

2014

**ANNUAL
REPORT**

2015



**Queensland
Government**

About the report

What the report contains

The *Department of State Development Annual Report 2014–15* reports on our performance for the financial year from 1 July 2014 to 30 June 2015. It also presents our priorities for the forthcoming financial year of 2015–16.

Why we have an annual report

As well as meeting the statutory requirements set out in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, the annual report is a vital tool in keeping the community, industry, government and organisations informed about our performance and future services.

Accessing the report

The annual report is available on the Department of State Development website at www.statedevelopment.qld.gov.au/corporate-publications/annual-report.html or in hard copy on request.

Additional annual reporting requirements have been published on the Queensland Government Open Data portal at www.qld.gov.au/data.

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You can provide feedback on the annual report at the Queensland Government *Get Involved* website at www.qld.gov.au/annualreportfeedback



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Letter of compliance



Department of
State Development

Our Ref: DGBN15/866

15 SEP 2015

The Honourable Dr Anthony Lynham MP
Minister for State Development and Minister for Natural Resources and Mines
Level 17, QMEC Building
61 Mary Street
BRISBANE QLD 4000

Dear Minister

I am pleased to present the annual report 2014–2015 and financial statements for the Department of State Development.

This report is prepared on the basis of the current administrative arrangements for this department applying for the whole of the 2014–2015 financial year. That is, it reflects the structure, operations and performance of the department as it now exists.

I certify that this annual report complies with:

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

A checklist outlining the annual reporting requirements can be found in Appendix 5 of this annual report or accessed at <http://statedevelopment.qld.gov.au/corporate-publications/annual-report.html>.

Yours sincerely

A blue ink signature of Michael Schaumburg, consisting of stylized, overlapping loops.

Michael Schaumburg
Director-General

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Director-General's foreword

I am pleased to present the *Department of State Development 2014–2015 Annual Report*. Under the new administrative arrangements following the Queensland state election in January 2015, the department brings together the functions of the Coordinator-General, economic and regional development, major project delivery and government land management into a strong, influential economic development agency.

The department has moved quickly to focus its efforts on implementing the incoming government's vision and commitments.

Driving economic prosperity for the benefit of all Queenslanders is our continuing priority.

This annual report outlines the progress the department has already made in addressing the government's objectives for the community, which are:

- creating jobs and a diverse economy
- delivering quality frontline services
- protecting the environment
- building safe, caring and connected communities.

It also recognises our ongoing work in securing new investment and jobs across the state and delivering services for business and community.

Over the 2014–15 financial year the department was involved in major projects that are generating jobs for Queensland—the \$88.8 million of funding provided to support these projects was forecast by Queensland Treasury to have created 276 jobs.

Government spend and intervention support private sector investment. Looking to the year ahead, the expected consolidated spend on these major projects between the private sector and government in 2015–16 is estimated to be \$1.974 billion, creating 5538 jobs over the life of the projects.

We acknowledge that our role as the administrators of government policy is to create the operating environment for our industry and business partners to grow and provide job and economic opportunities for Queenslanders. We are doing this by finding creative, innovative and sustainable solutions to drive growth and development across the state including in the regions.

Queen's Wharf Brisbane, one of our department's flagship projects, underwent the assessment process in 2014–15 with Destination Brisbane Consortium announced as the preferred proponent in July 2015.

This integrated resort development will transform Brisbane into an internationally distinguished city. As a world-class tourism, leisure and entertainment precinct, it will provide significant benefit to the state with improved facilities for everyday use and public events, showcasing Brisbane to locals, interstate and international visitors.

Substantial progress was also made on the Gold Coast 2018 Commonwealth Games™ venues program in 2014–15. This will deliver three new world-class competition venues and major upgrades to a further eight venues, providing important sport and community facilities for South East Queensland.

Delivering projects that drive regional economies and growth is one of our key areas of focus. In 2014–15 \$62 million in regional funding was committed towards 27 community infrastructure, transport and flood mitigation projects, illustrating how the productive potential of our regions can be strengthened through careful government investment.

Recognising that strategic investment in Queensland's mining industry is needed to maximise the sector's potential, we are working with proponents and other state agencies to streamline facilitation of new resource projects and developments.

The department has also continued its efforts to support Queensland businesses with workshops, mentoring and benchmarking sessions delivered by a range of experts to guide participants through development opportunities to equip them with skills to grow their business, in turn creating job opportunities across the state.

In addition, we are leading an initiative to support the development of community hubs and partnerships, providing opportunities for all levels of government, private and community sectors to collaborate and plan the delivery of integrated and/or co-located community services and facilities, supporting economic activity, jobs and liveability across Queensland.

Our key priority is to deliver on the government's commitments to Queenslanders by driving the economic prosperity of the state. I am pleased that the department has already delivered six of the 29 commitments we have carriage of.

In addition, we are making good progress on our priorities for the future, including:

- promoting competitiveness and growth
- unlocking regional development potential
- increasing private capital expenditure
- minimising risk to investment
- increasing economic development opportunities on government land
- enabling sustainable development of Queensland's key trading ports.

The department has demonstrated its ability to remain focused during a period of change and I would like to thank and commend all staff for their continuing hard work and professionalism.

In particular, I extend my thanks to David Edwards, who led the department as Director-General from 2012 to July 2015, when he took up his role as Project Chief Executive, Integrated Resort Developments.

I look forward to continuing to work with my department, my colleagues in other agencies and our many stakeholders to ensure that we are leading and delivering on economic development opportunities for Queensland's future.

Michael Schaumburg

**Director-General
Department of State Development**

About us

Our vision

Queensland's economy is Australia's strongest.

Our purpose

To be the lead agency driving Queensland's economic prosperity and championing the interests of business and industry for the benefit of all Queenslanders.

Our strategic objectives

- **Driving business development, economic growth and job creation**
We are focused on driving the expansion of Queensland's economic growth as benchmarked against the global economy and comparable jurisdictions.
- **Major project assessment, approval, facilitation and delivery**
We are focused on the timely planning and delivery of major projects that drive economic growth and provide job creation opportunities.

Our department

Formed in March 2015, under new administrative arrangements following the Queensland state election, the Department of State Development exists to drive Queensland's economic development.

The department brings together the functions of the Coordinator-General, economic and regional development, major project delivery, and government land management into a strong, influential economic

development agency to grow the economy and advocate for the interests of industry for the benefit of communities across Queensland.

The department will continue to work with industry to support a strong Queensland economy by capitalising on economic growth opportunities, facilitating major projects and driving regional economic development in partnership with the community to help realise our full economic potential and support jobs growth.

Our principal place of business is 61 Mary Street, Brisbane, Queensland. Our regional office locations are provided at Appendix 2.

Operating environment

There are positive signs for the Queensland economy and its regions in terms of business confidence, investment pipeline, exports, employment and our overall economic outlook.

The state's trend unemployment rate decreased by 0.2 percentage points since February 2015 and as at July 2015 stood at 6.3 per cent. This was alongside a concurrent increase in Queensland's trend employment of 20,400 persons.

Queensland merchandise exports in 2014-15 amounted to almost \$47 billion¹. In the June quarter alone, the value of Queensland's exports hit \$12.9 billion¹, up 17.9 per cent compared to the same period last year.

¹ Source: Exports of Queensland goods overseas, June 2015, Queensland treasury Government Statistician's Office

This was largely driven by meat, minerals and LNG exports, the bulk of which are produced in regional Queensland.

Future opportunities for the Queensland economy are considered to be in the areas of tourism, agribusiness, biofutures, defence, international education and niche opportunities in advanced manufacturing as well as mining and engineering services.

There are also growth opportunities in residential construction, professional and business-related services, retail trade, aged care and community services.

As part of the effort across government to drive economic growth and job creation, the department will be harnessing these areas of opportunity to maximise the economic growth and job creation benefits for Queensland.

The outlook for 2015–16 is positive, with Queensland's economic growth forecast to be the strongest of all states.

Growth in 2015–16 is forecast to be 4½ per cent, which is well above the 2¾ per cent forecast for the nation.

Queensland is currently second only to Western Australia in terms of the total investment pipeline in the nation based on the Deloitte Access Economics Investment Monitor for the June quarter.

Specifically, there was \$211 billion² worth of definite and planned projects in Queensland in June—more than New South Wales and Victoria combined.

The Westpac Chamber of Commerce and Industry Queensland Survey of Business Conditions for the June quarter shows that businesses are more optimistic about our economic growth prospects.

² Source: Deloitte Access Economics Investment Monitor June 2015

This bodes well for the state's future economic development. Some economic challenges do remain, with the Queensland economy currently in a period of transition as the construction of liquefied natural gas (LNG) projects nears completion.

Whilst the state's economy is forecast to grow, the economy faces challenges given the subdued domestic demand, reduced engineering activity, and the fall in oil prices coupled with earlier declines in commodity prices.

We categorise the significant challenges in delivering economic prosperity into areas of strategic risk, which include:

- competitive economic environment—in the current environment there is a subdued global economy and Queensland cannot rely solely on population increase and labour market participation to drive growth in the future
- private sector role and participation—government can influence the operating environment of the private sector to a limited extent with enabling policy and funding offerings, however collaboration with the private sector is required to deliver innovation and leverage key skills
- working differently with customers and stakeholders—our service delivery model needs to be flexible and adaptable to the needs of our customers and stakeholders so that we can efficiently deliver effective strategic and tactical services and implement systemic reform
- project delivery and co-ordination—there is an increasing demand for delivery of complex capital investment projects to drive the state's economic development
- complexity and red tape—government must balance appropriate oversight and governance with removal of unnecessary constraints to growth and job creation to improve certainty for the private sector through policy settings, forward planning and streamlining government approvals.



Key priorities for the future

Driving industry development, economic growth and job creation

- rolling out the new \$200 million, two-year Building our Regions program
- administering an additional \$170.2 million in 2015–16 regional funding for 50 projects, supporting 510 jobs
- establishing an Industry and Manufacturing Advisory Group to ensure that industry policy and programs are responding to industry priorities and facilitating sectoral growth and job creation
- refocusing the department on industry areas with potential for transformation that delivers systematic change or a step-change in economic development
- creating community hubs and partnerships across sectors (state, local and private) to increase investment and job creation
- fostering economic development while protecting the Great Barrier Reef through implementing a number of the government's port-related commitments in the *Reef 2050 Long-Term Sustainability Plan* with legislative reform through the Sustainable Ports Development Bill 2015, which will:
 - restrict new port development in and adjoining the Great Barrier Reef World Heritage Area (GBRWHA) to within current port limits and outside Commonwealth and state marine parks
 - prohibit capital dredging for the development of new or expansion of existing port facilities in the GBRWHA outside the priority ports of Gladstone, Abbot Point, Townsville and Hay Point/Mackay
 - prohibit the sea-based disposal of port-related capital dredge spoil material within the GBRWHA
 - mandate that capital dredged material generated at the priority ports be beneficially reused or disposed of on land where it is environmentally safe to do so
 - mandate master plans at priority ports to optimise use of existing infrastructure and address operational, economic, environmental and community relationships, as well as supply chains and surrounding land uses.
- delivering strong and sustainable resource communities by maximising local industry participation in resource projects, reviewing fly-in-fly-out (FIFO) workforce arrangements and developing a policy framework to deliver optimal outcomes from workforce arrangements in the resource sector
- preparing industry and regional development strategies that enable economic growth and job creation, including focusing our resources on global supply chains to promote competitiveness and growth
- finalising the Mary Valley Economic Development strategy, revitalising the local economy and community through maximising economic development opportunities



An artist's impression of the Commonwealth Games Village

- delivering public benefit by adding value to surplus government land that generates economic activity, stimulates job creation and achieves positive social outcomes by minimising risk to investment through uplift opportunities
- facilitating private sector investment by case managing regionally significant private sector projects in key industry sectors and case management of coordinated projects following assessment by the Coordinator-General
- maximising opportunity for Queensland business participation in significant public and private sector projects and emerging opportunities in key sectors including defence
- leading the strategic economic transition of North Stradbroke Island away from sand mining.
- stimulating the construction and tourism sectors through integrated resort developments such as Queen's Wharf Brisbane, which is slated to begin site works in 2017
- by declaring 'coordinated projects', initiate and manage an environmental impact statement (EIS) evaluation process for public and private projects
- progressing land acquisition programs and licencing in State Development Areas (SDAs) including infrastructure corridors to facilitate the development of key resources areas and key projects and industries by negotiating agreements with proponents to deliver effective and fair land tenure solutions
- progressing delivery of an eight-court indoor netball centre at the Queensland Sports and Athletics Centre, this \$30 million project is being funded through Stadiums Queensland

Assessing, approving, facilitating and delivering major projects

- in 2015–16, \$474 million will be provided for major projects creating 1365 jobs. Over the life of the projects, the total spend is estimated to be \$1.973 billion, with 5538 jobs created. This includes delivering economic, social and community benefits through the planning, design and construction of new and upgraded sporting venues and infrastructure for the Commonwealth Games Village for the Gold Coast 2018 Commonwealth Games™
- coordinating infrastructure planning within the Abbot Point SDA and the Galilee Basin SDA to facilitate multi-user rail corridors and other critical infrastructure, supporting coal exports from the Galilee Basin
- coordinating the Abbot Point Growth Gateway project, which if approved, will allow the construction of a second trestle at the Port of Abbot Point, enabling an increase in the port's capacity from 50 to 120 million tonnes per annum
- increasing private capital expenditure in Queensland through a central point of contact and whole-of-government case management to create jobs
- reviewing project assessments and condition-setting in the context of the future government's FIFO workforce policy.

Delivering for the community

Queensland Government's objectives for the community

The department contributes to the government's objectives for the community, which are:

- creating jobs and a diverse economy
- protecting the environment
- building safe, caring and connected communities
- delivering quality frontline services.

The actions we are taking to contribute to delivering the government's objectives for the community are outlined below.

The Queensland Plan

The department's policies, programs and services align with the *Queensland Government Response to The Queensland Plan* (the government response). The government response supports the government's objectives for the community and identifies the priorities and key initiatives that will contribute towards implementing Queenslanders' vision.

The following section of this annual report outlines our areas of focus. More information about our policies, programs and services can be found in the 'Our performance in driving business development, economic growth and job creation' and 'Our performance in assessing, approving, facilitating and delivering major projects' sections.

Creating jobs and a diverse economy

Increasing workforce participation

- completing EIS evaluation reports for seven coordinated projects, with a capital value of approximately \$18 billion and the potential to create more than 40,000 jobs
- delivering Gold Coast 2018 Commonwealth Games™ venues—providing sport and community facilities through new world-class competition venues and major upgrades to existing venues, generating up to 1000 jobs
- construction of the Commonwealth Games Village—one of the largest urban renewal projects on the Gold Coast—is injecting an estimated \$550 million into the local economy and is estimated to generate 1500 full-time jobs during design and construction.

Stimulating economic growth and innovation

- providing active case management support to regionally significant private sector projects worth in excess of \$114 billion—regulatory issues were resolved, assisting proponents to achieve savings in terms of time and cost
- injecting funding directly into infrastructure needed to develop regional communities—in particular, transport projects such as airport, marine and road infrastructure; flood mitigation such as levees and drains; and critical community infrastructure such as water, waste and sewerage with the Building our Regions program

- enhancing access to local and global supply chains, including the Bowen and Galilee basins infrastructure supply chains
- facilitating value capture and uplift from surplus or underutilised government land that generates economic activity and achieves social outcomes
- supporting the growth of defence industries in Queensland
- maximising local content in major project supply chains.

Delivering new infrastructure and investment

- providing opportunities for Queensland to enhance its tourism offerings through integrated resort developments such as Queen's Wharf Brisbane
- \$100 million in funding committed by the Queensland Government to support the development of the stadium component of the Townsville Integrated Sports and Entertainment Centre (ISEC), for which the department is currently leading the business case development
- \$30 million in funding over two years committed by the Queensland Government to deliver a purpose designed netball facility in Nathan, which will provide a base, training venue and Netball Queensland headquarters
- delivering economic development initiatives through appropriate land acquisition and tenure programs.

Protecting the environment

Protecting the Great Barrier Reef

- guiding protection of the Great Barrier Reef over the next 35 years through the joint Australian and Queensland Government plan—*Reef 2050 – Long Term Sustainability Plan*
- ensuring coordinated master planning for priority ports of Gladstone, Hay

Point/Mackay, Townsville and Abbot Point.

Enabling responsible development

- providing a responsible and sustainable option for expanding the port of Abbot Point through the Abbot Point Growth Gateway Project.

Building safe, caring and connected communities

Building regions

- providing the latest information on future contract and supply opportunities for major regional projects at Regional Major Projects forums
- actively promoting regional business, investment and employment opportunities by hosting the Regional Queensland Showcase event
- facilitating partnerships across geographical areas to collaboratively develop sustainable solutions to complex economic and social issues.

Delivering quality frontline services

Providing responsive and integrated government services

- improving efficiency and quality of coordinated projects and development in SDAs—EIS assessment timeframes reduced by 57 per cent; SDA development assessment timeframes reduced by 55 per cent
- delivering regional economic development services through our network of regional offices
- enhancing the bilateral assessment agreement with the Australian Government.

Whole-of-government plans and initiatives

National Partnership Agreements

The department has lead responsibility for the National Partnership Agreement:

Regional Infrastructure Fund Stream 2 – Economic Infrastructure

- North Queensland Resources Supply Chain (\$1.66 million)
The Port of Townsville Infrastructure Layout and Land Allocations project will contribute to the Port of Townsville Master Plan by examining the port's current anticipated infrastructure and land allocation requirements with the aim of:
 - improving the strategic planning for the North Queensland Resource Supply Chain
 - addressing identified infrastructure bottlenecks
 - enhancing long-term network planning.
- Central Queensland Resources Supply Chain (\$1.5 million)
The Central Queensland Regional Growth Analysis, completed in 2014, identified several projects for further investigation; these are outlined below.
 - Determining the need for, and identifying potential opportunities for, government intervention in the provision of land or infrastructure to support industrial development in central Queensland to support the development of the Galilee Basin.
This study considers existing land supply in the regional centres of Mackay, Rockhampton, Moranbah,

Emerald, Clermont, Blackwater and Alpha and makes comment on the suitability of existing areas to meet expected demand and the function of each area in supporting supply chain activities associated with economic development in the region.

Key recommendations were to continue to investigate a number of potential industrial, intermodal and hardstand developments that can support the mining industry in the Rosella, Clermont, Nebo and Yamala areas.

- Investigating the potential to transport fuel from Gladstone via rail to mines in the Bowen Basin and proposed mines in the Galilee Basin. Currently oil industry infrastructure is heavily geared toward road distribution of fuel and associated products, therefore hindering the introduction of diesel supply by rail. There are ongoing investigations by interested parties to examine this type of opportunity to shift the mode of transport used for delivering fuel. The study found that the proposed Galilee Basin rail projects have the potential to carry fuel by rail from Abbot Point or the Port of Gladstone into the Galilee Basin. However, the existing Gladstone to Alpha rail line would require either investment to upgrade the track or innovation to carry the required tonnage axle limit tonnages.
The staged development of the projects and the uncertainty of the ramp up period once development begins, is acknowledged as a challenge in forecasting future returns.
- Determining the ability of Barcaldine Regional Council (BRC) and/or the private sector to commercially fund and operate an upgraded Alpha

Aerodrome on an ongoing basis to service the FIFO needs of southern Galilee Basin coal mines.

The findings of the project will be used to determine a financial/funding model to assist BRC to progress negotiations with mining proponents regarding possible user agreements for Alpha Aerodrome should projects proceed to financial closure.

- Assessing the demand for, and undertaking a strategic assessment of, the viability of common user road infrastructure to service the Southern Galilee Basin—including upgrading the Clermont-Alpha Road as a freight route for mining inputs and an alternative route for southern Galilee mines. The Department of Transport and Main Roads (DTMR) will use the report’s findings to inform its priorities for road upgrades in the region.



Our performance in driving business development, economic growth and job creation

Key highlights

To drive the expansion of Queensland’s economic growth the department is:

- realising government policy as an enabler of economic growth
- leading industry and regional growth programs and regulatory reform—capability development services led to Queensland-based firms securing over \$300 million in contracts
- providing expert assistance to support local suppliers’ participation in major projects—Queensland-based firms secured over \$1.35 billion worth of contracts relating to Queensland Government projects and \$66.9 million worth of contracts have been won by South East Queensland operators in relation to Gold Coast 2018 Commonwealth Games™ projects
- generating economic development and employment from improvement activities or re-use and divestment of surplus government property, the old Gold Coast Hospital site is an example of this type of work
- facilitating community hubs and partnerships to collaboratively plan across agencies for future services and facilities delivery
- promoting economic growth and creating job opportunities through efficient assessment of coordinated projects and development in SDAs
- overcoming any unreasonable delays in obtaining project approvals for declared prescribed projects that are of significance to the state
- assisting Queensland-based companies to capture an increased amount of the Australian Government’s annual defence spend and increasing their level of participation in the global defence supply chain—in 2014–15 Queensland-based companies received new orders valued at \$3.6 billion and 12 Queensland companies participated with the department in the Australian International Airshow and Defence Exposition, generating over 100 leads valued at \$12 million
- strengthening regional Queensland through \$200 million in catalytic investment over two years, enabled by the Building our Regions program—expected to support around 600 jobs
- providing whole-of-government advice on economic growth initiatives to boost economic development and increase investment across all of Queensland for sustainable job creation.



Staff at the Regional Queensland Showcase

Building our Regions

The new Building our Regions program, launched in May 2015, is providing \$200 million funding over two years to help create jobs, support and foster economic development and ensure critical infrastructure is delivered in regional communities. This includes airports, transport and road projects, flood mitigation projects like levees and drainage works, and community infrastructure such as water, waste water and sewerage projects. The funding over two years is being focused through four key streams:

- Regional Capital Fund of \$70 million
- Royalties for Resource Producing Communities Fund of \$55 million
- Remote Communities Infrastructure Fund of \$15 million
- Transport Infrastructure Development Scheme of \$60 million.

The projects enabled by the program are expected to support around 600 jobs across the state, as well as address current infrastructure constraints holding back the economic development in regional communities.

All Queensland councils will be eligible to apply for the transport scheme, with the remaining three funds specifically targeted at regional communities, including communities addressing impacts of resource sector growth.

Regional funding was provided in 2014–15, with \$62 million administered under the third round of the Royalties for the Regions program, enabling implementation of 27 community infrastructure, flood mitigation and transport projects that addressed identified local needs.

These included:

- airport improvements at Birdsville, Blackall, Cloncurry and Boulia
- flood mitigation and resilience projects at Moura, Maryborough, Toowoomba
- road upgrades and repairs at Eastmere Road, Limestone Creek Causeway, Yeppoon, Millmerran, Napranum, Investigator Avenue, Monto-Mount Perry Road and Swanson Creek pedestrian crossing in Hughenden
- waste management infrastructure at Goondiwindi and Hogan’s Pocket
- waste and stormwater management upgrades at Townsville, Injune, Marian-Mirani and Mount Isa
- community infrastructure development at Burdekin, Cooktown, Eromanga and Karumba.

Regional Queensland Showcase

Queensland’s regional population is projected to grow at 1.6 per cent/per annum on average to slightly over 2.2 million people by 2036, and our regions contribute about 95 per cent of our total agricultural and mining exports.



Regional Queensland Showcase – a gateway to the regions



The many benefits of living, working, learning and investing in regional Queensland were touted at a two-day public showcase held in Brisbane in June 2015. Regional mayors delivered a program of investment-themed seminars selling their regional advantages and commercial opportunities to attract prospective residents and investors.

Local Industry Participation

The department administers the Queensland Charter for Local Content (the charter), which aims to provide local businesses with full, fair and reasonable opportunities to tender for Queensland Government procurements. The charter is underpinned by the *Queensland Industry Participation Policy Act 2011*.

In 2014–15, 28 Queensland Government projects, which met the threshold requirements of the charter, reported a progressive spend value of over \$1.66 billion.

Of this, Queensland-based firms were successful in securing over \$1.35 billion, or 81 per cent, of the awarded contracts' value.

To further support local suppliers' participation in major projects, the department delivered capability development services through the Industry Capability Network (ICN) Queensland resulting in Queensland-based firms securing over \$330 million worth of contracts.

Businesses also participated in the department's Accessing Supply Chain Opportunities program, attended tendering for government business workshops and completed workshops on how to develop a business capability statement.

The department embedded ICN specialists within Gold Coast 2018 Commonwealth Games™ projects including the Aquatic Centre, Velodrome, Carrara Sports Park, Coomera Indoors Sports Centre and Parklands (the Commonwealth Games Village).

The assistance of these specialists' expertise resulted in \$66.9 million worth of contracts from a total progressive project value of \$71.6 million, or 94 per cent, being won by firms based in South East Queensland.

Bauxite resource development

The Aurukun bauxite project is an important opportunity for Aurukun and will have significant benefits for the community including through employment, training and business development.

The Aurukun bauxite resource is situated in western Cape York, near the coast. It measures about 85 kilometres from north to south and 20 to 30 kilometres from east to west. It is estimated to contain up to 480 million tonnes of dry beneficiated bauxite.

The government recognises that there are challenges in developing the project, and following a competitive bid process, the department has assessed Glencore Bauxite Developments Pty Ltd (Glencore) as well placed and capable to deliver this project.

The State of Queensland and Glencore have executed a development agreement for the delivery of the Aurukun bauxite project.

Glencore has applied for the Mineral Development Licence to provide for the feasibility and environmental studies to be commenced. The next stage is for the Department of Natural Resources and Mines to consider this application.

Promoting Queensland's defence industry sector

Glencore are working with the Aurukun Shire Council and local service providers to develop business and employment opportunities for the local community as the mine is developed.

Defence Industries Queensland

Established to help create a smart, connected and efficient defence sector within the state, Defence Industries Queensland (DIQld):

- supports national and international prime contractors to find defence capabilities
- assists companies to up-skill and connect with defence contractors and suppliers
- supports an expanded defence force presence in Queensland.

In June 2014, DIQld and Rheinmetall MAN Military Vehicles Australia (RMMVA) jointly hosted an industry event about possible supply opportunities associated with the \$10 billion 'LAND 400' event—a project to supply the Australian Army with next generation armoured infantry fighting vehicles.



RMMVA logistic vehicle part of the LAND 121 project

Following this, DIQld coordinated a strategy for Queensland company Holmwood Highgate, who design and manufacture tankers, to assist them in a bid to supply RMMVA under this project. Holmwood Highgate subsequently secured a contract

worth \$65 million that is expected to create at least 50 jobs for Queensland.

DIQld's involvement in Land Forces 2014—the largest land defence event in Australia—was of strategic importance in supporting the government's focus on growing defence industries in Queensland.

Forty Queensland companies participated in the event's Queensland stand. Consultation afterwards indicated numerous follow-ups and contract discussions underway at a value of over \$10 million.

In November 2014 DIQld prepared the Queensland Government submission to the Defence White Paper 2015, offering suggestions related to long-term defence policy settings and capability.



DIQld stand at the Australian International Airshow and Defence Exposition

DIQld also hosted a trade stand in February 2015, with 12 Queensland industry partners at the Australian International Airshow and Defence Exposition, Avalon 2015.

Follow-up surveys indicated that trade show partners had generated more than 100 quality business leads and around \$12 million worth of business at the event.



Working on the old Gold Coast Hospital demolition site

During 2014–15, Austender—the Australian Government's procurement information system—reported new orders valued at \$3.6 billion were received by Queensland-based companies via the Department of Defence.

In June 2015, DIQld also coordinated an industry briefing on the 'SEA 1000' project to replace Australia's submarines.

Optimising the state's property portfolio

The department is working across government to identify and coordinate re-use and divestment opportunities and is engaging with local governments, community and private sector to ensure the state's property portfolio is optimised to its full potential.

As part of ensuring an evidence-based approach to maintaining ownership of Queensland Government strategic property to meet community expectations, operational service delivery requirements and government policy objectives, the department developed new property principles for inclusion in the *Queensland Government Transaction Policy* (transaction policy), revised in May 2015.

The revised property principles provide that:

- the state will maintain ownership of strategic property identified by departments and statutory authorities for the public's benefit as necessary for current or future service delivery
- decision making on property will take into account whole-of-government strategic priorities, the public benefit objectives and budgetary considerations
- when disposing of property the state will seek the maximum return for

Queensland, including opportunities for job creation, community use and economic growth

- the decision to dispose of surplus or underutilised property will be considered where associated holdings costs do not provide a net benefit to the state
- divestment of surplus or underutilised property will only be pursued after consultation with Queensland government departments, statutory authorities and the relevant local council
- the state will continue to address legislative and policy-related barriers to best practice real property management
- departments and statutory authorities will ensure complete, current and accurate information on all property is maintained within the Government Land Register.

The transaction policy provides a whole-of-government framework for ensuring government property is managed in the public benefit and delivers best value for Queensland.

Under the transaction policy the department considers proposals for disposals, acquisitions and leases which support property management that delivers the best value for Queensland, including by supporting job creation, community use and economic growth opportunities. In 2014–15 the department managed consideration of 196 submissions under the transaction policy.

Gold Coast Hospital demolition and redevelopment

New commercial development opportunities are being enabled through the demolition of the old Gold Coast Hospital, which the department is managing on behalf of Queensland Health. Hospital services are



Rod Field from Higher Ground showing off the Mary Valley

now being delivered through the new Gold Coast University Hospital at Parklands.

