agricultural and Industrial Association of Queensland Act 1971*
- *Sanctuary Cove Resort Act 1985*
- *South Bank Corporation Act 1989*
- *Southern Moreton Bay Islands Development Entitlements Protection Act 2004*
- *Sustainable Planning Act 2009* (except to the extent administered by the Minister for Housing and Public Works and Minister for Sport)
- *Townsville Breakwater Entertainment Centre Act 1991*
- *Townsville City Council (Douglas Land Development) Act 1939*



Meeting challenges in the operating environment

Queensland is Australia's second largest state by land and is the most decentralised state in Australia with large, metropolitan cities in the south east and along the coast, rural towns and remote communities. The state's diverse and stable economy provides ongoing employment and investment opportunities in the mining, service and construction industries. The productivity and efficiency of our economy and the quality of life of the community depend in a large part on the efficiency of transport and on the mobility of individuals. The rapid rise in population and the associated need for modern and rapid transport options has seen a strong emphasis on infrastructure policy and planning.

Challenges in 2016–17 have been to support and promote innovation in policy and regulatory frameworks, engage with stakeholders and build productive partnerships that lead to delivery of outcomes for the broader community, develop organisational capacity and capability and manage strategic, business and operational risks while delivering results.

To support and promote innovation in policy and the regulatory framework the department:

- realised the benefits of having a steady pipeline of construction work that creates certainty and consistency over time rather than ad hoc reactive project planning and has designed this as part of the State Infrastructure Plan
- maintained a sound legislative and policy framework with a focus in 2016–17 on planning and local government electoral legislation
- delivered *Connecting Brisbane* – a strategy for a modern, high-frequency mass transit system jointly developed with Brisbane City Council and the Department of Transport and Main Roads in consultation with the Australian Government's Department of Infrastructure and Regional Development
- introduced the \$400 million 2016–19 Works for Queensland program, supporting maintenance and minor infrastructure works projects and creating employment opportunities in 65 rural and regional local governments
- delivered a more streamlined grants and subsidies program, expediting local government access to funding for key infrastructure projects.

Through engagement with stakeholders and our partners in industry, government and the community, the department has:

- finalised a new planning framework that establishes a contemporary planning system for Queensland
- created *ShapingSEQ*, which sets a new standard for regional planning in Queensland
- developed QDesign – a concise and consistent set of priority urban design principles to guide better urban design outcomes across Queensland’s cities and towns
- maximised the benefits of cross-government collaboration with state agencies and the state’s 77 local governments to facilitate implementation of funding programs, infrastructure programs and the delivery of services
- worked to identify, plan and facilitate commercially viable and community centric development and infrastructure projects in Priority Development Areas across the state
- delivered training and professional development programs in partnership with peak local government bodies including the Local Government Association of Queensland, the Local Government Managers Australia (Queensland), Australian Local Government Women’s Association and the Local Government Finance Professionals to build capacity and capability of local governments
- reviewed local government grants and streamlined the local government loan borrowing process.

Recognising the value to the organisation of developing the capacity and capability of its employees, the department has initiated a number of professional development and self-directed learning opportunities and has:

- implemented ‘invigorate’ – a comprehensive health and wellbeing initiative for all employees in the department
- provided training, resources and ‘community of practice’ workshops for the department’s staff enabling them to deliver training on the new planning framework to local governments particularly those in rural and remote locations
- developed ELMO – a departmental online learning and professional development platform, which will be launched in July 2017
- established the Mentored at First Sight program.

The department recognises the importance of business continuity and of transparent and on-time delivery of services, advice and programs. To manage strategic, business and operational risks and identify opportunities while delivering results, the department has undertaken a review of the enterprise risk management framework and will continue to implement recommended actions from the review.

Year in review

\$119.3 million

under the **Works for Queensland** program for infrastructure and minor works in **65** local governments



Established the **Cross River Rail Delivery Authority**

Delivered the **Local Government Capacity Building Program** including **67** workshops for **935** participants achieving

90 per cent satisfaction rate 

Economic Development Queensland achieved **\$65 million** in land sales across its various projects, generating **\$572 million** in private sector investment and supporting **1,600** jobs

\$20 million

allocated to the **Maturing the Infrastructure Pipeline Program** – rapidly progressing infrastructure proposals

\$68 million

approved to support **192** projects in **75** local governments for priority infrastructure and capital works

ShapingSEQ – the draft regional plan developed following extensive community consultation and engagement with **3,300** submissions received 

\$28 million funding to **Brisbane City Council** to manage Roma Street and South Bank Parklands to an internationally recognised standard



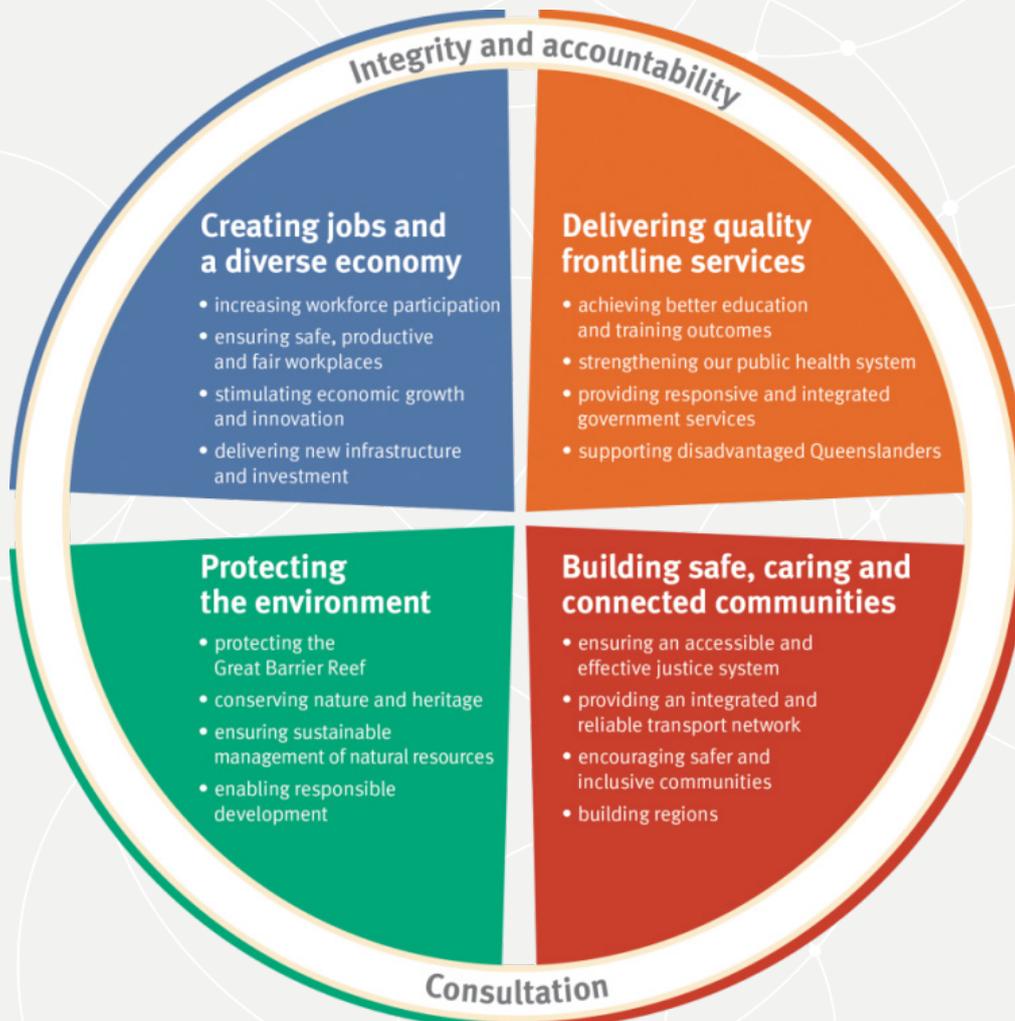
Statewide program of **roadshows, workshops** and **information sessions** for local governments, industry partners and the community ensured a seamless transition to the new planning system



Delivering on the Queensland Government's objectives for the community

The department contributed to the Queensland Government's objectives for the community throughout 2016–17 by:

- undertaking projects and programs that support job creation within a diverse and vibrant economy
- promoting and contributing to safe and environmentally aware development
- delivering quality advice and services
- working collaboratively with our partners and stakeholders, in particular Queensland's 77 local governments
- undertaking projects that encourage community cohesion and connectedness.



Contributing to job creation within a diverse economy, the department:

- worked on the Cross River Rail Economic Development and Investment Strategy – a 40-year jobs generation and economic growth strategy for South East Queensland
- recognised the importance of attracting and retaining talent and investment, fostering start-ups and embracing new jobs centred on knowledge and advanced manufacturing in the Brisbane Inner City Strategy
- assessed underutilised land for potential reinvigoration projects across Queensland
- supported more than 700 projects in 65 local governments through the Works for Queensland program
- established the Cities Transformation Taskforce ensuring a cohesive approach to urban growth and design
- finalised transition to the *Planning Act 2016*, establishing a modern and efficient planning system for Queensland.

Delivering improved frontline services, the department:

- combined the Community Resilience Fund, the Local Government Grants and Subsidies Program and the Natural Disaster Resilience Program, to streamline the application and assessment process for local governments and to expedite approvals
- administered the 2016–17 local government borrowing program
- managed infrastructure policy and planning efficiently through the Infrastructure Portfolio Office
- developed and delivered a comprehensive Local Government Capacity Building Program.

Recognising the importance of environmental protection, the department:

- developed the whole-of-government's 'Better Design Agenda' which recognises that high quality design outcomes across Queensland's cities and towns contribute directly to community health and wellbeing
- contributed to development of the Infrastructure Sustainability Council of Australia's revised rating scheme, which facilitates evaluation of environmental, social and economic sustainability of infrastructure projects
- transitioned to a new planning system with a focus on ecologically sustainable development and the protection of places of heritage significance for the benefit of future generations of Queenslanders
- secured funding to commence a strategic assessment for South East Queensland
- supported environmentally sustainable outcomes in providing funding to Brisbane City Council to secure South Bank and Roma Street Parklands Green Flag awards.

Acknowledging the significance of connected and cohesive communities, the department:

- supported developments such as *The Village* in Townsville to deliver high quality affordable housing in vibrant inclusive communities
- recommended an integrated and reliable transport network for Brisbane as a key component of the Inner City Strategy
- addressed the shortage of housing for older people in rural and remote communities through the pilot Ageing in Place initiative
- released the Bundaberg 10-Year Action Plan for flood mitigation
- launched the Density and Diversity Done Well design competition
- appointed a new chief executive officer to the South Bank Corporation bringing vision and experience to the role of overseeing the precinct, which includes Brisbane's iconic parklands which are celebrating their 25th year
- worked with Brisbane City Council to launch *Connecting Brisbane*.



Delivering on the Strategic Plan

With a vision for a prosperous, vibrant and connected state, the department's Strategic Plan 2016–20 recognises Queensland's immense diversity and the need to cater for and consider the various needs and aspirations of people in cities, regions, and in coastal, rural and remote parts of Queensland. The strategic objectives recognise the decentralised nature of the state and the value of implementing strategies that incorporate an understanding of the local environment, the state's demographics and diversity. To maximise social, economic and community benefits from projects and initiatives, the department's staff also understand the importance of building and maintaining sound relationships with our partners and of continuing engagement and collaboration with other agencies and stakeholders.

Economic, social and environmental benefits for Queenslanders



Objective

The department undertook a wide range of projects and implemented robust initiatives to realise immediate and long-term economic, social and environmental benefits for Queenslanders.



Initiatives — Achievements

- *ShapingSEQ*, the draft South East Queensland regional plan was developed following a formal consultation and community engagement program that resulted in more than 3,300 submissions to the department. The unprecedented level of community engagement will guarantee that the plan reflects the needs and aspirations of south east Queenslanders and sets a realistic vision for the region over the next 25 years.
- The *Planning Act 2016* commenced in early July 2017. To ensure a smooth transition to the new planning system the department developed the Planning Regulation 2017, reviewed and updated the State Planning Policy and State Development Assessment Provisions and developed and implemented a comprehensive transition program. The new planning framework provides transparency and certainty around plan-making and development assessment and offers greater opportunities for community participation in the planning and development process.
- Within the Planning Regulation 2017, the State Code 24 Urban Design Outcomes trigger has been developed to encourage applicants to incorporate best practice urban design principles early in the design phase prior to lodgement of a development application thereby creating more certainty early in the life of a significant project.
- The Aldoga renewable energy project has begun to transform a 1,200 hectare underutilised state-owned site in Gladstone into a major renewable energy project site as part of the Advancing our cities and regions strategy. In addition to supporting local jobs growth, the project will contribute to the state government's 50 per cent renewable energy target.

- Four major Priority Development Area Infrastructure Agreements were executed in 2016–17 supporting delivery of water, sewerage, transport and community infrastructure in Caloundra South, Yarrabilba and the Maroochydore City Centre.
- The Office of the Queensland Government Architect has developed QDesign, which is a concise and consistent set of priority urban design principles, together with a companion design resource to guide better urban design outcomes across Queensland’s cities and towns.
- The State Infrastructure Plan’s annual update of the Part B Program, developed by the Infrastructure Portfolio Office, provides a forward pipeline of emerging capital and infrastructure investment strategies across all asset classes and highlights the way an infrastructure proposal matures from early concept to a funded government project. Achievements in 2016–17 include the move towards a more integrated approach to regional land use planning and infrastructure planning in Queensland.
- Through the State Infrastructure Fund the department has administered programs to boost infrastructure investment, increase business confidence and to fund government priorities including:
 - \$300 million Priority Economic Works and Productivity Program – delivering seven projects across Queensland that will lift productivity and improve the capacity of infrastructure to connect with communities and markets
 - \$180 million Significant Regional Infrastructure Projects Program – delivering 25 significant infrastructure projects throughout Queensland that respond to community need and provide increased economic opportunities
 - Maturing the Infrastructure Pipeline Program – supporting the progression of infrastructure proposals through the infrastructure pipeline and in collaboration with state and local governments and industry specialists
 - \$119.3 million of the expanded \$400 million Works for Queensland program – providing employment opportunities and supporting 700 priority maintenance and minor infrastructure works projects in 65 local governments across regional Queensland.
- The department commenced the implementation of the Building Information Modelling policy and methodology to manage building design and project data in digital format throughout a building’s life cycle. The Building Information Modelling policy will be progressively incorporated into all major state infrastructure projects by 2023.
- In response to the recommendations of the Crime and Corruption Commission Report – Transparency and Accountability in Local Government – the department developed the legislative amendments and supported the passage of the *Local Government Electoral (Transparency and Accountability in Local Government) and Other Legislation Amendment Act 2017*. The legislation provides for online real-time disclosure of electoral donations by candidates, groups of candidates and third parties and importantly will improve transparency and accountability in the election of local government mayors and councillors.
- The Local Government Capacity Building Program delivered training, workshops and resources on topics including councillor conduct and complaints management, councillor roles and responsibilities, effective meeting procedures, financial reporting requirements, fraud management disclosures and local government administration. The program also supported a range of accredited training and professional development initiatives for councillors and employees of local governments delivered jointly by the department and local government peak bodies.
- To support local government investment in capital projects 21 borrowing applications totalling \$786 million were approved in 2016–17.
- In June 2017, the department published ‘Guidelines on fairness and equity in local government rating’ setting out principles to assist local governments to implement fair and equitable rating systems while ensuring flexibility for raising sufficient own source revenue.



Performance

- Established and maintained a sound legislative and regulatory framework across the portfolio.
- Worked with local governments and industry to assist in delivering positive outcomes for their communities.
- Delivered a streamlined planning framework supporting investment, jobs, community participation and the environment.
- Coordinated and integrated infrastructure investments.
- Attracted investment to development projects and facilitated development of greenfield and industrial sites in growth areas.
- Identified and responded to opportunities and challenges at a whole of state level.

Prosperous and vibrant cities and urban places



Objective

The department undertook a wide range of projects and implemented innovative initiatives, contributing to and promoting the importance of prosperous and vibrant cities and community focused urban places.



Initiatives – Achievements

- At Northshore Hamilton in Brisbane, Economic Development Queensland worked with the Eat Street Market operators to relocate Eat Street Northshore to a larger and more accessible site resulting in a significant increase in patronage to the precinct.
- To facilitate development of Stage 1 of the \$850 million Yeerongpilly Green urban renewal project, the department funded remediation and earthworks to create new roads in preparation for the construction of the residential component of the project.
- In 2016–17, 125 development approvals were issued, facilitating development in 12 Priority Development Areas across Queensland including:
 - declaration and preparation of development schemes for The Mill at Moreton Bay and the Herston Quarter that will result in two important and transformative health and knowledge Priority Development Areas in South East Queensland
 - commencement of the Carseldine Urban Village development as part of the Advancing our cities and regions strategy
 - approval of early works applications to allow demolition to begin on the non-heritage buildings within the Queens Wharf Brisbane Priority Development Area.
- During the year, the Office of the Queensland Government Architect provided urban design and architectural advice on government-led urban renewal projects, such as Queens Wharf Brisbane, the Cross River Rail Project, Anzac Square Stage 4, the
- Police Memorial and Central Station upgrades.
- The Queensland Urban Design and Places Panel comprising 18 high-calibre practitioners from across Australia and chaired by the Queensland Government Architect, provided expert advice on a range of initiatives and projects including Queens Wharf Brisbane, West Village developments and QDesign – a comprehensive guide to better urban design outcomes for Queensland’s cities and towns.
- *Connecting Brisbane* – a joint initiative between the department, the Department of Transport and Main Roads and Brisbane City Council in consultation with the Australian Government’s Department of Infrastructure and Regional Development was released on 6 June 2017. The strategy will see Brisbane’s transformation into a vibrant world city through a modern, high-frequency mass transit system.
- The Density and Diversity Done Well Open Ideas Competition was instigated to encourage new housing options that are practical, compact, affordable and relevant to South East Queensland neighbourhoods and communities. The competition is a joint initiative of the Department of Infrastructure, Local Government and Planning and the Urban Development Institute of Australia Queensland, endorsed by the Australian Institute of Architects and the Planning Institute of Australia, and supported by the Australian Institute of Landscape Architects and the Urban Design Alliance Queensland.

- The Cities Transformation Taskforce was established to lead and coordinate the Queensland Government's negotiations with the Australian and local governments on the Smart Cities Plan and on establishing City Deals to set out a vision for metropolitan and regional cities in Queensland. The benefits have been immediate with the signing of the Townsville City Deal, and a South East Queensland City Deal in the pipeline.
- The department collaborated with Brisbane City Council to deliver outstanding inner city parklands of international standard at South Bank and Roma Street in Brisbane, providing important places for local and tourist recreational and educational experiences and opportunities.



Performance

- Partnered with stakeholders to foster and guide balanced growth and long-term planning solutions.
- Established the Cities Transformation Taskforce to lead and coordinate negotiations with the Australian and local governments on the Smart Cities Plan and City Deals.
- Integrated land use, transport and economic plans in cities and urban places.
- Facilitated development of under-utilised sites in cities and urban places.

Greater liveability and connectedness in coastal and hinterland communities



Objective

The department delivered targeted programs and implemented innovative initiatives to support greater liveability and connectedness in coastal and hinterland communities.



Initiatives – Achievements

- *The Village*, a flagship development in Townsville at Oonoonba, won the affordable housing award at the 2017 National Property Council of Australia Innovation and Awards for Excellence. This was the only regional project to win an award in Australia and demonstrates that quality, affordable housing can be delivered in regional Queensland. In the development, 78 per cent of all homes are priced at or below the median house price in Townsville, far exceeding the 50 per cent target.
- As part of the Advancing our cities and regions strategy two projects have been identified in the Fitzroy region – the Yeppoon Heritage Railway Precinct and the Rockhampton central business district renewal. These projects will renew and repurpose underutilised government and council land, deliver construction jobs and provide local economic development opportunities. Extensive stakeholder consultation was undertaken to gather the community's views about what they would like to see delivered as part of these projects.
- Infrastructure projects in Indigenous communities have seen upgrades to the Cherbourg and Palm Island water and wastewater treatment plants.
- The Torres Strait Seawalls project has increased coastal protection by constructing seawalls and replenishing the sand in six Torres Strait Island communities. The work will protect vulnerable water, sewerage treatment and desalination plants, roads and airstrips, council offices, homes and schools.
- The Bundaberg 10-Year Action Plan, which outlines a process to deliver on the Queensland Government's commitment to major flood mitigation in the Bundaberg region, was launched in June 2017.
- To build capacity of local governments, departmental staff coordinated site visits and delivered workshops and training across the state on councillor roles and responsibilities, meeting procedures and councillor complaints management.
- Preparation of the first regional plan for North Queensland commenced and the first round of community engagement was completed.
- The new planning framework reinstated world class planning laws and will ensure that our coastal environment, including the Great Barrier Reef, is not adversely affected by future development along the Queensland coastline.



Performance

- Connected and partnered with local governments in coastal and hinterland regions to support service delivery and strong governance.
- Led coastal planning improving liveability and protecting natural assets.
- Delivered planning solutions in North Queensland.
- Improved housing choice and diversity and demonstrated innovation in planning, building and infrastructure projects.

Resilient, strong and sustainable rural and remote communities



Objective

The department implemented targeted initiatives and delivered creative and supportive programs to build resilient, strong and sustainable rural and remote communities.



Initiatives – Achievements

- The regional liveability strategy has been an important initiative helping regional and remote local governments to identify and deliver economic and community infrastructure projects that enhance liveability and support sustainability. Under this strategy, the Palm Island town square rejuvenation was completed in March 2017. It included new landscaping, improved shade shelters, pavement resurfacing and street scaping to create a great place for locals and visitors to meet. In Yarrabah, a new project has commenced which will deliver social enterprise opportunities and rejuvenation of the town centre.
- Throughout 2016–17, the department has worked with local governments in several regional towns to commence the Ageing in Place pilot project. Development Management Agreements have been signed for projects in Barcaldine, Ravenshoe and Cloncurry to provide suitable housing for people as they enter their senior years enabling them to remain in their communities. The project is designed to enhance regional liveability and to support the Queensland Government’s seniors’ strategy to build age-friendly communities.
- Economic Development Queensland partnering with Energy Queensland and local government, was involved in planning and facilitating the world’s longest electric vehicle charging highway in a single state or region. The electric vehicle superhighway is an innovative infrastructure project that will support the evolution and growth of road based tourism in the state.
- The department implemented targeted initiatives designed to deliver specific benefits to rural and remote communities including:
 - \$30 million in State Government Financial Aid provided to Indigenous local governments, in lieu of their capacity to raise rates, to fund the delivery of local government services
 - funding for maintenance and minor infrastructure works to rural and remote local governments under the Works for Queensland program
 - \$8 million over two financial years from 2016 to 2018 under the Indigenous Local Government Sustainability Program to assist all 16 Indigenous local governments to implement initiatives to improve long term sustainability
 - \$1.4 million under the Indigenous Economic Development Grant, contributing to employment costs of local government service positions to build the capacity of local governments to deliver services to their communities
 - negotiation and facilitation of borrowing approval from Queensland Treasury to the Longreach Regional Council which funded the Longreach Wild Dog Exclusion Fence Scheme
 - a Memorandum of Understanding was facilitated to guide transition of water supply services from the state government to the Northern Peninsula Area Regional Council.

- Through effective collaboration and facilitation, the department:
 - provided brokerage services linking local governments with other state agencies to support and build the capacity and capability of rural and remote local governments by establishing links to a range of external services and resources
 - provided intensive case management and advisory services to targeted local governments, improving financial management and governance
 - developed and implemented the Indigenous Local Government Sustainability Program to assist Indigenous local governments develop evidence based charges for essential services to improve financial capacity and outlook
 - delivered targeted training to Indigenous local governments in water and wastewater management and maintenance to guarantee secure and safe drinking water and wastewater services.
- The department collaborated with Queensland Treasury Corporation, Queensland Reconstruction Authority, Institute of Public Works Engineering Australasia, Queensland and other stakeholders to develop options for assisting local governments to improve asset management and sustainability.
- The department released Queensland's first wind farm planning code and guideline to deliver a consistent whole-of-government approach to assessing wind farm proposals and transitioning the assessing authority from local to state government.
- In preparation for commencement of the new planning system the department delivered a comprehensive transition program which provided training on requirements for local government planning schemes and on development assessment systems. One element of the program was provision of funding for local government innovation and improvement initiatives. The program has ensured a smooth and streamlined transition to the new planning system and has been particularly beneficial for rural and remote local governments.



Performance

- Delivered capacity building programs for rural and remote local governments to shape resilient, strong and sustainable communities.
- Designed and delivered streamlined regulatory solutions and resources for Indigenous local governments.
- Partnered with local governments to identify and deliver economic and community infrastructure projects and initiatives.
- Used the planning framework to facilitate investment in renewable energy.

A high-performing, innovative and diverse workforce delivering value-for-money services and outcomes



Objective

The objective for a high performing, innovative and diverse workforce delivering value-for-money services and outcomes was achieved through a range of initiatives including provision of professional development opportunities and by encouraging innovation and the efficient and effective use of resources and systems.



