Department of
Natural Resources, Mines and Energy

2018–2019 ANNUAL REPORT

ADVANCING Queensland

Queensland Government

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This publication has been compiled by Business Planning and Achievement of Business and Corporate Partnership, Department of Natural Resources, Mines and Energy.

Interpreter service statement

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LETTER OF COMPLIANCE

13 September 2019

The Honourable Dr Anthony Lynham MP
Minister for Natural Resources, Mines and Energy
PO Box 15216
City East QLD 4002

Dear Minister Lynham

I am pleased to submit for presentation to the Parliament the Annual Report 2018–19 and financial statements for the Department of Natural Resources, Mines and Energy.

I certify that this annual report complies with the:

- prescribed requirements of the *Financial Accountability Act 2009* and the Financial and Performance Management Standard 2019, and
- detailed requirements set out in the Annual Report Requirements for Queensland Government Agencies.

A checklist outlining the annual reporting requirements is provided at page 127 of this annual report.

Yours sincerely

James Purtill
Director-General
Department of Natural Resources, Mines and Energy

The Queensland Government established the Department of Natural Resources, Mines and Energy (DNRME) on 12 December 2017 through machinery-of-government changes under the *Public Service Act 2008*.

WHO WE ARE

Our vision is that together, our land, water, mineral and energy resources deliver sustainable benefits for current and future generations of Queenslanders.

Our strategic objectives are:

- manage Queensland's land, water, mineral and energy resources to optimise sustainable development outcomes
- deliver safe, secure, affordable and sustainable energy and water resources
- engage the combined expertise of Traditional Owners, community, industry and government to optimise the management and use of our natural resources
- build a contemporary workforce that demonstrates high levels of expertise, innovation, collaboration and leadership to improve service quality and responsiveness to customers and communities.

OPERATING ENVIRONMENT

As a modern, trusted and expert natural resources agency, we have an important role. We work to ensure that our natural resources – land, water, minerals and energy – deliver sustainable benefits for current and future generations of Queenslanders. We help the community and the government make the best use of our renewable and non-renewable natural resources, and we support the delivery of safe, secure, affordable and sustainable energy and water.

We confront new demands, new opportunities and rapid change—changes in climate, markets and technology, as well as shifts in community knowledge and expectations. Economic, social, environmental and cultural conditions will keep changing across the state and around the world. New and often competing demands on our natural resource assets have to be carefully weighed.

STRATEGIC RISKS AND OPPORTUNITIES

The department manages challenges and leverages opportunities by being risk-aware, not risk-averse.

Our key strategic challenges are to:

- maintain our mission-critical ICT systems
- protect our ability to respond to, or enact, significant business change
- ensure our safety systems are adequate for the hazard or exposure to our people
- optimise the design and implementation of our regulatory framework and program delivery
- deliver responsive, integrated services
- deliver and protect essential resources needed for sustainable development, technology and a low-emissions future.

The department also leverages opportunities to:

- balance priorities and align resources, reflecting complex and diverse interests
- draw on our expertise and work in partnership with Traditional Owners, communities, stakeholders and other agencies
- utilise our vast datasets; improve and facilitate sharing of data to inform program, policy, service design and regulation; and ensure access for the community
- contribute to the prosperity of the state.

GOVERNMENT'S OBJECTIVES FOR THE COMMUNITY

Our Future State: Advancing Queensland's Priorities are the Queensland Government's objectives for the community. The department contributes to these specific objectives:

CREATE JOBS IN A STRONG ECONOMY

We contribute to Queensland's capacity to create jobs and increase private sector investment through the responsible and equitable use of our land, water, mineral and energy assets.

PROTECT THE GREAT BARRIER REEF

We contribute to improved water quality and land and vegetation management, and utilise renewable energy resources. We will continue to develop strategies that mitigate the impacts of climate change.

BE A RESPONSIVE GOVERNMENT

We tailor our services to, and develop them with, communities so they are more transparent and easy to use, and remain effective and useful. We will continue to strengthen our direct engagement with communities and other stakeholders, and increase opportunities for collaboration and partnerships.

CHAPTER TWO

OUR **PERFORMANCE**

In 2018–19, the department continued to work towards achieving the Queensland Government's objectives for the community. This section highlights the department's achievements against the relevant strategic objectives outlined in the 2018–2022 strategic plan.

Key performance stories reported in this section (including whole-of-government initiatives and plans) are aligned to the relevant strategic objective. Refer to Appendix 2 for details of our service areas, service standards and key performance indicators for 2018–19.

OUR OBJECTIVES

STRATEGIC OBJECTIVE 1: MANAGE QUEENSLAND'S LAND, WATER, MINERAL AND ENERGY RESOURCES TO OPTIMISE SUSTAINABLE DEVELOPMENT OUTCOMES

Vegetation management reforms

On 3 May 2018, the *Vegetation Management and Other Legislation Amendment Act 2018* was passed. The implementation of those legislative changes framed much of the workload moving into 2018–19. The reforms reinstated a responsible vegetation management framework that ceased broadscale clearing of remnant vegetation, and restored protection of high-value regrowth on freehold and Indigenous land.

A commitment of the Queensland Government was to revise the accepted development vegetation clearing codes (ADVCCs). These codes enable landholders to self-assess and manage vegetation clearing where there is a low risk to the environment. To ensure the codes reflect the best available science, the department consulted throughout 2018–19 with the Queensland Herbarium and Department of Agriculture and Fisheries. The codes were also externally reviewed by the CSIRO and released for public comment. Eight codes were remade in June 2019. This release also coincided with updates to vegetation mapping using the latest available scientific information.

The Vegetation Management Hotline (or 'Veg Hub') continues to provide landholders with information and advice regarding vegetation management issues. Technical vegetation management enquiries are answered by hotline officers, allowing landholders to understand the changes to ADVCCs and effectively receive information. Since its launch, Veg Hub has received more than 7,800 calls and more than 600 email enquiries.

The department also contributed to the review of the Queensland bushfire disaster from November/December 2018 by working with the Office of the Inspector-General for Emergency Management. The department will contribute to recommendations by the Inspector-General.

3D reality model of Brisbane

In 2018, Land and Spatial Information (LSI) commissioned a detailed, highly precise, and fully interactive 3D 'reality' model of the Brisbane inner city.

In collaboration with the Cross River Rail Development Authority, we developed this model to answer the needs of effective stakeholder engagement, development planning, and community consultation.

It also allowed us to evaluate the speed and cost-effectiveness of such modelling, and now provides us with a tangible dataset to test new ideas about the management of our built and natural environments.

The Brisbane city model was created using photogrammetry, which is the science of deriving 3D data from 2D imagery.

Specially calibrated cameras capture multiple images of an object – such as a building or monument – or area of interest from different perspectives.

These images are overlapped and combined with information about established ground-based coordinates, called survey control. Computer algorithms then determine where objects exist spatially.

Ultimately, a spatially located 3D framework called a 'mesh' is generated. The pure imagery is then overlaid on the mesh, providing a detailed, high-resolution 3D model that is correctly positioned.

As part of the Cadastre QLD Transformation program, aerial photogrammetry was performed for the entire Brisbane CBD (including South Bank), and the geographic extent of the Cross River Rail (CRR) - Queensland's largest infrastructure project.

Approximately 300km² has been captured by fixed-wing aircraft from Salisbury to Kedron, and Mt Coot-tha to Luggage Point.

A further 8km² has been captured at higher resolution, by helicopter, across the Brisbane CBD.

These two captures strike an excellent balance between cost and efficiency, providing impressive geographic scope while maintaining a high level of detail.

The model is already being used by Cross River Rail to plan development and engage with stakeholders. Kept current, it will also form a key component of a future Digital Twin—a digital model of our built environment—for South East Queensland (SEQ).

Cadastre QLD Transformation program

Cadastre QLD Transformation is a multi-year program to enhance Queensland's land, property, positioning and address information systems—the key components of the cadastre.

It aims to transform the current 2D cadastral platform – a chief component being the Digital Cadastral Database (DCDB) – into a collaborative 3D digital environment, allowing government, industry and the community to easily access, create and share more accurate and current spatial data, and contribute to growing a future Digital Twin for Queensland. This major reform will contribute to Queensland's productivity and digital economy, unlocking new opportunities for investment, infrastructure, industry and innovation.

In 2019, Land and Spatial Information successfully completed an adjustment proof of concept of an improved 'numeric' cadastre over the geographic extent of the Cross River Rail. This preliminary work is supporting a business case to transform the cadastral platform and help deliver a future Digital Twin.

The CRR proof of concept involved the digital capture of survey data (distances, bearings and known coordinates) from over 730 paper survey plans, affecting approximately 2,500 individual lots.

After digital capture and quality assurance, the survey observations are indexed and matched to existing data in the DCDB. Indexing observations from multiple sources helps improve cadastral accuracy.

The indexed observations are then connected to survey control, which is a nationwide network of highly precise established coordinates. The indexed observations, DCDB, and survey control are then calculated together into a rich, highly precise dataset of points, positions and measurements.

Results to date have seen improved parcel boundary accuracy from an average of 1.5m to 0.1m in some areas. This delivered more accurate cadastral parcel shapes and precise positioning, a survey improved spatial cadastral extent, exhaustively captured data for future use, and a foundation for a 3D cadastre and eventual Digital Twin.

In 2019–20 LSI will continue working with the Cross River Rail Delivery Authority to extend the proof of concept along the entire 10.2 kilometre extent of the $5.4 billion project, providing more precise cadastral data for planning, engineering and development.

Interim Great Artesian Basin Infrastructure Investment Program

The program has continued investment into delivering a watertight Great Artesian Basin by providing assistance to landholders to repair uncontrolled bores and replace bore drains with piped reticulation systems.

This program builds on 18 years of the iconic Great Artesian Basin Sustainability Initiative—a whole-of-basin partnership program between the federal government, state governments and landholders, which addressed declining pressure in the Great Artesian Basin.

Building best practice regulation for natural resources

A change process has been underway for the Dam Safety Regulation team to document, refine and implement work processes to align with current best practice business and quality management practices.

The formal review process ran from January to May 2018 through a series of process risk and control framework workshops. This work documented and reviewed the control environment for Dam Safety processes to ensure that legislative requirements under the *Water Supply (Safety and Reliability) Act 2008* are being met consistently and efficiently.

The learnings of the review process are now being implemented through a change management process, guided by the key documents prepared by the team:

- Strategy and Plan for dam safety internal quality processes.
  - The Strategy describes auditing targets, risks and controls and sub-processes to be audited and templates for audit preparation and reporting that are required to deliver regulatory outcomes compliant with legislative requirements, agreed processes and controls and compliance activities. The Plan describes the audits required to support, monitoring and streamline the Strategic targets, to be delivered over a 3-year period.
- Strategy and Plan for dam site audits, used to regulate industry compliance
  - The Strategy describes auditing targets, risks and controls required to ensure industry compliance to regulation, including a prioritisation of dams to be audited. The Plan describes the dams to be audited over a 3-year period and the specific activities to undertake during the audits.
- Process workflow and risk and control matrix (RACM)
  - Key workflows are described using process workflows that describe key steps undertaken by team members. At key steps in the workflow, controls are applied to manage risks as identified in the RACM.

The new processes are being successfully implemented into the team. In addition to the benefits associated with consistent and clear demonstration of regulatory activities, the team is benefiting from improved efficiency and effectiveness and better use of resources.

Great Barrier Reef protection programs

The department managed approximately $7.1 million of state funds to deliver natural resource management programs during the 2018–19 financial year. This included the delivery of the Paddock to Reef Integrated Monitoring, Modelling and Reporting Program which tracks long-term trends in water quality entering the Great Barrier Reef lagoon from adjacent catchments and investment in strategic, regionally based reef-related land condition improvement and rehabilitation projects.

Six regional natural resource management bodies – Burnett Mary Regional Group, Fitzroy Basin Association, Reef Catchments, North Queensland Dry Tropics, Cape York Natural Resource Management and Terrain – are delivering projects to support the Reef 2050 long-term sustainability plan (Reef 2050 Plan), including the Paddock to Reef Regional Support Program.

Amendment to Burdekin Water Plan (North)

The Water Amendment Plan (Burdekin Basin) 2019 (the amendment plan) and associated water entitlement notice and water management protocol were finalised on 28 June 2019. The amendment plan contains objectives and strategies for sustainably managing surface water and overland flow water in sub-catchments upstream of the Burdekin Falls Dam.

The amendment plan, water entitlement notice and water management protocol convert 146 water licences with a total volume of 62,591 megalitres to water allocations in priority areas of the Upper Burdekin and Cape Campaspe sub-catchments. This provides new opportunities for trading of water titles and promotes water use efficiency and the movement of water to its highest value use.

To help meet emerging water demands in the Belyando Suttor sub-catchment, where there is insufficient information to support conversion to water allocations, the amendments establish a water trading framework for water licences. Amendments were also made to water licences to simplify access conditions and to convert area-based entitlements to volumetric entitlements to give certainty to water users and remove unnecessary regulatory burden.

Provision has also been made to allow an additional 50,000 megalitres to be traded from Burdekin Falls Dam ponded area. This aims to meet increased market interest in accessing water directly from the dam to address future water demands.

With the water plan due to expire on 1 September 2019, the Queensland Government is proposing to extend the life of the plan until 1 September 2023 based on the plan's performance and effectiveness. With increasing interest on water related developments – including raising Burdekin Falls Dam, Hells Gate Dam, Urannah Dam and Big Rocks Weir, and the Lower Burdekin Groundwater Strategy – the review or further amendment of the plan could occur at any time should risks in the catchment change.

Local management arrangements for St George and Theodore channel irrigation schemes

The St George Channel Irrigation Scheme transitioned to local management arrangements on 1 July 2018. St George's irrigators – through a new company, Mallawa Irrigation Ltd – now control all downstream water assets from their key water source—the EJ Beardmore Dam. The transfer was the result of St George irrigators voting overwhelmingly in favour of the water scheme's local management.

The channel irrigation scheme comprises 112 kilometres of pipelines and channels between the Balonne River and Buckinbah pump station, employs six local personnel and distributes water to around 50 customers—irrigating 10,000 hectares of land in the St George region.

Sunwater will continue to manage the St George Bulk Water Supply Scheme—including EJ Beardmore Dam and Jack Taylor Weir.

The Queensland Government supplied Mallawa Irrigation with $5.1 million to operate the scheme.

The Theodore Channel Irrigation Scheme transitioned to local management on 30 September 2018. Local company Theodore Water Pty Ltd (Theodore Water) now manages and runs the irrigation scheme. Theodore Water has a board of local irrigators and independent directors, all of whom have a direct interest in the region's water being put to its best possible use.

Sunwater continues to manage the Dawson River, including the Theodore Weir.

The scheme comprises 46 kilometres of pipelines and channels and two pump stations that source water from the Theodore Weir, and employs six local personnel. The scheme distributes water to around 44 customers, irrigating 3,000 hectares of land in Theodore.

The Queensland Government supplied Theodore Water with $15.1 million as part of the transition arrangements.

The transfer followed overwhelming support for local management with Theodore Channel Irrigation Scheme customers representing more than 95% of the scheme's water supply, voting to become shareholders in Theodore Water.

The Emerald Channel Irrigation Scheme transitioned to local management on 30 June 2019. Local company Fairbairn Irrigation Network Ltd (FIN) now manages and runs the irrigation scheme. FIN has a board of local irrigators and independent directors, all of whom have a direct interest in the region's water being put to its best possible use.

Sunwater continues to manage Fairbairn Dam and the Nagoa River.

The scheme comprises 126 kilometres of pipelines and channels and four pump stations that source water from the Fairbairn Dam, and employs six local personnel. The scheme distributes water to around 150 customers, irrigating 15,000 hectares of land in Emerald.

The Queensland Government supplied FIN with $2.5 million as part of the transition arrangements.

The transfer followed overwhelming support for local management with Emerald Channel Irrigation Scheme customers representing more than 70% of the scheme's water supply, voting to become shareholders in FIN.

National Water Infrastructure Development Fund

Queensland is a signatory to a National Project Agreement for both part one (feasibility studies) and part two (capital projects) of the Australian Government's National Water Infrastructure Development Fund (NWIDF).

The department is facilitating 15 feasibility studies, with arrangements being made to facilitate a number of further studies following the federal election. The final report documents for the completed studies are available via the Business Queensland website and provide input to the water supply infrastructure prioritisation process.

During 2018–19 the department, on behalf of the Queensland Government, and a number of third party proponents submitted seven applications across two rounds of expressions of interest for the capital component of the NWIDF. One of these applications was successful and funding announcements are yet to be made by the Australian Government for four applications that were made in April 2019. In total, more than $15.3 million in grant funding has been secured for the proponents.

The Queensland Government has matched the $176 million in NWIDF capital funding committed by the Australian Government for the construction of Rookwood Weir. DNRME has administered $66 million to Sunwater to progress planning, design and early works. Negotiations on the partnership arrangements between the two jurisdictions are progressing. The weir will improve water security for the region and provide long-term economic development opportunities.

Queensland bulk water opportunities statement

The Queensland bulk water opportunities statement outlines the future water security strategy for the state and was first released in July 2017, with the first annual update released in December 2018.

As part of the State Infrastructure Plan, the statement outlines objectives for bulk water supply and principles to guide investment. It also:

- highlights the significant volumes of uncommitted and under-utilised water available from existing infrastructure that could be used for economic development without construction of new bulk water storages
- reports on progress of feasibility assessments into water supply proposals and other water project activities currently underway
- describes the circumstances that could trigger state government involvement in bulk water supply proposals, including the associated objectives and principles for state government investment in water projects
- outlines initiatives being undertaken to improve the use of available water in Queensland.

Financial assurance and mining rehabilitation reforms

In 2016, the Queensland Government commenced an assessment of Queensland's financial assurance framework. The review made recommendations to reduce Queensland's exposure to the financial and environmental costs of managing land disturbed by resource activities.

A key outcome of this review was the passing of the Mineral and Energy Resources (Financial Provisioning) Bill 2018 by the Queensland Parliament, in November 2018. With the establishment of the financial provisioning scheme under this legislation, Queensland taxpayers will no longer fund all the costs of dealing with the state's historic abandoned mines. Once the scheme matures, there will be a long-term funding source for the remediation of the state's abandoned mines as well as funding for research into better and more effective ways to make abandoned mines safe, secure, durable and productive.

The department contributed to this important reform through its participation in the financial assurance interdepartmental committee and working group.

To complement establishment of the scheme the department also released two discussion papers for public consultation, with submissions closing in July 2018. These discussion papers focused on key reforms relating to care and maintenance, change of control, disclaimed mines and abandoned mines.

Twenty-five submissions were received and departmental representatives also held meetings and information sessions with stakeholders, including landholders, Indigenous groups, industry groups, environmental groups, local governments and mining companies. The department will continue to work across government and with stakeholders to implement these remaining components of the financial assurance and mining rehabilitation reforms.

Collaborative Exploration Initiative

The Geological Survey of Queensland's (GSQ) program of grants to aid industry explorers has been continued and expanded as part of the 4-year, $27.125 million Strategic Resources Exploration Program (SREP). A total of 27 projects in the Northwest Minerals Province (NWMP) have been supported utilising $3.6 million in funds provided under the SREP. The grants formed a key element of the government's NWMP Strategic Blueprint, aimed at helping industry overcome serious challenges in sustaining employment and mineral supply from this world-class mineral province.

The Collaborative Exploration Initiative (CEI) program has been successful, both in terms of actual discovery and exploration sector maturation. A standout discovery success case has been the Aeon Metals Walford Creek deposit, which ranks among Australia's largest cobalt resources and is well positioned to help meet growing global demand for this 'battery mineral'.

The value of CEI grants in supporting exploration sector maturation is evidenced by recent market movements by recipient companies such as Hammer Metals and Red Metals. The former has entered commercial agreements to add their key prospects in the NWMP to Canadian company Global Energy Metals Corporation's cobalt portfolio. Red Metals has entered into a co-operative exploration agreement with Oz Minerals, with the CEI funding support creating commercial leverage to help enable collaborative works of this nature.

The GSQ strongly supports collaboration between explorers, which is seen as essential in overcoming the challenges of finding new deposits at greater depths and in more challenging areas than ever before.

Collingwood Tin Mine Remediation

Our Collingwood Tin Mine Remediation project team has finalised 12 months of consultation with Traditional Owners, culminating in the endorsement of agreed remediation activities for the site.

Technical Services worked with the Jabalbina Yalanji Aboriginal Corporation, Kuku Nyungkal Elders and the Traditional Owner community to understand their future aspirations for the former mine site, and to inform preliminary remediation plans. Following completion of this work, Technical Services made a submission to the Queensland Government to fund the design phase of this project and complete further detailed investigations and engineering designs.

Over the past 12 months, the department has completed significant work at the site. This work focused on the safe management of existing infrastructure, including the processing plant, mine portal, vent shaft, water impoundments and tailings dam.

Key work completed in 2018–19 included:

- demolishing the former processing plant and associated surface infrastructure
- executing a controlled water release program to ensure appropriate dam management and risk mitigation in consultation with downstream landholders
- improving water management infrastructure, including safety upgrades

- investigating the underground mine using remotely-operated robotic rovers (thereby negating the need for people to enter the mine)
- installing fencing for improved site security
- repairing site access roads following extreme rainfall over the wet season
- completing a contaminated land investigation of the former processing area
- completing flora and fauna surveys to inform analysis for future remediation activities
- consulting with other stakeholders, including the Cook Shire Council, Department of Environment and Science, local community and other government agencies.

Simtars/Sustainable Minerals Institute alliance

In November 2018, The University of Queensland's Sustainable Minerals Institute (SMI) and the Safety in Mines Testing and Research Station (Simtars) within the department formed an alliance. This formalises a relationship between the two entities that has existed for more than two decades.

The broad aims of the alliance are to deliver mutually beneficial programs of work that enhance safety and health outcomes and expand capacity in mine safety and health research, training and emergency preparedness.

The alliance has made a strong start, delivering on these aims through an array of projects and initiatives:

- The University of Queensland hosted the inaugural 'Dust and Respiratory Health Conference' with co-sponsors WorkCover Queensland, the department, and SMI. The conference brought together mining unions, industry, medical providers, and academics, nationally and internationally. Leading expert on mine dust lung disease, Dr Robert Cohen, and his colleagues from the University of Illinois at Chicago actively participated in the conference.
- A workshop held to identify areas for collaborative research resulted in joint programs of work in the areas of respirable particulates in mining and quarrying, mine slope stability, mine fire inertisation, and spontaneous combustion. The projects involve new PhD studentships and further collaboration with the Australian mining industry participants and domestic and international academics.
- Following industry consultation, SMI are working with the Mines Inspectorate to update departmental publications to ensure contemporary safety and health matters remain relevant to the Queensland mining sector.

The alliance enables Simtars and SMI to formally partner on key initiatives to expedite research, testing and training outcomes that ultimately support the aim of *every mine worker home safe and healthy every day.*

Queensland Exploration Program

The Queensland Exploration Program was announced in June 2018 and builds on the success of previous exploration programs. The program helps resource companies plan their exploration programs and gives landholders advance notice of potential activity in their areas.

The 2018 program provided a tender release schedule for exploration opportunities for coal and petroleum and gas over an 18-month period. The program includes 29 areas for petroleum and gas exploration across seven geological basins to support both domestic gas supply and the gas export industry. During 2018–19, a number of these areas were released subject to an Australian market supply condition to ensure any gas produced from those areas will be supplied exclusively to the domestic market.

During 2018–19, exploration program highlights included awarding:

- petroleum and gas exploration tenders to Armour Energy, Cypress Petroleum and Bridgeport Energy in September 2018
- domestic-only gas supply tenders to Chi Oil and Gas, Armour Energy and a Santos/Shell joint venture in September and November 2018
- a minerals exploration tender area to Red Metal in February 2019
- coal exploration tender areas to Denham Coal, Queensland Coal Investments, Enex Togara and Wandoan Holdings in February 2019
- a domestic-only gas supply tender area to Senex in May 2019
- petroleum and gas tender areas to Galilee Energy, a Santos/Shell joint venture and Sajawin in May 2019

- domestic-only gas supply tender area – for supply to manufacturers only – to an APLNG/Armour Energy joint venture in June 2019.

Resources projects approved in Queensland in 2018–19

The department's tenure assessment hubs regulate the development of the state's mineral and energy resources through the management of exploration and production permits.

Global demand for 'tech metals' continues to increase, driving exploration for new deposits across Queensland and triggering investment in the development and expansion of existing projects:

- Minjar Gold's Pajingo project produces gold. The project's existing mining lease was renewed and new leases were granted during the period.
- The Mount Cuthbert and Mount Watson copper projects, owned by Malaco Leichhardt, produces gold in addition to its principal commodity of copper. The project consists of 29 exploration permits, 23 mining leases, and five mineral development licences. Of these, one mining lease and four exploration permits for minerals were granted and two mining leases were renewed in 2018–19.
- Carpentaria Gold's $150 million Ravenswood project was granted a range of permits to extend mine life and construct new operations. The project will extend existing mining operations by at least 13 years. Laneway Resources was granted a mining lease to develop its Agate Creek project, targeting principally gold.

Metallurgical coal remains Queensland's most valuable material export, earning $37.4 billion in the 12 months to April 2019. A range of exploration permits and mining leases were awarded in 2018–19:

- Fitzroy CQ's Ironbark Project was approved in November 2018 with production planned to commence in 2020.
- BHP Coal received approval for the Grevillea project, extending the existing Saraji open cut mine, ensuring the continued supply of 55 Mtpa ROM.
- Mining leases were renewed for several of Queensland's largest metallurgical coal mines, including the Jellinbah and Coppabella mines.

Coal workers' pneumoconiosis update

The work to respond to coal workers' pneumoconiosis (CWP) – a type of mine dust lung disease –shifted to an embed-and-sustain focus during 2018–19. Most significantly, a number of amendments to the Coal Mining Safety and Health Regulation 2017 were made to formalise the Register of Doctors and Medical Providers as a mandatory part of the Coal Mine Workers' Health Scheme (the scheme).

As of 1 March 2019, amendments to the scheme established the register as well as providing a right to free respiratory health examinations for retired and former workers—organised and paid for by the department. The scheme now requires that only doctors and medical providers approved and registered with the department can carry out medical examinations for coal mine workers. The department will continue to regulate the performance of these providers through regular audits of clinical decision-making and administrative systems to ensure any cases of mine dust lung disease are detected early.

Work continues across government to ensure cases of disease are well understood and learnings are shared. Support was provided to Queensland Health in preparing changes to the *Public Health Act 2005* to establish a Notifiable Dust Lung Disease Register. Our partnership with the Office of Industrial Relations and WorkCover Queensland has continued, with joint worker information seminars being held and participation in responding to silicosis in the stone benchtop industry.

As of 30 June 2019, 35 new cases of mine dust lung disease were reported to the department during 2018–19, taking the total known cases to 109 since 1984. The department will continue to embed and sustain the reforms to address mine dust lung disease during 2019–20 and beyond, to protect the health of coal mine workers.

Successful transition to Lungscreen Australia

On 1 March 2019, Lungscreen Australia (Lungscreen) commenced dual reading of all coal mine worker chest X-rays to the International Labour Organisation International Classification of Radiographs of Pneumoconioses (ILO classification). This marked an important milestone in the reforms made to the the scheme following the review of the respiratory component of the scheme by Monash University and the University of Illinois at Chicago.

Since July 2016, all chest X-rays have been read by at least two medical experts to the ILO classification. These experts have achieved B-reader accreditation from the US-based National Institute for Occupational Safety and Health. Until 1 March 2019 the University of Illinois at Chicago facilitated the dual reading process, while the department worked to establish an Australian service.

The department worked closely with Lungscreen, doctors, radiology providers and coal mine workers' representatives and employers to ensure a successful transition to an Australian service. Since Lungscreen commenced dual reading, workers and doctors have benefitted from reduced timeframes for receiving completed ILO reports and online access to reports. Previously, workers and doctors waited up to several months for a completed report. Now the average turnaround time has reduced to less than one week.

The department continues to work with Lungscreen and other stakeholders to ensure Lungscreen meets performance standards and customer needs, ultimately ensuring our coal mine workers receive world-class respiratory health screening.

Methane management in underground coal mines

The Mines Inspectorate expects all underground coal mines to have effective gas monitoring systems, with suitably placed methane detectors, to prevent explosive accumulations of methane in areas where it could be ignited.

In addition, the department is progressing amendments to the regulatory framework to prescribe minimum methane monitoring requirements.

In 2018, as a result of investigations into gas exceedances at Queensland underground coal mines, the Mines Inspectorate completed a series of gas management compliance audits. As part of this audit program, eight mines were required to provide their real-time gas monitoring data from 2016 to 2018 to enable detailed analysis.

While the audits revealed that the mines' gas monitoring systems complied with the legislation, a review of the gas data indicated that mines were not consistently meeting their obligation to report all instances where methane concentration exceeded 2.5%. Modelling of mines' ventilation and methane emissions has shown that in some cases explosive concentrations of methane could have been present in the atmosphere flowing into the longwall tailgate.

Following compliance action by the Mines Inspectorate, five mines introduced additional gas monitoring in the longwall tailgate, interlocked to the longwall shearer so that it automatically tripped power to the shearer when methane reached a certain level determined by a trigger action response plan (TARP).

The Mines Inspectorate suspended operations at two sites due to under-reporting of dangerous gas exceedances.

It was evident from the results of regulatory compliance audits that underground coal mines needed additional guidance on methane management.

The Methane Management in Underground Coal Mines: Best Practice and Recommendations was delivered to underground coal mine site senior executives and underground mine managers on 18 June 2019.

The purpose of this publication is to provide Queensland underground coal mines with information to consider when determining:

- the location of additional gas monitors that are interlinked to cut electrical power to the longwall shearer, which are critical controls for the management of risks from methane
- suitable TARPs to prevent dangerous concentrations of methane in areas in the longwall tailgate where there are potential ignition risks.

STRATEGIC OBJECTIVE 2: DELIVER SAFE, SECURE, AFFORDABLE AND SUSTAINABLE ENERGY AND WATER RESOURCES

Energy Efficient Appliance Rebate Scheme

The Energy Efficient Appliance Rebate Scheme provided rebates to over 54,000 Queensland households who purchased a minimum four-star, energy-efficient washing machine, refrigerator or air conditioner.