Significant progress on the demolition of the 3.4-hectare Gold Coast Hospital site in Nerang Street, Southport occurred during 2014–15. In-ground remediation to prepare the site for future use has progressed concurrently and is forecast to be completed by October 2015.

Future use of the site will be governed by the Southport Priority Development Area (PDA) Development Scheme under the *Economic Development Act 2012*. The Southport PDA supports a range of development options on the site including a mix of residential and non-residential CBD uses, commercial office space and retail spaces.

Potential future development on the site will be determined by the Gold Coast City Council through the development application process.

Community Hubs and Partnerships

The community hubs and partnerships (CHaPs) program was established in late 2014 as a pilot project to establish ways of:

- working differently with our customers and stakeholders
- promoting a culture of increased cross-agency and whole-of-government approaches
- facilitating partnerships and coordination to maximise benefits from government assets and investment
- embedding innovation and collaboration as ‘business as usual’ for all agencies.

Progress includes:

- facilitating key pilot projects with industry, local government and state agency partners

- developed a guide and toolbox for the CHaPs approach and methodology, enabling buy-in and ownership by partners
- strategic priority review—annual cross agency consultation to identify opportunities for facilitation and collaboration around CHaPs
- development of project prioritisation methodology and program evaluation.

Revitalisation of the Mary Valley

The revitalisation of the Mary Valley by returning state owned land to private ownership through the economic development strategy has seen more than 465 lots sold back to the community and 15 development leases with an option to purchase signed.

In 2012 when the divestment program began, the land portfolio had 655 lots. There are now 544 properties that have settled for \$157.56 million, 29 properties under contract, 44 properties under development lease and 33 under an exclusivity agreement, equating to 98.5 per cent of the land either settled or under agreement. Since 30 June 2015, the private companies involved in the exclusivity agreements of the 33 lots have decided not to proceed in the Mary Valley. This land will be taken to the market in the 2015–16 financial year.

The revitalisation of the Mary Valley is leading to examples of economic development such as outdoor education specialists Higher Ground. They are building an international reputation for the Mary Valley and investing in improvements to their two Tuchekoi properties as they continue to grow their business.

Following the 2014 purchase of a 42 hectare property adjoining the business’ existing 72



hectares, as well as investing half a million dollars in improvements to the existing facilities, Higher Ground has the opportunity to be more self-contained and broaden their overnight camping offer.

Twenty full-time staff are supplemented by up to 80 casual staff, depending on the programs Higher Ground is running. In July 2015 for example, 210 Chinese students visited for a 28-day stay.

Business Boost Program

The Business Boost initiative provides small to medium-sized enterprises with workshops, confidential mentoring and benchmarking to develop new skills and plan for growth.

In 2014–15 workshop and mentoring sessions were held in Rockhampton, Emerald, Yeppoon and Gladstone, with 200 participants. The topics covered included:

- reinvigorating your business with business planning
- attracting and retaining customers with effective marketing
- digitising your business, and moving it online
- starting out with social media.

Following ex-Tropical Cyclone Marcia, the program was offered at no cost to help businesses in the impacted region make improvements to maximise their potential as strong local businesses helping communities to recover quickly.

Skills covered in the program included business planning, marketing, harnessing digital economy opportunities, financial management, developing organisational culture and competitive advantage.

Red Tape Reduction

The *State Development, Infrastructure and Planning (Red Tape Reduction) and Other Legislation Amendment Act 2014* was developed by the department to reduce red-tape and promote economic development by repealing five redundant Acts and amending portfolio legislation, including amending the *State Development and Public Works Organisation Act 1971* (SDPWO Act) with key changes to the Coordinator-General's environmental impact assessment process for declared coordinated projects including:

- changes to the environmental impact statement (EIS) process including introduction of the new terms 'draft' and 'final' EIS and requirements associated with the finalisation of the EIS
- introduction of a new streamlined impact assessment report (IAR) process as an alternative to the EIS process
- removal of staged EIS assessments and 'coordinated projects not requiring an EIS'
- changes to lapsing provisions for coordinated project declarations, Coordinator-General's evaluation reports and change reports.

Reducing Fly-in Fly-out (FIFO) reliance

The department convened a panel of expert resource community and sector leaders to look into the impact of Queensland's existing 100 per cent FIFO mines near regional communities.

Chaired by Gladstone senior business leader Leo Zussino, the panel also included Cr Anne Baker Mayor of Isaac Regional Council, Cr Deirdre Comerford Mayor of Mackay



Maximising local job opportunities

Regional Council and Dr Geoff Dickie Chair of the Queensland Exploration Council.

The panel reviewed current FIFO arrangements and recommended a best way forward to address issues and ensure strong and sustainable resource and regional communities. Its report will be provided to the Parliamentary Committee of Inquiry into FIFO work practices.



FIFO review panel meeting Isaac Regional Council in Moranbah

In addition, the Coordinator-General is working with proponents of mining projects on measures to reduce and manage reliance on FIFO workforces and to maximise local job opportunities.

New workforce management principles were applied to BHP Billiton’s Red Hill Mining Lease project that require that every reasonable opportunity be provided for local workers to be employed on the project, without having to enter into a FIFO arrangement.

The principles are:

- anyone must be able to apply for a job, regardless of where they live
- provided they can meet the requirements of the job, people must have a choice where they live and be able to apply for jobs in the mine

- the percentage of FIFO must be less than 100 per cent
- a thorough audit of existing housing capacity must be undertaken before the project starts. To support those who wish to live locally, the proponent will ensure the availability of housing accommodation that is fit-for-purpose and will make optimal use of existing housing capacity
- proponents must thoroughly assess their workforce requirements and plan to accommodate the likely number of workers who may live locally
- social impacts associated with the local workforce, in relation to local housing, services and infrastructure must be identified and mitigated in consultation with relevant local and state government service providers
- the proponent’s social impact mitigation measures should support regional towns in pursuing opportunities to ensure communities are strong and sustainable and they are attractive places to live and work.

The new approach to workforce management is illustrated in the Coordinator-General’s evaluation report for BHP Billiton’s Red Hill Mining Lease project, released in June 2015.

It imposes stringent conditions preventing 100 per cent FIFO for the operational workforce and requiring BHP Billiton to provide a detailed Operational Workforce Management Plan by the end of 2015, a Social Impact Assessment Review undertaken 12 months prior to construction and bi-monthly/annual reporting on the FIFO workforce.

Housing availability is also addressed, with the requirement for an audit of



existing housing capacity before project commencement.

The new underground coal mine project, with expansion of existing Broadmeadow and Goonyella-Riverside coal mines, is expected to create 2000 construction and 1500 operational jobs at peak production with a coal output of 32.5 million tonnes a year—an increase of 14.5 million tonnes.

With the opportunity for local employment as well as some FIFO workers, the project will help to strengthen the local economy, businesses and community.

Addressing the environmental impacts of the project was a key objective, with the Coordinator-General finding that the EIS addressed the predicted outcomes, and set strict conditions to avoid, mitigate or offset impacts including groundwater, ecology, surface water, land impacts, traffic and transport, noise and air quality.

Sunshine Coast Airport Expansion

Public consultation was undertaken by the Coordinator-General on the EIS for the proposed \$347 million Sunshine Coast Airport Expansion.

More than doubling the airport's capacity to two million passengers a year, the project could create more than 1500 long-term jobs.

A wider range of aircraft would be able to use the airport with the proposed new north-west/south-east 2450-metre long runway.

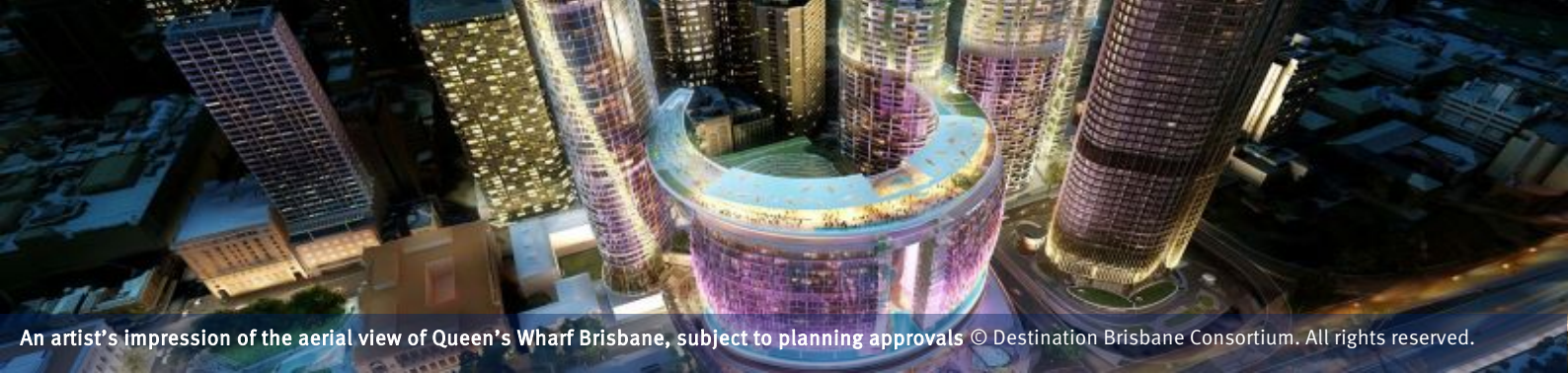
Yeppoon foreshore redevelopment

In May 2015, the government announced further funding to redevelop Yeppoon's foreshore to create a modern beachside tourism precinct.

The project is expected to be a catalyst for further economic growth on the Capricorn Coast.

As part of the Yeppoon Central Business District (CBD) Master Plan, it will include car parks with pedestrian links, a revamped performance stage on Yeppoon Main Beach, new water play area and shading of the stage and amphitheatre terraces.

The \$4 million of state government funding from the Royalties for the Regions program will help to realise the Capricorn Coast's potential for tourists and locals, and encourage private sector investment in associated tourist facilities and accommodation.



An artist's impression of the aerial view of Queen's Wharf Brisbane, subject to planning approvals © Destination Brisbane Consortium. All rights reserved.

Our performance in assessing, approving, facilitating and delivering major projects

Key highlights

Our department is providing tailored regulation, advisory, facilitator and delivery services to support increased and diverse economic activity leading to job creation while protecting the environment by:

- facilitating and delivering major and coordinated projects to boost the state's economic growth including Queen's Wharf Brisbane—estimated to create 3000 construction and 8000 operational jobs, the Gold Coast 2018 Commonwealth Games™ sporting venues, with a \$320 million investment, and Commonwealth Games Village, bringing an estimated \$550 million to the local economy, as well as the Abbot Point Growth Gateway project
- refining and implementing an enhanced bilateral assessment agreement with the Australian Government on environmental impacts to improve quality and efficiency outcomes
- ongoing improvement of the coordinated project environmental impact assessment process
- facilitating the development of resource industry infrastructure, which will help unlock jobs and investment such as proposed Galilee Basin mining projects with potential capital expenditure investment of over \$55 billion, 19,000 construction and 16,000 operational jobs.
- undertaking appropriate land acquisition and land access programs to deliver economic development and infrastructure initiatives
- facilitating integrated resort developments in order to expand Queensland's \$17.5 billion tourism industry, which supports 220,000 jobs
- providing effective project delivery assistance to proponents and case management support—current case managed projects have a capital expenditure of over \$114 billion
- developing a business case for the Integrated Sports and Entertainment Centre in Townsville, supported by up to \$100 million funding for the stadium component
- progressing the Queensland State Netball Centre with \$30 million funding over two years
- declaration as a 'coordinated project' of the potential \$600 million redevelopment of Lindeman Island resort—potentially creating over 800 construction and 300 operational jobs
- coordinating \$20 million in improvements to boating safety in Mission Beach
- holding 11 Regional Major Projects and Industry Forums attended by 2147 people to assist local businesses to successfully bid for work with major projects.



Delivering Gold Coast 2018 Commonwealth Games™ venues

Gold Coast 2018 Commonwealth Games™ (GC2018) projects will provide long-term economic benefits to Queensland. The department is responsible for the delivery of the GC2018 venue and village infrastructure program (overseen by the Commonwealth Games Infrastructure Authority and the Economic Development Board) and the project and contract management of individual projects.

The \$320 million investment in sport and community infrastructure will create more than 1000 jobs during the design and construction phases.



Aerial view of the Carrara Sports and Leisure Centre construction site

Delivery is progressing on GC2018 projects with:

- construction of the \$101 million Carrara Sports and Leisure project commencing in early 2015 as stage one of the \$122 million Carrara Sports Precinct redevelopment for the GC2018. The precinct works are expected to generate up to 400 full-time equivalent jobs during design and construction and will provide a mix of new elite and

community facilities for all of South East Queensland to attract future major events and encourage greater grassroots sports participation

- construction on the new \$40 million Coomera Sports and Leisure Centre commenced in early 2015 and is expected to generate up to 130 full time equivalent jobs during design and construction. This project is providing much needed community infrastructure to support the growing Coomera population with a mixed-use sport and community facility due for completion in late 2016
- construction of the Queensland State Velodrome—the first indoor in the state—commenced in late 2015 and is on schedule for completion in mid-2016. This \$58 million project is creating up to 185 full time equivalent jobs throughout design and construction and will ensure local cycling continues to grow, develop and attract major national and international cycling events to Queensland



An artist's impression of Queensland State Velodrome

- the Gold Coast Aquatic Centre redevelopment, which was the first venue completed, was delivered almost four years ahead of GC2018. Local industry participation was high, with more than 90 per cent of the workforce coming from South East



An artist's impression of Queen's Wharf Brisbane, subject to planning approvals © Destination Brisbane Consortium. All rights reserved.

Queensland. The venue has already attracted its first world-class sporting event—hosting the Pan Pacific Championships in August 2014

- the Queensland Government are working with private developer Grocon to redevelop a portion of the Parklands site at Southport for use as the Commonwealth Games Village. Early site works for the \$550 million redevelopment commenced in late 2014, with delivery on schedule for late 2017.



An artist's impression of the Commonwealth Games Village

The Commonwealth Games Village is the catalyst for the redevelopment of Parklands—the Gold Coast's largest ever urban renewal project. Future development of Parklands will help to diversify the local economy and generate long-term jobs and new investment for the Gold Coast community in commercial, retail and health and knowledge related sectors.



An artist's impression of the Commonwealth Games Village

Construction of the Commonwealth Games Village will inject an estimated \$550 million into the local economy creating 1500 full-time equivalent jobs during design and construction.

The Commonwealth Games Village will be one of the most significant legacy projects of the Commonwealth Games.

The project includes 1252 apartments and townhouses across 18 buildings and will provide accommodation and services to 6500 athletes and officials during the GC2018 event.

Queen's Wharf Brisbane

The department is facilitating delivery of Queen's Wharf Brisbane, which will be a unique and vibrant development that attracts investment and visitors from around the world.

The development of the nine hectare site will provide an iconic addition to the city skyline, reconnect the activity of the Brisbane city centre to the river, preserve and celebrate Brisbane's heritage and deliver high quality public spaces.

Destination Brisbane Consortium will deliver the Queensland Government's vision for a world-class tourism, leisure and entertainment precinct that promotes economic growth for the state with the creation of up to 3000 construction and 8000 ongoing operational jobs.



An artist's impression of Aquis Great Barrier Reef Resort near Cairns



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An artist's impression of the pedestrian bridge from Queen's Wharf Brisbane to South Bank, subject to planning approvals

It will be the largest staged construction development in Brisbane city since South Bank.

A PDA was declared in November 2014 to establish the necessary policy environment to facilitate planning and delivery as well as support the intended development outcome for the site, including supporting the streamlining of development approvals, followed by the unveiling of design concepts in late 2014 by Greenland Holding Group Company and Crown Resorts and the Destination Brisbane Consortium.

In July 2015 Destination Brisbane Consortium was announced as the preferred proponent for this multi-billion dollar integrated resort development (IRD), paving the way for site works to commence on schedule in 2017.

Slated for completion in 2022, the Queen's Wharf Brisbane precinct will include a sky deck with restaurants and bars as part of the signature "Arc" building, five new hotel brands—three of which will be six-star rated—a casino, a riverfront moonlight

cinema, about 50 food and beverage outlets and a new pedestrian bridge connecting to South Bank.

Integrated resort developments

The department is working to expand Queensland's \$17.5 billion tourism industry supporting 220,000 jobs, through the facilitation of IRDs.

With high quality tourism, leisure and entertainment facilities, the proposed IRDs will enhance Queensland's tourism opportunities and deliver both direct and indirect benefits to the economy and community. They will reinvigorate key locations across the state and provide future support for major events, to be enjoyed by locals and visitors alike.

In 2014–15, the evaluation of proposals progressed with:

- Request for Detailed Proposal documentation issued in August 2014.
- Coordinator-General's evaluation report on the EIS for the proposed \$8.15 billion Aquis Great Barrier Reef Resort at Yorkey's Knob near Cairns, issued in December 2014 and followed by the release of the Federal Minister for the Environment's approval of the 'controlled action' (subject to conditions) on 30 April 2015.
- Aquis Resort at the Great Barrier Reef Pty (Ltd), the shortlisted proponent for the Cairns IRD, invited to recommence the IRD process in May 2015. In June 2015 Aquis requested amendments to the Process Deed and this was provided back to the proponent for execution in August 2015. The proponent is required to execute the Process Deed to recommence process negotiations.



The John McIntyre Bridge, in the Townsville SDA, providing a direct link to the Port of Townsville

- ASF Consortium Pty (Ltd), the shortlisted proponent for the Gold Coast IRD, executing a revised Process Deed on 5 August 2015. This agreement outlined a revised five hectare site at Main Beach that protects the Spit, Wavebreak Island and South Stradbroke Island from development. Next ASF will need to submit a detailed proposal.

Townsville Integrated Sports and Entertainment Centre

A funding contribution of up to \$100 million has been earmarked by the Queensland Government to support the development of the stadium component of the Integrated Sports and Entertainment Centre (ISEC) in Townsville.

Townsville City Council (TCC) is concurrently preparing a Development Scheme for the Townsville City Waterfront Priority Development Area (PDA).

By working collaboratively with the TCC, the Queensland Government is ensuring the ISEC and PDA complement each other, resulting in a strong strategic stimulus for the social and economic development of Townsville.

The department has commenced developing a business case for the project, including a high level scoping exercise and funding model for the stadium component of the ISEC.

Queensland State Netball Centre

\$30 million in funding is committed over two years through Stadiums Queensland to facilitate the delivery of a purpose designed, eight-court indoor netball centre at the Queensland Sports and Athletics Centre at Nathan.

Stadiums Queensland has engaged the department to deliver the project. It will support the growth of the sport in Queensland, which currently has no purpose built facility for netball.

The Queensland State Netball Centre will provide a training base for the Queensland Firebirds, Queensland's representative team in the Australian Netball League competition (and current league champions), as well as headquarters for Netball Queensland.

Regional Major Projects Forums

Regional Major Projects and Industry Forums, 11 in total, were held in Townsville, Ipswich, Maryborough, the Sunshine Coast, Cairns, Redcliffe and Rockhampton throughout 2014–15, with 2147 attendees.

These forums provide local businesses with information about real opportunities for securing work contracts, how to successfully bid for work and opportunities to meet major project proponents.

Delegates from business, industry and government joined forces with major project proponents to identify regional supply chain opportunities and focus on improving the economic outlook for the regions.

Major Projects Conference Queensland

The Major Projects Conference Queensland, held in September 2014, was attended by almost 600 professionals and leaders from a range of industry and government organisations.

The program featured presentations from thought leaders who gave their insights on



Queensland's future from a planning and economic development perspective.

Speakers included Professor Henry Ergas, Senior Economic Adviser at Deloitte and inaugural Professor of Infrastructure Economics at the University of Wollongong's Infrastructure Facility. Professor Ergas focused on infrastructure challenges and asset recycling, as well as discussing the history of infrastructure in Australia, and the lessons that can be learnt going forward.

Case management support

For projects that support economic growth and job creation, have multiple approval requirements, and are complex or sensitive, the department provides case management services to assist private sector proponents. Assistance can include:

- streamlining approvals and access to Queensland Government contacts
- negotiating and identifying resources and linkages within the Queensland Government to overcome obstacles
- identifying opportunities to progress projects including approval pathways, resource availability, site selection, workforce solutions and access to economic data and business tools
- facilitating introductions with local companies and service providers
- assisting engagement with communities, local governments and landholders.

Through active business engagement and working closely with other government agencies, the department provides project facilitation to encourage investment attraction and reinvestment in the state, to support private sector capital expenditure and job creation.

Key industry sectors targeted include gas, oil and petroleum, coal and minerals as well as renewable energy (including biofuels and bio-manufacturing), tourism, health, manufacturing, science and technology, food and agribusiness, construction and aviation sectors.

Current case managed projects are valued at more than \$114 billion in capital expenditure. Examples include:

- Integrated Food and Energy Development's Etheridge Integrated Agriculture Project
- Northern Territory Government's North East Gas Interconnector Pipeline
- Casper Energy's Bulk Fuels Terminal project
- Senex Energy's Western Surat Gas project
- Arrow Energy's Bowen Gas project
- significant Galilee Basin and Bowen Basin coal projects.

Townsville State Development Area (SDA)

The Coordinator-General established a Strategic Coordination Group in June 2015 to seek a greater understanding of regional economic opportunities, the Townsville port's medium to long-term land requirements and current development constraints in the 4900 hectare Townsville SDA.

The Strategic Coordination Group includes representatives from Townsville Enterprise Limited, Townsville Chamber of Commerce, TCC, DTMR, the Port of Townsville and the department.



To maximise development opportunities in the Townsville SDA the Coordinator-General is:

- actively working with a major land holder, Glencore, on master planning its landholdings to facilitate and coordinate development
- assessing an application from Aurizon for a freight terminal to expand the existing Stuart Rail Yards, which would enable relocation of the current rail yards from their current closer CBD proximity
- investigating options to develop a long-term infrastructure strategy in conjunction with TCC and DTMR.

Galilee Basin development

The development of the Galilee Basin and subsequent boost to Queensland's economy is being enabled by the department, with Governor in Council approval of the varied development scheme for the Galilee Basin SDA in November 2014.

The Galilee Basin SDA generally comprises two 500 metre wide corridors from the Galilee Basin to the Port of Abbot Point. One rail corridor is designed to service the central Galilee Basin and a second corridor will service the southern Galilee Basin. With a total land area of almost 106,000 hectares, it will enable a coordinated approach to developing multi-user common rail corridors.

Should all of the proposed mining projects within the Galilee Basin be developed, there is potential for a capital expenditure investment of over \$55 billion with 19,000 construction-phase jobs and 16,000 operational jobs.

The economic injection that would be provided by Galilee Basin mining operations will lead to direct benefits for future generations of Queenslanders, ensuring improved schools and better hospitals and roads will be delivered.

In August 2014, the Coordinator-General released his report for the potential \$2.2 billion 300-kilometre North Galilee Basin Rail project.

The rail line is estimated to have capacity to transport 100 million tonnes of coal a year and bring up to 2400 jobs and \$900 million into the state economy during its construction phase.

Landholders affected by the Galilee Basin SDA are being assisted by a Landholder Liaison Manager.

To date the Coordinator-General has approved development applications in the Galilee Basin SDA for a power station for Moray Power, and two temporary workers camps, a permanent workers camp, an airport and four quarries.

Sustainable port development

The Sustainable Ports Development Bill 2015 represents a major step in implementing port-related commitments made by the government in the *Reef 2050 Long-Term Sustainability Plan* to demonstrate its commitment to protecting the Great Barrier Reef, providing a clear framework for the development of port facilities in and adjacent to the Great Barrier Reef World Heritage Area (GBRWHA).

The Bill was introduced to Parliament in June 2015 with the key policy objective to protect the GBRWHA through managing port-related development in and adjacent to the area.



Abbot Point – image courtesy of North Queensland Bulk Ports Corporation

It nominates the ports of Townsville; Abbot Point; Hay Point and Mackay; and Gladstone as priority ports. These will be subject to long-term planning in the form of mandatory port master planning to optimise infrastructure and address economic, environmental and social relationships as well as supply chains and surrounding land uses.

The priority ports represent trade worth \$32 billion and shifted 77 per cent of the total throughput of all Queensland ports in 2013–14.

Outside the priority ports, capital dredging for the development of new or expansion of port facilities will be prohibited within and adjoining the GBRWHA.

The Bill was referred to the Parliamentary Infrastructure, Planning and Natural Resources Committee for its consideration and subsequent report to Parliament.

It is understood that the Bill was a material consideration resulting in the unanimous decision by the United Nations Educational, Scientific and Cultural Organisation World Heritage Committee on 1 July 2015 to not place the Great Barrier Reef on its World Heritage in-danger list.

The Queensland Government has initiated master planning processes for the ports of Abbot Point and Gladstone. The Port of Gladstone is being used as a pilot project to advance master planning processes in accordance with the Bill.

Abbot Point growth gateway project

The Queensland Government is committed to expanding the Port of Abbot Point in a responsible and sustainable manner and our

department continues to lead this key project.

In March 2015, the government made an agreement with major proponents Adani and GVK to put in place stringent protections for the Great Barrier Reef, while allowing for the fiscally responsible expansion of the Abbot Point Coal Terminal and the generation of jobs and economic value.

This followed November 2014 amendments to the Abbot Point SDA to facilitate industry and infrastructure projects while balancing environmental protections.

Abbot Point Port, 25 km north-west of Bowen, currently has a capacity of 50 million tonnes per annum. The proposed expansion will increase capacity by 70 million tonnes per annum to cater for additional coal from the Galilee Basin.

As an environmental protection measure, dredged material will not be dumped within the GBRWHA, or on the Caley Valley wetlands. Instead, it will be reused on the remaining unallocated industrial land at the port—an area known as T2.

In April 2015, a new project referral regarding dredging for berth pockets within port limits was submitted under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC) Act. Following federal consideration, the department began studies for a full EIS in May 2015. The draft EIS was available for public comment from August–September 2015.

The draft EIS looks at:

- all environmental impacts, including detailed investigations into dredging impacts, social and economic impacts,



An aerial view of the Port of Gladstone

marine ecology and terrestrial ecology (including flora and fauna)

- management of cultural heritage with the Juru traditional owners—the Federal Court in Brisbane recognised the Juru People’s native title rights and interests over about 7570 hectares of land and waters between Bowen and Ayr.

Port of Gladstone

Master planning is underway for the Port of Gladstone, with public consultation on a proposed boundary conducted in mid-2015.

By providing greater certainty about infrastructure essentials like transport and utilities corridors, the master plan will increase investor confidence and protect the future of the Great Barrier Reef by considering marine and land-based impacts, port and supply chain capacity and connectivity, environmental and community values consistent with the principles of ecologically sustainable development.

Port of Townsville

Trade through the Port of Townsville is forecast to grow to 48 million tonnes per annum by 2040—four times the throughput of 2012–13.

The Port of Townsville Limited proposed an expansion of the port to support this growth, with an original estimated capital expenditure of \$1.49 billion and including the deepening and widening of existing shipping channels, the construction of six new berths and the creation of a significant area of reclaimed port land.

The project as described in the draft EIS released in 2013 relied on 5.6 million cubic metres of capital dredge material being deposited offshore within the GBRWHA.

This is not consistent with the government’s policies contained in the Sustainable Ports Development Bill 2015 and the *Reef 2050 Long-Term Sustainability Plan*.

As such, the Coordinator-General is currently working with the proponent to understand how it proposes to change the project to comply with government policies for the protection of the GBRWHA, which may include disposing all of the dredge material on-shore in reclaimed areas or other locations.

Santos GLNG Gas Field Development Expansion

Santos GLNG released for public and government agency comment its Gas Field Development Expansion EIS in December 2014.

The proposed expansion, which would progressively develop coal seam gas reserves across 10,500 square kilometres in the Bowen and Surat basins, could create 1700 jobs for Queenslanders during construction and a further 200 ongoing operational jobs.

The project represents a potential multi-billion dollar capital investment over the 20-year life of the gas field development.

Emu Swamp Dam

The Coordinator-General finalised his evaluation report regarding the EIS for a new \$76 million, 10,500 megalitre dam at Emu Swamp located about 15 kilometres south-west of Stanthorpe.

The dam will enable the region’s agricultural sector to grow and prosper, with potential to create up to 145 jobs during construction. Its



construction, operations and pipelines are estimated to contribute \$139 million to the Queensland economy.

Under the assessment bilateral agreement, the Coordinator-General's report on the EIS was submitted to the federal Environment Minister for a decision on issues pertaining to the EPBC Act.

In November 2014 the federal Environment Minister gave notification of approval of 'controlled action', subject to conditions.

Three Rivers Irrigation Project

In June 2015 the Coordinator-General declared the Three Rivers Irrigation Project (in the Lower Flinders catchment) as a 'coordinated project for which an EIS is required' under the SDPWO Act.

Stanbroke Pty Ltd's proposal is for cropping and irrigation of up to 15,000 hectares of cotton adjacent to the Flinders River in the Gulf Region of Northern Queensland.

With a capital expenditure of over \$200 million and an estimated operational cost of \$24.3 million per annum, the project's aim is to grow cotton for the export market and utilise cotton seed by-product as supplementary feed for the proponent's existing beef cattle in the region.

The proponent estimates the project could create up to 100 on-site construction jobs, and up to 75 operational jobs at peak production.

Lindeman Island resort

In May 2015 the Coordinator-General declared the potential \$600 million redevelopment of Lindeman Island resort a 'coordinated project'.

The project will potentially create over 800 construction jobs over a four-year period, as well as 300 ongoing operational jobs.