Initiatives — Achievements

- To create an inclusive healthy and safe work environment the department:
 - delivered ‘invigorate’ – a staff wellbeing initiative that included the Employee Assistance Program, a Senior Executive Health program, flu vaccinations, skin cancer screenings and staff health assessments
 - provided anti-discrimination training to all employees
 - delivered the ‘walk in my shoes’ disability awareness training
 - implemented the Strategic Workforce Plan and a mentoring program
 - established the People Management Committee
 - provided a range of learning and development opportunities.
- The department delivered value-for-money in procurement and service delivery by:
 - implementing a value/risk approach to procurement which aligned to the One Government Contract Management Framework. The approach ensured consideration of the risk profile of procurement during early stages of the process and ensured appropriate procurement documentation commensurate with the value/risk profile. This resulted in improved risk mitigation and robust contractual documentation that protects the interests of the state
 - using a range of systems and tools to assess cost and non-cost factors in procurement leading to fit for purpose goods and services that deliver outcomes for Queenslanders
 - considering benefits for communities in the assessment of all strategic procurement such as job creation and sub-contracting opportunities particularly within regional and remote communities.
- The department established the joint industry-government Infrastructure Innovation Taskforce to examine more efficient procurement and better use of existing assets.
- The department participated in the Policy Futures Graduate Program, welcoming graduates to undertake policy officer training. The program builds policy capability and capacity of participating graduates and creates diversity and encourages innovation in the teams they are placed in.
- In 2016–17, an Innovation Board was established creating processes and systems that foster and support innovation across the department.
- Training programs including ‘Train the trainer’ were developed and delivered to Brisbane based and regional staff to build their understanding of the local government system, the new planning framework, legislation and policies, and to support those delivering training programs to local governments.



Performance

- Worked collaboratively with each other and with our stakeholders and partners to build purposeful working relationships.
- Used resources and systems efficiently and effectively to minimise risk and deliver value-for-money in procurement and service delivery.
- Created an inclusive healthy and safe work environment.
- Enabled staff to meet challenges, to be innovative and to take initiative.



Collaborative initiatives

City Deals

The Cities Transformation Taskforce was established to lead and coordinate the Queensland Government's negotiations with the Australian and local governments on the Smart Cities Plan and City Deals initiatives with the aim of having productive, accessible, liveable cities that attract talent, encourage innovation and create jobs and growth.

A Memorandum of Understanding was signed in November 2016 between the Australian and Queensland Governments and provides a high-level framework and foundation for negotiation of City Deals between all levels of government. In December 2016, Townsville became the first City Deal to be signed in Australia providing a 15-year roadmap for Townsville's future geared towards growing the economy of Townsville and strengthening Townsville as a prosperous and lifestyle-rich city.

In its May 2017 Budget, the Australian Government committed to working with the Queensland Government and the Council of Mayors South East Queensland to develop a South East Queensland City Deals strategy.

Partners in Government Agreement

The Partners in Government Agreement was signed by the Queensland Government and the Local Government Association of Queensland in October 2015. The agreement formalises a set of principles to guide the relationship between the state and local governments and identifies the roles and responsibilities of each party.

The department is strongly committed to working in partnership with local governments and the Local Government Association of Queensland and recognises their significant role, ongoing effort and valuable contribution to Queensland's economy and growing prosperity.

The Partners in Government Agreement plays an important role in establishing this relationship and provides an opportunity to take an integrated approach to ensure our efforts and resources are appropriately positioned to maximise outcomes for all Queenslanders.

Initiatives including the response to Severe Tropical Cyclone Debbie, Skilling Queenslanders for Work, the Works for Queensland Program, the Advance Queensland initiative, National Partnership in Remote Housing Program, Local Government Infrastructure Grants Review and the Queensland Climate Change Adaptation Strategy have been progressed through effective collaboration across government and with the Local Government Association of Queensland under the Partners in Government Agreement.

National Partnership Agreement on Natural Disaster Resilience

The National Partnership Agreement, between the Queensland and Australian Governments, delivers funding to projects to enhance communities' resilience to natural disasters. The agreement for the Natural Disaster Resilience Program was signed by the Prime Minister in March 2016 and by the Queensland Premier in May 2016. The agreement provides funding of \$24 million over two years (\$12 million state and \$12 million Commonwealth) to local governments and eligible non-government organisations to address various natural disaster risk mitigation initiatives. In addition, the funding can be used to enhance preparedness for natural disasters through community education and awareness training.

Collaborative delivery of accredited training programs

The department established strategic partnerships with the Local Government Association of Queensland and the Local Government Managers Australia (Queensland), to deliver training programs and offer professional development to women in local government as part of the annual local government capacity building program.

During the year, 65 scholarships to the value of \$262,000 were awarded to local government employees to undertake the Local Government Association of Queensland's nationally-accredited Diploma and Certificate IV programs in governance and administration, leadership and management, asset management, project management, financial management and land use planning.

The Women in Local Government strategy implemented in partnership with Local Government Managers Australia (Queensland) promotes greater diversity and inclusion in local government and provides female councillors and council officers with access to a range of mentoring and professional development opportunities. Through various initiatives:

- 11 female council officers from small rural, remote and Indigenous local governments were sponsored to attend the Local Government Managers Australia (Queensland) 2016 Women in Local Government Excellence Conference in Brisbane in November 2016
- 20 scholarships to the value of \$90,000 were granted to female council employees to undertake the Local Government Managers Australia (Queensland) Propeller, Ignite and Executive Management programs
- scholarships for eight female council officers from small rural, remote and Indigenous local governments to participate at the Inspiring Women's Leadership Forum, to be held in July 2017, were awarded in 2016–17.

Infrastructure Portfolio Office collaborations

The Infrastructure Portfolio Office has undertaken collaborative initiatives to build industry and community partnerships and ultimately to improve whole-of-government coordination and delivery of infrastructure investment. These include:

- establishing the Infrastructure Cabinet Committee to support whole-of-government integration in relation to infrastructure planning and delivery
- establishing a subcommittee of the Chief Executive Officer's Leadership Team comprised of Deputy Directors-General to lead and coordinate whole-of-government integration of infrastructure planning and delivery
- establishing the joint industry-government Infrastructure Innovation Taskforce – to improve early market engagement and simplify procurement contracts and approvals
- establishing the Community Infrastructure Reference Group – to advise on options to engage better with rural, regional and metropolitan areas of the state
- guiding the development of five new strategic infrastructure documents for Transport, Water, Energy, Digital and Social infrastructure in partnership with other departments.

National Insurance Affordability Initiative

This is a Project Agreement between the state and the Australian government to implement work under the National Insurance Affordability Initiative. Funding will provide for the construction of a flood levee embankment in Roma in the Maranoa Regional Council area and the upgrading of flood defences in Ipswich. Ipswich City Council completed its projects and received final payment of \$7 million in June 2017.

Housing Partnerships Office

Economic Development Queensland is collaborating with the Department of Housing and Public Works in the formation of a housing partnerships office to bring together expertise to leverage broader development opportunities and manage precinct development within Better Neighbourhoods areas. This collaboration will support the Housing Construction Jobs Program, the Queensland Housing Strategy and the objectives of the housing renewal and integration precinct zone within the Advancing our cities and regions strategy to renew ageing social housing to create better quality social housing and increase housing choice and affordability. This, in turn, will lead to improved home ownership and socio-economic outcomes for people living in revitalised communities.

Deputy Premier's Urban Design Awards

The inaugural Deputy Premier's Urban Design Awards recognise contemporary Queensland urban design projects of the highest calibre. Logan City Council's Beenleigh Town Square Project was named the winner of the Deputy Premier's Award for Urban Design 2017 by the Deputy Premier, the Honourable Jackie Trad MP, on Friday 24 March 2017 at the State Library of Queensland.

The Density and Diversity Done Well Open Ideas Competition

The Density and Diversity Done Well Open Ideas Competition was instigated to encourage new housing options that are practical, compact, affordable and relevant to South East Queensland neighbourhoods and communities. The competition is a joint initiative of the Department of Infrastructure, Local Government and Planning and the Urban Development Institute of Australia Queensland endorsed by the Australian Institute of Architects and the Planning Institute of Australia and supported by the Australian Institute of Landscape Architects and the Urban Design Alliance Queensland.

Service performance

The Department of Infrastructure, Local Government and Planning's service areas in 2016–17 were:

- Local Government
- Funding Programs and Community Initiatives
- Infrastructure Policy and Planning
- Better Planning for Queensland
- Business and Economic Growth.

Local Government

This service area provides a legislative and regulatory framework for local governments to enhance their capability and decision making processes. The service area consists of two services:

- Governance and statutory services – undertakes the review and maintenance of the Queensland local government regulatory framework and provision of strategic policy coordination for local government related matters across Queensland Government portfolios. It delivers governance and statutory services related to portfolio legislation including the provision of legal advice and policy development and coordination.
- Local government capacity building – provides a calendar of workshops, information sessions, targeted training and the development and publication of capacity building tools and resources with the focus in 2016–17 being on delivering a suite of follow-up programs to build on the successful Councillor Induction program delivered to local governments following the March 2016 local government elections.

Key achievements

During 2016–17, the service area:

- prepared the *Local Government Electoral (Transparency and Accountability in Local Government) and Other Legislation Amendment Act 2017* to implement the government's response to the recommendations of the Crime and Corruption Commission Report – Transparency and Accountability in Local Government, ensuring more transparent disclosure of campaign donations in future local government elections
- delivered 67 face-to-face workshops across the state for 935 participants on topics including councillor conduct and ethical behaviour, complaints management, roles and responsibilities, financial accounting, good governance and effective meeting procedures with more than 90 per cent of participants satisfied or very satisfied with workshop content, delivery and presentation
- delivered face-to-face client service visits with local governments through a network of regional advisors assisting with issues, facilitating communication with other state agencies and providing a network of local intelligence for program and policy development.

| Local Government | Notes | 2016–17 Target/est. | 2016–17 Actual | Result |
|---|-------|---------------------|----------------|---|
| Service: Governance and statutory services | | | | |
| Effectiveness measures Level of satisfaction of local governments (Mayors and CEOs) that the regulatory framework gives them the authority and capacity to manage their interests, to be financially sustainable and accountable | 1 | 85% | 91% |  |
| Level of satisfaction of local governments (Mayors and CEOs) with the timeliness, effectiveness and consistency of advice and services provided by the department | 1 | 85% | 94% |  |
| Efficiency measure Average cost of administering and managing the councillor conduct complaints process per local government | 2 | \$12,600 | \$12,700 |  |
| Service: Local government capacity building | | | | |
| Effectiveness measure Extent to which participants believe that capacity building programs and initiatives increase their understanding of local government roles and responsibilities | 3 | 75% | 99% |  |
| Efficiency measure Cost of capacity building per local government | 4 | \$17,750 | \$19,420 |  |
|  Achieved or exceeded target  Result is below target | | | | |
| Notes: <ol style="list-style-type: none"> The annual survey of local government mayors and chief executive officers was undertaken in late 2016. The survey asks the mayors and chief executive officers whether they have the capacity to manage their interests and to be financially sustainable and accountable under the regulatory framework and measures timeliness, accessibility, quality, outcome and overall satisfaction of related advice and services. The councillor conduct complaint management administration process includes costs associated with the Remuneration and Discipline Tribunal and the regional conduct review panels, averaged across 76 local governments. Brisbane City Council is excluded as it has a separate councillor conduct complaint management process. The 2016–17 result is the level of satisfaction with capacity building programs and initiatives to increase understanding of local government roles and responsibilities based on results from the annual survey of local government mayors and chief executive officers. In 2016–17 the higher than anticipated cost of capacity building activities per local government reflects the department's increase in the allocation of resources for delivery of capacity building activities. | | | | |

Funding Programs and Community Initiatives

This service area is responsible for the administration of funding programs including the Local Government Grants and Subsidies Program, grants to Indigenous local governments, community-based grants and the local government loan borrowing program. The funding assists local governments to provide vital infrastructure and services in their communities. The service area consists of two services:

- Delivery of local government and community funding programs.
- Natural disaster preparedness and resilience.

Key achievements

During 2016–17, the service area:

- introduced a new and streamlined process for administering grant programs relating to natural disaster mitigation projects, community resilience and local government key infrastructure. The refined process involves having only one agreement – a Funding Deed of Agreement – instead of separate agreements for each project or allocation of funds
- administered funding programs for local government infrastructure projects and services including:
 - Works for Queensland – \$119.3 million
 - Local Government Grants and Subsidies Program – \$25.3 million
 - Community Resilience Fund – \$16.6 million
 - Natural Disaster Resilience Program – \$11.5 million
 - State Government Financial Aid Program – \$30.3 million
 - Local government loan borrowing program – \$786.3 million.

| Funding Programs and Community Initiatives | Notes | 2016—17 Target/est. | 2016—17 Actual | Result |
|--|-------|------------------------|-------------------|---|
| Service: Delivery of local government and community funding programs | | | | |
| Effectiveness measures Percentage of funded projects administered according to agreed timeframes and budget allocation | 1 | 90% | 90% |  |
| Efficiency measure Administration costs as a percentage of all funding distributed | 2 | <0.65% | <0.65% |  |
| Service: Natural disaster preparedness and resilience | | | | |
| Effectiveness measure Level of community resilience as measured by the Queensland Resilience Index | 3 | 5% | 0.3% |  |
| Efficiency measure Cost per Queenslanders of the department's Get Ready Queensland Community Resilience program initiatives | 4 | <0.60% | <0.60% |  |
|  Achieved or exceeded target  Result is below target | | | | |
| Notes: <ol style="list-style-type: none"> Funded projects include those approved under a number of departmental programs including Works for Queensland, the Local Government Grants and Subsidies Program, the Community Resilience Fund and the Natural Disaster Resilience Program. Administration costs are total labour costs as a percentage of the total value of local government grants and subsidies distributed. The Queensland Resilience Index measures changes in the level of resilience shown by Queenslanders over time. This is the total cost of the department's role in preparing and implementing the Get Ready Queensland Community Resilience program initiatives, expressed as a cost to each Queenslanders. | | | | |

Infrastructure Policy and Planning

This service area leads the Queensland Government's efforts in developing and coordinating policy, planning and prioritisation of infrastructure activities. The service area is responsible for delivering an Infrastructure Program coordination function across government ensuring infrastructure is prioritised based on economic or service delivery benefits, delivering the best possible value-for-money to Queenslanders on infrastructure investment.

Key achievements

During 2016–17, the service area:

- guided priorities and monitored delivery of programs under the \$2.2 billion State Infrastructure Fund, established to build priority infrastructure to support economic growth and liveability across Queensland including:
 - Priority Economic Works and Productivity Program – \$300 million over five years supporting more than 650 jobs
 - Significant Regional Infrastructure Projects Program – \$180 million to 25 projects over three years supporting 600 jobs
 - Maturing the Infrastructure Pipeline Program – \$20 million
 - Works for Queensland – \$119.3 million in 2016–17 supporting more than 700 maintenance and minor works projects in 65 local governments across regional Queensland
 - Pacific Motorway Mudgeeraba to Varsity Lakes upgrade – \$44 million
- developed Connecting Brisbane – a joint initiative between the department, the Department of Transport and Main Roads and Brisbane City Council in consultation with the Australian Government's Department of Infrastructure and Regional Development. The strategy, released in June 2017, will see Brisbane's transformation into a vibrant world city through a modern, high-frequency mass transit system
- progressed the annual update of the State Infrastructure Plan Part B, providing a forward pipeline of emerging capital and infrastructure investment across all asset classes over the next four years outlining potential opportunities and encouraging innovation and collaboration with industry
- led the establishment of the Cross River Rail Delivery Authority which became operational on 14 April 2017 with the appointment of the Cross River Rail Delivery Board
- developed the Townsville City Deal – Australia's first City Deal in partnership with the Australian Government, Townsville City Council and the local community.

| Infrastructure Policy and Planning | Notes | 2016–17 Target/est. | 2016–17 Actual | Result |
|---|-------|---------------------|----------------|---|
| Effectiveness measures Level of satisfaction of key stakeholders with timeliness and effectiveness of consultation undertaken by Infrastructure Policy and Planning | 1 | 70% | 81% |  |
| Efficiency measure Administration costs as a percentage of infrastructure investment coordinated through the service area | 2 | <0.5% | 0.1% |  |
|  Achieved or exceeded target  Result is below target | | | | |
| Notes: <ol style="list-style-type: none"> The 2016–17 actual result comprises the aggregate totals of two surveys – the Maturing the Infrastructure Pipeline Program evaluation survey and a survey of key infrastructure industry and local and state government stakeholders. Administration costs of the Infrastructure Policy and Planning function (excluding the Cities Transformation Taskforce and establishment of the Cross River Rail Delivery Authority project) as a proportion of infrastructure investment in the State Infrastructure Program. | | | | |

Better Planning for Queensland

This service area is responsible for delivering a streamlined planning framework that supports investment, jobs and community participation. The service area:

- works with key stakeholders to provide a streamlined and simplified legislative framework and overarching policy for the land use planning and development assessment system in Queensland
- partners with regional stakeholders to prepare – and lead delivery of – plans for regions, precincts and release areas that maximise the opportunities presented by each area and that both influence and respond to the State Infrastructure Plan
- delivers practical, effective and regionally-focused land use planning and development assessment services in collaboration with applicants, local governments and agencies that attract investment and deliver balanced development outcomes.

Key achievements

During 2016–17, the service area:

- released *ShapingSEQ* – the draft South East Queensland Regional Plan – which provides a framework for managing the region’s growth during the next 25 years and sets a vision for the next 50 years
- commenced preparation of the first regional plan for North Queensland which will provide the first ever blueprint for the region creating a clear direction for the region for the next 25 years and beyond
- delivered regulatory system reform through development and publication of the Minister’s Guidelines and Rules covering plan making requirements and the Development Assessment Rules covering development assessment processes
- delivered the new Planning Regulation 2017 and a refreshed State Planning Policy and State Development Assessment Provisions to ensure the state’s interests in plan making and development assessment are clearly, accurately and appropriately expressed
- delivered a comprehensive education, communication and support program which included a state-of-the-art
- e-planning platform to ensure councils, planning practitioners and the community were ready for commencement of the new planning system in July 2017
- delivered an e-planning platform comprising the new and improved electronic development application lodgement system known as MyDAS2 and an interactive web portal that is the central gateway for planning tools, activities and resources.

| Better Planning for Queensland | Notes | 2016–17 Target/est. | 2016–17 Actual | Result |
|---|-------|------------------------|--------------------|--|
| Effectiveness measures Percentage of State Assessment and Referral Agency responses issued within agreed timeframes and budget allocation | 1 | 80% | 75% |  |
| Efficiency measure Median number of days taken to assess and issue State Assessment and Referral Agency: <ul style="list-style-type: none"> • assessment manager decisions • concurrency agency responses | 1 | 17 days 20days | 17 days 25 days |   |
|  Achieved or exceeded target  Result is below target | | | | |
| Notes: 1. This measure will be discontinued in 2017–18 and replaced with more exhaustive measures to appropriately reflect the service area. | | | | |

Business and economic growth

This service area initiates a range of development projects to drive economic growth, facilitate renewal and generate ongoing employment opportunities, consistent with the Queensland Government's economic development agenda. The service area consists of two services:

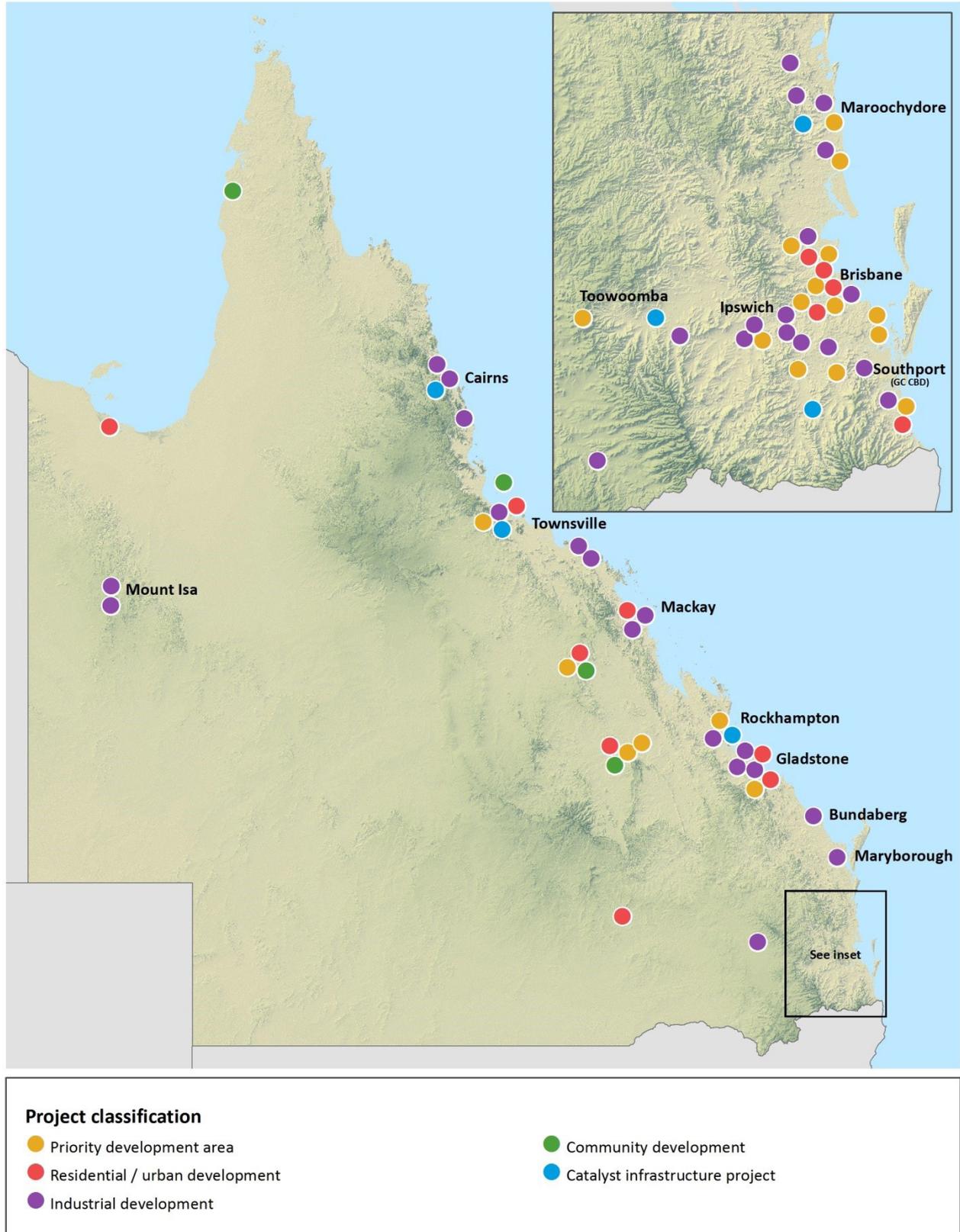
- Priority development planning and catalyst infrastructure delivery.
- Regional, urban and industrial development and investment.

Key achievements

During 2016–17, the service area:

- established agreements under the Priority Development Infrastructure and Catalyst Infrastructure Programs with \$58.4 million allocated to seven projects and approved \$24 million for two additional projects – the funding will allow for a range of infrastructure to be constructed to catalyse development for projects in Cairns, Townsville, the Sunshine Coast, Toowoomba and Bromelton
- met with 45 local governments across Queensland to discuss potential projects as part of the Advancing our cities and regions strategy
- facilitated development of Stage 1 of the \$850 million Yeerongpilly Green urban renewal project with remediation works completed and construction of new roads, with the developer expected to begin works in late 2017
- completed the design of the Ageing in Place pilot projects and entered into Development Management Agreements with Barcaldine, Ravenshoe and Cloncurry local governments
- completed the Palm Island town square rejuvenation in March 2017 – an initiative of the regional liveability strategy that includes new landscaping, improved shade shelters, pavement resurfacing and streetscaping, creating a great place for locals and visitors to meet.

