

ANNUAL REPORT 2021–2022



Communication objective

This annual report provides information about the Department of Energy and Public Works' financial and non-financial performance for 2021–22. It has been prepared in accordance with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019* and the annual report requirements for Queensland Government agencies.

The report records the significant achievements against the strategies detailed in the department's *Strategic Plan 2021–25* and the *2021–22 Service Delivery Statements*.

The Queensland Government is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty understanding the annual report, you can contact us on 13 QGOV (13 74 68) and we will arrange an interpreter to communicate the report to you.



www.qld.gov.au/languages

Department of Energy and Public Works Annual Report 2021–22

© The State of Queensland (Department of Energy and Public Works) 2022.

Published by the Queensland Government, September 2022, 1 William Street, Brisbane Qld 4000.

Licence



This annual report is licensed by the State of Queensland (Department of Energy and Public Works) under a Creative Commons Attribution (CC BY) 4.0 International licence.

CC BY licence summary statement:

In essence, you are free to copy, communicate and adapt this annual report, as long as you attribute the work to the State of Queensland (Department of Energy and Public Works).

To view a copy of this licence, visit: www.creativecommons.org/licenses/by/4.0/

Attribution

Content from this annual report should be attributed as:

The State of Queensland (Department of Energy and Public Works) Annual Report 2021–22.

Further copies of this report are available at www.epw.qld.gov.au/aboutus/ReportsPublications/AnnualReports/Pages/default.aspx or by contacting Governance, Department of Energy and Public Works on 13 QGOV (13 74 68).

If you have trouble viewing or printing this document, contact us and we will supply it in an alternative format, such as hardcopy or portable storage device.

Email: EPWGovernance@epw.qld.gov.au

ISSN 2653-2247

Online open data reporting

Content for the following annual reporting requirements can also be accessed on the department's website www.epw.qld.gov.au and the Queensland Government data website at www.data.qld.gov.au/:

- consultancies
- overseas travel
- Queensland Language Services Policy.



Contents

Letter of compliance	4
Message from the Director-General	5
About us	7
Our contribution	11
Our strategic objectives	15
Service Delivery Statements – Performance	29
Our people	33
Our governance	39
Appendices	48
Appendix 1: Statutory bodies	48
Appendix 2: Government bodies	49
Appendix 3: Glossary of terms.....	52
Appendix 4: Compliance checklist.....	53
Financial statements 2021–2022	55



Letter of compliance



Queensland
Government

Department of
Energy and Public Works

12 September 2022

The Honourable Mick de Brenni MP
Minister for Energy, Renewables and Hydrogen
Minister for Public Works and Procurement
1 William Street
BRISBANE QLD 4000

Dear Minister

I am pleased to submit for presentation to the Parliament, the Annual Report 2021–22 and financial statements for the Department of Energy and Public Works.

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
- the detailed requirements set out in the Annual Report Requirements for Queensland Government Agencies.

A checklist outlining the annual reporting requirements can be found at page 53 of this annual report.

Yours sincerely

Paul Martyn PSM
Director-General

1 William Street
Brisbane Queensland
GPO Box 2457 Brisbane
Queensland 4001 Australia
Telephone +617 3008 2934
Website www.epw.qld.gov.au



Message from the Director-General

2022 marks the 160th anniversary of the formation of our Department. Throughout our history, during good times and bad, we have made an incredible contribution to Queensland—creating places and spaces that enhance health, educate, celebrate culture, protect the environment and safeguard our people.

As we reflect on our proud heritage, we are committed to delivering for Queenslanders today—and preparing for the future.

The future of energy is among the most important and most complex issues facing Queensland. During the year, global circumstances significantly shifted, bringing energy supply and price challenges. Addressing these challenges requires an increase in clean, reliable and affordable energy. This will be addressed by the Queensland Energy Plan which is currently in development. The plan will establish a blueprint that will guide the sustainable transformation of our energy system to deliver on our vision of powering an affordable clean and bright future for all Queenslanders.

The department plays an important role in delivering on the Queensland Government's commitment to maintain downward pressure on Queensland power prices and ensuring continued reliability of supply as the energy sector transforms to renewables. The department is assisting in the delivery of an ever-growing stable of wind and solar projects, as well as the emerging energy storage solutions like batteries and pumped hydro.

Queensland's renewable energy investment took a major step forward in March 2022 with announcements of the first allocations of funds from the \$2 billion Queensland Renewable Energy and Hydrogen Jobs Fund. The fund allows government-owned energy corporations to invest in commercial renewable energy and hydrogen projects, as well as supporting infrastructure, including in partnership with the private sector.

With the increase in demand for clean energy, the shift to hydrogen is a critical new industry. How we develop our energy system to accommodate clean energy and hydrogen is a key task for the department.

To guide and accelerate our efforts to facilitate the growth of the hydrogen sector in Queensland, the department established a new Hydrogen division to support our work with partner agencies in accelerating hydrogen as part of a new energy system for our state.

In 2021, the department commenced a three-year trial with five Hyundai NEXO hydrogen fuel cell electric vehicles (FCEVs). These zero-emission, hydrogen-fuelled vehicles are part of the QFleet fleet that includes more than 300 electric vehicles used to support the delivery of frontline services to the community.

Our climate and weather are a key driver for the department. This year during extensive flooding in South-East Queensland, QBuild mobilised to provide support to impacted communities. The team was on the ground early conducting rapid damage assessments on government assets, removing damaged items and completing rectification works. I want to acknowledge the commitment of our team during this time—going above and beyond to make sure schools were ready for children to return, and public housing tenants could go home.

Making homes resilient to climate and weather is challenging—and EPW has been engaged to support the roll-out of the \$741 million Resilient Homes Fund, jointly funded by the Queensland and Australian Governments. As part of this initiative, we will help Queenslanders across 39 local government areas retrofit or raise eligible properties. This effort has never been attempted on such a large scale and in such a tight building market. EPW is partnering with the Queensland Reconstruction Authority in this effort.

Public Works continues delivering the expansion and refurbishment of the Cairns Convention Centre to improve the centre's capabilities, modernise the facilities and increase business to the local region. The works support local industry and jobs. The Queensland Ballet moved into their new home at the heritage-listed Thomas Dixon Centre in West End. The centre's redevelopment was overseen by our Major Projects team, delivering a cultural landmark to add to our 160 years of success. Our capability in major projects delivery is a critical asset for the Government—and we have created the Project Management Centre of Excellence to further enhance our capability in this area.



Message from the Director-General

The Queensland Government Accommodation Office in collaboration with QBuild, is delivering a significant \$519.2 million housing construction package to help accommodate essential frontline workers in Queensland's remote communities. The funding, over four years, will build new homes and replace or upgrade existing properties to be used by government employees including police officers, health workers and teachers.

Queensland Government Procurement continues to lead improved outcomes for Queensland. Since the Queensland Procurement Policy was introduced in September 2017, more than \$48 billion has been invested into the local economy with over 66,430 Queensland registered businesses.

The 2021 Growing Queensland Business Roadshow—12 events across eight regional centres— attracted more than 550 suppliers keen to meet with government representatives to find out more about upcoming procurement opportunities and how to supply to government. This will become increasingly important as we get ready to supply to Brisbane 2032.

The Queensland Government updated the Queensland Building Plan, outlining achievements since 2017 and actions which remain focused on a safer, fairer and more sustainable building and construction industry.

To ensure ongoing sustainability of the state's \$47 billion building and construction industry, a new Building Policy Framework providing overarching guidance for the management of Queensland Government building construction and maintenance projects has been developed. Our department is leading the staged implementation of the framework in collaboration with key stakeholders.

I joined the department in September 2021 and soon learned that Energy and Public Works is a diverse department in many ways. Our people are our greatest asset and we have a strong focus on diversity and inclusion to creating a better workplace.

QBuild has welcomed 60 apprentices since 2019, bringing the total number of apprentices as of 30 June 2022 to 92. Of these apprentices, 16 per cent are female and eight per cent identify as Aboriginal peoples and Torres Strait Islander peoples. These new staff are an inspiration.

Our First Nations Yarning Circles with QBuild staff and the Yarn and Grow Mentor program have emphasised to me the importance of networks and the opportunity for our First Nations staff to build a career path and stay connected with communities and Country. Seeing others progressing sets a strong example for new staff.

Our talented and committed staff demonstrate the valuable work we do across the department led by a strong Executive Leadership Team. During the year, we welcomed: Irene Violet to the role of Deputy Director-General, Corporate and Portfolio Strategy; Chris Shaw to the new role of Deputy Director-General, Hydrogen; Ainslie Barron to the role of Assistant Director-General, Building Policy; and Paul Hyde to the role of Assistant Director-General, QBuild. I want to acknowledge the contribution of Robyn Turbit, our former Deputy-Director Corporate Services, who announced her retirement this year after a distinguished career.

| How we power, build and buy together for Queensland remains a priority.

As an integrated department, we can leverage the skills and expertise we have across multiple divisions to deliver exceptional results for the government and, most importantly, for the people of Queensland, not just today but tomorrow as well.

I am extremely proud of our department, our people and our proud heritage and look forward to our bright future. I invite you to discover more about the department and our achievements on the pages that follow.

Paul Martyn
Director-General



About us

Our vision

A more sustainable and prosperous future through our energy, building and procurement services.

Our purpose

To make the best use of our energy resources, deliver a safer, fairer and sustainable building and construction industry, and support government asset management and procurement functions.

Our operating environment

The Department of Energy and Public Works was established in 2020 under the *Public Service Act 2008* section 14(1) as a result of Machinery of Government changes that came into effect on 12 November 2020.

The department operates within a complex environment shaped by a range of factors, including supply and resourcing constraints, energy affordability, climate change, digitisation and changing state demographics that result in changing expectations of government services by Queenslanders.

Understanding the community and putting citizens at the centre of our work drives the design and delivery of our services.

In 2021–22, the department established a new Hydrogen division to support the growth of the renewable hydrogen industry in Queensland. The division works collaboratively across government and with industry to ensure that effective whole-of-government policy and programs maximise economic development and decarbonisation opportunities for Queensland. The division also plays a pivotal role in coordinating various work streams under the *Queensland Hydrogen Industry Strategy 2019–2024* and other important initiatives, as well as supporting the work of the Queensland Hydrogen Taskforce.

Strategic opportunities and risks

In 2021–22, we leveraged opportunities to:

- progress the Queensland Renewable Energy Target
- build a sustainable hydrogen industry
- support jobs across Queensland
- enable a safe and sustainable built environment.

The department managed its strategic risks to:

- maintain the wellbeing and capability of our workforce to meet customer and community expectations
- maintain and improve standards to ensure safety, fairness and sustainability in the building and construction industry
- efficiently manage government property and vehicle assets to meet the expectations of customers and stakeholders
- ensure best value from government expenditure for Queenslanders to support regional communities and local businesses.



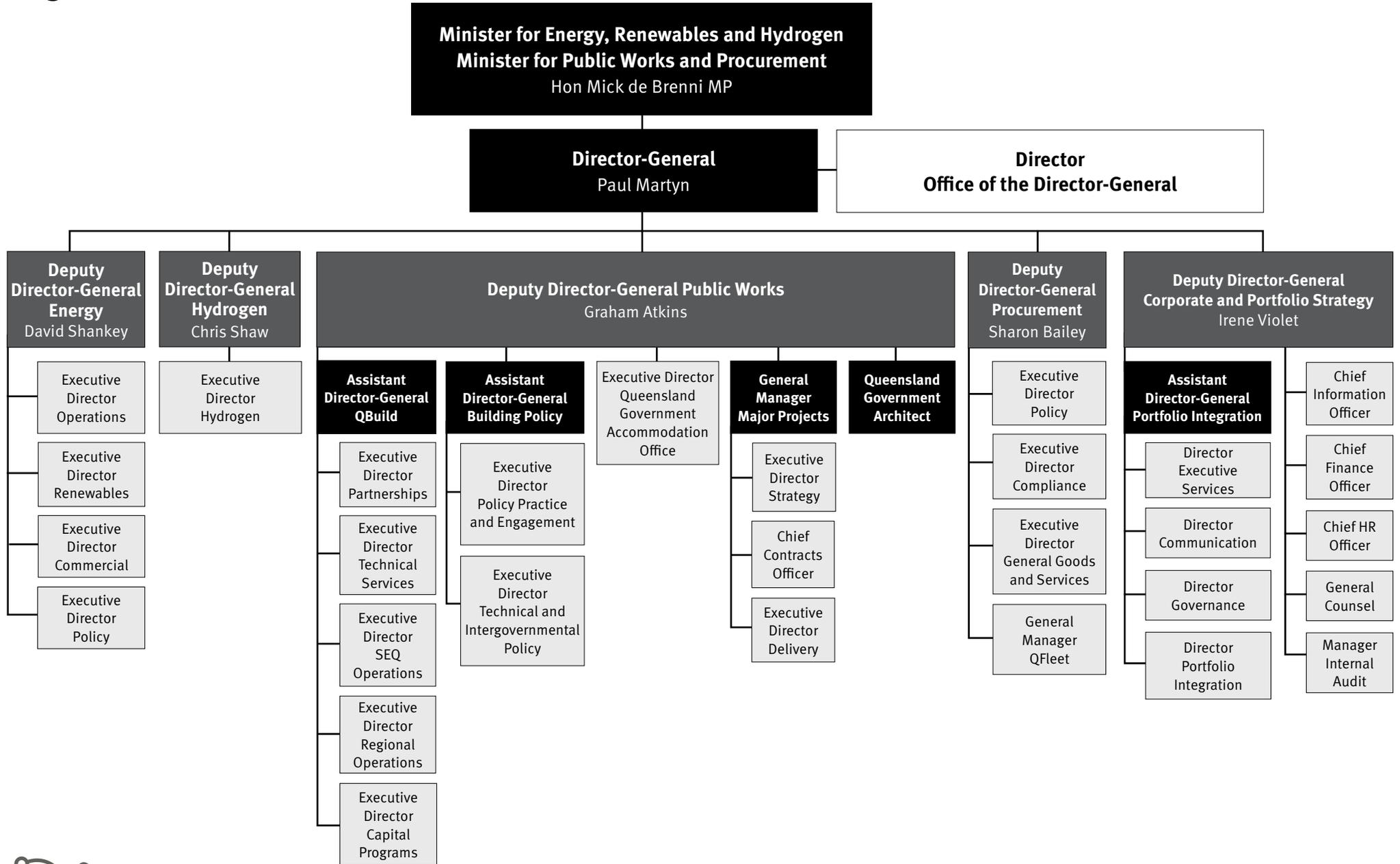
Opportunities and challenges

The department has both opportunities and challenges in its service delivery such as:

- Facilitating economic growth and innovation by helping to unlock the state's renewable energy potential to new industries and jobs, while driving broader productivity improvements across the energy sector and supporting the emerging hydrogen industry to underpin Queensland's economic growth.
- Enabling the growth of a competitive renewable hydrogen industry through infrastructure development, increasing domestic demand for hydrogen and establishing the right regulatory environment.
- Formulating decarbonisation activities with an understanding of systemic interdependencies to stimulate market solutions and jobs for the future, while building consumer and investor confidence.
- Working in and for communities, including regional areas across Queensland, supporting government agencies with building, maintenance, rebuilding and recovery services while committing to the highest standards of workplace health and safety.
- Contributing to a safer, fairer and more sustainable building and construction industry, providing leadership and strategic advice on urban design and the built environment to government departments, local councils and the private sector.
- Using lessons learned through the pandemic and severe disaster events to evolve our operating models, enhance our ability to respond to change and build confidence in government services.
- Investing in our ICT framework and digital roadmap to leverage technologies, build capability for contemporary work practices and ensure secure, effective systems.



Organisational structure



Our values

Our values drive our service delivery and decision making, and are embedded throughout our work and culture.



Customers first

Putting customers first: by understanding our customers at all levels and delivering what matters



Ideas into action

Transforming ideas into action: by delivering responsive and innovative solutions, encouraging and embracing new ideas, and working across boundaries



Unleash potential

Unleashing potential: by being clear about our vision and continuing to challenge ourselves



Be courageous

Being courageous: by taking calculated risks to achieve better outcomes



Empower people

Empowering people: by leading by example within an integrated department



Healthy and safe workforce

Ensuring a safe work environment: by making the safety of our workers, customers, contractors, other stakeholders and the public our priority



Our contribution

We contributed to the Queensland Government's objectives for the community through our *Strategic Plan 2021–2025*



Supporting jobs – through investing in Queensland Renewable Energy Zones, launching the Resilient Homes Fund and delivering the Household Resilience Program, enhancing the Queensland Procurement Policy, facilitating new opportunities through the Queensland Renewable Energy and Hydrogen Jobs Fund, and delivering planning, building and maintenance services for government assets.



Backing small business – by supporting the small and medium enterprise procurement target, working to ensure government does business with ethically, socially and environmentally responsible suppliers, reducing building subcontractor non-payments, and delivering the Electricity Tariff Adjustment Scheme.



Building Queensland – through major infrastructure such as the New Performing Arts Venue at the Queensland Performing Arts Centre, maintaining cyclone shelters, a capital and upgrade program to deliver safe and improved employee housing in regional and remote locations across the state, upgrading energy infrastructure across the state and embedding policy and legislation reforms to improve the safety and fairness of the building and construction industry.



Growing our regions – by maximising local supplier participation in government procurement, providing housing for Queensland Government frontline workers in rural and regional locations, and through the Electricity Tariff Adjustment Scheme.



Investing in skills – by creating jobs statewide through the QBuild Apprenticeship Program, which builds Queensland's regional capability.



Backing our frontline services – by delivering safe and secure government employee housing for frontline workers and value-for-money fleet transport solutions.



Protecting the environment – by investing in renewables in the energy sector, including hydrogen, and through environmentally sustainable management of government property and continued implementation of the *QFleet Environmental Strategy* and *QFleet Electric Vehicle Transition Strategy*.



Contributing to the government’s objectives for the community

Our *Strategic Plan 2021–2025* outlines our vision and purpose, objectives and strategies, and demonstrates how the department contributes to the government’s objectives for the community. The department’s *Strategic Plan 2021–2025* can be found on our website at www.epw.qld.gov.au/news-publications.

Department’s service areas (2021–22 SDS)	Department’s objectives	Government’s objectives for the community
Energy services		
<ul style="list-style-type: none"> Ensuring Queensland’s energy sector is efficient, equitable and sustainable 	<ul style="list-style-type: none"> Deliver safe, secure, sustainable and affordable energy for Queensland 	<ul style="list-style-type: none"> Supporting jobs Growing our regions Building Queensland Protecting the environment
Building and procurement services		
<ul style="list-style-type: none"> Providing effective and efficient services and support to industry and government to benefit Queensland communities including procurement, design excellence, building legislation and policy, major government projects and government accommodation 	<ul style="list-style-type: none"> Embed robust procurement practices and expert government fleet management. Provide value-adding design, building policy, public works and asset management services that boost Queensland’s growing communities 	<ul style="list-style-type: none"> Supporting jobs Backing small business Building Queensland Growing our regions Backing our frontline services Protecting the environment
QBuild		
<ul style="list-style-type: none"> Effectively managing partner agencies’ assets to deliver more services for Queenslanders 	<ul style="list-style-type: none"> Provide value-adding design, building policy, public works and asset management services that boost Queensland’s growing communities 	<ul style="list-style-type: none"> Supporting jobs Building Queensland Growing our regions Backing small business Investing in skills Backing our frontline services
QFleet		
<ul style="list-style-type: none"> Providing a central pool of expertise in fleet management and fleet management services to enable government and government-funded organisations to safely deliver frontline services to the community 	<ul style="list-style-type: none"> Embed robust procurement practices and expert government fleet management 	<ul style="list-style-type: none"> Protecting the environment Backing our frontline services



Whole-of-government plans and specific initiatives

The department has the following whole-of-government and specific-purpose plans and reports on those plans through the relevant and appropriate reporting mechanisms:

- Aboriginal and Torres Strait Islander Advancement Framework 1 January 2021–31 December 2023
- *Business Continuity Plan*
- Category strategies for each of the Queensland Government’s six procurement categories:
 - » Building Construction and Maintenance
 - » General Goods and Services
 - » Information and Communication Technology
 - » Medical Goods and Services
 - » Social Services
 - » Transport Infrastructure and Services.
- *Disability Service Plan 2021–22*
- *EPW Strategic Workforce Plan 2021–22*
- *EPW Workplace Domestic Violence Prevention Action Plan 2021–2024*
- *Fraud and Corruption Control Plan*
- *Healthy and Safe Workforce Action Plan 2022–24*
- *ICT Disaster Recovery Plan*
- *Digital Strategy*
- *ICT Work Plan*
- *Multicultural Action Plan 2019–2020 to 2021–22*
- *People and Culture Strategy*
- *Queensland Building Plan Update 2021*
- Queensland Government Building Policy Framework
- *Waste Reduction and Recycling Plan*
- *Strategic Internal Audit Plan 2021–22*
- *Queensland Government Procurement Strategy 2017*
- *Queensland Government’s Zero Emission Vehicle Strategy 2022–2032 and Action Plan 2022–2024.*



National agreements and national partnership agreements

In 2021–22, the following activities occurred to progress Queensland’s national commitments:

- Two meetings and one out-of-session consideration of the Building Ministers’ Meeting, comprising the Australian Government and state and territory government ministers with responsibility for building and construction, which oversees policy and regulatory issues impacting Australia’s building and construction industries. Key work in 2021–22 included furthering a Modern Homes agenda through improved accessibility, liveability, energy efficiency and emissions reductions, and the remaining deliverables under the *Building Confidence Report Implementation Plan*.
- Phase 2 of the Queensland Government’s Household Resilience Program of \$21.25 million. The Australian Government funded \$10 million and the Queensland Government funded \$11.25 million. The program is delivered in partnership with the Department of Communities, Housing and Digital Economy. A total of 1,777 low-income homeowners improved the cyclone resilience of their homes by accessing the support of the program.
- North Queensland Strata Title Inspection Scheme (NQSTIS) provides funding for inspections on strata titled properties in cyclone areas of North Queensland to assess their susceptibility to weather damage for such events. The NQSTIS commenced in July 2018 and continued during 2020–2021. The scheme was further extended in 2021 and will operate until June 2023. The NQSTIS is nationally funded and administered by the department with James Cook University as the delivery partner. Funding of up to \$12.5 million is available to undertake inspections and assessments of strata titled properties in cyclone-affected areas of North Queensland.
- Multiple meetings and decisions of the Energy National Cabinet Reform Committee and Energy Ministers’ Meeting, Ministerial forums for the Commonwealth, states and territories, and New Zealand to work together on priority reforms and resilience of the energy sector. Key work programs in 2021–22 included measures to ensure reliability and security of the electricity grid; the redesign of the National Electricity Market to take effect after 2025; and a package of reforms to unlock new gas supply, improve competition in the market and better regulate pipelines.
- Energy Ministers also agreed to a package of transmission reforms including the adoption of the Interim Framework for Renewable Energy Zones, and a package of immediate actions to help settle and restore confidence in the market in both the short and medium term, in response to market volatility in June 2022.



Our strategic objectives

In 2021–22, the department strived towards a more sustainable and prosperous future through our strategic plan. This section highlights our achievements against our three strategic objectives, which are outlined in our *Strategic Plan 2021–2025*.

Our highlights

- Continued the expansion and refurbishment of the Cairns Convention Centre to capitalise on the national and international convention centre markets.
- \$40 million was provided to Powerlink in 2021–22 to support the first stages of developing the Northern Queensland Renewable Energy Zone (QREZ). North Queensland has some of the strongest wind and solar resources in Australia. The first Northern QREZ project is the Kaban Green Power Hub with construction of the 157-megawatt wind farm and transmission infrastructure expected to support 250 near-term construction jobs. Early works commenced in May 2021, and network upgrades will unlock up to 500 megawatts of renewable energy potential in the region.
- \$29.6 million for a capital and upgrade program to deliver safe and improved employee housing in regional and remote locations across the state, including Aboriginal and Torres Strait Islander communities, enabling critical frontline government workers—including police, teachers and health professionals—to deliver essential services to Queenslanders.
- \$22 million allocated to support the implementation of Queensland Hydro-electric Study proposals including undertaking design and costing studies for a pumped hydro project at Borumba Dam. This work will support the Queensland Government’s commitment to achieve the Queensland Renewable Energy Target of 50 per cent renewable energy by 2030 through an energy system that is secure and reliable.
- \$9.1 million allocated to support the Electricity Tariff Adjustment Scheme (ETAS). The ETAS assists regional business electricity connections that are impacted due to the phase out of obsolete electricity tariffs from 30 June 2021.
- \$4.05 million for the maintenance of existing cyclone shelters across the state to provide safe refuge and protection for Queenslanders from impacts of severe tropical cyclones.
- \$2.6 million over two years to support the establishment of the Queensland Hydrogen Taskforce, which is guiding the implementation of the *Queensland Hydrogen Industry Strategy 2019–2024* and providing advice on policy and regulatory settings to enable the sustainable development of a renewable hydrogen industry in Queensland.
- Achieved the target of 144 electric vehicles (EVs) in the fleet by December 2021. QFleet is on track to exceed its target of 288 EVs by the end of December 2022, completing its delivery of the 2018 *QFleet EV Transition Strategy*. As part of the *Zero Emissions Vehicle Strategy* announced on 16 March 2022, QFleet will transition all eligible passenger vehicles to zero emissions vehicles by 2026.
- Expanded and enhanced the Queensland Government Procurement (QGP) Compliance Branch to ensure government procurement spend creates safe, quality local jobs and delivers economic and social benefits to Queenslanders. The QGP Compliance Branch ensures compliance with the *Buy Queensland* approach to procurement by managing complaints through a program of audits and managing the Ethical Supplier Mandate and Ethical Supplier Threshold policies.
- Successful completion of the Queensland Government’s Household Resilience Program Phase 2 to assist low-income Queenslanders in cyclone-prone areas to improve the wind resilience of their homes. The program was a jointly funded initiative consisting of \$11.25 million from the Queensland Government and \$10 million from the Australian Government, which assisted more than 1,750 properties.
- Commenced delivery of the \$741 million Resilient Homes Fund jointly funded (50–50) by the Queensland and Australian governments to provide eligible Queenslanders whose homes suffered damage by flooding with a range of options to improve resilience, working with the Queensland Reconstruction Authority. The program includes homeowner education on resilience options available, which may include repairing (enhancing resilience), retrofitting, raising or the voluntary buy-back of homes. EPW has lead on delivery of the repairing (enhancing resilience), retrofitting and raising options, and the Queensland Reconstruction Authority has lead on the voluntary buy-back of homes.



Objective one

Deliver safe, secure, sustainable and affordable energy for Queensland

We deliver this strategic objective through our energy services by the following strategies:

- Managing Queensland’s energy resources to provide affordable, reliable, and sustainable energy.
- Supporting and growing Queensland’s renewable energy sector and emerging hydrogen industry.

Strategic objective performance indicator	2021–22 target	2021–22 actual
Renewable energy as percentage of total energy consumed in Queensland	22%	21.4% ^[1]
Average time to assess electricity and gas licences	90 days <4 months	83 days ^[2]

Note:

1. Percentage of energy consumed in Queensland is calculated as a 12-month moving average. The variance between the 2021–22 target and the 2021–22 actual is due to persistent La Nina conditions, which brought cloud and rain for much of the first half of 2022, reducing solar output.
2. Measure amended during 2021–22, with an updated methodology to calculate the average time for all electricity and gas licensing assessments.

Case study – Borumba Dam pumped hydro

Pumped hydro is a tried-and-tested technology, accounting for about 97 per cent of energy storage worldwide. It can store a large amount of energy for long periods of time, making it the perfect backup for other renewable energy sources like solar and wind.

The Queensland Government is investigating a potential pumped hydro energy storage facility at Borumba Dam, located near Imbil, 45 minutes south-west of Gympie. A range of engineering, environmental, geological, hydrological and commercial studies are currently underway and will be completed throughout 2022.

Extensive community engagement on the feasibility of pumped hydro at Borumba Dam commenced in December 2021. Stakeholders have provided useful insights and will continue to have an opportunity to provide input into relevant studies within the detailed design and cost analysis.

In June 2022, the Queensland Government committed an additional \$13 million to broaden the scope of the feasibility studies for the project. This follows an initial investment of \$22 million for the studies. The additional funding will broaden the scope for engineering, environmental, social and recreational studies and facilitate an earlier investment decision on the Borumba pumped hydro energy storage project.

Borumba Dam was identified due to its proximity to the high-voltage transmission network, existing dam infrastructure and location to the Southern Queensland Renewable Energy Zone. Powerlink has owned the site since the 1980s.

