

ANNUAL REPORT 2016–2017



About this report

What the report contains

The Department of State Development Annual Report 2016–2017 reports on our performance for the financial year from 1 July 2016 to 30 June 2017. It also presents our priorities for the 2017–18 financial year.

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*, this 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 print form, on request.

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

The Queensland Government is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse



backgrounds. If you have difficulty in understanding the annual report, you can contact us on either 07 3452 7100 or call the Translating and Interpreting

Service (TIS National) on telephone 131 450 and ask them to contact the Department of State Development on 07 3452 7100.

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Feedback

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: DGBN17/1086

19 September 2017

The Honourable Dr Anthony Lynham
Minister for State Development and
Minister for Natural Resources and Mines
Level 36, 1 William Street
BRISBANE QLD 4000

Dear Minister

I am pleased to present the annual report 2016–2017 and financial statements for the Department of State Development (the department).

This report is prepared on the basis of the current administrative arrangements for the department applying for the whole of the 2016–17 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 accessed at www.statedevelopment.qld.gov.au/corporatepublications/annualreport.htm.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Michael Schaumburg".

Michael Schaumburg
Director-General

Enc.

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Director-General's foreword

As Director-General for the Department of State Development, it is with great pleasure that I present the department's 2016–17 annual report.

This year we report on the department's performance against its strategic objectives, and reflect on a year marked with both complex challenges and significant achievements.

In the face of the potentially crippling economic impact of Tropical Cyclone Debbie and during an ongoing period of economic transition and diversification, Queensland's economy is trending positively. Recent data demonstrates that the department's purpose—to lead the delivery of economic development outcomes for Queensland—has made a real and positive difference to our economy and the lives of Queenslanders.

June's ABS Labour Force Report showed the state's economy grew by 2.75 per cent in 2016–17, well above the nation's 1.75 per cent growth figure in the same period. Total trend employment in Queensland increased by 43,300 during 2016–17. This growth of 1.8 per cent was in line with the national rate for the same period.

Queensland businesses consistently recorded the highest or second-highest confidence rating for any state economy, based on the NAB's Monthly Business Survey (June 2017).

Supporting this position, Deloitte Access Economics *Business Outlook* for June forecasts Queensland as having the nation's strongest economic growth in 2017–18, at 3.1 per cent.

This is great news for Queensland because a growing economy not only provides business opportunities but also jobs and financial security for families across the state.

The department's work in creating jobs and economic growth was supported through the launch and delivery of funding programs, the development and delivery of a major projects pipeline and by attracting lucrative industries and successful companies to Queensland.

Diversifying the state's economy has been a key driver for new jobs and economic growth. The department has focused on advancing the state's six priority sectors—aerospace, advanced manufacturing, biofutures, biomedical, defence industries, and mining, equipment, technology and services—to create the knowledge-based and highly-paid jobs of the future.

Highlights this year included allocation of \$12.8 million to support the development and launch of 10-Year roadmap and action plans and accompanying initiatives for these priority sectors.

Our department's focus and expertise has ensured the spread of these benefits across the state—helping strong and vibrant regional economies and communities. According to recent ABS Labour Force report findings, over half of the regional economies outside of South East Queensland (i.e. Cairns, Darling Downs – Maranoa, Fitzroy, Mackay, Queensland – Outback, Toowoomba, Townsville, Wide Bay) experienced employment growth, while half these regions also experienced a decline in their regional unemployment rates.

This is good news, however there are some communities in regional Queensland still suffering adverse economic effects of Tropical Cyclone Debbie. This may continue for some time. Our department will continue to provide ongoing and appropriate support in these areas.

As Chair of the Economic Recovery Group, activated in response to the cyclone in March, I worked with members of this team to provide a coordinated, whole-of-government approach to help businesses and communities get back on their feet. This support will continue during 2017–18.

Similarly, our department led a whole-of-government response that assisted Swickers Kingaroy Bacon Factory, the primary employer in the South Burnett Region, to quickly resume operations after fire significantly damaged the facility during November. Thanks to a swift and cooperative approach, 120 staff were able to resume work within a week at a temporary location.

Further highlights achieved by the department on behalf of the state are outlined in this report. Some stand-outs included:

Funding programs

- Launching the
 - \$130 million Jobs and Regional Growth Fund
 - \$20 million Made in Queensland (MIQ) grants program
- Allocating \$85 million for 67 projects in Round 2 and the supplementary round, and approving a further \$70 million for 65 projects in Round 3, under the Building our Regions program. This brings total investment to \$225 million for 174 projects with a total project cost of \$580.5 million. Funding critical infrastructure from the Torres Strait to the border, this program is also generating 1762 jobs.

Major projects

- Completion of all Gold Coast 2018 Commonwealth Games competition venues well ahead of the Games, and under budget - creating 1000 jobs. Most importantly, the facilities for this \$320 million program are already in use by local sporting and community groups for national and international events, leaving a genuine and significant legacy for the local community
- Handover and commencement of construction for the \$3 billion Queen's Wharf Brisbane Integrated Resort Development. The state's biggest development project will create 2000 jobs during peak construction and 8000 ongoing roles when operational in 2022
- Appointment of the managing contractor for the \$250 million North Queensland Stadium with a target for at least 80 per cent of the project's value to be spent on local contractors. Over 750 jobs will be created during design and construction
- Granting the final, secondary approval for the \$21.7 billion Adani Group Carmichael Coal Mine and Rail Project in the Galilee Basin—the biggest coal mine in the southern hemisphere. Adani has estimated creation of over 5000 direct jobs at the peak of construction and over 4500 direct jobs at the peak of operations.

Priority sectors

- Launch of 10-Year roadmaps and action plans for the biofutures, advanced manufacturing and our biomedical sectors—helping to create thousands of high-value and knowledge-based jobs

- Launch of the international Biofutures Acceleration Program to attract the development of commercial scale biorefineries to Queensland. The program already has six projects in train and is supporting investment that could generate over 330 jobs.

Industry attraction and facilitation

- Leveraged \$413.37 million in private sector capital investment through industry facilitation.

The department collaborated with all levels of government, industry and enterprise to lead the delivery of these economic outcomes.

We look forward to continuing this good work with our partners across Queensland to create an attractive investment environment, facilitate a pipeline of strategic projects, advance regional communities and lead strategic development of priority industries.

I invite you to read more about our important work in this annual report, and to see how we are delivering the government's agenda and advancing our vision for the Queensland economy and its people during 2017–18.

Michael Schaumburg
Director-General
Department of State Development

Achievement highlights 2016–17

Influence policy and the investment environment

- **\$413.37 million of private sector capital investment leveraged through industry facilitation**
- ***Strong and Sustainable Resource Communities Bill 2016*** introduced to Parliament in response to fly-in fly-out (FIFO) reviews
- **Progressed port master planning** in accordance with the ***Sustainable Ports Development Act 2015*** for the priority ports of Gladstone, Townsville, Abbot Point and Hay Point/Mackay
- **Delivered *Guideline: master planning for priority ports***, an action for the state government under the ***Reef 2050: Long-Term Sustainability Plan*** (Reef 2050)
- **Spearheaded defence industries bid for Land 400** resulting in the state's shortlisting as the preferred location for military vehicle manufacturing
- **Delivered North Stradbroke Island Economic Transition Strategy** supporting the island's transition to a more sustainable and diverse economy
- **Launched \$20 million Made in Queensland (MIQ) grants program** supporting small-to-medium manufacturing enterprises to increase productivity and international competitiveness by adopting innovative processes and technologies.

Facilitate a major projects pipeline

- **Completed construction of all Gold Coast 2018 (GC2018) Commonwealth Games competition venues** including new Coomera Indoor Sports Centre, Anna Meares Velodrome and Carrara Sports precinct venues, along with upgrades of the Nerang Mountain Bike Trails, Carrara Stadiums, Belmont Shooting Complex and the Gold Coast Hockey Centre
- **Achieved handover of Queen's Wharf Brisbane precinct** to Destination Brisbane Consortium for start to demolition and enabling works on the \$3 billion integrated resort development
- **17 applications in state development areas (SDAs) approved by the Coordinator-General;** environmental impact assessments underway on 14 projects worth total capex of \$20.8 billion with potential to create 32,000 construction and operational jobs; 13 prescribed projects being monitored with a capex of \$30.5 billion, creating 11,500 construction jobs and almost 12,000 operational jobs
- **Seven private sector projects fast tracked to construction in North Queensland through facilitation support,** resulting in 1100 construction jobs and \$3.1 billion committed in capex
- **Released Biofutures Acceleration Program Invitation for Expressions of Interest,** which attracted 26 proposals for biorefinery projects with potential for hundreds of millions of dollars of investment and 330 jobs in regional Queensland
- **Negotiated agreement for a new \$50 million biorefinery** in Mackay under the Jobs and Regional Growth Fund
- Supported delivery of the **\$27 million Brisbane Broncos Training, Administration and Community Facility,** currently under construction and providing 84 jobs
- Commenced a two-stage competitive process for a new PCYC in Fortitude Valley, Brisbane to provide improved community services.

Strengthen the regions

- **\$85 million to 67 projects in Round 2 and supplementary round under Building our Regions (BoR) program**, bringing total investment to \$156.2 million for 109 projects and generating 1324 jobs
- **Managing Contractor appointed to build \$250 million North Queensland Stadium** with requirement to spend at least 80 per cent of the project's value on local contractors
- **\$8.74 million awarded through the Jobs and Regional Growth Fund to two projects:** Cape York Timber and Bio-Processing Australia, supporting 50 operational jobs
- **Rapid recovery support** provided to Swickers Kingaroy Bacon Factory and North Stradbroke Island retrenched workers.

Grow new and emerging priority industries

- **Completed and progressed initiatives under 10-Year industry roadmaps for the Advanced Manufacturing, Biofutures and Biomedical sectors**; completed consultation on the Aerospace, Defence Industries and Mining Equipment, Technology and Services (METS) roadmaps
- **Hosted 2017 BrisMakerFest** in Brisbane, attracting more than 400 attendees and showcasing the state's advanced manufacturing technologies
- **Hosted the Queensland Government US Navy Biofutures Industry Forum** which brought together 160 local and international industry proponents
- Launched the **Igniting METS Accelerator program**, a mentoring initiative that helps companies turn their ideas into commercial products
- **Commissioning of Southern Oil's \$18 million Advanced Biofuels Pilot Plant**, in Gladstone
- **\$3.5 million for six biofutures pilot demonstration projects** under the Biofutures Commercialisation Program
- **Supported Defence Industries Queensland to showcase capabilities** at national land and air shows, including Land Forces 2016 and Avalon 2017.

Support enterprise and job creation

- **Enabled local suppliers to win \$204 million worth of contracts** through facilitation and engagement with major project proponents across Queensland
- **Increased the knowledge and capabilities** of 879 businesses to enter supply chains for major projects and procurement opportunities through the delivery of 86 workshops
- **Supported supply chain development opportunities** through delivery of workshops to 1119 businesses
- **Delivered Major Projects Series events**, including Queens's Wharf Brisbane information session on industry outlook, how to access new markets and win business through tendering and supply opportunities associated with government and non-government projects.



About us

Our vision

Queensland's economy is Australia's strongest and most diverse.

Our purpose

Lead the delivery of economic development outcomes for Queensland.

Our strategic objectives

1. Influence policy and the investment environment
2. Facilitate a major projects pipeline
3. Strengthen the regions
4. Grow priority, new and emerging industries
5. Support enterprise and job creation.

To operationalise these objectives, the Department of State Development (the department) focuses on three key areas: industry, regions and projects. We plan our delivery of activities with intent to:

- build strong and continued engagement with local, state, national and international agencies and industry stakeholders
- prioritise industries and new sectors to encourage growth and innovation
- partner with regional stakeholders to deliver a vibrant and dynamic economy
- grow regional economies through investment, exports and job creation
- engage with existing sectors to drive productivity, ideas, opportunities and projects
- respond to challenges and opportunities and identify actions that will grow new projects.

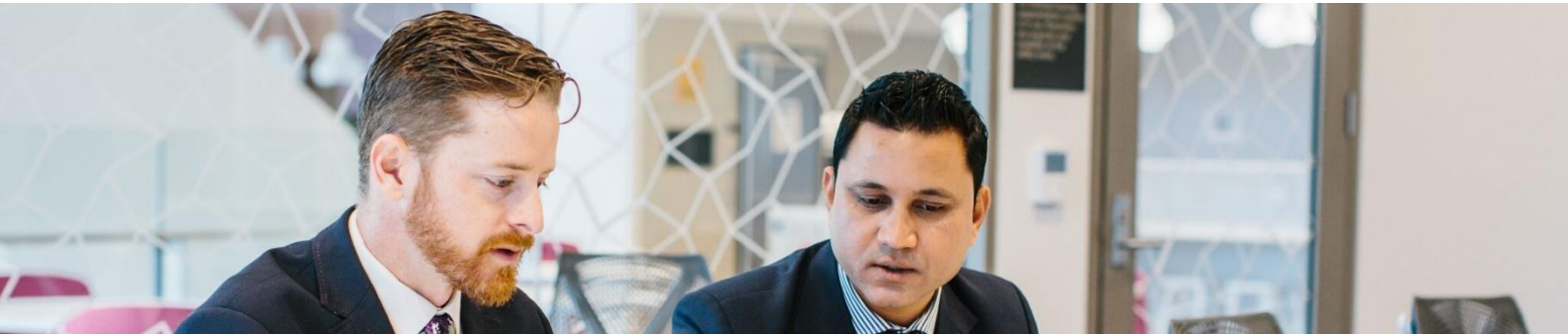
Our department

The department combines the functions of the Office of the Coordinator-General, Economic and Industry Development, Industry Partnerships, Major Projects and Property, Regional Economic Development, Special Projects Unit and Business Solutions and Partnerships.

Our people are committed to the public service values and are working to enhance performance by empowering, supporting, recognising and developing our staff; fostering a culture of collaboration; and engaging our people through communication, innovation, consultation and inclusion.

The department is developing, growing and diversifying the Queensland economy by:

- efficiently enabling delivery of major resource, industrial development and infrastructure projects
- building and maintaining confidence in the government's capacity to lead and deliver on state development opportunities
- identifying regulatory bottlenecks and impediments to investment and job creation
- generating economic and community benefit through achieving value uplift on 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 sector capital expenditure
- encouraging major economic development and public infrastructure projects by ensuring land is available.



Headquartered at 1 William Street, Brisbane, the department includes a network of 10 regional offices that work directly with local industry, stakeholders and governments. Our regional office locations are listed in Appendix 2.

The department's strengths include:

- talented people to drive economic development outcomes and the jobs they generate
- capacity, knowledge and legislative powers to bring stakeholders to lead and achieve economic development outcomes
- personable and knowledgeable regional teams who are solutions-oriented
- abilities to educate and guide parties with unique cases and project complexity
- openness and transparency in our dealings and conversations
- networks across industry and government
- commercially-minded, big picture strategic thinking.

Operating environment

Queensland economy

The Queensland economy is transitioning from a period of growth—driven largely by a historical resources investment boom led primarily by the liquefied natural gas (LNG) industry—towards more broad-based growth.

Diversification is vital to support and achieve sustainable economic growth, drive job creation and boost the living standards and quality of life for all Queenslanders.

There are positive signs for the Queensland economy and its regions in terms of business

confidence, the investment pipeline, exports, employment and the overall economic outlook.

The Queensland economy is estimated to have grown by 2.75 per cent in 2016–17, well above the 1.75 per cent for the nation in the same period.

Based on the 2017–18 State Budget, Queensland's real Gross State Product (GSP) was somewhat tempered by the impact of Severe Tropical Cyclone Debbie. Notwithstanding, growth in real GSP is forecast to strengthen to 3 per cent in 2018–19 from 2.75 per cent in both 2016–17 and 2017–18, in line with the national growth forecast. This is expected to be primarily driven by overseas exports, recovery in business investment and a solid contribution from public sector capital spending.

The *National Australia Bank's Monthly Business Survey* (June 2017) shows Queensland businesses are the most confident of any mainland state, recording the highest or equal highest business confidence rating in the country for 28 of the past 30 months.

This positive economic outlook and business confidence provides a conducive environment for the investment attraction and economic development activities in which the department plays a key role.

Investment

In terms of the total investment pipeline, Queensland is second only to Western Australia, based on the most recent Deloitte Access *Investment Monitor*. It identified \$158 billion in definite and planned projects in Queensland, as at the June quarter 2017.

The state's trend unemployment rate fell to 6.3 per cent in June, from an upwardly revised 6.4 per cent in May 2017. Over this period, trend employment increased by 7000 people for the month, the state's eighth consecutive monthly increase of employment growth. This indicates improving labour market conditions for Queensland.



Meet the managing contractor workshop.

Industry

During the year to the June quarter 2017, Queensland experienced employment growth in several industries, most noticeably construction, with an increase of 18,700 jobs. This reflects a healthy level of business investment in Queensland and drives wider economic activity. Employment in traditional industries, such as manufacturing, remains strong. Future growth opportunities will increasingly be driven by niche markets in advanced manufacturing, including exports. This is why the department is supporting and enabling advanced manufacturing as a priority industry sector.

The value of Queensland's exports has grown. For the year ending May 2017, Queensland's overseas goods exports increased by 32.2 per cent (\$15.5 billion) to \$63.4 billion in nominal terms, compared with an increase of 17.1 per cent nationally. Coal, meat, crops, minerals and LNG exports, the bulk of which are produced in regional Queensland, were significant drivers of this result.

Regional Queensland

Regional Queensland is vital to the state's economy, generating economic activity and growth across a variety of industries, most notably agriculture, forestry and fishing, mining and tourism.

The latest regional labour force data shows several regional economies throughout the state performing strongly. For June 2017, regions such as Darling Downs–Maranoa (3.9 per cent), Mackay (5.4 per cent) and Toowoomba (5.7 per cent) had unemployment rates noticeably below the overall state rate of 6.2 per cent.

Several regions experienced large decreases in their unemployment rate during the year to June 2017, including Cairns (down 2.3 percentage points), Mackay (down 1.4 percentage points) and Wide Bay Burnett (down 0.3 percentage points).

Several regional economies also experienced strong employment growth, with the most notable being Mackay (employment increase of 7300), Cairns (6200), Toowoomba (3900), Wide Bay Burnett (600) and Townsville (600).

Acknowledging risk

The department acknowledges risk in strategies to deliver economic development outcomes for Queensland, and actively works to manage these appropriately. Areas of strategic risk focus include:

- proactively identifying factors that could impact the department's ability to deliver projects on time and on budget
- acknowledging potential for the global and national economic environment to impact the rate of state or regional economic growth
- ensuring the department's relevance and impact through strong engagement with industry sector stakeholders in the delivery of economic development outcomes
- maintaining a resilient medium-to-long-term project pipeline from diverse industries
- ensuring departmental capability, systems and policies are fit for purpose.



Preparations in Townsville ahead of Tropical Cyclone Debbie.

Delivering for the community

Queensland Government's objectives for the community

Our department is focused on delivering the following Queensland Government objectives for the community:

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

We collaborate with local, state and federal government agencies, industry and private sector stakeholders to deliver quality frontline services, and to:

- support and increase job opportunities through major project development and the growth of new and existing industry sectors
- encourage partnerships with regional stakeholders and grow regional economies through investment, exports and job creation
- protect the Great Barrier Reef through actioning Reef 2050 as well as advancing master planning for the priority ports of Gladstone, Townsville, Abbot Point and Hay Point/Mackay in accordance with the *Sustainable Ports Development Act 2015* (Ports Act)
- ensure the department's policies, programs and services align with the Queensland Government Interim Response to *The Queensland Plan*. (*the Interim Response*)

The Interim Response supports the government's objectives for the community and identifies the priorities and key initiatives

that will contribute towards implementing Queensland's vision.

More information on how our policies, programs and services contribute to the government's objectives for the community can be found in the 'Our performance' sections of this annual report.

Whole-of-government plans and initiatives

National Partnership Agreements and Project Agreements

The department has the lead responsibility for delivering on two National Partnership Agreements (NPAs) with the Australian Government.

The aim of the NPAs is to improve the capacity, resilience and infrastructure in communities, and to implement financial management frameworks that build the capacity and resilience of local governments.

Regional Infrastructure Fund Stream 2—Economic Infrastructure

North Queensland Resources Supply Chain (\$1.66 million) delivered the following initiatives during 2016–17:

- an investigation of options to accelerate the development of the Townsville SDA
- the development, by the Mount Isa to Townsville Economic Development Zone, of a multi-criteria decision analysis tool and aerial geographical assessment to identify the most reliable backup to existing storages enhancing water security for Cloncurry and Mount Isa.

This NPA expired on 30 June 2017. A further extension to 30 June 2018 has been sought from the Australian Government for further initiatives to be delivered under this program.



Concept design. North Queensland Stadium, Townsville.

Central Queensland Resources Supply Chain (\$1.5 million):

A range of projects have been completed including assessing the viability of transporting fuel inputs by rail to reduce road safety and congestion, evaluating upgrading the Clermont-Alpha Road and investigating the viability of a common user airport for the Galilee Basin.

North Queensland Stadium

The North Queensland Stadium is a joint project of the Queensland Government, Australian Government and the Townsville City Council and is supported by both the National Rugby League (NRL) and the North Queensland Cowboys. The stadium forms part of the Townsville City Deal signed in December 2016.

The Queensland Government has committed \$140 million, supported by \$100 million from the Australian Government and \$10 million from the North Queensland Cowboys with the support of the National Rugby League (NRL). Townsville City Council is contributing land and enabling infrastructure.

A key objective is to generate jobs and stimulate the region's economy by engaging local industry. The project is expected to support 750 full-time equivalent jobs during design and construction.

It will also act as a catalyst for revitalisation of the Townsville Central Business District and provide ongoing benefits for the tourism, retail, commercial and hospitality industries in North Queensland.

The 25,000-seat stadium will be home to the North Queensland Cowboys and cater for a variety of other events and uses.

The project is on track for completion by the start of the 2020 NRL season.

Community Hubs and Partnerships (CHaPs)

The Community Hubs and Partnerships (CHaPs) program delivers on whole-of-government directions outlined in the *State Infrastructure Plan* by facilitating improved cross-agency planning and ensuring more effective and efficient use of existing assets.

This innovative program brings together state government agencies, local councils, non-government organisations and the private sector to provide service and infrastructure solutions in areas of anticipated high population growth and/or changing community needs.

During 2016–17, CHaPs facilitated the planning and implementation of 12 projects. This included work in regional areas such as Hervey Bay, Mackay, Mount Isa and the Western Downs.

In the Priority Development Area (PDA) of Caloundra South (now known as Aura), CHaPs facilitated a collaborative design, delivery and operational management outcome for the Aura Community Hub by bringing together stakeholders from local and state government and the private sector. Stage one of the Community Hub will open in January 2018, with the project achieving a \$31 million bring forward of investment to the Sunshine Coast community.

The Inala Community Hub represents the first stage of a wider precinct plan servicing the needs of the community.

Through facilitation with state and non-government partners, CHaPs enabled a \$3.5 million investment to be brought forward.



Services and support to businesses in Mackay Isaac Whitsunday region.

Our performance

Objective 1: Influence policy and the investment environment

Key achievements

To influence positive policy outcomes and the investment environment the department has:

- supported transparency and accountability through responding to independent reviews, including the introduction to Parliament of the Strong and Sustainable Resource Communities Bill 2016 (SSRC Bill) that responds to the fly-in fly-out (FIFO) reviews by the Parliamentary Committee and the FIFO Review Panel
- worked closely with key stakeholders to prepare priority port master plans in line with the *Sustainable Ports Development Act 2015* (Ports Act)
- delivered the *Guideline: master planning for priority ports*, a state government action of *Reef 2050*, following stakeholder and public consultation on a draft
- implemented government policy to enable economic growth and job creation through stimulation and support of the investment environment
- ensured Queensland is a desirable place to do business through efficient assessment of coordinated projects, establishment and management of state development areas (SDAs) and streamlined facilitation of the project approvals process for prescribed projects
- implemented a suite of industry attraction services, including the Advance Queensland Industry

Attraction Fund to encourage new projects in Queensland that will grow and diversify the state's economy through increased investment, new supply chain opportunities, and sustainable new jobs

- provided specialist case management services to attract regional investors and expedite investment decisions
- introduced into Parliament the Gasfields Commission and Other Legislation Amendment Bill 2017 to make the structural and administrative changes recommended through the independent review of the Gasfields Commission and to streamline approval processes for Queensland's biodiscovery sector.

Future priorities

The department will focus on creating an attractive investment environment across the state by implementing the following strategies:

- industry engagement, partnership and support (including whole-of-government)
- strategic use of SDAs, land access and acquisition
- support for priority port master planning
- foster increased growth and development of enterprises
- gather economic intelligence to monitor industry demand drivers and implications
- promote Queensland as a place to invest and do business.

Program highlights

During 2016–17, the department worked to deliver regulatory reform initiatives with considerable benefits for Queensland industries and communities.

Social Impact Assessment and Fly-in Fly-out (FIFO)

The Strong and Sustainable Resource Communities Bill (SSRC) was introduced to Parliament on 8 November 2016.

The Bill responded to a 2015 Parliamentary Committee inquiry and the FIFO Review Panel, and delivered on a key Queensland Government election commitment.

The Bill was referred to the Infrastructure, Planning and Natural Resource Committee (IPNRC) which reported back to Parliament on 7 March 2017. On 24 August 2017 Parliament passed the Bill and amendments to the Bill and the Minister for State Development and Minister for Natural Resources and Mines (the Minister) tabled the government response to the IPNRC report.

The Act will:

- prevent the use of 100 per cent FIFO workforce arrangements on operational large resource projects
- through amendments to the *Anti-Discrimination Act 1991*, prevent discrimination against locals in the future recruitment of workers
- adopt a recruitment hierarchy prioritising recruitment from local and regional communities first then recruitment to the regional community
- make an enhanced social impact assessment (SIA) mandatory for large resource projects
- ensure SIA processes under both the *Environmental Protection Act 1994* and the *State Development and Public Works Organisation Act 1971* are the same.

Gasfields Commission Queensland review

The Gasfields Commission was established in 2013 to improve the sustainable coexistence between rural landholders, regional communities and the onshore gas industry.

Professor Robert Scott, a retired member of the Land Court of Queensland with extensive experience in land use matters, was appointed on 16 March 2016 to undertake an independent review of the Gasfields Commission.

The independent review findings were released in December 2016, along with the government's response.

On 10 May 2017, the Minister introduced the Gasfields Commission and other Legislation Amendment Bill 2017 (GCOLA Bill) into Parliament. These amendments deliver structural and operational changes to the Gasfields Commission.

The GCOLA Bill was referred to the IPNRC which provided a report back to Parliament on 13 July 2017. The Minister will consider the report and table a response in Parliament.

Report on non-resident workers in Gladstone and the Bowen and Surat Basins

Consistent with a state government election commitment, this second annual report by the Coordinator-General to the Parliament was tabled in December 2016.

It provides an analysis of the number of non-resident workers in Gladstone and the Bowen and Surat Basins, including an assessment of the flow-on social, community and economic impacts on regional communities.

The report was informed by consultation with local governments and used the latest Queensland Government Statistician's Office workforce data.



Sugar cane, near Mackay.

Attracting and facilitating industry

The department is working closely with other agencies, including Trade and Investment Queensland and local government, to attracting industry to relocate to Queensland, or expand existing operations.

During 2016–17, three significant projects were attracted or assisted under the Advance Queensland Industry Attraction Fund (AQIAF), established to attract geographically contestable projects to Queensland.

These three projects will generate more than 60 new operational jobs and over \$84 million in capital expenditure.

Other projects committed under the scheme have the potential to generate more than 900 new jobs and \$220 million in capital expenditure.

The department is currently working with more than 60 companies to attract projects to Queensland. Of these, more than 30 may be eligible for support under the AQIAF.

In addition to AQIAF, in early 2017 the Queensland Government announced the \$130 million Jobs and Regional Growth Fund (JRGF) to help drive economic growth in regional Queensland.

To date, the JRGF has supported two projects— Cape York Timber, in Far North Queensland, and Bio Processing Australia’s biorefinery, in Mackay.

The total value of these projects to Queensland is \$50 million in capital expenditure and 50 new operational jobs.

In addition to the support provided through these two schemes, the department also works with project proponents and other government agencies to address regulatory barriers facing business looking to invest or expand in Queensland.

This project facilitation service helped create 530 construction jobs and \$490 million in capital expenditure across Queensland.

Comprehensive and efficient assessment processes

The Office of the Coordinator-General manages the environmental and social assessment and approval of infrastructure projects.

The Coordinator-General’s Environmental Impact Statement (EIS) process has been proven over many decades to deliver a comprehensive evaluation of major projects.

Rigorous processes and systems have successfully more than halved EIS assessment times over the past five years, while maintaining strict environmental standards.

Throughout the EIS process, the Coordinator-General seeks advice from government agencies and technical specialists. Public input is routinely sought on project draft terms of reference for an EIS and a draft EIS.

The proponent must also conduct thorough community consultation processes. The Coordinator-General does not accept an EIS as final or make a decision until all information requirements have been adequately met.

The Coordinator-General collaborates with the Australian Government on matters of national environmental significance covered by a Bilateral Agreement which has been in operation for more than a decade.

It enables the Coordinator-General to conduct a single impact assessment that addresses state and Commonwealth environmental legislation.

The Commonwealth Minister for the Environment and Energy has been increasingly adopting the recommended conditions of the Coordinator-General.

Economic Impact Assessment Guideline

In April 2017, the Coordinator-General finalised an Economic Impact Assessment (EIA) Guideline to inform proponents, key stakeholders and the community about the information required for the Coordinator-General to evaluate the economic impacts of a project.

An EIS for a coordinated project must include an EIA, as stipulated in the project's terms of reference required under the *State Development and Public Works Organisation Act 1971* (SDPWO Act).

The new guideline will help provide a common understanding of acceptable methodologies and approaches to quantifying EIA.

The Coordinator-General is also finalising a revised Social Impact Assessment guideline.

Working with the Australian Government on approval processes

The Queensland Government is committed to ensuring that development occurs in an environmentally responsible manner, especially in relation to the Great Barrier Reef and our other natural environments.

The department continuously seeks to improve the way the joint development assessment process of the state and federal governments can be made more efficient, provide greater confidence and certainty, and ensure high environmental standards are maintained.

The Coordinator-General worked closely with the federal Department of the Environment and Energy to streamline processes and remove duplication and red tape while improving the robustness of assessments.

These efforts have achieved a 50.9 per cent reduction* in the time between finalisation of the Coordinator-General's Evaluation Report and the Commonwealth Minister's approval, when compared to a December 2013 benchmark.

(*excluding the New Acland Coal Mine)

Foreign investment activity

The Foreign Investment Review Board (FIRB) in Canberra has responsibility for examining proposals with foreign interests for investment in Australia. It also provides guidance to foreign investors so that their proposals may conform with foreign investment policy. FIRB reviews all foreign investment proposals against the national interest on a case-by-case basis and makes recommendations to the Australian Government.

FIRB refers all Queensland-related foreign investment proposals to the Foreign Investment Secretariat, located within our department, for a coordinated whole-of-government assessment and response. This referral process is purely on a consultative basis and is not legislatively driven.

During 2016–17, a total of 236 foreign investment applications—valued at around \$114.2 billion—were referred by FIRB to the Foreign Investment Secretariat.

This represents a decrease of 40 per cent compared to the previous year, with assessments mostly related to the acquisition of commercial and residential real estate properties and land.

None of the foreign investment referrals were considered to have a potentially adverse impact on Queensland.

Advancing our Cities and Regions Strategy

In partnership with Queensland Treasury and Economic Development Queensland, the department is implementing the Advancing our Cities and Regions Strategy (AOCR).



Raw material at the Dalby Biofuel plant.

This innovative approach to renewing and repurposing surplus and underutilised state property will deliver a range of economic, community and financial outcomes for Queenslanders.

Potential opportunities across individual sites, precincts and economic and community zones have already been identified.

Individual projects will be led by the department, Queensland Treasury, Economic Development Queensland and other land-owning agencies.

The program will continue to evolve as further opportunities are identified in consultation with land-owning agencies.

The initial focus of the program will be on projects that can be fully delivered in the next one to two years.

The department will continue to identify new opportunities that will support the strategy over the next decade, ensuring it is responsive to changing property markets and economic conditions.

The AOCR Strategy will be implemented in locations across Queensland including major regional centres over ten years. These opportunities will focus on improving community outcomes, boosting economic growth and job creation throughout regional Queensland.

Case Study: North Stradbroke Island Economic Transition Strategy

The Queensland Government is committed to phasing out sand mining on North Stradbroke Island by 2019 and expanding the island's existing industries to ensure a strong, sustainable economy for all who live and work there.

The North Stradbroke Island Economic Transition Strategy was released on 1 September 2016. It presents a comprehensive package of 23 short-, medium- and long-term projects to be delivered over five years.

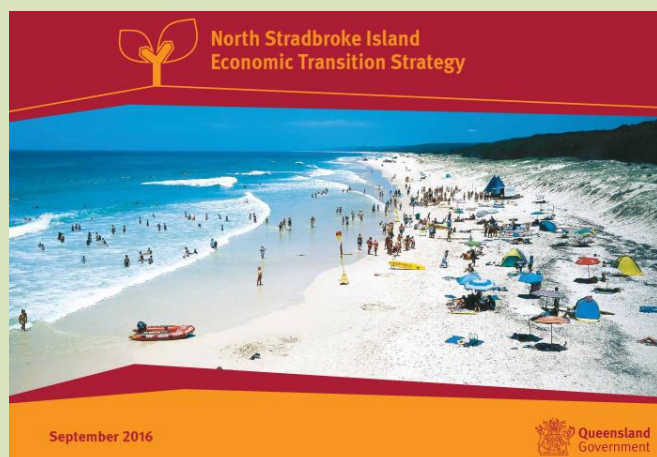
These initiatives were developed in consultation with the community, and will assist the island to transition to a more sustainable economy after the end of sand mining.