EDQ development projects



| Business and Economic Growth | Notes | 2016–17 Target/est. | 2016–17 Actual | Result |
|--|-------|------------------------|-------------------|---|
| Service: Priority development planning and catalyst infrastructure delivery | | | | |
| Effectiveness measures Value of investment enabled through the Priority Development Infrastructure co-investment and Catalyst Infrastructure programs | 1 | \$61.2 million | \$55.2 million |  |
| Efficiency measure Value of investment enabled per dollar invested in the management of the Priority Development Infrastructure co-investment and Catalyst Infrastructure programs | 2 | \$1.60 | \$2.50 |  |
| Service: Regional, urban and industrial development and investment | | | | |
| Effectiveness measure Value of private sector investment generated through land sales | 3 | \$582.7 million | \$572.1 million |  |
| Percentage of development projects managed, facilitated or delivered within committed timeframes and approved budget | | 92% | 92% |  |
| Efficiency measure Value of private sector investment generated through land sales per dollar spent on sales management | 3,4 | \$6.99 | \$6.74 |  |
|  Achieved or exceeded target  Result is below target | | | | |
| Notes: <ol style="list-style-type: none"> The 2016–17 result was below the target due to approved projects progressing at different rates from what was forecast, impacting on the overall investment result. The 2016–17 actual result was greater than the target due to a higher proportion of funding from project proponents than anticipated. The actual value of private sector investment in 2016–17 was less than the target due to the lower than expected rate of private sector development within the Northshore Hamilton Priority Development Area. Value of private sector investment is the dollar value generated through the department’s facilitation of development projects and includes income received through land sales expressed per dollar total cost of operations. | | | | |

Our financial performance

Statement by the Chief Finance Officer

In accordance with requirements of the *Financial Accountability Act 2009*, the Chief Finance Officer has provided the Director-General with a statement confirming the financial internal controls of the department are operating efficiently, effectively and economically in conformance with section 57 of the Financial and Performance Management Standard 2009.

The Chief Finance Officer has fulfilled the minimum responsibilities as required by the *Financial Accountability Act 2009*.

Summary of financial performance

The financial summary provides an overview of the financial statements of the department for the year ended 30 June 2017, which are provided in detail in the 'financial statements' section of this report.

As at 30 June 2017, the reporting entity consists of five service areas:

- Local Government
- Funding Programs and Community Initiatives
- Infrastructure Policy and Planning
- Better Planning for Queensland
- Business and Economic Growth.

Table 1: Financial snapshot

| | 2017 | 2016 |
|---|-----------------|----------------|
| | \$'000 | \$'000 |
| Total income | 541,275 | 345,209 |
| Total expenses | 554,833 | 353,776 |
| Operating result from continuing operations (before tax) | (13,558) | (8,567) |
| Income tax equivalent (expense)/benefit | (7,048) | 6,407 |
| Operating result from continuing operations (after tax) | (20,606) | (2,160) |
| Other comprehensive income | | |
| Increase/(decrease) in asset revaluation reserve | 7,397 | (240) |
| Total comprehensive income | (13,209) | (2,400) |
| | | |
| Total assets | 1,175,957 | 1,087,179 |
| Total liabilities | 295,303 | 196,244 |
| Net assets (liabilities) | 880,654 | 890,935 |

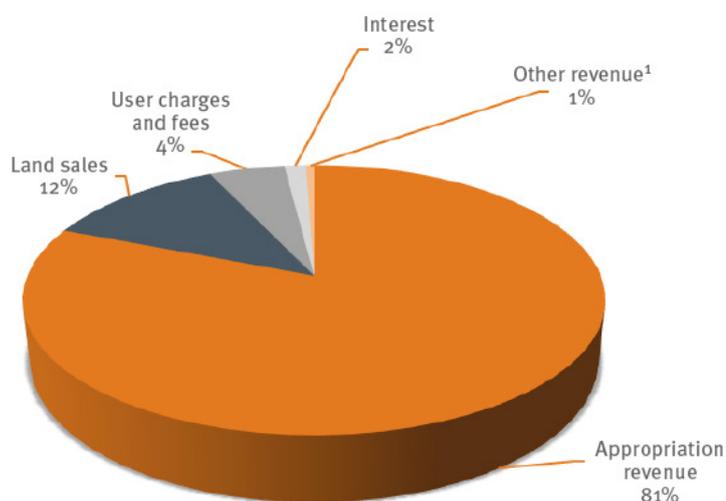
Source: Department of Infrastructure, Local Government and Planning

Our income – Where the funds come from

Income for the department totalled \$541.3 million for 2016–17. This represents an increase of \$196.1 million on the prior financial year mainly due to new funding for the Works for Queensland program and the Indigenous Councils Critical Infrastructure Program.

Appropriation revenue is the main source of income for the department at \$438.4 million (81%). Economic Development Queensland land sales accounted for \$65.2 million (12%) of the department’s income in 2016–17.

Figure 1 – Income by category for year ended 30 June 2017



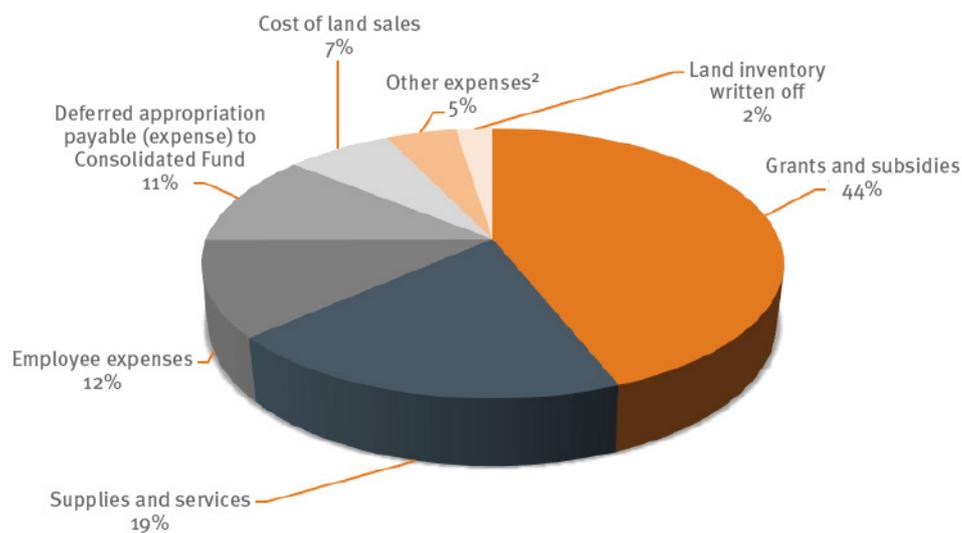
¹ Other revenue comprises the following financial statement line items: Grants and other contributions, gains on disposal/remeasurement of assets, other revenue.

Our expenses – How funds are spent

Expenses from continuing operations for the department totalled \$554.8 million for 2016–17, an increase of \$201.1 million on the prior financial year mainly due to funding provided to local governments under the new Works for Queensland program and additional contractor expenses incurred for the Cross River Rail project.

Grants and subsidies are the department’s major expense category at \$244.3 million (44%), supplies and services comprise \$107.6 million (19%), followed by employee expenses of \$64 million (12%).

Figure 2 – Expenses by major category for year ended 30 June 2017

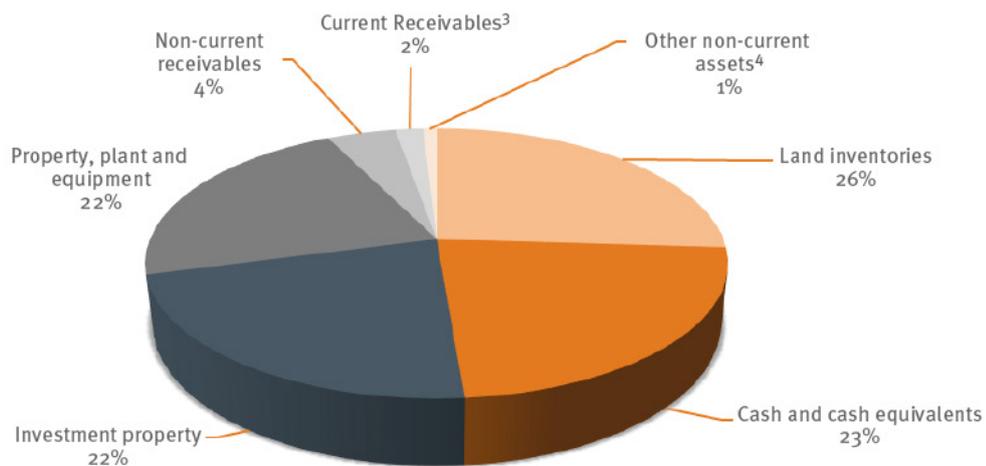


² Other expenses comprises of the following financial statement line items: Depreciation and amortisation, impairment losses, finance/borrowing costs, other expenses.

Our assets – What we own

As at 30 June 2017, the department held assets totalling \$1176 million, with \$305.5 million (26%) relating to land inventories and \$267.6 million (23%) held as cash and cash equivalents. Property, plant and equipment accounted for \$257.6 million (22%) and investment property for \$259.9 million (22%).

Figure 3 – Assets by category for year ended 30 June 2017



³ Current Receivables comprises of the following financial statement line items: Current receivables and other current assets.

⁴ Other non-current assets comprises of the following financial statement line items: Intangible assets and deferred tax equivalent asset.

Our liabilities – What we owe

As at 30 June 2017, the department held liabilities totalling \$295.3 million, with \$86.9 million (29%) relating to the deferred tax equivalent liability in Economic Development Queensland.

Governance

Executive Leadership Team



Frankie Carroll, Director-General

Frankie is responsible for providing visionary, values-based leadership and management to the department and its portfolio agencies. The Director-General guides the department to deliver high-quality, sustainable services, programs, policy and corporate objectives that align with the Queensland Government's objectives for the community.



Darren Crombie, Deputy Director-General, Infrastructure Policy and Planning

Darren is responsible for driving the department's whole-of-government leadership role in infrastructure policy, planning and coordination, including the State Infrastructure Plan.



Steve Conner, Acting Deputy Director-General, Planning

Steve is responsible for delivering the legislative framework and overarching policy for land use planning and development assessment.



Greg Chemello, General Manager, Economic Development Queensland

Greg is responsible for identifying, planning, facilitating and delivering property development and infrastructure projects across Queensland.



Paul Carlson, Acting Deputy Director-General, Local Government and Regional Services

Paul is responsible for promoting and supporting a sustainable local government sector, and for driving the relationship between local governments and the state.



Malcolm Middleton, Queensland Government Architect

Malcolm is responsible for providing whole-of-government leadership and strategic advice in relation to the built environment, urban design, procurement and heritage issues.



Kathy Parton, Deputy Director-General, Strategy, Governance and Engagement

Kathy is responsible for delivering responsive and robust strategy, policy, business and governance services.



Megan Read, Executive Director, South Bank

Megan is responsible for managing the department's obligations and relationship with South Bank Corporation and managing the state's role under the South Bank and Roma Street Parklands funding and management arrangements with Brisbane City Council.



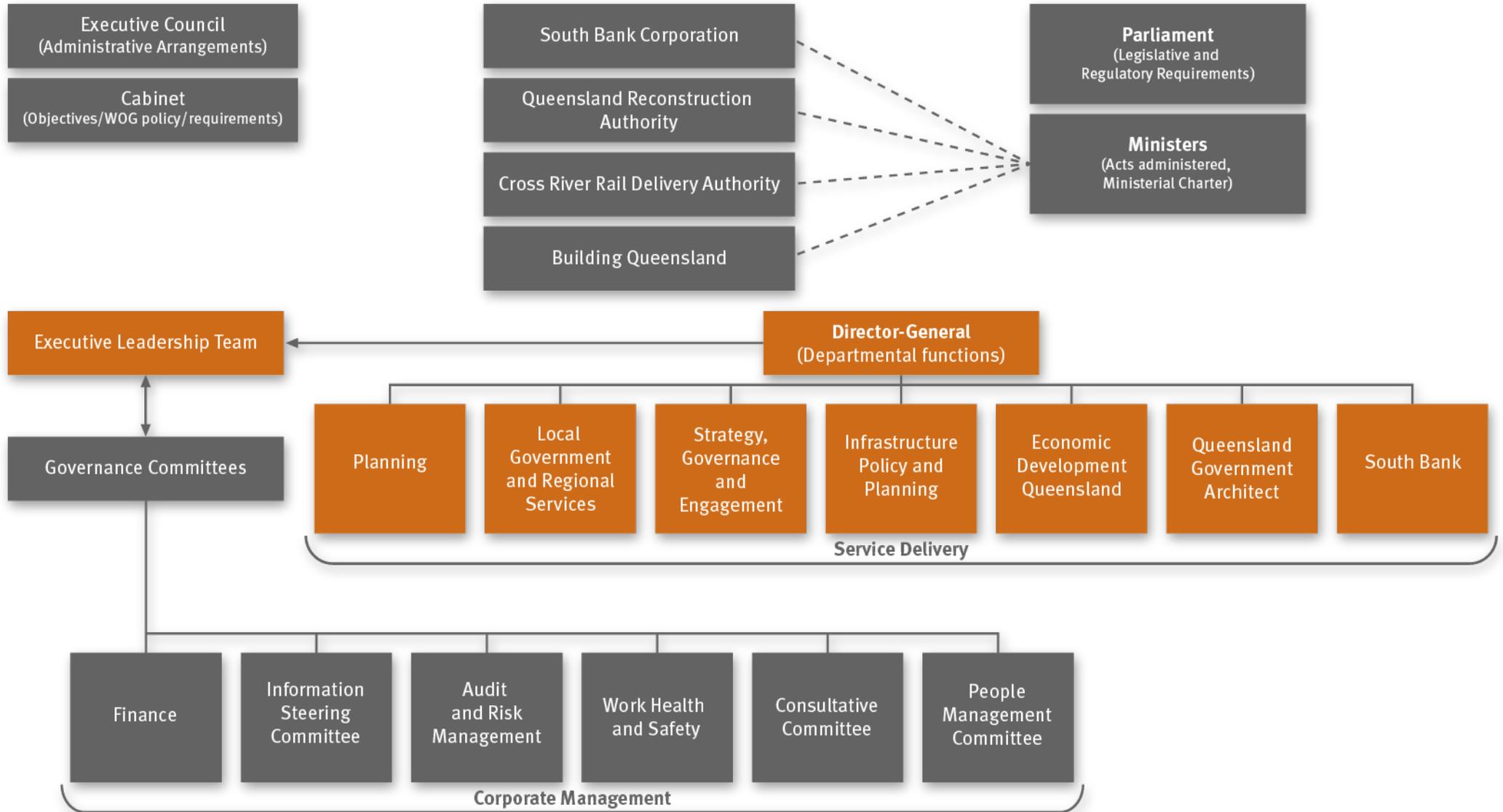
Corporate governance refers to the mechanisms, processes and relationships by which an organisation is guided and managed. The department operates in an ethical, transparent and accountable manner and supports the Director-General to deliver high-quality, value-for-money outcomes for Queenslanders. Sound governance supports and guides departmental staff in the actions they take and the decisions they make every day to achieve the government's objectives.

The department delivers its services by:

- establishing strategy and direction including governance committees
- effective performance management and reporting that supports our strategic direction
- effective compliance and accountability that underpins our services
- developing capable people who deliver services in an ethical and accountable way.

The department's governance framework articulates the governance accountabilities.

Governance framework



Governance committees

| Committee | Membership |
|----------------------------------|--|
| Executive Leadership Team | <ul style="list-style-type: none"> • Director-General (Chair) • Deputy Director-General, Strategy, Governance and Engagement • Acting Deputy Director-General, Planning • Acting Deputy Director-General, Local Government and Regional Services • Deputy Director-General, Infrastructure Policy and Planning • General Manager, Economic Development Queensland • Queensland Government Architect • Executive Director, South Bank |

The Executive Leadership Team supports the Director-General in discharging his responsibilities as the department's accountable officer by providing leadership, direction and guidance. The team's focus is on strategic planning, policy setting, risk management, resource allocation and financial performance management and reporting, ensuring the department is responsive to changing community and business needs, and government priorities. The Executive Leadership Team meets twice every month.

Finance Committee

- Director-General (Chair)
- Deputy Director-General, Strategy, Governance and Engagement
- Acting Deputy Director-General, Local Government and Regional Services
- Acting Deputy Director-General, Planning
- Deputy Director-General, Infrastructure Policy and Planning
- General Manager, Economic Development Queensland

The Finance Committee was established pursuant to the requirements of the *Financial Accountability Act 2009* and the Financial and Performance Management Standard 2009 to assist the Director-General in the management of the department's finances. It provides advice and direction to deliver departmental services in the most efficient, effective and economical manner. The committee meets quarterly or as otherwise determined by the Chair.

Audit and Risk Management Committee

- Deputy Director-General, Strategy, Governance and Engagement
- General Manager, Economic Development Queensland
- 3 external members (including the Committee Chair)

The Audit and Risk Management Committee has five members and provides independent assurance and assistance to the Director-General on the risks, control and compliance frameworks of the department and external accountability responsibilities as prescribed in legislation and standards. The committee meets at least four times each year.

| Committee | Membership |
|--|---|
| Information Steering Committee (Committee shared with Department of State Development as network and system provider) | Department of State Development <ul style="list-style-type: none"> • Deputy Director-General, Business Solutions and Partnerships (Chair) • Deputy Director-General, Regional Economic Development • Executive Director, Major Projects and Property Department of Infrastructure, Local Government and Planning <ul style="list-style-type: none"> • Deputy Director-General, Strategy, Governance and Engagement • Acting Deputy Director-General, Planning |
| <p>The role of the Information Steering Committee is to provide advice to the Directors-General on the strategic application of information management and technology, related personnel resources and funding, to ensure that new investments support the goals and needs of the department. The committee aims to obtain value-for-money and return on investment within well-controlled risk containment and benefits management frameworks. The Information Steering Committee meets quarterly or as otherwise determined by the Chair and is supported by the Information Management Committee.</p> | |

Risk management and accountability

During 2016–17, machinery of government changes resulted in risk management coordination services transitioning to the Department of Infrastructure, Local Government and Planning from the Department of State Development. These services were previously provided by the Department of State Development under a service level agreement.

The Department of Infrastructure, Local Government and Planning is focused on improving its risk management practices and, in late 2016, commissioned an internal audit review of its enterprise and strategic risk management function and processes. The department is working with internal audit and the Executive Leadership Team to implement the recommendations of the review.

Identification of operational risks including analysis and treatment is undertaken by all business areas, integrating sound risk management practice into operational planning across the department. Since the abovementioned internal audit review, the department has reported quarterly to the Audit and Risk Management Committee on the implementation of the report recommendations and provides risk status reports during the development of the new framework.

Audit and Risk Management Committee

The Audit and Risk Management Committee was established pursuant to the Financial and Performance Management Standard 2009. It provides independent assurance and assistance to the Director-General on the department's risks, control and compliance frameworks and external accountability responsibilities as prescribed in legislation and standards.

The Audit and Risk Management Charter establishes the authority and responsibilities of the committee and was prepared in accordance with:

- relevant provisions of the *Financial Accountability Act 2009* and Financial and Performance Management Standard 2009
- Queensland Treasury Audit Committee Guidelines – Improving Accountability and Performance
- better practice guidance issued by the Australian National Audit Office
- legislative, regulatory and other requirements – promoting a culture of lawful and ethical behaviour.

The committee met on four occasions during 2016–17.

Membership of the committee and remuneration (where applicable) in 2016–17 included:

- Eric Muir – Chair and External member. Remuneration: \$6,958
- Karen Smith-Pomeroy – External member. Remuneration: \$4,072
- Michael Glover – External member, Executive Director, Department of Tourism, Major Events, Small Business and the Commonwealth Games
- Greg Chemello, General Manager, Economic Development Queensland
- Kathy Parton, Deputy Director-General, Strategy, Governance and Engagement.

During 2016–17 the committee:

- reviewed and noted the department's annual report for the year ended 30 June 2016
- reviewed and endorsed the department's financial statements for the year ended 30 June 2016
- reviewed and endorsed the department's Internal Audit Strategic Plan 2017–20/Annual Audit Plan 2017–18
- endorsed the Audit and Risk Management Charter and the Internal Audit Charter for 2017–18
- received regular reports on internal audit activities including audits and reviews completed as part of the Internal Audit Annual Audit Plan 2016–17
- reviewed and considered the Queensland Audit Office Strategic Audit Plan and the Client Strategy for the department
- considered the scheduling, status, findings and audit recommendations of the Queensland Audit Office
- oversaw the implementation of internal and external audit recommendations
- endorsed the department's risk management framework and received regular reports on the department's risk status
- continued its oversight of the department's risk management approach and activities, including reports provided to the committee.

The committee considers that it has met the terms of its charter and has had due regard to the Queensland Treasury Audit Committee Guidelines.

Internal audit

Pursuant to section 29 of the Financial and Performance Management Standard 2009, the department has an established independent internal audit function.

Internal audit provides independent, objective assurance and consulting services designed to add value and improve the department's operations and assists the department to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Internal audit operates under an approved charter that sets the purpose, authority and responsibilities of the department's internal audit function. The Internal Audit Charter has been prepared with reference to the relevant provisions of the *Financial Accountability Act 2009* and the Financial and Performance Management Standard 2009, the Institute of Internal Auditors International Professional Practice Framework, the Queensland Treasury Audit Committee Guidelines – Improving Accountability and Performance, and the better practice guidance issued by the Australian National Audit Office. The charter was endorsed by the Audit and Risk Management Committee and approved by the Director-General and is consistent with accepted auditing and ethical standards.

The scope of internal audit coverage for 2016–17 was set out in the Internal Audit Strategic Plan 2016–19/Annual Audit Plan 2016–17, endorsed by the Audit and Risk Management Committee and approved by the Director-General. This plan followed a risk-based methodology, balancing emerging issues against reviews of core business and transactional processes. Auditable areas were identified based on consultation and assurance mapping.

The head of internal audit is Jo Buckley CA, B.Com. The head of internal audit is directly accountable to the Director-General for leading an effective and efficient internal audit function and for ensuring the internal audit activity meets its objectives and adds value to the department. The head of internal audit reports regularly to the Audit and Risk Management Committee, which reviews the work of the internal audit function.

Achievements of internal audit during 2016–17 include:

- developed and delivered a risk-based annual plan of audits and reviews endorsed by the Audit and Risk Management Committee and approved by the Director-General covering assurance about, and improving effectiveness of, governance, financial controls, systems, project management, operations, compliance and risk management
- provided advisory services to the department to improve risk management, control and governance, and business operations
- completed audits and reviews as agreed with the Audit and Risk Management Committee, resulting in appropriate management recommendations for improving governance processes, internal controls and business operations
- assessed the effectiveness and efficiency of key departmental financial and operating systems, reporting processes and activities
- proactively followed-up management regarding their timely implementation of internal and external audit recommendations
- provided secretariat services as outlined in the Audit and Risk Management Charter
- operated a co-sourced service delivery model for the provision of an effective internal audit function
- maintained an effective working relationship with the Queensland Audit Office.

External scrutiny

In addition to his annual audit of the department's financial statements, the Auditor-General conducted performance audits and whole-of-government audits, in accordance with the QAO Strategic Audit Plan and advice to the Director-General.

QAO audits directly applicable to the department included:

- Auditor-General's Report 1: 2016–17, Strategic procurement – tabled in Parliament 27 September 2016.
- Auditor-General's Report 2: 2016–17, Forecasting long-term sustainability of local government – tabled in Parliament 11 October 2016.
- Auditor-General's Report 3: 2016–17, Follow-up: Monitoring and reporting performance – tabled in Parliament 9 November 2016.
- Auditor-General's Report 8: 2016–17, Queensland state government: 2015–16 results of financial audits – tabled in Parliament 16 December 2016.
- Auditor-General's Report 13: 2016–17, Local government entities: 2015–16 results of financial audits – tabled in Parliament 4 April 2017.
- Auditor-General's Report 16: 2016–17, Government advertising – tabled in Parliament 30 May 2017.
- Auditor-General's Report 17: 2016–17, Organisational structure and accountability – tabled in Parliament 31 May 2017.

Recommendations addressed to the department were all accepted and management plans are in place to implement those recommendations. Progress in implementing the Auditor-General's recommendations is monitored and followed-up by internal audit and reported to the Audit and Risk Management Committee for review and noting.

Ethics and integrity

Under the *Public Sector Ethics Act 1994* the department's Ethics and Integrity Framework ensures systems, policies, procedures and resources are in place to provide assurance that all activities are conducted in an ethical, accountable and transparent manner.

The department receives services from the Department of State Development's Ethics and Governance Unit, under a service level agreement between the departments.

Services provided to the department under the arrangement include:

- managing customer complaints
- assessing complaints about alleged employee misconduct
- registering lobbyist contacts
- registering declarations of interests and advising on strategies to manage conflicts of interest
- providing an ethics advice hotline and email service
- providing Code of Conduct, ethics, fraud and corruption prevention and public interest disclosure training
- liaising with the Queensland Ombudsman's Office
- liaising with the Crime and Corruption Commission in relation to matters concerning department employees
- managing public interest disclosures involving department employees
- preventing fraud and corruption
- open data
- corporate policy coordination and review.

Departmental employees uphold the Queensland Public Service Code of Conduct and are provided with regular training and awareness raising activities on this topic. Ethics and integrity components form part of induction sessions and training opportunities are also available online. Training sessions are also to be delivered to specific business units with dedicated sessions for senior executives. A focus this year has been placed on ensuring staff have an improved understanding and appreciation of the risks and consequences of accepting gifts and benefits.

Information systems and recordkeeping

The department views information as a key asset that is vital for its ongoing operations and provides valuable evidence of business decisions, activities and transactions. Best practice information and records management policies, procedures and systems are used to ensure compliance with legal requirements, continuous and timely service delivery and a reduction in risk.