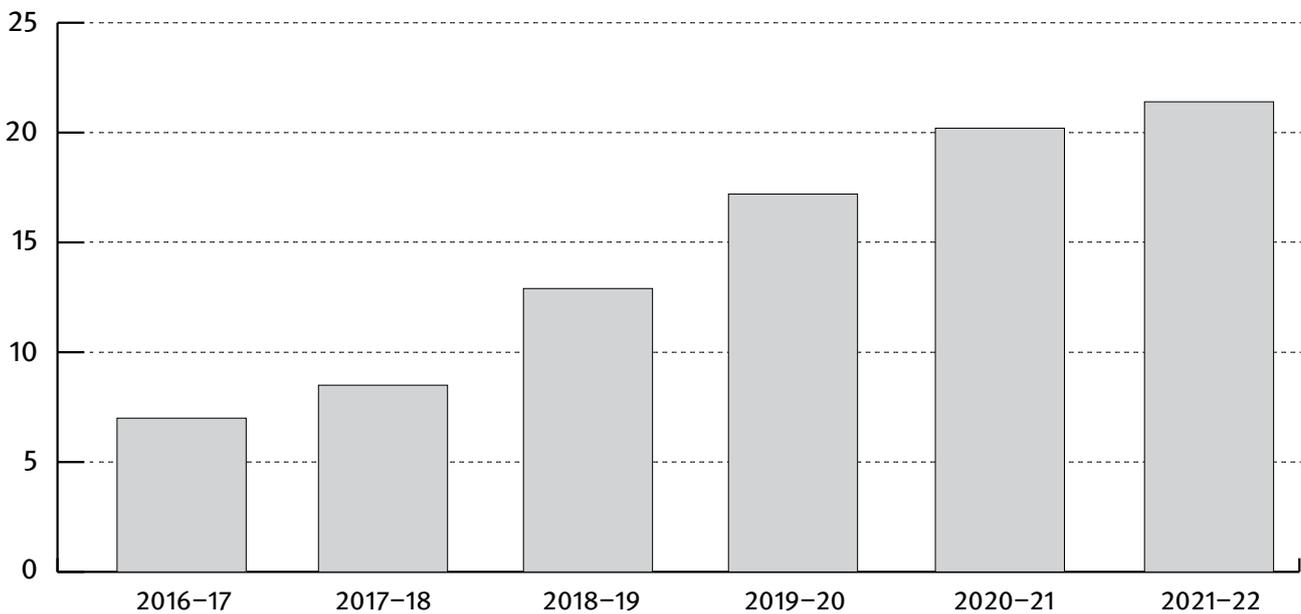


Our achievements

In 2021–22, we managed Queensland’s energy resources to provide affordable, reliable and sustainable energy by:

- commencing development of an Energy Plan that will deliver on Queensland’s Renewable Energy Target by 2030 and support the achievement of the government’s emissions targets for 2030 and 2050, while also supporting a climate-positive Brisbane 2032 Olympic and Paralympic Games. Ministerial Energy Council (MEC) and industry consultations were undertaken throughout 2021–22 to inform the development of the Energy Plan
- maintaining reliability for Queensland energy customers and supporting national energy reliability and security priorities through the unprecedented global energy crisis and Australia’s National Electricity Market suspension in June 2022
- \$22 million allocated to investigate the pumped hydro project at Borumba Dam. Pumped hydro energy storage will play a significant role in the transformation of Queensland’s electricity system to a low-carbon future
- \$9.1 million allocated for the new Electricity Tariff Adjustment Scheme to help support approximately 1,000 regional businesses to adjust to standard tariffs
- conducting public consultation during 2021 and 2022 to gather community and industry feedback on the three Queensland Renewable Energy Zones (QREZ): Northern, Central and Southern
- continued transmission upgrades in the Northern QREZ to unlock around 500 megawatts of renewable capacity in Far North Queensland and connect the 157-megawatt Kaban Green Power Hub to the electricity grid, creating 250 construction jobs
- convened the MEC five times in 2021–22. The MEC brings together leaders from the energy sector, industry bodies, consumer groups, unions and government to foster greater collaboration with the energy sector and discuss major energy policy issues affecting Queensland.

Renewable energy as a percentage of total energy consumed in Queensland



2016–17	2017–18	2018–19	2019–20	2020–21	2021–22
7%	8.5%	12.9%	17.2%	20.2%	21.4%



Our strategic objectives

Throughout 2021–22, we supported and grew Queensland’s renewable energy sector and emerging hydrogen industry by:

- identifying potential actions and initiatives for inclusion in the forthcoming Queensland Energy Plan that will promote jobs, increase renewables and accelerate development of the hydrogen sector
- continuing to invest in renewables such as wind, solar, batteries and pumped hydro to achieve 50 per cent renewables by 2030, and ensure low-cost, cleaner energy benefits to Queensland communities
- the installation of renewable energy systems into the remaining locations of Mapoon and the Northern Peninsula Area to complete the Decarbonising Remote Communities Program to reduce the use of diesel power and reduce electricity costs for the participating Aboriginal and Torres Strait Islander councils
- signing a memorandum of understanding with the Port of Rotterdam in the Netherlands to collaborate on opportunities to develop a hydrogen export supply chain, taking a significant step towards exporting green hydrogen to Europe’s largest port
- signing a memorandum of understanding with New South Wales and Victoria to collaborate on the development of the East Coast Hydrogen Refuelling Network, which supports the development of Queensland’s ‘hydrogen superhighway’. This aims to connect the nation’s most critical roads and highways with a network of green hydrogen refuelling stations to help decarbonise Australia’s heavy transport and logistics industries
- supporting the Queensland Hydrogen Taskforce, which met seven times throughout 2021–22 and initiated a significant body of work to identify opportunities for export-scale hydrogen projects across Queensland.

Looking forward 2022–23

In 2022–23, we will continue to work to realise and support government priorities by:

- releasing the Energy Plan to provide an optimal pathway to support clean, reliable and affordable energy and jobs in Queensland
- delivering a \$175 Cost of Living energy rebate to more than 2.1 million households across Queensland as energy bill relief
- working collaboratively with national, state and territory governments to shape the national energy transformation agenda, and ensure Queensland’s interests are proactively represented and the benefits to Queenslanders are maximised
- continuing to undertake actions to support Queensland’s renewable energy target of 50 per cent renewable energy by 2030
- continuing to work across the Queensland Government to develop a resilient renewable energy and hydrogen supply chain
- supporting government-owned corporations (GOCs) to invest in Queensland’s renewable energy and hydrogen future via the \$2 billion Queensland Renewable Energy and Hydrogen Jobs Fund
- delivering the \$638.5 million Community Service Obligation to support equitable electricity prices for regional Queensland customers and support the GOCs’ delivery
- progressing feasibility works on further pumped hydro energy storage sites
- investing \$10 million over two years (2022–23 and 2023–24) as part of the Queensland Microgrid Pilot Fund to boost the resilience of regional and remote communities
- continuing to work with the Queensland Hydrogen Taskforce, government agencies and GOCs to support the accelerated growth of Queensland’s renewable hydrogen industry.



Objective two

Embed robust procurement practices and expert government fleet management

We deliver this strategic objective through our building and procurement services area, through the procurement services function, and through the commercialised business unit of QFleet. The following strategies enable the delivery of this objective:

- Embed the *Buy Queensland* approach to procurement in government.
- Provide safe, fit-for-purpose and environmentally responsible fleet management services to government agencies.

Strategic objective performance indicator	2021–22 target	2021–22 result
Operating cost of managed spend on general goods and services (per \$1,000)	≤\$2	N/A ^[1]
Achieve annual targets to transition electric vehicles into the fleet ^[2]	144 (as at December 2021)	303 (as at 30 June 2022)
Percentage of Queensland Government procurement spend with Queensland small and medium enterprises	25%	N/A ^[3]

Notes:

1. General Goods and Services, Procurement report one quarter behind due to availability of SAP and supplier data. This data will be published at www.epw.qld.gov.au by 31 December 2022.
2. *QFleet Electric Vehicle Transition Strategy (EV Strategy)*, released in 2018, set a strategic plan measure to double the number of electric vehicles in its fleet each calendar year during the next four years, increasing from 18 to 288. QFleet's 2018–2022 EV transition targets are set on a calendar year. The 2021–22 result represents the number of EVs active (201) and on order (102) as at 30 June 2022. QFleet's *EV Strategy 2023-2026* seeks to transition 100% of its eligible passenger fleet vehicles by 2026. Reporting will be per financial year.
3. This data will be published at www.epw.qld.gov.au by 31 December 2022.



Case study – electric and hydrogen vehicles

In 2021, the Department of Energy and Public Works commenced a three-year trial with five Hyundai NEXO fuel cell electric vehicles (FCEVs). The trial will demonstrate the benefits of FCEVs using clean, green hydrogen under normal road conditions, while delivering services to communities across South East Queensland using zero emission vehicle technology.

The Hyundai NEXO vehicles are part of the QFleet fleet that includes 300+ electric vehicles, supporting the delivery of frontline services to the community.

FCEVs are refuelled using compressed hydrogen gas, and the only emission is water vapour. The vehicle takes three to five minutes to fill up, which provides around 660 kilometres of range.

Hydrogen production in Queensland can significantly contribute to the state achieving its 50 per cent renewable energy target by 2030 and reaching net zero emissions by 2050.

Hydrogen can also play a critical role in the decarbonisation of Queensland's freight and heavy vehicles network.

Queensland, in conjunction with the New South Wales and Victorian governments, is driving the expansion of hydrogen in the transport sector through the development of a hydrogen superhighway along the east coast's heavy haulage transport routes.

Works have commenced on Australia's first co-located hydrogen refuelling station at the BP truck stop at Lytton, Brisbane. This is the first hydrogen refueller to be built alongside an existing petrol station and will be a critical link on the hydrogen superhighway.

Our achievements

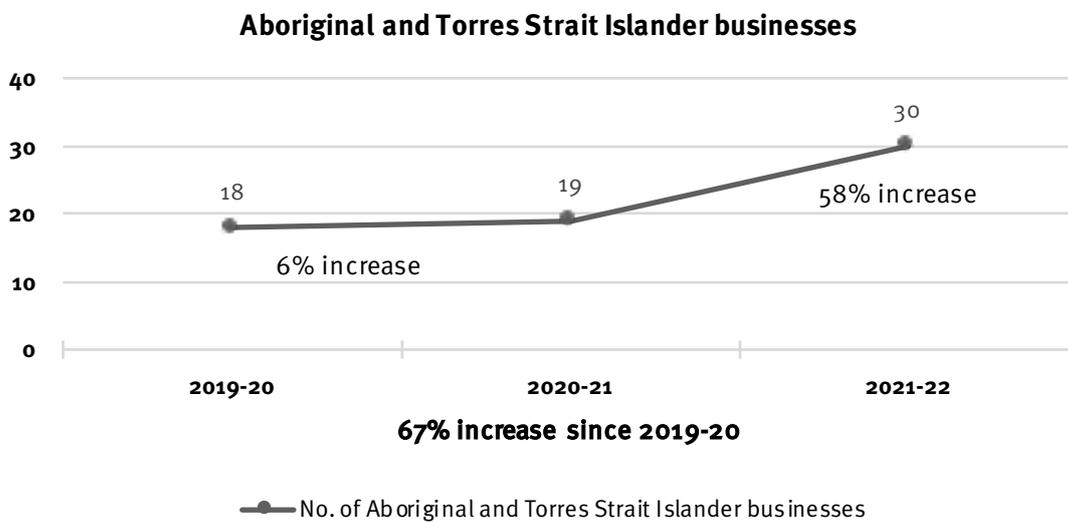
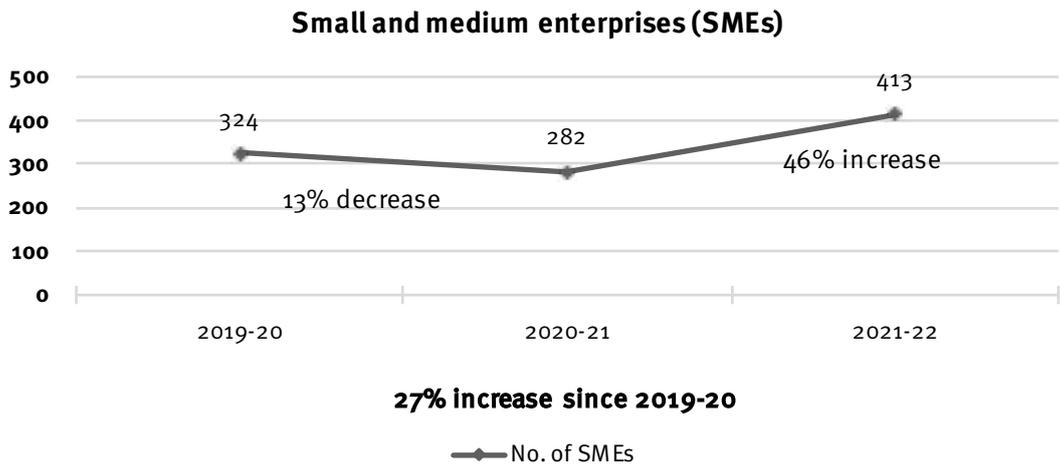
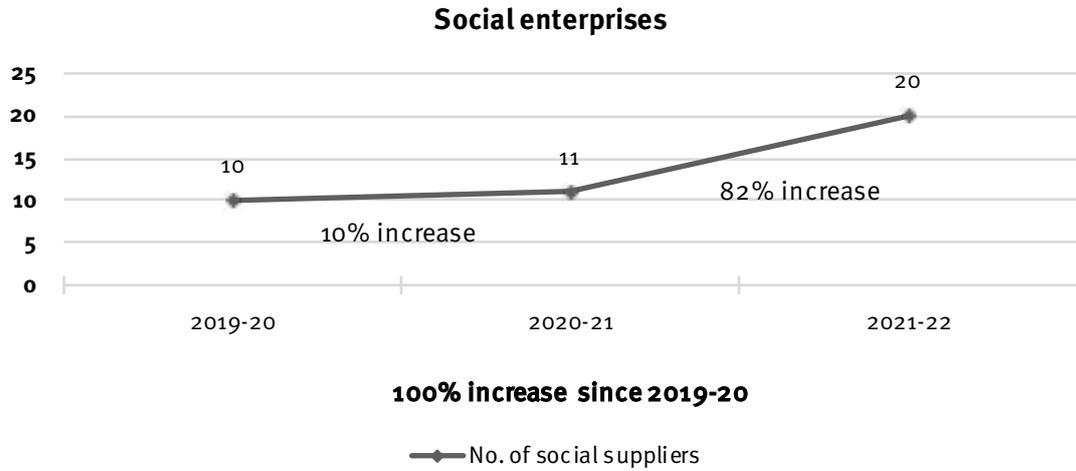
During 2021–22, we continued to embed the *Buy Queensland* approach to procurement in government by:

- increasing the number and diversity of preferred suppliers to government for the General Goods and Services category—a 46 per cent increase in small and medium businesses, a 58 per cent increase in Aboriginal and Torres Strait Islander businesses, a 33 per cent increase in local businesses and an 82 per cent increase in social enterprises (from 2020–21 to 2021–22)
- hosting the 2021 *Buy Queensland* Supplier Awards on 10 November 2021, recognising eight different businesses across four award categories
- leading the delivery of the 2021 Growing Queensland Business Roadshow series. Delivered in collaboration with other Queensland Government agencies and select Queensland councils, a total of 12 events were held at eight locations across Queensland, with over 550 attendees hearing about a range of relevant topics
- expanding the Queensland Government Procurement Compliance Branch to deliver an expanded scope of work including: undertaking scheduled audits, managing procurement policy related complaints, managing the Ethical Supplier Threshold and Ethical Supplier Mandate policies, conducting due diligence supplier checks, and Ethical Supplier Mandate and Ethical Supplier Threshold investigations
- developing and implementing the enhanced Ethical Supplier Mandate 2021, including the establishment of the Tripartite Procurement Advisory Panel to provide independent expert advice and recommendations on breaches under the Ethical Supplier Mandate and/or Ethical Supplier Threshold
- conducting audits on 28 food and beverage suppliers, 59 Queensland Government Building and Construction training policy projects and 20 suppliers on Best Practice Principles projects
- hosting the inaugural *Buy Queensland* Buyer Awards on 14 June 2022 to recognise the valued contributions of procurement practitioners across Queensland Government. Six highly commended award recipients and seven winners were selected across four award categories.

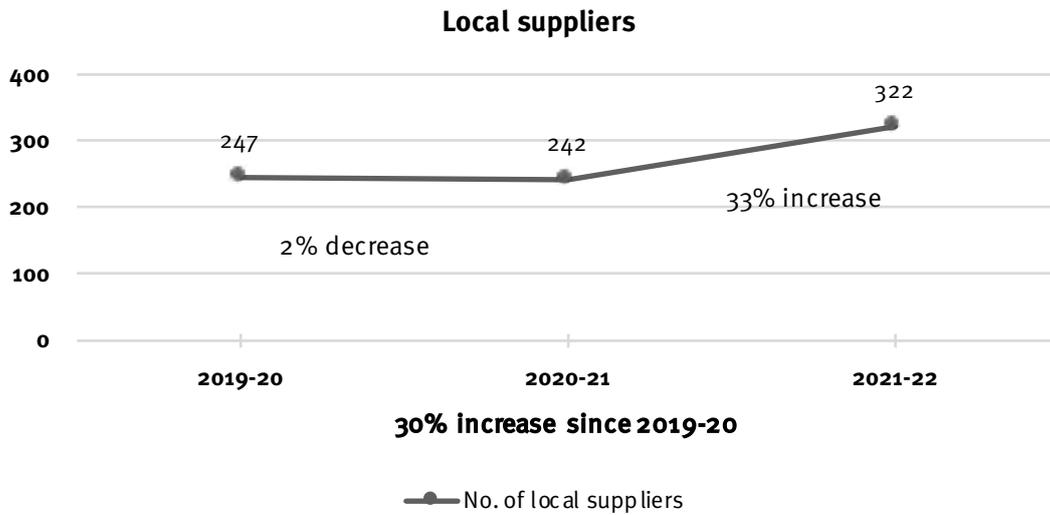


Our strategic objectives

Graphs: Supplier Diversity within the GGS category



Our strategic objectives



Supplier type	2019-20	2020-21	2021-22	% Change since 2019-20
Social enterprises	10	11 (10% increase)	20 (82% increase)	100%
Small and medium enterprises (SMEs)	324	282 (13% decrease)	413 (46% increase)	27%
Aboriginal and Torres Strait Islander businesses	18	19 (6% increase)	30 (58% increase)	67%
Local suppliers	247	242 (2% decrease)	322 (33% increase)	30%

In 2021-22, we also provided safe, fit-for-purpose and environmentally responsible fleet management services to government agencies by:

- continuing the implementation of the *QFleet Environmental Strategy* and *QFleet Electric Vehicle Transition Strategy* for the Queensland Government motor vehicle fleet, increasing the range and number of low and zero emission vehicles available to be leased by customer agencies
- transitioning the QFleet passenger fleet to electric vehicles (EVs). As at 30 December 2021, QFleet had a total of 179 EVs active and on order, exceeding its 2021 calendar year target of 144 EVs in fleet
- reducing the government fleet's carbon footprint to date, QFleet has achieved an estimated 51 per cent reduction on its 30 June 2005 vehicle emission levels with its continued transition to EVs
- completing implementation of the new QFleet fleet management system to deliver greater value and better system support for end users, while meeting the future fleet management needs of the Queensland Government
- commissioning Australia's first hydrogen-powered police vehicle. The trial vehicle will be run in real-world conditions and meet all the performance measures to be used for general duties policing. Demonstrating the effectiveness and efficiency of fuel cell technology will pave the way for broader applications, including heavy transport, trains and marine applications
- adding five hydrogen vehicles to QFleet that will be available to frontline health staff, educators and community workers. This trial aims to accelerate the uptake of hydrogen technology and support Queensland's push to position itself as a global hydrogen superpower
- refreshing QFleet's driver safety resources, including delivery of 'Driving a vehicle safely for work' online driver training.



Our strategic objectives

Graph: EVs against target

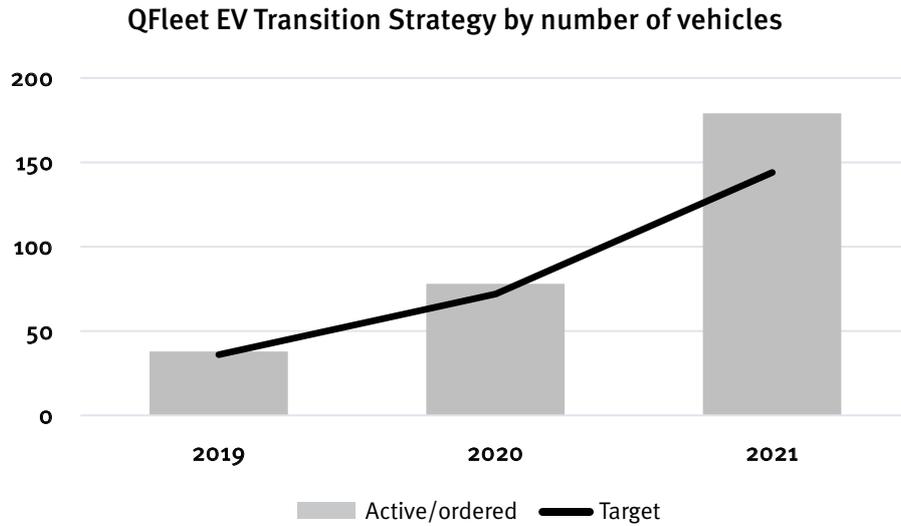


Table: Number of EVs (active and on order) against target per calendar year

	2019	2020	2021
Active/ordered	38	78	179
Target	36	72	144

Looking forward 2022–23

In 2022–23, we will continue to work to realise and support government priorities by:

- prioritising local businesses and Queensland jobs by providing procurement advice, support, frameworks and tools that enable government agencies to deliver economic, social and environmental benefits to Queensland
- increasing opportunities for ethical Queensland small and medium enterprises, local businesses and social enterprises, along with Aboriginal and Torres Strait Islander businesses, to supply to the government
- continuing to evolve the *Buy Queensland* approach to procurement through development of a new Queensland Procurement Strategy and Queensland Procurement Policy
- improving procurement systems through the development of a new supplier portal and contracts directory
- continuing to increase the number of electric vehicles in the government fleet by achieving annual targets within the *2018 QFleet Electric Vehicle Transition Strategy* and then moving focus to vehicle targets in the *Zero Emission Vehicle Strategy 2022–2032*
- commencing the transition of eligible passenger vehicles to zero emission vehicles under the *Zero Emission Vehicle Strategy 2022–2032*
- continuing to promote road and driver safety for Queensland Government employees in line with QFleet’s road safety initiatives.



Objective three

Provide value-adding design, building policy, public works and asset management services that boost Queensland’s growing communities

We deliver this strategic objective through our building and procurement services area, through the building services function, and through the commercialised business unit of QBuild. The following strategies enable the delivery of this objective:

- Deliver safe, efficient and environmentally sustainable management of government property.
- Manage building, construction and maintenance activities and programs.
- Deliver major projects.
- Contribute to a safer, fairer and more sustainable building and construction industry.

Strategic objective performance indicator	2021–22 target	2021–22 result
ROI on commercial properties included in government’s office portfolio ^[1]	≥6.5%	5.4%
Maintenance spend on QBuild’s customers’ facilities with local suppliers	80%	80.9%
Successful QBuild apprentice completions	60% ²	86% ^[2]
Local workers inducted on major project sites	90%	91%

Notes:

1. The variance between the 2021–22 target and the 2021–22 result is considered in line with current commercial property market returns. The variance between the 2021–2022 estimated actual (5.9%) and the 2021–22 result is due to the current period of lower market yields and structural changes to the portfolio (e.g. higher proportion of smaller, regional office assets).
2. This is a new measure introduced in March 2021. The target is based on a combination of historical QBuild data and Queensland construction skill industry data. QBuild uses a predicted completion rate formula to provide an initial representation of the completion rate until the first batch of apprentices finishes in 2022. After this, the actual completion rate formula will be used from 2022–23 as a more reliable and accurate representation of completion.

Case study – QBuild apprentices

As part of the Rebuilding QBuild program, QBuild has welcomed 60 apprentices since 2019. Together with the previous 2018–19 Revitalise the Apprenticeship Program, the number of apprentices employed by QBuild as of 30 June 2022 totalled 92. The 92 apprentices comprise 16 per cent female and eight per cent identifying as Aboriginal peoples and Torres Strait Islander peoples. These apprentice roles include trades of plumber, carpenter, refrigeration mechanic, painter, electrical and stonemason.

Nine apprentices engaged under the 2018–19 Apprenticeship Revitalisation Program have successfully completed their apprenticeship with QBuild and seven have transitioned to ongoing tradesperson roles in QBuild.

These frontline apprentice roles are located across Queensland, serving communities including Thursday Island in the north, Coolangatta in the south and Mount Isa to the west, creating training opportunities for young people.

Apprentices are the future of QBuild and, with multiple career opportunities available, will make an important contribution to Queensland’s future building and construction industry.



Our achievements

In 2021–22, we delivered safe, efficient and environmentally sustainable management of government property by:

- strategically managing approximately one million square metres of government office space to deliver office accommodation that meets the needs of agencies delivering services to Queensland. This includes planning, maintenance management, leasing and tenancy management across the portfolio
- continuing the implementation of key office refurbishment and relocation projects that deliver savings in office accommodation costs
- negotiating \$53.3 million in cumulative Queensland Government office accommodation rent savings to June 2024 in support of the government’s economic recovery plan
- supporting the government’s emission reduction targets by investing \$1.9 million in sustainable upgrades to Kurilpa Bridge (Brisbane) and William McCormack Place (Cairns), as part of moving towards a low-carbon, environmentally sustainable economy
- managing a portfolio of over 2,900 government-owned residences to provide suitable quality housing to government employees in various locations, particularly where there is no viable rental market, such as in remote and rural communities
- commencing work to identify an emissions baseline in support of the government’s emission reductions to net zero by 2050
- supporting *Queensland’s Zero Emissions Vehicle Strategy 2022–2032* by rolling out the installation of charging stations within government buildings, including at some of our largest sites including the Gold Coast Convention and Exhibition Centre and Government House, followed by the expanded Cairns Convention Centre later in the year.

