

ANNUAL REPORT 2022–23



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Communication objective

This annual report provides information about the Department of Energy and Public Works' financial and non-financial performance for 2022–23. It has been prepared in accordance with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019* and the Annual report requirements for Queensland Government agencies.

The report records the significant achievements against the strategies detailed in the department's *Strategic Plan 2022–2026* and the *2022–23 Service Delivery Statements*.

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



www.qld.gov.au/languages

Department of Energy and Public Works Annual Report 2022–23

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Online open data reporting

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

- consultancies
- overseas travel
- Queensland Language Services Policy.



Letter of compliance

14 September 2023



Queensland
Government

Department of
Energy and Public Works

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

Dear Minister

I am pleased to submit for presentation to the Parliament, the Annual Report 2022–23 and financial statements for the Department of Energy and Public Works.

I certify that this annual report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the Financial and Performance Management Standard 2019
- the detailed requirements set out in the “Annual report requirements for Queensland Government agencies”.

A checklist outlining the annual reporting requirements can be found at pages 67-68 of this annual report.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Paul Martyn', with a long horizontal flourish extending to the right.

Paul Martyn PSM
Director-General

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Message from the Director-General

The date of 28 September 2022 is a significant milestone in the rich history of the Department of Energy and Public Works (EPW).

It is the day Queensland flicked the switch on the biggest transformation in our state's economic history with the release of the Queensland Energy and Jobs Plan (QEJP) – a visionary roadmap, that will provide clean, affordable energy, highly skilled, secure jobs, and safeguard the future of our economy and our environment for generations.

In the Plan, EPW delivered a body of public policy of national and international significance. Underpinned by rigorous evidence and analysis, built with expert technical input from the entire government energy sector and collaboration across government, and infused with new thinking and a deep understanding of the needs of stakeholders and of the state, the QEJP is both bold and practical, ambitious yet achievable.

This outstanding work received the overall Premier's Award for Excellence and the award for the More Jobs in More Industries category at the 2022 Premier's Awards for Excellence. It has also been widely welcomed by both the energy sector—but more broadly, a wide range of stakeholders who see in the Plan a way to secure the state's future.

I am proud of the work of the Energy division in our department in developing the plan. And now we move to implementation—establishing the key institutions that underpin the architecture of the plan, overseeing the rollout of the SuperGrid, and delivering programs that enable Queenslanders from all over our state—farmers, energy consumers, small businesses, traditional owners, industries existing and new—to benefit from the renewable energy transition that the Plan enables.

This year saw significant progress in the development of the hydrogen industry, underpinned by the QEJP. More than 50 hydrogen and ammonia projects are underway across Queensland. We have worked to ensure a coordinated approach to industry development in key hydrogen hubs like Gladstone and Townsville. The planning and project development that we are undertaking with other agencies and proponents will help this industry to scale up, creating jobs and economic opportunities in key regions.

The 160th anniversary of the formation of the Department of Public Works in Queensland was in 2022. The year was an opportunity to reflect on the enormous contribution the department has made by building in communities across Queensland through the work of generation after generation of tradespeople, architects, engineers, and project managers. Just as we have a proud heritage, we have a big future.

This year, Public Works initiated the Modern Methods of Construction (MMC) project to deliver high quality modular housing for government workers and social housing tenants across Queensland. MMC is innovation of the highest standard, delivered in partnership with industry and clients. QBuild itself has opened a manufacturing facility at Eagle Farm and apprentices are now working on modular houses—a significant shift that will underpin the rebuilding of QBuild through improved delivery meeting client agency needs. MMC is timely given the housing needs of the state and is a flagship contribution to the Queensland Government's agenda.

Our work delivering iconic public buildings continued, with the opening of the Thomas Dixon Centre and practical completion of the Cairns Convention Centre. EPW's expertise in project management of construction, together with its strong in-house capacities, are a critical asset for the Queensland Government and this is widely recognised by agencies.

Cross-cutting initiatives that connect EPW include the ongoing leadership role of QFleet in the uptake of electric vehicles (EVs). We will trial EV infrastructure at some bus and train stations and install hundreds of chargers in government-owned buildings for public use. EPW has also led work preparing for the adoption of new energy efficiency standards in the National Construction Code to deliver new housing stock that both reduces energy use and is more ready for the uptake of EVs.



Introduction

All of this momentum will come to life under our *Buy Queensland* approach to government procurement, which, since its introduction in September 2017, has invested more than \$64.84 billion into the local economy. Over this time, the government has done business with more than 77,430 Queensland-registered businesses, keeping Queensland dollars in Queensland.

A lot done. A lot more to do.