Business information is accessible, transparent, trustworthy and secure – facilitating timely decision making on a range of customer service, program delivery, management and administration matters.

Staff are aware of their obligations to capture business information in the department's electronic document records management system. This is evidenced through 390,786 items of correspondence, documents and records being captured, managed and secured during 2016–17.

Additionally, 3,557 development applications were electronically managed through an assessment and referral process using the department's online management system, MyDAS. Trained staff maintain the integrity of both these systems.

The department also uses the whole-of-government SAP and Aurion systems for finance and human resource management respectively.

The move to One William Street in October 2016 was a key driver for an agency-wide cultural change to move towards a 'born digital, stay digital' approach to managing information. Use of internal electronic approval processes within the electronic document records management system has increased by 16 per cent during 2016–17 removing the need to print, sign and retain many paper records.

The department has had a proactive approach to information and records management by:

- managing and securing information and recordkeeping systems that comply with Queensland Government information standards and policies
- reviewing paper-based business processes with a focus on transitioning to electronic workflow
- establishing realistic performance goals and effective quality assurance and monitoring programs
- creating information management awareness resources and systems training to improve information management maturity and awareness of legislative compliance
- actively reviewing offsite storage facilities and applying retention and disposal tagging in accordance with the Public Records Act 2002 and approved retention and disposal schedules.

No records were reported as lost or unlawfully destroyed in 2016–17.



Our workforce

The department's human resources' vision to enable business excellence through people is underpinned by a culture of innovation and collaboration and a resolve to enhance leadership capability and build workforce engagement. Our goal is to have a high-performing, innovative and diverse workforce.

Queensland Public Service Values

These values are the building blocks for our workplace culture enabling staff to work efficiently, productively and professionally to deliver government priorities and meet the needs of Queenslanders. Teams and individuals are encouraged to deliver high-quality outcomes through innovation, creativity and collaboration within an inclusive and diverse work environment.

| | | | | |
|---|---|--|---|---|
|  <p>Customers first</p> <ul style="list-style-type: none"> • Know your customer • Deliver what matters • Make decisions with empathy |  <p>Ideas into action</p> <ul style="list-style-type: none"> • Challenge the norm and suggest solutions • Encourage and embrace new ideas • Work across boundaries |  <p>Unleash potential</p> <ul style="list-style-type: none"> • Expect greatness • Lead and set clear expectations • Seek, provide and act on feedback |  <p>Be courageous</p> <ul style="list-style-type: none"> • Own your actions, successes and mistakes • Take calculated risks • Act with transparency |  <p>Empower people</p> <ul style="list-style-type: none"> • Lead, empower and trust • Play to everyone's strengths • Develop yourself and those around you |
|---|---|--|---|---|

Workforce planning, performance and development

Our strategic objective is to cultivate a high-performing, innovative and diverse workforce that delivers value-for-money services and outcomes.

With a focus on this objective and to contribute to the Queensland Government's objectives for the community, the human resources team:

- established the Cross River Rail Delivery Authority and Cities Transformation Taskforce teams
- undertook an organisational restructure across business groups for improved efficiencies
- established the People Management Committee – a body facilitating the achievement of the Strategic Workforce Plan objectives
- delivered anti-discrimination and anti-bullying training to all departmental employees
- established the Work and Welcome refugee placement program and the 'influence' mentoring program – Mentored at First Sight
- continued department-specific human resource programs covering leadership development, disability awareness, health and wellbeing
- implemented the highly successful health and wellbeing program – 'invigorate'.

The department continued to implement workforce strategies outlined in the Strategic Workforce Plan: 2017–2022 by:

- commencing the implementation of a departmental learning management system
- introducing a revised employee performance management system
- providing additional employee health and wellbeing programs
- reviewing and updating selection and recruitment processes to eliminate unconscious bias
- initiating improvements to existing human resource programs and their ongoing delivery
- promoting and supporting flexible work arrangements
- introducing NAIDOC day and other celebrations under the 'inclusion' and diversity program.

The department's leadership team encourages and promotes a motivated, capable, professional and resilient workforce. With the creation of the People Management Committee in November 2016, the leadership team had a renewed focus on creating a collaborative and innovative workplace culture and delivering quality outcomes for our customers.

The department's performance management system 'insight' is a cyclical program that focuses on regular conversations to set performance expectations, establishes clear linkages to the department's goals and allows two-way feedback and identification of individual development needs. It supports the department's objectives, incorporating the Queensland Public Service values and providing opportunities for improved employee engagement and performance.

In 2016–17, the department commenced the implementation of a learning management system in response to feedback from the Employee Opinion Survey.

The department's face-to-face and online induction program was revised, complemented by the recording of live sessions for viewing by regional staff. New staff are expected to attend an induction program within three months of commencing employment.



71 departmental employees attended face-to-face and live-streamed inductions.

The department is committed to supporting its current leaders and to developing employees with aspirations towards future leadership roles through its 'inspire' leadership development program. This program is open to all departmental employees and promotes the concept of leadership at all levels.

Several members of staff participated in leadership development and other professional development programs offered through the Public Service Commission and internally the 'inspire' leadership and 'influence' mentoring events.



9 mentors and mentees participated in the department's initial Mentored at First Sight program.

The Walk in my Shoes disability awareness education program was continued and the Work and Welcome program was introduced providing 12 weeks of work experience for a refugee within the department and promoting cross cultural awareness.



26 departmental staff attended the Walk in my Shoes disability awareness program.

The department offers its employees a comprehensive health and wellbeing program. In 2016–17, there was increased take-up of flu vaccinations, senior executive health assessments and skin cancer screenings.

Employees were provided with several options to provide appropriate flexibility in their work arrangements. These included:

- work from home and telecommuting arrangements
- part-time hours and job sharing
- compressed hours
- flexible work hours.

Employees' feedback from the annual Working for Queensland Employee Opinion Survey, the Consultative Committee and the Ask the DG intranet link informs the department's workforce planning and its training and professional development programs.

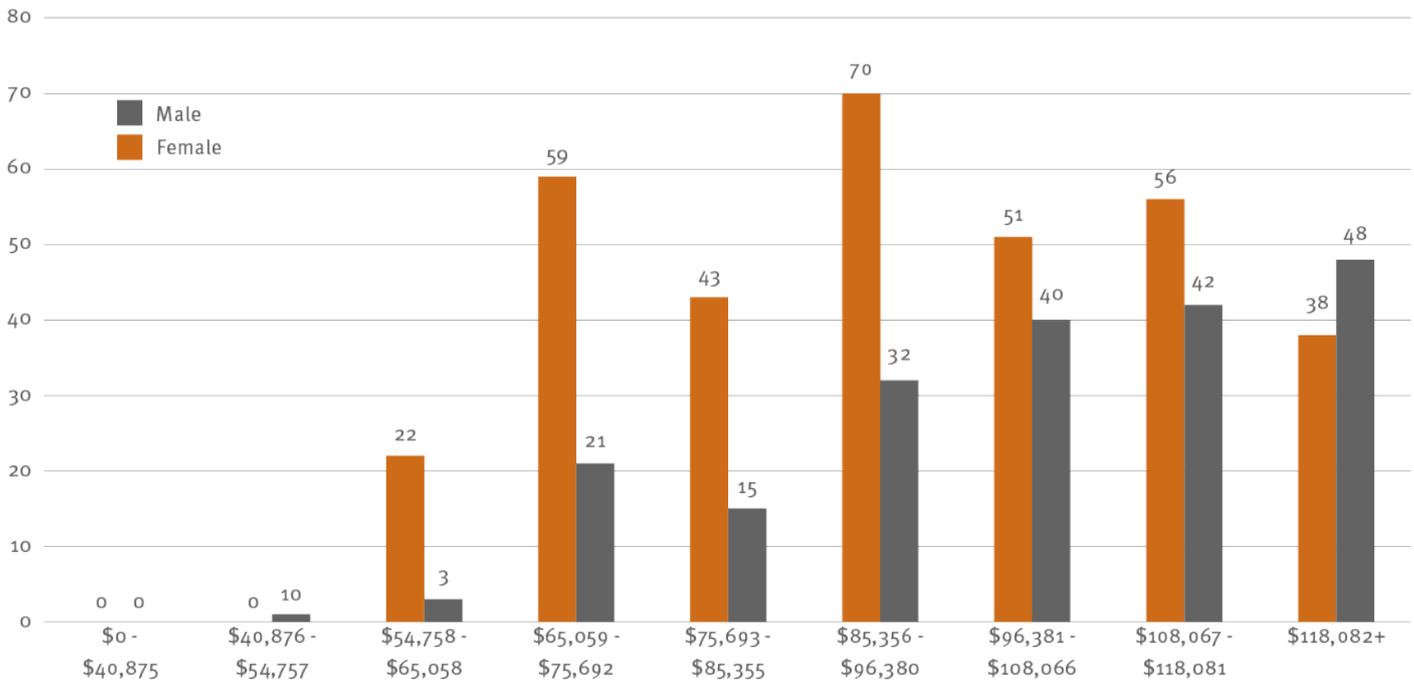


96% response rate for the employee opinion survey – more than double the overall Queensland Public Sector response rate.

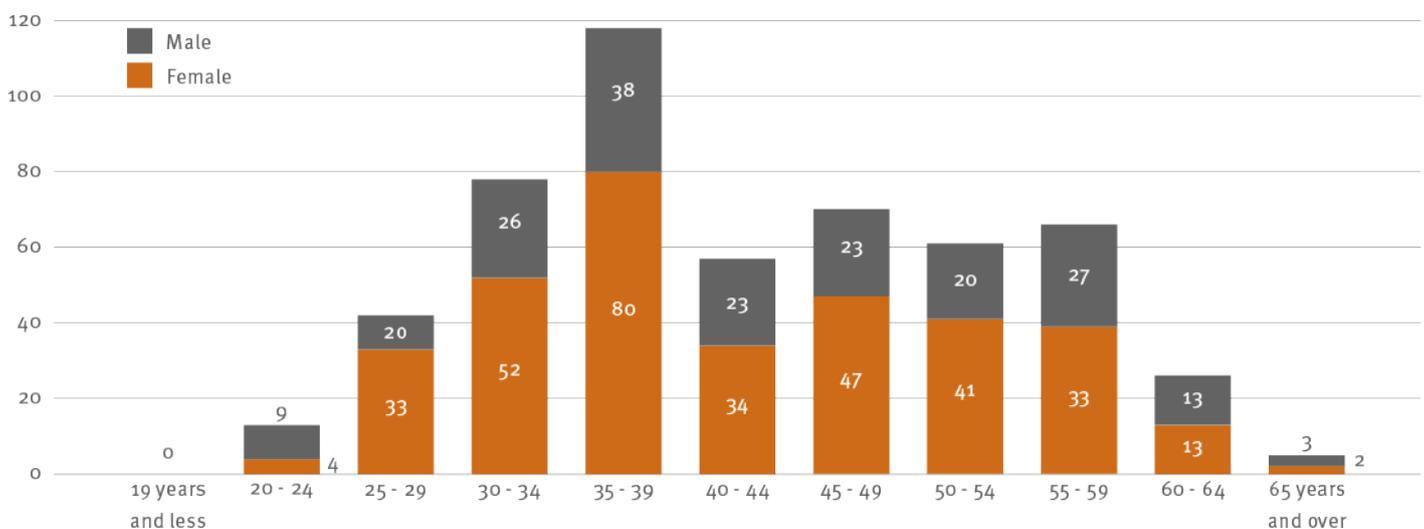
Workforce profiles

As at 30 June 2017, the department had 514 full-time equivalent staff with a head count of 541. The permanent separation rate for the 2016–17 financial year was 4.16 per cent. The graphs below show salary levels by gender and total number of employees by age group in 2016–17.

Employees by salary and gender



Employees by age group



Redundancy

During the period, one employee received a redundancy package at a cost of \$43,282.

Industrial and employee relations framework

Consultative Committee

The Consultative Committee is the department's consultative body for unions and management, created pursuant to Part 9 of the State Government Entities Certified Agreement 2015. The Committee meets on a quarterly basis and considers:

- workload management
- organisational change and restructuring
- training
- union encouragement
- work/life balance
- organisational matters including workforce management policies.

Work Health and Safety Committee

The Work Health and Safety Committee's role is to:

- contribute to departmental compliance with the *Work Health and Safety Act 2011*
- identify risks and solutions and make recommendations on work health and safety
- assist in developing standards, policies, procedures and training programs
- promote best practice and continuous improvement approaches
- facilitate cooperation between the Director-General and employees regarding health and safety issues through an agreed action plan.

Industrial and employee relations

The human resources team provides advice and support in relation to workforce planning, capability development, performance management, entitlements, policies and processes to the department's leaders and employees. This includes intervention strategies to assist with the early resolution and management of issues at the local level.

In 2016–17, continued improvement through review and revision of human resources materials and information on the department's intranet occurred to aid in the accessibility and ease of use.

The department was not party to any industrial disputes during 2016–17.

Financial statements for the year ended 30 June 2017

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DEPARTMENT OF INFRASTRUCTURE, LOCAL GOVERNMENT AND PLANNING
Statement of Comprehensive Income for the year ended 30 June 2017

| | Variance | Note | 2017 Actual \$'000 | 2017 Original Budget \$'000 | 2017 Budget Variance \$'000 | 2016 Actual \$'000 |
|---|----------|------|--------------------------|--------------------------------------|--------------------------------------|--------------------------|
| Income from continuing operations | | | | | | |
| Appropriation revenue | a. | 2 | 438,442 | 340,030 | 98,412 | 206,204 |
| Land sales | b. | | 65,211 | 73,863 | (8,652) | 89,635 |
| User charges and fees | | 3 | 26,989 | 23,338 | 3,651 | 34,879 |
| Grants and other contributions | | | 1,362 | 1,958 | (596) | 3,526 |
| Interest | | | 7,772 | 5,399 | 2,373 | 7,312 |
| Other revenue | | | 1,356 | 5 | 1,351 | 3,107 |
| Total revenue | | | 541,132 | 444,593 | 96,539 | 344,663 |
| Gains on disposal/remeasurement of assets | | | 143 | - | 143 | 546 |
| Total income from continuing operations | | | 541,275 | 444,593 | 96,682 | 345,209 |
| Expenses from continuing operations | | | | | | |
| Employee expenses | | 4 | 63,965 | 61,087 | 2,878 | 53,837 |
| Supplies and services | c. | 7 | 107,589 | 127,350 | (19,761) | 72,493 |
| Grants and subsidies | d. | 8 | 244,260 | 201,970 | 42,290 | 130,489 |
| Deferred appropriation payable (expense) to Consolidated Fund | e. | | 61,198 | - | 61,198 | 4,925 |
| Depreciation and amortisation | | | 2,483 | 477 | 2,006 | 2,337 |
| Impairment losses | | | 191 | - | 191 | 125 |
| Cost of land sales | f. | | 38,546 | 48,392 | (9,846) | 64,111 |
| Land inventory written off | g. | | 13,389 | - | 13,389 | 7,348 |
| Finance/borrowing costs | | | 2,148 | 2,169 | (21) | 2,578 |
| Other expenses | h. | 9 | 21,064 | 8,946 | 12,118 | 15,533 |
| Total expenses from continuing operations | | | 554,833 | 450,391 | 104,442 | 353,776 |
| Operating result from continuing operations before income tax equivalent | | | (13,558) | (5,798) | (7,760) | (8,567) |
| Income tax equivalent (expense)/benefit | i. | 14 | (7,048) | (269) | (6,779) | 6,407 |
| Operating result from continuing operations after income tax equivalent | | | (20,606) | (6,067) | (14,539) | (2,160) |
| Other comprehensive income | | | | | | |
| <i>Items that will not be reclassified to operating result:</i> | | | | | | |
| Increase/(decrease) in asset revaluation surplus | j. | 17 | 7,397 | - | 7,397 | (240) |
| Total other comprehensive income | | | 7,397 | - | 7,397 | (240) |
| Total comprehensive income | | | (13,209) | (6,067) | (7,142) | (2,400) |

The accompanying notes form part of these statements.

Explanations of major budget versus actual variances:

a. Appropriation revenue

The actual appropriation revenue received is higher than the budgeted figure by \$98.412 million due to new funding received for the Works for Queensland program announced in January 2017 and the Indigenous Councils Critical Infrastructure Program. This increased revenue is offset by deferrals mainly due to the revised schedule of activities for Better Planning Queensland and Maturing the Infrastructure Pipeline Program as outlined in variance note (c) and changes in timing of grants and subsidies payments as outlined in variance note (d).

b. Land sales

This variance of \$8.652 million substantially arises from the softening of the residential market in regional Queensland throughout the financial year which resulted in lower volumes of sales and revenues. As sales for 2016-17 were less than budgeted, the cost of sales incurred for residential projects were also less than budgeted as outlined in variance note (f).

c. Supplies and services

The supplies and services expenses are \$19.761 million lower than the budgeted figure mainly due to:

- activities under the Better Planning for Queensland initiative rescheduled for 2017-18, including delivery of the innovation and improvement fund, finalisation of the South East Queensland Regional Plan and North Queensland Regional Plan
- the Maturing the Infrastructure Pipeline Program rapid assessment and early stage assessment activities being rescheduled for finalisation in the first quarter of 2017-18
- the rescheduling of development activity to better align with current market conditions.

d. Grants and subsidies

The grants and subsidies payments are \$42.29 million higher than budgeted due to the new Works for Queensland program announced in January 2017, which delivered funding of \$119.34 million to local governments in 2016-17. This increase is mainly offset by the revised scheduling of approved projects and the deferral of funding to 2017-18 for the Community Resilience Fund, Local Government Grants and Subsidies Program, Yeppoon and Rockhampton Revitalisation projects and the Royalties for the Regions Program.

e. Deferred appropriation payable (expense) to Consolidated Fund

The appropriation payable to Queensland Treasury at 30 June 2017 was \$61.198 million. Of this cash received in 2016-17, \$30 million was new funding for the Indigenous Councils Critical Infrastructure Program which will now commence early 2017-18. The remaining balance is mainly due to the rescheduling of local government claims for projects funded from the Local Government Grants and Subsidies Program, Community Resilience Fund, Royalties for the Regions Program and the Natural Disaster Resilience Program.

f. Cost of land sales

The overall decrease of \$9.846 million relates substantially to lower than budgeted sales for residential projects as a result of the softening of the residential market in regional Queensland. As sales for 2016-17 were less than budgeted as outlined in variance note (b), cost of sales were also less than budgeted.

g. Land inventory written off

The unbudgeted write-down in the value of land inventory of \$13.389 million was due to the softening of the regional Queensland residential and industrial land market. The write-down reflects prevailing market conditions following recent valuation reports and the biannual business case review.

h. Other expenses

The other expenses are higher than the budgeted figure by \$12.118 million mainly due to the recognition of concessional loan discounts of \$8.839 million relating to payments under the Catalyst Infrastructure Program and increased tax payments which are based on current levies and assessable land values.

i. Income tax equivalent (expense)/benefit

The variance of \$6.779 million is mainly due to adjusting assessable income to include prior year grant funding upon confirmation of tax effect treatment by the National Taxation Equivalent Regime Administrator.

j. Increase/(decrease) in asset revaluation surplus

The variance of \$7.397 million is due to an upward revaluation of land holdings of \$5.510 million and infrastructure assets of \$1.887 million as a result of the annual asset valuation process.

DEPARTMENT OF INFRASTRUCTURE, LOCAL GOVERNMENT AND PLANNING
Statement of Financial Position as at 30 June 2017

| | Variance | Note | 2017 Actual \$'000 | 2017 Original Budget \$'000 | 2017 Budget Variance \$'000 | 2016 Actual \$'000 |
|--------------------------------------|----------|------|--------------------------|--------------------------------------|--------------------------------------|--------------------------|
| Current assets | | | | | | |
| Cash and cash equivalents | k. | 20 | 267,562 | 116,949 | 150,613 | 228,433 |
| Receivables | | 10 | 20,867 | 24,606 | (3,739) | 17,535 |
| Land inventories | l. | 11 | 305,495 | 337,667 | (32,172) | 307,789 |
| Income tax receivable | | 14 | - | - | - | 546 |
| Other assets | | | 648 | 111 | 537 | 103 |
| Total current assets | | | 594,572 | 479,333 | 115,239 | 554,406 |
| Non-current assets | | | | | | |
| Receivables | m. | 10 | 53,203 | 114,018 | (60,815) | 26,348 |
| Property, plant and equipment | n. | 12 | 257,641 | 326,223 | (68,582) | 254,918 |
| Investment property | o. | 13 | 259,933 | 237,830 | 22,103 | 245,078 |
| Intangible assets | | | 7,486 | 7,447 | 39 | 5,921 |
| Deferred tax equivalent asset | | 14 | 3,122 | 2,466 | 656 | 508 |
| Total non-current assets | | | 581,385 | 687,984 | (106,599) | 532,773 |
| Total assets | | | 1,175,957 | 1,167,317 | 8,640 | 1,087,179 |
| Current liabilities | | | | | | |
| Payables | p. | 15 | 139,705 | 31,314 | 108,391 | 53,401 |
| Accrued employee benefits | | | 2,857 | 1,620 | 1,237 | 2,216 |
| Interest-bearing liabilities | q. | 20 | 8,493 | 61,860 | (53,367) | - |
| Income tax payable | | 14 | 6,659 | 269 | 6,390 | - |
| Other current liabilities | | 16 | 12,037 | 16,353 | (4,316) | 11,064 |
| Total current liabilities | | | 169,751 | 111,416 | 58,335 | 66,681 |
| Non-current liabilities | | | | | | |
| Payables | | 15 | - | 12 | (12) | - |
| Interest-bearing liabilities | r. | 20 | 32,664 | 16,523 | 16,141 | 30,662 |
| Deferred tax equivalent liability | s. | 14 | 86,888 | 102,036 | (15,148) | 91,901 |
| Other non-current liabilities | | 16 | 6,000 | - | 6,000 | 7,000 |
| Total non-current liabilities | | | 125,552 | 118,571 | 6,981 | 129,563 |
| Total liabilities | | | 295,303 | 229,987 | 65,316 | 196,244 |
| Net assets | | | 880,654 | 937,330 | (56,676) | 890,935 |
| Equity | | | | | | |
| Contributed equity | | | 861,459 | 580,497 | 280,962 | 858,532 |
| Accumulated surplus/(deficit) | | | (10,009) | 334,352 | (344,361) | 10,596 |
| Asset revaluation surplus | | 17 | 29,204 | 22,481 | 6,723 | 21,807 |
| Total equity | | | 880,654 | 937,330 | (56,676) | 890,935 |

The accompanying notes form part of these statements.

Explanations of major budget versus actual variances:

k. Cash and cash equivalents

Part of the variance of \$150.613 million for cash and cash equivalents is due to \$61.198 million in unspent appropriation received by the department as outlined in variance note (e). The remaining \$89.415 million variance is due to factors outlined in the explanations of major variances for the Statement of Cash Flows, including:

- the rescheduling of the works program for development activity being realigned with the softening of the residential and industrial market in regional Queensland
- loans and advances provided under the Catalyst Infrastructure Program were lower than the budgeted figure as a result of commercial negotiations taking longer than anticipated
- increase in infrastructure contributions received.

l. Land inventories

The variance of \$32.172 million in land inventories is due to the rescheduling of the works program that has been aligned with current market conditions mainly in urban renewal precincts, a write-down in the value of land inventory as outlined in variance note (g) and the reclassification to investment property as outlined in variance note (o).

m. Non-current receivables

The non-current receivables are \$60.815 million below budget due to the delayed execution of priority development infrastructure and catalyst infrastructure loans and payment milestones not being met due to the rescheduled development activities by the infrastructure loan recipients.

n. Property, plant and equipment

The property, plant and equipment balance is \$68.582 million lower than budgeted mainly due to:

- \$28.541 million lower than budgeted opening balance
- the disposal of land under a lease earlier than anticipated totalling \$24.197 million
- delays in expenditure for the Cherbourg Wastewater Infrastructure project of \$9 million.

o. Investment property

The variance for investment property of \$22.103 million arose from a higher opening balance of \$7.245 million and the reclassification from land inventories as explained in the accounting policy disclosure in note 13.

p. Current payables

The current payables variance of \$108.391 million is principally due to \$61.198 million in appropriation due to be returned to Queensland Treasury in respect of unspent funds at 30 June 2017 as outlined in variance note (e). Also contributing to this variance is the higher than anticipated accrued expenses for development activities and infrastructure contributions held for development works.

q. Current interest-bearing liabilities

The current interest-bearing liabilities are \$53.367 million lower than budget mainly due to:

- a partial debt repayment of residential project loans of \$11.1 million
- lower catalyst infrastructure loans totalling \$23.565 million following alignment to infrastructure delivery requirements
- the transfer of \$15.027 million to non-current interest-bearing liabilities.

r. Non-current interest-bearing liabilities

The non-current interest-bearing liabilities are higher than budget mainly due to reclassification of \$15.027 million from current interest-bearing liabilities.

s. Deferred tax equivalent liability

The variance of \$15.148 million in deferred tax equivalent liabilities is due to a lower than budgeted opening balance by \$10.135 million and the unbudgeted decrease of the tax liability on the sale of leased industrial land.