We managed building, construction and maintenance activities and programs throughout 2021–22 by:

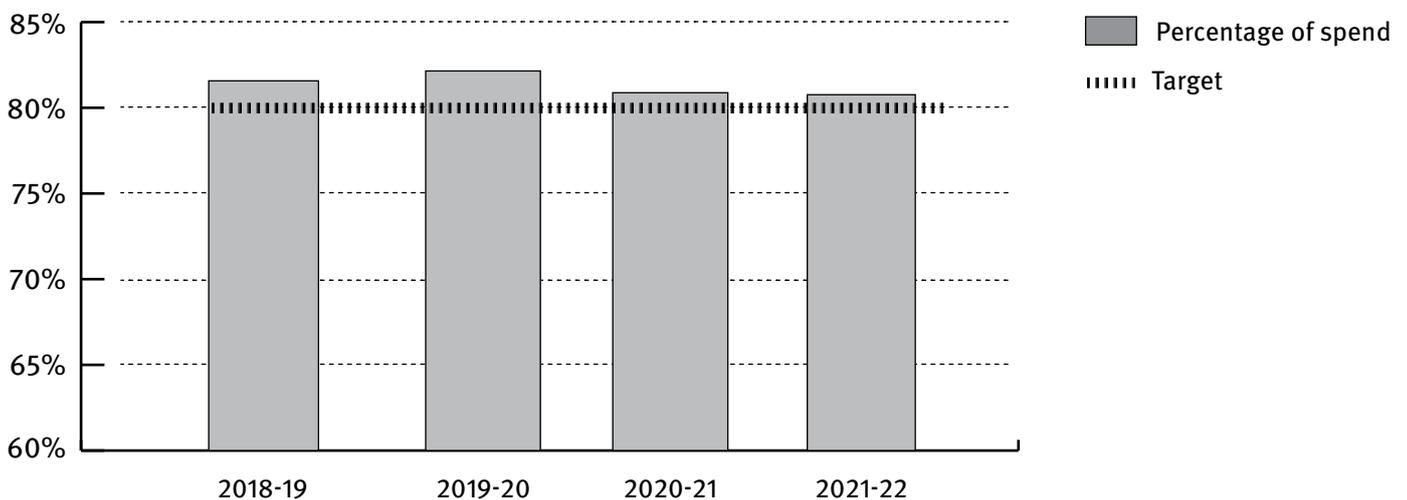
- delivering approximately \$1.6 billion in planning, building, maintenance and responsive works to Queensland Government agencies, supporting local suppliers and investing in skills training for QBuild apprentices
- launching EPW-led components of the \$741 million Resilient Homes Fund, jointly funded (50–50) by the Queensland and Australian Governments, with registrations opening in May 2022, to support eligible Queenslanders whose homes were damaged by floods to access grants for repairing (enhancing resilience), retrofitting, raising or the voluntary buy-back of eligible homes
- delivering a \$21.9 million capital program for 12 new government employee housing residences and the commencement and continuation of construction activities for an additional 20 residences for various government agencies to support the delivery of services in remote and regional areas, including
 - » three modern residences delivered in Woorabinda in partnership with the Woorabinda Aboriginal Shire Council for frontline government staff to provide education services to the community and local employment and training opportunities for Aboriginal peoples and Torres Strait Islander peoples. Stage 2 is scheduled to deliver an additional nine residences
 - » nine government employee houses delivered in Cooktown, Mount Isa and Weipa for our regional and remote workforce who deliver essential services to Queenslanders in those locations
 - » continued construction of two residences on Warraber Island and commencement of construction on 18 residences on Palm Island, Thursday Island and Jericho.
- delivering \$4.05 million in maintenance to existing cyclone shelters across the state to provide safe refuge and protection for Queenslanders from impacts of severe tropical cyclones
- continuing to implement the outcomes of the Savings and Debt Plan Accommodation Review by delivering key fit-out projects and lease negotiations to reduce spending on government office accommodation by \$18 million per year
- completing combustible cladding remediation works on the Mike Ahern Building (Maroochydore) and Queensland Theatre Company (Brisbane)
- delivering 294 social housing dwellings for the Department of Communities, Housing and Digital Economy as part of the QuickStart Queensland Program—increasing the supply of social housing, creating jobs and benefitting Queensland trades



Our strategic objectives

- recruiting 31 apprentices, thereby creating secure employment and strengthening QBuild’s capability to build and maintain key government infrastructure and train the next generation of skilled workers
- continuing to develop long-term partnership agreements with other Queensland Government agencies to maximise service value and deliver projects and programs on time and on budget
- completing the Cooler Cleaner Schools Program in partnership with the Department of Education by installing air conditioning in all 649 state schools where the department was engaged to complete the works, making approximately 10,000 classrooms, libraries and staffrooms cooler and more comfortable
- completing an innovative new fit-out of Queensland House in London in collaboration with the new tenant, Trade and Investment Queensland
- delivering the construction phase of the refurbishment and fire protection works to improve the Nareeba Moopi Pa aged care facility on Minjerribah (North Stradbroke Island)
- strengthening disaster response and recovery by boosting QBuild’s deployment capacity during natural disasters to bring government assets and services back online faster.

Percentage of maintenance spend on QBuild’s customers’ facilities with local zone 1 suppliers



	2018–19	2019–20	2020–21	2021–22	Target
Percentage of spend	81.8%	82.3%	81.0%	80.9%	80%

QBuild apprentices 2021–22

	Total
Female QBuild apprentices	16%
National Association of Women in Construction target	11%



Our strategic objectives

Throughout 2021–22, we managed major projects including:

- delivering \$241 million expansion of the Capricornia Correctional Centre in December 2021 for Queensland Corrective Services
- delivering \$150 million West Moreton Youth Detention Centre in August 2021 for the Department of Children, Youth Justice and Multicultural Affairs
- delivering the new 1,500-seat theatre at the Queensland Performing Arts Centre, which will host diverse local, national and international productions to meet Queensland’s growing demand for high-quality performing arts
- expanding the Cairns Convention Centre project, which will see new facilities including a 410-seat flat-floor plenary space, three 120-seat meeting rooms, additional exhibition space for 30 booths, a 500-seat rooftop banquet facility, and associated pre-function patron facilities
- managing the \$96.4 million redevelopment of the heritage-listed, state-owned Thomas Dixon Centre (Brisbane) into a centre of artistic excellence in partnership with the Queensland Ballet. The Queensland Government’s investment towards the expansion and fit-out of the ageing centre will preserve and revitalise the cultural heritage of the site for the next 100 years. The project has contributed to supporting 1,287 full-time employees as at 30 June 2022
- commencing the 1,536 bed, \$861 million Southern Queensland Correctional Precinct Stage 2 project at Spring Creek, near Gatton, in partnership with Queensland Corrective Services
- commencing construction on Satellite Hospitals in partnership with Queensland Health, an initiative that will improve healthcare and support jobs in construction and health once open.

We also contributed to a safer, fairer and more sustainable building and construction industry by:

- commissioning an independent review of the Queensland Building and Construction Commission’s (QBCC’s) governance arrangements and publishing the Queensland Government response to the review report, which will ensure Queensland’s building and construction industry is contemporary and fit for purpose, and reflects best practice
- delivering the new Building Policy Framework which consolidates and rationalises four existing frameworks: Capital Works Management Framework; Maintenance Management Framework; Building Asset Performance Framework; and the Strategic Asset Management Framework. The new framework also incorporates Best Practice Principles for major building construction projects. The framework provides overarching guidance for the strategic and operational management of Queensland Government’s building, construction and maintenance projects
- delivering the *Building and Other Legislation Amendment Bill 2022* in May 2022, which amended a range of building legislation (eight Acts), and continues to strengthen and modernise Queensland’s building laws. These reforms aim to meet contemporary community expectations about the sustainability and efficiency of buildings and promote a streamlined, efficient and highly transparent regulatory framework
- continuing to improve the building prequalification application process following consultation with government agencies, industry and peak bodies, ensuring the existing ICT platform performs to expectations
- continuing to deliver reforms from the *Queensland Building Plan Update 2021* and government commitments that set the long-term strategic direction for the industry and create a platform that supports future job opportunities and economic growth
- continuing the review of the Queensland Home Warranty Scheme through public consultation, including information sessions and the release of a discussion paper. Outcomes will look to strengthen the scheme and promote certainty, equity, fairness and transparency in its operation
- commencing a review of the role of developers in the Queensland building and construction industry to examine the impact of their financial and operational capacity, ethical behaviour and work practices
- delivering a new building regulation in September 2021, including a review of forms and corresponding guidelines to enhance and strengthen the certification and inspection process
- hosting the 2022 Minister’s Award for Urban Design, which recognises contemporary Queensland urban design projects of the highest quality. The awards encourage cities, towns and communities across Queensland to strive for best practice in all projects.



Looking forward 2022–23

In 2022–23, we will continue to work to realise and support government priorities by:

- continue delivery of EPW-led components of the Resilient Homes Fund to provide eligible Queenslanders whose homes have been badly damaged by flooding with a range of options that may include repairing (enhancing resilience), retrofitting or raising of homes
- commencing delivery of the \$20 million Phase 3 of the Queensland Government’s Household Resilience Program to assist low-income Queenslanders in cyclone-prone areas to increase the wind resilience of their homes. Phase 3 aims to assist over 1,700 Central Queensland and North Queensland homes
- continuing delivery of significant capital works, such as the Cairns Convention Centre Expansion, New Performing Arts Venue, Southern Queensland Correctional Precinct Stage 2 and the Satellite Hospital Program
- investing \$87.8 million in the delivery of critical new housing for frontline staff such as police, health workers and teachers in remote locations, as well as the renewal and upgrade of currently owned assets
- consulting with industry, continuing the implementation of the *Queensland Building Plan Update 2021* priorities, including developing reform options to strengthen the Queensland Home Warranty Scheme, reviewing the role of developers in the building and construction industry, and implementing outcomes of the QBCC Governance Review
- progressing a high-quality apprenticeship program
- developing long-term partnership agreements with other Queensland Government agencies to maximise service value and deliver projects and programs on time and on budget
- developing and implementing the Environmental Strategy for Queensland Government Office Accommodation and Government Employee Housing, providing agencies with strategies towards a greener, more sustainable accommodation portfolio
- continue to implement the *Strategic Accommodation Savings Plan 2022–2026* to deliver targeted savings of \$59 million as part of the government’s \$3 billion Savings and Debt Plan initiative.



Service Delivery Statements – Performance

We also track our performance through a range of service standards, as published in the 2021–22 Service Delivery Statements (SDS) budget paper. Service standards are provided for two service types and two commercialised business units (CBUs):

- Energy services
- Building and procurement services
- QBuild (CBU)
- QFleet (CBU).

Energy services	2021–22 target/est.	2021–22 actual
Effectiveness measures		
<p>Renewable energy as percentage of total energy consumed in Queensland</p> <p>The percentage of energy consumed in Queensland is calculated as a 12-month moving average. The variance between the 2021–22 target/estimate and the 2021–22 actual is due to persistent La Nina conditions, which brought cloud and rain for much of the first half of 2022, reducing solar output.</p>	22%	21.4%
<p>Average time of energy (electricity and gas) licensing assessments</p> <p>The variance between the 2021–22 target/estimate and the 2021–22 actual is due to increased efficiencies in the application process and the assessment of licence applications, enabling staff to process applications in a shorter timeframe.</p> <p>Service standard amended during the 2021–22 reporting period, with an updated methodology to calculate the average time for all electricity and gas licensing assessments.</p>	90% <4 months	83 days
Efficiency measure		
<p>Cost per biofuels exemption application assessed</p> <p>The variance between the 2021–22 target/estimate and the 2021–22 actual is due to increased efficiencies in assessment processes, enabling staff to process non-complex applications in a shorter timeframe. Combined with the lower number of staff on the biofuels team during the 2021–22 due to vacant positions, this has resulted in a lower overall salary cost than previous years.</p>	<\$4,680	\$3,780



Service Delivery Statements – Performance

Building and procurement services	2021–22 target/est.	2021–22 actual
Service: Government accommodation		
Effectiveness measures		
Return on investment		
<p>Commercial properties included in the office portfolio</p> <p>The variance between the 2021–22 target/estimate and actual is considered in line with current commercial property market returns.</p> <p>The variance between the 2021–22 estimated actual (5.9%) and the 2021–22 actual is due to the current period of lower market yields and structural changes to the portfolio (e.g. higher proportion of smaller, regional office assets).</p>	≥6.5%	5.40%
<p>Government employee housing</p> <p>The variance between 2021–22 target/estimate and 2021–22 actual is due to an underspend in the maintenance program. Overall economic impacts have affected program delivery, including supply chain issues and contractor availability.</p> <p>The variance between the 2021–22 estimated actual (2.3%) and the 2021–22 actual is due to an increase in maintenance expenditure as a result of improved contractor availability in the last quarter of the financial year.</p>	≥1.5%	1.98%
Vacancy rate		
<p>Office portfolio</p> <p>The variance between 2021–22 target/estimate and 2021–22 actual is due to government vacancy in owned and leased buildings reducing due to expired leases and utilising existing vacancy in the portfolio in line with the whole-of-government savings and debt initiative.</p> <p>The variance between the 2021–22 target/estimated actual (1.97%) and the 2021–22 actual is due to leases expiring and space contracting into existing vacancy during the 2021–22 reporting timeframe.</p>	≤3.5%	2.2%
<p>Government employee housing</p> <p>The variance between 2021–22 target/estimate and 2021–22 actual is due to the increased divestment of vacant residences that are surplus to employee housing requirements and use of vacant residences by private tenants.</p> <p>The variance between the 2021–22 target/estimated actual (1.48%) and the 2021–22 actual is due to less divestment of vacant residences than forecast in the estimated actual.</p>	≤6%	1.72%
<p>Percentage of government-owned employee housing with an acceptable facility condition index rating</p> <p>The variance between 2021–22 target/estimate and 2021–22 actual is a result of reduced maintenance liability at the end of the financial year following maintenance works delivered in 2021–22.</p> <p>The variance between the 2021–22 estimated actual (94.03%) and the 2021–22 actual is a result of a lower level of maintenance liability at the end of the financial year due to increased delivery of maintenance works than originally planned in the estimated actual.</p>	≥90%	98.85%
<p>Energy performance – percentage of occupied government office accommodation achieving a rating ≥5 star under the National Australian Built Environmental Rating System</p> <p>The variance between the 2021–22 target/estimate and 2021–22 actual is due to reduced occupancy levels as a result of COVID-19. Energy is still required to maintain core building functions despite the reduced occupancy levels.</p> <p>The variance between the 2021–22 estimated actual (78%) and the 2021–22 actual is due to ongoing COVID-19 impacts from staff working flexibly. Energy is still required to maintain core building functions despite the reduced occupancy levels.</p>	>80%	75%



Service Delivery Statements – Performance

Building and procurement services (continued)	2021–22 target/est.	2021–22 actual
Effectiveness measures		
Work point density		
<p>Average</p> <p>The variance between 2021–22 target/estimate and 2021–22 actual is due to delivery of more efficient new fit-outs.</p> <p>The variance between the 2021–22 estimated actual (12.26m²) and the 2021–22 actual is due to new fit-outs achieving the Office Accommodation Management Framework fit-out guideline recommended benchmark of 12m²/work point to assist in meeting the target of 13.5m²/work point.</p>	13.5m ² per person	12.26m ² per person
<p>New fit-out</p> <p>The variance between the 2021–22 target/estimate and 2021–22 actual is due to new fit-outs completed during the 2021–22 reporting timeframe being within the benchmark of 12m² per person with the majority of new fit-outs occurring in modern efficient buildings that can support an occupancy density of 1:10 (e.g. 110 George Street, Brisbane).</p>	12m ² per person	10.23m ² per person
Service: Procurement		
Efficiency measures		
<p>Operating cost per \$1,000 of managed spend on general goods and services</p> <p>General Goods and Services report one quarter behind due to availability of SAP and Supplier data. This data will be published at www.epw.qld.gov.au by 31 December 2022.</p>	≤\$2	N/A
QBuild	2021–22 target/est.	2021–22 actual
Effectiveness measures		
Overall customer satisfaction	70%	71%
Percentage of maintenance spend on QBuild’s customers’ facilities with local zone 1 suppliers (based on physical location of contractor’s workplace)	80%	80.90%
Efficiency measures		
Gross profit as a percentage of revenue generated from work delivered on behalf of QBuild customers	8.0%	8.0%
Net profit before tax and dividends as a percentage of sales	0.2%	0.1%
<p>Current ratio</p> <p>The variance between the 2021–2022 target/estimate and 2021–22 actual mainly reflects the continued support to small and medium enterprises during the COVID-19 pandemic by paying vendors immediately.</p>	1.8:1	2.06:1



Service Delivery Statements – Performance

QFleet	2021–22 target/est.	2021–22 actual
Effectiveness measures		
<p>Overall customer satisfaction</p> <p>Customer survey completed every two years. 2021–22 survey undertaken in March 2022 had a low response rate of 12%. Survey results for 2022 are below target; however, this was expected due to the recent transition to a new fleet management system, which has resulted in significant change in business process. Through the transition period, there have been system issues, which have impacted services.</p> <p>This measure will be discontinued in 2022–23 due to low response levels to customer surveys, which do not accurately capture service delivery effectiveness.</p>	85%	70%
<p>Percentage of total QFleet vehicles with a 5-star ANCAP safety rating</p> <p>This measure identifies the percentage of QFleet’s active fleet with the highest ANCAP rating (i.e. 5-star) to demonstrate that government is striving to provide the safest possible workplaces for Queensland Government employees. QFleet is currently reporting above target; however, it should be noted that not all vehicles have an ANCAP rating (i.e. those with a gross vehicle mass >3.5 tonnes).</p>	90%	92%
Efficiency measures		
<p>Current ratio</p> <p>The variance between 2021–22 target/estimate and 2021–22 actual is mainly due to increased provisions for dividend and income tax due to a higher operating surplus offset by an increased cash balance.</p>	4.48:1	3.44:1
<p>Return on net assets</p> <p>The variance between the 2021–22 target/estimate and the 2021–22 actual is mainly due to a higher operating surplus achieved than budgeted. The variance between the 2021–22 estimated actual (7.2%) and the 2021–22 actual is mainly due to a higher operating surplus than estimated.</p>	2.9%	8.2%
<p>Gearing level</p> <p>The variance between 2021–22 target/estimate and 2021–22 actual is mainly due to a higher operating surplus after tax and dividend resulting in higher equity.</p>	66.4%	61.9%
<p>Percentage of vehicle fleet utilisation compared to agreed lease parameters</p> <p>The variance between the 2021–22 target/estimate and 2021–22 estimated actual can be attributed to the continued impact of COVID-19. A large percentage of government staff continue to work remotely, and some services have moved to online delivery, significantly reducing the requirement for fleet cars.</p>	90%	80%



Our people

Our workforce profile

Figure 1: Staffing numbers – 30 June 2022

SDS service area	Full-time equivalent
Total full-time equivalent (FTE) for the Department of Energy and Public Works	2,148.9 ^[1]

1. This figure is based on the last full pay period as required by Department of the Premier and Cabinet reporting requirements.

Figure 2: Target group data^[1]

Gender	Number (headcount)	Percentage of total workforce (calculated on headcount)
Woman	845	38.0%
Man	1,378	62.0%
Non-binary	<5	0.0%

Diversity groups	Number (headcount)	Percentage of total workforce (calculated on headcount)
Women	845	38.0%
Aboriginal peoples and Torres Strait Islander peoples	57	2.6%
People with disability	100	4.5%
Culturally and linguistically diverse – born overseas	20	0.9%
Culturally and linguistically diverse – speak a language at home other than English (including Aboriginal and Torres Strait Islander languages or Australian South Sea Islander languages)	32	1.4%

	Number (headcount)	Percentage of total leadership cohort (calculated on headcount)
Women in leadership roles ^[2]	61	44.9%

1. To ensure privacy, in tables where there are less than five respondents in a category, specific numbers should be replaced by <5.

2. Women in leadership roles are considered to be positions that are senior officer and equivalent and above.

Early retirement, redundancy and retrenchment

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



Strategic workforce planning

The EPW *Strategic Workforce Plan 2021–22* outlined the key actions to be implemented over 12 months to ensure our workforce priorities aligned with sector-wide and departmental priorities.

Our focus areas were:

- healthy and safe workforce
- workforce management
- leadership at all levels
- people and performance
- positive workplace culture.

Key achievements

In 2021–22, our department continued to build a culture of high performance, accountability and responsibility, and retain and grow our workforce expertise.

Healthy and safe workforce

In 2021–22, the department demonstrated its commitment to prioritising the psychological and physical health, safety and wellbeing of all employees at all times and in whatever place they work through the following initiatives:

- Maintaining the department’s White Ribbon Accreditation, and providing support and resources to employees who may be experiencing or are affected by domestic and family violence. This included the requirement for all employees to undertake ‘Recognise, respond and refer’ online training every two years.
- Updating the department’s COVID-19 safety plans to ensure safe workplaces were in line with the Chief Health Officer’s directions.
- Delivering the employee health and wellbeing program, which included the provision of flu vaccinations, skin cancer checks, subsidised physical activity initiatives and regional activities.
- Ensuring ongoing access to employee support services to effectively manage a range of potential impacts, including complex physical and psychological conditions, work-related matters, COVID-19, organisational change and work–life balance.
- Managing workloads through FTE management strategies and ensuring that vacant roles were filled as soon as possible using fair and transparent processes.

Workforce management

To ensure the department had the people to deliver on departmental and government priorities while at the same time supporting the principles of the *Savings and Debt plan*, we:

- initiated the development of a targeted workforce strategy to address capacity and capability priorities with a particular focus on leadership, policy, project management and contract management
- participated in the whole-of-government Policy Futures and Digital and ICT graduate programs, and commenced planning for the implementation of a departmental graduate program in 2023
- deployed resources to support the Community Recovery Ready Reserves.

Leadership at all levels

In alignment with the Leadership Competencies for Queensland Framework, all employees were supported to develop their leadership competencies through participation in a number of formal programs.



Our people

During 2021–2022:

- Nine employees participated in QUTex short courses to explore multiple topics that present challenges in complex environments. The programs build on leadership and management skillsets and capabilities such as influencing, negotiating, collaborating and strengthening relationships with internal and external stakeholders.
- 16 employees participated in the Leaders Support Series, where participants were able to discuss and reflect on leadership challenges in a supportive and collaborative space.
- 14 employees attended the Australia and New Zealand School of Government (ANZSOG) Masterclass for Leaders Program.
- One employee received a scholarship for the ANZSOG Executive Fellows Program, designed exclusively for senior public sector executives.
- Two employees participated in the ANZSOG Towards Strategic Leadership program, designed to provide participants with the opportunity to reflect, learn and grow to be able to carry out their roles with clarity, wisdom and energy.
- One employee participated in the QUT Public Sector Management Program, a dynamic study option catering specifically to mid-level managers in the Australian public service.

People and performance

The department is committed to building and sustaining a high-performance culture that maximises the potential of its employees. In 2021–2022 we:

- Reviewed and enhanced the department's onboarding resources and developed a new onboarding e-learning module to provide a more engaging and informative experience for new employees.
- Reviewed and updated all recruitment and selection resources to enhance and streamline the process for both applicants and panels, and to ensure greater transparency in selection decisions. This included the development of a simplified role description template and a new applicant guide, and the requirement for all panel members to disclose and manage any conflicts of interest.
- Refreshed the department's long service awards to ensure more inclusive and consistent eligibility criteria, and to provide a more contemporary definition of long service. Long service awards are now called Service to Queensland awards to recognise employee service to the Queensland public sector as a whole and not just the department.

Positive workplace culture

Creating an environment where all employees are treated with dignity, courtesy, trust and respect at all times is a high priority for the department.

In 2021–2022, the department:

- supported employees to balance their work, family and personal responsibilities and their health and wellbeing by accessing flexible work arrangements
- reflected on the department's results from the Working for Queensland Survey and developed key messaging about preventing and responding to unacceptable workplace behaviour, and liaised with external subject matter experts to develop further resources with a particular focus on bystander intervention
- dealt with complaints appropriately, while supporting both the complainants and subject officers.

Inclusion and diversity

The department recognises the value and importance of building a culture that is diverse and inclusive — one that reflects the community that we live in and service. The department supported this through the implementation of an *Inclusion and Diversity Strategy* and the Aboriginal and Torres Strait Islander Advancement Framework.

In 2021–22, the department developed knowledge and capability to strengthen an inclusive and diverse workforce by:

- offering programs such as the Leadership Support Series and Recruitment and Selection for Panels training
- supporting better outcomes for Aboriginal and Torres Strait Islander staff, clients and communities through mandatory cultural capability training



Our people

- supporting implementation of whole-of-government strategies including the *Queensland Multicultural Action Plan*, the *Closing the Gap Implementation Plan* and the *Queensland Women's Strategy 2022–27*
- participating in the annual CEO and Young Professionals event hosted by the Institute of Public Administration Australia
- celebrating and promoting a range of diversity events, including Disability Action Week, Multicultural Month and NAIDOC Week.

The department also continued to support women in the workforce through initiatives such as the QBuild Women in Construction Network and the QBuild apprentice program.

Across the nine recognised government boards within the Minister's portfolio, board membership is made up of 50.5 per cent men and 49.5 per cent women. Five of these boards relate to the historically male-dominated building and construction industry, with board membership comprising 46 per cent men and 54 per cent women. These five boards fall within scope of the whole-of-government expectation of 50 per cent women representation on boards and exceed that target.

The department is committed to achieving the whole-of-government equal employment opportunity workforce target. In April 2022, the department's Gender Champion commenced a partnership with the Public Service Commission and the Equity and Diversity Auditing and Reporting–Pilot team. The implementation of this project delivers on one of a number of recommendations of the Bridgman Review. The outcomes will contribute to the development of a targeted strategy and action plan to improve the development of a more diverse workforce.

Our industrial and employee relations framework

As at 30 June 2022, there are four certified agreements covering employees in EPW:

- *QBuild Field Staff Certified Agreement 2019 (FSA10)* – covering QBuild field staff
- *QBuild Office Staff Certified Agreement 2019* – covering QBuild office staff
- *QFleet Certified Agreement 2018* – covering QFleet staff
- *State Government Entities' Certified Agreement 2019 (Core Agreement)* – covering the remainder of the department's certified agreement covered employees.

In late 2022, EPW will be concurrently negotiating two replacement certified agreements that cover part of the department's workforce (QFleet and QBuild Field Staff Certified Agreements).

The department continues to support the government's policies on the contracting-out of services, union encouragement and employment security.

The department is committed to stability and employment security for its employees. We maximise permanent employment through the continued conversion of temporary employees to permanent, where possible. The department also limits the contracting-out of services.

Public sector ethics

Employees are required to demonstrate high ethical standards and values in accordance with the *Code of Conduct for the Queensland Public Service* and under the *Public Sector Ethics Act 1994* (PSE Act). They are trusted to perform required duties to a high standard, both with respect to public administration and conduct.

To ensure the department's employees are aware of their ethical obligations under the PSE Act, the department provides online public sector ethics training. This training includes content relating to:

- the four ethics principles set out in the *Public Sector Ethics Act 1994*
- the *Code of Conduct for the Queensland Public Service* (the Code of Conduct)
- ethical decision making
- other key legislation guiding professional conduct, including employee responsibilities and obligations.



Our people

Public sector ethics training is provided to new employees as part of induction. In addition, existing employees are required to undertake mandatory refresher training on an annual basis.

The department's commitment to ethical conduct is underpinned by its integrity framework, which consists of the following key principles of:

- setting integrity standards
- implementing integrity standards
- monitoring integrity
- managing non-conformance.

The department also has an Integrity Services Unit that supports the department's ethical and accountable culture and is responsible for:

- investigating corrupt conduct matters, including fraud and corruption
- providing advice about conflicts of interest, contact with lobbyists and other integrity related matters
- developing and implementing prevention, awareness, and education initiatives.

The department has a number of policies and procedures that give due consideration to the *Public Sector Ethics Act 1994*, the Code of Conduct and the associated framework governing ethical conduct in the Queensland public service. These policies and procedures support department employees to undertake their roles in an ethical, impartial and apolitical manner.

During 2021–22, the department revised its integrity related policies and procedures, including those relating to workplace behaviour, corrupt conduct, conflicts of interest and contact with lobbyists.

Embedding human rights

The department strives to respect, protect and promote human rights in its decision making and actions.

In 2021–22, the department continued its efforts to embed the *Human Rights Act 2019* (HR Act) and drive a culture of human rights into everyday operations.

The Executive Leadership Team (ELT) modified its terms of reference to establish its leadership role in the development of a human rights culture in the department. This was seen as an important step to setting the right tone and commitment for the agency. Governance committees were then also required to consider human rights in their functions.

A Human Rights Community of Practice (HRCOP) with representatives from across the department was established in November 2021. The HRCOP, which meets quarterly, aims to:

- promote a human rights culture
- act as a forum for sharing information and best practice on the application of human rights to the department's work
- provide updates on the latest human rights developments
- connect employees to human rights resources, advice, training and direct assistance
- over time, foster independent human rights capability in all business areas of the department.

Along with the HRCOP, Human Rights Champions were identified for each division to help support awareness raising, communication and good practice. These champions attend the HRCOP, as do divisional complaints management officers.

To increase awareness in the department, a new intranet page providing staff with information and useful links about human rights was established. In December 2021, Human Rights week was promoted across the department.

To ensure new employees start off on the right foot, the department's induction process for new employees was updated to inform staff of their human rights responsibilities under the HR Act.

To drive improvements to the understanding of human rights and decision-making in day-to-day work and to focus efforts where they will have the most impact, a work plan was developed for 2022 and is now in progress.



Reviews

In 2021–22, the department commenced a review of its complaints management policy and procedure. This includes considering the department’s complaints management process as it applies to human rights. This review will be completed in 2022–23.

The department also reviewed its standard policy and procedures templates to incorporate consideration of human rights more clearly into operations. By the end of 2022, all departmental policies and procedures will incorporate clear guidance for staff.

Training

In October 2021, officers involved in policy or legislative development attended a policy and legislation course, facilitated by the Queensland Human Rights Commission.

The department also mandated human rights training for all new staff commencing with the department.

Human rights complaints

Number of complaints between 1 July 2021 and 30 June 2022	Outcome of complaints
<ul style="list-style-type: none">• Three human rights complaints were received by the department. Of the three complaints:<ul style="list-style-type: none">» two complaints were from departmental employees» one complaint was from a customer of the department. <p>For clarity, the human rights components of the three complaints were identified by the department.</p>	<ul style="list-style-type: none">• One complaint was not substantiated; therefore, no human rights were limited.• One complaint could not be investigated.• One complaint is yet to be finalised.



Our governance

Our governance arrangements ensure we meet our strategic objectives and our resources are allocated appropriately to maximise the cost-effective delivery of services. Our Governance Committee Framework comprises the Executive Leadership Team (ELT) and four governance committees.

Executive Leadership Team

The ELT is the department's principal strategic governing body, responsible for setting the strategic direction of the department, demonstrating leadership, overseeing financial and business performance, ensuring effective use of resources and supporting the Director-General as the Accountable Officer.