The rebate of $200 for a washing machine, $250 for a refrigerator and $300 for an air conditioner are helping these households to reduce their energy costs and lower their power bills.

Appliances can account for around 30% of home energy use, so choosing a star-rated, energy-efficient product can deliver big savings. By replacing an energy-wasting model with an energy-efficient air conditioner, a household can save up to $100 a year on their electricity bills, or up to $50 a year with an energy-efficient washing machine or fridge.

Interest in the rebate scheme was very high, with over 26,000 households registering to receive notification when applications opened on 19 February 2019. Applications for this successful rebate scheme closed on 3 July 2018.

Key to the success of the rebate scheme was the enthusiasm shown by the appliance retailers who worked closely with the department to promote the benefits of energy-efficient appliances.

Fuel price reporting

The fuel price reporting trial commenced on 3 December 2018.

A working group of industry stakeholders – including the RACQ, the Australian Institute of Petroleum and the Australasian Convenience and Petroleum Marketers Association – assisted the Queensland Government to develop options for the trial.

The working group considered existing fuel price reporting arrangements, options for ensuring fuel retailers report accurately, lessons from other jurisdictions, and the consumer benefits and regulatory costs of alternative models.

The department employed an innovative, open data approach by making the fuel prices freely available to existing and future smartphone apps and websites, instead of building a government app.

Motorists can now save at the bowser by choosing from numerous fuel price apps and websites to find the lowest priced fuel in their local area. Since 3 December 2018, the fuel price reporting trial has required all fuel retailers to report their prices within 30 minutes of a change of price at the bowser. Fuel retailers now face large fines for not reporting their prices on time. As of 30 June 2019 over 1,500 Queensland service stations – more than 95% – are reporting their fuel prices.

CleanCo – clean energy generator

The department and Queensland Treasury have worked together, including through the CleanCo Establishment Taskforce, to establish CleanCo as a company and a government-owned corporation, and brought together its foundation asset portfolio and funding, operating capabilities and resourcing. The initial board members were appointed in December 2018 and the interim CEO was appointed in February 2019.

The Electricity (CleanCo) Amendment Regulation 2019 was made in June 2019 to enable CleanCo to be declared as a "state electricity entity" under the *Electricity Act 1994*. Legislation was amended to ensure provisions for protecting employee entitlements, protecting commercially sensitive information and allowing shareholding Ministers to direct the company. These provisions are consistent with those applying to other government-owned corporations in the competitive electricity market.

The department and Queensland Treasury have also worked together to establish service agreements between CleanCo, Stanwell and CS Energy to ensure the continuing safe and reliable clean energy supply.

Keeping electricity prices below inflation

The Queensland Competition Authority's 2019–20 price determination, published on 31 May 2019, and its quarterly analysis of the South East Queensland market, demonstrates that electricity prices are remaining below inflation.

Electricity bills for a typical household in regional Queensland decreased by an average of 2.9% per year over the last 2 years, and by 4.6% per year for a typical small business.

The Queensland Competition Authority (the independent regulator) identified a number of government actions as key to electricity price reductions in 2018–19. This includes government electricity distributors supporting the Australian Energy Regulator's revenue determination, which reduced the amount of network costs paid by customers. Wholesale electricity market prices have also reduced due to the Queensland Government directing Stanwell to alter its bidding strategies, and returning the Swanbank E gas generator back to service.

The Queensland Government has also removed the costs of the Solar Bonus Scheme from customer's electricity bills to June 2020.

Affordable Energy Plan

The department implemented key strategies and programs under the Affordable Energy Plan:

- Issued $17 million in assistance through grants and loans under the Interest Free Loan Scheme for solar systems and battery storage—receiving 4,350 applications across the scheme as at 30 June 2019.
- Introduced a Solar for Rentals Trial to incentive landlords to install solar systems in the private rental market—430 landlords have registered interest.
- Extended the Energy Savvy Families Program to an additional 4,000 regional low-income families in Cairns, Townsville, Rockhampton, Toowoomba and Hervey Bay, enabling families to set an energy budget and monitor their energy usage. At 30 June 2019 there were 2,722 program participants with 2,188 digital meters installed.
- Delivered an expansion to the Energy Savers Plus Program with energy audits for up to 200 agricultural customers to identify practical measures to reduce consumption and costs. As at 30 June 2019, 99 audits were underway.

The department is developing a solution to deliver sustainable energy for the Daintree to provide residents with a quality, clean power supply to enhance their standard of living, reduce local pollution and support local businesses and jobs.

Renewable energy highlight

In 2018–19, 15 renewable energy projects totalling more than 1,200 megawatts of capacity became operational. These projects saw investment of more than $2.3 billion and created around 2,300 jobs during construction.

Queensland's renewable energy penetration increased from 8% in 2017 to 10% in 2018.

Regulation and oversight of biofuels mandates

The bio-based petrol (ethanol) and bio-based diesel mandates commenced on 1 January 2017, with the department regulating and providing strategic oversight of the mandates throughout 2018–19.

The mandates require fuel sellers across Queensland to sell at least minimum amounts of bio-based petrol (ethanol) and bio-based diesel. Reportable volumes of E10 – the most popular ethanol-blended petrol grade – had increased by 99% in the October to December 2018 quarter (almost double the baseline that was collected in early 2016 before the mandate commenced).

Water planning in Queensland

Our water resources are essential for the economic, physical and social wellbeing of our communities. To ensure these resources are developed and managed sustainably, along with the health of Queensland's ecosystems, catchment water plans are legislated under the *Water Act 2000*. The release of the final water plans for the Condamine and Balonne and Border Rivers and Moonie catchments is the key remaining step for Queensland in progressing towards accreditation under the Commonwealth *Water Act 2007* in accordance with the Basin Plan 2012.

The water plans reflect extensive engagement with water users and local communities and management arrangements have strong industry support in key agricultural areas, including the Stanthorpe region. Forty information sessions were held across the two plan areas as well as targeted consultations with community and water user groups, natural resource management bodies, local governments, industry representatives and irrigators. Targeted consultation with Aboriginal peoples included oncountry meetings with 13 nations under the guidance of Northern Basin Aboriginal Nations.

The water plans have also been developed in consultation with the Murray–Darling Basin Authority and the Australian Government to ensure they deliver on commitments to protect environmental flows in the river system.

The department released the final water plans and associated water management protocols on 22 February 2019. The water plans were finalised in consideration of more than 450 public submissions, with 159 submissions from Aboriginal peoples. These water plans, along with Warrego, Paroo, Bulloo and Nebine water plan, comprise the Queensland section of the Murray–Darling Basin and manage surface water, overland flow water and underground water.

The final water plans will continue to protect water-dependent ecosystems and existing water users while specifying enhanced monitoring, reporting and measurement requirements—especially for overland flow water and underground water. Previous arrangements for limiting the use of water to current levels have been strengthened and broadened, which is important in these plan areas where the take of water is at capacity and sustainable diversion limits under the Basin Plan also apply.

The incorporation of specific outcomes, measures and strategies for the recognition of cultural values of, and economic interests in, water for Aboriginal peoples is a key step and will be implemented over the next 5 years in collaboration with Aboriginal peoples in the plan areas.

In addition to significant water planning achievements in the Murray–Darling Basin, the Queensland Government has also delivered water plans in other parts of the state.

The last significant geographic area in Queensland is now under sustainable water management arrangements with the finalisation of a water plan for Cape York Peninsula in June 2019. This new Cape York Water Plan paves the way for Aboriginal peoples and Torres Strait Islanders to make decisions about the sustainable use of water on their country. Almost all of the unallocated water being made available under the plan will be held by Traditional Owners and they will be able to make choices about whether that is used by them, leased to a third party or simply retained and not used. This empowerment also enables Traditional Owners to reap the social and economic benefits from new projects on the Cape.

The plan ensures that 97.5% of freshwater flows are retained to meet the water needs of the environment, including protecting the receiving waters of the Great Barrier Reef and Gulf of Carpentaria.

In June 2019, a targeted amendment to the Burdekin Basin Water Plan was also finalised. The amended plan delivers new water markets in the sub-catchment areas upstream of Burdekin Falls Dam to promote new development opportunities, including emerging agricultural demands near Charters Towers.

Science supporting water planning

The department continues to collect scientific data across the state to support the review and evaluation of water plans. This includes water and ecosystem monitoring to better understand the water requirements of ecosystems and whether they are being provided for through current water management arrangements.

To support prioritisation of monitoring efforts across the state, the department completed a statewide risk assessment of water resource pressure, as well as more detailed assessments of risks and knowledge gaps for all the plan areas where a 5-yearly evaluation was completed. This work will inform long-term business planning and scientific planning.

Queensland Water Regional Alliance Program

The Queensland Water Regional Alliance Program (QWRAP) is an industry-led initiative aimed at supporting Queensland local governments to improve the delivery of drinking water and sewerage services through regional collaboration.

There are five QWRAP regions across the state—RAPAD Water and Sewerage Alliance, Whitsunday Isaac Mackay Water Alliance (WIMWA), Wide Bay Burnett Water Alliance (WBBWA), Far North Queensland Regional Organisation of Councils (FNQROC) and Downs and Surat Basin Area (DASB).

In place since 2011, QWRAP is led by the Local Government Association of Queensland (LGAQ) and administered by the Queensland Water Directorate.

The Queensland Government, through the department, has committed $4.2 million over 4 years (2018–2022) for QWRAP. The majority of this funding is used to employ a regional coordinator for each QWRAP region, fund bid pool projects that are proposed by regions, undertake industry-specific research and administer the program. Funding is also set aside to support capacity building in non-QWRAP regions and implement statewide priorities.

To date 10 bid pool projects have been approved, ranging from $65,000 to $1,300. Each QWRAP region has been active in submitting projects for approval by LGAQ, Queensland Water Directorate and the department, reflecting the needs of the local governments in that region. The projects cover a wide range of areas from water security to data management training.

Townsville water security

The department administers two grant funding deeds between the department and Townsville City Council for a total of $225 million, which the Queensland Government committed for addressing Townsville's long-term water security needs and supporting the recommendations of the Townsville Water Security Taskforce.

Under the first agreement, the department has provided the council with $10 million for their 'Water Smart Package' (which commenced on 15 July 2019 and includes a rebate program and community education) to help the Townsville community adopt water-efficient practices in the garden and in the home.

Under the second agreement, $215 million is being provided towards the new 37 kilometre pipeline connecting the Haughton Pump Station to Ross River Dam. The department has paid Townsville City Council $160 million in 2018–19, with the remaining $55 million to be paid in 2019–20.

The government brought this funding forward to fast track the project and stimulate local economic development and jobs in the Townsville region. Using local contractors and businesses has been a significant focus for the council and while the flooding in February 2019 caused major delays, the council still plans to complete the pipeline by March 2020.

This government funding (through the department) represents significant support for ensuring water security for the Townsville community until at least the mid–2030s.

Rural Water Management Program

The Rural Water Management Program was established to drive more transparent and sustainable rural water management across the state. The program is delivering better access to information, better systems, policies and processes to give Queenslanders confidence that our water resources are being managed fairly and responsibly.

The program is addressing the department's commitments under the Queensland independent audit of non-urban water measurement and the Murray–Darling Basin Compliance Compact through:

- strengthened measurement
- transparent water information
- enhanced regulatory approach
- robust compliance.

Work is underway to improve water measurement for large entitlements in the Murray–Darling Basin. The department is working closely with industry and stakeholders to achieve sustainable and long-lasting benefits in the management of water in the basin. We have also reviewed our non-urban water measurement policy to identify improvements to the standard and coverage of water measurement across the state.

Innovative tools and technologies to improve water management have been developed and trialled throughout the year. Water accounting prototype software is being trialled to inform the development of a robust water accounting system, with the inclusion of real-time data. The Water Entitlement Viewer—an interactive online platform to access information about water allocations, water licences and unallocated water reserves —was released via the Business Queensland website.

Steps taken to strengthen our regulatory approach and compliance framework over the last 12 months have included:

- undertaking industry engagement to inform the development of a new measurement and metering policy
- changing regulations to strengthen compliance
- committing to publishing an annual review of water regulatory activities
- developing a framework that clearly defines roles and responsibilities within Queensland's water business
- exploring a range of remote sensing and related technologies to support a strengthened compliance approach.

Under the program, the department is also pursuing opportunities to optimise water markets to enable the best use of our water resources. Our first strategic water infrastructure reserve release of water in the Dawson Valley Water Management Area has resulted in 69,200 megalitres (of a possible volume of 90,000 megalitres) being offered as short-term water licences to support economic development in the region over the next 3 years.

STRATEGIC OBJECTIVE 3: ENGAGE THE COMBINED EXPERTISE OF TRADITIONAL OWNERS, COMMUNITY, INDUSTRY AND GOVERNMENT TO OPTIMISE THE MANAGEMENT AND USE OF OUR NATURAL RESOURCES

Native title claim resolution and Aboriginal Land Act land transfers

In the past 12 months, approximately 4,200 hectares of land has been transferred to Aboriginal peoples in Queensland under the *Aboriginal Land Act 1991 (Aboriginal Land Act)*.

The land was transferred to three separate Aboriginal Traditional Owner groups, and is now owned outright as freehold title by the respective Indigenous corporations. This land can be used to create economic benefits and/or preserve cultural benefits.

All transfers were outcomes of Indigenous Land Use Agreements under the *Native Title Act 1993 (Native Title Act)*. Since 1991, over 6 million hectares of land has been transferred under the Aboriginal Land Act and *Torres Strait Islander Land Act 1991* to Aboriginal peoples and Torres Strait Islanders.

There have been four determinations of native title under the Native Title Act in the past 12 months, all by consent. One of these – the Girramay #2 determination – included a tenure resolution Indigenous Land Use Agreement that provides for the transfer of land under the Aboriginal Land Act, the grant of ordinary freehold land under the *Land Act 1994*, and the creation of reserves and issue to the Girramay People as trustee.

A determination of native title provides for the recognition and protection of rights and interests under traditional law and customs, which are acknowledged and recognised under Australian law. These rights may include such things as the right to fish and hunt, to preserve culturally significant sites, to control access to land, and to take and use natural resources on the land.

Since 1994, there have been 148 determinations recognising native title in Queensland, with native title existing (exclusive and non-exclusive possession) over approximately 47 million hectares of land.

Cape York Water Plan (North)

With the release of the Water Plan (Cape York) 2019 (the water plan) on 7 June 2019 the Cape York Peninsula region now has a water management framework that strikes a balance between environmental values, reef outcomes and emerging development pressures. The water plan uses the best available water modelling science and extensive consultation with Aboriginal peoples and Torres Strait Islanders, local communities and other stakeholders.

In an Australian first, the responsibility for 485,300 megalitres of water will be handed to Aboriginal peoples and Torres Strait Islanders on Cape York to allocate and manage—supporting local communities and bringing with it cultural and employment opportunities. Aboriginal peoples and Torres Strait Islanders will be able to decide how this water is used, which will provide additional cultural, economic or environmental benefit.

In determining this volume of water, the water plan ensures that the vital balance between the environment and industry can be met. This will ensure the health of the Cape's relatively untouched river systems that flow into the Gulf of Carpentaria and onto the Great Barrier Reef.

Murray–Darling Basin programs

The Queensland Government committed to implementing the federal Basin Plan 2012, which included having accredited water resource plans in place by 30 June 2019. Queensland remains the only Murray–Darling Basin state to have an accredited water resource plan in place (the Warrego–Paroo–Bulloo and Nebine water resource plan was accredited by the Australian Government in 2016).

The draft water plans and supporting documents for the remaining Queensland Murray–Darling Basin catchments (including Condamine and Balonne, and Border Rivers and Moonie) were finalised in February 2019. The Queensland Government submitted these water plans, including supporting material, to the Australian Government on 28 February 2019. The Queensland Government has therefore delivered the full water resource plan package on time to the Australian Government.

The Healthy HeadWaters Water Use Efficiency Project, delivered by Queensland Government on behalf of the Australian Government, helped communities deal with climate change and reduced water availability. The program funded more than 70 on-farm infrastructure projects, achieving an estimated 40 gigalitres of water savings per year, of which approximately 25 gigalitres per year has been transferred to the Australian Government for the environment. Water savings are being realised by improvements to irrigation storage, delivery and in-field application methods.

The Interim Great Artesian Basin Infrastructure Investment Program (2018–2019) delivers strategic investments for the sustainable management of Great Artesian Basin groundwater resources. Through a shared funding agreement with the Australian Government, the Queensland Government has delivered nine projects, including seven on-ground projects to rehabilitate six flowing bores and replace 60 kilometres of open bore drains with controlled watering systems. An estimated 1,254 megalitres of water will be saved annually for the environment. An additional 55 'shovel-ready' projects are identified for potential funding.

Minjerribah water

The department is providing significant support in delivering government commitments on North Stradbroke Island – also known as Minjerribah – to provide for a more sustainable, diverse, and environmentally inclusive economy and community. This includes implementing commitments the State of Queensland has with the Quandamooka people.

The department is the lead agency for implementing the 2011 Indigenous Land Use Agreement (registered on 8 December 2011) and facilitating land actions critical to Quandamooka's aspirations.

On 20 February 2019, the Deputy Premier – on behalf of the Queensland Government – signed the joint Statement of Intent between the State of Queensland, Quandamooka Yoolooburrabee Aboriginal Corporation (QYAC) and Sibelco Australia. The Quandamooka people have non-exclusive native title rights for the land under mining leases on Minjerribah, but these rights are suppressed while the leases are in force. The department has been working to facilitate the early return of areas of high cultural significance to the Quandamooka people under current and expired mining leases.

Water is of significant cultural and spiritual value for the Quandamooka people. It is also a critical drinking water supply for the island and the major supply for the Redland mainland. The department, Seqwater and QYAC are working collaboratively to better understand the water resources on Minjerribah and the impacts of water extraction on cultural and environmental values. There is a shared interest in ensuring the ongoing sustainable management of groundwater and surface water on Minjerribah, which forms part of the Moreton Bay Ramsar site as an important international wetland.

Engaging with the community and industry on the Queensland Exploration Program

The department continues to engage early with community and other key stakeholders to support the exploration of petroleum, gas, and coal resources across the state through the Queensland Exploration Program (QEP).

During the year, stakeholder and community engagement activities were undertaken at three different stages of the QEP process—at release of QEP tender release schedule, at release of the competitive tender, and if or when a preferred tenderer is announced.

In 2018 our QEP activities resulted in engagement with:

- 15 local governments
- 6 community groups
- 15 Traditional Owner representatives
- more than 1,100 landholders.

Where there is community interest, we also work with local governments, departmental experts and other agencies to offer drop-in information sessions that are tailored to the community's needs.

For example, in February 2019 the Minerals and Energy Resources Engagement and Compliance Unit (MERECU) collaborated with Central Highlands Regional Council in staging drop-in community information sessions in Rolleston and Orion. Bringing together subject experts in resource exploration, land access, groundwater, regional planning and strategic cropping land, this event provided a great opportunity for the department to listen, understand and assist on issues of importance to the community.

The National Indigenous Reform Agreement (Closing the Gap)

The department contributes to the National Indigenous Reform Agreement (Closing the Gap) through its contribution to the Queensland Government Remote Home Ownership program by granting leases and freehold. The program provides home ownership outcomes through resolution of outstanding entitlements to home ownership that arose under the now repealed *Aborigines and Torres Strait Islanders (Land Holding) Act 1985*.

The program also provides new opportunities for residents of remote and discrete communities to achieve home ownership through the transfer of existing social housing under 99-year home ownership leases or through the grant of freehold.

STRATEGIC OBJECTIVE 4: BUILD A CONTEMPORARY WORKFORCE THAT DEMONSTRATES HIGH LEVELS OF EXPERTISE, INNOVATION, COLLABORATION AND LEADERSHIP TO IMPROVE SERVICE QUALITY AND RESPONSIVENESS TO CUSTOMERS AND COMMUNITIES

White Ribbon Australia workplace accreditation

The department is a White Ribbon Australia accredited workplace and we deliver a comprehensive workplace program to support employees affected by domestic and family violence, and create a safe, respectful, inclusive and equitable workplace culture.

Throughout 2018–19, we delivered specialist training to our managers and supervisors, bystander training for all employees and online training.

To increase awareness of domestic and family violence, departmental staff participated in the Darkness to Daylight Challenge for the second year.

Diversity and inclusion in DNRME

The department continued its commitment to creating and embedding an inclusive and diverse workplace, through the Being Me in DNRME Diversity and Inclusion Strategy 2018–2022, ensuring all employees are accountable for a culture that is inclusive, respectful and embraces diversity.

The department has implemented specific strategies that support the government's commitment to providing opportunities for people with disabilities, Aboriginal peoples and Torres Strait Islanders, people from non-English speaking backgrounds, women and youth.

During the year, we continued our partnership with Job Access to build relationships with disability service providers to increase employment opportunities for people with a disability.

A new Cultural Capability Action Plan was developed and implemented in July 2018. The department continued to support the Indigenous Pathways traineeship program, with four trainees completing their Certificate IV in Business. Another group commenced the IMPACT Indigenous mentoring program and IMPACT Leadership Program.

To create more culturally agile work environments that provide improved services to the community, we continued to roll out the 'Building on the strengths of our stories' cultural agility program including sessions delivered in Longreach, Rockhampton, Mackay, Cairns and Townsville. We also attended community events to raise the profile of the department in Aboriginal communities—including the QPS Zillmere career event and the Paanja Festival in Mapoon.

Our Proudly Me Committee in DNRME continues to support our employees, the Queensland public sector Inclusion Champions of Change Program and the whole-of-government LGBTIQ+ steering committee. We also continued to promote flexible working arrangements as part of the Queensland public service Flexible by Design program to support our workers.

LOOKING FORWARD: 2019–20

In 2019–20, the department's key priorities are to:

- implement the December 2019 update of the Queensland Bulk Water Opportunities Statement
- facilitate the completion of feasibility studies under the Australian Government's National Water Infrastructure Development Fund
- continue to ensure that Queensland's catchment-based water plans provide sustainable water allocation for the environment, agriculture, industries and population centres
- lead the implementation of Queensland's responsibilities under the Murray–Darling Basin Plan and related intergovernmental agreement, including accreditation of relevant Queensland water plans
- support the delivery of water security for Townsville, including stage 1 of the Haughton pipeline
- unlock additional gas tenements for the domestic market
- deliver a program of work to implement the suite of vegetation management commitments, in collaboration with relevant Queensland Government departments
- lead the review of the *Cape York Peninsula Heritage Act 2007* with respect to the provision of economic development opportunities for Traditional Owners
- continue reforms to resource safety and health, particularly in response to the re-identification of coal workers' pneumoconiosis
- support implementation of the reforms to the mine rehabilitation and financial assurance regimes
- implement initiatives under the Affordable Energy Plan and the Powering Queensland Plan
- lead the implementation of existing national agreements and partnerships
- make electricity more affordable for residential and business customers, including continuing an effective working relationship with the Energy and Water Ombudsman Queensland
- facilitate coexistence between landholders and the resources sector, including fostering an effective working relationship with the Land Access Ombudsman.

CHAPTER THREE

SUMMARY OF FINANCIAL PERFORMANCE

The financial statements included in this annual report contain comprehensive financial data on:

- controlled entity, which refers to the funds and assets within the control of the department
- administered activities, which refers to activities the department does not control but is charged with administering on a whole-of-government basis.

FINANCIAL OVERVIEW

The department recorded an operating surplus of $1.1 million for the 2018–19 financial year.

Table 1 summarises the financial results of the controlled operations. For a more comprehensive set of financial statements covering all aspects of the department's activities, see the 'Financial statements: 30 June 2019' section.

Table 1: Summary of financial results of controlled operations

DEPARTMENT OF NATURAL RESOURCES, MINES AND ENERGY	FINANCIAL YEAR	
	2019	2018
	$'000	$'000
Income	736 386	544 730
Expenses	735 253	543 097
Operating surplus/(deficit)	**1 133**	**1 633**
Assets	443 656	364 474
Liabilities	136 642	105 845
Net assets	**307 014**	**258 629**
CAPITAL EXPENDITURE	**66 802**	**18 218**

INCOME

The department's income of $736.4 million included appropriation revenue for services from the government of $590.7 million; user charges, fees and fines of $124 million; grants and other contributions of $12.7 million; and other revenue of $9 million. The majority of user charges, fees and fines revenue was earned through levies and fees for safety and health, and petroleum and gas services provided to industry, cadastral and title search fees, storage of explosives, valuation services and other fee-for-service activities relating to safety in mines testing.

EXPENSES

The department's expenses of $735.3 million primarily consists of employee expenses, supplies and services, grants and subsidies, and depreciation and amortisation of assets.

Employee costs totalling $283.5 million included salaries and wages, annual and long service leave entitlements, superannuation contributions and other employee-related expenses, which represent 38.6% of total expenses.

Supplies and services totalled $191.3 million, with the major expenses including accommodation costs ($37.7 million, including operating leases), ICT costs ($40.4 million), feasibility costs ($19.3 million) and payments to consultants and contractors ($39.7 million). Contractor spend of $38.6 million was predominately incurred for specialist and technical skills in programs such as Affordable Energy Plan ($5.1 million), Coal Workers' Pneumoconiosis ($4.6 million), Geosciences Data Modernisation Program ($2.9 million), Strategic Resources Exploration Program ($2.8 million) and ICTC projects ($1.1 million).

Grants and subsidies totalled $230.7 million and primarily related to the Haughton Pipeline Duplication Project ($160 million), as well as payments to support individuals and businesses with energy savings as part of the Affordable Energy Plan. Grant expenditure also included payments to regional management bodies for activities relating to ensuring the natural land and water resources are sustainably managed.

Depreciation and amortisation expenses of $16 million primarily relate to internally generated software ($5.4 million), plant and equipment ($4.3 million), infrastructure assets ($3.4 million) and buildings ($2.6 million).

Other expenses of $13.7 million primarily relate to separation payments for Local Management Arrangements ($17.8 million) offset by appropriation payable to the consolidated fund of ($9.1 million).

Figure 1: Income earned by the department in 2018–19

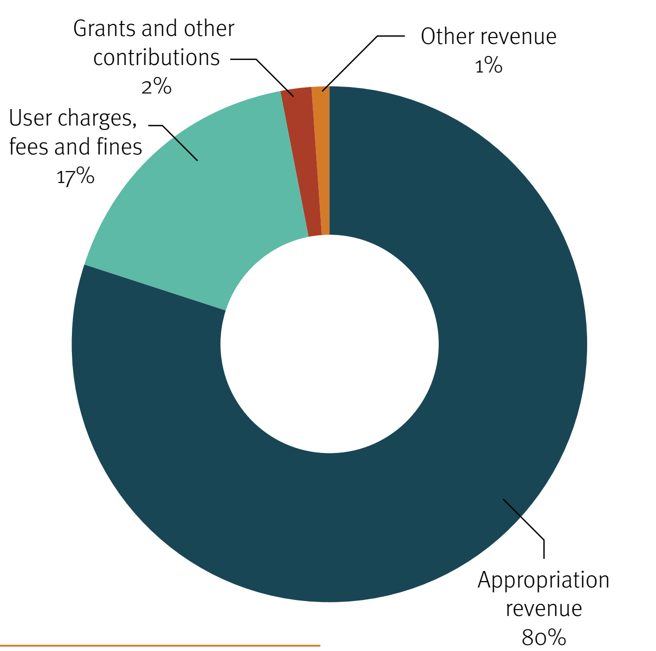
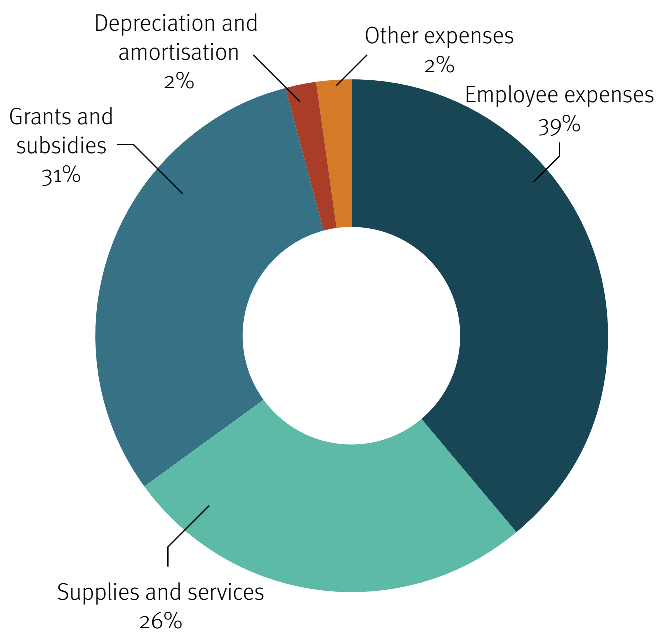


Figure 2: Expenditure incurred by the department in 2018–19



CAPITAL EXPENDITURE

The department's capital expenditure for the year was $66.8 million. This primarily consists of the preliminary costs associated with the construction of the Rookwood Weir to supplement urban water supplies and enhance agricultural and industrial development in the Fitzroy Basin and Gladstone Region. Other capital investment includes acquisitions and enhancement on departmental assets, including abandoned mine sites, water monitoring network, stock route network and critical business information technology systems.

FINANCIAL POSITION

The net asset position reported in the financial statements shows the net worth of the department at 30 June 2019 to be $307 million. This consisted mainly of the assets the department held of $443.7 million, which includes $101.4 million in operational land and buildings to provide departmental services, $2.1 million in heritage and cultural assets, $40.7 million in water network infrastructure assets and $41 million in software assets. In addition, the department had cash holdings of $119.5 million, receivables of $61.9 million and other assets worth $1.9 million. These were offset by liabilities of $136.6 million, which mainly consist of payables, accrued employee benefits and unearned revenue balances.

ADMINISTERED ACTIVITIES

The department administers, but does not control, certain resources on behalf of the government. In doing so, it is responsible and accountable for administering related transactions and items, but does not have the discretion to deploy these resources for the achievement of the department's activities. Major administered revenue included:

- fees from mineral and petroleum rentals, including annual rent collected on various permits, authorities, licences and leases
- resource tenure application processing fees
- titles lodgement revenue, including lodgement of documents to secure ownership and other interests in freehold and state leasehold land, water allocations and other resources, and to record-related information
- revenue from state land, including sales of unallocated state land, issuing easement access, and annual rentals and instalments for state land leases, licences and permits.