A comprehensive environmental impact assessment with full public consultation will be conducted for the project, which will potentially contain several five and six-star facilities, including a 50-berth marina.

Mission Beach safe boating infrastructure project

The department is coordinating improvements to boating safety in Boat Bay, Mission Beach, with a \$20 million project to enhance existing public marine facilities at Perry Harvey Jetty and Clump Point Boat Ramp for the use of recreational and commercial users.

Financial performance

Chief Finance Officer Statement

In overseeing the financial activities of the Department of State Development, I assert that I have fulfilled the responsibilities of the *Financial Accountability Act 2009* including:

- financial resource management including the establishment, maintenance and review of financial internal controls
- budget management
- preparation of financial information including annual financial statements to facilitate the discharge of the department's statutory reporting obligations
- provision of advice on the effectiveness of accounting and financial management information systems and financial controls in meeting the department's requirements
- provision of advice concerning the financial implications of, and financial risks to, the department's current and projected services
- development of strategic options for the department's future financial management and capability.

I have provided a statement to the accountable officer confirming that the financial internal controls of the department are operating efficiently, effectively and economically as required by Section 77 of the *Financial Accountability Act 2009*.

Michael McKee
Chief Finance Officer

Summary of financial performance

This section provides an overview of the financial statements of the department for the 2014–15 financial year, which are provided in detail at the 'financial statements' section of this report.

Understanding the financial statements

A major impact on the department's operations in 2014–15 is the transfer of the Economic Development Queensland (EDQ), Infrastructure and Planning functions over to the Department of Infrastructure, Local Government and Planning (DILGP) due to the machinery-of-government changes in February 2015.

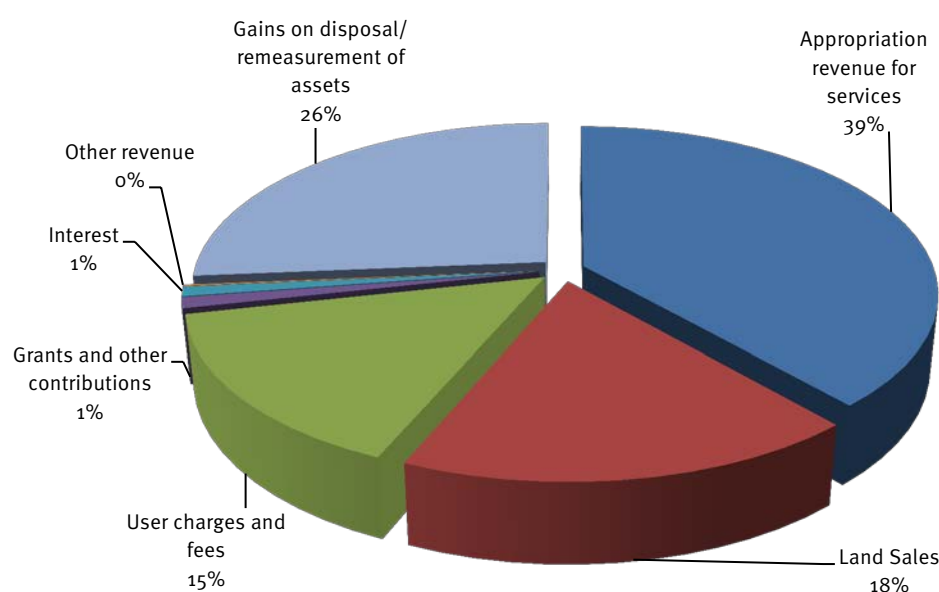
The following comparison of the 2014–15 results with the 2013–14 results was considered and accepted by the department's Audit and Risk Management committee at the August 2015 meeting.

Analysis – operating result

	2015 \$'000	2014 \$'000	Variance \$'000
Total income	459,196	427,710	31,486
Total expenses	348,910	396,698	(47,788)
Operating result before tax	110,286	31,012	79,274
Income tax equivalent benefit/ (expense)	(38,502)	(10,711)	(27,791)
Operating result after tax	71,784	20,301	51,483
Other comprehensive income			
Asset revaluation surplus	7,838	(2,914)	10,752
Total comprehensive Income	79,622	17,387	62,235

Income

Figure 1 Income by category for the year ended 30 June 2015



The department's main categories of income are appropriation revenue and land sales. Overall total income increased by \$31.4 million to \$459 million from 2013–14 as follows:

- Gains on disposal/re-measurement of assets of \$115.5 million in 2014–15 is mainly attributable to a \$112 million increase in the fair value of investment properties owned by EDQ. State Valuation Services, Certified Valuers,
- Land sales decreased by \$59.8 million in 2014–15 to \$82.26 million as a result of machinery-of-government changes resulting in the increase for the department.
- Land sales decreased by \$59.8 million in 2014–15 to \$82.26 million as a result of machinery-of-government changes that required eight months of sales be recorded in the department's accounts and the remaining four months recorded

in DILGP's accounts. In addition, land sales for the eight months decreased from prior year due to lower residential sales, particularly in mining areas that have seen mine closures and resulting staff reductions.

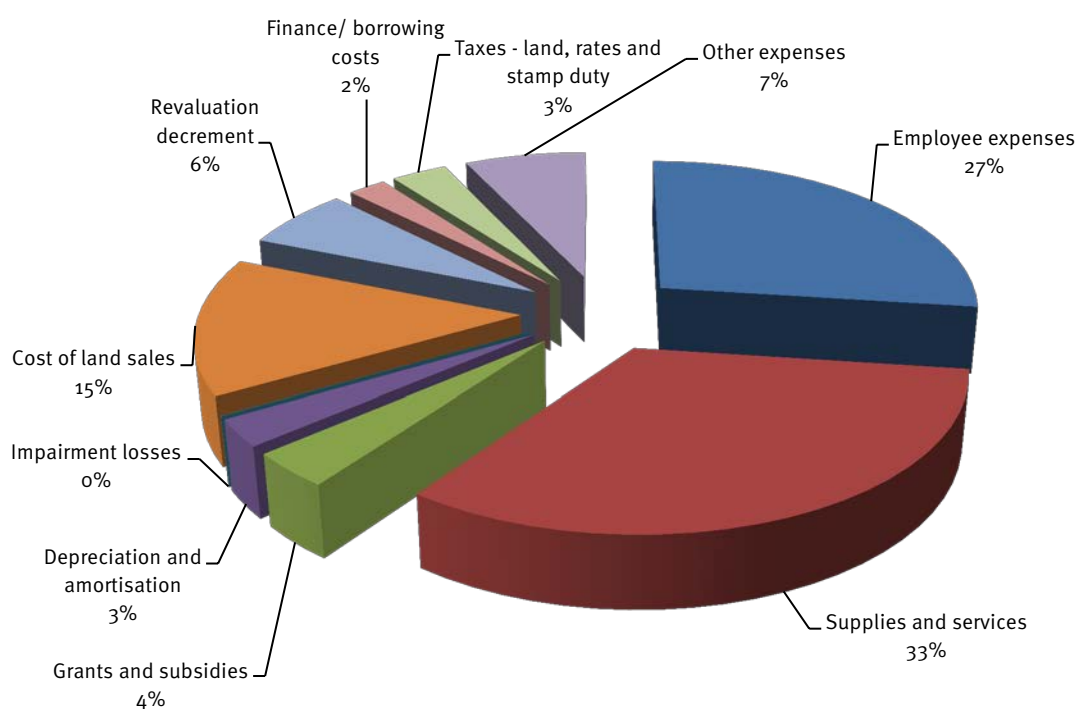
- User charges decreased by \$11.12 million in 2014–15 to \$69.55 million mainly due to a reduction in EDQ fee for service revenue, due the transfer of EDQ as a result of the machinery-of-government changes. The reduction also

relates to a decrease in the sale of goods and fees collected in the 2014–15 year. The decrease was offset by cost recovery revenue relating to the Commonwealth Games venues and village.

- Other revenue decreased in 2014–15 by \$14.7 million to \$0.58 million as a direct result of one off sale of land sales worth approximately \$13.9 million to the Department of Transport and Main Roads in the 2013–14 financial year.

Expenses

Figure 2 Expenses by category for the year ended 30 June 2015



The department's significant categories of expenses are employee expenses, supplies and services, and cost of land sales. Overall total expenses are \$348.91 million and have decreased by \$47.79 million from 2013–14 due to:

- A reduction in cost of land sales by \$38.2 million to \$50.47 million in 2014–15 due to the transfer of EDQ as a result of machinery-of-government changes, resulting in costs for only eight months recorded in the department's accounts

and the remaining four months in DILGP's accounts.

- A reduction in grants and subsidies by \$10.24 million to \$12.88 million for 2014–15 due to the completion of the Aurukun barge project, Cairns Shipping projects and various other projects. Also, the decrease is due to a reduction in industry grants paid of approximately \$5 million, due to the completion of various grant programs in the 2014–15 year. The decrease is offset by an increase in grant

funding for the Royalties for the Regions program totalling approximately \$5 million.

- An increase in other expenses by \$18.2 million to \$24.690 in 2014–15 due to the one off purchase of public liability insurance in relation to Commonwealth Games preparation, and an increase in losses pertaining to Mary Valley sales throughout the year (offset by gains included in income).

Total comprehensive income

For 2014–15, the total comprehensive income result is a surplus of \$79.6 million. This total includes an asset revaluation reserve surplus of \$7.84 million. Therefore, the operating result from continuing operations is a \$71.7 million surplus mostly relating to the gain on the fair value of investment property of \$112 million owned by EDQ.

Statement of Financial Position—Assets and Liabilities

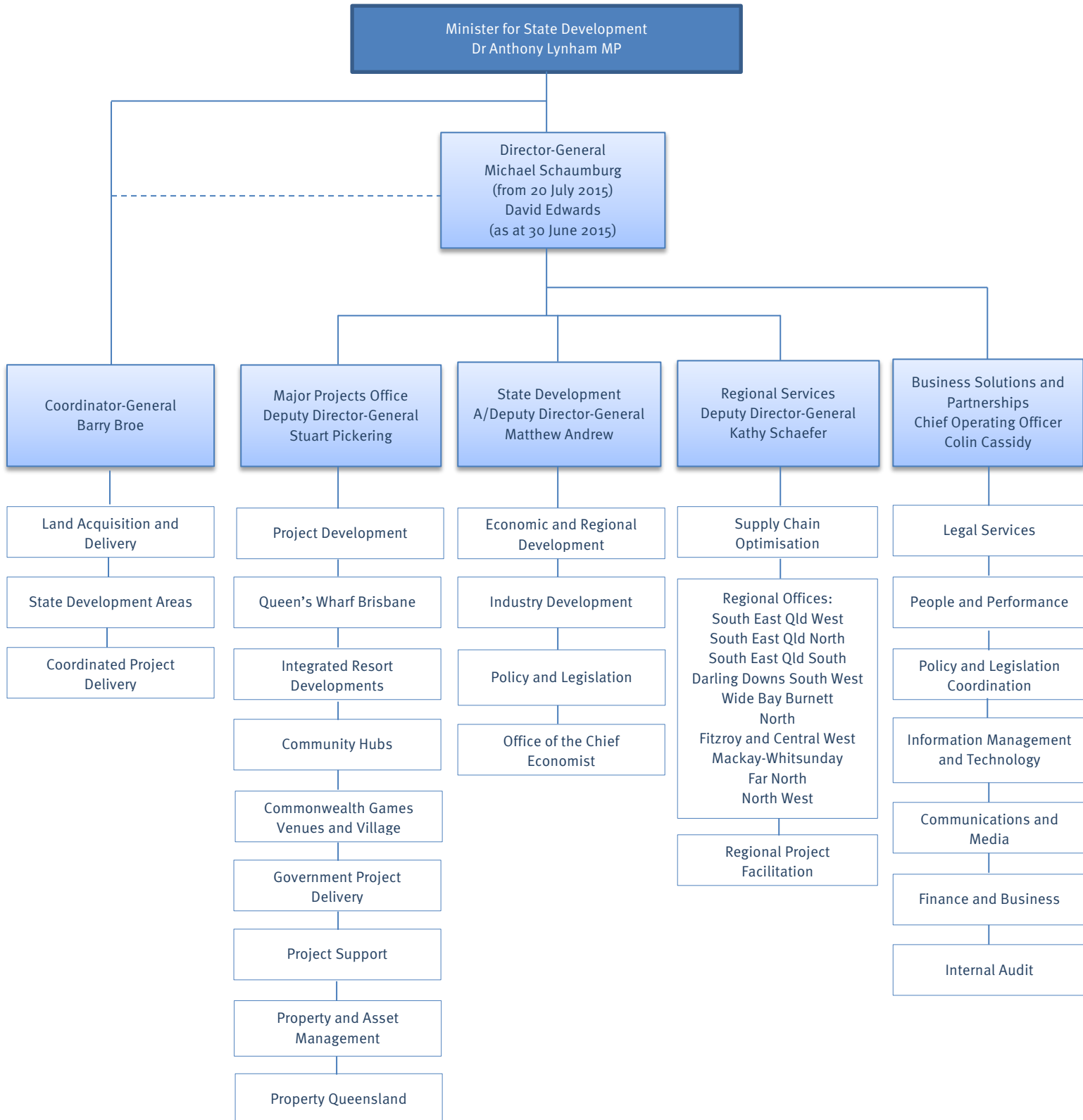
	2014-15 \$'000	2013-14 \$'000	Variance \$'000
Total Current Assets	71,894	704,399	(632,505)
Total Non-Current Assets	350,291	776,677	(426,386)
Total Assets	422,185	1,481,076	(1,058,891)
Total Current Liabilities	75,533	212,703	(137,170)
Total Non-Current Liabilities	80,868	197,643	(116,775)
Total Liabilities	156,401	410,346	(253,945)
Total Equity	265,784	1,070,730	(804,946)

Total assets at 30 June 2015 are \$422.2 million, representing a decrease of \$1.06 billion from 2013–14 primarily due to the machinery-of-government changes that saw the transfer of EDQ assets out of the department. This significantly decreased amounts for cash and cash equivalents, property, plant and equipment, investment properties and land inventories in 2014–15.

Total liabilities at 30 June 2015 are \$156 million, representing a decrease of \$254 million from 2013–14. This is mainly due to the transfer of EDQ liabilities out of the department as a result of the machinery-of-government changes.

Structure

Figure 3 Departmental structure as at 30 June 2015



Governance

Office of the Coordinator-General

The Coordinator-General administers the SDPWO Act and has wide ranging powers to plan, deliver and coordinate large-scale infrastructure projects, while ensuring environmental impacts are properly managed. These projects, in turn, promote economic and social development in Queensland.

Major Projects Office

The Major Projects Office provides a one-stop-shop for delivery and facilitation of significant and complex projects providing expert infrastructure project delivery and project evaluation advice to support government.

State Development

State Development is tasked with championing the interests of industry in Queensland and removing regulatory bottlenecks and impediments to growth and investment. It has a further role in economic analysis and industry and economic development through the development of economic policy and strategies and industry policies and programs.

Regional Services

Regional Services facilitates economic growth and creates jobs across regional Queensland by supporting the growth of key industry sectors and supply chains. The network of Regional Offices provides services and programs on behalf of a number of government agencies and plays an integral role in supporting business, industry and local governments.

Business Solutions and Partnerships

Business Solutions and Partnerships provides business and corporate support and services

to the department and to other agencies including DILGP.

Our Executive Leadership Team

The Executive Leadership Team (ELT) assists the Director-General to deliver our strategic objectives. The ELT is chaired by the Director-General and meets fortnightly.

Members:

- Deputy Directors-General
- Coordinator-General
- Chief Operating Officer.

Michael Schaumburg, Director-General

Bachelor of Engineering (Civil) (Hons), Associate Diploma in Civil Engineering, Graduate Diploma Business Administration

Appointed July 2015

Under the *Financial Accountability Act 2009* (FA Act) the Director-General is accountable to the Minister for State Development and the Premier of Queensland for the efficient, effective and financially responsible performance of the Department of State Development.

Michael leads the department with an operating budget of \$348 million, capital budget of \$9 million and managed assets valued in excess of \$422 million.

Former positions:

- Project Director, Abbot Point Growth Gateway Project
- Deputy Coordinator-General, Department of State Development
- Engineering Manager, Ports Corporation Queensland.

Michael is a graduate of the Australian Institute of Company Directors, a Registered

Professional Engineer of Queensland and a Chartered Professional Engineer, Institute of Engineers Australia.

David Edwards held the role of Director-General for the 2014–15 financial year, a position he held since 2012.

Barry Broe, Coordinator-General

Bachelor of Civil Engineering, Master of Engineering and Technology Management

Appointed April 2012

Under the SDPWO Act the Coordinator-General is responsible for facilitation of large scale public and private projects that enhance the economic development of Queensland, while ensuring environmental and social impacts are properly managed.

Former positions:

- Divisional Manager, Brisbane Infrastructure, Brisbane City Council
- Director, Transport Planning and Policy, London
- Director, Transport Planning (SEQ), Queensland Transport.

Barry's professional background is in infrastructure, major projects and transport across all aspects of planning, design, funding, procurement, construction, operations and maintenance. With 30 years of diverse public sector experience, he has successfully planned, coordinated and delivered infrastructure and major projects in Queensland and overseas.

Colin Cassidy, Chief Operating Officer Business Solutions and Partnerships

Master of Urban and Regional Planning, Master of Science (Environmental Studies), Bachelor of Science

Appointed August 2013

Colin joined the state government in 1991 after 10 years in local government. He has over 20 years' experience in a range

of senior professional, policy and corporate leadership roles within the state public sector.

Colin has led a number of major structural and cultural reforms, legislation and policy programs and business improvement initiatives.

Stuart Pickering, Deputy Director-General Major Projects Office

Bachelor of Architecture, Diploma of Management, Certificate of Technology

Appointed February 2013

Stuart has over 30 years' experience in capital development, strategic asset management and facilities operational management across state based and national organisations. He has managed recurrent capital programs to the value of \$1.3 billion per annum.

In addition to asset and capital development projects, Stuart has extensive business management experience at executive/director level for both private and government organisations. He has also led some of Australia's most significant heritage building restorations.

Kathy Schaefer, Deputy Director-General Regional Services

Master of Business Administration, Bachelor of Education, Graduate Diploma English as a Second Language Teaching, Diploma Teaching

Appointed July 2008

Kathy has a broad and diverse senior executive leadership experience base, having worked in three states in two tiers of government across local, regional and state settings.

Kathy's experience, leadership and passion for developing and mentoring others has strengthened the department's network of regionally-based offices responsible for

delivering regional economic development, business and supply chain development, project facilitation, regional intelligence and stakeholder engagement.

Consistent with the department’s vision for driving economic development in Queensland, her focus is in seeing thriving regional economies and communities supported by services and opportunities to make them even better areas to live, work and invest.

Matthew Andrew, Acting Deputy Director-General State Development

Bachelor of Arts, Masters in Business Administration, Graduate Certificate in Strategic Foresight

Appointed March 2015

Matthew is responsible for a range of key policy and program areas including:

- industry (including resource industry) policy and programs
- regional economic development and the Building our Regions fund
- defence industry development, case management of significant projects, economic and commercial analysis
- the Office of the Chief Economist.

Former positions:

- Executive Regional Director, Department of State Development, North Queensland

Since 1998, Matthew has held a range of management roles both in policy and service delivery, with a focus on economic and industry development. Matthew is a member of the Australian Institute of Management and graduate of the Australian Institute of Company Directors.

Accountability

The department adheres to the *Public Sector Ethics Act 1994* (PSE Act) and the *Financial and Performance Management Standard 2009* (FPM Standard), which provide the basis for our corporate governance principles. These principles guide our everyday business practices.

At the highest level, the ELT and governance committees oversee organisational performance and risk, and ensure we operate efficiently, effectively and transparently.

Governance committees

Our governance committees—outlined at Figure 2—operate under formal charters that detail their functions and responsibilities.

Figure 4 Departmental governance committees



Finance and Asset Management Committee

The Finance and Asset Management Committee (FAMC) provides analysis and advice on departmental budget priorities, financial and asset management and reporting.

The role of the FAMC is to provide ongoing assurance in areas of:

- financial administration and reporting
- legislative compliance
- internal controls.

The FAMC is considered by the department to be a key element of its corporate governance program and demonstrates the ELT's commitment to best practice corporate governance.

Membership of the FAMC in 2014–15:

- Colin Cassidy, Chief Operating Officer (Chair)
- Barry Broe, Coordinator-General
- Matthew Andrew, Acting Deputy Director-General State Development
- Stuart Pickering, Deputy Director-General Major Projects Office
- Kathy Schaefer, Deputy Director-General Regional Services
- Elizabeth Dickens, Director Office of the Director-General.

Information Steering Committee

The Information Steering Committee (ISC) provides advice to the Directors-General of the Department of State Development and the Department of Infrastructure, Local Government and Planning, on the strategic application of information management and technology (IMT), related personnel resources and funding to ensure that new IMT investments support the goals and needs of the departments.

The ISC aims to obtain the greatest value and return for its use within well-controlled risk containment and benefits management frameworks.

Part of the responsibilities of the ISC are to:

- ensure that IMT strategic planning is part of the departmental strategic planning process
- endorse IMT investment proposals, business cases, project tolerances, significant project scope changes and the extension or termination of high risk and high profile programs and projects and IMT initiatives over \$250,000 as well as whole-of-government initiatives based on their strategic alignment, achievability and availability of resources.

Membership of the ISC in 2014–15:

- Kathy Schaefer, Deputy Director-General Regional Services
- Michele Bauer, Executive Director Land Acquisition and Delivery
- Matthew Andrew, Acting Deputy Director-General State Development
- Colin Cassidy, Chief Operating Officer
- Stuart Pickering, Deputy Director-General Major Projects Office
- Bill Gilmore, Acting Deputy Director-General Local Government and Regional Services (DILGP)
- Amanda Pafumi, Chief Operating Officer (DILGP)
- Greg Chemello, Acting General Manager Economic Development Queensland as well as Deputy Director-General Planning (DILGP).

Audit and Risk Management Committee

The Audit and Risk Management Committee (ARMC) was established pursuant to the FPM Standard.

The ARMC provides independent assurance and assistance to the Director-General on the department's:

- risks, control and compliance frameworks
- external accountability responsibilities as prescribed in legislation and standards.

The ARMC Charter establishes the committee's authority and responsibilities and was prepared with reference to:

- relevant provisions of the FA Act and the FPM Standard
- 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 ARMC met on five occasions during 2014–15.

Membership of the ARMC and remuneration (if applicable) in 2014–15:

- Eric Muir—Chair and external member. Remuneration: \$6655
- Colin Cassidy, Chief Operating Officer
- Joshua Chalmers, PricewaterhouseCoopers—external member. Remuneration: \$2640
- Steve Conner, Executive Director, Development Assessment, Planning and Property (ceased 1 March 2015 due to machinery-of-government changes)
- Jason Camden, Executive Director, Project Support, Major Projects Office (ceased 1 March 2015 due to machinery-of-government changes)
- Kerry Petersen, Executive Director Delivery, Major Projects Office (commenced 20 April 2015)
- Matthew Andrew, Acting Deputy Director-General, State Development (commenced 20 April 2015).

Key achievements for the ARMC during 2014–15 included:

- reviewed and endorsed the department's financial statements for the year ended 30 June 2014

- reviewed and endorsed the department's Internal Audit Strategic Plan 2015–2018/ Annual Audit Plan 2015–16
- endorsed the ARMC Charter and the Internal Audit Charter for 2015–16
- received regular reports on internal audit activities including audits and reviews completed as part of the Internal Audit Annual Audit Plan 2014–15
- reviewed and considered the QAO Strategic Audit Plan and the Client Strategy for the department
- considered the scheduling, status, findings and audit recommendations of QAO financial and performance audits
- oversaw the implementation status of internal and external audit recommendations
- endorsed the department's Risk Management Framework and received regular reports on the department's risk status.

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

Government bodies

The department administers grant funding of \$2.5 million on behalf of the state for the GasFields Commission Queensland.

Operating under the *Gasfields Commission Act 2013*, the commission's role is to manage and improve sustainable coexistence among rural landholders, regional communities and the onshore gas industry in Queensland.

Further information about the operations, priorities and achievements of the commission are provided in the *GasFields Commission Annual Report 2014–15*.

Risk management

The department implements a risk management framework to identify, assess and manage risks that may impact its business operations and the delivery of its programs and projects. The framework is aligned to the international risk management standard, AS/NZ ISO 31000:2009 and was revised in December 2014.

The ELT is responsible for reviewing and approving the department's risk management framework and overall risk management strategy.

The ARMC monitors the effectiveness of the framework in the management of the department's strategic, business and operational risks, including in relation to financial, health and safety, environmental, legal, reputational and delivery consequences.

Risk management is integrated into departmental activity through incorporation in operational planning, ensuring risks and opportunities are identified and subsequent actions appropriately aligned with departmental objectives.

In 2014–15, the department focused on addressing recommendations of the 2014 QAO area of emphasis audit of risk management practices.

In particular, we:

- maintained a focus on environmental scanning, which is conducted through the operational planning process
- ensured business level financial risks were appropriately reported to the Chief Finance Officer
- promoted due regard and consideration of external changes and events by the ELT
- recalibrated our definitions of risk consequence and likelihood, and reviewed our departmental risk appetite
- provided tailored risk management advice and training to departmental staff.

Internal audit

Internal audit is a key component of our corporate governance.

Pursuant to section 29 of the FPM Standard the department has an established independent Internal Audit function and operates under an approved Internal Audit Charter.

Internal Audit provides independent and objective advice to the Director-General and aids him in the discharge of his statutory functions and duties as the accountable officer.

The scope of Internal Audit coverage is set out in the Internal Audit Strategic Plan 2014–17/ Annual Audit Plan 2014–15 which was endorsed by the ARMC and approved by the Director-General. This plan follows a risk-based methodology, balancing emerging issues against reviews of core business and transactional processes.

The Head of Internal Audit (HIA) is Jo Buckley, CA B.Com.

The HIA 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 HIA reports regularly to the ARMC, which reviews the work of the Internal Audit function.

The Internal Audit Charter has been prepared with reference to the relevant provisions of the FA Act and the FPM Standard, the Institute of Internal Auditors (IIA) 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 ARMC and approved by the Director-General and is consistent with accepted auditing and ethical standards.

Achievements of Internal Audit during 2014–15 include:

- developed and delivered a risk-based annual plan of audits endorsed by the ARMC 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 in order to improve risk management, control and governance, and business operations
- completed audits and reviews as agreed with the ARMC, resulting in appropriate management recommendations for improving governance processes and business operations
- assessed the effectiveness and efficiency of key departmental financial and operating systems, reporting processes and activities
- proactive follow-up with management regarding their timely implementation of internal and external audit recommendations
- provided secretariat services as outlined in the ARMC Charter
- adopted 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

Our operations are subject to regular scrutiny from external oversight bodies.

Auditor-General reports

In addition to his audit of the department's financial statements, the Auditor-General conducted audits during the year where recommendations were specifically

addressed to the department or addressed to all agencies to consider.

These audits included:

- *Auditor-General's Report 1: 2014–15, Internal Control Systems 2013–14* tabled in Parliament 11 July 2014
- *Auditor-General's Report 4: 2014–15, State Public Sector Entities for 2013–14* tabled in Parliament 25 November 2014
- *Auditor-General's Report 9: 2014–15, Commonwealth Games 2018 Progress* tabled in Parliament 16 December 2014.

Recommendations addressed to the department were accepted and management plans are in place to implement those recommendations.

Progress in implementing Auditor-General recommendations is monitored and followed-up by Internal Audit and reported to the ARMC for review.

Ethics and integrity

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.

Integrity services and functions it covers include:

- complaints management
- lobbyist contacts
- declarations of interests registration
- gifts and benefits registration
- ethics advice and training
- Crime and Corruption Commission (CCC) liaison
- public interest disclosure management
- fraud and corruption prevention.

The department has embedded the principles and values of the PSE Act explicitly and implicitly in its strategic planning process

and documents and in its human resource management policies and procedures.

The department engages with employees, stakeholders, the general public and the private sector in an honest, impartial and accountable manner. Ethical principles and values are incorporated in employees' Performance and Development Agreements.

Departmental employees uphold the *Code of Conduct for the Queensland Public Service* (the code) and receive regular training on the code starting at induction. Online training in ethical decision making has been updated and redeveloped and will be rolled out to staff in the coming year.

In 2014–15, 45 more intensive workshop-style ethics and integrity and fraud and corruption prevention training sessions were delivered to train over 700 staff across the department in Mackay, Rockhampton, Mt Isa, Maroochydore, Cairns, Toowoomba, Townsville, Ipswich, Southport, Gold Coast, Bundaberg and Brisbane.

Managers and staff are supported to implement the code throughout their work through access to:

- the code on the department's intranet and internet websites
- supplementary face-to-face training in the code and ethics and integrity topics for targeted business areas
- external training on ethics and integrity related matters including 'Your Ethical Compass' training from the Queensland Ombudsman's Office
- managers' workshops on a range of ethics and integrity-related corporate governance topics
- policies and procedures with practical guidance
- specialist advice on ethics matters through the Director, Ethics, Integrity and Risk
- online tools, resources and support networks

The Director, Ethics, Integrity and Risk also:

- manages complaints and allegations of alleged breaches of the code
- maintains close cooperation and liaison with the CCC
- monitors trends and issues and implementation of improvements as a result of lessons learned from cases and complaints.

There were 41 complaints received in 2014–15, of which 23 were from members of the public and related to departmental services and decisions. There were 18 complaints that related to employee conduct and performance.