Our ELT:

- sets the department's strategic direction, goals and performance levels, aligned to government objectives
- provides stewardship over the implementation of programs and policies
- demonstrates visible and aligned leadership to the agency
- ensures effective financial management and use of resources, including reprioritisation when necessary
- monitors the performance of business activities and the achievement of priorities and objectives
- ensures effective business continuity practices and culture within the department
- supports the Director-General, as the Accountable Officer, to meet legislative requirements and accountabilities
- ensures the effective management of risk by:
 - » setting the organisation's risk culture and providing direction for the risk management system
 - » monitoring risks that present the most significant threat to achieving the department's purpose and objectives, including departmental risks
- leads the development of a human rights culture in the department, and ensures that acts and decisions take human rights into account.

Members:

- Director-General
- Deputy Director-General, Public Works
- Deputy Director-General, Corporate and Portfolio Strategy
- Deputy Director-General, Energy
- Deputy Director-General, Hydrogen
- Deputy Director-General, Procurement
- Assistant Director-General, Building Policy
- Assistant Director-General, QBuild
- Assistant Director-General, Portfolio Integration



Our Executive Leadership Team as at 30 June 2022

Paul Martyn PSM

Chair: Director-General BA (Hons), LLB (Hons) (Qld), MSc (London)

Paul Martyn leads the Department of Energy and Public Works (EPW). The department, with over 2,000 staff, delivers major building projects across Queensland. With more than 25 years' experience in economic policy and reform, Paul is leading the development of Queensland's plan for the energy transformation. He is responsible for policy around the building and construction industry, and for improved government procurement.

Prior to joining EPW, Paul was Chief Executive Officer of Trade and Investment Queensland, where he spearheaded investment attraction in hydrogen and renewable energy.

Paul has worked to encourage growth and investment in a wide range of Queensland's key sectors, including resources, agriculture, manufacturing, tourism, defence industries and high technology—and now energy and building.

In the Governor-General's 2022 COVID-19 Honours List, Paul was awarded a Public Service Medal for his leadership of Queensland's COVID-19 Response and Recovery Taskforce during the pandemic.

Graham Atkins

Member: Deputy Director-General, Public Works BASc (Quantity Surveying), ADip App Sc (Building)

Graham has vast experience in the building and construction industry, spanning a number of decades. Graham has contributed to the Executive Leadership Team in his role as Deputy Director-General since joining the department in July 2011.

In this role, Graham has led the state's primary building and construction service provider to deliver major projects, building maintenance, and facility management services for client agencies and departments.

Graham has held senior executive positions within other government departments, including Deputy Director-General of the Department of Education and Training, where he was responsible for infrastructure planning and delivery. Graham holds a Queensland Open Builders Licence.

Sharon Bailey

Member: Deputy Director-General, Queensland Government Procurement BSocWk, BA, PgD-Arts

Sharon joined the Department of Energy and Public Works in April 2019 and brings extensive experience from across federal and state jurisdictions of government.

Her previous roles span central agency, economic and social policy, and corporate positions, encompassing experience in a diverse range of public policy areas, including humanitarian and migrant settlement, community cohesion, education, arts, public works, commercialisation and community services development.

David Shankey

Member: Deputy Director-General, Energy LLB, BCom

David was appointed as Deputy Director-General of the Energy division in August 2021.

In this role, he also serves as Queensland's Energy Senior Official, supporting Energy Ministers in the development of national energy market policy.

In his previous role as Executive Director in the Energy division for four years, he worked in multiple roles including Strategic Policy and Renewables. Prior to joining the Queensland Government, David worked in both the resources sector and in the media.



Our governance

Chris Shaw

Member: Deputy Director-General, Hydrogen BSc (Hons)

Chris joined the department in March 2022 to lead the work with partner agencies in accelerating hydrogen as part of a new energy system for Queensland.

In his previous role of Executive Director, Georesources Policy for the Department of Resources, Chris provided strategic direction for Queensland's resources sector, including regulatory reform and industry development. He also played a lead role in the development of the resource sector COVID-19 pandemic responses and government support and recovery measures. Chris also previously played a lead role in onshore gas industry reform with the Northern Territory Government and has held senior roles in the private sector.

Irene Violet

Member: Deputy Director-General, Corporate and Portfolio Strategy BHealthSC (Rehab Couns), BA (Psych), MBA

Irene was appointed as Deputy Director-General, Corporate and Portfolio Strategy in May 2022 and is responsible for corporate services and portfolio strategy services that support the successful policy and program delivery of the department.

Irene has over 20 years' experience working in state and federal governments, largely focused on policy-driven service transformation and delivery.

Prior to this role, Irene led large-scale programs in the Department of Communities, Housing and Digital Economy and Department of Employment, Small Business and Training. She led Queensland Shared Services, modernising and optimising the shared services used by agencies and departments. Irene also held several senior executive roles at WorkCover Queensland, with responsibilities for corporate services, customer services and specialist advisory teams, and was a member of the Workplace Health and Safety Board of Queensland.

Ainslie Barron

Member: Assistant Director-General, Building Policy BA, MPubPol

Ainslie was appointed Assistant Director-General, Building Policy in April 2022 after acting in the role since September 2021, bringing many years of strategic leadership experience within public sector environments to the role. Prior to this, Ainslie was the Executive Director in Building Policy.

As the Queensland Government's representative on the Australian Building Codes Board, Ainslie works with officials nationally on matters relevant to the building portfolio.

Ainslie has 20 years' experience in state and federal government, including working with a national employer association. Ainslie has extensive central agency experience and has worked on significant economic and social policy portfolios, developing and delivering high priority reforms for the Queensland Government.

Paul Hyde

Member: Assistant Director-General, QBuild ADip App Sc (Building), Grad Cert Public Sector Leadership, MAICD

Paul was appointed Assistant Director-General of QBuild in May 2022. Prior to this, he spent 12 years with the Queensland Police Service, Public Safety Business Agency and Queensland Fire and Emergency Services, where he worked in the Asset Management and Capital Program divisions.

Starting his career as an apprentice carpenter in Cairns, Paul has 40 years' experience in the building industry, mostly in government roles. After working with local builders across the region, he joined the then State Works Department as a carpenter, quickly progressing to Supervisor, Senior Supervisor, District Manager, Regional Manager and Client Services Director, working on Thursday Island and in Bamaga, Roma, Mount Isa and Toowoomba.

Paul has extensive experience in building contract and strategic asset management and remote area service delivery. He has managed large and diverse teams, working in challenging and complex environments. He is a recent graduate of the Australian Institute of Company Directors.



Our governance

Paige Ridgewell

Member: Assistant Director-General, Portfolio Integration BLeisSt, MBA, MPP, MAICD

Paige was appointed to the role of Assistant Director-General, Portfolio Integration in November 2021.

Paige's 25-year Queensland public sector career has seen her working across a number of portfolios, including infrastructure and planning, main roads, racing, national parks, social policy, and sport and recreation. She is known for her experience in successfully leading transformation within government through community collaboration and co-design, and a strong focus on creating better futures for Queenslanders.

She has extensive experience in managing and directing teams to achieve high-level outcomes in strategy, policy and program development.

In her previous roles as Assistant Director-General for QBuild, as well as Sport and Recreation, Paige led the QBuild Transformation Program and the delivery of the *Queensland Government's Activate! Queensland 2019–2029 sport strategy*.

Paige brings her many years of experience as an athlete, coach and administrator to the work environment by applying the principles of high performance, training and teamwork.

Robyn Turbit, Deputy Director-General, Corporate (retired)

Retired member

After 40 years of service, Robyn retired from her role as Deputy Director-General, Corporate.

The department would like to thank Robyn for her significant contribution and service as a long-standing officer in Public Works and predecessor agencies.

Governance committees

The department has four committees in its governance structure to support ELT, each advising on decisions and activities within their Terms of Reference or Charter.

Digital and ICT Steering Committee

The Digital and ICT Steering Committee (DISC) provides advice to the Director-General through ELT, about the effective alignment and deployment of departmental digital and ICT investments and resources to the department's strategic objectives and the government's priorities. The committee's key focus areas are:

- overseeing digital and ICT initiatives
- overseeing Information Security Management System implementation
- establishing digital and IT priorities for the organisation
- allocating resources
- providing leadership through the management of EPW security policy and its implementation across the department
- promoting best practice techniques in investment, project and portfolio management
- maintaining a Digital and ICT Governance and Assurance model that will ensure effective financial and management control of departmental ICT resources and assist in ensuring business benefits through ICT/ digital initiatives
- monitoring the departmental risk on ICT systems management, and undertaking quarterly risk review and analysis.

During the reporting period, DISC:

- met 11 times, which included a mid-year review where members undertook an annual performance self-assessment, identified areas for improvement and implemented the changes. DISC also held a risk workshop, during which a departmental digital and ICT risk was articulated and assessed, and mitigations were identified. Both the risk and the progress of agreed mitigations were reviewed quarterly during this period
- considered and endorsed nine policy artefacts that will provide enhanced ICT guidance for the department



Our governance

- received monthly reports on the health of the EPW Digital and ICT Portfolio, key ICT contracts and the six new initiatives submitted to the Office of Assurance Investment, Queensland Government Customer and Digital Group
- endorsed a simulated cyber security incident and the recommendations coming from this exercise to strengthen the department's cyber security posture.

People and Culture Committee

The People and Culture Committee provides strategic support to the Director-General and ELT to build a culture that reflects the department's values through effective human resource strategies and programs. The committee's key focus areas are:

- providing strategic leadership in building a culture that reflects the department's values
- ensuring governance obligations are being met so that human resources practices meet the department's legislative and policy requirements
- guiding the development, implementation, and ongoing review for the purpose of continuous improvement to ensure best practice people management, culture strategies and attraction and retention programs to build capability across the department
- committing to the prevention of violence against women through the implementation of the White Ribbon Australia's Workplace Accreditation Program
- ensuring the committee has a strong focus on diversity by actively targeting a broad range of issues and opportunities across the department in consultation with various diversity groups
- monitoring the departmental risk on capacity and capability, and undertaking regular risk review and analysis.

Safety and Wellbeing Committee

The Safety and Wellbeing Committee provides direction and leadership to support an effective workplace health and safety (WHS) management system to achieve improved performance and culture. The committee's key focus areas are:

- creating a culture that supports keeping everyone safe and well
- providing strategic direction to assist with the development of WHS plans to effectively manage WHS risks
- critically reviewing the department's WHS performance and leading initiatives to achieve improved performance, supporting the department's strategic objectives
- monitoring WHS plans to ensure compliance with relevant legislation, directives and policies
- ensuring appropriate resources are available to implement WHS plans
- monitoring the departmental risk on safety and wellbeing, and undertaking regular risk review and analysis.

Audit and Risk Committee

The Audit and Risk Committee acts as an advisory service to the Director-General to assist in the effective discharge of the responsibilities in the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019*, and other relevant legislation and prescribed requirements.

A key duty of the committee is to ensure processes are in place to provide reasonable assurance to the Director-General that the department's core objectives are achieved in an efficient and economical manner, within an appropriate framework of governance, internal controls and risk management.

Members:

- Peter Dowling, Chair (external member)
- Julie-Anne Schafer (external member)
- Ainslie Barron, Assistant Director-General, Building Policy.



Our governance

In 2021–22, the Audit and Risk Committee:

- considered audit recommendations from both internal audit reports and Queensland Audit Office reports, including performance audits
- endorsed the *Strategic and Annual Internal Audit Plan*, the 2020–21 Financial Statements and the Information Security Management System attestation
- considered the performance of the risk management framework in managing both operational and departmental risks.

The Audit and Risk Committee met on five occasions during 2021–22.

The remuneration paid to two external members was as follows: Peter Dowling (\$6,336) and Julie-Anne Schafer (\$3,146).

Risk management

In 2021–22, as a relatively new department, risk management was matured and a revised risk management system was established. The system outlines six focus areas to integrate risk management into: key planning processes; performance monitoring; and departmental activities, ensure risk management is applied consistently and to enable sound, evidence-based decision making.

1. **Governance and assurance:** Governance and accountability structures mandate the risk function and ensures its effective operation. The department’s governance committees monitor relevant risks, and the Audit and Risk Committee and Internal Audit provide independent oversight and assurance.
2. **Policy and framework** – the department’s Risk Management Framework, based on international standard AS/NZS ISO 31000:2018, and Risk Management Policy, sets the organisation’s tone and expectations, articulates processes and guides using risk management for effective prioritisation of resources.
3. **Risk appetite:** The risk appetite sets risk-taking expectations, supports resource allocation and provides context to management in formulating strategy. There are different tolerances depending on the nature of a risk, with no tolerance for workplace safety and wellbeing risks or fraud and corruption risks, and low tolerance for critical information asset risks.
4. **Execution:** The department’s risk management process is based on the AS/NZS ISO 31000:2018 standard—establishing the context, identifying, analysing, evaluating, treating, monitoring, reporting and communicating risks associated with any activity or function. Departmental risks are managed via governance committees and assigned to ELT members. Operational risks are managed within divisions via centrally located risk registers, and a risk-based review schedule is in place. Reporting to inform, discuss and support decision making regarding mitigations is provided to ELT, divisional heads, and the Audit and Risk Committee.
5. **Competency:** The department is focused on building risk management capability and better risk management practices. A network of risk management coordinators across the agency advocates good practice, and supports risk owners and staff to manage risks. To help build a risk-capable department, an online Risk Resource Centre is available for staff, which incorporates tools, templates and an operational risk management manual.
6. **Culture:** The department aims to create a culture in which understanding, managing and accepting risks is seen as part of everyone’s everyday decision-making processes. The tone is set by the department’s ELT.

Internal audit

The Internal Audit Unit operates independently, and provides assurance and advice to the Director-General, senior management and the Audit and Risk Committee on whether the department’s financial and operational controls are operating in an efficient and effective manner.

The Internal Audit Unit developed a strategic and annual audit plan through wide consultation, which included consideration of departmental risks. The Internal Audit Unit considers the coverage and management of risks and controls across the department to assess whether an appropriate level of assurance is maintained.



Our governance

The Internal Audit Unit operates a quality assurance and improvement program that identifies opportunities to ensure the efficient, effective and economical operation of the function.

During 2021–22, the Internal Audit Unit completed six internal audit reviews, completed two management requests, followed-up on open audit recommendations, provided independent advice on a variety of project committees and provided ad-hoc advice to managers on a range of issues.

Information systems and recordkeeping

The department complies with the *Public Records Act 2002* (PR Act) to keep and maintain records of business activities. The department's Recordkeeping Policy was developed in accordance with the PR Act, and the department's supporting procedures provide guidance to employees on the creation and management of departmental business records.

The department's public records are retained in accordance with general or core retention and disposal schedules and relevant legislation.

In 2021–22, we:

- updated the *Recordkeeping Policy* as well as all related supporting procedures
- released a new *Records Digitisation Standard*, which has been instrumental in moving users from paper-based recordkeeping into digital recordkeeping practices
- adopted the Queensland State Archives' recordkeeping awareness course as mandatory for all users to complete once annually
- delivered the eDRMS Foundation Project, which facilitated areas to move from paper-based recordkeeping practices to digital recordkeeping. The Records Management team will continue working with business areas to transition more processes as their understanding and capability in using the new solution increases
- established a Records Community of Practice with representatives from all business areas. The members meet monthly
- undertook a retention and disposal program of work
- reviewed and updated the delegation of authorities with respect to records
- created a monthly newsletter, 'the Record' that is circulated via the Records Community of Practice members as well as senior management.

Information security attestation

During the mandatory annual information security reporting process, the Director-General attested to the appropriateness of the department's information security risk management to the Queensland Government Chief Information Security Officer. Appropriate assurance activities were undertaken to inform this opinion and the department's information security risk position.

The department is committed to continually enhancing its information security position and is implementing an information security management system based on Australian standard *ISO/IEC 27001 Information technology – Security techniques – Information security management systems – Requirements*.

During 2021–22, the department detected and prevented many attempts to break through its security perimeter, but did not suffer any serious security or data breaches.

The department engaged an external party to provide assurance of its Essential Eight controls, which are eight prioritised mitigation strategies developed by the Australian Cyber Security Centre. The review provided assurance that the department is progressing well in the implementation of these controls. The recommendations from the review have formed a program of work that will enhance EPW's security environment.



External reviews

Queensland Building and Construction Commission Governance Review

- Between November 2021 and May 2022, Mr Jim Varghese AM led an independent review of the Queensland Building and Construction Commission's (QBCC's) governance.
- Mr Varghese's report, which includes 17 recommendations and 77 actions, aims to transform the building regulator into a more outcomes-focused and customer-focused organisation.
- An implementation steering committee has been established and will oversee implementation of the government's response, as well as being responsible for the publication of regular updates.
- A 90-day action plan, with a firm focus on implementation, builds a strong foundation for a three-year period of change.

Review of the role of developers in the building and construction industry

- Following a recommendation of the Transport and Public Works Parliamentary Committee in 2020, the *Queensland Building and Construction Commission Act 1991* was amended to require that a review of the role of developers in the building and construction industry be undertaken. A report on the outcomes of the review is to be tabled by the minister in Parliament.
- On 13 November 2021, the Developer Review Panel was announced.
- The independent panel is chaired by experienced industry professional Ms Alison Quinn, with construction advisory firm managing director Ms Gina Patrick and respected lawyer Mr John Payne as members.
- Since being appointed, the Panel has undertaken extensive targeted consultation with its industry reference group and other industry participants.
- Following the release of a discussion paper and public consultation, the panel will develop its final report and recommendations.

Health check of industry readiness for trust accounts

- Government undertook a health check of industry readiness in late 2021 for the next phases of the trust account framework that will apply to eligible contracts in the building and construction industry.
- This included surveying industry stakeholders including head contractors, subcontractors, principals, auditors, financial institutions, local government and peak industry bodies to determine their readiness for the trust account roll out.
- The health check indicated there are currently challenges such as the COVID-19 environment, compatibility of accounting software, and awareness of the framework which should be addressed before the framework expands further.
- Based on the findings, it was decided to extend the commencement dates for the remaining two trust phases by nine months respectively.
- Phase 3 of project trust accounts (eligible private sector, local government, statutory authority, and government-owned corporations' contracts of \$3 million or more) will now commence on 1 April 2023, and Phase 4 (all eligible contracts of \$1 million or more) will now commence on 1 October 2023.
- The final phase of retention trust accounts (to apply throughout the contractual chain on eligible projects) now also commences on 1 October 2023.
- This additional time will support smaller contractors through the transition, particularly given ongoing challenges such as the COVID-19 pandemic, market capacity and the recovery efforts following the South East Queensland floods.

Queensland Audit Office reviews

In 2021–22, the department was involved in the following reviews by the Queensland Audit Office (QAO):

Report 4: 2021–22 status of Auditor-General's recommendations

The department provided a self-assessment against recommendations made by the QAO in performance audits from 2015–16 to 2017–18. The department reported all recommendations were fully implemented.

There were no recommendations made by QAO from this report.



Our governance

Report 5: 2021–22 Managing Queensland’s transition to renewable energy

The review examined how the department is managing Queensland’s planned transition to 50 per cent renewable energy by 2030.

Five recommendations were made to support the achievement of the renewable energy target and improve public reporting.

This report examined how the EPW is managing Queensland’s planned transition to 50 per cent renewable energy by 2030. The department accepted all five of QAO’s recommendations, which are to:

- publicly communicate its overall vision and objectives for the transition to renewable energy and sets out more information on its desired end state in its 10-year energy plan, conduct an interim review by 2025 to formally assess its progress towards the target and to consider further actions to support its achievement of the target. These could include additional investment on network infrastructure, increased support for renewable generators or other actions to address external factors
- publish a detailed public statement of how Queensland’s renewable energy target is defined and measured
- update the calculations of progress against the target to fully account for all relevant renewable energy, such as small-scale renewable and non-renewable energy, such as diesel generation
- report more information on:
 - » actual renewable generation including; for example, the amount of energy generated from wind, solar and other sources
 - » the assumptions which support its renewable energy forecast.

Report 7: 2021–22 Energy 2021

This report summarises the financial audit results of Queensland’s six energy government-owned corporations. These entities generate (CleanCo, CS Energy and Stanwell), transmit (Powerlink) and distribute (Energy Queensland) most of Queensland’s electricity, and Ergon Energy Queensland is the electricity retailer for regional Queensland.

Report 14: State entities 2021

The department obtained an unmodified opinion on the 2020–21 financial statements.

Report 16: 2021–22 Contract management for new infrastructure

The review examined contract and project management practices of six projects across two departments—four projects delivered by this department and two projects delivered by Department of Education.

In total, 11 recommendations were proposed in total, with 10 pertaining directly to the department.

The report reinforces the direction and work the department commenced prior to the review, including a Project Management Centre of Excellence as well as developing stronger rigour around project initiation, planning, delivery and risk management practices for Public Works’ project teams and its client agencies

Report 18: 2021–22 Enhancing government procurement

The review focused on how government procurement can achieve value for money. Five recommendations were made which relate to the department.

The recommendations were to strengthen collaboration across government, ensure quality data is available for analysis, and improve monitoring and reporting on procurement.

Inquests

The department responds to recommendations made by coroners in findings of inquests. In 2021–22, the department:

- as a supporting agency, continued to consult in relation to three recommendations from a 2016 inquest relevant to building industry inspections and standards relating to awnings
- as the lead agency, continued to consult with relevant stakeholders to progress the response to the fourth recommendation from the same 2016 inquest
- as the lead agency, continued to consult with relevant stakeholders to move towards finalising the response to the first recommendation from a 2014 inquest related to fire safety in tourist accommodation.



Appendices

Appendix 1: Statutory bodies

The following statutory bodies and authorities prepare separate annual reports that are provided to the Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement.

Name of body as described in the constituting Act	Constituting Act	Annual reporting arrangements
Board of Architects of Queensland	<i>Architects Act 2002</i>	Annual report to Parliament
Board of Professional Engineers of Queensland	<i>Professional Engineers Act 2002</i>	Annual report to Parliament
Queensland Building and Construction Commission	<i>Queensland Building and Construction Commission Act 1991</i>	Annual report to Parliament



Appendix 2: Government bodies

The following bodies, boards and committees were active during 2021–22 with reporting arrangements to the department. Additional information on government bodies is available on the department’s website at epw.qld.gov.au/news-publications/annual-report

The Services Trades Council and the Queensland Building Construction Board will be reported in the QBCC annual report.

The Advisory Council to the Energy and Water Ombudsman Queensland (EWOQ) will be reported in the EWOQ annual report.

Development Tribunals	
Act or instrument	<i>Planning Act 2016 (Chapter 6, Part 2)</i>
Functions	To provide an affordable, timely, accessible, non-court-based resolution service to resolve building and development appeals and appeals relating to enforcement notices, and plumbing and drainage and water connection appeals.
Achievements	In 2021–22, there were 65 appeals commenced. Of those appeals, 48 were decided or otherwise resolved. No new matters were taken on further appeal to the Planning and Environment Court resulting in a change to the Tribunal’s decision. Due to the ongoing impacts of COVID-19, the annual referee training seminar was delivered in an alternative format—two separate topics delivered online. The first topic of ‘How to conduct an appeal’ was held across six separate sessions in September 2021. A second topic on ‘Natural justice’ was covered in March 2022 and July 2022.
Financial reporting	Appeal fees and member remuneration payments are accounted for in the financial statements.
Remuneration	
Referees are paid only if they are appointed to a Tribunal to decide an appeal. Fees for a standard appeal of eight hours or less are \$650 for the Chairperson and \$500 for an ordinary member. Fees for a complex appeal of eight hours or more are \$975 for a chairperson and \$750 for an ordinary member.	
Total out-of-pocket expenses	Referees are also remunerated for out-of-pocket expenses such as private vehicle travel and postage costs.

Queensland Urban Design and Places Panel	
Act or instrument	Terms of reference
Functions	The Queensland Urban Design and Places Panel provides state agencies and local governments with independent expert urban design advice on major infrastructure and urban-planning projects across Queensland.
Achievements	<ul style="list-style-type: none"> • Detailed design review and advice to the Department of State Development, Infrastructure, Local Government and Planning regarding St. Joseph’s College Gregory Terrace Infrastructure Designation. • Detailed design review and advice provided to West Moreton Health for the Ipswich Hospital Expansion and Master Plan. • Design review and advice to the Department of State Development, Infrastructure, Local Government and Planning regarding the proposed development at Village Centre East at The Spit on the Gold Coast.
Financial reporting	Panel member remuneration payments are accounted for in the financial statements.



Queensland Urban Design and Places Panel (continued)

Remuneration

There are currently 30 members appointed to the Queensland Urban Design and Places Panel for a three-year term ending in January 2023. Members are paid sitting fees only if they are appointed to a design review subcommittee to consider a particular project. Panel members that are public sector employees (which includes the Chair) are not paid sitting fees. Daily sitting fees for non-government members are \$400 or \$200 where a subcommittee meets for four hours or less.

Total out-of-pocket expenses	No out-of-pocket expenses were incurred in 2021–22, as most design review sub-committee meetings were held virtually. Total remuneration costs for 2021–22 were \$3,800.
------------------------------	--

Queensland Hydrogen Taskforce

Act or instrument	Terms of reference
Functions	<p>The Queensland Hydrogen Taskforce supports the delivery of Queensland’s vision for a renewable hydrogen sector, with a focus on the necessary policy and practices needed to ensure the sustainable development of a hydrogen industry in Queensland for export and domestic use.</p> <p>This includes identifying the short- and medium-term actions within the regulatory and planning landscape to facilitate safe and sustainable development of Queensland’s next major energy commodity.</p>
Achievements	<ul style="list-style-type: none"> • Provided input and advice to government on multiple policy issues. • Represented Queensland at state, national and international events. • Advised on factors relevant to enabling a social licence to operate for the hydrogen industry. • Engaged with proponents, industry groups and local government across regional and South East Queensland. • The Chair of the Hydrogen Taskforce attended a number of key international hydrogen industry events, including: <ul style="list-style-type: none"> » the 2022 World Hydrogen Summit in Rotterdam, the Netherlands » the official opening of the Maersk McKinney-Moller Centre for Decarbonisation of Shipping in Copenhagen, Denmark. • Supported work to identify opportunities for export-scale hydrogen projects across Queensland. This work will help industry proponents make informed choices regarding location of hydrogen production, transmission and export infrastructure, and maximise opportunities for common-user infrastructure, creating capital efficiencies for all projects and reducing potential impacts from their construction and operation.
Financial reporting	Costs associated with the Queensland Hydrogen Taskforce are accounted for in the financial statements.