Tourism, education and training, and local business development were identified as existing or emerging growth sectors and will benefit from the initiatives in the strategy.

The strategy also seeks to encourage additional investment on the island from the private sector and potentially other levels of government.

The state government allocated \$20 million to implement the initiatives, with a further \$3.87 million in cash and in-kind contributions to the strategy.

To date, 12 projects have started and the department is working closely with stakeholders to finalise delivery agreements to enable the remaining initiatives to start.





Our performance

Objective 2: Facilitate a major projects pipeline

Key achievements

The department's achievements during 2016–17 in facilitating a pipeline of strategic projects for Queensland included:

- completion of all Gold Coast 2018 (GC2018) Commonwealth Games competition venues; opening the new Coomera Indoor Sports Centre, Queensland State Velodrome, Carrara Sport and Leisure Centre; finalising upgrades of the Nerang Mountain Bike Trail, Carrara Stadium, Belmont Shooting Complex and the Gold Coast Hockey Centre. During design and construction, this \$320 million program of work has supported up to 1000 jobs, with the \$550 million Games Village supporting up to 1500 jobs
- progressed works for the new \$44 million Queensland State Netball Centre, at Nathan
- handed over the Queen's Wharf Brisbane site to Destination Brisbane Consortium on 1 January 2017
- submission of the Queen's Wharf Brisbane Plan of Development (PoD) on 30 May 2017
- continued engagement with proponents to develop regional Integrated Resort Developments (IRDs)
- five private sector projects commenced construction or operations with facilitation support, delivering:
 - \$490 million capital expenditure
 - 530 construction jobs
 - up to 18 current and 90 future operational jobs
- EISs underway on 14 coordinated projects (as at 30 June 2017), worth a total capital value of around \$20.8 billion with potential to create around 33,900 construction and operational jobs
- the Coordinator-General declared three sections of the Inland Rail Project as coordinated projects as well as the Olive Downs mining project, South Burnett Coal Project and KUR-World Integrated Eco-Resort Development
- the Coordinator-General approved three projects and released environmental impact assessment reports for Lower Fitzroy River Infrastructure, Coopers Gap Wind Farm and the Nathan Dam and Pipelines projects
- the Coordinator-General recommended four new prescribed projects be declared: Adani Combined Project; Ravenswood Expansion Project; the Capricorn Copper Mine Project and re-declared the expanded Kidston Project
- the Coordinator-General recommended the declaration of the Adani Combined Project and the Kidston Project as critical infrastructure projects
- conducted a Biofutures Acceleration Program Expression of Interest, which attracted 26 proposals to develop commercial-scale biorefinery projects in regional Queensland
- led a two-stage competitive process for the delivery of a new PCYC at Fortitude Valley, Brisbane



Queen's Wharf Brisbane, an artist's impression © Destination Brisbane Consortium. All rights Reserved. All images are artist impressions, subject to planning.

- negotiated an agreement under the Jobs and Regional Growth Fund between the State of Queensland and Bio Processing Australia to pursue Mackay as the location for a \$50 million biorefinery
- managed 90 submissions from eight state agencies for a range of property and land transactions under the Queensland Government Land Transaction Policy. This included sales via open market processes, in-priority disposals, leases and inter-agency transfers
- successfully case managed projects with significant local benefits such as the \$70 million Knauf Plasterboard Factory. Due for completion by August 2017, the state-of-the-art facility created up to 200 construction jobs with about 70 jobs expected when full production is reached in around two years' time.

Future priorities

The department will continue to facilitate a pipeline of strategic projects that generate jobs and increase the value of capital investment in Queensland.

This will involve work across the department including the Office of the Coordinator-General, Economic and Industry Development, Major Projects and Property, Regional Economic Development and Industry Partnerships.

The Industry Partnerships group formed on 8 May 2017 brings together a dedicated team with expertise in the areas of negotiating, tendering, and pitching for substantial contracts as well as managing partnerships with private sector organisations.

Drawing on the individual and collective capabilities of our teams, we will:

- facilitate and coordinate large-scale and complex projects

- seek out private and public opportunities to feed the strategic / major projects pipeline
- deliver major public capital works
- undertake whole-of-government impact assessments
- facilitate best use of government assets and land for economic and social outcomes
- research and analyse to measure and maximise economic and financial impact and benefits.

Project priorities include:

- public consultation on draft master plans for the priority ports of Gladstone and Townsville, and formally commence master plan preparation for the priority ports of Hay Point/Mackay and Abbot Point under the Ports Act
- handover of the Athlete's Village to the GC2018 for exclusive use, and complete defects liability periods for the games sporting venues
- commence letting of work packages on the North Queensland Stadium and construction of the main stadium
- completion of all non-heritage buildings demolition, begin basement excavation works and start construction of the new Brisbane River public spaces, Waterline Park and Mangrove Walk within the Queen's Wharf Brisbane IRD
- progress and encourage opportunities for significant regional IRDs
- progress major project assessment and delivery through the Office of the Coordinator-General's statutory powers and whole-of-government coordination
- progress support for six biorefinery projects through the Biofutures Acceleration Program
- continue to progress support for a proposed \$50 million integrated biorefinery project for Mackay by Bio Processing Australia.



Port of Abbot Point.

Program highlights

State development areas

State development areas (SDAs) declared under section 77 of the SDPWO Act are clearly defined areas of land established by the Coordinator-General to facilitate development, promote economic development and generate jobs.

SDAs provide an efficient system for the assessment of development applications and play a critical role in Queensland's export-oriented economy.

There are currently 10 SDAs and they typically take the form of one of the following:

- industrial hubs for large-scale, heavy industry—located near ports, rail and/or major road networks, including the Abbot Point, Bromelton, Bundaberg, Gladstone and Townsville SDAs
- multi-user infrastructure corridors—for the co-location of infrastructure such as rail lines, water and gas pipelines, and electricity transmission lines including the Callide Infrastructure Corridor, Galilee Basin, Stanwell to Gladstone Infrastructure Corridor, and Surat Basin Infrastructure Corridor SDAs
- major public infrastructure sites—for example, the Lady Cilento Children's Hospital in the Queensland Children's Hospital SDA.

The following provides an outline of activity conducted by the Coordinator-General and the department in relation to SDAs in the 2016–17 financial year.

Abbot Point SDA

Declared in 2008, the 16,885 hectare Abbot Point SDA was established to facilitate large-scale industrial development of regional, state and national significance, given its proximity to the Port of Abbot Point, access to both the

Bruce Highway and north coast rail line, and its considerable distance from Bowen.

The Port of Abbot Point is identified as a priority port under the Ports Act. The department has commenced work to inform master plan development for the port.

The Coordinator-General continues to facilitate Adani's Terminal 0 project, comprising of coal unloading facilities and storage for up to 40 million tonnes of coal per annum prior to export, approved in April 2016 as part of the Abbot Point Gateway Project.

During 2016–17, the Coordinator-General approved two applications in the Abbot Point SDA for port facilities and for rail infrastructure which completes the rail line approvals from the Carmichael Mine to the Port of Abbot Point.

Work is also continuing with the local native title group, through Juru Enterprises Limited, to provide further skills and capacity building while undertaking land management activities within the Abbot Point SDA.

The Coordinator-General completed a cumulative air quality impact assessment for Abbot Point and is in the design stage for a potential upgrade to the Bruce Highway intersection with Abbot Point Road.

These studies will help inform and provide guidance with respect to land use planning decisions regarding the location of existing, new and expanding industries within the Abbot Point SDA.

Bromelton SDA

Declared in 2008, the Bromelton SDA is strategically located on the rail network, providing ready access to intrastate and interstate markets.

The Bromelton SDA is located around six kilometres west of Beaudesert, and is an ideal location for industry in South East Queensland, particularly high impact and freight and logistics operations.

The Coordinator-General issued three approvals during 2016–17 within the Bromelton SDA—for a poultry farm, a transport depot and a change to an existing freight logistics terminal.

In June 2016, the Coordinator-General approved the \$30 million SCT Logistics Project to establish an intermodal rail freight facility and warehouses on land situated adjacent to the rail line.

All project approvals have been finalised and the terminal became fully operational in January 2017. Stage 1 generated 100 construction and 100 operational jobs, with the potential to create a further 200 operational jobs when the project progresses to subsequent stages.

The department assisted SCT Logistics by liaising with the relevant stakeholders, including the Department of Transport and Main Roads (DTMR), Queensland Urban Utilities and the Scenic Rim Regional Council to ensure all necessary pre-requisites and approvals were in place for the new facility.

The department is continuing to liaise with SCT Logistics regarding local procurement and local construction of its new rail facility.

Construction of the \$27.5 million Beaudesert Town Centre Bypass started in late 2016 and is expected to be completed in late 2017. This vital infrastructure will service increasing freight demands in the Bromelton SDA through improved access to the Mount Lindesay Highway. The project is jointly funded with the Scenic Rim Regional Council.

As part of the Building our Regions Program, the government also committed \$3.3 million to a \$6.6 million joint funding project with the Scenic Rim Regional Council and Queensland Urban Utilities to construct a 6.6 kilometre trunk water main.

The project will connect the Beaudesert Water Treatment Plant to the Bromelton SDA. This will enable the provision of reticulated water supply to industry precincts in the Bromelton SDA. Construction commenced in November 2016 and the pipeline is expected to be operational by April 2018.

The Coordinator-General is currently reviewing the Bromelton SDA Development Scheme. The review will ensure the Development Scheme is responsive to land use opportunities for industrial development, streamlines assessment processes, maximises the efficiency of land use and protects corridors for planned infrastructure.

Galilee Basin SDA

The Galilee Basin SDA, declared in June 2014, supports the development of the Galilee Basin and provides an efficient way to transport coal to the Port of Abbot Point via two multi-user rail corridors.

Protection and implementation of the Galilee Basin SDA is a critical initiative to support the opening up of the Galilee Basin.

The Galilee Basin SDA generally comprises two 500-600 metre-wide corridors from the Galilee Basin to the Abbot Point SDA—one rail corridor to service the central Galilee Basin and a second corridor to service the southern Galilee Basin.

During 2016–17, the Coordinator-General approved three development applications in the Galilee Basin SDA—a rail infrastructure application from Adani, and two quarry applications.

Adani has obtained approval from the Coordinator-General for five development applications for rail infrastructure covering its full 380 kilometre rail line from mine to port. Four applications were within in the Galilee Basin SDA and one was in the Abbot Point SDA.



Port of Gladstone.

Gladstone SDA

Declared in 1993 and strategically located adjacent to the Port of Gladstone, the Gladstone SDA supports the development of industry of regional, state and national significance with connections to major rail networks and Australia's national highway.

It is well suited to industries such as transport and logistics, chemical manufacturing, and mining-related industry and processing.

The majority of land within the Gladstone SDA is within state ownership (owned by either the Coordinator-General or the Minister for Economic Development Queensland).

Major public and private infrastructure within the Gladstone SDA includes gas, water, slurry, sea water pipelines, conveyors, roads and rail, with co-location of infrastructure facilitated through multi-user infrastructure corridors.

The Coordinator-General has progressively purchased land in the Gladstone SDA multi-user infrastructure corridors in order to facilitate a coordinated approach to infrastructure development.

The Coordinator-General continues to facilitate development through ongoing discussions with industry proponents who may benefit from establishing their projects in the Gladstone SDA.

The Coordinator-General approved Southern Oil Pty Ltd to establish a pilot project at their northern oil refinery site within the Gladstone SDA, which was opened by the Premier in June 2017.

This pilot project will value-add to the residual waste oil currently recycled at the site to test the further refining of the waste oil to produce green diesel, and the addition of waste streams, such as bagasse, to supplement production.

In June 2017, a study was completed on potential constraints and opportunities for linear infrastructure within the materials transport services corridor (MTSC) in the Gladstone SDA.

By continually improving the utilisation of land in the MTSC, industries in the Gladstone SDA can have better connections to utilities such as water, transport, and energy supply as well as access to the Port of Gladstone.

The Coordinator-General will progress further planning work for the MTSC during 2017-18 to ensure the corridor can address the future demands of industrial expansion in the Gladstone SDA.

Queensland Children's Hospital SDA

Declared in 2008, the 15.8 hectare Queensland Children's Hospital SDA was established to facilitate the delivery of a hospital and associated infrastructure.

Adjacent to Brisbane's existing Mater Children's Hospital, the area includes the Lady Cilento Children's hospital, the Centre for Children's Health and Research, associated infrastructure and an education precinct (used by Somerville House and St Laurence's College).

During 2016–17, the Coordinator-General approved two applications in the Queensland Children's Hospital SDA—for a retail area and a carpark associated with the Ronald McDonald House. The Ronald McDonald House in South Brisbane officially opened in October 2016.

Townsville SDA

The Townsville SDA was declared in 2003, and is strategically located to support clusters of medium- to large-scale industrial development.

The Townsville SDA comprises 4900 hectares located approximately six kilometres south-east of the Townsville CBD in proximity to the Port of Townsville.

The Coordinator-General is committed to maximising development opportunities in the Townsville SDA and is actively working with a major landholder, Glencore, on master planning its landholdings to facilitate and coordinate development.



Aerial view of Bundaberg SDA.

The Coordinator-General is continuing to progress options to develop an infrastructure charging strategy for the Townsville SDA, in conjunction with Townsville City Council and the Department of Transport and Main Roads.

On the 6 December 2016, the Commonwealth Government, Queensland Government and Townsville City Council entered into the Townsville City Deal—a 15-year program of planning, reform and investment. It includes two key commitments relevant to the Townsville SDA: acceleration of the state development area and the establishment of the Townsville Industrial Development Board (TIDB).

On 29 March 2017, the Coordinator-General approved an SDA application for a material change of use for a renewable energy facility (solar farm).

Covering an area of around 200 hectares, the solar farm will support increased operational efficiency and production for the Sun Metals Zinc Refinery by reducing the zinc refinery's energy costs through the production of 120 megawatts of renewable energy.

Construction commenced in May 2017 and is expected to be completed in early 2018.

Bundaberg SDA

The Port of Bundaberg is the next port north of Brisbane and is the state's only other east coast trading port that is outside the GBRWHA.

The Bundaberg SDA was declared around the Port of Bundaberg in February 2017 to help realise the potential for industry development on both the eastern and western sides of the Burnett River. Development of the eastern side is more likely in the short- to medium-term, with longer-term prospects on the western side.

There are potential opportunities for the Bundaberg SDA to capitalise on new trades at the Port of Bundaberg, including gypsum imports, silica sand exports and wood pellet exports.

The Bundaberg SDA will also provide opportunities for regional-scale industrial development, including mining support services as well as developments in the biofutures sector.

Areas of potential environmental and cultural value have also been identified along with buffer and flood conveyance areas.

Following the declaration of the Bundaberg SDA, the next step is to prepare a development scheme. The development scheme will be used to assess and decide SDA applications. The document is being prepared in consultation with key stakeholders including planning authorities, infrastructure providers, business and community groups as well as the wider community.

Public consultation on the draft development scheme is anticipated in late 2017.

Commonwealth Games venues and village

Delivery of the GC2018 competition venue infrastructure—in preparation for hosting the largest sporting event ever to be held on the Gold Coast—is now complete.

GC2018 will take place across 18 new, upgraded and existing venues across the Gold Coast and in Brisbane, Cairns and Townsville.

The department managed the planning, design, procurement and construction of three new world-class venues and major upgrades to a further six competition venues.

Venues were delivered well ahead of the games, and refurbishment of the Carrara Indoor Stadium, which will be used for event operations during GC2018, is progressing.

The \$320 million investment has been delivered within budget and supported more than 1000 jobs during the design and construction stages.



Parklands Village, Gold Coast.

As at 30 June 2017, 40 per cent of the construction contracts had been awarded to Gold Coast contractors, with a further 53 per cent going to other South East Queensland businesses.

Opportunities to work on world-class infrastructure projects enabled suppliers to up-skill and gain valuable experience that will build their local business.

More than 10,400 people have worked onsite in the construction of the venue infrastructure projects.

Long-term benefits are already being realised, such as the Carrara Sports and Leisure Centre hosting the World Badminton Championships.

Securing this event was a major coup, with the Gold Coast becoming the first city outside Europe and Asia to host the event. Attracting a global audience of more than 400 million, the championships also provided a great opportunity to promote the venue and the city ahead of the Games.

Beyond GC2018, Queenslanders will benefit from having world-class facilities to train and compete in.

Parklands Project (Commonwealth Games Village)

The department is overseeing the development agreement for the design and construction of the Parklands Project, which will provide accommodation and services to 6600 athletes and team officials during GC2018.

The Parklands Project private developer agreement model delivers value for money for Queenslanders by significantly minimising risk and cost to the state.

The \$550 million infrastructure project is providing a substantial boost to the Queensland economy and supporting 1500 jobs during design and construction stages.

The Village is the catalyst project for redevelopment of the Parklands Precinct – the

largest urban renewal project ever undertaken on the Gold Coast.

As at 30 June 2017, 46 per cent of the construction contracts for delivery of the Parklands Village had been awarded to Gold Coast contractors, with a further 44 per cent to other South East Queensland businesses.

More than 5600 workers have played a role in construction of the Village. The project is on budget and on time for handover to the GC2018 Commonwealth Games Corporation in September 2017.

After GC2018, Parklands will become a new master planned, mixed-use community as part of the Gold Coast Health and Knowledge Precinct. It will incorporate 1252 permanent dwellings, with 1170 one- and two-bedroom apartments, and 82 three-bedroom townhouses.

The developer will make the dwellings available for rent and sale from early 2019, with a gradual sell-down over time to minimise impacts on the Gold Coast property market.

Queensland State Netball Centre

The \$44 million Queensland State Netball Centre is a purpose built, eight-court indoor facility located at the Queensland Sports and Athletics Centre, at Nathan.

It will be a base and training venue for the Queensland Firebirds and the headquarters for Netball Queensland, the sport's state-governing body, as well as a community competition venue.

The department was engaged by Stadiums Queensland to deliver the project and is working closely with stakeholders to ensure an appropriate and detailed scope to maximise ongoing benefits.

In February 2017, Hansen Yunken Pty Ltd was appointed to design and construct the project. Initial site works started in June.



Queen's Wharf Brisbane © Destination Brisbane Consortium. All rights Reserved. All images are artist impressions, subject to planning approvals.

The Department of Transport and Main Roads has committed \$7.37 million to fund the elevated carpark that will be utilised by Mains Road park 'n' ride commuters as well as Queensland State Netball Centre and Queensland Sports and Athletics Centre patrons.

Within the overall funding, the Australian Government has contributed \$10 million, Brisbane City Council has transferred a parcel of land to Stadiums Queensland adjacent to the Queensland Sports and Athletics Centre site, and Stadiums Queensland is finalising a commitment from Netball Queensland to fund furniture and equipment.

The Queensland State Netball Centre project and the elevated carpark project combined will support up to 154 full-time equivalent jobs during design and construction. It is forecast to be completed in late 2018, in time for the start of the 2019 netball season.

Queen's Wharf Brisbane

Queen's Wharf Brisbane is a \$3 billion project that will deliver a new, high-quality public precinct on state-owned land located between the Brisbane River and George Street and between Alice and Queen Streets. It will also deliver foreshore improvements extending to the Goodwill Bridge, including a new pedestrian bridge linking the precinct to South Bank.

Through this project the Queensland Government, in partnership with Destination Brisbane Consortium, is delivering economic growth for Queensland with significant job creation of up to 2000 construction jobs during peak construction and 8000 ongoing jobs when operational in 2022.

Queen's Wharf Brisbane also delivers significant revenue to the state, with staged payments of \$272 million and tax revenue estimated at \$880 million in the first 10 years of casino operations.

The department hosted a Major Projects Series from July to November 2016 highlighting to regional Queensland that, while the project is being undertaken in

Brisbane, the job creation and supplier opportunities delivered by Queen's Wharf Brisbane may be shared across the state.

The series was attended by more than 1400 people in Brisbane, Toowoomba, Sunshine Coast, Bundaberg, Mackay, Rockhampton, Townsville, Maryborough, Ipswich, Gold Coast and Cairns.

In December 2016, thousands of Queenslanders attended an Executive Building Farewell facilitated by the department. The George Street building—one of the three non-heritage buildings being removed to make way for Queen's Wharf Brisbane—saw nine Premiers and many memorable moments from its former tenants.

In August 2016, a Cultural Closure of the Neville Bonner Building was held. Following lengthy engagement with the Bonner family representative, the event was attended by the Minister for State Development, Department of Aboriginal and Torres Strait Islander Partnerships employees and Indigenous community representatives.

Thousands of tenants from the precinct's government and heritage buildings were relocated successfully prior to site handover. Destination Brisbane Consortium took possession of the site on 1 January 2017.

The decommissioning and storage of monuments, memorials and artwork from within the precinct were finalised before site handover.

The Plan of Development (PoD) was lodged as properly made with Economic Development Queensland on 30 May 2017 by Destination Brisbane Consortium.

Demolition of the non-heritage buildings continues throughout 2017 in readiness for excavation of the foundations, basements and underground car parks to begin.

The department continues to work closely with stakeholders, including the recognised Traditional Owners of the site, to ensure cultural heritage is protected and celebrated.

Integrated Resort Developments (IRDs)

Tourism contributes \$23 billion to Queensland's economy and supports more than 230,000 jobs. As part of the Queensland Government's strategy to support and grow the tourism sector, the department is seeking to establish regional IRDs.

On 22 August 2016, Aquis formally notified the Queensland Government of its withdrawal from the IRD process and that it was no longer seeking a casino licence for Aquis at the Great Barrier Reef development at Yorkeys Knob in Cairns.

Following this, a market sounding program was undertaken including engagement and visits to the United States and Asia and attracted interest in tourism infrastructure and IRDs opportunities available in regional Queensland.

The Spit Parkland and Integrated Resort Development

In May 2016, ASF Consortium submitted a preliminary proposal to the Queensland Government for the Gold Coast IRD over five hectares of land between the Gold Coast Fisherman's Co-operative and Sea World.

A further update of the proposal was released in December 2016.

On 18 December 2016, the Queensland Government announced it would undertake independent community consultation about how an IRD could best benefit the Gold Coast and broader community, while also protecting and enhancing The Spit.

On 24 March, the Queensland Government announced that, due to local feedback, the community consultation area had been expanded to include Philip Park and Muriel Henchman Park. The community consultation resulted in more than 8000 completed submissions.

On 1 August 2017, the government terminated the ASF Consortium Spit Project.

KUR-World Integrated Eco-Resort

On 12 July 2016, the Coordinator-General declared the KUR-World Integrated Eco-Resort a 'coordinated project' under the SDPWO Act.

The proponent is Reeve and Ocean Developments Pty Ltd. If developed, the project would be a substantial eco-tourism asset to the state.

Located around 20 kilometres north-west of Cairns, the proposal includes an integrated eco-resort with luxury hotel and residential accommodation, education and business facilities, rejuvenation, health and wellbeing facilities, and adventure and recreation facilities.

The project requires a capital investment of \$640 million and could create a peak construction workforce of 545 and up to 600 operational jobs.

On 27 June 2016, the Commonwealth Department of the Environment and Energy determined the project to be a 'controlled action', requiring assessment under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act).

The Coordinator-General will coordinate a whole-of-government assessment and will work closely with the proponent and government agencies to ensure the potential impacts, including impacts on protected species habitat, are managed to an acceptable level.

Inland Rail Project

On 16 March 2017, the Coordinator-General declared the \$1.35 billion Gowrie to Helidon and the \$1 billion Helidon to Calvert sections of the Inland Rail Project as 'coordinated projects requiring an EIS' under the SDPWO Act. The Coordinator-General also declared the \$1.2 billion Calvert to Kagaru section a coordinated project requiring an EIS under the SDPWO Act on 16 June 2017.



Sunshine Coast Airport Expansion.

The three declared projects are part of the proposed \$10.9 billion Inland Rail Project between the Port of Melbourne and Acacia Ridge in Brisbane, via Toowoomba. To be delivered by the Australian Rail Track Corporation Limited (ARTC), an Australian Government owned corporation, the rail project stretches 1700 kilometres and includes 358 kilometres of track in Queensland.

The project is intended to deliver significant transport benefits and improve national productivity by reducing freight transport costs and timeframes and shifting freight from trucks to trains.

The Queensland Government continues to work with the Australian Government and other stakeholders to develop freight rail infrastructure needed in Queensland to underpin a strong and productive economy supporting future jobs growth.

The three coordinated projects in Queensland would generate a peak construction workforce of 5200 during 2020 to 2024. Around 700 jobs would be required to operate the entire railway line from Melbourne to Brisbane.

The Coordinator-General sought public comment on draft terms of reference for the EIS for the Gowrie to Helidon project from 6 May to 5 June 2017 and for the Helidon to Calvert section from 6 May to 26 June 2017. The draft terms of reference for the Calvert to Kagaru section were under preparation in June 2017 for public comment.

The Coordinator-General will consider all comments received on the draft terms of reference when finalising them for each project.

A final terms of reference contains the matters the proponent must address when preparing the EIS including the project's environmental, social and economic impacts. As the three projects were determined to be 'controlled actions' requiring assessment under the EPBC Act and each is being assessed under the Bilateral Agreement as the matters to be addressed will include Commonwealth, state and local government requirements.

The Coordinator-General will work closely with ARTC to progress the environmental assessments and will coordinate a whole-of-government assessment.

The remaining two sections of the Inland Rail Project in Queensland are the \$54 million Kagaru to Acacia Ridge—which mostly uses existing standard gauge lines—and the \$1.145 billion New South Wales/Queensland border to Gowrie section.

ARTC intends to apply for coordinated project declaration to the Coordinator-General for the border to Gowrie section following a decision on the preferred alignment by the federal Infrastructure and Transport Minister.

Sunshine Coast Airport Expansion

The Sunshine Coast Airport Expansion Project would deliver jobs and economic growth for the Sunshine Coast region, and provide a major boost to tourism.

The project involves capital expenditure of \$347 million and will provide an economic boost of \$311 million to the regional economy by 2040.

It is estimated to create a peak construction workforce of 86 and an additional 1538 direct operational jobs by 2040. The proponent has indicated that construction would commence as soon as required approvals are in place, with planned commencement in 2020.

The Coordinator-General's Evaluation Report was released on 19 May 2016 approving the project and setting strict requirements to protect water quality and protected species habitat.

The Federal Minister for the Environment approved the project on 18 July 2016, subject to conditions under the EPBC Act.

The Coordinator-General continues to work with the proponent and key agencies to facilitate the required approvals.



Artist's impression of Bio Processing Australia's integrated biorefinery, Mackay.

The project will also be assessed by agencies in the Australian Government, for example the Civil Aviation Safety Authority and Airservices Australia, as part of its responsibility to manage aviation airspace.

Biorefinery Projects

The development of a \$1 billion sustainable and export oriented industrial biotechnology and bioproducts sector (e.g. advanced biofuels, biochemicals) by 2026 is being driven through the Advance Queensland *Biofutures 10-Year Roadmap and Action Plan* and associated initiatives.

One of these initiatives is the Biofutures Commercialisation Program, aimed at attracting national and international bioindustrial expertise to assist researchers or businesses to scale up and test new or improved processes at the pilot or demonstration phase.

The Biofutures Commercialisation Program is administered by the Department of Science, Information Technology and Innovation (DSITI).

The \$5 million Biofutures Industry Development Fund (BIDF) supports commercial-ready products or processes to reach a point where the proponent can access venture capital as a stepping stone to production.

Biofutures Acceleration Program

The \$4 million Biofutures Acceleration Program (BAP) is a key initiative of the *Biofutures 10-Year Roadmap*.

The program aims to attract keystone investors to Queensland to develop or expand commercial-scale bio-refineries.

Launched in September 2016 with an international Request for Information and targeted industry consultation, market information was gathered to frame an international Invitation for Expression of Interest from suitable proponents.

The Invitation for Expression of Interest, which ran from November 2016 to January 2017, attracted 26 proposals from established companies based in the United States, Asia and Europe as well as Australia.

Six regional biorefinery projects were selected to receive BAP funding and support arising from the expression of interest process. These proposed projects include:

- a biorefinery in a Queensland sugarcane region by US biotechnology company, Amyris, estimated to create 70 jobs
- a \$60 million MSF Sugar biorefinery complex at Atherton, generating 130 potential jobs
- a \$26 million expansion of United Ethanol's biorefinery, in Dalby, creating 50 jobs
- an \$11 million biorefinery project by US biorefinery company, Mercurius, estimated to create 50 jobs
- a biorefinery proposed by Brisbane-based biotech company, Leaf Resources, in a regional Queensland location yet to be determined
- an \$18 million biorefinery project in Bundaberg by Brisbane biogas energy development firm Utilitas, generating 34 jobs.



Port of Gladstone.

The department is working with these proponents and others identified during the expression of interest to accelerate their biorefinery development plans in Queensland.

Queensland Ports and Airport Bio-fuelling Capability Study

The department commenced a high-level scoping study to determine the readiness of Queensland's sea ports and airports to store and supply biofuels.

The study examined existing airport and sea port infrastructure, estimated future demand for biofuel and investigated capacity to supply marine bio-based diesel and sustainable aviation fuel.

The study's outcomes will be used to inform future infrastructure requirements to support Queensland's expanding biofutures industry.

Bio Processing Australia's Mackay Biorefinery Project

The department negotiated an agreement between the state and biotechnology company, Bio Processing Australia (BPA), to pursue Mackay as the location for a new integrated biorefinery.

The proposed biorefinery is expected to deliver up to 115 jobs and attract significant investment and further jobs in the region.

The project's oil seed crushing plant is likely to establish large-scale soy bean cash cropping in the Mackay region, creating an additional income stream for local sugarcane farmers.

The department will continue to work with the company as it undertakes a full feasibility study.

The project was conditionally approved to be eligible to receive assistance through the \$130 million Jobs and Regional Growth Fund.

Clean coal mining to renewable energy

Galilee Basin

The Queensland Government supports development of the Galilee Basin on a commercially viable and environmentally sustainable basis.

The Galilee Basin covers an area of 247,000 square kilometres and contains mostly high-volatile, low-sulphur thermal coal. There are six proponents with mine development proposals in the Galilee Basin.

Adani's Carmichael Coal Mine and Rail Project, and the North Galilee Basin Rail Project are the most advanced. Adani's combined mine, rail and port project will produce up to 60 million tonnes of thermal coal per year for export via a 389 kilometre railway line through the Port of Abbot Point.

On 6 June 2017, Adani announced internal Final Investment Decision approval for the Carmichael Coal Mine and Rail project and confirmed that early construction works will begin in 2017. It will generate up to 5000 direct jobs at the peak of construction and 4500 direct jobs at the peak of operations across the mine, port and rail components of the project. Most of these jobs will be for regional Queenslanders.

Other proposed projects in the Galilee Basin which have received Coordinator-General approval include Kevin's Corner, Alpha Coal, South Galilee Coal and Galilee Coal and Rail. The China Stone Coal project is currently undergoing an EIS process. If all projects in the Galilee Basin were to proceed, at peak around 18,392 construction and 15,592 operational jobs could be created and total capital expenditure is estimated at \$55.8 billion.

The Coordinator-General's evaluation reports for the approved projects have set extensive, stringent conditions to protect landholders, flora and fauna, groundwater resources, surface water and air quality. Controls on dust and noise have also been set.



Site works, Knauf plasterboard facility, Bundaberg.

Bundaberg Port Gas Pipeline

The 28 kilometre Bundaberg Port Gas Pipeline is catalyst infrastructure to enable economic growth for the Bundaberg Region.

The Queensland Government committed \$18 million over two years for the project which created 55 construction jobs, including more than 42 local roles for labour or contractors.

Work on the pipeline started in March 2016 and was completed and commissioned in early 2017.

This project has enhanced the existing gas network and integrated with the Wide Bay Gas Pipeline. It represents a significant investment with benefits flowing from additional commercial activity in the region.

The Bundaberg Port Gas Pipeline provides capacity for other companies wanting to access gas. This will potentially result in a greater economic benefit by leveraging growth from the same infrastructure used by several end users.

The department worked with Economic Development Queensland (EDQ) and Australian Gas Networks Limited, owner of the Wide Bay Gas Pipeline, to deliver the project.

The state entered into a fixed price development agreement with Australian Gas Networks Limited to design, deliver and operate the pipeline.

The department has continued to work with Bundaberg Regional Council and local industry stakeholders to capitalise on the new pipeline and secure new industry and jobs for the Bundaberg region. For example, the pipeline will support the development of the new Knauf Plasterboard facility.

Knauf Australia has almost completed its \$70 million state-of-the-art plasterboard manufacturing facility which includes gypsum handling and processing facilities to support plasterboard production and use in the agriculture sector.

The facility will have the capacity to produce plasterboard wallboard, ceiling tiles, compounds and metal systems. Construction of the plant started in February 2016 and is due to be completed by August 2017.

The department helped to secure Knauf's investment in the region, which will support local and regional economic growth. At peak construction, the project created up to 200 jobs with around 70 local jobs expected to be created when full production is reached in about two years.

Kidston Project

This project supports the Queensland Government's policy of generating 50 per cent of the state's electricity needs from renewable energy by 2030.

The government has recognised the value of this project by declaring it a prescribed project and a critical infrastructure project.

The project involves innovative co-location of infrastructure for large scale solar and hydro-electric power generation at a disused mine site.

