Department of Natural Resources, Mines and Energy

2019–2020 ANNUAL REPORT

Queensland Government

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

Interpreter statement:

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

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LETTER OF COMPLIANCE

9 September 2020

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

Dear Minister Lynham

I am pleased to submit for preparation to the Parliament the Annual Report 2019–20 and financial statements for the Department of Natural Resources, Mines and Energy.

I certify that this annual report complies with the:

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

A checklist outlining the annual reporting requirements is provided at page 128 of this annual report.

Yours sincerely

James Purtill

Director-General
Department of Natural Resources, Mines and Energy

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CHAPTER ONE

ABOUT THE **DEPARTMENT**

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

OUR VISION

Together, our land water, mineral and energy resources deliver sustainable benefits for current and future generations of Queenslanders.

OUR STRATEGIC OBJECTIVES

Our strategic plan sets out four objectives for the department:

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

OPERATING ENVIRONMENT

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

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

STRATEGIC RISK AND OPPORTUNITIES

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

Our key strategic challenges are to:

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

The department also leverages opportunities to:

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

GOVERNMENT'S OBJECTIVES FOR THE COMMUNITY

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

CREATE JOBS IN A STRONG ECONOMY

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

PROTECT THE GREAT BARRIER REEF

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

BE A RESPONSIVE GOVERNMENT

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

CHAPTER TWO

OUR **PERFORMANCE**

In 2019–20, the department continued to work towards achieving the Queensland Government's objectives for the community. This section highlights the department's achievements against the relevant strategic objectives outlined in our strategic plan 2019–2023.

Key performance stories reported in this section are aligned to the relevant strategic objective. Refer to Appendix 2 for details of our service areas, service standards and key performance indicators for 2019–20.

OUR OBJECTIVES

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

IMPROVING REEF WATER QUALITY

Through its Natural Resources Investment Program, the department funded a project to reduce fine sediments from the Burdekin catchment, grazing lands and stream banks reaching the Great Barrier Reef.

The project was led by North Queensland Dry Tropics (NQDT) in collaboration with local government, Lower Burdekin Water, Burdekin River Improvement Trust, industry groups, landholders and Traditional Owners.

It aimed to address fine sediment flow and improve water quality by:

- repairing stream banks in priority locations to prevent erosion
- maintaining and improving the health of key local wetlands by restoring the natural water quality treatment system functionality that traps fine sediments and other pollutants
- supporting the local community to adopt agricultural practice change.

These actions helped NQDT successfully restore the functionality of wetlands in the lower Burdekin that have over many years been compromised by agricultural development, altered hydrology, loss of seasonality, excessive weed growth, and loss of connectivity.

Thirty-six hectares of aquatic weeds were also successfully removed from two of the priority creek systems (Lilliesmere Creek and Merryplain Creek) and landholders participated in the holistic management approach to support wetland condition and functionality.

In addition, the NQDT in partnership with local water authority Lower Burdekin Water, installed three fish ladders in Saltwater Creek alongside telemetrically automated gates. These fish ladders allow native fish species to continue on their migratory paths between the wetlands and the Great Barrier Reef Lagoon.

Observations downstream of the wetlands has seen a reduction in water levels in the shallow coastal wetlands. This is a positive outcome in returning coastal wetlands into natural seasonal detention areas.

The NQDT has also been working to identify erosion hotspots in and around the lower Burdekin River and is working with local landholders to stabilise 450 metres of stream banks by revegetating to reduce fine sediment loss.

The NQDT's innovative work has been recognised nationally by Wetlands Australia and will make a significant contribution to the *Reef 2050 Water Quality Improvement Plan 2017–2022* target of a 30 per cent reduction of fine sediments in the Burdekin by 2025.

WATER RESOURCES MANAGEMENT

Weir plans offer more water for Lockyer farmers

During the year, the department worked with Seqwater to improve the efficiency of Clarendon and Kentville weirs in the Lockyer Valley.

New level recorders allow remote monitoring of weir levels, avoiding the need for onsite inspections, and ensure a faster and more efficient response when topping up dams for farmers.

Maintenance work was also regularly undertaken to improve flows, including desilting of the Lockyer Valley's 25 weirs.

The department worked with Seqwater to find a low or zero cost approach to the desilting of the weirs. This included investigating the potential for larger scale desilting works, including assessing the efficiency of weirs in the area, desilting priority weirs, and current siltation impacts.

The department and Seqwater will continue to monitor the overall performance outcomes delivered to ensure value from the investment undertaken.

Lockyer Water Plan released

Working closely with local growers, Queensland Farmers' Federation and the Member for Lockyer, Jim McDonald MP, the department amended the Water Plan for Moreton to manage Central Lockyer Valley groundwater and surface water resources.

The amended plan will help farmers and businesses manage and grow their businesses and ensure that the available water will be shared fairly and equitably between all users.

It has created more than 400 tradeable water allocations to replace a collection of 149 unrestricted groundwater licences, 112 surface water interim allocations and authorisations held by Seqwater and the Lockyer Valley Regional Council.

The allocations stipulate how much water farmers and businesses are entitled to, and allow them to buy and sell their water allocations as their businesses require.

The water plan amendment regulates:

- water from Clarendon Dam and Bill Gunn Dam, whether it's piped via the Morton Vale pipeline or supplied directly to water users in Lockyer and Laidley creeks
- how underground water is refilled by water from the Clarendon Dam and Bill Gunn Dam through a series of nine recharge weirs
- groundwater trading in six new trading zones and the related water sharing rules.

Glen Niven Dam safety upgrade delivered

The department also delivered the $3 million construction stage ($3.5 million total project investment) of the safety upgrade of Glen Niven Dam, near Stanthorpe.

The project included upgrades to the dam embankment and spillway to:

- meet modern safety standards
- ensure the protection of downstream residents from dam failure
- maintain the existing water supply for licence holders.

AUSTRALIAN MARKET SUPPLY CONDITION REVIEWED

During the year, the department supported recommendations made in the Australian Market Supply Condition report and delivered its implementation plan to ensure a modern and flexible approach to the dynamic gas supply market.

A review of the Supply Condition (a condition which may be imposed on gas tenures under the *Petroleum and Gas (Production and Safety) Act 2004* to safeguard gas supply for large industrial uses and electricity generators in the domestic market) was commissioned to investigate and report on the extent to which it was meeting the Queensland Government's objectives.

It also looked into any possible improvements to ensure Queensland stays at the forefront of domestic gas supply.

The review and report were delivered by expert consultants and involved in-depth research and analysis of the gas supply and demand market.

The review included interviews with gas explorers/producers, industrial gas users and industry peak bodies, Queensland Resources Council and Australian Petroleum Production and Exploration Association.

The review found that, overall, the Supply Condition continued to enable strong investment into Queensland's gas sector and is accepted by the gas industry and gas consumers.

Minor issues with the Supply Condition were raised, including transparency in the land release and decision-making processes for when the Supply Condition is applied, and rigidity of the legislative framework.

To address these issues, the report proposed 11 recommendations grouped under three themes:

- adaptable framework for a dynamic gas market
- increase efficiency and transparency in administration of the Supply Condition
- informed market participants.

The recommendations relate to how our domestic gas policy can be improved to further strengthen its benefit to Queensland and the supply of gas on a national level. The report is available on the department's website.

COAG Critical Minerals Work Plan developed

In April 2020, the COAG Energy Council endorsed an initiative to develop a Critical Minerals Work Plan to help Australia to position itself as a key provider to the burgeoning international market for critical minerals.

The department led the development of the work plan in collaboration with all other relevant states and territories.

The plan was based on an inter-jurisdictional stocktake of existing activities to identify strengths, weaknesses and synergies across the sector.

It consisted of an overarching Critical Minerals Development Roadmap, designed to unlock Australia's full critical minerals potential by taking a more coordinated approach and leveraging existing strategies and activities.

Two priority work streams identified in the plan included:

- developing a pre-accreditation and/or ethical certification system with an associated Australian critical minerals brand
- developing critical minerals precincts and hubs, including mining, processing and infrastructure corridors.

The department will continue to work closely with the Commonwealth's Critical Minerals Facilitation Office on the ongoing implementation of the work plan and its proposals.

New Economy Minerals Initiative launched

In November 2019, the Queensland Government launched the $13.8 million New Economy Minerals Initiative (NEMI).

New economy minerals—an umbrella term for a range of metals and mineral elements that are key inputs into emerging technologies—include copper and metal and mineral elements that are critical inputs into a range of high-tech applications. They include electric vehicles, renewable energy products, low-emission power sources, consumer devices, and products for the medical, defence and scientific research sectors.

These metal and mineral elements are often referred to as critical minerals.

During the year, the department continued to deliver the NEMI and focused on vital exploration measures that aim to better define Queensland's endowment of critical minerals as well as immediate development opportunities.

Since inception in November 2019, NEMI has:

- delivered Round 3 of the Collaborative Exploration Initiative 3, resulting in:
  - identification of a new lithium project near Georgetown, North East Queensland
  - expanded knowledge of rare earth elements prospectivity associated with Vanadium deposits in the Carpentaria Basin, North West Queensland
  - bulk mineralogy (extraction) data from Vanadium deposits near Julia Creek, North West Queensland
  - significant regional-scale surface geochemistry (New Economy Minerals) datasets in the Mount Isa Inlier, North West Queensland
- identified new rare earth elements endowment in Queensland's phosphorite deposits
- commenced work on sustainable rare earth elements extraction methods, including phytomining, bioleaching and hydrometallurgy
- identified cobalt and indium potential in mine tailings and waste in North West and North East Queensland.

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

DEPARTMENT BUILDS ON QUEENSLAND'S RENEWABLE ENERGY TARGET

Building on the department's work to establish the 50 per cent Queensland Renewable Energy Target by 2030, four large-scale renewable energy projects became operational throughout the year.

The department's work involved:

- assessing and approving generation authorities to enable each project to connect to the grid
- continuing to manage contracts with four large-scale solar projects under the Solar 150 initiative, which are now all operational
- liaising with Powerlink as the provider of network connections for renewable projects
- facilitating investment in renewable energy by the government owned generators.

The projects have added 213 megawatts of new generation capacity, attracted $466 million in new investment into Queensland and supported 420 construction jobs in regional Queensland.

At a small-scale level, approximately 600 megawatts of solar generation capacity was installed across approximately 68 000 systems.

Over 2019–20, 17.9 per cent of the state's electricity was provided by renewable energy (large and small-scale)—a significant increase from only 8 per cent of renewable penetration in 2015 and 13.3 per cent achieved in the previous financial year.

AFFORDABLE ENERGY PLAN BENEFITS CONSUMERS

During the year, the department implemented a number of programs to support consumers:

- in April 2019, reinvesting returns from Queensland's government owned corporations to directly benefit consumers through a $50 rebate for every household in addition to the $200 COVID-related rebate
- delivering an interest free loans and grant scheme for solar and battery storage, which has seen more than 300 solar-only systems and over 3000 battery energy storage systems installed. The scheme has facilitated an injection of more than $49.3 million into the renewables sector as at 30 June 2020
- conducting a solar for rentals trial, which has seen over $1.4 million in rebates paid to eligible applicants with more than 430 solar systems installed in the Bundaberg, Gladstone and Townsville local government areas. Participating tenants are saving an average of $400 per year on their power bills
- providing 4000 low-income regional families with a digital meter, monthly billing and resources to help them reduce their energy usage
- providing rebates of up to $300 to households for energy efficient appliances.

The department also supported remote Indigenous communities to help them realise the benefits of renewable energy.

Through the $3.6 million Decarbonising Remote Communities program, four communities in Queensland's far north—Doomadgee, Mapoon, Pormpuraaw and the Northern Peninsula Area—are having renewable energy systems installed, which will reduce the use of diesel-powered generation and lower electricity costs and emissions.

In addition, the department ensured regional customers paid a similar amount for their electricity to those in South East Queensland through $500 million in Community Service Obligation subsidies.

For agriculture business customers, the Energy Savers Plus Program Extension has provided free, independent energy audits and government co-contribution grant funding of up to $20 000 to help up to 200 Queensland farmers improve their energy efficiency.

For large business customers, the Large Customer Adjustment Trial and Program has provided energy audits for regional businesses on obsolete electricity tariffs, helping them understand their electricity use, minimise their electricity costs and make informed choices about future tariff options.

BIOFUELS MANDATES ADMINISTERED

The department continued to administer the Queensland biofuels mandates, which requires fuel retailers to sell at least 4 per cent biobased petrol (or 4 litres of E10 for every 6 litres of regular unleaded sold) and fuel wholesalers to sell at least 0.5 per cent biobased diesel.

Achievements for 2019–20 included:

- more than doubling the number of retail sites—from 343 sites in 2016 to 819 sites in June 2020—making ethanol-blended fuel available to more motorists
- almost doubling the volume of E10 fuel sold in Queensland, from 84 ML in 2016 to 122 ML per quarter in June 2020
- 2 ML of biodiesel sold in the June 2020 quarter.

As at June 2020, liable Queensland retailers averaged 2.9 per cent biobased petrol and wholesalers averaged 0.16 per cent biobased diesel.

GRANITE BELT IRRIGATION PROJECT (EMU SWAMP DAM) RECEIVES INTERIM FUNDING

The department successfully negotiated an interim grant agreement to provide $6 million to the proponent of Granite Belt Irrigation Project.

As part of the agreement, the department confirmed the Australian Government commitment to provide funding for the project.

The project has the potential to provide a positive economic benefit to the granite belt region through supply to irrigators engaged in the production of high value crops.

Before a decision is made on whether construction of the Emu Swamp Dam and associated pipelines will go ahead, the proponent must meet certain conditions and undertake activities.

The interim funding will allow the proponent to work through issues, such as aggregating sufficient water entitlements, dam design and going to market for a design and construction tender.

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

NATIVE TITLE RIGHTS FORMALLY RECOGNISED

During the year, there were seven determinations of native title under the *Native Title Act 1993*.

Widi People of the Nebo Estate #1 Native Title Consent Determination

The Widi People of the Nebo Estate #1 Native Title Consent Determination of native title was handed down by the Federal Court on 31 July 2019.

The determination recognises native title over approximately 249 766 hectares of land, comprising approximately 299 hectares of exclusive native title rights and interests, and approximately 249 467 hectares of non-exclusive native title rights.

Ancestral land between Chinchilla and Glencoe recognised

In November 2019, the Traditional Custodians of more than 330 hectares of land and waters in South West Queensland had their rights formally recognised.

The Auburn Hawkwood people's native title rights between Chinchilla and Glencoe were recognised by the Federal Court.

Recognition, announced in a special hearing in Brisbane, acknowledged the Auburn Hawkwood people's history with their land and protected their rights for future generations.

This determination recognised exclusive native title rights and interests over more than 159 hectares, and non-exclusive native title rights and interests over more than 170 hectares of land.

Native Title Claim over Moreton Island (Mulgumpin)

The November 2019 settlement of the Quandamooka People's native title claim over Moreton Island (Mulgumpin) was the culmination of over five years' work by the department.

The negotiation team worked with all parties to arrive at a native title settlement that the Federal Court was able to endorse.

The settlement recognises the Quandamooka People as the First Nations Custodians of lands and waters within parts of the Moreton Bay region and their ancestral association with the land.

TRANSFER OF LAND TO ABORIGINAL PEOPLE

During the year, there were five transfers of land to Aboriginal People under the *Aboriginal Land Act 1991*.

Wulli Wulli People at Theodore

In July 2019, the department transferred land to the Wulli Wulli Nation Aboriginal Corporation Registered Native Title Body Corporate (RNTBC), being lots 279 and 542 located in the town of Theodore. The land transfer was an outcome of an Indigenous Land Use Agreement between the State, the Banana Shire Council and the Wulli Wulli Nation Aboriginal Corporation RNTBC.

The land is acknowledged for its high cultural significance to the Wulli Wulli People, and is almost 21 hectares in area.

Quandamooka People on North Stradbroke Island

In July 2019 and again in December 2019, the department transferred 11 parcels of land to the Quandamooka Yoolooburrabee Aboriginal Corporation Registered Native Title Body Corporate (RNTBC) on North Stradbroke Island, with nine being transferred in July and the remaining two in December 2019.

Traditionally known as Minjerribah, North Stradbroke Island has previously been the site of sand mining operations for decades, with the mine operators now working closely with the Quandamooka People to meet their obligations to rehabilitate the disturbed land.

The land, which has significant cultural value to the Quandamooka people, and will be held in trust for their future benefit by the Quandamooka Yoolooburrabee Aboriginal Corporation RNTBC.

Gudang Yadhaykenu People at Cape York Peninsula

In November 2019, the department transferred land to the Gudang/Yadhaykenu Aboriginal Corporation, being lots 1, 2 and 22 on SP309088 located at the tip of Cape York Peninsula.

The 211 hectares was the site of the former Pajinka Wilderness Lodge and once popular resort, and it is hoped that the transfer will now create new tourism and cultural opportunities for future generations. The land traditionally has always been of major cultural significance, and is now held in trust for Aboriginal people particularly concerned with the land and their ancestors and descendants, by the Gudang/Yadhaykenu Aboriginal Corporation.

Girramay People near Cardwell

In December 2019, the department transferred land to the Girramay People Aboriginal Corporation Registered Native Title Body Corporate (RNTBC), being lots 3 and 4 on C10412 inland from the township of Cardwell. The transfer of land was an outcome from the Girramay People Tenure Resolution Indigenous Land Use Agreement, and is approximately eight hectares in area.

Darumbal People near Rockhampton

In February 2020, the department transferred four parcels of land totalling more than 400 hectares to the Darumbal People Aboriginal Corporation Registered Native Title Body Corporate (RNTBC), near the township of Rockhampton.

The land includes significant landmarks with strong connections to Darumbal history, and is now held in trust for their future benefit by the Darumbal People Aboriginal Corporation RNTBC.

SAFETY RESET

In July 2019, in quick response to tragic mining fatalities, the department held a forum at Parliament House in Brisbane with 70 key industry stakeholders.

The forum aimed to rethink the culture of safety in the mining and quarrying industries, and resulted in a department-led safety reset across all Queensland mines and quarries.

The safety reset saw government, industry and unions work together to strengthen the safety culture in the resources sector.

During July and August 2019, more than 52 000 workers participated in nearly 1200 reset sessions held at mine and quarry sites across the state.

The safety resets brought worker safety and health into focus through a range of presentations, work group discussions and talks by worker representatives and senior leaders.

Many improvements were identified in safety culture, leadership, communication, workforce and operations.

The department supported the safety reset by developing safety reset packs and all mines inspectors attended safety resets.

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

BEING ME IN DNRME

In November 2019, the department coordinated and delivered a new diversity and inclusion video.

A cast of staff from diverse backgrounds took part in the *Being Me in DNRME* video, helping to highlight and promote diversity within the department.

Through this piece of work and other initiatives under the *Being Me in DNRME* strategy, the department continued to advance toward an inclusive culture, where employees feel safe and respected enough to speak openly, courageously sharing their stories, experiences and vulnerabilities.

The strategy supports and underpins the realisation of our desired culture, where all staff feel included and respected, and where diversity is no barrier to success.

BYSTANDER INTERVENTION AWARENESS PROGRAM DEVELOPED

The department also delivered a new Bystander Intervention Awareness program during the year in partnership with Griffith University's MATE Bystander Program.

The Bystander Intervention Awareness program provided the tools and resources required to create inclusive, safe and equal homes, workplaces and communities for all people, and articulates the responsibility of individuals in achieving this.

The program now forms part of the department's Professional Excellence Curriculum, which all employees are required to undertake.

It was rolled out using a train-the-trainer process, enabling the department to develop a long-term, sustainable and cost-effective approach to delivering the training internally.

The work is leading-edge, and has received recognition from across government and the private sector. It was showcased at the MATE Bystander Conferences in November 2019 with delegates from Australia and New Zealand.

LEADING THE WAY IN EMERGENCY MANAGEMENT

During the year, the department continued to lead the way across the emergency management spectrum with its Emergency Management Unit (EMU) recognised at both the national and state levels.

The EMU received the Australasian Fire and Emergency Services Authority National Award for Lessons Management for the development of a simple to follow emergency management framework, in line with the national guiding principles.

The framework was built to capture observations and insights that guide continuous performance programs across the department based on training our people, exercising plans and sharing these learning across the state.

In addition, the Department of Communities, Disability Services and Seniors presented the department with the Community Recovery Ready Reserve Workplace Award.

It recognised the outstanding enhancements made to the Department of Communities, Disability Services and Seniors' Community Recovery program through doubling its workforce, supporting and promoting the program, supporting its team and continually performing in the top tiered agencies across Queensland Government.

During disasters, the department gathers information from across its portfolio and provides this as critical intelligence to senior leaders and decision makers to support Queensland communities.

LOOKING FORWARD: 2020–21

In 2020–21, the department's key priorities are to:

- transform how we deliver sustainable rural water management for the people of Queensland focusing on fairness, transparency and accountability
- continue to ensure Queensland's catchment-based water plans provide sustainable water allocation for the environment, agriculture, industries and population centres
- support local governments to meet their planning and delivery of essential urban water supply
- coordinate planning for, and delivery of, major water supply infrastructure projects
- continue to lead the implementation of Queensland's responsibilities under the Murray–Darling Basin Plan and related Intergovernmental Agreement
- advance the Queensland Government bulk water priorities towards an investment decision
- facilitate feasibility studies under the new 2019–25 Australian Government's National Water Infrastructure Development Fund
- continue to deliver effective regulation and compliance of our land, water and vegetation management
- under Queensland's Economic Recovery Plan, establish three renewable energy zones across the state
- under Queensland's Economic Recovery Plan, undertake a Bowen Basin Gas Pipeline concept study to investigate the feasibility and options for a new transmission pipeline to connect the Bowen Basin's gas reserves to the east coast of Queensland
- lead the implementation of existing National Agreements and Partnerships
- facilitate coexistence between landholders and the resources sector, including fostering an effective working relationship with the Land Access Ombudsman and Gasfields Commission of Queensland
- provide clearer pathways for investment in new economy mineral exploration and production
- continue to unlock additional gas supply for the domestic market
- implement reforms to support mine rehabilitation and financial assurance outcomes
- make electricity more affordable for residential and business customers, and continue to build an effective working relationship with the Energy and Water Ombudsman Queensland
- deliver sustainable, reliable energy for Queensland.

CHAPTER THREE

OTHER WHOLE OF GOVERNMENT **PLANS/SPECIFIC INITIATIVES**

National Water Infrastructure Development Fund (National Partnership Agreement) facilitated

During 2019–20, the department continued to facilitate the Australian Government's National Water Infrastructure Development Fund (NWIDF) funding for a range of water supply assessment and capital projects underway in Queensland.

They included:

- a new National Project Agreement negotiated and executed at the beginning of the year aimed at capturing a second tranche of feasibility studies
- funding payments and the overseeing of the completion of the Urannah Dam Preliminary Business Case and North and South Burnett Strategic Business Case. These and other previously completed studies are available on the Queensland NWIDF Government website at www.business.qld.gov.au/industries/mining-energy-water/water/industry-infrastructure/supply-planning/nwidf-feasibility-studies
- working with a range of proponents and the Australian Government to secure the necessary funding agreements to enable the initiation of further assessment of the Hells Gates and Big Rocks Weir, Lakelands Irrigation Project and Urannah Dam proposals
- setting in place funding arrangements for two capital projects: Warwick Recycled Water for Agriculture Project and the Mareeba Dimbulah Channel Modernisation Project, with the first two milestones of the latter project being delivered by Sunwater.