Major Administered expenses included:

- Community Service Obligation (CSO) payments made on behalf of Government to energy retailers Energy Queensland and Origin and to water supply entities Sunwater and Seqwater.

Administered net assets at 30 June 2019 were $72.299 billion. This is predominantly as a result of state land balances of $72.256 billion as shown in Table 2.

Table 2: Administered net assets at 30 June 2019

ADMINISTERED LAND	FINANCIAL YEAR	
	2019	2018
	$'000	$'000
Land under roads	61 848 079	57 693 682
Reserves	7 907 312	7 728 462
Leasehold Land	1 408 546	1 394 654
Unallocated state land	917 423	911 545
Other	174 261	188 763
Total	**72 255 620**	**67 917 106**

SAFETY AND HEALTH LEVY

The safety and health levy funds the safety and health services provided by the Queensland Government to the mining, quarrying, explosives and fireworks industries. It is levied based on the number of employees in the mining and extractive industries (see Table 3).

Table 3: Safety and health levy income and expenses in 2018–19

SAFETY AND HEALTH LEVY	FINANCIAL YEAR	
	2019	2018
	$'000	$'000
Income		
Taxes, fees and fines	40 493	36 336
Other revenue	204	468
Total income	**40 898**	**36 803**
Expenses		
Employee expenses	24 454	22 358
Supplies and services*	14 740	13 843
Grants and subsidies	280	95
Depreciation and amortisation	773	562
Other expenses	592	-54
Total expenses	40 839	36 803
Operating surplus (deficit)	**58**	**..**

* Includes capital expenditure

CHAPTER FOUR

GOVERNANCE: MANAGEMENT AND STRUCTURE

ORGANISATIONAL STRUCTURE

Figure 3: DNRME organisational structure (below)

Office of the Director-General
Director
Catherine Savage
Aboriginal and Torres Strait Islander Futures
Director
Charlene Berndt
Director-General
James Purtill
Portfolio Entities
Commissioner Mine Safety and Health
Kate DuPreez
NATURAL RESOURCES
Deputy Director-General
Alan Feely
North Region
Executive Director
Andrew Buckley
Central Region
A/Executive Director
Jason Riethmuller
South Region
Executive Director
Wally Kearnan
Operations Support
A/Executive Director
Darren Moor
State Valuation Service
Valuer-General
Executive Director
Neil Bray
Titles Registry
Registrar of Titles
Registrar of Water Allocations
Executive Director
Liz Dann
Land and Spatial Information
Executive Director
Steven Jacoby
Land and Native Title Services
Executive Director
Graham Nicholas
POLICY
Deputy Director-General
Benn Barr
Strategic Policy and Partnerships
A/Executive Director
David Shankey
Minerals and Energy Resources Policy
A/Executive Director
Marcus Rees
Land Policy
Executive Director
Lyall Hinrichsen
Water Policy
Executive Director
David Wiskar
Cabinet and Ministerial Services
Director and Cabinet and Legislation Liaison Officer
Martin Reside
MINERALS AND ENERGY RESOURCES
A/Deputy Director-General
Shaun Ferris
Geological Survey of Queensland
Chief Government Geologist
Tony Knight
Petroleum and Gas
Executive Director
Lana Bartholomew
Minerals and Coal
Executive Director
Cale Dendle
Statewide Operations
A/Executive Director
Warwick Squire
Office of Groundwater Impact Assessment
Executive Director
Sanjeev Pandey
Infrastructure Management
Executive Director
Andrew Grabski
RESOURCES SAFETY AND HEALTH
Executive Director
Mark Stone
Simtars
Executive Director
Nick Ahlstrand
Coal Mines Inspectorate - Mineral Mines and Quarries Inspectorate
Chief Inspector, Mines
Luca Rocchi
Explosives Inspectorate
Chief Inspector
Alex Mandl
Petroleum and Gas Inspectorate
Chief Inspector
Bill Date
Occupational Health and Hygiene
Executive Director
Heidi Roberts
Business Strategy and Services
Chief Operating Officer
Robert Djukic
ENERGY
A/Deputy Director-General
Kathie Standen
Consumer Strategy & Innovation
Executive Director
Gayle Leaver
Strategic and Fuels Reforms
Executive Director
Vacant
Energy Markets
A/Executive Director
Steph Jolley
Analytics, Regulation and Commercial
A/Executive Director
Catherine Cussen
WATER MARKETS AND SUPPLY
Deputy Director-General
Linda Dobe
Water Supply
Executive Director
Bernadette Zerba
Local Management Arrangements
A/Director
Jarrod Crowley-Grimmond
Water Markets Rural Water Management Program
Executive Director
Leanne Barbeler
BUSINESS & CORPORATE PARTNERSHIP
Deputy Director-General
Brenda Parker
Human Resources
Executive Director
Celia Venables
Communications
A/Executive Director
Trent Venables
Finance and Corporate Operations
Executive Director and Chief Finance Officer
Katrina Platt
In-House Legal and Business Planning and Achievement
Chief Counsel & Executive Director
Claire Cooper
RTI/Privacy/Procurement
A/Executive Director
Mike Kirton
Head of Internal Audit
Simon Griffiths
ICT and Records Management
Chief Information Officer
Tony Grant

NATURAL RESOURCES

Natural Resources is the natural resource and land management delivery arm of the department, providing customer-focused services and practical solutions to help customers achieve their business goals.

Natural Resources has a strong regional presence and works closely with the Policy division to achieve the department's key reform initiatives. The division is made up of eight business units to provide services such as land valuations, land titles registration, spatial services, state land and vegetation management, water licensing and allocations, and native title services.

POLICY

The Policy division delivers strategic policy, planning and assessment services in the department. As part of this service, the division is responsible for providing expert advice on policy matters regarding land, water, minerals and energy resources.

MINERALS AND ENERGY RESOURCES

Minerals and Energy Resources administers Queensland's mining, petroleum and gas tenure frameworks. Our role supports the development of the resources sector. We provide information services to industry and the public about Queensland's minerals and energy resource potential.

Engagement with Queensland's resource communities is a core function of our service delivery model. This function is delivered concurrently with the ongoing monitoring of tenure holders' compliance with regulatory obligations.

Other responsibilities include critically analysing the cumulative impact of resource development on underground water resources.

The ongoing monitoring and management of the state's legacy assets is a specialist function within the division. The assessment and mitigation of risks to community safety associated with residual resource infrastructure (such as abandoned mines, weirs and dams) is an ongoing and expanding portfolio for the department.

RESOURCES SAFETY AND HEALTH

The Resources Safety and Health division works to reduce safety and health risks in Queensland's minerals, energy and explosives industries by applying an effective risk-based regulatory framework, developing and sharing knowledge, and delivering an effective emergency response capability.

ENERGY

The Energy division ensures Queensland's energy sector is efficient, equitable and sustainable. The division contributes to an adaptive, resilient energy sector that powers consumer value and choice, and Queensland's economic growth and prosperity.

The core functions of the division are to undertake policy and economic analysis, provide advice on matters related to energy policy at the state and national level, deliver simple and effective regulation of the energy sector and enhance customer value for Queenslanders.

The division also facilitates economic growth and innovation by helping to unlock the state's renewable energy potential to create new industries and new jobs, while driving broader productivity improvements across the energy sector.

WATER MARKETS AND SUPPLY

The Water Markets and Supply division delivers initiatives to support short-term and long-term water security for Queensland communities and businesses. The division is also responsible for the oversight of government-owned water entities, facilitating the ownership of state-owned channel irrigation assets to local management and providing advice to government on bulk water pricing. This advice includes responsibility for implementing rural irrigation prices to be charged by Sunwater and Seqwater for the 2020–21 to 2023–24 period, based on the recommendations and advice of the Queensland Competition Authority.

This division supports the operation of water trading markets, manages the release of unallocated water reserves and optimises the use of existing water entitlements. The division is also delivering the Rural Water Management Program to drive more transparent and sustainable rural water management across the state. The program also responds to the Independent Audit of Queensland Non-Urban Water Measurement and Compliance.

BUSINESS AND CORPORATE PARTNERSHIP

Business and Corporate Partnership is a central corporate team that provides services to support three partnering Queensland Government departments. We operate through three corporate hubs embedded in the departments that we service:

- DNRME
- Department of Agriculture and Fisheries
- Department of Environment and Science.

Each hub is managed by a head of corporate, who is responsible for delivering a set of core services and a selection of cooperative services (provided to other partnering agencies, including Department of Innovation, Tourism Industry Development).

OUR BOARD

Our Board is comprised of the department's senior executive leadership, with a strategic governance focus on strategy, risk, finance, organisational performance and corporate responsibilities. The Board and Board committees direct and control the department so it can deliver its strategic objectives.

In 2018–19, membership comprised the following:

- Director-General
- Deputy Director-General, Natural Resources
- Deputy Director-General, Policy Division
- Deputy Director-General, Minerals and Energy Resources
- Executive Director, Resources Safety and Health
- Deputy Director-General, Energy
- Deputy Director-General, Water Markets and Supply
- Deputy Director-General, Business and Corporate Partnership
- Executive Director, Communications
- Executive Director, Office of the Director-General (until March 2019).

JAMES PURTILL, DIRECTOR-GENERAL

James was the Director-General of the former Department of Natural Resources and Mines, appointed in July 2015. James became Director-General of DNRME upon its establishment in December 2017.

He was formerly the Director-General of the Department of Aboriginal and Torres Strait Islander Partnerships, a role he held from 2013.

His private sector experience includes senior executive positions with multinational company Santos, and he has been responsible for strategic project management services in the resources and development sectors.

James has consulted to industry and government on organisational design, and was Managing Director of environmental rehabilitation services company Landroc Pty Ltd.

He is the former Director-General of the Environmental Protection Agency (including the Queensland Parks and Wildlife Service) and was the Queensland Public Service Commissioner for 2 years from 2006.

James holds a Bachelor of Science (Honours) from the University of New South Wales, a Master of Business Administration from The University of Queensland and is a graduate of the Australian Institute of Company Directors.

ALAN FEELY, DEPUTY DIRECTOR-GENERAL, NATURAL RESOURCES

Alan commenced in this role in March 2016. He has over 20 years' experience with the New South Wales and Queensland governments and, more recently, the mining sector.

He has held a number of senior positions across government, generally in the regulatory, environmental and natural resources sectors – including Regional Director positions in New South Wales and Queensland – as well as a 7-year period as Executive Director of the Queensland Parks and Wildlife Service.

More recently, Alan was heavily involved in the oil and gas sector (working for Santos on its Queensland Gladstone liquefied natural gas and New South Wales coal seam gas projects), prior to taking a Deputy Director-General position promoting Indigenous economic development opportunities in Queensland.

NICOLE BUCHANSKI, DEPUTY DIRECTOR-GENERAL, POLICY

Nicole held this role from November 2016 through to September 2018. During this time Nicole provided strategic leadership and expert policy advice regarding land, water, mineral and energy resources, and native title.

BENN BARR, DEPUTY DIRECTOR-GENERAL, POLICY

Benn commenced in this role in October 2018. Benn provides strategic leadership and expert policy advice regarding land, water, mineral and energy resources, and native title.

Benn has over 20 years' public policy experience in Queensland and Australian governments, and graduated from James Cook University with a Bachelor of Economics.

Prior to this role, he held the role of Deputy Director-General, Energy where he was responsible for leading and managing the roles and responsibilities of the Energy division, which includes the delivery of a cost-effective, safe, secure and reliable energy supply. Benn was also responsible for implementing the government's renewable energy commitments.

RACHAEL CRONIN, DEPUTY DIRECTOR-GENERAL, MINERALS AND ENERGY RESOURCES

Rachael held this position from January 2016 to November 2018. During her time in the role, Rachael transformed the government's approach to mining and gas approvals, delivering responsive government services while improving investment certainty for industry. Prior to this position, she was the Deputy Director-General for Natural Resources within the former DNRM.

SHAUN FERRIS, DEPUTY DIRECTOR-GENERAL, MINERALS AND ENERGY RESOURCES

Shaun commenced acting in this role in November 2018. His professional experience in the mining and resources sector over the last 20 years includes environmental management, sustainability, project approvals, stakeholder engagement, government relations, and land and tenement management.

Shaun has a broad range of experience in both the private and public sectors. His success in resources sector operational and management roles throughout regional Queensland has strengthened and refined his strategic leadership style.

Shaun has had experience working at all stages of the resource sector life-cycle with a global resources company based in Australia—facilitating environmental approvals, planning and tenure approvals, and environmental management services, as well as executing business strategies during mine development and production stages.

Shaun holds a Bachelor of Engineering (Environmental) from Griffith University, Brisbane.

MARK STONE, EXECUTIVE DIRECTOR, RESOURCES SAFETY AND HEALTH

Mark is Executive Director of the Resources Safety and Health division.

In this role, he is accountable for the delivery of effective resources safety and health regulation (mining, explosives and petroleum), and mine safety research, testing and training.

Prior to joining the Queensland Government in 2014, Mark spent 20 years in the international oil and gas industry in technical and management roles.

He is a member of the Society of Petroleum Engineers and serves on the Global Training Committee and Asia-Pacific Technical Committee.

KATHIE STANDEN, DEPUTY DIRECTOR-GENERAL, ENERGY

Prior to commencing in this role in October 2018, Kathie held senior executive positions across the Energy division, with responsibility for regulation and pricing within the retail market, consumer issues, large-scale renewables, energy emergency, biofuels, regulation and governance of Queensland's government owned corporations.

Kathie also has experience across a number of economic portfolios, including Transport and Main Roads and Health. She holds a Bachelor of Economics (Honours) from The University of Queensland and a Masters of Public Administration from the Australia New Zealand School of Government.

LINDA DOBE, DEPUTY DIRECTOR-GENERAL, WATER MARKETS AND SUPPLY

Linda commenced in this role in January 2018 and was appointed in May 2018. Prior to this role, she was General Manager, Water Planning and Regulation with the former Department of Energy and Water Supply.

Linda has worked in state government water functions for over 14 years and also brings to the role diverse private sector experience in the mining and finance sectors.

BRENDA PARKER, DEPUTY DIRECTOR-GENERAL, BUSINESS AND CORPORATE PARTNERSHIP

In July 2013, Brenda commenced as Deputy Director-General, Business and Corporate Partnership.

Brenda is responsible for leading and managing effective and efficient corporate services within an evolving service delivery environment across multiple agencies.

Prior to this role, Brenda led the Corporate Services Renewal Taskforce at the Public Service Commission, which was responsible for identifying and implementing recommendations to improve the manner in which corporate services are delivered across all government agencies.

Brenda has more than 25 years' experience in the public sector, including key leadership roles in the provision of corporate services, and has a wealth of experience and professional qualifications in human resources, workplace health and safety, rehabilitation and risk management.

CHANTAL LLORA, EXECUTIVE DIRECTOR, COMMUNICATIONS

Chantal commenced in this role in January 2017 and has over 15 years' experience in communications across the public and private sectors, and has broad experience across media, stakeholder engagement, web and design, and project management.

Prior to this role, she spent 5 years in the Australian Government leading communications and internal operations planning.

Chantal also spent several years as an officer in the Australian Defence Force, providing strategic communications advice and public relations support across the Australian Army.

Chantal undertook a secondment in February 2019. For the remainder of the financial year the role was shared by Jacinda Chisholm (25 February 2019 to 7 April 2019) and Trent Venables (8 April 2019 to 30 June 2019).

BOARD RESPONSIBILITIES

The Board is responsible for the efficient and effective operation of the department under the following legislation:

- *Financial Accountability Act 2009*
- Financial and Performance Management Standard 2019
- *Public Service Act 2008*
- *Public Records Act 2002*
- *Public Sector Ethics Act 1994*
- *Right to Information Act 2009*
- *Information Privacy Act 2009.*

The Board's responsibilities are to:

- define and oversee the implementation of the department's long-term vision, goals and strategies
- monitor the department's delivery of results
- establish, oversee and monitor the department's risk management agenda
- demonstrate strong ethical leadership, model the department's leadership principles and minimise the opportunity for misconduct
- ensure staff are well informed and operate according to the public sector values, the code of conduct, and workplace health and safety legislation
- oversee, coordinate and monitor the most important strategic activities and emergent issues that impact on the department's reputation or operation
- lead the organisation's culture and way of operating as part of the Queensland public sector
- oversee and approve the department's investments and the strategic allocation of resources
- monitor the department's financial and non-financial performance.

The Board maintains a governance structure, with the Board and two Board committees providing leadership and direction.

The following Board committees comprise the members of the Board and other members as required:

- Safety and Wellbeing Committee
- Risk Committee.

OTHER COMMITTEES

The Board is supported by the:

- Audit Committee—established under the Financial and Performance Management Standard 2019 and provides independent assurance and assistance to the Director-General on the department's control and compliance frameworks and accountability responsibilities
- Information and Communications Technology (ICT) Committee—ensures the department's ICT investment and assets remain aligned with the department's business priorities and plans, while supporting whole-of-government ICT direction.

GOVERNMENT BODIES

The department has relationships with numerous government bodies—entities with decision-making powers established either by an Act of Parliament or by a decision of executive government.

A list of the government bodies required to report through the department's annual report (including their functions, achievements and member remuneration) is available on www.dnrme.qld.gov.au.

The following government bodies relevant to the department report their information requirements separately through their own annual reports:

- Board of Examiners
- Category 2 water authorities (21 government bodies)
- Coal Mining Safety and Health Advisory Committee
- Commissioner for Mine Safety and Health
- Dumaresq–Barwon Border Rivers Commission
- Energy and Water Ombudsman Queensland
- Gladstone Area Water Board
- Land Access Ombudsman
- Mining Safety and Health Advisory Committee
- Mount Isa Water Board
- Queensland Energy and Water Ombudsman Advisory Council
- River improvement trusts (11 government bodies)
- Surveyors Board of Queensland
- Valuers Registration Board of Queensland.

PUBLIC SECTOR ETHICS ACT 1994

In 2018–19, the department continued to provide comprehensive online training for inductees on the code of conduct and the ethics principles of the *Public Sector Ethics Act 1994*. Training and coaching continued to be delivered to managers and supervisors about the requirements related to public service conduct and the performance excellence framework. This training provides mechanisms that support early intervention and local resolution of unsatisfactory conduct and performance.

The online code of conduct training was accessible on the department's intranet for all staff to complete, together with supporting policies and resources that form the basis for human resource management and decision-making. Supporting this, face-to-face sessions on appropriate behaviour in the workplace and the fundamental requirements of being a Queensland Government employee continued to be rolled out across the state.

An online fraud and corruption prevention training module was also implemented during the financial year. This training is compulsory for all staff every 2 years.

Clear roles and responsibilities to ensure accountability and transparency were further incorporated throughout the department's strategic plan, with a particular focus on the department's performance through its governance, people and service delivery. Role clarification was further addressed through performance and development discussions and agreements.

Further guidance on the code of conduct and everyday conduct matters is provided by the department's Human Resources team.

OUR VALUES

The department has its own guiding principles, which are underpinned by the Queensland public service values. Our guiding principles set the cultural expectations for the department.

Figure 4: Queensland public service values

CUSTOMERS FIRST

- Know your customers
- Deliver what matters
- Make decisions with empathy

IDEAS INTO ACTION

- Challenge the norm and suggest solutions
- Encourage and embrace new ideas
- Work across boundaries

UNLEASH POTENTIAL

- Expect greatness
- Lead and set clear expectations
- Seek, provide and act on feedback

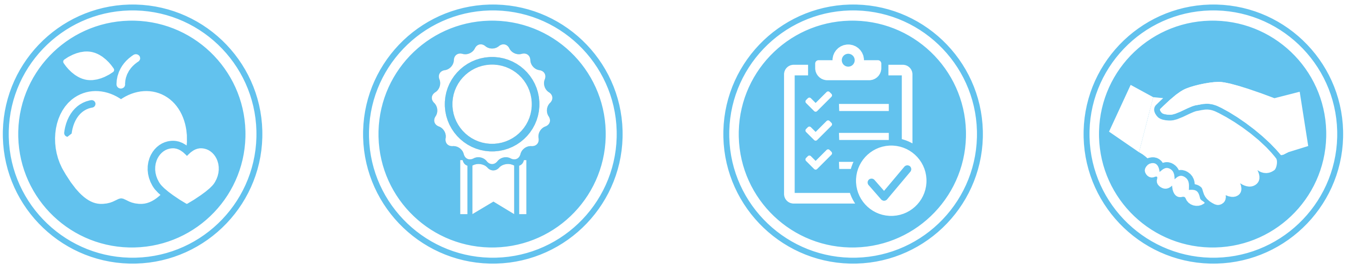
BE COURAGEOUS

- Own your actions, successes and mistakes
- Take calculated risks
- Act with transparency

EMPOWER PEOPLE

- Lead, empower and trust
- Play to everyone's strengths
- Develop yourself and those around you

OUR GUIDING PRINCIPLES



SAFETY AND WELLBEING

All departmental staff have the right and clear expectation to come to work and go home free of injury. This includes physical and psychological injury. They should also expect that day-to-day stresses do not affect them in a negative way.

Of course there will be stress – due to the demands of complexity, delivery, timelines and interacting with peers, customers and stakeholders – but we want to ensure that staff have the capacity to handle that stress and thrive in their careers.

Our guiding principle of safety and wellbeing extends into all aspects of our daily lives—at work, at home and getting to and from work. Should a staff member feel that they are in an unsafe situation, they have unconditional support not to undertake that task in that way. We work collectively to find ways to ensure this happens.

PROFESSIONAL EXCELLENCE

The department provides Queenslanders with vital information on our natural systems, geological wealth, safety and health, and land and cadastral systems. Our technical expertise is a hallmark of our organisation.

In all disciplines, in all business units and every aspect of our work, we consistently strive for excellence and continuous improvement.

The department is data rich. We are the point of truth for a raft of areas, especially spatial and geospatial data. Our technical excellence is a cornerstone of our reason for being, as is our professional excellence.

Professional excellence encapsulates our technical excellence, our professional standards and service excellence.

WE DELIVER

We do what we say we'll do, when we say we'll do it. We do the right work and we do the work right.

It's that simple.

RESPECT

We will strive to ensure that our dealings with each other, our customers and stakeholders are based upon respect— respect for individuals, respect for diversity and respect for Aboriginal peoples and Torres Strait Islander cultures. We should also expect it in return.

We will strive to be an organisation that truly reflects the community that we serve.

CHAPTER FIVE

GOVERNANCE: RISK MANAGEMENT AND ACCOUNTABILITY

Effective risk management ensures we can make informed decisions, meet our compliance obligations and ensure the safety and wellbeing of our people and the community. The department recognises that risk is characterised by both threat and opportunity, and manages risk in order to enhance opportunities and reduce threats that may impact on the department's business plans and objectives.

RISK MANAGEMENT

The risk management policy and procedures outline the principles and responsibilities for risk management across the department and align with:

- AS/NZS ISO 31000: 2018 Risk Management – Guidelines
- Queensland Treasury's A Guide to Risk Management: July 2011.

The department fosters a risk aware culture in all decision-making by applying high-quality, integrated risk analysis and management that enables informed decisions to be made at the right time and helps identify sources of uncertainty.

During 2018–19, the department continued to improve its risk management framework and facilitate a culture that promotes an open and proactive approach to managing risk. The department implemented enhanced risk tools that encourage risk assessment, informed risk taking and the anticipation of risk in delivering our objectives. The department's risk oversight includes regularly monitoring and reporting on risks (including financial, compliance and safety and wellbeing) as part of its quarterly reporting process at a division level.

RISK COMMITTEE

The Board, sitting as the Risk Committee, oversees the department's approach to risk management and the management of strategic risks. The Risk Committee is responsible for reviewing the risk management framework, which includes the risk management policy, risk management procedure and risk management system. In conjunction with the Audit Committee, the Risk Committee also assesses the effectiveness of the department's risk identification and management internal control systems.

The Risk Committee held four meetings in the period 1 July 2018 to 30 June 2019, including a special meeting to discuss and assess the department's strategic risks.

During the period the Risk Committee oversaw key risk management activities, including:

- implementing a departmental risk management information technology system
- establishing the department information security management system
- continuing work on risk culture and capability initiatives and organisational continuity arrangements
- reviewing the department's quarterly risk management processes and activities, including risk heat maps.

Membership

The Risk Committee members are:

- Director-General
- Deputy Director-General, Business and Corporate Partnership
- Deputy Director-General, Energy
- Deputy Director-General, Natural Resources
- Deputy Director-General, Minerals and Energy Resources
- Deputy Director-General, Policy Division
- Deputy Director-General, Water Markets and Supply
- Executive Director, Communication
- Executive Director, Office of the Director-General
- Executive Director, Resources Safety and Health.

AUDIT COMMITTEE

The Audit Committee was established in accordance with the Financial and Performance Management Standard 2019.

The committee met five times in the period 1 July 2018 to 30 June 2019, including a special meeting to review the department's annual financial statement. The committee observed the terms of its charter, having due regard to the Audit Committee Guidelines: Improving Accountability and Performance—issued by Queensland Treasury (June 2012).

The Audit Committee is directly responsible to the Director-General and, in discharging its responsibilities, the committee has the authority to:

- conduct or authorise investigations into matters within its scope of responsibility
- access information, records and personnel of the department for such purpose
- request the attendance of any employee, including executive staff, at committee meetings
- conduct meetings with the department's internal auditors and external auditors, as necessary
- seek advice from external parties, as necessary.

The committee acts as a forum for dialogue between the Director-General, senior management, Internal Audit and the Queensland Audit Office.

The functions and role of the committee do not diminish the statutory and regulatory duties and responsibilities of the Director-General, nor do they detract from management's responsibilities in relation to corporate governance, internal control, fraud prevention and risk management.

The committee provides governance oversight and advice to the Director-General in relation to all aspects of its responsibilities.

Membership

The committee members are:

- Debbie Best, independent external member (Chair)
- Peter Dowling, independent external member
- Brenda Parker, Deputy Director-General, Business and Corporate Partnership
- Susan Harch, Director, Office of the Director-General
- Kathie Standen, Acting Deputy Director-General, Energy.

Committee members were provided with recommendations arising from Queensland Audit Office reports to Parliament that relate to the department.

The committee's two external members received a combined total remuneration of $24,000 (excluding GST) for their role on the committee during 2018–19.

INTERNAL AUDIT SERVICES

The formation of Internal Audit Services (IAS) was approved on 12 June 2012. IAS is a business unit within the Department of Environment and Science, and provides internal audit services to three other Queensland Government agencies as part of a co-sourced corporate services arrangement.

The role, operating environment and operating parameters of IAS are established in the 2018–19 internal audit charter (which has due regard to professional standards) and the Audit Committee Guidelines: Improving Accountability and Performance—issued by Queensland Treasury (June 2012).

PURPOSE

IAS provides independent assurance and advice to the Director-General, senior management and the Audit Committee. It enhances the department's corporate governance environment through an objective, systematic approach to evaluating the effectiveness and efficiency of corporate governance processes, internal controls, risk assessment and management practices. This aligns with the role and responsibilities detailed in the *Financial Accountability Act 2009*.

IAS reports to the Audit Committee and its function is independent of management and external auditors.

IAS activities also include financial, compliance and operational reviews; information system and data integrity reviews; and special review assignments as requested by management.

In 2018–19, IAS:

- discharged the responsibilities established in the 2018–19 internal audit charter by executing the internal audit program of work
- prepared a program of work as a result of risk assessments, materiality and contractual and statutory obligations
- provided reports on results of internal audits and assurance reviews undertaken to the Audit Committee and Director-General
- monitored and reported on the implementation status of internal and external audit recommendations to the Audit Committee (management is responsible for implementation of audit recommendations)
- liaised with QAO to ensure there was no duplication of 'audit effort'
- supported management by providing advice on corporate governance and related issues, including fraud and corruption prevention measures and risk management
- allocated internal audit resources to those areas considered by the Audit Committee to present the greatest risk and where the work of internal audit can be valuable in providing assurance or identifying opportunities for positive change
- reviewed the departmental annual financial statements and Chief Finance Officer assurance statements prior to them being presented to the Audit Committee.

MAJOR ACHIEVEMENTS

Under the approved DNRME 2018–2019 Strategic Internal Audit Plan, IAS undertook and completed a diverse range of audits across the financial year.

IAS employees are members of professional bodies, including the Institute of Internal Auditors.

IAS considers there are adequate controls in place to minimise the opportunity of fraud or mismanagement in those areas of the department that were subject to internal audit in terms of the program of work approved by the Director-General.

EXTERNAL SCRUTINY

Queensland Government agencies can be reviewed or audited by a number of different authorities and bodies, including the Queensland Audit Office, parliamentary committees, the Crime and Corruption Commission, the Queensland Ombudsman, the Information Commissioner Queensland, and the Office of the State Coroner.

PARLIAMENTARY COMMITTEES

In 2018–19, the State Development, Natural Resources and Agricultural Industry Development Committee sought advice from the department on the Natural Resources and Other Legislation Amendment Bill 2019.

This Bill was introduced into the Queensland Parliament on 26 February 2019. A public briefing was held on 6 March 2019, followed by a public hearing on 25 March 2019. The committee tabled its report on 18 April 2019 and made two recommendations, including a recommendation that the Bill be passed.

QUEENSLAND AUDIT OFFICE

QAO Report to Parliament: Monitoring and Managing ICT Projects (Report 1: 2018–19), was tabled in Parliament on 10 July 2018 and explored whether monitoring projects at the departmental and whole of-government levels have improved successful delivery of ICT programs and projects.

QAO recommended that all departments publish data to the ICT dashboard that is consistent with the QGCIO publishing criteria and guidelines and provide sufficient detail in the explanatory notes when changes are made to projects' scope, time, or budget. The recommendation has been completed, with the department fully complying with QGCIO publishing criteria for dashboard reporting.

QAO Report to Parliament: Delivering Shared Corporate Services in Queensland (Report 3: 2018–19), was tabled in Parliament on 27 September 2018 and assessed whether the Queensland Government's shared service providers were delivering value for money and positioned to successfully deliver into the future. QAO reviewed whether a sample of shared corporate services providers was:

- guided by a clear whole-of-government shared corporate services strategy and governance structure
- delivering the right type and range of corporate services
- efficiently and effectively meeting customer and whole-of-government needs
- focused on continuous improvement and the future needs of customers.