Remuneration

Position	Name	Meetings / sessions / attendance	Approved annual, sessional or daily fee	Actual fees received[1]
Chair	Professor Peta Ashworth	15	\$650 daily rate / \$325 half day rate (four hours or less)	\$9,750
Member	Ms Vanessa Sullivan	13	\$500 daily rate / \$250 half day rate (four hours or less)	\$6,500



Queensland Hydrogen Taskforce				
Member	Professor Ian Mackinnon	15.5	\$500 daily rate / \$250 half day rate (four hours or less)	\$7,750
Member	Ms Renata Berglas	11.5	\$500 daily rate / \$250 half day rate (four hours or less)	\$5,750
No. scheduled meetings/sessions	There were 7 Queensland Hydrogen Taskforce meetings held. Taskforce members also attended several workshops and provided written feedback on consultation papers and reports.			
Total out-of-pocket expenses	\$52 (parking for non-government Taskforce members)			

Tripartite Procurement Advisory Panel	
Act or instrument	Terms of reference
Functions	<p>The Tripartite Procurement Advisory Panel is the independent, expert body providing advice and recommendations to Queensland Government on penalties under the Ethical Supplier Mandate and Ethical Supplier Threshold policies.</p> <p>The Panel's role covers three broad areas, which include:</p> <ol style="list-style-type: none"> 1. providing advice and making recommendation to the procuring agency decision makers regarding penalty and/or remedial action based on the non-compliance and the application of the Mandate policy 2. providing broader systems improvement advice for consideration by the procuring agency 3. reviewing all appeals lodged by suppliers.
Achievements	The Tripartite Procurement Advisory Panel was inducted on 1 August 2022, superseding the Procurement Penalties and Sanctions Committee as the independent, expert body providing advice and recommendations to Queensland Government on penalties under the Ethical Supplier Mandate and Ethical Supplier Threshold policies.
Financial reporting	Panel member remuneration payments are accounted for in the financial statements.
Remuneration	
<p>The Tripartite Procurement Advisory Panel comprises a chair, a deputy chair and 10 members. Members are entitled to remuneration in with the relevant amounts being:</p> <p>Chairperson: daily fee of \$650</p> <p>Deputy Chairperson: daily fee of \$650</p> <p>Member: daily fee of \$500.</p> <p>No fees were paid in 2021–22, as the Panel was inducted on 1 August 2022 and no cases were heard.</p>	
No. scheduled meetings/sessions	2 (Note: Panel was inducted 1 August 2022 and schedule is being established.)
Total out-of-pocket expenses	\$0



Appendix 3: Glossary of terms

ARRs	Annual report requirements for Queensland Government agencies
ANCAP	Australasian New Car Assessment Program
ANZOG	Australia and New Zealand School of Government
DISC	Digital and ICT Steering Committee
CBU	Commercialised Business Unit
eDRMS	Electronic document and records management system
ELT	Executive Leadership Team
EPW	Department of Energy and Public Works
ETAS	Electricity Tariff Adjustment Scheme
EVs	Electric vehicles
FAA	<i>Financial Accountability Act 2009</i>
FCEV	Fuel cell electric vehicle
FPMS	<i>Financial and Performance Management Standard 2019</i>
HRCOP	Human Rights Community of Practice
GoC	Government-owned corporation
GPO	General post office
HR Act	<i>Human Rights Act 2019</i>
ICT	Information and communication technology
MEC	Ministerial Advisory Council
NAIDOC	National Aborigines and Islanders Day Observance Committee
NQSTIS	North Queensland Strata Title Inspection Scheme
QAO	Queensland Audit Office
QGP	Queensland Government Procurement
QBCC	Queensland Building and Construction Commission
QGAO	Queensland Government Accommodation Office
QREZ	Queensland Renewable Energy Zone
QUT	Queensland University of Technology
SDS	Service Delivery Statements
TDSG	Technology and Digital Solutions Group
WHS	Workplace Health and Safety



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 4
Accessibility	Table of contents	ARRs – section 9.1 3
	Glossary	ARRs – section 9.2 2
	Public availability	ARRs – section 9.2 2
	Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARRs – section 9.3 2
	Copyright notice	<i>Copyright Act 1968</i> ARRs – section 9.4 2
	Information licensing	QGEA – <i>Information Licensing</i> ARRs – section 9.5 2
General information	Introductory information	ARRs – section 10 5-8
Non-financial performance	Government’s objectives for the community and whole-of-government plans/specific initiatives	ARRs – section 11.1 11-12
	Agency objectives and performance indicators	ARRs – section 11.2 12, 15-28
	Agency service areas and service standards	ARRs – section 11.3 29-32
Financial performance	Summary of financial performance	ARRs – section 12.1 55-117
Governance – management and structure	Organisational structure	ARRs – section 13.1 9
	Executive management	ARRs – section 13.2 39-43
	Government bodies (statutory bodies and other entities)	ARRs – section 13.3 48-50
	Public sector ethics	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4 36
	Human rights	<i>Human Rights Act 2019</i> ARRs – section 13.5 37-38
	Queensland public service values	ARRs – section 13.6 10
Governance – risk management and accountability	Risk management	ARRs – section 14.1 44
	Audit committee	ARRs – section 14.2 43-44
	Internal audit	ARRs – section 14.3 44-45
	External scrutiny	ARRs – section 14.4 46-47
	Information systems and recordkeeping	ARRs – section 14.5 45
	Information security attestation	ARRs – section 14.6 45



Appendices

Summary of requirement		Basis for requirement	Annual report reference
Governance – human resources	Strategic workforce planning and performance	ARRs – section 15.1	34-36
	Early retirement, redundancy and retrenchment	Directive No.04/18 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 15.2	3
Open data	Statement advising publication of information	ARRs – section 16	2
	Consultancies	ARRs – section 31.1	https://data.qld.gov.au
	Overseas travel	ARRs – section 31.2	https://data.qld.gov.au
	Queensland Language Services Policy	ARRs – section 31.3	https://data.qld.gov.au
Financial statements	Certification of financial statements	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1	112
	Independent Auditor's Report	FAA – section 62 FPMS – section 46 ARRs – section 17.2	13-117

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2019*

ARRs Annual report requirements for Queensland Government agencies



Financial statements 2021–2022

Financial Summary..... 56

Statement by the Chief Finance Officer 58

Statement of Comprehensive Income 58

Statement of Financial Position 59

Introduction to Financial Statements..... 60

Financial Statements 2021-22 61

Management Certificate 112

Independent Auditor’s Report 113

Financial Summary

The Department of Energy and Public Works was established on 12 November 2020 as a result of the *Public Service Departmental Arrangements Notice (No. 4 and 5) 2020*.

Pursuant to section 80 of the *Financial Accountability Act 2009*, for financial reporting purposes the effective date of the transfer was 1 December 2020.

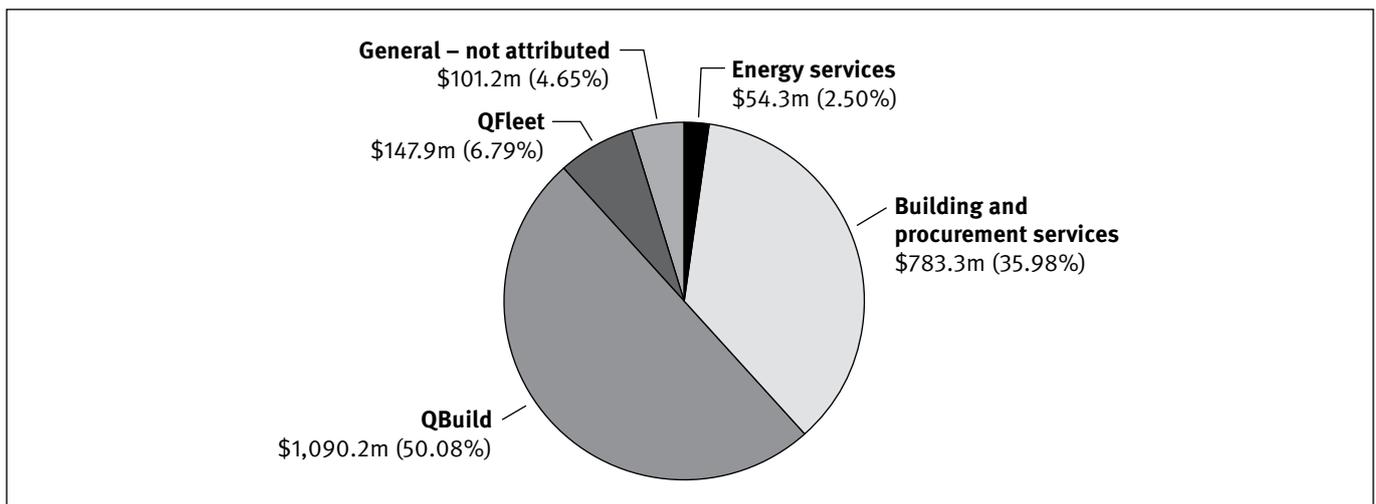
As at 30 June 2022 the reporting entity comprised the Department of Energy and Public Works and two commercialised business units (CBUs) (QBuild and QFleet).

A Statement of Comprehensive Income for the period 1 July 2021 to 30 June 2022 and a Statement of Financial Position as at 30 June 2022 are provided on the following pages.

The department obtains the majority of its total income from user charges and fees which comprise \$1,810 million or 90 percent of the department’s total income of \$2,007 million. User charges include:

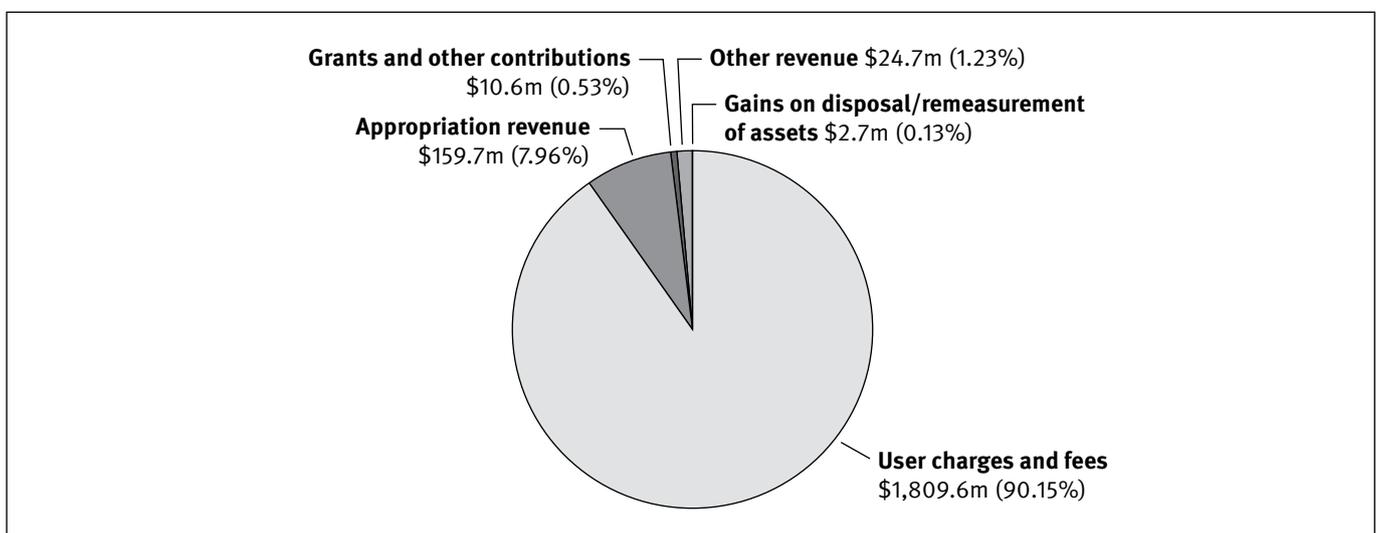
- building services
- commercial accommodation services and government employee housing to other Queensland state government entities
- fleet management services.

Total income by Major Departmental Services and Commercialised Business Units in 2021-2022#



Revenue by Major Departmental Services and Commercialised Business Units do not include internal departmental transaction eliminations which are eliminated in the Statement of Comprehensive Income and Statement of Financial Position.

Total income by category in 2021-2022

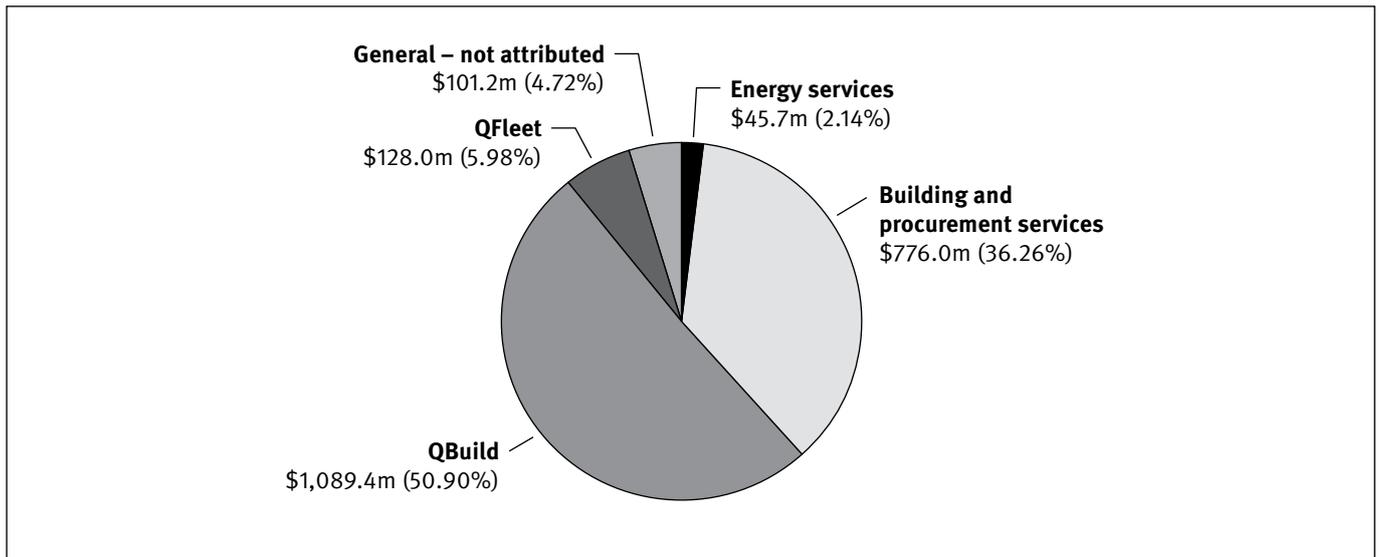


Financial statements 2021–2022

The major expense of the department is supplies and services which totals \$1,113.9 million or 57 percent of the department’s expenses of \$1,970.9 million. The major supplies and services comprise building, construction and maintenance services and property related expenses.

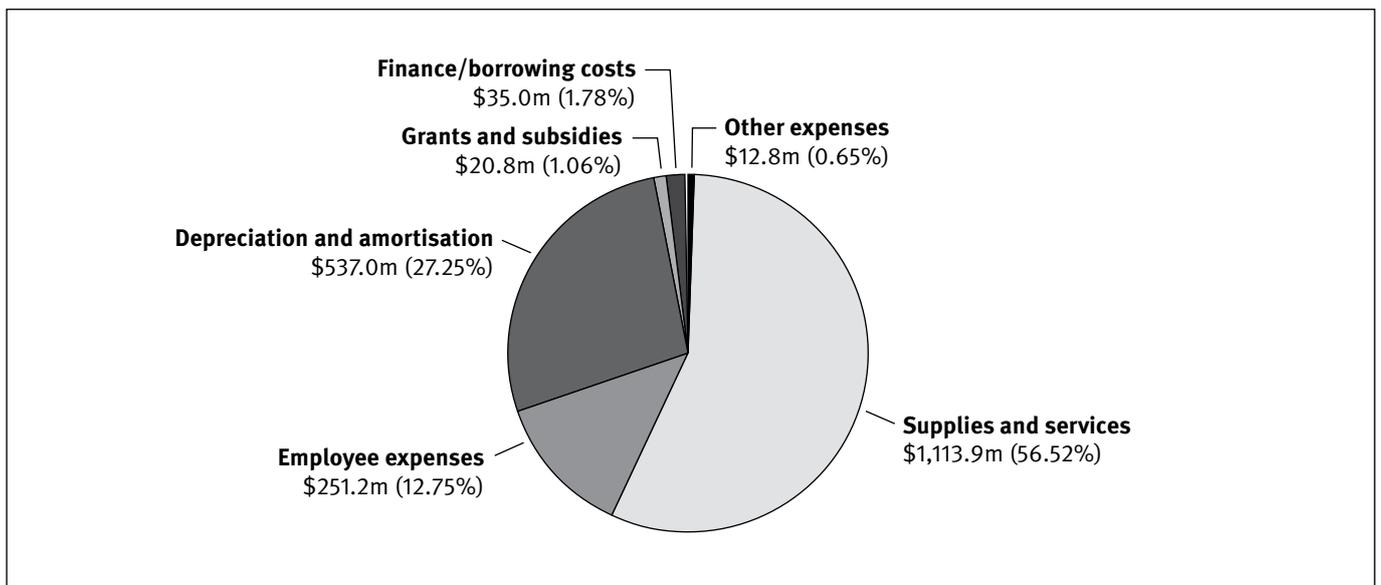
Major assets of the department are property, plant and equipment (\$3,603 million) and right-of-use assets (\$1,720 million) of the department’s total assets of \$5,941 million (90 percent). The majority of these assets comprise government owned employee housing, commercial properties and the land on which these are situated and leased commercial accommodation.

Total expenses by Major Departmental Services and Commercialised Business Units in 2021-2022#



Expenses by Major Departmental Services and Commercialised Business Units do not include internal departmental transaction eliminations which are eliminated in the Statement of Comprehensive Income and Statement of Financial Position.

Total expenses by category in 2021-2022



Statement by the Chief Finance Officer

In accordance with the requirements of the *Financial Accountability Act 2009*, the Chief Finance Officer has provided the Director-General with a statement confirming the financial internal controls of the department are operating efficiently, effectively and economically in conformance with Section 54 of the *Financial and Performance Management Standard 2019*. The statement was presented at the Audit and Risk Committee meeting in August 2022.

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

Statement of Comprehensive Income

for the period 1 July 2021 to 30 June 2022

	Note	Actual 2021-22	Actual 2020-21
		\$'000	\$'000
Income			
User charges and fees	1	1,809,634	1,127,464
Appropriation revenue	2	159,720	74,954
Grants and other contributions		10,643	3,040
Other revenue		24,720	17,702
Gains on disposal/remeasurement of assets		2,724	875
Total income		2,007,441	1,224,035
Expenses			
Supplies and services	3	1,113,949	743,463
Depreciation and amortisation	4	537,022	313,176
Employee expenses	5	251,215	108,047
Finance/borrowing costs		35,001	22,501
Grants and subsidies		20,840	7,038
Other expenses		12,824	11,460
Total expenses		1,970,851	1,205,685
Operating result before income tax		36,590	18,350
Income tax benefit / (expense)		(6,210)	(7,119)
Operating result after income tax		30,380	11,231
Other comprehensive income			
Items that will not be reclassified to operating result			
Increase/(decrease) in asset revaluation surplus	6	152,149	72,953
Total other comprehensive income		152,149	72,953
Total comprehensive income		182,529	84,184

Notes:

1. The increase in user charges and fees is mainly due to the full year effect of the 2020-21 machinery-of-government changes.
2. The increase in appropriation revenue is mainly due to the full year effect of the 2020-21 machinery-of-government changes.
3. The increase in supplies and services is mainly due to the full year effect of the 2020-21 machinery-of-government changes.
4. The increase in depreciation is mainly due to the full year effect of the 2020-21 machinery-of-government changes.
5. The increase in employee expenses is mainly due to the full year effect of the 2020-21 machinery-of-government changes.
6. The increase in the asset revaluation surplus is mainly due to favourable residential and commercial property market conditions across the state.

Statement of Financial Position

as at 30 June 2022

	Note	Actual 2021-22	Actual 2020-21
		\$'000	\$'000
Current assets			
Cash and cash equivalents		315,516	319,441
Receivables	7	154,757	122,895
Contract assets	8	62,765	54,892
Other current assets		16,182	19,014
Non-current assets classified as held for sale		4,568	2,369
Total current assets		553,788	518,611
Non-current assets			
Property, plant and equipment		3,602,504	3,424,948
Right-of-use assets		1,719,877	1,895,692
Receivables		62,050	65,423
Other non-current assets		3,276	3,785
Total non-current assets		5,387,707	5,389,848
TOTAL ASSETS		5,941,495	5,908,459
Current liabilities			
Lease liabilities		376,328	378,255
Payables	9	209,525	180,850
Provisions		13,537	12,474
Accrued employee benefits		8,689	6,181
Unearned revenue		6,407	3,532
Other current liabilities		32,724	26,350
Total current liabilities		647,210	607,642
Non-current liabilities			
Lease liabilities		1,597,244	1,747,309
Borrowings		196,512	196,512
Queen's Wharf deferred consideration		119,392	119,392
Provisions		32,398	46,548
Unearned revenue		23,807	25,129
Other non-current liabilities		17,334	17,448
Total non-current liabilities		1,986,687	2,152,338
TOTAL LIABILITIES		2,633,897	2,759,980
NET ASSETS		3,307,598	3,148,479
Equity			
Contributed equity		3,055,093	3,071,263
Asset revaluation surplus	10	225,102	72,953
Accumulated surplus/(deficit)		27,403	4,263
TOTAL EQUITY		3,307,598	3,148,479

Notes:

7. The increase in receivables is largely due to the timing of completion of work and timing of payments from clients.
8. The increase in contract assets is mainly due to work performed and not yet invoiced under agreed arrangements with client agencies.
9. The increase in payables is mainly due to increased appropriation payable to the Consolidated Fund as at 30 June 2022 as part of the finalisation of the 2021-22 financial year.
10. The increase in the asset revaluation surplus is mainly due to favourable residential and commercial property market conditions across the state.

Introduction to financial statements

The following financial statements have been prepared by the department and audited by the Auditor-General of Queensland:

- Statement of Comprehensive Income – Controlled
- Statement of Financial Position – Controlled
- Statement of Changes in Equity – Controlled
- Statement of Cash Flows – Controlled
- Statement of Comprehensive Income by Major Departmental Services and Commercialised Business Units – Controlled
- Statement of Assets and Liabilities by Major Departmental Services and Commercialised Business Units – Controlled
- Statement of Comprehensive Income – Administered
- Statement of Assets and Liabilities – Administered
- Statement of Comprehensive Income by Major Departmental Services – Administered
- Statement of Assets and Liabilities by Major Departmental Services – Administered
- Notes to the Financial Statements 2021–22
- Management Certificate
- Independent Auditor’s Report.

General Information

These financial Statements cover the Department of Energy and Public Works.

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

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

1 William St

BRISBANE QLD 4000

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

For information in relation to the department’s financial statements, please call 07 300 83138 or visit the departmental website www.epw.qld.gov.au.

Contents

Statement of Comprehensive Income - Controlled

Statement of Financial Position - Controlled

Statement of Changes in Equity - Controlled

Statement of Cash Flows - Controlled (including Notes to the Statement of Cash Flows)

Statement of Comprehensive Income by Major Departmental Services and Commercialised Business Units - Controlled

Statement of Assets and Liabilities by Major Departmental Services and Commercialised Business Units - Controlled

Statement of Comprehensive Income - Administered

Statement of Financial Position - Administered

Statement of Comprehensive Income by Major Departmental Services - Administered

Statement of Assets and Liabilities by Major Departmental Services - Administered

Notes to the Financial Statements 2021-22

Management Certificate

Independent Auditor's Report

**Department of Energy and Public Works
Statement of Comprehensive Income - Controlled
for the year ended 30 June 2022**

	Note	2022 \$'000	2021 \$'000
Income			
User charges and fees	2.1	1,809,634	1,127,464
Appropriation revenue	2.2	159,720	74,954
Grants and other contributions		10,643	3,040
Other revenue		24,720	17,702
Total revenue		<u>2,004,717</u>	<u>1,223,160</u>
Gains on disposal/remeasurement of assets		2,724	875
Total income		<u>2,007,441</u>	<u>1,224,035</u>
Expenses			
Supplies and services	2.3	1,113,949	743,463
Depreciation and amortisation	3.1, 3.2	537,022	313,176
Employee expenses	2.4	251,215	108,047
Finance/borrowing costs		35,001	22,501
Grants and subsidies		20,840	7,038
Other expenses	2.5	12,824	11,460
Total expenses		<u>1,970,851</u>	<u>1,205,685</u>
Operating result before income tax		<u>36,590</u>	<u>18,350</u>
Income tax benefit/(expense)		(6,210)	(7,119)
Operating result after income tax		30,380	11,231
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to operating result			
Increase/(decrease) in asset revaluation surplus	3.1	152,149	72,953
Total other comprehensive income		<u>152,149</u>	<u>72,953</u>
Total comprehensive income		<u><u>182,529</u></u>	<u><u>84,184</u></u>

The accompanying notes form part of these financial statements.

Department of Energy and Public Works
Statement of Financial Position - Controlled
as at 30 June 2022

	Note	2022 \$'000	2021 \$'000
Current Assets			
Cash and cash equivalents		315,516	319,441
Receivables	3.3	154,757	122,895
Contract assets	3.5	62,765	54,892
Other current assets	3.6	16,182	19,014
		<u>549,220</u>	<u>516,242</u>
Non-current assets classified as held for sale	3.7	4,568	2,369
Total current assets		<u>553,788</u>	<u>518,611</u>
Non-current Assets			
Property, plant and equipment	3.1	3,602,504	3,424,948
Right-of-use assets	3.2	1,719,877	1,895,692
Receivables	3.3	62,050	65,423
Other non-current assets	3.6	3,276	3,785
Total non-current assets		<u>5,387,707</u>	<u>5,389,848</u>
Total Assets		<u>5,941,495</u>	<u>5,908,459</u>
Current Liabilities			
Lease liabilities	3.2	376,328	378,255
Payables	3.9	209,525	180,850
Provisions	3.11	13,537	12,474
Accrued employee benefits		8,689	6,181
Unearned revenue	3.12	6,407	3,532
Other current liabilities	3.13	32,724	26,350
Total current liabilities		<u>647,210</u>	<u>607,642</u>
Non-current Liabilities			
Lease liabilities	3.2	1,597,244	1,747,309
Borrowings	3.8	196,512	196,512
Queen's Wharf deferred consideration	3.10	119,392	119,392
Provisions	3.11	32,398	46,548
Unearned revenue	3.12	23,807	25,129
Other non-current liabilities	3.13	17,334	17,448
Total non-current liabilities		<u>1,986,687</u>	<u>2,152,338</u>
Total Liabilities		<u>2,633,897</u>	<u>2,759,980</u>
NET ASSETS		<u>3,307,598</u>	<u>3,148,479</u>
EQUITY			
Contributed equity		3,055,093	3,071,263
Asset revaluation surplus	3.1	225,102	72,953
Accumulated surplus/(deficit)		27,403	4,263
Total Equity		<u>3,307,598</u>	<u>3,148,479</u>

The accompanying notes form part of these financial statements.

Department of Energy and Public Works
Statement of Changes in Equity - Controlled
for the year ended 30 June 2022

	Contributed equity \$'000	Asset revaluation surplus Note 3.1(d) \$'000	Accumulated surplus/ (deficit) \$'000	Total \$'000
Operating result	-	-	11,231	11,231
Other comprehensive income				
- Increase/(decrease) in asset revaluation surplus	-	72,953	-	72,953
Total comprehensive income for the year	-	72,953	11,231	84,184
Transactions with owners as owners				
- Appropriated equity injections (Note 3.16)	383,726	-	-	383,726
- Appropriated equity withdrawals (Note 3.16)	(370,830)	-	-	(370,830)
- Transfers from machinery-of-government changes (Note 1.5)	3,058,367	-	-	3,058,367
- Dividends paid or declared	-	-	(6,968)	(6,968)
Net transactions with owners as owners	3,071,263	-	(6,968)	3,064,295
Balance as at 30 June 2021	3,071,263	72,953	4,263	3,148,479
Balance as at 1 July 2021	3,071,263	72,953	4,263	3,148,479
Operating result	-	-	30,380	30,380
Other comprehensive income				
- Increase/(decrease) in asset revaluation surplus	-	152,149	-	152,149
Total comprehensive income for the year	-	152,149	30,380	182,529
Transactions with owners as owners				
- Appropriated equity injections (Note 3.16)	502,139	-	-	502,139
- Appropriated equity withdrawals (Note 3.16)	(490,246)	-	-	(490,246)
- Non-appropriated equity adjustments	(40,187)	-	-	(40,187)
- Net transfers in/(out) from other Queensland Government entities	12,124	-	-	12,124
- Dividends paid or declared	-	-	(7,240)	(7,240)
Net transactions with owners as owners	(16,170)	-	(7,240)	(23,410)
Balance as at 30 June 2022	3,055,093	225,102	27,403	3,307,598

The accompanying notes form part of these financial statements.

Department of Energy and Public Works
Statement of Cash Flows - Controlled
for the year ended 30 June 2022

	2022	2021
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Inflows:</i>		
User charges and fees	1,777,889	1,117,716
Appropriation receipts	173,168	87,216
GST collected from customers	124,340	85,461
GST input tax credits received from the Australian Taxation Office	79,654	45,455
Grants and other contributions	10,688	2,874
Other	50,229	32,813
<i>Outflows:</i>		
Supplies and services	(1,163,143)	(725,964)
Employee expenses	(249,228)	(111,922)
GST paid to suppliers	(162,827)	(101,453)
GST remitted to the Australian Taxation Office	(67,679)	(41,086)
Finance/borrowing costs	(35,026)	(22,583)
Grants and subsidies	(11,418)	(8,569)
Taxation equivalents	(8,137)	(3,492)
Other	(12,790)	(12,429)
Net cash provided by (used in) operating activities	505,720	344,037
CASH FLOWS FROM INVESTING ACTIVITIES		
<i>Inflows:</i>		
Sales of property, plant and equipment	18,624	29,673
<i>Outflows:</i>		
Payments for property, plant and equipment	(120,219)	(77,703)
Net cash provided by (used in) investing activities	(101,595)	(48,030)
CASH FLOWS FROM FINANCING ACTIVITIES		
<i>Inflows:</i>		
Equity injections	515,334	402,010
<i>Outflows:</i>		
Equity withdrawals	(523,427)	(395,199)
Payment of lease liabilities	(392,073)	(228,252)
Dividends paid	(7,883)	(9,330)
Net cash provided by (used in) financing activities	(408,049)	(230,771)
Net increase (decrease) in cash and cash equivalents	(3,924)	65,236
Increase in cash and cash equivalents from machinery-of-government changes (Note 1.5)	-	254,205
Cash and cash equivalents – opening balance	319,440	-
Cash and cash equivalents – closing balance	315,516	319,441

The accompanying notes form part of these financial statements.