In total, the department facilitated payments for the NWIDF totalling approximately $7 million (ex-GST).

Intergovernmental Agreement on Implementing Water Reform in the Murray–Darling Basin

Commonwealth funding of $13.22 million was provided to Queensland under the National Partnership Agreement for Implementing Water Reform in the Murray–Darling Basin.

An interagency working group was formed to oversee the delivery of commitments and the application of the funding through the *Queensland Strategy for Implementing the Murray–Darling Basin Plan 2013–19* (the Strategy).

The key measure of success of the Strategy was the finalisation of three Water Resource Plans (WRP) for the three water plan areas in the Queensland section of the Murray–Darling Basin:

- the Warrego Paroo Nebine WRP
- the Border Rivers Moonie WRP
- the Condamine and Balonne WRP.

All the WRPs have been accredited by the Commonwealth, making Queensland the first Basin State to achieve this.

Murray–Darling Basin Regional Economic Diversification Programme Project Agreement

Under the Regional Economic Diversification Programme (REDP), the department implemented five projects cooperatively with the Department of Agriculture and Fisheries, Balonne Shire Council and the South West Indigenous Corporation during the year.

The REDP supports the economic base of regional communities likely to be affected by the implementation of the Murray–Darling Basin Plan with funding from the Australian Government. The projects focus on:

- the construction of wild dog-proof fencing in the Balonne Shire
- employment of an Economic Development Officer and Grants Officer in the Balonne Shire
- high-value horticulture as an alternative to traditional broad acre farming
- construction of an Indigenous cultural centre in St George.

Project Agreement for the Interim Great Artesian Basin Sustainability Initiative Infrastructure Investment Program

Under the provisions of the Intergovernmental Agreement on Federal Financial Relations, the Interim Great Artesian Basin Infrastructure Investment Program (IGABIIP) was delivered through a Project Agreement between the Commonwealth of Australia and the State of Queensland represented by the Department of Natural Resources, Mines and Energy,

Funding was provided to landholders for sixteen projects, which successfully rehabilitated eight uncontrolled artesian bores, replaced 224 kilometres of inefficient bore drains with controlled watering systems and saved an estimated 3050 megalitres of water per year.

The IGABIIP and its predecessor programs have rehabilitated over 700 uncontrolled bores and piped over 14 600 kilometres of bore drains across Queensland, which saves an estimated 210 000 megalitres each year.

The program supports the delivery of strategic investments in infrastructure renewal and related activities to improve sustainable management of Great Artesian Basin groundwater resources.

CHAPTER FOUR

SUMMARY OF **FINANCIAL PERFORMANCE**

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

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

FINANCIAL OVERVIEW

The department recorded an operating surplus of $10.525 million for the 2019–20 financial year.

Table 1 summaries the financial results of the controlled operations. For a more comprehensive set of financial statements covering all aspects of the department's activities, see the 'Financial statements: 30 June 2020' section.

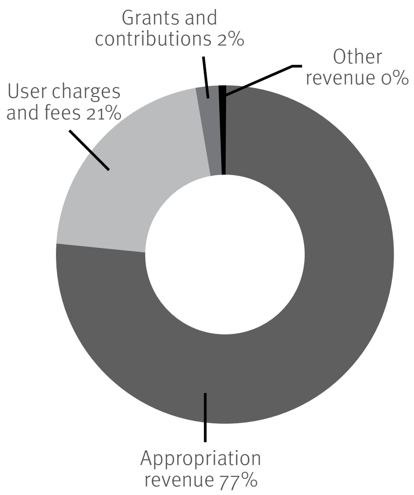
Table 1: Summary of financial results of controlled operations

DEPARTMENT OF NATURAL RESOURCES, MINES AND ENERGY	FINANCIAL YEAR	
	2020	2019
	$'000	$'000
Income	625 694	736 386
Expenses	615 169	735 253
Operating surplus/(deficit)	10 525	1 133
Assets	439 870	443 656
Liabilities	89 527	136 642
Net assets	350 343	307 014
CAPITAL EXPENDITURE	**31 574**	**66 802**

Income

The department's income of $625.7 million included appropriation revenue for services from the government of $478.6 million; user charges, fees and fines of $131.0 million; grants and other contributions of $13.2 million; and other revenue of $2.8 million. The majority of user charges, fees and fines revenue was earned through levies and fees for safety and health and petroleum and gas services provided to industry, cadastral and title search fees, storage of explosives, valuation services and other fee-for-service activities relating to safety in mines testing.

Figure 1: Income earned by the department in 2019–20



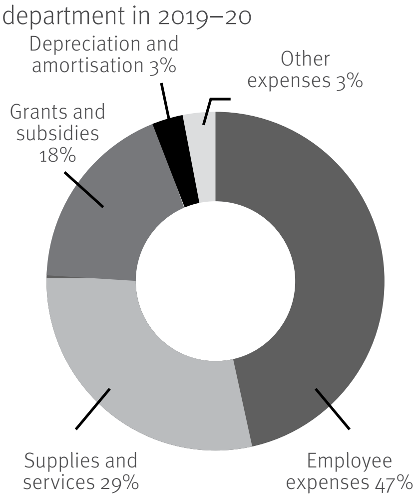
Expenses

The department's expenses of $615.2 million primarily consists of employee expenses, supplies and services, grants and subsidies, and depreciation and amortisation of assets.

Employee costs totalling $288.7 million included salaries and wages, annual and long service leave entitlements, superannuation contributions and other employee-related expenses, which represent 46.9 per cent of total expenses.

Supplies and services totalled $177.1 million, with the major expenses including accommodation costs ($36.4 million, including operating leases), ICT costs ($45.3 million), legal costs ($10.2 million) and payments to consultants and contractors ($40.5 million). Contractor spend of $38.9 million was predominately incurred for specialist and technical skills in programs such as Strategic Resources Exploration Program ($5.8 million) Affordable Energy Plan ($4.9 million), Coal Workers' Pneumoconiosis ($2.6 million), New Economy Minerals ($1.6 million) and ICTC projects ($6.2 million).

Figure 2: Expenditure incurred by the department in 2019–20



Grants and subsidies totalled $113.8 million and primarily related to the Haughton Pipeline Duplication Project ($55 million). Grant expenditure also included payments made under the Natural Resources Investment Program ($9.1 million), National Water Infrastructure Delivery Fund ($7.2 million), Copperstring 2.0 project ($6.8 million) and Interim Great Artesian Basin Infrastructure Investment Program ($3.3 million).

Depreciation and amortisation expenses of $16 million primarily relate to internally generated software ($5.6 million), plant and equipment ($4.2 million), infrastructure assets ($3.4 million) and buildings ($2.5 million).

Other expenses of $19.6 million primarily relates to separation payments for Local Management Arrangements ($14.1 million) and expenditure related to property claims associated with natural disasters ($1.4 million), which will be recovered from the Queensland Government Insurance Fund.

Capital expenditure

The department's capital expenditure for the year was $31.6 million. This includes costs associated with the construction of the Rookwood Weir to supplement urban water supplies and enhance agricultural and industrial development in the Fitzroy Basin and Gladstone Region. Other capital investment includes acquisitions and enhancement on departmental assets, including abandoned mine sites, water monitoring network, stock route network and critical business information technology systems.

Financial position

The net asset position reported in the financial statements shows the net worth of the department at 30 June 2020 to be $350.3 million. This consisted mainly of the assets the department held of $439.9 million, which includes $99.2 million in operational land and buildings to provide departmental services, $2.8 million in heritage and cultural assets, $47.4 million in water network infrastructure assets and $42.5 million in software assets. In addition, the department had cash holdings of $141.2 million, receivables of $16 million and other assets worth $3.7 million. These were offset by liabilities of $89.5 million, which mainly consist of payables and accrued employee benefits.

Administered activities

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

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

Major Administered expenses included:

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

Administered net assets at 30 June 2020 were $72.890 billion. This is predominantly as a result of state land of $72.911 billion as per Table 2.

Table 2: Administered land portfolio

ADMINISTERED LAND	FINANCIAL YEAR	
	2020	2019
	$'000	$'000
Land under roads	62 346 406	61 848 079
Reserves	7 974 775	7 907 312
Leasehold Land	1 565 669	1 408 546
Unallocated state land	856 733	917 423
Other	167 311	174 261
Total	**72 910 893**	**72 255 620**

Safety and health levy

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

Table 3: Safety and health levy income and expenses in 2019–20

SAFETY AND HEALTH LEVY	FINANCIAL YEAR	
	2020	2019
	$'000	$'000
Income		
Taxes, fees and fines	48 228	40 724
Other revenue	92	204
Total income	**48 320**	**40 898**
Expenses		
Employee expenses	24 462	24 454
Supplies and services	16 527	14 740
Grants and subsidies	36	280
Depreciation and amortisation	759	773
Other expenses	318	592
Total expenses	42 102	40 839
Operating surplus (deficit)	**6 126**	**58**

Office of Groundwater Impact Assessment

Established under the *Water Act 2000*, the Office of Groundwater Impact Assessment (OGIA) is an independent entity responsible for assessing and managing the impacts of groundwater extraction from resource operations in cumulative management areas (CMAs). OGIA is entirely funded through an annual industry levy, the majority of which is paid by coal seam gas operators within the Surat CMA (see Table 4).

Table 4: Office of Groundwater Impact Assessment Income and Expenses in 2019–20

OFFICE OF GROUNDWATER IMPACT ASSESSMENT	FINANCIAL YEAR	
	2020	2019
	$'000	$'000
Income		
Taxes, fees and fines	3 433	4 042
Total income	**3 433**	**4 042**
Expenses		
Employee expenses	1 762	2 233
Supplies and services	1 640	1 786
Depreciation and amortisation	14	7
Other expenses	17	16
Total expenses	3 433	4 042
Operating surplus (deficit)	**0**	**0**

CHAPTER FIVE

GOVERNANCE: MANAGEMENT AND STRUCTURE

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ORGANISATIONAL STRUCTURE AS AT 30 JUNE 2020

Lands

Lands Division delivers a variety of land and property services across Queensland including titles registry services, spatial services, land and asset valuations, state land administration, native title services and government land acquisitions. Our work touches the life of every Queenslander—whether it is by valuing a property, registering transfers of a home, mapping the places we live and work, or facilitating land-based outcomes for Aboriginal and Torres Strait Islander peoples.

Policy

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

Georesources

The Georesources Division plays a key role in the regulation and industry development of the resources sector in Queensland. The division oversees the administration of Queensland's resource exploration and development tenure frameworks along with playing a key role in extending information about this framework to resource communities. Our role supports the development of the resources sector.

Resources Safety and Health

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

Energy

The Energy Division undertakes policy and economic analysis, provides advice on matters related to energy policy (including security of supply) at the state and national level, delivers simple and effective regulation of the energy sector and enhances customer value for Queenslanders. It also facilitates economic growth and innovation by helping to unlock the state's renewable energy potential to create new industries and new jobs, and driving broader productivity improvements across the energy sector.

Natural Resources

Natural Resources Division provides customer-focused services and practical solutions to help customers achieve their business goals. It has a strong regional presence and works closely with Policy Division to achieve the department's key reform initiatives. The division provides oversight of the four government owned corporations that provide bulk water across large areas of Queensland and engages in the strategic bulk water security and infrastructure planning for the state, irrigation pricing and water market reform. In the regions, it provides services such as state land and vegetation management, water licensing and scientific monitoring.

Business and Corporate Partnership

Business and Corporate Partnership Division delivers a set of core services and a range of specialised services to the wider department, including a Program Capability Office, Digital Enterprise Capability Office and Aboriginal and Torres Strait Islander Futures team.

OUR BOARD

Our Board is comprised of the department's senior executive leadership. Its job is to provide strategic direction and support across the department to enable delivery of the department's strategic plan and Queensland Government policy priorities.

In 2019–20, membership comprised the following:

- Director-General
- Deputy Director-General, Natural Resources
- Deputy Director-General, Policy
- Deputy Director-General, Georesources
- Deputy Director-General, Energy
- Deputy Director-General, Lands
- Deputy Director-General, Business and Corporate Partnership
- Executive Director, Communication
- Executive Director, Resources Safety and Health.

James Purtill, Director-General

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

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

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

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

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

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

Wally Kearnan, Deputy Director-General, Lands

Wally joined the Department of Lands in 1983 and has seen the evolution of the agency through to today's Department of Natural Resources, Mines and Energy. Wally was appointed to the role of Deputy Director-General, Lands in August 2019 and prior to this was the Executive Director–South Region with the Natural Resources Division.

Wally's career commenced in Field Services with the Land Administration Commission serving in the Brisbane, Bundaberg, Charleville and Emerald offices. As a registered valuer he undertook statutory valuations in Central Queensland and the Burnett region before returning to Charleville to project manage the enterprise reconstruction component of the South West Strategy. Whilst a field officer, he also started his long association with the State's vegetation management framework.

Wally, in conjunction with local government, then led the revitalisation of Queensland's Stock Route Network System and Stock Route Network legislation and policy prior to undertaking a secondment to AgForce Queensland to enhance the department's understanding and knowledge of issues affecting rural and regional Queensland.

On his return to the department, he concentrated on state land management activities, including the development of the State Rural Leasehold Land Strategy in partnership with the pastoral, Indigenous and conservation sectors. Following this period, Wally commenced work in the private sector undertaking land acquisition and negotiation for the mining and transport industries.

With his return to government service, he was appointed as the Rural Advisor in the Department of the Premier and Cabinet becoming the conduit between rural and regional Queensland and the Queensland Government. He returned to the department as Regional Services Director–South West before becoming General Manager–Coal and Coal Seam Gas immediately before the formation of the South Region.

Lyall Hinrichsen, Acting Deputy Director-General, Policy

Lyall commenced in this role in April 2020. He was appointed to the position of Executive Director, Land Policy in July 2017 and prior to that, he was Executive Director, Land and Mines Policy and Executive Director, Water Policy.

Lyall has an engineering degree and has worked in the fields of water and resource management, and policy for much of the past 30 years. He has led policy and legislation initiatives associated with vegetation management, tenure administration, land access for the resources sector, state land management, and resources safety and health.

Benn Barr, former Deputy Director-General, Policy

Benn commenced in this role in October 2018 and finished in the department in April 2020. Benn provided strategic leadership and expert policy advice regarding land, water, mineral and energy resources, and native title.

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

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

Shaun Ferris, Deputy Director-General, Georesources

Shaun was appointed as the Deputy Director-General, Georesources on 8 July 2019 after having acted in the position from November 2018. His professional experience in the mining and resources sector over the past 20 years includes environmental management, sustainability, project approvals, stakeholder engagement, government relations, and land and tenement management.

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

He has worked at all stages of the resource sector lifecycle with an Australian-based global resources company, facilitating environmental approvals, planning and tenure approvals, and environmental management services, as well as executing business strategies during mine development and production stages.

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

Mark Stone, Executive Director, Resources Safety and Health

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

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

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

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

Kathie Standen, Deputy Director-General, Energy

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

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

Linda Dobe, Deputy Director-General, Natural Resources

Linda commenced as Deputy Director-General, Water Markets and Supply in January 2018 and was appointed in May 2018. She became the Natural Resources Deputy Director-General following the realignment of the department in mid-2019.

Linda has worked in state government for over 20 years in natural resource management functions and brings to the role diverse private sector experience in the mining and finance sectors.

Brenda Parker, Deputy Director-General, Business and Corporate Partnership

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

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

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

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

Chantal Llora, Executive Director, Communication

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

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

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

Board responsibilities

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

- *Financial Accountability Act 2009*
- Financial and Performance Management Standard 2019
- *Public Service Act 2008*
- *Public Records Act 2002*
- *Public Sector Ethics Act 1994*
- *Right to Information Act 2009*
- *Information Privacy Act 2009*
- *Work Health and Safety Act 2011.*

The Board's responsibilities are to:

- define and oversee the implementation of the department's strategic plan
- monitor the department's delivery of results
- establish, oversee and monitor the department's risk management agenda
- demonstrate strong ethical leadership, model the department's leadership principles and minimise the opportunity for misconduct
- establish, oversee and monitor the department's safety and wellbeing cultural agenda
- ensure staff are well informed and operate according to the public sector values, the code of conduct, and workplace health and safety legislation
- lead the organisation's culture and way of operating as part of the Queensland public sector
- oversee and approve the department's investments and the strategic allocation of resources
- monitor the department's financial and non-financial performance
- collectively, and as individuals, speak for the Board as a whole in relation to representing the department.

The Board maintains a governance structure, with the Board and five Board sub-committees providing leadership and direction:

Safety and wellbeing:

- monitors alignment to goals and objectives
- oversees risk profiles and programs
- facilitates performance improvements
- monitors metrics and provides strategic direction for safety and wellbeing.

Audit and risk:

- reviews, monitors and provides advice around the implementation of framework
- oversees audit acquittal.

Data and digital:

- drives the digital strategy around data sharing, data assets, potential of our assets and capability
- oversees ICTC investment and monitor ICT projects.

Organisation and workforce capability:

- prioritises HR initiatives and aligns programs of work to business requirements
- leads, drives and supports HR programs within the business.

Portfolio investment:

- builds a culture of high performance, accountability and responsibility
- defines and manages performance standards
- makes decisions around project investment.

Government Bodies

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

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

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

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

*there were 19 government bodies as at 30 June 2020 classified as two Category 2 water authorities and abolished during 2019–20. They have provided final reports.

Public Sector Ethics Act 1994

In 2019–20, the department continued to provide comprehensive online training for inductees on the code of conduct and the ethics principles of the *Public Sector Ethics Act 1994*.

Training and coaching continued to be delivered to managers and supervisors about the requirements related to public service conduct and the performance excellence framework. This training provides mechanisms that support early intervention and local resolution of unsatisfactory conduct and performance.

The online code of conduct training was accessible via the department's learning management system, iLearn, for all staff to complete, together with supporting policies and resources that form the basis for human resource management and decision making.

An online fraud and corruption prevention training module was also made compulsory for all staff to complete every two years.

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

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

Human Rights Act 2019 (HRA) implementation

The department has been actively working with the Human Rights Act (HRA—the Act) since its commencement on 1 January 2020.

The Act respects, protects and promotes 23 fundamental human rights, and the inherent dignity and worth of all human beings, especially the most vulnerable in our community.

As public service employees, we must consider the impact of our decisions and actions on the human rights of Queenslanders. It is our responsibility to understand how the Act applies to our day-to-day work, particularly when dealing with the public or each other.

The department continues to actively promote and implement the Act, including:

- establishing a Steering Committee for human rights during 2019 to manage the implementation phase of the Act. The committee continues to operate as a forum that manages the department's activities and endorses various policy implementation and operational processes
- establishing a Coordination Team at the beginning of 2020 to monitor, guide and build capability for implementation of the HRA into the department's business areas and internal administration
- reviewing relevant legislation for compatibility with the *Human Rights Act 2019*
- developing guidance briefing note templates and attachments for Executive and Ministerial decisions where grants of deeds, leases, licences and permits are made, as well as departmental acknowledgement for policies and procedures of our commitment to the Act
- reviewing and updating the complaints management framework for the department incorporating the human rights requirements. The department has not received any complaints
- disseminating information via the human rights intranet page, which includes links to training, department advice, guides, Queensland Human Rights Commission (QHRC) and forgov web pages
- conducting mandatory, online, introductory training across the department for all staff to gain knowledge and understanding of the Act by 30 June 2020. Departmental officers have taken advantage of other training and information sessions opportunities offered by the Department of Justice and Attorney General, and the QHRC, such as statement of compatibility training.

OUR VALUES

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

CUSTOMERS FIRST	IDEAS INTO ACTION	UNLEASH POTENTIAL	BE COURAGEOUS	EMPOWER PEOPLE
• Know your customers • Deliver what matters • Make decisions with empathy	• Challenge the norm and suggest solutions • Encourage and embrace new ideas • Work across boundaries	• Expect greatness • Lead and set clear expectations • Seek, provide and act on feedback	• Own your actions, successes and mistakes • Take calculated risks • Act with transparency	• Lead, empower and trust • Play to everyone's strengths • Develop yourself and those around you

OUR GUIDING PRINCIPLES

SAFETY AND WELLBEING

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

While stress associated with the demands of complexity, delivery, timelines and interacting with peers, customers and stakeholders is ever-present, the department has worked to ensure that staff have the capacity to handle that stress and thrive in their careers.

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

PROFESSIONAL EXCELLENCE

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

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

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

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

WE DELIVER

We do what we say we'll do, when we say we'll do it. We do the right work and we do the work right. It's that simple.

RESPECT

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

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

CHAPTER SIX

GOVERNANCE: RISK MANAGEMENT AND ACCOUNTABILITY

The department is committed to working collaboratively both within government and with the community to achieve our strategic objectives and the Queensland Government's objectives for the community. Effective risk management practices underpin the delivery of our services at all levels: strategic, business and operational. This enables us to ensure that strategic risks, or risks to the successful delivery of our services, are identified and managed.

RISK MANAGEMENT

The department recognises that risk is characterised by both threat and opportunity, and manages risk to enhance opportunities and reduce threats that may impact on the department's business plans and objectives.

The department's approach to risk management is based on the Australian Risk Management Standard (AS/NZS ISO 31000: 2018 Risk Management—Guidelines) and Queensland Treasury's *A Guide to Risk Management: July 2011*.

The Risk Management Framework, which includes the Risk Management Policy, Risk Management Guideline and Safety Management and Risk Tool, SMART, are reviewed at least every two years to ensure that risk management is effective and continues to support organisational performance. The framework documents and SMART tool were reviewed, updated and endorsed during the period.

The Audit and Risk Committee and the Board had oversight of risk management activities within the department. Existing risks were monitored, reviewed and reported on as part of the regular review processes. Emerging risks were identified and reviewed to determine if they should be included in the department's strategic risks.

Training across the department assisted with ensuring that there was a consistent, appropriate application of the Risk Management Framework, and assisted in increasing the level of risk awareness across the department. Online training offered to staff included an Introduction to Risk Management.

AUDIT AND RISK COMMITTEE

The Audit Committee was renamed the Audit and Risk Committee during the year and established under the Financial and Performance Management Standard 2019.

The committee met four times from 1 July 2019 to 30 June 2020, including a special meeting to review the department's annual financial statement. The committee observed the terms of its charter, having due regard to the Audit and Risk Committee Guidelines: *Improving Accountability and Performance*—issued by Queensland Treasury (June 2012).

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

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

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

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

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

Membership

The committee members are:

- Debbie Best, independent external member (Chair)
- Peter Dowling, independent external member
- Kathie Standen, Deputy Director-General, Energy
- Claire Cooper, Chief Counsel and Executive Director, In-house Legal, and Business Planning and Achievement

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

The committee's two external members received a combined total remuneration of $15 120 (excluding GST) for their role on the committee during 2019–20.

INTERNAL AUDIT SERVICES

Internal Audit supports the Audit and Risk Committee by evaluating financial and operational systems, reporting processes and activities. It provides independent assurance and advice to the Director-General, senior management and the Audit and Risk Committee. Internal Audit enhances the department's corporate governance environment through an objective, systematic approach to evaluating the effectiveness and efficiency of corporate governance processes, internal controls, risk assessment and management practices. Its function is independent of management and external auditors. This aligns with the role and responsibilities detailed in the *Financial Accountability Act 2009*.