DEPARTMENT OF INFRASTRUCTURE, LOCAL GOVERNMENT AND PLANNING
Statement of Changes in Equity for the year ended 30 June 2017

| | Contributed Equity | Accumulated Surplus | Asset Revaluation Surplus | Total |
|---|-----------------------|------------------------|---------------------------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance as at 1 July 2015 | 862,476 | 12,756 | 22,047 | 897,279 |
| Operating result from continuing operations | - | (2,160) | - | (2,160) |
| Other comprehensive income | | | | |
| Increase/(decrease) in asset revaluation surplus | - | - | (240) | (240) |
| Total comprehensive income for the year | - | (2,160) | (240) | (2,400) |
| Transactions with owners as owners: | | | | |
| Appropriated equity injections (note 2) | 15,487 | - | - | 15,487 |
| Appropriated equity withdrawals (note 2) | (1,473) | - | - | (1,473) |
| Net transfers out from other Queensland Government entities | (36) | - | - | (36) |
| Non-appropriated equity withdrawals | (17,921) | - | - | (17,921) |
| Net transactions with owners as owners | (3,943) | - | - | (3,943) |
| Balance as at 30 June 2016 | 858,532 | 10,596 | 21,807 | 890,935 |
| Operating result from continuing operations | - | (20,605) | - | (20,605) |
| Other comprehensive income | | | | |
| Increase/(decrease) in asset revaluation surplus | - | - | 7,397 | 7,397 |
| Total comprehensive income for the year | - | (20,605) | 7,397 | (13,208) |
| Transactions with owners as owners: | | | | |
| Appropriated equity injections (note 2) | 17,689 | - | - | 17,689 |
| Appropriated equity withdrawals (note 2) | (1,473) | - | - | (1,473) |
| Net transfers out from other Queensland Government entities | (2,078) | - | - | (2,078) |
| Non-appropriated equity withdrawals | (11,211) | - | - | (11,211) |
| Net transactions with owners as owners | 2,927 | - | - | 2,927 |
| Balance as at 30 June 2017 | 861,459 | (10,009) | 29,204 | 880,654 |

The accompanying notes form part of these statements.

DEPARTMENT OF INFRASTRUCTURE, LOCAL GOVERNMENT AND PLANNING
Statement of Cash Flows for the year ended 30 June 2017

| | Variance Note | 2017 Actual \$'000 | 2017 Original Budget \$'000 | 2017 Budget Variance \$'000 | 2016 Actual \$'000 |
|--|---------------|--------------------------|--------------------------------------|--------------------------------------|--------------------------|
| Cash flows from operating activities | | | | | |
| Inflows: | | | | | |
| Appropriation receipts | t. | 433,517 | 340,030 | 93,487 | 193,050 |
| Land sales | u. | 62,687 | 73,863 | (11,176) | 86,487 |
| User charges and fees | v. | 34,216 | 22,964 | 11,252 | 27,115 |
| Grants and other contributions | | 1,041 | 1,958 | (917) | 3,163 |
| GST input tax credits received from ATO | | 13,031 | - | 13,031 | 8,994 |
| GST collected from customers | | 9,712 | - | 9,712 | 6,731 |
| Interest | | 7,392 | 4,987 | 2,405 | 6,806 |
| Other | w. | 28,329 | 5 | 28,324 | 22,651 |
| Outflows: | | | | | |
| Employee expenses | | (63,826) | (61,087) | (2,739) | (53,158) |
| Supplies and services | x. | (171,933) | (203,423) | 31,490 | (100,801) |
| Grants and subsidies | y. | (244,731) | (194,954) | (49,777) | (134,001) |
| GST paid to suppliers | | (14,435) | - | (14,435) | (8,800) |
| GST remitted to ATO | | (8,783) | - | (8,783) | (7,604) |
| Finance/borrowing costs | | (2,148) | (2,169) | 21 | (2,578) |
| Income tax equivalents | z. | (9,833) | - | (9,833) | (6,391) |
| Land tax, rates and stamp duty | aa. | (12,431) | (1,177) | (11,254) | (15,963) |
| Other | | (403) | (6,216) | 5,813 | (436) |
| Net cash provided by (used in) operating activities | | 61,400 | (25,219) | 86,621 | 25,265 |
| Cash flows from investing activities | | | | | |
| Inflows: | | | | | |
| Sales of property, plant and equipment | ab. | 18,480 | 8,202 | 10,278 | 13,921 |
| Loans and advances redeemed | | 5,623 | 1,853 | 3,770 | 6,498 |
| Outflows: | | | | | |
| Payments for property, plant and equipment | ac. | (21,052) | (55,299) | 34,247 | (15,704) |
| Payments for intangible assets | | (1,903) | - | (1,903) | (2,536) |
| Loans and advances provided | ad. | (38,920) | (94,568) | 55,648 | (4,553) |
| Net cash provided by (used in) investing activities | | (37,772) | (139,812) | 102,040 | (2,373) |
| Cash flows from financing activities | | | | | |
| Inflows: | | | | | |
| Proceeds from borrowings | ae. | 20,102 | 61,927 | (41,825) | 9,403 |
| Equity injections | af. | 17,689 | 80,487 | (62,798) | 15,487 |
| Outflows: | | | | | |
| Equity withdrawals | ag. | (12,684) | (34,584) | 21,900 | (19,394) |
| Borrowing redemptions | ah. | (9,606) | (20,605) | 10,999 | (24,657) |
| Net cash provided by (used in) financing activities | | 15,501 | 87,225 | (71,724) | (19,161) |
| Net increase/(decrease) in cash and cash equivalents | | 39,129 | (77,806) | 116,935 | 3,731 |
| Cash and cash equivalents - opening balance | | 228,433 | 194,755 | 33,678 | 224,702 |
| Cash and cash equivalents - closing balance | | 267,562 | 116,949 | 150,613 | 228,433 |

The accompanying notes form part of these statements.

Explanations of major budget versus actual variances:

- t. Appropriation receipts
The actual appropriation receipts are higher than the budgeted figure by \$93.487 million as outlined in variance note (a).
- u. Land sales
This variance of \$11.176 million substantially arises from the softening of the residential market in regional Queensland throughout the financial year which resulted in lower volumes of sales and revenues.
- v. User charges and fees
The variance of \$11.252 million is mainly due to the reimbursement of costs for the Bundaberg Gas Pipeline project.
- w. Other inflows
The variance of \$28.324 million is higher than the budgeted figure due to increased infrastructure receipts.
- x. Supplies and services
The variance of \$31.49 million in cash outflows for supplies and services is outlined in variance note (c) and is due to lower than budgeted expenditure in urban renewal precincts.
- y. Grants and subsidies
The grants and subsidies are \$49.777 million higher than the budgeted figure due to the new Works for Queensland program announced in January 2017 and offset by the rescheduling of approved projects under various capital grant programs as outlined in variance note (d).
- z. Income tax equivalents
The variance in the outflows for income tax equivalents is outlined in variance note (i).
- aa. Land tax, rates and stamp duty
\$5.945 million of the variance is due to tax equivalents being classified in other outflows for budgetary purposes and the actual tax payments being based on current levies and assessable land values.
- ab. Sales of property, plant and equipment
The variance of \$10.278 million is due to higher than budgeted sale of land previously leased.
- ac. Payments for property, plant and equipment
The cash outflows for property, plant and equipment were \$34.247 million lower than the budgeted figure mainly due to:
 - delays in expenditure of \$15.375 million for the Cherbourg Wastewater Infrastructure and Palm Island Wastewater Infrastructure projects
 - \$13.179 million from the reclassification of outflows to supplies and services.
- ad. Loans and advances provided
The loans and advances provided were \$55.648 million lower than the budgeted figure mainly due to delayed execution of catalyst loans. These loans were delayed due to commercial negotiations taking longer than anticipated and revised construction programs.
- ae. Proceeds from borrowings
The proceeds from borrowings were lower than the budgeted figure by \$41.825 million and are mainly attributed to catalyst infrastructure funding not yet accessed due to commercial negotiations taking longer than anticipated and lower development spend in accordance with revised development activity that has been aligned with current market demand.
- af. Equity injections
The equity injections are lower than budgeted funding by \$62.798 million mainly due to:
 - \$46.254 million for revised schedules in relation to project delivery and delayed execution of priority development loan agreements due to commercial negotiations taking longer than anticipated and revised construction programs by the loan recipients
 - rescheduling of \$15.375 million expenditure for the Cherbourg Wastewater Infrastructure and Palm Island Wastewater Infrastructure projects.
- ag. Equity withdrawals
The equity withdrawals were lower than the budgeted amount by \$21.9 million mainly due to funding under the Priority Development Infrastructure program no longer being required by the approved recipient.
- ah. Borrowing redemptions
The borrowing redemptions were lower than the budgeted amount by \$10.999 million due to an overall lower level of forecast debt in line with the revised development activity and lower sales, which has resulted in lower loan repayments.

| | 2017 \$'000 | 2016 \$'000 |
|--|----------------|----------------|
| Reconciliation of operating result to net cash provided by operating activities | | |
| Operating surplus/(deficit) | (20,606) | (2,160) |
| Non-cash items: | | |
| Depreciation and amortisation expense | 2,483 | 2,337 |
| Impairment losses | 172 | 121 |
| Transfer of non-current physical assets to local governments | - | 4,658 |
| Net loss on disposal of property, plant and equipment and intangible assets | 544 | 6 |
| Net gain on disposal of property, plant and equipment | (118) | (513) |
| Net loss on disposal of investment property | - | 1,195 |
| Loss on revaluation of investment property | - | 1,238 |
| Impairment loss reversals - receivables | (26) | (33) |
| Notional interest | (412) | (453) |
| Loss on discounted loans advanced at concessional rates | 8,839 | - |
| Other non-cash items | (50) | - |
| Change in assets and liabilities: | | |
| (Increase)/decrease in trade receivables | (661) | (5,845) |
| (Increase)/decrease in ALCS and LSL reimbursement receivables | (360) | 335 |
| (Increase)/decrease in deferred tax | (1,412) | (19,704) |
| (Increase)/decrease in inventories | (13,892) | 43,579 |
| (Increase)/decrease in other assets | (545) | 135 |
| Increase/(decrease) in other liabilities | 1,351 | 349 |
| Increase/(decrease) in deferred appropriation revenue payable | 56,273 | (8,229) |
| Increase/(decrease) in other payables | 2,597 | 8,452 |
| Increase/(decrease) in accrued employee benefits | 639 | 259 |
| (Increase)/decrease in GST input tax credits receivable | (476) | (679) |
| Increase/(decrease) in unearned revenue | (1,634) | (4,710) |
| Increase/(decrease) in provisions | 28,693 | 4,928 |
| Net cash provided by operating activities | 61,400 | 25,265 |

Non-cash investing and financing activities

There are no reportable non-cash investing and financing activities for the reporting period ending 30 June 2017.

DEPARTMENT OF INFRASTRUCTURE, LOCAL GOVERNMENT AND PLANNING

Statement of Comprehensive Income by Major Departmental Services and Commercialised Business Unit for the year ended 30 June 2017

| | Local Government ⁽¹⁾ | | Funding Programs and Community Initiatives ⁽²⁾ | | Better Planning for Queensland | | Infrastructure Policy and Planning ⁽³⁾ | |
|---|---------------------------------|----------------|---|----------------|--------------------------------|----------------|---|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Income from continuing operations | | | | | | | | |
| Appropriation revenue | 10,680 | 9,942 | 345,870 | 150,509 | 42,188 | 38,273 | 39,704 | 7,482 |
| Land sales | - | - | - | - | - | - | - | - |
| User charges and fees | 228 | 121 | 125 | 16 | 4,358 | 3,869 | 162 | 8 |
| Grants and other contributions | 6 | 16 | 339 | 684 | 274 | 689 | 8 | 6 |
| Interest | - | - | 412 | 463 | - | - | - | - |
| Other revenue | 79 | 109 | 480 | 2,550 | 166 | 35 | 44 | - |
| Total revenue | 10,993 | 10,188 | 347,226 | 154,222 | 46,986 | 42,866 | 39,918 | 7,496 |
| Gains on disposal/remeasurement of assets | - | - | - | - | - | - | - | - |
| Total income from continuing operations | 10,993 | 10,188 | 347,226 | 154,222 | 46,986 | 42,866 | 39,918 | 7,496 |
| Expenses from continuing operations | | | | | | | | |
| Employee expenses | 7,539 | 5,098 | 6,736 | 6,022 | 27,265 | 25,329 | 8,492 | 3,917 |
| Supplies and services | 2,994 | 3,648 | 7,364 | 5,910 | 15,468 | 14,030 | 25,720 | 2,989 |
| Grants and subsidies | 40 | 398 | 277,955 | 144,153 | 1,678 | 76 | 2,091 | 212 |
| Deferred appropriation payable (expense) to Consolidated Fund | 342 | 945 | 55,535 | 891 | 1,855 | 2,741 | 3,466 | 348 |
| Depreciation and amortisation | 17 | 28 | 2,003 | 1,861 | 393 | 381 | 20 | 11 |
| Impairment losses | - | - | - | - | (83) | 6 | - | - |
| Cost of land sales | - | - | - | - | - | - | - | - |
| Land inventory written off | - | - | - | - | - | - | - | - |
| Finance/borrowing costs | - | - | - | - | - | - | - | - |
| Other expenses | 68 | 71 | 73 | 313 | 416 | 309 | 130 | 25 |
| Total expenses from continuing operations | 11,000 | 10,189 | 349,666 | 159,151 | 46,992 | 42,872 | 39,919 | 7,502 |
| Operating result from continuing operations before income tax equivalent | (7) | (1) | (2,440) | (4,929) | (6) | (6) | (1) | (6) |
| Income tax equivalent (expense)/benefit | - | - | - | - | - | - | - | - |
| Operating result from continuing operations after income tax equivalent | (7) | (1) | (2,440) | (4,929) | (6) | (6) | (1) | (6) |
| Other comprehensive income | | | | | | | | |
| <i>Items that will not be reclassified to operating result:</i> | | | | | | | | |
| Increase/(decrease) in asset revaluation surplus | - | - | 1,887 | 1,956 | - | - | - | - |
| Total comprehensive income | (7) | (1) | (553) | (2,973) | (6) | (6) | (1) | (6) |

⁽¹⁾ Local Government was renamed from Capacity Building and Governance and Statutory Services.

⁽²⁾ Funding Programs and Community Initiatives was renamed from Community Recovery and Resilience and Local Government and Community Funding.

⁽³⁾ Infrastructure Policy and Planning was renamed from Leading Infrastructure Policy, Planning and Assessment for Queensland.

DEPARTMENT OF INFRASTRUCTURE, LOCAL GOVERNMENT AND PLANNING
Statement of Comprehensive Income by Major Departmental Services and Commercialised Business Unit for the year ended 30 June 2017

| | Business and Economic Growth | | Inter-service/unit eliminations | | Total | |
|---|------------------------------|----------------|---------------------------------|-----------------|-----------------|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Income from continuing operations | | | | | | |
| Appropriation revenue | - | - | - | - | 438,442 | 206,204 |
| Land sales | 65,211 | 89,635 | - | - | 65,211 | 89,635 |
| User charges and fees | 22,990 | 30,979 | (874) | (114) | 26,989 | 34,879 |
| Grants and other contributions | 38,239 | 18,084 | (37,504) | (15,953) | 1,362 | 3,526 |
| Interest | 7,360 | 6,849 | - | - | 7,772 | 7,312 |
| Other revenue | 587 | 413 | - | - | 1,356 | 3,107 |
| Total revenue | 134,387 | 145,960 | (38,378) | (16,067) | 541,132 | 344,663 |
| Gains on disposal/remeasurement of assets | 143 | 546 | - | - | 143 | 546 |
| Total income from continuing operations | 134,530 | 146,506 | (38,378) | (16,067) | 541,275 | 345,209 |
| Expenses from continuing operations | | | | | | |
| Employee expenses | 13,933 | 13,471 | - | - | 63,965 | 53,837 |
| Supplies and services | 56,917 | 46,029 | (874) | (114) | 107,589 | 72,493 |
| Grants and subsidies | - | 1,603 | (37,504) | (15,953) | 244,260 | 130,489 |
| Deferred appropriation payable (expense) to Consolidated Fund | - | - | - | - | 61,198 | 4,925 |
| Depreciation and amortisation | 50 | 55 | - | - | 2,483 | 2,337 |
| Impairment losses | 274 | 119 | - | - | 191 | 125 |
| Cost of land sales | 38,546 | 64,111 | - | - | 38,546 | 64,111 |
| Land inventory written off | 13,389 | 7,348 | - | - | 13,389 | 7,348 |
| Finance/borrowing costs | 2,148 | 2,578 | - | - | 2,148 | 2,578 |
| Other expenses | 20,376 | 14,815 | - | - | 21,064 | 15,533 |
| Total expenses from continuing operations | 145,633 | 150,132 | (38,378) | (16,067) | 554,833 | 353,776 |
| Operating result from continuing operations before income tax equivalent | (11,103) | (3,625) | - | - | (13,558) | (8,567) |
| Income tax equivalent (expense)/benefit | (7,048) | 6,407 | - | - | (7,048) | 6,407 |
| Operating result from continuing operations after income tax equivalent | (18,151) | 2,782 | - | - | (20,606) | (2,160) |
| Other comprehensive income | | | | | | |
| <i>Items that will not be reclassified to operating result:</i> | | | | | | |
| Increase/(decrease) in asset revaluation surplus | 5,510 | (2,196) | - | - | 7,397 | (240) |
| Total comprehensive income | (12,641) | 586 | - | - | (13,209) | (2,400) |

DEPARTMENT OF INFRASTRUCTURE, LOCAL GOVERNMENT AND PLANNING
Statement of Assets and Liabilities by Major Departmental Services and Commercialised Business Unit for the year ended 30 June 2017

| | Local Government ⁽¹⁾ | | Funding Programs and Community Initiatives ⁽²⁾ | | Better Planning for Queensland | | Infrastructure Policy and Planning ⁽³⁾ | |
|--------------------------------------|---------------------------------|----------------|---|----------------|--------------------------------|----------------|---|----------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Current assets | | | | | | | | |
| Cash and cash equivalents | 1,931 | 7,024 | 69,674 | 5,035 | 7,843 | 20,401 | 5,338 | 2,589 |
| Receivables | 501 | 208 | 1,638 | 1,311 | 1,204 | 711 | 5,287 | 337 |
| Land inventories | - | - | - | - | - | - | - | - |
| Income tax receivable | - | - | - | - | - | - | - | - |
| Other assets | 60 | - | 54 | - | 223 | - | 71 | - |
| Total current assets | 2,492 | 7,232 | 71,366 | 6,346 | 9,270 | 21,112 | 10,696 | 2,926 |
| Non-current assets | | | | | | | | |
| Receivables | - | - | 5,144 | 5,835 | 19,524 | 19,524 | - | - |
| Property, plant and equipment | 55 | 85 | 47,706 | 44,777 | 206 | 2,378 | 65 | 31 |
| Investment property | - | - | - | - | - | - | - | - |
| Intangible assets | - | - | - | - | 7,486 | 5,921 | - | - |
| Deferred tax equivalent asset | - | - | - | - | - | - | - | - |
| Total non-current assets | 55 | 85 | 52,850 | 50,612 | 27,216 | 27,823 | 65 | 31 |
| Total assets | 2,547 | 7,317 | 124,216 | 56,958 | 36,486 | 48,934 | 10,761 | 2,957 |
| Current liabilities | | | | | | | | |
| Payables | 685 | 1,519 | 58,651 | 3,557 | 5,239 | 4,478 | 5,229 | 554 |
| Accrued employee benefits | 328 | 338 | 295 | 243 | 1,223 | 981 | 386 | 125 |
| Interest-bearing liabilities | - | - | - | - | - | - | - | - |
| Income tax payable | - | - | - | - | - | - | - | - |
| Other current liabilities | 172 | - | 156 | - | 642 | 1,262 | 203 | - |
| Total current liabilities | 1,185 | 1,857 | 59,102 | 3,800 | 7,104 | 6,721 | 5,818 | 679 |
| Non-current liabilities | | | | | | | | |
| Payables | - | - | - | - | - | - | - | - |
| Interest-bearing liabilities | - | - | - | - | - | - | - | - |
| Deferred tax equivalent liability | - | - | - | - | - | - | - | - |
| Other non-current liabilities | - | - | - | - | - | - | - | - |
| Total non-current liabilities | - | - | - | - | - | - | - | - |
| Total liabilities | 1,185 | 1,857 | 59,102 | 3,800 | 7,104 | 6,721 | 5,818 | 679 |

⁽¹⁾ Local Government was renamed from Capacity Building and Governance and Statutory Services.

⁽²⁾ Funding Programs and Community Initiatives was renamed from Community Recovery and Resilience and Local Government and Community Funding.

⁽³⁾ Infrastructure Policy and Planning was renamed from Leading Infrastructure Policy, Planning and Assessment for Queensland.

DEPARTMENT OF INFRASTRUCTURE, LOCAL GOVERNMENT AND PLANNING
Statement of Assets and Liabilities by Major Departmental Services and Commercialised Business Unit for the year ended 30 June 2017

| | Business and Economic Growth | | Inter-service/unit eliminations | | Total | |
|--------------------------------------|------------------------------|----------------|---------------------------------|-----------------|------------------|------------------|
| | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 | 2017 \$'000 | 2016 \$'000 |
| Current assets | | | | | | |
| Cash and cash equivalents | 182,776 | 193,384 | - | - | 267,562 | 228,433 |
| Receivables | 12,237 | 14,968 | - | - | 20,867 | 17,535 |
| Land inventories | 305,495 | 307,789 | - | - | 305,495 | 307,789 |
| Income tax receivable | - | 546 | - | - | - | 546 |
| Other assets | 240 | 103 | - | - | 648 | 103 |
| Total current assets | 500,748 | 516,790 | - | - | 594,572 | 554,406 |
| Non-current assets | | | | | | |
| Receivables | 48,058 | 20,513 | (19,524) | (19,524) | 53,203 | 26,348 |
| Property, plant and equipment | 209,609 | 207,647 | - | - | 257,641 | 254,918 |
| Investment property | 259,933 | 245,078 | - | - | 259,933 | 245,078 |
| Intangible assets | - | - | - | - | 7,486 | 5,921 |
| Deferred tax equivalent asset | 3,122 | 508 | - | - | 3,122 | 508 |
| Total non-current assets | 520,722 | 473,746 | (19,524) | (19,524) | 581,385 | 532,773 |
| Total assets | 1,021,470 | 990,536 | (19,524) | (19,524) | 1,175,957 | 1,087,179 |
| Current liabilities | | | | | | |
| Payables | 69,901 | 43,293 | - | - | 139,705 | 53,401 |
| Accrued employee benefits | 625 | 529 | - | - | 2,857 | 2,216 |
| Interest-bearing liabilities | 8,493 | - | - | - | 8,493 | - |
| Income tax payable | 6,659 | - | - | - | 6,659 | - |
| Other current liabilities | 10,864 | 9,802 | - | - | 12,037 | 11,064 |
| Total current liabilities | 96,542 | 53,624 | - | - | 169,751 | 66,681 |
| Non-current liabilities | | | | | | |
| Payables | 19,524 | 19,524 | (19,524) | (19,524) | - | - |
| Interest-bearing liabilities | 32,664 | 30,662 | - | - | 32,664 | 30,662 |
| Deferred tax equivalent liability | 86,888 | 91,901 | - | - | 86,888 | 91,901 |
| Other non-current liabilities | 6,000 | 7,000 | - | - | 6,000 | 7,000 |
| Total non-current liabilities | 145,076 | 149,087 | (19,524) | (19,524) | 125,552 | 129,563 |
| Total liabilities | 241,618 | 202,711 | (19,524) | (19,524) | 295,303 | 196,244 |

General information

The Department of Infrastructure, Local Government and Planning is a Queensland Government department established under the *Public Service Act 2008* and controlled by the State of Queensland, which is the ultimate parent.

The head office and principal place of business of the department is:

Level 39
1 William Street
Brisbane Queensland 4000

For information in relation to the department's financial statements, email info@dilgp.qld.gov.au or visit the department's website www.dilgp.qld.gov.au.

Compliance with prescribed requirements

The department has prepared these financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009*. The financial statements comply with Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2016.

The department is a not-for-profit entity and these general purpose financial statements are prepared on an accrual basis (except for the Statement of Cash Flow which is prepared on a cash basis) in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities.

The historical cost convention is used unless fair value is stated as the measurement basis. New accounting standards applied for the first time in these financial statements are outlined in note 25.

Presentation

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or where the amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required. Amounts shown in these financial statements may not add to the correct sub-totals or totals due to rounding.

Comparative information reflects the audited 2015-16 financial statements and has been restated, where necessary, to be consistent with disclosures in the current reporting period.