Cash disclosures

Cash represents all cash on hand, cash at bank and cheques received but not banked at 30 June.

The departmental bank accounts are grouped within the whole of government banking set-off arrangement with Queensland Treasury Corporation and do not earn interest. The Department has overdraft facilities of \$20 million (2021:\$70 million) with the Commonwealth Bank and working capital facilities of \$55 million (2021:\$55 million) with Queensland Treasury Corporation. A total of \$75 million (2021: \$101.434 million) of these facilities were undrawn as at 30 June and are available for future use.

Department of Energy and Public Works
Notes to the Statement of Cash Flows - Controlled
for the year ended 30 June 2022

	2022 \$'000	2021 \$'000
Reconciliation of operating result to net cash from operating activities		
Operating surplus/(deficit) before income tax	36,590	18,350
Less: income tax benefit/(expense)	(6,210)	(7,119)
	<u>30,380</u>	<u>11,231</u>
<i>Non-cash items:</i>		
Depreciation and amortisation expense	537,022	313,176
Motor vehicles sold	29,414	20,882
Impairment losses	162	127
Loss/(gain) on disposal of non-current assets	(2,724)	(875)
Write-on of assets	(1,958)	(2,029)
<i>Change in assets and liabilities:</i>		
(Increase) decrease in GST input tax credits receivable	(1,741)	(417)
(Increase) decrease in receivables	(34,809)	(31,387)
(Increase) decrease in contract assets	(8,993)	28,518
(Increase) decrease in other assets	2,616	12,241
Acquisition of motor vehicles held for rental	(71,476)	(55,229)
Increase (decrease) in GST payable	1,720	25
Increase (decrease) in payables	16,825	69,208
Increase (decrease) in provisions	(1,034)	(16,326)
Increase (decrease) in unearned revenue	(1,153)	(4,013)
Increase (decrease) in accrued employee benefits	2,507	(1,982)
Increase (decrease) in other liabilities	8,962	887
Net cash from operating activities	<u><u>505,720</u></u>	<u><u>344,037</u></u>

Changes in liabilities arising from financing activities

	Borrowings \$'000	Lease liabilities \$'000	Dividends payable \$'000	Total \$'000
Cash flows:				
Cash paid	-	(228,252)	(9,330)	(237,582)
Non-cash changes:				
Transfers from machinery-of-government changes (Note 1.5)	196,512	2,309,190	6,668	2,512,370
Leases acquired/surrendered	-	43,902	-	43,902
Remeasurement of lease liability	-	724	-	724
Dividends declared	-	-	10,545	10,545
Balance as at 30 June 2021	<u>196,512</u>	<u>2,125,564</u>	<u>7,883</u>	<u>2,329,959</u>
Balance as at 1 July 2021	196,512	2,125,564	7,883	2,329,959
Cash flows:				
Cash paid	-	(392,073)	(7,883)	(399,956)
Non-cash changes:				
Leases acquired/surrendered	-	172,387	-	172,387
Remeasurement of lease liability	-	67,694	-	67,694
Dividends declared	-	-	7,240	7,240
Balance as at 30 June 2022	<u><u>196,512</u></u>	<u><u>1,973,572</u></u>	<u><u>7,240</u></u>	<u><u>2,177,324</u></u>

For changes in liabilities relating to equity appropriations refer to Note 3.16 which details equity appropriations payable/receivable.

Department of Energy and Public Works
Statement of Comprehensive Income by Major Departmental Services and Commercialised Business Units - Controlled
for the year ended 30 June 2022

	Energy services		Building and procurement services		Commercialised Business Units			
	2022	2021	2022	2021	QBuild		QFleet	
	\$'000	\$'000	\$'000	\$'000	2022	2021	2022	2021
					\$'000	\$'000	\$'000	\$'000
Income								
User charges and fees	160	-	651,187	384,868	1,078,774	723,328	147,473	89,267
Appropriation revenue	38,298	15,151	121,422	59,803	-	-	-	-
Grants and other contributions	6,768	(422)	2,563	2,730	1,312	732	-	-
Other revenue	9,087	4,390	5,439	8,144	10,061	5,188	437	244
Total revenue	54,313	19,119	780,611	455,545	1,090,147	729,248	147,910	89,511
Gains on disposal/remeasurement of assets		-	2,678	871	46	4	-	-
Total income	54,313	19,119	783,289	456,416	1,090,193	729,252	147,910	89,511
Expenses								
Supplies and services	13,291	2,879	209,356	130,921	937,968	638,183	65,875	41,743
Depreciation and amortisation	9	5	490,014	286,363	666	751	46,101	26,057
Employee expenses	13,574	8,188	39,267	19,331	148,437	77,102	5,892	3,426
Finance/borrowing costs	-	-	31,670	20,062	-	-	3,331	2,439
Grants and subsidies	18,606	6,321	1,062	54	1,172	663	-	-
Other expenses	224	68	4,629	4,692	1,194	2,837	6,777	3,863
Total expenses	45,704	17,461	775,998	461,423	1,089,437	719,536	127,976	77,528
Operating result before income tax	8,609	1,658	7,291	(5,007)	756	9,716	19,934	11,983
Income tax benefit/(expense)	-	-	-	-	(230)	(3,500)	(5,980)	(3,619)
Operating result after income tax	8,609	1,658	7,291	(5,007)	526	6,216	13,954	8,364
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified to operating result								
Increase/(decrease) in asset revaluation surplus	-	-	152,149	72,953	-	-	-	-
Total other comprehensive income	-	-	152,149	72,953	-	-	-	-
Total comprehensive income	8,609	1,658	159,440	67,946	526	6,216	13,954	8,364

Department of Energy and Public Works
Statement of Comprehensive Income by Major Departmental Services and Commercialised Business Units - Controlled
for the year ended 30 June 2022

	General - not attributed		Inter-service/unit eliminations		Total department	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Income						
User charges and fees	101,107	-	(169,067)	(69,999)	1,809,634	1,127,464
Appropriation revenue	-	-	-	-	159,720	74,954
Grants and other contributions	-	-	-	-	10,643	3,040
Other revenue	48	-	(352)	(264)	24,720	17,702
Total revenue	101,155	-	(169,419)	(70,263)	2,004,717	1,223,160
Gains on disposal/remeasurement of assets		-	-	-	2,724	875
Total income	101,155	-	(169,419)	(70,263)	2,007,441	1,224,035
Expenses						
Supplies and services	56,878	-	(169,419)	(70,263)	1,113,949	743,463
Depreciation and amortisation	232	-	-	-	537,022	313,176
Employee expenses	44,045	-	-	-	251,215	108,047
Finance/borrowing costs	-	-	-	-	35,001	22,501
Grants and subsidies	-	-	-	-	20,840	7,038
Other expenses	-	-	-	-	12,824	11,460
Total expenses	101,155	-	(169,419)	(70,263)	1,970,851	1,205,685
Operating result before income tax	-	-	-	-	36,590	18,350
Income tax benefit/(expense)	-	-	-	-	(6,210)	(7,119)
Operating result after income tax	-	-	-	-	30,380	11,231
OTHER COMPREHENSIVE INCOME						
Items that will not be reclassified to operating result						
Increase/(decrease) in asset revaluation surplus	-	-	-	-	152,149	72,953
Total other comprehensive income	-	-	-	-	152,149	72,953
Total comprehensive income	-	-	-	-	182,529	84,184

Department of Energy and Public Works
Statement of Assets and Liabilities by Major Departmental Services and Commercialised Business Units - Controlled
as at 30 June 2022

	Energy services		Building and procurement services		Commercialised Business Units			
					QBuild		QFleet	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current Assets								
Cash and cash equivalents	-	9,251	35,151	182,820	64,810	94,763	40,247	32,607
Receivables	336	490	23,680	25,619	125,490	98,489	10,509	10,052
Contract assets	-	-	-	-	62,765	54,892	-	-
Other current assets	64	-	5,670	5,935	1,276	1,674	9,264	11,405
	400	9,741	64,501	214,374	254,341	249,818	60,020	54,064
Non-current assets classified as held for sale		-	4,568	2,369	-	-	-	-
Total current assets	400	9,741	69,069	216,743	254,341	249,818	60,020	54,064
Non-current Assets								
Property, plant and equipment	229	238	3,335,201	3,155,238	827	928	265,888	268,544
Right-of-use assets	-	-	1,719,877	1,895,692	-	-	-	-
Receivables	-	-	62,050	65,423	-	-	-	-
Other non-current assets	-	-	12	1,022	3,231	2,757	6	6
Total non-current assets	229	238	5,117,140	5,117,375	4,058	3,685	265,894	268,550
TOTAL ASSETS	629	9,979	5,186,209	5,334,118	258,399	253,503	325,914	322,614
Current Liabilities								
Lease liabilities	-	-	376,328	378,255	-	-	-	-
Payables	32,055	6,312	66,593	59,687	114,711	114,844	11,494	11,762
Provisions	-	-	12,091	12,474	652	-	-	-
Accrued employee benefits	429	747	1,133	1,009	5,538	4,088	223	337
Unearned revenue	-	-	1,389	1,390	5,018	2,142	-	-
Other current liabilities	-	-	24,661	16,960	293	201	4,880	9,189
Total current liabilities	32,484	7,059	482,195	469,775	126,212	121,275	16,597	21,288
Non-current Liabilities								
Lease liabilities	-	-	1,597,244	1,747,309	-	-	-	-
Borrowings	-	-	-	-	-	-	196,512	196,512
Queen's Wharf deferred consideration	-	-	119,392	119,392	-	-	-	-
Provisions	-	-	32,158	46,548	-	-	-	-
Unearned revenue	-	-	23,807	25,129	-	-	-	-
Other non-current liabilities	-	-	325	1,149	369	673	16,640	15,626
Total non-current liabilities	-	-	1,772,926	1,939,527	369	673	213,152	212,138
TOTAL LIABILITIES	32,484	7,059	2,255,121	2,409,302	126,581	121,948	229,749	233,426

Department of Energy and Public Works
Statement of Assets and Liabilities by Major Departmental Services and Commercialised Business Units - Controlled
as at 30 June 2022

	General - not attributed		Inter-service/unit eliminations		Total department	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current Assets						
Cash and cash equivalents	175,308	-	-	-	315,516	319,441
Receivables	18,093	-	(23,351)	(11,755)	154,757	122,895
Contract assets	-	-	-	-	62,765	54,892
Other current assets	1,462	-	(1,554)	-	16,182	19,014
	194,863	-	(24,905)	(11,755)	549,220	516,242
Non-current assets classified as held for sale		-	-	-	4,568	2,369
Total current assets	194,863	-	(24,905)	(11,755)	553,788	518,611
Non-current Assets						
Property, plant and equipment	359	-	-	-	3,602,504	3,424,948
Right-of-use assets	-	-	-	-	1,719,877	1,895,692
Receivables	-	-	-	-	62,050	65,423
Other non-current assets	27	-	-	-	3,276	3,785
Total non-current assets	386	-	-	-	5,387,707	5,389,848
TOTAL ASSETS	195,249	-	(24,905)	(11,755)	5,941,495	5,908,459
Current Liabilities						
Lease liabilities	-	-	-	-	376,328	378,255
Payables	8,023	-	(23,351)	(11,755)	209,525	180,850
Provisions	794	-	-	-	13,537	12,474
Accrued employee benefits	1,366	-	-	-	8,689	6,181
Unearned revenue	-	-	-	-	6,407	3,532
Other current liabilities	4,444	-	(1,554)	-	32,724	26,350
Total current liabilities	14,627	-	(24,905)	(11,755)	647,210	607,642
Non-current Liabilities						
Lease liabilities	-	-	-	-	1,597,244	1,747,309
Borrowings	-	-	-	-	196,512	196,512
Queen's Wharf deferred consideration	-	-	-	-	119,392	119,392
Provisions	240	-	-	-	32,398	46,548
Unearned revenue	-	-	-	-	23,807	25,129
Other non-current liabilities	-	-	-	-	17,334	17,448
Total non-current liabilities	240	-	-	-	1,986,687	2,152,338
TOTAL LIABILITIES	14,867	-	(24,905)	(11,755)	2,633,897	2,759,980

**Department of Energy and Public Works
Statement of Comprehensive Income - Administered
for the year ended 30 June 2022**

	Note	2022 \$'000	2021 \$'000
Revenue			
Appropriation revenue	5.5 (a)	573,345	272,263
User charges and fees		410	383
Other revenue	5.5 (c)	126,637	-
Total revenue		<u>700,392</u>	<u>272,646</u>
Expenses			
Grants and subsidies	5.5 (b)	550,930	268,812
Supplies and services		22,413	3,451
Transfers of administered revenue to government		410	383
Other expenses	5.5 (c)	-	22,377
Total expenses		<u>573,753</u>	<u>295,023</u>
OPERATING RESULT		<u>126,639</u>	<u>(22,377)</u>

The accompanying notes form part of these financial statements.

Department of Energy and Public Works
Statement of Financial Position - Administered
as at 30 June 2022

	Note	2022 \$'000	2021 \$'000
Current assets			
Cash		38,557	32,083
Receivables		8,927	8,164
Total assets		<u>47,484</u>	<u>40,247</u>
Current liabilities			
Payables	5.5 (d)	47,404	40,167
Non-current liabilities			
Derivatives	5.5 (e)	93,462	220,099
Total liabilities		<u>140,866</u>	<u>260,266</u>
NET ASSETS		<u>(93,382)</u>	<u>(220,019)</u>
EQUITY			
Contributed equity		(197,642)	(197,642)
Accumulated surplus/(deficit)		104,260	(22,377)
Total Equity		<u>(93,382)</u>	<u>(220,019)</u>

The accompanying notes form part of these financial statements.

Department of Energy and Public Works
Statement of Comprehensive Income by Major Departmental Services - Administered
for the year ended 30 June 2022

	Energy Services		Building and Procurement Services		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Revenue						
Appropriation revenue	549,703	268,416	23,642	3,847	573,345	272,263
User charges and fees	366	362	44	21	410	383
Other revenue	126,637	-	-	-	126,637	-
Total revenue	676,706	268,778	23,686	3,868	700,392	272,646
Expenses						
Grants and subsidies	549,701	268,416	1,229	396	550,930	268,812
Supplies and services	-	-	22,413	3,451	22,413	3,451
Transfers of administered revenue to government	366	362	44	21	410	383
Other expenses	-	22,377	-	-	-	22,377
Total expenses	550,067	291,155	23,686	3,868	573,753	295,023
OPERATING RESULT	126,639	(22,377)	-	-	126,639	(22,377)

Department of Energy and Public Works
Statement of Assets and Liabilities by Major Departmental Services - Administered
as at 30 June 2022

	Energy Services		Building and Procurement Services		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Current assets						
Cash	38,557	32,083	-	-	38,557	32,083
Receivables	8,927	8,164	-	-	8,927	8,164
Prepayments	-	-	-	-	-	-
TOTAL ASSETS	47,484	40,247	-	-	47,484	40,247
Current liabilities						
Payables	47,404	40,167	-	-	47,404	40,167
Non-current liabilities						
Derivatives	93,462	220,099	-	-	93,462	220,099
TOTAL LIABILITIES	140,866	260,266	-	-	140,866	260,266

1. Basis of preparation
 - 1.1 Authorisation of financial statements
 - 1.2 General information
 - 1.3 Statement of compliance
 - 1.4 Department objectives and principal activities
 - 1.5 Machinery-of-government changes
 - 1.6 Measurement
 - 1.7 Presentation
 - 1.8 New and revised accounting standards
2. Statement of Comprehensive Income notes
 - 2.1 User charges and fees
 - 2.2 Appropriation revenue
 - 2.3 Supplies and services
 - 2.4 Employee expenses
 - 2.5 Other expenses
3. Statement of Financial Position notes
 - 3.1 Property, plant and equipment
 - 3.2 Leases as lessee
 - 3.3 Receivables
 - 3.4 Credit risk
 - 3.5 Contract assets
 - 3.6 Other assets
 - 3.7 Non-current assets classified as held for sale
 - 3.8 Borrowings
 - 3.9 Payables
 - 3.10 Queen's Wharf deferred consideration
 - 3.11 Provisions
 - 3.12 Unearned revenue
 - 3.13 Other liabilities
 - 3.14 Liquidity risk
 - 3.15 Contributed equity
 - 3.16 Appropriations recognised in equity
4. Budget to actual comparison
5. Other information
 - 5.1 Key management personnel disclosures
 - 5.2 Related party entity transactions
 - 5.3 Commitments for expenditure
 - 5.4 Taxation
 - 5.5 Administered activities
 - 5.6 Agency transactions and balances
 - 5.7 Climate risk disclosure
 - 5.8 COVID-19 pandemic impacts
 - 5.9 Events occurring after the reporting date

1 BASIS OF PREPARATION

1.1 Authorisation of financial statements

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

1.2 General information

The Department of Energy and Public Works was established on 12 November 2020 as a result of the machinery-of-government changes outlined in Note 1.5. The department is a not-for-profit 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, Queensland 4000.

1.3 Statement of compliance

The department has prepared these general purpose financial statements in compliance with section 38 of the *Financial and Performance Management Standard 2019*, the Australian Accounting Standards and Interpretations applicable to not-for-profit entities, and Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2021.

These financial statements are prepared on an accrual basis (except for the statement of cash flows which is prepared on a cash basis).

1.4 Department objectives and principal activities

The Department of Energy and Public Works is working towards its objectives to:

- deliver safe, secure, sustainable and affordable energy for Queensland
- embed robust procurement practices and expert government fleet management
- provide value-adding design, building policy, public works and asset management services that boost Queensland's growing communities

The principal activities of the department are reflected in the services undertaken by the department which are summarised below:

Energy services

Energy Services ensures Queensland's energy sector is efficient, equitable and sustainable.

Building and procurement services

Building and Procurement Services provides effective and efficient services and support to industry and government to benefit Queensland communities including procurement, design excellence, building legislation and policy, major government projects and government accommodation.

QBuild

QBuild effectively manages partner agencies' assets to deliver more services for Queenslanders.

QFleet

QFleet provides a central pool of expertise in fleet management and fleet management services to enable government and government-funded organisations to safely deliver frontline services to the community.

1.5 Machinery-of-government changes

The Department of Energy and Public Works was established on 12 November 2020 as a result of the *Public Service Departmental Arrangements Notice (No. 4 and 5) 2020*.

Pursuant to section 80 of the *Financial Accountability Act 2009*, for financial reporting purposes the effective date of the transfers was 1 December 2020. Transactions from the 12 November 2020 to 30 November 2020 were reported in the financial statements of the transferring departments.

As a result of these machinery-of-government changes, the following functions were transferred to the department as at 1 December 2020:

- Building Policy and Asset Management and Queensland Government Procurement (including QBuild and QFleet) transferred from the former Department of Housing and Public Works
- Energy transferred from the former Department of Natural Resources, Mines and Energy
- Hydrogen Energy Policy transferred from the Department of State Development, Infrastructure, Local Government and Planning.

Assets and liabilities transferred

	Department of Housing and Public Works \$'000	Department of Natural Resources, Mines and Energy \$'000	Total \$'000
Controlled			
Cash and cash equivalents	251,395	2,810	254,205
Receivables	149,448	350	149,798
Prepayments	21,155	670	21,825
Property, plant and equipment	3,298,577	242	3,298,819
Right-of-use assets	2,097,313	-	2,097,313
Non-current assets classified as held for sale	24,714	-	24,714
Other assets	96,362	-	96,362
Total assets	5,938,964	4,072	5,943,036
Lease liabilities	2,309,190	-	2,309,190
Payables	110,895	2,238	113,133
Unearned revenue	32,479	-	32,479
Accrued employee benefits	7,589	573	8,162
Provisions	79,362	-	79,362
Borrowings	196,512	-	196,512
Queen's Wharf deferred consideration	102,725	-	102,725
Other liabilities	43,106	-	43,106
Total liabilities	2,881,858	2,811	2,884,669
Net assets	3,057,106	1,261	3,058,367
Administered			
Cash and cash equivalents	14	35,343	35,357
Receivables	-	82	82
Total assets	14	35,425	35,439
Payables	14	35,346	35,360
Derivatives	-	197,722	197,722
Total liabilities	14	233,068	233,082
Net assets	-	(197,643)	(197,643)

The transfer in of net assets was accounted for as a transfer of contributed equity as disclosed in the Statement of Changes in Equity.

1.5 Machinery-of-government changes (continued)

The following budgeted appropriations were reallocated to the Department of Energy and Public Works for the period 1 December 2020 to 30 June 2021 as part of the machinery-of-government changes:

	Department of Housing and Public Works \$'000	Department of Natural Resources, Mines and Energy \$'000	Total \$'000
Controlled - appropriation	78,834	17,727	96,561
Controlled - equity adjustments	44,091	-	44,091
Administered - appropriation	3,847	260,670	264,517

There were no asset, liability or appropriation transfers from the Department of State Development, Infrastructure, Local Government and Planning.

1.6 Measurement

The historical cost convention is used as the measurement basis unless otherwise stated.

1.7 Presentation

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.

Comparative information presented is for the period from 1 December 2020 to 30 June 2021.

Assets are classified as current where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as current when they are due to be settled within 12 months after the reporting date, or the department does not have an unconditional right to defer settlement to beyond 12 months after the reporting date. All other assets and liabilities are classified as non-current.

1.8 New and revised accounting standards

There are no new accounting standards or interpretations that apply to the department for the first time in 2021-22.

No Australian Accounting Standards have been early adopted for 2021-22.

2 STATEMENT OF COMPREHENSIVE INCOME NOTES

2.1 User charges and fees

Revenue from contracts with customers		
Building services	1,039,266	699,587
Commercial accommodation service*	467,133	279,976
Government employee housing accommodation service*	51,116	27,458
Fleet management services*	91,751	54,549
Vehicle sales	51,264	32,279
Service level agreement revenue **	41,922	-
Other	67,182	33,615
Total	1,809,634	1,127,464

** Key judgement - Commercial and government employee housing accommodation and motor vehicles*

The department provides access to non-specialised, commercial accommodation and residential accommodation to other Queensland public sector entities under government-wide frameworks. The department has made a judgement that these arrangements are exempt from lease accounting under AASB 16 Leases due to the department having substantive substitution rights over the assets used within these arrangements. Motor vehicles provided by QFleet are also exempt from lease accounting under AASB 16 due to the department holding substantive substitution rights for vehicles provided.

** From 1 July 2021, the department is providing ongoing corporate services under a service level agreement in the form of information technology and legal services to the Department of Communities, Housing and Digital Economy as per agreed funding schedules.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when the department transfers control over a good or service to the customer. The following table provides information about the nature and timing of the satisfaction of performance obligations, significant payment terms, and revenue recognition for the department's major categories of user charges revenue from contracts with customers.

Type of good or service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Building Services	<p>The department provides strategic management of building, construction and maintenance activities primarily to other Queensland state government entities under fixed-price and variable-price contracts. Variable prices are included in the transaction price when they relate to provisional amounts (such as final cleaning, statutory charges etc) that are highly likely to occur. Contingent amounts are subject to a high degree of uncertainty and are therefore only included in the transaction price when it is highly probable that a significant reversal will not occur.</p> <p>When the department acts as an agent (refer Note 5.6(a)) it will provide project management services with respect to these capital works projects.</p>	<p>Revenue from providing building services is recognised in the accounting period in which the services are provided.</p> <p>Revenue is recognised over time as the building services are provided using either:</p> <ul style="list-style-type: none"> percentage of completion methodology: stage of completion is measured by reference to the proportion of physical work completed as this represents the transfer of building services to the customer; or costs incurred to date: this method is typically used for straight-forward activities that occur over a short period of time.

2.1 User charges and fees (continued)

Revenue from contracts with customers (continued)

Type of good or service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Building Services (continued)	<p>Building services contracts typically have durations of less than 12 months and contain one performance obligation. These performance obligations are satisfied over time as services are rendered.</p> <p>Customers are either invoiced progressively or on completion depending on the complexity of the work and consideration is payable when invoiced.</p>	<p>When customers are invoiced progressively, the timing of customer payment does not always match the revenue recognition policies described above. If the building services provided by the department exceed the payment, a contract asset is recognised. If customer payments exceed the building services provided by the department, a contract liability is recognised.</p> <p>Estimates of revenues, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known.</p>
Commercial Accommodation Service	<p>The department provides access to commercial accommodation primarily to other Queensland state government entities.</p> <p>Commercial accommodation contracts typically have durations of up to 10 years and contain multiple performance obligations relating to the commercial space being provided. Customers simultaneously receive and consume the benefits provided during the contract period and the department invoices on a monthly basis in a manner that fairly represents the transfer of these services. Consideration is receivable when invoiced.</p>	<p>Revenue is recognised on a monthly basis as the actual services are provided over the duration of the contract.</p>
Government Employee Housing Accommodation Service	<p>The department provides access to government employee housing primarily to other Queensland state government entities.</p> <p>Government employee housing contracts are typically open ended and contain multiple performance obligations relating to the government employee housing being provided. Customers simultaneously receive and consume the benefits provided during the contract period and the department invoices on a monthly basis in a manner that fairly represents the transfer of these services. Consideration is receivable when invoiced.</p>	<p>Revenue is recognised on a monthly basis as the actual services are provided over the duration of the contract.</p>

2.1 User charges and fees (continued)

Revenue from contracts with customers (continued)

Type of good or service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Fleet Management Services	<p>The department provides fleet management services primarily to other Queensland state government entities.</p> <p>Fleet management contracts are typically four years and contain multiple performance obligations relating to the vehicle being provided. Customers simultaneously receive and consume the benefits provided during the contract period and the department invoices on a monthly basis in a manner that fairly represents the transfer of these services. Consideration is receivable when invoiced.</p>	Revenue is recognised on a monthly basis as the actual services are provided over the duration of the contract.

Refer to Notes 3.5 and 3.13 for disclosures about contract assets and liabilities outstanding at year end.

2.2 Appropriation revenue	2022 \$'000	2021 \$'000
Reconciliation of payments from Consolidated Fund to appropriation revenue recognised in operating result		
Original budgeted appropriation revenue	173,321	86,108
Supplementary amounts:		
Transfers from/to other headings - variation in headings	-	1,108
Lapsed appropriation revenue	(153)	-
Total appropriation receipts (cash)	<u>173,168</u>	<u>87,216</u>
Plus: Opening balance of deferred appropriation payable to Consolidated Fund	23,843	-
Plus: Transfer of deferred appropriation payable from other Queensland Government entities	917	11,581
Less: Closing balance of deferred appropriation payable to Consolidated Fund	(38,208)	(23,843)
Appropriation revenue recognised in Statement of Comprehensive Income	<u>159,720</u>	<u>74,954</u>
Variance between original budgeted and actual appropriation revenue	<u>(13,601)</u>	<u>(11,154)</u>

Appropriations provided under the *Appropriation Act 2022* are recognised as revenue when received under AASB 1058 *Income of Not-for-Profit Entities*. Where the department has an obligation to return unspent (or unapplied) appropriation receipts to Consolidated Fund at year end (a deferred appropriation payable to Consolidated Fund), a liability is recognised with a corresponding reduction to appropriation revenue, reflecting the net appropriation revenue position with Consolidated Fund for the reporting period. Capital appropriations are recognised as adjustments to equity (refer to Note 3.16).

2.3 Supplies and services

Cost of sales		
Building, construction and maintenance services	785,021	553,656
Motor vehicles and land sold through inventory	29,855	21,161
Property repairs and maintenance	50,455	28,845
Other property expenses	56,131	35,582
Consultants and contractors	46,158	16,417
Property rental*	4,285	7,787
Motor vehicle costs	23,098	12,834
Information, communication and technology expenses	33,760	20,740
Electricity and gas	15,460	10,133
Rates to local governments	8,328	4,134
Other	61,398	32,174
Total	1,113,949	743,463

* In accordance with AASB 16 the majority of the department's leases are recognised on the Statement of Financial Position (refer to Note 3.2) with the exception of short-term (up to one year) and low-value leases (less than \$10,000). For these leases, property rental expenses are reported within supplies and services above.

2.4 Employee expenses

Employee benefits

Wages and salaries	189,965	82,039
Annual leave levy	20,995	7,818
Employer superannuation contributions	24,802	10,620
Long service leave levy	4,997	2,077
Other employee benefits	-	18
	240,788	102,572

Employee-related expenses	10,427	5,475
Total	251,215	108,047

Wages and salaries

Wages and salaries due (but unpaid at reporting date) are recognised in the Statement of Financial Position at current salary rates. As the department expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

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 and long service leave are claimed from the scheme quarterly in arrears.

Superannuation

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland Government's defined benefit plan (the former QSuper defined benefit categories now administered by the Government Division of the Australian Retirement Trust) as determined by the employee's conditions of employment.