QAO recommended that each Queensland Government shared corporate service provider:

1. for each service provided
   - defines a clear strategy, acknowledging external factors (such as innovation in service delivery models and technology), user demand, and future funding challenges
   - establishes an understanding of the full cost per service
   - establishes and monitors standards for volume, quality, and time
2. maintains a well-defined catalogue of services aligned to the Queensland Government's business service classification framework so that demand, efficiency savings, and performance standards can be compared across providers
3. establishes a transparent pricing strategy, if funded through fee-for-service, that includes efficiency, behavioural and sustainability objectives
4. formalises agreements with customers to clarify the type and range of services, performance standards, and exit criteria
5. work with the cross-government governance arrangement for the Queensland Government's shared corporate services to establish and maintain business, technology, and people strategies that are aligned to the ongoing success of shared corporate services at the whole-of-government level.

Recommendation 1 has been completed. The department conducted a workshop on 25 March 2019 where senior leaders agreed on a vision statement, values and mission statement.

Recommendations 2 and 3 made good progress and were completed by 30 June 2019. Recommendation 4 has been completed and is being managed through regular monthly meetings while the department is having ongoing discussions with Queensland Shared Services in relation to key projects and direction as referred to in recommendation 5.

QAO also recommended that all customers of shared corporate service providers contribute to driving the effectiveness and efficiency of shared corporate services within Queensland Government by:

- providing shared service providers with quality inputs to their processes to aid efficient processing
- considering the effect on efficiencies and economies of scale of shared services at a whole of government level in any analysis rather than only at the individual customer level
- continuing to communicate any proposed changes to demand for services in a timely manner to allow the provider to make appropriate arrangements
- effectively monitoring performance of shared service providers in accordance with shared service level arrangements
- continuing to collaborate on improvement initiatives.

The department is focusing on improving receipt of services from other vendors and departments, such as ICT, Procurement, RTI and Privacy, Internal Audit, Fleet Management, Queensland Shared Services and Smart Service Queensland.

INFORMATION SYSTEMS

The department continues to operate, maintain and develop a range of information systems to support services, initiatives and corporate operations. Highlights and major achievements include the following:

SAFEGAS

The Mines Gas Monitoring Solution Replacement (Phase 1) has completed the build of Safegas—a mines gas monitoring system that complies with legislation. The solution monitors gases underground and alarms if tolerance levels are exceeded. Simtars completed the rollout to nine priority sites and have plans to roll out to all sites during the 2019–20 financial year.

QUEENSLAND MINERALS AND ENERGY RESOURCES GLOBE

The new Queensland Mines and Energy Resource Globe (QMERG) will make it simple to identify resource opportunities across the state by allowing users to view, analyse, extract and print spatial information about the mining and resources industry. QMERG is scheduled to be released by end of 2019. Integrated Customer and Revenue Management

The department has continued modernisation activities of its finance system landscape through the commencement of the Integrated Customer and Revenue Management Implementation Project. The objective of this project is to implement a modern, enterprise-class, integrated customer and revenue management system and replace current at-risk receipting systems. The project is currently in delivery of Stage 1, with the project being delivered via multiple stages over 3 years.

FUEL PRICE REPORTING

All Queensland fuel retailers are required to report their fuel prices as part of a 2-year trial to help motorists find the cheapest fuel prices. In December 2018, the department delivered a trial that enabled Queensland motorists to compare fuel prices in their local area, find the cheapest price and save money at the bowser.

RECORDKEEPING

The department has a comprehensive records management framework in place that is compliant with the *Public Records Act 2002*, *Public Service Act 2008* and the Queensland State Archives Records Governance Policy. The recordkeeping framework includes appraisal and disposal programs, a suite of recordkeeping policies, management of legacy paper records (both internal and off-site), digital delivery of legacy records, functional electronic document and records management systems, records training and support, records appraisal of business systems and an active program of transfers to Queensland State Archives.

eDOCS is the corporate document and records management system. All documents are held in file structures that are classified according to the Information Security Policy. There have been no serious security breaches of this system.

Paper recordkeeping has declined and legacy paper records are being digitised (where required) for business processes. The number of records transferred to off-site storage has also declined, and current holdings are reviewed to identify records for disposal. There is an ongoing program to appraise new business systems to provide digital recordkeeping requirements, and recordkeeping recommendations are provided and addressed in the decommissioning of business systems.

The records of the department are covered by a number of approved retention and disposal schedules and documented processes for records disposal are in place.

CHAPTER SIX

GOVERNANCE: HUMAN RESOURCES

STRATEGIC WORKFORCE PLANNING AND PERFORMANCE

WORKFORCE PROFILE

The Queensland public sector quarterly workforce profile (based on Minimum Obligatory Human Resource Information data) showed:

- At the end of the June 2019 period, the department had 2,647.87 full-time equivalent staff.
- At the end of the March 2019 period, the department had a permanent separation rate of 1.07%.

STRATEGIC WORKFORCE PLANNING

The department's strategic workforce planning framework has been reviewed this year to ensure an integrated approach to planning across the department. The framework covers business, financial and workforce planning.

This aligns workforce planning to our strategic objectives—in particular, building a contemporary workforce that demonstrates high levels of expertise, innovation, collaboration and leadership.

ATTRACTION AND RETENTION

The department identifies potential skill shortage areas within our technical and specialist expertise.

To work toward attracting the required skills, the department uses LinkedIn and other online platforms to advertise roles, build networks with industry and partners with universities. The department offers graduate and internship opportunities.

PERFORMANCE AND CAPABILITY DEVELOPMENT

CAPABILITY FRAMEWORK

Our capability framework encompasses the Public Service Commission's Leadership Competencies for Queensland, role-specific capabilities and department cultural expectations. This framework complements our guiding principles and aligns with our strategic objectives.

To attain a workplace culture of professionalism and a workplace that delivers results, we continue to use established resources such as performance and development agreements, code of conduct training and performance excellence training.

EMPLOYEE INDUCTIONS

All employees who join the department are required to participate in a comprehensive online and face-to-face induction training process to help them meet their obligations and responsibilities as public servants. This training explains the department's operations and strategic objectives, and showcases the varied nature of the department's work and expertise.

PROFESSIONAL EXCELLENCE CURRICULUM

The department's Professional Excellence Curriculum is a compulsory learning and development program. This program is designed to grow our collective cultural, professional and technical skills. A key element of the program is ensuring leaders and staff can effectively and efficiently manage performance and conduct.

As part of the curriculum we also provide Appropriate Behaviours training to targeted groups, with the aim of articulating the department's expectations in relation to workplace behaviour.

DIVERSITY AND INCLUSION

Our diversity and inclusion strategy BeingMe in DNRME contributes to achieving a workplace in which we:

- respect our individual differences
- value and utilise our diverse skills and knowledge
- provide opportunities for all
- regularly engage with our partners and stakeholders, making sure the voice of the community is represented.

We support the government's commitment to providing equal opportunities for women, youth, Aboriginal peoples and Torres Strait Islanders, people from non-English speaking backgrounds and people with disabilities.

Integral in helping us deliver on our commitment to diversity and inclusion are the action groups championed by our staff. These include:

- Proudly Me is working to champion a safe, respectful and inclusive culture where LGBTIQ+ employees can proudly be themselves in DNRME.
- All Abilities assist in identifying barriers and developing strategies to better support, attract and retain employees with a disability.

The Aboriginal and Torres Strait Islander Futures Team, continued to implement our Aboriginal and Torres Strait Islander Cultural Capability Strategy 2016–2020.

To continue to build a culturally agile work environment, our 'Building on the strengths of our stories' cultural agility program is delivered to staff across the state. The IMPACT Indigenous Mentoring Program and IMPACT Leadership Program are other key programs of this strategy.

SAFETY AND WELLBEING

The department is committed to providing all employees, volunteers and contractors with a workplace that is free from harm. We encourage a culture that highlights safety as an absolute priority.

We use best practice governance and risk management processes to identify and manage hazards associated with work-related activities.

SMART

To help us achieve our health and safety objectives we continue to utilise our Integrated Safety Management System, SMART. This tool acts as a central repository for all of the department's safety related information, and allows members of our governance committees to detail precise and accurate performance data. The advances made throughout the year in SMART set the platform for us to explore even greater system functionality in 2019–20.

WORKPLACE HEALTH INITIATIVES

In 2018–19, the focus of our wellbeing program was again on the key areas of mental, emotional, physical and financial wellbeing. Supported by a staff network of nearly 70 volunteer mental health first aiders and wellbeing ambassadors, we delivered a range of workplace health initiatives including:

- flu vaccinations
- Fitness Passport (a fitness program partnership)
- My Health For Life (a program aimed at reducing the risk of developing chronic disease)
- R U OK? Day
- Australian Red Cross Blood Donation Challenge.

We also rolled out an Indigenous mental health first aid program to better support our Aboriginal peoples and Torres Strait Islander employees, and to understand the impact of intergenerational trauma and domestic and family violence.

EMPLOYEE ASSISTANCE PROGRAM

The department continued its Employee Assistance Program (EAP) partnership with Benestar. The service provider offers employees access to services in the areas of individual wellbeing, organisational performance, incident management, workforce wellness and support for employees affected by domestic and family violence.

As part of the EAP, we have also engaged the services of Gallang Place – an Aboriginal peoples and Torres Strait Islander counselling service with expertise in trauma-informed practice. This service is available to all Indigenous staff.

INDUSTRIAL AND EMPLOYEE RELATIONS

OUR HR FRAMEWORK

The department has a contemporary human resource management framework, which includes a suite of resources on employee entitlements and how employees can resolve workplace issues. We proactively distribute this information to managers and employees and provide assistance to ensure employees are receiving their correct entitlements.

We are continually refining and updating these resources to ensure managers and employees have the knowledge and tools to understand industrial entitlements and processes, particularly with the general protections regime, appeal rights, conversion of temporary and casual employees to permanent status, and the application process and disputes procedure for flexible working arrangements.

AGENCY CONSULTATIVE COMMITTEE

We hold ongoing consultative discussions with Together Queensland, Industrial Union of Employees, and Professionals Australia through regular formalised meetings of the Agency Consultative Committee.

Essentially, the role of the Agency Consultative Committee is to ensure that the department implements and complies with all relevant arrangements under the *Industrial Relations Act 2016, Public Service Act 2008* and state government entities certified agreement 2015, with particular focus placed on current and emerging industrial issues, workforce strategy and organisational change issues.

CERTIFIED AGREEMENT

The department was involved with the negotiations for a replacement to the 2015 certified agreement. However, the negotiations did not result in agreement and the matter will now go to arbitration before the Queensland Industrial Relations Commission, scheduled for mention on 13 September 2019.

EARLY RETIREMENT, REDUNDANCY AND RETRENCHMENT

No redundancy, early retirement or retrenchment packages were paid during the period.

OPEN DATA

The department has now released 306 datasets comprising 1,112 individual data resources.

For annual reporting purposes, the following datasets are also available on the Queensland Government data website at www.data.qld.gov.au:

- consultancies
- overseas travel
- Queensland language services policy.

Queensland Government

FINANCIAL STATEMENTS
30 JUNE 2019

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STATEMENT OF COMPREHENSIVE INCOME

	Notes	2019 Actual $'000	2019 Original Budget $'000	Budget Variance[1] $'000	2018 Actual $'000
Income					
Appropriation revenue	B1-1	590,696	532,517	58,179	407,992
User charges and fees	B1-2	124,015	121,952	2,063	121,153
Grants and contributions	B1-3	12,694	7,848	4,846	8,294
Other revenue	B1-4	8,981	1,071	7,910	7,292
Total Income		**736,386**	**663,388**	**72,998**	**544,730**
Expenses					
Employee expenses	B2-1	283,505	290,336	(6,831)	263,301
Supplies and services	B2-2	191,251	183,426	7,825	156,803
Grants and subsidies	B2-3	230,748	152,881	77,867	80,148
Depreciation and amortisation	C3-1 C4-1	16,040	17,300	(1,260)	16,489
Other expenses	B2-4	13,709	19,445	(5,736)	26,356
Total Expenses		**735,253**	**663,388**	**71,865**	**543,097**
Operating Result		**1,133**	**..**	**1,133**	**1,633**
OTHER COMPREHENSIVE INCOME					
Items not reclassified to Operating Result					
Increase/(decrease) in asset revaluation surplus		(198)	..	(198)	(289)
Total Other Comprehensive Income		**(198)**	**..**	**(198)**	**(289)**
TOTAL COMPREHENSIVE INCOME		**935**	**..**	**935**	**1,344**

[1] *An explanation of major variances is included in Note F1-1.*

The accompanying notes form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME BY MAJOR DEPARTMENTAL SERVICES

	Minerals and Energy Resources		Natural Resources Management		Energy Services		Corporate Partnerships[1]		TOTAL	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Income										
Appropriation revenue	67,260	79,861	464,534	267,484	54,757	56,934	4,145	3,712	590,696	407,992
User charges and fees	70,326	66,220	53,667	54,933	22	..	..	..	124,015	121,153
Grants and contributions	954	2,170	5,303	5,800	6,437	325	..	..	12,694	8,294
Other revenue	2,103	2,169	3,163	5,123	3,715	..	..	..	8,981	7,292
Total Income	**140,643**	**150,420**	**526,667**	**333,340**	**64,931**	**57,259**	**4,145**	**3,712**	**736,386**	**544,730**
Expenses										
Employee expenses	78,730	77,289	182,698	173,682	18,397	9,025	3,680	3,305	283,505	263,301
Supplies and services	65,464	58,418	112,608	94,528	12,714	3,451	465	407	191,251	156,803
Grants and subsidies	1,639	2,246	196,477	38,144	32,632	39,758	..	..	230,748	80,148
Depreciation and amortisation	7,018	7,751	8,865	8,737	157	2	..	..	16,040	16,489
Other expenses	3,207	4,876	7,243	16,457	3,260	5,024	..	..	13,709	26,356
Total Expenses	**156,058**	**150,579**	**507,892**	**331,548**	**67,159**	**57,259**	**4,145**	**3,712**	**735,253**	**543,097**
Operating Result	**(15,415)**	**(160)**	**18,776**	**1,792**	**(2,228)**	**..**	**..**	**..**	**1,133**	**1,633**
OTHER COMPREHENSIVE INCOME										
Items not reclassified to Operating Result										
Increase/(decrease) in asset revaluation surplus	(209)	(614)	..	324	11	..	..	..	(198)	(289)
Total Other Comprehensive Income	**(209)**	**(614)**	**..**	**324**	**11**	**..**	**..**	..	**(198)**	**(289)**
TOTAL COMPREHENSIVE INCOME	**(15,624)**	**(773)**	**18,776**	**2,116**	**(2,217)**	**..**	**..**	**..**	**935**	**1,344**

[1] *Income and expenses attributed to other agencies through corporate partnership activities are shown separately and not allocated across department services.*

Refer to Note A3 for Major Departmental Services

	Notes	2019 Actual $'000	2019 Original Budget $'000	Budget Variance[1] $'000	2018 Actual $'000
Current Assets					
Cash and cash equivalents	C1	119,498	106,092	13,406	123,945
Receivables	C2	61,934	20,752	41,182	29,974
Other current assets		1,909	2,302	(393)	1,730
Land held for sale		96	96	..	896
Total Current Assets		**183,438**	**129,242**	**54,196**	**156,546**
Non-Current Assets					
Property, plant and equipment	C3	219,195	227,568	(8,373)	169,793
Intangible assets	C4	41,024	47,202	(6,178)	38,136
Total Non-Current Assets		**260,218**	**274,770**	**(14,552)**	**207,928**
Total Assets		**443,656**	**404,012**	**39,644**	**364,474**
Current Liabilities					
Payables	C5	89,825	32,505	57,320	57,062
Accrued employee benefits	C6	12,591	9,792	2,799	12,151
Other current liabilities	C7	26,752	28,813	(2,061)	30,505
Total Current Liabilities		**129,169**	**71,110**	**58,059**	**99,717**
Non-Current Liabilities					
Other non-current liabilities	C7	7,473	5,161	2,312	6,128
Total Non-Current Liabilities		**7,473**	**5,161**	**2,312**	**6,128**
Total Liabilities		**136,642**	**76,271**	**60,371**	**105,845**
Net Assets		**307,014**	**327,741**	**(20,727)**	**258,629**
Equity					
Contributed equity		305,761			258,316
Accumulated surplus/(deficit)		(42,861)			(43,999)
Asset revaluation surplus	C8-2	44,114			44,312
Total Equity		**307,014**	**327,741**		**258,629**

[1] *An explanation of major variances is included in Note F1-2.*

The accompanying notes form part of these financial statements.

STATEMENT OF ASSETS AND LIABILITIES BY MAJOR DEPARTMENTAL SERVICES

	Minerals and Energy Resources		Natural Resource Management		Energy Services		TOTAL	
	2019	2018	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current Assets								
Cash and cash equivalents	33,277	28,200	63,284	78,421	22,937	17,324	119,498	123,945
Receivables	11,911	9,028	47,855	20,622	2,167	325	61,934	29,974
Other current assets	596	599	1,187	1,083	126	48	1,909	1,730
Land held for sale	..	..	96	896	..	..	96	896
Total Current Assets	**45,785**	**37,827**	**112,422**	**101,022**	**25,231**	**17,697**	**183,438**	**156,546**
Non-Current Assets								
Property, plant and equipment	91,223	97,479	127,751	72,102	221	211	219,195	169,793
Intangible assets	19,165	18,117	21,715	20,019	144	..	41,024	38,136
Total Non-Current Assets	**110,388**	**115,596**	**149,465**	**92,121**	**365**	**211**	**260,218**	**207,928**
Total Assets	**156,173**	**153,423**	**261,887**	**193,143**	**25,596**	**17,908**	**443,656**	**364,474**
Current Liabilities								
Payables	17,824	14,243	64,591	37,056	7,411	5,762	89,825	57,062
Accrued employee benefits	3,543	3,612	8,221	8,117	828	422	12,591	12,151
Other current liabilities	10,869	5,071	15,867	25,418	16	16	26,752	30,505
Total Current Liabilities	**32,236**	**22,927**	**88,679**	**70,591**	**8,254**	**6,199**	**129,169**	**99,717**
Non-Current Liabilities								
Other non-current liabilities	1,807	1,482	5,334	4,374	332	273	7,473	6,128
Total Non-Current Liabilities	**1,807**	**1,482**	**5,334**	**4,374**	**332**	**273**	**7,473**	**6,128**
Total Liabilities	**34,043**	**24,408**	**94,013**	**74,965**	**8,586**	**6,472**	**136,642**	**105,845**
Net Assets	**122,130**	**129,015**	**167,874**	**118,178**	**17,009**	**11,436**	**307,014**	**258,629**

The accompanying notes form part of these financial statements.

Refer to Note A3 for Major Departmental Services

STATEMENT OF CHANGES IN EQUITY

	Notes	2019 $'000	2018 $'000
Contributed equity			
Balance as at 1 July		**258,316**	**245,446**
Transactions with owners as owners:			
Appropriated equity injections/(withdrawals)	C8-1	45,983	370
Net transfer in from other Queensland Government entities (Machinery-of-Government change)		..	11,554
Non-appropriated equity injections/(withdrawals)		1,461	946
Balance at 30 June		**305,761**	**258,316**
Accumulated surplus			
Balance as at 1 July		(43,999)	(45,634)
Net effect of changes in accounting policies/prior year adjustments	G3	5	..
Operating result		1,133	1,633
Balance at 30 June		**(42,861)**	**(43,999)**
Asset revaluation surplus			
Balance as at 1 July		44,312	44,601
Increase (Decrease) in Asset Revaluation Surplus		(198)	(289)
Balance at 30 June		**44,114**	**44,312**
Total balance at 30 June		**307,014**	**258,629**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

	Notes	2019 Actual	2019 Original Budget	Budget Variance[1]	2018 Actual
CASH FLOWS FROM OPERATING ACTIVITIES		**$'000**	**$'000**	**$'000**	**$'000**
Inflows:					
Service appropriation receipts		574,290	533,206	41,084	384,014
User charges and fees		128,288	121,952	6,336	118,109
Grants and contributions		9,874	7,848	2,026	5,086
GST input tax credits from ATO		32,742	..	32,742	18,975
GST collected from customers		2,711	..	2,711	2,409
Other		5,889	2,113	3,776	7,427
Outflows:					
Employee expenses		(284,271)	(291,572)	7,301	(261,765)
Supplies and services		(172,148)	(183,797)	11,649	(151,273)
Grants and subsidies		(233,446)	(152,881)	(80,565)	(76,381)
GST paid to suppliers		(37,877)	..	(37,877)	(19,274)
GST remitted to ATO		(2,412)	..	(2,412)	(2,475)
Other		(4,820)	(4,532)	(288)	(4,693)
Net cash provided by/(used in) operating activities	CF-1	**18,818**	**32,337**	**(13,519)**	**20,159**
CASH FLOWS FROM INVESTING ACTIVITIES					
Inflows:					
Sales of property, plant and equipment		637	37	600	107
Outflows:					
Loans and advances made		(9,402)	..	(9,402)	..
Payments for property, plant and equipment		(58,259)	(75,278)	17,019	(11,295)
Payments for intangible assets		(8,542)	(10,718)	2,176	(6,969)
Payments for Local Management Arrangements separation Payments		(17,792)	(15,037)	(2,755)	(5,118)
Net cash provided by/(used in) investing activities		**(93,358)**	**(100,996)**	**7,638**	**(23,275)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Inflows:					
Equity injections		72,338	72,299	39	6,648
Non-appropriated equity injections		1,461	..	1,461	946
Outflows:					
Equity withdrawals		(3,706)	(3,706)	..	(5,306)
Non-appropriated equity withdrawals		..			
Net cash provided by/(used in) financing activities		**70,093**	**68,593**	**1,500**	**2,288**
Net increase/(decrease) in cash and cash equivalents		(4,447)	(66)	(4,381)	(828)
Increase (decrease) in cash and cash equivalents from restructuring		..	..	..	26,785
Cash and cash equivalents at beginning of financial year		123,945	106,158	17,787	97,988
Cash and cash equivalents at end of financial year	C1	**119,498**	**106,092**	**13,407**	**123,945**

(1) *An explanation of major variances is included in Note F1-3.*

The accompanying notes form part of these financial statements.

NOTES TO THE STATEMENT OF CASH FLOWS

CF-1 Reconciliation of Operating Result to Net Cash Provided by Operating Activities

	2019 $'000	2018 $'000
Operating result	1,133	1,633
Adjustment for Local Management Arrangement separation payment not forming part of operating activities	17,792	5,118
Non-cash items included in operating result:		
Asset revaluation decrement	..	..
Asset revaluation increment	(2,194)	(463)
Bad and impaired debts	65	(495)
Depreciation and amortisation expense	16,040	16,489
Goods and services (received)/provided below fair value	..	(139)
Net loss on disposal of property, plant and equipment	163	290
Notional interest on loans	(4)	(4)
Change in assets and liabilities		
(Increase)/decrease in appropriation receivable	(25,104)	(2,404)
Increase/(decrease) in deferred appropriation payable to Consolidated Fund	(405)	(5,168)
(Increase)/decrease in other receivables	(2,667)	(2,984)
(Increase)/decrease in other current assets	(615)	1,225
(Increase)/decrease in prepayments	436	..
Increase/(decrease) in payables	12,256	3,228
Increase/(decrease) in accrued employee benefits	441	787
Increase/(decrease) in other liabilities	7,032	3,408
(Increase)/decrease in GST input tax credits receivables	(5,426)	(411)
Increase/(decrease) in GST payables	(123)	49
Net cash provided by operating activities	**18,818**	**20,159**

The accompanying notes form part of these financial statements.

ADMINISTERED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2019 Actual $'000	2019 Original Budget $'000	Budget Variance[1] $'000	2018 Actual $'000
Income					
Administered appropriation revenue	D2	490,784	482,607	8,177	287,474
User charges and fees	D3	333,500	376,830	(43,330)	358,702
Property and other territorial revenue	D4	150,335	158,966	(8,631)	152,092
Land transfers inwards		208,156	225,185	(17,029)	274,185
Revaluation increment	D9-1	..	..	..	1,380,181
Other revenue	D5	2,084	5,508	(3,424)	2,387
Total Revenue		**1,184,860**	**1,249,096**	**(64,236)**	**2,455,020**
Gain on disposal of land		6,580	14,000	(7,420)	13,644
Total Income		**1,191,440**	**1,263,096**	**(71,656)**	**2,468,664**
Expenses					
Grants and subsidies	D6	493,751	476,547	17,204	275,819
Land transfers outwards		41,347	45,000	(3,653)	51,853
Other expenses	D7	6,885	11,465	(4,580)	129,560
Total Expenses		**541,982**	**533,012**	**8,970**	**457,232**
Net Operating Result before transfers to government		**649,458**	**730,084**	**(80,626)**	**2,011,432**
Transfers of administered item revenue to government		488,740	550,084	(61,344)	520,832
Operating Result		**160,717**	**180,000**	**(19,283)**	**1,490,600**
OTHER COMPREHENSIVE INCOME					
Items not reclassified to Operating Result					
Increase/(decrease) in asset revaluation surplus		4,241,045	..	4,241,045	370,161
Total Other Comprehensive Income		**4,241,045**	**..**	**4,241,045**	**370,161**
TOTAL COMPREHENSIVE INCOME		**4,401,762**	**180,000**	**4,221,762**	**1,860,762**

[1] *An explanation of major variances is included in Note F1-4.*

The accompanying notes form part of these financial statements.

ADMINISTERED STATEMENT OF COMPREHENSIVE INCOME BY MAJOR DEPARTMENTAL SERVICES

	Minerals and Energy Resources		Natural Resource Management		Energy Services		TOTAL	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Income								
Administered appropriation revenue	..	..	16,872	4,788	473,912	282,685	490,784	287,473
User charges and fees	3,274	3,230	329,874	355,288	352	184	333,500	358,702
Property and other territorial revenue	83,702	80,847	66,633	71,244	..	..	150,335	152,092
Land transfers inwards	..	..	208,156	274,185	..	..	208,156	274,185
Revaluation increment	..	..	..	1,380,181	..	..	..	1,380,181
Other revenue	21	20	2,064	2,367	..	..	2,084	2,387
Total Revenue	**86,998**	**84,097**	**623,598**	**2,088,054**	**474,264**	**282,869**	**1,184,860**	**2,455,020**
Gain on disposal of land	..	..	6,580	13,644	..	..	6,580	13,644
Total Income	**86,998**	**84,097**	**630,178**	**2,101,698**	**474,264**	**282,869**	**1,191,440**	**2,468,664**
Expenses								
Grants and subsidies	..	..	29,074	3,105	464,677	272,714	493,751	275,819
Land transfers outwards	..	..	41,347	51,853	..	..	41,347	51,853
Other expenses	(2,459)	482	9,793	7,368	(449)	121,709	6,885	129,560
Total Expenses	(2,459)	**482**	**80,214**	**62,327**	**464,228**	**394,423**	**541,982**	**457,232**
Net Operating Result before transfers to government	**89,457**	**83,615**	**549,964**	**2,039,372**	**10,036**	**(111,554)**	**649,458**	**2,011,431**
Transfers of administered item revenue to government	83,702	83,615	404,687	437,034	352	184	488,740	520,832
Operating Result	**5,755**	**..**	**145,277**	**1,602,338**	**9,685**	**(111,738)**	**160,717**	**1,490,600**
OTHER COMPREHENSIVE INCOME								
Items not reclassified to Operating Result								
Increase/(decrease) in asset revaluation surplus	..	..	4,241,045	370,161	..	..	4,241,045	370,161
Total Other Comprehensive Income	**..**	**..**	**4,241,045**	**370,161**	**..**	**..**	**4,241,045**	**370,161**
TOTAL COMPREHENSIVE INCOME	**5,755**	**..**	**4,386,322**	**1,972,499**	**9,685**	**(111,738)**	**4,401,762**	**1,860,761**

Refer to Note A3 for Major Departmental Services

ADMINISTERED STATEMENT OF FINANCIAL POSITION

	Notes	2019 Actual $'000	2019 Original Budget $'000	Budget Variance[1] $'000	2018 Actual $'000
Current Assets					
Cash and cash equivalents		51,710	86,039	(34,329)	65,304
Receivables	D8	70,955	35,403	35,552	61,435
Land held for sale		2,454	814	1,640	13,278
Total Current Assets		**125,119**	**122,256**	**2,863**	**140,016**
Non-Current Assets					
Receivables	D8	23,456	25,235	(1,779)	25,606
Property, plant and equipment	D9-1	72,390,557	66,448,075	5,942,482	68,050,640
Total Non-Current Assets		**72,414,013**	**66,473,310**	**5,940,703**	**68,076,247**
Total Assets		**72,539,133**	**66,595,566**	**5,943,567**	**68,216,263**
Current Liabilities					
Payables	D10	78,113	88,839	(10,726)	79,226
Proposals and deposits	D11	21,443	3,968	17,475	23,456
Other current liabilities	D12	19,293	43,902	(24,609)	19,854
Total Current Liabilities		**118,849**	**136,709**	**(17,860)**	**122,537**
Non-Current Liabilities					
Other non-current liabilities	D12	121,311	265	121,046	121,754
Total Non-Current Liabilities		**121,311**	**265**	**121,046**	**121,754**
Total Liabilities		**240,160**	**136,974**	**103,186**	**244,290**
Net Assets		**72,298,972**	**66,458,592**	**5,840,380**	**67,971,973**
Equity					
Contributed equity		66,349,503			66,424,974
Accumulated surplus/(deficit)		1,336,160			1,174,734
Asset revaluation surplus	D13	4,613,309			372,264
Total Equity		**72,298,972**	**66,458,592**		**67,971,973**

[1] *An explanation of major variances is included in Note F1-5.*

The accompanying notes form part of these financial statements.