But this department is ready for the challenge. Our people are our greatest asset. With hands and heads and hearts they are committed to delivering for the state. I want to acknowledge my Executive Leadership Team and all of the over 2,000 people in EPW for their hard work, skill and passion. It is an honour to work with them and for the people of Queensland.

Paul Martyn
Director-General



About us

We work together to benefit all Queenslanders and to build Queensland's future by delivering affordable, cleaner energy, operating as the trusted building and construction experts to government and industry, and prioritising Queensland businesses and jobs through nation-leading procurement.

We are leading efforts to ensure reliable, sustainable energy services are delivered to Queenslanders through the *Queensland Energy and Jobs Plan* and supporting the growth of a competitive hydrogen industry through infrastructure development and renewable hydrogen production via the *Queensland Hydrogen Industry Strategy*.

We are delivering excellence in building and design, industry regulatory reform and government building and accommodation, while optimising sustainability, supporting Queensland jobs and delivering better building outcomes through the *Queensland Building Plan*.

Our leading-edge procurement practices, defined through *Buy Queensland 2023*, support the development of strong Queensland industries, build supplier capacity to do business with government, support jobs and grow our regions. We are a fleet management leader through QFleet, transforming our fleet for a low emissions future.

Our workforce is capable, and we strive to ensure that our systems are fit-for-purpose and that we are an employer of choice through our culture, our recruitment and training, and our governance practices.

The Department of Energy and Public Works was established in 2020 under the then *Public Service Act 2008* section 14(1).

Our vision

Generating and building a sustainable future for all Queenslanders.

Our purpose

Power. Build. Buy. Together. For Queensland.

Our operating environment

We have an ambitious and transformative agenda to achieve a more sustainable future. Our work focuses on the opportunities arising in the substantial sectors of energy, building and procurement. We see rapid growth and interest in the renewable energy sector, opportunities to leverage government's spending power, and prospects to grow as the government builder to modernise delivery and offer a skills pipeline to the sector.

Our work impacts regional communities and businesses in both economic and employment terms. Growth projections and transformation impacts will inform how we work.

Stakeholders are fundamental to our success and the importance of collaboration and engagement has never been clearer. We need to work closely with a range of existing and new industries and Queensland communities to fulfil our policy and delivery agenda, while keeping future sustainability as a key consideration.

To achieve our goals, we must consider a range of factors that can influence our business including supply chain disruptions in multiple industries, labour market constraints, cyber security threats, cost of living pressures including energy affordability, climate change impacts, population increases and demographic



About us

changes, and securing social licence in communities as we roll out the *Queensland Energy and Jobs Plan*. These factors can increase the costs of doing business and have evolved the expectations of Queenslanders around government services.

The department is supporting Brisbane 2032 by assisting local businesses through the *Queensland Procurement Strategy 2023 - Jobs, Economy, Legacy, Confidence*, helping to ensure a climate positive event.

Strategic opportunities, challenges and risks

In 2022–23, the department’s strategic opportunities and challenges included:

- **Sustainability**—in an increasingly socially conscious world, we considered the integration of environmental, social and governance factors into how we do our business to support our economy and advance the sustainable development of our regions.
- **Organisational resilience**—we used lessons learned through the pandemic and severe disaster events to evolve our operating models, enhance our ability to respond to change, and subsequently build confidence in government services.
- **Analytics and insights**—we have continued to look at how to harness the power of research, data analytics and insights and the use of new technologies to innovate and improve decision-making.
- **Investment**—we worked on how to attract investment, encourage public and private collaborations in emerging industries to create jobs, developed and strengthened local supply chains, and supported industries to produce and use innovative technologies—these have been key considerations for achieving success in all areas of our business.

We understand our strategic risks and put actions in place to manage them to support our delivery:

- **Lack of capacity and capability** impacting on the delivery of our current and evolving work program—we have been focussing on investing in our people to build capacity and the right capabilities.
- **Failure to consider safety and wellbeing** which may lead to harm—we continued to demonstrate our strong commitment to our values by providing a safe and healthy work environment that considers the physical, psychological, social and financial wellbeing of our people.
- **Inadequate or ineffective ICT and business systems** not meeting the requirements of the department and its stakeholders—we are continuing our investment in our ICT framework and digital roadmaps to leverage technologies, build capability for contemporary work practices and ensure secure, effective systems.
- **Ineffective cyber-security** resulting in a compromise of the department’s operations and integrity—we are implementing information security to maintain availability, confidentiality and integrity of information.
- **Failure to consider climate change** reducing our ability to adapt and respond to the impact of climate change on our operations including emissions targets—we are working towards adjusting our business to recognise opportunities to create sustainable practices, formulate emission reduction solutions and stimulate markets and jobs for the future.