The total renewable energy generated at completion of Stage 1 – a 50MW solar farm – is equivalent to removing around 33,000 cars off Australian roads each year.

Stage 2 will see the solar farm component expand to an additional 270MW capacity. This stage is expected to generate renewable electricity equivalent to removing around 178,200 cars off Australian roads each year.

Construction has started on Stage 1, with 88 workers on-site. A further 500 construction workers and 18 operational workers are estimated for Stage 2.

Santos GLNG Gas Field Development Expansion

The Santos GLNG Gas Field Development Project would extend the Santos GLNG project by progressively developing coal seam gas reserves across 35 petroleum tenements, comprising an area of 10,676 square kilometres in the Bowen and Surat basins.

The project is located across the local government areas of Maranoa, Western Downs and Central Highlands Regional Councils, and Banana Shire Council and has the potential to result in substantial economic impacts over its 30-year life.

The project at full development forecasts a workforce of 1980 jobs at its construction peak and an operational workforce of around 300. The project will draw on a local workforce with minimum targets of 20 per cent during construction and 50 per cent during operation.

The maximum number of production wells for the expansion is estimated to be 6100.

The Coordinator-General's Evaluation Report on the EIS was released on 4 December 2015. The project was approved, subject to strict

environmental conditions to reduce the potential impacts on water, land and biodiversity. The project is being undertaken in accordance with Queensland's strong regulatory framework to manage environmental impacts associated with coal seam gas developments and to ensure the industry develops in a responsible way.

The Environmental Authority for Stage 1 was granted on 28 February 2017 and construction started in March 2017. The project is being developed incrementally and includes:

- drilling and completion of gas production, monitoring and underground gas storage injection wells
- gas gathering, treatment, compression and transmission pipelines
- water management and monitoring, including treatment where necessary
- power supply and generation
- construction and operation of support infrastructure including roads, quarries and accommodation facilities.

Case Study: Coopers Gap Wind Farm

The \$500 million Coopers Gap Wind Farm, the largest proposal of its type in Queensland, could generate around 350 construction and 20 operational jobs.

It was declared a coordinated project by the Coordinator-General in June 2016, who then approved the EIS with conditions on 1 March 2017.

The proposed construction of up to 115 wind turbines would generate up to 460 megawatts of power, which has the potential to supply power to an estimated 240,000 households.

Once operational, the wind farm would assist in meeting the government's renewable energy generation target.

AGL Energy Limited advises that the project is on track to begin construction in late 2017.

The project is an example of the Coordinator-General's streamlined assessment processes, which fast track approvals while ensuring a rigorous environmental impact assessment.

The timeframe for the Coordinator-General's evaluation report and approval for the Coopers Gap Wind Farm was the fastest EIS recorded, taking just seven months.





Port of Cairns.

Ports

Priority ports master planning

The Queensland Government is continuing its program of master planning for the priority ports of Gladstone, Townsville, Abbot Point and Hay Point/Mackay, demonstrating its commitment to their ongoing sustainable development.

Mandated under the Ports Act, master planning for priority ports will optimise the use of infrastructure and address operational, economic, environmental and community relationships, as well as supply chains and surrounding land uses.

Working with port authorities, local government, state agencies and other key stakeholders, including industry and community groups, the department is continuing to advance the priority port master planning program.

The Port of Gladstone is the first priority port to undergo master planning under the Ports Act. Since issuing a notice of proposal in early 2016, the department has been working with the port authority, local government, state agencies and other stakeholders to develop a draft master plan that meets the requirements of the Ports Act.

The draft master plan, along with the amended proposed master planned area (which was refined as a result of public consultation in 2016), will be issued for public comment before being finalised.

In February 2017, master planning for the priority Port of Townsville formally began with the issuing of a notice of proposal under the Ports Act to the port authority and the local government. An evidence base to support master planning is currently being prepared.

Preliminary master planning is underway for the priority ports of Abbot Point and Hay Point/Mackay.

Throughout the processes the Queensland Government is applying the *Guideline: master planning for priority ports*. The

guideline, released on 1 December 2016, operates as a strategic framework for the implementation of master planning under the Ports Act and identifies the principles and processes for priority port master planning.

The guideline was developed through comprehensive stakeholder engagement and public consultation on the draft version. The final guideline was released on 1 December 2017 as a key deliverable for the Queensland Government fulfilling both the Ports Act and port-related actions of Reef 2050.

Priority ports are critical economic hubs for Queensland and their ongoing sustainable development will ensure regional jobs, investment and trade growth.

Master planning will enable the state government to effectively manage the land and marine areas needed for the efficient development and operation of the priority ports while ensuring that the Outstanding Universal Value (OUV) of the GBRWHA is an intrinsic consideration in priority port development, management and governance.

Cairns Shipping Development Project (Trinity Inlet)

Ports North revised the Cairns Shipping Development Project to cap its proposed expanded capacity at ships up to 300 metres in length. Ships of this size cannot currently berth in the Port of Cairns and are required to anchor offshore.

The Cairns Shipping Development Project aims to widen and deepen the existing Trinity Inlet shipping channel, upgrade wharf facilities, enhance vessel capacity and improve port efficiencies.

With around 1 million cubic meters of dredged material to be placed on land, the revised proposal requires less than one quarter of the volume of dredging originally proposed, and is expected to cost \$120 million, or around one third of the previous estimate.



Port of Townsville.

On 12 July 2017, the Coordinator-General released the revised draft EIS for public comment until 25 August 2017. The Coordinator-General will consider all public and agency comments in producing the evaluation report for the project and concluding the EIS process.

Townsville Port Expansion

Port of Townsville Limited proposes an expansion of the port to meet future growth to 2040.

The Townsville Port Expansion Project includes 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 proposal would provide 174 direct jobs at the peak of construction and 180 permanent operational jobs.

In June 2015, the proponent advised that the project was being amended to be consistent with the government's policies for the protection of the Great Barrier Reef.

In October and November 2016, the additional information to the EIS was released for public comment following the Coordinator-General's request for additional information on key issues raised in submissions during public consultation on the draft EIS in 2013.

The Coordinator-General is now working with the proponent to complete the EIS process.

The Ports Act identifies the Port of Townsville as a priority port for which ongoing development is supported, but for which capital dredge material must be either beneficially re-used, or disposed of on land.

Port of Gladstone

The Port of Gladstone is Queensland's largest multi-commodity port and the world's fifth largest coal export terminal, exporting 72 million tonnes in 2015. Major exports from the port include coal, alumina, cement, petroleum, aluminium and agricultural

products. The introduction of the LNG industry and the Wiggins Island Coal Terminal continue to increase the throughput of the port.

Gladstone Ports Corporation (GPC) proposes to duplicate the existing Gatcombe and Golding Cutting shipping channel to accommodate more shipping traffic. Currently, the ability of the port to accommodate high numbers of vessels is limited by the shipping channel depth and lack of passing capacity.

Without this channel duplication project, further vessel congestion and delays will significantly limit both the port's capacity and associated economic development of Central Queensland and the state.

The project involves upgrading infrastructure at the Port of Gladstone, including:

- dredging a new and existing nine-kilometre long channel to a depth of 16 metres and a width of 200 metres
- disposing of approximately 12 million cubic metres of dredged material
- installing new navigational aids for the channel duplication and relocating existing aids.

The project is a coordinated project undergoing an EIS, which includes detailed investigation of:

- potential water quality and marine impacts related to dredging and dredge material disposal
- beneficial re-use options for disposal of dredge material.

As part of its EIS investigations, GPC is revisiting its dredged material placement proposal in accordance with the requirements of the Ports Act.

If the project proceeds, it would create around 100 construction jobs and 20 operational jobs.

The Port of Gladstone is a priority port and currently a master planning process is underway in accordance with the Ports Act.



Capricorn Copper Mine.

The objective of master planning for all priority ports is to optimise the use of infrastructure and address operational, economic, environmental and community relationships, as well as supply chains and surrounding land uses.

Prescribed projects

Prescribed project powers under the SDPWO Act can be used to assist proponents to overcome unreasonable delays in obtaining project approvals. The Coordinator-General is currently monitoring 13 prescribed projects.

During 2016–17, the Coordinator-General recommended the declaration of four prescribed projects to the Minister for State Development. These were:

- Adani Combined Project (prescribed project and critical infrastructure project)
- Ravenswood Expansion
- Capricorn Copper Mine
- Kidston Project (declared a redefined project, both a prescribed project and critical infrastructure project).

The \$1.76 billion Byerwen Coal project is a prescribed project and will deliver significant economic benefits to the local region and the state.

The \$1.05 billion expanded Kidston Project was re-declared a prescribed project and critical infrastructure project in June and commenced construction in February 2017, with 88 workers on site, expected to grow to 500.

The Isaac Plains Mining Complex was declared a prescribed project on 11 April 2016, and the Coordinator-General has been working closely with Stanmore on the approvals required. The mine has created 150 jobs since recommencing in January 2016.

The Coordinator-General is also assisting a range of projects in construction in north and north-west Queensland, including, Resolute's Ravenswood mine, MMG's Dugald River zinc mine, and the Capricorn Copper mine project.

For a prescribed project, the Coordinator-General has the power to intervene in the approvals process, including by issuing a:

- progression notice—which requires the decision-maker to progress the administrative processes necessary to complete the assessment process within a specified timeframe
- notice to decide—which requires the decision-maker to make the relevant decision within a specified timeframe
- step in notice—allowing the Coordinator-General (with the Minister's approval) to 'step in' and assume responsibility under the relevant law for assessing and making a decision on a project, in place of the usual decision-maker.

Critical infrastructure projects

If a prescribed project is considered 'critical or essential' for economic, social or environmental reasons to Queensland, the Minister may declare it a 'critical infrastructure project'.

The Coordinator-General recommended the declaration of the Adani Combined Project and the Kidston Project as critical infrastructure projects.

The Adani Combined Project announced on 6 June 2017 internal Final Investment Decision approval and the opening of regional headquarters in Townsville.

The Kidston Project commenced construction on Stage 1 of the 50MW solar farm with 24,000 solar panels being installed each week and NAIF first stage board approval now secured.

Effective management and use of government property

Property Queensland is delivering projects and processes that support the Queensland Government's effective management and use of government property for the benefit of Queensland.



Artist's impressions of Fortitude Valley PCYC.

Property Queensland is responsible for the management of state owned properties including the repurposing, renewing and disposing of surplus government properties. The outcomes and benefits include:

- providing opportunities for economic growth and job creation through private investment
- creating community benefits by generating revenue for government to reinvest into new infrastructure and services for Queenslanders, and
- providing opportunities for new and improved facilities for communities.

Property Queensland assists relevant government departments, agencies and local councils with re-use opportunities, and manages significant transactions on behalf of government, including strategic and multi-agency transactions and the assessment of property-based market-led proposals (MLPs).

Property Queensland is also involved in developing and implementing portfolio review initiatives to identify innovation, public benefit and value-uplift opportunities and is delivering a transparent reporting and decision-making framework for government.

Under the Queensland Government Land Transaction Policy, Property Queensland receives submissions from state agencies for a range of transactions to deliver effective and efficient management of surplus government owned properties. In 2016–17, a total of 90 submissions were received from eight state agencies, presenting opportunities for improved use of government properties.

Fortitude Valley PCYC

Property Queensland is currently leading a two-stage competitive process to identify a preferred proponent for the development of a new PCYC at Fortitude Valley, in Brisbane.

The project is testing an innovative funding model that could be applied more widely, resulting in improved standards of community based facilities.

Brisbane Broncos training administration and community facility

The \$27 million Brisbane Broncos Training Administration and Community Facility, currently under construction, will provide premier training facilities for the Brisbane Broncos.

The facility, funded by the Brisbane Broncos, will also provide public access to the training field when not in use by the Broncos and a community room and theatre for community groups. The Broncos will also run community programs at the facility.

Property Queensland led negotiations for the lease transaction with the Brisbane Broncos enabling the facility to be built on surplus state government land at Red Hill, Brisbane. The lease agreement requires the Broncos to provide and report on a range of community benefits in exchange for exclusive access to the site.

Construction is around 50 per cent complete directly employing around 84 people. The facility is scheduled for completion before the end of 2017, in time for the 2018 National Rugby League season.

Queensland Aquarium and Maritime Museum

Property Queensland is leading a Market Led Proposal (MLP) process for the Queensland Aquarium and Maritime Museum.

The proposal will see the revitalisation of the Queensland Maritime Museum and an innovative aquarium that will present the diversity of Queensland's rivers, islands, reefs and ocean environments to the world.

The proponent is developing a detailed proposal that will identify how it will deliver the new tourism attraction for Queensland, while protecting the heritage and cultural values of the site and provide improved public spaces that connect to surrounding community areas.

The proponent will fully fund the project's construction and operation while the government retains site ownership.



Artist's impression of Brisbane Broncos Training Administration and Community Facility.

Resource development

Aurukun Bauxite Project

The Aurukun bauxite deposit in western Cape York is estimated to contain up to 480 million tonnes of dry beneficiated bauxite.

The development of this resource by Glencore is expected to generate significant construction and ongoing operational jobs. It also has the potential to provide direct and indirect benefits to the Aurukun and Cape communities in the form of education, training, business opportunities and infrastructure upgrades.

These benefits will be in addition to an Indigenous Land Use Agreement (ILUA) with the traditional owners, as well as royalty contributions to the state.

Glencore has entered into a Community Partnership Agreement with the Aurukun Shire Council to deliver a range of benefits to the Aurukun community.

Before construction and mining operations can commence, Glencore must complete technical and financial feasibility, obtain approvals and secure finance. Glencore is progressing with the project, undertaking aquatic ecology, fauna and flora surveys for the purposes of environmental studies for the project.

The department continues to work cooperatively with Glencore, the traditional owners and the Aurukun community to progress this development and realise its benefits.

South of the Embley (Amrun)

Rio Tinto has begun expansion of its bauxite mining operations near Weipa, with commencement of construction of the new Amrun mine, around 40 kilometres south of the Embley River.

The Amrun Project includes an open-cut mine, processing plant, bauxite stockpiles, a new port with ship loading facilities and associated infrastructure.

It is anticipated the \$2.6 billion project will extend the life of bauxite mining in the area for another 40 years, providing up to 1100 jobs during peak construction and up to 1400 ongoing operational jobs.

Rio Tinto announced its financial investment decision for the Amrun Project on 27 November 2015. Early works began on site in February 2016 and the first shipment of bauxite is expected in early 2019.

On 5 November 2015, the declaration of the Amrun project as a prescribed project was extended by two years until 12 November 2017 to allow the Coordinator-General to ensure project approvals are completed. On 23 May 2016, the Coordinator-General extended the lapsing date of the Amrun Project Coordinator-General's Evaluation Report by three years, to 24 May 2019.

The Office of the Coordinator-General continues to work with Rio Tinto on compliance with the conditions set in the project's Evaluation Report, to streamline conditions of approval and to remove regulatory duplication.

Byerwen Coal Project

The Byerwen Coal Project will deliver significant economic benefits to the local regions and Queensland with a predicted employment of up to 350 construction workers and up to 545 operational workers.

Investment costs for the project are estimated at \$1.76 billion. The direct value added to the regional economy during the operations phase is estimated to be \$289 million per annum and an additional \$143 million per annum to the wider Queensland economy.

The project will provide significant opportunities for local and regional suppliers and businesses to benefit economically by providing goods and services to the mine during construction and operations. Queensland will benefit from flow-on activities.

Byerwen is a prescribed project and the Coordinator-General is monitoring the proponent's progress in securing project approvals. Byerwen's prescribed project declaration was extended on 23 September 2016 for another two years.

On 27 April 2017, Mining Lease 70434 and Mining Lease 70436 were granted by the Minister for Natural Resources and Mines. This meant that all three critical mining leases required to progress the project have been issued.

Another three Mining Leases are required for the complete project. Early stage construction began on 12 June 2017 with the aim of shipping first coal in early 2018.

Isaac Plains Mining Complex

Stanmore Coal Limited (Stanmore) is a Queensland based coal company expanding its recently acquired Isaac Plains operations, the Isaac Plains Mining Complex, that will produce 3.3 million tonnes of both coking and thermal coal over three years.

The project is a major boost for jobs in regional Queensland, and export earnings and royalties for the state.

Stanmore is committed to a strong local and drive-in, drive-out employment strategy, with workers predominantly from Moranbah and Mackay, as well as Emerald and other smaller regional towns. The current workforce is 150.

In May 2016, the first shipment of coking coal was loaded through Dalrymple Bay. This marked the first coal sale for Stanmore from Isaac Plains into offtake contracts with top-tier Asian steel mills.

The Isaac Plains Mining Complex is a Prescribed Project, with the Coordinator-General working closely with Stanmore in obtaining all the necessary approvals to continue development.

Ravenswood Expansion Project

Carpentaria Gold (Resolute Mining Limited) is expanding existing gold mine operations in the town of Ravenswood.

The Ravenswood Expansion Project could extend mining operations to at least 2029, with increased average annual production of 120,000 ounces of gold.

The \$167 million project would support a construction workforce of 100 and the existing operational workforce of 280. The proponent's preference is to employ people from within 150km of Ravenswood, which will benefit residents of Townsville, Charters Towers, Ayr and Home Hill.

The Coordinator-General has assisted Resolute Mining in obtaining approvals for the expanded mine, as well as the negotiation of heritage agreements and the relocation of heritage listed buildings.

South Burnett Coal Project

The Coordinator-General declared the South Burnett Coal Project a coordinated project on 18 August 2016.

The project proposes an open-cut mine able to produce up to 10 million tonnes of thermal coal per annum for up to 30 years, for domestic and export purposes. It includes a transport corridor extending approximately 131 kilometres from the mine site six kilometres south of Kingaroy to the existing north coast rail line near Theebine.

The proponent proposes to locate either a slurry coal pipeline or rail infrastructure in the transport corridor, which would enable the product to be transported to port.

Capital investment for the project is estimated at \$500 million to \$950 million, being \$200 million to \$250 million for the mine site and \$300 million to \$700 million for the transport corridor.

It is estimated that 600 direct jobs at peak construction will be required for the mine and corridor. Up to 500 jobs would be required during operations.



Aerial view of Olive Downs.

Olive Downs Project

The Coordinator-General declared the \$1 billion Olive Downs Project a coordinated project on 17 February 2017.

Located in the Bowen Basin approximately 40 kilometres south-east of Moranbah and 40 kilometres north of Dysart, the open cut mine would produce up to 14 million tonnes per annum of metallurgical coal to be used for steel-making for more than 30 years.

Off-lease infrastructure components of the project include an 18 kilometre rail spur to the Norwich Park Branch Railway, a water pipeline connecting to the Eungella pipeline network, an electricity transmission line and access roads.

The project would generate jobs for 500 to 700 workers during the construction phase

and around 960 workers during the operation of the mine at full development.

Public comment was sought on draft terms of reference for the project from 8 April 2017 to 12 May 2017. The Coordinator-General has considered all comments received on the draft terms of reference and finalised the terms of reference for the EIS for the project.

The final terms of reference set out the matters the proponent must address when preparing the EIS.

The project proponent, Pembroke Resources, is required to ensure the project's environmental, social and economic impacts are addressed, including, Commonwealth, state and local government requirements.

The community will also be consulted on the EIS when it has been prepared by the proponent.



Supporting the new community hub, library and council chambers, Burketown, with Wi-Fi.

Our performance

Objective 3: Strengthen the regions

Key achievements

Queensland has long been the nation's most decentralised state which presents both challenges and opportunities for economic growth. To strengthen Queensland's regional economies the department has:

- committed more than \$85 million to 67 projects under the Building our Regions (BoR) program Round 2 and supplementary round for remote and Indigenous communities. Overall, this program has funded 109 projects, generating 1324 jobs and flow-on economic development opportunities
- contributed funding to regional infrastructure under the Royalties for the Regions program. For example, \$10 million for the \$26.3 million upgrade to the Kingaroy Wastewater Treatment Plant, as well as over \$4.8 million towards flood resilience in the Maryborough CBD and \$1 million towards the \$4.8 million terminal redevelopment at Roma Airport
- delivered two projects under the \$130 million Jobs and Regional Growth Fund including:
 - Cape York Timber, in Far North Queensland
 - Bio Processing Australia's biorefinery, in Mackay
- maximised local employment and economic outcomes from major investment projects. For example, the department has assisted local suppliers through the Industry Capability Network's (ICN) gateway to provide full, fair and reasonable access to tender opportunities. Work valued at \$204 million has been won

by 55 Queensland firms as a result of assistance through ICN services

- assisted Indigenous business development through co-delivery of workshops with the Department of Aboriginal and Torres Strait Islander Partnerships
- worked across government to help ensure private sector project approvals are coordinated and timely to deliver the maximum benefits for Queensland including capital investment, associated infrastructure and jobs.

Future priorities

To advance regional communities, the department is working to:

- facilitate critical regional projects (including through access to Coordinator-General powers)
- develop regional supply chains
- support delivery of regional economic infrastructure
- foster local collaboration to support regions
- lead economic recovery following disaster events.

Program highlights

Building our Regions

The Building our Regions (BoR) program is ensuring that the focus of economic growth is shared across the state.

The program is targeted at local governments, contributing to critical infrastructure projects that generate jobs, foster economic development and improve liveability in regional communities throughout Queensland.



Laying fibre optic cable.

The department has allocated the entire \$225 million it manages under BoR to 174 critical infrastructure projects across the state. These range from water, waste and sewerage infrastructure to cultural, sport and recreation facilities, airport upgrades and flood mitigation projects.

During construction, these projects will generate 1762 jobs and attract \$353.5 million in investment from councils and other organisations.

During 2016–17, \$85 million in funding was available under Round 2 and the supplementary round—specifically targeting remote and Indigenous communities. The Round 3 application process was brought forward by six months and 65 projects were approved to receive a share of the \$70 million available in the 2017–18 financial year. Construction of these is anticipated to commence no later than 30 April 2018.

Round 2 projects were announced in November 2016. Of the 51 successful projects, 45 started construction in 2016–17. Under the supplementary round, 16 successful projects were approved in April and May 2017, with all projects expected to start construction no later than 28 February 2018.

Thirteen BoR projects were completed during 2016–17. These included:

- St George Airport Infrastructure Upgrade
- Tambo Sawmill Infrastructure Upgrade

- Boulia Reservoir Upgrade
- Donohue Highway Emergency Landing Strip
- Bundaberg Regional Multi-Use Sports and Community Centre (Stage 1)
- Doomadgee to Burketown Optical Fibre Link Project
- Collins Avenue Bridge Renewal
- Miriam Vale Water Treatment Plant Upgrade
- Julia Creek Membrane Bioreactor Sewerage Treatment Upgrade
- Cunnamulla Water Main Upgrade
- Bulloo Park Redevelopment – Stage 1
- Evans Landing Boat Ramp Car Park – Stage 2
- Weipa Water and Sewerage Upgrades.

Jobs and Regional Growth

The \$130 million Jobs and Regional Growth Fund (JRGF) is part of the government's broader \$200 million Jobs and Regional Growth Package, targeted at growing regional economies and jobs for Queenslanders.

Financial assistance ranging from \$100,000 to more than \$10 million is available for proponents to apply directly.

To date, the JRGF has supported two projects including:

- Cape York Timber
- Bio Processing Australia's proposed \$50 million integrated biorefinery for Mackay.

Case Study: Doomadgee to Burketown Optical Fibre Link

Having access to high-speed broadband internet, 4G mobile services and wi-fi hotspots has opened up new economic and social opportunities for Burketown, located 425 kilometres north of Mount Isa.

The \$3.854 million Doomadgee to Burketown Optical Fibre Link Project means businesses, emergency and health services, schools, residents and visitors have the tools they need to connect with the rest of the world.

It will improve access for teachers and students to online educational resources, for doctors at the hospital using tele-health for diagnosis and treatment, and for local businesses transacting with suppliers and customers.

The Queensland Government contributed \$1.927 million, with the remaining \$1.927 million provided by the Australian Government. Telstra provided in-kind support valued at around \$360,000.





Eligible projects must demonstrate the ability to create operational jobs in regional Queensland where unemployment is higher than the state average. High-value projects should support industry innovation and growth, public good infrastructure and employment.

Royalties for the Regions

The Royalties for the Regions infrastructure funding program has now ceased. The department is working closely with local councils in delivering and acquitting remaining projects funded through this program.

Between 2012 and 2015, the program committed more than \$485.3 million to 148 regional community infrastructure, road and flood mitigation projects with a combined project cost of over \$817 million. Of these, 127 projects were completed and \$364 million of approved funding was distributed to councils as of 30 June 2017.

By the time all projects have been completed, the program would have supported more than 2500 jobs.

The department is working with councils to bring projects to a close, with 64 per cent of projects completed as of 30 June 2017.

Remote Area Boards and regional development stakeholders

Remote Area Boards undertake crucial economic development projects in the most remote areas of our state—from the far north to the remote south-west.

The Remote Area Boards are: Cape York Sustainable Futures (CYSF), South West Regional Economic Development Association Incorporated (SWRED), Mount Isa to Townsville Economic Development Zone (MITEZ), Central Western Queensland Remote Area Planning and Development Board (RAPAD), and Gulf Savannah Development (GSD).

A total of 10 projects have been approved to be undertaken by the Remote Area Boards.

CYSF will develop a tourism strategy that aims to preserve the distinctive character of each location, promote longer stays and develop itineraries for marketing.

SWRED will undertake two projects:

- South West Queensland Tourism Industry Development Program. This project will provide actions for the sustainable development of tourism within the region, including identifying new investment, infrastructure and tourism product opportunities.
- Supplying Premium Meat Products. This project will quantify the diverse range of meat products currently supplied from within the region and assess market demand and potential opportunities.

GSD will undertake two projects:

- Enhancing Digital Resilience and Digital Capability in the Gulf and Gulf Savannah Digital Tourism. This project will develop a feasibility study and detailed design for the telecommunication links for the Burketown to Karumba Fibre Link Project. Part 2 will include a Gulf Savannah Tourism Survey Report to capture tourism data in a digital format for analysis of current and future needs.
- Lower Gulf (and Riverine) Infrastructure and Economic Development Project. This project will provide an assessment of infrastructure (maritime and riverine) and associated economic development opportunities.

MITEZ will undertake four projects:

- Assess Alternatives to Single Wire Earth Return Power Lines at McKinlay Shire. This project includes a survey of all properties connected to the line system in McKinlay Shire and will assess other power options.

- Develop New Outback Tourism Routes. This project aims to establish two new themed tourist routes in the Northern Outback connecting to the Overlanders Way.
- Commercial and Industrial Transport and Logistics Facility for Regional North West Queensland. This project will establish a regional transport and logistics centre to enhance transport efficiencies, providing an attractive environment for mining, heavy industry and the cattle industry.
- Work to establish Stage 1 Cloncurry Bio-fuels and Waste Treatment Precinct. This project aims to establish a facility for value-adding activities using treated effluent water and other waste products. This will include undertaking preliminary planning, layout and design for a trial tree species plantation.

RAPAD will undertake a project focussing on a Digital Strategy Implementation. The project will deliver actions from a previous strategy, providing a platform to build momentum for future work.

Developing North Queensland

Support has continued for complementary initiatives since the June 2015 release of the Australian Government's White Paper on Developing Northern Australia. These included:

- forums such as the Developing Northern Australia Conference 2017 in Cairns which focussed on the theme of Progress, Growth and Investment to drive development initiatives in northern Australia
- CSIRO progressing water resource assessments to determine available water and best locations for water infrastructure in the Mitchell River catchment on Cape York. Evaluations include soil, environmental, social and economic impacts and risks
- contributing to the Business Case Review Committee on the options for

the Nullinga dam proposal in the Cairns region.

- progressing the Burdekin Falls Dam wall raising feasibility study supported by a \$400,000 grant from the National Water Infrastructure Development Fund.

Stimulating jobs in North Queensland

On 20 January 2016, the Premier announced a five-point plan to stimulate jobs in North Queensland.

A key action was 'facilitating key private sector projects—the government will work with major project proponents to fast-track a range of existing private sector projects'.

The department is playing a key role in responding to this plan by:

- providing 14 projects in North Queensland with facilitation support to help fast-track delivery
- assisting seven private sector projects in North Queensland to commence construction in 2016–17. As a result, 1100 construction jobs were created and \$3.1 billion committed in capital expenditure
- Three projects moved from construction to operations creating 413 ongoing jobs.

Northern Australia Infrastructure Facility

From July 2016, the Australian Government's \$5 billion Northern Australia Infrastructure Facility (NAIF) has provided financial assistance to build transport, energy, water and communications infrastructure needed in the north. The facility will unlock potential in the northern Australian economy leading to job creation and investment. Queensland is well placed to secure funds from the NAIF which has a suite of commercial-in-confidence proposals for infrastructure in the north.

A workshop to examine broad infrastructure opportunities across North Queensland was held with NAIF in April 2017.

With the state's role in delivering this important initiative now confirmed, a master facility agreement between the state and the appointed board will be established to stipulate the state's obligations under the scheme. Under this agreement an internal panel and procedure will be established for deciding whether a proposal meets the state's economic growth agenda.

The department, working in partnership with Queensland Treasury and the Department of Infrastructure, Local Government and Planning, will review potential projects in line with the finalised eligibility criteria, assist proponents with their applications, and potentially monitor and report on funded NAIF projects.

North West Minerals Province (NWMP) Taskforce

The North West Minerals Province (NWMP) Taskforce connects industry and regional stakeholders to discuss issues and challenges to mining and exploration in the region. These include declining ore grades and maturing operations, as well as opportunities to ensure mining in the region prospers into the future.

In late 2016 the Taskforce delivered its recommendations to government including:

- more efficient utilisation of enabling infrastructure
- improving exploration and mining approvals processes
- encouraging the processing of waste material
- driving greater exploration success
- attracting new investment capital.

The recommendations presented by the Taskforce helped inform the whole-of-government strategy.

A Strategic Blueprint for Queensland's North West Minerals Province.

The blueprint will facilitate a strong and prosperous future by building on existing economic and community strengths in collaboration with industry, business and community leaders.

North Burnett Minerals Province

The North Burnett region hosts a range of minerals deposits including gold, bauxite, ilmenite, coal, copper, molybdenum, zinc, nickel, apatite, siltstone and halloysite kaolin. Collectively, they are known as the North Burnett Minerals Province.

The resource sector is already a significant contributor to the region with the Mt Rawdon gold mine near Mt Perry employing around 250 full time staff or 4.5 per cent of North Burnett's total work force. The next most prospective projects are the restart of the Goondicum ilmenite mine near Monto and the Wateranga ilmenite project, near Paradise Dam.

Development of projects to the productive stage has been hindered generally by fluctuating mineral prices, junior status of proponents, insufficient exploration to define resource potential and individual projects may not have sufficient scale to overcome 'first mover' costs.

The announcement of a high-grade bauxite resource by Australian Bauxite at Binjour in 2012, at Brovinia in 2015 and Iron Ridge Resources at Monogorilby in 2016 elevates the minerals province with projects that have the production potential of three to five million tonnes per annum. Export volume of this size may support expansion of the Port of Bundaberg including into the Bundaberg State Development Area, declared in 2017. The department supports developers of a multi-user conveyor at the port, important infrastructure for resource projects with modest scope and those in the early stages of development.

The department continues to facilitate bi-annual meetings of the Wide Bay Burnett Resources Group, an informal group lead by industry and supported by all levels of government.

The department is continuing to investigate and identify the economic infrastructure required to support and attract industry including activation of the resource sector in the North Burnett.



Lower Fitzroy River.

Supporting the growth of Central Queensland

The department is collaborating with the Department of Agriculture and Fisheries, the Department of Natural Resources and Mines and six Central Queensland local governments during the final year of the three-year Growing Central Queensland initiative.

Through Growing Central Queensland and independently, the department is focused on attracting new investment and value-adding to current agricultural production.

New technology involving high-pressure processing being applied to the region's tropical fruit and vegetables has the potential to expand Central Queensland exports. This project will also help inform future agricultural opportunities along the Lower Fitzroy River.

Through close work with Building Queensland, the department is a member of the Steering Committee for the development of a business case for the proposed Rookwood Weir on the Fitzroy River. This weir will provide additional water for industry, agriculture and urban supplies.

The department is also supporting future economic development outcomes in Central West Queensland through initiatives including digital strategies to grow key sectors such as the tourism, beef and sheep industries. Also included is a study to identify six priority areas where investment in strategic activities is likely to provide significant contributions to regional economic growth.

Transport and logistics is a key enabler for the resources and agribusiness sectors in Central Queensland. The department is working closely with the proponents for the Central Queensland Inland Port, at Yamala, to develop a business case to attract public and private sector investment.

Lower Fitzroy River Infrastructure Project

The Gladstone Area Water Board and SunWater propose to construct a new weir at Rookwood and raise the existing Eden Bann Weir.

Together, the weirs could supply 76 000 megalitres per year of currently unallocated water from the Fitzroy River for industrial, agricultural and urban use in Gladstone and Rockhampton, regions.

The estimated total cost of the project is \$495 million, which would require a peak construction workforce of up to 150 during the two-year construction phase.

In December 2016, the Coordinator-General approved the project, subject to stringent conditions to protect water quality flowing to the Great Barrier Reef, animal habitats and endangered flora. The Australian Government has committed up to \$130 million to build Rookwood Weir, contingent on the project obtaining the necessary environmental approvals, and acceptance of a viable business case.

The business case for Rookwood Weir is being developed jointly by the proponents and Building Queensland and is expected to be completed during the second half of 2017.

Agricultural and water development

Nathan Dam and Pipelines Project

The Commonwealth Department for the Environment and Energy approved this project on 13 July 2017, subject to conditions.