ADMINISTERED STATEMENT OF ASSETS AND LIABILITIES BY MAJOR DEPARTMENTAL SERVICES

	Minerals and Energy Resources		Natural Resource Management		Energy Services		TOTAL	
	2019	2018	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current Assets								
Cash and cash equivalents	129	..	6,313	11,067	45,268	54,237	51,710	65,304
Receivables	7,149	7,920	63,471	53,499	335	16	70,955	61,435
Land held for sale	..	..	2,454	13,278	..	..	2,454	13,278
Total Current Assets	**7,278**	**7,920**	**72,238**	**77,844**	**45,603**	**54,253**	**125,119**	**140,016**
Non-Current Assets								
Receivables	..	..	23,456	25,606	..	..	23,456	25,606
Property, plant and equipment	17,853	17,014	72,372,705	68,033,627	..	..	72,390,557	68,050,640
Total Non-Current Assets	**17,853**	**17,014**	**72,396,160**	**68,059,233**	**..**	**..**	72,414,013	**68,076,247**
Total Assets	**25,131**	**24,933**	**72,468,398**	**68,137,077**	**45,603**	**54,253**	**72,539,133**	**68,216,263**
Current Liabilities								
Payables	2,039	687	38,582	37,112	37,492	41,428	78,113	79,226
Proposals and deposits	..	..	21,443	23,456	..	..	21,443	23,456
Other current liabilities	19,199	17,903	94	1,951	..	..	19,293	19,854
Total Current Liabilities	**21,238**	**18,590**	**60,119**	**62,519**	**37,492**	**41,428**	**118,849**	**122,537**
Non-Current Liabilities								
Other non-current liabilities	51	45	..	..	121,260	121,709	121,311	121,754
Total Non-Current Liabilities	**51**	**45**	**..**	**..**	**121,260**	**121,709**	**121,311**	**121,754**
Total Liabilities	**21,289**	**18,635**	**60,119**	**62,519**	**158,752**	**163,137**	**240,160**	**244,290**
Net Assets	**3,841**	**6,299**	**72,408,279**	**68,074,558**	**(113,149)**	**(108,884)**	**72,298,972**	**67,971,973**

Refer to Note A3 for Major Departmental Services

SECTION 1
ABOUT THE DEPARTMENT AND THIS FINANCIAL REPORT

A1 BASIS OF FINANCIAL STATEMENT PREPARATION

A1-1 GENERAL INFORMATION

The Department of Natural Resources, Mines and Energy ("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 1 William Street, Brisbane QLD 4000.

A1-2 STATEMENT OF COMPLIANCE

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

These financial statements are general purpose financial statements. They have been prepared on an accrual basis (except for the Statement of Cash Flow which is prepared on a cash basis) in accordance with Australian Accounting Standards and Interpretations. The financial statements comply with Queensland Treasury's Financial Reporting Requirements for the reporting periods beginning on or after 1 July 2018 and other authoritative pronouncements.

To comply with the Australian Accounting Standards and Interpretations, the department has applied those requirements applicable to not-for-profit entities. Except where stated, the historical cost convention is used.

A1-3 THE REPORTING ENTITY

The financial statements include the value of all income, expenses, assets, liabilities and equity of the 'economic entity' comprising the department. All transactions and balances internal to the economic entity have been eliminated in full.

The financial statements of the economic entity comprise the transactions and balances of the department only and do not include the directly controlled entities listed in Note A4.

A1-4 PRESENTATION MATTERS

Currency and Rounding
Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest $1,000 or, where that 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 reflects the audited 2017-18 financial statements as necessary to be consistent in disclosures in the current reporting period.

A1-5 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.

A2 DEPARTMENT OBJECTIVES

The department's vision is that our natural resources deliver sustainable benefits for current and future generations of Queenslanders. Our purpose is to help the community and the government make the best use of our renewable and non-renewable natural resources and deliver safe, secure, affordable and sustainable energy and water for current and future generations.

The department is principally funded for the services it delivers by parliamentary appropriations, with further funding sourced from:

- Cadastral and title searches, valuations, provision of mapping, aerial photography and related products and services;
- Levies and fees on safety and health and petroleum and gas services provided to industry, including mining, quarrying and explosives operations;
- Storage of explosives and other fee for service activities relating to safety in mines testing; and
- Grants and contribution revenue from Commonwealth, State and external bodies for various initiatives and programs.

A3 MAJOR DEPARTMENTAL SERVICES

The department's major services are:

Minerals and Energy Resources services
The objective of this service area is to ensure the responsible use of our minerals and energy resources.

Natural Resources Management services
The objective of this service area is to provide sustainable management of Queensland's land and water resources, oversight of water service providers and water infrastructure owners, and the provision of accurate, timely knowledge of the department's property and spatial information resources.

Energy services
The objective of this service area is to ensure Queensland's energy sector is efficient, equitable and sustainable.

Corporate Partnerships
The department participates in a corporate partnership arrangement where it 'hosts' a number of strategic and operational corporate services provided to other 'recipient' departments. This arrangement was developed with a focus on ensuring economies of scale, service integration, scalability and responsiveness.

As a host agency of corporate service functions, the department receives appropriation of funds and reports full time equivalent positions for the services it provides. The model is multi-layered for different corporate services functions.

As a 'host' agency, the department provides accommodation and legal services to the following agencies:

- Department of Agriculture and Fisheries
- Department of Innovation, Tourism Industry Development and the Commonwealth Games
- Department of Environment and Science

As a 'recipient' agency, the department receives defined services from the following agencies:

- Department of Agriculture and Fisheries (Information Management; Fleet Management; Telecommunications, and Human Resources system support)
- Department of Environment and Science (Internal Audit; Procurement; Right to Information).

These functions (and allocation of revenue and expenses) are disclosed in the relevant department's financial statements. Corporate services income and expenses attributable under the corporate partnership arrangements are separately disclosed in the Statement of Comprehensive Income by Major Departmental Services.

Corporate Services income and expenses attributable solely to the department's activities are apportioned across the major departmental services.

A4 CONTROLLED ENTITIES

In September 2016, the former Department of Energy and Water Supply participated, with the approval of the Treasurer, in the formation of LMA Support Services Pty Ltd (the company) and controls 100% of the share capital and voting rights in the company. The company's registered office is in Brisbane, Queensland and is not-for-profit in nature, being formed to provide a procurement and co-ordination function to support the Local Management Arrangement (LMA) project. The LMA project facilitated the implementation of Local Management Arrangements for SunWater's channel irrigation schemes.

The company supports the irrigators and other irrigation scheme customers in the transfer of the Transition Schemes to Local Management Arrangements. The company's constitution requires that the company receives and distributes funding from the State to act as agent for, and to support the activities of, the Transition Schemes.

The department is the sole contributor of resources to LMA Support Services Pty Ltd via grant funding. Companies have been established, with the approval of the Treasurer, for the Transition Schemes which are 100% controlled by the department up until transition. The company will complete their activities by 30 June 2019 and will be wound up upon finalisation of these activities.

As at 30 September 2018, Theodore Water Pty Ltd assumed control of all scheme assets and liabilities and the department relinquished control. The asset values were recognised with an impairment loss of $3.6 million and a $15.1 million separation payment was provided by the department to the company, refer Note B2-4.

As at 30 June 2019, Fairbairn Irrigation Network Pty Ltd assumed control of all scheme assets and liabilities and the department relinquished control. The asset values were recognised with an impairment loss of $3.7 million and a $2.5 million separation payment was provided by the department to the company, refer Note B2-4.

The Eton Irrigation Scheme Pty Ltd is expected to transition by December 2019 with the department assisting with any administration requirements.

As at 30 June 2019 the following entities are directly controlled by the department and relate to LMA for irrigation channel schemes. The auditor for all controlled entities is the Auditor-General of Queensland.

2018-2019

Name of Controlled Entity	Purpose and Principal Activities of Entity	% Interest in Entity and Basis of Control	Total Assets $'000	Total Liabilities $'000	Total Expense $'000	Operating Result $'000
LMA Support Services Pty Ltd	Administration and support to the activities and objectives of Local Management Arrangement's transition and investigation schemes to facilitate the future implementation.	100% Interest in ordinary share capital enabling control of majority voting rights.	243	243	1,186	-
Eton Irrigation Scheme Pty Ltd	Entity created for the transition scheme where there is a strong commitment to the concept of local management and where government has determined that locally managed schemes can be financially viable. The entity has been created to represent the interests of customers, undertake further investigations and to negotiate terms of transfer with government. There are no financial transactions in the current financial year.	100% Interest in ordinary share capital enabling control of majority voting rights	-	-	-	-

A4 CONTROLLED ENTITIES (continued)

As at 30 June 2019 the following entities are no longer directly controlled by the department, these entities transitioned to Local Management Arrangements and on transition ceased being a controlled entity of the department.

- 01 July 2018 Mallawa Irrigation Ltd
- 30 September 2018 Theodore Water Pty Ltd
- 30 June 2019 Fairbairn Irrigation Network Pty Ltd,

The auditor for these entities was the Auditor-General of Queensland up to the date of transition.

Name of Controlled Entity	Purpose and Principal Activities of Entity	% Interest in Entity and Basis of Control	Total Assets $'000	Total Liabilities $'000	Total Expense $'000	Operating Result $'000
Mallawa Irrigation Ltd	Own, operate and maintain the St George Irrigation Scheme and maintain the Thuraggi watercourse.	0% interest on transition (01 July 2018)	5,528	79	-	-
Theodore Water Pty Ltd	Own, operate and maintain the Theodore Water Pty Ltd Irrigation scheme.	0% Interest on transition (30 September 2018)	15,909	183	3,624	(3,624)
Fairbairn Irrigation Network Pty Ltd	Own, operate and maintain the Fairbairn Irrigation Network Scheme.	0% Interest on transition (30 June 2019).	2,914	138	1,769	(1,769)

A4 CONTROLLED ENTITIES (continued)

2017-2018

Name of Controlled Entity	Purpose and Principal Activities of Entity	% Interest in Entity and Basis of Control	Total Assets $'000	Total Liabilities $'000	Total Expense $'000	Operating Result $'000
LMA Support Services Pty Ltd	Administration and support to the activities and objectives of the Local Management Arrangements transition and investigation schemes to facilitate the future implementation.	100% interest in ordinary share capital enabling control of majority voting rights	147	147	2,660	-
Mallawa Irrigation Ltd	Own, operate and maintain the St George Irrigation Scheme and maintain the Thuraggi watercourse. This includes provision of irrigation services, water transportation services and drainage services to customers.	100% interest in membership interests including voting rights	5,528	79	5,518	(5,518)
Fairbairn Irrigation Network Pty Ltd	Entities created for the transition schemes of Emerald, Eton and Theodore where there is a strong commitment to the concept of local management and where government has determined that locally managed schemes can be financially viable. The entities have been created to represent the interests of customers, undertake further investigations and to negotiate terms of transfer with government. There are no financial transactions in the current financial year as the terms of transition are being negotiated	100% interest in ordinary share capital enabling control of majority voting rights	-	-	-	-
Eton Irrigation Scheme Pty Ltd		100% interest in ordinary share capital enabling control of majority voting rights	-	-	-	-
Theodore Water Pty Ltd		100% interest in ordinary share capital enabling control of majority voting rights	-	-	-	-

SECTION 2
NOTES ABOUT OUR FINANCIAL PERFORMANCE

B1 REVENUE

B1-1 APPROPRIATION REVENUE

Reconciliation of Payments from Consolidated Fund to Appropriated Revenue Recognised in Operating Result	2019 $'000	2018 $'000
Budgeted appropriation revenue	533,206	321,625
Transfers from/(to) other departments (Redistribution of public business)	..	43,942
Transfers from/(to) other headings – equity	..	1,793
Unforeseen expenditure	41,084	16,652
Lapsed appropriated revenue	..	..
Total Appropriation Receipts (cash)	**574,290**	**384,012**
Less: Transfer of appropriation revenue receivable from other departments	..	(850)
Less: Opening balance of appropriation revenue receivable	(4,820)	
Plus: Closing balance of appropriation revenue receivable	29,924	4,820
Plus: Opening balance of deferred appropriation payable to Consolidated Fund	21,226	13,743
Plus: Transfer of deferred appropriation payable from other departments	..	11,087
Less: Closing balance of deferred appropriation payable to Consolidated Fund	(20,821)	(21,226)
Net Appropriation Revenue	**599,799**	**391,586**
Plus: Net deferred appropriation payable to Consolidated Fund (expense)	(9,103)	16,406
Appropriation revenue recognised in Statement of Comprehensive Income	**590,696**	**407,992**

Accounting Policy – Appropriation Revenue
Appropriations provided under the annual *Appropriation Act 2018* are recognised as revenue when received. Approval has been obtained from Queensland Treasury to recognise specific adjustments to departmental services revenue. Amounts appropriated to the department for transfer to other entities in accordance with legislative or other requirements are reported as 'administered' item appropriations – refer to Note D2.

B1-2 USER CHARGES AND FEES

	2019 $'000	2018 $'000
Services rendered	25,107	21,950
Fees and permits	94,495	93,748
Other	4,413	5,455
Total	**124,015**	**121,153**

Accounting Policy – User Charges and Fees
The department recognises user charges and fees as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This occurs upon delivery of the goods to the customer or completion of the requested services at which time the invoice is raised or payment is received. Accrued revenue is recognised if the revenue has been earned but not yet invoiced – refer to Note C2.

B1 REVENUE (continued)

B1-3 GRANTS AND CONTRIBUTIONS

	2019 $'000	2018 $'000
Commonwealth grants	1,705	2,462
Funding from external bodies, state governments	8,170	2,624
Goods and services received at below fair value	2,820	3,208
Total	**12,694**	**8,294**

Accounting Policy – Grants and Contributions
Grants and contributions are non-reciprocal in nature so do not require any goods or services to be provided in return. Corresponding revenue is recognised in the year in which the department obtains control over the grant or contribution (control is generally obtained at the time of receipt).

Accounting Policy – Goods and services received below fair value
Contributions of goods or services are recognised only if the goods or services would have been purchased if they had not been donated and their fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and an expense.

B1-4 OTHER REVENUE

	2019 $'000	2018 $'000
QGIF claims recoveries	1,636	4,168
General recoveries	4,709	1,491
Revaluation increment	2,194	463
Other	441	1,170
Total	**8,981**	**7,292**

B2 EXPENSES

B2-1 EMPLOYEE EXPENSES

	2019 $'000	2018 $'000
Employee benefits		
Salaries and wages	221,423	204,920
Employer superannuation contributions	30,129	27,928
Annual leave levy	23,497	22,351
Long service leave levy	4,451	4,024
Other employee benefits	513	774
Employee related expenses		
Salary related taxes	586	606
Workers' compensation premium	359	353
Training and recruitment	2,547	2,345
Total	**283,505**	**263,301**

The number of employees as at 30 June 2019, including both full time and part time employees, measured on a full time equivalent basis (reflecting Minimum Obligatory Human Resource Information (MOHRI)) is:

	2019	2018
Number of employees:	2,647	2,576

B2 EXPENSES (continued)

B2-1 EMPLOYEE EXPENSES (continued)

Accounting Policy – Employee Benefits
Employer superannuation contributions, annual leave levies and long service leave levies are regarded as employee benefits. 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 an employee benefit and is recognised separately as employee related expenses.

Accounting Policy – Salaries and wages
Wages and salaries due but unpaid at the reporting date are recognised at the current salary rates – refer to Note C6. As the department expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Accounting Policy – Annual leave and Long service leave
Under the Queensland Government's Annual Leave Central Scheme and Long Service Leave Scheme, a levy is made on the department 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 annual leave and long service leave are claimed from the scheme quarterly in arrears – refer to Note C6.

Accounting Policy – Superannuation
Employer superannuation contributions are paid to QSuper's 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.

Key management personnel and remuneration disclosures are detailed in Note G1.

B2-2 SUPPLIES AND SERVICES

	2019 $'000	2018 $'000
Accommodation costs*	37,741	39,025
Consultants and contractors	39,693	30,947
Feasibility costs	19,339	..
Information and communication technology costs	40,397	39,121
Legal fees	9,357	7,244
Materials and consumables	1,936	3,330
Motor vehicles	6,786	6,306
Printing, postage, storage and freight	5,581	5,250
Service costs to other government agencies and shared service providers	4,340	4,918
Travel	8,629	7,812
Other	17,453	12,851
Total	**191,251**	**156,803**

*Includes operating leases

Accounting Policy – Operating Leases
Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred. Incentives received when entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the laibility.

B2 EXPENSES (continued)

Disclosure – Operating leases

Operating leases are entered into as a means of acquiring access to office accommodation and storage facilities. Lease terms extend over a period of 5 to 10 years. The department has no option to purchase the leased item at the conclusion of the lease although the lease provides for a right of renewal (subject to the lease conditions) at which time the lease terms are renegotiated.

Operating lease rental expenses comprises the minimum lease payments payable under operating lease contracts. Lease payments are generally fixed, but with annual inflation escalation clauses upon which future year rentals are determined.

B2-3 GRANTS AND SUBSIDIES

	2019	2018
	$'000	$'000
Grants to industry and external bodies	55,094	44,625
Grants to businesses for affordable energy	12,465	..
Grants to households for affordable energy	3,095	35,455
Grants to Townsville City Council for Haughton Pipeline Duplication Project	160,000	..
Sponsorships and Scholarships	94	68
Total	**230,748**	**80,148**

B2-4 OTHER EXPENSES

	2019	2018
	$'000	$'000
Audit fees (1)	474	430
Insurance premiums - Queensland Government Insurance Fund (QGIF)	1,680	1,795
Special payments		
Out-of-court settlements and court ordered damages	1,460	1,412
Ex-gratia payments	40	77
Compensation payments	505	302
Local Management Arrangements separation payment	17,792	5,118
Deferred appropriation payable to Consolidated Fund	(9,103)	16,406
Other	862	817
Total	**13,709**	**26,356**

(1) Total audit fees paid to the Queensland Audit Office relating to the 2018-19 financial statements are $420,000 (2018: $425,000).

Accounting Policy – Insurance Premiums

The department's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis.

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. Special payments during 2018-19 include the following payments over $5,000:

- the department made four out-of-court settlements in relation to claims under s188 of the Land Title Act 1994 in which an owner of freehold land is entitled to state compensation if they suffer loss due to the forgery of a Titles Registry form.
- the department was required to pay costs to multiple defendants
- The department made a special payment as a result of not proceeding with an agreement for services

SECTION 3
NOTES ABOUT OUR FINANCIAL POSITION

C1 CASH AND CASH EQUIVALENTS

	2019	2018
	$'000	$'000
Imprest accounts and cash on hand	10	11
Cash at bank	119,488	123,934
Total	**119,498**	**123,945**

Accounting Policy – Cash and cash equivalents
For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash and cash equivalents include all cash on hand, cash at bank and cheques receipted but not banked at 30 June.

C2 RECEIVABLES

	2019	2018
	$'000	$'000
Trade debtors	10,235	8,250
Accrued revenue	6,923	7,545
	17,158	**15,795**
Less: Allowance for impairment loss	(845)	(785)
	16,313	**15,010**
GST input tax receivable	8,525	2,541
Annual leave claim receivable	5,123	3,915
Long service leave receivable	1,525	1,469
Equity receivable from Consolidated Fund	..	1,736
Appropriation revenue receivable	29,924	4,820
Other receivables	523	483
Total	**61,934**	**29,974**

Accounting Policy – Receivables
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, i.e. the agreed purchase/contract price. Settlement of these amounts is required within ranged trading terms of 14 to 30 days from invoice date depending on the service provided. Other debtors generally arise from transactions outside the usual operating activities of the department and are recognised at their assessed values. Other than receivables from government, settlement terms of these debtors are between 14 to 30 days net, with the exception of finance lease receivables in the Administered Items that range from 2 to 60 years – refer to Note D8.

C2 RECEIVABLES (continued)

C2-1 IMPAIRMENT OF RECEIVABLES

Accounting Policy – Impairment of Receivables
The loss allowance for trade and other debtors reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information, including forecast economic changes expected to impact the department's debtors, along with relevant industry and statistical data where applicable.

Receivables from Queensland Government agencies or Australian Government agencies have no loss allowance recorded on the basis of no exposure to credit default. Refer to Note E2-2 for the department's credit risk management policies.

Where the department has no reasonable expectation of recovering an amount by a debtor, the debt is written-off by directly reducing the receivable against the loss allowance. If the amount of the debt written-off exceeds the loss allowance, the excess is recognised as an impairment loss.

The amount of impairment losses recognised for receivables is disclosed in Note C2-1

Disclosure - Credit Risk Exposure of Receivables
The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets. No collateral is held as security and there are no other credit enhancements relating to the department's receivables.

The department uses a provision matrix to measure the expected credit losses on trade and other debtors. Loss rates are calculated separately for grouping of customers with similar loss patterns. The department has determined that groupings used for measuring expected credit losses (both controlled and administered) are in line with major services.

The department's major services are Natural Resource Management services and Minerals and Energy Resources services and these services include Safety and Health fees and charges, mining rents, land tenure debts, water debts and other debts.

The calculations reflect historical observed default rates calculated using credit losses experienced on past transactions during the last four years preceding 30 June 2018 for each group.

The historical default rates are then adjusted by reasonable and supportable forward-looking information for expected changes that affect the future recovery of those receivables. For the department, debt aging and environmental factors (for example drought, cyclone and monsoon affected customers) are determined to be the most relevant forward-looking indicator for other groups of receivables. Actual credit losses over the 4 years preceding 30 June 2019 have been correlated against changes in environmental factors and based on those results, the historical default rates are adjusted based on expected changes to that indicator.

The department measures the loss allowance for other financial assets (lease receivables) using the 12-month expected credit loss method. Historical aged debtor's data supports the calculation of the 12 month expected credit loss that is, the expected credit loss from default events that are possible within 12 months after the reporting date.

The department does not expect there to be a significant increase in credit risk for the initial date of recognition, given the aged debtors and loss patterns are historically consistent.

Set out below is the credit risk exposure on the department's trade and other debtors broken down by customer groupings and by aging band. The comparative disclosure for 2018 is made under AASB 139 impairment rules.

C2 RECEIVABLES (continued)

C2-1 IMPAIRMENT OF RECEIVABLES

Impairment (Natural Resources Management)

	2019			2018		
Aging	**Gross receivables $'000**	**Loss rate %**	**Expected credit losses $'000**	**Gross receivables $'000**	**Impairment allowance $'000**	**Carrying amount $'000**
Current	3,507	0.06%	2	2,924	2	2,923
1 to 30 days overdue	1,267	0.70%	9	69	0	69
31 to 60 days overdue	0	4.14%	0	21	1	20
61 to 90 days overdue	0	9.08%	0	4	0	4
91 to 270 days overdue	-	40.06%	-	2	1	1
>270 days	428	100.00%	428	430	430	0
Total	**5,201**		**439**	**3,451**	**434**	**3,017**

Impairment (Mineral and Energy Resources)

	2019			2018		
Aging	**Gross receivables $'000**	**Loss rate %**	**Expected credit losses $'000**	**Gross receivables $'000**	**Impairment allowance $'000**	**Carrying amount $'000**
Current	1700	1.00%	17	1,659	10	1,649
1 to 30 days overdue	607	1.00%	6	356	5	351
31 to 60 days overdue	46	6.00%	3	93	5	88
61 to 90 days overdue	34	16.00%	5	45	7	38
91 to 270 days	284	22.00%	62	69	16	53
>270 days	299	100.00%	299	268	268	0
Total	**2,970**		**393**	**2,490**	**311**	**2,179**

Disclosure – Movement in loss allowance for trade and other debtors

	2019 $'000	**2018 $'000**
Loss allowance as at 1 July	785	1,280
Change to opening balance as a result of new standard	(5)	
Increase/decrease in allowance recognised in operating result	65	(495)
Loss allowance as at 30 June [1]	**845**	**785**

[1] Includes bad debts written off of $0.033 million (2018: $0.337 million) and previous amounts impaired collected.

Disclosure – Aging of past but not impaired receivables

This disclosure relates only to comparatives balances at 30 June 2018. Under AASB 9, effective 1 July 2018, a loss allowance is assessed for all receivables.

Overdue	**2018 $'000**
1 to 30 days	1,600
31 to 60 days	590
61 to 90 days	57
Greater than 90 days	40
Total overdue	**2,287**

C3 PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION

C3-1 PROPERTY PLANT AND EQUIPMENT – BALANCES AND RECONCILIATIONS OF CARRYING AMOUNT

Property, Plant and Equipment Reconciliation 30 June 2019	Land	Buildings	Heritage and Cultural Assets	Infrastructure	Plant and Equipment	Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Gross	43,487	99,668	9,293	126,211	61,196	57,121	396,976
Less: Accumulated depreciation	..	(41,783)	(7,184)	(85,444)	(43,331)	..	(177,742)
Less: Accumulated impairment losses	..	..	..	(39)	..	..	(39)
Carrying amount at 30 June 2019	**43,487**	**57,885**	**2,109**	**40,727**	**17,865**	**57,121**	**219,195**
Carrying amount at 1 July 2018	41,523	57,321	2,397	43,829	19,291	5,431	169,792
Acquisitions	..	66	..	..	1,577	56,617	58,260
Disposals	(230)	(40)	..	..	(15)	..	(285)
Assets reclassified as held for sale	..	..	..	..	..	..	..
Transfers between classes	..	3,356	..	283	1,287	(4,926)	..
Net revaluation increments/(decrements) in operating result	2,194	..	..	..	..	..	2,194
Net revaluation increments/(decrements) in asset revaluation surplus	..	(245)	11	37	..	..	(197)
Depreciation	..	(2,573)	(299)	(3,422)	(4,275)	..	(10,569)
Carrying amount at 30 June 2019	**43,487**	**57,885**	**2,109**	**40,727**	**17,865**	**57,121**	**219,195**

C3 PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION (continued)

C3-1 PROPERTY, PLANT AND EQUIPMENT – BALANCES AND RECONCILIATIONS OF CARRYING AMOUNT (continued)

Property, Plant and Equipment Reconciliation 30 June 2018	Land	Buildings	Heritage and Cultural Assets	Infrastructure	Plant and Equipment	Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Gross	41,523	101,880	9,283	126,049	59,372	5,431	343,537
Less: Accumulated depreciation	..	(44,559)	(6,886)	(82,180)	(40,080)	..	(173,705)
Less: Accumulated impairment losses	..	..	..	(39)	..	..	(39)
Carrying amount at 30 June 2018	**41,523**	**57,321**	**2,397**	**43,829**	**19,291**	**5,431**	**169,793**
Carrying amount at 1 July 2017	41,860	58,258	1,442	45,161	19,235	4,050	170,007
Acquisitions	3	337	..	17	2,048	8,888	11,293
Disposals	(113)	..	..	(2)	(25)	..	(140)
Assets reclassified as held for sale	(800)	..	..	..	..	..	(800)
Transfers between classes	..	2,418	1,018	1,659	2,412	(7,507)	..
Transfers in from other Queensland Government entities	110	..	..	..	..	..	110
Transfers in from other Queensland Government entities (machinery-of-Government change)	..	..	210	..	6	..	216
Net revaluation increments/(decrements) in operating result	463	..	..	..	..	..	463
Net revaluation increments/(decrements) in asset revaluation surplus	..	(665)	..	376	..	..	(289)
Depreciation	..	(3,027)	(273)	(3,382)	(4,385)	..	(11,067)
Carrying amount at 30 June 2018	**41,523**	**57,321**	**2,397**	**43,829**	**19,291**	**5,431**	**169,793**

C3 PROPERTY, PLANT, EQUIPMENT AND RELATED DEPRECIATION (continued)

C3-2 ACCOUNTING POLICIES

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

Asset Class	Threshold
Land	$1
Buildings	$10,000
Heritage and Cultural	$5,000
Infrastructure	$10,000
Plant and equipment	$5,000

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

Land improvements undertaken by the department are included with buildings or infrastructure based on the proximity of the asset to which they relate.

Acquisition of assets
Historical cost is used for the initial recording of all non-current physical asset acquisitions. Historical cost is determined as the value given as consideration plus costs incidental to the acquisition, 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 gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciation.

Assets acquired at no cost or for nominal consideration, other than from another Queensland Government entity, are recognised at their fair value at the date of acquisition.

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.

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 remaining useful life to the department.

Land assets and artwork are not depreciated as they have an unlimited useful life.

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

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

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

The depreciable amount of an improvement to or on leasehold land is allocated progressively over the estimated useful life of the improvement 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.

C3 PROPERTY, PLANT, EQUIPMENT AND RELATED DEPRECIATION (continued)
C3-2 ACCOUNTING POLICIES (continued)

Key Estimate: For each class of depreciable asset, the following useful life ranges are used:

Physical asset class	Useful life range
Buildings	4 – 80 years
Heritage and Cultural	29 – 40 years
Infrastructure	4 – 120 years
Plant and equipment	3 – 40 years

C3-3 MEASUREMENT OF PROPERTY, PLANT AND EQUIPMENT

Plant and equipment is measured at historical cost in accordance. The carrying amounts for such assets are not materially different from their fair value.

Land, buildings, heritage and cultural and infrastructure assets are measured at fair value, being the fair value at balance sheet date, less any subsequent accumulated depreciation and impairment loss where applicable.

The cost of items acquired during the financial year has been judged by management of the department to materially represent their fair value at the end of the reporting period.

Property, plant and equipment classes measured at fair value are revalued on an annual basis either by appraisals undertaken by independent professional valuers or internal expert, or by the use of appropriate and relevant indices.

Use of Specific Appraisals
The department comprehensively values its land, building and infrastructure assets using a rolling revaluation program which ensures all material assets are valued by independent professional valuers at least once every five years.

For the purpose of revaluation the department has divided the State into three (3) regions. Regions independently valued in each year are as follows:

2017-18 – South Region	**2018-19 – North Region**	**2019-20 – Central Region**
Land Buildings Heritage and Cultural – Abandoned Mines Sites Heritage and Cultural Assets – Artwork Infrastructure Infrastructure Abandoned Mine Sites (Central region) Infrastructure – Non-commercial Assets	Land Buildings Infrastructure Heritage and Cultural Land – Non Commercial Assets Weirs and Dams	Land Buildings Infrastructure Heritage and Cultural

The date of the last comprehensive valuation was 30 June 2019 for North Region. All other assets had indices applied. If a particular asset class experiences significant and volatile changes in fair value it is subject to specific valuation in the reporting period, where practicable, regardless of the timing of the previous revaluation.

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. Materiality is considered in determining whether the difference between the carrying amount and the fair value of an asset is material (in which case a revaluation is warranted). Refer Note E1-2.