PricewaterhouseCoopers (PwC) delivers the internal audit function as an independent and objective internal audit service in accordance with the department's Internal Audit Charter and ethical standards, and the terms and conditions set out in a Service Order Agreement.

Prior to PwC being appointed to the role in February 2020, Internal Audit was delivered through Internal Audit Services, a business unit within the Department of Environment and Science, which provided internal audit services to three other Queensland Government agencies as part of a co-sourced corporate services arrangement.

Internal Audit activities in 2019–20 also included:

- preparing a program of work, which considered risk assessments, materiality and contractual and statutory obligations
- delivering six internal audit reviews in accordance with the 2018–19 Internal Audit Plan and provision of reports on results of these internal audits to the Audit and Risk Committee and Director-General
- monitoring and reporting on the implementation status of internal and external audit recommendations to the Audit and Risk Committee (management is responsible for implementation of audit recommendations)
- liaising with Queensland Audit Office to ensure there was no duplication of 'audit effort'
- supporting management by providing advice on corporate governance and related issues.

EXTERNAL SCRUTINY

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

PARLIAMENTARY COMMITTEES

In 2019–20, the State Development, Natural Resources and Agricultural Industry Development Committee sought advice from the department on three separate bills:

- the Resources Safety and Health Queensland Bill 2019 was introduced into the Queensland Parliament on 4 September 2019. A public briefing was held on 16 September 2019, followed by a public hearing on 25 September 2019. The committee tabled its report on 18 October 2019 and made four recommendations, including a recommendation that the Bill be passed
- the Natural Resources and Other Legislation (GDA2020) Amendment Bill 2019 was introduced into the Queensland Parliament on 23 October 2019. A public briefing was held on 6 November 2019. The committee tabled its report on 6 December 2019 and made one recommendation, that the Bill be passed
- the Mineral and Energy Resources and Other Legislation Amendment Bill 2020 was introduced on 4 February 2020. A public briefing was held on 17 February 2020, followed by two public hearings both held on 3 March 2020. The committee tabled its report on 27 March 2020 and made nine recommendations, including a recommendation that the Bill be passed.

QUEENSLAND AUDIT OFFICE

The following reports were tabled in Parliament during the year.

The *QAO Report Managing Cyber Security Risks* (Report 3: 2019–20), was tabled in Parliament on 1 October 2019 and examined whether entities effectively manage their cyber security risks. While the audit was specifically performed in relation to three public sector entities, all public sector agencies were advised to assess themselves against the first three audit recommendations and to assess the relevance of the other 14 recommendations to their agency.

The first three recommendations related to the development of a cyber security framework, policy and procedure to identify and classify information assets, and a methodology for identifying and assessing cyber risks. The remaining recommendations related to a variety of information asset management, cyber security risk mitigation strategies and security monitoring and logging activities.

The *QAO Report Addressing Mine Dust Lung Disease* (Report 9: 2019–20), was tabled in Parliament on 5 December 2019 and assessed how effectively public sector entities have implemented recommendations from the Monash review and reports 2 and 4 from the Coal Workers' Pneumoconiosis Select Committee, which were aimed at reducing the risk and occurrence of mine dust lung disease. The broad range of recommendations from those reports relate to the portfolio responsibilities of DNRME, Queensland Health, the Office of Industrial Relations, the Department of State Development, Manufacturing, Infrastructure and Planning, DES and the Public Service Commission.

The QAO found that while the Queensland Government has made progress in implementing most of the 89 recommendations, there is still work to be done to deliver all the reforms. This includes establishing an independent regulator and funding model and developing criteria to assist those responsible for ensuring workers can return to work. The QAO also noted that DNRME is currently developing new information systems to detect early signs of work-related health issues that can be used for mine inspections, audits and implementing better health and safety controls.

The *QAO Annual Report Queensland Government State Finances: 2018–19 Results of Financial Audits* (Report 11: 2019–20) was tabled in Parliament on 11 February 2020 and examined the consolidated position of the Queensland Government and associated financial statements.

The *QAO Annual Report - Energy: 2018–2019 Results of Financial Audits* (Report 6: 2019–20) was tabled in Parliament on 21 November 2019 and examined the financial audit results of the Queensland Government's energy entities (i.e. generation, transmission, distribution and retail entities) for 2018–19. Overall, QAO found energy entities' controls over financial systems and processes are reliable, sector finances are steady and that entities should continue to invest in information system security measures and resolve accounting issues early.

The *QAO Annual Report—Water: 2018–2019 Results of Financial Audits* (Report 4: 2019–20) was tabled in Parliament on 24 October 2019 and examined the financial audit results of five Queensland water entities (Seqwater, Sunwater, Queensland Urban Utilities, Unitywater and the Mount Isa Water Board) for 2018–19. Overall, QAO found that internal controls are generally effective to enable entities to prepare reliable financial statements, financial results are steady and that entities should improve controls over employee and supplier master data, reflect drought impacts and ensure more timely valuation of assets and financial statement approval.

The *QAO Report Managing Coal Seam Gas Activities* (Report 12: 2019–20) was tabled in Parliament on 18 February 2020 and examined how well entities regulate and manage Queensland's coal seam gas activities and environmental obligations, to ensure a safe, efficient, and viable industry. The in-scope entities for the review were DNRME, Department of Environment and Science (DES) and the GasFields Commission Queensland.

In relation to DNRME, the QAO recommended (responsible parties in brackets):

- better use of data to effectively deliver regulatory outcomes (DNRME and DES)
- enhanced coordination between the departments to assist in providing greater clarity for applicants and stakeholders on the progress of tenure and environmental authority applications (DNRME and DES)
- development and implementation of a coordinated data sharing framework for sharing information relating to regulatory activities (DNRME, DES and GasFields)
- key stakeholders further evaluating the adequacy of remedy for property owners neighbouring coal seam gas activities and the appropriateness of their current collaborative engagement approach (DNRME, DES and GasFields)
- stakeholders facilitating ways to further enhance the exchange of information between industry, government and landholders (DNRME, DES and GasFields)
- weighting and any mandatory criteria used for assessing or excluding tender applications be published (DNRME).

INFORMATION SYSTEMS

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

GeoResGlobe replaces Mines online Maps

The Queensland Mineral and Energy Resources Globe (QMERG) project replaced Mines Online Maps with GeoResGlobe, which provides an online, interactive experience to view Queensland's mining and exploration data. It assists in the administration of permits and assessment of mineral potential in Queensland, supporting the future of mining and exploration.

The new GeoResGlobe application has the familiar look and feel of the Queensland Globe, enhanced by new workflows, functionality and results options. Application development included user interface designers to support a consistent and optimal user experience.

Integrated Customer and Revenue Project

The Integrated Customer and Revenue Management (ICRM) project is delivering a modern, enterprise-class, integrated customer and revenue management system for the department, enhancing business processes, such as billing and invoicing, banking and receipting and debt management and reporting, and replacing at-risk receipting systems.

This is a staged project, with Stage 1 successfully implemented in 2019, introducing new functionality along with the Cash Desk receipting solution now operating in 16 sites across the state.

Stage 2—due for completion by the end of 2020—will include the expansion of Cash Desk, embedding a new Customer Relationship Management System and the complete replacement of one at-risk receipting system.

Queensland Explosives Security Clearance

The Resources, Health & Safety Explosives Inspectorate undertook the implementation of a new Explosives Security Clearance solution to accommodate the changed business requirements of the Explosives Inspectorate.

The new solution streamlines business process and integration with external parties at Queensland Police Service, Australian Federal Police and AusPost.

The Queensland Explosives Security Clearance system will assist the Inspectorate to manage the anticipated increase in demand, increased security requirements and the issuing of Queensland Explosives Security Clearance Card from February 2020.

Recordkeeping

The department has a comprehensive records management framework that is consistent with the *Public Records Act 2002*, *Public Service Act 2008* and the Queensland State Archives Records Governance Policy.

The framework includes:

- appraisal and disposal programs
- recordkeeping policies
- management of legacy paper records (both internal and off-site)
- digital delivery of legacy records
- electronic document and records management systems
- records training and support
- records appraisal of business systems
- an active program of transfers to Queensland State Archives.

eDOCS is the corporate document and records management system for all departmental functions. All documents are held in file structures with appropriate security access according to the Information Security Policy. There have been no serious security breaches of this system.

Our Digital Recordkeeping Futures plan outlines the key strategic directions for recordkeeping in the department. Our approach continues to support business areas applying new technologies to maximise the use of digital records in business processes.

The department identifies and captures high value records from business systems and new desktop technologies into the corporate recordkeeping system. We develop and apply technology to automate the capture of records to ensure the security, integrity and preservation, where possible.

As part of an ongoing program, the department assessed new business systems to ensure digital recordkeeping requirements were met.

The number of records transferred to off-site storage continues to decline as the transition to digital recordkeeping increases.

Departmental records are covered by a number of approved retention and disposal schedules:

- Energy QDAN 730
- Mining QDAN 737
- Water QDAN 738
- Land QDAN 739

A proactive appraisal and disposal program has been established.

CHAPTER SEVEN

GOVERNANCE: **HUMAN RESOURCES**

STRATEGIC WORKFORCE PLANNING AND PERFORMANCE

WORKFORCE PROFILE

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

- at the end of the June 2020 period, the department had 2469.09 full-time equivalent staff
- at the end of the June 2020 period, the department had a (12-month) permanent separation rate of 4.67 per cent.

STRATEGIC WORKFORCE PLANNING

The department's strategic workforce planning framework is applied to ensure a consistent approach to planning across the department. The framework integrates business, financial and workforce planning, and purposefully aligns to the department's strategic priorities. It supports building a contemporary workforce that demonstrates high levels of expertise, innovation, collaboration and leadership.

DNRME CONTRIBUTION TO PANDEMIC RESPONSE

In DNRME, employees contributed to the COVID-19 pandemic response by:

- continuing to deliver essential services in line with normal arrangements
- performing different work within DNRME to help respond to emerging need
- performing work in another agency through the whole-of-sector Queensland Government COVID19 Employee Mobilisation Service
- performing work through the Community Recovery Ready Reserves
- performing work at the State Disaster Coordination Centre, both physically and virtually.

PERFORMANCE AND CAPABILITY FRAMEWORK

Capability Framework

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

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

Employee inductions

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

Professional Excellence Curriculum

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

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

DIVERSITY AND INCLUSION INCLUDING CULTURAL CAPABILITY

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

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

The department supports the Queensland Government's commitment to providing equal opportunities for women, youth, Aboriginal peoples and Torres Strait Islanders, people from non-English speaking backgrounds and people with disabilities.

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

- Proudly Me—a group that champions a safe, respectful and inclusive culture where LGBTIQ+ employees can proudly be themselves in the department
- All Abilities—a group that assists in identifying barriers and developing strategies to better support, attract and retain employees with a disability.

The Aboriginal and Torres Strait Islander Futures Team, continued to implement our *Aboriginal and Torres Strait Islander Cultural Capability Strategy 2016–2020* and action plan (2019–2020) which includes the *Queensland Government Reconciliation Action Plan* commitments.

To continue to build a culturally agile work environment, our 'Building on the strengths of our stories' cultural agility program was delivered to staff across the state.

The IMPACT Indigenous Mentoring Program, Indigenous Pathways Traineeship Program and IMPACT Leadership Program are other key programs of this strategy.

In partnership with the Public Service Commission and a small number of departments, the department piloted the Career Pathways Service by providing training to participants and supported eight Aboriginal and Torres Strait Islander staff to access the service.

SAFETY AND WELLBEING

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

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

SMART

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

WORKPLACE HEALTH INITIATIVES

In 2019–20, the focus of our wellbeing program was again on the key areas of mental, emotional, physical and financial wellbeing. Supported by a staff network of nearly 70 volunteer mental health first aiders and wellbeing ambassadors, we delivered a range of workplace health initiatives including:

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

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

EMPLOYEE ASSISTANCE PROGRAM

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

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

INDUSTRIAL AND EMPLOYEE RELATIONS

Our HR framework

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

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

Agency consultative committee

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

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

Certified Agreement 2019

On 9 June 2020, the State Government Entities Certified Agreement 2019 (Core Agreement) was certified by the Queensland Industrial Relations Commission and is now operative.

EARLY RETIREMENT, REDUNDANCY AND RETRENCHMENT

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

OPEN DATA

The department has now released 351 datasets comprising 1105 individual data resources.

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

- consultancies
- overseas travel
- Queensland language services policy.

Queensland Government

FINANCIAL STATEMENTS
30 JUNE 2020

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STATEMENT OF COMPREHENSIVE INCOME

	Notes	2020 Actual $'000	2020 Original Budget $'000	Budget Variance[1] $'000	2019 Actual $'000
Income					
Appropriation revenue	B1-1	478,614	469,972	8,642	590,696
User charges and fees	B1-2	131,038	122,283	8,755	124,015
Grants and contributions	B1-3	13,236	7,907	5,329	12,694
Other revenue	B1-4	2,806	1,076	1,730	8,981
Total Income		**625,694**	**601,238**	**24,456**	**736,386**
Expenses					
Employee expenses	B2-1	288,676	303,050	(14,374)	283,505
Supplies and services	B2-2	177,089	173,734	3,355	191,251
Grants and subsidies	B2-3	113,761	87,308	26,453	230,748
Depreciation and amortisation	C3-1 C4-1	16,014	17,710	(1,696)	16,040
Other expenses	B2-4	19,630	19,436	194	13,709
Total Expenses		**615,169**	**601,238**	**13,931**	**735,253**
Operating Result		**10,525**	**..**	**10,525**	**1,133**
OTHER COMPREHENSIVE INCOME					
Items not reclassified to Operating Result					
Increase/(decrease) in asset revaluation surplus	C3-1	4,250	..	4,250	(198)
Total Other Comprehensive Income		**4,250**	**..**	**4,250**	**(198)**
TOTAL COMPREHENSIVE INCOME		**14,775**	**..**	**14,775**	**935**

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

The accompanying notes form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME BY MAJOR DEPARTMENTAL SERVICES

	Minerals and Energy Resources		Natural Resources Management		Energy Services		Corporate Partnerships[1]		TOTAL	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Income										
Appropriation revenue	99,360	67,260	345,941	464,534	30,793	54,757	2,521	4,145	478,614	590,696
User charges and fees	78,892	70,326	52,120	53,667	26	22	..	..	131,038	124,015
Grants and contributions	985	954	5,388	5,303	6,863	6,437	..	..	13,236	12,694
Other revenue	1,036	2,103	1,731	3,163	39	3,715	..	..	2,806	8,981
Total Income	**180,273**	**140,643**	**405,179**	**526,667**	**37,721**	**64,931**	**2,521**	**4,145**	**625,694**	**736,386**
Expenses										
Employee expenses	85,169	78,730	184,945	182,698	16,140	18,397	2,422	3,680	288,676	283,505
Supplies and services	73,582	65,464	91,927	112,608	11,481	12,714	99	465	177,089	191,251
Grants and subsidies	2,512	1,639	101,503	196,477	9,746	32,632	..	..	113,761	230,748
Depreciation and amortisation	7,169	7,018	8,715	8,865	130	157	..	..	16,014	16,040
Other expenses	2,429	3,207	17,058	7,243	143	3,260	..	..	19,630	13,709
Total Expenses	**170,861**	**156,058**	**404,149**	**507,892**	**37,639**	**67,159**	**2,521**	**4,145**	**615,169**	**735,253**
Operating Result	**9,412**	**(15,415)**	**1,030**	**18,776**	**82**	**(2,228)**	**..**	**..**	**10,525**	**1,133**
OTHER COMPREHENSIVE INCOME										
Items not reclassified to Operating Result										
Increase/(decrease) in asset revaluation surplus	4,015	(209)	233	..	3	11	..	..	4,250	(198)
Total Other Comprehensive Income	**4,015**	**(209)**	**233**	**..**	**3**	**11**	**..**	..	**4,250**	**(198)**
TOTAL COMPREHENSIVE INCOME	**13,427**	**(15,624)**	**1,263**	**18,776**	**85**	**(2,217)**	**..**	**..**	**14,775**	**935**

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

Refer to Note A3 for Major Departmental Services

STATEMENT OF FINANCIAL POSITION

	Notes	2020 Actual $'000	2020 Original Budget $'000	Budget Variance[1] $'000	2019 Actual $'000
Current Assets					
Cash and cash equivalents	C1	141,195	105,761	35,434	119,498
Receivables	C2	16,045	22,737	(6,692)	61,934
Other current assets		3,676	1,733	1,943	1,909
Land held for sale		440	896	(456)	96
Total Current Assets		**161,356**	**131,127**	**30,229**	**183,438**
Non-Current Assets					
Property, plant and equipment	C3	235,980	312,026	(76,046)	219,195
Intangible assets	C4	42,533	57,597	(15,064)	41,024
Total Non-Current Assets		**278,514**	**369,623**	**(91,109)**	**260,218**
Total Assets		**439,870**	**500,750**	**(60,880)**	**443,656**
Current Liabilities					
Payables	C5	43,742	33,555	10,187	89,825
Accrued employee benefits	C6	14,803	9,624	5,179	12,591
Other current liabilities	C7	30,982	30,322	660	26,752
Total Current Liabilities		**89,527**	**73,501**	**16,026**	**129,169**
Non-Current Liabilities					
Other non-current liabilities	C7	..	7,363	(7,363)	7,473
Total Non-Current Liabilities		**..**	**7,363**	**(7,363)**	**7,473**
Total Liabilities		**89,527**	**80,864**	**8,663**	**136,642**
Net Assets		**350,343**	**419,886**	**(69,543)**	**307,014**
Equity					
Contributed equity		322,663	..	..	305,761
Accumulated surplus/(deficit)		(20,683)	..	..	(42,861)
Asset revaluation surplus	C8-2	48,364	..	..	44,114
Total Equity		**350,343**	**419,886**	**(69,543)**	**307,014**

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

The accompanying notes form part of these financial statements.

STATEMENT OF ASSETS AND LIABILITIES BY MAJOR DEPARTMENTAL SERVICES

	Minerals and Energy Resources		Natural Resource Management		Energy Services		TOTAL	
	2020	2019	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current Assets								
Cash and cash equivalents	34,229	33,277	98,055	63,284	8,912	22,937	141,195	119,498
Receivables	2,740	11,911	12,605	47,855	700	2,167	16,045	61,934
Other current assets	984	596	2,611	1,187	81	126	3,676	1,909
Land held for sale	..	..	440	96	..	..	440	96
Total Current Assets	**37,953**	**45,785**	**113,712**	**112,422**	**9,693**	**25,231**	**161,356**	**183,438**
Non-Current Assets								
Property, plant and equipment	106,146	91,223	129,604	127,751	231	221	235,981	219,195
Intangible assets	18,980	19,165	22,829	21,715	724	144	42,533	41,024
Total Non-Current Assets	**125,126**	**110,388**	**152,433**	**149,465**	**955**	**365**	**278,514**	**260,218**
Total Assets	**163,079**	**156,173**	**266,145**	**261,887**	**10,647**	**25,596**	**439,870**	**443,656**
Current Liabilities								
Payables	9,454	17,824	31,840	64,591	2,448	7,411	43,742	89,825
Accrued employee benefits	4,404	3,543	9,564	8,221	835	828	14,803	12,591
Other current liabilities	5,910	10,869	25,070	15,867	2	16	30,982	26,752
Total Current Liabilities	**19,768**	**32,236**	**66,474**	**88,679**	**3,285**	**8,254**	**89,527**	**129,169**
Non-Current Liabilities								
Other non-current liabilities	..	1,807	..	5,334	..	332	..	7,473
Total Non-Current Liabilities	**..**	**1,807**	**..**	**5,334**	**..**	**332**	**..**	**7,473**
Total Liabilities	**19,768**	**34,043**	**66,474**	**94,013**	**3,285**	**8,586**	**89,527**	**136,642**
Net Assets	**143,311**	**122,130**	**199,671**	**167,874**	**7,363**	**17,009**	**350,343**	**307,014**

The accompanying notes form part of these financial statements.
Refer to Note A3 for Major Departmental Services

STATEMENT OF CHANGES IN EQUITY

	Notes	2020 $'000	2019 $'000
Contributed equity			
Balance as at 1 July		**305,761**	**258,316**
Transactions with owners as owners:			
Appropriated equity injections/(withdrawals)	C8-1	16,378	45,983
Non-appropriated equity injections/(withdrawals)		524	1,461
Balance at 30 June		**322,663**	**305,761**
Accumulated surplus			
Balance as at 1 July		(42,861)	(43,999)
Net effect of changes in accounting policies/prior year adjustments	G3	11,653	5
Operating result		10,525	1,133
Balance at 30 June		**(20,683)**	**(42,861)**
Asset revaluation surplus			
Balance as at 1 July		44,114	44,312
Increase (Decrease) in Asset Revaluation Surplus	C8-2	4,250	(198)
Balance at 30 June		**48,364**	**44,114**
Total balance at 30 June		**350,343**	**307,014**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

	Notes	2020 Actual	2020 Original Budget	Budget Variance[1]	2019 Actual
CASH FLOWS FROM OPERATING ACTIVITIES		**$'000**	**$'000**	**$'000**	**$'000**
Inflows:					
Service appropriation receipts		499,055	470,495	28,560	574,290
User charges and fees		139,366	122,283	17,083	128,288
Grants and contributions		10,269	7,907	2,362	9,874
GST input tax credits from ATO		38,393	..	38,393	32,742
GST collected from customers		2,360	..	2,360	2,711
Other		815	2,118	(1,303)	5,889
Outflows:					
Employee expenses		(282,865)	(304,317)	21,452	(284,271)
Supplies and services		(205,990)	(174,212)	(31,778)	(172,148)
Grants and subsidies		(104,162)	(87,308)	(16,854)	(233,446)
GST paid to suppliers		(29,284)	..	(29,284)	(37,877)
GST remitted to ATO		(2,678)	..	(2,678)	(2,412)
Other		(4,169)	(4,560)	391	(4,820)
Net cash provided by/(used in) operating activities	CF-1	**61,110**	**32,406**	**28,704**	**18,818**
CASH FLOWS FROM INVESTING ACTIVITIES					
Inflows:					
Sales of property, plant and equipment		..	37	(37)	637
Outflows:					
Loans and advances made		11,223	..	11,223	(9,402)
Payments for property, plant and equipment		(23,501)	(93,786)	70,285	(58,259)
Payments for intangible assets		(8,049)	(15,807)	7,758	(8,542)
Payments for Local Management Arrangements separation Payments		(14,135)	(15,000)	865	(17,792)
Net cash provided by/(used in) investing activities		**(34,462)**	**(124,556)**	**90,093**	**(93,358)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Inflows:					
Equity injections		(1,770)	95,141	(96,911)	72,338
Non-appropriated equity injections		524	..	524	1,461
Outflows:					
Equity withdrawals		(3,706)	(3,706)	..	(3,706)
Non-appropriated equity withdrawals		..	..	..	..
Net cash provided by/(used in) financing activities		**(4,952)**	**91,435**	**(96,387)**	**70,093**
Net increase/(decrease) in cash and cash equivalents		21,696	(715)	22,411	(4,447)
Cash and cash equivalents at beginning of financial year		119,498	106,476	13,022	123,945
Cash and cash equivalents at end of financial year	C1	**141,195**	**105,761**	**35,434**	**119,498**

[1] *An explanation of major variances is included in Note F1-3.*

The accompanying notes form part of these financial statements.