A further six conduct and performance complaints were received that related to either the behaviour of employees of a third party, or the behaviour of an unknown person. No public interest disclosure matters were received during 2014–15.

Information systems and record management

Good information and recordkeeping practices assist the department to capitalise on existing knowledge and experience. They also support consistency, continuity, efficiency and productivity in customer service, program delivery, management and administration.

The ongoing use and maintenance of best practice information and records management policy, procedures and systems, including the use of an electronic document records management system (eDRMS), enables the department to capture, maintain and protect the accuracy and reliability of its information for as long as they are required to support business, regulatory, social and cultural needs.

The eDRMS provides a secure, effective and efficient management of correspondence, documents and records. Additionally, the department uses the whole-of-government

SAP and Aurion systems for finance and human resource management respectively.

Committed to meeting our responsibilities under the *Public Records Act 2002* (PR Act), the department protects information assets through our Information and Recordkeeping Policy. This ensures that departmental information and records are the basis for organisational accountability, current and future policy formation, and management decision making. It also supports compliance with legislative and regulatory requirements, and documentation of departmental activities, developments and achievements.

Our records information and records management approach includes:

- implementing and maintaining an *Information and Records Management Framework* that includes clear and concise policy, procedures and work instructions
- managing programs, information and recordkeeping systems that comply with legislation and government directives, including collaboration and sharing tools
- developing and implementing digitised physical records policy and framework resulting in a 43 per cent reduction of physical paper holdings
- development of an information management digitisation strategy
- implementing a ‘paper lite’ approach to records management by adhering to the following key principles:
 - born digital, stay digital strategy— new documents received or created should remain in digital format
 - digitisation of physical records and electronic processing
 - ensure eDRMS use is maximised in all business groups
 - use of collaboration and sharing tools that incorporate information and records management

- implement retention and disposal schedules, as well as archives management frameworks and strategies
- use cultural reform to drive cross-agency collaboration, including the development and distribution of policies and training initiatives such as clear desk and information management awareness
- developing baseline storage requirements
- establishing realistic performance goals and effective monitoring programs
- leading cultural reform by creating supportive information management awareness resources and systems training in order to provide proactive staff assistance, guidance and awareness of legislative responsibilities
- retention and disposal of public records in accordance with the PR Act and the *General Retention and Disposal Schedule for Administrative Records*. Following approval by the Queensland State Archivist of the departmental retention and disposal schedule, 1000 records were approved for disposal during 2014–15 after the expiry of their retention period. This equates to an estimated annual saving of \$2000 in storage and security costs.

Modernisation of core departmental technologies also included rolling out Windows 8.1, Office 365 cloud environment, VoIP technology and wi-fi, coupled with increased availability of electronic processing. These initiatives improved productivity and provided flexibility to support our mobile workforce.

Security of our records is of the utmost importance, and is maintained through the department’s eDRMS in accordance with the department’s information security policies and whole-of-government standards.

From March 2015, 40,000 active records relating to infrastructure and planning functions were transferred to

DILGP following administrative arrangements changes.

No records were reported as lost or destroyed in 2014–15.

It seeks to address organisational trends and develop enterprise wide strategies and is aligned to the department’s Strategic Plan.

A high level capability assessment was conducted for each business group providing a helicopter overview of current and future capability needs. The outcomes will further inform the Strategic Workforce Plan.

Workforce planning and performance

Workforce planning and profile

With a workforce of 575 full-time equivalent staff, strategic workforce planning is undertaken at the departmental level and covers a five year time horizon.

In 2014–15 the department had a permanent separation rate of 10.5 per cent.

Our workforce profile is depicted in the following graphs—figure 5 and figure 6.

Figure 5 The department’s workforce distribution by salary and gender.

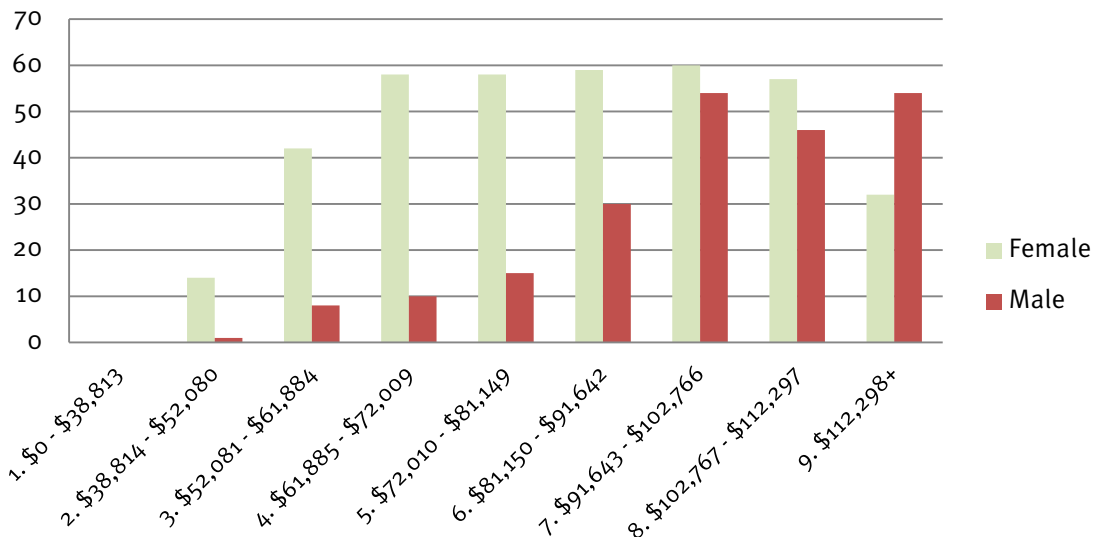
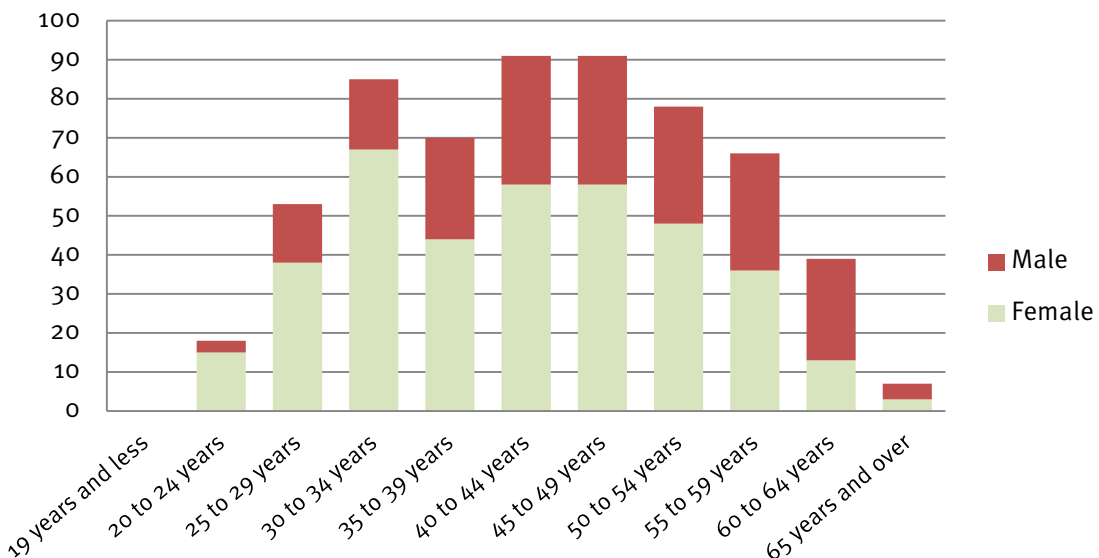


Figure 6 The department’s age profile by gender as at 30 June 2015.



Workforce development

The department continues to focus on developing a highly-skilled workforce and increasing the capabilities of our people through a series of inter-related activities:

- refreshing the department's induction program and commencing a complete review of the on-boarding process
- reviewing the department's learning and development activities with a focus on the 70:20:10 model of development (where 70 per cent of time is 'workplace learning', 20 per cent of time is 'social learning' and 10 per cent of time is 'formal learning') and taking a blended approach of internal and externally available programs including those offered by the Public Service Commission
- implementing the performance and development process 'MyPDA', with supervisors working closely with their teams to identify new opportunities to upskill using the 70:20:10 approach and tools to complement this process
- launching the My Mentor program to build a highly-skilled workforce and allow individuals to learn the importance of fostering relationships, dealing with constructive advice and enabling job success. Both mentors and mentees were sourced internally with the aim of increasing talent and succession planning opportunities
- establishing a new leadership development program 'Leadership Xchange' which provides monthly hot topics face to face and live-streamed to regional areas
- creating a leadership video resource library on the intranet that is open to all employees to view at any time
- setting up a specialist executive coaching panel available on a needs basis to senior leaders enabling a tailored and flexible developmental tool

- encouraging high performance and capability development by offering participation to young professionals in the Smart Seeds competition where multi-disciplinary teams develop a creative concept to solve a real infrastructure challenge providing a unique space where future leaders can influence the legacy of current leaders.

Work-life balance initiatives

Work-life balance options such as flexible hours of work arrangements, various leave types, compressed working week, part-time arrangements, job sharing and telecommuting are provided to assist employees. Employees can access facility space that can be used for carers and breastfeeding.

Health and wellness initiatives

The department provides an environment that protects the health and safety of everyone in the workplace. In 2014–15, health and wellness initiatives included:

- comprehensive health assessments for senior executives
- general health assessments available to all staff – 214 staff participated
- skin cancer checks available to all staff – 245 staff participated, leading to 63 referrals for further investigation
- flu vaccinations – 494 staff participated
- ergonomic and posture care assessments
- employee assistance program.

Through these initiatives, some staff were identified with health issues which could then be referred for investigation or treatment. Of the participating staff:

- 10 were identified with type 2 diabetes
- 8.9 per cent were found at high risk of a cardiovascular event in the next five years
- 29.2 per cent had high blood pressure
- 2.4 per cent were identified with severe scores of depression or anxiety.

Injury and claims management

The department performs better than the industry average in injury and claims management (as a result our insurance premium is 46 per cent of the industry average) and seeks to continuously improve our rehabilitation, return to work and injury management systems.

The systems in place include:

- timely, sound incident reporting processes
- implementation of appropriate preventative actions where required
- prompt intervention when issues are reported
- emergency management and first-aid training
- effective communication and information awareness strategies.

Diversity and inclusion

The department encourages a diverse and inclusive workforce. The indigenous employment strategy was launched allowing for school-based and new trainees to enter the workforce at central and regional areas of the state and work in various business groups within the department.

We continue to support women's career development through encouraging participation in women in leadership events through the Australian Institute of Management and Committee for Economic Development Australia and an annual summit, hosting a panel discussion on career development to recognise international women's day and offering access to a cross-agency pilot mentoring program for women.

A domestic and family violence awareness campaign was launched department wide calling for individuals to raise awareness by posting virtual protea and for business areas to wear purple for a day making a gold coin donation to charity.

We encourage our staff to help shape our department and annually run a confidential

employee opinion survey. Over the period, as a result of feedback we refreshed and re-launched our Human Resources Network forum with the view to continue collaborative discussions across the agency.

Industrial and employee relations framework

Advice and support is provided to managers and employees in relation to entitlements, policies, processes and performance.

The department completed a policy reform project to review all human resources policies, procedures guidelines and forms with the objective of ensuring the provision of current, concise information that is easy to use and understand. This reform has resulted in a significant reduction in the number of documents and the new content provides more flexibility, more guidance and less compliance for our stakeholders.

The department has been left with four clear overarching human resources policies: Hours of Work, Learning and Development, Creating an Inclusive Workplace and Work Health and Safety.

The processes associated with joiners, movers and leavers were also streamlined to provide a smoother work flow experience for end users and other stakeholders.

The department has not been party to any industrial disputes during 2014–15.

The department has consulted with the union on a number of occasions, in particular to discuss the implementation of new organisational structures within the department and potential impacts on staff.

During 2014–15 there were no disciplinary actions taken by the department and no employees were suspended. One matter commenced investigation but had not concluded by 30 June 2015.

There were 16 complaints lodged against employees of which six were substantiated.

Management action was taken in response to these complaints.

The department has a commitment to implementing the new Employment Security and Union Encouragement policies.

Consultative Committee

The Consultative Committee is the principal consultative body for unions and management within the department. It is created pursuant to Part 9 of the *Certified Agreement 2009*. In 2015–16 the committee will meet on a quarterly basis.

Work Health and Safety Committee

The Work Health and Safety Committee's roles and responsibilities are to:

- assist in developing standards, policies and procedures, training programs and engagement of consultants relating to work health and safety
- facilitate cooperation between the Director-General and employees regarding health and safety issues.

The committee meets every three months. The terms of reference for the committee were reviewed in December 2014 and a comprehensive Work Health and Safety action plan was developed by the committee in the first quarter of 2015.

Retirements, redundancies and retrenchments

During 2014–15, 45 employees received a redundancy package at a cost of \$3,484,317. Employees who did not accept an offer of a redundancy were offered case management, where reasonable attempts were made to find alternative employment placements.

DEPARTMENT OF STATE DEVELOPMENT

Financial Statements as at 30 June 2015

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Statement of Comprehensive Income
Statement of Financial Position
Statement of Changes in Equity
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Statement of Assets and Liabilities by Major Departmental Services and Commercialised Business Unit
Notes To and Forming Part of the Financial Statements
Management Certificate

General information

These financial statements cover the Department of State Development (the Department).

The Department of State Development is a Queensland Government Department established under the *Public Service Act 2008*.

The Department is controlled by the State of Queensland which is the ultimate parent.

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

Level 13
61 Mary Street
Brisbane Queensland 4000

A description of the nature of the Department's operations and its principal activities is included in the notes to the financial statements.

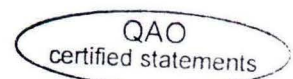
Amounts shown in these financial statements may not add to the correct sub-totals or totals due to rounding.

For information in relation to the Department's financial statements please call +61 7 3452 6930, email FinanceDSD@dsdip.qld.gov.au or visit the Department's website www.statedevelopment.qld.gov.au.

DEPARTMENT OF STATE DEVELOPMENT
Statement of Comprehensive Income for the period ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Income from continuing operations			
Appropriation revenue	2	176,780	176,561
Land sales		82,264	142,145
User charges and fees	3	69,552	80,675
Grants and other contributions		4,794	1,810
Interest	4	4,291	5,862
Other revenue		581	15,297
Total revenue		338,262	422,350
Gains on disposal/remeasurement of assets	5	120,934	5,360
Total income from continuing operations		459,196	427,710
Expenses from continuing operations			
Employee expenses	6	94,377	98,723
Supplies and services	8	115,190	114,371
Grants and subsidies	9	12,880	23,123
Depreciation and amortisation		9,995	10,969
Impairment losses	10	76	8,251
Cost of land sales		50,466	88,678
Revaluation decrement	11	22,177	20,446
Finance/borrowing costs		7,747	11,622
Taxes - land, rates and stamp duty		11,312	14,107
Other expenses	12	24,690	6,408
Total expenses from continuing operations		348,910	396,698
Operating result from continuing operations before income tax equivalent expense		110,286	31,012
Income tax equivalent expense	17	(38,502)	(10,711)
Operating result from continuing operations after income tax equivalent expense		71,784	20,301
Other comprehensive income			
<u>Items that will not be reclassified subsequently to operating result</u>			
Increase/(decrease) in asset revaluation surplus	21	7,838	(2,914)
Total other comprehensive income		7,838	(2,914)
Total comprehensive income		79,622	17,387

The accompanying notes form part of these statements.



DEPARTMENT OF STATE DEVELOPMENT
Statement of Financial Position as at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Current assets			
Cash and cash equivalents		18,875	203,302
Receivables	13	18,108	14,883
Land inventories		-	425,443
Prepayments		850	814
		<u>37,833</u>	<u>644,442</u>
Non-current assets classified as held for sale	14	34,061	59,957
Total current assets		<u>71,894</u>	<u>704,399</u>
Non-current assets			
Receivables	13	-	20,047
Intangible assets		5,980	6,422
Property, plant and equipment	15	333,480	617,811
Investment property	16	-	112,771
Deferred tax equivalent asset	17	-	8,193
Prepayments		10,831	11,433
		<u>350,291</u>	<u>776,677</u>
Total non-current assets		<u>350,291</u>	<u>776,677</u>
Total assets		<u>422,185</u>	<u>1,481,076</u>
Current liabilities			
Payables	18	29,229	59,145
Interest-bearing liabilities		7,205	29,401
Accrued employee benefits		1,851	2,971
Income tax payable	17	-	21,834
Other current liabilities	19	27,452	44,996
Provisions	20	9,796	54,356
		<u>75,533</u>	<u>212,703</u>
Total current liabilities		<u>75,533</u>	<u>212,703</u>
Non-current liabilities			
Interest-bearing liabilities		73,020	116,110
Deferred tax equivalent liability	17	-	78,307
Other non-current liabilities	19	658	-
Provisions	20	7,190	3,226
		<u>80,868</u>	<u>197,643</u>
Total non-current liabilities		<u>80,868</u>	<u>197,643</u>
Total liabilities		<u>156,401</u>	<u>410,346</u>
Net assets		<u>265,784</u>	<u>1,070,730</u>
Equity			
Contributed equity		664,958	1,429,825
Accumulated deficit		(433,887)	(385,969)
Asset revaluation surplus	21	34,713	26,874
		<u>265,784</u>	<u>1,070,730</u>
Total equity		<u>265,784</u>	<u>1,070,730</u>

The accompanying notes form part of these statements.

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DEPARTMENT OF STATE DEVELOPMENT
Statement of Changes in Equity for the period ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Contributed equity			
Balance as at 1 July		1,429,825	1,510,433
Transactions with owners as owners:			
- Appropriated equity injections		29,273	19,194
- Appropriated equity withdrawals		(75,034)	(101,763)
- Net appropriated equity injections/withdrawals	2	(45,761)	(82,569)
Non-appropriated equity injections		-	7,904
Non-appropriated equity withdrawals		(3,000)	(31,540)
Balance transferred through machinery-of-Government change	22	(835,338)	-
Balance of EDQ accumulated surplus transferred to contributed equity due to Machinery-of-Government changes		119,701	-
Net assets transferred to/from other Departments		(468)	25,598
Balance as at 30 June		<u>664,958</u>	<u>1,429,825</u>
Accumulated surplus/(deficit)			
Balance as at 1 July		(385,969)	(406,270)
Balance transferred to contributed equity through machinery-of-Government changes		(119,701)	-
Operating result from continuing operations after income tax equivalent expense		71,784	20,301
Balance as at 30 June		<u>(433,887)</u>	<u>(385,969)</u>
Asset revaluation surplus			
Balance as at 1 July		26,874	29,789
Increase/(decrease) in asset revaluation surplus		7,838	(2,914)
Balance as at 30 June	21	<u>34,713</u>	<u>26,874</u>
		<u>265,784</u>	<u>1,070,730</u>

The accompanying notes form part of these statements.

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DEPARTMENT OF STATE DEVELOPMENT
Statement of Cash Flows for the period ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Inflows:			
Land sales		82,210	141,495
Appropriation revenue		176,064	177,135
User charges and fees		81,194	98,411
Grants and other contributions		2,910	1,591
GST input tax credits received from Australian Taxation Office		16,351	19,225
GST collected from customers		11,065	21,588
Interest receipts		4,406	6,318
Recoveries from other Departments		-	49,444
Other inflows		8,710	16,486
Outflows:			
Employee expenses		(94,000)	(98,712)
Supplies and services		(162,054)	(196,698)
Grants and subsidies		(9,460)	(22,837)
GST paid to suppliers		(16,944)	(17,768)
GST remitted to Australian Taxation Office		(12,222)	(23,539)
Finance/borrowing costs		(7,747)	(11,622)
Income tax equivalent		(7,925)	-
Taxes - land, rates and stamp duty		(29,924)	-
Other outflows		(8,809)	(8,883)
Net cash provided by (used in) operating activities	23	33,825	151,635
Cash flows from investing activities			
Inflows:			
Sales of property, plant and equipment		66,942	84,975
Sales of Intangible assets		320	-
Loans and advances redeemed		6,355	6,684
Outflows:			
Payments for property, plant and equipment		(22,452)	(15,543)
Payments for intangible assets		(616)	-
Payments for investment properties		(1,050)	-
Payments for work in progress		-	(286)
Loans and advances provided		(5,660)	(445)
Net cash provided by (used in) investing activities		43,839	75,385
Cash flows from financing activities			
Inflows:			
Borrowings		37,490	80,951
Equity injections		26,490	27,895
Outflows:			
Net cash and cash equivalents transferred as part of machinery-of-Government change		(163,207)	52
Equity withdrawals		(107,622)	(103,303)
Borrowing redemptions		(55,243)	(89,539)
Net cash provided by (used in) financing activities		(262,092)	(83,944)
Net increase/(decrease) in cash and cash equivalents		(184,428)	143,076
Cash and cash equivalents at beginning of financial year		203,302	60,226
Cash and cash equivalents at end of financial year		18,875	203,302

The accompanying notes form part of these statements.

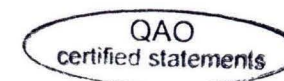
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DEPARTMENT OF STATE DEVELOPMENT

Statement of Comprehensive Income by Major Departmental Services and Commercial Business Unit as at 30 June 2015

	Driving business development and economic growth ⁽¹⁾		Leading infrastructure, policy and planning for the State ⁽¹⁾		Reforming Queensland's planning system ⁽¹⁾		Major project assessment, approval, facilitation and delivery ⁽¹⁾		Economic Development Queensland ⁽¹⁾	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Income from continuing operations										
Appropriation revenue	74,282	48,532	2,825	4,274	35,306	48,971	64,367	74,783	-	-
Land sales	-	-	-	-	-	-	-	-	82,264	146,395
User charges and fees	5,032	8,769	96	266	1,435	1,514	51,864	45,596	11,145	25,862
Grants and other contributions	1,543	376	40	61	1,045	433	1,955	586	2,806	4,855
Interest	-	-	-	-	-	-	-	-	4,291	5,862
Other revenue	446	14,046	1	0	32	18	12	993	90	239
Total revenue	81,303	71,723	2,962	4,601	37,818	50,936	118,198	121,958	100,596	183,213
Gains on disposal/measurement of assets	8,400	2,658	-	-	-	-	-	1,187	112,534	399
Total income from continuing operations	89,703	74,381	2,962	4,601	37,818	50,936	118,198	123,145	213,130	183,612
Expenses from continuing operations										
Employee expenses	33,518	28,021	1,443	2,225	22,794	30,806	31,025	31,924	5,597	5,747
Supplies and services	23,477	18,980	929	1,687	10,698	15,661	74,474	61,374	6,256	20,957
Grants and subsidies	4,945	7,593	496	440	3,648	2,607	6,333	16,647	54	336
Depreciation and amortisation	8,394	9,006	62	98	501	550	919	878	120	440
Impairment losses	4	47	-	-	-	-	72	7,784	-	421
Cost of land sales	-	-	-	-	-	-	-	-	50,466	89,971
Revaluation decrement	20,661	8,028	-	(565)	-	(19,186)	1,516	26,202	-	5,967
Finance/borrowing costs	4,252	5,432	-	-	-	-	-	-	3,495	6,190
Taxes land, rates and stamp duty	-	-	-	-	-	-	-	-	11,312	14,107
Other expenses	12,986	3,749	23	73	144	550	8,137	1,054	2,776	981
Total expenses from continuing operations	108,237	80,856	2,953	3,958	37,785	30,988	122,476	145,863	80,076	145,116
Operating result from continuing operations before income tax equivalent	(18,534)	(6,475)	9	643	33	19,948	(4,278)	(22,718)	133,054	38,496
Income tax equivalent expense	-	-	-	-	-	-	-	-	(38,502)	(10,711)
Operating result from continuing operations after income tax equivalent	(18,534)	(6,475)	9	643	33	19,948	(4,278)	(22,718)	94,552	27,785
Other comprehensive income										
<u>Items that will not be reclassified subsequently to operation result</u>										
Increase/(decrease) in asset revaluation surplus	7,838	(2,914)	-	-	-	-	-	-	-	-
Total other comprehensive income	7,838	(2,914)	-	-	-	-	-	-	-	-
Total comprehensive income	(10,696)	(9,389)	9	643	33	19,948	(4,278)	(22,718)	94,552	27,785
* Allocation of income and expenses from corporate services (disclosure only):										
Income	20,178	6,980	1,471	16,163	8,760	24,698	13,693	2,938	-	-
Expenses	20,211	6,805	1,471	15,794	8,827	24,080	13,709	2,869	-	-

The accompanying notes form part of these statements.

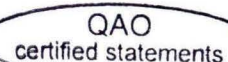


DEPARTMENT OF STATE DEVELOPMENT

Statement of Comprehensive Income by Major Departmental Services and Commercial Business Unit as at 30 June 2015 (continued)

	Eliminations between Economic Development Queensland and DSDIP		General Non-Attributed		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Income from continuing operations						
Appropriation revenue	-	-	-	-	176,780	176,561
Land sales	-	(4,250)	-	-	82,264	142,145
User charges and fees	(20)	(1,332)	-	-	69,552	80,675
Grants and other contributions	(2,596)	(4,500)	-	-	4,794	1,810
Interest	-	-	-	-	4,291	5,862
Other revenue	-	-	-	-	581	15,297
Total revenue	(2,616)	(10,082)	-	-	338,262	422,350
Gains on disposal/measurement of assets	-	-	-	1,116	120,934	5,360
Total income from continuing operations	(2,616)	(10,082)	-	1,116	459,196	427,710
Expenses from continuing operations						
Employee expenses	-	-	-	-	94,377	98,723
Supplies and services	(644)	(4,289)	-	-	115,190	114,372
Grants and subsidies	(2,596)	(4,500)	-	-	12,880	23,123
Depreciation and amortisation	-	-	-	-	9,995	10,969
Impairment losses	-	-	-	-	76	8,251
Cost of land sales	-	(1,293)	-	-	50,466	88,678
Revaluation decrement	-	-	-	-	22,177	20,446
Finance/borrowing costs	-	-	-	-	7,747	11,622
Taxes land, rates and stamp duty	-	-	-	-	11,312	14,107
Other expenses	624	-	-	-	24,690	6,408
Total expenses from continuing operations	(2,616)	(10,082)	-	-	348,910	396,698
Operating result from continuing operations before income tax equivalent	-	-	-	1,116	110,286	31,012
Income tax equivalent (expense)/benefit	-	-	-	-	(38,502)	(10,711)
Operating result from continuing operations after income tax equivalent	-	-	-	1,116	71,784	20,300
Other comprehensive income						
<u>Items that will not be reclassified subsequently to operation result</u>						
Increase/(decrease) in asset revaluation surplus	-	-	-	-	7,838	(2,914)
Total other comprehensive income	-	-	-	-	7,838	(2,914)
Total comprehensive income	-	-	-	1,116	79,622	17,386
* Allocation of income and expenses from corporate services (disclosure only):						
Income	-	-	-	-	44,102	50,779
Expenses	-	-	-	-	44,218	49,548

The accompanying notes form part of these statements.



DEPARTMENT OF STATE DEVELOPMENT

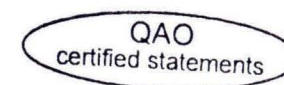
Statement of Assets and Liabilities by Major Departmental Services and Commercialised Business Unit as at 30 June 2015

	Driving business and economic growth ⁽¹⁾		Leading infrastructure, policy and planning for the State ⁽¹⁾		Reforming Queensland's planning system ⁽¹⁾		Major project assessment, approval, facilitation and delivery ⁽¹⁾	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Current assets								
Cash and cash equivalents	6	3	-	-	-	3	1	1
Receivables	3,395	1,618	-	129	-	1,310	14,712	2,163
Prepayments	792	92	-	4	-	26	59	583
	<u>4,193</u>	<u>1,713</u>	<u>-</u>	<u>133</u>	<u>-</u>	<u>1,339</u>	<u>14,772</u>	<u>2,747</u>
Non-current assets classified as held for sale	18,177	15,391	-	-	-	-	15,884	44,566
Total current assets	<u>22,370</u>	<u>17,104</u>	<u>-</u>	<u>133</u>	<u>-</u>	<u>1,339</u>	<u>30,656</u>	<u>47,313</u>
Non-current assets								
Receivables	-	-	-	-	-	-	-	18,734
Intangible assets	2,843	1,239	-	40	-	1,382	3,137	3,752
Property, plant and equipment	281,205	328,843	-	238	-	3,914	52,275	55,889
Prepayments	10,831	1,143	-	-	-	-	-	10,290
Total non-current assets	<u>294,879</u>	<u>331,225</u>	<u>-</u>	<u>278</u>	<u>-</u>	<u>5,296</u>	<u>55,412</u>	<u>88,665</u>
Total assets	<u>317,249</u>	<u>348,329</u>	<u>-</u>	<u>411</u>	<u>-</u>	<u>6,635</u>	<u>86,068</u>	<u>135,978</u>
Current liabilities								
Payables	11,786	2,987	-	306	-	2,858	17,442	8,936
Interest-bearing liabilities	7,205	841	-	-	-	-	-	7,568
Accrued employee benefits	1,166	795	-	60	-	939	685	916
Income tax payable	-	-	-	-	-	-	-	-
Other current liabilities	4,723	3,530	-	1	-	71	22,729	11,053
Provisions	2,939	4,933	-	-	-	-	6,857	13,339
Total current liabilities	<u>27,819</u>	<u>13,086</u>	<u>-</u>	<u>367</u>	<u>-</u>	<u>3,868</u>	<u>47,713</u>	<u>41,812</u>
Non-current liabilities								
Interest-bearing liabilities	73,020	8,011	-	-	-	-	-	72,095
Other non-current liabilities	200	-	-	-	-	-	458	-
Provisions	2,157	871	-	-	-	-	5,033	2,355
Total non-current liabilities	<u>75,377</u>	<u>8,882</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,491</u>	<u>74,450</u>
Total liabilities	<u>103,196</u>	<u>21,968</u>	<u>-</u>	<u>367</u>	<u>-</u>	<u>3,868</u>	<u>53,204</u>	<u>116,262</u>

⁽¹⁾ Refer to Notes to and forming part of the Financial Statements for a description of major departmental services.