Use of Indices
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 would result in a valid estimation of the asset's fair value at reporting date. The State Valuation Service (SVS) supplies the indices and provides assurance of their robustness, validity and appropriateness for application to the relevant assets. Such indices are either publicly available or are derived from market information available to SVS. Indices used are also tested for reasonableness by applying the indices to a sample of assets and comparing the results to similar assets that have been valued. At year end, management assess the relevance and suitability of indices provided by SVS based on the department's particular circumstances.

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

The majority of the department's building and infrastructure assets are revalued using a cost valuation approach (that is current replacement cost). Revaluations are recorded using the 'gross method' meaning accumulated depreciation is adjusted to equal the difference between the gross amount and the carrying amount, after taking into account accumulated impairment losses.

C4 INTANGIBLE ASSETS

C4-1 INTANGIBLE ASSETS – BALANCES AND RECONCILIATIONS OF CARRYING AMOUNT

Intangible Assets Reconciliation 30 June 2019	**Internally Generated Software**	**Purchased Software**	**Software Work in Progress**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Gross	76,693	2,106	14,215	93,014
Less: accumulated amortisation	(50,166)	(1,824)	..	(51,990)
Total	**26,526**	**282**	**14,215**	**41,024**
Carrying amount at 1 July 2018	32,055	408	5,673	38,136
Acquisitions through internal development	..	..	8,542	8,542
Disposals	(137)	..	..	(137)
Transfers between classes	..	..	..	..
Amortisation	(5,392)	(125)	..	(5,517)
Carrying amount at 30 June 2019	**26,526**	**283**	**14,215**	**41,024**

Intangible Assets Reconciliation 30 June 2018	**Internally Generated Software**	**Purchased Software**	**Software Work in Progress**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Gross	77,240	2,106	5,673	85,019
Less: accumulated amortisation	(45,185)	(1,698)	..	(46,884)
Total	**32,055**	**408**	**5,673**	**38,136**
Carrying amount at 1 July 2017	31,554	533	4,761	36,848
Acquisitions through internal development	..	..	6,969	6,969
Disposals	(260)	..	..	(260)
Transfers between classes	6,057	..	(6,057)	..
Amortisation	(5,296)	(125)	..	(5,421)
Carrying amount at 30 June 2018	**32,055**	**408**	**5,673**	**38,136**

C4 INTANGIBLE ASSETS (continued)

C4-2 ACCOUNTING POLICIES

Recognition and measurement of Intangible Assets

Intangible assets with a cost or other value equal to or greater than $100,000 are recognised in the financial statements. Items with a lesser value are expensed in the year of acquisition. Each intangible asset, less any anticipated residual value is amortised over its estimated useful life to the department. The residual value is zero for all of the department's intangible assets. It has been determined that there is not an 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.

Purchased software
The purchase cost of software is capitalised and is amortised on a straight-line basis over the period of expected benefit to the department.

Internally generated software
Expenditure on research activities related to internally-generated intangible assets is recognised as an expense in the period in which it is incurred.

Costs associated with the development of computer software have been capitalised and are amortised on a straight-line basis over the period of expected benefit to the department.

Amortisation of intangible Assets
All intangible assets of the department have finite useful lives and are amortised on a straight-line basis over their estimated useful life to the department.

For each class of intangible asset, the following useful life ranges are used:

Intangible asset class	Useful life range
Purchased software	5 – 10 years
Internally generated software	2 – 21 years

Impairment
All intangible 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. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as impairment loss.

C5 PAYABLES

	2019 $'000	2018 $'000
Current		
Trade creditors	28,552	13,733
Accrued expenses	12,618	12,500
Grants and subsidies payable	5,814	8,512
Deferred appropriation/equity payable to the Consolidated Fund	42,675	22,167
Other	165	150
Total	**89,825**	**57,062**

Accounting Policy - Payables
Trade creditors are recognised upon receipt of the goods or services ordered and are measured at agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

C6 ACCRUED EMPLOYEE BENEFITS

	2019	2018
	$'000	$'000
Salaries and wages outstanding	4,966	4,766
Annual leave levy payable	6,330	6,151
Long service leave levy payable	1,291	1,227
Other	5	7
Total	**12,591**	**12,151**

Accounting policy – Accrued employee benefits
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.

C7 OTHER LIABILITIES

	2019	2018
	$'000	$'000
Current		
Unearned revenue	16,636	11,011
Deposits held for other agencies land purchases	9,916	19,318
Other	200	176
Total	**26,752**	**30,505**
Non-current		
Other	7,473	6,128
Total	**7,473**	**6,128**

Accounting policy – Unearned Revenue
The department recognises unearned revenue or revenue received in advance of the delivery of the supply of goods and/or services. Revenue is then recognised as the goods and/or service is provided.

Accounting policy – Deposits held for other agencies land purchases
The department purchases land on behalf of other state government agencies. This balance represents the unexpended advances received from the other agencies that is refundable to the other agencies if the purchase does not proceed. These amounts are derecognised when the purchase transaction has been completed.

C8 EQUITY

C8-1 APPROPRIATIONS RECOGNISED IN EQUITY

	2019	2018
	$'000	$'000
Reconciliation of payments from Consolidated Fund to Equity Adjustment		
Budgeted equity adjustment appropriation	66,002	3,135
Transfers from/to other headings - departmental services	..	(1,793)
Lapsed equity adjustment	2,630	..
Total equity adjustment receipts/(payments)	**68,632**	**1,342**
Less: Opening balance of equity adjustment receivable	(795)	(1,767)
Plus: Closing balance of equity adjustment receivable	(21,854)	795
Equity adjustment recognised in Contributed Equity	**45,983**	**370**

C8 EQUITY (continued)

C8-2 ASSET REVALUATION SURPLUS BY CLASS

	2019	2018
	$'000	$'000
Buildings		
Balance at 1 July	21,706	22,371
Revaluation increments/(decrements)	(245)	(665)
Balance as at 30 June	**21,461**	**21,706**
Heritage and Cultural		
Balance at 1 July	263	263
Revaluation increments/(decrements)	11	..
Balance as at 30 June	**274**	**263**
Infrastructure		
Balance at 1 July	22,343	21,967
Revaluation increments/(decrements)	37	376
Balance as at 30 June	**22,380**	**22,343**
Total	**44,114**	**44,312**

Accounting Policy – Asset Revaluation Surplus by Class
The asset revaluation surplus represents the net effect of upward and downward revaluations of assets to fair value.

SECTION 4
WHAT WE LOOK AFTER ON BEHALF OF WHOLE-OF-GOVERNMENT AND THIRD PARTIES

D1 ADMINISTERED ITEMS

The department administers, but does not control, certain resources on behalf of the Government. In doing so, it has responsibility and is accountable for administering related transactions and items, but does not have the discretion to deploy the resources for the achievement of the department's objectives. All controlled accounting policies apply to administered items unless otherwise stated in this section.

Major administered revenues include fees from mineral and petroleum rentals, resource tenure applications, titles lodgement fees and revenue from state land. The principal resource administered by the department is state-owned land, which includes leasehold land, land under roads, unallocated state land and reserves.

Major administered expenses include Community Service Obligation (CSO) payments made on behalf of Government to energy retailers Energy Queensland and Origin and to water supply entities SunWater and SeqWater.

The most significant CSO payment relates to the Uniform Tariff Policy supporting regional Queensland.

D2 RECONCILIATION OF PAYMENTS FROM CONSOLIDATED FUND

	2019 $'000	2018 $'000
Reconciliation of payments from Consolidated Fund to Administered Appropriated Revenue Recognised in Operating Result		
Budgeted administered appropriation revenue	482,607	1,300
Transfers from/(to) other departments (Redistribution of public business)	..	277,832
Unforeseen expenditure*	361	37,918
Total Appropriation Receipts (cash)	**482,968**	**317,050**
Less: Balance of appropriation revenue receivable transferred from other departments (Redistribution of public business)	..	(31,690)
Less: Opening balance of appropriation revenue receivable	(3,405)	..
Plus: Closing balance of appropriation revenue receivable	9,930	3,405
Plus: Opening balance of deferred appropriation payable to Consolidated Fund	1,291	..
Less: Closing balance of deferred appropriation payable to Consolidated Fund	..	(1,291)
Administered appropriation revenue recognised in the Statement of Comprehensive Income	**490,784**	**287,474**

	2019 $'000	2018 $'000
Reconciliation of payments from Consolidated Fund to Equity Adjustment Recognised in Contributed Equity		
Budgeted equity adjustment appropriation	2,060	..
Transfers from/(to) other departments (Redistribution of public business)	..	2,464
Total administered equity adjustment receipts/(payments)	**2,060**	**2,464**
Less: Closing balance of equity adjustment payable	(1,900)	..
Less: Balance of equity adjustment payable transferred from other departments (Redistribution of public business)	..	(994)
Equity adjustment recognised in Contributed Equity	**160**	**1,470**

D3 USER CHARGES AND FEES

	2019 $'000	2018 $'000
Land Title Act fees	304,554	327,033
Other fees and fines	28,947	31,669
Total	**333,500**	**358,702**

Accounting Policy – User Charges and Fees
The department recognises user charges and fees as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This occurs upon delivery of the goods to the customer or completion of the requested services at which time the invoice is raised or payment is received. Accrued revenue is recognised if the revenue has been earned but not yet invoiced – refer to Note D8.

D4 PROPERTY AND OTHER TERRITORIAL REVENUE

	2019 $'000	2018 $'000
Property and territorial revenue	149,407	151,097
Riverine quarry material royalties	928	995
Total	**150,335**	**152,092**

Accounting Policy – Property and other territorial revenue
Property and territorial revenue includes land rent and mining and petroleum lease rent and permits. The department recognises the revenue when it has been earned and can be measured reliably with a sufficient degree of certainty. Unearned revenue is recognised if the revenue has been received but not yet earned – refer to Note D12.

D5 OTHER REVENUE

	2019 $'000	2018 $'000
Interest	1,479	1,416
Other	605	971
Total	**2,084**	**2,387**

D6 GRANTS AND SUBSIDIES

	2019 $'000	2018 $'000
Community service obligations and grants for energy	458,381	261,502
Community service obligations for water	10,217	6,120
Drought relief from electricity charges rebate	6,296	5,091
Land grants to external bodies	17,557	1,805
Other grants	1,300	1,300
Total	**493,751**	**275,819**

Accounting Policy – Grants and subsidies
Grants and subsidies are non-reciprocal in nature so do not require any goods or services to be provided in return. Corresponding revenue is recognised in the year in which the department obtains control over the grant or subsidy (control is generally obtained at the time of receipt).

D7 OTHER EXPENSES

	2019 $'000	2018 $'000
Movement in fair value of financial instruments (gains)/losses	(449)	121,709
Commissions	1,033	1,095
Impairment losses	(4,084)	335
Interest	384	48
Bad debt	1,693	562
Fee retentions	2,956	2,843
Court ordered	32	..
Infrastructure works and maintenance	1,714	654
Depreciation expense	1,710	1,704
Other	1,895	610
Total	**6,885**	**129,560**

Accounting Policy – Movement in fair value of financial instruments
For details of accounting policy relating to movement in fair value of financial instruments refer to Note D12.

D8 RECEIVABLES

Current		
Trade debtors	520	950
Rent receivable	3,167	7,384
Operating leases [(1)]	13,659	10,704
Finance leases [(2)]	4,435	4,444
Interest receivable	350	409
	22,132	**23,891**
Less: Allowance for impairment of receivables	(12,082)	(15,852)
	10,050	**8,039**
Prepayments to Consolidated Fund [(3)]	21,443	23,456
Appropriation receivable	9,930	3,405
Valuation fees receivable	21,912	21,850
Other	7,620	4,684
Total	**70,955**	**61,435**
Non-current		
Operating Leases		
One to five years	311	..
Greater than five years	..	..
Finance leases [(2)]		
One to five years	13,982	14,891
Greater than five years	9,163	10,715
Total	**23,456**	**25,606**

D8 RECEIVABLES (continued)

(1) The department issues operating leases, both term and perpetual, including permits and licences, as conditional contracts under the provision of the *Land Act 1994*. Rent is determined as a percentage of unimproved capital value, dependent on the purpose and category of the allocated asset. Revenue is recognised in the applicable accounting period and lease receipts are recognised as a reduction of the receivable.

(2) The department issues finance leases under the provisions of the *Land Act 1994* whereby the lessee elects to pay the purchase price over a number of years. At the inception of the lease, the assets are disposed and a receivable is raised for the present value of the minimum lease payments.

(3) Represents remittances to the Consolidated Fund that relate to proposals and deposits on administered land sales before the transactions are legally finalised.

Various legislation on which some of these receivables are raised, contain hardship provisions enabling clients to apply for hardship relief in the payment of their debts. Collateral in the form of security over property is held for finance lease receivables. On full repayment of finance leases, the title for the relevant land is transferred to the purchaser.

D8-1 IMPAIRMENT OF RECEIVABLES

Impairment (Natural Resources Management-Water)

	2019			2018		
Aging	Gross receivables $'000	Loss rate %	Expected credit losses $'000	Gross receivables $'000	Impairment allowance $'000	Carrying amount $'000
Current	64	1.00%	1	103	1	102
1 to 30 days overdue	22	7.00%	2	6	0	5
31 to 60 days overdue	12	28.00%	3	8	2	6
61 to 90 days overdue	1	47.00%	0	2	1	1
91 to 270 days overdue	82	70.00%	57	21	15	6
>270 days	318	100.00%	318	517	517	0
Total	**498**		**381**	**659**	**537**	**121**

Impairment (Natural Resources Management-Land)

	2019			2018		
Aging	Gross receivables $'000	Loss rate %	Expected credit losses $'000	Gross receivables $'000	Impairment allowance $'000	Carrying amount $'000
1 to 30 days overdue	1,110	2.99%	33	715	23	692
31 to 60 days overdue	47	7.50%	4	1,168	88	1,080
61 to 90 days overdue	40	10.28%	4	42	7	34
91 to 120 days overdue	34	13.82%	5	30	6	24
>120 days	9,012	96.73%	8,718	8,791	8,615	176
Total	**10,243**		**8,763**	**10,746**	**8,738**	**2,007**

Impairment (Minerals and Energy Resources)

	2019			2018		
Aging	Gross receivables $'000	Loss rate %	Expected credit losses $'000	Gross receivables $'000	Impairment allowance $'000	Carrying amount $'000
Current	51	2.83%	1	596	17	579
1 to 30 days overdue	76	9.65%	7	274	26	247
31 to 60 days overdue	21	37.98%	8	59	23	37
61 to 90 days overdue	41	47.16%	19	86	40	45
91 to 270 days overdue	170	54.72%	93	316	173	143
>270 days	2,809	100.00%	2,809	6,617	6,617	0
Total	**3,168**		**2,938**	**7,948**	**6,896**	**1,052**

D8 RECEIVABLES (continued)

Disclosure – Movement in loss allowance for trade and other debtors

	2019 $'000	2018 $'000
Loss allowance as at 1 July	15,852	15,517
Change to opening balance as a result of new standard	314	..
Increase/decrease in allowance recognised in operating result	(4,084)	335
Loss allowance as at 30 June [1]	**12,082**	**15,852**

[1] Includes bad debts written off of $0.619 million (2018: $0.561 million) and previous impaired amounts collected.

Disclosure – Aging of past but not impaired receivables

This disclosure relates only to comparatives balances at 30 June 2018. Under AASB 9, effective 1 July 2018, a loss allowance is assessed for all receivables.

Overdue	2018 $'000
1 to 30 days	1,313
31 to 60 days	1,344
61 to 90 days	97
Greater than 90 days	506
Total overdue	**3,260**

D9 PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION

D9-1 PROPERTY, PLANT AND EQUIPMENT-BALANCES AND RECONCILIATION OF CARRYING AMOUNT

Property, Plant and Equipment Reconciliation 30 June 2019	Land	Buildings	Infrastructure	Plant and Equipment	Total
	$'000	$'000	$'000		$'000
Gross amount	72,255,621	14,985	265,969	117	72,536,692
Less: Accumulated depreciation	..	(8,701)	(137,384)	(50)	(146,135)
Carrying amount at 30 June 2019	**72,255,621**	**6,284**	**128,585**	**67**	**72,390,557**
Carrying amount at 1 July 2018	67,917,106	6,390	127,068	76	**68,050,640**
Acquisitions	26	..	2,981	..	3,007
Disposals	(64,458)	..	..	..	(64,458)
Assets reclassified as held for sale	..	..	..	..	..
Transfers in from other government departments (machinery-of-Government change)	..	..	..	..	..
Transfers in from external entities	203,380	..	..	..	203,380
Transfers out to external entities	(41,347)	..	..	..	(41,347)
Net revaluation increments/(decrements) in operating surplus/(deficit)	..	..	..	..	..
Net revaluation increments/(decrements) in asset revaluation surplus	4,240,913	132	..	..	4,241,045
Depreciation	..	(237)	(1,465)	(8)	(1,710)
Carrying amount at 30 June 2019	**72,255,621**	**6,284**	**128,585**	**67**	**72,390,557**

Property, Plant and Equipment Reconciliation 30 June 2018	Land	Buildings	Infrastructure	Plant and Equipment	Total
	$'000	$'000	$'000	$'000	$'000
Gross amount	67,917,106	14,748	262,988	117	68,194,960
Less: Accumulated depreciation	..	(8,359)	(135,920)	(41)	(144,320)
Carrying amount at 30 June 2018	**67,917,106**	**6,390**	**127,068**	**76**	**68,050,640**
Carrying amount at 1 July 2017	65,988,808	6,448	122	..	65,995,378
Disposals	(51,398)	..	..	..	(51,398)
Assets reclassified as held for sale	(12,585)	..	..	..	(12,585)
Transfers in from other government departments (machinery-of-Government change)	422	65	125,676	82	126,245
Transfers in from external entities	296,215	..	..	..	296,215
Transfers out to external entities	(51,853)	..	..	..	(51,853)
Net revaluation increments/(decrements) in operating surplus/(deficit)	1,380,181	..	..	..	1,380,181
Net revaluation increments/(decrements) in asset revaluation surplus	367,316	110	2,735	..	370,161
Depreciation	..	(233)	(1,465)	(6)	(1,704)
Carrying amount at 30 June 2018	**67,917,106**	**6,390**	**127,068**	**76**	**68,050,640**

All administered land, buildings and infrastructure is valued at fair value.

D9 PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION (continued)

D9-1 PROPERTY, PLANT AND EQUIPMENT-BALANCES AND RECONCILIATION OF CARRYING AMOUNT (continued)

Administered land comprises:	2019 $'000	2018 $'000
Land under roads	61,848,079	57,693,682
Reserves	7,907,312	7,728,462
Leasehold land	1,408,546	1,394,654
Unallocated state land	917,423	911,545
Other	174,261	188,763
Total	**72,255,620**	**67,917,106**

D9-2 MEASUREMENT OF PROPERTY, PLANT AND EQUIPMENT

Land, buildings and infrastructure are measured at fair value. The valuation methodology for material administered assets is as follows:

Land under roads
The department administers the *Land Act 1994* on behalf of the state and land under roads is considered an administered asset of the department. In Queensland, land under roads not subject to freehold or leasehold title or reserve tenure vests in the State of Queensland as per the *Land Act 1994*.

Land under roads subject to freehold or leasehold title or reserve tenure is recorded by the entity that holds the freehold or leasehold title or trusteeship of a reserve.

Transfers of land under roads from other agencies, such as the Department of Transport and Main Roads, are treated as a transaction with owners and are recorded in contributed equity. Transfers from and to other entities are treated as revenue and expenditure respectively, using fair value, at time of transfer.

The englobo valuation method is used by the department to value land under roads. This method inherently reflects the characteristics that would be taken into account by a potential buyer of land under roads that is made available for sale (after having the legislative restriction removed). Englobo valuation is inclusive of all potential land uses and reflects that if removal of the legislative restriction occurred, land under roads would revert back to its original un-subdivided state. This methodology is appropriate for all land under roads, regardless of its location or whatever type of road infrastructure (if any) is currently on it.

In terms of the AASB 13 fair value hierarchy (refer to note E1-1) the department categorises the land under roads valuation as being level 3. Sensitivity in the valuation is directly related to the value of land in each local government area.

Reserves and unallocated state land
Under the *Land Act 1994* the department administers reserved land used for community purposes and the balance of all Queensland land not otherwise categorised, known as unallocated state land. As there is no directly observable market for the valuation of these categories, the following method is used.

Reserved and unallocated state land has been valued according to how a potential buyer would price it assuming it is in a state in which it could be sold. Each parcel of land is valued using professional judgement based on direct comparison to recent property sales in the general location of the department's land. Particular consideration is given to those recent property sales where the land is of a similar topography, or in similar circumstances (e.g. limitations), to the departments land.

In terms of the AASB 13 fair value hierarchy (refer to note E1-1) the department categorises these valuations as being level 3. Sensitivity in the valuation relates to both the property sales values and the manner in which professional judgement is applied in determining the fair value of the department's land.

D9 PROPERTY, PLANT, EQUIPMENT AND RELATED DEPRECIATION (continued)

D9-2 MEASUREMENT OF PROPERTY, PLANT AND EQUIPMENT (continued)

Leasehold land

Leasehold land is land owned by the state and provided to lessees for varying terms or in perpetuity in return for regular payment. Leased land includes pastoral, residential, business, government, charitable, clubs and communication tenures. All leasehold land is valued and reported using the present value of the future income of the leases.

The department considers the present value method to represent the fair value of the land in accordance with the income approach provided by AASB 13 *Fair Value Measurement* and market participant buying assumptions.

Historically the leases to these properties are renewed for identical purposes. The department has therefore assumed, in the absence of factors suggesting a different use by market participants, that the current use is its highest and best use.

In terms of the AASB 13 fair value hierarchy (refer to note E1-1) the department categorises these valuations as being level 3. Sensitivity in the valuation of leasehold land is directly related to changes in the unimproved valuation of the land on which regulated lease payments are determined.

Non-commercial water infrastructure assets

The department administers a number of non-commercial water infrastructure assets. These assets are valued using the Current Replacement Cost (CRC) method and applying the Modern Engineering Equivalent Replacement Asset (MEERA) approach where the replacement cost of an asset is assessed on the basis of design and construction using modern technology.

In terms of the AASB 13 fair value hierarchy (refer to note E1-1) the department categorises these valuations as being level 3.

D10 PAYABLES

	2019	2018
	$'000	$'000
Community service obligations payable	40,155	44,034
Transfer of administered item revenue to government payable	33,786	31,292
Deferred appropriation payable to the consolidated fund	1,900	1,291
Other	2,273	2,609
Total	**78,113**	**79,226**

D11 PROPOSALS AND DEPOSITS

Proposals and deposits are recognised upon receipt and represent funds paid by applicants in relation to prospective land dealings and are held by the department contingent upon the applicant progressing the dealing to finalisation. In the event dealings are not finalised, the department returns the defaulted monies to the original applicant.

D12 OTHER LIABILITIES

	2019	2018
Current Liabilities	**$'000**	**$'000**
Unearned revenue	19,076	17,645
Other	217	2,209
Total Current Liabilities	**19,293**	**19,854**
Non-Current Liabilities		
Commodity and electricity derivative instruments at fair value	121,260	121,709
Other	51	45
Total Non-Current Liabilities	**121,311**	**121,754**

Accounting Policy – Commodity and electricity derivative contracts at fair value
During the financial year ended 30 June 2018, the department was assigned the responsibility to administer the State's entitlement and obligations for commodity and electricity price hedge instruments related to renewable solar energy investment projects.

Embedded derivatives are not separated from the host commodity contracts and accounted for separately. These are hybrid contracts with bundled price hedge arrangements classified as financial instruments measured at fair value – refer to Note E1 and E2.

Financial instruments are initially recognised at fair value on execution of the contracts and subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is classified as held for trading or is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivative financial instruments spanning both current and non-current periods are split into their current and non-current components prior to valuation. The fair value of these components is then classified as a current asset or liability when the maturity profile is less than 12 months, and classified as a non-current asset or liability when the maturity profile is greater than 12 months.

Change in fair value recognised in the statement of comprehensive income
Gains and losses from remeasuring the fair value of commodity and electricity derivatives that are not designated as hedging instruments are classified as "financial instruments at fair value" recognised in the statement of comprehensive income.

D13 ASSET REVALUATION SURPLUS BY CLASS

	2019	2018
	$'000	**$'000**
Land		
Balance at 1 July	367,316	..
Revaluation increments/(decrements)	4,240,913	367,316
Balance as at 30 June	**4,608,229**	**367,316**
Buildings		
Balance at 1 July	2,174	2,065
Revaluation increments/(decrements)	132	109
Balance as at 30 June	**2,306**	**2,174**
Infrastructure		
Balance at 1 July	2,775	40
Revaluation increments/(decrements)	..	2,735
Balance as at 30 June	**2,775**	**2,775**
Total	**4,613,309**	**372,264**

Accounting Policy – Asset Revaluation Surplus by Class
The asset revaluation surplus represents the net effect of upward and downward revaluations of assets to fair value.

D14 TRUST TRANSACTIONS AND BALANCES

	2019	2018
	$'000	$'000
Revenues	6,283	19,545
Expenses	42,342	178,749
Net surplus/(deficit)	**(36,059)**	**(159,204)**
Total current assets	9,359	45,417
Total current liabilities	6,700	34,594
Total non-current liabilities	2,659	10,823
Net assets	**..**	**..**

The department holds security deposits and bank guarantees under the *Mineral Resources Act 1989* (MRA) associated with the granting of resource authorities. Security is held for

- compliance with the conditions of the resource authority
- compliance with the provisions of the MRA;
- rectification of any actual damage that may be caused by any person whilst acting under the resource authority to pre-existing improvements; and
- amounts payable to the State (other than penalties) under the MRA.

During 2018-19 the financial assurances previously held by the Department in trust under the *Environmental Protection Act 1994* transitioned to the Financial Assurance Information Registry (FAIR) held by Queensland Treasury in accordance with the *Mineral and Energy Resources (Financial Provisioning) Act 2018*. A total of $34.945 million in cash and $7.012 billion in bank guarantees was transferred.

At 30 June 2019, the department, on behalf of the State of Queensland, held bank guarantees totalling $8.156 million (2018: $6.411 billion) and cash held in trust of $9.359 million (2018: $45.417 million).

SECTION 5
NOTES ABOUT RISKS AND OTHER ACCOUNTING UNCERTAINTIES

E1 FAIR VALUE MEASUREMENT

E1-1 ACCOUNTING POLICIES AND INPUTS FOR FAIR VALUES

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

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by the department in relation to non-financial assets include, but are not limited to, published sales data for land and general office buildings.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the department in relation to non-financial assets include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics/functionality of the department assets, internal records of recent construction costs (and/or estimates of such costs) and assessments of physical condition and remaining useful life. In relation to financial liabilities, unobservable inputs include forward commodity and electricity prices, forecast generation and assumptions on the operation of the wholesale electricity and environmental markets. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

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

Fair Value Measurement Hierarchy
All assets and liabilities of the department for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

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

All material property, plant and equipment assets and derivative financial liabilities held or administered by the department are categorised within level 3 of the fair value hierarchy. There were no transfers of assets/liabilities between fair value hierarchy levels during the period.

E1-2 BASIS FOR FAIR VALUE MEASUREMENT

PROPERTY, PLANT AND EQUIPMENT
The department comprehensively values its land, building and infrastructure assets using a rolling revaluation program which ensures all material assets are valued by independent professional valuers at least once every five years. 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 (refer Note C3-3 and D9-2).

E1-2 BASIS FOR FAIR VALUE MEASUREMENT (continued)

The following table depicts the asset class and region which were comprehensively valued in 2018-19:

Asset Class	Controlled and/or Administered	Effective date of last specific appraisal	Valuation approach	Inputs	Subsequent valuation activity
Land (North region)	Administered and Controlled	30 June 2019 by SVS	Market-based assessment	Publicly available data on sales of similar land in nearby localities in the twelve months prior to the date of the revaluation. Adjustments were made to the sales data to take into account the location, size, street/road frontage and access, and any significant restriction for each individual land parcel.	Updated annually applying indices provided by SVS and derived from the review of market transactions for each local government area.
Buildings (North region)	Administered and Controlled	30 June 2019 by SVS	Current replacement cost (due to no active market for such facilities)	Internal records of the original cost are adjusted for contemporary technology and construction approaches. Significant judgement is also used to assess the remaining service potential of the facility, given local climatic and environmental conditions, projected usage, and records of the current condition of facility.	Updated annually applying indices provided by SVS and derived from building and construction industry improvement rates.
Heritage and Cultural Assets - Artwork	Controlled	30 June 2019 by Artfully Valuers (specialist artwork asset valuers)	Current replacement cost (due to no active market for the asset)	Fair value is estimated by cost to reproduce the item with the features and the material of the original items, with substantial adjustments made to take into account the artworks characteristics.	
Infrastructure (North region)	Administered and Controlled	30 June 2019 by SVS	Current replacement cost (due to no active market for such facilities)	Internal records of the original cost are adjusted for contemporary technology and construction approaches. Significant judgement is also used to assess the remaining service potential of the facility, given local climatic and environmental conditions, projected usage, and records of the current condition of facility.	Updated annually applying indices provided by SVS and derived from building and construction industry improvement rates.
Land – Non-commercial Assets	Administered	30 June 2019 by SVS	Current replacement cost (due to no active market for such assets)	The department's non-commercial water infrastructure assets were revalued by an independent desktop revaluation conducted by SVS on a current replacement cost basis (as there is no active market for such assets).	Updated annually applying indices provided by SVS

E1 FAIR VALUE MEASUREMENT (continued)

E1-3 LEVEL 3 FAIR VALUE MEASUREMENT – SIGNIFICANT VALUATION INPUTS AND IMPACTS

PROPERTY, PLANT AND EQUIPMENT

The following table outlines the significant unobservable valuation inputs and their potential impact on the valuation outcome for income producing Administered leasehold land measured at fair value and classified as Level 3 under the fair value hierarchy:

Description	Fair value at		Possible alternative range for significant inputs	Possible alternative range for significant inputs		Impact of alternative amounts for significant level 3 inputs
	30 June 2019 $'000	30 June 2018 $'000		2019	2018	
Leasehold Land	1,408,547	1,394,654	In relation to leasehold land the present value discount rate applied.	6.5%-10.5%	6.5%-10.5%	Increase in discount rate used would decrease the fair value.
						Reduction in discount rate used would increase the fair value.
			In relation to leasehold land adjustments to the rental rate applied depending on type of lease.	0.75%-7% of unimproved value of land	0.75%-7% of unimproved value of land	Increase in rental return rate would increase the fair value.
						Reduction in rental return rate used would decrease the fair value.