NOTES TO THE STATEMENT OF CASH FLOWS

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

	2020 $'000	2019 $'000
Operating result	10,525	1,133
Adjustment for Local Management Arrangement separation payment not forming part of operating activities	14,135	17,792
Non-cash items included in operating result:		
Asset revaluation decrement	..	..
Asset revaluation increment	(425)	(2,194)
Impairment losses	83	65
Depreciation and amortisation expense	16,014	16,040
Goods and services (received)/provided below fair value	..	..
Net loss on disposal of property, plant and equipment	322	163
Notional interest on loans	..	(4)
Change in assets and liabilities		
(Increase)/decrease in appropriation receivable	29,924	(25,104)
Increase/(decrease) in deferred appropriation payable to Consolidated Fund	(4,683)	(405)
(Increase)/decrease in other receivables	10,133	(2,667)
(Increase)/decrease in other current assets	(36)	(615)
(Increase)/decrease in prepayments	(1,012)	436
Increase/(decrease) in payables	(19,546)	12,256
Increase/(decrease) in accrued employee benefits	2,211	441
Increase/(decrease) in other liabilities	(5,865)	7,032
(Increase)/decrease in GST input tax credits receivables	9,364	(5,426)
Increase/(decrease) in GST payables	(33)	(123)
Net cash provided by operating activities	**61,110**	**18,818**

The accompanying notes form part of these financial statements.

ADMINISTERED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2020 Actual $'000	2020 Original Budget $'000	Budget Variance[1] $'000	2019 Actual $'000
Income					
Administered appropriation revenue	D2	522,986	518,758	4,228	490,784
User charges and fees	D3	347,933	355,301	(7,368)	333,500
Property and other territorial revenue	D4	148,758	159,916	(11,158)	150,335
Land transfers inwards		211,322	225,185	(13,863)	208,156
Other revenue	D5	44,056	5,631	38,425	2,084
Total Income		**1,275,056**	**1,264,791**	**10,265**	**1,184,860**
Gain on disposal of land		6,033	14,000	(7,967)	6,580
Total Income		**1,281,089**	**1,278,791**	**2,298**	**1,191,440**
Expenses					
Grants and subsidies	D6	560,491	557,892	2,599	493,751
Land transfers outwards		48,384	..	48,384	41,347
Other expenses	D7	92,338	11,271	81,067	6,885
Total Expenses		**701,212**	**569,163**	**132,049**	**541,982**
Net Operating Result before transfers to government		**579,877**	**709,628**	**(129,751)**	**649,458**
Transfers of administered item revenue to government		536,436	529,628	6,808	488,740
Operating Result		**43,441**	**180,000**	**(136,559)**	**160,717**
OTHER COMPREHENSIVE INCOME					
Items not reclassified to Operating Result					
Increase/(decrease) in asset revaluation surplus	D13	558,393	..	558,393	4,241,045
Total Other Comprehensive Income		**558,393**	**..**	**558,393**	**4,241,045**
TOTAL COMPREHENSIVE INCOME		**601,834**	**180,000**	**421,834**	**4,401,762**

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

The accompanying notes form part of these financial statements.

ADMINISTERED STATEMENT OF COMPREHENSIVE INCOME BY MAJOR DEPARTMENTAL SERVICES

	Minerals and Energy Resources		Natural Resource Management		Energy Services		TOTAL	
	2020	2019	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Income								
Administered appropriation revenue	..	..	18,882	16,872	504,104	473,912	522,986	490,784
User charges and fees	3,548	3,274	344,059	329,874	326	352	347,933	333,500
Property and other territorial revenue	87,233	83,702	61,526	66,633	..	..	148,758	150,335
Land transfers inwards	..	..	211,322	208,156	..	..	211,322	208,156
Other revenue	27	21	1,739	2,064	42,290	..	44,056	2,084
Total Revenue	**90,808**	**86,998**	**637,528**	**623,598**	**546,720**	**474,264**	**1,275,056**	**1,184,860**
Gain on disposal of land	..	..	6,033	6,580	..	..	6,033	6,580
Total Income	**90,808**	**86,998**	**643,561**	**630,178**	**546,720**	**474,264**	**1,281,089**	**1,191,440**
Expenses								
Grants and subsidies	..	..	59,466	29,074	501,026	464,677	560,491	493,751
Land transfers outwards	..	..	48,384	41,347	..	..	48,384	41,347
Other expenses	(65)	(2,459)	92,402	9,793	..	(449)	92,338	6,885
Total Expenses	**(65)**	**(2,459)**	**200,251**	**80,214**	**501,026**	**464,288**	**701,212**	**541,982**
Net Operating Result before transfers to government	**90,873**	**89,457**	**443,310**	**549,964**	**45,695**	**10,036**	**579,877**	**649,458**
Transfers of administered item revenue to government	90,873	83,702	403,273	404,687	42,290	352	536,436	488,740
Operating Result	**..**	**5,755**	**40,036**	**145,277**	**3,405**	**9,685**	**43,441**	**160,717**
OTHER COMPREHENSIVE INCOME								
Items not reclassified to Operating Result								
Increase/(decrease) in asset revaluation surplus	..	..	558,393	4,241,045	..	..	558,393	4,241,045
Total Other Comprehensive Income	**..**	**..**	**558,393**	**4,241,045**	**..**	**..**	**558,393**	**4,241,045**
TOTAL COMPREHENSIVE INCOME	**..**	**5,755**	**598,429**	**4,386,322**	**3,405**	**9,685**	**601,834**	**4,401,762**

Refer to Note A3 for Major Departmental Services

ADMINISTERED STATEMENT OF FINANCIAL POSITION

	Notes	2020 Actual $'000	2020 Original Budget $'000	Budget Variance[1] $'000	2019 Actual $'000
Current Assets					
Cash and cash equivalents		65,973	65,796	177	51,710
Receivables	D8	92,525	32,918	59,607	70,955
Land held for sale		3,418	13,278	(9,860)	2,454
Total Current Assets		**161,917**	**111,992**	**49,925**	**125,119**
Non-Current Assets					
Receivables	D8	21,433	21,606	(173)	23,456
Property, plant and equipment	D9-1	73,044,146	68,369,225	4,674,921	72,390,557
Total Non-Current Assets		**73,065,579**	**68,390,831**	**4,674,748**	**72,414,013**
Total Assets		**73,227,496**	**68,502,823**	**4,724,673**	**72,539,133**
Current Liabilities					
Payables	D10	109,038	52,132	56,906	78,113
Proposals and deposits	D11	16,339	..	16,339	21,443
Other current liabilities	D12	14,580	42,381	(27,801)	19,293
Total Current Liabilities		**139,957**	**94,513**	**45,444**	**118,849**
Non-Current Liabilities					
Other non-current liabilities	D12	197,773	121,753	76,020	121,311
Total Non-Current Liabilities		**197,773**	**121,753**	**76,020**	**121,311**
Total Liabilities		**337,730**	**216,266**	**121,464**	**240,160**
Net Assets		**72,889,766**	**68,286,557**	**4,603,209**	**72,298,972**
Equity					
Contributed equity		66,338,816	..	..	66,349,503
Accumulated surplus/(deficit)		1,379,248	..	..	1,336,160
Asset revaluation surplus	D13	5,171,702	..	..	4,613,309
Total Equity		**72,889,766**	**68,286,557**	**4,603,209**	**72,298,972**

(1) *An explanation of major variances is included in Note F1-5.*

The accompanying notes form part of these financial statements.

ADMINISTERED STATEMENT OF ASSETS AND LIABILITIES BY MAJOR DEPARTMENTAL SERVICES

	Minerals and Energy Resources		Natural Resource Management		Energy Services		TOTAL	
	2020	2019	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current Assets								
Cash and cash equivalents	10,339	129	50,436	6,313	5,199	45,268	65,973	51,710
Receivables	..	7,149	42,739	63,471	49,786	335	92,525	70,955
Land held for sale	..	..	3,418	2,454	..	..	3,418	2,454
Total Current Assets	**10,339**	**7,278**	**96,593**	**72,238**	**54,985**	**45,603**	**161,917**	**125,119**
Non-Current Assets								
Receivables	..	..	21,433	23,456	..	..	21,433	23,456
Property, plant and equipment	..	17,853	73,044,146	72,372,705	..	..	73,044,146	72,390,557
Total Non-Current Assets	..	**17,853**	**73,065,579**	**72,396,160**	..	**..**	**73,065,579**	72,414,013
Total Assets	**10,339**	**25,131**	**73,162,172**	**72,468,398**	**54,985**	**45,603**	**73,227,495**	**72,539,133**
Current Liabilities								
Payables	1,214	2,039	24,199	38,582	83,624	37,492	109,038	78,113
Proposals and deposits	..	..	16,339	21,443	..	..	16,339	21,443
Other current liabilities	15,196	19,199	(617)	94	..	..	14,580	19,293
Total Current Liabilities	**16,411**	**21,238**	**39,922**	**60,119**	**83,624**	**37,492**	**139,957**	**118,849**
Non-Current Liabilities								
Other non-current liabilities	(227)	51	197,999	..	..	121,260	197,773	121,311
Total Non-Current Liabilities	**(227)**	**51**	**197,999**	**..**	**..**	**121,260**	**197,773**	**121,311**
Total Liabilities	**16,184**	**21,289**	**237,921**	**60,119**	**83,624**	**158,752**	**337,730**	**240,160**
Net Assets	**(5,845)**	**3,841**	**72,924,251**	**72,408,279**	**(28,640)**	**(113,149)**	**72,889,766**	**72,298,972**

Refer to Note A3 for Major Departmental Services

SECTION 1
ABOUT THE DEPARTMENT AND THIS FINANCIAL REPORT

A1 BASIS OF FINANCIAL STATEMENT PREPARATION

A1-1 GENERAL INFORMATION

The Department of Natural Resources, Mines and Energy ("the department") is a Queensland Government department established under the *Public Service Act 2008* and controlled by the State of Queensland, which is the ultimate parent.

The head office and principal place of business of the department is 1 William Street, Brisbane QLD 4000.

A1-2 STATEMENT OF COMPLIANCE

The department has prepared these financial statements in compliance with section 38 of the *Financial and Performance Management Standard 2019.* The financial statements comply with Queensland Treasury's Minimum Financial Reporting Requirements for the reporting periods beginning on or after 1 July 2019.

These financial statements are general purpose financial statements. They have been prepared on an accrual basis (except for the Statement of Cash Flow which is prepared on a cash basis) in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities. Except where stated, the historical cost convention is used.

New accounting standards applied for the first time in these financial statements are outlined in Note G3.

A1-3 THE REPORTING ENTITY

The financial statements include the value of all income, expenses, assets, liabilities and equity of the 'economic entity' comprising the department.

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

A1-4 PRESENTATION MATTERS

Currency and Rounding
Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest $1,000 or, where that amount is $500 or less, to zero, unless disclosure of the full amount is specifically required.

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

Comparatives
Comparative information reflects the audited 2018-19 financial statements as necessary to be consistent in disclosures in the current reporting period.

A1-5 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

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

A2 DEPARTMENT OBJECTIVES

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

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

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

A3 MAJOR DEPARTMENTAL SERVICES

The department's major services are:

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

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

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

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

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

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

- Department of Agriculture and Fisheries
- Former Department of State Development, Tourism and Innovation, now Department of State Development, Tourism and Innovation (Tourism and Innovation)
- Department of Environment and Science (excluding CAA & Arts Queensland)

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

- Department of Agriculture and Fisheries (Information Management; Fleet Management and Telecommunications).
- Department of Environment and Science (Procurement; Right to Information and Privacy).

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

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

A4 CONTROLLED ENTITIES

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

The company supports the irrigators and other irrigation scheme customers in the transfer of the Transition Schemes to Local Management Arrangements. The company's constitution requires that the company receives and distributes funding from the State to act as agent for, and to support the activities of, the Transition Schemes. The company completed their activities 30 June 2019 and was wound up upon finalisation of these activities.

As at 31 March 2020, Eton Irrigation Scheme Ltd assumed control of all scheme assets and liabilities and the department relinquished control. The asset values were recognised with an impairment loss of $1.546 million and a $13.9 million separation payment was provided by the department, refer Note B2-4.

As at 30 June 2020 the following entities are no longer directly controlled by the department, these entities transitioned to Local Management Arrangements and on transition ceased being a controlled entity of the department.

- 01 July 2018 Mallawa Irrigation Ltd
- 30 September 2018 Theodore Water Pty Ltd
- 30 June 2019 Fairbairn Irrigation Network Pty Ltd
- 31 March 2020 Eton Irrigation Scheme Ltd

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

Name of Controlled Entity	Purpose and Principal Activities of Entity	% Interest in Entity and Basis of Control	Total Assets $'000	Total Liabilities $'000	Total Expense $'000	Operating Result $'000
Mallawa Irrigation Ltd	Own, operate and maintain the St George Irrigation Scheme and maintain the Thuraggi watercourse.	0% interest on transition (01 July 2018)	5,528	79	-	-
Theodore Water Pty Ltd	Own, operate and maintain the Theodore Water Pty Ltd Irrigation scheme.	0% Interest on transition (30 September 2018)	15,909	183	3,624	(3,624)
Fairbairn Irrigation Network Pty Ltd	Own, operate and maintain the Fairbairn Irrigation Network Scheme.	0% Interest on transition (30 June 2019)	2,914	138	1,769	(1,769)
LMA Support Services Pty Ltd	Administration and support to the activities and objectives of Local Management Arrangement's transition and investigation schemes to facilitate the future implementation.	0% Interest on transition (30 June 2019)	243	243	1,186	-

2019-20

Eton Irrigation Scheme Pty Ltd	Own, operate and maintain the Eton Irrigation Network Scheme.	0% Interest on transition (31 March 2020)	14,526	265	1,837	(1,683)

SECTION 2
NOTES ABOUT OUR FINANCIAL PERFORMANCE

B1 REVENUE

B1-1 APPROPRIATION REVENUE

Reconciliation of Payments from Consolidated Fund to Appropriated Revenue Recognised in Operating Result	2020 $'000	2019 $'000
Original budgeted appropriation revenue	470,495	533,206
Transfers from/(to) other headings (variation in headings)	28,505	..
Unforeseen expenditure	..	41,084
Total Appropriation Receipts (cash)	**499,000**	**574,290**
Less: Opening balance of appropriation revenue receivable	(9,103)	(4,820)
Plus: Prior year appropriation revenue adjustment	333	..
Plus: Opening balance adjustment for new accounting standards	4,523	..
Plus: Closing balance of appropriation revenue receivable	..	29,924
Plus: Opening balance of deferred appropriation payable to Consolidated Fund	..	21,226
Less: Closing balance of deferred appropriation payable to Consolidated Fund	(16,138)	(20,821)
Net Appropriation Revenue	**478,614**	**599,799**
Plus: Deferred appropriation payable to Consolidated Fund (expense in 2018-19)	..	(9,103)
Appropriation revenue recognised in Statement of Comprehensive Income	**478,614**	**590,696**

Accounting Policy – Appropriation Revenue
Appropriations provided under the annual *Appropriation Act 2019* are recognised as revenue when received. Approval has been obtained from Queensland Treasury to recognise specific adjustments to departmental services revenue.

Amounts appropriated to the department for transfer to other entities in accordance with legislative or other requirements are reported as 'administered' item appropriations – refer to Note D2.

Capital appropriations are recognised as adjustments to equity, refer to Note C8-1.

B1-2 USER CHARGES AND FEES

	2020 $'000	2019 $'000
Services rendered	22,141	25,107
Fees and permits	104,368	94,495
Other	4,529	4,413
Total	**131,038**	**124,015**

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

The adoption of AASB 15 *Revenue from Contracts with Customers* in 2019-20 did not change the timing of revenue recognition for user charges and fees – refer to note G3-1.

B1 REVENUE (continued)

B1-3 GRANTS AND CONTRIBUTIONS

	2020 $'000	2019 $'000
Commonwealth grants	2,033	1,705
Funding from external bodies, state governments	8,236	8,170
Goods and services received at below fair value	2,967	2,820
Total	**13,236**	**12,694**

Accounting Policy – Grants and Contributions
Grants and contributions are non-reciprocal transactions where the department does not directly give approximately equal value to the grantor.

Where the grant agreement is enforceable and contains sufficiently specific performance obligations for the department to transfer goods or services to a third-party on the grantor's behalf, the transaction is accounted for under AASB 15 *Revenue from Contracts with Customers*. In this case, revenue is initially deferred (as a contract liability) and recognised as or when the performance obligations are satisfied.

Otherwise, the grant is accounted for under AASB 1058 *Income of Not-for-Profit Entities*, whereby revenue is recognised upon receipt of the grant funding, except for special purpose capital grants received to construct non-financial assets to be controlled by the department. Special purpose capital grants are recognised as unearned revenue when received, and subsequently recognised progressively as revenue as the department satisfies its obligations under the grant through construction of the asset.

Disclosure – Grants and contributions
The department's grants, although under enforceable agreements, do not contain material enforceable and sufficiently specific performance obligations, these grants are recognised upon receipt. Refer to notes G3-1 and G3-2.

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

B1-4 OTHER REVENUE

	2020 $'000	2019 $'000
QGIF claims recoveries	1,346	1,636
General recoveries	834	4,709
Revaluation increment	425	2,194
Other	202	441
Total	**2,806**	**8,981**

B2 EXPENSES

B2-1 EMPLOYEE EXPENSES

	2020 $'000	2019 $'000
Employee benefits		
Salaries and wages*	226,166	221,423
Employer superannuation contributions	30,079	30,129
Annual leave levy	24,056	23,497
Long service leave levy	5,239	4,451
Other employee benefits	435	513
Employee related expenses		
Salary related taxes	558	586
Workers' compensation premium	254	359
Training and recruitment	1,890	2,547
Total	**288,676**	**283,505**

* Wages and salaries includes $2.934 million of $1,250 one-off, pro-rata payments for 2265 full-time equivalent employees (announced in September 2019).

The number of employees as at 30 June 2020, including both full time and part time employees, measured on a full time equivalent basis (reflecting Minimum Obligatory Human Resource Information (MOHRI)) is:

	2020	2019
Number of employees:	2,469	2,647

Accounting Policy – Employee Benefits
Employer superannuation contributions, annual leave levies and long service leave levies are regarded as employee benefits. The department pays premiums to WorkCover Queensland in respect of its obligations for employee compensation. Workers' compensation insurance is a consequence of employing employees, but is not counted in an employee's total remuneration package. It is not an employee benefit and is recognised separately as employee related expenses.

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

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

Accounting Policy – Annual leave and Long service leave
Under the Queensland Government's Annual Leave Central Scheme and Long Service Leave Scheme, a levy is made on the department to cover the cost of employees' annual leave (including leave loading and on-costs) and long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave and long service leave are claimed from the scheme quarterly in arrears – refer to Note C6.

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

Defined contribution plans – Employer superannuation contributions are made to eligible complying superannuation funds based on the rates specified in the relevant EBA 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. The amount of contributions for defined benefit plan obligations is based upon the rates determined on the advice of the State Actuary. Employer superannuation 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.

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

B2 EXPENSES (continued)

B2-2 SUPPLIES AND SERVICES

	2020	2019
	$'000	$'000
Accommodation costs*	36,445	37,741
Consultants and contractors	40,499	39,693
Feasibility costs	..	19,339
Information and communication technology costs	45,325	40,397
Legal fees	10,159	9,357
Materials and consumables	2,598	1,936
Motor vehicles	6,561	6,786
Printing, postage, storage and freight	5,160	5,581
Service costs to other government agencies and shared service providers	4,341	4,340
Travel	5,686	8,629
Mine remediation	9,480	2,660
Other	10,834	14,793
Total	**177,089**	**191,251**

*Includes lease expenses (former operating leases)

Accounting Policy – Lease expenses
Lease expenses (former operating leases) are entered into as a means of acquiring access to office accommodation and storage facilities. The department has no option to purchase the leased item at the conclusion of the lease although the lease provides for a right of renewal (subject to the lease conditions) at which time the lease terms are renegotiated.

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

In total three lease commitments were identified to meet the AASB 16 requirements. The department has determined that accounting for these leases in accordance with the accounting treatment mandated by AASB 16 *Leases* will not have any material impact on the 2019-20 financial statements. Therefore the department will continue to recognise these leases as operating leases and no transitional adjustments were required for leases in which the department is lessee. Refer to note G3-4 for further disclosures.

B2-3 GRANTS AND SUBSIDIES

	2020	2019
	$'000	$'000
Grants to industry and external bodies	57,945	55,094
Grants to businesses for affordable energy	800	12,465
Grants to households for affordable energy	..	3,095
Grants to Townsville City Council for Haughton Pipeline Duplication Project	55,000	160,000
Sponsorships and Scholarships	16	94
Total	**113,761**	**230,748**

B2 EXPENSES (continued)

B2-4 OTHER EXPENSES

	2020	2019
	$'000	$'000
Audit fees [1]	435	474
Insurance premiums - Queensland Government Insurance Fund (QGIF)	1,815	1,680
Special payments		
Out-of-court settlements and court ordered damages	640	1,460
Ex-gratia payments	..	40
Compensation payments	..	505
Local Management Arrangements separation payments	14,135	17,792
Deferred appropriation payable to Consolidated Fund	..	(9,103)
Other	2,605	862
Total	**19,630**	**13,709**

(1) Total audit fees paid to the Queensland Audit Office relating to the 2019-20 financial statements are $0.435 million (2019: $0.420 million).

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

Accounting Policy – Special Payments
Special payments include ex gratia expenditure and other expenditure that the department is not contractually or legally obligated to make to other parties. Special payments during 2019-20 include the following payments over $5,000:

- the department made two out-of-court settlement in relation to claims under s188 of the *Land Title Act 1994* in which an owner of freehold land is entitled to state compensation if they suffer loss due to the forgery of a Titles Registry form.
- the department made two out-of-court and two court-ordered settlements and was required to pay costs to multiple defendants.

SECTION 3
NOTES ABOUT OUR FINANCIAL POSITION

C1 CASH AND CASH EQUIVALENTS

	2020	2019
	$'000	$'000
Imprest accounts and cash on hand	11	10
Cash at bank	141,184	119,488
Total	**141,195**	**119,498**

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

C2 RECEIVABLES

	2020	2019
	$'000	$'000
Trade debtors	5,925	10,235
Accrued revenue	4,608	6,923
	10,533	**17,158**
Less: Allowance for impairment loss	(928)	(845)
	9,605	**16,313**
GST input tax receivable	2,777	8,525
Annual leave claim receivable	2,017	5,123
Long service leave receivable	1,060	1,525
Appropriation revenue receivable	..	29,924
Other receivables	585	523
Total	**16,045**	**61,934**

Accounting Policy – Receivables
Receivables are measured at amortised cost which approximates their fair value at reporting date. Trade debtors are recognised at the amounts due at the time of sale or service delivery, i.e. the agreed purchase/contract price. Settlement of these amounts is required within ranged trading terms of 14 to 30 days from invoice date depending on the service provided. Other debtors generally arise from transactions outside the usual operating activities of the department and are recognised at their assessed values. Other than receivables from government, settlement terms of these debtors are between 14 to 30 days net.

C2-1 IMPAIRMENT OF RECEIVABLES

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

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

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

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

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

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

The calculations reflect historical observed default rates calculated using credit losses experienced on past transactions during the last four years preceding 30 June 2020 for each group.