Please note the Department has systems in place to allocate assets and liabilities to departmental services, with the exception of cash and cash equivalents which are general non-attributable.

The accompanying notes form part of these statements.



DEPARTMENT OF STATE DEVELOPMENT

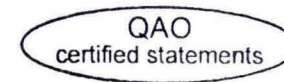
Statement of Assets and Liabilities by Major Departmental Services and Commercialised Business Unit as at 30 June 2015 (continued)

	Economic Development Queensland ⁽¹⁾		General-non-attributable		Eliminations between Economic Development Queensland and DSDIP		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Current assets								
Cash and cash equivalents	-	188,934	18,868	14,360	-	-	18,875	203,302
Receivables	-	9,663	-	-	-	-	18,108	14,883
Land inventories	-	425,443	-	-	-	-	-	425,443
Prepayments	-	108	-	-	-	-	850	814
	-	624,148	18,868	14,360	-	-	37,833	644,442
Non-current assets classified as held for sale	-	-	-	-	-	-	34,061	59,957
Total current assets	-	624,148	18,868	14,360	-	-	71,894	704,399
Non-current assets								
Receivables	-	20,047	-	-	-	(18,734)	-	20,047
Intangible assets	-	10	-	-	-	-	5,980	6,422
Property, plant and equipment	-	228,928	-	-	-	-	333,480	617,811
Investment property	-	112,771	-	-	-	-	-	112,771
Deferred tax equivalent asset	-	8,193	-	-	-	-	-	8,193
Prepayments	-	1	-	-	-	-	10,831	11,433
Total non-current assets	-	369,950	-	-	-	(18,734)	350,291	776,677
Total assets	-	994,098	18,868	14,360	-	(18,734)	422,185	1,481,076
Current liabilities								
Payables	-	44,058	-	-	-	-	29,229	59,145
Interest-bearing liabilities	-	20,992	-	-	-	-	7,205	29,401
Accrued employee benefits	-	261	-	-	-	-	1,851	2,971
Income tax payable	-	21,834	-	-	-	-	-	21,834
Other current liabilities	-	30,341	-	-	-	-	27,452	44,996
Provisions	-	36,084	-	-	-	-	9,796	54,356
Total current liabilities	-	153,570	-	-	-	-	75,533	212,703
Non-current liabilities								
Payables	-	18,734	-	-	-	(18,734)	-	-
Interest-bearing liabilities	-	36,004	-	-	-	-	73,020	116,110
Deferred tax equivalent liability	-	78,307	-	-	-	-	-	78,307
Other non-current liabilities	-	-	-	-	-	-	658	-
Provisions	-	-	-	-	-	-	7,190	3,226
Total non-current liabilities	-	133,045	-	-	-	(18,734)	80,868	197,643
Total liabilities	-	286,615	-	-	-	(18,734)	156,401	410,346

⁽¹⁾ Refer to Notes to and forming part of the Financial Statements for a description of major departmental services.

Please note the Department has systems in place to allocate assets and liabilities to Departmental services, with the exception of cash and cash equivalents which are general non-attributable.

The accompanying notes form part of these statements.



DEPARTMENT OF STATE DEVELOPMENT
Notes to and forming part of the Financial Statements as at 30 June 2015

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DEPARTMENT OF STATE DEVELOPMENT
Notes to and forming part of the Financial Statements as at 30 June 2015

Objectives and principal activities of the Department of State Development (the Department)

The Department brings together the functions of the Coordinator-General, economic and regional development, major project delivery and government property management into a strong influential lead agency. The Department contributes to the Queensland Government's objectives for the community by delivering policies, projects and programs which seek to create jobs and a diverse economy; protect the environment; build safe, caring and connected communities; and delivering quality frontline services. This is achieved through the Department's objectives by:

- Facilitating delivery of major resources, industrial development and infrastructure projects
- Building and maintaining confidence in Government's capacity to lead and deliver on state development opportunities for Queensland's future
- Assisting with regulatory bottlenecks and impediments to investment and job creation
- Generating economic activity through the development or disposal of surplus government property
- Creating jobs and growth through efficient and thorough assessment of major projects by streamlining processes and facilitating project delivery
- Providing whole-of-Government case management to attract increased private capital expenditure
- Encouraging major economic development and public infrastructure projects by ensuring suitable land is available.

The reporting entity

The financial statements include all income, expenses, assets, liabilities and equity of the Department, except for those functions transferred through machinery-of-Government (MoG) changes as outlined below.

The Department has no controlled entities.

Except where otherwise stated the Department employed consistent accounting policies in the preparation and presentation of these financial statements between the reporting period and prior year.

As a result of *Public Service Departmental Arrangement Notice (No. 1) 2015* on 16 February 2015 the Department of State Development Infrastructure and Planning (DSDIP) was renamed the Department of State Development (DSD). Under this notice the Infrastructure, Planning and Economic Development Queensland functions were transferred to the Department of Infrastructure, Local Government and Planning (DILGP) effective 1 March 2015. For further information on the extent of the changes refer note 22 Restructuring of Administrative Arrangements.

The Department had 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 was 50%. As at 1 March 2015, Woodlands Andergrove was transferred out of the Department as part of the machinery-of-Government changes.

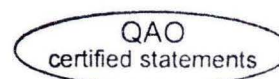
Major Departmental services

Driving Business and Economic Growth

This service area is delivering on the Department's objective to deliver policies and programs that drive business and economic growth consistent with the Government's economic development agenda. This service area will drive the expansion of Queensland's economic growth as benchmarked against the global economy and comparable jurisdictions.

Leading infrastructure policy and Planning for the State

This service area is delivering on the Department's objective to lead infrastructure policy and planning for the State. Through integrated planning, coordination and delivery of large-scale infrastructure projects of State and regional significance (including private-sector and resource infrastructure), the Department is working to support existing and new economic development opportunities, increase business confidence levels and reduce the cost of doing business in Queensland. This contributes to driving Queensland's economic development by underpinning private sector confidence to plan and invest as well as the Government's objective for the community to 'deliver better infrastructure and better planning'.



Major Departmental services (continued)

Reforming Queensland's Planning System

This service area is delivering on the Department's objective for Queensland's planning and development assessment system to be reformed, streamlined and simplified. Improvements to the planning system have and will continue to simplify Queensland's complex planning system, which can constrain growth in the property and construction sectors. This service area is contributing to the Government's objective for the community to 'deliver better infrastructure and better planning'.

Major project assessment, approval, facilitation and delivery

This service area is delivering on the Department's objective to ensure that major project assessment, approvals facilitation, and delivery are expedited. The service area provides tailored regulation, advisor, facilitator or delivery of services, to support increased economic activity. It is assisting delivery of the Government's objective for the community to 'build a four pillar economy' (strengthening the tourism, agriculture, resources and construction sectors).

Economic Development Queensland

Delivers land solutions to facilitate economic development, including planning and development of residential, urban and industrial development projects.

1. Summary of significant accounting policies

(a) Statement of compliance

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

These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury's *Minimum Reporting Requirements* and other authoritative pronouncements for the year ending 30 June 2015.

With respect to compliance with Australian Accounting Standards and Interpretations, the Department has applied those requirements applicable to not-for-profit entities, as the Department is a not-for-profit entity. Except where stated, the historical cost convention is used.

(b) Administered transactions and balances

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.

(c) Appropriation revenue /administered revenue

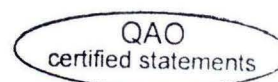
Appropriations provided under the *Appropriation Act 2014* are recognised as revenue when received or when Departmental service receivables are recognised after approval by Queensland Treasury.

Amounts appropriated to the Department for transfer to other entities in accordance with legislative or other requirements are reported as 'administered' item appropriations.

(d) User charges, fees and other revenue

User charges, fees and other revenue controlled by the Department are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty.

When the services have been performed and/or ownership of the goods passed to the clients, the revenue is recognised by either raising invoices or accruals. User charges, fees and other revenue are controlled by the Department where they can be deployed for the achievement of Departmental objectives.



DEPARTMENT OF STATE DEVELOPMENT
Notes to and forming part of the Financial Statements as at 30 June 2015

(e) Special payments

Special payments include ex-gratia expenditure and other expenditure that the Department is not contractually or legally obligated to make to other parties. In compliance with the *Financial and Performance Management Standard 2009*, the Department maintains a register setting out details of all special payments greater than \$5,000. The total of all special payments (including those of \$5,000 or less) is disclosed separately within other expenses, refer note 12. However, descriptions of the nature of special payments are only provided for special payments greater than \$5,000.

(f) Receivables

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.

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 2015.

Loans and advances are recognised at the face value of the principal outstanding, and finance leases are recognised at the value of the net investment of the lease agreement outstanding refer to note 1(p). Terms are as recorded in individual loans and lease agreements with the leases ranging from 10 to 30 years. On full repayment of finance leases, title for the relevant property is transferred to the purchaser.

Other debtors generally arise from transactions outside the usual operating activities of the Department and are recognised at their assessed values. Terms are set based on the operations of the particular entities, no interest is charged and no security is obtained.

(g) Inventories

Land purchased or held for the purpose of resale is recognised at the lower of cost and net realisable value. Cost includes the cost of acquisition and development of the land to its existing condition, ready for sale. These costs are assigned to subdivided land lots on a weighted average basis when the lots are ready for sale.

For residential land inventory the net realisable value is determined on the basis of the Department's normal selling pattern. Expenses associated with marketing, selling and distribution are deducted to determine net realisable value. For industrial land inventory the net realisable value is considered to be the market value or list price at which these assets are made available for sale.

For industrial undeveloped land inventory, where a normal selling pattern is difficult to determine, the land values are assessed by an independent valuer on a sample basis. These values are monitored and assessed against cost.

Revenue from the sale of land is recognised at the time of settlement when the risks and rewards of ownership have passed to the buyer and the Department retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the units sold.

When inventory write-off occurs, the write-down is recognised as a reduction in the value of inventories and as an expense in the Statement of Comprehensive Income.

(h) Non-current assets classified as held for sale

Non-current assets classified as held for sale consist of those assets that management have determined as available for immediate sale in their present condition, for which their sale is highly probable within the next twelve months.

In accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, when an asset is classified as held for sale, its value is measured at the lower of the asset's carrying amount and fair value less costs to sell. Any restatement of the asset's value to fair value less costs is a non-recurring valuation.

The assets are no longer amortised or depreciated upon being classified as held for sale.

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DEPARTMENT OF STATE DEVELOPMENT
Notes to and forming part of the Financial Statements as at 30 June 2015

(i) Assets under construction (work in progress)

Work in progress is recognised at cost. All costs relating to items of property, plant and equipment and intangible assets constructed in house are recorded as work in progress until completion of the project 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.

Assets under construction (work in progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes within property, plant and equipment.

(j) Acquisitions of assets

Actual cost is used for the initial recording of all non-current physical and intangible 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, including architects' fees and engineering design fees. However, any user training costs are expensed as incurred.

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*.

(k) Property, plant and equipment and Intangible assets

Items of property, plant and equipment and intangible assets 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
• Buildings	\$10,000
• Infrastructure	\$10,000
• Major plant and equipment	\$5,000
• Plant and equipment	\$5,000
• Other (including heritage and cultural)	\$5,000
• Intangible assets	\$100,000

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

The Department has a comprehensive annual maintenance program for its major plant and equipment and 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 (arising from ordinary wear and tear etc.) is expensed.

(l) Revaluations of non-current physical assets and intangible assets

Land, buildings, infrastructure, major plant and equipment and heritage and cultural assets and certain intangible assets are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment*, AASB 13 *Fair Value Measurement* and 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. In 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 other than major plant and equipment and certain intangible assets (software) are measured at cost in accordance with Queensland Treasury's *Non-Current Asset Policies for the*

DEPARTMENT OF STATE DEVELOPMENT
Notes to and forming part of the Financial Statements as at 30 June 2015

(I) Revaluations of non-current physical assets and intangible assets (continued)

Queensland Public Sector. The carrying amounts for plant and equipment at cost should not materially differ from their fair value.

Property, plant and equipment and intangible assets determined to have no active market are recognised and carried at cost less accumulated depreciation or amortisation and accumulated impairment losses where applicable. For other intangible assets where a market exists, these are measured at fair value in accordance with AASB 138 *Intangible Assets* and AASB 13 *Fair Value Measurements*.

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

The values of property plant and equipment and intangible assets measured at fair value are assessed on an annual basis. Assessments include either appraisals undertaken by an independent professional valuer or internal expert. Revaluation techniques used include specific valuations based on market input, the use of appropriate and relevant indices, the income approach calculated using the discounted cash flow of rental income or depreciated replacement cost. 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.

Revaluations 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 class is subject to specific appraisal in the reporting period, where practicable, regardless of the timing of the last specific appraisal.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (that is an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset to its highest and best use or by selling it to another market participant who would use the asset to its highest and best use.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by the Department include, but are not limited to, published sales data for land and buildings.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the Department include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the Department's assets and liabilities, records of recent construction costs (and/or estimates of such costs) for assets' characteristics and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient, relevant and reliable observable inputs are not available for similar assets/liabilities.

All assets and liabilities of the Department for which fair value is measured or disclosed in the financial statements are 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 and liabilities;
- level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
- level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

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(l) Revaluations of non-current physical assets and intangible assets (continued)

None of the Department's valuation of assets or liabilities are eligible for categorisation into level 1 of the fair value hierarchy.

Except for other intangible assets, 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.

The Department ensures that the application of such indices results in a valid estimation of the assets' fair values at reporting date. The State Valuation Service (SVS) provides advice on the most appropriate 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 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 class.

On revaluation, for assets valued using a cost valuation approach (e.g. depreciated 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'. For assets revalued using a market or income-based valuation approach, accumulated depreciation and accumulated impairment losses are eliminated against the gross amount of the asset prior to restating or the revaluation. This is generally referred to as the 'net method'.

In previous years, Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector* (NCAPs) mandated the gross method of revaluation for all revaluations. However, from 1 July 2014, the NCAPs now require either the gross or net method be used, according to the valuation approach adopted for individual assets. In accordance with the above policies, this means a reported asset class may contain assets for which revaluations are accounted for by using either method. While this does not impact on carrying amounts (i.e. fair values) reported, it does make a significant difference to the figures displayed for gross, accumulated depreciation and accumulated impairment losses.

(m) Amortisation and depreciation of property, plant, equipment and intangible assets

Land, heritage and cultural assets and certain intangible assets (water allocations) are not depreciated or amortised as they have an infinite useful life. Buildings, infrastructure, major plant and equipment, plant and equipment and intangible assets (software) have finite useful lives and are depreciated or amortised 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.

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.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Department.

The depreciable amount of leasehold improvements is allocated progressively over the estimated useful lives of the improvements or the unexpired period of the lease, whichever is the shorter. The unexpired period of a lease includes any option period where exercise of the option is probable.

DEPARTMENT OF STATE DEVELOPMENT
Notes to and forming part of the Financial Statements as at 30 June 2015

**(m) Amortisation and depreciation of property, plant, equipment and intangible assets
(continued)**

For each class of depreciable and amortisable asset the following rates are used:

Asset class	Category	2015 Rate %	2014 Rate %
Buildings	Buildings and improvements Land improvements	1.41-16.67%	1.32 -16.67%
Infrastructure	Water infrastructure Wharf and jetty structures	2.00 - 6.67%	2.00 - 6.67%
Major plant and equipment	Ship unloaders and loaders Jetty conveyors and transfer stations Sea water supply equipment Material handling equipment Caustic handling equipment	2.50 - 6.67%	2.50 - 6.67%
Intangibles	Software	15.58 - 35.29%	15.58 - 35.29%

(n) Impairment of non-current assets

All non-current physical assets and intangible assets over \$10,000 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.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

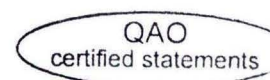
When an asset is revalued using a market or income valuation approach, any accumulated impairment losses at that date are eliminated against the gross amount of the asset prior to restating for the revaluation.

(o) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost including transaction costs. Where investment property is acquired at no or nominal cost it is recognised at fair value. Investment property is subsequently carried at fair value, being revalued as at each reporting date. Fair value 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.

If there is no active property market, alternative valuation methods are used, such as recent selling prices in less active markets, or discounted cash flow projections.

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. Investment property is not depreciated and is not tested for impairment.



(o) Investment property (continued)

Rental revenue from investment property is recognised as income on a periodic straight-line basis over the lease term.

(p) 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.

The Department of Natural Resources and Mines acts as an agent on behalf of the Department in administering the finance and operating leases of the Department's commercialised business unit (as lessor) in accordance with the *Land Act 1994*. The Department has appointed local real estate agents to administer other rental properties.

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.

Where a non-current asset is subject to an operating lease, it is recorded according to the nature of the asset. Operating lease receipts are representative of the pattern in which benefits derived from the leased assets diminish, and are recognised in the period in which they are earned.

Where an announcement of a major public infrastructure project causes large scale pre-purchase, and where there is a considerable time before vacant possession is required, the Department will consider proposals to enter into leaseback or tenancy arrangements with the vendor until the property is required for the purpose for which it was purchased.

The Department applies the whole-of-Government policy issued by the Department of Natural Resources and Mines where rent for the first three years of an initial tenancy is set at \$1,000 per annum or market value, whichever is lower, but is not lower than the minimum amount of \$500 per annum. For the balance of the initial term, if any, the rent shall be \$500 per annum or the market rental, whichever is the greater. Where market rent is applied it will be subject to annual CPI increases during the currency of the lease.

(q) Payables

Trade creditors are recognised upon receipt of the goods and services at the contracted amount (net of any discounts) to be paid for the goods and services received. 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.

(r) Other liabilities

Other liabilities are recognised as a liability in accordance with contract terms. Unearned revenue is recognised by identifying the portion of up-front payment unearned as at 30 June 2015.

(s) Financial instruments

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.

Financial instruments are classified and measured as:

- Receivables - held at amortised cost
- Payables - held at amortised cost
- Borrowings - held at amortised cost

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.

DEPARTMENT OF STATE DEVELOPMENT
Notes to and forming part of the Financial Statements as at 30 June 2015

(s) Financial instruments (continued)

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. Borrowings are classified as non-current liabilities to the extent that the Department has an unconditional right to defer settlement until at least 12 months after reporting date.

(t) Employee benefits

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

Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee-related expenses.

Wages, salaries and sick leave

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at current salary rates. The Department expects such liabilities to be wholly settled within 12 months of reporting date, therefore 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 and Long Service Leave schemes 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 prepared pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Superannuation

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

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

Key management personnel and remuneration

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

(u) Provisions

Provisions are recorded when the Department has a present obligation, either legal or constructive, as a result of a past event. They are recognised at the amount expected at the reporting date for which the obligation will be settled in a future period. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using the appropriate discount rate.

DEPARTMENT OF STATE DEVELOPMENT
Notes to and forming part of the Financial Statements as at 30 June 2015

(v) Finance/borrowing costs

Finance costs are recognised as an expense in the period in which they are incurred. Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings;
- ancillary administration charges; and
- debt neutrality fee applied in accordance with Queensland Treasury's *Commercialisation of Government Business Activities in Queensland Policy Framework*.

No borrowing costs are capitalised into qualifying assets.

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

The Department allocates revenues and expenses attributable to corporate services to major departmental services based on full-time equivalent employees. These are disclosed in the Statement of Comprehensive Income by Major Departmental Service and Commercialised Business Unit.

(x) Insurance

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

(y) Contributed equity

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

(z) Taxation

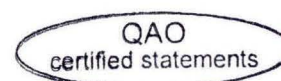
The Department is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth Government taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). As such, input tax credits receivable from and GST payable to the Australian Taxation 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 Economic Development Queensland.

As a State body, the Department is exempt from Commonwealth income taxation. Pursuant to the National Tax Equivalents Regime, the commercialised business unit Economic Development Queensland is required to make payments to the Queensland Government, equivalent to the amount of any Commonwealth income tax for which an exemption is received.

The income tax equivalent expense for the period is the tax payable on the current period's taxable income based on the national tax rate for each jurisdiction 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. The Balance Sheet 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, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

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.



DEPARTMENT OF STATE DEVELOPMENT
Notes to and forming part of the Financial Statements as at 30 June 2015

(aa) Issue of financial statements

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

(ab) Accounting estimates and judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions with the most significant effect on the financial statements are outlined in the following notes:

- depreciation and amortisation - note 1(m)
- valuation of non-current assets classified as held for sale - note 1(h) and note 14
- valuation and impairment of property, plant and equipment - note 1(k) & 1(l) and note 15
- valuation of investment property - note 1(o) and note 16
- provisions - estimated payout costs; note 1(u) and note 20
- contingencies - note 25

Further, the matters covered in each of those notes (except for Depreciation and Amortisation) necessarily involve estimation uncertainty with the potential to materially impact on the carrying amount of the department's assets and liabilities in the next reporting period.

(ac) Other presentation matters

Currency and rounding - 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.

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

Current/Non-Current Classification – Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes. Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the Department does not have an unconditional right to defer settlement to beyond 12 months after the reporting date. All other assets and liabilities are classified as non-current.

(ad) New and revised accounting standards

The Department did not voluntarily change any of its accounting policies during 2014-15.

The Department is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from Queensland Treasury. Consequently, the Department has not applied any Australian Accounting Standards or interpretations that have been issued but are not yet effective. The Department will apply these standards and interpretations in accordance with their respective commencement dates.

AASB1055 *Budgetary Reporting* became effective from reporting periods beginning on or after 1 July 2014. In response to this new standard, the Department has included note 30 'Budget versus Actual Comparison' in these financial statements. The original budget, as outlined in the *Queensland Budget 2014-15, Service Delivery Statements* was recast to reflect the machinery-of-Government changes. This note discloses the Department's recast budget for 2014-15 compared to actual results, with explanation of major variances, in respect of the Department's Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows. Note 30 also includes a comparison between the recast budgeted figures for 2014-15 compared to actual results, and explanations of major variances, in respect of the Department's major classes of administered income, expenses, assets and liabilities.

DEPARTMENT OF STATE DEVELOPMENT
Notes to and forming part of the Financial Statements as at 30 June 2015

(ad) New and revised accounting standards (continued)

At reporting date all new and revised Australian Accounting Standards and Interpretations relevant to the Department and effective for the current reporting period have been adopted.

At the date of authorisation of the financial report, the only significant impacts of new or amended Australian Accounting Standards with future commencement dates are set out below.

From reporting periods beginning on or after 1 July 2016, the Department will need to comply with the requirements of AASB 124 *Related Party Disclosures*. That accounting standard requires a range of disclosures about the remuneration of key management personnel, transactions with related parties/entities, and relationships between parent and controlled entities. The Department already discloses information about the remuneration expenses for key management personnel. Therefore, the most significant implications of AASB 124 *Related Party Disclosures* for the Department's financial statements will be to examine disclosures made about transactions with related parties not already included in the current disclosure, including transactions with key management personnel close family members.

AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities* amends AASB 13 *Fair Value Measurement* effective from annual reporting periods beginning on or after 1 July 2016. The amendments provide relief from certain disclosures about fair values categorised as level 3 under the fair value hierarchy, refer note 1(l). Accordingly, the following disclosures for level 3 fair values in note 15 will no longer be required:

- the disaggregation of certain gains/losses on assets reflected in the operating result;
- quantitative information about the significant unobservable inputs used in the fair value measurement; and
- a description of the sensitivity of the fair value measurement to changes in the unobservable inputs.

As the amending standard was released in early July 2015, the Department has not early adopted the relief in these financial statements, as per instructions from Queensland Treasury. However, the Department will be early adopting this disclosure relief from the 2015-16 reporting period.

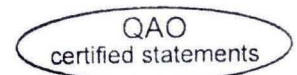
All other Australian Accounting Standards and Interpretations with future commencement dates are either not applicable to the Department's activities, or have no material impact on the Department.

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certified statements

	Notes	2015 \$'000	2014 \$'000
2. Reconciliation of payments from consolidated fund to appropriation revenue for services recognised in Statement of Comprehensive Income			
Budgeted appropriation revenue		347,814	289,140
Transfers to other Departments		(15,831)	(18,124)
Lapsed appropriation revenue for services		(155,919)	(93,881)
Total appropriated receipts (cash)		176,064	177,135
Less: opening balance of appropriation revenue receivable		-	(574)
Plus: opening balance of deferred appropriation payables to consolidated fund		716	-
Less: closing balance of appropriation revenue for payable to Consolidated Fund		(10,470)	(716)
Net appropriation revenue		166,310	175,845
Plus: deferred appropriation payable to Consolidated Fund (expense)	12	10,470	716
Appropriation revenue recognised in Statement of Comprehensive Income		176,780	176,561
Reconciliation of payments from consolidated fund to equity adjustment recognised in Contributed equity			
Budgeted equity adjustment appropriation		(9,716)	101,879
Transfers to other Departments		(36,836)	-
Lapsed equity adjustment appropriation		(1,580)	(183,651)
Total equity adjustment receipts (payments)		(48,132)	(81,772)
Plus: closing balance of equity adjustment receivable		2,783	-
Less: opening balance of equity adjustment payables		(412)	797
Equity adjustment recognised in Contributed equity		(45,761)	(80,975)
3. User charges and fees			
Fee for service *		65,181	68,509
Sale of goods		200	6,825
Property income		4,041	5,157
Other fees		130	184
Total user charges and fees		69,552	80,675
* Includes recovery of costs for Commonwealth Games venues of \$42.760 million (2013-14: \$36.878 million).			
4. Interest			
Queensland Treasury Corporation		2,792	2,167
Finance leases		704	2,241
Bank interest		795	1,455
Total interest		4,291	5,862
5. Gains on disposal/remeasurement of assets			
Gain on sale of property, plant and equipment		8,400	2,772
Net gain on revaluation of investment property at fair value through profit or loss		112,534	-
Reversal of revaluation decrement		-	1,111
Reversal of impairment loss on receivables		-	1,477
Total gains		120,934	5,360
The \$112 million gain relates to an increase in the fair value of investment properties that were transferred out as part of machinery-of-Government changes. State Valuation Services, Certified Valuers, performed a fair value assessment of the investment properties this financial year resulting in the \$112M increase. The valuation took into account the 'Northshore Hamilton Indicative Master Plan' released in October 2014 as a document to guide development feasibility together with master planning in place for the area.			
6. Employee expenses			
Salaries and wages		69,962	71,426
Employer superannuation contributions		9,266	9,994
Annual leave levy		8,003	8,683
Long service leave levy		1,482	1,628
Other employee benefits		3,828	933
Workers compensation premium		316	395
Payroll tax		224	4,488
Other employee related expenses		1,295	1,176
Total employee expenses		94,377	98,723

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

	2015	2014
Number of employees:	575	883



7. Key management personnel and remuneration expenses

(a) Key management personnel

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the Department during 2014-15. Further information on these positions can be found in the body of the annual report under the section relating to Executive Management.

Position	Responsibilities	Incumbents	
		Contract classification and appointment authority	Date appointed/ established to position (Date resigned/ceased from position)
Director-General	The efficient, effective and economic administration of the agency and to drive the economic development of Queensland.	CEO / s92 <i>Public Service Act 2008</i>	28 March 2012.
Coordinator-General	Facilitating and regulating major development projects in Queensland.	CEO Equivalent - s4 <i>State Development and Public Works Act 1971</i>	3 April 2012.
Acting Deputy Director-General - State Development	Attracting and retaining economic activity and infrastructure policy development for the State.	SES4 / <i>Public Service Act 2008</i>	30 March 2015.
Deputy Director-General - Planning and Property	Development and implementation of the State planning framework for local governments and industry by leading planning policy and reform, local planning and regional planning. Managing the Government's land portfolio to ensure maximum utilisation and economic community outcomes.	CEO / s122 <i>Public Service Act 2008</i>	4 February 2013 (Position transferred to Department of Infrastructure, Local Government and Planning as a result of machinery-of-Government arrangements effective 1 March 2015.)
Deputy Director-General - Major Projects Office	Timely facilitation and delivery of infrastructure to industry and the community.	CEO / s122 <i>Public Service Act 2008</i>	8 April 2013.
Deputy Director-General - Regional Services	Delivery of an integrated suite of business, industry, regional development and planning services on behalf of, or in partnership with a range of Queensland Government Departments.	SES4 / <i>Public Service Act 2008</i>	1 May 2012.
Chief Operating Officer	Providing business, corporate policy, governance and risk management services to this Department, and to the Department of Infrastructure, Local Government and Planning (formerly Department of Local Government, Community Recovery and Resilience).	SES4 / <i>Public Service Act 2008</i>	17 December 2013.
Acting General Manager - Economic Development Queensland	General Manager, Economic Development Queensland is responsible for the planning and development of residential, urban and industrial development projects.	CEO / s122 <i>Public Service Act 2008</i>	19 May 2014 (Direct responsibility transferred to Deputy Director-General - Major Projects Office effective 1 September 2015.)