FINANCIAL INSTRUMENTS - ADMINISTERED

Structured commodity and derivative contracts are negotiated directly with counterparties with no observable market prices for component instruments.

The valuation technique used to estimate the fair value commodity and energy contracts takes into account all relevant variables including forecast commodity and electricity prices, physical generation plant variables, transmission losses, energy policy considerations, the risk free discount rate and related credit adjustments.

To the maximum extent possible, valuations are based on assumptions which are supported by independent or observable market data. Where valuation models are used, instruments are discounted at the market interest rate applicable to the instrument.
The following is a summary of the main inputs and assumptions used by the department in measuring the fair value of Level 3 financial instruments (refer Note D12).

- *Forward commodity and electricity prices* includes both observable external market data and independently sourced forecast data. The derived forecast spot pool prices and renewable energy and related certificate prices are applied, as market prices are not observable for long term contracts.
- *Forecast generation volumes* for derivatives related to renewable generation are independently derived using market modelling assumptions over the life of the instrument.
- *Transmission loss factors* are based on observable external market data and internally derived assumptions.
- *Commonwealth and State schemes for renewable energy and greenhouse gas abatement* will affect future alternate tradeable environmental certificates and their value to the State in offsetting cash outflows under the financial instruments.
- *Discount rates* are based on observable market rates for risk free instruments of the appropriate term.
- *Credit adjustments* are applied depending on the asset/liability position of a financial instrument to reflect the risk of default by either the State or a specific counterparty.

The use of different methodologies and assumptions could lead to different measurements of fair value for Level 3 instruments.

E2 FINANCIAL RISK DISCLOSURES

E2-1 FINANCIAL INSTRUMENTS 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. No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

CONTROLLED

	Notes	2019	2018
Financial assets		**$'000**	**$'000**
Cash and cash equivalents	C1	119,498	123,945
Receivables at amortised cost	C2	61,934	29,974
Total		**181,432**	**153,919**
Financial liabilities			
Payables at amortised cost	C5	89,825	57,062
Total		**89,825**	**57,062**

ADMINISTERED

	Notes	2019	2018
Financial assets		**$'000**	**$'000**
Cash and cash equivalents		51,710	65,304
Receivables at amortised cost			
Current	D8	70,955	61,435
Non-current	D8	23,456	25,606
Total		**146,121**	**152,345**
Financial liabilities			
Payables at amortised cost	D10	78,113	79,226
Commodity and electricity derivative instruments at fair value	D12	121,260	121,709
Total		**199,373**	**200,935**

E2 FINANCIAL RISK DISCLOSURES (continued)

E2-2 FINANCIAL RISK MANAGEMENT

(a) Risk Exposure

The department's activities expose it to a variety of financial risks – credit risk, liquidity risk, market risk and commodity price risk. Financial risk management is implemented pursuant to 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.

The department is responsible for administering the State's obligations under certain commodity and derivative contracts related to renewable energy investment projects transacted to provide financial hedges to generators.

All financial risk is managed under approved departmental financial management policies. The department utilises written principles for overall risk management, as well as policies covering specific areas. The department measures risk exposure using a variety of methods as follows:

Risk Exposure	Definition	Measurement Method
Credit risk – receivables	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.	Ageing analysis, earnings at risk
Liquidity risk – payables	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.	Sensitivity analysis
Market risk – Administered finance leases (interest rate 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 sensitivity analysis
Commodity price risk –Administered commodity and electricity derivative contracts	The department is exposed to electricity price movements in the National Electricity Market and environmental certificate price movements that affect the fair value and cash flows of the financial instruments. The department entered into an agency arrangement in June 2018 to manage its entitlements and obligations under the commodity and derivative contracts. The arrangement has been extended to 30 June 2020.	Sensitivity analysis

(b) Credit Risk

The department manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that the department invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis. The carrying amount of receivables represents the maximum exposure to credit risk. No collateral is held as security and no credit enhancements relate to financial assets held by the department.

(c) Liquidity Risk

The department manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk (primarily through payables) by ensuring the department has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

The liquidity risk of non-derivative financial liabilities relate to controlled payables of $89.825million (2018: $57.062 million) and administered payables of $78.113 million (2018: $79.226 million) due in less than one year.

E2 FINANCIAL RISK DISCLOSURES (continued)

E2-2 FINANCIAL RISK MANAGEMENT (continued)

The following table details the department's remaining contractual maturity for its derivative financial instrument liabilities. It is based on the undiscounted cash flows of financial liabilities at the earliest date on which the financial liabilities are required to be paid. It includes both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the balance sheet.

	1 year or less	Between 1 and 5 years	Over 5 years	Remaining contractual maturities
2019	**$'000**	**$'000**	**$'000**	**$'000**
Derivatives	6,781	50,834	80,386	137,551

(d) Market Risk Sensitivity Analysis – Commodity price risk

The following commentary and table summarises the sensitivity of the department's derivative financial instruments to commodity and electricity price risk. Analysis is performed using similar information to that which would be provided to management and reflects the impact on the department's financial position should certain price movements occur – refer disclosures in Note E1-1.

The sensitivity in the mark-to-market of the commodity and electricity derivatives is calculated as at balance date. The analysis assumes simultaneous and standardised upward and downward movements of commodity and electricity prices of 10%, which reflects the market sensitivity of contracts held by the department at balance date.

Market Risk	10% price increase		10% price decrease	
	Effect on Profit	Effect on Equity	Effect on Profit	Effect on Equity
2019	**$'000**	**$'000**	**$'000**	**$'000**
Commodity and electricity price risk	34,554	..	(35,169)	..

E3 CONTINGENCIES

Litigation in progress

As at 30 June 2019 the following claims against the department were filed in the courts or lodged with the department:

	2019 Number of cases	2018 Number of cases
Supreme Court	18	8
Federal Court	3	1
District Court	2	3
Magistrates Court	12	7
Industrial Court	4	-
Industrial Magistrates Court	5	4
Land Court	5	1
Court of Appeal	1	-
Total	**50**	**24**

At reporting date, it is not possible to estimate any probable outcome of these claims or any financial effect. The department has received notification of 6 (2018: 6) claims which are not yet subject to court action. These cases may or may not result in subsequent litigation.

Native title claims over departmental land

At 30 June 2019, there remained 52 (2018: 65) unresolved native title claims before the federal court over lands (including offshore islands) either controlled or administered by the department. The claims cover an area of approximately 29% (2018: 31%) of the state. At reporting date it is not possible to make an estimate of any probable outcome of these claims, or of any financial effects. The potential financial impact is limited to legal costs.

E3 CONTINGENCIES (continued)

Guarantees and undertakings

During 2018-19, the department has been party to an indemnity capped procurement arrangement. The contract is with a supplier of information technology infrastructure, software and related maintenance with liability and indemnity caps of various levels up to $10 million over the life of the contract. The initial three year contract has been extended for a further two years in May 2018 and is due to expire in June 2020. The provision of this guarantee is in accordance with contractual procedure and the likelihood of the guarantee being called upon is highly improbable.

Collingwood Park State Guarantee

The department is responsible for the administration of the *Mineral Resources Act 1989*. This Act provides a State Guarantee to owners of affected land at Collingwood Park:

- To pay for any works necessary to stabilise the affected land if there is subsidence damage to the land;
- To repair any subsidence damage to the affected land if, in the Chief Executive's opinion, it is cost-effective for the State to repair the damage; or
- To purchase the land at market value if the land is affected by subsidence damage and, in the Chief Executive's opinion, it is not cost-effective for the State to repair the damage.

At the reporting date it is not possible to determine the extent or timing of any potential financial effect of this State Guarantee.

Volumetric Lease Bank Guarantees

Under the *Land Act 1994,* lessees of volumetric leases are required to provide a security in the form of a bank guarantee to be retained by the department to ensure compliance. The security together with the lease agreement commits the lessee to perform specific reparation conditions. As at 30 June the department holds bank guarantees of $15.065 million (2018: $14.771 million).

Vegetation Management Bank Guarantees

Under the *Vegetation Management Act 1999* and *Sustainable Planning Act 2009* (*formerly Integrated Planning Act 1997*), development applicants may be required to provide financial security as a means of meeting a particular aspect of a vegetation management code. The security together with the agreement commits the developer to providing a vegetation offset within 12 months. As at 30 June, the department holds bank guarantees of $0.750 million (2018: $0.750 million).

Under the *Regional Planning Interests Act 2014* bank guarantees are retained by the department to ensure compliance with specific requirements relating to protection decisions and compliance certificates for resource activities in strategic cropping areas. As at 30 June, the department holds bank guarantees of $2.359 million (2018: $2.359 million).

Contingent Assets

The department and Sunwater share an 8.827 hectare site at Rocklea. Various agreements have been entered into with Sunwater since 2001 regarding the future use and disposal of surplus land. A Deed of Variation to these agreements in 2009 established that, upon subdivision and sale of surplus land a freehold portion is to be transferred to the department at no cost; and proceeds arising from the sale of the surplus land are to go to Sunwater. The sale of surplus land is subject to various approvals from Brisbane City Council, leading to uncertainty about the timing of the sale and therefore the time at which the department would receive freehold title. For these reasons, it is not possible to provide a reliable estimate of the value of the land at balance date.

E4 COMMITMENTS

	2019 $'000	2018 $'000
Non-Cancellable Operating Lease Commitments		
Commitments under operating leases at reporting date (inclusive of non-recoverable GST input tax credits) are payable:		
Not later than one year	21,540	22,055
Later than one year and not later than five years	72,450	75,971
Later than five years	105,680	131,668
Total	**199,670**	**229,694**

E5 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 effective dates are set out below:

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

The transition date for AASB 15 and AASB 1058 is 1 July 2019. Consequently, these standards will first apply to the department when preparing the financial statements for 2019-20. The department has reviewed the impact of AASB 15 and AASB 1058 and identified the following impacts (or estimated impact where indicated) of adopting the new standards:

The department has separately assessed Grants and Contributions compliance with AASB15/1058 currently recognised under AASB 1004 *Contributions.* Under AASB 15 grants may be deferred if there is a contract to transfer goods or services to a customer, incorporating an enforceable agreement and sufficiently specific performance obligations.

The department reviewed its material grant arrangements in 2018-19 and have found none to have material enforceable and specific performance obligations therefore, there will be no requirement to reclassify grants revenue as an unearned revenue liability at 1 July 2019.

The department has implemented a five step revenue recognition model to assess the Revenue from Contracts with Customers compliance with AASB 15. In accordance with AASB 15 the timing and/or amount of revenue recognised will not significantly change in the 2019-20 financial statements due to the nature of the majority of the operating income.

With the exception of user charges and fees, the majority of the department's revenue streams fall outside the scope of AASB 15 for example, appropriated revenue, lease revenue and non-reciprocal grants and contributions. The department currently recognises user charges and fees as revenue upon delivery of the goods to the customer (as this represents the sole performance obligation) or completion of the requested services (as performance obligation has been fulfilled) at which time the invoice is raised or payment is received.

The most significant change for the 2019-20 financial statements under AASB15 relates to the new disclosure requirements. It is estimated that approximately 20% (or $0.480 million) of controlled and administered operating income will have increased disclosure requirements relating to contract details with customers.

AASB 16 Leases

This standard will first apply to the department for its 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.*

Impact for Lessees

Under AASB 16, the operating leases (as defined by the current AASB 117 and shown at Note E4) will be reported on the statement of financial position as right-of-use assets and lease liabilities.

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

AASB 16 allows a ‘cumulative approach’ rather than full retrospective application to recognising existing operating leases. In accordance with Queensland Treasury’s policy, the department will apply the ‘cumulative approach’, and will 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.

Outcome of review as lessee

The department has completed its review of the impact of adoption of AASB 16 on the statement of financial position and statement of comprehensive income and has identified the following impacts which are detailed below.

During the 2018-19 financial year, the department held operating leases under AASB 117 from the Department of Housing and Public Works (DHPW) for non-specialised, commercial office accommodation through the Queensland Government Accommodation Office (QGAO) and residential accommodation through the Government Employee Housing (GEH) program. Lease payments under these arrangements totalled $24.429 million. The department has been advised by Queensland Treasury and DHPW that, effective 1 July 2019, amendments to the framework agreement that govern QGAO and GEH will result in the above arrangements being exempt from lease accounting under AASB 16. This is due to DHPW having substantive substitution right over the non-specialised, commercial office accommodation and residual premises assets used within these arrangements. From 2019-20 onwards, costs for these services will continue to be expensed as supplies and services when incurred.

The department has also been advised by Queensland Treasury and DHPW that, effective 1 July 2019, motor vehicles provided under DHPW’s QFleet program will be exempt from lease accounting under AASB 16. This is due to DHPW holding substantive substitution rights for vehicles provided under the scheme. From 2019-20 onwards, costs for these services will continue to be expensed as supplies and services when incurred. Existing QFleet leases were not previously included as part of non-cancellable operating lease commitments.

The department has quantified the transitional impact on the statement of financial position and statement of comprehensive income of all qualifying lease arrangements that will be recognised on-balance sheet under AASB 16, as follows.

- Statement of financial position impact on 1 July 2019:
    - $1.74 million increase in lease liabilities
    - $1.72 million increase in right-of-use assets
    - $0.02 million decrease in operating accumulated surplus
- Statement of comprehensive income impact expected for the 2019-20 financial year, as compared to 2018-19:
    - $0.92 million increase in depreciation and amortisation expense
    - $0.04 million increase in interest expense
    - $0.96 million decrease in supplies and services expense

Impact for Lessors

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

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

SECTION 6
NOTES ABOUT OUR PERFORMANCE COMPARED TO BUDGET

F1 BUDGETARY REPORTING DISCLOSURES

This section contains explanations of major variances between the department's actual 2018-19 financial results and the original budget presented to Parliament.

F1-1 EXPLANATION OF MAJOR VARIANCES – STATEMENT OF COMPREHENSIVE INCOME

Appropriation revenue:	The increase is primarily due to the timing of appropriation associated with Government funding decisions for the Townsville Water Security Program ($145 million) subsequent to the original budget. This is offset by the repurposing of funding for the Solar Thermal Plant Contribution ($50 million), revised estimates for Australian Government Initiatives ($17.5 million) and the Local Management Arrangement Scheme due to a delay in finalisation of one of the transitional arrangements ($13.9 million).
Grants and other contributions:	The variance is primarily a result of unbudgeted goods and services received below fair value for archiving services which has matched expenditure ($2.8 million) and additional Australian Electricity Market Commission grant revenue of $1.2 million.
Other revenue:	The variance is largely driven by unbudgeted recoveries for a grant program administered by an external provider ($3.5 million), unbudgeted revenue from the Queensland Government Insurance Fund of $1.6 million for claims associated with property repairs after Cyclone Debbie and a revaluation increment for land of $2.2 million.
Grants and subsidies:	The increase is primarily due to additional funding for the Townsville Water Security Program of $145 million, offset by decreases for the repurposed funding for the Solar Thermal Plant Capital Contribution ($50 million) and revised estimates for Australian Government Initiatives of $17.5 million. Refer to Appropriation Revenue variance note.
Other expenses:	The variance is due to $20.8 million of deferred appropriation payable to the Consolidated Fund for various limited life funded programs, including $7.5 million for Australian Government initiatives as a result of the timing of milestone payments. This is offset by appropriation receivables of $29.9 million primarily for equity to appropriation conversion for Rookwood Weir ($19.3 million). The remainder of the variance is due to unbudgeted special payments including title compensation claims.

F1-2 EXPLANATION OF MAJOR VARIANCES – STATEMENT OF FINANCIAL POSITION

Current receivables:	The variance relates to appropriation receivable from the Consolidated Fund ($29.9 million) which is primarily for an equity to appropriation conversion for Rookwood Weir ($19.3 million) as well as various limited life programs.
Intangibles:	The variance is largely due to a change in approach since the budget was initially established, with the department engaging in more Software as a Service arrangements which is an operating expense.
Payables:	The variance primarily relates to a payable to Sunwater for Rookwood Weir ($16.9 million) timing differences for Commonwealth funded initiatives ($7.5 million), the Affordable Energy Plan ($2.7 million), funding related to the Enterprise Bargaining Agreement ($4.5 million) and the equity to appropriation conversion for Rookwood Weir ($19.3 million).

F1 BUDGETARY REPORTING DISCLOSURES (continued)

F1-3 BUDGET TO ACTUAL COMPARISON – STATEMENT OF CASH FLOWS

Service Appropriation Receipts:	The increase is primarily due to the timing of appropriation, refer Appropriation Revenue note in F1-1.
Other operating inflows:	The variance is largely driven by unbudgeted recoveries related to a rebate scheme under the Affordable Energy Plan ($3.5 million).
Grants and Subsidies:	Refer Grants and Subsidies note in F1-1.
Loans and Advances Made:	The variance primarily relates to the unbudgeted return of deposits to the Department of Education for future land for Mango Hill Secondary School ($8.0 million) Springfield West State School ($2.9 million) offset by a deposit received for Fortitude Valley Secondary School ($1.5 million).
Payments for Property, Plant & Equipment:	The variance relates to part of the expenditure relating to Rookwood Weir ($19.3 million) which was originally budgeted as equity but subsequently deemed operating in nature.

F1-4 EXPLANATION OF MAJOR VARIANCES – ADMINISTERED STATEMENT OF COMPREHENSIVE INCOME

User Charges and Fees:	The variance is largely driven by lower Titles Lodgement Fees than anticipated which are subject to market fluctuations ($39 million).

F1-5 BUDGET TO ACTUAL COMPARISON – ADMINISTERED STATEMENT OF FINANCIAL POSITION

Cash and cash equivalents	The variance is due to the return of $34.9 million to Queensland Treasury relating to the financial assurances previously held by the Department in trust under the *Environmental Protection Act 1994*.
Current receivables:	The variance mainly relates to unbudgeted prepayments to the Consolidated Fund for proposals and deposits relating to funds held by the State from external parties for prospective land dealings ($21.4 million) and appropriation receivable for drought relief measures ($6.2 million).
Property, Plant and Equipment	The variance primarily relates to the budget being set prior to the 2018 valuation process and therefore the movement is due to the two (2) years of valuations ($5.9 billion).
Proposals and deposits:	The variance relates to the unpredictable nature of deposits received for land dealings and is driven by conversion to freehold applications.
Other current liabilities:	The actual amount reflects movements in land dealings with and on behalf of other government agencies. A budget has been established based on historical data however these amounts tend to fluctuate due to the unpredictability of the activity.
Other non-current liabilities:	The variance relates to the State's entitlement and obligations ($121.3 million) in relation to commodity and electricity price hedge instruments related to renewable solar energy investment projects for which no budget was established.

SECTION 7
OTHER INFORMATION

G1 KEY MANAGEMENT PERSONNEL DISCLOSURES

Details of Key Management Personnel

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 following details for non-Ministerial key management personnel reflect those positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2018-19 and 2017-18. Further information about these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Position Responsibility
Director-General	Responsible for the efficient, effective and economic administration of the department.
Deputy Director-General, Policy	Provides strategic leadership and direction on policy matters regarding land, water, mineral and energy resources and native title.
Deputy Director-General, Natural Resources	Provides strategic leadership and direction in delivering the department's natural resource functions and services.
Deputy Director-General, Minerals and Energy Resources	Provides strategic leadership and direction to the department's minerals and energy resource functions and services.
Deputy Director-General, Energy	Provides strategic leadership and direction to the department's energy functions and responsibilities
Deputy Director-General, Water Markets and Supply	Provides strategic leadership and direction to the department's water markets and supply functions and responsibilities
Deputy Director-General, Business and Corporate Partnerships	Provides strategic leadership and direction of the department's corporate and business support functions.
Executive Director, Resources Safety and Health	Provides strategic leadership and direction to the department's resources, safety and health services.
Executive Director Communications	Provides strategic leadership and direction of the department's communication functions.
Executive Director, Office of the Director-General	Provides corporate governance advice and support.
Chief Finance Officer and Executive Director, Finance and Corporate Operations	Responsible for the efficient, effective and economic financial administration of the department.

G1 KEY MANAGEMENT PERSONNEL 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 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 2018-19, which are published as part of Queensland Treasury's Report on State Finances.

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

Remuneration expenses for key management personnel comprise the following components:

Short term employee expenses which include:

- salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied a key management personnel position;
- non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.

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 and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

G1 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Remuneration Expenses

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.

2018-19 Position	Short Term Employee Expenses		Long Term Employee	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses $'000	Non-Monetary Benefits $'000	$'000	$'000	$'000	$'000
Director-General	412	11	8	25	..	456
Deputy Director-General, Policy[1]	258	11	5	26	..	300
Deputy Director-General, Natural Resources	243	10	5	27	..	285
Deputy Director-General, Mineral and Energy Resources (1/7/2018 – 30/11/2018)	127	5	2	12	91	237
Deputy Director-General, Mineral and Energy Resources (5/11/2018 – 30/6/2019)	158	6	3	15	..	182
Deputy Director-General, Energy (2/10/2018 – 30/6/2019)	161	9	3	16	..	189
Deputy Director-General, Water Markets and Supply	238	11	5	25	..	279
Deputy Director-General, Business and Corporate Partnerships	232	8	5	21	..	266
Executive Director, Resources Safety and Health	250	8	5	26	..	289
Executive Director, Communications[2]	124	7	2	13	..	146
Executive Director, Office of the Director-General[3]	202	8	4	23	..	237
Chief Finance Officer and Executive Director, Finance and Corporate Operations	205	11	4	21	..	241

[1] The value includes the period of time this officer performed the duties of Deputy Director-General, Energy from 1/7/2018 – 7/10/2018

[2] The value is for the period 1/7/2018 – 24/2/2019. The officer was seconded to another department and did not form part of the KMP for the remainder of the financial year.

[3] The value is for the period 1/7/2018 – 15/3/2019. The officer was seconded to another department and did not form part of the KMP for the remainder of the financial year.

G1 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Remuneration Expenses (continued)

2017-18 Position	Short Term Employee Expenses		Long Term Employee	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses $'000	Non-Monetary Benefits $'000	$'000	$'000	$'000	$'000
Director-General	407	10	8	25	..	450
Deputy Director-General, Policy	259	10	5	28	..	302
Deputy Director-General, Natural Resources	251	10	5	28	..	294
Deputy Director-General, Mineral and Energy Resources	246	10	5	28	..	289
Deputy Director-General, Energy(1)	126	6	3	13	..	148
Deputy Director-General, Water Markets and Supply(1)	104	6	2	11	..	123
Deputy Director-General, Business and Corporate Partnerships	232	10	5	20	..	267
Executive Director, Resources Safety and Health	240	10	5	27	..	282
Executive Director, Communications	179	10	4	19	..	212
Executive Director, Office of the Director-General	188	10	4	21	..	223
Chief Finance Officer and Executive Director, Finance and Corporate Operations	196	10	4	21	..	231

(1) The values reflect the period from 13 December 2017 to 30 June 2018 as these positions were only part of the departments KMP following the machinery-of-Government change effective from 12 December 2017. The amount for the year up to 12 December 2017 was disclosed in the final financial statements of the abolished Department of Energy and Water Supply.

Performance Payments

No key management personnel remuneration packages provide for performance or bonus payments.

G2 RELATED PARTY TRANSACTIONS

Transactions with people/entities related to KMP
During the 2018-19 financial year there were no transactions with people/entities related to or by KMP.

Transactions with other Queensland Government-controlled entities
The department's primary ongoing sources of funding from Government for its services are appropriation revenue (Note B1-1) and equity injections (Note C8-1), both of which are provided in cash via Queensland Treasury.

As outlined in Note A3, the department participates in a corporate partnership arrangement with other Government agencies, where it is a 'host' and a 'recipient' of a number of strategic and operational corporate services.

The department also transacts with various Queensland Government agencies on a fee for service basis including:

- Department of Agriculture and Fisheries for information and communication technology services.
- Department of Justice and Attorney-General (Crown Law) for legal services/advice.
- Department of Housing and Public Works for accommodation services, building and asset services, vehicle services (Q-Fleet) and operational services (Queensland Shared Services) such as payroll management, accounts receivable, debt management, taxation and telecommunications.

The department has also had transactions with the following Entities for the provision of Grants, Community Service Obligations or transactions relating to Local Management Arrangements

- Energy Queensland (refer Note B2-3, D6 and D10)
- Sunwater (refer Note A4, B2-4, D6, and D10)

G3 FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS OR CHANGE IN POLICY

Changes in Accounting Policy – AASB 9 *Financial Instruments*

The department applied AASB 9 *Financial Instruments* for the first time in 2018-19. Comparative information for 2017-18 has not been restated and continues to be reported under AASB 139 *Financial Instruments: Recognition and Measurement.* The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

Classification and measurement

Under AASB 9, debt instruments are categorised into one of three measurement bases – amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPTL). The classification is based on two criteria:

- whether the financial asset's contractual cash flows represent 'solely payments of principal and interest', and
- the department's business model for managing the assets.

The department's debt instruments comprise of receivables disclosed in Note C2. They were classified as Receivables as at 30 June 2018 (under AASB 139) and were measured at amortised cost. These receivables are held for collection of contractual cash flows that are solely payments of principal and interest. As such, they continue to be measured at amortised cost beginning 1 July 2018.

		AASB 9 measurement category (Balances at 1 July 2018)		
AASB 139 measurement category	**Balances at 30 June 2018 $'000**	**Amortised cost $'000**	**Fair value through OCI $'000**	**Fair value through profit or loss $'000**
Trade and other receivables* (Controlled)	785	780	..	..
Trade and other receivables* (Administered)	15,852	16,165	..	..
Commodity and electricity derivative instrument	121,709	..	..	121,709

* The change in carrying amount is due to additional impairment allowance – see discussion on impairment notice

Impairment

AASB 9 requires the loss allowance to be measured using a forward-looking expected credit loss approach, replacing AASB 139's incurred loss approach. AASB 9 also requires a loss allowance to be recognised for all debt instruments other than those held at fair value through profit or loss.

On adoption of AASB 9's new impairment model, the department recognised reduced impairment losses of $0.005 million on its Controlled trade receivables. This resulted in an increase in opening accumulated surplus of $0.005 million. The department recognised additional administered impairment losses of $0.313 million on its trade receivables. This resulted in a decrease in opening accumulated surplus of $0.313 million.

G3 FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS OR CHANGE IN POLICY (continued)

Below is a reconciliation of the ending impairment allowance under AASB 139 to the opening loss allowance under AASB 9.

AASB 139 measurement category	AASB 9 measurement category	Impairment allowance 30 June 2018 $'000	Re-measurement $'000	Loss allowance 1 July 2018 $'000
Trade and other receivables* (Controlled)	Amortised cost	785	(5)	780
Trade and other receivables* (Administered)	Amortised cost	15,852	313	16,165

Accounting Standards Early Adopted

No Australian Accounting Standards have been early adopted for 2018-19.

Accounting Standards Applied for the First Time

Other than AASB 9 *Financial Instruments*, which is detailed above, no accounting standards that apply to the department for the first time in 2018-19 have any material impact on the financial statements.

G4 TAXATION

The department is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the department. GST credits receivable from, and GST payable to the ATO are recognised – refer to Note C2.

MANAGEMENT CERTIFICATE

These general purpose financial statements have been prepared pursuant to section 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 of Natural Resources, Mines and Energy for the financial year ended 30 June 2019 and of the financial position of the department at the end of that year; and

The Director-General, as the Accountable Officer of the Department, acknowledges responsibility under s.8 and s.15 of the *Financial and Performance Management Standard 2009* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.

K Platt

KATRINA PLATT, CPA
Chief Finance Officer

Date: 12/8/19

JAMES PURTILL
Director-General

Date: 12/8/19

Queensland Audit Office
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INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of Department of Natural Resources, Mines and Energy

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Department of Natural Resources, Mines and Energy.

In my opinion, the financial report:

a) gives a true and fair view of the department's financial position as at 30 June 2019, 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 statements of financial position and statements of assets and liabilities by major departmental service as at 30 June 2019, the statements of comprehensive income, statements of changes in equity, statement of cash flows and statements of comprehensive income by major departmental service for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

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

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

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

Key audit matters

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

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Valuation of administered property, plant and equipment

Refer to note D9-1 and D9-2 in the financial statements.

Land under roads $61.848 billion

Key audit matter	How my audit addressed the key audit matter
Management has estimated the fair value of the department's Land under roads (LUR) to be $61,848,079 as at 30 June 2019. The fair value measurement is based on a market approach (englobo valuation) to arrive at fair value. The market approach references the observable statutory values for freehold and leasehold land in each local government area, dividing that aggregate statutory value by the corresponding land area and applying the average rate to the total area of LUR. Significant judgement was required in relation to: • The englobo valuation methodology • The valuation of freehold and leasehold land in each local government area • The calculation to apply the land value to LUR.	My procedures included, but were not limited to: • Assessing and obtaining an understanding of the englobo valuation methodology. • Assessing the competence, capability and objectivity of the internal valuers. • Testing management's controls over the Automated Title System (ATS) and Queensland Valuation and Sales (QVAS) database. • Checking, on a sample basis, the accuracy and relevance of input data used for the opening balances of LUR, both area and rate, including reconciling input data to supporting evidence such as the land area report from the Digital Cadastral Database at a local government and total state level. • Verifying a sample of material LUR movements to supporting information in ATS LUR movements including obtaining confirmation from Department of Transport and Main Roads to evidence equity transfers. • Verifying the mathematical accuracy of the LUR calculation.