The historical default rates are then adjusted by reasonable and supportable forward-looking information for expected changes that affect the future recovery of those receivables. For the department, debt aging and environmental factors (for example drought, cyclone and monsoon affected customers) are determined to be the most relevant forward-looking indicator for other groups of receivables. Actual credit losses over the 4 years preceding 30 June 2020 have been correlated against changes in environmental factors and based on those results, the historical default rates are adjusted based on expected changes to that indicator.

C2 RECEIVABLES (continued)

C2-1 IMPAIRMENT OF RECEIVABLES (continued)

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

Set out below is the credit risk exposure on the department's trade and other debtors broken down by customer groupings and by aging band.

Impairment (Natural Resources Management)

	2020			2019		
Aging	**Gross Receivables* $'000**	**Loss rate %**	**Expected credit losses $'000**	**Gross receivables $'000**	**Loss rate %**	**Expected credit losses $'000**
Current	2,423	0.06	1	3,507	0.06	2
1 to 30 days overdue	33	0.70	-	1,267	0.70	9
31 to 60 days overdue	44	4.14	2	0	4.14	0
61 to 90 days overdue	-	9.08	-	0	9.08	0
91 to 270 days overdue	3	40.06	1	-	40.06	-
>270 days	420	100.00	420	428	100.00	428
Total	**2,923**		**424**	**5,201**		**439**

Impairment (Mineral and Energy Resources)

	2020			2019		
Aging	**Gross Receivables* $'000**	**Loss rate %**	**Expected credit losses $'000**	**Gross receivables $'000**	**Loss rate %**	**Expected credit losses $'000**
Current	877	1.00	5	1700	1.00	17
1 to 30 days overdue	587	1.00	8	607	1.00	6
31 to 60 days overdue	158	6.00	9	46	6.00	3
61 to 90 days overdue	23	16.00	4	34	16.00	5
91 to 270 days	335	22.00	76	284	22.00	62
>270 days	379	100.00	380	299	100.00	299
Total	**2359**		**482**	**2,970**		**393**

***** Excludes Queensland Government agencies or Australian Government agencies - no loss allowance recorded on the basis of no exposure to credit default.

Disclosure – Movement in loss allowance for trade and other debtors

	2020 $'000	**2019 $'000**
Loss allowance as at 1 July	845	785
Change to opening balance as a result of new standard	..	(5)
Increase/decrease in allowance recognised in operating result	83	65
Loss allowance as at 30 June (1)	**928**	**845**

(1) Includes bad debts written off of $0.156 million (2019: $0.033 million) and previous amounts impaired collected.

C3 PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION

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

Property, Plant and Equipment Reconciliation 30 June 2020	Land	Buildings	Heritage and Cultural Assets	Infrastructure	Plant and Equipment	Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Gross	43,207	99,825	10,018	134,837	62,536	67,546	417,969
Less: Accumulated depreciation	..	(43,854)	(7,259)	(87,371)	(43,465)	..	(181,949)
Less: Accumulated impairment losses	..	..	..	(39)	..	..	(39)
Carrying amount at 30 June 2020	**43,207**	**55,971**	**2,759**	**47,428**	**19,071**	**67,546**	**235,980**
Carrying amount at 1 July 2019	43,487	57,885	2,109	40,727	17,865	57,121	219,194
Acquisitions	10	20	..	174	2,781	20,515	23,500
Disposals	(275)	..	..	(160)	(133)	..	(568)
Assets reclassified as held for sale	(440)	..	..	..	..	..	(440)
Transfers between asset classes	..	962	..	6,368	2,761	(10,091)	..
Net revaluation increments/(decrements) in operating result	425	..	..	..	..	..	425
Net revaluation increments/(decrements) in asset revaluation surplus	..	(403)	949	3,704	..	..	4,250
Depreciation	..	(2,493)	(299)	(3,386)	(4,204)	..	(10,381)
Carrying amount at 30 June 2020	**43,207**	**55,971**	**2,759**	**47,428**	**19,071**	**67,546**	**235,980**

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

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

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

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

C3-2 ACCOUNTING POLICIES

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

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

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

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

Acquisition of assets
Historical cost is used for the initial recording of all non-current physical asset acquisitions. Historical cost is determined as the value given as consideration plus costs incidental to the acquisition, plus all other costs incurred in getting the assets ready for use.

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

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

All costs relating to items of property, plant and equipment constructed in-house are recorded as work in progress until completion of the project using all direct and indirect costs, where the latter are reliably attributable. Work in progress performed under external contracts is recorded using the invoice amount supplied by the vendor.

Depreciation of property, plant and equipment
Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less any estimated residual value, progressively over its estimated remaining useful life to the department.

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

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

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

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

The depreciable amount of an improvement to or on leasehold land is allocated progressively over the estimated useful life of the improvement or the unexpired period of the lease, whichever is the shorter. The unexpired period of a lease includes any option period where exercise of the option is probable.

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

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

Physical asset class	Useful life range
Buildings	1 - 83 years
Heritage and Cultural	23 – 40 years
Infrastructure	4 – 120 years
Plant and equipment	1 – 40 years

C3-3 MEASUREMENT OF PROPERTY, PLANT AND EQUIPMENT

Plant and equipment is measured at historical cost in accordance with AASB 116 *Property, Plant and Equipment* and Queensland Treasury's *Non-Current Asset Policies (NCAP) for the Queensland Public Sector*. The carrying amounts for such assets are not materially different from their fair value.

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

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

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

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

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

2018-19 – North Region	**2019-20 – Central Region**	**2020-21 – South Region** *(Last revalued 2017-18)*
Land Buildings Infrastructure Heritage and Cultural Land – Non Commercial Assets Weirs and Dams	Land Buildings Infrastructure Heritage and Cultural Infrastructure - Abandoned Mine Sites (Central region)	Land Buildings Infrastructure Infrastructure – Abandoned Mines Sites Infrastructure – Non-commercial Assets

The date of the last comprehensive valuation was 30 June 2020 for Central Region. All other assets had indices applied. If a particular asset class experiences significant and volatile changes in fair value it is subject to specific valuation in the reporting period, where practicable, regardless of the timing of the previous revaluation.

The fair values reported by the department are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs. Materiality is considered in determining whether the difference between the carrying amount and the fair value of an asset is material (in which case a revaluation is warranted). Refer Note E1-2.

Use of Indices
Where assets have not been specifically appraised in the reporting period, their previous valuations are materially kept up-to-date via the application of relevant indices. The department ensures that the application of such indices would result in a valid estimation of the asset's fair value at reporting date. The State Valuation Service (SVS) supplies the indices and provides assurance of their robustness, validity and appropriateness for application to the relevant assets. Such indices are either publicly available or are derived from market information available to SVS. Indices used are also tested for reasonableness by applying the indices to a sample of assets and comparing the results to similar assets that have been valued. At year end, management assess the relevance and suitability of indices provided by SVS based on the department's particular circumstances.

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

C3-3 MEASUREMENT OF PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

C4 INTANGIBLE ASSETS

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

Intangible Assets Reconciliation 30 June 2020	Internally Generated Software	Purchased Software	Software Work in Progress	Total
	$'000	$'000	$'000	$'000
Gross	85,914	3,696	6,204	95,813
Less: accumulated amortisation	(51,570)	(806)	..	(52,375)
Less: Accumulated impairment losses	(720)	(185)	..	(905)
Total	**33,624**	**2,706**	**6,204**	**42,533**
Carrying amount at 1 July 2019	26,526	283	14,215	41,024
Acquisitions	..	2	..	2
Acquisitions through internal development	..	..	8,046	8,046
Transfers between asset classes	13,393	2,664	(16,058)	..
Impairment losses recognised in operating surplus/(deficit)	(720)	(185)	..	(905)
Amortisation	(5,576)	(57)	..	(5,633)
Carrying amount at 30 June 2020	**33,624**	**2,706**	**6,204**	**42,533**

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

C4 INTANGIBLE ASSETS (continued)

C4-2 ACCOUNTING POLICIES

Recognition and measurement of Intangible Assets

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

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

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

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

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

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

Intangible asset class	Useful life range
Purchased software	4 – 10 years
Internally generated software	2 – 21 years

Impairment
All intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the department determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as impairment loss.

C5 PAYABLES

	2020 $'000	2019 $'000
Current		
Trade creditors	4,972	28,552
Accrued expenses	11,804	12,618
Grants and subsidies payable	10,612	5,814
Deferred appropriation/equity payable to the Consolidated Fund	16,138	42,675
Other	215	165
Total	**43,742**	**89,825**

Accounting Policy - Payables
Trade creditors are recognised upon receipt of the goods or services ordered and are measured at agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms. During 2019-20 the department introduced immediate payment terms for all payments to assist small business during the COVID-19 pandemic, which has seen a significant decrease in the departments trade creditors.

C6 ACCRUED EMPLOYEE BENEFITS

	2020 $'000	2019 $'000
Salaries and wages outstanding	7,038	4,966
Annual leave levy payable	6,297	6,330
Long service leave levy payable	1,460	1,291
Other	7	5
Total	**14,803**	**12,591**

Accounting policy – Accrued employee benefits
No provision for annual leave or long service leave is recognised in the department's financial statements as the liability is held on a whole-of-government basis and reported in those financial statements.

C7 OTHER LIABILITIES

	2020 $'000	2019 $'000
Current		
Unearned revenue	9,785	16,636
Deposits held for other agencies land purchases	21,138	9,916
Other	59	200
Total	**30,982**	**26,752**
Non-current		
Other	..	7,473
Total	**..**	**7,473**

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

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

C8 EQUITY

C8-1 APPROPRIATIONS RECOGNISED IN EQUITY

	2020 $'000	2019 $'000
Reconciliation of payments from Consolidated Fund to Equity Adjustment		
Budgeted equity adjustment appropriation	91,435	66,002
Transfers from/to other headings - departmental services	(42,149)	..
Lapsed equity adjustment	(54,762)	2,630
Total equity adjustment receipts/(payments)	**(5,476)**	**68,632**
Less: Opening balance of equity adjustment receivable	21,854	(795)
Plus: Closing balance of equity adjustment receivable	..	(21,854)
Equity adjustment recognised in Contributed Equity	**16,378**	**45,983**

C8-2 ASSET REVALUATION SURPLUS BY CLASS

	2020 $'000	2019 $'000
Buildings		
Balance at 1 July	21,461	21,706
Revaluation increments/(decrements)	(403)	(245)
Balance as at 30 June	**21,058**	**21,461**
Heritage and Cultural		
Balance at 1 July	274	263
Revaluation increments/(decrements)	949	11
Balance as at 30 June	**1,223**	**274**
Infrastructure		
Balance at 1 July	22,380	22,343
Revaluation increments/(decrements)	3,704	37
Balance as at 30 June	**26,083**	**22,380**
Total	**48,364**	**44,114**

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

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

D1 ADMINISTERED ITEMS

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

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

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

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

D2 RECONCILIATION OF PAYMENTS FROM CONSOLIDATED FUND

	2020	2019
	$'000	$'000
Reconciliation of payments from Consolidated Fund to Administered Appropriated Revenue Recognised in Operating Result		
Budgeted administered appropriation revenue	521,195	482,607
Transfers from/to other headings (Variation in Headings)	8,316	..
Unforeseen expenditure*		361
Total Appropriation Receipts (cash)	**529,511**	**482,968**
Less: Balance of appropriation revenue receivable transferred from other departments (Redistribution of public business)		..
Less: Opening balance of appropriation revenue receivable	(9,930)	(3,405)
Plus: Closing balance of appropriation revenue receivable	3,405	9,930
Plus: Opening balance of deferred appropriation payable to Consolidated Fund	..	1,291
Less: Closing balance of deferred appropriation payable to Consolidated Fund	..	..
Administered appropriation revenue recognised in the Statement of Comprehensive Income	**522,986**	**490,784**

	2020	2019
Reconciliation of payments from Consolidated Fund to Equity Adjustment Recognised in Contributed Equity		
Budgeted equity adjustment appropriation	(2,940)	2,060
Transfers from/to other headings (Variation in Headings)	5,328	..
Total administered equity adjustment receipts/(payments)	**2,388**	**2,060**
Less: Closing balance of equity adjustment payable	..	(1,900)
Equity adjustment recognised in Contributed Equity	**2,388**	**160**

D3 USER CHARGES AND FEES

	2020 $'000	2019 $'000
Land Title Act fees	319,923	304,554
Other fees and fines	28,010	28,947
Total	**347,933**	**333,500**

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

The adoption of AASB 15 *Revenue from Contracts with Customers* in 2019-20 did not change the timing of revenue recognition for user charges and fees – refer to note G3-1.

D4 PROPERTY AND OTHER TERRITORIAL REVENUE

	2020 $'000	2019 $'000
Property and territorial revenue	147,532	149,407
Riverine quarry material royalties	1,227	928
Total	**148,758**	**150,335**

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

The department has administered COVID-19 fee waivers in line with Government's relief and recovery measures for the period April 2020 to June 2020 totalling $17.556 million.

D5 OTHER REVENUE

	2020 $'000	2019 $'000
Interest	1,390	1,479
Other	376	605
Energy Queensland – Solar jurisdiction agreement returned funding	42,290	..
Total	**44,056**	**2,084**

D6 GRANTS AND SUBSIDIES

	2020 $'000	2019 $'000
Community service obligations and grants for energy	500,995	458,381
Community service obligations for water	10,169	10,217
Drought relief from electricity charges rebate	6,056	6,296
Land grants to external bodies	41,470	17,557
Other grants	1,800	1,300
Total	**560,491**	**493,751**

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

D7 OTHER EXPENSES

	2020	2019
	$'000	**$'000**
Movement in fair value of financial instruments (gains)/losses	76,462	(449)
Commissions	2,099	1,033
Impairment losses	1,564	(4,084)
Interest	(1)	384
Bad debt	1,274	1,693
Fee retentions	1,743	2,956
Court ordered	1	32
Infrastructure works and maintenance	988	1,714
Depreciation expense	4,617	1,710
Other	3,592	1,895
Total	**92,338**	**6,885**

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

D8 RECEIVABLES

	2020	2019
	$'000	**$'000**
Current		
Trade debtors	1,050	520
Rent receivable	2,314	3,167
Operating leases (1)	12,224	13,659
Finance leases (2)	3,873	4,435
Interest receivable	314	350
	19,774	**22,132**
Less: Allowance for impairment of receivables	(13,646)	(12,082)
	6,128	**10,050**
Prepayments to Consolidated Fund (3)	16,339	21,443
Appropriation receivable	3,405	9,930
Valuation fees receivable	19,906	21,912
Other	46,747	7,620
Total	**92,525**	**70,955**
Non-current		
Operating Leases		
One to five years	659	311
Greater than five years	..	..
Finance leases (2)		
One to five years	12,574	13,982
Greater than five years	8,200	9,163
Total	**21,433**	**23,456**

D8 RECEIVABLES (continued)

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

(2) The department issues finance leases under the provisions of the *Land Act 1994* whereby the lessee elects to pay the purchase price over a number of years. At the inception of the lease, the assets are disposed and a receivable is raised for the present value of the minimum lease payments. Finance lease receivables settlement terms range from 2 to 60 years.

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

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

D8-1 IMPAIRMENT OF RECEIVABLES

Impairment (Natural Resources Management-Water)

	2020			2019		
Aging	**Gross Receivables* $'000**	**Loss rate %**	**Expected credit losses $'000**	**Gross receivables $'000**	**Loss rate %**	**Expected credit losses $'000**
Current	37	1.00	1	64	1.00	1
1 to 30 days overdue	18	7.00	1	22	7.00	2
31 to 60 days overdue	1	28.00	-	12	28.00	3
61 to 90 days overdue	3	47.00	1	1	47.00	-
91 to 270 days overdue	233	70.00	164	82	70.00	57
>270 days	391	100.00	391	318	100.00	318
Total	**683**		**558**	**498**		**381**

Impairment (Natural Resources Management-Land)

	2020			2019		
Aging	**Gross Receivables* $'000**	**Loss rate %**	**Expected credit losses $'000**	**Gross receivables $'000**	**Loss rate %**	**Expected credit losses $'000**
1 to 30 days overdue	40	3.08	1	1,110	2.99	33
31 to 60 days overdue	796	7.16	57	47	7.50	4
61 to 90 days overdue	65	8.55	6	40	10.28	4
91 to 120 days overdue	96	10.74	10	34	13.82	5
>120 days	11,068	96.67	10,700	9,012	96.73	8,718
Total	**12,065**		**10,774**	**10,243**		**8,763**

Impairment (Minerals and Energy Resources)

	2020			2019		
Aging	**Gross Receivables* $'000**	**Loss rate %**	**Expected credit losses $'000**	**Gross receivables $'000**	**Loss rate %**	**Expected credit losses $'000**
Current	0	2.83	0	51	2.83	1
1 to 30 days overdue	0	9.65	0	76	9.65	7
31 to 60 days overdue	0	37.98	0	21	37.98	8
61 to 90 days overdue	0	47.16	0	41	47.16	19
91 to 270 days overdue	0	54.72	0	170	54.72	93
>270 days	2,314	100.00	2,314	2,809	100.00	2,809
Total	**2,314**		**2,314**	**3,168**		**2,938**

***** Excludes Queensland Government agencies or Australian Government agencies - no loss allowance recorded on the basis of no exposure to credit default.

D8 RECEIVABLES (continued)

D8-1 IMPAIRMENT OF RECEIVABLES (continued)

Disclosure – Movement in loss allowance for trade and other debtors

	2020 $'000	2019 $'000
Loss allowance as at 1 July	12,082	15,852
Change to opening balance as a result of new standard	..	314
Increase/decrease in allowance recognised in operating result	1,564	(4,084)
Loss allowance as at 30 June (1)	**13,646**	**12,082**

(1) Includes bad debts written off of $1.274 million (2019: $0.619 million) and previous impaired amounts collected.

D9 PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION

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

Property, Plant and Equipment Reconciliation 30 June 2020	Land $'000	Buildings $'000	Infrastructure $'000	Plant and Equipment	Total $'000
Gross amount	72,910,893	17,149	268,657	117	73,196,817
Less: Accumulated depreciation	..	(9,451)	(143,162)	(58)	(152,671)
Carrying amount at 30 June 2020	**72,910,893**	**7,698**	**125,496**	**59**	**73,044,146**
Carrying amount at 1 July 2019	72,255,621	6,284	128,585	67	72,390,557
Acquisitions	..	..	28	..	28
Disposals	(27,431)	..	..	..	(27,431)
Transfers in from external entities	216,976	..	..	..	216,976
Transfers out to external entities	(89,761)	..	..	..	(89,761)
Net revaluation increments/(decrements) in asset revaluation surplus	555,489	1,662	1,243	..	558,393
Depreciation	..	(248)	(4,360)	(8)	(4,617)
Carrying amount at 30 June 2020	**72,910,893**	**7,698**	**125,495**	**59**	**73,044,146**

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

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

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

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

Administered land comprises:	2020 $'000	2019 $'000
Land under roads	62,346,406	61,848,079
Reserves	7,974,775	7,907,312
Leasehold land	1,565,669	1,408,546
Unallocated state land	856,733	917,423
Other	167,311	174,261
Total	**72,910,893**	**72,255,620**

D9-2 MEASUREMENT OF PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

In terms of the AASB 13 fair value hierarchy (refer to note E1-1) the department categorises the land under roads valuation as being level 2. Sensitivity in the valuation is directly related to the value of land in each local government area.

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

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

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

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

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

Leasehold land

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

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

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

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

Non-commercial water infrastructure assets

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

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

D10 PAYABLES

	2020	**2019**
	$'000	**$'000**
Community service obligations payable	45,283	40,155
Transfer of administered item revenue to government payable	61,898	33,786
Deferred appropriation payable to the consolidated fund	..	1,900
Other	1,857	2,273
Total	**109,038**	**78,113**

D11 PROPOSALS AND DEPOSITS

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

D12 OTHER LIABILITIES

	2020	2019
Current Liabilities	**$'000**	**$'000**
Unearned revenue	15,183	19,076
Other	(603)	217
Total Current Liabilities	**14,580**	**19,293**
Non-Current Liabilities		
Commodity and electricity derivative instruments at fair value	197,722	121,260
Other	51	51
Total Non-Current Liabilities	**197,773**	**121,311**

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

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

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

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

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

D13 ASSET REVALUATION SURPLUS BY CLASS

	2020	2019
	$'000	**$'000**
Land		
Balance at 1 July	4,608,229	367,316
Revaluation increments/(decrements)	555,489	4,240,913
Balance as at 30 June	**5,163,718**	**4,608,229**
Buildings		
Balance at 1 July	2,306	2,174
Revaluation increments/(decrements)	1,662	132
Balance as at 30 June	**3,968**	**2,306**
Infrastructure		
Balance at 1 July	2,775	2,775
Revaluation increments/(decrements)	1,243	..
Balance as at 30 June	**4,018**	**2,775**
Total	**5,171,702**	**4,613,309**

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

D14 TRUST TRANSACTIONS AND BALANCES

	2020 $'000	2019 $'000
Revenues	2,675	6,283
Expenses	2,621	42,342
Net surplus/(deficit)	**54**	**(36,059)**
Total current assets	9,412	9,359
Total current liabilities	3,505	6,700
Total non-current liabilities	5,908	2,659
Net assets	**..**	**..**

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

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

At 30 June 2020, the department, on behalf of the State of Queensland, held bank guarantees totalling $8.708 million (2019: $8.156 million) and cash held in trust of $9.412 million (2019: $9.359 million).

SECTION 5
NOTES ABOUT RISKS AND OTHER ACCOUNTING UNCERTAINTIES

E1 FAIR VALUE MEASUREMENT

E1-1 ACCOUNTING POLICIES AND INPUTS FOR FAIR VALUES

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

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

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

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

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

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

All material property, plant and equipment assets and derivative financial liabilities held or administered by the department are categorised within level 3 of the fair value hierarchy, except land under roads, which is categorised within level 2. There were no transfers of assets/liabilities between fair value hierarchy levels during the period.

E1-2 BASIS FOR FAIR VALUE MEASUREMENT

PROPERTY, PLANT AND EQUIPMENT

The department comprehensively values its land, building and infrastructure assets using a rolling revaluation program which ensures all material assets are valued by independent professional valuers at least once every five years. Where assets have not been specifically appraised in the reporting period, their previous valuations are materially kept up-to-date via the application of relevant indices (refer Note C3-3 and D9-2).

E1-2 BASIS FOR FAIR VALUE MEASUREMENT (continued)

The following table depicts the asset class and region which were comprehensively valued in 2019-20:

Asset Class	Controlled and/or Administered	Effective date of last specific appraisal	Valuation approach	Inputs	Subsequent valuation activity
Land (Central region)	Administered and Controlled	30 June 2020 by SVS	Market-based assessment	Publicly available data on sales of similar land in nearby localities in the twelve months prior to the date of the revaluation. Adjustments were made to the sales data to take into account the location, size, street/road frontage and access, and any significant restriction for each individual land parcel.	Updated annually applying indices provided by SVS and derived from the review of market transactions for each local government area.
Buildings (Central region)	Administered and Controlled	30 June 2020 by SVS	Current replacement cost (due to no active market for such facilities)	Internal records of the original cost are adjusted for contemporary technology and construction approaches. Significant judgement is also used to assess the remaining service potential of the facility, given local climatic and environmental conditions, projected usage, and records of the current condition of facility.	Updated annually applying indices provided by SVS and derived from building and construction industry improvement rates.
Heritage and Cultural Assets - Buildings	Controlled	30 June 2020 by Gray Robinson & Cottrell Quantity Surveyors	Current replacement cost (due to no active market for the asset)	Site surveys and inspections used to verify documents and physical asset componentry to be valued. Given the nature of the complex assets being appraised, a combination of pricing methodologies and detailed estimates used in determining cost of replacing existing assets with a modern equivalent. The condition is assessed taking into account both physical characteristics as well as operational considerations such as functionality, capability/capacity, utilisation and technology obsolescence.	Updated annually applying indices provided by SVS and derived from building and construction industry improvement rates.
Infrastructure (Central region)	Administered and Controlled	30 June 2020 by SVS	Current replacement cost (due to no active market for such facilities)	Internal records of the original cost are adjusted for contemporary technology and construction approaches. Significant judgement is also used to assess the remaining service potential of the facility, given local climatic and environmental conditions, projected usage, and records of the current condition of facility.	Updated annually applying indices provided by SVS and derived from building and construction industry improvement rates.