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

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

2.4 Employee expenses (continued)

Employee-related expenses

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

Number of employees

The number of employees (measured on a full-time equivalent basis) as at 30 June 2022 (based upon the fortnight ending 1 July 2022) is 2,161 (2021: 1,594).

Key management personnel and remuneration disclosures are detailed in Note 5.1.

2.5 Other expenses

Impairment losses on non-current assets classified as held for sale	-	2,400
Insurance premiums - Queensland Government Insurance Fund	3,965	1,360
Insurance premiums - other	6,943	3,932
Queensland Audit Office - external audit fees*	515	368
Special payments (ex-gratia) [†]	81	1,950
Other	1,320	1,450
Total	12,824	11,460

* Total audit fees quoted by the Queensland Audit Office relating to the 2021-22 financial statements are \$0.495 million (GST exclusive) (2021: \$0.440 million).

[†] Special payments include expenditure that the department is not contractually or legally obligated to make to other parties. The special payment over \$5,000 in 2021-22 was made to assist with the financial impacts of a costs order.

3 STATEMENT OF FINANCIAL POSITION NOTES

3.1 Property, plant and equipment

Land: at fair value	1,179,757	1,145,635
Buildings: at fair value	1,504,497	1,406,101
Plant and equipment: at cost		
Gross	656,963	628,870
Less accumulated depreciation	(236,641)	(199,176)
	420,322	429,694
Infrastructure: at fair value		
Gross	361,397	341,246
Less accumulated depreciation	(111,911)	(101,365)
	249,486	239,881
Heritage and cultural assets: at fair value		
Gross	204,599	187,556
Less accumulated depreciation	(144,108)	(133,787)
	60,491	53,769
Work in progress: at cost	187,951	149,868
Total	3,602,504	3,424,948

3.1 Property, plant and equipment (continued)

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Infrastructure \$'000	Heritage and cultural assets \$'000	Work in progress \$'000	Total \$'000
Property, plant and equipment reconciliation							
Transfers from machinery-of-government changes (Note 1.5)	1,132,412	1,356,217	419,184	237,493	50,056	103,457	3,298,819
Acquisitions	715	2,197	55,594	-	-	85,681	144,187
Transfers between classes	-	24,930	14,201	-	507	(39,638)	-
Transfers to inventories	-	-	(21,700)	-	-	-	(21,700)
Disposals	(471)	(580)	(2)	-	-	368	(685)
Assets reclassified as held for sale	(464)	(1,001)	-	-	-	-	(1,465)
Net revaluation increments/(decrements) recognised in asset revaluation surplus	13,443	50,708	-	5,285	3,517	-	72,953
Depreciation	-	(26,370)	(37,583)	(2,897)	(311)	-	(67,161)
Carrying amount at 30 June 2021	1,145,635	1,406,101	429,694	239,881	53,769	149,868	3,424,948
Carrying amount at 1 July 2021	1,145,635	1,406,101	429,694	239,881	53,769	149,868	3,424,948
Transfers from other Queensland Government entities	100	12,228	-	-	-	-	12,328
Transfers to other Queensland Government entities	(19)	-	-	-	-	-	(19)
Acquisitions	1,263	2,881	74,996	-	-	106,913	186,053
Transfers between classes	215	58,797	9,786	-	32	(68,830)	-
Transfers to inventories	-	-	(29,414)	-	-	-	(29,414)
Disposals	(726)	(1,237)	(1)	-	-	-	(1,964)
Assets reclassified as held for sale	(8,810)	(10,763)	1,383	-	-	-	(18,190)
Net revaluation increments/(decrements) recognised in asset revaluation surplus	42,099	88,688	-	14,119	7,243	-	152,149
Depreciation	-	(52,198)	(66,122)	(4,514)	(553)	-	(123,387)
Carrying amount at 30 June 2022	1,179,757	1,504,497	420,322	249,486	60,491	187,951	3,602,504

3.1 Property, plant and equipment (continued)

(a) Acquisitions

Cost is used for the initial recording of all property, plant and equipment asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the asset ready for use.

Where assets are received free of charge from another Queensland Government department (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.

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

Buildings	\$10,000
Infrastructure	\$10,000
Heritage and cultural	\$5,000
Plant and equipment	\$5,000
Land	\$1

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

Subsequent expenditure that increases the originally assessed service potential or useful life of an asset is capitalised to the value of that asset. Maintenance expenditure that merely restores original service potential (arising from ordinary wear and tear) is expensed.

Land improvements undertaken by the department are included with buildings.

(b) Measurement

Land, buildings, infrastructure and heritage and cultural assets are measured at fair value. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation. They are valued at highest and best use unless otherwise stated.

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

Plant and equipment is measured at cost. The carrying amounts are not materially different from their fair value.

Capital works in progress are measured at their acquisition cost or construction cost.

(c) Revaluation of property, plant and equipment

Land, buildings, infrastructure and heritage and cultural assets are revalued on an annual basis, either by specific appraisals undertaken by an independent professional valuer or by the use of appropriate and relevant indices.

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. All assets are valued at highest and best use, which is generally consistent with current use.

All assets measured at fair value are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

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

3.1 Property, plant and equipment (continued)

(c) Revaluation of property, plant and equipment (continued)

For assets revalued using a cost valuation method (e.g. current replacement cost), accumulated depreciation is adjusted to equal the difference between the gross amount and carrying amount. This is generally referred to as the 'gross method'.

For assets revalued using a market or income-based valuation approach, accumulated depreciation is eliminated against the gross amount of the asset prior to restating for the revaluation. This is generally referred to as the 'net method'.

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.

When an asset is derecognised, any revaluation surplus included in equity in respect of that asset is not transferred to accumulated surplus.

There has been no evidence of a material increase or decrease in the market values of properties valued using the market and income based methods from the date of valuation to 30 June 2022.

(i) Government employee houses – land and buildings

Fair value for Queensland Government employee houses is determined by establishing market value, primarily by the direct comparison method of valuation, or by indexation. There are usually active and liquid residential property markets which provide sufficient applicable sales evidence. Where there is no active and liquid market for assets, fair value is the current replacement cost. Where properties are indexed a number of indices are used depending on the location. Indices are derived from various qualified valuers providing representative property valuations across multiple regions within the state.

Specific appraisals are performed on these properties once every five years. They were specifically appraised by an independent valuer in 2020-21. Five properties were specifically appraised during 2022. Properties that aren't specifically appraised in any given year are indexed.

(ii) Commercial properties – land and buildings

As at 30 June 2022, commercial properties were either:

- specifically appraised by independent valuers
- indexed using Rawlinsons Brisbane Construction Cost Index or
- indexed using a location-specific market index provided by an independent valuer.

These properties are specifically appraised on a rolling basis every two to four years, using a combination of market, income and cost-based approaches. Specific appraisals are procured annually in volatile property market conditions.

Valuation methods include direct comparison, capitalisation or discounted cash flow approaches or a combination of approaches depending on the size of the property and the available market evidence. Key inputs for valuation methods include sale prices, square metre of land or building area, capitalisation rates, rent rates, discount rates, operating expense rates per square metre and lease terms. These measures are influenced by market supply and demand dynamics. Building characteristics, such as size, grade and condition as well as functional, physical and economic obsolescence factors were also determinants considered by the valuers in assessing values. Valuers are required to maximise the use of observable property market evidence in determining values. In localities with adequate market activity, valuation methods are adopted that have direct reference to recent sales evidence of comparable properties.

Some localities, particularly remote areas, lack sufficient market activity to derive building values directly from sales evidence. Also, the specialised nature of some assets, such as convention centres and other purpose built structures, do not have an active market. Fair value for these assets has been assessed using current replacement cost.

Land values were assessed by the valuers having regard to market evidence of recent and relevant land sales. Land location, size, shape, elevation, accessibility, zoning and development potential were aspects considered in determining land values. Physical, legal and statutory constraints, such as heritage listings, easements, flooding and environmental, were also considered by the valuers.

3.1 Property, plant and equipment (continued)

(c) Revaluation of property, plant and equipment (continued)

(iii) Infrastructure

The key infrastructure assets include Roma Street Parkland improvements, the Goodwill Bridge and the Kurilpa Bridge. Fair value for the infrastructure assets is assessed using current replacement cost due to the lack of market sales evidence for such assets.

Infrastructure assets are specifically appraised at least every four years using independent experts. They were subject to specific appraisal at 30 June 2020 by an independent valuer taking into account useful life, age, condition and functionality. Quantity surveyors assessed the replacement cost for the valuer. The valuer's assumptions for the infrastructure assets include:

- the property complies with all statutory requirements with respect to health, building, town planning and fire safety regulations
- a detailed structural survey would not reveal defects
- improvements are sited within title boundaries and without encroachment.

Assets that aren't specifically appraised in any given year are indexed.

(iv) Heritage and cultural assets

Heritage and cultural buildings at Queen's Wharf Precinct are valued in accordance with Note 3.1(h).

Fair value for the department's other heritage and cultural buildings is assessed based on relevant market evidence for similar assets. In localities where there is insufficient sales activity to derive market-based valuations, the buildings are valued using the current replacement cost and reproduction cost methods. This is also the case for unique or highly specialised buildings for which there is no comparable property market evidence. Properties are specifically appraised every four years unless there is an indication that more frequent revaluation is required. During 2021-22, 20 properties were specifically appraised and the balance of the properties were indexed.

(d) Asset revaluation surplus by class

	Land \$'000	Buildings \$'000	Infrastructure \$'000	Heritage and cultural assets \$'000	Total \$'000
Net revaluation increments/(decrements)	13,443	50,708	5,285	3,517	72,953
Balance at 30 June 2021	13,443	50,708	5,285	3,517	72,953
Balance as at 1 July 2021	13,443	50,708	5,285	3,517	72,953
Net revaluation increments/(decrements)	42,099	88,688	14,119	7,243	152,149
Balance at 30 June 2022	55,542	139,396	19,404	10,760	225,102

(e) Fair value measurement

Categorisation of fair values recognised as at 30 June 2022

	Level 2 \$'000		Level 3 \$'000		Total \$'000	
	2022	2021	2022	2021	2022	2021
Land						
- government employee housing	139,422	137,913	-	-	139,422	137,913
- commercial	538,143	509,155	502,192	498,567	1,040,335	1,007,722
Total land	677,565	647,068	502,192	498,567	1,179,757	1,145,635
Buildings						
- government employee housing	460,242	446,273	94,950	71,949	555,192	518,222
- commercial	635,473	633,093	313,832	254,786	949,305	887,879
Total buildings	1,095,715	1,079,366	408,782	326,735	1,504,497	1,406,101
Infrastructure	-	-	249,486	239,881	249,486	239,881
Heritage and cultural assets	9,102	7,500	51,389	46,269	60,491	53,769
Total	1,782,382	1,733,934	1,211,849	1,111,452	2,994,231	2,845,386

3.1 Property, plant and equipment (continued)

(e) Fair value measurement (continued)

Level 3 significant valuation inputs

Asset class	Type of significant unobservable inputs
Land	Future estimates of non-cash consideration to be received under non-cancellable contractual arrangements. The discount rate used to calculate a single present value of the future estimates.
Buildings	Building replacement cost rates. Remaining useful lives and percentage of asset life expired. Government employee houses building condition and size.
Infrastructure	Infrastructure replacement cost rates on a per-component basis. Remaining useful lives and percentage of asset life expired.
Heritage and cultural assets	Building replacement cost rates. Adopted depreciation (percentage of asset life expired). Future estimates of non-cash consideration to be received under non-cancellable contractual arrangements. The discount rate used to calculate a single present value of the future estimates.

(f) Impairment

Property, plant and equipment 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 an impairment loss.

(g) Depreciation

Land is not depreciated as it has an unlimited useful life.

Buildings, infrastructure, heritage and cultural assets and plant and equipment are depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset progressively over its estimated useful life to the department.

Any subsequent 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.

Assets under construction (work-in-progress) are not depreciated until they reach their 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 of property, plant and equipment.

Key estimate: For each class of asset the following depreciation rates are used:

Buildings	1% to 14%
Plant and equipment	3% to 50%
Infrastructure	1% to 25% in accordance with useful life of components
Heritage and cultural assets	1% to 2%

Remaining useful lives are reviewed annually. Where remaining useful lives require modification, the depreciation expense changes from the date of assessment until the end of the useful life (for both current and future years). The estimation of useful lives requires management judgement in assessing the condition of the asset.

(h) Queen's Wharf Precinct

On 16 November 2015 the Queensland Government entered into contractual arrangements with the Destination Brisbane Consortium ('the Consortium') to redevelop the Queen's Wharf Precinct in the centre of Brisbane into an Integrated Resort Development ('the IRD Project'). The redevelopment area is located between the Brisbane River and George Street, and between Alice and Queen Streets ('the IRD Precinct').

3.1 Property, plant and equipment (continued)

(h) Queen's Wharf Precinct (continued)

The Department of Energy and Public Works is the owner of the majority of land and buildings within the IRD Precinct as a result of the machinery-of-government changes outlined in Note 1.5. A leasehold development lease and a freehold development lease for the project commenced on 22 February 2018 transferring responsibility of the whole of the site to the Consortium. As at 30 June 2022 the land and buildings in the precinct have been valued on the basis that the contractual arrangements are considered to be non-cancellable and the highest and best use of the land and buildings in the precinct is that of an IRD. The fair value is based on the income approach with the cash and future estimates for the non-cash consideration to be received under the contractual arrangements discounted to a single present value. Under the fair value hierarchy the future estimates of the non-cash consideration and the discount rate are categorised as unobservable inputs. During 2019-20 the Waterline Park (Goodwill Bridge Extension) was completed and is therefore recognised as property, plant and equipment at fair value. The carrying value of the land and buildings within the Precinct is \$528.5 million.

3.2 Leases as lessee

(a) Right-of-use assets - buildings

Opening balance at 1 July	1,895,692	-
Transfers from machinery-of-government changes	-	2,097,313
Additions	240,300	66,133
Depreciation charge	(413,172)	(245,381)
Disposals/derecognition	(2,943)	(22,373)
Closing balance at 30 June	<u>1,719,877</u>	<u>1,895,692</u>

Right-of-use assets are recognised at cost, consisting of the initial amount of the associated lease liability:

- less any lease incentives received
- plus any restoration costs.

The carrying amount of right-of-use assets are adjusted for any remeasurement of the lease liability in the financial year following changes in lease payments payable or in variable lease payments that depend upon an index or rate, or a change in lease term.

Right-of-use assets are depreciated over the lease term on a straight-line basis.

Revenue received from other Queensland state government entities in relation to these right-of-use assets is recognised as User charges – refer to Note 2.1.

The department has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (less than \$10,000) and short-term leases (lease term 12 months or less). Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

(b) Lease liabilities

Current	376,328	378,255
Non-current	1,597,244	1,747,309
Total	<u>1,973,572</u>	<u>2,125,564</u>

Lease liabilities are initially recognised at the present value of lease payments over the lease term, less any lease incentives receivable.

Lease payments are discounted using Queensland Treasury Corporation's Fixed Rate Loan borrowing rate that best corresponds with the lease commencement month and term.

Rental payments are apportioned between the finance charge and a reduction in the recognised lease liability.

Lease liabilities are remeasured in certain situations such as a change in lease payments payable or in variable lease payments that depend on an index or rate, or a change in the lease term.

A maturity analysis for lease liabilities is included in Note 3.14.

3.2 Leases as lessee (continued)

(c) Lease interest

Interest expense on lease liabilities	31,670	20,062
---------------------------------------	--------	--------

(d) Amounts recognised in Statement of Cash Flows

Total cash outflow for leases	423,744	248,314
-------------------------------	---------	---------

(e) The department's leasing activities

As Queensland Government's central manager of government office accommodation, the Queensland Government Accommodation Office manages a portfolio of commercial accommodation leases represented by right-of-use assets (buildings).

Leases are negotiated on an individual basis and contain a wide range of different terms and conditions in order to achieve the best whole-of-government benefit. The department is exposed to potential future increases in variable lease payments based on CPI or market rates, which make up approximately 12% (2021: 12%) of the portfolio and these are not included in the lease liability until they take effect. When adjustments to lease payments based on CPI or market rates do take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

The lease agreements do not impose any covenants other than the security interests in the leased assets that may be held by the lessor.

Key judgements in determining the lease term

Extension options are included in the majority of office accommodation leases, however these are not included in the lease term assessed at commencement date due to the department not being reasonably certain that they will be used. In determining whether these options should be included in the lease term assessed at commencement date, the department considered its current office accommodation strategic plan and its history of exercising extension options.

The lease term is reassessed if the department becomes reasonably certain that an extension option will be exercised. The department has exercised approximately 16% of its extension options for the year ending 30 June 2022 (2021: 12%).

Key judgements regarding lease and non-lease components

The department has not separated out non-lease components from lease components for those leases where the base rent is 'all inclusive' as the non-lease component of the base rent cannot be reliably measured.

3.3 Receivables

Current

Contracts with customers - Trade debtors	144,439	108,406
GST input tax credits receivable	4,172	2,431
GST payable	(2,980)	(1,260)
Net GST receivable	1,192	1,171
Annual leave reimbursements*	4,321	3,330
Long service leave reimbursements*	1,549	882
Equity adjustment receivable	-	6,178
Finance lease receivables	3,256	2,928
Total	154,757	122,895

Non-current

Finance lease receivables	62,050	65,423
Total	62,050	65,423

* Refer to Note 2.4 for further information.

3.3 Receivables (continued)

Receivables are measured at amortised cost which approximates their fair value at reporting date. Receivables are recognised at the amount due at the time of sale or service delivery. Settlement of trade debtors is generally required within 30 days from invoice date.

3.4 Credit risk

The department is exposed to credit risk on its receivables. The maximum exposure to credit risk at balance date is the gross carrying amount of these assets. The department manages credit risk by monitoring all funds owed on a timely basis.

Trade debtors have low credit risk as they are predominately with other state government agencies. Finance lease receivables have low credit risk as they are with a Commonwealth Government agency and an industry superannuation fund. The level of write-offs has been immaterial and therefore no impairment allowance is recognised for these receivables.

3.5 Contract assets

The department recognises contract assets for work performed for customers under Building Services contracts. Contract assets are transferred to receivables when the department's right to payment becomes unconditional. This usually occurs when the invoice is issued to the customer.

3.6 Other assets

Current

Prepayments	12,106	13,923
Inventories	3,625	4,734
Tax assets	451	357
Total	16,182	19,014

Non-current

Intangible assets	645	1,107
Deferred tax assets	2,592	1,656
Other	39	1,022
Total	3,276	3,785

3.7 Non-current assets classified as held for sale

Land	3,656	2,162
Buildings	912	207
Total	4,568	2,369

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

The assets are measured at the lower of their carrying amount and their fair value less costs to sell. Any write-down to fair value less costs to sell is a non-recurring valuation. The write-down is recognised as an impairment loss expense. These assets are no longer depreciated upon being classified as held for sale.

These assets consist of government employee housing and commercial properties to be sold in line with ongoing portfolio management strategies to ensure the alignment of cost-effective and suitable properties with client needs in specific locations. These sales are generally achieved by listing the properties on the open market, but may also be negotiated directly with prospective purchasers (e.g. another Queensland Government agency or community organisation).

The method to determine fair value for land and buildings held for sale is consistent with the method used for the valuation of the department's government employee housing and commercial properties (i.e. market and income approaches). The valuation represents a level two measurement. Refer to Note 3.1 for further details about the valuation of land and buildings.

3.8 Borrowings

Non-current

Queensland Treasury Corporation (QTC) borrowings	196,512	196,512
--	---------	---------

Borrowings are initially recognised at fair value, plus any transaction costs directly attributable to the borrowings, and then subsequently held at amortised cost using the effective interest method. Borrowing costs are recognised as an expense.

The fair value of these borrowings is notified by QTC at 30 June and is calculated using discounted cash flow analysis. It is classified as a level three fair value in the fair value hierarchy.

Fair value of QTC borrowings	191,619	198,405
------------------------------	---------	---------

3.9 Payables

Current

Trade creditors	140,461	148,952
Deferred appropriation payable to Consolidated Fund	38,208	23,843
Equity adjustment payable	14,023	-
Dividends	7,240	7,883
Grants and subsidies payable	9,593	172
Total	209,525	180,850

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount i.e. agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured.

The department recognises as payable those dividends declared on, or before, the reporting date, in relation to the profit of the commercialised business units. The entire amount of declared dividends remaining undistributed at the reporting date is recognised.

3.10 Queen's Wharf deferred consideration

The developer of the Queen's Wharf Project is providing the state with cash and non-cash consideration in return for the right to develop the Precinct and operate the Integrated Resort Development. The upfront cash received cannot be recognised as revenue until completion of the Project. Until this point in time, the upfront cash is recognised with a corresponding liability.

3.11 Provisions

Current	13,537	12,474
Non-current	32,398	46,548

Cladding remediation

The department recognises a provision for rectification costs for three departmental owned sites requiring remediation to address the presence of combustible cladding. All sites have had interim risk mitigation strategies implemented and are safe for occupation pending final remediation. It is anticipated that remediation works will be completed by 30 June 2023.

Make good

Commercial office leases may contain a make good clause that requires the premises to be returned in a specified condition or other consideration to be provided at the end of the lease term. The department has established make good provisions in respect of these leases.

3.11 Provisions (continued)

Transfer duty

A provision has been recognised for transfer duty in relation to the Queen's Wharf Precinct Integrated Resort Development (IRD) agreement. Duty is payable to Queensland Treasury when the IRD long term lease is issued.

Movements	Cladding		Transfer	Other	Total
	remediation	Make good	duty		
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2021	22,170	17,852	19,000	-	59,022
Additional provision made	-	19	-	1,687	1,706
Provision utilised through payments	(1,403)	-	-	-	(1,403)
Unused provisions reversed	(11,620)	(1,770)	-	-	(13,390)
Balance at 30 June 2022	9,147	16,101	19,000	1,687	45,935

3.12 Unearned revenue

	2022	2021
	\$'000	\$'000
Current		
Finance lease revenue	1,389	1,390
Other	5,018	2,142
Total	6,407	3,532
Non-current		
Finance lease revenue	23,807	25,129
Total	23,807	25,129

3.13 Other liabilities

Current		
Contract liabilities	27,581	21,258
Current tax liability	657	2,263
Other	4,486	2,829
Total	32,724	26,350
Non-current		
Contract liabilities	-	1,024
Deferred tax liability	17,009	16,299
Other	325	125
Total	17,334	17,448

Contract liabilities

Contracts with customers are generally for periods of one year or less or are billed based on time elapsed. The balance of contract liabilities at the end of the financial year is generally recognised as revenue in the following year.

The department has applied the practical expedient in AASB 15 *Revenue from Contracts with Customers*, relating to transaction prices allocated to unsatisfied or partially satisfied performance obligations at the end of the reporting period.

Unearned revenue that does not arise from contracts with customers is included in Note 3.12.

3.14 Liquidity risk

The department is exposed to liquidity risk in respect of its payables, Queensland Treasury Corporation borrowings and lease liabilities. The department reduces the exposure to liquidity risk by ensuring it has sufficient funds available to meet these obligations as they fall due.

The following table sets out the liquidity risk of financial liabilities held by the department. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date. The undiscounted cash flows will differ from the amortised cost (carrying amount) where this is based on principal loan amount outstanding or discounted cash flows.

Queensland Treasury Corporation borrowings in respect of the motor vehicle fleet are interest only with no fixed repayment date for the principal component. For the purposes of completing the maturity analysis, the principal component of these loans has been included in the more than five year time band with no interest payment assumed in this time band.

2022	Amortised Cost \$'000	Undiscounted cash flows			Total \$'000
		Contractual maturity payable in			
		<1 year \$'000	1-5 years \$'000	>5 years \$'000	
Financial liabilities					
Lease liabilities	1,973,572	406,794	1,167,915	555,246	2,129,955
Queensland Treasury Corporation borrowings	196,512	3,041	12,066	196,512	211,619
Payables	209,525	209,525	-	-	209,525
Total	2,379,609	619,360	1,179,981	751,758	2,551,099

2021	Amortised Cost \$'000	Undiscounted cash flows			Total \$'000
		Contractual maturity payable in			
		<1 year \$'000	1-5 years \$'000	>5 years \$'000	
Financial liabilities					
Lease liabilities	2,125,564	408,799	1,192,543	696,839	2,298,181
Queensland Treasury Corporation borrowings	196,512	3,480	13,874	196,512	213,866
Payables	180,850	180,850	-	-	180,850
Total	2,502,926	593,129	1,206,417	893,351	2,692,897

3.15 Contributed equity

Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* specifies the principles for recognising contributed equity by the department. The following items are recognised as contributed equity during the reporting and are disclosed in the Statement of Changes in Equity:

- appropriations for equity adjustments (refer to Note 3.16)
- non-appropriated equity adjustments
- non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities as a result of machinery-of-government changes (refer to Note 1.5).

3.16 Appropriations recognised in equity

	2022	2021
	\$'000	\$'000
<i>Reconciliation of payments from consolidated fund to equity adjustment</i>		
Original budgeted equity adjustment appropriation	43,260	44,284
Supplementary amounts		
Transfers from/to other headings	-	(4,587)
Lapsed equity adjustment	(11,166)	(32,886)
Equity adjustment receipts (payments)	32,094	6,811
Less: Opening balance of equity adjustment receivable	(6,178)	-
Less: Transfer of equity adjustment receivable from other Queensland Government entities	-	(16,054)
Plus: Transfer of equity adjustment payable from other Queensland Government entities	-	15,961
Plus: Closing balance of equity adjustment receivable	-	6,178
Less: Closing balance of equity adjustment payable	(14,023)	-
Equity adjustment recognised in contributed equity	11,893	12,896
Variance between original budgeted and actual equity adjustment appropriation	(31,367)	(31,388)

4 BUDGET TO ACTUAL COMPARISON

This section details the major variances between the department's actual 2021-22 financial results and the original budget presented to Parliament.