This followed the Coordinator-General's approval and release of the project evaluation report on 31 May 2017. The report included conditions, recommendations and proponent commitments on the boggomoss snail and Great Artesian Basin springs.



Nathan Dam.

SunWater Limited proposes to build the 888,000 megalitre dam on the Dawson River, intended to provide a long-term, reliable water supply to mining, industrial and urban communities in the Surat Basin and the Dawson–Callide sub-regions of Central Queensland. Existing water licence entitlements for the Dawson River would remain but no new agricultural development will be facilitated.

Water from the dam would be transported via existing and new pipelines (approximately 149 kilometres) as well as through the Dawson Valley Water supply scheme. The capital cost of the project is estimated to be \$1.2 billion, with 525 direct jobs at peak construction and five direct operational jobs.

Murray-Darling Basin water recovery plan and regional economic diversification program

The Australian Government implemented the Murray-Darling Basin Plan with the purpose of protecting and restoring the environmental health of the Murray-Darling river system.

Both the Balonne and Border Rivers (Goondiwindi) regions are regarded as some of the most impacted irrigation communities across the whole Murray-Darling Basin.

These irrigation communities have a significant agricultural focus and the businesses in these areas have built their income around that. The water recovery plan is likely to have economic impacts for those businesses, the regional workforce and for the whole of these communities.

In response, the Murray-Darling Basin Regional Economic Diversification Program aims to support regional communities with structural adjustment and regional economic diversification.

The department leads three projects under this program. The first of these projects, completed on 30 June 2017, was delivered by Balonne Shire Council and involved several initiatives. These included the South West Rail Line, which has led to the formation of the South West Rail Alliance, the Thallon Uplands

Warehousing Project, and the Health Education Hub South-West, to be located in St George. The project also assisted with feasibility studies for a proposed abattoir and feedlot expansion in the Border Rivers. This proposal is under development.

The second completed project focused on business mentoring and accessing major project supply chains, with the department supporting Goondiwindi Regional Council and Balonne Shire Council in the delivery of this initiative.

Regional businesses have benefitted, with 44 enterprises receiving mentoring with a focus on resilience, business systems and looking for new opportunities. Most of these enterprises then opted to continue in the program by accessing one-on-one mentoring support from the private sector.

In addition, 45 enterprises across the Basin have engaged in a range of capability development sessions to assist them to understand the major project environment and build their capability.

The third project focuses on strategic tourism investment and infrastructure and is being delivered by Goondiwindi Regional Council. Stage one saw completion of a feasibility study into potential tourism sites and development opportunities in the Goondiwindi region.

This report was approved by the Australian Government and \$1.68 million committed towards development of new tourism infrastructure across the Goondiwindi region in 2016. The initiatives supported were:

- construction of facilities at the Lake Coolmunda camping grounds
- work at the Texas Rabbit Works which has developed the historic facility into a tourist attraction
- development of the historical Customs House in Goondiwindi as a museum providing historical artefacts and links to the region's heritage.



Concept design for North Queensland Stadium, Townsville.

The first two initiatives have been completed and the Customs House museum is expected to be completed by 30 September 2017.

This project has prompted development of related infrastructure and opportunities such as the Goondiwindi Town Walk and Indigenous Heritage Display, and Inglewood "Camping in the Grove" RV site. These have been successfully completed.

The tourism project has also undertaken the development of Master Plans, Feasibility and Economic Impact Assessments for the Goondiwindi Equestrian Centre and the Goondiwindi Aquatic Park.

Burdekin Falls Dam Feasibility Study

The Burdekin Falls Dam is the largest dam in Queensland and a significant asset for North and Central Queensland communities.

There has been a long-standing proposal to raise the dam wall height by two metres, to increase the volume of water that could be made available to irrigators and other users.

Funding has been granted under the National Water Infrastructure Development Fund (NWIDF) to complete a study investigating demand for additional water in the region, environmental impacts of dam works and use of water for potential Burdekin Falls Dam raising.

The department is managing the feasibility studies for the Burdekin Falls Dam raising in partnership with the Department of Energy and Water Supply and SunWater – as the existing owner of the dam.

The assessment of potential demand for the additional water and possible environmental impacts is well underway with the study due to be completed in late 2017.

The Burdekin Falls Dam Raising Feasibility Study is supported from the Australian Government NWIDF, an initiative of the Northern Australia and Agricultural Competitive White Papers.

Regional infrastructure

North Queensland Stadium

At a capital cost of \$250 million, the 25,000-seated capacity stadium will be home to the North Queensland Cowboys and is designed to cater for a variety of events, attracting visitors and investment to the region.

The appointed design team, led by Cox Architecture, includes seven specialist design consultancies with established local Townsville offices.

Local knowledge has been instrumental in influencing the design of the stadium and maximising the opportunity to include locally-sourced materials.

Managing Contractor Watpac has established a plan for more than 80 per cent of hours spent building the stadium to be undertaken by locals, and at least 80 per cent of the value of the project to be spent on local subcontractors and suppliers.

Watpac has also committed to the government's requirements for job and training opportunities for Indigenous workers, with a target of 6.6 per cent of the workforce to be Aboriginal and Torres Strait Islander peoples.

The project is on track for completion by the start of the 2020 NRL season and is expected to support around 750 full-time equivalent jobs during design and construction.

Aurukun Three Rivers Project

The department is managing delivery of the Aurukun Three Rivers Community Centre project on behalf of the Department of Aboriginal and Torres Strait Islander Partnerships (DATSIP).

The \$2.1 million project involves conversion of the Aurukun Three Rivers Tavern into a multi-functional facility which can be utilised by the local council and community groups.



Concept design for North Queensland Stadium, Townsville.

The centre is known as the Wo'uw Ko'alam Community Centre within the Aurukun community.

In February 2017, Indigenous-owned construction firm H.C Building and Construction was awarded the contract to deliver the project. The firm has worked closely with the department, the council, DATSIP and the local community to ensure the best outcomes could be achieved within the defined project scope and budget.

The project is due for completion and handover to the Aurukun Shire Council in September 2017.

Toowoomba Second Range Crossing

Construction of the \$1.6 billion Toowoomba Second Range Crossing project started in April 2016.

Nexus Infrastructure – which has been awarded the contract to design, construct, operate and maintain the Toowoomba Second Range Crossing – anticipates the project will increase economic activity in the region by \$2.4 billion in the next 30 years.

The department has been working to maximise local content opportunities.

Sixty-nine major contracts have been promoted on the publicly available ICN gateway. Many of these contracts have gone to South East Queensland businesses including the demolition and asbestos removal contract being awarded to a Toowoomba based commercial, civil and engineering company, Newlands Group and the concrete supply being shared between Boral, based in Toowoomba and Holcim based in Milton.

Local Indigenous businesses are also participating in the project, with contracts awarded to Toowoomba-based company, Dream n Clean and Withcott-based company, CEL Drill Pty Ltd.

The department's involvement includes:

- as a member of the project's Business Advisory Group, providing advice on local industry issues to NEXUS
- regularly communicating the capabilities of local, major project capable companies to NEXUS
- negotiating and funding an ICN procurement specialist to be embedded in the project, early in its delivery, to help ensure major contracts are visible to local companies on the ICN gateway
- providing tailored and targeted one-on-one support to companies to meet tender requirements and deliver specialised capability development programs and events to help local companies learn how to win work on the project
- running information sessions in the region to inform business of project opportunities including a series of events in December 2016 hosted in Gatton, Toowoomba and Dalby attended by 95 business representatives.

Economic Recovery Group

The Economic Recovery Group (ERG) advises the Queensland Government and relevant stakeholders on the economic impacts of a disaster event, and the proposed response to advance economic recovery.

The department chairs and supports the ERG, with membership drawn from relevant government agencies, mayors from impacted areas, and representatives from peak industry groups and businesses. Intelligence is gathered on immediate impacts, and response and recovery actions are developed and their implementation monitored.

The ERG was activated on 27 March 2017, following Tropical Cyclone (TC) Debbie as it neared the North Queensland coastline, bringing destructive winds followed by flooding in Central and South East Queensland.

ERG membership for the severe TC Debbie encompassed more than 50 government agencies and organisations including councils, North Queensland Bulk Ports, Queensland Resources Council, Queensland Tourism Industry Council, Ergon Energy and the Insurance Council of Australia.

Chaired by the department's Director-General Michael Schaumburg and attended by the Minister, the group met on 31 March, 7 April and 12 April to identify and action immediate economic recovery priorities, and formulate medium- to longer-term actions that were included in the Operation Queensland Recovery: State Recovery Plan 2017–19, tabled in Parliament on 9 May 2017.

Economic recovery tasks included:

- restoring vital supply chain infrastructure for key industries
- supporting local governments to deliver economic recovery tasks
- supporting access to Natural Disaster Relief and Recovery Arrangements (NDRRA) assistance for primary producers and small businesses
- supporting the retention of workers and helping to address long-term skills needs
- implementing marketing campaigns for the tourism and agricultural sectors
- aligning, where possible, infrastructure development programs and activities to complement economic recovery
- restoring damaged tourist infrastructure.

Case Study: Economic recovery support for Swickers

Swickers Kingaroy Bacon Factory Ltd (Swickers) was severely impacted by fire on 6 November 2016. Damage to the export distribution centre, boning room and chillers left 570 employees unsure of their future.

The department was on site a day later to coordinate a whole-of-government response to assist Swickers and South Burnett Regional Council's (SBRC) Local Disaster Management Group (LDMG) with the recovery operations.

Soon after the fire, Swickers announced its intention to resume operations as quickly as it could and called for departmental support. The removal of ammonia and animal carcasses from the site was critical to allowing employees back onsite. The department worked closely with the Department of Environment and Heritage Protection, the Department of Agriculture and Fisheries and SBRC to expedite the necessary approvals required for the removal of these products in a safe and timely manner. The department also sought assistance from DTMR regarding a second road access to the site to allow trucks to enter the facility without being impeded by clean-up works.

Working with the Department of Infrastructure, Local Government and Planning, the department coordinated planning permission responses required to rebuild and relocate staff to temporary facilities. These approvals included alternative heavy vehicle access, construction of a temporary workers' camp and a state approved Local Temporary Planning Instrument which became active on 23 January 2017.

The successful and timely approval of these permissions enabled 100 boning staff to resume work within a week of the fire at a temporary location, and the remainder of staff to return to the Kingaroy site to recommence operations.





North Stradbroke Island.

North Stradbroke Island economic transition and workers' assistance

In September 2016, following a high-level review of its operations, mining company Sibelco announced its decision to restructure the company's mineral sands operations on North Stradbroke Island (NSI). Twenty-three workers were retrenched between September 2016 and the end of June 2017.

To support the affected workers and the ongoing economic viability of the island community, the Queensland Government announced a \$5 million NSI Workers' Assistance Scheme which included:

- job search support
- training, employment and relocation assistance
- housing assistance
- commuting subsidy
- income supplementation
- dislocation assistance.

To implement the scheme, the department worked closely with the Department of Education and Training to help workers with training options and other employment assistance aimed at transitioning to new work.

The department appointed an employment services manager working out of the North Stradbroke Island's Economic Transition

Strategy office at Dunwich to liaise directly with the workers and their families. Three information sessions were held on North Stradbroke Island, as well as one-on-one meetings with affected workers and others still employed with the company.

Since September, departmental support has resulted in seven workers starting in new employment, 15 accessing training and skills development, and one seeking to start an aged apprenticeship. Other workers have retired, started their own business or are considering undertaking training.

Engagement with the remaining Sibelco workforce and the company continues with more information sessions scheduled in 2017–18 aimed at providing details regarding assistance available prior to and after retrenchment and to deliver specialised job search support.

Supply chain opportunities

During 2016–17, the department delivered workshops throughout Queensland to help increase the ability of local businesses to access opportunities arising from major projects and other purchasing activities. These workshops provided participants with insights into the requirements to be competitive in tender processes and to develop improved capability to bid for future government or private works.



Satcomm design and engineering experience at EM Solutions, Tennyson, Brisbane.

Our performance

Objective 4: Grow priority, new and emerging industries

Key achievements

Six 10-year roadmaps and action plans have been or are being developed to help grow priority new and emerging industry sectors.

The roadmaps form a key pillar of the government's \$420 million Advance Queensland initiative.

The department is also leading the delivery of actions under these roadmaps to support growth and investment, create knowledge-intensive jobs and diversify Queensland's economy.

In addition, the department is championing the following complementary initiatives to the roadmaps:

- \$20 million to the Made in Queensland grants program for small to medium enterprises (SMEs) in the manufacturing sector
- \$6 million to METS Ignited—a state and federal government-funded, industry-led national growth centre for the Mining Equipment, Technology and Services (METS) sector at the Queensland University of Technology (QUT).

Future priorities

The department will continue to lead strategic development of priority industries implementing 10-year roadmaps and action plans to grow the following sectors:

- advanced manufacturing
- aerospace
- biofutures
- biomedical

- defence industries
- METS.

The department will also continue to focus on supporting traditional and transitioning industries and work to identify the next wave of priority and emerging industries.

Program highlights

Priority industry sector roadmaps

The government identified six priority industry sectors as having significant, global growth potential to build Queensland's competitive strengths, diversify our economy and create knowledge-based jobs.

The 10-year roadmaps and action plans have been developed and are, or will be, implemented with industry and research organisations.

The roadmaps build on Queensland's strategic advantages and champion advanced industrial development and economic growth through increased collaboration between industry, research and government stakeholders.

Translating research and entrepreneurialism into commercial outcomes through greater collaboration will make Queensland a natural location for businesses partnering with research and government to advance capabilities, goods and services in the six sectors.

Advanced Manufacturing

Queensland manufacturing is dynamic and diverse. The sector has a range of established strengths with an emerging capability in the manufacture of trucks and buses. More recently this has been complemented by rapid growth in the automotive aftermarket sector



Flying Colours Aviation, Townsville.

particularly for four-wheel drive and performance vehicles.

Queensland has the second largest automotive sector in Australia which will be the largest after imminent closure of GMH and Ford plants in southern states.

Queensland's manufacturing sector:

- was the fourth biggest contributor to the state's economy in 2015-16, generating \$20.3 billion
- employed around 169,700 Queenslanders – the eighth largest employer and employing more Queenslanders than agriculture, mining and engineering construction combined
- was the state's third largest exporting segment, with \$15.7 billion in international exports in 2015-16.

The \$7.8 million *Queensland Advanced Manufacturing 10-Year Roadmap and Action Plan* launched in December 2016, is assisting manufacturers to transition and capitalise on Industry 4.0 (e.g. the revolution in automation and data exchange in manufacturing technologies).

The roadmap was developed in consultation with industry and other stakeholders including the Industry Manufacturing Advisory Group (IMAG). IMAG was established in November 2015 to provide high-level industry advice on strategic matters relating to building and promoting industry and manufacturing in Queensland.

Chaired by the Minister for State Development, the group includes six business leaders, two union representatives and one representative from a peak industry body.

The roadmap's initiatives are supported by the \$20 million Made in Queensland (MIQ) grants program. MIQ is helping local small and medium-sized enterprises (SMEs) to become more internationally competitive by adopting innovative manufacturing processes and technologies.

Highlights of the roadmap's implementation to date include:

- Design in Manufacturing seminar series which supports manufacturers to recognise the importance of design to their future competitiveness – held in Brisbane in May 2017 and Toowoomba in June 2017, with more workshops to be held in 2018 across Queensland
- BrisMakerFest event in June 2017 held to showcase advanced manufacturing technologies in Queensland, attracting more than 400 attendees
- Queensland Hackerspace Grants program opened to encourage the establishment of hackerspaces throughout Queensland
- Assistive Technologies Hackathon held in Mackay in July 2017 was the first of a series, enabling makers to develop solutions for people with disabilities. More hackathons are proposed for Toowoomba and Townsville in August 2017
- Pilot of the Business Model Innovation workshop series, which helps participants re-think their business models and examine ways to create new revenue streams. Further workshops will be held in late 2017.

Aerospace

The aerospace industry comprises research, design, development and support of flight vehicles and equipment including airplanes, Remotely Piloted Aircraft Systems (RPAS) and spacecraft (e.g. satellites). The industry has significant growth opportunities. The global civilian aerospace industry is currently valued at US\$314.9 billion and is expected to grow to US\$352.5 billion by 2023.

Global growth is being driven by aircraft fleet demand, emerging technologies, growing defence budgets, demand for maintenance, repair and overhaul (MRO) and demand for pilot and other aviation-related training.



Australia's First Grain to Ethanol Plant

United Petroleum's Dalby Biorefinery.

The industry is well placed for growth as the Asia-Pacific airline fleet alone is expected to triple to about 13,500 aircraft by 2031.

RPAS is the most dynamic growth sector of the world aerospace industry this decade with the global market valued at US\$10.1 billion in 2015 and expected to grow to US\$14.9 billion by 2020.

More than 30 per cent of Australia's RPAS industry is based in Queensland and driven by a growing number of applications such as infrastructure and environmental monitoring, post-disaster surveys and search and rescue.

Queensland's aerospace sector provides 4500 direct jobs and many more indirect jobs across 344 enterprises state-wide in aircraft component manufacturing and repair services and contributed around \$565 million to the state's economy in 2015-16.

Queensland has strong capabilities in niche manufacturing, MRO, training and RPAS applications for both the military and civil markets.

Five of the world's top 10 aerospace companies have a significant presence in Queensland.

Queensland is also home to the Army Aviation Centre at Oakey as well as three Royal Australian Airforce bases including Australia's largest defence airbase at Amberley. This includes 70 aircraft and six fleets currently being redeveloped to grow to more than 7000 military and civilian personnel by 2020.

Several Queensland companies are supplying into the billion-dollar Joint Strike Fighter Global Supply Chain (currently 72 on order for Australia alone), which will lead to billions of dollars of activity for Queensland over the life of the program.

Cairns is home to Hawker Pacific Avionics, the largest avionics repair/overhaul facility in Australia. Additionally, Flying Colours Aviation in Townsville is Australia's largest commercial airline paint shop servicing clients such as QANTAS, Virgin Australia, Air New Zealand, Tigerair and Jetstar as well as the defence sector and global prime contractors.

The state government has a strong and clear vision for Queensland to become the leading centre for the multi-billion-dollar aerospace industry in Australasia and South-East Asia.

Consultation on a *Queensland Aerospace 10-Year Roadmap and Action Plan* was completed in 2016–17. The roadmap is being developed to build on the industry's competitive advantages, accelerate the growth of new technologies, and grow the industry to benefit Queenslanders.

Once completed, the roadmap will leverage the department's complementary capabilities in the defence industries sector.

Biofutures

Queensland's emerging biofutures sector covers industrial biotechnology and bioproducts including advanced fuels, chemicals and materials – adding value to the state's leading agricultural and waste industries.

Global demand for bioproducts is forecast to grow to around \$US 715 billion by 2021 (*Biorefinery Products: Global Markets Report 2017*, March 2017, Research and Markets).

The government's vision is for a \$1 billion sustainable and export-oriented Queensland biofutures industry by 2026.

The \$19.73 million *Queensland Biofutures 10-Year Roadmap and Action Plan*, which was launched by the Premier in June 2016, is designed to achieve this vision.

Achievements from the first year of the roadmap's implementation included:

- appointment in December 2016 of world-renowned Professor Ian O'Hara of QUT as the Queensland Biofutures Industry Envoy
- hosted the Queensland Government-US Navy Biofutures Industry Forum from 7 to 9 December 2016 which brought together 160 domestic and international proponents to develop the state's biofutures value chain

- commissioning of Southern Oil's \$18 million Advanced Biofuels Pilot Plant in Gladstone on 1 June 2017
- commitment of financial support, announced on 9 June 2017 towards Bio Processing Australia's (BPA) \$50 million Mackay bioprocessing facility under the new Jobs and Regional Growth Fund. If the project proceeds, it will create 70 jobs during construction and 45 jobs in the operational phase
- awarded \$3.5 million for six biofutures pilot and demonstration projects under the Biofutures Commercialisation Program
- launched \$5 million Biofutures Industry Development Fund which was received positively by the emerging biofutures market and first applications are under assessment
- Premier's announcement of funding under the Biofutures Acceleration Program (BAP) to Amyris, a global industrial biotech leader, for further site investigations for a Queensland-based biorefinery.

Biomedical

Queensland has globally recognised strengths in the manufacture of biopharmaceutical products, generic pharmaceuticals, medical devices and niche point-of-care diagnostics.

Globally the biomedical sector presents significant growth opportunities with:

- the pharmaceuticals market growing at a rate of 4.6 per cent a year and expected to reach US\$1.5 trillion in 2021
- the medical devices market growing at 5.2 per cent a year and expected to reach US\$529.8 billion in 2022.

Considerable economic growth opportunities are forecast for Queensland in this sector during the next decade, including:

- up to \$2 billion gross value-added
- increase of up to 3000 new knowledge-intensive jobs.

On 19 June 2017, the Premier launched the \$4 million *Queensland Biomedical 10-Year Roadmap and Action Plan* at the BIO International Convention in San Diego. The roadmap sets out the Queensland Government's vision for this industry – that by 2027 Queensland will be a globally competitive Asia-Pacific biomedical hub.

The roadmap puts forward three key strategies to better position Queensland biomedical enterprises in the global marketplace:

- creating a healthier biomedical start-up community
- supporting existing businesses to grow and attract new businesses to Queensland
- promoting the industry to attract additional investment.

Under the strategies are a range of initiatives to position Queensland as an attractive investment destination and support the sector to take advantage of global industry drivers, such as:

- managing chronic disease
- advances in precision healthcare
- threats posed by globally transmissible disease
- rapid growth in emerging markets.

Key initiatives include:

- a \$2 million Biomedical Assistance Fund to open doors for Queensland biomedical enterprises to access funding available in government grants and private investment
- the 'Lean Launchpad' incubator to take a group of biomedical enterprises through an intensive market validation program
- a biomedical voucher scheme to attract national and international biomedical business to Queensland.



Case Study: Cook Medical Australia is capitalising on its success by strengthening relationships and expertise in Queensland's biomed sector

Cook Medical Australia is one of Queensland's leading advanced manufacturers. The delicacy and precision work in products like its custom-made endovascular stents play a key role in improving patient outcomes.

The company's Brisbane facility focuses on research, development and manufacturing activities in Australia and the Asia-Pacific and employs 473 people in Brisbane (and 538 nationwide).

Cook Medical Australia manufactures two key product ranges including custom-made endovascular grafts for the treatment of aortic aneurysms and products used in the IVF process. In 2016, more than 90 per cent of these products were exported to 64 countries at a value exceeding US\$100 million.

To facilitate growth in the local biomedical industry, Cook Medical Australia committed several million dollars to expand its Eight Mile Plains facility with the Asia-Pacific Commercialisation and Development Centre (ACDC), opened in February 2017. ACDC brings together researchers, entrepreneurs and businesses from across the Asia-Pacific region to develop and commercialise new medical products and technologies and deliver up to 3000 new jobs.

Cook Medical Australia's continued investment in Queensland reflects its belief that the state offers significant advantages, including world-class research and education institutions, proximity to transport infrastructure, and economic opportunities.



Partnering with Rheinmetall Defence Australia to secure Land 400 Phase 2.

Defence industries

The Australian Government's 2016 *Defence White Paper* has generated a \$195 billion Integrated Investment Program (IIP) which Queensland is capitalising on.

Queensland's defence industries:

- support an estimated 6910 full time equivalent jobs
- generated approximately \$6.3 billion in revenue during 2015–16
- contributed \$2 billion to Queensland's economy in terms of gross value during 2015–16
- were awarded approximately \$4.3 billion in Australian Defence Force contracts – eclipsing by \$500 million the total value of similar contracts awarded in 2015–16.

Queensland's advantages in defence industries include:

- a strong Australian Defence Force (ADF) presence, accounting for the second largest state for defence employment in Australia
- close to 26 per cent of ADF personnel
- home to the largest amphibious and army operations and training facilities
- around 41 per cent of Australian army, representing close to 70 per cent of the fighting force with their vehicles, two of three army multi-role combat brigades
- 14 significant defence facilities across the state
- more than 23,400 uniformed and civilian positions.

Queensland has a strong defence industrial base – a core of SMEs and a strong presence of globally leading contractors. Services include ballistic protection for personnel and vehicles, ship repair and overhaul, heavy vehicle manufacture and support, communication and control systems and cyber security.

The *Queensland Defence Industries 10-Year Roadmap and Action Plan* is under development to grow the industry's capabilities and leverage opportunities arising from the Australian Government's defence investment program.

Through engagement with the ADF and prime defence contractors, the department is attracting major defence projects to the state and identifying suitable Queensland enterprises to feed into national and international defence supply chains.

Key opportunities involve those surrounding the proposed expanded Singapore Army training exercises at Shoalwater Bay near Rockhampton and at Townsville, as well as the LAND 400 Armoured Combat Vehicles, SEA 1000 Future Submarines, and the F-35 Joint Strike Fighter programs.

During 2016–17 Defence Industries Queensland (DIQ), in partnership with the Industry Capability Network (Queensland) (ICN), delivered 10 capability development workshops attended by 211 participants from SMEs across Queensland. A further seven 'pitching' workshops were conducted, attracting 50 industry participants.

DIQ supported the Defence Materials and Technology Centre to deliver a pilot capability benchmarking project in Mackay that identified local welding companies with the capability that could be applied to defence projects.

DIQ also supported:

- 13 Queensland defence companies to showcase their capabilities at Landforces 2016 – the nation's primary land-focussed exposition for the ADF and global defence industries
- 13 Queensland organisations to exhibit at the Avalon 2017 Airshow.



Hastings Deering, Rockhampton

Mining Equipment, Technology and Services

Queensland's mining equipment, technology and services (METS) offer natural competitive advantages and strong growth potential as commodity demand is projected to double during the next 30 years.

In 2015–16 the sector generated \$7 billion in revenue and \$2.5 billion in gross value-add to Queensland's economy and supported around 19,500 jobs.

By 2036, it is estimated the METS sector may contribute up to \$4.38 billion in value-add to Queensland's economy and support up to 28,400 jobs.

Queensland METS companies are world leaders in mine safety, mine rehabilitation and remediation processes and technologies, contract mine servicing, and are major exporters.

More than 800 Queensland METS companies are currently operating across all aspects of the energy and resources industry value chains.

Queensland is home to METS Ignited, part of the Australian Government's Industry Growth Centres initiative. Six million dollars has been provided to drive the early development of METS sector initiatives in Queensland consistent with the developing *Queensland METS 10-Year Roadmap and Action Plan*.

Six joint initiatives were announced in January 2017, including:

- piloting a technology accelerator—an intensive 12-week program of workshops, mentoring and meetings with industry leaders
- identifying energy and resource testing facilities to ensure new technologies will attract investment
- enhancing METS industry clustering in Mackay, to increase collaboration between companies and foster development of new business opportunities
- creating business opportunities for METS companies to supply energy efficiency solutions to the resources sector
- a proposed initiative with QUT, identifying managerial skills and business models that support METS companies
- developing baseline data that measures the amount of collaboration occurring within the METS sector.

The Queensland Government continues to strongly and proactively support the METS sector to innovate and grow jobs including in the regions.



CSF Steel Fabricators, Cairns.

Our performance

Objective 5: Support enterprise and job creation

Key achievements

To support Queensland enterprise and job creation during 2016–17 the department has:

- continued to provide Queensland firms with full, fair and reasonable access to major Queensland Government funded projects through the Queensland Charter for Local Content
- supported Queensland firms access to supply chain opportunities with \$204 million worth of contracts as a result of assistance through ICN services
- tailored and delivered the Accessing Supply Chain Opportunities Program to meet emerging demand from buyers and suppliers
- launched the \$20 million Made in Queensland (MIQ) grants program to support small to medium enterprises (SMEs) engaged in manufacturing increase productivity and international competitiveness through adoption of innovative processes and technologies. To 30 June:
 - over 440 businesses have registered an interest in the program
 - over 150 of these manufacturers have completed a benchmarking of their businesses
 - 19 funding applications are under assessment across the biofutures, biomedical, metal fabrication, food and agriculture sectors.
- progressed the North Stradbroke Island Economic Transition Strategy
- co-ordinated 236 foreign investment proposals through the Queensland Foreign Investment Secretariat
- delivered funding to two projects under the \$130 million Jobs and Regional Growth Fund, part of the government's broader \$200 million Jobs and Regional Growth Package, targeted at growing regional economies and creating jobs for Queenslanders
- delivered specialised programs and events in partnership with private enterprise to help local businesses:
 - access supply chain opportunities
 - improve their capacity to win tenders and work
 - secure work and contract opportunities as a direct result of the Queensland Government procurement process—this process provides genuine financial opportunities for regional enterprise and is guided by the Queensland Charter for Local Content.
- assisted MMG obtain development approval for a train load out facility in Cloncurry that will allow the zinc mined from the \$1.4 billion Dugald River Project to be railed to the Port of Townsville



TAE Aerospace, Amberley.

- assisted Resolute Mining in obtaining amended Environmental Authority approvals for the expansion of mining at the \$167 million Ravenswood Gold Mine that has a current operational workforce of 280 and an estimated new construction workforce of 100.

Future priorities

The department will continue to:

- attract companies to Queensland under the \$40 million Advance Queensland Industry Attraction Fund
- help small to medium enterprises (SMEs) in the state's manufacturing sector to become internationally competitive by adopting innovative processes and technologies through the \$20 million Made in Queensland grants program
- offer private sector projects financial incentives through the \$130 million Jobs and Regional Growth Fund
- assist regional businesses and industries to advance their sectors with globally competitive equipment, systems and infrastructure
- stimulate employment in traditional industry sectors to attract highly skilled employees to regional centres for career opportunities
- facilitate new private sector investment and projects—including supply chain development and access—to provide increased job opportunities
- deliver a capital program and increase private capital expenditure in Queensland to create jobs through a central point of contact, and whole-of-government case management
- provide specialist support for regionally significant projects including those within the priority industry sectors

- ensure private sector projects are provided facilitation support, including ensuring approvals are coordinated and timely to secure the maximum benefits for Queensland
- deliver a mentoring program to assist eight companies in the engineering, construction and resources sector to commercialise technologically advanced ideas. The Engineering Construction and Resources Hub (ECRi hub) has already provided 25 innovative companies with commercialisation assistance through its industry networks
- deliver activities specifically geared to support enterprise development, growth and jobs opportunities across the state.

Program highlights

Project facilitation

The department plays a key role in delivering the government's priorities of job creation, regional growth, encouraging innovation and delivering new infrastructure through supporting and facilitating private sector projects.

Departmental officers work across government, including local government, to help ensure private sector projects are facilitated and coordinated to progress in a timely manner and deliver maximum benefits for Queensland, including capital investment, associated infrastructure and jobs.

The department, including the Office of the Coordinator-General, provides support services and post approval monitoring to projects which:

- require multiple regulatory approvals
- are complex or sensitive in nature
- require significant coordination across government
- respond to a recognised regional need or government priority.



Dalby Biorefinery worker.

Services include:

- engaging with major businesses and supply chains to identify regulatory impediments to the delivery of projects
- developing policy options and recommended solutions to regulatory impediments to fast-track or streamline project approvals
- applying statutory powers under the SDPWO Act to allow the Coordinator-General to provide proponents with certainty on approval pathways
- engaging with regulatory agencies during the approval stages to minimise delays in projects
- supporting major businesses in their engagement of communities, local governments and landholders across Queensland
- identifying other key contact points within government
- supporting economic analysis and the development of regional economic strategies and policies to ensure major projects deliver maximum socio-economic benefit
- providing advice and information to senior executives and government on project progress, matters of state interest or impact of current and new government policy
- assisting in negotiations with service providers (e.g. councils, the Department of Energy and Water Supply and DTMR).

Project facilitation support was provided to:

- Carbine Resources Limited to help secure regulatory approvals for a gold and copper project which aims to reprocess mining tailings from the abandoned Mount Morgan mine near Rockhampton. The project has a pre-production capital cost of \$85 million and may create up to 110 new construction jobs and 70 direct operational jobs
- Jemena to secure all Queensland approvals and land access arrangements to allow construction of the Northern Gas Pipeline from Tennant Creek to Mount Isa. The pipeline is expected to cost \$800 million to build and could create up to 600 new construction and 30 new operational jobs across Queensland and the Northern Territory. To date, Jemena has awarded 76 jobs and 12 contracts to residents and companies in the Mount Isa region. Fifteen contracts and 137 jobs have also been awarded to Indigenous people and companies across Queensland and Northern Territory
- Fucheng Investment Holdings to assist with water and power supply issues and approvals for a \$120 million investment in a proposed abattoir at Goondiwindi and associated feedlot at Westmar in southern inland Queensland. It may create 360-400 jobs in construction before the end of 2017 and 432 direct operational jobs.

There are 19 major projects being facilitated by the Coordinator-General including the Dugald River Project, Capricorn Copper, Amrun project, Kidston Solar and Pumped Storage Hydro Project, Santos Gas Field Development Project and QCoal's Byerwen Coal Mine. Of these 13 are prescribed projects. These projects have a combined capex of almost \$34 billion, supporting over 29,000 jobs.



Capability Statement Writing Workshop, Burdekin.

Queensland Charter for Local Content

The Queensland Charter for Local Content supports local suppliers to access state government procurement opportunities by providing local industry with full fair and reasonable access to this market. The Department of State Development administers the Queensland Charter for Local Content.

The Charter has the core policy objective of maximising local content through greater participation of capable local industry in major government procurement activities.

In 2016–17, 64 Queensland Government procurements reported meeting the requirements of the Charter.

In 2016–17, 22 proponents provided reports on progressive project spends for key projects

such as Toowoomba Second Range Crossing, and Commonwealth Games projects.