E1-2 BASIS FOR FAIR VALUE MEASUREMENT (continued)

Infrastructure – Abandoned Mine Sites (Central region)	Controlled	30 June 2020 by Gray Robinson & Cottrell Quantity Surveyors	Current replacement cost (due to no active market for such facilities)	Site surveys and inspections used to verify documents and physical asset componentry to be valued. Given the nature of the complex assets being appraised, a combination of pricing methodologies and detailed estimates used in determining cost of replacing existing assets with a modern equivalent. The condition is assessed taking into account both physical characteristics as well as operational considerations such as functionality, capability/capacity, utilisation and technology obsolescence.	Updated annually applying indices provided by SVS and derived from building and construction industry improvement rates.

E1 FAIR VALUE MEASUREMENT (continued)

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

PROPERTY, PLANT AND EQUIPMENT

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

Description	Fair value at		Possible alternative range for significant inputs	Possible alternative range for significant inputs		Impact of alternative amounts for significant level 3 inputs
	30 June 2020 $'000	30 June 2019 $'000		2020	2019	
Leasehold Land	1,565,669	1,408,547	In relation to leasehold land the present value discount rate applied.	6.0% to 10.0%	6.5%-10.5%	Increase in discount rate used would decrease the fair value.
						Reduction in discount rate used would increase the fair value.
			In relation to leasehold land adjustments to the rental rate applied depending on type of lease.	0.75%-7% of unimproved value of land	0.75%-7% of unimproved value of land	Increase in rental return rate would increase the fair value.
						Reduction in rental return rate used would decrease the fair value.

FINANCIAL INSTRUMENTS - ADMINISTERED

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

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

To the maximum extent possible, valuations are based on assumptions which are supported by independent or observable market data. Where valuation models are used, instruments are discounted at the market interest rate applicable to the instrument.

The following is a summary of the main inputs and assumptions used by the department in measuring the fair value of Level 3 financial instruments (refer Note D12).

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

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

E2 FINANCIAL RISK DISCLOSURES

E2-1 FINANCIAL INSTRUMENTS CATEGORIES

Financial assets and financial liabilities are recognised in the statement of financial position when the department becomes party to the contractual provisions of the financial instrument. No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

CONTROLLED

	Notes	2020	2019
Financial assets		**$'000**	**$'000**
Cash and cash equivalents	C1	141,195	119,498
Receivables at amortised cost	C2	16,045	61,934
Total		**157,240**	**181,432**
Financial liabilities			
Payables at amortised cost	C5	43,742	89,825
Total		**43,742**	**89,825**

ADMINISTERED

	Notes	2020	2019
Financial assets		**$'000**	**$'000**
Cash and cash equivalents		65,973	51,710
Receivables at amortised cost			
Current	D8	92,525	70,955
Non-current	D8	21,433	23,456
Total		**179,932**	**146,121**
Financial liabilities			
Payables at amortised cost	D10	109,038	78,113
Commodity and electricity derivative instruments at fair value	D12	197,722	121,260
Total		**306,760**	**199,373**

E2 FINANCIAL RISK DISCLOSURES (continued)

E2-2 FINANCIAL RISK MANAGEMENT

(a) Risk Exposure

The department's activities expose it to a variety of financial risks – credit risk, liquidity risk, market risk and commodity price risk. Financial risk management is implemented pursuant to Government and departmental policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the department.

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

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

Risk Exposure	Definition	Measurement Method
Credit risk – receivables	Credit risk exposure refers to the situation where the department may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.	Ageing analysis, earnings at risk
Liquidity risk – payables	Liquidity risk refers to the situation where the department may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.	Sensitivity analysis
Market risk – Administered finance leases (interest rate risk)	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.	Interest rate sensitivity analysis
Commodity price risk –Administered commodity and electricity derivative contracts	The department is exposed to electricity price movements in the National Electricity Market and environmental certificate price movements that affect the fair value and cash flows of the financial instruments. The department entered into an agency arrangement in June 2018 to manage its entitlements and obligations under the commodity and derivative contracts. The arrangement was extended to 30 June 2021.	Sensitivity analysis

(b) Credit Risk

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

(c) Liquidity Risk

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

The liquidity risk of non-derivative financial liabilities relate to controlled payables of $43.742 million (2019: $89.825million) and administered payables of $109.038 million (2019: $78.113 million) due in less than one year.

E2 FINANCIAL RISK DISCLOSURES (continued)

E2-2 FINANCIAL RISK MANAGEMENT (continued)

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

	1 year or less	**Between 1 and 5 years**	**Over 5 years**	**Remaining contractual maturities**
2020	**$'000**	**$'000**	**$'000**	**$'000**
Derivatives	..	67,289	141,462	208,750

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

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

Market Risk	**10% price increase**		**10% price decrease**	
	Effect on Profit	**Effect on Equity**	**Effect on Profit**	**Effect on Equity**
2020	**$'000**	**$'000**	**$'000**	**$'000**
Commodity and electricity price risk	24,081	..	(24,438)	..

E3 CONTINGENCIES

Litigation in progress
As at 30 June 2020 the following claims against the department were filed in the courts or lodged with the department:

	2020 Number of cases	**2019 Number of cases**
Supreme Court	15	18
Federal Court	..	3
District Court	3	2
Magistrates Court	5	12
Industrial Court	4	4
Industrial Magistrates Court	7	5
Land Court	4	5
Court of Appeal	3	1
Total	**41**	**50**

At reporting date, it is not possible to estimate any probable outcome of these claims or any financial effect. The department has received notification of 26 (2019: 6) claims which are not yet subject to court action. These cases may or may not result in subsequent litigation. Indemnity for the department has been sought in respect of some of the above matters through the Queensland Government Insurance Fund.

Native title claims over departmental land
At 30 June 2020, there were 56 (2019: 52) unresolved native title claims before the federal court over lands (including offshore islands) either controlled or administered by the department. The claims cover an area of approximately 26% (2019: 29%) of the state. At reporting date it is not possible to make an estimate of any probable outcome of these claims, or of any financial effects. The potential financial impact is limited to legal costs.

E3 CONTINGENCIES (continued)

Guarantees and undertakings

During 2019-20, the department has been party to an indemnity capped procurement arrangement. The contract is with a supplier of information technology infrastructure, software and related maintenance with liability and indemnity caps of various levels up to $10 million over the life of the contract. The contract was extended for a further two years in June 2020 and is due to expire in June 2022. The provision of this guarantee is in accordance with contractual procedure and the likelihood of the guarantee being called upon is highly improbable.

Collingwood Park State Guarantee

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

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

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

Volumetric Lease Bank Guarantees

Under the *Land Act 1994,* lessees of volumetric leases are required to provide a security in the form of a bank guarantee to be retained by the department to ensure compliance. The security together with the lease agreement commits the lessee to perform specific reparation conditions. As at 30 June the department holds bank guarantees of $16.337 million (2019: $15.065 million).

Vegetation Management Bank Guarantees

Under the *Vegetation Management Act 1999* and *Sustainable Planning Act 2009* (*formerly Integrated Planning Act 1997*), development applicants may be required to provide financial security as a means of meeting a particular aspect of a vegetation management code. The security together with the agreement commits the developer to providing a vegetation offset within 12 months. As at 30 June, the department holds bank guarantees of $0.750 million (2019: $0.750 million).

Under the *Regional Planning Interests Act 2014* bank guarantees are retained by the department to ensure compliance with specific requirements relating to protection decisions and compliance certificates for resource activities in strategic cropping areas. As at 30 June, the department holds bank guarantees of $2.359 million (2019: $2.359 million).

Contingent Assets

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

E4 EVENTS OCCURRING AFTER THE REPORTING DATE

Resources Safety and Health (RSH) division to transition to standalone regulator

During March 2020, the *Resources Safety and Health Queensland (RSHQ) Act 2020* was passed by the Queensland Parliament.

On commencement of the *Resources Safety and Health Queensland (RSHQ) Act 2020*, from 1 July 2020 the RSH division of DNRME will be established as an independent statutory body, named Resources Safety and Health Queensland (RSHQ).

As at 30 June 2020, net assets of $76.7 million were attributable to this business, representing 21.9% of the department's overall net assets. The business also contributed a surplus of $10.4 million to the department's operating result during 2019-20. A Machinery-of-government (MOG) signoff was not finalised as at the reporting date.

Queensland Future Fund

During July 2020, the Treasurer announced that Queensland’s Titles Registry will be part of the initial tranche of publicly-owned assets to be transferred to the Queensland Future Fund. Transition of the Titles Registry out of the department is yet to be initiated.

E5 FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE

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

AASB 1059 Service Concession Arrangements: Grantors
AASB 1059 will first apply to the department’s financial statements in 2020-21. This standard defines service concession arrangements and applies a new control concept to the recognition of service concession assets and related liabilities.

Upon transitioning to AASB 1059, the department will need to recognise service concession arrangements as a service concession asset. As the same time, the department will recognise a financial liability (representing the expected future compensation payments under the contract) and an unearned revenue liability. The asset and liabilities will be first recognised in the department’s 2020-21 financial statements as an adjustment to opening comparative balances at 1 July 2019.

The department does not currently have any arrangements that fall within the scope of AASB 1059.

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

SECTION 6
NOTES ABOUT OUR PERFORMANCE COMPARED TO BUDGET

F1 BUDGETARY REPORTING DISCLOSURES

This section contains explanations of major variances between the department's actual 2019-20 financial results and the original budget presented to Parliament.

FINANCIAL IMPACTS -COVID-19 PANDEMIC

COVID-19, which is a respiratory illness caused by a new virus, was declared a world-wide pandemic by the World Health Organisation in March 2020.

Noting the short duration between the declaration of the pandemic and the preparation of these financial statements, the evolving nature of COVID-19 and the uncertainty around the possible future economic impacts, the department has:

- given consideration to any additional areas of judgement or estimation uncertainty beyond what has been disclosed
- updated its fiscal outlook – principally for the purposes of the impairment analysis of financial and non-financial asset classes and disclosures such as fair value disclosures of financial assets and liabilities
- considered the impact of COVID-19 on the department's financial statement disclosures.

No adjustments to the carrying value of recorded assets or other adjustments to the amounts recorded in the financial statements were recognised during the financial year as a result of these considerations.

The financial impact of the COVID-19 pandemic for the department has not been significant. The department has administered COVID-19 fee waivers (refer Note D4) in line with Government's relief and recovery measures as follows:

- land rent relief scheme across various industries amounting to 6,384 leases, licenses and permits.
- exploration land rent waivers across the mining industry.

As at reporting date, the COVID-19 pandemic is evolving. The department will continue to monitor the future economic and financial impacts for the 2020-21 financial year and beyond.

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

Grants and Other Contributions: The increase to grant funding and other revenue is primarily due to the recognition of goods received below fair value ($3 million) and unbudgeted commonwealth revenue received for various programs ($2 million).

Other Revenue: The variance is primarily due to unbudgeted revenue from the Queensland Government Insurance Fund of $1.4 million due to property claims associated with natural disasters. This is offset by corresponding expenditure.

Grants and subsidies: The variance is largely due to the first payment made under the CopperString 2.0 project ($6.8 million) and grant payments made under the Commonwealth funded National Water Infrastructure Development Fund (NWIDF) program ($15 million).

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

Cash and cash equivalents: The variance is largely due to timing differences for deferrals from 2019-20 to 2020-21 mainly for the National Water Infrastructure Development Fund ($15 million) as well as expenditure to be returned to the consolidated fund as departmental savings totalling $9.5 million.

Receivables: The variance relates to timing differences for GST input tax receivables and reduced annual leave provisions due to a reduction in leave taken throughout 2019-20.

Other current assets: The increase is primarily due to prepayments for licensing and support costs associated with the department's information technology systems.

F1 BUDGETARY REPORTING DISCLOSURES (continued)

F1-2 EXPLANATION OF MAJOR VARIANCES – STATEMENT OF FINANCIAL POSITION (continued)

Property, plant and equipment:	The variance primarily relates to the deferral of capital funds from 2019-20 to 2020-21 for Rookwood Weir ($73 million).
Intangible assets:	The variance is due to incorrect budget alignment and the timing of the delivery of ICT related projects due to the current fiscal environment.
Accrued Employee Benefits:	The variance due to the timing of the last pay cycle for 2019-20 resulting in 7 days of salaries and wages accrued at 30 June.
Other non-current liabilities:	The variance is due a change in accounting treatment for the recognition of straight-lining of leases ($7.5 million).

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

User Fees and Charges:	The variance primarily relates to increased revenue associated with mining levies for the provision of Safety and Health services within the mining industry.
Grants and Contributions:	The increase is due to the Commonwealth funded National Water Infrastructure Development Fund (NWIDF) program, refer note Cash and Cash Equivalents F1-1.
Other:	The decrease is primarily due to prepayments for licensing and support costs associated with the department's information technology systems and the recovery from Queensland Government Insurance Fund of ($1.4 million) due to property claims associated with natural disasters, refer note refer note Other Revenue F1-1.
Supplies and Services:	The variance is primarily due to payment of operating expenditure relating to Rookwood Weir project incurred in 2018-19.
Grants and Subsidies:	The variance is largely due to grant payments, refer note Grants and Subsidies F1-1.
Payments for Property, Plant and Equipment:	The variance primarily relates to the deferral of capital funds from 2019-20 to 2020-21 for Rookwood Weir ($73 million).
Loans and advances made:	The variance relates to unbudgeted deposits received from Department of Education for future land purchases for Darling Point Special School Expansion ($0.6 million), Mount Peter Primary School Project ($2.5 million) and Palmview School Sites Acquisition Project ($8.1 million).

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

Other Revenue	The increase relates to unspent funds returned from Energy Queensland Limited in regard to the Solar Bonus Scheme ($42 million).
Other Expenses	The variance relates to the revaluation of the state's entitlement and obligations ($76.4 million) in relation to commodity and electricity price hedge instruments related to renewable solar energy investment projects.
Land Transfers Outward	The actual amount reflects movement in land dealings with and on behalf of non-government agencies. Due to the unpredictable nature this activity there is no budget recorded.

F1 BUDGETARY REPORTING DISCLOSURES (continued)

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

Receivables:	The variance relates to unbudgeted return of funds from Energy Queensland Limited in regard to the Solar Bonus Scheme ($42 million).
Proposals and deposits:	The variance mainly relates to unbudgeted prepayments to the Consolidated Fund for proposals and deposits relating to funds held by the State from external parties for prospective land dealings ($16.3 million).
Payables:	The actuals reflect the return of unspent funds to the consolidated fund from Energy Queensland Limited in regard to the Solar Bonus Scheme ($42 million).
Other current liabilities:	The actual amount reflects movements in land dealings with and on behalf of other government agencies. A budget has been established based on historical data however these amounts tend to fluctuate due to the unpredictability of the activity.
Other non-current liabilities:	The variance relates to the revaluation of the state's entitlement and obligations ($76.4 million) in relation to commodity and electricity price hedge instruments related to renewable solar energy investment projects.

SECTION 7
OTHER INFORMATION

G1 KEY MANAGEMENT PERSONNEL DISCLOSURES

Details of Key Management Personnel

The department’s responsible Minister is identified as part of the department’s KMP, consistent with additional guidance included in AASB 124 *Related Party Disclosures*.

The following details for non-Ministerial key management personnel reflect those positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2019-20 and 2018-19. Further information about these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Position Responsibility
Director-General	Responsible for the efficient, effective and economic administration of the department.
Deputy Director-General, Policy	Provides strategic leadership and direction on policy matters regarding land, water, georesources and native title.
Deputy Director-General, Natural Resources	Provides strategic leadership and direction in delivering the department’s natural resource functions and services.
Deputy Director-General, Lands	Provides strategic leadership and direction in delivering the department’s land and spatial functions and services.
Deputy Director-General, Georesources	Provides strategic leadership and direction in delivering the department’s georesources functions and services.
Deputy Director-General, Minerals and Energy Resources (2018-19)	Provides strategic leadership and direction to the department's minerals and energy resource functions and services.
Deputy Director-General, Energy	Provides strategic leadership and direction to the department's energy functions and responsibilities
Deputy Director-General, Water Markets and Supply (2018-19)	Provides strategic leadership and direction to the department's water markets and supply functions and responsibilities
Deputy Director-General, Business and Corporate Partnerships	Provides strategic leadership and direction of the department’s corporate and business support functions.
Executive Director, Resources Safety and Health	Provides strategic leadership and direction to the department's resources, safety and health services.
Executive Director Communications	Provides strategic leadership and direction of the department’s communication functions.
Executive Director, Office of the Director-General (2018-19)	Provides corporate governance advice and support.
Chief Finance Officer and Executive Director, Finance and Corporate Operations	Responsible for the efficient, effective and economic financial administration of the department.

G1 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

KMP Remuneration Policies

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The department does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements as from 2019-20, which are published as part of Queensland Treasury's Report on State Finances.

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

Remuneration expenses for key management personnel comprise the following components:

Short term employee expenses which include:

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

Long term employee expenses include amounts expensed in respect of long service leave entitlements earned.

Post-employment expenses include amounts expensed in respect of employer superannuation obligations.

Termination benefits include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

G1 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Remuneration Expenses

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

2019-20 Position	Short Term Employee Expenses		Long Term Employee	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses $'000	Non-Monetary Benefits $'000	$'000	$'000	$'000	$'000
Director-General	380	10	9	25	..	424
Deputy Director-General, Policy (1/7/2019 – 14/04/2020)	203	8	4	23	..	238
Deputy Director-General, Policy (1/4/2020 – 30/06/2020)	90	4	2	8	..	104
Deputy Director-General, Natural Resources	240	10	6	26	..	282
Deputy Director-General, Georesources	231	10	5	24	..	270
Deputy Director-General, Lands (1/7/2019 – 27/7/2019)	28	1	0	2	..	31
Deputy Director-General, Lands (12/08/2019 – 30/06/2020)	201	9	4	21	..	235
Deputy Director-General, Energy	221	10	5	24	..	260
Deputy Director-General, Business and Corporate Partnerships	236	10	6	22	..	274
Executive Director, Resources Safety and Health	261	0	6	28	..	295
Executive Director, Communications	215	9	4	21	..	249
Executive Director, Office of the Director-General (1)	..	..	..	..	..	..
Chief Finance Officer and Executive Director, Finance and Corporate Operations	202	10	5	22	..	239

(1) The position has been vacant for duration of the financial year 2019-20

Performance Payments

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

G1 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Remuneration Expenses (continued)

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

[1] The value includes the period of time this officer performed the duties of Deputy Director-General, Energy from 1/7/2018 – 7/10/2018
[2] The value is for the period 1/7/2018 – 24/2/2019. The officer was seconded to another department and did not form part of the KMP for the remainder of the financial year.
[3] The value is for the period 1/7/2018 – 15/3/2019. The officer was seconded to another department and did not form part of the KMP for the remainder of the financial year.

Performance Payments

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

G2 RELATED PARTY TRANSACTIONS

Transactions with people/entities related to KMP
During the 2019-20 financial year there were no transactions with people/entities related to or by KMP.

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

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

The department also transacts with various Queensland Government agencies on a fee for service basis including:
- Department of Agriculture and Fisheries for information and communication technology services.
- Department of Justice and Attorney-General (Crown Law) for legal services/advice.
- Department of Housing and Public Works for accommodation services, building and asset services, vehicle services (Q-Fleet) and operational services (Queensland Shared Services) such as accounts receivable, payroll management, taxation and telecommunications.

The department has also had transactions with the following government owned corporations and statutory bodies for the provision of Grants, Community Service Obligations or transactions relating to Local Management Arrangements.

Government owned corporations
- Energy Queensland Limited (refer Note B2-3, D6 and D10)
- Sunwater Limited (refer Note A4, B2-4, D6, and D10)
- Powerlink Queensland (refer Note B2-3)

Statutory body
- Seqwater (refer Note D6 and D10)

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

Three new accounting standards were applied for the first time in 2019-20:

- AASB 15 *Revenue from Contracts with Customers*
- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 16 *Leases*

The effect of adopting these new standards are detailed in notes G3-1 to G3-4. No other accounting standards or interpretations that apply to the department for the first time in 2019-20 have any material impact on the financial statements.

Accounting standards early adopted
No Australian Accounting Standards have been early adopted for 2019-20.

G3-1 AASB 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

The department applied AASB 15 *Revenue from Contracts with Customers* for the first time in 2019-20.
The nature and effect of changes resulting from the adoption of AASB 15 are described below.

1. New revenue recognition model

Step 1 Identify the contract with the customer	Grants that the department receives may contain a contract with a customer and thus fall within the scope of AASB 15. This is the case where the funding agreement requires the department to transfer goods or services to third parties on behalf of the grantor, it is enforceable, and it contains sufficiently specific performance obligations.

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

G3-1 AASB 15 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

Step 2 Identify the performance obligations in the contract	This step involves firstly identifying all the activities the department is required to perform under the contract, and determining which activities transfer goods or services to the customer. Where there are multiple goods or services transferred, the department must assess whether each good or service is a distinct performance obligation or should be combined with other goods or services to form a single performance obligation. To be within the scope of AASB 15, the performance obligations must be 'sufficiently specific', such that the department is able to measure how far along it is in meeting the performance obligations.
Step 3 – Determine the transaction price	When the consideration in the contract includes a variable amount, the department needs to estimate the variable consideration to which it is entitled and only recognise revenue to the extent that it is highly probably a significant reversal of the revenue will not occur. This includes sales with a right of return, where the amount expected to be refunded is estimated and recognised as a refund liability instead of revenue.
Step 4 – Allocate the transaction price to the performance obligations	When there is more than one performance obligation in a contract, the transaction price must be allocated to each performance obligation, generally this needs to be done on a relative stand-alone selling price basis.
Step 5 – Recognise revenue when or as the department satisfies performance obligations	Revenue is recognised when the department transfers control of the goods or services to the customer. A key judgement is whether a performance obligation is satisfied over time or at a point in time. And where it is satisfied over time, the department must also develop a method for measuring progress towards satisfying the obligation.

2. Other changes arising from AASB 15

AASB 15 also specifies the accounting for incremental costs of obtaining a contract and costs directly related to fulfilling a contract.

The standard requires contract assets (accrued revenue) and contract liabilities (unearned revenue) to be shown separately and requires contract assets to be distinguished from receivables.

There are new disclosures, which have been included in Notes B1-2, B1-3.

3. Transitional impact

Transitional policies adopted are as follows:

- The department applied the modified retrospective transition method and has not restated comparative information for 2018-19, which continue to be reported under AASB 118 *Revenue*, AASB 111 *Construction Contracts*, and related interpretations.