Our contribution to the Queensland Government's objectives for the community

Good jobs



Supporting jobs—by delivering the *Queensland Energy and Jobs Plan*, investing in Queensland Renewable Energy Zones, delivering the Resilient Homes Fund and Household Resilience Program, evolving the *Buy Queensland* approach to government procurement, seeking new investment opportunities in the renewable energy sector, and by delivering planning, building and maintenance services for government assets.



Backing small business—by supporting the small and medium enterprise procurement target, working to ensure government does business with ethically, socially and environmentally responsible suppliers, reducing building sub-contractor non-payments, and by delivering business energy savings programs.



Making it for Queensland—by growing the renewable energy supply chains in Queensland, investing in regions to embrace the opportunities created through energy transformation across the whole value chain including manufacturing, by supporting and investing in sustainable liquid fuels, and through partnering with Modern Methods of Construction suppliers, helping to ease the state's housing crisis.



Investing in skills—by creating jobs statewide through the QBuild Apprenticeship Program which builds Queensland's regional capability in the building and construction sector and working to prepare Queensland's workforce with the right skills to build new clean energy infrastructure and industries.

Better services



Backing our frontline services—by changing our approach to building safe and secure government employee housing for frontline workers that reduces delivery timeframes to communities and delivering value for money fleet transport solutions.



Connecting Queensland—by establishing an interim Energy Industry Council to facilitate progress of the Queensland Energy Workers' Charter and design of the Job Security Guarantee ensuring affected workers have secure choices, opportunities and pathways through the energy transformation, and making it easier for people to apply to make homes more resilient through programs such as Resilient Homes Fund and Household Resilience Program.



About us

Great lifestyle



Protecting the environment—by investing in renewables, including hydrogen, in the energy sector which will lower economy wide emissions, through implementing environmentally sustainable management of government property, and by continuing to implement the QFleet Environmental Strategy and QFleet Electric Vehicle Transition Strategy.



Growing our regions—by maximising local supplier participation in government procurement; providing housing for Queensland frontline workers in rural and regional locations; strengthening service coverage and responsiveness in regional, remote and discrete communities through Rebuild QBuild's trades and apprentice growth; partnering with industries and communities to maximise benefits from the energy transformation; and drive regional economic opportunities and through the Electricity Tariff Adjustment Scheme.



Building Queensland—by managing and delivering major infrastructure such as the Queensland Performing Arts Centre, supporting people to enhance the resilience of their homes, delivering safe and improved employee housing in regional and remote locations, and embedding policy and legislation reforms to improve the safety and fairness of the building and construction industry. The department is also upgrading energy infrastructure across the state and delivering a *Buy Queensland 2023* approach supporting quality, local jobs, boosting the Queensland economy.



Honouring and embracing our rich and ancient cultural history—co-designing with remote First Nations communities and the Australian Government an inclusive Remote and First Nations clean energy strategy, and empowering First Nations peoples as part of the energy transformation through inclusive engagement to enhance opportunities for employment and business participation. Our QBuild Social Procurement Champions and our *Buy Queensland 2023* approach enhances accessibility for suppliers from Aboriginal and/or Torres Strait Islander backgrounds; ensures greater diversity in common-use supply arrangements; and focuses on representing regional and remote suppliers including remote Indigenous communities. The department is setting the foundation for our Path to Treaty journey following the passing of the *Path to Treaty Act 2023* in May 2023.



Our services and objectives – aligning with the government’s objectives for the community

Our *Strategic Plan 2022–2026* describes our objectives that will direct future activities of our department and can be found on our website at www.epw.qld.gov.au/news-publications/strategies-plans/strategic-plan. Our 2022–23 Service Delivery Statements (SDS) describes our services aligned to our objectives. Both documents demonstrate how we contribute to the government’s objectives for the community.