Since the launch of the Charter, annual reporting has identified approximately 82 per cent of the value of contracts awarded have been won by Queensland firms.

Implementation of the Charter is supported by services delivered by QMI Solutions under the trading name of Industry Capability Network Queensland (ICN Qld).

In 2016–17, the department purchased a range of ICN Qld services to support local suppliers access emerging supply chain opportunities.

In addition, the department delivers the Accessing Supply Chain Opportunities program and the Tendering for Government Business workshops which also support the Charter.



Case Study: ECRi Hub nurtures innovation

The department established the Engineering, Construction and Resources Innovation Hub (ECRi Hub) in May 2016 to grow a vibrant, innovative community and drive international competitiveness and high-value, knowledge-based jobs.

The Hub links innovative technology, end users, investors and global partners to create opportunities for collaboration; helps innovators get to market; matches solutions to challenges within the Hub target sectors; and drives economic benefit for Queensland.

The Business Mentoring for Innovation Program is a key initiative of the Hub and supports companies with new product ideas to commercialisation through a two-stage process.

Stage one supported eight companies including StringAir, a Rockhampton company with invention product that improves safety in confined space. StringAir's innovation has an integrated light and camera for remote monitoring. The product could become commercially viable as a result of the program's support, thereby creating regional jobs. Four companies, including StringAir, have been shortlisted for stage two, commencing in August 2017.

In its first year, the Hub has connected innovators with markets, identified more than 30 Queensland innovations with significant growth opportunity, and facilitated workshops, mentoring and networking for regional innovations.

The ECRi Hub is being incubated in government and aims to expand stakeholder engagement activities to address industry challenges and support innovators across Queensland.



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 Chief Finance Officer listed in section 77 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*.

Alison Mohr
Chief Finance Officer

Summary of financial performance

This section provides an overview of the financial statements of the department for the 2016–17 financial year, which are provided in detail at the 'financial statements' section of this report.

Understanding the financial statements

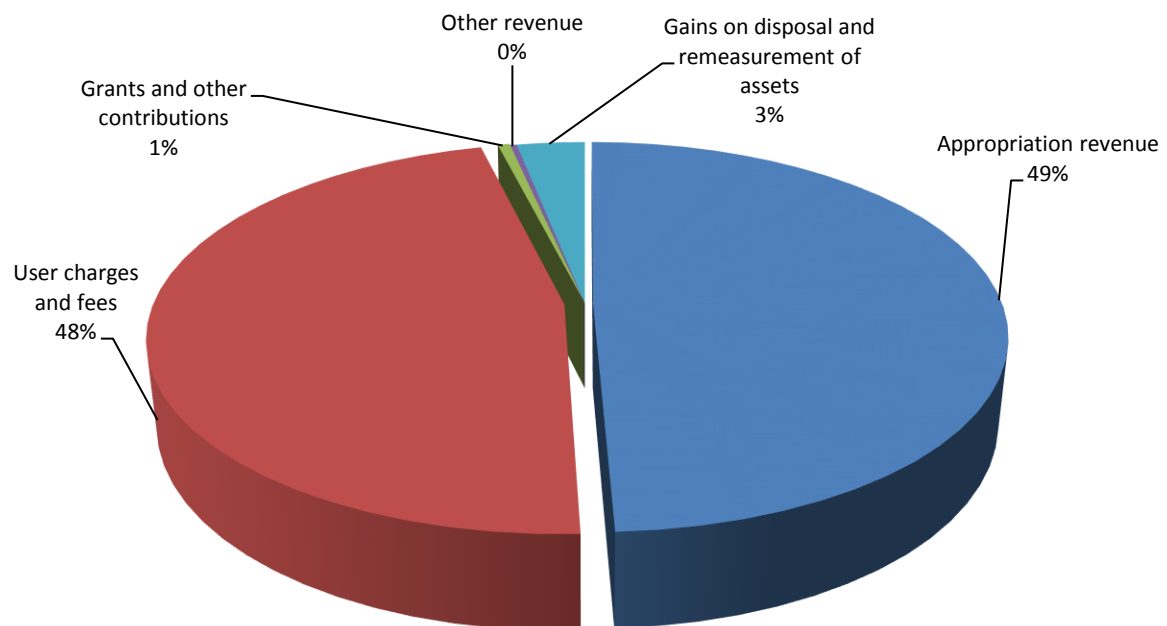
The following comparison of the 2016–17 results with the 2015–16 results was considered and accepted by the department's Audit and Risk Management Committee at the August 2017 meeting.

Analysis—operating result

	2017 \$'000	2016 \$'000	Variance \$'000
Total income	375,502	341,764	33,738
Total expenses	(363,583)	(328,564)	(35,019)
Operating result from continuing operations	11,919	13,200	(1,281)
Total comprehensive income	11,919	13,200	(1,281)

Income

Figure 1: Income by category for the year ended 30 June 2017



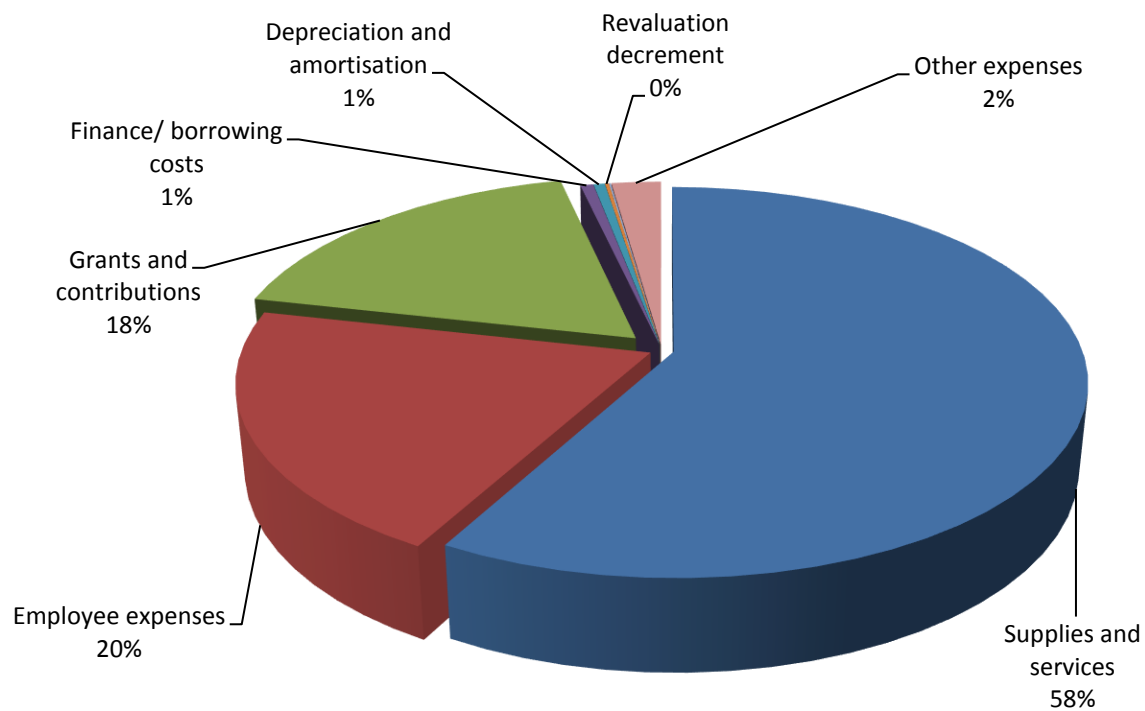
Total income for the year ended 30 June 2017 is \$375.50 million. The 2017 appropriation revenue increased by \$34.19 million due to a realignment of funding from 2016 for high priority projects (including Royalties for the Regions, the North Queensland Stadium and Safe Anchorage at Mission Beach) and new funding received for Economy Building

Initiatives, Queensland Biofutures 10-Year Roadmap and Building our Regions.

The department's significant income categories are appropriation revenue and user charges and fees.

Expenses

Figure 2: Expenses by category for the year ended 30 June 2017



Total expenses for the year ended 30 June 2017 are \$363.58 million. The 2017 total is an increase of \$35.02 million from 2016, due to the combined increases in supplies and services for the Commonwealth Games venues and village construction costs and grants and contributions

for the payments for the Royalties for Regions and Building our Regions grant programs.

The department's significant expenses categories are supplies and services, employee expenses and grants and contributions.

Statement of Financial Position—Assets and Liabilities

	2017 \$'000	2016 \$'000	Variance \$'000
Total Current Assets	34,274	74,477	(40,203)
Total Non-Current Assets	136,002	142,379	(6,377)
Total Assets	170,277	216,855	(46,578)
Total Current Liabilities	56,364	100,125	(43,761)
Total Non-Current Liabilities	65,414	69,312	(3,898)
Total Liabilities	121,777	169,437	(47,660)
Total Equity	48,500	47,418	1,082

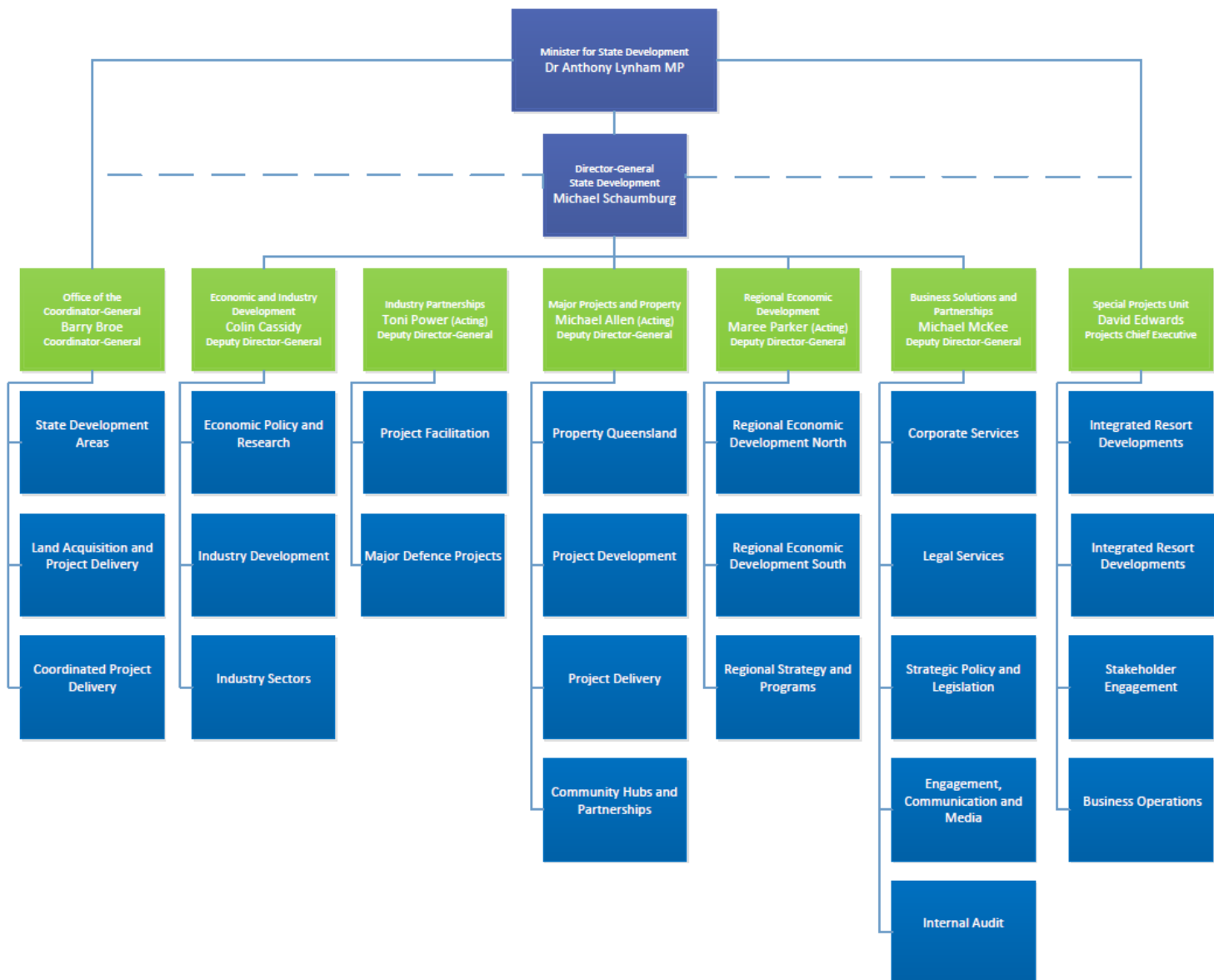
Total assets as at 30 June 2017 are \$170.28 million. Cash and cash equivalents decreased by \$43.15 million, due mainly to payments made to suppliers and contractors for Commonwealth Games venues and village projects and less funding received in advance for these projects.

Total liabilities as at 30 June 2017 are \$121.78 million. The 2017 total is a decrease of \$47.66 million from 2016 due to lower balance of payables and less funding received in advance (other liabilities) in line with the Commonwealth Games village and venue projects nearing completion.

Our structure

Figure 3: Organisational Structure

Department of State Development as at 30 June 2017





Governance

Office of the Coordinator-General

The Coordinator-General administers the *State Development and Public Works Organisation Act 1971* and has wide ranging powers to plan, deliver and coordinate large-scale infrastructure projects, while ensuring environmental impacts are properly managed.

Most projects managed by the Coordinator-General are in Queensland's significant minerals, energy, tourism, agriculture, manufacturing and infrastructure sectors. Through enabling the delivery of these projects, the Coordinator-General stimulates the economic and social development of Queensland.

Major Projects and Property

Major Projects and Property facilitates, develops and delivers projects and property solutions to achieve economic development and social outcomes across Queensland.

Economic and Industry Development

Economic and Industry Development is leading industry attraction and facilitation; developing priority, new and emerging industries; and provides expert commercial and economic analysis of projects and programs to measure and promote productivity.

Industry Partnerships

Industry Partnerships works across government to facilitate private sector projects and major defence industry projects. The team has a commercial focus to maximise benefits for Queensland through private sector investment, contributing directly to economic development, job creation and regional growth.

Regional Economic Development

Regional Economic Development provides an integrated suite of business, industry and regional development services throughout the state, focusing on regional economic growth to support regional employment.

Some services are provided on behalf of a range of Queensland Government departments.

Business Solutions and Partnerships

Business Solutions and Partnerships provides business and corporate services support to the department. Working collaboratively with our internal stakeholders, the focus is to support the delivery of outcomes of the department and the Queensland Government's strategic objectives.

Special Projects Unit

Special Projects Unit facilitates and delivers economic development through the delivery of large scale Integrated Resort Developments in Queensland.

DSD Board members

The DSD Board assists the Director-General to deliver our strategic objectives. Chaired by the Director-General, the DSD Board meets every two months.

Members:

- Deputy Directors-General
- Coordinator-General or nominee.

Executive

Michael Schaumburg, Director-General



Appointed July 2015

Under the *Financial Accountability Act 2009* the Director-General is accountable to the Minister for State Development and the Premier for the efficient, effective and financially

responsible performance of the Department of State Development.

Michael is a senior executive with 31 years of experience in the infrastructure and resource industries. He is a former Deputy Coordinator-General in the Department of State Development and Engineering Manager of the Ports Corporation Queensland. At a senior executive level, he was involved in the planning and development of major resource and infrastructure projects that include the Abbot Point Growth Gateway Project, Fisherman's Landing LNG Project and the proposed Yarwun Coal Export Terminal at Gladstone.

Michael's academic qualifications include a Bachelor of Engineering (Civil) (Hons), an Associate Diploma in Civil Engineering and a Graduate Diploma in Business Administration. He is a graduate of the Australian Institute of Company Directors, a Registered Professional Engineer of Queensland and a Chartered Professional Engineer. He is also a fellow of the Institute of Engineers Australia.

Barry Broe, Coordinator-General



Appointed April 2012

The Coordinator-General is an independent statutory body responsible under the *SDPWO Act* for the assessment and facilitation of large scale public and private projects that enhance the economic

development of Queensland.

Barry's professional background is in infrastructure, major projects and transport across all aspects of planning, approvals, design, funding, procurement, construction, operations and maintenance. With 37 years of diverse public sector experience, he has successfully planned, assessed, coordinated and delivered infrastructure and major projects in Queensland and overseas.

Barry holds a Bachelor of Civil Engineering degree with first class honours as well as a Masters of Engineering and Technology Management degree.

Barry's work history includes the role of Divisional Manager of Brisbane Infrastructure in BCC; Director of Transport Planning and Policy for Transport for London; Director of Transport Planning (SEQ) for the Department of Transport, and a wide range of planning, design and construction roles in Main Roads and Queensland Transport.

*David Edwards, Projects Chief Executive,
Special Projects Unit*



Appointed July 2015

David's professional background is in economics, infrastructure, project management and public policy, with a distinguished and successful career at senior levels of the state's public and private sectors.

As Projects Chief Executive, David is responsible for delivery of Queen's Wharf Brisbane, the largest private property development in the nation. He is also responsible for other proposed major integrated resort developments.

In addition to his role with the department, David is a member of the State Advisory Council for the Queensland Committee for Economic Development of Australia, the Chairman of Lifetec, a not-for-profit organisation supporting people with disabilities, and a member of the Board of the Wesley Mission Brisbane, a not-for-profit community service organisation who provide a range of services to support people in need.

*Colin Cassidy, Deputy Director-General
Economic and Industry Development*



Appointed August 2013

Colin joined the state government in 1991 after 10 years in local government. He has over 20 years of experience in a range of senior professional, policy and corporate leadership roles within the state public sector.

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

Colin holds a Master of Urban and Regional Planning, Master of Science (Environmental Studies) and a Bachelor of Science.

*Kerry Petersen, Deputy Director-General
Major Projects and Property*



Appointed November 2015, resigned March 2017

Kerry has 25 years of experience delivering capital works projects for the Queensland Government which has seen her involved in the delivery of the Queensland

Conservatorium of Music, Suncorp Stadium, Queensland State Library, Gallery of Modern Art (GOMA), Roma Street Parkland and a variety of State Development capital works programs including education.

Kerry holds a Bachelor of Architecture and Graduate Certificates in Strategic Asset Management and Management.

*Michael Allen, Acting Deputy Director-General,
Major Projects and Property*



Acting from April 2017

Michael's professional background is in infrastructure, major projects, environmental impact assessment and coastal hazard management.

Michael's experience in the Queensland public service spans more than 25 years. This includes a diverse range of infrastructure and private-sector projects across the state, from the sand bypassing system on the Queensland-New South Wales border to bauxite mining on Western Cape York.

Michael has also led significant programs in ports master planning, business improvement and legislative reform.

He holds a Bachelor of Engineering (Mechanical) and Master of Information Technology.

Kathy Schaefer (PSM), Deputy Director-General, Regional Economic Development



Appointed July 2008

Kathy is committed to building strong, vibrant and dynamic regional economies and communities, promoting investment, exports, job creation and growth.

Kathy offers a rich and diverse senior executive

public service leadership experience base. This includes a proven track-record across numerous portfolios in three states and two tiers of government.

In mid June, Kathy moved to Special Projects Unit as Deputy Director-General Special Projects Unit.

Kathy's academic qualifications include a Master of Business Administration, Graduate of the Institute of Company Directors, Bachelor of Education, Graduate Diploma in English as a Second Language Teaching and a Diploma in Teaching. She received a Public Service Medal during the 2016 Australia Day Awards.

Michael McKee, Deputy Director-General Business Solutions and Partnerships



Appointed November 2015

Michael McKee has revitalised Business Solutions and Partnerships (BSP) by establishing a vision of integrated service excellence.

Michael leads a culture that continually seeks to develop skills of, and motivation for, staff within BSP to *Engage, Enable and Protect* effectively and consistently with clients and key stakeholders. Michael's professional, innovative and engaging approach to the leadership of this group has significantly unleashed the potential for its future.

Michael has a strong background in finance and business services management across several state organisations.

With previous experience stemming from working alongside the Queensland Auditor-General and an international chartered accounting firm, Michael ensures due-diligence is undertaken in all operations and works closely with governance, risk and performance reporting teams to promote the importance of compliance with, and successful management of, these areas across the department.

Toni Power, Deputy Director-General, Industry Partnerships



Appointed May 2017

Toni is a senior executive with 25 years of experience in the public sector with the Commonwealth and Queensland governments. She has worked in senior program and project roles in the areas of housing,

public works and community services, as well as having extensive experience in the leadership and delivery of corporate services.

Toni has experience in leading organisations through transition and major change and was appointed to lead the newly created Industry Partnerships group, which was established in May 2017 to work across government with a commercial focus to facilitate private sector and major defence projects.

Accountability

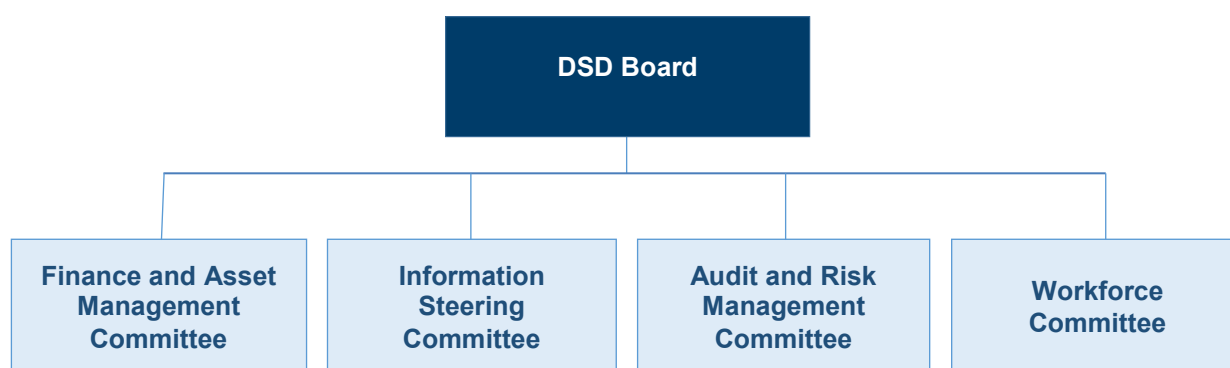
The department adheres to the *Public Sector Ethics Act 1994* (PSE Act) and the *Financial and Performance Management Standard 2009* (FPM Standard), and maintains a governance structure with three key governance forums that provide leadership direction. These are the DSD Board, the Executive Management Team and strategic planning workshops.

At the highest level, the DSD Board and governance committees oversee organisational performance and risk, ensuring we operate efficiently, effectively and transparently.

Governance committees

The functions and responsibilities of our governance committees—outlined at Figure 4 – are formally articulated in their Terms of Reference.

Figure 4: Departmental governance committees



Finance and Asset Management Committee

The Finance and Asset Management Committee (FAMC) ensures the department can deliver services in the most efficient, effective and economical manner. The FAMC's role is to provide assurance in:

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

The FAMC acts to review decisions and make recommendations to the Executive Management Team and/or Director-General regarding resourcing. It focuses on issues relevant to the verification and maintenance of the integrity of the Executive Management Team's financial reporting and budget management in line with the department's strategic objectives.

Membership of the FAMC in 2016–17:

- Colin Cassidy, Deputy Director-General, Economic and Industry Development (Chair)
- Elizabeth Dickens, Director, Office of the Director-General
- Toni Power, Deputy Director General, Industry Partnerships
- Natalie Wilde, Executive Director, Major Projects and Property (resigned 27 April 2017)
- Denise Johnston, Executive Director, Economic and Industry Development
- Bill Lewis, Executive Director, Major Projects and Property (appointed 15 June 2017)
- Kerry Smeltzer, Assistant Coordinator-General, Office of the Coordinator-General (appointed 15 June 2017)

Information Steering Committee

The Information Steering Committee (ISC) comprises members of the department and Department of Infrastructure and Local Planning (DILGP) who meet to ensure the identification and subsequent implementation of appropriate and effective information management and technology systems and solutions. Key areas of focus for the ISC are:

- ensuring efficient and effective operation of information management and communication technologies and supporting systems/infrastructure
- ensuring information assets are identified, managed, secured and available to support effective decision-making
- identifying opportunities for improvement and innovation
- establishing roadmaps, including adoption of digital technologies, to implement strategy set by the executive to ensure mobile and agile responses to emerging government and department priorities
- establishing governance arrangements that adequately manage costs and risks while enabling the achievement of benefits.

Membership of the ISC in 2016–17:

- Michael McKee, Deputy Director-General Business Solutions and Partnerships (Chair)
- Kathy Schaefer, Deputy Director-General Regional Economic Development
- Michael Allen, Acting Deputy Director-General Major Projects and Property
- Kathy Parton, Deputy Director-General Strategy, Governance and Engagement (DILGP)
- Debby Pitcher, Executive Director Planning (DILGP)
- Stuart Moseley, Deputy Director-General, Planning (DILGP) (Resigned April 2017).

Audit and Risk Management Committee

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

Financial and Performance Management Standard 2009 (FPMS).

The objective of the Committee is to provide 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 authority and responsibilities of the committee and was prepared with reference to:

- relevant provisions of *the Financial Accountability Act 2009* (FAA) and FPMS
- Queensland Treasury Audit Committee Guidelines—Improving Accountability and Performance
- better practice guidance issued by the Australian National Audit Office.

The ARMC met on four occasions during 2016–17.

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

- Eric Muir – Chair and external member. Remuneration: \$8,707
- Joshua Chalmers, Partner PwC—external member (resigned October 2016)
- Sally Noonan – Executive Director, Economic Policy and Research, Economic and Industry Development (resigned February 2017)
- Colin Cassidy, Deputy Director-General, Economic and Industry Development (resigned February 2017)
- Kerry Petersen, Deputy Director-General, Major Projects and Property
- Matthew Andrew, Executive Director, Industry Development
- Michael Farrell, Project Executive Director, Special Projects Unit (member February 2017)
- Ms Marita Corbett, Partner BDO – (external member February 2017). Remuneration: \$2,500.

Key achievements for the ARMC during 2016–17 included:

- reviewing the department’s annual report for the year ended 30 June 2016
- reviewing and endorsing the department’s financial statements for the year ended 30 June 2016
- reviewing and endorsing the department’s Internal Audit Strategic Plan 2017–20 and Annual Audit Plan 2017–18
- endorsing the ARMC Charter and the Internal Audit Charter for 2017–18
- receiving regular reports on Internal Audit activities, including audits and reviews completed as part of the Internal Audit Annual Audit Plan 2016–17
- reviewing and considering the Queensland Audit Office (QAO) Strategic Audit Plan and the Client Strategy for the department
- considering the scheduling, status, findings and audit recommendations of QAO financial and performance audits
- receiving regular reports on the implementation status of internal and external audit recommendations
- endorsing the department’s Risk Management Framework and received regular reports on the department’s risk status
- enhancing oversight of risk management as the department gains a greater awareness of the identified risks and mitigation strategies.
- The ARMC considers that it has met the terms of its Charter and has had due regard to Queensland Treasury Audit Committee Guidelines.

Workforce Committee

The Workforce Committee (the Committee) ensures that the department can deliver services in the most efficient, effective and economical manner. The Committee’s role is to provide oversight on:

- strategic direction and management of human resources

- development of a workplace culture that supports the delivery of the department’s goals and objectives.

The Committee aims to ensure that the department’s work is conducted ethically and that the workforce is flexible, agile and capable of meeting the needs of a rapidly changing environment.

The Committee acts to review and make decisions regarding all matters relating to the attraction, recruitment and utilisation of people in a way that delivers on the strategic priorities of the department. It focuses on issues relevant to workforce capability and the development of an ethical culture supporting the achievement of the department’s strategic objectives.

Membership of the Committee in 2016–2017:

- Michael Schaumburg, Director-General (Chair)
- Colin Cassidy, Deputy Director-General, Economic and Industry Development
- Michael McKee, Deputy Director-General, Business Solutions and Partnerships
- Kathy Schaefer, Deputy Director-General, Regional Economic Development
- Maree Parker, Acting Deputy Director-General, Regional Economic Development
- Michael Allen, Acting Deputy Director-General, Major Projects and Property
- Toni Power, Deputy Director General, Industry Partnerships
- Michele Bauer, Assistant Coordinator-General, Coordinated Project Delivery.

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 is provided in the *GasFields Commission Annual Report 2016–17*.

Information regarding other government bodies within the department's portfolio is available on the department's website: www.statedevelopment.qld.gov.au/corporate-publications/annual-report.html.

Risk management

The department implements a risk management framework to identify, assess and manage risks that may impact on the fulfilment of its strategic objectives, service provision ability or program and project delivery.

The management of risk is undertaken by all staff, with project managers, management and executive staff responsible for appropriate implementation of risk treatments in line with the department's risk appetite.

Assurance regarding the effectiveness of risk management is provided to the Director-General by the ARMC.

Risk management is integrated into departmental activity through incorporation in project and program management as well as strategic and operational planning.

During 2016–17 the department continued implementing recommendations of an internal audit in April 2016. A program of agreed management actions responding to the recommendations was implemented which

concluded with the development and approval of the department risk management framework.

In November 2016, Queensland Audit Office suggested all departments develop a medium-term risk management maturity strategy to consolidate improvements to date and to provide direction for increasing the department's risk management maturity.

In June 2017, the DSD Board approved the adoption of a distributed approach which will deliver a medium level of maturity in risk management. The strategy aims to provide clear direction and continuity of focus on building risk management capability across the department, as well as consideration of the management of opportunities into the future.

Internal audit

Pursuant to section 29 of the *Financial and Performance Management Standard 2009* (FPMS), the department has an independent Internal Audit function.

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

Internal Audit operates under an approved charter that sets the purpose, authority and responsibilities of the department's internal audit function. It has been prepared with regard to:

- the relevant provisions of the *Financial Accountability Act 2009* and the Financial and Performance Management Standard
- IIA International Professional Practice Framework

- the Queensland Treasury Audit Committee Guidelines: Improving Accountability and Performance
- better practice guidance issued by the Australian National Audit Office.

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

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

Achievements of Internal Audit during 2016–17 include:

- developing and delivering a risk-based annual plan of audits covering assurance about, and improving effectiveness of, governance, financial controls, systems, project management, operations, compliance and risk management
- providing advisory services to the department to improve risk management, control and governance, and business operations
- completing audits and reviews as detailed in the annual audit plan and as directed by the Director-General resulting in recommendations for improving governance processes and business operations
- assessing the effectiveness and efficiency of key departmental financial and operating systems, reporting processes and activities
- adopting a co-sourced service delivery model for the provision of an effective internal audit function.

External scrutiny

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

QAO audits directly applicable to the department included:

- *Auditor-General's Report 1: 2016–17, Strategic procurement*—tabled in Parliament 27 September 2016
- *Auditor-General's Report 3: 2016–17, Follow-up: Monitoring and reporting performance*—tabled in Parliament 9 November 2016
- *Auditor-General's Report 8: 2016–17, Queensland state government: 2015–16 results of financial audits*—tabled in Parliament 16 December 2016
- *Auditor-General's Report 16: 2016–17, Government advertising*—tabled in Parliament 30 May 2017
- *Auditor-General's Report 17: 2016–17, Organisational structure and accountability*—tabled in Parliament 31 May 2017

Recommendations addressed to the department were accepted and management plans are in place to implement those recommendations. Implementation progress in implementing Auditor-General is monitored and followed-up by Internal Audit and reported to the ARMC for review and noting.

Ethics and governance

Our Ethics and Integrity Framework ensures systems, policies, procedures and resources are in place to provide assurance that all activities are conducted in an ethical, accountable and transparent manner.

The expanded remit of the ethics unit, incorporating governance and a change of name to Ethics and Governance, provides greater assurance that the framework remains

central to the department's operations.
It covers:

- managing complaints
- lobbyist contacts
- registering declarations of interests
- registering gifts and benefits
- ethics advice and training
- liaising with the Crime and Corruption Commission (CCC) and the Queensland Ombudsman's Office
- managing public interest disclosures
- preventing fraud and corruption
- right to information and privacy
- open data
- corporate policy coordination and review
- coordination of delegations
- secretariat support for the DSD Board.

Within the realm of governance, the corporate policies and financial delegations have been reviewed. The reviewed and updated policies and the development of complementary procedure documents will ensure they uphold and are founded on the ethical principles in the *Public Sector Ethics Act 1994* and are easy to comprehend and implement. The reviewed financial and human resources delegations are supporting the operations of the department more efficiently, while remaining compliant and accountable.

Departmental employees uphold the Code of Conduct for the Queensland Public Service and receive regular training on the code, starting at induction.

There were 16 workshops and information sessions delivered to staff in 2016–17 on topics related to anti-discrimination, ethics, and identifying and preventing fraud and corruption. Various training opportunities with ethics and integrity components are embedded within induction sessions, online training, and training sessions—which may be requested or delivered for specific business units and for senior executives. A focus has also been placed on ensuring staff have an improved

understanding and appreciation of the implications of gifts and benefits.

Each financial year, customer complaints that have been received, resolved and under management are reported. This information is available on the department's website: www.statedevelopment.qld.gov.au

In 2016–17, there were 23 complaints lodged against employees, of which 14 were substantiated. Management action and business improvement were undertaken in response to these complaints.

Information systems and record management

The department is committed to information and recordkeeping practices that harness and value business information as a strategic asset.

The department continues to work towards information management improvements that contribute to a culture of openness, accountability and transparency in all business activities. Our Information Management Strategy includes clear and concise policy and guidelines that demonstrate our commitment to the whole-of-government Information Management Framework principles.

Modelling of the department's data and information architecture was undertaken in 2016–17, as well as the creation of an executable portfolio of projects, which will deliver the building blocks for more useful and cohesive business content and information management systems.