(b) Remuneration expenses

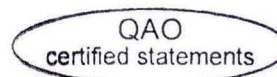
Remuneration policy for the Department's key management personnel is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. The remuneration and other terms of employment (including motor vehicle entitlements) for the key management personnel are specified in employment contracts. The Director-General's contract also provides for an at risk component payment.

For the 2014-15 year, remuneration of key management personnel increased by 2.2% (2013-14: 2.2%) in accordance with Government policy.

The following disclosures focus on the expenses incurred by the Department during the respective reporting period attributable to key management positions. The amounts disclosed reflect expenses recognised in the Statement of Comprehensive Income.

Remuneration expenses for key management personnel 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 the employee occupied the specified position.
 - performance payments recognised as an expense during the year.
 - non-monetary benefits consisting of provision of vehicle and car parking benefits together with fringe benefits tax applicable to the benefit.
- Long-term employee benefits include amounts expensed in respect of long service leave entitlements earned.
- Post-employment expenses including amounts expensed in respect of employer superannuation benefits.
- Termination benefits are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.



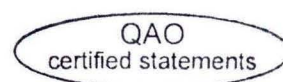
7. Key management personnel and remuneration expenses (continued)
1 July 2014 to 30 June 2015

Position	Period in Position	Short-Term Employee Expenses		Long-Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
		Monetary Expenses \$ '000	Non-Monetary Benefits \$ '000				
Director-General		515	9	9	59	-	592
Coordinator-General		525	13	10	62	-	610
Deputy Director-General - State Development	01/07/2014 - 27/03/2015	172	-	3	15	169	358
Acting Deputy Director-General- State Development	30/03/2015 - 30/06/2015	55	-	1	5	-	61
Deputy Director - General - Planning and Property	01/07/2014 - 28/02/2015	235	6	5	27	-	273
Deputy Director-General - Major Projects Office		345	-	7	31	-	383
Deputy Director-General - Regional Services		236	-	5	26	-	267
Chief Operating Officer		230	-	4	27	-	261
Acting General Manager- Economic Development Queensland	01/07/2014 - 28/08/2014	80	-	2	7	-	88
Total		2,393	28	45	258	169	2,893

(b) Remuneration expenses
1 July 2013 to 30 June 2014

Position	Period in Position	Short-Term Employee Expenses		Long-Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
		Monetary Expenses \$ '000	Non-Monetary Benefits \$ '000				
Director-General		455	26	11	56	-	548
Coordinator-General		487	33	8	61	-	589
Deputy Director-General - State Development	01/07/2013 - 19/03/2014	143	27	3	17	-	190
Acting Deputy Director-General - State Development	19/3/2014 - 30/6/2014	58	-	2	6	-	66
Deputy Director-General - Planning and Property		336	-	8	37	-	380
Deputy Director-General - Major Projects Office		333	-	7	36	-	376
Deputy Director-General - Government Land and Asset Management	01/07/2013 - 17/01/2014	160	-	4	14	-	178
Deputy Director-General - Regional Services		236	-	6	26	-	267
Chief Operating Officer		217	24	4	25	-	269
General Manager - Economic Development Queensland	01/07/2013 - 16/05/2014	210	21	-	22	-	252
Acting General Manager - Economic Development Queensland	19/05/2014 - 30/06/2014	49	-	1	4	-	54
Total		2,683	130	54	302	-	3,170

The above amounts may include situations where a Senior Executive has acted in a position which can result in an increase to the annual remuneration amount payable. There may also be instances where no amount is paid to Senior Executive for a period of time within the financial year which may result in a decrease to the annual remuneration amounts, or one senior executive covering two positions simultaneously.



7. Key management personnel and remuneration expenses (continued)**(c) Performance Payments**

The remuneration package for the Director-General includes a potential performance payment of up to a maximum of \$76,945. Eligibility for such a performance payment is conditional on the achievement of objectives that are documented in that position's performance agreement.

The total remuneration package for the Director-General includes a portion that is "at risk" and paid only if they meet or exceed the agreed performance standards. The performance evaluation process comprises:

- reporting on end of year achievement and self-assessment by each chief executive against their performance agreement/intended outcomes;
- a rigorous, independent and objective assessment of the Director-General's performance at the end of each financial year, culminating in recommendations to the Premier; and
- the Premier's ultimate discretion regarding whether the CEO will be paid an at risk component payment and, if so, how much.

As at the date of management certification of these financial statements, the eligibility to a performance payment for the Director-General in respect of 2014-15 had not yet been confirmed. With respect to the process to determine eligibility, recommendations are yet to be made by the Chief Executive Performance Evaluation Committee to the Premier. Therefore, any performance payment approved will be reported as an expense within 2015-16.

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

Position	Basis for Payment	Date Paid	Amount
Director-General	Consistent with the above mentioned timeframe and process, this 2014 -15 payment relates to the achievement of the performance criteria during 2013-14. The payment made was in accordance with the terms of the performance agreement for this position.	15/11/2014	62,821
Director-General	Consistent with the above mentioned timeframe and process, this 2013-14 payment relates to the achievement of performance criteria during 2012-13. The payment made was in accordance with the terms of the performance agreement for this position.	13/11/2013	48,244

	2015 \$'000	2014 \$'000
8. Supplies and services		
Consultants and contractors *	81,223	69,471
Property and building expenses	11,689	16,542
Project development costs	3,106	1,452
Transport	1,228	1,601
Travel and hospitality	1,852	1,481
Computer/information technology	4,854	5,315
Telecommunications	1,175	1,242
Shared service provider fee	2,696	3,350
Marketing and public relations	3,002	5,826
Agent's commissions	2,425	3,684
Other	1,938	4,408
Total supplies and services	<u>115,190</u>	<u>114,371</u>
* Includes expenditure for Commonwealth Games venues of \$38.472 million (2013-14: \$35.652 million).		
9. Grants and subsidies		
Grants:		
Queensland and local government	7,260	14,222
Industry	695	6,853
Donated non-current physical assets	3,420	286
Contributions	1,506	1,762
Total grants and subsidies	<u>12,880</u>	<u>23,123</u>
10. Impairment losses		
Land	-	7,661
Trade receivables	76	590
Total impairment losses	<u>76</u>	<u>8,251</u>
11. Revaluation decrement		
Buildings	2,030	-
Land	20,147	20,446
Total revaluation decrements	<u>22,177</u>	<u>20,446</u>
12. Other expenses		
External audit fees ⁽¹⁾	277	254
Insurance premiums - QGIF	259	249
Insurance premiums - general ⁽²⁾	2,785	33
Net losses from disposal of property, plant & equipment	6,141	3,955
Net losses from disposal of intangible asset	15	239
Land inventory written down	1,935	-
Sponsorships	214	337
Ex gratia payments ⁽³⁾	498	382
Deferred appropriation payable to Consolidated Fund	10,470	716
Donations and gifts	1	21
Other	2,095	222
Total other expenses	<u>24,690</u>	<u>6,408</u>

⁽¹⁾ Total audit fees payable to the Queensland Audit Office relating to the 2014-15 financial year statements are quoted to be \$290,000 (2013-14: \$317,000). There are no non-audit services included in this amount.

⁽²⁾ The Under Treasurer's approval has been obtained for entering into insurance contracts.

⁽³⁾ The department made ex-gratia payments to lessees affected by the revision of Targinnie lease areas during the 2014-15 financial year.

DEPARTMENT OF STATE DEVELOPMENT

Notes to and forming part of the financial statements as at 30 June 2015

	2015 \$'000	2014 \$'000
13. Receivables		
Current		
Trade debtors	13,088	8,225
Less: allowance for impairment loss	-	(861)
	<u>13,088</u>	<u>7,364</u>
Loans and advances receivable	-	926
GST input tax credits receivable	1,670	1,320
GST payable	(854)	(2,542)
	816	(1,223)
Equity injection receivable	2,783	-
Annual leave reimbursements	1,023	1,750
Long service leave reimbursements	390	288
Finance lease debtors	-	4,941
Operating lease debtors	-	618
Interest receivable	-	206
Other	7	11
Total current receivables	<u><u>18,108</u></u>	<u><u>14,883</u></u>
Non-current		
Loans and advances receivable	-	3,658
Finance lease debtors	-	16,389
Total non-current receivables	<u><u>-</u></u>	<u><u>20,047</u></u>
14. Non-current assets classified as held for sale		
Land	32,414	57,982
Buildings	1,647	1,975
Total non-current assets classified as held for sale	<u><u>34,061</u></u>	<u><u>59,957</u></u>

The Held for sale class consists of Mary Valley properties, properties resumed by the Coordinator-General and other properties owned by the Department that are deemed held for sale.

	Land \$'000	Buildings \$'000	Total \$'000
Mary Valley properties	9,723	1,647	11,370
Townsville Eastern Access Corridor	12,444	-	12,444
South East Queensland Water Grid project	10,247	-	10,247
	<u><u>32,414</u></u>	<u><u>1,647</u></u>	<u><u>34,061</u></u>

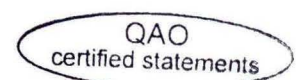
For Mary Valley Properties, upon determination of the asset transfer to the Held for sale class a market valuation is undertaken. Determination of fair value is based on comparing selling prices to similar type assets (i.e. comparable properties in the same area, location and size) in an active market.

The Townsville Eastern Access Corridor and South East Queensland Water Grid project land assets were resumed by the Coordinator-General. The Coordinator-General facilitates projects that underpin Queensland's economic development. Land is resumed by the Coordinator-General under the *State Development and Public Works Organisation Act 1967*. Compulsory acquired land recorded in Non-current assets held for sale class, consists of land acquired for water and interconnector pipelines, recycled water and access corridors.

The Coordinator-General determines the compensation amount paid to land owners, based on a market valuation, as described above plus other compensation amounts where appropriate. The land is recorded in the Held for sale class until all land required for the relevant critical infrastructure asset is resumed, after which the land is transferred at compensation cost to relevant entities. These entities progress the critical infrastructure projects as agreed with the Coordinator-General.

These valuations are categorised as level 3, in accordance with the fair value hierarchy as stated in note 1(l) due to the significant impact of other compensation agreements in addition to the market valuations. These valuations are considered non-recurrent.

	2014-15 Level 2	2013-14 Level 2	2014-15 Level 3	2013-14 Level 3
Non-recurring Fair Value Measurements				
Coordinator-General land held for sale	-	-	22,691	25,434
Other assets held for sale	11,370	34,524	-	-
Total non-recurring	<u><u>11,370</u></u>	<u><u>34,524</u></u>	<u><u>22,691</u></u>	<u><u>25,434</u></u>
Total	<u><u>11,370</u></u>	<u><u>34,524</u></u>	<u><u>22,691</u></u>	<u><u>25,434</u></u>



	2015 \$'000	2014 \$'000
15. Property, plant and equipment		
Non-current		
Land		
At fair value	123,473	395,233
Less: accumulated impairment losses	-	(7,661)
Total land	<u>123,473</u>	<u>387,572</u>
Buildings		
At fair value	10,171	45,382
Less: accumulated depreciation	(156)	(20,817)
Less: accumulated impairment losses	(488)	(497)
Total buildings	<u>9,527</u>	<u>24,068</u>
Heritage and cultural assets		
At fair value	-	3,698
Less: accumulated impairment losses	-	(2,908)
Total heritage and cultural assets	<u>-</u>	<u>790</u>
Infrastructure		
At fair value	114,662	111,160
Less: accumulated depreciation	(23,966)	(20,380)
Total infrastructure	<u>90,696</u>	<u>90,780</u>
Major plant and equipment		
At fair value	152,746	148,082
Less: accumulated depreciation	(46,959)	(41,556)
Total major plant and equipment	<u>105,787</u>	<u>106,526</u>
Plant and equipment		
At cost	10,405	14,706
Less: accumulated depreciation	(6,543)	(7,020)
Less: accumulated impairment losses	-	(800)
Total plant and equipment	<u>3,862</u>	<u>6,886</u>
Capital work in progress		
At cost	135	1,189
Total capital work in progress	<u>135</u>	<u>1,189</u>
Total property, plant and equipment	<u>333,480</u>	<u>617,811</u>
Property, plant and equipment		
At cost	10,540	15,895
At fair value	401,053	703,555
Less: accumulated depreciation	(77,624)	(89,773)
Less: accumulated impairment losses	(488)	(11,866)
Total non-current property, plant and equipment	<u>333,480</u>	<u>617,811</u>
Fully impaired/depreciated assets still in use	673	1,103

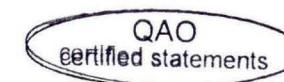
From 2014-15, buildings revalued using a market or income-based approach are accounted for using the net method of revaluation, as per Queensland Treasury's revised *Non-current Asset Policies for the Queensland Public Sector*, refer to note 1(l). This means the comparative year's figures for these lines reflect a different method of revaluation for most of the department's buildings (i.e. an asset "life-to-date" perspective for the gross, accumulated depreciation and accumulated impairment losses figures). As from 2014-15, for those assets revalued using the net method, accumulated depreciation and accumulated impairment losses displayed only reflect depreciation and impairment losses recognised since the last revaluation.

DEPARTMENT OF STATE DEVELOPMENT
Notes to and forming part of the financial statements as at 30 June 2015

15. Property, plant and equipment (continued)

Property, plant and equipment reconciliation

Notes	Land		Buildings		Heritage and cultural assets		Infrastructure		Major plant and equipment		Plant and equipment		Capital work in progress		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Carrying amount at 1 July	387,572	486,897	24,068	41,686	790	790	90,780	95,114	106,526	111,629	6,887	8,580	1,189	824	617,811	745,519
Prior year machinery-of-Government adjustments	-	-	-	-	-	-	-	-	-	-	842	-	-	-	842	-
Acquisitions	4,323	6,336	238	238	-	-	-	-	-	-	136	27	17,777	7,904	22,474	14,506
Disposals	(11,056)	(14,037)	(211)	(7,720)	-	-	(206)	-	-	-	(25)	(21)	-	-	(11,497)	(21,778)
Disposal through machinery-of-Government change	(217,871)	-	(25)	-	(790)	-	-	-	-	-	(2,755)	-	(16,408)	-	(237,849)	-
Assets reclassified as held for sale	14	(17,751)	(88,439)	(11,384)	(16,516)	-	-	-	-	-	-	-	-	-	(29,135)	(104,955)
Transfers in/out from other Queensland Government entities	(1,317)	25,704	-	(99)	-	-	-	-	-	-	-	(7)	-	-	(1,317)	25,598
Transfer between asset classes	-	(781)	937	7,444	-	-	1,093	(113)	-	-	393	193	(2,423)	(7,539)	-	(795)
Transfers to Portable and attractive	-	-	-	-	-	-	-	-	-	-	(19)	-	-	-	(19)	-
Donations made	(280)	-	(936)	-	-	-	(887)	-	-	-	-	-	-	-	(2,103)	-
Gain on reversal of revaluation increment/decrement	5	-	-	1,111	-	-	-	-	-	-	-	-	-	-	-	1,111
Revaluation increments/decrements recognised in equity	21	-	-	-	-	-	2,784	(1,795)	3,233	(1,120)	-	-	-	-	6,018	(2,916)
Revaluation increments/decrements recognised in operating surplus/(deficit)	11	(20,149)	(20,446)	(2,029)	-	-	-	-	-	-	-	-	-	-	(22,178)	(20,446)
Impairment recognised in operating surplus/(deficit)	10	-	(7,661)	-	-	-	-	-	-	-	-	-	-	-	-	(7,661)
Depreciation	-	-	(1,130)	(2,077)	-	-	(2,868)	(2,426)	(3,971)	(3,985)	(1,598)	(1,885)	-	-	(9,568)	(10,373)
Carrying amount at 30 June	123,473	387,572	9,527	24,068	-	790	90,696	90,780	105,787	106,526	3,862	6,887	135	1,189	333,480	617,811



15. Property, plant and equipment (Continued)

Mary Valley properties

The Mary Valley Economic Development Strategy was introduced in July 2012 following large scale land acquisition related to the proposed Traveston Crossing Dam project. The strategy objective is to maximise economic development opportunities across the whole of the Mary Valley, revitalising the Valley by providing a sound investment platform and restoring community stability. The divestment program is aligned to support economic development by ensuring economic units and other properties are presented to market as soon as possible.

Management undertook an assessment of the Mary Valley properties and determined that a combination of valuation methods was required to obtain fair values, these methods include using a base indexation combined with an income approach.

As in previous years, the fair values of Mary Valley properties in 2014-15 were determined by Taylor Byrne, certified valuers. The values were determined using a desktop valuation method and determining historical sales information on comparable property sales in the Gympie Regional Council area, including sales in the Mary Valley. The Property sales considered were those which transacted in the open market. Historical sales data used included sales in residential, rural residential, small rural and large rural land categories, allowing an index to be derived and applied to the properties based on sales by category.

In relation to the portion of properties that are encumbered by long-term leases, the fair value also includes an income based approach by discounting the income stream and deferral of the capital value until the expiry of the lease. Management has applied a discount rate of 6% driven by specific risk characteristics of each property. The higher the risk associated with the property, the higher the discount rate applied. These properties are leased below the market rate; therefore, there is little risk of not obtaining income. The deferral of capital value was assessed by calculating the present value of the land area encumbered, over the remaining lease term. Unencumbered land is added to the present value of income and deferred capital value calculated above to determine the total property value, before apportioning to land and buildings.

The last specific appraisals were performed in the 2010-11 financial year. Properties valued under the market approach have been classified as level 2 in accordance with the fair value hierarchy stated in note 1(l). Encumbered properties valued under the income approach have been classified as level 3, as these utilise unobservable inputs such as contractual cash flows and risk adjusted discount rates that significantly impact on the valuation.

Land (except Mary Valley)

The Department holds land property throughout various Queensland regions. These properties are held for various purposes and include:

- Future economic development opportunities
- Held to meet a specific community or economic need
- Purchased for re-zoning purposes.

Specific appraisals were performed for this land in the 2013-14 financial year by certified valuers at the State Valuation Service. The fair values for land were determined by establishing the market value. Market value was determined by considering 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. For some land asset values, consideration was given to current zoning regulations that resulted in adverse adjustments to the land values.

During the 2013-14 financial year, management identified contamination and flooding on certain properties. As a result, certain clean-up costs and adjustments were included in the valuation of these properties resulting in impairment to the value of approximately of \$7.6 million. Due to significant unobservable inputs used to calculate impairment, these valuations were categorised as level 3, in accordance with the fair value hierarchy. These properties were transferred out of the Department this financial year.

For this financial year, land values were adjusted by using an individual factor change per property derived from the review of market transactions (observable market data) provided by the State Valuation Service. These market movements are determined having regard to the review of land values undertaken for each Local Government area as issued by the Valuer-General, Department of Natural Resources and Mines.

Due to the use of observable market prices of similar assets, the land has been categorised as level 2, in accordance with the fair value hierarchy.

Buildings

For the current year, residential buildings were revalued using either the income approach valuation method or market approach depending on their use. In 2014-15, building values were assessed by certified valuers at State Valuation Services who determined the most appropriate index for residential buildings as the Cordell Housing Price Index. This index is specific to Queensland house price movements (observable market data) and was considered the most appropriate index to use for residential housing specific to Queensland properties.

Fair value for buildings is determined by establishing market value with reference to observable prices in an active market or recent market transactions using direct comparison to the sales history of similar properties. The Department is also lessor to rental agreements on various properties. Due to the Department's current strategy for these buildings and zoning regulations, the fair value is determined using the income approach, calculated using the present value of future cash flows. The Queensland Treasury Corporation's zero coupon rates are used to calculate the present value.

Buildings valued with the use of observable market prices of similar assets (i.e. comparable properties in the same area, location and size) are categorised as level 2 in accordance with the fair value hierarchy. Those properties valued using the income approach are categorised as level 3 in accordance with the fair value hierarchy, as these include contract specific inputs that are not observable in the market.

15. Property, plant and equipment (Continued)

Infrastructure and major plant and equipment

Infrastructure and major plant and equipment assets located at the Gladstone Port and Jetty were specifically appraised as at 30 June 2014 by AssetVal Pty Ltd, a certified valuer. Due to the specialised nature of the assets and lack of observable market data the most suitable basis of valuation was considered to be depreciated replacement cost. Depreciated replacement cost reflects the current cost that would be required to replace the service capacity of the asset as it currently exists. The cost is estimated to be the amount that would be incurred by a market participant to acquire or construct a substitute asset, adjusted for comparable utility and obsolescence. For 2014-15, the assets were assessed by certified valuers, Gray Robinson Cottrell (GRC) who recommended using the "Building Price Index" (BPI). This indexation reflects the construction market as at the effective date representing a 3.15% increase from the previous period.

The current replacement cost of the assets was determined using several valuation techniques. The techniques include direct correspondence with suppliers to get a directly quoted price for an asset, and using relevant publicly available inflationary indices applied to historical cost. The replacement cost includes all direct and indirect costs associated with building a piece of infrastructure or major plant and equipment. Costs include material, plant hire, labour, transport, design, commissioning, management, administration, preliminary studies and contingency. Due to the significant individual value of the ship loader and unloader, and the ability of suppliers to be able to quote a replacement cost, this was the most accurate method available to determine the cost of the items. Most of the other assets are of a unique design, in combination with the relatively young age, the most appropriate method available to determine the replacement cost is the indexation of historical information. This assessment may be the original construction cost, or it may be other available relevant information such as the cost of the extension to the wharf or construction costs of other similar or relevant projects.

Relevant indices include:

- Producer price indices, output of the construction industries;
- Producer price indices, output of the manufacturing industries;
- Producer price indices, input to the coal mining industries;
- Producer price indices, output of the professional, scientific and technical services industries; and
- Average diesel terminal gate prices.

Assets measured and recognised at fair value	Level 2		Level 3	
	2015	2014	2015	2014
Recurring Fair Value Measurements	\$'000	\$'000	\$'000	\$'000
Mary Valley land	30,537	76,465	1,127	18,056
Mary Valley buildings	5,588	16,365	398	3,095
Land	91,809	291,851	-	1,200
Buildings market approach	611	1,908	-	-
Buildings income approach	-	-	2,931	2,700
Infrastructure	-	-	90,696	90,780
Major plant & equipment	-	-	105,788	106,526
Investment property land	-	108,620	-	-
Investment property building	-	4,151	-	-
Total recurring	128,545	499,360	200,939	222,357

Level 3 valuation inputs and relationship to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Description	Unobservable Inputs	Type and amount for significant level 3 inputs	Impact for fair value
Infrastructure and major plant and equipment	Building Price Index (BPI)	2% increase/decrease	\$3.8 million movement in fair value.
	Useful life	10% increase/decrease	An increase (decrease) in useful life would increase/decrease the fair value.
	Remaining useful life	Increase/decrease by 1 year	The longer the remaining useful life, the higher the fair value.
Land - Mary Valley encumbered properties	Contractual cash flows	Unique to each property	An increase in cash flows results in an increase in fair value.
	Discount rate	6%	An increase in the discount rate results in a decrease in fair value.

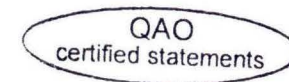
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DEPARTMENT OF STATE DEVELOPMENT
Notes to and forming part of the financial statements as at 30 June 2015

15. Property, plant and equipment (continued)

Level 3 fair value reconciliation, refer note 1(l)	Land		Buildings		Infrastructure		Major Plant & Equipment		Total	
Recurring Fair Value Measurements	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Carrying amount at 1 July	19,256	27,257	5,795	6,364	90,780	95,114	106,525	111,630	222,356	240,365
Transfer out of level 3 (to level 2)	(16,899)	(3,112)	(2,698)	(598)	-	-	-	-	(19,597)	(3,710)
Acquisitions	-	2,011	238	110	-	-	-	-	238	2,121
Disposals	(8,861)	-	(175)	-	-	-	-	-	(9,036)	-
Transfers between asset classes	-	-	-	-	-	(113)	-	-	-	(113)
Revaluation increments/decrements recognised in operating surplus/(deficit)	(30)	761	458	459	-	(1,795)	-	(1,120)	428	(1,695)
Impairment losses	-	(7,661)	-	-	-	-	-	-	-	(7,661)
Impairment reversals	7,661	-	9	-	-	-	-	-	7,670	-
Revaluation increments/decrements recognised in equity	-	-	-	-	2,784	-	3,233	-	6,017	-
Depreciation	-	-	(298)	(540)	(2,868)	(2,426)	(3,971)	(3,985)	(7,137)	(6,951)
Carrying amount as 30 June	1,127	19,256	3,329	5,795	90,696	90,780	105,787	106,526	200,939	222,357

There were no gains/ (losses) in operating results including unrealised gains/(losses) for assets still held at the end of the reporting period.



	2015 \$'000	2014 \$'000
16. Investment property		
Land	-	108,620
Buildings	-	4,151
Total	<u>-</u>	<u>112,771</u>

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

· Not later than 1 year	-	1,464
· Later than 1 year and not later than 5 years	-	1,928
Total	<u>-</u>	<u>3,392</u>

Investment property reconciliation

	Land		Buildings	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Carrying amount at 1 July	108,620	108,620	4,151	4,151
Acquisitions during the year	1,050	-	-	-
Net gain on revaluation through profit and loss	112,534	-	-	-
Transfer due to machinery-of-Government change	(222,204)	-	(4,151)	-
Carrying amount at 30 June	<u>-</u>	<u>108,620</u>	<u>-</u>	<u>4,151</u>

17. Income tax equivalent

(a) Income tax expense

Current tax	9,735	(13,909)
Deferred tax	28,767	3,198
Balance as at 30 June	<u>38,502</u>	<u>(10,711)</u>

(b) Numeric reconciliation of income tax equivalent expense to prima facie tax payable

Profit before income tax expense	130,931	38,494
Tax expense at the Australian tax rate of 30% (2013-14: 30%)	39,280	11,548
Other	(778)	(838)
Income tax equivalent expense	<u>38,502</u>	<u>10,711</u>

(c) Non-current assets - deferred tax equivalent asset

The balance comprises temporary differences attributed to:

Allowance for impairment loss	203	203
Written down value of other capitalised expenses	174	169
Building accumulated depreciation	400	376
Capital asset impairment	3,994	3,994
Deferred fee income	5,638	3,452
Transfer through restructure of administrative arrangements	(10,409)	-
Balance as at 30 June	<u>-</u>	<u>8,193</u>

(d) Current liabilities - income tax payable

Balance at the beginning of the year	21,834	10,305
Income tax equivalent paid	(21,834)	(2,379)
Expensed to comprehensive income	9,735	13,909
Transfer through restructure of administrative arrangements	(9,735)	-
Balance as at 30 June	<u>-</u>	<u>21,834</u>

(e) Non-current liabilities - Deferred tax equivalent liabilities

The balance comprises temporary differences attributable to:

Accrued revenue	-	11
Land revaluations	75,302	45,765
Inventories	10,315	8,858
Investment property, plant and equipment	23,673	23,673
Transfer through restructure of administrative arrangements	(109,290)	-
Balance as at 30 June	<u>-</u>	<u>78,307</u>

18. Payables

Current

Trade creditors	18,233	26,108
Taxes, fees and fines payable	85	402
Accrued expenses	-	1,902
Appropriation revenue payable	10,470	716
Equity withdrawal payable	412	30,000
Other	28	17
Total current payables	<u>29,229</u>	<u>59,145</u>

	2015 \$'000	2014 \$'000
19. Other liabilities		
Current		
Unearned revenue	11,816	14,284
Deposits held	13,747	26,788
Loan	-	3,200
Security deposits	-	35
Tendering deposits	1,850	500
Other	40	189
Total current other liabilities	27,452	44,996
Non-current		
Unearned revenue	360	-
Other	298	-
Total non-current other liabilities	658	-
20. Provisions		
Current		
Land acquisition claims	9,796	18,272
Taxes – land, rates and stamp duty	-	36,084
Total current provisions	9,796	54,356
Non-current		
Land acquisition claims	7,190	3,226
Total non-current provisions	7,190	3,226
Movements in provisions		
Land acquisition claims		
Current		
Balance at 1 July	18,272	21,455
Additional provision recognised	9,179	1,677
Restatement of provision	(4,212)	2,148
Reduction in provision as a result of payments	(12,332)	(8,483)
Reclassification from non-current provision	(1,112)	1,475
Balance as at 30 June	9,796	18,272
Non-current		
Balance at 1 July	3,226	5,590
Additional provision recognised	3,315	201
Restatement of provision	(463)	1,119
Reduction in provision as a result of payments	-	(2,210)
Reclassification to current provision	1,112	(1,475)
Balance as at 30 June	7,190	3,226
Taxes – land, rates and stamp duty		
Current		
Balance at 1 July	36,084	21,365
Transfer through machinery-of-Government change	(19,338)	-
Additional provision recognised	-	20,243
Reduction in provision as a result of payments	(16,746)	(5,524)
Balance as at 30 June	-	36,084

Provision for land acquisition claims

The Department acquires land through compulsory acquisition in accordance with the *Acquisition of Land Act 1967* using the Coordinator-General's powers as contained in the *State Development and Public Works Organisation Act 1971*. Compensation is payable for land acquired in accordance with this legislation when agreement is reached between the land owner and the Coordinator-General through the execution of a section 15 Compensation Agreement. Prior to the execution of the section 15 Compensation Agreement the Department recognises a provision to account for compensation it expects to pay for all land resumptions.