Department’s service areas (2022–23 SDS)	Department’s objectives	Government’s objectives for the community
<p>Grow Queensland’s energy sector</p> <p>Lead the energy sector to deliver reliable, affordable and renewable energy to Queensland households and businesses</p>	<p>An affordable, cleaner energy future</p> <p>Ensure reliable, sustainable and affordable energy services are delivered to Queenslanders and support the growth of the hydrogen industry</p>	<p>Supporting jobs</p> <p>Backing small business</p> <p>Connecting Queensland</p> <p>Protecting the environment</p> <p>Growing our regions</p> <p>Building Queensland</p> <p>Honouring and embracing our rich and ancient cultural history</p>
<p>Building and government accommodation services</p> <p>To provide sustainable, well designed, fit-for-purpose and safe public works, government accommodation and asset management services to enable Queensland Government agencies to deliver their core services</p>	<p>Building for Queensland’s future</p> <p>Be the trusted experts to government and industry for excellence in building and design, industry regulatory reform, and government building and accommodation</p>	<p>Supporting jobs</p> <p>Backing small business</p> <p>Making it for Queensland</p> <p>Investing in skills</p> <p>Backing our frontline services</p> <p>Protecting the environment</p> <p>Growing our regions</p> <p>Building Queensland</p> <p>Honouring and embracing our rich and ancient cultural history</p>
<p>Procurement policy and enabling services</p> <p>To prioritise Queensland businesses and local jobs by providing whole-of-government procurement policy and enabling services to Queensland Government buyers and suppliers</p>	<p>Nation-leading procurement</p> <p>Prioritise Queensland businesses and jobs through leading-edge procurement practices that consider environmental, social and governance factors</p>	<p>Supporting jobs</p> <p>Making it for Queensland</p> <p>Protecting the environment</p> <p>Growing our regions</p> <p>Building Queensland</p> <p>Honouring and embracing our rich and ancient cultural history</p>



About us

Department's service areas (2022–23 SDS)	Department's objectives	Government's objectives for the community
<p>QBuild</p> <p>To support Queensland regional job creation and partner with Queensland Government agencies to deliver their core services, by providing statewide planning, building and maintenance services that utilise local suppliers and QBuild apprentices</p>	<p>Building for Queensland's future</p> <p>Be the trusted experts to government and industry for excellence in building and design, industry regulatory reform, and government building and accommodation</p>	<p>Supporting jobs</p> <p>Backing small business</p> <p>Making it for Queensland</p> <p>Investing in skills</p> <p>Backing our frontline services</p> <p>Protecting the environment</p> <p>Growing our regions</p> <p>Building Queensland</p> <p>Honouring and embracing our rich and ancient cultural history</p>
<p>QFleet</p> <p>To provide a central pool of expertise in fleet management and fleet management services, to enable government and government-funded organisations to safely deliver frontline services to the community</p>	<p>Nation-leading procurement</p> <p>Prioritise Queensland businesses and jobs through leading-edge procurement practices that consider environmental, social and governance factors</p>	<p>Protecting the environment</p> <p>Backing our frontline services</p>

Our values drive our delivery



Customers first—putting customers first: by understanding our customers at all levels and delivering what matters



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



Unleash potential—unleashing potential: by being clear about our vision and continuing to challenge ourselves



Empower people—empowering people: by leading by example within an integrated department



Be courageous—being courageous: by taking calculated risks to achieve better outcomes



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



Whole-of-government plans and specific initiatives

The department has the following specific-purpose plans:

- *Aboriginal and Torres Strait Islander Advancement Framework 1 January 2021–31 December 2023*
- *Business Continuity Plan*
- *Disability Service Plan 2022–25*
- *EPW ICT Disaster Recovery Plan 2022–23*
- *EPW Inclusion and Diversity Strategy 2021–2023*
- *EPW Strategic Workforce Plan*
- *Fraud and Corruption Control Plan*
- *Healthy and Safe Workforce Action Plan 2022–24*
- *ICT Pipeline and Work Plan*
- Procurement category strategies for Building Construction and Maintenance and General Goods and Services
- *Waste Reduction and Recycling Plan 2022–25*

The department leads the following whole-of-government initiatives:

- *Queensland Building Plan update 2021*
- *Queensland Energy and Jobs Plan*
- *Queensland Government Building Policy Framework*
- *Queensland Procurement Policy 2023*
- *Queensland Procurement Strategy 2023—Jobs, Economy, Legacy and Confidence*
- *Queensland Government's Zero Emission Vehicle Strategy 2022–2032 (ZEV Strategy) and Action Plan, 2022-2024 (Action Plan)*
- *QFleet Electric Vehicle Transition Strategy 2023–2026*
- *QFleet Environmental Strategy*