The department's use of an electronic document records management system (eDRMS) enables the secure, effective and efficient management of correspondence, documents and records. During 2016–17, 438,733 items were captured. Professional staff maintains the integrity of this system and all staff undertake appropriate recordkeeping training as part of induction.

The planning and subsequent move to 1 William Street was the key driver during 2016–17 for an agency-wide cultural change away from paper-based business processes to a

'born digital stay digital' approach to managing information.

This paper lite approach to information management produces the following benefits:

- locating and indexing inactive paper records into the department's eDRMS, assigning retention periods and managing hardcopies to offsite storage for review as the retention periods expire, in compliance with the *Public Records Act 2002*
- assessing, scanning and saving paper records that have been frequently used into the eDRMS, allowing for the physical records to be held at offsite storage. This has seen a 71 per cent reduction in monthly retrieval costs compared to 2015–16, equating to an estimated \$6,000 annual saving
- the amount of incoming physical mail has significantly reduced which enabled the consolidation of mail bags across the department in the Brisbane CBD from 28 bags to six
- the usage of internal electronic approval processes within the eDRMS has increased 16 per cent, removing the need to print, sign and retain paper records
- follow-me-printing technology provides additional information security and reduced paper waste as staff are required to swipe and select documents for printing.

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

The department has utilised its existing investment in mobile technology (tablets) to further leverage newer technologies such as Windows 8.1, Office 365, VoIP and WiFi solutions that enhance the efficiency of our workforce.

Additional focus has been given to strengthening and securing our core technology platforms and applications. The department has delivered a Highly Available (HA) disaster recovery environment along

with enhanced security protocols to further protect digital information assets.

Workforce planning and performance

Workforce planning

Strategic workforce planning is undertaken at the departmental level to address organisational trends and develop enterprise wide strategies.

Aligned to the department's Strategic Plan, the department's Workforce Plan 2016–2020 was developed to achieve a workforce that is:

- talented, engaged and aligned to deliver the department's strategic objectives
- agile, flexible, responsive and resilient to change.

The Workforce Plan's objectives and initiatives reflect the People focus of Performance, Culture and Engagement in the department's Strategic Plan 2016–2020 with consideration to:

- an analysis of current workplace issues and workforce data
- contemporary HR and change management practices, and service innovations
- whole-of-government considerations including Public Service Commission (PSC) programs, frameworks, reporting requirements and expectations; and the service level agreement with Queensland Shared Services Agency
- the industrial relations framework and environment.

Initiatives implemented in 2016–17 include:

Performance

- a workforce agility strategy to support efficient and effective utilisation of departmental workforce resources; to meet capability requirements and increase workforce capacity
- an enhanced performance management framework My Conversations to strengthen

the department's performance management and development culture

- the ELMO learning and talent management system
- a formal management development training program for all team leaders and above, incorporating a diverse range of capability and knowledge development areas
- an enhanced ethics and governance framework and practices, including the roll-out of refreshed on-line code of conduct training
- commitment to red tape reduction supported by increased process improvement and automation across a range of corporate services functions.

Culture

- a contemporary leadership development strategy, with a focus on succession planning and developing emerging leaders
- continuing the annual mentoring program – 54 participants
- an enhanced multi-faceted health and wellbeing program for all employees
- improvements to work health and safety (WHS) practices and issues management.

Engagement

- diversity and inclusion strategies and action plans in line with the whole-of-government constructive workplace culture framework; with focus areas of domestic family violence, disability, Indigenous, cultural capability and women.

- a departmental Innovation Challenge, open to all employees for participation
- a monthly DSD Values in Action award, recognising employees who have demonstrated our public service values: customers first, ideas into action, unleash potential, be courageous or empower people.
- promoting and encouraging flexible working practice such as flexible hours and work arrangements, various leave types, compressed working week, part-time arrangements, job sharing and telecommuting.

Successful implementation of the plan is monitored through agreed performance indicators with oversight by the department's Workforce Committee.

We encourage our employees to participate in the annual whole-of-government confidential employee opinion survey to help drive positive workplace change within the department and across the Queensland public service.

The results assist the department to measure how we are progressing towards our goals and the integration of the public service values

Workforce Profile

The department has a workforce of 592.51 full time equivalent employees with a permanent separation rate of 4.14. per cent. This is an increase from 2015–16.

Our workforce profile is depicted in the following graphs – Figure 5 and Figure 6.

Figure 5: Workforce distribution by salary and gender as at 30 June 2017

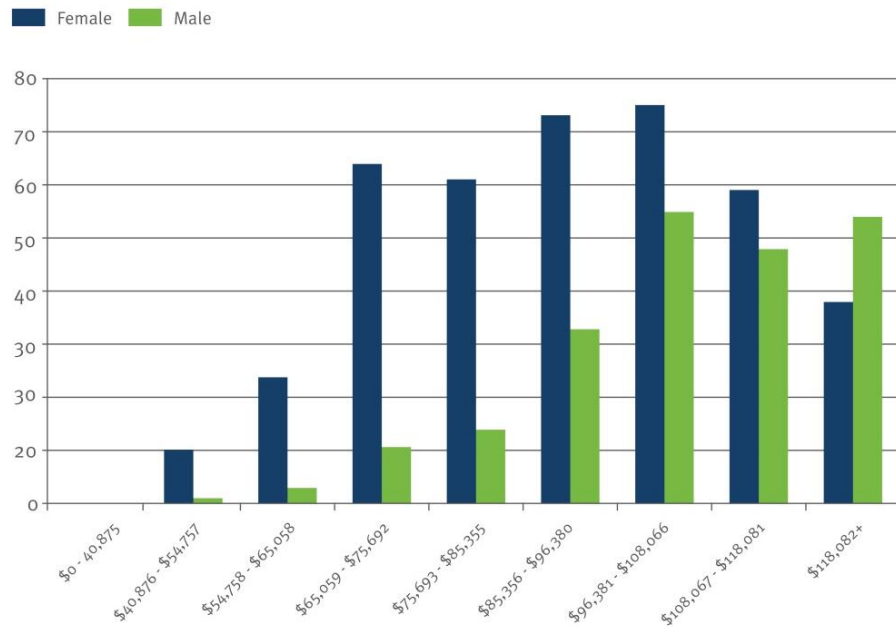
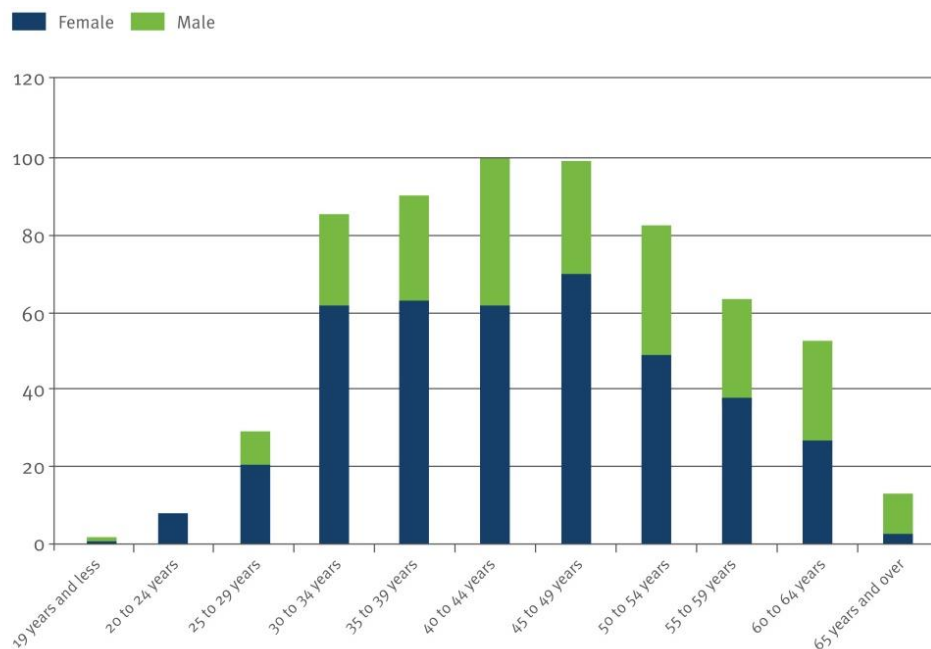


Figure 6: Workforce distribution by age and gender as at 30 June 2017



Workforce development

The department continues to focus on developing an agile and highly-skilled workforce, and increasing the capabilities of our people.

The DSD Workforce Plan 2016–2020 includes the department’s commitment to achieving a learning and development culture with initiatives designed to identify the skills required to deliver current and emerging business needs.

The Leadership Development Strategy supports the development of specific leadership capabilities required to deliver the department’s strategic outcomes. These will be reviewed yearly through the strategic planning process and incorporated into future leadership development offerings.

Learning and development activities emphasise a balance between:

- workplace learning—70 per cent of time
- social learning—20 per cent of time
- formal learning—10 per cent of time
- internally and externally provided programs including those offered by the Public Service Commission.

The department has implemented ELMO which provides on-line training content, and will be integrated in 2017-18 with the department’s performance management framework.

Other activities to achieve a learning and development culture include:

- refreshing the department’s formal induction program including introducing a new leader on-boarding program
- conducting expressions of interest to deploy highly skilled employees to internal priority projects
- continuing the department’s MyMentor program matching internal

mentors and mentees to build a highly skilled workforce with increased succession planning opportunities. The program allows individuals to learn the importance of fostering relationships, dealing with constructive advice and ultimately enabling job success

- expanding the leadership development program Leadership Xchange to high-potential employees, providing monthly hot topics face-to-face and live-streamed to regional areas
- linking to Leadership Xchange, a Career Connections program was introduced profiling male and female leaders from differing backgrounds, in addition the opportunity to shadow any profiled leaders is offered department-wide
- availing senior leaders of an executive coaching panel enabling a tailored and flexible development tool
- implementing a Management Development Program that includes formal training activities in the areas of:
 - anti-discrimination/ diversity and inclusion
 - operational planning
 - performance management and complex people matters
 - enabling flexible working
 - complaints management.

Health and wellness initiatives

The department takes a multi-dimensional approach to advance employee wellbeing including physical, psychological, social, work and financial wellbeing. In 2016–17 the department implemented the Live Well Work Well initiative, an enhanced health and wellbeing program for employees. The program includes:

- general health assessments available to all employees – 100 employees participated

- executive health assessments—21 employees participated
- skin cancer checks available to all employees—176 employees participated
- flu vaccinations—354 employees participated
- ergonomic and posture care assessments
- promotion and participation in community events including Corporate Games, Darkness to Daylight challenge, Safe Work Month and National Flexible Working Day
- information sessions and on-line promotions
- availability of the employee assistance program including support for employees impacted by domestic and family violence.

Diversity and inclusion

The department encourages a diverse and inclusive workforce, supported through a Creating an Inclusive Workplace policy.

The Indigenous employment strategy, in its third year, allows for school-based youth to enter the workforce as trainees in central or regional offices and experience work conducted in various business groups.

Continued support for women's career development through encouraging participation in women in leadership events is demonstrated through sponsorship at various development programs and high female participation rates in internal career progression initiatives. An inclusive language review was conducted on selected role descriptions in support of diverse and inclusive job opportunities.

The domestic and family violence awareness initiative continued into its third year, including promotion of the Not Now, Not Ever campaign and community events. Valuable information and toolkits are readily available to all employees on-line.

The department's promotion and participation in community events continued including LGBTIQ+ inclusion strategy; PRIDE march, Walk in my Shoes program and Domestic Family Violence Month.

Employee-centred initiatives were used to promoted awareness, including International Women's Day celebration, formation of an Aboriginal and Torres Strait Islander Recognition Committee, Reconciliation Week initiative and deaf awareness training.

Industrial and employee relations framework

All employees are covered by the *Industrial Relations Act 2016* and the *Public Service Act 2008*.

From 1 June 2016, the *State Government Entities Certified Agreement 2015* (Core EB 2015) applied to all employees at the AO8 classification level (or equivalent) and below.

From 1 June 2016, the modernised *Queensland Public Service Officers and Other Employees Award – State 2015* applied to all departmental employees except for Senior Executive Service and Senior Officers.

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

The department *has implemented and complied with the new Employment Security and Union Encouragement policies*.

Advice and support is provided to managers and employees in relation to terms and conditions of employment, policies and processes.

Consultative Committee

The Consultative Committee is a consultative body established pursuant to Part 9 of the Core EB 2015 to facilitate meaningful consultation between management and unions on matters arising under the Core EB 2015, or matters that otherwise impact or may impact upon the workforce of the department. The committee meets on a quarterly basis.

The parties to the Consultative Committee are:

- Department of State Development
- Together Queensland Industrial Union of Employees.

Consultation with the union was undertaken in late 2016 to discuss potential impacts on employees arising from the implementation of the machinery of government (MoG) changes between the department and the Department of Infrastructure Local Government and Planning as outlined in the Public Service Departmental Arrangements Notice (No.5) 2016. The MoG took effect on 1 November 2016.

Work Health and Safety (WHS) Committee

The Committee's roles and responsibilities are to:

- contribute to departmental compliance with the *Work Health and Safety Act 2011* (WHS Act), the *Work Health and Safety Regulation 2011* (WHS Regulation) and applicable Codes of Practice; and compliance with section 75 to 78 of the WHS Act relating to health and safety committees
- provide a consultative forum where WHS issues can be identified, discussed and solutions identified
- make recommendations on the management of WHS risks for adoption by senior management or the appropriate business area
- promote excellence and best practice in WHS management and apply a continuous improvement approach to the department's WHS performance for the benefit of all employees
- contribute to the development of, and oversee the implementation of, the WHS Action Plan
- assist with the development, implementation and monitoring of department wide policies, procedures and guidelines.

The WHS Committee meets quarterly. During 2016–17, the WHS Committee played a key role in ensuring WHS risks and issues associated with the relocation of departmental employees to the new 1 William Street location were identified and proactively managed. An exceptional WHS Committee meeting was held post the relocation to address any residual or new matters arising from the move.

Retirements, redundancies and retrenchments

During 2016–17, one employee received a voluntary medical retirement package at a cost of \$13,475.70.



Financial statements

Department of State Development

Financial Statements for the year ended 30 June 2017

Contents

Statement of Comprehensive Income
Statement of Financial Position
Statement of Changes in Equity
Statement of Cash Flows
Statement of Comprehensive Income by Major Departmental Services
Statement of Assets and Liabilities by Major Departmental Services
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Management Certificate

General information

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

The head office and principal place of business of the department is Level 16, 1 William Street, Brisbane QLD 4000.

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

For information in relation to the department's financial statements please call +61 7 3452 6930, email finance.dsd@dsd.qld.qov.au or visit the department's website www.statedevelopment.qld.qov.au.

Department of State Development
Statement of Comprehensive Income for the year ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000
Income from continuing operations			
Appropriation revenue	5	185,294	151,100
User charges and fees	6	175,379	172,288
Grants and other contributions		2,060	355
Other revenue		1,081	814
Total revenue		363,815	324,557
Gains on disposal and remeasurement of assets	7	11,687	17,207
Total income from continuing operations		375,502	341,764
Expenses from continuing operations			
Supplies and services	8	211,128	196,447
Employee expenses	9	74,262	71,064
Grants and contributions	11	65,075	39,764
Finance/borrowing costs		2,141	2,267
Depreciation and amortisation		1,859	2,480
Revaluation decrement		637	900
Impairment losses		290	-
Other expenses	12	8,192	15,640
Total expenses from continuing operations		363,583	328,564
Operating result from continuing operations		11,919	13,200
Total comprehensive income		11,919	13,200

The accompanying notes form part of these financial statements.

Department of State Development
Statement of Financial Position as at 30 June 2017

	Notes	2017 \$'000	2016 Restated * \$'000	1 July 2015 Restated * \$'000
Current assets				
Cash and cash equivalents	24	9,568	52,719	18,875
Receivables	13	16,265	8,515	23,743
Prepayments		211	238	248
		26,044	61,472	42,866
Non-current assets classified as held for sale	14	8,231	13,005	11,370
Total current assets		34,274	74,477	54,236
Non-current assets				
Receivables	13	505	3,352	4,200
Property, plant and equipment	15	124,124	127,137	150,050
Intangible assets	16	11,374	11,890	10,951
Total non-current assets		136,002	142,379	165,201
Total assets		170,277	216,855	219,437
Current liabilities				
Payables	17	24,452	43,024	28,817
Accrued employee benefits		3,232	2,811	1,851
Interest-bearing liabilities	24	7,721	7,512	7,205
Provisions	18	3,914	10,972	9,796
Other liabilities	19	17,045	35,806	27,452
Total current liabilities		56,364	100,125	75,121
Non-current liabilities				
Interest-bearing liabilities	24	57,856	65,499	73,020
Provisions	18	6,114	3,352	7,190
Other liabilities	19	1,443	461	658
Total non-current liabilities		65,414	69,312	80,868
Total liabilities		121,777	169,437	155,988
Net assets		48,500	47,418	63,448
Equity				
Contributed equity		465,481	476,319	505,548
Accumulated deficit		(416,981)	(428,900)	(442,100)
Total equity		48,500	47,418	63,448

* The department has restated Property, plant and equipment, Prepayments and Equity amounts due to the events outlined in Note 27. As a result, a third Statement of Financial Position has been presented in accordance with AASB 101 *Presentation of Financial Statements*.

The accompanying notes form part of these financial statements.

Department of State Development
Statement of Changes in Equity for the year ended 30 June 2017

	Notes	Contributed equity \$'000	Accumulated deficit \$'000	Total \$'000
Balance as at 1 July 2015		505,548	(442,100)	63,448
Operating result from continuing operations		-	13,200	13,200
Total comprehensive income for the year		-	13,200	13,200
Transactions with owners as owners:				
Appropriated equity withdrawals	5	(29,231)	-	(29,231)
Net transfers in from other Queensland Government entities		2	-	2
Net transactions with owners as owners		(29,229)	-	(29,229)
Balance as at 30 June 2016		476,319	(428,900)	47,418
Operating result from continuing operations		-	11,919	11,919
Total comprehensive income for the year		-	11,919	11,919
Transactions with owners as owners:				
Appropriated equity withdrawals	5	(17,850)	-	(17,850)
Net transfers in from other Queensland Government entities		12	-	12
Non-appropriated equity injections		7,000	-	7,000
Net transactions with owners as owners		(10,838)	-	(10,838)
Balance as at 30 June 2017		465,481	(416,981)	48,500

The accompanying notes form part of these financial statements.

Department of State Development
Statement of Cash Flows for the year ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000
Cash flows from operating activities			
Inflows:			
Appropriation receipts		176,057	140,630
User charges and fees		153,046	183,645
Grants and other contributions		1,829	597
GST input tax credits received from Australian Taxation Office		20,799	19,269
GST collected from customers		2,461	3,692
Other inflows		1,086	8,752
Outflows:			
Supplies and services		(227,202)	(184,398)
Employee expenses		(73,757)	(70,017)
Grants and contributions		(65,075)	(39,717)
GST paid to suppliers		(20,665)	(19,367)
GST remitted to Australian Taxation Office		(2,428)	(4,345)
Finance/borrowing costs		(2,141)	(2,267)
Other outflows		(6,068)	(12,215)
Net cash provided by operating activities	20	(42,059)	24,259
Cash flows from investing activities			
Inflows:			
Sales of property, plant and equipment		21,876	47,783
Sales of intangible assets		340	38
Outflows:			
Payments for property, plant and equipment		(4,827)	(4,424)
Payments for intangible assets		(771)	(1,025)
Net cash provided by investing activities		16,618	42,372
Cash flows from financing activities			
Inflows:			
Equity injections		19,042	21,216
Outflows:			
Equity withdrawals		(29,318)	(46,789)
Borrowing redemptions		(7,434)	(7,214)
Net cash provided by financing activities		(17,710)	(32,787)
Net increase/(decrease) in cash and cash equivalents		(43,151)	33,844
Cash and cash equivalents at beginning of financial year		52,719	18,875
Cash and cash equivalents at end of financial year		9,568	52,719

The accompanying notes form part of these financial statements.

Department of State Development
Statement of Comprehensive Income by Major Departmental Services for the year ended 30 June 2017

	Driving Enterprise Development, Economic Growth and Job Creation *		Assessing, Approving, Facilitating and Delivering Major Projects *		Total	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from continuing operations						
Appropriation revenue	102,801	101,237	82,493	49,863	185,294	151,100
User charges and fees	2,963	5,995	172,416	166,293	175,379	172,288
Grants and other contributions	1,958	261	103	94	2,060	355
Other revenue	291	615	790	199	1,081	814
Total revenue	108,013	108,108	255,802	216,449	363,815	324,557
Gains on disposal and remeasurement of assets	1	16,544	11,687	663	11,687	17,207
Total income from continuing operations	108,014	124,652	267,489	217,112	375,502	341,764
Expenses from continuing operations						
Supplies and services	24,018	19,377	187,110	177,070	211,128	196,447
Employee expenses	40,046	44,687	34,215	26,377	74,262	71,064
Grants and contributions	60,802	39,764	4,273	-	65,075	39,764
Finance/borrowing costs	-	2,267	2,141	-	2,141	2,267
Depreciation and amortisation	655	1,495	1,204	984	1,859	2,480
Revaluation decrement	-	550	637	350	637	900
Impairment losses	-	-	290	-	290	-
Other expenses	4,295	11,225	3,897	4,415	8,192	15,640
Total expenses from continuing operations	129,817	119,365	233,766	209,196	363,583	328,564
Operating result from continuing operations	(21,803)	5,287	33,723	7,916	11,919	13,200
Total comprehensive income	(21,803)	5,287	33,723	7,916	11,919	13,200

* Refer to Note 3 of the financial statements for a description of major departmental services.

Department of State Development
Statement of Assets and Liabilities by Major Departmental Services as at 30 June 2017

	Driving Enterprise Development, Economic Growth and Job Creation *		Assessing, Approving, Facilitating and Delivering Major Projects *		Total	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets						
Cash and cash equivalents	5,309	35,323	4,259	17,396	9,568	52,719
Receivables	8,535	3,414	7,730	5,101	16,265	8,515
Prepayments	137	123	74	115	211	238
	13,980	38,860	12,064	22,612	26,044	61,472
Non-current assets classified as held for sale	-	13,005	8,231	-	8,231	13,005
Total current assets	13,980	51,865	20,295	22,612	34,274	74,477
Non-current assets						
Receivables	-	1,005	505	2,346	505	3,352
Property, plant and equipment	693	21,965	123,430	105,172	124,124	127,137
Intangible assets	995	5,152	10,379	6,738	11,374	11,890
Total non-current assets	1,687	28,121	134,313	114,255	136,002	142,379
Total assets	15,667	79,986	154,608	136,867	170,277	216,855
Current liabilities						
Payables	10,719	19,559	13,733	23,465	24,452	43,024
Accrued employee benefits	1,765	1,781	1,467	1,030	3,232	2,811
Interest-bearing liabilities	-	7,512	7,721	-	7,721	7,512
Provisions	-	3,292	3,914	7,681	3,914	10,972
Other liabilities	14	5,023	17,030	30,783	17,045	35,806
Total current liabilities	12,498	37,167	43,866	62,959	56,364	100,125
Non-current liabilities						
Interest-bearing liabilities	-	65,499	57,856	-	57,856	65,499
Provisions	-	1,005	6,114	2,346	6,114	3,352
Other liabilities	801	183	642	278	1,443	461
Total non-current liabilities	801	66,687	64,613	2,624	65,414	69,312
Total liabilities	13,299	103,854	108,479	65,583	121,777	169,437

* Refer to Note 3 of the financial statements for a description of major departmental services.

Preparation information

Note 1 Basis of financial statement preparation

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Note 2 Department objectives

Note 3 Major departmental services

Performance for the year

Note 4 Budget to actual comparison

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Note 6 User charges and fees

Note 7 Gains on disposal and remeasurement of assets

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Note 10 Key management personnel (KMP) disclosures

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Note 21 Commitments for expenditure

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1. Basis of financial statement preparation

Compliance with prescribed requirements

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

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

New accounting standards applied for the first time in these financial statements are outlined in Note 28.

The reporting entity

The financial statements include all income, expenses, assets, liabilities and equity of the department. The department has no controlled entities.

Basis of measurement

The historical cost convention is used unless fair value is stated as the measurement basis.

Presentation

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.

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

Comparatives—Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period. The department has restated Property, plant and equipment, Prepayments and Equity amounts due to events outlined in Note 27.

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.

Authorisation of financial statements for issue

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

2. Department objectives

The department brings together the functions of the Coordinator-General; economic, industry and regional development; major project delivery; and government property management to lead the delivery of economic development outcomes for Queensland. The department contributes to the Queensland Government's objectives for the community of creating jobs and a diverse economy; building safe, caring and connected communities; and protecting the environment. This is achieved through the department's objectives by:

- Influencing policy and the investment environment.
- Facilitating a major projects pipeline.
- Strengthening the regions.
- Growth of priority, new and emerging industries.
- Supporting enterprise and job creation.

3. Major departmental services

The department's two service areas, Driving Enterprise Development, Economic Growth and Job Creation; and Assessing, Approving, Facilitating and Delivering Major Projects, directly reflect the department's strategic objectives.

Driving Enterprise Development, Economic Growth and Job Creation

This service area is delivering policies, projects and programs that drive enterprise development, economic growth and job creation consistent with the government's economic development and job creation agenda. This service area drives the expansion of Queensland's economic growth as benchmarked against the global economy and comparable jurisdictions.

Assessing, Approving, Facilitating and Delivering Major Projects

This service area facilitates the timely planning and delivery of major projects that drive economic growth and provide job creation opportunities. It provides tailored regulation, advisory, facilitation and delivery services, to support increased economic activity. It is contributing to the government's objectives for the community of creating jobs and a diverse economy, and protecting the environment.

	Variance notes	Budget 2017 \$'000	Actual 2017 \$'000	Variance \$'000
4. Budget to actual comparison				
Statement of Comprehensive Income				
Income from continuing operations				
Appropriation revenue	(a)	310,513	185,294	(125,219)
User charges and fees		167,650	175,379	7,729
Grants and other contributions		-	2,060	2,060
Other revenue		-	1,081	1,081
Total revenue		478,163	363,815	(114,349)
Gains on disposal and remeasurement of assets		-	11,687	11,687
Total income from continuing operations		478,163	375,502	(102,662)
Expenses from continuing operations				
Supplies and services	(b)	242,804	211,128	(31,676)
Employee expenses	(c)	69,871	74,262	4,391
Grants and contributions	(d)	152,117	65,075	(87,042)
Finance/borrowing costs		2,062	2,141	79
Depreciation and amortisation		7,915	1,859	(6,056)
Revaluation decrement		-	637	637
Impairment losses		-	290	290
Other expenses		344	8,192	7,848
Total expenses from continuing operations		475,113	363,583	(111,529)
Operating result from continuing operations		3,050	11,919	8,867
Total comprehensive income		3,050	11,919	8,867

The accompanying notes form part of these financial statements.

Explanations of major variances

- (a) Actual Appropriation revenue at 30 June 2017 is \$125.219 million lower than budgeted primarily due to:
- A deferral of \$47.735 million for the Building our Regions program to future years. These deferrals match the timing of milestone payments of 109 critical infrastructure projects and a deferral of \$41.202 million in appropriation funding to future years for the Royalties for the Regions program. The majority of funds are paid to councils in arrears and as project milestones are met, in accordance with funding arrangements. This may be different to when payments were budgeted.
 - A total of \$6.240 million reduction to depreciation funding due to the de-recognition of the common user infrastructure assets. This is a result of a review in the accounting treatment for infrastructure and major plant and equipment assets.
 - A deferral of \$5 million for the Biofutures Industry Development Fund due to delays resulting from the time involved in the implementation of this new program including the assessment of the applicants.
 - The transfer of \$4.831 million for the Safe Anchorage Mission Beach Boating Infrastructure project to the Department of Transport and Main Roads to align with departmental responsibilities.
 - A deferral of \$2.822 million for funding committed to Mining Equipment, Technology and Services (METS) Ignited and \$2.450 million for the Advance Queensland Industry Attraction Fund, due to delays in meeting the grant agreement milestones.
 - The conversion of \$2.730 million from a budgeted expense to capital for the construction of the North Queensland Stadium due to the project moving to construction phase earlier than forecasted.
- (b) Supplies and services expenses are \$31.676 million lower than the budget as at 30 June 2017. The variance primarily relates to:
- The deferral of \$7.8 million of departmental savings for Advanced Manufacturing Projects which are part of the 10-year Roadmap and Action Plan.
 - The transfer of \$4.831 million for the Safe Anchorage Mission Beach Boating Infrastructure project to the Department of Transport and Main Roads.
 - The deferral of \$3.224 million for the Ports Master Planning project due to delays in the release of the Priority Ports Planning Guidelines. Development of master plans for the priority ports are statutory requirements under the *Sustainable Ports Development Act 2015*.
 - The conversion of \$2.730 million from a budgeted expense to capital for the construction of the North Queensland Stadium due to the project moving to construction phase earlier than forecasted.
 - Other deferrals for various projects totalling \$13.091 million due to delays in project commencement and project milestones.
- (c) The increase is due to the employment of temporary staff to deliver priority projects, including the creation of priority industry sector teams; accelerating the Building our Regions grant program; delivering the Back to Work Regional Employment Package; progressing Priority Ports Master Planning; managing the construction of the North Queensland Stadium; and implementing the government's contractual obligations to deliver the \$3 billion Queens Wharf Brisbane project.
- (d) Grants and subsidies payments are \$87.042 million lower than budgeted primarily due to deferrals for the Building our Regions and the Royalties for the Regions programs, as outlined in variance note (a).

	Variance notes	Budget 2017 \$'000	Actual 2017 \$'000	Variance \$'000
4. Budget to actual comparison (continued)				
Statement of Financial Position				
Current assets				
Cash and cash equivalents		6,487	9,568	3,081
Receivables		13,203	16,265	3,062
Prepayments		673	211	(462)
		20,363	26,044	5,681
Non-current assets classified as held for sale		14,165	8,231	(5,934)
Total current assets		34,528	34,274	(253)
Non-current assets				
Receivables		-	505	505
Property, plant and equipment	(a)	318,822	124,124	(194,698)
Intangible assets		4,219	11,374	7,155
Prepayments		9,627	-	(9,627)
Total non-current assets		332,667	136,002	(196,666)
Total assets		367,196	170,277	(196,919)
Current liabilities				
Payables	(b)	18,342	24,452	6,110
Interest-bearing liabilities		9,556	7,721	(1,835)
Provisions	(c)	13,478	3,914	(9,564)
Accrued employee benefits		1,855	3,232	1,377
Other liabilities	(d)	5,961	17,045	11,084
Total current liabilities		49,192	56,364	7,172
Non-current liabilities				
Interest-bearing liabilities		57,962	57,856	(106)
Provisions		5,457	6,114	657
Payables		298	-	(298)
Other liabilities		312	1,443	1,131
Total non-current liabilities		64,029	65,414	1,384
Total liabilities		113,221	121,777	8,556
Net assets / Total equity		253,975	48,500	(205,475)

The accompanying notes form part of these financial statements.

Explanations of major variances

- (a) The reduction in Property, plant and equipment is due to the unbudgeted de-recognition of infrastructure and major plant and equipment assets totalling \$183.527 million, effective 1 July 2016. Refer to Note 27 Restated balances for further information.
- (b) The reduction in Payables is due to reduced appropriation deferred at year end.
- (c) The \$9.564 million lower than budgeted variance is due to a reassessment of compensation provisions for land acquisitions during the year.
- (d) The \$11.084 million higher than budgeted Other liabilities variance is a result of an unbudgeted deposit of \$12.547 million for the Townsville Eastern Access Corridor. The finalisation of the project is pending the transfer of land to the Department of Transport and Main Roads. The total variance is offset by less funding received in advance for Commonwealth Games projects due to the completion of project milestones.

	Variance notes	Budget 2017 \$'000	Actual 2017 \$'000	Variance \$'000
4. Budget to actual comparison (continued)				
Statement of Cash Flows				
Cash flows from operating activities				
Inflows:				
Appropriation receipts	(a)	310,513	176,057	(134,456)
User charges and fees	(b)	176,095	153,046	(23,049)
Grants and other contributions		-	1,829	1,829
GST input tax credits received from Australian Taxation Office		-	20,799	20,799
GST collected from customers		-	2,461	2,461
Other inflows		23,205	1,086	(22,119)
Outflows:				
Supplies and services	(c)	(264,759)	(227,202)	37,557
Employee expenses		(69,871)	(73,757)	(3,886)
Grants and contributions	(d)	(152,117)	(65,075)	87,042
GST paid to suppliers		-	(20,665)	(20,665)
GST remitted to Australian Taxation Office		-	(2,428)	(2,428)
Finance/borrowing costs		(2,062)	(2,141)	(79)
Other outflows		(9,283)	(6,068)	3,215
Net cash provided by operating activities		11,721	(42,059)	(53,779)
Cash flows from investing activities				
Inflows:				
Sales of property, plant and equipment		17,764	21,876	4,112
Sales of intangible assets		-	340	340
Outflows:				
Payments for property, plant and equipment	(e)	(33,443)	(4,827)	28,616
Payments for intangible assets		-	(771)	(771)
Net cash provided by investing activities		(15,679)	16,618	32,297
Cash flows from financing activities				
Inflows:				
Equity injections	(f)	47,812	19,042	(28,770)
Outflows:				
Equity withdrawals		(34,457)	(29,318)	5,139
Borrowing redemptions		(7,419)	(7,434)	(15)
Net cash provided by financing activities		5,936	(17,710)	(23,646)
Net increase/(decrease) in cash and cash equivalents		1,978	(43,151)	(45,129)
Cash and cash equivalents at beginning of financial year		4,509	52,719	48,210
Cash and cash equivalents at end of financial year		6,487	9,568	3,081

The accompanying notes form part of these financial statements.