Authorisation of financial statements for issue

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

The reporting entity

The financial statements include all income, expenses, assets, liabilities and equity of the department, including the department's commercialised business unit Economic Development Queensland (EDQ).

The department shares an interest in a jointly controlled operation, Woodlands Andergrove, in partnership with the Mackay Regional Council to develop and sell land lots located at Bedford Road, Andergrove in Mackay. In accordance with the partnership agreement, the department's interest in the joint venture is 50% which is not material and therefore not disclosed in the notes to the financial statements.

The department also shares an interest in a jointly controlled operation, Toondah Harbour, in partnership with the Redland City Council to facilitate the efficient and effective development of project land located at the Toondah Harbour Priority Development Area, Cleveland. In accordance with the joint venture agreement, the department's interest in the joint venture is 50%. EDQ's share of transactions and balances from this agreement are not considered to be material for the 2016-17 financial year.

On 7 April 2016, the Queensland Government announced it would establish a delivery authority that would lead the development, procurement and delivery of the Cross River Rail project. It was agreed that the administering department for the delivery authority, pursuant to section 18 of the *Financial Accountability Act 2009*, would be the Department of Infrastructure, Local Government and Planning. The initial transition of the Cross River Rail project from the Department of Transport and Main Roads to the department took effect on 1 October 2016. The Cross River Rail project operated under the department until 13 April 2017. On 14 April 2017, the Cross River Rail Delivery Authority (CRRDA) was established in accordance with the *Cross River Rail Delivery Authority Act 2016*.

Major departmental services

The reporting entity consists of five major departmental services including EDQ as a commercialised business unit:

Local Government

Provide a legislative framework for local governments to enhance their capability and decision making processes.

Funding Programs and Community Initiatives

Administer the department's local government and community funding programs to maximise program objectives and assist local governments to provide vital infrastructure and services in their communities.

Build community preparedness and resilience for natural disasters and emergency events.

Better Planning for Queensland

Deliver a streamlined planning framework that supports investment, jobs and community participation.

Infrastructure Policy and Planning

Deliver quality infrastructure policy, planning and prioritisation in Queensland.

Business and Economic Growth

Initiates a range of development projects to drive economic growth, facilitate renewal and generate ongoing employment opportunities, consistent with the Queensland Government's economic development agenda.

1. Objectives and principal activities of the department

The department has a vision for great cities, vibrant urban places, thriving towns and communities and for places where Queenslanders can participate fully in the economy and become active citizens within their communities.

The department contributes to the Queensland Government's objectives for the community by driving initiatives that promote new employment opportunities within a growing and vibrant economy, supporting safe and connected communities by ensuring planning directly improves the environment and delivering practical and timely advice and services through collaborative working relationships, particularly with the local government sector.

| | 2017 \$'000 | 2016 \$'000 |
|--|----------------|----------------|
| 2. Appropriation revenue | | |
| Reconciliation of payments from Consolidated Fund to appropriation revenue recognised in operating result | | |
| Budgeted appropriation revenue | 340,030 | 302,837 |
| Transfers from Department of Housing and Public Works | - | 202 |
| Lapsed appropriation revenue | - | (109,989) |
| Unforeseen expenditure ⁽¹⁾ | 93,487 | - |
| Total appropriation receipts (cash) | 433,517 | 193,050 |
| Plus: opening balance of deferred appropriation payable to Consolidated Fund | 4,925 | 13,154 |
| Less: closing balance of deferred appropriation payable to Consolidated Fund | (61,198) | (4,925) |
| Net appropriation revenue | 377,244 | 201,279 |
| Plus: deferred appropriation payable to Consolidated Fund (expense) | 61,198 | 4,925 |
| Appropriation revenue recognised in Statement of Comprehensive Income | 438,442 | 206,204 |
| Reconciliation of payments from Consolidated Fund to equity adjustment recognised in Contributed equity | | |
| Budgeted equity adjustment appropriation | 79,014 | 36,550 |
| Lapsed equity adjustment appropriation | (62,798) | (22,536) |
| Equity adjustment recognised in contributed equity | 16,216 | 14,014 |

⁽¹⁾ Unforeseen expenditure mainly relates to additional funding approved by the Queensland Government's Cabinet Budget Review Committee after the commencement of the *Appropriation Act 2016*. Refer to variance note (a).

Accounting policy - Appropriation revenue

Appropriations provided under the *Appropriation Act 2016* are recognised as revenue when received. Amounts appropriated to the department for transfer to other entities in accordance with legislative or other requirements are reported as administered item appropriations (refer note 22).

| | 2017 \$'000 | 2016 \$'000 |
|--------------------------------------|----------------|----------------|
| 3. User charges and fees | | |
| Professional services ⁽¹⁾ | 13,145 | 19,385 |
| Property income ⁽¹⁾ | 13,661 | 15,200 |
| Other | 183 | 294 |
| Total user charges and fees | 26,989 | 34,879 |

⁽¹⁾ \$2.31 million in the 2016 comparative year has been reclassified from professional services to property income to reflect the true revenue source.

Accounting policy - User charges and fees

User charges and fees are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This occurs upon delivery of the goods to the customer or completion of the requested services at which time the invoice is raised. Accrued revenue is recognised if the revenue has been earned but not yet invoiced.

Refer to note 21 for additional information in relation to property income and operating lease income.

| 4. Employee expenses | 2017 \$'000 | 2016 \$'000 |
|---------------------------------------|----------------|----------------|
| Employee benefits | | |
| Salaries and wages | 48,525 | 41,204 |
| Employer superannuation contributions | 6,469 | 5,329 |
| Annual leave levy | 5,137 | 4,328 |
| Long service leave levy | 1,049 | 935 |
| Termination benefits | 215 | 211 |
| Other employee benefits | 607 | 480 |
| Employee related expenses | | |
| Other employee related expenses | 1,963 | 1,350 |
| Total employee expenses | <u>63,965</u> | <u>53,837</u> |
| Full-time equivalent employees: | 514 | 450 |

Accounting policy - Employee expenses

Salaries, wages and sick leave

Salaries and wages due but unpaid at reporting date are recognised in the Statement of Financial Position at current salary rates. As the department expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts. Prior history indicates that on average, sick leave taken in the 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. Sick leave is non-vesting, therefore an expense is recognised for this leave as it is taken.

Annual leave and long service leave

Under the Queensland Government's Annual Leave Central Scheme (ALCS) and Long Service Leave Scheme, the department is required to pay a levy to cover the cost of employees' annual leave (including leave loading and on-costs) and long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for leave are claimed from the schemes quarterly in arrears. No provision for leave is 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.

Superannuation

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland Government's QSuper defined benefit plan as determined by the employee's conditions of employment.

Defined Contribution Plans - Contributions are made to eligible complying superannuation funds based on the rates specified in the relevant Enterprise Bargaining Agreement or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

Defined Benefit Plan - The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 Whole of Government and General Government Sector Financial Reporting. The amount of contributions for defined benefit plan obligations is based upon the rates determined by the Treasurer on the advice of the State Actuary. Contributions are paid by the department at the specified rate following completion of the employee's service each pay period. The department's obligations are limited to those contributions paid.

Workers' compensation premiums

Workers' compensation insurance is not counted in an employee's total remuneration package. It is not an employee benefit and is included under employee related expenses.

Key management personnel and remuneration

Key management personnel and remuneration disclosures are made in accordance with section 3C of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury and are detailed in note 5.

5. Key management personnel disclosures

(a) Details of key management personnel (KMP)

As from 2016-17, the department's responsible Ministers are identified as part of the department's KMP, consistent with additional guidance included in the revised version of AASB 124 Related Party Disclosures.

The department's responsible Ministers' titles are:

- Deputy Premier, Minister for Transport and Minister for Infrastructure and Planning
- Minister for Local Government and Minister for Aboriginal and Torres Strait Islander Partnerships.

The following details for non-Ministerial KMP reflect those departmental positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2016-17 and 2015-16. Further information about these positions can be found in the body of the Annual Report under the section relating to the Executive Leadership Team.

| Position | Position responsibility |
|--|---|
| Director-General | Providing visionary, values-based leadership and management to the department and its portfolio agencies. |
| Deputy Director-General (Local Government and Regional Services) | Promoting and supporting a sustainable local government sector and driving the relationship between local governments and the state. |
| Deputy Director-General (Strategy, Governance and Engagement) | Delivery of responsive and robust strategy, policy, business and governance services. |
| Deputy Director-General (Planning) | Delivering the legislative framework and overarching policy for land use planning and development assessment. |
| General Manager (Economic Development Queensland) | Identifying, planning, facilitating and delivering property development and infrastructure projects across Queensland. |
| Deputy Director-General (Infrastructure Policy and Planning) | Driving the department's whole-of-government leadership role in infrastructure policy, planning and coordination, including delivery of the State Infrastructure Plan. |
| Executive Director - South Bank | Managing the department's obligations and relationship with South Bank Corporation and managing the state's role under the South Bank and Roma Street Parklands funding and management arrangements with Brisbane City Council. |
| Queensland Government Architect | Providing whole-of-government leadership and strategic advice in relation to the built environment, urban design, procurement and heritage issues. |

(b) Remuneration expenses

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook.

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

Remuneration policy for the department's other KMP is set annually by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. Individual remuneration and other terms of employment (including motor vehicle entitlements) are specified in employment contracts. For the 2016-17 year, remuneration of KMP increased by 2.5% (2015-16: 2.5%) in accordance with government policy.

Remuneration expenses for KMP comprise the following components:

- Short-term employee expenses which include:
 - salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied a KMP position
 - performance payments recognised as an expense during the year
 - non-monetary benefits consisting of provision of car parking together with fringe benefits tax applicable to the benefit.
- Long-term employee benefits include amounts expensed in respect of long service leave entitlement earned.
- Post-employment expenses include amounts expensed in respect of employer superannuation obligations.
- Termination benefits include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

5. Key management personnel disclosures (continued)

(b) Remuneration expenses (continued)

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

2017

| Position | Short-term employee expenses | | Long-term employee expenses | Post - employment expenses | Termination benefits | Total expenses |
|--|------------------------------|-------------------------|-----------------------------|----------------------------|----------------------|----------------|
| | Monetary expenses | Non - monetary expenses | \$'000 | \$'000 | \$'000 | \$'000 |
| | \$'000 | \$'000 | | | | |
| Director-General | 371 | 8 | 7 | 47 | - | 433 |
| Deputy Director-General (Local Government and Regional Services) - former acting (4/7 - 7/10/16) | 56 | - | 1 | 5 | - | 62 |
| Deputy Director-General (Local Government and Regional Services) - former (to 27/11/17) | 70 | 3 | 1 | 9 | - | 83 |
| Deputy Director-General (Local Government and Regional Services) - acting (30/1 - 19/4/17) | 51 | 2 | 1 | 4 | - | 58 |
| Deputy Director-General (Local Government and Regional Services) - acting (from 20/4/17) | 39 | 1 | 1 | 3 | - | 44 |
| Deputy Director-General (Strategy, Governance and Engagement) | 221 | 8 | 4 | 21 | - | 254 |
| Deputy Director-General (Planning) - former (to 7/6/17) | 286 | 5 | 6 | 25 | - | 322 |
| General Manager (Economic Development Queensland) | 357 | 8 | 7 | 40 | - | 412 |
| Deputy Director-General (Infrastructure Policy and Planning) | 222 | 8 | 4 | 27 | - | 261 |
| Executive Director - South Bank | 138 | 8 | 3 | 15 | - | 164 |
| Queensland Government Architect | 204 | 8 | 4 | 22 | - | 238 |

2016

| Position | Short-term employee expenses | | Long-term employee expenses | Post - employment expenses | Termination benefits | Total expenses |
|--|------------------------------|-------------------------|-----------------------------|----------------------------|----------------------|----------------|
| | Monetary expenses | Non - monetary expenses | \$'000 | \$'000 | \$'000 | \$'000 |
| | \$'000 | \$'000 | | | | |
| Director-General - current (from 12/11/15) | 240 | 2 | 5 | 29 | - | 276 |
| Director-General - former (to 3/7/15) | 4 | 1 | - | - | 180 | 185 |
| Director-General - acting (to 12/11/15) | 138 | 1 | 3 | 12 | - | 154 |
| Deputy Director-General (Local Government and Regional Services) - current (from 13/11/15) | 137 | - | 3 | 17 | - | 157 |
| Deputy Director-General (Local Government and Regional Services) - acting (to 12/11/15) | 50 | 2 | 1 | 5 | - | 58 |
| Deputy Director-General (Strategy, Governance and Engagement) - current (to 11/3/16) | 177 | - | 3 | 17 | - | 197 |
| Deputy Director-General (Strategy, Governance and Engagement) - acting (from 14/3/16) | 60 | 3 | 1 | 4 | - | 68 |
| Deputy Director-General (Planning) - current (from 25/1/16) | 133 | - | 3 | 10 | - | 146 |
| Deputy Director-General (Planning) - former (to 22/1/16) | 165 | 1 | 3 | 16 | - | 185 |
| General Manager (Economic Development Queensland) - current (from 31/8/15) | 228 | - | 4 | 23 | - | 255 |
| Deputy Director-General (Infrastructure Policy and Planning) - current (from 27/4/15) | 255 | 7 | 4 | 27 | - | 293 |
| Chief Executive Officer - Building Queensland (to 2/12/15) | 174 | 4 | 3 | 19 | - | 200 |
| Executive Director - South Bank | 151 | 9 | 3 | 15 | - | 178 |
| Queensland Government Architect (from 8/12/15) | 127 | 1 | 2 | 13 | - | 143 |

(c) Performance payments

No remuneration packages for KMP provide for any performance or bonus payments.

6. Related party transactions

(a) Transactions with people/entities related to KMP

There are no disclosures for the year ending 30 June 2017.

(b) Transactions with other Queensland Government-controlled entities

The department's primary ongoing sources of funding from government for its services are appropriation revenue (note 2) and equity injections (note 2), both of which are provided in cash via Queensland Treasury.

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

- The Department of State Development provides the department with corporate services relating to Ethics and Integrity, Information Management and Technology, Facilities Management and Internal Audit.
- The Department of Science, Information Technology and Innovation provides the department with corporate business services and technology solutions to support finance and human resources transactions.

The department has borrowings with Queensland Treasury Corporation (QTC) to facilitate projects managed by EDQ (refer to note 20).

Approximately 63% of all administered grants provided by the department are forwarded onto local governments to deliver services to their communities (refer to note 22).

| | 2017 \$'000 | 2016 \$'000 |
|--|----------------|----------------|
| 7. Supplies and services | | |
| Consultants and contractors | 83,897 | 51,157 |
| Property and building expenses | 9,710 | 7,065 |
| Computer/information technology expenses | 3,649 | 3,079 |
| Shared service provider fee | 4,889 | 6,928 |
| Marketing and public relations expenses | 3,929 | 2,890 |
| Other | 1,515 | 1,374 |
| Total supplies and services | 107,589 | 72,493 |
| 8. Grants and subsidies | | |
| Transfer of non-current physical assets to local governments | - | 4,658 |
| Local governments | 240,312 | 123,069 |
| Charities and community groups | 2,510 | 2,005 |
| Queensland Government departments | 530 | - |
| Contributions | 291 | 663 |
| Other | 617 | 93 |
| Total grants and subsidies | 244,260 | 130,489 |

Accounting policy - Grants and subsidies

Grants and subsidies are in accordance with the funding agreement between the department and the recipient and are non-reciprocal. Grants are treated as an expense when the recipient can control the use of the resources or when the department's obligation for a transfer arises.

9. Other expenses

| | | |
|--|---------------|---------------|
| Land tax, rates and stamp duty | 10,373 | 11,412 |
| Loss on discounted loans advanced at concessional interest rates (note 10) | 8,839 | - |
| External audit fees ⁽¹⁾ | 357 | 142 |
| Insurance premiums ⁽²⁾ | 218 | 207 |
| Net losses from disposal of property, plant and equipment | 544 | 1,201 |
| Loss on revaluation of investment property | - | 1,238 |
| Sponsorships | 209 | 173 |
| Special payments: | | |
| Ex-gratia payments - payments to former Core Agreement employees | - | 11 |
| Other | 524 | 1,149 |
| Total other expenses | 21,064 | 15,533 |

⁽¹⁾ Total audit fees payable to the Queensland Audit Office relating to the 2016-17 financial year statements are quoted to be \$214,000 (2015-16: \$205,000). Additional audit fees of \$45,260 were paid to KPMG for the review of the development assessment system.

⁽²⁾ The department's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund (QGIF). Premiums are paid on a risk assessment basis. In addition, the department pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

| 10. Receivables | 2017 \$'000 | 2016 \$'000 |
|--|----------------------|----------------------|
| Current | | |
| Trade debtors ⁽¹⁾ | 9,734 | 8,714 |
| Less: allowance for impairment loss | <u>(1,261)</u> | <u>(1,255)</u> |
| | 8,473 | 7,459 |
| GST input tax credits receivable | 305 | - |
| GST payable | <u>-</u> | <u>(171)</u> |
| | 305 | (171) |
| Loans and advances receivable | 5,729 | 3,676 |
| Finance lease debtors (note 21) | 4,202 | 4,414 |
| Operating lease debtors | 919 | 1,256 |
| Other | <u>1,239</u> | <u>902</u> |
| Total current receivables | <u>20,867</u> | <u>17,535</u> |
| Non-current | | |
| Loans and advances receivable ⁽²⁾ | 37,493 | 11,956 |
| Finance lease debtors (note 21) | <u>15,710</u> | <u>14,393</u> |
| Total non-current receivables | <u>53,203</u> | <u>26,348</u> |

⁽¹⁾ \$5.391 million relates to transactions that the department processed on behalf of CRRDA following its establishment on 14 April 2017. These costs are recoverable.

⁽²⁾ \$19.877 million of the non-current loans and advances receivables is associated with loans to facilitate catalyst infrastructure. Part of this loan is funded through borrowings with QTC.

Accounting policy - Receivables

The collectability of receivables is assessed periodically with an allowance being made for impairment. All known bad debts were written off as at 30 June 2017. Trade debtors are recognised at the amounts due at the time of sale or service delivery being the agreed purchase/contract price. Settlement of these amounts is required within 30 days from the invoice date.

Loans and advances are measured at fair value and amortised over the life of the loan using the effective interest method. Where loans and advances are provided at concessional below market interest rates, they are considered to have a fair value less than the actual amount lent. Any additional amount lent above the fair value is initially recognised as a loss in the Statement of Comprehensive Income and then notional interest income is recognised over the term of the loan. There is no impairment allowance for loans and advances as no repayments were past due as at 30 June 2017.

11. Land inventories

| | | |
|--|-----------------------|-----------------------|
| Land held for sale | 305,495 | 307,789 |
| Total land inventories | <u>305,495</u> | <u>307,789</u> |
| Land inventories reconciliation | | |
| Carrying amount at 1 July | 307,789 | 348,999 |
| Acquisition and development costs | 65,433 | 27,837 |
| Cost of land sales | (38,546) | (64,111) |
| Transfer between asset classes | (15,792) | 2,413 |
| Land inventory written off | <u>(13,389)</u> | <u>(7,348)</u> |
| Carrying amount at 30 June | <u>305,495</u> | <u>307,789</u> |

Land inventories

The department holds land inventories to facilitate development of industrial and residential projects.

Key judgement: Industrial land inventory is independently valued every 12 months by an external certified valuer with a market review undertaken by management six months after this time. These values are monitored and assessed against the cost base to ensure compliance with AASB 102 Inventories. Where values have moved lower, the asset value is written down to the net realisable value and an expense is recorded in the Statement of Comprehensive Income.

Key estimates: Residential and urban land inventory balances are assessed on a biannual basis immediately following the relevant project business case reviews. The project business case reviews are project specific with management assessment of market based comparability of revenue and costs to determine the recoverability of inventory balances. The internal business case review process ensures the appropriate level of due diligence is in line with management assumptions. A cost of goods sold adjustment is made to the Statement of Comprehensive Income at this time, if required, to ensure the recoverability of inventory balances will be realised. Where the net realisable value (NRV) of a project is below the current carrying value of inventory and future development costs, an NRV adjustment is recognised as a reduction to the value of inventory and as an expense in the Statement of Comprehensive Income.

Accounting policy - Land inventories

Land held for the purpose of resale is recognised at the lower of cost and NRV in accordance with AASB 102 Inventories. Land cost includes the cost of acquisition and development of the land to its existing condition, ready for sale.

Cost of land sales

Industrial inventory sales apply a cost of goods sold allocation based on actual cost (land acquisition and development cost).

Key judgement: Residential and urban land inventory sales apply a cost of goods sold methodology that allocates a cost value to the land sold based on an estimated gross profit percentage for the life of the project. This percentage is calculated from the business case reviews which are performed biannually on a project-by-project basis. This includes judgement in determining the future sales revenue, future development costs and timing of future cash flows for the project. Key inputs used for these forecasts are validated by management using relevant industry experts and/or observable market information. A cost of goods sold review is also completed at the time of the business case review and an assessment of the rate is undertaken to ensure the recoverability of inventory balances will be realised.

12. Property, plant and equipment

a) Closing balances and reconciliation of carrying amount

| 30 June 2017 | Land | Buildings | Heritage and cultural assets | Infrastructure | Plant and equipment | Capital work in progress | Total |
|--|----------------|----------------|------------------------------|----------------|---------------------|--------------------------|----------------|
| | 2017 \$'000 | 2017 \$'000 | 2017 \$'000 | 2017 \$'000 | 2017 \$'000 | 2017 \$'000 | 2017 \$'000 |
| Gross | 153,119 | 2,271 | - | 84,467 | 784 | 59,315 | 299,956 |
| Less: Accumulated depreciation | - | (1,898) | - | (40,010) | (407) | - | (42,315) |
| Less: Accumulated impairment losses | - | - | - | - | - | - | - |
| Carrying amount at 30 June | 153,119 | 373 | - | 44,457 | 377 | 59,315 | 257,641 |
| <i>Represented by movements in carrying amount:</i> | | | | | | | |
| Carrying amount at 1 July 2016 | 168,507 | 398 | - | 44,560 | 2,562 | 38,892 | 254,918 |
| Acquisitions (including upgrades) | 937 | 44 | - | - | 67 | 20,029 | 21,078 |
| Disposals | (24,197) | (22) | - | - | (67) | - | (24,287) |
| Transfer out to other Queensland Government entities | - | - | - | - | (2,078) | - | (2,078) |
| Transfer to/from inventory | - | - | - | - | - | 394 | 394 |
| Net revaluation increment/(decrement) | 7,872 | - | - | 1,887 | - | - | 9,759 |
| Depreciation expense | - | (47) | - | (1,990) | (107) | - | (2,144) |
| Carrying amount at 30 June | 153,119 | 373 | - | 44,457 | 377 | 59,315 | 257,641 |

12. Property, plant and equipment (continued)

a) Closing balances and reconciliation of carrying amount (continued)

| 30 June 2016 | Land | Buildings | Heritage and cultural assets | Infrastructure | Plant and equipment | Capital work in progress | Total |
|---|----------------|----------------|------------------------------|----------------|---------------------|--------------------------|----------------|
| | 2016 \$'000 | 2016 \$'000 | 2016 \$'000 | 2016 \$'000 | 2016 \$'000 | 2016 \$'000 | 2016 \$'000 |
| Gross | 168,507 | 2,301 | - | 80,930 | 4,621 | 38,892 | 295,251 |
| Less: Accumulated depreciation | - | (1,903) | - | (36,370) | (1,260) | - | (39,533) |
| Less: Accumulated impairment losses | - | - | - | - | (799) | - | (799) |
| Carrying amount at 30 June | 168,507 | 398 | - | 44,560 | 2,562 | 38,892 | 254,919 |
| <i>Represented by movements in carrying amount:</i> | | | | | | | |
| Carrying amount at 1 July 2015 | 185,178 | 25 | 790 | 44,447 | 2,719 | 28,066 | 261,225 |
| Acquisitions (including upgrades) | - | - | - | - | 9 | 13,945 | 13,954 |
| Disposals | (13,408) | - | - | - | (13) | - | (13,421) |
| Disposals through donation/below fair value | - | - | - | (3,195) | - | - | (3,195) |
| Transfer to/from inventory | (726) | - | (790) | - | - | - | (1,516) |
| Transfer to/from investment property | 600 | 416 | - | - | - | 76 | 1,092 |
| Transfers between asset classes | - | - | - | 3,195 | - | (3,195) | - |
| Net revaluation increment/(decrement) | (3,137) | - | - | 1,956 | - | - | (1,181) |
| Depreciation expense | - | (43) | - | (1,843) | (153) | - | (2,039) |
| Carrying amount at 30 June | 168,507 | 398 | - | 44,560 | 2,562 | 38,892 | 254,919 |

12. Property, plant and equipment (continued)

b) Fair value measurement

Land

The department holds land throughout Queensland. These properties are held for various purposes including future economic development opportunities, to meet a specific community or economic need or for rezoning.