Provision for taxes

Economic Development Queensland is required under Queensland Treasury's *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 Economic Development Queensland 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.

21. Asset revaluation surplus

	Infrastructure	Major plant and equipment	Heritage and cultural assets	Other Intangibles Assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance 1 July 2013	18,952	10,752	85	-	29,789
Revaluation decrements	(1,795)	(1,120)	-	-	(2,915)
Balance as at 30 June 2014	17,157	9,632	85	-	26,874
Balance 1 July 2014	17,157	9,632	85	-	26,874
Revaluation increments	2,784	3,233	-	1,820	7,838
Balance as at 30 June 2015	19,941	12,865	85	1,820	34,711

22. Restructuring of administrative arrangements

As a result of restructuring *Public Service Departmental Arrangement Notice (No.1) 2015* on 16 February 2015, the Department of State Development, Infrastructure and Planning was renamed the Department of State Development. Under this notice the Planning and Infrastructure functions and Economic Development Queensland were transferred to the Department of Infrastructure, Local Government and Planning effective 1 March 2015.

	Transferred Out		Net Total
	Planning and Infrastructure	Economic Development Queensland	Total
	2015 \$ '000	2015 \$ '000	Total \$ '000
Current assets			
Cash and cash equivalents	4,908	158,298	163,206
Receivables	1,669	10,544	12,213
Inventories	-	393,674	393,674
Other current assets	16	127	143
Total Current assets	6,593	562,643	569,236
Non-current assets			
Receivables	19,524	17,447	36,971
Property, plant and equipment	2,737	235,112	237,849
Intangible assets	2,112	3	2,115
Investment property	-	226,355	226,355
Deferred tax	-	10,409	10,409
Total Non-current assets	24,373	489,326	513,699
Total Assets	30,966	1,051,969	1,082,935
Current liabilities			
Payables	894	21,859	22,753
Current tax liabilities	-	9,735	9,735
Accrued employee benefits	1,317	256	1,573
Interest-bearing liabilities	-	5,184	5,184
Other current liabilities	4,787	31,266	36,053
Total Current liabilities	6,998	68,300	75,298
Non-current liabilities			
Payables	-	19,523	19,523
Interest-bearing liabilities	-	43,486	43,486
Deferred tax	-	109,290	109,290
Total non-current liabilities	-	172,299	172,299
Total Non-current liabilities			
Total Liabilities	6,998	240,599	247,597
Total Net assets	23,968	811,370	835,338

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DEPARTMENT OF STATE DEVELOPMENT

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	2015 \$'000	2014 \$'000
23. Reconciliation of operating result to net cash from operating activities		
Operating surplus/(deficit)	71,784	20,301
Non-cash items:		
Depreciation and amortisation expense	9,995	10,969
Net losses on disposal of property, plant and equipment and intangible assets	-	1,421
Net gain on disposal of property, plant and equipment and intangible assets	(2,244)	-
Net gain on revaluation of investment property	(112,534)	-
Impairment losses	76	8,251
Impairment loss reversals- receivables	-	(1,477)
Land inventory written down	1,935	-
Revaluation decrements	22,177	20,446
Reversal of revaluation decrement	-	(1,111)
Income tax equivalent expense/(benefit)	38,502	10,711
Non-current assets transferred out	3,366	286
Other non-cash items	1	7
Change in assets and liabilities:		
(Increase)/decrease in appropriation revenue for services receivable	-	574
(Increase)/decrease in trade receivables	(8,014)	64,859
(Increase)/decrease in inventories	29,835	10,232
(Increase)/decrease in other assets	439	1,824
Increase/(decrease) in payables	(1,800)	(19,511)
Increase/(decrease) in accrued employee benefits	44	947
Increase/(decrease) in deferred tax	(21,834)	12,339
Increase/(decrease) in other liabilities	(12,311)	14,702
Increase/(decrease) in unearned revenue	30,087	1,907
Increase/(decrease) in provisions	(13,928)	(5,548)
(Increase)/decrease in GST input tax credits receivable	(1,750)	(526)
Increase/(decrease) in GST payable	-	32
Net cash from operating activities	<u><u>33,825</u></u>	<u><u>151,635</u></u>

24. Commitments for expenditure**(a) Non-cancellable operating lease**

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

. Not later than 1 year	10,343	10,495
. Later than 1 year and not later than 5 years	6,038	15,060
. Later than 5 years	8,444	5,147
Total non-cancellable operating lease commitments	<u><u>24,825</u></u>	<u><u>30,702</u></u>

The Department has non-cancellable operating leases relating to office accommodation, storage facilities and car park space. Lease payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined. Where it is reasonably certain that the renewal options will be exercised, the lease commitment includes the extended option period.

For 2014-15 \$7.615 million (2013-14: \$8.819 million) was recognised by the department as an expense in the Statement of comprehensive income in respect of operating leases.

(b) Capital expenditure commitments

Material classes of capital expenditure commitments inclusive of anticipated GST, contracted for at the reporting date but not recognised in the accounts are payable as follows:

	2015 \$'000	2014 \$'000
Capital works in progress	6	1,546
Land inventory	-	39,771
	<u><u>6</u></u>	<u><u>41,317</u></u>
Payable		
. Not later than 1 year	6	37,748
. Later than 1 year and not later than 5 years	-	3,208
. Later than 5 years	-	361
Total capital expenditure commitments	<u><u>6</u></u>	<u><u>41,317</u></u>

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24. Commitments for expenditure (continued)

(c) Grants and subsidies expenditure commitments

Grants and subsidies commitments inclusive of anticipated GST, committed to be provided at the reporting date, but not recognised in the accounts are payable as follows:

	2015 \$'000	2014 \$'000
Payable		
· Not later than 1 year	446	13,429
· Later than 1 year and not later than 5 years	497	8,682
· Later than 5 years	-	251
Total grants and subsidies expenditure commitments	<u>943</u>	<u>22,362</u>

(d) Other expenditure commitments

Other expenditure commitments inclusive of anticipated GST, committed to be provided at reporting date, but not recognised in the accounts are payable as follows:

Payable:		
· Not later than 1 year	20,638	23,759
· Later than 1 year and not later than 5 years	235,796	-
· Later than 5 years	281	-
Total other expenditure commitments	<u>256,715</u>	<u>23,759</u>

The Department is responsible for project managing the development of the Commonwealth Games Village and Venues. Payments of approximately \$196 million relevant to the Commonwealth Games Village will be refunded by Economic Development Queensland (EDQ), a Commercial Business Unit of the Department of Infrastructure, Local Government and Planning and is not included in the above Other expenditure commitment figures. 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.

25. Contingencies

(a) Guarantees and undertakings

The Department holds bank guarantees in relation to Queensland Investment Incentive Scheme (QIIS) grants, Regional Queensland Investment Incentive Scheme (RQIIS) grants and other financial support provided to private sector proponents.

All QIIS funds are underwritten by performance undertakings and in the case of cash grants, secured by bank guarantees or equivalent securities from the grantee for the full term of the agreement.

The total value of bank guarantees held for two QIIS and two Regional Queensland Investment Incentive Scheme (RQIIS) projects as at 30 June 2015 is \$1.892 million (2014 was 13 projects and \$7.43 million).

Other bank guarantees are held for financial support provided on projects across the Department. The total value of bank guarantees held for these projects as at 30 June 2015, is \$24.875 million (2014 was \$28.155 million).

(b) Litigation in progress

As at 30 June 2015, the following cases were filed in the courts naming the Department as defendant:

	2015	2014
	Number of cases	Number of cases
Supreme Court	2	1
District Court	0	0
Magistrates Court	0	0
Total	<u>2</u>	<u>1</u>

At 30 June 2015, the Department has two cases before the Supreme Court regarding land resumption. It is not possible to make a reliable estimate of the final amount payable, if any, in respect of the litigation before the courts at this time; however if the Department is unsuccessful, any costs incurred will be subject to recovery from external proponents.

There are three claims for costs through the Queensland Government Insurance Fund (QGIF). Under QGIF, the Department would be able to claim back the amount paid for successful claims, less a \$10,000 deduction.

Other matters relate to land resumptions before the Land Court, however it is not possible to determine the probable outcome of claims against the Department, or any financial effect.

(c) Native title claims over Departmental land

At 30 June 2015, native title continues to exist over certain land parcels owned by the Department of State Development. Native title determination applications have been registered in the Federal Court of Australia but not all applications have been determined by the Court. At reporting date it is not possible to make an estimate of any probable outcome of these claims, or any financial effect.

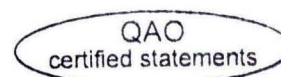
26. Events occurring after balance date

On 20 July 2015, the Premier of Queensland announced the Destination Brisbane Consortium ("the Consortium") as the preferred proponent to redevelop the Queen's Wharf Precinct in the centre of Brisbane into an Integrated Resort Development ("the IRD Project").

The redevelopment area is located between the Brisbane River and George Street and between Alice and Queen Streets ("the IRD Precinct").

As at the date of this report, the Queensland Government and the Consortium are in the process of finalising the contractual arrangements. The Queensland Government anticipates the contractual arrangements will be finalised by September 2015. These contractual arrangements will be subject to a number of conditions which need to be satisfied before the Consortium is granted access to the IRD Precinct. The Queensland Government expect access to the IRD Precinct will be granted by January 2017 and the IRD Project to be completed in early 2022.

A new position within the Department of State Development has been created as Projects Chief Executive for Integrated Resort Developments. The position and Department will be project managers on behalf of the State with a focus on coordinating land held by the Department of Housing and Public Works and casino licences with the Department of Justice and Attorney-General and the developer. As at the date of signing the accounts, a preferred developer has been announced but a contract has not been entered. No financial impacts to the Department can be reliably measured at this stage.



27. Financial instruments

(a) Categorisation of financial instruments

The Department has the following categories of financial assets and financial liabilities:

Category	Notes	2015 \$'000	2014 \$'000
Financial assets			
Cash and cash equivalents		18,875	203,302
Receivables	13	18,108	34,930
Total financial assets		36,984	238,232
Financial liabilities			
Financial liabilities measured at amortised cost:			
Payables	18	29,229	59,145
Interest-bearing liabilities		80,225	145,511
Other liabilities - loans	19	-	3,200
Total financial liabilities		109,454	207,856

(b) Financial risk management

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

Financial risk management is implemented pursuant to Queensland Government and Departmental policy. 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 measures risk exposure using a variety of methods as follows:

Risk exposure	Measurement method
Credit risk	Ageing analysis, earnings at risk
Liquidity risk	Sensitivity analysis
Market risk	Interest rate sensitivity analysis

(c) Credit risk exposure

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 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 following table represents the Department's maximum exposure to credit risk based on contractual amounts net of any allowances:

Category	2015 \$'000	2014 \$'000
Maximum exposure to credit risk		
Financial assets		
Queensland Treasury Corporation - Cash funds	-	117,101
Total financial assets		117,101

Financial assets

The carrying amount of receivables represents the maximum exposure to credit risk. As such receivables are not included in the above disclosure.

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

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

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

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/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 directly as a bad debt and written-off directly against receivables.

Ageing of past due but not impaired as well as impaired financial assets are disclosed in the following tables:

2015 financial assets past due but not impaired

	Overdue				Total overdue \$'000
	Less than \$'000	30 - 60 days \$'000	61-90 days \$'000	More than \$'000	
Receivables	517	105	-	7	629
Total	517	105	-	7	629

2014 financial assets past due but not impaired

	Overdue				Total overdue \$'000
	Less than \$'000	30 - 60 days \$'000	61-90 days \$'000	More than \$'000	
Receivables	1,038	309	6	925	2,278
Total	1,038	309	6	925	2,278

2015 individually impaired financial assets

	Overdue				Total overdue \$'000
	Less than \$'000	30 - 60 days \$'000	61-90 days \$'000	More than \$'000	
Receivables	-	-	-	-	-
Allowance for impairment	-	-	-	-	-
Carrying Amount	-	-	-	-	-



27. Financial instruments (continued)

2014 individually impaired financial assets

	Overdue				Total overdue \$'000
	Less than \$'000	30 - 60 days \$'000	61-90 days \$'000	More than \$'000	
Receivables	-	-	-	873	873
Allowance for impairment	-	-	-	(861)	(861)
Carrying Amount	-	-	-	12	12

	2015 \$'000	2014 \$'000
Movements in allowance for impairment		
Balance at 1 July	(860)	(3,035)
Allowance transferred to receivables	158	1,287
(Increase)/decrease in allowance recognised in operating result	25	887
Balance transferred due to machinery-of-government change	677	-
Balance at 30 June	-	(860)

(d) 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 of its payables and borrowings from Queensland Treasury Corporation for capital works. The borrowings are based on the Queensland Government's gazetted fixed rates.

The Department manages liquidity risk through the use of a liquidity management strategy. This strategy 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 to match the expected duration of the various employee and supplier 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 the reporting date.

2015	Notes	2015 payable in			
		< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000	Total \$'000
Payables	18	29,229	-	-	29,229
Interest-bearing liabilities		9,482	47,408	35,556	92,446
Total		38,712	47,408	35,556	121,675

2014	Notes	2014 payable in			
		< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000	Total \$'000
Payables	18	59,145	-	-	59,145
Interest-bearing liabilities		33,533	70,090	58,359	161,983
Other liabilities - loans	19	3,200	-	-	3,200
Total		95,878	70,090	58,359	224,328

(e) Market risk

The Department does not trade in foreign currency and is not materially exposed to commodity price changes. The Department is exposed to interest rate risk through its finance leases, borrowings from Queensland Treasury Corporation and cash deposited in interest bearing accounts. The Department does not undertake any hedging in relation to interest risk.

(f) Fair value

The fair value of trade receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

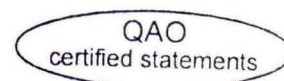
The fair value of borrowings is notified by Queensland Treasury Corporation. It is calculated using discounted cash flow analysis and the effective interest rate and is disclosed below.

	2015 Carrying amount \$'000	2015 Fair Value \$'000	2014 Carrying amount \$'000	2014 Fair Value \$'000
Financial liabilities at amortised cost				
Interest-bearing liabilities	80,225	78,933	145,511	147,906
Total	80,225	78,933	145,511	147,906

No assets have been pledged as security for any liabilities.

All borrowings are in Australian dollars. No interest has been capitalised during the current or comparative reporting period. Repayment dates vary from September 2014 to March 2025. Principal and interest repayments were made quarterly in arrears at the rate of 2.94%.

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. There have been no defaults or breaches of the loan agreement during the reporting period.



28. Leases - as lessor

(a) Finance leases

Free holding 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.

All finance lease arrangements transferred to Department of Infrastructure, Local Government and Planning as a result of machinery-of-Government movements effective 1 March 2015.

Future minimum lease payments receivable under the free hold leases, with their present value, are as follows:

	Minimum future lease payments receivable		Present value of minimum future lease payments receivable	
	2015 \$ '000	2014 \$ '000	2015 \$ '000	2014 \$ '000
Not later than one year	-	4,839	-	4,941
Later than one year and not later than five years	-	15,536	-	12,811
Later than five years	-	7,066	-	3,578
Total minimum future lease receivables	-	27,441	-	21,330
Less unearned finance interest revenue	-	(6,111)	-	-
Present value of total minimum future lease receivables	-	21,330	-	21,330

Included in note 13 of these financial statements as:

Current finance lease debtors	-	4,941
Non-current finance lease debtors	-	16,389
Carrying amount at 30 June	-	21,330

(b) Operating leases

Minimum future lease payments receivable under the operating leases are as follows:

	Minimum future lease payments receivable	
	2015 \$ '000	2014 \$ '000
Not later than one year	65	11,900
Later than one year and not later than five years	200	53,922
Later than five years	448	215,240
Total minimum future lease receivables	713	281,062

Commercial and industrial properties (Economic Development Queensland)

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 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.

These lease arrangements transferred to the Department of Infrastructure, Local Government and Planning as a result of machinery-of-Government changes effective 1 March 2015. In calculating minimum future lease receivables, it is assumed that perpetual leases will continue for a further 15 years.

Mary Valley properties

The Department has honoured all existing lease and rental agreements upon purchase of Mary Valley properties from Queensland Water Infrastructure Pty Ltd. Lease terms range from periodic leases to leases with expiry up to 31 December 2035.

29. Schedule of administered items

	South Bank and Roma Street Parklands		Gasfields Commission		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Administered revenues						
Appropriation revenue	24,933	25,649	2,500	2,500	27,433	28,149
Other revenue	7,202	9,419	-	-	7,202	9,419
Total Administered revenues	32,135	35,068	2,500	2,500	34,635	37,568
Administered expenses						
Grants and subsidies	24,933	25,649	2,500	2,500	27,433	28,149
Transfers of administered revenue to Government	7,202	9,419	-	-	7,202	9,419
Total Administered expenses	32,135	35,068	2,500	2,500	34,635	37,568
Administered assets						
<i>Current</i>						
Cash						
Receivables	-	1,797	-	-	-	1,797
Total Current assets	-	1,797	-	-	-	1,797
Total Assets	-	1,797	-	-	-	1,797
Administered Liabilities						
<i>Current</i>						
Bank overdraft	-	1,797	-	-	-	1,797
Total Current liabilities	-	1,797	-	-	-	1,797

	2015 \$'000	2014 \$'000
(a) Reconciliation of payments from Consolidated Fund to administered revenue		
Budgeted appropriation	29,428	10,025
Transfers (to)/from other departments	(1,995)	-
Transfers from other headings - controlled	-	18,124
Administered revenue recognised in statement of comprehensive income	27,433	28,149
This is represented by:		
(b) Grants and subsidies		
Statutory authorities	2,500	2,500
Local government	24,933	25,649
Total grants and subsidies	27,433	28,149
(c) Receivables		
<i>Current</i>		
Trade debtors	-	1,902
GST payable	-	(105)
Total current receivables	-	1,797

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30. Budget versus actual comparison

Statement of Comprehensive Income

	Variance Notes	Recast Budget 2015 \$'000	Actual 2015 \$'000	Variance \$'000	Variance % of Budget
Income from continuing operations					
Appropriation revenue	1	331,983	176,780	(155,203)	(47%)
Land sales		82,264	82,264	-	0%
User charges and fees	2	76,984	69,552	(7,432)	(10%)
Grants and other contributions		361	4,794	4,433	1228%
Interest		4,291	4,291	-	0%
Other revenue		90	581	491	546%
Total Revenue		495,973	338,262	(157,711)	
Gains on disposal/remeasurement of assets	3	-	120,934	120,934	100%
Total income from continuing operations		495,973	459,196	(36,777)	
Expenses from continuing operations					
Employee expenses	4	83,870	94,377	10,507	13%
Supplies and services	5	173,979	115,190	(58,789)	(34%)
Grants and subsidies	6	132,134	12,880	(119,254)	(90%)
Depreciation and amortisation		9,189	9,995	806	9%
Impairment losses		3,130	76	(3,054)	(98%)
Cost of land sales		47,241	50,466	3,225	7%
Revaluation decrement	7	-	22,177	22,177	100%
Finance/borrowing costs		8,948	7,747	(1,201)	(13%)
Taxes land, rates and stamp duty		11,312	11,312	-	0%
Other expenses	8	3,232	24,690	21,458	664%
Total expenses from continuing operations		473,035	348,910	(124,125)	
Operating result from continuing operations before income tax equivalent expense		22,938	110,286	87,348	
Income tax equivalent expense		4,742	38,502	33,760	712%
Operating result from continuing operations		18,196	71,784	53,588	
Other comprehensive income					
<u>Items that will not be reclassified subsequently to operating result</u>					
Increase in asset revaluation surplus		6,043	7,838	1,795	30%
Total comprehensive income		24,239	79,622	55,383	

The accompanying notes form part of these statements.

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DEPARTMENT OF STATE DEVELOPMENT

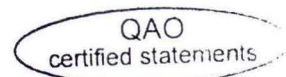
Notes to and forming part of the financial statements as at 30 June 2015

30. Budget versus actual comparison

Statement of Financial Position

	Variance Notes	Recast Budget 2015 \$'000	Actual 2015 \$'000	Variance \$'000	Variance % of Budget
Current assets					
Cash and cash equivalents	9	8,022	18,875	10,853	135%
Receivables	10	2,348	18,108	15,760	671%
Prepayments		643	850	207	32%
		<u>11,013</u>	<u>37,833</u>	<u>26,820</u>	
Non-current assets classified as held for sale	11	-	34,061	34,061	100%
Total current assets		<u>11,013</u>	<u>71,894</u>	<u>60,881</u>	
Non-current assets					
Intangible assets		4,691	5,980	1,289	27%
Property, plant and equipment	12	457,239	333,480	(123,759)	(27%)
Prepayments		10,830	10,831	1	0%
Total non-current assets		<u>472,760</u>	<u>350,291</u>	<u>(122,469)</u>	
Total assets		<u>483,773</u>	<u>422,185</u>	<u>(61,588)</u>	
Current liabilities					
Payables		27,801	29,229	1,428	5%
Interest-bearing liabilities		9,739	7,205	(2,534)	(26%)
Accrued employee benefits		738	1,851	1,113	151%
Other current liabilities	14	322	27,452	27,130	8425%
Provisions	13	17,362	9,796	(7,566)	(44%)
Total current liabilities		<u>55,962</u>	<u>75,533</u>	<u>19,571</u>	
Non-current liabilities					
Interest-bearing liabilities		72,308	73,020	712	1%
Other non-current liabilities		-	658	658	100%
Provisions	13	6,332	7,190	858	14%
Total non-current liabilities		<u>78,640</u>	<u>80,868</u>	<u>2,228</u>	
Total liabilities		<u>134,602</u>	<u>156,401</u>	<u>21,799</u>	
Net assets		<u>349,171</u>	<u>265,784</u>	<u>(83,387)</u>	
Total Equity		<u>349,171</u>	<u>265,784</u>	<u>(83,387)</u>	

The accompanying notes form part of these statements.



DEPARTMENT OF STATE DEVELOPMENT

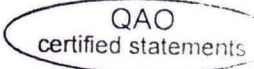
Notes to and forming part of the financial statements as at 30 June 2015

30. Budget versus actual comparison

Statement of Cash Flows

	Variance Notes	Recast Budget 2015 \$'000	Actual 2015 \$'000	Variance \$'000	Variance % of Budget
Cash flows from operating activities					
<i>Inflows:</i>					
Land Sales		82,264	82,210	(54)	(0%)
Appropriation revenue	15	331,983	176,064	(155,919)	(47%)
User charges and fees		81,682	81,194	(488)	(1%)
Grants and other contributions		361	2,910	2,549	706%
GST input tax credits from Australian Taxation Office		23,205	16,351	(6,854)	(30%)
GST collected from customers		7,445	11,065	3,620	49%
Interest receipts		4,291	4,406	115	3%
Other inflows		90	8,710	8,620	9578%
<i>Outflows:</i>					
Employee expenses	16	(83,870)	(94,000)	(10,130)	12%
Supplies and services	17	(212,458)	(162,054)	50,404	(24%)
Grants and subsidies	18	(130,634)	(9,460)	121,174	(93%)
GST paid to suppliers		(22,557)	(16,944)	5,613	(25%)
GST remitted to Australian Taxation Office		(8,915)	(12,222)	(3,307)	37%
Finance/borrowing costs		(8,948)	(7,747)	1,201	(13%)
Income tax equivalent		(5,172)	(7,925)	(2,753)	53%
Taxes land, rates and stamp duty	19	-	(29,924)	(29,924)	100%
Other outflows		(6,242)	(8,809)	(2,567)	41%
Net cash provided by (used in) operating activities		52,525	33,825	(18,700)	
Cash flows from investing activities					
<i>Inflows:</i>					
Sales of property, plant and equipment	20	51,234	66,942	15,708	31%
Sales of Intangible assets		-	320	320	100%
Loans and advances redeemed		2,133	6,355	4,222	198%
<i>Outflows:</i>					
Payments for property, plant and equipment		(14,720)	(22,452)	(7,732)	53%
Payments for intangible assets		-	(616)	(616)	100%
Payments for investment properties		-	(1,050)	(1,050)	100%
Loans and advances provided		(5,660)	(5,660)	-	0%
Net cash provided by (used in) investing activities		32,987	43,839	10,852	
Cash flows from financing activities					
<i>Inflows:</i>					
Borrowings		28,816	37,490	8,674	30%
Equity injections	21	37,151	26,490	(10,661)	(29%)
<i>Outflows:</i>					
Net cash and cash equivalents transferred via machinery-of-Government change		(112,969)	(163,207)	(50,238)	44%
Equity withdrawals		(102,994)	(107,622)	(4,628)	4%
Borrowing redemptions		(48,452)	(55,243)	(6,791)	14%
Net cash provided by (used in) financing activities		(198,448)	(262,092)	(63,644)	
Net increase (decrease) in cash and cash equivalent		(112,936)	(184,428)	(71,492)	63%
Cash and cash equivalents at beginning of financial year		120,958	203,302	82,344	68%
Cash and cash equivalents at end of financial year		8,022	18,875	10,853	

The accompanying notes form part of these statements.

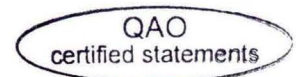


30. Budget versus actual comparison

Administered Items

	Recast Budget 2015 \$'000	Actual 2015 \$'000	Variance \$'000	Variance % of Budget
Administered Income				
Appropriation revenue	27,433	27,433	-	0%
Other revenue	7,202	7,202	-	0%
Total Administered Income	<u><u>34,635</u></u>	<u><u>34,635</u></u>	<u><u>-</u></u>	
Administered Expenses				
Grants and subsidies	27,433	27,433	-	0%
Transfers of Administered Revenue to Government	7,202	7,202	-	0%
Total Administered Expenses	<u><u>34,635</u></u>	<u><u>34,635</u></u>	<u><u>-</u></u>	

The accompanying notes form part of these statements.



DEPARTMENT OF STATE DEVELOPMENT

Notes to and forming part of the financial statements as at 30 June 2015

30. Budget versus actual comparison

Explanations of Major Variances

Statement of Comprehensive Income

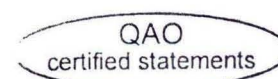
- 1 Appropriation revenue is lower than recast budget primarily due to the transfer of the Royalties for Regions program funding to the Department of Transport and Main Roads and the former Department of Local Government Community Recovery and Resilience. In addition, lower than expected appropriation revenue is attributed to deferrals of appropriation revenue to out-years to match to high priority project milestones including Mission Beach Safe Boating Infrastructure Projects, Bundaberg Gas Pipeline project and Great Barrier Reef Ports Reform.
- 2 User charges are lower than recast budget mainly due to altered timing of Commonwealth Games projects. There is a corresponding reduction to supplies and services expenses too.
- 3 The increase in gains when compared to the recast budget, is mainly due to an unbudgeted increase in the fair value of investment property. As a result of machinery-of-Government changes the investment property assets transferred to the Department of Infrastructure, Local Government and Planning.
- 4 Increased employee expenses compared to recast budget is due to the short term recruitment of temporary staff engaged to assist with high priority projects including the Commonwealth Games venues and village, in preference to engaging contractors. Contractors were funded by savings from the supplies and services budget.
- 5 Reduced supplies and services expenses compared to recast budget is due to the realignment of funding to out-years for high priority projects including Commonwealth Games Venues, the Mission Beach Safe Boating Infrastructure Project and Great Barrier Reef Ports Reform.
- 6 Reduced grants and subsidies compared to recast budget relates to the transfer of the Royalties for Regions program funding to the Department of Transport and Main Roads and the former Department of Local Government, Community Recovery and Resilience; and deferral of funding to 2015-16 to match to for the Bundaberg Gas Pipeline project milestones.
- 7 Revaluation increments or decrements are not forecasted or budgeted. Decrements for 2014-15 relate to land and buildings in Mary Valley and Targinie (near Gladstone).
- 8 Increased other expenses reflects unbudgeted losses on sales incurred on Mary Valley property and also professional indemnity insurance for the Commonwealth Games village where contingency budget was needed from supplies and services.

Statement of Financial Position

- 9 Increased cash compared to recast budget relates to appropriation received from Queensland Treasury but unspent as at 30 June 2015 for a range of operational and capital items.
- 10 Increased receivables compared to recast budget is mainly for recovery for Commonwealth Games construction expenses. Timing of payments vary according to milestone completion and verification processes.
- 11 The increase in non-current assets classified as held for sale when compared to the recast budget is due to the timing of sales in Mary Valley being difficult to reliably forecast, land within the Townsville Eastern Access Corridor awaiting settlement due to title transfers between the Coordinator-General and the Department of Transport and Main Roads, and South East Queensland Water Grid Holdings still awaiting finalisation.
- 12 Reduced property, plant and equipment compared to recast budget represents 2014-15 decrements of land and buildings, higher sales of Mary Valley properties than anticipated and the transfer of some Mary Valley properties to non-current assets held for sale. The budget is also higher than actual as a result of being set before 2013-14 revaluations decrements were known for land and buildings.
- 13 Reduced provisions compared to recast budget reflects higher than anticipated settlement of claims for compulsory land acquisitions across the Coordinator-General's activities.
- 14 Unbudgeted other current liabilities reflects unearned income from other Departments, chiefly Commonwealth Games venue funds received in advance from the Department of Tourism, Major Events, Small Business and the Commonwealth Games, and deposits from the Department of Transport and Main Roads for property transfers in the Townsville Eastern Access Corridor.