Explanations of major variances

- (a) Actual Appropriation receipts is \$134.456 million lower than budgeted. The overall variance is broken up as follows:
- A deferral of \$47.735 million for the Building our Regions program and a deferral of \$41.202 million for the Royalties for the Regions program. Refer to Statement of Comprehensive Income variance note (a).
 - Other deferrals totalling \$24.073 million. Refer to Statement of Comprehensive Income variance note (a).
- (b) Actual User charges revenue is \$23.049 million lower than budgeted primarily due to less than anticipated User charges revenue for contract milestones for the Commonwealth Games village construction. Refer to Statement of Comprehensive Income variance note (b). Further, there were delays in the anticipated receipt of revenue that resulted in receivables being higher than budgeted.
- (c) Supplies and services expenses are \$37.557 million lower than the budget. Deferrals of \$31.648 million have been made, primarily due to project delays. Refer to Statement of Comprehensive Income variance note (c).
- (d) Grants and subsidies payments is \$87.042 million lower than budgeted due to deferrals of \$47.735 million for Building our Regions program and \$41.202 million for the Royalties for the Regions program. Refer to Statement of Comprehensive Income variance note (a).
- (e) The \$28.616 million lower than expected Property plant and equipment cash outflow is primarily due to:
- Repurposing of \$12.329 million of the former Material Transport and Services Corridor project which has been reallocated for land purchases in Townsville. This funding was deferred until such purchases can be made.
 - Deferral of \$5.470 million for the Gladstone State Development Area, Targinnie, due to delay in finalising the compensations to be paid.
 - Capital works in progress of \$5.017 million being expensed rather than capitalised following a funding agreement review.
- (f) The \$28.770 million lower than expected Equity injection is predominantly due to:
- A deferral for planned purchases of assets relating to Materials Transport and Services Corridor, due to the reallocation of funding, and delays in finalising compensations to be paid for Targinnie, refer to variance note (e).
 - North Queensland Stadium project deferral due to the project moving to construction phase earlier than forecasted, refer to Statement of Comprehensive Income variance note (a).

	Notes	2017 \$'000	2016 \$'000
5. Reconciliation of payments from consolidated fund to appropriation revenue recognised in Statement of Comprehensive Income			
Budgeted appropriation receipts		310,513	394,882
Treasurer's transfers		-	(19,668)
Lapsed appropriation receipts		(134,456)	(234,584)
Total appropriation receipts (cash)		176,057	140,630
Plus: Opening balance of deferred appropriation payable to Consolidated Fund		12,870	10,470
Less: Closing balance of deferred appropriation payable to Consolidated Fund	17	(10,449)	(12,870)
Net appropriation receipts		178,478	138,230
Plus: Deferred appropriation payable to Consolidated Fund (expense)	12	6,816	12,870
Appropriation revenue recognised in Statement of Comprehensive Income		185,294	151,100
Reconciliation of payments from consolidated fund to equity adjustment recognised in Contributed Equity			
Budgeted equity adjustment appropriation		6,355	(47,009)
Treasurer's transfers		-	19,668
Lapsed equity adjustment appropriation		(23,631)	-
Total equity adjustment payments		(17,276)	(27,341)
Less: Opening balance of equity adjustment receivable	13	(481)	(2,371)
Plus: Closing balance of equity adjustment receivable/(payable)	13, 17	(93)	481
Equity adjustment recognised in Contributed equity		(17,850)	(29,231)

Accounting policy

Appropriation revenue

Appropriations provided under the *Appropriation Act 2016* 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' items in Note 26.

6. User charges and fees

Fee for service *	174,350	170,861
Property income	784	1,322
Other fees	245	105
Total user charges and fees	175,379	172,288

* Includes recovery of construction costs for Commonwealth Games venues and village of \$157.251 million (2016: \$158.563 million).

Accounting policy

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

7. Gains on disposal and remeasurement of assets

Revaluation increment of property, plant and equipment reversing previous revaluation decrement in profit or loss	7,808	15,159
Gain on sale of property, plant and equipment	3,879	2,047
Total gains	11,687	17,207

8. Supplies and services

Consultants and contractors *	161,253	166,134
Other project costs *	27,556	9,623
Property and building expenses	10,168	8,704
Information technology and computer equipment	4,297	4,046
Shared service provider fee	2,089	1,767
Travel and hospitality	1,432	1,202
Transport	896	1,042
Telecommunications	875	704
Marketing and public relations	794	740
Agents' commissions	365	235
Other	1,400	2,250
Total supplies and services	211,128	196,447

* Includes expenditure for the construction and other costs of Commonwealth Games venues and village of \$155.229 million (2016: \$156.241 million).

	2017 \$'000	2016 \$'000
9. Employee expenses		
Employee benefits		
Salaries and wages	57,522	54,701
Employer superannuation contributions	7,632	7,142
Annual leave levy	6,116	5,598
Long service leave levy	1,239	1,257
Other employee benefits	430	784
	72,939	69,482
Employee related expenses		
Workers' compensation premium	130	129
Other employee related expenses	1,192	1,454
Total employee expenses	74,262	71,064
Full time equivalent employees:	593	593

Accounting policy

Salaries and wages

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates. As the department expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

Sick leave

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. As sick leave is non-vesting, 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 annual leave or long service leave is recognised in the department's financial statements as the liability is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Superannuation

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*.

Workers' compensation premiums

The department pays premiums to WorkCover Queensland in respect of its obligations for employee compensation. Workers' compensation insurance is a consequence of employing employees, but is not counted in an employee's total remuneration package. It is not employee benefits and is recognised separately as employee related expenses.

Key management personnel and remuneration

Key management personnel and remuneration disclosures are detailed in Note 10.

10. Key management personnel (KMP) disclosures

Details of key management personnel

As from 2016–17, the department's responsible minister is identified as part of the department's KMP, consistent with additional guidance included in AASB 124 *Related Party Disclosures*. The responsible minister is the Minister for State Development and Natural Resources and Mines.

The following details for non-ministerial KMP reflect those positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2016–17 and 2015–16. Further information on these positions can be found in the annual report under the section relating to Governance.

Position	Position responsibility
Director-General	The accountable officer is responsible for directing the overall efficient, effective and economical administration of the department and is financially responsible for the performance of the department.
Coordinator-General	Responsible for planning, delivering and coordinating large-scale infrastructure projects, while ensuring environmental impacts are properly managed.
Assistant Coordinator-General	Assists the Coordinator-General in planning, delivering and coordinating large-scale infrastructure projects while ensuring environmental impacts are properly managed.
Deputy Director-General, Economic and Industry Development	Responsible for leading industry attraction and facilitation; developing priority, new and emerging industries; and providing expert commercial and economic analysis of projects and programs to measure and promote productivity.
Deputy Director-General, Industry Partnerships	Responsible for working across government to facilitate private sector projects and major defence industry projects.
Deputy Director-General, Major Projects and Property	Responsible for facilitating, developing and delivering projects and property solutions to achieve economic development and social outcomes across Queensland.
Deputy Director-General, Regional Economic Development	Responsible for providing integrated suite of business, industry and regional development services throughout the state, focusing on regional economic growth to support regional employment.
Deputy Director-General, Business Solutions and Partnerships	Responsible for providing business and corporate services support to the department.
Project Chief Executive	Responsible for the delivery of integrated resort developments in Queensland.

10. Key management personnel (KMP) disclosures (continued)

KMP remuneration policies

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

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

Remuneration expenses for KMP comprise the following components:

- Short-term employee expenses include salaries, allowances, and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied a KMP position.
- Long-term employee expenses include amounts expensed in respect of long service leave entitlements earned.
- Post-employment expenses include amounts expensed in respect of employer superannuation obligations.
- Termination benefits include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual leave and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

KMP remuneration expense

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

2016–17

Position	Short-term employee expenses \$'000	Long-term employee expenses \$'000	Post-employment expenses \$'000	Termination benefits \$'000	Total expenses \$'000
Director-General	312	6	38	-	356
Coordinator-General	569	11	64	-	644
Assistant Coordinator-General (from 15/02/2017)	90	2	9	-	101
Deputy Director-General, Economic and Industry Development	242	5	26	-	272
Deputy Director-General, Industry Partnerships (from 08/05/2017)	36	1	2	-	39
Deputy Director-General, Major Projects and Property (Acting, from 13/04/2017)	42	1	3	-	46
Deputy Director-General, Major Projects and Property (to 12/04/2017)*	193	3	20	-	216
Deputy Director-General, Regional Economic Development (to 16/06/2017)	224	4	26	-	255
Deputy Director-General, Business Solutions and Partnerships**	244	5	26	-	274
Project Chief Executive	350	7	41	-	397
Total	2,301	44	254	-	2,599

2015–16

Position	Short-term employee expenses \$'000	Long-term employee expenses \$'000	Post-employment expenses \$'000	Termination benefits \$'000	Total expenses \$'000
Director-General (from 01/09/2015)	247	5	31	-	284
Director-General (to 31/08/2015)	88	2	10	-	99
Coordinator-General	556	11	62	-	629
Deputy Director-General, Economic and Industry Development (from 09/11/2015)	153	3	17	-	173
Deputy Director-General, Economic and Industry Development (Acting, to 08/11/2015)	79	2	7	-	88
Deputy Director-General, Major Projects and Property (from 23/11/2015)*	137	-	12	-	149
Deputy Director-General, Major Projects and Property (to 02/12/2015)	128	2	13	134	278
Deputy Director-General, Regional Economic Development	236	4	26	-	266
Deputy Director-General, Business Solutions and Partnerships (from 09/11/2015)**	154	3	14	-	172
Deputy Director-General, Business Solutions and Partnerships (to 08/11/2015)	83	2	9	-	94
Project Chief Executive	282	6	33	-	321
Total	2,143	38	236	134	2,551

* Acting from 23 November 2015 to 21 August 2016

** Acting from 9 November 2015 to 21 August 2016

Performance payments

The remuneration packages for all KMP do not provide for any performance or bonus payments.

	Notes	2017 \$'000	2016 \$'000
11. Grants and contributions			
Grants:			
Queensland and local government		57,411	25,508
Industry		7,553	13,972
Universities		-	54
Donated non-current physical assets		-	48
Contributions		112	183
Total grants and contributions		65,075	39,764

Accounting policy

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

12. Other expenses			
Deferred appropriation payable to Consolidated Fund	5	6,816	12,870
Net losses from disposal of property, plant and equipment		606	1,986
External audit fees *		207	126
Net losses from disposal of intangible assets		136	8
Insurance premiums—QGIF		95	159
Sponsorships		53	22
Donations and gifts		2	2
Insurance premiums—Other		-	7
Special payments:			
Ex-gratia payments—payments to former Core Agreement employees		-	15
Ex-gratia payments—other		-	18
Other		278	429
Total other expenses		8,192	15,640

* Total audit fees quoted by the Queensland Audit Office relating to the 2016–17 financial statements are \$207,000 (2016: \$161,000). There are no non-audit services included in this amount.

Accounting policy

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.

13. Receivables			
Current			
Trade debtors		10,221	1,586
Reimbursements		3,384	3,556
GST receivable		1,400	1,566
Annual leave reimbursements		999	969
Long service leave reimbursements		232	346
Equity injection receivable	5	-	481
Other		29	10
Total current receivables		16,265	8,515
Non-current			
Reimbursements		505	3,352
Total non-current receivables		505	3,352

Accounting policy

Receivables are measured at amortised cost which approximates their fair value at reporting date.

Trade debtors are recognised at the amounts due at the time of sale or service delivery being the agreed purchase/contract price. Standard settlement terms require these amounts to be paid within 30 days from the invoice date.

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.

The allowance for impairment reflects the occurrence of loss events. The most readily identifiable loss event is where a debtor is overdue in paying a debt to the department, according to the due date (normally terms of 30 days). Economic changes impacting the department's debtors and relevant industry data are also considered in assessing impairment.

If no loss events have arisen in respect of a particular debtor or group of debtors, no allowance for impairment is made in respect of that debt/group of debtors. If the department determines that an amount owing by such a debtor does become uncollectible (after an appropriate range of debt recovery actions), that amount is recognised as a bad debt expense and written-off directly against Receivables. In other cases where a debt becomes uncollectible but the uncollectible amount exceeds the amount already allowed for impairment of that debt, the excess is recognised as a bad debt expense and written-off directly against Receivables.

13. Receivables (continued)

Credit risk exposure of receivables

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets inclusive of any allowance for impairment.

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

The collectability of receivables is assessed periodically with an allowance being made for impairment. The department has no impaired receivables as at 30 June 2017 and 2016. All known bad debts were written-off as at 30 June 2017.

All receivables within terms and expected to be fully collectible are considered of good credit quality based on recent collection history. Credit risk management strategies are detailed in Note 24.

	2017	2016
	\$'000	\$'000
14. Non-current assets classified as held for sale		
Land	6,394	11,232
Buildings	1,353	1,773
Other intangibles	484	-
Total non-current assets classified as held for sale	8,231	13,005

Land and buildings classified as held for sale are Mary Valley, Coomera and Narangba properties. Upon determination of the asset transfer to the held for sale class, market valuation is undertaken by a professional valuer. Determination of fair value is based on comparing selling prices to similar type assets in an active market. These valuations are categorised as Level 2 in the fair value hierarchy. Other intangibles classified as held for sale are Mary Valley water allocations. These assets are valued and transferred to the held for sale class at cost. Non-current assets classified as held for sale are contracted to be sold within the next twelve months.

Accounting policy

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

Under 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 to sell is a non-recurring valuation. Such assets are no longer depreciated upon being classified as held for sale.

15. Property, plant and equipment

Closing balances and reconciliation of carrying amount

	Land		Buildings		Plant and Equipment		Capital Work in Progress		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Gross	115,906	118,988	2,652	9,220	3,299	10,331	4,195	347	126,052	138,886
Less: Accumulated depreciation	-	-	(220)	(3,925)	(1,709)	(7,824)	-	-	(1,929)	(11,749)
Carrying amount at 30 June	115,906	118,988	2,432	5,295	1,590	2,507	4,195	347	124,124	127,137
<i>Represented by movements in carrying amount:</i>										
Carrying amount at 1 July	118,988	136,371	5,295	9,682	2,507	3,861	347	135	127,137	150,049
Acquisitions	548	3,079	407	18	325	99	4,158	212	5,438	3,408
Cost adjustment of accrued asset acquisition	(553)	970	-	-	-	-	-	-	(553)	970
Disposals	(1)	(353)	(39)	(59)	(525)	(3)	-	-	(565)	(415)
Assets reclassified as held for sale	(10,884)	(36,239)	(1,908)	(2,456)	-	-	-	-	(12,792)	(38,695)
Transfers between asset classes	-	-	-	-	310	-	(310)	-	-	-
Revaluation increments/(decrements) recognised in operating deficit	7,808	15,159	(637)	(900)	-	-	-	-	7,172	14,259
Depreciation	-	-	(687)	(989)	(1,026)	(1,450)	-	-	(1,713)	(2,439)
Carrying amount at 30 June	115,906	118,988	2,432	5,295	1,590	2,507	4,195	347	124,124	127,137

15. Property, plant and equipment (continued)

Land

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

State Valuation Services performed specific appraisals for land in 2013–14. Fair value was determined through direct comparison with 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 fair values.

In 2016–17, State Valuation Services performed specific appraisal on a land asset located in the Brisbane CBD due to materiality and volatility of fair value in the area. All other land values were adjusted using an individual factor change per property derived from the review of market transactions (observable market data) provided by the State Valuation Services. 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.

Buildings

Buildings were revalued using either the income approach or market approach valuation methods depending on their use.

For 2016–17, buildings under the market approach valuation were assessed by State Valuation Service who recommended the use of 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.

The department is a 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.

Categorisation of assets measured at fair value

	Level 2 \$'000		Level 3 \$'000		Total \$'000	
	2017	2016	2017	2016	2017	2016
Recurring fair value measurements						
Land	115,906	118,988	-	-	115,906	118,988
Buildings	1,712	3,517	720	1,778	2,432	5,295
Total recurring	117,618	122,505	720	1,778	118,338	124,283

None of the department's valuations of assets or liabilities are eligible for categorisation into Level 1 of the fair value hierarchy.

Accounting policy

Recognition thresholds for property, plant and equipment

Items of property, plant and equipment with a historical cost or other value equal to or exceeding the following thresholds in the year of acquisition are reported as Property, plant and equipment in the following classes:

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

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

Expenditure on property, plant and equipment is capitalised where it is probable that the expenditure will produce future service potential for the department. Subsequent expenditure is only added to an asset's carrying amount if it increases the service potential or useful life of that asset. Maintenance expenditure that merely restores original service potential (lost through ordinary wear and tear) is expensed.

Acquisitions of assets

Historical cost is used for the initial recording of all property, plant and equipment acquisitions. Historical cost is determined as the value given as consideration and costs incidental to the acquisition (such as architects' fees and engineering design fees), plus all other costs incurred in getting the assets ready for use.

Where assets are received free of charge from another Queensland Government entity (whether as a result of a machinery-of-Government change or other involuntary transfer), the acquisition cost is recognised as the carrying amount in the books of the transferor immediately prior to the transfer.

Assets acquired at no cost or for nominal consideration, other than from another Queensland Government entity, are recognised at their fair value at the date of acquisition.

Measurement of property, plant and equipment

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

Plant and equipment is measured at historical cost in accordance with the Non-Current Asset Policies. The carrying amounts for such plant and equipment are not materially different from their fair value.

Work in progress is recognised at cost. All costs relating to items of property, plant and equipment 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.

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

Revaluation of property plant and equipment measured at fair value

Property, plant and equipment classes measured at fair value are assessed on an annual basis either by appraisals undertaken by an independent professional valuer or by use of appropriate and relevant indices. For financial reporting purposes, the revaluation process is overseen by the Chief Finance Officer, who determines the specific revaluation practices and procedures in conjunction with the asset managers.

15. Property, plant and equipment (continued)

Revaluations using an independent professional valuer 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.

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.

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. An independent professional valuer supplies the indices used for the various types of assets. Such indices are either publicly available, or are derived from market information available to the valuer. The valuer provides assurance of their robustness, validity and appropriateness for application to the relevant assets. Indices used are also tested for reasonableness by performing a benchmarking exercise with publicly available relevant indices. Through this process, which is undertaken annually, management assesses and confirms the relevance and suitability of indices provided by the valuer based on the department's own particular 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.

For assets revalued 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. This is generally referred to as the 'gross method'. For assets revalued using a market or income-based valuation approach, accumulated depreciation is eliminated against the gross amount of the asset prior to restating for the revaluation. This is generally referred to as the 'net method'.

Impairment of non-current assets

All non-current physical assets 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. Recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost. Where the carrying amount of the asset exceeds the recoverable amount, an impairment loss is recorded.

Depreciation of property, plant and equipment

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less any estimated residual value, progressively over its estimated useful life to the department. Land is not depreciated as it has an unlimited useful life to the department.

Key judgement

Straight line depreciation is used as that is consistent with the even consumption of service potential of these assets over their useful life to the department.

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 improvements to or on leasehold land 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.

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

For the department's depreciable assets, the estimated amount to be received on disposal at the end of their useful life (residual value) is determined to be zero.

Key estimate

Depreciation rates for each class of depreciable asset (including significant identifiable components):

Asset class and category	2017 Rate %	2016 Rate %
Buildings	1.67% - 16.67%	1.33 - 16.67%
Plant and equipment	9.09% - 33.33%	9.09% - 33.33%

16. Intangible assets

Closing balances and reconciliation of carrying amount

	Software internally generated \$'000	Work in progress \$'000	Other intangibles \$'000	Total \$'000
2017				
Gross	1,130	278	10,379	11,787
Less: Accumulated depreciation	(413)	-	-	(413)
Carrying amount at 30 June	717	278	10,379	11,374
<i>Represented by movements in carrying amount:</i>				
Carrying amount at 1 July	863	-	11,027	11,890
Acquisitions	-	278	587	865
Disposals	-	-	(476)	(476)
Impairment losses recognised in Statement of Comprehensive Income	-	-	(276)	(276)
Transfer to held for sale asset class	-	-	(484)	(484)
Amortisation	(146)	-	-	(146)
Carrying amount at 30 June	717	278	10,379	11,374

16. Intangible assets (continued)

	Software internally generated \$'000	Work in progress \$'000	Other intangibles \$'000	Total \$'000
2016				
Gross	6,540	-	11,027	17,567
Less: Accumulated depreciation	(2,624)	-	-	(2,624)
Less: Accumulated impairment losses	(3,053)	-	-	(3,053)
Carrying amount at 30 June	863	-	11,027	11,890
<i>Represented by movements in carrying amount:</i>				
Carrying amount at 1 July	29	-	10,922	10,951
Acquisitions	-	875	150	1,025
Disposals	-	-	(45)	(45)
Transfers between asset classes	875	(875)	-	-
Amortisation	(41)	-	-	(41)
Carrying amount at 30 June	863	-	11,027	11,890

All intangible assets have been tested for impairment.

Accounting policy

Recognition and measurement of intangibles

Intangible assets of the department comprise software internally generated, easements, and water allocations. Intangible assets with a cost or value of less than \$100,000 (except for network assets) are treated as an expense in the year of acquisition. All other intangible assets are capitalised and included in the relevant asset class.

Network assets including items with an individual value of less than \$100,000 are capitalised if collectively they exceed the recognition threshold. A network asset is a chain of interconnected but dissimilar assets connected for the provision of the one simultaneous service, such as easements.

There is no active market for any of the department's intangible assets. As such, the assets are recognised and carried at historical cost less accumulated amortisation and accumulated impairment losses.

Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred. Costs associated with the internal development of computer software are capitalised and amortised under the amortisation policy below.

Amortisation expense

Software internally generated has finite useful life and is amortised on a straight-line basis over the period of the expected benefit to the department, which is six years. Other intangible assets (easements and water allocations) are not amortised as they have indefinite useful lives.

	Notes	2017 \$'000	2016 \$'000
17. Payables			
Current			
Trade creditors		13,836	30,078
Deferred appropriation payable to Consolidated Fund	5	10,449	12,870
Equity withdrawal payable		93	-
Fringe benefits tax		57	61
Other		18	15
Total current payables		24,452	43,024

Accounting policy

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount (i.e. agreed purchase/contract price), gross of applicable trade and other discounts. Amounts owing are unsecured.

18. Provisions

Current

Land acquisition claims	3,914	10,972
Total current provisions	3,914	10,972

Non-current

Land acquisition claims	6,114	3,352
Total non-current provisions	6,114	3,352

Movements in provisions

Land acquisition claims

Current

Balance at 1 July	10,972	9,796
Additional provision recognised	1,159	2,708
Restatement of provision	(7,187)	(2,065)
Reduction in provision as a result of payments	(4,016)	(3,897)
Reclassification from non-current provision	2,987	4,431
Balance as at 30 June	3,914	10,972

Non-current

Balance at 1 July	3,352	7,190
Additional provision recognised	150	700
Restatement of provision	5,600	(107)
Reclassification to current provision	(2,987)	(4,431)
Balance as at 30 June	6,114	3,352

18. Provisions (continued)

Accounting policy

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 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.

Key estimates

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*. The department pays compensation for land acquired in accordance with this legislation when an 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 a section 15 Compensation Agreement, the department recognises a provision to account for the compensation it expects to pay for all land resumptions.

	2017 \$'000	2016 \$'000
19. Other liabilities		
Current		
Deposits held	12,551	14,103
Unearned revenue	3,617	20,329
Tendering deposits	850	1,350
Other	26	24
Total current other liabilities	17,045	35,806
Non-current		
Unearned revenue	-	188
Other	1,443	274
Total non-current other liabilities	1,443	461

Accounting policy

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

20. Reconciliation of operating result to net cash from operating activities

Operating surplus	11,919	13,200
Non-cash items:		
Depreciation and amortisation expense	1,859	2,480
Net gain on disposal of property, plant and equipment and intangible assets	(3,137)	(54)
Impairment losses	290	-
Revaluation decrement	637	900
Revaluation increment	(7,808)	(15,159)
Non-current assets transferred out	-	48
Other non-cash items	(141)	-
Change in assets and liabilities:		
(Increase)/decrease in receivables	(5,385)	2,773
(Increase)/decrease in prepayments	27	10
Increase/(decrease) in payables	(18,664)	13,605
Increase/(decrease) in accrued employee benefits	421	960
Increase/(decrease) in other liabilities	(17,780)	8,157
Increase/(decrease) in provisions	(4,295)	(2,662)
Net cash from operating activities	(42,059)	24,259

21. Commitments for expenditure

Non-cancellable operating lease

Commitments under operating leases at reporting date (inclusive of non-recoverable GST input tax credits) are payable:

- Not later than 1 year	9,193	4,709
- Later than 1 year and not later than 5 years	45,381	5,103
- Later than 5 years	91,872	7,103
Total non-cancellable operating lease commitments	146,446	16,915

The department has non-cancellable operating leases relating to office accommodation, storage facilities and car park spaces. Lease payments are fixed but have 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 2016–17 \$6.141 million (2016: \$5.892 million) was recognised by the department as an expense in the Statement of Comprehensive Income in respect of operating leases.

Accounting policy

Operating lease rentals

Operating leases are recognised on a straight line basis over the period of the lease term.

	Notes	2017 \$'000	2016 \$'000
21. Commitments for expenditure (continued)			
Capital expenditure commitments			
Commitments for capital expenditure at reporting date (inclusive of non-recoverable GST input tax credits) are payable:			
Capital works in progress			
- Not later than 1 year		50,536	-
- Later than 1 year and not later than 5 years		152,176	-
Total capital expenditure commitments		202,712	-

The capital expenditure commitments balance is for the construction of North Queensland Stadium, which the department is responsible to deliver.

Grants and contributions expenditure commitments

Grants and contributions commitments at reporting date (inclusive of non-recoverable GST input tax credits) are payable:

- Not later than 1 year	11,504	4,231
- Later than 1 year and not later than 5 years	6,231	4,308
- Later than 5 years	300	-
Total grants and contributions expenditure commitments	18,035	8,538

Other expenditure commitments

Other expenditure commitments at reporting date (inclusive of non-recoverable GST input tax credits) are payable:

- Not later than 1 year	79,322	74,344
- Later than 1 year and not later than 5 years	1,673	45,645
- Later than 5 years	-	127
Total other expenditure commitments	80,994	120,117

The department is responsible for project managing the development of the Commonwealth Games venues. Payments of approximately \$21.833 million (2016: \$85.999 million) relevant to the Commonwealth Games venues will be refunded by other Queensland Government departments and are included in the above Other expenditure commitment balance.

22. Contingencies

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 one QIIS and two RQIIS projects as at 30 June 2017 is \$1.705 million (2016: \$1.705 million for three projects).

Other bank guarantees and bonds are held for financial support provided on projects across the department. The total value of bank guarantees and bonds held for these projects as at 30 June 2017 is \$31.204 million (2016: \$33.017 million).

Litigation in progress

The department has one case before the Supreme Court as at 30 June 2017 and 2016. 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 two claims for costs through the Queensland Government Insurance Fund (QGIF). Under QGIF, the department would be able to claim back the amounts paid for 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.

Native title claims over departmental land

At 30 June 2017, 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.

23. Events occurring after balance date

On 1 August 2017, the State Government ended the Integrated Resort Development process for the Gold Coast Spit.

24. Financial instruments

Financial instrument categories

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

Financial assets

Loans and receivables at amortised cost—comprising:

Cash and cash equivalents		9,568	52,719
Receivables	13	16,770	11,867
Total financial assets		26,338	64,587

Cash and cash equivalents consist of cash at bank \$9.568 million (2016: \$52.716 million cash at bank and \$6,000 imprest accounts).

24. Financial instruments (continued)

Accounting policy

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

Departmental bank accounts grouped within the whole-of-government set-off arrangement with Queensland Treasury do not earn interest on surplus funds. Interest earned on the aggregate set-off arrangement balance accrues to the Consolidated Fund.

	Notes	2017 \$'000	2016 \$'000
Financial liabilities			
Financial liabilities measured at amortised cost—comprising:			
Payables	17	24,452	43,024
Interest-bearing liabilities		65,577	73,011
Total financial liabilities		90,029	116,035

Interest-bearing liabilities pertain to borrowing with the Queensland Treasury Corporation. The borrowing is for a period of 20 years until 15 March 2025 with a fixed interest rate of 2.84% per annum.

Accounting policy

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

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

Financial risk management

(a) Risk exposure

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

Risk exposure	Definition	Exposure
Credit risk	Credit risk exposure refers to the situation where the department may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.	The department is exposed to credit risk in respect of its receivables in Note 13.
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 in Note 17 and borrowing from Queensland Treasury Corporation.
Market risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.	The department is not materially exposed to changes in commodity prices, foreign currency or other market prices. The department is not exposed to interest rate risk as the borrowing from Queensland Treasury Corporation is at fixed interest rate.

(b) Risk measurement and management strategies

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

Risk exposure	Measurement method	Risk management strategies
Credit risk	Ageing analysis, earnings at risk	The department manages credit risk through the use of a credit management policy articulated in the department's Financial Management Practice Manual. This policy aims to reduce the exposure to credit default by assessing whether the customer has the ability and willingness to pay amounts owing to the department in an approved timeframe. The department monitors all funds owed on a monthly basis. Exposure to credit risk is monitored on an ongoing basis.
Liquidity risk	Sensitivity analysis	The department manages liquidity risk through the use of an Under Treasurer approved overdraft limit on the department's controlled bank account. This overdraft limit reduces 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 in the department's bank account to match the expected duration of the various employee and supplier liabilities.
Market risk	Interest rate sensitivity analysis	The department does not undertake any hedging in relation to interest rate risk and manages its risk as per the department's derivative management policy articulated in the departments' Financial Management Practice Manual. The department's borrowing from Queensland Treasury Corporation is at fixed rate which minimises the exposure to interest rate movements.

Liquidity risk—Contractual maturity of financial liabilities

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

24. Financial instruments (continued)

Financial liabilities

2017

Payables
Interest-bearing liabilities
Total

2017 payable in			
< 1 year \$'000	1 – 5 years \$'000	> 5 years \$'000	Total \$'000
24,452	-	-	24,452
9,482	37,927	26,075	73,484
33,934	37,927	26,075	97,936

2016

Payables
Interest-bearing liabilities
Total

2016 payable in			
< 1 year \$'000	1 – 5 years \$'000	> 5 years \$'000	Total \$'000
43,024	-	-	43,024
9,482	37,927	35,556	82,965
52,506	37,927	35,556	125,988

Fair value disclosures for financial liabilities measured at amortised cost

With the exception of Queensland Treasury Corporation borrowings, the carrying amount of financial liabilities measured at amortised cost approximates their fair value at reporting date.

The fair value of borrowings is notified by the Queensland Treasury Corporation and is calculated using discounted cash flow analysis and the effective interest rate. They are categorised as level three fair values with the fair value hierarchy.

	2017		2016	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial liabilities at amortised cost:				
QTC Borrowings	65,577	66,197	73,011	74,986
Total	65,577	66,197	73,011	74,986

25. Related party transactions

Transactions with other Queensland Government—controlled entities

The department's primary ongoing sources of funding from the government for services is appropriation revenue and equity injections, refer Note 5. These funds are provided in cash via Queensland Treasury.

The department is responsible for project managing the construction of Commonwealth Games venues and village on behalf of Department of Tourism, Major Events, Small Business and the Commonwealth Games and Economic Development Queensland (EDQ), respectively. Construction costs incurred by the department are recovered via fee for service and disclosed in Note 6.

The department provides certain corporate services to the Department of Infrastructure, Local Government and Planning under a service level agreement.

The department has borrowing from Queensland Treasury Corporation, and Note 24 outlines the key terms and conditions of those borrowings.

The department has leases with the Department of Housing and Public Works for commercial office accommodation, storage facilities and car park spaces, refer Note 8.

The department engages Queensland Shared Services, under the Department of Science, Information Technology and Innovation, for the provision of a range of services under a service level agreement, refer Note 8.

Transactions with people and entities related to KMP

The department has no transactions with people and entities related to its key management personnel during the financial year.

	2017 \$'000	2016 \$'000
26. Schedule of administered items		
Administered revenue		
Appropriation revenue	2,500	2,500
Total administered revenue	2,500	2,500
Administered expenses		
Grants and contributions	2,500	2,500
Total administered expenses	2,500	2,500
Reconciliation of payments from Consolidated Fund to administered revenue		
Budgeted appropriation	2,500	2,500
Administered revenue recognised in Statement of Comprehensive Income	2,500	2,500
This is represented by grants and contributions to:		
Statutory authorities	2,500	2,500
Total grants and contributions	2,500	2,500

26. Schedule of administered items (continued)

Budget to actual comparison	Budget 2017 \$'000	Actual 2017 \$'000	Variance \$'000
Administered revenue			
Appropriation revenue	2,500	2,500	-
Total administered revenue	2,500	2,500	-
Administered expenses			
Grants and contributions	2,500	2,500	-
Total administered expenses	2,500	2,500	-

All administered revenue and expenditures are for the Gasfields Commission. The department has no administered assets and liabilities as at 30 June 2017 and 2016.

Accounting policy

The department administers, but does not control, certain activities on behalf of the Queensland Government. In doing so, it has responsibility for administering those activities (and related transactions and balances) efficiently and effectively, but does not have the discretion to deploy those resources for the achievement of the department's own objectives.

These transactions and balances are not significant in comparison to the department's overall financial performance/financial position.