- The department elected to apply the standard retrospectively to all contracts, including completed contracts, at 1 July 2019. Completed contracts include contracts where the department had recognised all of the revenue in prior periods under AASB 1004 *Contributions*.

- The department applied a practical expedient to reflect, on transition, the aggregate effect of all contract modification that occurred before 1 July 2019.

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

G3-1 AASB 15 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

User charges and fees
None of the department's user charges and fees were identified as contracts with customers within the scope of AASB 15. No transitional impact or adjustments were required.

Grants and contributions
Some of department's grants have been identified as contracts with customers within the scope of AASB 15. No transitional impact or adjustments were required as the impact is immaterial. The department will continue to assess the grants and contributions in the future financial years to ensure compliance with AASB 15

G3-2 AASB 1058 INCOME OF NOT-FOR-PROFIT ENTITIES

The department applied AASB 1058 *Income of Not-for-Profit Entities* for the first time in 2019-20. The nature and effect of changes resulting from the adoption of AASB 1058 are described below.

1. Scope and revenue recognition under AASB 1058

AASB 1058 applies to transactions where the department acquires an asset for significantly less than fair value principally to enable the department to further its objective, and to the receipt of volunteer services.

The department's revenue line items recognised under this standard from 1 July 2019 include Appropriation Revenue, Royalties and Land Rents, Taxes, most Grants and Other Contributions, and some Other Revenue.

General revenue recognition framework

The revenue recognition framework for in scope transactions, other than specific-purpose capital grants, is as follows.

1. Recognise the asset – e.g. cash, receivables, PP&E, a right-of-use asset or an intangible asset

2. Recognise related amounts – e.g. contributed equity, a financial liability, a lease liability, a contract liability or a provision; (grants and donations in many cases can have nil related amounts)

3. Recognise the difference as income upfront

The initial recognition and measurement of receivables arising from statutory requirements (such as taxes and stamp duty) falls under AASB 9 *Financial Instruments*, therefore AASB 9 governs the timing and amount of revenue recognised under AASB 1058 for such statutory income.

Specific-purpose capital grants

In contrast with previous standards such as AASB 1004, AASB 1058 allows deferral of income from capital grants where:

- the grant requires the department to use the funds to acquire or construct a recognisable non-financial asset (such as a building) to identified specifications;

- the grant does not require the department to transfer the asset to other parties; and

- the grant agreement is enforceable.

For these capital grants, the funding received is initially deferred in an unearned revenue liability and subsequently recognised as revenue as or when the department satisfies the obligations under the agreement.

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

G3-2 AASB 1058 INCOME OF NOT-FOR-PROFIT ENTITIES (continued)

2. Transitional impact

Transitional policies adopted are as follows:

- The department applied the modified retrospective transition method and has not restated comparative information for 2018-19. They continue to be reported under relevant standards applicable in 2018-19, such as AASB 1004.

- The department elected to apply the standard retrospectively to all contracts, including completed contracts, at 1 July 2019. Completed contracts are contracts where the department had recognised all of the revenue in prior periods under AASB 1004.

- The department applied a practical expedient to not remeasure at fair value assets previously acquired for significantly less than fair value and originally recorded at cost.

Revenue recognition for the department's appropriations, taxes, royalties and most grants and contributions will not change under AASB 1058, as compared to AASB 1004. Revenue will continue to be recognised when the department gains control of the asset (e.g. cash or receivable) in most instances. The department's revenue from legislated fees below will now fall under AASB 1058.

- Petroleum and gas safety and health fee and;
- Mining sector's safety and health levy

The following table summarises the transitional adjustments on 1 July 2019 relating to the adoption of AASB 1058. The net impact is recognised as an adjustment to opening accumulated surplus.

- $8.9 million decrease in Other current liabilities – Unearned revenue
- $8.6 million increase in Accumulated surplus

G3-3 IMPACT OF ADOPTION OF AASB 15 AND AASB 1058 IN THE CURRENT PERIOD

The Department has not restated comparative information for 2018-19 as the department has deemed items of revenue and income are out of scope of AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities*.

A small number of department's grants fall within the scope of AASB 15 *Revenue from Contracts with Customers*, the transitional impacts are disclosed in Note G3-1 above.

The following table shows the impacts of adopting AASB 1058 on the department's 2019-20 financial statements. It compares the actual amounts reported to amounts that would have been reported if the previous revenue standards (AASB 1004, AASB 118, AASB 111 and related interpretations) had been applied in the current financial year.

Operating result 2019-20	As reported $'000	AASB 1058 Changes $'000	Previous Standards $'000
User charges and fees	131,038	8,854	122,184
Operating result for the year	**10,525**	**8,854**	**1,671**
Total comprehensive income	**14,775**	**8,854**	**5,921**
Balances as at 2019-20			
Other current liabilities	30,982	17,456	48,438
Total Liabilities	**89,527**	**17,456**	**106,983**
Accumulated surplus/(deficit)	(20,683)	(17,456)	(38,139)
Total equity/ Net assets	350,343	(17,456)	332,887

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

G3-4 AASB 16 LEASES

AASB 16 introduced new guidance on the definition of a lease.

For leases and lease-like arrangements existing at 30 June 2019, the department elected to apply the practical expedient to grandfather the previous assessments made under AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease* about whether those contracts contained leases. However, arrangements were reassessed under AASB 16 where no formal assessment had been done in the past or where lease agreements were modified on 1 July 2019.

Amendments to former operating leases for office accommodation and employee housing

In 2018-19, the department held operating leases under AASB 117 from the Department of Housing and Public Works (DHPW) for non-specialised commercial office accommodation through the Queensland Government Accommodation Office (QGAO) and residential accommodation through the Government Employee Housing (GEH) program.

Effective 1 July 2019, the framework agreements that govern QGAO and GEH were amended with the result that these arrangements would not meet the definition of a lease under AASB 16 and therefore are exempt from lease accounting.

From 2019-20 onward, the costs for these services are expensed as supplies and services when incurred. The new accounting treatment is due to a change in the contractual arrangements rather than a change in accounting policy.

2018-19 disclosures under AASB 117

	2019 $'000
Non-cancellable operating lease commitments at 30 June 2019	
Not later than one year	21,540
Later than one year and not later than five years	72,450
Later than five years	105,680
Total	**199,670**

2. Changes to lessee accounting

Previously, the department classified its leases as operating or finance leases based on whether the lease transferred significantly all of the risks and rewards incidental to ownership of the asset to the lessee.

This distinction between operating and finance leases no longer exist for lessee accounting under AASB 16. From 1 July 2019, all leases, other than short-term leases and leases of low value assets, are now recognised on balance sheet as lease liabilities and right-of-use assets.

Lease liabilities

Lease liabilities are initially recognised at the present value of lease payments over the lease term that are not yet paid. The lease term includes any extension or renewal options that the department is reasonably certain to exercise. The future lease payments included in the calculation of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the department under residual value guarantees
- the exercise price of a purchase option that the department is reasonably certain to exercise
- payments for termination penalties, if the lease term reflects the early termination

The discount rate used is the interest rate implicit in the lease, or the department's incremental borrowing rate if the implicit rate cannot be readily determined.

Subsequently, the lease liabilities are increased by the interest charge and reduced by the amount of lease payments. Lease liabilities are also remeasured in certain situations such as a change in variable lease payments that depend on an index or rate (e.g. a market rent review), or a change in the lease term.

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

G3-4 AASB 16 LEASES (continued)

Right-of-use assets
Right-of-use assets are initially recognised at cost comprising the following:

- the amount of the initial measurement of the lease liability
- lease payments made at or before the commencement date, less any lease incentives received
- initial direct costs incurred, and
- the initial estimate of restoration costs

Right-of-use assets will subsequently give rise to a depreciation expense and be subject to impairment.

Right-of-use assets differ in substance from leased assets previously recognised under finance leases in that the asset represents the intangible right to use the underlying asset rather than the underlying asset itself.

Short-term leases and leases of low value assets

The department has elected to recognise lease payments for short-term leases and leases of low value assets as expenses on a straight-line basis over the lease term, rather than accounting for them on balance sheet. This accounting treatment is similar to that used for operating leases under AASB 117.

3. Changes to lessor accounting

Lessor accounting remains largely unchanged under AASB 16. Leases are still classified as either operating or finance leases. However, the classification of subleases now references the right-of-use asset arising from the head lease, instead of the underlying asset.

4. Transitional impact

Former operating leases as lessee

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

In total three lease commitments were identified to meet the AASB 16 requirements. The department has determined that accounting for these leases in accordance with the accounting treatment mandated by AASB 16 *Leases*, will not have any material impact on the 2019-20 Financial Statements. The department will therefore continue to recognise these leases as operating leases. No transitional adjustments were required for leases in which the department is lessee.

During 2018-19, the department held operating leases under AASB 117 from the Department of Housing and Public Works (DHPW) for non-specialised, commercial office accommodation through the Queensland Government Accommodation Office (QGAO) and residential accommodation through the Government Employee Housing (GEH) program. AASB 16 Leases supersedes AASB 117 Leases. The following table summarises the on-transition adjustments to asset and liability balances at 1 July 2019 in relation to former operating leases

- $7.573 million decrease in total liabilities
- $4.523 million decrease in total assets
- $3.051 million increase in accumulated surplus

Former finance leases as lessee

Right-of-use assets and lease liabilities for former finance leases are measured on transition at the same amount as the existing balances of leased assets and finance lease liabilities at 30 June 2019.

The department does not hold any finance leases as lessee so no transitional adjustments were required for leases in which the department is lessee.

Leases as lessor (both former operating leases and finance leases as lessor)

No transitional adjustments were required for leases in which the department is lessor.

G4 TAXATION

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

G5 CLIMATE RISK DISCLOSURE

Climate Risk Assessment

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 identified its potential material climate related risks relate to the expected credit losses relating to receivables. For the department environmental and climate factors for example drought, cyclone and monsoon affects customers and their ability to pay amounts due to the department. The effect of these risk factors are already accounted for in calculating the impairment of receivables, refer to note C2-1.

Future Year Impacts

On 1 June 2020, the Queensland Government announced a new round of climate change mitigation measures as part of the Queensland Government's Queensland Climate Transition Strategy. As a result of these measures being announced, the department will be required, as directed by the Government, to generate or acquire Australian Carbon Credit Units (ACCU's) to abate emissions expected over a 15 year period commencing in 2025.

The actual cost will vary depending on the method of ACCU generation, future price movements and the timing when such ACCU's are controlled by the department. Additionally, some ACCUs generated will have features for which there is currently no market, and the valuation of these ACCUs will require significant judgement.

No liabilities, contingent liabilities or contractual commitments exist at the reporting date in respect of this announcement.

MANAGEMENT CERTIFICATE

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 s.62 (1) (b) of the Act we certify that in our opinion:

a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and

b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Department of Natural Resources, Mines and Energy for the financial year ended 30 June 2020 and of the financial position of the department at the end of that year; and

The Director-General, as the Accountable Officer of the Department, acknowledges responsibility under s.7 and s.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.

KATRINA PLATT, CPA
Chief Finance Officer

11 August 2020

JAMES PURTILL
Director-General

11 August 2020

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INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the financial report

Opinion

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

In my opinion, the financial report:

a) gives a true and fair view of the department's financial position as at 30 June 2020, 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 statement of financial position and statement of assets and liabilities by major departmental service as at 30 June 2020, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental service for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General 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 period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

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Valuation of administered property, plant and equipment

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

Land under roads $62.35 billion

Key audit matter	How my audit addressed the key audit matter
Management has estimated the fair value of the department's Land under roads (LUR) to be $62.35 billion as at 30 June 2020. The fair value measurement is based on a market approach (englobo valuation) to arrive at fair value. The market approach references the observable statutory values for freehold and leasehold land in each local government area, dividing that aggregate statutory value by the corresponding land area and applying the average rate to the total area of LUR. Significant judgement was required in relation to: • The englobo valuation methodology • The valuation of freehold and leasehold land in each local government area • The calculation to apply the land value to LUR.	My procedures included, but were not limited to: • Assessing and obtaining an understanding of the englobo valuation methodology. • Assessing the competence, capability and objectivity of the internal valuers. • Testing management's controls over the Automated Title System (ATS) and Queensland Valuation and Sales (QVAS) database. • Checking, on a sample basis, the accuracy and relevance of input data used for the opening balances of LUR, both area and rate, including reconciling input data to supporting evidence such as the land area report from the Digital Cadastral Database at a local government and total state level. • Verifying a sample of material LUR movements to supporting information in ATS LUR movements including obtaining confirmation from Department of Transport and Main Roads to evidence equity transfers. • Verifying the mathematical accuracy of the LUR calculation.

Reserves and unallocated state land $8.83 billion

Key audit matter	How my audit addressed the key audit matter

Management has estimated the fair value of the department's Reserves and unallocated state land to be $8.83 billion as at 30 June 2020. Each parcel of reserved land and unallocated state land is valued using a direct comparison approach (i.e. a market valuation approach).
The valuations are dependent on certain key assumptions that require significant management judgement including the following in respect of:
• Unit of account: each parcel of reserved land and unallocated state land identified regardless of location.
• Valuation technique: the fair value categorisation used
    • recent property sales in the general location of the land
    • extrapolation and professional judgement in determining fair value for each parcel of land taking into consideration any restriction on use that may exist.
	My procedures included, but were not limited to:
	• Obtaining an understanding of the methodology used and ensuring consistent application thereof.
	• Assessing the competence, capability and objectivity of the internal valuers.
	• Testing management's controls over the Land Asset Management System (LAMS).
	• Tracing valuations from QVAS to the values held in LAMS.
	• Checking, on a sample basis, the accuracy and relevance of the input data used, including reconciling input data to supporting evidence such as reports provided by the valuers.
	• Comparing values to the valuation movements of rateable properties with similar characteristics and which were valued as part of the annual statutory valuation program.

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Leasehold land $1.57 billion

Key audit matter	How my audit addressed the key audit matter
Management has estimated the fair value of the department's Leasehold land to be $1.57 billion as at 30 June 2020. The valuation is an income approach with fair value measurement based on an estimation of future cash flows discounted to a present value. The underlying basis of rental calculation for leasehold land is the unimproved value of land that is similar in area, location, topography and use and determined from the Queensland property market. The valuations are dependent on certain key assumptions that require significant management judgement including the following in respect of: • Unit of account: each individual parcel of land identified regardless of location. • Highest and best use: leases are renewed for identical purposes and current use reflects its highest and best use. • Annual payment rental rates: dependant on type and circumstance of lease (specific or % of unimproved values). • Valuation technique: the fair value categorisation. • Unimproved value (UV) for a specific parcel of land. • Lease term and residual percentage. • Discount rate reflecting a market-based cost of capital applicable to the land category.	My procedures included, but were not limited to: • Obtaining an understanding of the discounted cash flow model, and assessing its design, integrity and appropriateness with reference to common industry practices. • Checking, on a sample basis, the accuracy and relevance of the input data used (annual payment rates, UV), including reconciling input data to supporting evidence such as approved regulated rates (*Land Act 1994*) and valuation QVAS database maintained by the State Valuation Service. • Evaluating whether the discount rate applied was within a reasonable range, with reference to market data and industry research. • Challenging the reasonableness of key assumptions based on our knowledge of the entity and industry. • Verifying the mathematical accuracy of the net present value calculations.

Classification and valuation of administered commodity and electricity derivative financial instruments $197.72 million

Refer to note D12 in the financial statements

Key audit matter	How my audit addressed the key audit matter
Management has estimated the fair value of the department's commodity and electricity derivative financial instruments to be $197.72 million as at 30 June 2020. The derivative financial instruments are valued using complex models, with the following key inputs involving significant judgement due to an absence of observable market data: • Forecast commodity and electricity prices • Physical generation variables • Market loss factors • Energy policy considerations.	My procedures included, but were not limited to: • Obtaining an understanding of the valuation models, and assessing their design, integrity and appropriateness with reference to common industry practices. • Challenging management assumptions used in the valuation and assessing the reasonableness of the key inputs by comparison to independently sourced external market data, market conditions at year end, and the energy policy environment. • Assessing the competence, capability and objectivity of the external experts management used in estimating forecast commodity and electricity prices, and physical generation variables.

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

Responsibilities of the department for the financial report

The Accountable Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 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, but not for expressing an opinion on the effectiveness of the department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the department.

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- Conclude on the appropriateness of the department's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the department to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2020:

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.

11 August 2020
Queensland Audit Office
Brisbane

Vaughan Stemmett
as delegate of the Auditor-General

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APPENDIX 1: LEGISLATION ADMINISTERED BY DNRME

A

Aboriginal and Torres Strait Islander Land Holding Act 2013

Aboriginal Land Act 1991 (except to the extent administered by the Treasurer, Minister for Infrastructure and Planning; the Attorney-General and Minister for Justice; and the Minister for Environment and the Great Barrier Reef, Minister for Science and Minister for the Arts)

Acquisition of Land Act 1967

Alcan Queensland Pty. Limited Agreement Act 1965 (except to the extent administered by the Treasurer, Minister for Infrastructure and Planning) (Sch)

Allan and Stark Burnett Lane Subway Authorisation Act 1926

B

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

C

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

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

Central Queensland Coal Associates Agreement Act 1968 (except to the extent administered by the Treasurer, Minister for Infrastructure and Planning); (Sch pt III) (Sch 1 pt III—to the extent that it is relevant to mining or resource management matters)

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

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

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

Coal Mining Safety and Health Act 1999

Commonwealth Aluminium Corporation Pty. Limited Agreement Act 1957 (except to the extent administered by the Treasurer, Minister for Infrastructure and Planning)

E

Electricity Act 1994

Electricity-National Scheme (Queensland) Act 1997

Electronic Conveyancing National Law (Queensland) Act 2013

Energy and Water Ombudsman Act 2006

Explosives Act 1999

F

Foreign Governments (Titles to Land) Act 1948

Foreign Ownership of Land Register Act 1988

Fossicking Act 1994 (except to the extent administered by the Treasurer, Minister for Infrastructure and Planning)

G

Gas Supply Act 2003

Geothermal Energy Act 2010 (except to the extent administered by the Treasurer, Minister for Infrastructure and Planning)

Gladstone Power Station Agreement Act 1993

Greenhouse Gas Storage Act 2009

I

Ipswich Trades Hall Act 1986

L

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

Land Access Ombudsman Act 2017

Land Act 1994 (except to the extent administered by the Minister for Transport and Main Roads to the extent it is relevant to the Pentland Biofuels Project of Renewable Developments Australia Pty Ltd in the plan area of the Water Plan (Burdekin Basin) 2007; and the Minister for Environment and the Great Barrier Reef, Minister for Science and Minister for the Arts)

Land Title Act 1994

Land Valuation Act 2010

Liquid Fuel Supply Act 1984

M

Mineral and Energy Resources (Common Provisions) Act 2014

Mineral Resources Act 1989 (except to the extent administered by the Treasurer, Minister for Infrastructure and Planning)

Mining and Quarrying Safety and Health Act 1999

Mount Isa Mines Limited Agreement Act 1985 (except to the extent administered by the Treasurer, Minister for Infrastructure and Planning)

N

National Energy Retail Law (Queensland) Act 2014

National Gas (Queensland) Act 2008

Native Title (Queensland) Act 1993

New South Wales–Queensland Border Rivers Act 1946

Nuclear Facilities Prohibition Act 2007

O

Offshore Minerals Act 1998 (except to the extent administered by the Treasurer, Minister for Infrastructure and Planning)

P

Petroleum (Submerged Lands) Act 1982 (except to the extent administered by the Treasurer, Minister for Infrastructure and Planning)

Petroleum Act 1923 (except to the extent administered by the Treasurer, Minister for Infrastructure and Planning)

Petroleum and Gas (Production and Safety) Act 2004 (except to the extent administered by the Treasurer, Minister for Infrastructure and Planning)

Place Names Act 1994

Q

Queensland Nickel Agreement Act 1970 (Sch pts II-III (except to the extent administered by the Treasurer, Minister for Infrastructure and Planning), VI and VII) (to the extent that it is relevant to mining or resource management matters)

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

R

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

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

Resources Safety and Health Queensland Act 2020

River Improvement Trust Act 1940

S

Soil Conservation Act 1986 Soil Survey Act 1929

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

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

Starcke Pastoral Holdings Acquisition Act 1994

Stock Route Management Act 2002

Survey and Mapping Infrastructure Act 2003

Surveyors Act 2003

T

Thiess Peabody Coal Pty. Ltd. Agreement Act 1962 (except to the extent administered by the Treasurer, Minister for Infrastructure and Planning)

Thiess Peabody Mitsui Coal Pty. Ltd. Agreements Act 1965 (except to the extent administered by the Treasurer, Minister for Infrastructure and Planning; and the Minister for Transport and Main Roads)

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

V

Valuers Registration Act 1992

Vegetation Management Act 1999

W

Water (Commonwealth Powers) Act 2008

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

Water Efficiency Labelling and Standards (Queensland) Act 2005

Water Supply (Safety and Reliability) Act 2008

Y

Yeppoon Hospital Site Acquisition Act 2006

APPENDIX 2: PERFORMANCE STATEMENT

NATURAL RESOURCE MANAGEMENT SERVICES

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

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

This service area includes two material services:

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

Table 1: Natural Resource Management Services (estimates and actuals for 2019–20)

DEPARTMENT OF NATURAL RESOURCES, MINES AND ENERGY	NOTES	2019–20 TARGET/ ESTIMATE	2019–20 ACTUAL
SERVICE AREA: Natural Resource Management			
SERVICE: Sustainable management of Queensland's land and water resources services			
SERVICE STANDARDS **Effectiveness measure**			
Percentage of native title claims resolved by agreement between the parties	1	>50%	100%
Accuracy and reliability of the state's water monitoring networks	2	90%	95%
Percentage of the State's drinking water service providers compliant with drinking water regulatory requirements	3	90%	97%
Efficiency measures Average cost per participant of support provided to implement and deliver workshops and visits to Water Supply Providers	4	<$400	$252
SERVICE: Accurate, timely knowledge of property and spatial information resources services			
SERVICE STANDARDS **Effectiveness measure** Accuracy of title dealings registered		99.5%	99.8%
Average percentage adjustment to annual statutory land valuations, resulting from meritorious objections	5	≤8%	4%
Efficiency measure Average cost per valuation	6	<$20	$8
Average cost per online spatial services accessed	7	4% improvement per annum	$0.016

Notes:

1. All the 7 determinations made FYTD have been by consent.
2. The wording of this service standard has been amended to reflect the focus of the measure on confidence in the quality of data available through the monitoring network to support decision making and use by public and other agencies. The wording was previously 'Reliability of the State's water monitoring networks' in the 2018–19 Service Delivery Statement (SDS). The calculation methodology has not changed. The availability, accuracy and timeliness of data underpins the department's water planning and management activities and is used by the Bureau of Meteorology to deliver flood monitoring and warning across Queensland. This measure of the availability, accuracy and timeliness of data underpins the department's water planning and management activities and is used by the Bureau of Meteorology to deliver flood monitoring and warning across Queensland.

Notes (continued):

3. This service standard provides information on how appropriately the drinking water legislation is being implemented by drinking water service providers. The measure is focused on compliance with legislative requirements that manage regulatory provisions to provide assurance that public health is being protected when compliance is achieved, and the effectiveness of the Regulator (Department of Natural Resources, Mines and Energy) in using appropriate mechanisms to strongly encourage non-compliant providers to meet requirements.