Statement of Cash Flows

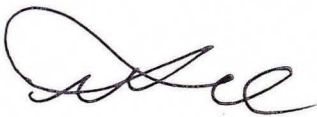
- 15 Appropriation receipts is lower than recast budget primarily due to the transfer of the Royalties for Regions program funding to the Department of Transport and Main Roads and the former Department of Local Government Community Recovery and Resilience. In addition, lower than expected appropriation revenue is attributed to deferrals of appropriation revenue to out-years for high priority projects including Mission Beach Safe Boating Infrastructure Projects, Bundaberg Gas Pipeline project and Great Barrier Reef Ports Reform.
- 16 Increased employee expenses compared to recast budget is due to the short term recruitment of temporary staff engaged to assist with high priority projects in preference to engaging contractors. Contractors were funded by savings from the supplies and services budget.
- 17 Reduced supplies and services expenses compared to recast budget is due to realignment of funding to out-years for high priority projects including Commonwealth Games Venues, the Mission Beach Safe Boating Infrastructure Project and Great Barrier Reef Ports Reform.
- 18 Reduced grants and subsidies compared to recast budget relates to the transfer of the Royalties for Regions program funding to the Department of Transport and Main Roads and the former Department of Local Government, Community Recovery and Resilience, and deferral of funding to 2015-16 for the Bundaberg Gas Pipeline project.
- 19 Increase in other tax equivalents compared to recast budget relates to tax equivalents paid by Economic Development Queensland prior to the MOG transfer to the Department of Infrastructure, Local Government and Planning.
- 20 Increased sales of non-current assets compared to recast budget is due to an increase in the Mary Valley property sales.
- 21 Reduced equity injection compared to recast budget is due to the deferral of Airport Link funding (held on behalf of DTMR) to the out-years.



Certificate of the Department of State Development

These general purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with s.62(1)(b) of the Act we certify that in our opinion:

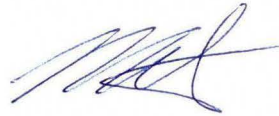
- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Department for the financial year ended 30 June 2015 and of the financial position of the Department at the end of that year; and
- (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.



Michael McKee FCPA

Chief Finance Officer

Date 28/8/15



Michael Schaumburg

Director-General

Date 28/8/15

QAO
certified statements

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Department of State Development

Report on the Financial Report

I have audited the accompanying financial report of the Department of State Development, which comprises the statement of financial position and statement of assets and liabilities by major departmental service and commercialised business unit as at 30 June 2015, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental service and commercialised business unit for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certificates given by the Director-General and Chief Finance Officer.

The Accountable Officer's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

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

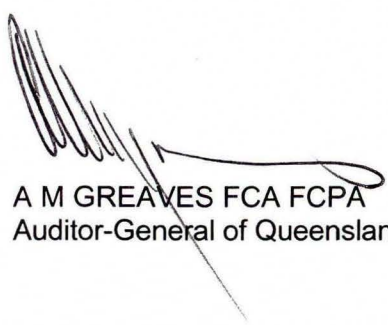
Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Department of State Development for the financial year 1 July 2014 to 30 June 2015 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

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



A M GREAVES FCA FCPA
Auditor-General of Queensland



AUDITOR GENERAL
31 AUG 2015
OF QUEENSLAND
Queensland Audit Office
Brisbane

Appendix 1 Legislation administered by the department

The Department of State Development is the Administrative Unit under the *Administrative Arrangements Order (No 2) 2015* in relation to the Minister for State Development's principal ministerial responsibilities.

The Minister for State Development is responsible for the following Acts:

Alcan Queensland Pty. Limited Agreement Act 1965 (except to the extent administered by the Treasurer, Minister for Employment and Industrial Relations and Minister for Aboriginal and Torres Strait Islander Partnerships)

Amoco Australia Pty. Limited Agreement Act 1961

Ampol Refineries Limited Agreement Act 1964

Austral-Pacific Fertilizers Limited Agreement Act 1967

Central Queensland Coal Associates Agreement Act 1968 (except to the extent administered by the Minister for Main Roads, Road Safety and Ports and Minister for Energy and Water Supply) (Sch pt VI)

Central Queensland Coal Associates Agreement (Amendment) Act 1986

Central Queensland Coal Associates Agreement Amendment Act 1989

Central Queensland Coal Associates Agreement and Queensland Coal Trust Act 1984

Central Queensland Coal Associates Agreement Variation Act 1996

Century Zinc Project Act 1997 (ss14-17)

Gasfields Commission Act 2013

Queensland Industry Participation Policy Act 2011

Queensland Nickel Agreement Act 1970 (except to the extent administered by the Deputy Premier, Minister for Transport, Minister for Infrastructure, Local Government and Planning and Minister for Trade)

Queensland Nickel Agreement Act 1988

State Development and Public Works Organisation Act 1971

Surat Basin Rail (Infrastructure Development and Management) Act 2012

Townsville Zinc Refinery Act 1996

Appendix 2 Our contacts

Brisbane offices

Brisbane Central offices

visit Lv 13, 61 Mary Street, Brisbane
visit 63 George Street, Brisbane
post PO Box 15009, City East Qld 4002
tel +61 7 3452 7009
info@dsd.qld.gov.au

Regional offices

Far North Queensland regional office

Main office - Cairns
visit Ground Floor, Cairns Port Authority Building, Corner Grafton and Hartley Streets, Cairns
post PO Box 2358, Cairns Qld 4870
tel +61 7 4037 3209
Cairns@dsd.qld.gov.au

Mackay Isaac Whitsunday regional office

Main office - Mackay
visit Lv 4, 44 Nelson Street, Mackay
post PO Box 710, Mackay Qld 4740
tel +61 7 4898 6800
mackay@dsd.qld.gov.au

North and Central West regional office

Main office - Mount Isa
visit 1/75 Camooweal Street, Mount Isa
post PO Box 2221, Mount Isa Qld 4825
tel +61 7 4747 3900
NCWRegionalOffice@dsd.qld.gov.au

North Queensland regional office

Main office - Townsville
visit Lv 4, 445 Flinders Street, Townsville
post PO Box 1732, Townsville Qld 4810
tel +61 7 4758 3405
Townsville.NQRO@dsd.qld.gov.au

Fitzroy and Central regional office

Main office - Rockhampton
visit Lv 2, 209 Bolsover Street, Rockhampton
post PO Box 113, Rockhampton Qld 4700
tel +61 7 4924 2914
Rockhampton@dsd.qld.gov.au

Wide Bay Burnett regional office

Main office - Bundaberg
visit Lv 1, 7 Takalvan Street, Bundaberg
post PO Box 979, Bundaberg Qld 4670
tel +61 7 4331 5616
wbbregionalservices@dsd.qld.gov.au

Darling Downs South West regional office

Main office - Toowoomba
visit 128 Margaret Street, Toowoomba
post PO Box 825, Toowoomba Qld 4350
tel +61 7 4616 7306
Toowoomba@dsd.qld.gov.au

South East Queensland (North) regional office

Main office - Maroochydore
visit Lv 8, Mike Ahern Building, 12 First Avenue, Maroochydore
post PO Box 1129, Maroochydore Qld 4558
tel +61 7 5352 9706
sunshinecoast@dsd.qld.gov.au

South East Queensland (West) regional office

Main office - Ipswich
visit Lv 4, 117 Brisbane Street, Ipswich
post PO Box 129, Ipswich Qld 4305
tel +61 7 3432 2400
ipswich@dsd.qld.gov.au

South East Queensland (South) regional office

Main office - Gold Coast
visit Lv 1, 7 Short Street, Southport
post PO Box 3290, Australia Fair, Southport Qld 4215
tel +61 7 5644 3200
goldcoast@dsd.qld.gov.au

Appendix 3 Strategic Plan 2014–19 performance

The *Department of State Development, Infrastructure and Planning Strategic Plan 2014–19* sets out four strategic objectives, two of which are continued in our current strategic objectives.

Performance in relation to the remaining strategic objectives is reported in the *Department of Infrastructure, Local Government and Planning Annual Report 2014–15*.

Our strategic plan ensures emerging risks and opportunities are strategically addressed, and it underpins and guides our work and actions. We align our lower-level divisional operational plans to the strategic plan.

Our role in delivering on the government’s objectives for the community guides the department’s strategic direction as described in our strategic plan.

Progress in achieving the government’s objectives and commitments, the strategic plan and our service standards, is measured in mid-year and annual performance reports presented to our ELT, in the department’s *Service Delivery Statements 2015–16*, and in the annual report.

Strategy	2014-15 performance
2014-15 Strategic objective: Driving business development, economic growth and job creation	
Build stronger regions based on competitive advantages through implementing a regional development framework and strategy	<ul style="list-style-type: none"> • Agreed funding to support Remote Area Boards’ economic development activities and maintain regional economic coordination and capability. • Developed economic recovery component of Severe Tropical Cyclone Marcia Recovery Plan. • Pursued strategies for opening up the Galilee Basin. • Central Queensland Resources Supply Chain in RegionsQ Action Plan, studies completed and/or underway. • Held the Regional Projects Conference in August 2014. • Developed detailed stakeholder engagement strategies for all regional offices allowing coordination of client engagement and targeted interactions with business and industry. • Provision of economic advice and analysis to support the Queensland Government’s Panama Disease Taskforce. • Developed and delivered Regional Major Project Forums in Cairns, Rockhampton, Sunshine Coast, Maryborough, Ipswich and Townsville.

Strategy	2014-15 performance
<p>Drive implementation of <i>Governing for Growth</i>, the state government’s ten year economic growth strategy</p>	<ul style="list-style-type: none"> • Developed the industry incentive paper—<i>Working for Queensland</i>. • Released 10 editions of the <i>Economics Bulletin</i> as well as seven editions of ‘<i>Did you know</i>’ publications. • Worked to manage the impacts of major regional projects with GasFields Commission Queensland, which is facilitating collaboration and tackling emerging issues. • Released Port Master Planning Guidelines and following the 2015 state government election, continued to progress sustainable port development. • In response to changing economic conditions the government is working to refocus government actions toward the Working Queensland agenda. A strategy to drive the economy, and to sustainably increase job opportunities across the state, is currently being developed. This follows the <i>Governing for Growth Action Plan – Progress Report</i> in September 2014, which outlined that three quarters of the action plan had been delivered by the government as at the third quarter 2014.
<p>Provide funding support for key infrastructure in regional and resource communities</p>	<ul style="list-style-type: none"> • Launched and commenced development of the Building our Regions Regional Infrastructure Fund, which consists of the Regional Capital Fund, the Royalties for Resource Producing Communities Fund and the Remote Communities Infrastructure Fund, as well as the fourth fund—the Transport Infrastructure Development Scheme, which is administered by DTMR. • Approved the final round of projects for Royalties for the Regions and continued to provide development, monitoring and advice services in relation to regional grant agreements. • Completed 57 due diligence assessments and 37 cost benefit assessments in progressing regional grant agreements. • Commenced the strategic assessment for southern Galilee Basin common user roads. • Approved 10 projects under the Strategic Projects Fund.
<p>Assist growth in key industry sectors, (including defence, resource, and property and construction) by facilitating regulatory reform and encouraging industry investment</p>	<ul style="list-style-type: none"> • Continued to support the work of the GasFields Commission in promoting co-existence between the onshore gas industry, landholders and regional communities. • Central Queensland mine water pilot successfully implemented for the 2014–15 wet season with eight participating mines. • Assisted with Native Title, Cultural Heritage and Indigenous services for high priority projects including 1 William Street. • Worked closely with key companies to provide advice, information, facilitation support and remove impediments in order to encourage new investment and expansion of Queensland based operations.

Strategy

2014-15 performance

Undertake industry and supply chain development focused on high value markets and specific project opportunities

- Progressed the Abbot Point Growth Gateway project.
- Completed budget impact, economic analysis, due diligence and commercial assessments of projects and proposals, including for strategic infrastructure.
- Enabled valuable insights through the AME database resource for research, policy development and economic analysis.
- Central Queensland Regional Growth analysis completed.
- The Charter for Local Content was reported against by 28 government projects with a progressive spend value of over \$1.665 billion. Queensland firms won over 81 per cent (\$1.35 billion) of the contracts awarded.
- Collaboration with Defence Industries Queensland led to Loganholme manufacturer Holmwood Highgate securing a \$65 million contract in support of defence.
- Amended the *Queensland Industry Participation Policy Act 2011* (QIPP Act) to provide clarity that the Charter for Local Content is the local industry policy for the purposes of the Act and to incorporate the annual reporting requirements of the QIPP Act into the department's annual report.

Facilitate disposal or development of surplus government land that generates economic activity and achieves social outcomes

- Led the investigation, development and implementation of re-use and divestment strategies for key surplus government properties, including options for the re-use of 168 and 200 Turbot Street and the divestment of the former Gold Coast Hospital site at Southport.
- Assisted government agencies to identify options for the acquisition, leasing, re-use and divestment of land, including managing consideration of 196 submissions under the Queensland Government Transaction Policy.
- Led the development and implementation of policy initiatives to streamline government property processes and establish a best-practice property management framework.
- Progressed the assessment of proposals for the Government Land for Accommodation and Support Services (GLASS) Program and assisted not-for-profit organisations with government property enquiries.
- Established the Community Hubs and Partnerships Governance and Project Board and initiated pilot projects in Caloundra South, Moranbah, Redcliffe, Caboolture, Ripley as well as developing an associated guide and toolbox resources.

Strategy**2014-15 performance****Assessing, approving, facilitating and delivering major projects**

Use the Coordinator-General's powers to streamline and improve the environmental impact assessment and approval systems for coordinated projects and facilitate the subsequent delivery of these projects

- Developed a new, more succinct approach for the Coordinator-General's EIS evaluation reports with new internal templates and guidelines as part of continuous improvement.
- In accordance with Investigators Authority powers in section 145 of the SDPWO Act, one area of land was investigated utilising the granted investigator's authority that allows persons authorised by the Coordinator-General to enter land to investigate the land's potential and suitability for the development of an infrastructure facility. During 2014-15, three investigator's authority were cancelled at the proponent's request.
- Commenced implementation of Daptiv software to provide the best available project management systems.
- In 2014–15, the Coordinator-General approved 30 applications within SDAs, including a material change of use (MCU) approval for a woodchipping facility in the Gladstone SDA to utilise timber from forestry plantations in the Byfield area damaged during tropical cyclone Marcia.
- Continued to use prescribed powers of the Coordinator-General to assess projects for prescribed project declaration, with five projects assessed.
- Worked to implement the approvals bilateral agreement with the Commonwealth under the EPBC Act—Commonwealth process delay has resulted in the commencement target being postponed to October 2015.

Ensure suitable land is available for major economic development and public infrastructure projects

- Completed compensation settlement for 87 per cent of compulsory land and Native title acquisition in six SDAs for the establishment of industry and infrastructure corridors.
- Acquired land to protect corridors and areas for project development in the Gladstone SDA for the Material Transport and Services Corridor Precinct for gas pipelines and LNG projects.

Manage the timely delivery of complex government projects such as the Commonwealth Games Village and venues as well as Queen's Wharf Brisbane and Integrated Resort Developments

- Completed assessment of the Queen's Wharf Brisbane Detailed Proposals and recommended to Government the appointment of a preferred proponent
- Execution of the IRD (Gold Coast) Process Deed to recommence the procurement process.
- Implemented the Mary Valley Economic Development Strategy including the economic development program and divestment of properties.
- Practical completion of the Gold Coast Aquatic Centre.
- Delivered on departmental responsibilities for the Kurilpa Riverfront Renewal.
- Continued engagement with the Rattler Railway Company regarding re-establishment of the Mary Valley Heritage Railway.
- Finalised the Queensland Fluoride Capital Assistance Program.

Strategy**2014-15 performance****Support the development of resource industry projects and infrastructure**

- Coordinated the processing and assessment of 293 foreign investment proposals referred by Federal Treasury.
 - Delivered case management support to resource companies including assisting with land tenure, government negotiations, site selection, infrastructure access and other regulatory processes.
 - Completed 22 due diligence assessments and 12 economic impact assessments.
 - Refined standardised outcome-focused conditions, which are now in use.
 - Progressed the completion of major public infrastructure projects with 92 per cent of compensation settlements completed in eight Watergrid projects.
 - Progressed the delivery of 48 projects with the provision of strategic advice and solutions to complex land access, tenure and project approval issues.
-

Appendix 4 Performance against service standards

The service areas presented in the following tables reflect the machinery-of-government changes, effective 1 March 2015, under which the department was renamed from the Department of State Development, Infrastructure and Planning to the Department of State Development.

As a result of the machinery-of-government changes, one service area transferred to the Department of Infrastructure, Local Government and Planning and performance against this in the 2014–15 financial year is reported in that department’s annual report.

The transferred service area is:

- Reforming Queensland's planning system.

The department retained two service areas, which are:

- Driving Business and Economic Growth (in 2015–16 this service area absorbed the service area Leading Infrastructure Policy and Planning for the State)
- Major Project Assessment, Approval, Facilitation and Delivery.

Our core service areas align with our strategic objectives and in the *Service Delivery Statements 2015–16*, these service areas are described as:

- Driving Business Development, Economic Growth and Job Creation
- Assessing, Approving, Facilitating and Delivering Major Projects.

Service standards are set with the aim of defining a level of performance that is appropriate and expected to be achieved, enabling government and the public to assess whether or not agencies are delivering services to acceptable levels.

The following tables report the department’s performance over the 2014–15 financial year against our service standards as articulated in the *Service Delivery Statements 2014–15*.

Service standard	2014-15 Target / estimate	2014-15 Estimated actual	2014-15 Actual	
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Driving Business and Economic Growth¹

Percentage of land transactions being delivered which meet committed timeframes and approved revenue targets ²	90%	75%	100%	▲
Value of private sector capital investment leveraged through industry facilitation ³	\$277M	\$330M	\$334M	▲
Private sector capital investment leveraged per dollar spent on industry facilitation ⁴	\$23	\$35	\$32	▲

Leading Infrastructure Policy and Planning for the State⁵

Value of infrastructure investment enabled through the Royalties for the Regions program ⁶	\$230M	\$134M	\$134M	▼
Value of infrastructure investment enabled per dollar invested in the management of the Royalties for the Regions program ⁷	\$100	\$107	\$107	▲

Major Project Assessment, Approval, Facilitation and Delivery⁸

The number of statutory decisions made by the Coordinator-General ⁹	100	98	119	▲
Average percentage reduction in the assessment timeframes for coordinated projects ¹⁰	50%	57%	57%	▲
Percentage of projects being managed, delivered or facilitated, which meet committed timeframes and approved budgets ¹¹	75%	95%	92%	▲
Percentage of industry proponents indicating they are satisfied with services provided for the management, delivery or facilitation of projects ¹²	75%	N/A	N/A	

achieved or exceeded ▲ not achieved ▼

Notes:

1. For the 2015–16 SDS, this service area is amended to better reflect the whole-of-government priority to create jobs and a diverse economy and is articulated as ‘Driving Business Development, Economic Growth and Job Creation’.
2. The 2014–15 estimate target was based on the three year revenue target. Sales are currently ahead of target. From 2015–16 this service standard will be reported under an effectiveness measure ‘Percentage of land transactions being delivered which meet committed timeframes’ and an efficiency measure ‘Percentage of land transactions being delivered which meet approved budgets’, which will better reflect the efficiency and effectiveness of the land transaction business. The 2014–15 target estimate of 90% is corrected from the 75% value which was published in the 2015–16 SDS in error.
3. The variance between the 2014–15 target estimate of \$277 million and the 2014–15 actual of \$334 million is largely due to the awarding of a contract for a major defence project. In 2015–16 this service standard will be reported with the target estimate and performance for each contributing business area: State Development (SD) and Major Projects Office (MPO). In 2014–15 MPO reported a reduced actual compared to their 2014–15 estimate due to two development leases not progressing.
4. The variance between the 2014–15 target estimate of \$23 and the 2014–15 actual of \$32 is largely due to the awarding of a contract for a major defence project. In 2014–15 this service standard is reported as a total for all contributing business areas: State Development (SD) and Major Projects Office (MPO). In 2015–16 this service standard will be reported with the target estimate and performance for each contributing business area indicated separately.
5. From 2015–16, this service area is discontinued and the service standards will be reported under the Driving Business Development, Economic Growth and Job Creation service area.
6. The variance between the 2014–15 target estimate of \$230 million and the 2014–15 actual of \$134 million is due to the funds being allocated as appropriate across the full four years of the program. The overall program amount was as per original program estimates. The 2014–15 target estimate and 2014–15 actual are for the third funding round. In 2015–16 this service standard has been amended to ‘Value of infrastructure investment enabled through the Final Round Royalties for the Regions’.
7. In 2015–16 this service standard has been amended to ‘Value of infrastructure investment enabled per dollar invested in the management of the Final Round Royalties for the Regions’.
8. For the 2015–16 SDS, this service area is amended to ‘Assessing, Approving, Facilitating and Delivering Major Projects’.
9. This service standard is being discontinued in 2015–16 as this is an activity measure which is not a measure of effectiveness or efficiency.
10. A reduction in average assessment timeframes demonstrates the effectiveness of processes and activities implemented to simplify and streamline the system. For the 2015–16 SDS, this service standard is amended to include assessment timeframes for Applications in State Development Areas (SDAs) in addition to Coordinated Projects (CP).
11. This service standard is being discontinued in 2015–16 to better reflect the efficiency and effectiveness of the project delivery business. The variance between the estimated actual of 95% and the actual of 92% is due to some projects that were initially included in the 2014–15 target/estimate calculation being substantially altered during 2014–15 as a result of current government priorities. This service standard is being reported in the 2015–16 SDS under an effectiveness measure ‘Percentage of projects managed, facilitated or delivered which meet committed timeframes’ and an efficiency measure ‘Percentage of projects managed, facilitated or delivered which meet approved budgets’.
12. This service standard is being discontinued in 2015–16 as this is a satisfaction measure which primarily relates to stakeholder views about changes to processes, not the effectiveness or efficiency of the service. Due to the 2015 election and the subsequent machinery-of-government changes, the department was unable to proceed with a meaningful survey of clients for the 2014–15 period. The client survey program will be continued following a review of the remaining service areas and re-development of the survey instrument.

Appendix 5 Compliance checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	<ul style="list-style-type: none"> • A letter of compliance from the accountable officer or statutory body to the relevant Minister/s 	ARRs – section 8	Page i
Accessibility	<ul style="list-style-type: none"> • Table of contents • Glossary 	ARRs – section 10.1	Pages iii-iv, 111-112
	<ul style="list-style-type: none"> • Public availability 	ARRs – section 10.2	Page i
	<ul style="list-style-type: none"> • Interpreter service statement 	<i>Queensland Government Language Services Policy</i> ARRs – section 10.3	Page i
	<ul style="list-style-type: none"> • Copyright notice 	<i>Copyright Act 1968</i> ARRs – section 10.4	Page i
	<ul style="list-style-type: none"> • Information licensing 	<i>QGEA – Information Licensing</i> ARRs – section 10.5	Page i
General information	<ul style="list-style-type: none"> • Introductory information 	ARRs – section 11.1	Pages 1-2
	<ul style="list-style-type: none"> • Agency role and main functions 	ARRs – section 11.2	Page 3
	<ul style="list-style-type: none"> • Operating environment 	ARRs – section 11.3	Pages 3-4
	<ul style="list-style-type: none"> • Machinery of government changes 	ARRs – section 11.4	Page 3
Non-financial performance	<ul style="list-style-type: none"> • Government’s objectives for the community 	ARRs – section 12.1	Pages 7-8
	<ul style="list-style-type: none"> • Other whole-of-government plans / specific initiatives 	ARRs – section 12.2	Pages 7, 9-10
	<ul style="list-style-type: none"> • Agency objectives and performance indicators 	ARRs – section 12.3	Pages 3, 99-103
	<ul style="list-style-type: none"> • Agency service areas and service standards 	ARRs – section 12.4	Pages 104-106
Financial performance	<ul style="list-style-type: none"> • Summary of financial performance 	ARRs – section 13.1	Pages 30-33
Governance – management and structure	<ul style="list-style-type: none"> • Organisational structure 	ARRs – section 14.1	Page 34
	<ul style="list-style-type: none"> • Executive management 	ARRs – section 14.2	Pages 35-37
	<ul style="list-style-type: none"> • Government bodies (statutory bodies and other entities) 	ARRs – section 14.3	Page 39
	<ul style="list-style-type: none"> • <i>Public Sector Ethics Act 1994</i> 	<i>Public Sector Ethics Act 1994</i> ARRs – section 14.4	Pages 41-42

Summary of requirement	Basis for requirement	Annual report reference	
Governance – risk management and accountability	• Risk management	ARRs – section 15.1	Page 40
	• External scrutiny	ARRs – section 15.2	Page 41
	• Audit committee	ARRs – section 15.3	Pages 38-39
	• Internal audit	ARRs – section 15.4	Pages 40-41
	• Information systems and recordkeeping	ARRs – section 15.5	Pages 42-44
Governance – human resources	• Workforce planning and performance	ARRs – section 16.1	Pages 44-47
	• Early retirement, redundancy and retrenchment	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 16.2	Page 47
Open data	• Consultancies	ARRs – section 17 ARRs – section 34.1	Page i, open data
	• Overseas travel	ARRs – section 17 ARRs – section 34.2	Page i, open data
	• Queensland Language Services Policy	ARRs – section 17 ARRs – section 34.3	Page i, open data
	• Government bodies	ARRs – section 17 ARRs – section 34.4	Page i, open data
Financial statements	• Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 18.1	Page 94
	• Independent Auditors Report	FAA – section 62 FPMS – section 50 ARRs – section 18.2	Pages 95-96
	• Remuneration disclosures	Financial Reporting Requirements for Queensland Government Agencies ARRs – section 18.3	Page 39, 71-72

FAA *Financial Accountability Act 2009* FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*

Abbreviations

Abbreviation	Description
ARR	Annual Report Requirements
CBD	Central Business District
CCC	Crime and Corruption Commission
CHaPs	Community Hubs and Partnerships
DILGP	Department of Infrastructure, Local Government and Planning
DIQld	Defence Industries Queensland
DSD	Department of State Development
DTMR	Department of Transport and Main Roads
eDRMS	Electronic Document Records Management System
EIS	Environmental Impact Statement
ELT	Executive Leadership Team
EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999</i>
FAA	<i>Financial Accountability Act 2009</i>
FAMC	Finance and Asset Management Committee
FIFO	Fly-In-Fly-Out
FPM Standard	<i>Financial and Performance Management Standard 2009</i>
GC2018	Gold Coast 2018 Commonwealth Games™
GBRWHA	Great Barrier Reef World Heritage Area
GFCQ	GasFields Commission Queensland
ICN	Industry Capability Network
IIA	Institute of Internal Auditors
IMT	Information Management Technology
IRD	Integrated Resort Development
ISC	Information Steering Committee
ISEC	Integrated Sports and Entertainment Centre
LNG	Liquefied Natural Gas
PDA	Priority Development Area
PR Act	<i>Public Records Act 2002</i>
PSE Act	<i>Public Sector Ethics Act 1994</i>
QAO	Queensland Audit Office
QWB	Queen's Wharf Brisbane
SDA	State Development Area
SPDWO	<i>State Development and Public Works Organisation Act 1971</i>
SDS	Service Delivery Statement

SLA	Service Level Agreement
SPP	State Planning Policy
TCC	Townsville City Council
VoIP	Voice-Over Internet Protocol

Glossary

Term	Description
Administrative arrangements	Administrative Arrangements Orders set out the principal responsibilities of government ministers and their portfolios.
Community hub	<p>A community hub is a collection of facilities clustered together on the same or adjoining sites to form a focal point for activities. They can include facilities and services supporting:</p> <ul style="list-style-type: none"> • sport and recreation • health and well being • education and learning • community services • public transport and active transport nodes • commercial spaces and offerings • cultural amenities • open spaces.
Community partnership	A community partnership is a commitment to support shared approach to the planning and delivery of services and facilities across a geographical area.
Environmental Impact Statement	An environmental impact statement is a document prepared to describe the potential impacts of a proposed activity on the environment. An EIS describes the impacts and documents ways to avoid, minimise or mitigate potential negative impacts of a project.
Integrated resort developments	<p>An integrated resort development is a high quality, mix use destination aimed at providing tourism, leisure and entertainment facilities that appeal to as broad a demographic as possible, including the international market. An integrated resort development could include:</p> <ul style="list-style-type: none"> • iconic architecture with expansive high amenity public realm • five or six star hotels • arcades, pools, salons, gyms and other recreational facilities • meeting and conference spaces • tourist attractions including maritime museums and aquariums • theatre and convention facilities • cinemas • boutique retail • bars • celebrity chef restaurants.
Machinery-of-government changes	<p>The term ‘machinery-of-government changes’ is used to describe a variety of organisational or functional changes which may affect the Queensland Government at any point in time. Some common machinery-of-government changes are:</p> <ul style="list-style-type: none"> • changes in the administrative arrangements following a decision to abolish or create a department/agency or to move functions/responsibilities between departments/agency • creation of a new statutory body, or abolition of a statutory body • movement of functions into or out of the Queensland public sector.

Priority Development Area	A priority development area is a site declared by the state government to facilitate the development of land in Queensland for economic development or community purposes.
State Development Areas	State development areas are clearly defined areas of land—for industry, infrastructure corridors and major public works—established to promote economic development in Queensland. Development in these areas is overseen by the Coordinator-General.
Terms of reference	Terms of reference describe the purpose and structure of a project, committee, meeting, negotiation or any similar collection of people who have agreed to work together to accomplish a shared goal.
Whole-of-government	Whole-of-government is a term used to refer to all Queensland Government departments and agencies.