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

27. Restated balances

Restatement of infrastructure and major plant and equipment

The department owns infrastructure and equipment assets which were received via machinery-of-Government changes in 2009. These assets are leased to a private entity for a long term period with minimal return. A recent review of the contract agreements revealed that the assets fail to meet the recognition criteria per AASB 116 *Property, plant and equipment* as the department does not control the future economic benefits arising from the assets. As a result, the infrastructure and major plant and equipment asset classes and equity totalling \$183.527 million reported as at 30 June 2016 and \$196.483 million as at 30 June 2015 in the financial statements have been corrected.

Restatement of capital work in progress

A recent review of the items comprising the department's capital work in progress identified \$12.817 million of capital work in progress expenditure incurred in 2016 that does not qualify for capitalisation.

Restatement of prepayments

A recent review of the contract agreements for prepaid access facility charges revealed that the department does not gain any future economic benefits from the arrangement. As a result, prepayments and equity totalling \$10.832 million reported as at 30 June 2016 and \$11.433 million as at 30 June 2015 in the financial statements have been corrected.

Adjustments to the errors outlined above have been made retrospectively in accordance with requirements of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. In accordance with AASB 101 *Presentation of Financial Statements*, a third Statement of financial position has been presented to incorporate the restatements. A summary of all comparative changes is detailed below.

	Notes	2016 Published \$'000	Increase/ (decrease) \$'000	2016 Restated \$'000
Statement of Financial Position (extract) as at 30 June 2016				
Prepayments		11,070	(10,832)	238
Property, plant and equipment	15	323,491	(196,354)	127,137
Contributed equity		648,764	(172,445)	476,319
Accumulated deficit		(422,977)	(5,924)	(428,900)
Asset revaluation surplus		28,726	(28,726)	-
Statement of Comprehensive Income (extract) for the year ended 30 June 2016				
Grants and contributions	11	26,948	12,816	39,764
Depreciation and amortisation	15	9,536	(7,056)	2,480
Other expenses	12	20,800	(5,160)	15,640
	Notes	2015 Published \$'000	Increase/ (decrease) \$'000	2015 Restated \$'000
Statement of Financial Position (extract) as at 1 July 2015				
Prepayments		11,681	(11,433)	248
Property, plant and equipment	15	346,533	(196,483)	150,050
Contributed equity		672,833	(167,286)	505,548
Accumulated deficit		(436,187)	(5,913)	(442,100)
Asset revaluation surplus		34,627	(34,627)	-

28. Summary of other significant accounting policies

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.

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.

Accounting standards applied for the first time

The only Australian Accounting Standard that became effective for the first time in 2016–17 is AASB 124 *Related Party Disclosures*. This standard requires note disclosures about relationships between a parent entity and its controlled entities, key management personnel (KMP) remuneration expenses and other related party transactions, and does not impact on financial statement line items. As Queensland Treasury already required disclosure of KMP remuneration expenses, AASB 124 had minimal impact on the department's KMP disclosures compared to 2015–16, refer to Note 10. However, the standard has resulted in the department's responsible Minister being identified as part of the department's KMP as from 2016–17. Material related party transactions for 2016–17 are disclosed in Note 25. No comparative information about related party transactions is required in respect of 2015–16.

Future impact of accounting standards not yet effective

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

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

From 2017–18, this standard will require additional disclosures in the department's financial statements to enable the reader to evaluate changes in liabilities arising from financing activities. These disclosures will include both cash flows and non-cash changes between the opening and closing balance of the relevant liabilities and will be disclosed by way of a reconciliation in the notes to the Statement of Cash Flows.

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

These standards will first apply to the department from its financial statements for 2019–20.

The department has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts. Potential future impacts identifiable at the date of this report are as follows:

- Grants received to construct non-financial assets controlled by the department will be recognised as a liability, and subsequently recognised progressively as revenue as the department satisfies its performance obligations under the grant.
- Under the new standards, other grants presently recognised as revenue upfront may be eligible to be recognised as revenue progressively as the associated performance obligations are satisfied, but only if the associated performance obligations are enforceable and sufficiently specific.
- Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral and continue to be recognised as revenue as soon as they are controlled. The department receives several grants for which there are no sufficiently specific performance obligations—these grants are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.
- Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of the department's goods and services such that some revenue may need to be deferred to a later reporting period to the extent that the department has received cash but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime). The department is yet to complete its analysis of existing arrangements for the sale of its goods and services and the impact, if any, on revenue recognition has not yet been determined.
- A range of new disclosures will also be required by the new standards in respect of the department's revenue.

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

These standards will first apply to the department's financial statements for 2018–19. The main impacts of these standards on the department are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the department's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

The department has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the department's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the department enters into, all of the department's financial assets are expected to be required to be measured at fair value. In the case of the department's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value. Changes in the fair value of those assets will be reflected in the department's operating result.

Another impact of AASB 9 relates to calculating impairment losses for the department's receivables. Assuming no substantial change in the nature of the department's receivables, as they do not include a significant financing component, impairment losses will be determined according to the amount of lifetime expected credit losses. On initial adoption of AASB 9, the department will need to determine the expected credit losses on its receivables by comparing the credit risk at that time to the credit risk that existed when those receivables were initially recognised.

The department will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2018–19. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2018–19 financial statements to explain the impact of adopting AASB 9. Assuming no change in the types of financial instruments that the department enters into, the most likely ongoing disclosure impacts are expected to relate to the credit risk of financial assets subject to impairment.

AASB 16 *Leases*

This standard will first apply to the department's financial statements for 2019–20. When applied, the standard supersedes AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases – Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

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

28. Summary of other significant accounting policies (continued)

In effect, the majority of operating leases (as defined by the current AASB 117) will be reported on the Statement of financial position under AASB 16. There will be a significant increase in assets and liabilities for agencies that lease assets. The impact on the reported assets and liabilities would be largely in proportion to the scale of the agency's leasing activities.

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense.

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

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

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

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

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), section 42 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with s.62(1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; 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 2017 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.



Alison Mohr CPA

Chief Finance Officer

Date: 28 August 2017



Michael Schaumburg

Director-General

Date: 28 August 2017

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Department of State Development

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of the Department of State Development.

In my opinion, the financial report:

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

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

Basis for opinion

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

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

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

Key audit matters

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

Recognition of assets

Refer to notes 15 and 27 in the financial report.

Key audit matter	How my audit addressed the key audit matter
<p>The department enters into complex arrangements with third party entities for the economic development of Queensland.</p> <p>The department recognises assets associated with these arrangements where it controls the future economic benefits arising from the assets.</p> <p>In assessing control, management exercises significant judgement in evaluating whether the risks and rewards incidental to ownership of the assets remain with the department.</p> <p>These judgements were revisited in 2016-17 and resulted in prior period errors being corrected as the department assessed that it does not control the rights to the future economic benefits of previously recognised assets, being:</p> <ul style="list-style-type: none">▪ prepayments of \$11.433 million at 1 July 2015 and \$10.832 million at 30 June 2016 and▪ property, plant and equipment totalling \$196.483 million at 1 July 2015 and \$196.354 million at 30 June 2016.	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none">▪ obtaining an understanding of contractual agreements relating to material assets▪ evaluating the rights to future economic benefits including:<ul style="list-style-type: none">– title to the asset– term of the contractual agreement compared with the useful life of the asset– residual rights to the asset– responsibility to maintain and insure the asset during the life of the agreement– access to use or receive income from the asset▪ assessing the appropriateness of the correcting accounting entries and required financial statements disclosures.

Responsibilities of the department for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

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

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



Michelle Reardon
as delegate of the Auditor-General



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 1) 2017* in relation to the Minister for State Development's principal ministerial responsibilities.

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

Gasfields Commission Act 2013

Queensland Industry Participation Policy Act 2011

Surat Basin Rail (Infrastructure Development and Management) Act 2012

Sustainable Ports Development Act 2015

Queen's Wharf Brisbane Act 2016 (Chapter 5, Part 1)

Alcan Queensland Pty. Limited Agreement Act 1965 (except to the extent administered by the Treasurer and Minister for Trade and Investment)

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, Biofuels 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)

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

Queensland Nickel Agreement Act 1988

State Development and Public Works Organisation Act 1971

Townsville Zinc Refinery Act 1996

Appendix 2

Our contacts

Brisbane offices

Brisbane Central offices

visit 1 William Street, Brisbane
post PO Box 15009, City East Qld 4002
tel +61 7 3452 7100
info@dsd.qld.gov.au

Special Projects Unit

Level 26, 111 George Street, Brisbane

Regional offices

Far North Queensland regional office

Main office—Cairns
visit Ground Floor, Cairns Port Authority Building,
Corner Grafton and Hartley Streets, Cairns
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Mackay Isaac Whitsunday regional office

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

North West Queensland regional office

Main office—Mount Isa
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tel +61 7 4747 3900
nwq@dsd.qld.gov.au

North Queensland regional office

Main office—Townsville
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tel +61 7 4758 3405
Townsville.NORO@dsd.qld.gov.au

Central Queensland regional office

Main office—Rockhampton
visit Level 2, 209 Bolsover Street, Rockhampton
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Rockhampton@dsd.qld.gov.au

Wide Bay Burnett regional office

Main office—Bundaberg
visit Level 1, 7 Takalvan Street, Bundaberg
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wbbregionalservices@dsd.qld.gov.au

Darling Downs South West regional office

Main office—Toowoomba
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Toowoomba@dsd.qld.gov.au

South East Queensland—North regional office

Main office—North Lakes
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South East Queensland—West regional office

Main office—Ipswich
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South East Queensland—South regional office

Main office—Gold Coast
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goldcoast@dsd.qld.gov.au

Appendix 3

Progress against 2016–17 Strategic Plan performance measures

The following table provides 2016–17 progress against the Department of State Development's (DSD) performance measures published in the department's 2016–17 Strategic Plan.

Performance Measure	Progress in 2016–17	Group
<i>Objective 1: Influence policy and the investment environment</i>		
Private sector capital investment leveraged through industry facilitation.	<p>From July 2016 to June 2017, \$413.37 million of private sector capital investment was leveraged through industry facilitation.</p> <p>This was achieved in a very efficient manner, with \$46.45 in leveraged private sector capital investment for every \$1 spent on service delivery.</p>	EID
Staff and stakeholders consider DSD innovative and leading delivery of economic development outcomes.	<p>The Engineering, Construction and Resources Innovation Hub within EID is currently finalising Stage One of the inaugural Business Mentoring for Innovation Program with eight successful applicants. Four applicants will be shortlisted to continue onto Stage Two of the program which will begin in July 2017. The program to date has offered valuable market information and commercialisation advice to successful applicants.</p> <p>The department also instigated a pilot of the Innovation Program to drive innovation and find solutions for challenges internal to the department. The pilot program led to the procurement of a Learning and Talent Management System in development with Human Resources. This is in the implementation phase with the release of phase one initiated on 31 May 2017.</p> <p>In the 2016 Employee Opinion Survey, 78 per cent of staff agreed that their manager supports them to identify innovative ways to improve how their work is done.</p>	<p>EID</p> <p>BSP</p>

Performance Measure	Progress in 2016–17	Group
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Objective 2: Facilitate a major projects pipeline

Maintain on-time, on-budget delivery and facilitation of major projects.	<p>Of projects managed, facilitated or delivered in 2016–17, 89 per cent were on time, and 100 per cent were on budget.</p> <p>Delays occurred on the Carrara Sport and Leisure Centre due to ground conditions and industrial issues on site. The venue reached practical completion on 4 April 2017.</p> <p>Delays were also experienced at the Gold Coast Hockey Centre due to bad ground encountered underneath two pitches, wet weather and client requested variations.</p> <p>Practical completion reached on 29 May 2017.</p> <p>In addition, the Government Land for Accommodation and Support Services Program reported a delay in schedule due to a review of program scope and confirmation of government policy. The GLASS Program is now progressing.</p>	MPP
	<p>The state has met all its contractual obligations to date which has allowed commencement of works on the Queen's Wharf project site as at 1 January 2017. This allowed Destination Brisbane Consortium (DBC) to begin demolition and construction activities as per its project program.</p>	SPU
Projects facilitated through early project definition or development stages.	<p>Streamlining of environmental impact statement assessment times continues, with a 56 per cent time reduction in Office of the Coordinator-General's (OCG) processing time since 2012. Quality has also been enhanced through more robust project management procedures, more effective proponent liaison and strengthened, outcomes-focused conditions.</p> <p>The assessment bilateral agreement with the Australian Government has been significantly improved through close and consultative liaison. The federal approval times following the Coordinator-General's assessment have been reduced by 50.9 per cent since December 2013 (excluding New Acland Coal Mine Stage 3).</p> <p>From 1 July 2016 through to 30 June 2017, OCG has approved 17 approved applications in state development areas (SDAs), including:</p> <ul style="list-style-type: none"> • Adani's rail infrastructure in the Galilee Basin and Abbot Point SDAs. • SCT's intermodal rail freight facility and warehouses in the Bromelton SDA. • Sun Metals' renewable energy facility in the Townsville SDA. <p>OCG is providing facilitation support to a total of 19 projects to drive new industry investment, development and innovation leading to new jobs throughout Queensland.</p> <p>The 19 major projects being facilitated by the Coordinator-General include the Dugald River project, Capricorn Copper, Amrun project, Kidston Solar and Pumped Storage Hydro project, Santos Gas Field Development project and QCoal's Byerwen Coal Mine. Of these 13 are prescribed projects. These projects have a combined capex of almost \$34 billion and over 29,000 jobs.</p>	OCG

Performance Measure	Progress in 2016–17	Group
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Objective 3: Strengthen the regions

Increased infrastructure investment enabled through regional grants programs.	<p>Successful projects under the Supplementary round for Remote and Indigenous Communities Fund were announced in April 2017.</p> <p>As at 30 June 2017, of the Round 1, 2 and Supplementary round projects, 14 projects are now complete with a further 71 projects underway.</p> <p>The opening of Round 3 expressions of interest stage was brought forward by six months to 30 January 2017, with a streamlined approach designed to save time from opening the round to announcement of funding outcomes.</p> <p>124 detailed applications have been assessed within the planned timeframe.</p> <p>Between 4-7 July 2017, 65 successful projects from 43 councils under Round 3 were announced.</p> <p>Funding approved under Building our Regions will generate 1,762 project construction jobs.</p>	RED
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Performance Measure	Progress in 2016-17	Group
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Objective 4: Grow priority, new and emerging industries

Growth in targeted industry sectors.	<p>Defence and Aerospace</p> <ul style="list-style-type: none"> Increased 900 jobs since June 2015 baseline (8 per cent increase to 11,500). <p>Mining Equipment, Technology and Services (METS)</p> <ul style="list-style-type: none"> Increased 7,200 jobs since June 2015 baseline (38 per cent increase to 26,300). <p>Biomedical and Life Sciences</p> <ul style="list-style-type: none"> Increased 2,100 jobs since June 2015 baseline (29 per cent increase to 9,400). <p>Advanced Manufacturing</p> <ul style="list-style-type: none"> Increased 8,200 jobs since June 2015 baseline (23 per cent increase to 43,800). <p>Biofutures</p> <p>Biofutures employment figures are not reported due to current small sample size.</p> <ul style="list-style-type: none"> Biofutures Industry Development Fund – North-Queensland Bioenergy’s (NQBE) loan application for their \$640 million project was signed off by Assessment Panel in June 2017 (with Director General for approval to progress to final negotiations). Biofutures Acceleration Program – a grant (figure undisclosed) to Amyris, a global industrial biotech leader, to progress site investigations for a Queensland based biorefinery. Biofutures Commercialisation program (DSITI) – almost \$3.5 million in grants to six pilot/demonstration scale projects. 	EID
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Performance Measure	Progress in 2016–17	Group
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Objective 5: Support enterprise and job creation

Regional enterprise involvement in supply chain for major projects	<p>During 2016–17, the department increased the ability of local businesses to access opportunities arising from major projects and other purchasing activities through the delivery of a number of workshops throughout Queensland.</p> <p>These workshops provided participants with insights into the requirements to be competitive in tender processes and to develop capability to bid for any future government or private works.</p>	RED
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Focus Area: Empower our people

Maintain DSD's position in Employee Opinion Survey results.	<p>The employee completion rate in the Employee Opinion Survey increased by nine per cent from 75 per cent in 2015 to 84 per cent in 2016.</p> <p>Results relating to employees acknowledging, and indicating their satisfaction with actions taken in relation to identified priorities in the previous 12 months were maintained.</p> <p>The strategic priorities identified by our staff through the survey showed maintenance of strong results from 2015:</p> <ul style="list-style-type: none"> • Positive agency engagement – 2016 result of 58 per cent puts us in the third quintile across whole-of-government. • Organisational leadership – 2016 result of 57 per cent puts us in the second quintile across whole-of-government. • Innovation – 2016 result of 69 per cent puts us in the second quintile across whole of government. <p>The department has implemented an action plan to address strategic priorities which is on track for completion, including 12 on-going initiatives.</p>	BSP
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Appendix 4

Progress against service standards

The following table lists the department's service standards, as at 30 June 2017.

Discontinued measures refer to service standards that were articulated in the Service Delivery Statement (SDS) 2016–17, but are not being continued for 2017–18. These are still required to be reported on in the SDS 2017–18 and the Department of State Development Annual Report 2016–17.

Service Standard	2015-16 Actual	2016-17 Target/Est.	2016-17 Actual
<i>Driving Business Development, Economic Growth and Job Creation</i>			
Service: Industry Facilitation			
<i>Effectiveness measures</i>	\$278.5M (EID)	\$300M	\$413.37M
Value of capital investment enabled through industry facilitation	\$3.6M (MPP)		
<i>Effectiveness measures</i>	Not applicable	930	1281*
Estimated number of jobs enabled through industry facilitation	(New Measure)		
<i>Efficiency measures</i>	\$33.20 (EID)	\$33.70	\$46.45
Capital investment enabled per dollar spent on industry facilitation	\$15 (MPP)		
Service: Regional Economic Development			
<i>Effectiveness measures</i>	\$284M (RED)	\$145.1M	\$205.6M
Value of infrastructure investment being developed or delivered through the Building our Regions and Royalties for the Regions programs			
<i>Efficiency measures</i>	\$352.90	\$99.83	\$141.47M
Value of infrastructure investment being developed or delivered through the Building our Regions and Royalties for the Regions programs enabled per dollar invested in program management			

* Using Treasury multiplier of 3.1 per million.

Service Standard	2015-16 Actual	2016-17 Target/Est.	2016-17 Actual
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Assessing, Approving, Developing and Delivering Projects to Generate Jobs and Economic Growth

Service: Project Development and Delivery

<i>Effectiveness measures</i>	Not applicable	Not applicable	Not applicable
Value of capital investment being developed or delivered through projects	(New Measure)	(New Measure)	(New Measure)
<i>Effectiveness measures</i>	Not applicable	Not applicable	Not applicable
Estimated number of jobs enabled through projects developed or delivered	(New Measure)	(New Measure)	(New Measure)
<i>Efficiency measures</i>	Not applicable	Not applicable	Not applicable
Value of capital investment enabled per dollar spent on project development and delivery	(New Measure)	(New Measure)	(New Measure)

Service: Economic Development through Coordinated Projects and State Development Areas

<i>Effectiveness measures</i>	Not applicable	100%	100%
Proportion of total Coordinator-General's imposed conditions on coordinated projects under construction or early operation for which there has been full compliance with those conditions, or action has been taken to identify and correct non-compliance	(New Measure)		
<i>Efficiency measures</i>	Not applicable	Not applicable	Not applicable
Potential capital expenditure leveraged per dollar spent on Office of the Coordinator-General annual budgeted staff expenses to assess and facilitate projects to construction	(New Measure)	(New Measure)	(New Measure)

Discontinued measures

Service Standard	2015-16 Actual	2016-17 Target/Est.	2016-17 Actual
<i>Assessing, Approving, Facilitating and Delivering Major Projects</i>			
Percentage of projects managed, facilitated or delivered which meet committed timeframes	91%	75%	88%
Percentage of Property Queensland projects managed, facilitated or delivered that achieve value uplift	Not applicable	75%	100%
Percentage of projects managed, facilitated or delivered which meet approved budgets	97%	75%	100%
Average number of business days taken by the department to process coordinated projects (CP) and development applications in state development areas (SDA) under the <i>State Development and Public Works Organisations Act 1971</i> (SDPWO Act)	Not applicable	(CP) 385 days (SDA) 106 days	(CP) 270 days (SDA) 37.6 days

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 7	ii
Accessibility	<ul style="list-style-type: none"> Table of contents Glossary 	ARRs—section 9.1	iii–iv 133
	<ul style="list-style-type: none"> Public availability 	ARRs—section 9.2	i
	<ul style="list-style-type: none"> Interpreter service statement 	<i>Queensland Government Language Services Policy</i> ARRs—section 9.3	i
	<ul style="list-style-type: none"> Copyright notice 	<i>Copyright Act 1968</i> ARRs—section 9.4	i
	<ul style="list-style-type: none"> Information licensing 	<i>QGEA—Information Licensing</i> ARRs—section 9.5	i
General information	<ul style="list-style-type: none"> Introductory information 	ARRs—section 10.1	v–ix
	<ul style="list-style-type: none"> Agency role and main functions 	ARRs—section 10.2	10–11
	<ul style="list-style-type: none"> Operating environment 	ARRs—section 10.3	11–12
Non-financial performance	<ul style="list-style-type: none"> Government’s objectives for the community 	ARRs—section 11.1	13
	<ul style="list-style-type: none"> Other whole-of-government plans / specific initiatives 	ARRs—section 11.2	13–14
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs—section 11.3	120–124
	<ul style="list-style-type: none"> Agency service areas and service standards 	ARRs—section 11.4	125–128
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs—section 12.1	65–68
Governance—management and structure	<ul style="list-style-type: none"> Organisational structure 	ARRs—section 13.1	69
	<ul style="list-style-type: none"> Executive management 	ARRs—section 13.2	71–73
	<ul style="list-style-type: none"> Government bodies (statutory bodies and other entities) 	ARRs—section 13.3	77

	<ul style="list-style-type: none"> • Public Sector Ethics Act 1994 	<i>Public Sector Ethics Act 1994</i> ARRs—section 13.4	79
Governance— risk management and accountability	<ul style="list-style-type: none"> • Risk management 	ARRs—section 14.1	77
	<ul style="list-style-type: none"> • Audit committee 	ARRs—section 14.2	78
	<ul style="list-style-type: none"> • Internal audit 	ARRs—section 14.3	77-78
	<ul style="list-style-type: none"> • External scrutiny 	ARRs—section 14.4	78
	<ul style="list-style-type: none"> • Information systems and record keeping 	ARRs—section 14.5	79
Governance— human resources	<ul style="list-style-type: none"> • Work force planning and performance 	ARRs—section 15.1	80–84
	<ul style="list-style-type: none"> • Early retirement, redundancy and retrenchment 	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> Directive No.16/16 <i>Early Retirement, Redundancy and Retrenchment (from 20 May 2016)</i>	85
		ARRs – section 15.2	
Open data	<ul style="list-style-type: none"> • Statement advising publication of information 	ARRs – section 16	Department's website
	<ul style="list-style-type: none"> • Consultancies 	ARRs – section 33.1	Department's website
	<ul style="list-style-type: none"> • Overseas travel 	ARRs – section 33.2	Department's website
	<ul style="list-style-type: none"> • Queensland Language Services Policy 	ARRs – section 33.3	Department's website
Financial statements	<ul style="list-style-type: none"> • Certification of financial statements 	FAA – section 62 FPMS – sections 42, 43 and 50 ARR – section 17.1	114
	<ul style="list-style-type: none"> • Independent Auditors Report 	FAA – section 62 FPMS – sections 50 ARR – section 17.1	115–117

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

ARRs *Annual report requirements for Queensland Government agencies*

Abbreviations

Abbreviation	Description
ACDC	Asia-Pacific Commercialisation and Development Centre
ADF	Australian Defence Force
AOCR	Advancing Our Cities and Regions
AQIAF	Advance Queensland Industry Attraction Fund
ARMC	Audit and Risk Management Committee
ARTC	Australian Rail Track Corporation
BAP	Biofutures Acceleration Program
BIDF	Biofutures Industry Development Fund
BoR	Building our Regions
BPA	Bio Processing Australia
BSP	Business Solutions and Partnerships
CCC	Crime and Corruption Commission
CHaPs	Community Hubs and Partnerships
CP	Coordinated Project
DAF	Department of Agriculture and Fisheries
DATSIP	Department of Aboriginal and Torres Strait Islander Partnerships
DCCSDS	Department of Communities, Child Safety and Disability Services
DEWS	Department of Energy and Water Supply
DILGP	Department of Infrastructure, Local Government and Planning
DIQ	Defence Industries Queensland
DNRM	Department of Natural Resources and Mines
DPC	Department of the Premier and Cabinet
DSD	Department of State Development
DTMR	Department of Transport and Main Roads
ECRi	Engineering Construction and Resources Hub
eDRMS	Electronic Document Records Management System
EDQ	Economic Development Queensland
EIA	Environmental Impact Assessment
EIS	Environmental Impact Statement
EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999</i>
ERG	Economic Recovery Group
FAA	<i>Financial Accountability Act 2009</i>
FAMC	Finance and Asset Management Committee

Abbreviation	Description
FIFO	Fly-In-Fly-Out
FIRB	Foreign Investment Review Board
FPM Standard	<i>Financial and Performance Management Standard 2009</i>
GBRWA	Great Barrier Reef World Heritage Area
GC2018	Gold Coast 2018 Commonwealth Games
GCOLA Bill	Gasfields Commission and Other Legislation Amendment Bill 2017
GFCQ	GasFields Commission Queensland
GSP	Gross State Product
GPC	Gladstone Ports Corporation
ICN	Industry Capability Network
IIP	Integrated Investment Program
ILUA	Indigenous Land Use Agreement
IMAG	Industry Manufacturing Advisory Group
IMT	Information Management Technology
IPNRC	Infrastructure, Planning and Natural Resources Committee
IRD	Integrated Resort Development
IRDs	Integrated Resort Developments
ISC	Information Steering Committee
JRGF	Jobs and Regional Growth Fund
LDMG	Local Disaster Management Group
LNG	Liquefied Natural Gas
METS	Mining Equipment, Technology and Services
MIQ	Made in Queensland
MLP	Market-led Proposal
MoG	Machinery of Government
MPP	Major Projects and Property
MRO	Maintenance Repair and Overhaul
MTSC	Materials Transport Services Corridor
NAIF	Northern Australia Infrastructure Facility
NDRRA	Natural Disaster Relief and Recovery Arrangements
NPA	National Partnership Agreements
NRL	National Rugby League
NSI	North Stradbroke Island
NWIDF	National Water Infrastructure Development Fund
NWMP	North West Queensland Minerals Province
OUV	Outstanding Universal Value

Abbreviation	Description
PCYC	Police-Citizens Youth Club
PDA	Priority Development Area
PoD	Plan of Development
Ports Act	<i>Sustainable Ports Development Act 2015</i>
PSC	Public Service Commission
PSE Act	<i>Public Sector Ethics Act 1994</i>
QAO	Queensland Audit Office
QUT	Queensland University of Technology
RED	Regional Economic Development
RPAS	Remotely Piloted Aircraft Systems
SBRC	South Burnett Regional Council
SDA	State Development Area
SDS	Service Delivery Statement
SIA	Social Impact Assessment
SMEs	Small to Medium Enterprises
SDPWO Act	<i>State Development and Public Works Organisation Act 1971</i>
SSRC Act	<i>Strong and Sustainable Resource Communities Act 2017</i>
TC	Tropical Cyclone
TIDB	Townsville Industry Development Board
WHS	Work Health and Safety

Glossary

Term	Description
Administrative Arrangements Orders	Administrative Arrangements Orders set out the principal responsibilities of government ministers and their portfolios.
Advancing Our Cities and Regions (AOCR) Strategy	<p>The AOCR strategy was announced on 6 October 2016.</p> <p>The strategy is a 10-year property and infrastructure program focused on delivering innovative approaches to renewing and repurposing surplus and underutilised government property to deliver economic, community and financial outcomes for Queenslanders.</p> <p>The AOCR strategy is being delivered in a partnership between this department, Queensland Treasury and Economic Development Queensland.</p>
Biofutures Acceleration Program (BAP)	This program aims to attract and support development of new or expanded commercial-scale biorefinery projects in Queensland.
Biofutures Commercialisation Program	This program seeks to attract national and international bioindustrial expertise to partner with Queensland researchers and/or businesses to scale-up and test new or improved technologies and processes at the pilot or demonstration scale in Queensland.
Biofutures Industry Development Fund	This fund helps companies with new projects reach a point at which they can better access venture capital, supporting companies pursuing innovative industrial biotech and bioproducts projects.
Building our Regions (BoR)	The Department of State Development manages \$225 million of the Building our Regions program—a targeted regional infrastructure program for local government projects. The primary purpose of the Building our Regions program is to provide funding for critical infrastructure in regional areas of the state, while also generating jobs, fostering economic development and improving the liveability of regional communities. The remainder of the \$375 million Building our Regions program is managed by the Department of Transport and Main Roads through the Transport Infrastructure Development Scheme (TIDS).
Community hub	<p>A community hub is typically a collection of facilities clustered together on the same or adjoining sites to form a focal point for activities. Hubs 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. <p>The same integrated service benefits for clients and communities can be achieved through a ‘virtual’ hub, where services and functions are connected and delivered collaboratively even when services are located separately.</p>
Community partnership	A community partnership is a commitment to a shared approach to the planning and delivery of services and facilities across a geographical area.

Term	Description
Coordinated Project	<p>A proponent of a project with one or more of the following characteristics may apply to have it declared a 'coordinated project' under the <i>State Development and Public Works Organisation Act 1971</i> (SDPWO Act):</p> <ul style="list-style-type: none"> • complex approval requirements, involving local, state and federal governments • significant environmental effects • strategic significance to the locality, region or state, including for the infrastructure, economic and social benefits, capital investment or employment opportunities it may provide • significant infrastructure requirements.
Engineering, Construction and Resources Innovation Hub (ECRi Hub)	<p>The ECRi Hub has been established to link innovative technology, end users, investors and international partners to identify commercial opportunities throughout Queensland.</p> <p>The hub works with its partners on opportunities to bring new ideas, productivity increases and cost savings to these important industries.</p>
Environmental Impact Statement (EIS)	<p>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.</p>
Igniting METS Accelerator	<p>A joint initiative between the Queensland Government and METS Ignited – the national growth centre for METS- and operated by KPMG.</p>
Industry and Manufacturing Advisory Group (IMAG)	<p>IMAG supports the state's \$19 billion manufacturing industry. The group assists industry growth by concentrating on:</p> <ul style="list-style-type: none"> • changing demand and emerging opportunities • productivity and competitiveness • innovation and technology • local content, business costs and regulation.
Integrated Resort Developments (IRD)	<p>An Integrated Resort Development (IRD) is a high-quality, mixed use destination aimed at providing tourism, leisure and entertainment facilities that appeal to as broad a demographic as possible, including the international market. An IRD could include:</p> <ul style="list-style-type: none"> • iconic architecture with expansive high amenity public realm • five or six star hotels • arcades, casino, 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. • celebrity chef restaurants.

Term	Description
Jobs and Regional Growth Fund (JRGF)	The \$130 million Jobs and Regional Growth Fund is part of the government's broader \$200 million Jobs and Regional Growth Package, targeted at growing regional economies and creating jobs for Queenslanders. The fund will help facilitate private sector projects which create employment and economic growth opportunities in regional areas outside South East Queensland facing significant economic and employment challenges.
Made in Queensland (MiQ)	\$20 million grants program supporting Queensland's manufacturing sector to become more internationally competitive and to adopt innovative processes and technologies.
Prescribed Projects	<p>The Minister may, by gazette notice, declare a project to be a 'Prescribed Project'.</p> <p>A Prescribed Project is one which is of significance, particularly economically and socially, to Queensland or a region. In deciding whether to declare a prescribed project the Minister may consider:</p> <ul style="list-style-type: none"> • public interest • potential environmental effects • other matters considered relevant. <p>If a Prescribed Project is considered to be 'critical or essential' for economic, social or environmental reasons to Queensland, the Minister may also declare it a 'critical infrastructure project'.</p>
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.
Priority port master planning	Master planning for the priority ports of Gladstone, Abbot Point, Townsville and Hay Point/Mackay is a requirement under the <i>Sustainable Ports Development Act 2015</i> (Ports Act) and a port-related action of Reef 2050 Long-Term Sustainability Plan (Reef 2050). Priority port master planning considers issues beyond strategic port land including supply chain capacity and connectivity, potential impacts on marine and land-based environments and community values within and surrounding the master planned area.
Priority industries	<p>As part of the Advance Queensland program several of Queensland's industry sectors were identified as emerging priority industries to be supported to build their competitive strengths and to create the knowledge-based jobs of the future. They include:</p> <ul style="list-style-type: none"> • Advanced manufacturing • Aerospace • Biofutures • Biomedical • Defence • Mining equipment, technology and services (METS).
Royalties for the Regions (R4R)	<p>Royalties for the Regions ran over four years from 2012–13 to 2015–16 and provided support for infrastructure projects that addressed identified local needs. The program has now closed, although work continues on projects funded under the program.</p> <p>Royalties for the Regions was replaced by the Building our Regions program.</p>
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.

Term	Description
Social Impact Assessment	<p>A social impact assessment identifies the potential social impacts directly related to the project and proposes strategies to capitalise on social opportunities and to avoid, mitigate and manage the identified project impacts.</p> <p>The social impact assessment covers:</p> <ul style="list-style-type: none"> • community and stakeholder engagement • workforce management • housing and accommodation • local business and industry content • health and community wellbeing.
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.