4. In QTR 4 no face-to-face support activities were delivered due to COVID-19 restrictions. This service standard provides an indication of cost efficiency by measuring the average costs incurred by the department in conducting workshops and/or visits to the regions in administering support programs to assist regulated entities to achieve compliance. This includes salary, travel and associated venue costs to provide workshops and face to face visits. The department supports the regulated entities in developing a greater understanding of the regulatory framework whilst improving the implementation and facilitation of workshops.

5. This service standard measures the effectiveness of providing Queenslanders with accurate, timely knowledge of land valuations. This service standard relates to the average percentage adjustment to land valuations, due to meritorious objections. It is an indicator of the accuracy of the land valuations. The Target/Estimate for this measure has been amended for 2019–20 as it was significantly exceeded over the past two years. The wording of the measure has changed to improve clarity but the calculation methodology has not changed. It was previously worded 'Average percentage adjustment to annual statutory land valuations that are objected to' in the 2018–19 SDS.

6. This service standard provides an indication of the cost efficiency of this area fulfilling its intended outcome of Queenslanders having access to reliable and accurate statutory land valuations. The average cost/valuation is an overall efficiency measure of the area's output. The budgeted base expenditure is reported on a unit cost basis and measures the cost to deliver the volume increases in the valuation roll based on the total budget for State Valuation Services for the financial year. This service standard has been moved from 'Sustainable management of Queensland's land and water resources' material service to 'Accurate, timely knowledge of property and spatial information resources' material service, since it is not a management of land measure, rather a land service cost measure.

7. This service standard measures the cost efficiency based on the average cost to provide online spatial services (salary costs only). The average cost depends on the number of web services accessed. The number of web services accessed is dependent upon staff and customer usage. The 2018–19 Target/Estimate was to reduce the baseline cost of $0.10 by at least 4 per cent ($0.096). The 2019–20 Target/Estimate is to reduce the baseline cost of $0.096 by at least 4 per cent ($0.092). Customer usage is expected to continue to grow and therefore lower cost per service is expected during the next 12 months. Capturing and managing foundation spatial data is critical to support Queensland as it provides consistent and reliable land and spatial information for business planning and decision making.

MINERALS AND ENERGY RESOURCES SERVICES

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

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

- management of mineral resources to ensure that they are being used in a sustainable way to the benefit of all Queenslanders
- acquisition of geoscience information
- administration of permits for mining, petroleum, gas, geothermal and carbon sequestration and storage activities
- management of baseline data and monitoring data to predict the groundwater impacts associated with coal seam gas extraction
- coordination and progress of complaints relating to the on-ground impacts of resource development
- provision of information to stakeholders about the regulatory framework for resources exploration and development
- oversight of the safety and health of workers in Queensland's mining, explosives and petroleum and gas industries and communities affected by mining, explosives, petroleum and gas
- licensing the use of explosives and gas
- identification of critical resources requiring protection for future use.

This service area includes two material services:

- Resources safety and health services
- Mineral, coal, petroleum and gas services

Table 2: Minerals and Energy Resources Services (estimates and actuals for 2019–20)

DEPARTMENT OF NATURAL RESOURCES, MINES AND ENERGY	NOTES	2019–20 TARGET/ ESTIMATE	2019–20 ACTUAL
SERVICE AREA: Minerals and Energy Resources	1		
SERVICE: Resources Safety and Health services			
Effectiveness measure Lost time injury frequency rate (injuries per million hours) in the mining and quarrying industries		<3.1	2.9
Efficiency measure Average cost per mine safety licence issued ($/Licence)	2	2.5% improvement per annum	3.1%
SERVICE: Mineral, Coal, Petroleum and Gas services	1		
Effectiveness measure Notification of directly impacted stakeholders prior to the release of new areas for resource exploration or production by competitive tender	3	90%	100%
Efficiency measure Average cost of all tenure processing transactions	4	≤$2,200	$963

Notes:

1. For the 2019–20 Service Delivery Statement (SDS) the service area has identified new material services. Service standards are presented for each.
2. This service standard measure of cost efficiency is based on the average cost to issue individual Type A Gas Work, Shotfirer, or Fireworks Operator Licences over the past five years (2014–19). The average cost depends on the number of licence applications received from industry (dependent on industry activity and fixed salary costs). The 2019–20 Target/Estimate is to keep the average cost to issue a mine safety licence less than or equal to $453.74 and is calculated based on the total salary costs to process these licences.
3. This is a new service standard for the 2019–20 SDS. This proxy measure of effectiveness is about providing directly affected stakeholders notification of the future release of areas for resources activities and access to information about how this might impact them. The intent of these notifications is to proactively help communities and individuals prepare for future resource activities through early engagement and provision of pathways to information and has been implemented to directly address their feedback on historic release processes.
4. This service standard measures the efficiency in tenure processing dealings of all transactions lodged manually and through MyMinesOnline, and all fossicking related transactions. This is calculated based on the total budget for the relevant business area.

ENERGY SERVICES

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

The core functions of the Energy Services service area are to:

- undertake policy and economic analysis, and provide advice to the Minister for Natural Resources, Mines and Energy on matters related to energy policy at the State and national level
- deliver simple and effective regulation to support the efficient and secure operation of the energy sector, while meeting the needs of the community and maximising the value and productivity of the Queensland Government's own operations
- enhance customer value for Queenslanders by acting to ensure they have access to reliable and cost-effective energy and provide a framework for consumer protection
- facilitate economic growth and innovation by helping to unlock the State's renewable energy potential to create new industries and new jobs while driving broader productivity improvements across the energy sector to underpin Queensland's economic growth.

This service area does not include any material services.

Table 3: Energy Services (estimates and actuals for 2019–20)

DEPARTMENT OF NATURAL RESOURCES, MINES AND ENERGY	NOTES	2019–20 TARGET/ ESTIMATE	2019–20 ACTUAL
SERVICE AREA: Energy			
Effectiveness measure Renewable energy as % of total energy consumed in Queensland	1	9.9%	17.9%
Average time of energy (electricity and gas) licensing assessments	2	90% <4 months	100%
Efficiency measure Cost per biofuels exemption application assessed	3	<$4,680	$3200

Notes:

1. This new service standard measures the effectiveness of renewable energy produced as a percentage of total energy consumed, and relates to the Queensland Government's energy objectives. The transition to 50% renewable generation by 2030 is a key commitment for the government in the transition to a low carbon sector. The government has not set annual targets for the 50% target by 2030. Output of renewable energy generation on an annual basis is a market outcome and can vary year-to-year depending on a range of factors including electricity demand, the rate of deployment of projects and climatic variations (for example, resulting in higher or lower solar/wind/water resource availability). In 2019–20, Queensland produced its highest ever level of renewable energy in % and absolute terms.
2. This new service standard is a proxy measure of effectiveness of the Queensland Government's renewable energy objectives by optimising customer outcomes through an efficient energy licensing process. Providing certainty on regulatory timeframes is key to industry investment and project certainty, leading to optimised economic outcomes. The timeframe for assessments is within 4 months of receipt of all necessary information to enable a regulatory decision. This measure was previously presented with a breakdown by level of assessment (high and low with the relevant associated timeframes).
3. This service standard measures the cost efficiency of the department in supporting exemption application decisions. It is measured based on the full-time equivalent staff cost to administer exemption applications. Administration tasks include supporting eligible applicants, arranging the pre-lodgement meeting (noting this stage is optional for applicants), registering and tracking application documentation, information assessments, preparation of draft and final decision documentation, liaison with legal services and correspondence with the applicant. While this measure does not incorporate time taken to finalise an exemption, faster turnaround times are a factor that increases the number of exemptions issued in the quarter, and therefore improved decision times will contribute to an improved efficiency result. The department will continuously improve its assessment practices and education of regulated businesses.

STRATEGIC PLAN KEY PERFORMANCE INDICATORS

	NOTES	2019–20 TARGET	2019–20 ACTUAL
STRATEGIC OBJECTIVE 1: MANAGE QUEENSLAND'S LAND, WATER, MINERAL AND ENERGY RESOURCES TO OPTIMISE SUSTAINABLE DEVELOPMENT OUTCOMES			
PERFORMANCE INDICATOR: Deliver the government's portfolio commitments			
All of the government commitments DNRME is responsible for delivering		100%	Latest reporting round is as at 30 April 2020. 14 commitments: • 2 delivered • 8 on track • 2 with minor issues • 2 with major issues
PERFORMANCE INDICATOR: Increased private investment in natural resources for economic development			
Investment in mining related capital expenditure and exploration		Improvement in 3 year rolling average to 2020–21	On track. Latest available data is for the 12 months to March 2020. At that point, Queensland had achieved a 30.5% increase in exploration expenditure and an 11.4% increase in private capital expenditure in mining, compared to the 2017–18 benchmark levels of expenditure.
PERFORMANCE INDICATOR: Deliver our contribution to a healthier Great Barrier Reef			
Improve water quality		By 2025, contribute to a 25% reduction in anthropogenic end-of-catchment loads of sediment and contribute to a 60% reduction in anthropogenic end-of-catchment dissolved inorganic nitrogen loads)	On track. January 2020—Report on seawater intrusion into coastal aquifer in the Pioneer Valley was published, finding that the seawater interface has not altered since 2008. April 2020—Commenced process to amend Fitzroy water plan to consider Rookwood Weir, which includes consideration of environmental and reef outcomes. June 2020—Minister published an addendum to the Minister Evaluation Report of January 2019 for the Whitsunday's water plan, finding that the plan is meeting sustainable management of water.

	NOTES	2019–20 TARGET	2019–20 ACTUAL
STRATEGIC OBJECTIVE (CONTINUED): MANAGE QUEENSLAND'S LAND, WATER, MINERAL AND ENERGY RESOURCES TO OPTIMISE SUSTAINABLE DEVELOPMENT OUTCOMES			
PERFORMANCE INDICATOR: Deliver our contribution to Queensland's climate change response and adaptation strategy			
Reduce Queensland's contribution to climate change		30% reduction in net greenhouse gas emissions by 2030	On track. Prepared a state-wide assessment of climate change for Queensland water resources. At a catchment level, this assessment identifies climate related risk and issues to water supply and environmental outcomes. It provides the basis for further consideration of climate related risk as part of future water plan amendments and reviews.
Renewable energy as a percentage of total energy consumed in Queensland		9.9%	17.9% In 2019–20, Queensland produced its highest ever level of renewable energy in % and absolute terms.
PERFORMANCE INDICATOR: Maintain and improve mining, petroleum and explosives industry safety			
Serious accident frequency rate, per million hours worked		Continuous improvement from the baseline 1.1 for 2018–19	1.0 (YTD Cumulative/ FY Average)
PERFORMANCE INDICATOR: Maintain target percentage of native title claims resolved by consent			
Percentage of native title claims resolved by agreement between the parties		>50%	100% All the 7 determinations made FYTD have been by consent.

	NOTES	2019–20 TARGET	2019–20 ACTUAL
STRATEGIC OBJECTIVE 2: DELIVER SAFE, SECURE, AFFORDABLE AND SUSTAINABLE ENERGY AND WATER RESOURCES			
PERFORMANCE INDICATOR: Maintain the integrity of Queensland's power and water supplies			
Average time of energy (electricity and gas) licensing assessments		90% within 4 months	100% Business improvements have been developed (draft approved forms and checklists) and provided to new applicants in Q4 2019–20 for user testing. Further business improvement measures are to be undertaken during the next quarter to streamline the process.
Percentage of the state's drinking water service providers compliant with drinking water regulatory requirements		90%	97%
PERFORMANCE INDICATOR: Maintain downward pressure on energy prices, especially for those most vulnerable			
Reduction in energy spend as a percentage of household disposable income		a) Low income household with concession—energy spend is 6.7% (or 6.4% using national consumption) in 2017–18 of disposable income calculated on median market offer bill. b) Middle income household—energy spend is 2.6% (or 3.5% using national consumption) in 2017–18 calculated on median market offer %.	This item is considered on track, noting the AER has yet to publish March 2020 quarter data (the most recent statistics are for the December 2019 quarter). The AER's State of the Energy Market Report released in June 2020 notes that electricity prices (to January 2020) have stabilised and Queensland has the lowest rate of customers in debt. Next available information on energy expenditure is expected in the AER's analysis of household income and energy spending in its Energy Affordability report (previously part of its annual Retail Market Report), due in September 2020.

	NOTES	2019–20 TARGET	2019–20 ACTUAL
STRATEGIC OBJECTIVE 3: ENGAGE THE COMBINED EXPERTISE OF TRADITIONAL OWNERS, COMMUNITY, INDUSTRY AND GOVERNMENT TO OPTIMISE THE MANAGEMENT AND USE OF OUR NATURAL RESOURCES			
PERFORMANCE INDICATOR: Increased community and stakeholder participation in engagement activities			
Notification of directly impacted stakeholders prior to the release of new areas for resource exploration or production by competitive tender		90%	100%

	NOTES	2019–20 TARGET	2019–20 ACTUAL
STRATEGIC OBJECTIVE 4: BUILD A CONTEMPORARY WORKFORCE THAT DEMONSTRATES HIGH LEVELS OF EXPERTISE, INNOVATION, COLLABORATION AND LEADERSHIP TO IMPROVE SERVICE QUALITY AND RESPONSIVENESS TO CUSTOMERS AND COMMUNITIES			
PERFORMANCE INDICATOR: Increased staff engagement			
Improvements in staff engagement results of annual Working for Queensland survey		Improvement year-on-year	No updated figures as the next survey is scheduled to commence from 1 September 2020[1].

1. The baseline for the 2019–20 target is a year-on-year improvement from 2018–19 result of 57%. The department has maintained this result, 57%, for the 2019–20 year. The next survey is in September 2020.

APPENDIX 3: REPORT OF THE REGULATOR'S ACTIVITIES UNDER THE *WATER SUPPLY (SAFETY AND RELIABILITY) ACT 2008*

Under the *Water Supply (Safety and Reliability) Act 2008* (the Act), the chief executive of the department, as the regulator, is responsible for a number of duties, including preparing an annual report. Other functions include maintaining a register of service providers and monitoring compliance.

The department is responsible for the regulation of drinking and recycled water providers in Queensland. Regulated activities include reporting related to drinking water quality and recycled water, and performance reporting by the service providers. Water Supply Regulation within Divisional Support is the unit responsible for managing the department's water quality and performance regulation responsibilities. Throughout this appendix, 'the regulator' means 'Water Supply Regulation'.

Voluntary compliance is encouraged and supported by the regulator through the provision of information and advice. However, enforcement activities may be required from time to time when service providers do not meet their obligations under the Act.

This summary is the regulator's report for the period 1 July 2019 to 30 June 2020.

SERVICE PROVIDER REGISTRATIONS

Under the Act, an entity that supplies water and/or sewerage services must apply for registration.

Currently there are 183 service providers registered in Queensland, 83 of which are drinking water service providers. These 83 service providers are responsible for the operation of their drinking water schemes, for which data is provided annually to the regulator.

DRINKING WATER QUALITY

Drinking water service providers are local councils or other businesses that charge a fee for treating, transmitting or reticulating water for drinking purposes.

Each provider is required to develop and have a Drinking Water Quality Management Plan (DWQMP) in place within 12 months of registering. All DWQMPs are submitted to the regulator for assessment and approval. There are regulatory processes in place that allow the regulator to ensure that DWQMPs meet the required criteria before approval is granted. Once approved, a DWQMP must be complied with and regularly reviewed, audited and amended to ensure the plan remains current and accurate. Amended DWQMPs must be re-approved by the regulator.

Currently there are 83 service providers registered in Queensland with an approved DWQMP. During 2019–20, the regulator received 48 DWQMP amendment applications.

In accordance with their approved DWQMP, all registered drinking water service providers are required to:

- monitor their drinking water quality
- report drinking water quality incidents to the regulator.

DRINKING WATER QUALITY INCIDENTS

Drinking water service providers need to specify in their DWQMPs how they manage public health risks associated with their drinking water supply, and monitor an appropriate range of water quality parameters. These parameters are specific for each water supply and may differ from one provider to the next. Accordingly, water samples are taken regularly at nominated locations and tested for these specific parameters.

The regulator uses the health guideline values set under the Australian Drinking Water Guidelines as water quality standards, and any exceedance of these standards must be reported to the regulator as 'incidents'. Some types of events that have the potential to impact on water quality, and which cannot be managed using the providers' existing preventive measures, must also be reported to the regulator. The regulator works closely with Queensland Health to monitor how the service provider manages the incidents that could potentially pose a risk to public health.

There have been 2418 drinking water quality incidents reported to the regulator since January 2009. Of these, 152 were reported in the 2019–20 financial year, with:

- 22 'non-reportable' (incidents that, when investigated, did not fit within the definition of an incident that is required to be reported)
- 39 relating to detections of micro-organisms (including Escherichia coli)
- 40 relating to various chemical parameters exceeding a health guideline value
- 42 events (incidents that have the potential to impact on water quality and cannot be managed using the providers' existing preventive measures)
- five relating to parameters with no water quality criteria (detections of parameters without health guideline values must be reported if they cannot be managed under the approved plan and public health may be impacted)
- four relating to other (including radioactivity, failure to test or missing data).

PERFORMANCE REPORTING

Relevant drinking and sewerage service providers are required to report annually on key performance indicators.

All 83 drinking water service providers required to provide a performance report to the regulator met their reporting timeframes. The accuracy of the data being reported has continued to improve and the department has further refined and improved the key performance indicators that must be reported against.

The data provided by service providers is checked for compliance, collated and made available by the department on the Queensland Government's open data website www.data.qld.gov.au.

PUBLISHING REQUIREMENTS

Registered service providers are required to prepare and publish a number of documents and reports relevant to the water and/or sewerage services they provide for their customers. Electronic online publication of these documents offers transparency and confidence to customers, including a means to access and download the information free of charge.

The list of relevant documents, which the majority of service providers must publish online, includes:

- customer service standards for water and sewerage
- drinking water quality management plan (annual) reports
- performance reports
- recycled water management plan annual reports
- any guidelines for preparing a water efficiency management plan
- any water and/or sewerage service area maps.

RECYCLED WATER

All recycled water schemes need to be registered; however, only certain types of schemes need to have an approved Recycled Water Management Plan (RWMP). Of the 172 registered schemes, six have an approved RWMP, including one scheme that has their RWMP suspended (not currently supplying recycled water). During 2019–20, the regulator assessed three amendments.

A RWMP addresses potential hazards, assesses level of risk and identifies how risks will be managed.

Approved RWMP holders are required to keep their plans and procedures current through audits and review processes. The regulator also works closely with Queensland Health to ensure that providers appropriately manage recycled water incidents and protect public health. In 2019–20, four incidents were reported.

COMPLIANCE REPORTING

Since the 2014 legislative amendment requiring performance reporting for sewerage and water service providers, the department has successfully implemented several support and educative programs. The aim of these programs is to provide assistance, support and, in some cases, resources to help reduce the regulatory burden on service providers.

The department's compliance approach is targeted, transparent and effective, and continues to foster early engagement with providers with the aim of seeking voluntary compliance. However, if this is not effective, the department will use regulatory tools to achieve compliance.

APPENDIX 4: COMPLIANCE CHECKLIST

SUMMARY OF REQUIREMENT		BASIS FOR REQUIREMENT	ANNUAL REPORT REFERENCE
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs—section 7	1
Accessibility	Table of contents	ARRs—section 9.1	iii–iv
	Glossary		130
	Public availability	ARRs—section 9.2	ii
	Interpreter service statement	*Queensland Government Language Services Policy* ARRs—section 9.3	ii
	Copyright notice	*Copyright Act 1968* ARRs—section 9.4	ii
	Information licensing	QGEA—Information Licensing ARRs—section 9.5	ii
General information	Introductory information	ARRs—10.1	3
	Machinery-of-government changes	ARRs—section 10.2, 31 and 32	(if applicable)
	Agency role and main functions	ARRs—section 10.2	3
	Operating environment	ARRs—section 10.3	4
Non-financial performance	Government's objectives for the community	ARRs—section 11.1	4
	Other whole-of-government plans / specific initiatives	ARRs—section 11.2	15–16
	Agency objectives and performance indicators	ARRs—section 11.3	5–14
	Agency service areas and service standards	ARRs—section 11.4	115
Financial performance	Summary of financial performance	ARRs—section 12.1	17

SUMMARY OF REQUIREMENT		BASIS FOR REQUIREMENT	ANNUAL REPORT REFERENCE
Governance—management and structure	Organisational structure	ARRs—section 13.1	22–23
	Executive management	ARRs—section 13.2	24–27
	Government bodies (statutory bodies and other entities)	ARRs—section 13.3	28
	Public Sector Ethics Act 1994	*Public Sector Ethics Act 1994* ARRs—section 13.4	28
	Queensland public service values	ARRs—section 13.5	30
Governance—risk management and accountability	Risk management	ARRs—section 14.1	32
	Audit committee	ARRs—section 14.2	33
	Internal audit	ARRs—section 14.3	33
	External scrutiny	ARRs—section 14.4	34
	Information systems and recordkeeping	ARRs—section 14.5	35–36
Governance—human resources	Strategic workforce planning and performance	ARRs—section 15.1	37
	Early retirement, redundancy and retrenchment	Directive No 04/18 Early Retirement, Redundancy and Retrenchment ARRs—section 15.2	40
Open data	Statement advising publication of information	ARRs—section 16	40
	Consultancies	ARRs—section 33.1	https://data.qld.gov.au
	Overseas travel	ARRs—section 33.2	https://data.qld.gov.au
	Queensland Language Services Policy	ARRs—section 33.3	https://data.qld.gov.au
Financial statements	Certification of financial statements	FAA—section 62 FPMS—sections 42, 43 and 50 ARRs—section 17.1	105
	Independent Auditor's Report	FAA—section 62 FPMS—section 50 ARRs—section 17.2	106–110

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2019*

ARRs *Annual report requirements for Queensland Government agencies*

GLOSSARY

COVID-19	Coronavirus disease of 2019
DAF	Department of Agriculture and Fisheries
DES	Department of Environment and Science
DNRME	Department of Natural Resources, Mines and Energy
EAP	Employee Assistance Program
EMU	Emergency Management Unit
FAA	*Financial Accountability Act 2009*
GDA2020	Geocentric Datum of Australia 2020
GST	Goods and Services Tax
HRA	*Human Rights Act 2019*
ICT	Information and Communication Technology
ICRM	Integrated Customer and Revenue Management
IWG	interagency working group
IGABIIP	Interim Great Artesian Basin Infrastructure Investment Program
LGBTIQ+	lesbian, gay, bisexual, transgender, intersex and queer
MW	megawatts
MWh	megawatt hours
NEMEMF	National Electricity Market Emergency Management Forum
NGERAC	National Gas Emergency Response Advisory Committee
NOSEC	National Oil Supplies Emergency Committee
NWIDF	National Water Infrastructure Development Fund
NEMI	New Economy Minerals Initiative
NQDT	North Queensland Dry Tropics
PPE	Personal Protective Equipment
PWC	PricewaterhouseCoopers
QAO	Queensland Audit Office
QCA	Queensland Competition Authority
QHRC	Queensland Human Rights Commission
QMERG	Queensland Mineral and Energy Resources Globe
REDP	Regional Economic Diversification Programme
SEQ	South East Queensland
WRP	Water Resource Plans

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