Reserves and unallocated state land $8.825 billion

Key audit matter	How my audit addressed the key audit matter

Management has estimated the fair value of the department's Reserves and unallocated state land to be $8,824,735 as at 30 June 2019. Each parcel of reserved land and unallocated state land is valued using a direct comparison approach (i.e. a market valuation approach).
The valuations are dependent on certain key assumptions that require significant management judgement including the following in respect of:
• Unit of account: each parcel of reserved land and unallocated state land identified regardless of location.
• Valuation technique: the fair value categorisation used
    • recent property sales in the general location of the land
    • extrapolation and professional judgement in determining fair value for each parcel of land taking into consideration any restriction on use that may exist.
	My procedures included, but were not limited to:
	• Obtaining an understanding of the methodology used and ensuring consistent application thereof.
	• Assessing the competence, capability and objectivity of the internal valuers.
	• Testing management's controls over the Land Asset Management System (LAMS).
	• Tracing valuations from QVAS to the values held in LAMS.
	• Checking, on a sample basis, the accuracy and relevance of the input data used, including reconciling input data to supporting evidence such as reports provided by the valuers.
	• Comparing values to the valuation movements of rateable properties with similar characteristics and which were valued as part of the annual statutory valuation program.

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Leasehold land $1.409 billion

Key audit matter	How my audit addressed the key audit matter
Management has estimated the fair value of the department's Leasehold land to be $1,408,546 as at 30 June 2019. The valuation is an income approach with fair value measurement based on an estimation of future cash flows discounted to a present value. The underlying basis of rental calculation for leasehold land is the unimproved value of land that is similar in area, location, topography and use and determined from the Queensland property market. The valuations are dependent on certain key assumptions that require significant management judgement including the following in respect of: • Unit of account: each individual parcel of land identified regardless of location. • Highest and best use: leases are renewed for identical purposes and current use reflects its highest and best use. • Annual payment rental rates: dependant on type and circumstance of lease (specific or % of unimproved values). • Valuation technique: the fair value categorisation. • Unimproved value (UV) for a specific parcel of land. • Lease term and residual percentage. • Discount rate reflecting a market-based cost of capital applicable to the land category.	My procedures included, but were not limited to: • Obtaining an understanding of the discounted cash flow model, and assessing its design, integrity and appropriateness with reference to common industry practices. • Assessing the competence, capability and objectivity of the internal valuers. • Checking, on a sample basis, the accuracy and relevance of the input data used (annual payment rates, UV), including reconciling input data to supporting evidence such as approved regulated rates (*Land Act 1994*) and valuation QVAS database maintained by the State Valuation Service. • Evaluating whether the discount rate applied was within a reasonable range, with reference to market data and industry research. • Challenging the reasonableness of key assumptions based on our knowledge of the entity and industry. • Verifying the mathematical accuracy of the net present value calculations.

Classification and valuation of administered commodity and electricity derivative financial instruments at fair value $0.121 billion

Refer to note D12 in the financial statements

Key audit matter	How my audit addressed the key audit matter
Management has estimated the fair value of the department's commodity and electricity derivative financial instruments to be $121,260,000 as at 30 June 2019. The derivative financial instruments are valued using complex models, with the following key inputs involving significant judgement due to an absence of observable market data: • Forecast commodity and electricity prices • Physical generation variables • Market loss factors • Energy policy considerations.	My procedures included, but were not limited to: • Obtaining an understanding of the valuation models, and assessing their design, integrity and appropriateness with reference to common industry practices. • Challenging management assumptions used in the valuation and assessing the reasonableness of the key inputs by comparison to independently sourced external market data, market conditions at year end, and the energy policy environment. • Assessing the competence, capability and objectivity of the external experts management used in estimating forecast commodity and electricity prices, and physical generation variables.

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Key audit matter	How my audit addressed the key audit matter
	• For a sample of derivatives, testing the reasonableness of the valuation calculations by agreeing key terms to supporting documents (including contracts) and recalculating the fair values for comparison to those calculated by management based on our understanding of generally accepted derivative valuation practices • Evaluating the appropriateness of 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.

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- 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.

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2019:

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.

15 August 2019

Damon Olive
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

APPENDIX 1: LEGISLATION ADMINISTERED BY DNRME

A

Aboriginal and Torres Strait Islander Land Holding Act 2013

Aboriginal Land Act 1991 (except to the extent administered by the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships; and the Attorney-General and Minister for Justice)

Acquisition of Land Act 1967

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

Allan and Stark Burnett Lane Subway Authorisation Act 1926

B

Building Units and Group Titles Act 1980 (except to the extent administered by the Attorney-General and Minister for Justice; sections 5, 5A, 119, 133 and 134 jointly administered with the Attorney-General and Minister for Justice)

C

Cape York Peninsula Heritage Act 2007 (except to the extent administered by the Minister for Environment and the Great Barrier Reef, Minister for Science and Minister for the Arts)

Central Queensland Coal Associates Agreement (Amendment) Act 1986 (to the extent that it is relevant to mining or resource management matters)

Central Queensland Coal Associates Agreement Act 1968 (except to the extent administered by the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships); (Sch pt III) (Sch 1 pt III – to the extent that it is relevant to mining or resource management matters)

Central Queensland Coal Associates Agreement Amendment Act 1989 (to the extent that it is relevant to mining or resource management matters)

Central Queensland Coal Associates Agreement and Queensland Coal Trust Act 1984 (to the extent that it is relevant to mining or resource management matters)

Century Zinc Project Act 1997 (except to the extent administered by the Minister for State Development, Manufacturing, Infrastructure and Planning; and the Minister for Transport and Main Roads)

Coal Mining Safety and Health Act 1999

Commonwealth Aluminium Corporation Pty. Limited Agreement Act 1957 (except to the extent administered by the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships)

E

Electricity Act 1994

Electricity-National Scheme (Queensland) Act 1997

Electronic Conveyancing National Law (Queensland) Act 2013

Energy and Water Ombudsman Act 2006

Explosives Act 1999

F

Foreign Governments (Titles to Land) Act 1948

Foreign Ownership of Land Register Act 1988

Fossicking Act 1994 (except to the extent administered by the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships)

G

Gas Supply Act 2003

Geothermal Energy Act 2010 (except to the extent administered by the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships)

Gladstone Power Station Agreement Act 1993

Greenhouse Gas Storage Act 2009

I

Ipswich Trades Hall Act 1986

L

Lake Eyre Basin Agreement Act 2001 (except to the extent administered by the Minister for Environment and the Great Barrier Reef, Minister for Science and Minister for the Arts)

Land Access Ombudsman Act 2017

Land Act 1994 (except to the extent administered by the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships; and the Minister for Transport and Main Roads to the extent it is relevant to the Pentland Biofuels Project of Renewable Developments Australia Pty Ltd in the plan area of the Water Plan (Burdekin Basin) 2007)

Land Title Act 1994

Land Valuation Act 2010

Liquid Fuel Supply Act 1984

M

Mineral and Energy Resources (Common Provisions) Act 2014

Mineral Resources Act 1989 (except to the extent administered by the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships)

Mining and Quarrying Safety and Health Act 1999

Mount Isa Mines Limited Agreement Act 1985 (except to the extent administered by the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships)

N

National Energy Retail Law (Queensland) Act 2014

National Gas (Queensland) Act 2008

Native Title (Queensland) Act 1993

New South Wales Queensland Border Rivers Act 1946

Nuclear Facilities Prohibition Act 2007

O

Offshore Minerals Act 1998 (except to the extent administered by the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships)

P

Petroleum (Submerged Lands) Act 1982 (except to the extent administered by the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships)

Petroleum Act 1923 (except to the extent administered by the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships)

Petroleum and Gas (Production and Safety) Act 2004 (except to the extent administered by the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships)

Place Names Act 1994

Q

Queensland Nickel Agreement Act 1970 (Sch pts II-III (except to the extent administered by the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships), VI and VII) (to the extent that it is relevant to mining or resource management matters)

Queensland Nickel Agreement Act 1988 (to the extent that it is relevant to mining or resource management matters)

R

Registration of Plans (H.S.P. (Nominees) Pty. Limited) Enabling Act 1980

Registration of Plans (Stage 2) (H.S.P. (Nominees) Pty. Limited) Enabling Act 1984

River Improvement Trust Act 1940

S

Soil Conservation Act 1986

Soil Survey Act 1929

South East Queensland Water (Restructuring) Act 2007 (in so far as the Minister is a jointly Responsible Minister for the purpose of Chapter 2 of this Act)

South-East Queensland Water (Distribution and Retail Restructuring) Act 2009

Starcke Pastoral Holdings Acquisition Act 1994

Stock Route Management Act 2002

Survey and Mapping Infrastructure Act 2003

Surveyors Act 2003

T

Thiess Peabody Coal Pty. Ltd. Agreement Act 1962 (except to the extent administered by the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships)

Thiess Peabody Mitsui Coal Pty. Ltd. Agreements Act 1965 (except to the extent administered by the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships; and the Minister for Transport and Main Roads)

Torres Strait Islander Land Act 1991 (except to the extent administered by the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships; and the Attorney-General and Minister for Justice)

V

Valuers Registration Act 1992

Vegetation Management Act 1999

W

Water (Commonwealth Powers) Act 2008

Water Act 2000 (except to the extent administered jointly with the Minister for Environment and the Great Barrier Reef, Minister for Science and Minister for the Arts; and the Minister for Transport and Main Roads to the extent it is relevant to the Water Plan (Burdekin Basin) 2007). Chapter 1A, Chapter 2A, Chapter 4 (to the extent that it is relevant to Category 1 Water Authorities), Chapter 9 Part 2 and, to the extent relevant to all these parts, Chapters 5, 6 and 7). Chapter 8, s. 999 and Part 4A. Chapter 8, Part 5 (jointly administered with the Minister for Environment and the Great Barrier Reef, Minister for Science and Minister for the Arts)

Water Efficiency Labelling and Standards (Queensland) Act 2005

Water Supply (Safety and Reliability) Act 2008

Y

Yeppoon Hospital Site Acquisition Act 2006

APPENDIX 2: PERFORMANCE STATEMENT

NATURAL RESOURCE MANAGEMENT SERVICES

The objective of this service area is the sustainable management of Queensland's land and water resources, oversight of water service providers and water infrastructure owners, and the provision of accurate, timely knowledge of the department's property and spatial information resources.

This service area administers land, the vegetation management framework and water management policy and planning frameworks including issuing licences, permits, leases and other dealings; resolving native title claims; allocating unallocated state land and water; managing unallocated state land; promoting water trading through market mechanisms; administering the Titles Registry; issuing land valuations; and maintaining Queensland's spatial data. The department also establishes the policy framework which administers drinking water safety, urban water service provision, safety of referable dams, governance of government owned water entities, pricing of water for irrigation and urban bulk water in South East Queensland, water security (including infrastructure) planning, and administers non-commercial dams and weirs.

This service area includes two material services:

- sustainable management of Queensland's land and water resources services
- accurate, timely knowledge of property and spatial information resources services.

Table 1: Natural Resource Management Services (estimates and actuals for 2018–19)

DEPARTMENT OF NATURAL RESOURCES, MINES AND ENERGY	NOTES	2018–19 TARGET/ ESTIMATE	2018–19 ACTUAL
SERVICE AREA: Natural Resource Management Services			
SERVICE: Sustainable management of Queensland's land and water resources services			
SERVICE STANDARDS **Effectiveness measure**			
Percentage of native title claims resolved by agreement between the parties		>50%	100%
Reliability of the state's water monitoring networks		90%	93%
Compliance with drinking water regulatory requirements:			
– percentage of the state's drinking water service providers compliant with drinking water regulatory requirements		90%	96%
– percentage of non-compliant providers brought back into compliance	1	90%	80%
Efficiency measures Average cost per valuation	2	<$20	$12.25
Average cost per participant of support provided to implement and deliver workshops and visits to Water Supply Providers		<$400	$287
SERVICE: Accurate, timely knowledge of property and spatial information resources services			
Accuracy of title dealings registered		99.5%	99.8%
Average percentage adjustment to annual statutory land valuations that are objected to		≤15%	4%
Efficiency measure Average cost per online spatial services accessed	3	Baseline cost reducing by at least 4% year on year	$0.02

Notes

1. This measures the actions taken by the Regulator to bring service providers back into compliance. Actions that can be taken range from engagement initiatives, such as emails, phone calls and visits, to prosecution. This only measures whether or not a service provider responded to the actions within the given timeframe. To comply or not is ultimately the Service Provider's decision.
2. The average cost per valuation measured only in Quarter 4.
3. The target for 2018-19 was to improve by 4% on the baseline cost of $0.10 (i.e. average cost to be less than $0.096). This target was exceeded. The user demand for online spatial services grew at a level much higher than expected therefore lowering the cost per individual access.

MINERALS AND ENERGY RESOURCES SERVICES

The objective of this service area is to ensure the responsible use of our minerals and energy resources.

This service area provides geoscientific and resource information to enable a series of resource functions to be undertaken, including:

- acquiring geoscience information
- administering permits for mining, petroleum, gas, geothermal and carbon sequestration and storage activities
- managing baseline data and monitoring data to predict the groundwater impacts associated with coal seam gas extraction
- coordinating and progressing complaints relating to the on-ground impacts of resource development
- overseeing the safety and health of workers in Queensland's mining, explosives and petroleum and gas industries and communities affected by mining, explosives, petroleum and gas
- licensing the use of explosives and gas
- identifying critical resources requiring protection for future use.

This service area does not include any material services.

Table 2: Minerals and Energy Resources Services (estimates and actuals for 2018–19)

DEPARTMENT OF NATURAL RESOURCES, MINES AND ENERGY	NOTES	2018–19 TARGET/ ESTIMATE	2018–19 ACTUAL
SERVICE AREA: Minerals and Energy Resources Services			
Effectiveness measure Lost time injury frequency rate (injuries per million hours) in the mining and quarrying industries	1	<3.1	3.1
Efficiency measure Average cost per mine safety licence issued ($/Licence)	2	2.5% improvement per annum	4.6%
Average cost of all tenure processing transaction		≤$2,200	$1,180

Notes

1. LTIFR is a measure of the mining and quarrying industry lost time injury frequency rate which fluctuates with the number of reported incidents resulting in fatality, permanent disability or time lost from work.
2. The baseline target for 2018–19 is to keep the average cost per mine safety licence issued at least 2.5% below $481.84. The average cost per mine safety licence issued in 2018–19 was $459.82 or 4.6% below the baseline target.

ENERGY SERVICES

The objective of this service area is to ensure Queensland's energy sector is efficient, equitable and sustainable.

The core functions of Energy Services are to:

- undertake policy and economic analysis, and provide advice to the Minister for Natural Resources, Mines and Energy on matters related to energy policy at the state and national level
- deliver simple and effective regulation to support the efficient and secure operation of the energy sector, while meeting the needs of the community and maximising the value and productivity of the government's own operations
- enhance customer value for Queenslanders by acting to ensure they have access to reliable and cost-effective energy and provide a framework for consumer protection
- facilitate economic growth and innovation by helping to unlock the state's renewable energy potential to create new industries and new jobs while driving broader productivity improvements across the energy sector to underpin Queensland's economic growth.

This service area does not include any material services.

Table 3: Energy Services (estimates and actuals for 2018–19)

DEPARTMENT OF NATURAL RESOURCES, MINES AND ENERGY	NOTES	2018–19 TARGET/ ESTIMATE	2018–19 ACTUAL
SERVICE AREA: Energy Services			
Effectiveness measure Average time of energy (electricity and gas) licensing assessments:			
– per low-level assessment within 2 months		90%	100%
– per high-level assessment within 4 months		90%	100%
Efficiency measure Cost per biofuels exemption application assessed		<$4,680	$3,470

STRATEGIC PLAN KEY PERFORMANCE INDICATORS

	NOTES	2018–19 TARGET	2018–19 ACTUAL
STRATEGIC OBJECTIVE 1: MANAGE QUEENSLAND'S LAND, WATER, MINERAL AND ENERGY RESOURCES TO OPTIMISE SUSTAINABLE DEVELOPMENT OUTCOMES			
PERFORMANCE INDICATOR: Deliver the government's portfolio commitments			
All of the government commitments DNRME is responsible for delivering	1	100%	55%
PERFORMANCE INDICATOR: Increased private investment in natural resources for economic development			
Investment in mining related capital expenditure and exploration		Improvement in 3 year rolling average to 2020–21	On track. Investment in mining related capital expenditure increased by approx. $1.1 billion from 2018 to 2019 (March year to date) Mineral and petroleum exploration expenditure increased by approx. $66 million from 2018 to 2019 (March year to date)
PERFORMANCE INDICATOR: Deliver our contribution to a healthier Great Barrier Reef			
Improve water quality		By 2025, contribute to a 25% reduction in anthropogenic end-of-catchment loads of sediment and contribute to a 60% reduction in anthropogenic end-of-catchment dissolved inorganic nitrogen loads	On track. Finalised Cape York Water Plan which sets objectives for maintaining 97.5% of end of system flows The plan also sets outcomes for meeting water quality objectives under the EPP Water 2009 for water that flows into the Great Barrier Reef and Gulf of Carpentaria
PERFORMANCE INDICATOR: Deliver our contribution to Queensland's climate change response and adaptation strategy			
Reduce Queensland's contribution to climate change		30% reduction in net greenhouse gas emissions by 2030	On track. Amendment to Water Act requires consideration of climate change in preparing future water plans. 11 Ministers Reports on water plans completed in the last 12 months considered climate change
Renewable energy as a percentage of total energy consumed in Queensland		9.9%	10.5%
PERFORMANCE INDICATOR: Maintain and improve mining, petroleum and explosives industry safety			
Serious accident frequency rate, per million hours worked		Continuous improvement from the baseline 1.1 for 2018-19	0.92
PERFORMANCE INDICATOR: Maintain target percentage of native title claims resolved by consent			
Percentage of native title claims resolved by agreement between the parties		>50%	100%

Notes

1. The target for this measure is for each reporting period (annually). Commitments not delivered within the original forecast delivery timeframe were predominately delayed due to factors external to the department, while others were because the delivery dates were extended to enable further work to be undertaken.

	NOTES	2018–19 TARGET	2018–19 ACTUAL
STRATEGIC OBJECTIVE 2: DELIVER SAFE, SECURE, AFFORDABLE AND SUSTAINABLE ENERGY AND WATER RESOURCES			
PERFORMANCE INDICATOR: Maintain the integrity of Queensland's power and water supplies			
Average time of energy (electricity and gas) licensing assessments		90% within 4 months	100%
Percentage of the state's drinking water service providers compliant with drinking water regulatory requirements		90%	96%
PERFORMANCE INDICATOR: Maintain downward pressure on energy prices, especially for those most vulnerable			
Reduction in energy spend as a percentage of household disposable income		a) Low income household with concession – energy spend is 6.7% in 2017–18 of disposable income calculated on median market offer bill.	On track. Based on QCA's analysis of average market offers in SEQ stable in 2018-19 (quarterly reports).
		b) Middle income household – energy spend is 2.6% in 2017–18 calculated on median market offer bill.	Regional prices in 2018–19 and 2019-20 are lower than 2017–18.

	NOTES	2018–19 TARGET	2018–19 ACTUAL
STRATEGIC OBJECTIVE 3: ENGAGE THE COMBINED EXPERTISE OF TRADITIONAL OWNERS, COMMUNITY, INDUSTRY AND GOVERNMENT TO OPTIMISE THE MANAGEMENT AND USE OF OUR NATURAL RESOURCES			
PERFORMANCE INDICATOR: Increased community and stakeholder participation in engagement activities			
Notification of directly impacted stakeholders prior to the release of new areas for resource exploration or production by competitive tender		90%	98%

	NOTES	2018–19 TARGET	2018–19 ACTUAL
STRATEGIC OBJECTIVE 4: BUILD A CONTEMPORARY WORKFORCE THAT DEMONSTRATES HIGH LEVELS OF EXPERTISE, INNOVATION, COLLABORATION AND LEADERSHIP TO IMPROVE SERVICE QUALITY AND RESPONSIVENESS TO CUSTOMERS AND COMMUNITIES			
PERFORMANCE INDICATOR: Increased staff engagement			
Improvements in staff engagement results of annual Working for Queensland survey	1	Improvement year-on-year	57%

Notes

1. The baseline for the 2018-19 target is 57%. This is the result of the survey conducted in 2018 (covering the 2018-19 period). The next survey is in September 2019. This will cover the 2019-20 period. There is no comparable data for the staff engagement measure from 2017-18 as the previous measure refers to the former DEWS and DNRM. It is not possible to map aggregated results of the two departments to form a single figure that is comparable to current DNRME result.

APPENDIX 3: REPORT OF THE REGULATOR'S ACTIVITIES UNDER THE *WATER SUPPLY (SAFETY AND RELIABILITY) ACT 2008*

Under the *Water Supply (Safety and Reliability) Act 2008* (the Act), the chief executive of the department, as the regulator, is responsible for a number of duties—including preparing an annual report. Other functions include maintaining a register of service providers and monitoring compliance.

The department is responsible for the regulation of drinking and recycled water providers in Queensland. Regulated activities include reporting related to drinking water quality and recycled water, and performance reporting by the service providers. Water Supply Regulation within Operations Support is the unit responsible for managing the department's water quality and performance regulation responsibilities. Throughout this appendix, 'the regulator' means 'Water Supply Regulation'.

Voluntary compliance is encouraged and supported by the regulator through the provision of information and advice. However, enforcement activities may be required from time to time when service providers do not meet their obligations under the Act.

This summary is the regulator's report for the period 1 July 2018 to 30 June 2019.

SERVICE PROVIDER REGISTRATIONS

Under the Act, an entity that supplies water and/or sewerage services must apply for registration.

Currently there are 182 service providers registered in Queensland, 84 of which are drinking water service providers. These 84 service providers are responsible for the operation of their drinking water schemes, for which data is provided annually to the regulator.

DRINKING WATER QUALITY

Drinking water service providers are local councils or other businesses that charge a fee for treating, transmitting or reticulating water for drinking purposes.

Each provider is required to develop and have a Drinking Water Quality Management Plan (DWQMP) in place within 12 months of registering. All DWQMPs are submitted to the regulator for assessment and approval. There are regulatory processes in place that allow the regulator to ensure that DWQMPs meet the required criteria before approval is granted. Once approved, a DWQMP must be complied with and regularly reviewed, audited and amended to ensure the plan remains current and accurate. Amended DWQMPs must be re-approved by the regulator.

Currently there are 83 service providers registered in Queensland with an approved DWQMP. One newly registered service provider is operating under transitional arrangements. During 2018–19, the regulator assessed 57 amendments to plans.

In accordance with their approved DWQMP, all registered drinking water service providers are required to:

- monitor their drinking water quality
- report drinking water quality incidents to the regulator.

DRINKING WATER QUALITY INCIDENTS

Drinking water service providers need to specify in their DWQMPs how they manage public health risks associated with their drinking water supply, and monitor an appropriate range of water quality parameters. These parameters are specific for each water supply and may differ from one provider to the next. Accordingly, water samples are taken regularly at nominated locations and tested for these specific parameters.

The regulator uses the health guideline values set under the Australian Drinking Water Guidelines as water quality standards, and any exceedance of these standards must be reported to the regulator as 'incidents'. Some types of events that have the potential to impact on water quality, and which cannot be managed using the providers' existing preventive measures, must also be reported to the regulator. The regulator works closely with Queensland Health to monitor how the service provider manages the incidents that could potentially pose a risk to public health.

There have been 2,264 drinking water quality incidents reported to the regulator since January 2009. Of these, 156 were reported in the 2018–19 financial year, with:

- 19 'non-reportable' (incidents that, when investigated, did not fit within the definition of an incident that is required to be reported)
- 35 relating to detections of *Escherichia coli*
- 3 relating to detections of *Cryptosporidium* and *Giardia*
- 41 relating to various chemical parameters exceeding a health guideline value
- 46 events (incidents that have the potential to impact on water quality and cannot be managed using the providers' existing preventive measures)
- 12 relating to parameters with no water quality criteria (detections of parameters without health guideline values must be reported if they cannot be managed under the approved plan and public health may be impacted).

PERFORMANCE REPORTING

Relevant drinking and sewerage service providers are required to report annually on key performance indicators.

All 76 service providers required to provide a performance report to the regulator met their reporting timeframes. The accuracy of the data being reported has improved and the department has further refined and improved the key performance indicators that must be reported against.

The data provided by service providers is checked for accuracy, collated and made available by the department on the Queensland Government's open data website www.data.qld.gov.au.

PUBLISHING REQUIREMENTS

Registered water service providers are required to prepare and publish a number of documents and reports relevant to the water and sewerage services they provide for their customers. Electronic online publication of these documents offers transparency and confidence to customers, including a means to access and download the information free of charge.

The list of relevant documents, which the majority of service providers must publish online, includes:

- customer service standards for water and sewerage
- drinking water quality management plan (annual) reports
- performance reports
- recycled water management plan annual reports
- any guidelines for preparing a water efficiency management plan
- any water and/or sewerage service area maps.

Publishing requirements are monitored by the regulator and an audit of water service provider websites was conducted in March and April 2019. Of these, 83% had published customer service standards, 80% had published drinking water quality management plan (annual) reports, 82% had published their performance reports and eight recycled water management plan annual reports were identified to be published electronically on relevant water service provider websites.

RECYCLED WATER

All recycled water schemes need to be registered; however, only certain types of schemes need to have an approved Recycled Water Management Plan (RWMP). Of the 170 registered schemes, six have an approved RWMP—including one scheme that had their RWMP suspended (not currently supplying recycled water). During 2018–19, the regulator assessed one amendment.

A RWMP addresses potential hazards, assesses level of risk and identifies how risks will be managed.

Approved RWMP holders are required to keep their plans and procedures current through audits and review processes. The regulator also works closely with Queensland Health to ensure that providers appropriately manage recycled water incidents and protect public health. In 2018–19, no incidents were reported.

COMPLIANCE REPORTING

Since the 2014 legislative amendment requiring performance reporting for sewerage and water service providers, the department has successfully implemented several support and educative programs. The aim of these programs is to provide assistance, support and, in some cases, resources to help reduce the regulatory burden on service providers.

The department's compliance approach is targeted, transparent and effective, and continues to foster early engagement with providers with the aim of seeking voluntary compliance. However, if this is not effective, the department will use regulatory tools to achieve compliance. The table below shows the 2018–19 compliance monitoring targets.

Table 1: Compliance monitoring targets 2018–19

ACTIVITY	TARGET	2018–19 RESULT
KEY COMPLIANCE FOCUS: Set Standards		
OBJECTIVE: To ensure legislation remains appropriate and support tools are current		
Review of drinking water quality guidelines	Finalise the DWQMP Audit and Review Guideline, DWQMP Report Guidance Note and Template and DWQMP Implementation Tool by June 2019	Target met
	Communication Plan to educate the guideline changes to regulated entities by 30 June 2019	Target met
Health Based Targets Project	Health Based Target pilot assessments commenced by March 2019	Target met

APPENDIX 4: COMPLIANCE CHECKLIST

SUMMARY OF REQUIREMENT		BASIS FOR REQUIREMENT	ANNUAL REPORT REFERENCE
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs—section 7	1
Accessibility	Table of contents	ARRs—section 9.1	iii-iv
	Glossary		129
	Public availability	ARRs—section 9.2	ii
	Interpreter service statement	*Queensland Government Language Services Policy* ARRs—section 9.3	ii
	Copyright notice	*Copyright Act 1968* ARRs—section 9.4	ii
	Information licensing	QGEA—Information Licensing ARRs—section 9.5	ii
General information	Introductory information	ARRs—10.1	3
	Machinery-of-government changes	ARRs—section 10.2, 31 and 32	(not applicable)
	Agency role and main functions	ARRs—section 10.2	3
	Operating environment	ARRs—section 10.3	4
Non-financial performance	Government's objectives for the community	ARRs—section 11.1	4
	Other whole-of-government plans / specific initiatives	ARRs—section 11.2	5-22
	Agency objectives and performance indicators	ARRs—section 11.3	5-22
	Agency service areas and service standards	ARRs—section 11.4	118-123
Financial performance	Summary of financial performance	ARRs—section 12.1	24-27
Governance – management and structure	Organisational structure	ARRs—section 13.1	28-29
	Executive management	ARRs—section 13.2	32-34
	Government bodies (statutory bodies and other entities)	ARRs—section 13.3	35
	Public Sector Ethics Act 1994	*Public Sector Ethics Act 1994* ARRs—section 13.4	35
	Queensland public service values	ARRs—section 13.5	36

SUMMARY OF REQUIREMENT		BASIS FOR REQUIREMENT	ANNUAL REPORT REFERENCE
Governance – risk management and accountability	Risk management	ARRs—section 14.1	38
	Audit committee	ARRs—section 14.2	39
	Internal audit	ARRs—section 14.3	40
	External scrutiny	ARRs—section 14.4	40-41
	Information systems and recordkeeping	ARRs—section 14.5	42
Governance – human resources	Strategic workforce planning and performance	ARRs—section 15.1	43-45
	Early retirement, redundancy and retrenchment	Directive No 04/18 Early Retirement, Redundancy and Retrenchment ARRs—section 15.2	45
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ARRs Annual Report Requirements for Queensland Government Agencies
FAA *Financial Accountability Act 2009*
FPMS Financial and Performance Management Standard 2019

GLOSSARY

ADVCC	accepted development vegetation clearing code
ARRs	Annual Report Requirements for Queensland Government Agencies
CAA	Corporate Administration Agency
CEI	Collaborative Exploration Initiative
CWP	coal workers' pneumoconiosis
DCDB	Digital Cadastral Database
DMRM	Department of Natural Resources and Mines
DNRME	Department of Natural Resources, Mines and Energy
DSR	Dam Safety Regulation
DWQMP	Drinking Water Quality Management Plan
EAP	Employee Assistance Program
FAA	*Financial Accountability Act 2009*
FPMS	*Financial and Performance Management Standard 2019*
GSQ	Geological Survey of Queensland
GST	goods and services tax
IAS	Internal Audit Service
ICT	information and communications technology
ILO	International Labour Organisation
LGAQ	Local Government Association of Queensland
LGBTIQ+	lesbian, gay, bisexual, transgender, intersex and queer
MERECU	Minerals and Energy Resources Engagement and Compliance Unit
NWIDF	National Water Infrastructure Development Fund
QAO	Queensland Audit Office
QEP	Queensland Exploration Program
QMERG	Queensland Mines and Energy Resource Globe
QWRAP	Queensland Water Regional Alliance Program
QYAC	Quandamooka Yoolooburrabee Aboriginal Corporation
RWMP	Recycled Water Management Plan
Simtars	Safety in Mines Testing and Research Station
SEQ	South East Queensland
SMI	Sustainable Minerals Institute
SREP	Strategic Resources Exploration Program
TARP	trigger action response plan

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