Key judgement: Land has been comprehensively valued as at 30 June 2017 by State Valuation Services (SVS), a certified valuer. Fair value for land was determined through specific appraisal with reference to observable prices in an active market or recent market transactions using direct comparison to the sales history of similar properties based on location, area, access and typography. Consideration was given to various inputs including legal restrictions, zoning regulations and the intended use of the assets. Due to the use of market observable prices from similar assets, land has been categorised as level 2 in accordance with the fair value hierarchy.

Buildings

The department holds various non-residential properties and is lessor to rental agreements on various properties.

Key judgement: Due to the department's current strategy for these buildings and zoning regulations, the fair value of the buildings was determined using the discounted cash flow approach, calculated by determining the present value of future cash flows. The Queensland Treasury Corporation's zero coupon rates were used to calculate the present value. These properties were determined to be level 3 in accordance with the fair value hierarchy as the calculation includes contract specific inputs that are not observable in the market place.

Infrastructure

The department holds water infrastructure assets such as reservoirs, treatment facilities and distribution systems over six managed sites located on the mainland of Far North Queensland. These assets are operated and maintained by a utility solutions company under contract with the department for the benefit of the local governments. The department has recommenced discussions with Northern Peninsula Area Regional Council regarding the proposed transfer of the water supply system and its operations to council. In December 2016, the department and council signed a memorandum of understanding that will direct the transfer process on or before 30 June 2019.

Key judgement: A comprehensive valuation was performed in 2015 by a certified valuer with technical expertise in relation to infrastructure assets, engaged by SVS on behalf of the department. Due to the specialised nature of the assets and lack of observable market data, the most relevant basis of valuation was determined to be current replacement cost.

For 2017, the department applied the valuer's recommended Building Price Index (BPI) of 286 as at 30 June 2017, representing a 4.38% increase from the BPI of 274 at the same date in 2016. The BPI is a market based index, compiled and reviewed to reflect current construction market trends. Sourced through analysis of recent tender results it enables moderation of estimates to account for market trends. Key drivers underpinning the forecast include a continuing low Australian dollar, labour and wages increases, limitations of supply to particular subcontract areas, increased demand in geographical localities and increasing contractor margins. These drivers were assessed by Northern Region office of Local Government and Regional Services Group and were found to be a fair representation of the current market conditions in the Northern Peninsula area. As a result, the BPI has been considered as robust, valid and appropriate in determining the infrastructure assets' fair value at reporting date.

Due to the use of significant unobservable inputs, in particular the replacement cost, conditions ratings, remaining useful life, and associated risk adjusted discounts to each of these factors, these asset valuations have been categorised as level 3 in accordance with fair value hierarchy.

Categorisation of assets measured at fair value

| | Level 2 | | Level 3 | |
|-----------------------------|----------------|----------------|---------------|---------------|
| | 2017 | 2016 | 2017 | 2016 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Land | 153,119 | 168,507 | - | - |
| Buildings - income approach | - | - | 373 | 398 |
| Infrastructure | - | - | 44,457 | 44,560 |
| Total | 153,119 | 168,507 | 44,830 | 44,958 |

Transfers between levels

There were no transfers between levels within the same class for recurring fair value measurements. The department's policy is to recognise transfers into and out of fair value hierarchy levels at the same class as at the end of the reporting period.

Level 3 fair value measurement - reconciliation

| | Buildings | Infrastructure |
|--|------------|----------------|
| | \$'000 | \$'000 |
| Carrying amount at 1 July 2016 | 398 | 44,560 |
| Acquisition | 44 | - |
| Depreciation | (46) | (1,990) |
| Retirement | (23) | - |
| Revaluation increments/(decrements) recognised in other comprehensive income | - | 1,887 |
| Carrying amount at 30 June 2017 | 373 | 44,457 |

Valuation processes

The department's valuation policies and procedures are overseen by the Audit and Risk Management Committee and approved by the Chief Finance Officer. They are reviewed annually taking into consideration an analysis of movement in fair value and other relevant information.

12. Property, plant and equipment (continued)

Accounting policy - Property, plant and equipment

Recognition thresholds for property, plant and equipment

Items of property, plant and equipment with a cost or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

| | |
|---------------------|----------|
| Land | \$1 |
| Infrastructure | \$10,000 |
| Buildings | \$10,000 |
| Plant and equipment | \$5,000 |
| Other | \$5,000 |

Items with a lesser value are expensed in the year of acquisition.

The department has a comprehensive annual maintenance program for its infrastructure assets. Expenditure is only capitalised if it increases the service potential or useful life of the existing asset. Maintenance expenditure that merely restores original service potential is expensed.

Fair value measurement hierarchy

All property, plant and equipment is categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

Level 1 - represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets

Level 2 - represents fair value measurements that are substantially derived from inputs that are observable, either directly or indirectly

Level 3 - represents fair value measurements that are substantially derived from unobservable inputs.

Acquisition of assets

Actual cost is used for the initial recording of all non-current asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, such as architects' fees and engineering design fees.

Where assets are received free of charge from a Queensland Government entity (whether as a result of a machinery of government or other involuntary transfer), the acquisition costs are recognised at the gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciation.

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from a Queensland Government entity, are recognised at their fair value at the date of acquisition in accordance with AASB 116 Property, Plant and Equipment.

Assets under construction

Work in progress is recognised at cost. All costs relating to items of property, plant and equipment are recorded as work in progress until construction is complete using all direct and indirect costs, where the latter are reliably attributable. Work in progress performed under external contracts is recorded using the invoice amount supplied by the contractor.

Measurement of property, plant and equipment

Land, buildings and infrastructure assets are measured at fair value as required by Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses where applicable. With respect to these asset classes, the cost of items acquired during the financial year have been judged by management to materially represent their fair value at the end of the reporting period.

Plant and equipment is measured at cost in accordance with Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector. The carrying amounts for such plant and equipment at cost should not materially differ from their fair value.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

Revaluation of property, plant and equipment measured at fair value

Land, buildings and infrastructure assets are measured at fair value. They are revalued on an annual basis, either by appraisals undertaken by an independent professional valuer, internal expert or by the use of appropriate and relevant indices. For financial reporting purposes, the revaluation process is overseen by the Chief Finance Officer who determines the specific revaluation practices and procedures in conjunction with the asset managers.

Specific appraisals using an independent professional valuer or internal expert are undertaken at least once every five years. However, if a particular asset class experiences significant and volatile changes in fair value (that is, where indicators suggest that the value of the asset class may have changed by 20% or more since the previous reporting period), it is subject to revaluation in the reporting period, where practicable, regardless of the timing of previous such method of revaluation.

The fair values reported by the department are based on appropriate valuation techniques that maximise the use of available significant and relevant observable inputs and minimise the use of unobservable inputs.

Where assets have not been specifically appraised in the reporting period, their previous valuations are materially kept up-to-date via the application of relevant indices, such as the BPI. Where indices are used in the revaluation process, the department ensures that the application of such indices would result in a valid estimation of the asset's fair value at reporting date. SVS supplies the indices used for the various types of assets. Such indices are either publicly available or are derived from market information available to SVS. SVS provides assurance of their robustness, validity and appropriateness for application to the relevant assets. In some cases, indices used are also tested for reasonableness by applying the indices to a sample of assets, comparing the results to similar assets that have been valued by an independent professional valuer or internal expert and analysing the trend of changes in values over time. Through this process, which is undertaken annually, management assesses and confirms the relevance and suitability of indices provided by SVS based on the department's circumstances.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense to the extent it exceeds the balance, if any, in the revaluation surplus relating to that asset class.

12. Property, plant and equipment (continued)

On revaluation:

- For assets revalued using a cost valuation approach (e.g. current replacement cost) - accumulated depreciation is adjusted to equal the difference between the gross amount and carrying amount, after taking into account accumulated impairment losses. This is generally referred to as the 'gross method'. This applies to the department's infrastructure assets.
- For assets revalued using a market or income valuation approach (including items valued under the discounted cash flow technique) - accumulated depreciation and accumulated impairment losses are eliminated against the gross amount of the asset prior to restating for the revaluation. This is generally referred to as the 'net method'. This applies to the department's land and building assets.

Depreciation of property, plant and equipment

Land is not depreciated as it has an indefinite useful life. Buildings, infrastructure and plant and equipment have finite useful lives and are depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset progressively over its estimated useful life to the department.

Assets under construction (work in progress) are not depreciated until construction is complete and the asset is put to use or is ready for its intended use, whichever is the earlier. These assets are then reclassified to the relevant class within property, plant and equipment.

Key judgement: Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

Assessments of remaining useful lives of depreciable assets are performed annually.

Key estimates: For each class of depreciable assets the following depreciation rates are used:

| Class | 2017 Rate % | 2016 Rate % |
|---------------------|----------------|----------------|
| Buildings | 2.50 - 10.00% | 2.50 - 10.00% |
| Infrastructure | 1.25 - 20.00% | 1.25 - 20.00% |
| Plant and equipment | 2.51 - 25.00% | 2.50 - 20.00% |

Impairment of non-current assets

Key judgement: Assets measured at cost are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the department determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss in the Statement of Comprehensive Income.

For assets measured at fair value, the impairment loss is treated as a revaluation decrease and offset against the asset revaluation surplus of the relevant class to the extent available. Where no asset revaluation surplus is available in respect of the class of asset, the loss is expensed in the Statement of Comprehensive Income as a revaluation decrement.

| 13. Investment property | 2017 \$'000 | 2016 \$'000 |
|----------------------------------|----------------|----------------|
| Land - at fair value | 255,708 | 240,853 |
| Buildings - at fair value | 4,225 | 4,225 |
| Total investment property | 259,933 | 245,078 |

Part of the investment property portfolio is leased based on 1 to 5 year non-cancellable operating lease arrangements.

The future minimum lease payments receivable under non-cancellable operating leases classified as investment property are:

| | | |
|---|--------------|--------------|
| - Not later than one year | 469 | 121 |
| - Later than one year and not later than five years | 5,144 | 2,575 |
| | 5,613 | 2,696 |

Reconciliation of movement in investment property

| | 2017 Land \$'000 | 2016 Land \$'000 | 2017 Buildings \$'000 | 2016 Buildings \$'000 |
|--|------------------------|------------------------|-----------------------------|-----------------------------|
| Carrying amount at 1 July | 240,853 | 241,890 | 4,225 | 4,225 |
| Net loss on revaluation through profit and loss | - | (1,238) | - | - |
| Reclassification between investment property and buildings | - | (450) | - | - |
| Reclassification between investment property and land | - | (600) | - | - |
| Transfer from inventories | 14,855 | 2,736 | - | - |
| Disposals | - | (1,485) | - | - |
| Carrying amount at 30 June | 255,708 | 240,853 | 4,225 | 4,225 |

Rental income from investment property is recognised as income on a periodic straight-line basis over the term of the lease. Rental income recognised in the operating result is \$3.885 million (2015-16: \$3.883 million). Direct operating expenses primarily for repairs and maintenance on property that did not generate rental income for the period were nil (2015-16: nil). Direct operating expenses primarily for repairs and maintenance on property that did generate rental income for the period were \$1.049 million (2015-16: \$0.293 million).

There are no restrictions on the realisability of investment property and the remittance of income and proceeds of disposal.

Key judgement: For all investment property SVS provided a market update on the market movement over the past 12 months. The advice was that there had been minimal market movement and no change in the fair value of investment property was recorded.

Buildings were valued using the discounted cash flow method incorporating consumer price index (CPI) rates and forecast rental cash flows over lease terms. The carrying value was substantiated by the discounted cash flow calculation indicating no change to fair value.

These properties are valued using market observable prices from similar assets and are categorised as level 2 in accordance with the fair value hierarchy.

Accounting policy - Investment property

Investment property is property held for capital appreciation and/or to earn rental returns. It is initially recognised at cost including development costs. Where investment property is acquired at no or minimal cost, it is recognised at fair value. Investment property is subsequently carried at fair value, being subject to valuations on an annual basis where significant market movements have occurred. The valuation method is based on selling prices in an active property market adjusted, if necessary, to reflect the nature, location or condition of the specific investment property.

Transfers from inventory includes the initial recognition of common costs of improvement to inventory in accordance with AASB 102 para 10 and 15, which are subsequently transferred to investment property in accordance with AASB 140 on a relative cost basis.

Gains or losses arising from changes in the fair value of investment property are included in the operating result for the period in which they arise.

In determining the investment land values the following factors are considered:

- the highest and best use given the legal and zoning restrictions and any other restrictions outside the control of the department
- the probability of any of the restrictions being changed in the future.

| 14. Income tax equivalents | 2017 \$'000 | 2016 \$'000 |
|---|----------------|----------------|
| (a) Income tax equivalent expense/(benefit) | | |
| Current tax | 6,659 | (546) |
| Deferred tax | (9,989) | (5,861) |
| Under/(over) provision in previous years | 10,378 | - |
| Balance as at 30 June | 7,048 | (6,407) |
| (b) Numeric reconciliation of income tax equivalent expense to prima facie tax payable | | |
| Loss before tax | 11,103 | 3,624 |
| Tax expense/(benefit) at the Australian tax rate of 30% (2015-16: 30%) | (3,331) | (1,087) |
| Tax effect of amounts which are not deductible (assessable) in calculating taxable income: | | |
| Entertainment expense | 1 | 1 |
| Under/(over) provision in previous years | 10,378 | - |
| Grants revenue | - | (5,321) |
| Income tax equivalent expense/(benefit) | 7,048 | (6,407) |
| (c) Non-current assets - deferred tax equivalent asset | | |
| The balance comprises temporary differences attributable to: | | |
| Allowance for doubtful debts | 204 | 178 |
| Written down value of other capitalised expenses | 106 | 120 |
| Building accumulated depreciation | 176 | 210 |
| Concessional loan discount | 2,636 | - |
| Balance as at 30 June | 3,122 | 508 |
| (d) Current liabilities - income tax payable/(receivable) | | |
| Balance at the beginning of the year | (546) | 6,391 |
| Income tax equivalent paid | (9,832) | (6,391) |
| Recognised in operating result | 6,659 | (546) |
| Under/(over) provision in previous years | 10,378 | - |
| Balance as at 30 June | 6,659 | (546) |
| (e) Non-current liabilities - deferred tax equivalent liabilities | | |
| The balance comprises temporary differences attributable to: | | |
| Land revaluations | 29,783 | 33,659 |
| Inventories | 4,497 | 6,031 |
| Investment property | 53,875 | 53,874 |
| Deferred fee income | (1,267) | (1,663) |
| Balance as at 30 June | 86,888 | 91,901 |

The comparative for income tax payable has changed due to events disclosed in note 23.

Accounting policy - Income tax equivalents

The department is a state body as defined under the *Income Tax Assessment Act 1936* and is exempt from Australian Government taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). As such, input tax credits receivable from and GST payable to the Australian Taxation Office are recognised. From 1 July 2014 all Queensland Government departments were exempted from payroll tax. This exemption is not extended to commercial business units, such as EDQ.

Pursuant to the National Tax Equivalents Regime, the department's commercialised business unit EDQ is required to make payments to the Queensland Government equivalent to the amount of any Australian Government income tax for which an exemption is received.

The income tax equivalent benefit for the period is the tax payable on the current period's taxable income based on the national tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

AASB 112 Income Taxes uses a 'balance sheet approach' of calculating income tax balances. This approach recognises the difference between the carrying value of an asset or liability and its tax base. The differences are recognised at the tax rate expected to be applied when the assets are recovered or liabilities settled.

If applicable, deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

| 15. Payables | 2017 \$'000 | 2016 \$'000 |
|---|----------------|----------------|
| Current | | |
| Trade creditors | 65,231 | 34,131 |
| Taxes - land, rates and stamp duty payable ⁽¹⁾ | 11,441 | 12,431 |
| Grants payable | 1,734 | 1,556 |
| Deferred appropriation payable to Consolidated Fund | 61,198 | 4,925 |
| Other | 101 | 358 |
| Total current payables | 139,705 | 53,401 |

⁽¹⁾ EDQ is required under the Queensland Treasury Commercialisation of Government Business Activities in Queensland Policy Framework to recognise tax equivalents for stamp duty, land tax and local government rates. Calculation and recognition of tax equivalents ensures EDQ is not advantaged relative to its private sector counterparts. Payments are required to be made to the Queensland Government's Consolidated Fund and are determined on a self-assessment basis giving proper regard to current rates and charges applicable.

Accounting policy - Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the contracted amount (net of any discounts). Amounts owing are unsecured and are generally settled on 30-day terms unless otherwise specified by the creditor. Payables of a capital nature are settled within 12 months.

16. Other liabilities

| | | |
|--|---------------|---------------|
| Current | | |
| Unearned revenue | 4,320 | 5,954 |
| Security deposits | 5,127 | 1,509 |
| Deposits held | 1,417 | 2,339 |
| Other | 1,173 | 1,262 |
| Total current other liabilities | 12,037 | 11,064 |
| Non-current | | |
| Security deposits | 6,000 | 7,000 |
| Total non-current other liabilities | 6,000 | 7,000 |

Accounting policy - Other liabilities

Other liabilities are recognised as a liability in accordance with contract terms.

Unearned revenue represents the portion of land sale contracts paid in advance. Once the title has passed to the purchaser, unearned revenue is reduced and revenue is recognised.

Security deposits are held to secure the performance of developers' obligations under development management agreements. Deposits are released as these contractual obligations are satisfied.

17. Asset revaluation surplus

| | Land \$'000 | Infrastructure \$'000 | Total \$'000 |
|--|----------------|--------------------------|-----------------|
| Balance 1 July 2015 | 17,870 | 4,177 | 22,047 |
| Revaluation increments/(decrements) ⁽¹⁾ | (2,196) | 1,956 | (240) |
| Balance as at 30 June 2016 | 15,674 | 6,133 | 21,807 |
| Balance 1 July 2016 | 15,674 | 6,133 | 21,807 |
| Revaluation increments/(decrements) ⁽¹⁾ | 5,510 | 1,887 | 7,397 |
| Balance as at 30 June 2017 | 21,184 | 8,020 | 29,204 |

⁽¹⁾ The revaluation increments/(decrements) are net of tax.

Accounting policy - Asset revaluation surplus

The asset revaluation surplus represents the net effect of upwards and downwards revaluations of assets to fair value.

| 18. Commitments | 2017 | 2016 |
|---|---------------|------------|
| (a) Non-cancellable operating lease commitments | \$'000 | \$'000 |
| Commitments under operating leases at reporting date (inclusive of non-recoverable GST input tax credits) are payable as follows: | | |
| - Not later than one year | 4,884 | 582 |
| - Later than one year and not later than five years | 16,799 | 105 |
| - Later than five years | 50,312 | - |
| | <u>71,995</u> | <u>687</u> |

The department has entered into a new 15-year occupancy agreement for accommodation with Department of Housing and Public Works.

Operating leases are entered into as a means of acquiring access to office accommodation and car park space. Lease payments are fixed but with an annual escalation clause. Where it is reasonably certain that the renewal options will be exercised, the lease commitment includes the extended option period. No operating leases contain restrictions on financing or other leasing activities.

For 2016-17 \$5.012 million (2015-16: \$4.478 million) was recognised by the department as an expense in the Statement of Comprehensive Income in respect of operating leases.

(b) Capital expenditure commitments

Infrastructure capital commitments (inclusive of non-recoverable GST input tax credits) contracted for at reporting date but not recognised in the accounts are payable as follows:

| | | |
|---|----------------|---------------|
| - Not later than one year | 74,532 | 46,008 |
| - Later than one year and not later than five years | 33,728 | 35,011 |
| - Later than five years | 227 | - |
| | <u>108,487</u> | <u>81,019</u> |

(c) Grants and subsidies expenditure commitments

As at 30 June 2017, approval has been given to various grantees in accordance with formal agreements to pay the following grants and subsidies (inclusive of non-recoverable GST input tax credits) provided certain criteria are met:

| | | |
|---|----------------|----------------|
| - Not later than one year | 282,549 | 83,102 |
| - Later than one year and not later than five years | 107,918 | 22,489 |
| | <u>390,467</u> | <u>105,591</u> |

The above commitments for grants and subsidies expenditure are allocated to the following categories:

| | | |
|----------------------------------|----------------|----------------|
| - Charities and community groups | 14,278 | 10 |
| - Local governments | 376,189 | 105,581 |
| | <u>390,467</u> | <u>105,591</u> |

(d) Other expenditure commitments

Other expenditure committed at the end of the period, but not recognised in the accounts, are as follows:

| | | |
|---|----------------|----------------|
| - Not later than one year | 77,080 | 18,048 |
| - Later than one year and not later than five years | 66,459 | 58,603 |
| - Later than five years | 6,002 | 53,693 |
| | <u>149,540</u> | <u>130,344</u> |

The department has various agreements relating to the development of the Commonwealth Games Village. The Minister for Economic Development Queensland holds the legal agreements with the Village project developer and investor and is ultimately responsible for executing these agreements. The agreements result in capital and recurrent commitments of approximately \$128.167 million relevant to the Commonwealth Games Village.

19. Contingencies

(a) Financial guarantees and associated risk

Bank guarantees are mainly held for financial security against non-conformance of contracts across the department. The total value of bank guarantees held for these projects as at 30 June 2017 is \$53.047 million (2015-16: \$22.724 million).

At 30 June 2017, the department provided financial guarantees of \$0.263 million (2015-16: \$0.414 million) to provide security over the contractual performance obligations for electrical and stormwater augmentation works.

Key judgement: No contract performance breaches have occurred and the department does not expect that the guarantees will be called upon. Consequently, the probability of default is considered remote and no provision for losses has been recognised in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

(b) Litigation in progress

At 30 June 2017, the number of cases filed in the courts relating to the department were as follows:

| | 2017 | 2016 |
|------------------|-----------|-----------|
| - Supreme Court | 1 | 1 |
| - District Court | 20 | 11 |
| | <u>21</u> | <u>12</u> |

Out of the 21 cases for litigation, one District Court case with an estimated settlement amount of \$0.162 million is likely to be paid by the department.

20. Financial risk disclosures

Financial instrument categories

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the department becomes party to the contractual provisions of the financial instrument. The department has the following categories of financial assets and financial liabilities:

| | 2017 \$'000 | 2016 \$'000 |
|---|----------------|----------------|
| Financial assets | | |
| Cash and cash equivalents | 267,562 | 228,433 |
| Loans and receivables at amortised cost - comprising: | | |
| Receivables (note 10) | 74,070 | 43,883 |
| Total financial assets | <u>341,632</u> | <u>272,316</u> |

Cash and cash equivalents includes the department's bank funds and QTC investments.

The Under Treasurer has approved an overdraft limit of \$30 million for the department's controlled bank account. There is no overdraft interest charged on this facility. This facility was undrawn at 30 June and is available for use in the next reporting period.

Accounting policy - Cash and cash equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques received but not banked at 30 June 2017 as well as deposits at call with financial institutions.

Departmental bank accounts, excluding EDQ which operates on a commercial basis, are grouped within the whole-of-government set-off arrangement with Queensland Treasury and do not earn interest on surplus funds. Interest earned on the aggregate set-off arrangement balance accrues to the Consolidated Fund.

Financial liabilities

Financial liabilities at amortised cost - comprising:

| | | |
|---|----------------|---------------|
| Payables (note 15) | 139,705 | 53,401 |
| Interest-bearing liabilities - QTC borrowings | 41,157 | 30,662 |
| Total financial liabilities | <u>180,862</u> | <u>84,063</u> |

No assets have been pledged as security for any liabilities. There have been no defaults or breaches of the loan agreement during the reporting period.

All interest-bearing borrowings are with QTC and are in Australian dollars. QTC debt facilities are utilised to manage cash flow and facilitate development works across some of the residential and catalyst infrastructure projects. A drawdown from the QTC loan occurs when development costs are incurred and the loan repayments are made progressively in line with sales. Interest expense and administration charges on borrowings are expensed and no interest has been capitalised during the current or comparative reporting period. Final repayment dates vary from February 2020 to June 2031. Interest rates on borrowings range from 2.01% to 3.05%. A competitive neutrality fund provision is applied each month to these loans to recognise the benefits derived by the department.

As it is the intention of the department to hold its borrowings for the full term, no fair value adjustment is made to the carrying value of the borrowings.

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

Accounting policy - Interest-bearing liabilities

Borrowings are initially recognised at fair value, plus any transactional costs directly attributable to the borrowings, and 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.

Any borrowing costs are added to the carrying amount of the borrowing to the extent they are not settled in the period in which they arise.

20. Financial risk disclosures (continued)

Financial risk management

(a) Risk exposure

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

All financial risk is managed under policies approved by the department which relate to financial arrangements as required by Queensland Treasury.