	Original budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000
STATEMENT OF COMPREHENSIVE INCOME			
INCOME			
User charges and fees	1,822,215	1,809,634	(12,581)
Appropriation revenue	174,238	159,720	(14,518)
Grants and other contributions	6,725	10,643	3,918
Other revenue	14,875	24,720	9,845
Total revenue	2,018,053	2,004,717	(13,336)
Gains on disposal/remeasurement of assets	-	2,724	2,724
Total income	2,018,053	2,007,441	(10,612)
EXPENSES			
Supplies and services	1,117,848	1,113,949	(3,899)
Depreciation and amortisation	557,970	537,022	(20,948)
Employee expenses	263,917	251,215	(12,702)
Finance/borrowing costs	35,439	35,001	(438)
Grants and subsidies	20,962	20,840	(122)
Other expenses	15,989	12,824	(3,165)
Total expenses	2,012,125	1,970,851	(41,274)
Operating result before income tax	5,928	36,590	30,662
Income tax benefit/(expense)	(1,872)	(6,210)	(4,338)
Operating result after income tax	4,056	30,380	26,324
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to operating result			
Increase/(decrease) in asset revaluation surplus	-	152,149	152,149
Total other comprehensive income	-	152,149	152,149
Total comprehensive income	4,056	182,529	178,473

4 BUDGET TO ACTUAL COMPARISON (CONTINUED)

STATEMENT OF FINANCIAL POSITION	Variance notes	Original budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000
CURRENT ASSETS				
Cash and cash equivalents	3	223,019	315,516	92,497
Receivables	4	130,413	154,757	24,344
Contract assets	5	38,699	62,765	24,066
Other current assets		19,531	16,182	(3,349)
		411,662	549,220	137,558
Non-current assets classified as held for sale		1,254	4,568	3,314
Total current assets		412,916	553,788	140,872
NON-CURRENT ASSETS				
Property, plant and equipment		3,475,705	3,602,504	126,799
Right-of-use assets		1,777,778	1,719,877	(57,901)
Receivables		63,981	62,050	(1,931)
Other non-current assets		1,991	3,276	1,285
Total non-current assets		5,319,455	5,387,707	68,252
TOTAL ASSETS		5,732,371	5,941,495	209,124
CURRENT LIABILITIES				
Lease liabilities		412,402	376,328	(36,074)
Payables	6	188,720	209,525	20,805
Provisions		4,657	13,537	8,880
Accrued employee benefits		7,576	8,689	1,113
Unearned revenue		2,424	6,407	3,983
Other current liabilities		18,197	32,724	14,527
Total current liabilities		633,976	647,210	13,234
NON-CURRENT LIABILITIES				
Lease liabilities		1,607,005	1,597,244	(9,761)
Borrowings		206,512	196,512	(10,000)
Queen's Wharf deferred consideration		119,392	119,392	-
Provisions		34,218	32,398	(1,820)
Unearned revenue		23,805	23,807	2
Other non-current liabilities		16,754	17,334	580
Total non-current liabilities		2,007,686	1,986,687	(20,999)
TOTAL LIABILITIES		2,641,662	2,633,897	(7,765)
NET ASSETS / TOTAL EQUITY		3,090,709	3,307,598	216,889

4 BUDGET TO ACTUAL COMPARISON (CONTINUED)

STATEMENT OF CASH FLOWS	Variance notes	Original budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
<i>Inflows:</i>				
User charges and fees		1,829,725	1,777,889	(51,836)
Appropriation receipts		173,321	173,168	(153)
GST collected from customers		138,533	124,340	(14,193)
GST input tax credits received from Australian Taxation Office		41,559	79,654	38,095
Grants and other contributions		6,725	10,688	3,963
Other		39,585	50,229	10,644
<i>Outflows:</i>				
Supplies and services		(1,177,141)	(1,163,143)	13,998
Employee expenses		(263,093)	(249,228)	13,865
GST paid to suppliers		(125,978)	(162,827)	(36,849)
GST remitted to Australian Taxation Office		(79,432)	(67,679)	11,753
Finance/borrowing costs		(35,502)	(35,026)	476
Grants and subsidies		(20,962)	(11,418)	9,544
Taxation equivalents		(5,793)	(8,137)	(2,344)
Other		(20,109)	(12,790)	7,319
Net cash provided by (used in) operating activities		<u>501,438</u>	<u>505,720</u>	<u>4,282</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
<i>Inflows:</i>				
Sales of property, plant and equipment	7	7,500	18,624	11,124
<i>Outflows:</i>				
Payments for property, plant and equipment	8	(146,296)	(120,219)	26,077
Net cash provided by (used in) investing activities		<u>(138,796)</u>	<u>(101,595)</u>	<u>37,201</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
<i>Inflows:</i>				
Equity injections		555,126	515,334	(39,792)
Borrowings		10,000	-	(10,000)
<i>Outflows:</i>				
Equity withdrawals		(511,866)	(523,427)	(11,561)
Payment of lease liabilities		(418,381)	(392,073)	26,308
Dividends paid		(7,048)	(7,883)	(835)
Net cash provided by (used in) financing activities		<u>(372,169)</u>	<u>(408,049)</u>	<u>(35,880)</u>
Net increase (decrease) in cash and cash equivalents		(9,527)	(3,924)	5,603
Increase (decrease) in cash and cash equivalents from machinery-of-government changes (Note 1.5)		(314)	-	314
Cash and cash equivalents – opening balance		232,860	319,440	86,580
Cash and cash equivalents – closing balance		<u><u>223,019</u></u>	<u><u>315,516</u></u>	<u><u>92,497</u></u>

4 BUDGET TO ACTUAL COMPARISON (CONTINUED)

Explanations of major variances

Major variances have been assessed as meeting both of the following criteria:

- The line item within the Statement of Comprehensive Income or the Statement of Financial Position is material (greater than 10%) compared to total income, total expenses, total assets (less property, plant and equipment) or total liabilities (less lease liabilities), as applicable
The line item within the Statement of Cash Flows is material (greater than 10%) compared to total inflows or total outflows (as applicable) for the relevant cash flow category (i.e. operating/investing/financing).
- The variance between the actual amount and the budget is greater than 10% except for payments for property plant and equipment (Statement of Cash Flows) and employee expenses and supplies and services (Statement of Comprehensive Income) where 5% is used.

Statement of Comprehensive Income

1 Employee expenses

The variance of (\$12.702 million) is mainly due to the higher than anticipated vacancy rate across the department during the financial year which was largely driven by labour market conditions.

2 Movement in Asset Revaluation Surplus

The department does not budget for movements in the fair value of property, plant and equipment as this is reflective of market movements which cannot be reliably estimated given the diversity of the department's property portfolio.

The variance of \$152.149 million represents a net increase in the value of residential land (\$6.801 million) and buildings (\$36.239 million) and a net increase in non-residential land (\$35.298 million) and buildings (\$52.449 million). The remaining \$21.362 million variance is as a result of overall increases from the valuation or indexation of infrastructure and heritage asset classes during the period.

Some of the market drivers of the increases in asset values have been low interest rates, economic stimulus measures and rising construction costs.

Statement of Financial Position

3 Cash

The variance of \$92.497 million is mainly due to:

Increased cash balance for Public Works (\$169.031 million) mainly due to deferrals from 2021-22 to 2022-23 (\$52.232 million) outlined in Note 6 below, revised timing of delivery of capital works and maintenance projects (\$56.558 million), timing of invoices for work delivered but paid after 30 June (\$24.150 million) and higher residential property sales than anticipated (\$9.097 million).

Decreased cash balance for QBuild (\$83.758 million) due to a net a decrease in cash during 2021-22 (\$35.402 million) mainly due an increase in receivables and contract assets as outlined in Notes 4 and 5 below and lower actual opening balances (\$48.356 million) mainly due to the continued support in 2020-21 to small and medium enterprises that was implemented as part the COVID-19 pandemic response by paying vendors immediately.

4 Receivables

The variance of \$24.344 million is mainly due to an increase in QBuild receivables due to higher sales associated with increased client programs, the timing of completion of work with an increase in work finalised and invoiced in June and adjustments to reflect work completed but not yet invoiced; partially offset by earlier than anticipated payments from clients.

5 Contract Assets

The variance of \$24.066 million is mainly due to the timing of payments to QBuild's contractors and agreed invoicing arrangements with client agencies for work delivered relating to construction and maintenance work in progress.

4 BUDGET TO ACTUAL COMPARISON (CONTINUED)

6 *Payables*

The variance of \$20.805 million is mainly due to:

An increase in net deferrals relating to revenue and equity appropriation funding (\$52.232 million) to mainly reflect the actual year end position of the government accommodation portfolio (\$12.182 million) relating to rental income, depreciation, timing of maintenance and adjustments for AASB16 Leases; deferrals for committed maintenance projects for government owned buildings (\$3.966 million) to reflect the timing of delivery; a deferral for the proposed Borumba Pumped Hydro Energy Storage facility (\$18.270 million) to reflect the timing of delivery of project activities; and information technology projects committed (\$5.220 million) but not finalised.

A net decrease in QBuild trade creditors (\$39.857 million) mainly due to the decision to continue the support to small and medium enterprises that was implemented as part the COVID-19 pandemic response to pay vendors immediately (\$52.165 million); offset by a higher value of supplier invoices received in June (\$8.021 million) compared to budget due to the increased volume of work.

An increase in Energy Services trade creditors mainly due to work delivered on the proposed Borumba Pumped Hydro Energy Storage facility (\$8.262 million) not paid at 30 June.

Statement of Cash flows

7 *Sales of Property Plant and Equipment*

The variance of \$11.124 million is mainly due to higher than anticipated sales of government employee residential properties (\$9.097 million) resulting from strong market conditions and the sale proceeds from non-residential land (\$2.027 million).

8 *Payments for property, plant and equipment*

The variance of (\$26.077 million) is mainly due to the revised timing of delivery into 2022-23 for government employee residential properties and the Cairns Convention Centre expansion and refurbishment project; both projects were impacted by supply chain issues, continuing impacts of COVID19 and complexities in delivery. This is partially offset by the timing of funding approvals for the Thomas Dixon Centre refurbishment project which were received after the finalisation of the original budget.

5 OTHER INFORMATION

5.1 Key management personnel disclosures

(a) Details of key management personnel (KMP)

The department's responsible Minister is identified as part of the department's KMP, consistent with additional guidance included in the revised version of AASB 124 *Related Party Disclosures*. That Minister is the Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement.

The following details for non-ministerial KMP reflect those positions that had authority and responsibility for planning, directing and controlling the activities of the department. Further information about these positions can be found in the body of the Annual Report under the section relating to Executive Management. There were no material related party transactions with KMP other than what is reported in this KMP note.

Position	Position responsibility
Director-General	Responsible for executive leadership, overall strategic direction and the financial administration of the department.
Deputy Director-General, Public Works	Responsible for providing strategic leadership to deliver high quality outcomes under the department's capital works and building asset management programs, accommodation and employee housing programs and disaster management coordination efforts. The role is critical in developing and maintaining effective partnerships and relationships with key stakeholders and clients including interface with the building industry.
Deputy Director-General, Energy	Provides strategic leadership and direction to the department's energy functions and responsibilities.
Assistant Director-General, QBuild	The primary purpose of this position is to lead the overall operations of QBuild, including the comprehensive range of asset management, maintenance, construction, consultancy, and building services that it provides. The role provides strategic direction to and is accountable for the effective governance of, operational and strategic areas of the business unit to ensure continued commercial viability and the achievement of government and business objectives.
Assistant Director-General, Building Policy	Responsible for leading, managing and coordinating all building-related policy areas for government, by ensuring close working relationships between individual policy groups resulting in efficient and effective policies for all building related functions. The position is also accountable for the provision of expert policy advice and implementation of building legislation and policy.
Deputy Director-General, Procurement	The role of this position is to provide high-level strategic leadership to support the delivery of the Queensland Government's procurement and services strategies, policies and direction across government. The role also performs the critical leadership function of Chief Advisor, Queensland Government Procurement and undertakes a program management role in the delivery of whole-of-government procurement support and advisory services, fleet management services and the procurement of general goods and services.
Deputy Director-General, Corporate and Portfolio Strategy	Responsible for providing strategic leadership to deliver the department's corporate support services, the delivery of high quality outcomes across the entire portfolio, with a focus on strategic high value interventions and improving the capability across the Department and leading significant organisational performance agendas for major commercialised business units.
Deputy Director-General, Hydrogen	Responsible for integrating hydrogen into the Queensland Energy Plan, working with government owned energy entities to facilitate their engagement with the hydrogen sector, encouraging domestic use of hydrogen, particularly by governments, and encouraging innovation in the energy sector around hydrogen and other new energy sources.
Assistant Director-General, Portfolio Integration	Responsible for the delivery of high quality outcomes across the entire portfolio, with a focus on strategic high value interventions and on improving the capability of the department.

5.1 Key management personnel disclosures (continued)

(b) 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 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, which are published as part of the Queensland Treasury's Report on the State Finances.

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

Remuneration expenses for those KMP comprise the following components:

Short-term employee expenses include:

- salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee was a KMP
- non-monetary benefits - consisting of provision of vehicle and car parking, 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.

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

5.1 Key management personnel disclosures (continued)

(c) Remuneration expenses

The following disclosures focus on the expenses incurred by the department that are attributable to non-ministerial key management personnel positions. Therefore, the amounts disclosed reflect expenses recognised in the Statement of Comprehensive Income.

1 July 2021 – 30 June 2022

Position	Short-term employee expenses		Long-term employee expenses \$'000	Post-employment expenses \$'000	Total expenses \$'000
	Monetary expenses \$'000	Non-monetary benefits \$'000			
Director-General (to 24/09/2021)	72	2	3	7	84
Director-General (from 27/09/2021)	307	8	8	35	357
Deputy Director-General, Public Works	296	12	7	31	346
Deputy Director-General, Energy (Acting) to 20/08/2021	41	1	1	3	46
Deputy Director-General, Energy (from 23/08/2021)	198	9	4	20	231
Assistant Director-General, QBuild (to 13/11/2021)	88	4	2	9	104
Assistant Director-General, QBuild (Acting) from 14/11/2021	139	7	6	15	168
Assistant Director-General, Building Policy (to 17/08/2021)	26	1	1	4	31
Assistant Director-General, Building Policy (from 18/08/2021)	196	10	5	19	229
Deputy Director-General, Procurement	240	12	6	26	283
Deputy Director-General, Corporate and Portfolio Strategy (Acting) to 01/05/2022	221	10	5	27	263
Deputy Director-General, Corporate and Portfolio Strategy (from 02/05/2022)	51	2	1	4	58
Deputy Director-General, Hydrogen (from 14 March 2022)	67	3	2	8	80
Assistant Director-General, Portfolio Integration (from 15/11/2021)	142	7	4	15	168

5.1 Key management personnel disclosures (continued)

(c) Remuneration expenses (continued)

1 December 2020 – 30 June 2021

Position	Short-term employee expenses		Long-term employee expenses \$'000	Post-employment expenses \$'000	Total expenses \$'000
	Monetary expenses \$'000	Non-monetary benefits \$'000			
	Director-General from 01/01/2021	206			
Deputy Director-General, Building	176	6	4	18	204
Deputy Director-General, Energy	69	3	2	7	81
Deputy Director-General, Energy (Acting from 15/03/2021 - 26/04/2021)	28	1	1	3	33
Deputy Director-General, Energy (Acting from 27/04/2021)	42	2	1	4	49
Assistant Director-General, QBuild	137	6	3	15	161
Assistant Director-General, Building Policy	135	6	3	14	158
Deputy Director-General, Procurement	135	6	3	14	158
Deputy Director-General, Corporate	147	6	3	14	170

5.2 Related party entity transactions

The Department of Energy and Public Works is controlled by the State of Queensland which is the ultimate parent and therefore a related party. Other Queensland public sector entities, over which the State has control, joint control or significant influence are also related parties of the Department of Energy and Public Works. Transactions with related party entities that are individually or collectively significant are reported below. Transactions with key management personnel (who are all related parties) are reported in Note 5.1.

The department's principal activities described in Note 1.4 include major activities involving other Queensland Government entities such as construction and maintenance programs, motor vehicle fleet management, office accommodation and government employee housing. The line items below are predominately comprised of related party transactions associated with these activities:

- Revenue from contracts with customers (excluding vehicle sales) (refer to Note 2.1)
- Trade debtors (contracts with customers) (refer to Note 3.3)
- Contract assets (refer to Note 3.5)

Other significant related party transactions/balances are identified below:

- Appropriation and equity funding from government (refer to Notes 2.2, 3.16 and 5.5(a))
- Property security charges (Other property expenses) paid to the Queensland Police Service (refer to Note 2.3)
- Queensland Treasury Corporation borrowings (refer to Note 3.8)
- Provisions for transfer duty (refer to Note 3.11)
- Administered community service obligation payments (refer to Note 5.5(b))
- Transfer in of GEH properties from the Department of Education (refer to Statement of Changes in Equity)
- Corporate charges received from the Department of Communities, Housing and Digital Economy for information, communication and technology, and other services (refer to Note 2.1)

2020-21 significant related party transactions/balances are identified below:

- Sale of land to the Cross River Rail Delivery Authority (refer to the Statement of Cash Flows)
- Assets and liabilities received from machinery-of-government changes (refer to Note 1.5)
- Corporate charges paid to the Department of Communities, Housing and Digital Economy for information, communication and technology, and other services (refer to Note 2.3)

5.3 Commitments for expenditure

Commitments at reporting date (inclusive of non-recoverable GST input tax credits) are payable:

	Not later than one year \$'000	Later than one year and not later than five years \$'000	Total \$'000
2022			
Property, plant and equipment	144,820	-	144,820
2021			
Property, plant and equipment	195,873	8,745	204,618

5.4 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, Luxury Car Tax (in respect of certain fleet vehicles) and Goods and Services Tax (GST).

One of the department's GST entities, QBuild, is a member of the same GST group as the Housing entity from the Department of Communities, Housing and Digital Economy. Transactions between the GST group members are out of scope for GST. Under GST grouping arrangements the ATO recognises the Housing GST entity as the nominated representative of the combined GST group, to be responsible for remitting GST collected and for claiming input tax credits for GST on behalf of members of the group. These amounts are disclosed in the financial statements of the Department of Communities, Housing and Digital Economy. The net amount of GST recoverable or payable by QBuild to the ATO is included in trade debtors or trade creditors and represents the amount receivable from or payable to the Department of Communities, Housing and Digital Economy.

5.4 Taxation (continued)

Agreements have been reached with Queensland Treasury for the commercialised business units of the department to pay an income tax equivalent, in accordance with the requirements of the National Tax Equivalents Regime. Where a commercialised business unit is subject to the tax equivalents regime, the income tax equivalent expense is calculated based on the Statement of Financial Position approach under which temporary differences are identified for each asset and liability. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is recognised as a tax asset or a tax liability. Tax assets are not brought to account unless realisation of the asset is probable. Tax assets relating to commercialised business units with tax losses are only brought to account to the extent that future profits are probable. Recovery of deferred tax assets is primarily based on projected operational results outlined in three year forecasting budgets provided to Queensland Treasury.

5.5 Administered activities

The department administers, but does not control, certain resources on behalf of the Queensland Government. In doing so, it has responsibility and is accountable for administering related transactions and balances, but does not have the discretion to deploy the resources for the achievement of the department's objectives.

Amounts appropriated to the department for transfer to other entities in accordance with legislative or other requirements are reported as administered appropriation revenue or equity injections.

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

No financial assets and financial liabilities have been offset and presented net in the statement of financial position.

(a) Reconciliation of payments from Consolidated Fund

Reconciliation of payments from consolidated fund to administered appropriation revenue

Budgeted appropriation revenue	545,811	264,517
Transfers from/(to) other headings	-	3,479
Unforeseen expenditure	28,417	-
Total administered appropriation receipts (cash)	574,228	267,996
Less: Opening balance of administered appropriation revenue receivable	(4,267)	-
Plus: Closing balance of administered appropriation revenue receivable	3,384	4,267
Administered appropriation revenue recognised in Administered Statement of Comprehensive Income	573,345	272,263

Reconciliation of payments from consolidated fund to equity adjustment recognised in contributed equity

Budgeted equity appropriation	383	-
Unforeseen expenditure	40,000	-
Total administered appropriation equity receipts (cash)	40,383	-
Equity adjustment recognised in contributed equity	40,383	-

(b) Grants and subsidies

Community service obligations and grants for energy	550,870	268,416
Other	60	396
Total	550,930	268,812

Major administered expenses include community service obligation (CSO) payments made on behalf of the Queensland Government to energy retailers Energy Queensland and Origin. The most significant CSO payment relates to the Uniform Tariff Policy supporting regional Queensland.

5.5 Administered activities (continued)

(c) Movement in fair value of financial instruments (gains)/losses

Other Revenue (Gain)	(126,637)	-
Other Expenses (Loss)	-	22,377
Total	(126,637)	22,377

*Refer to Note 5.5 (e) for further information.

(d) Payables

Community service obligations and grants payable	47,024	39,805
Transfer of administered item revenue to government payable	380	362
Total	47,404	40,167

(e) Derivatives

Commodity and electricity derivative instruments at fair value	93,462	220,099
--	--------	---------

The department is responsible for administering 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 through the statement of comprehensive income.

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 current when the maturity profile is less than 12 months and classified as a non-current 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 and are classified as financial instruments at fair value are recognised in the statement of comprehensive income (refer to Note 5.5 (c)).

5.5 Administered activities (continued)

(e) Derivatives (continued)

Level 3 fair value measurement - significant valuation inputs and impacts

Derivative financial liabilities are categorised within level 3 of the fair value hierarchy. There were no transfers of liabilities between fair value hierarchy levels during the period.

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 three financial instruments:

- 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.

Market risk (Commodity price risk)

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 has an agency arrangement in place, until 30 June 2023, to manage its entitlements and obligations under the commodity and derivative contracts. The department measures this risk exposure using sensitivity analysis.

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.

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 sensitivity analysis

Commodity and electricity price risk	10% price increase		10% price decrease	
	Effect on operating result \$'000	Effect on equity \$'000	Effect on operating result \$'000	Effect on equity \$'000
2022	14,730	-	(16,522)	-
2021	11,009	-	(11,277)	-

5.5 Administered activities (continued)

(e) Derivatives (continued)

Liquidity risk

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 Statement of Financial Position.

Derivatives	Undiscounted cash flows		
	Contractual maturity payable in		
	1-5 years \$'000	>5 years \$'000	Total \$'000
2022	39,681	78,265	117,946
2021	55,956	196,880	252,836

(f) Undrawn facilities

The department has the following overdraft facilities in relation to its Administered accounts. These facilities were undrawn as at 30 June and are available for future use.

	2022 \$'000	2021 \$'000
Commonwealth Bank	10,000	10,000

(g) Budget to actual comparison

	Original Budget	Actual	Variance
	2022 \$'000	2022 \$'000	\$'000
Statement of Comprehensive Income for the year ended 30 June 2022			
Revenue			
Appropriation revenue	545,811	573,345	27,534
User charges and fees	332	410	78
Other revenue	-	126,637	126,637
Total revenue	546,143	700,392	154,249
Expenses			
Grants and subsidies	523,401	550,930	27,529
Supplies and services	22,410	22,413	3
Transfer of administered revenue to government	332	410	78
Total expenses	546,143	573,753	27,610
Operating result	-	126,639	126,639
Statement of Financial Position as at 30 June 2022			
Current assets			
Cash	35,343	38,557	3,214
Receivables	82	8,927	8,845
Total current assets	35,425	47,484	12,059
Current liabilities			
Payables	35,346	47,404	12,058
Non-current liabilities			
Derivatives	197,722	93,462	(104,260)
Net Assets	(197,643)	(93,382)	104,261

Explanations of major variances

1 *Other Revenue and Derivatives*

The variance of \$126.637 million is the movement in the fair value of the state's obligations in relation to commodity and electricity price hedge instruments for renewable solar energy investment projects.

2 *Payables*

The variance of \$12.058 million is mainly due to an increase in funding to Energy Queensland for the Uniform Tariff Policy Community Service Obligation (CSO) (\$9.127 million) due to an increase in 2021-2022 funding after the finalisation of the original budget and timing of payments relating to the Drought Relief from Electricity Charges Scheme (\$2.467 million).

3 *Receivables*

The variance of \$8.845 million relates mainly to an increase in appropriation funding receivable for the Drought Relief from Electricity Charges Scheme (\$3.384 million) and the timing of GST receivable relating to payments made for the Uniform Tariff Community Service Obligation (\$5.173 million)

5.6 Agency transactions and balances

As the department performs only a custodial role in respect of agency transactions and balances, they are not recognised in the financial statements but are disclosed in these notes for the information of users.

(a) QBuild

QBuild acts as an agent on behalf of other Queensland Government agencies in relation to the procurement and project management for large capital works projects. Fees received for the provision of these services are included in Note 2.1 User charges and fees.

Agency revenues

Receipts for goods and services	501,089	295,208
---------------------------------	---------	---------

Agency expenses

Payments for supplies and services	501,089	295,208
------------------------------------	---------	---------

Agency current assets

Receivables	73,599	87,552
-------------	--------	--------

Agency current liabilities

Bank overdraft	32,190	67,713
Payables	39,721	18,316
Other	1,688	1,523

Total liabilities

	73,599	87,552
--	--------	--------

(b) Major Projects Delivery

Major Projects Delivery acts as an agent on behalf of other Queensland Government agencies and non-government entities to project manage major capital works projects. Fees received for the provision of these services are included in Note 2.1 User charges and fees.

Agency revenues

Receipts for goods and services	75,080	29,777
---------------------------------	--------	--------

Agency expenses

Payments for supplies and services	75,080	24,617
------------------------------------	--------	--------

Agency current assets

Receivables	19,975	11,652
-------------	--------	--------

Agency current liabilities

Payables	19,975	11,652
----------	--------	--------

5.7 Climate risk disclosure

The department addresses the financial impacts of climate related risks by identifying and monitoring the accounting judgements and estimates that will potentially be affected, including asset useful lives, fair value of assets, provisions or contingent liabilities and changes to future expenses and revenue. The department has not identified any material climate related risks relevant to the financial report at the reporting date, however constantly monitors the emergence of such risks under the Queensland Government's Climate Transition Strategy.

5.8 COVID-19 pandemic impacts

There has been a focus on continuity of service delivery throughout the department's response to COVID-19. The department has reviewed assumptions and areas of judgement made, in the process of applying accounting policies and has determined COVID-19 has had no material impact to the financial statements, including those related to market and income based asset valuations (refer to Note 3.1(c)).

Any major variances due to COVID-19 between the department's actual 2021-22 financial results and the original budget presented to Parliament are disclosed in Note 4.

5.9 Events occurring after the reporting date

No events have occurred after the reporting date that require additional disclosures or adjustments to these financial statements.

Department of Energy and Public Works

Management Certificate of the Department of Energy and Public Works

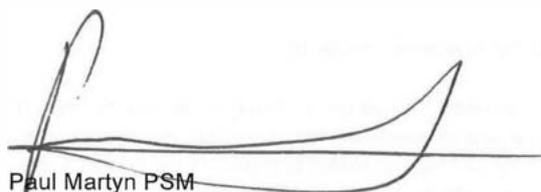
These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 38 of the *Financial and Performance Management Standard 2019* and other prescribed requirements. In accordance with section 62(1)(b) of the Act, we certify that in our opinion:

- (i) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- (ii) 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 Energy and Public Works for the financial year ended 30 June 2022, and of the financial position of the department at the end of that year.

The Director-General, as the Accountable Officer of the department, acknowledges responsibility under section 7 and section 11 of the *Financial and Performance Management Standard 2019* 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.



Chris Breitzkreuz
BCom, FCPA
Chief Finance Officer
Department of Energy and Public Works



Paul Martyn PSM
Director-General
Department of Energy and Public Works

29 August 2022

29 August 2022

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Department of Energy and Public Works

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of the Department of Energy and Public Works .

In my opinion, the financial report:

- a) gives a true and fair view of the department's financial position as at 30 June 2022, 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 2019 and Australian Accounting Standards.

The financial report comprises the controlled and administered statements of financial position and statements of assets and liabilities by major departmental services as at 30 June 2022, the controlled and administered statements of comprehensive income, statements of comprehensive income by major departmental services, and controlled statement of changes in equity, controlled statement of cash flows and for the year then ended, notes to the financial statements including basis of preparation and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General 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 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 year. 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.

Classification and valuation of administered commodity and electricity derivative financial instruments (\$93 million)

Refer to Note 5.5 (e) in the financial report

Key audit matter	How my audit addressed this key audit matter
<p>Management has estimated the fair value of the department's commodity and electricity derivative financial instruments to be \$93.462 million liability as at 30 June 2022.</p> <p>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:</p> <ul style="list-style-type: none"> • Forecast commodity and electricity prices • Physical generation variables • Market loss factors • Energy policy considerations. 	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • 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 • for a sample of derivatives, testing the reasonableness of the valuation calculations by agreeing key terms to supporting documents (including contracts) • evaluating the appropriateness of disclosures.

Valuation of property plant and equipment – fair value hierarchy level 3

Buildings (\$409 million) and infrastructure assets (\$249 million)

Refer to Note 3.1(e) in the financial report

Key audit matter	How my audit addressed this key audit matter
<p>The fair value measurement of commercial buildings without an observable market and infrastructure assets is based on the current replacement cost method.</p> <p>The Department of Energy and Public Works used a combination of comprehensive revaluation and indexation methods to determine the fair value of these assets as at 30 June 2022.</p> <p>The comprehensive revaluations are dependent on certain key assumptions that require significant management judgement for:</p> <ul style="list-style-type: none"> • Identifying any components of the assets that have separately identifiable replacement costs • Estimating the gross replacement cost for each asset component by developing unit rates for the modern equivalent asset • Estimating the remaining useful life of each asset <p>The indexation method required:</p>	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • assessing the adequacy of management's review of the valuation process and results • reviewing the scope and instructions provided to the valuer • assessing the competence, capabilities and objectivity of the experts involved in developing the unit rates • assessing the appropriateness of the valuation methodology and the underlying assumptions with reference to common industry practices • evaluating the relevance and appropriateness of the indices used for changes in cost inputs by comparing to other relevant external indices • examining a sample of asset valuation movements since the last revaluation date and corroborating the changes with other available information • evaluating useful life estimates for reasonableness by: <ul style="list-style-type: none"> – reviewing management's annual assessment of useful lives – ensuring that no building asset still in use has reached or exceeded its useful life • where changes in useful lives were identified, evaluating whether the effective dates of the changes applied for depreciation expense were supported by appropriate evidence.

Key audit matter	How my audit addressed this key audit matter
<ul style="list-style-type: none"> judgement in determining changes in cost and design factors for each asset type since the previous indexation or comprehensive revaluation reviewing previous assumptions and judgements used in the indexation or comprehensive revaluation to ensure ongoing validity of assumptions and judgements used. <p>The measurement of accumulated depreciation involved significant judgements for determining condition and forecasting the remaining useful lives of the asset building components.</p> <p>The significant judgements required for gross replacement cost and useful lives are also significant judgements for calculating annual depreciation expense.</p>	

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 2019 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. This is not done for the purpose of expressing an opinion on the effectiveness of the department's internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the department.
- Conclude on the appropriateness of the department's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the department to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

From the matters communicated with the Accountable Officer, I determine those matters that were of most significance in the audit of the financial report of the current year 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

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2022:

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

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the department's transactions and account balances to enable the preparation of a true and fair financial report.



30 August 2022

David Adams
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

ANNUAL REPORT 2021–2022

Department of Energy and Public Works

www.epw.qld.gov.au