The department's activities expose it to a variety of financial risks as set out in the following table:

| Risk exposure | Definition | Exposure |
|----------------|---|--|
| Credit risk | Credit risk exposure refers to the situation where the department may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation. | The department is exposed to credit risk in respect of its receivables (note 10). The maximum exposure to credit risk in relation to loans is the gross carrying amount of those assets before allowing for any fair value adjustments or provisions for impairment. |
| 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 department is exposed to liquidity risk in respect to its payables (note 15) and borrowings from QTC for capital works. |
| Market risk | The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. | The department does not trade in foreign currency and is not materially exposed to commodity price changes or other market prices. The department is exposed to interest rate risk through its finance leases (note 21), borrowings from QTC and cash deposited in interest-bearing accounts. |

(b) Risk measurement and management strategies

The department measures risk exposure using a variety of methods as follows:

| Risk exposure | Measurement method | Risk management strategies |
|----------------|------------------------------------|--|
| Credit risk | Ageing analysis, earnings at risk | The method of managing credit risk for loans and advances is by way of credit assessment procedures, documented loan agreements, regular monitoring and reporting of repayments and project progress meetings with borrowers. The risk of loss from the loans undertaken is primarily reduced by the nature and extent of the security taken. The credit risk for all other receivables is managed through the use of a credit management policy. This policy aims to reduce the exposure to credit default by ensuring that the department invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis. |
| Liquidity risk | Sensitivity analysis | The department manages liquidity risk through the use of a cash management policy. This policy aims to reduce the exposure to liquidity risk by ensuring the department 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. |
| Market risk | Interest rate sensitivity analysis | The department does not undertake any hedging in relation to interest risk and manages its risk as per the department's risk management policy. |

Maximum credit risk exposure

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowances for impairment.

The allowance for impairment reflects the occurrence of loss events. The most readily identifiable loss event is where a debtor, lessee or group of debtors is overdue in paying a debt to the department according to the due date (normally terms of 30 days). The method for calculating any allowance for impairment is based on objective evidence that the department will not be able to collect a receivable, including financial difficulty of the debtor, default of payments and ageing of the debt.

If no loss events have arisen in respect of a particular debtor, lessee or group of debtors, no allowance for impairment is made in respect of that debtor, lessee or group of debtors. If the department determines that an amount owing by such a debtor or lessee 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. In other cases where a debt becomes uncollectible but the uncollectible amount exceeds the amount already allowed for impairment of that debt, the excess is recognised as a bad debt and written off directly against receivables.

20. Financial risk disclosures (continued)

| | 2017 \$'000 | 2016 \$'000 |
|--|----------------|----------------|
| Movement in the allowance for impairment loss | | |
| Balance at 1 July | 1,255 | 1,166 |
| Increase in allowance recognised in operating result | 6 | 88 |
| Balance at 30 June | 1,261 | 1,255 |

Liquidity risk - contractual maturity of financial liabilities

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.

| Financial liabilities | 2017 payable in | | | Total \$'000 |
|--|--------------------|-----------------------|---------------------|-----------------|
| | < 1 year \$'000 | 1 - 5 years \$'000 | > 5 years \$'000 | |
| Payables | 139,705 | - | - | 139,705 |
| Interest-bearing liabilities - QTC borrowings ⁽¹⁾ | 994 | 24,247 | 22,556 | 47,797 |
| Total | 140,699 | 24,247 | 22,556 | 187,502 |

| Financial liabilities | 2016 payable in | | | Total \$'000 |
|--|--------------------|-----------------------|---------------------|-----------------|
| | < 1 year \$'000 | 1 - 5 years \$'000 | > 5 years \$'000 | |
| Payables | 53,401 | - | - | 53,401 |
| Interest-bearing liabilities - QTC borrowings ⁽¹⁾ | - | 25,519 | 10,722 | 36,241 |
| Total | 53,401 | 25,519 | 10,722 | 89,642 |

⁽¹⁾ The undiscounted cash flows in this table represents the minimum liability payable to QTC which is different to the amounts in the current and non-current interest-bearing liabilities in the Statement of Financial Position which are based on forecast repayments.

Interest rate sensitivity analysis

With all other variables held constant, the outcome on net income if interest rates changed by +/-1 percent from the year end rates applicable to the department's financial assets and financial liabilities that are subject to floating rates, is that the department's surplus and equity would increase/(decrease) by \$2.175 million (2015-16: \$1.65 million).

21. Leases - as lessor

The Department of Natural Resources and Mines acts as an agent on behalf of the department in administering the finance and operating leases in accordance with the *Land Act 1994*. These leases are recognised in the financial statements.

(a) Finance leases

There are currently 19 freehold leases that are set over a 10-year term, one 15-year lease and one 30-year lease. At reporting date, more than 42% of leases are due to expire within the next five years.

The interest rate implicit in the free holding leases is 6.8%.

Minimum lease payments receivable under the free holding leases, together with their present value, are as follows:

| | Minimum future lease payments receivable | | Present value of minimum future lease payments receivable | |
|--|--|-----------------|---|-----------------|
| | 2017 \$ '000 | 2016 \$ '000 | 2017 \$ '000 | 2016 \$ '000 |
| Not later than one year | 4,500 | 4,010 | 4,202 | 4,413 |
| Later than one year and not later than five years | 12,107 | 11,856 | 9,810 | 9,640 |
| Later than five years | 10,019 | 10,070 | 5,900 | 4,753 |
| Total minimum future lease receivables | 26,626 | 25,936 | 19,912 | 18,806 |
| Less: unearned finance interest revenue | (6,714) | (7,130) | - | - |
| Present value of total minimum future lease receivables | 19,912 | 18,806 | 19,912 | 18,806 |

| | 2017 \$'000 | 2016 \$'000 |
|---|----------------|----------------|
| Included in note 10 of these financial statements as: | | |
| Current finance lease debtors | 4,202 | 4,413 |
| Non-current finance lease debtors | 15,710 | 14,393 |
| Carrying amount at 30 June | 19,912 | 18,806 |

(b) Operating leases

Minimum lease payments receivable under operating leases are as follows:

| | | |
|---|----------------|----------------|
| Not later than one year | 6,639 | 8,604 |
| Later than one year and not later than five years | 29,678 | 37,219 |
| Later than five years | 110,031 | 135,020 |
| Total minimum future lease receivables | 146,348 | 180,843 |

Commercial and industrial properties

Fixed term leases and ongoing perpetual leases are issued for commercial and industrial use of land by a lease. An annual rent is payable on 1 September each year and is based on the unimproved value of the land multiplied by the rental category percentage rate of 7%. The Department of Natural Resources and Mines annually assesses the unimproved value, therefore rent is variable unless otherwise fixed in the conditions of the lease.

Upon expiry of the lease the lessee loses the right to possession of the land and any improvements located thereon unless otherwise stated in the conditions of the lease. The lease may be cancelled after giving reasonable notice to the lessee if the lessee is in breach of the conditions of the lease including failure to comply with statutory requirements or failure to pay rent by a due date. The lessee may voluntarily surrender the lease, provided rents have been paid in full.

Key judgement: In calculating minimum future lease receivables, it is assumed that perpetual leases will continue for a further 15 years.

Accounting policy - Leases

A distinction is made in the financial statements between finance and operating leases. Finance leases effectively transfer from the lessor to the lessee, all risks and benefits incidental to ownership whilst in operating leases the lessor retains the risks and benefits.

Freehold leases of land are issued to persons who elect to pay the purchase price for the land by annual instalments over the term of the lease. Freehold title transfers to the lessee when the purchase price is fully paid. The leases can be paid out at any time during their term without penalty. However, penalty interest is charged for any late payment.

Where a non-current physical asset is sold by means of a finance lease, the resulting finance lease is recorded as receivable at an amount equal to the net investment of the lease agreement. Lease income from finance leases is recognised at a constant periodic rate of return on the net investment in the lease.

DEPARTMENT OF INFRASTRUCTURE, LOCAL GOVERNMENT AND PLANNING
Notes to the financial statements for the year ended 30 June 2017

22. Administered activities

Schedule of administered items

| | Variance Note | Note | Funding Programs and Community Initiatives - Actual ⁽¹⁾ | | Infrastructure Policy and Planning - Actual | | Actual | | Original Budget | Budget Variance |
|---|---------------|------|--|----------------|---|--------------|------------------|----------------|------------------|-----------------|
| | | | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2017 |
| | | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Administered income | | | | | | | | | | |
| Appropriation revenue | (2) | a) | 1,115,868 | 515,523 | 22,146 | 6,256 | 1,138,014 | 521,779 | 877,379 | 260,635 |
| Grants and other contributions | (2) | b) | 689,929 | 225,421 | - | - | 689,929 | 225,421 | 450,094 | 239,835 |
| User charges and fees | | c) | 405 | 375 | - | - | 405 | 375 | 444 | (39) |
| Other revenue | | | 10,869 | 10,251 | - | - | 10,869 | 10,251 | 11,119 | (250) |
| Total administered income | | | 1,817,071 | 751,570 | 22,146 | 6,256 | 1,839,217 | 757,826 | 1,339,036 | 500,181 |
| Administered expenses | | | | | | | | | | |
| Grants and subsidies | (2) | d) | 1,123,063 | 515,454 | 22,146 | 6,256 | 1,145,209 | 521,710 | 877,379 | 267,830 |
| Transfers of administered revenue to government | (2) | | 693,969 | 236,047 | - | - | 693,969 | 236,047 | 461,657 | 232,312 |
| Other expenses | | a) | 39 | 69 | - | - | 39 | 69 | - | 39 |
| Total administered expenses | | | 1,817,071 | 751,570 | 22,146 | 6,256 | 1,839,217 | 757,826 | 1,339,036 | 500,181 |
| Operating surplus/(deficit) | | | - | - | - | - | - | - | - | - |
| Administered assets | | | | | | | | | | |
| Current | | | | | | | | | | |
| Cash | | | 47 | 1,016 | - | - | 47 | 1,016 | 15 | 32 |
| Receivables | | | 1 | - | - | - | 1 | - | - | 1 |
| Total current assets | | | 48 | 1,016 | - | - | 48 | 1,016 | 15 | 33 |
| Non-current | | | | | | | | | | |
| Land | | e) | 98 | 98 | - | - | 98 | 98 | 98 | - |
| Total non-current assets | | | 98 | 98 | - | - | 98 | 98 | 98 | - |
| Total assets | | | 146 | 1,114 | - | - | 146 | 1,114 | 113 | 33 |
| Administered liabilities | | | | | | | | | | |
| Current | | | | | | | | | | |
| Payables | | | 8 | 162 | - | - | 8 | 162 | 15 | (7) |
| Payables to government | | a) | 40 | 854 | - | - | 40 | 854 | - | 40 |
| Total current liabilities | | | 48 | 1,016 | - | - | 48 | 1,016 | 15 | 33 |
| Net administered assets | | | 98 | 98 | - | - | 98 | 98 | 98 | - |

⁽¹⁾ Funding Programs and Community Initiatives was renamed from Community Recovery and Resilience and Local Government and Community Funding.

Explanations of major variances - administered activities:

⁽²⁾ The actual figure is higher than the budgeted amount due to the advance funding for Financial Assistance Grants of \$232.64 million in June 2017 that applies to 2017-18.

22. Administered activities (continued)

| | 2017 \$'000 | 2016 \$'000 |
|--|------------------|----------------|
| a) Reconciliation of payments from Consolidated Fund to administered income | | |
| Budgeted appropriation | 877,379 | 1,151,569 |
| Transfers to other departments | (8,423) | - |
| Lapsed appropriation revenue | - | (404,977) |
| Unforeseen expenditure | 268,990 | - |
| Total administered receipts | 1,137,946 | 746,592 |
| Less: opening balance of appropriation revenue receivable | - | (224,813) |
| Plus: closing balance of appropriation revenue receivable | - | - |
| Plus: opening balance of appropriation revenue payable to Consolidated Fund | 69 | - |
| Less: closing balance of deferred appropriation payable | (40) | (69) |
| Net appropriation revenue | 1,137,975 | 521,710 |
| Plus: deferred appropriation payable (expense) | 39 | 69 |
| Administered revenue recognised | 1,138,014 | 521,779 |
| b) Grants and other contributions | | |
| Commonwealth | 689,929 | 225,421 |
| Total grants and other contributions | 689,929 | 225,421 |
| c) User charges and fees | | |
| Administered fees and levies were received from the following entities: | | |
| Levy - Queensland Government entities ⁽¹⁾ | 405 | 375 |
| Total user charges and fees | 405 | 375 |
| ⁽¹⁾ Kuranda Skyrail levy is collected by Queensland Rail and forwarded to the department. | | |
| d) Grants and subsidies | | |
| Administered grants and subsidies were made to the following entities: | | |
| Local governments | 719,156 | 253,687 |
| Queensland Reconstruction Authority | 378,636 | 231,196 |
| Trade and Investment Queensland | 25,271 | 30,571 |
| Cross River Rail Delivery Authority | 14,092 | - |
| Building Queensland | 8,054 | 6,256 |
| Total grants and subsidies | 1,145,209 | 521,710 |
| e) Land fair value measurement | | |
| Land - Northern Peninsula Area Regional Council | 98 | 98 |
| Total land fair value measurement | 98 | 98 |
| Land | | |
| The department as trustee for the State of Queensland holds seven parcels of deed of grant in trust land located in the remote Northern Peninsula Area Regional Council. The department has constructed infrastructure assets on these land assets for use by Far North Queensland Indigenous communities. | | |
| Fair value for land is determined by establishing its market value by reference to observable prices in an active market or recent market transactions using direct comparison to the sales history of similar properties based on location, area, access and typography. In the absence of a full valuation an indexation valuation using market sales of similar type assets is performed. | | |
| <i>Key judgement:</i> Due to the use of market observable prices from similar assets, land has been categorised as level 2 in accordance with accounting policies. | | |
| f) Commitments | | |
| As at 30 June 2017, a signed funding agreement is in place to pay grants and subsidies (inclusive of non-recoverable GST input tax credits) to a local government for operational works: | | |
| - Not later than one year | 24,536 | - |
| | 24,536 | - |

Accounting policy - Administered activities

The department administers, but does not control, certain resources on behalf of the Queensland Government. 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.

Major administered revenues include appropriations and grants received from the Australian and the Queensland Government that are forwarded onto local governments and other Queensland government bodies.

The Acting Under Treasurer has approved an overdraft limit of \$350 million for the department's administered bank account. There is no overdraft interest charged on this facility. This facility was undrawn at 30 June and is available for use in the next reporting period.

Accounting policies applicable to administered items are consistent with the equivalent policies for controlled items, unless stated otherwise.

23. Prior period adjustments

Following the National Taxation Equivalent Regime Administrator's confirmation in 2016-17, a prior year adjustment was required for the taxation treatment of grant income. This affected the tax obligations for the financial years ending 30 June 2013 to 30 June 2016 which resulted in an adjustment of \$10.378 million to the income tax payable balance as at 1 July 2016. In 2016-17, the revised balance of \$9.832 million was remitted to Queensland Treasury.

| | 2017 \$'000 |
|---|----------------|
| Prior year adjustment - income tax payable/(receivable) | |
| Balance at the beginning of the year | (546) |
| Under/(over) provision in previous years | 10,378 |
| Adjusted balance at the beginning of the year | 9,832 |
| Income tax equivalent paid | (9,832) |
| Income tax payable 2016-17 | 6,659 |
| Balance as at 30 June ⁽¹⁾ | 6,659 |

⁽¹⁾ Balance as disclosed in note 14(d).

24. Events occurring after the reporting date

There are no material events occurring after 30 June 2017 to report.

25. Summary of other significant accounting policies

Changes in accounting policy

The department did not voluntarily change any of its accounting policies during 2016-17.

Accounting standards early adopted

No Australian Accounting Standards have been adopted early for 2016-17.

Accounting standards applied for the first time

a) AASB 124 Related Party Disclosures

The only Australian Accounting Standard that became effective for the first time in 2016-17 is AASB 124 Related Party Disclosures. This standard requires note disclosures about relationships between a parent entity and its controlled entities, KMP remuneration expenses and other related party transactions, but does not impact on financial statement line items. As Queensland Treasury already required disclosure of KMP remuneration expenses in prior years, there was minimal impact for the department's disclosures compared to 2015-16 (refer to note 5). However, the standard has resulted in the department's responsible Ministers being identified as part of the department's KMP as from 2016-17. There are no related party disclosures for 2016-17. No comparative information about related party transactions is required in respect of 2015-16.

Future impact of accounting standards not yet effective

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

a) AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

As from the financial statements for 2017-18, the department may be required to disclose a reconciliation of liabilities arising from financing activities pertaining to QTC borrowings. This disclosure will include both cash flows and non-cash changes between the opening and closing balance.

b) AASB 16 Leases

This standard will first apply to the department's 2019-20 financial statements and will replace the current lease accounting standards.

Impact for lessees:

Under the new requirements, lessees will be required to recognise a right-of-use asset (representing the right to use the underlying leased asset) and a liability (representing the obligation to make future lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value. Therefore, the majority of operating leases will be reported on the Statement of Financial Position under AASB 16. The right-of-use asset will be recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to an amortisation expense.

The department holds a number of leases for office accommodation and will await further guidance from Queensland Treasury on the transitional accounting treatment to be applied.

Impact for lessors:

Lessor accounting under AASB 16 remains largely unchanged from current lease standards. For finance leases, the lessor recognises a receivable equal to the net investment in the lease. Lease receipts from operating leases will continue to be recognised as income.

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

This standard will first apply to the department's 2018-19 financial statements. 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.

The department is still assessing the effect on measurement of its financial assets against the new AASB 9 classification and measurement requirements. Assuming no change in the types of transactions the department enters into, some financial assets may be measured at fair value as required in the standard. In the case of the department's current receivables, the carrying amount is expected to be a reasonable approximation of fair value due to their short-term nature. Changes in the fair value of those assets will be reflected in the department's operating result.

The department will not need to restate comparative figures for financial instruments on adopting AASB 9 from 2018-19. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2018-19 financial statements to explain the impact of adopting AASB 9.

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

These standards will first apply to the department's 2019-20 financial statements. 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. To date no impact has been identified.

These general purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), section 42 of the Financial and Performance Management Standard 2009 and other prescribed requirements. In accordance with s.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
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the department for the financial year ended 30 June 2017 and of the financial position of the department as at 30 June 2017
- (c) these assertions 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.


Stephanie Summers CPA

Chief Finance Officer

Date: 29/08/2017



Frankie Carroll

Director-General

Date: 29/8/17

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Department of Infrastructure, Local Government and Planning

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of the Department of Infrastructure, Local Government and Planning. In my opinion, the financial report:

- a) gives a true and fair view of the department's financial position as at 30 June 2017, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

The financial report comprises the statement of financial position and statement of assets and liabilities by major departmental service as at 30 June 2017, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental service for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the department in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of land inventory (\$305.495 million)

Refer to note 11 in the financial report.

| Key audit matter | How my audit addressed the key audit matter |
|--|--|
| <p>The Department undertakes an annual review of the land holdings and development projects to ensure the Land inventory is valued at the lower of cost and net realisable value.</p> <p>Industrial land is independently valued by a certified valuer annually.</p> <p>Internal business case reviews are used to value residential and urban land inventory. The model used involved significant judgments in the assumptions in the estimates for future cash flows for the development project including:</p> <ul style="list-style-type: none"> • sales rates • land pricing • expected date of completion • future development costs | <p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Assessed managements controls over the valuation of Land inventory. • Obtaining an understanding of the model, and assessing their design, integrity and appropriateness with reference to common industry practices. • Assessing the competence, capability and objectivity of the experts used by the Department to value industrial land. • Evaluating the methodology for allocating costs against the land inventory balance and assessing the model's design and integrity. • Assessing the reasonableness of future project sales revenue and forecast costs by reference to key inputs used in the model for costs and sales data. • Comparing current year results with the prior year forecasts to assess the historical accuracy the assumptions and estimates. • Testing a sample of project land sale transactions to assess the accuracy of cost allocation calculations between the cost of sales and Land inventory. • Considering the impact sales achieved subsequent to the land inventory valuation against the forecast and business plan. |

Classification of land as investment property (\$255.708 million)

Refer to notes 11 and 13 in the financial report.

| Key audit matter | How my audit addressed the key audit matter |
|---|---|
| <p>The Department recognised land as Investment property valued at \$255.708m.</p> <p>Significant judgement is applied to evaluate whether land parcels were Investment property or Land inventory.</p> <p>Investment property was valued at fair value using market approach and inventory was valued at the lower of cost and net realisable value.</p> | <p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • obtaining an understanding of the methodology for the categorisation of assets between Investment property and Land inventory. • testing a sample of transactions to confirm the appropriateness of the classification as Land inventory or Investment property. |

Responsibilities of the department for the financial report

The Accountable Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Accountable Officer is also responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the department or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the department.
- Conclude on the appropriateness of the department's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the department to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Accountable Officer, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2017:

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.


David Adams
as delegate of the Auditor-General



Queensland Audit Office
Brisbane

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Post: PO Box 3038
Cairns Queensland 4870

Fitzroy Central regional office

Telephone: +61 7 4924 2913
Visit: Level 2, 209 Bolsover Street, Rockhampton
Post: PO Box 113
Rockhampton Queensland 4700

Mackay Isaac Whitsunday regional office

Telephone: +61 7 4898 6888
Visit: Level 4, 44 Nelson Street, Mackay
Post: PO Box 257
Mackay Queensland 4740

North and Central West regional office

Telephone: +61 7 4758 3423
Visit: Level 4, 445 Flinders Street, Townsville
Post: PO Box 5666
Townsville Queensland 4810

North Queensland regional office

Telephone: +61 7 4758 3423
Visit: Level 4, 445 Flinders Street, Townsville
Post: PO Box 5666
Townsville Queensland 4810

South East Queensland (North) regional office

Telephone: +61 7 5352 9701
Visit: Mike Ahern Building, 12 First Avenue, Maroochydore
Post: PO Box 1129
Maroochydore Queensland 4558

South East Queensland (South) regional office

Telephone: +61 7 5644 3210
Visit: Level 1, 7 Short Street, Southport
Post: PO Box 3290, Australia Fair
Southport Queensland 4215

South East Queensland (West) regional office

Telephone: +61 7 3432 2413
Visit: Level 4, 117 Brisbane Street, Ipswich
Post: PO Box 129
Ipswich Queensland 4305

Wide Bay Burnett regional office

Telephone: +61 7 4331 5614
Visit: Level 1, 7 Takalvan Street, Bundaberg
Post: PO Box 979
Bundaberg Queensland 4670

Compliance checklist

| Summary of requirement | Basis for requirement | Annual Report reference |
|--|--|--|
| Letter of compliance | A letter of compliance from the accountable officer or statutory body to the relevant Minister/s | ARRs – section 7 Letter of compliance |
| Accessibility | Table of contents | ARRs – section 9.1 Contents |
| | Public availability | ARRs – section 9.2 |
| | Interpreter service statement | <i>Queensland Government Language Services Policy</i> ARRs – section 9.3 Accessibility information |
| | Copyright notice | <i>Copyright Act 1968</i> ARRs – section 9.4 |
| | Information licensing | <i>QGEA – Information Licensing</i> ARRs – section 9.5 |
| General information | Introductory information | ARRs – section 10.1 4 |
| | Agency role and main functions | ARRs – section 10.2 7 |
| | Operating environment | ARRs – section 10.3 11 |
| Non-financial performance | Queensland Government's objectives for the community | ARRs – section 11.1 14 |
| | Other whole-of-government plans/specific initiatives | ARRs – section 11.2 27 |
| | Agency objectives and performance indicators | ARRs – section 11.3 16 |
| | Agency service areas and service standards | ARRs – section 11.4 31 |
| Financial performance | Summary of financial performance | ARRs – section 12.1 42 |
| Governance – management and structure | Organisational structure | ARRs – section 13.1 9 |
| | Executive management | ARRs – section 13.2 46 |
| | Government bodies (statutory bodies and other entities) | ARRs – section 13.3 dilgp.qld.gov.au |
| | <i>Public Sector Ethics Act 1994</i> | <i>Public Sector Ethics Act 1994</i> ARRs – section 13.4 53 |
| | Queensland public service values | ARRs – section 13.5 56 |
| Governance – risk management and accountability | Risk management | ARRs – section 14.1 50 |
| | Audit committee | ARRs – section 14.2 51 |
| | Internal audit | ARRs – section 14.3 52 |
| | External scrutiny | ARRs – section 14.4 53 |
| | Information systems and recordkeeping | ARRs – section 14.5 54 |

| Summary of requirement | | Basis for requirement | Annual Report reference |
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| Governance – human resources | Workforce planning and performance | ARRs – section 15.1 | 56 |
| | Early retirement, redundancy and retrenchment | Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> Directive No.16/16 <i>Early Retirement, Redundancy and Retrenchment</i> (from 20 May 2016) ARRs – section 15.2 | 59 |
| Open data | Statement advising publication of information | ARRs – section 16 | Accessibility information |
| | Consultancies | ARRs – section 33.1 | data.qld.gov.au |
| | Overseas travel | ARRs – section 33.2 | |
| | Queensland Language Services Policy | ARRs – section 33.3 | |
| Financial statements | Certification of financial statements | FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 17.1 | 97 |
| | Independent Auditor’s Report | FAA – section 62 FPMS – section 50 ARRs – section 17.2 | 98 |

FAA *Financial Accountability Act 2009*

FPMS Financial and Performance Management Standard 2009

ARRs Annual report requirements for Queensland Government agencies