National agreements and national partnership agreements

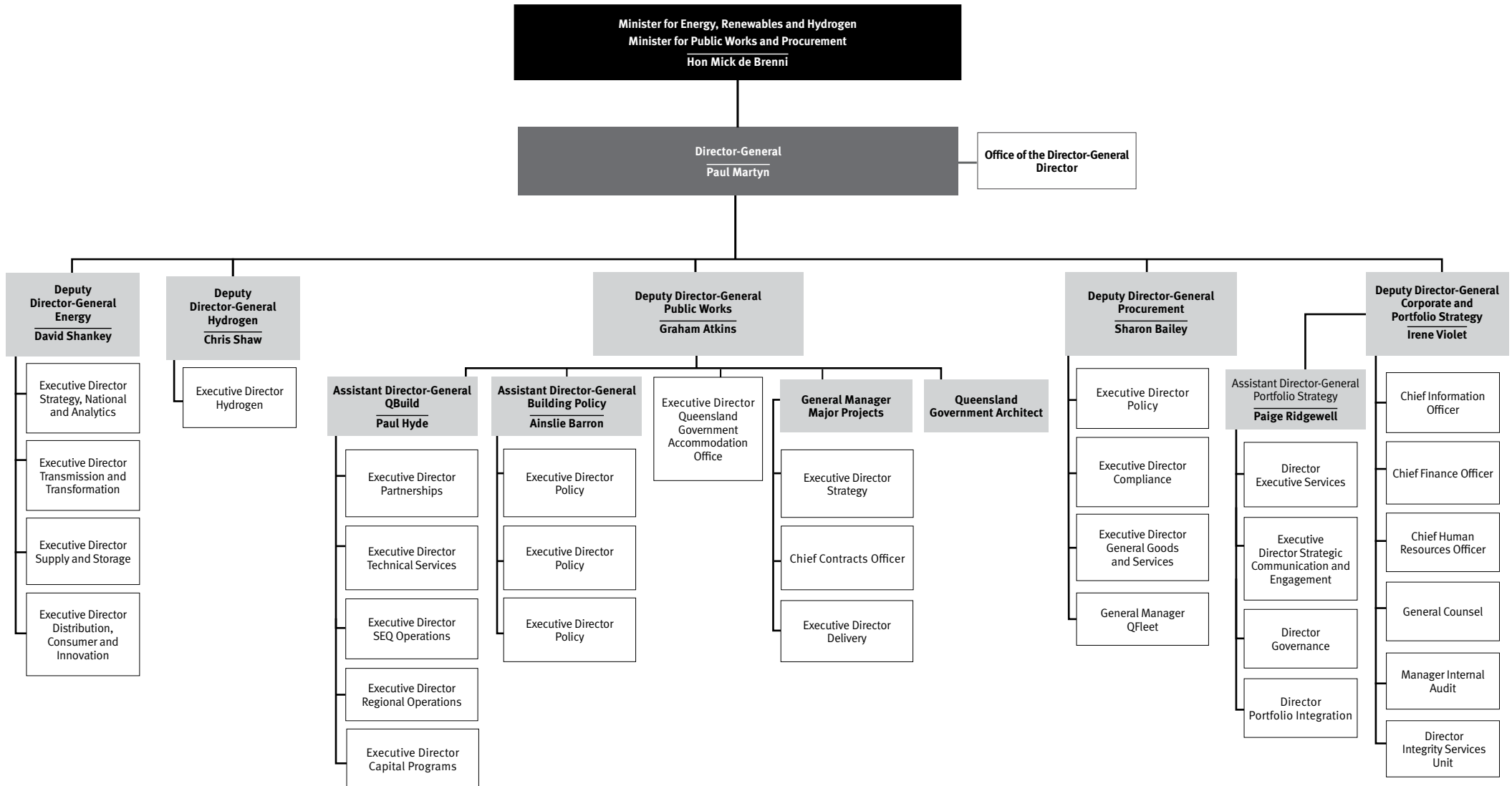
In 2022–23, the following activities occurred to progress Queensland’s national commitments:

- Two meetings of the Building Ministers’ Meeting, comprising the Australian Government and state and territory government ministers with responsibility for building and construction, which oversees policy and regulatory issues impacting Australia’s building and construction industries. Key priorities in 2022–23 included furthering work to ensure new homes are fit for the future and designed and built to be more accessible and more sustainable; facilitating implementation of these changes; and establishing future priorities.
- Engagement with the Australian Government and state and territories on the National Renewable Energy Supply Chain Action Plan on national priorities to strengthen supply chain resilience and manufacturing sovereignty as a key deliverable under the National Energy Transformation Partnership.
- Multiple meetings and decisions of the Energy Ministers’ Meeting, and the establishment of a new Energy and Climate Change Ministerial Council and Energy Ministers’ Sub-Group, Ministerial forums for the Commonwealth, states and territories to work together on priority reforms and resilience of the energy sector and climate change.
- Key energy work programs in 2022–23 included measures to ensure reliability and security of the electricity grid and a new National Energy Transformation Partnership.
- Energy Ministers also agreed to amendments to the national energy laws to incorporate an emissions reduction objective into the National Electricity Objective, National Gas Objective and National Energy Retail Objective, and amendments to the National Gas Law and Regulations to bring hydrogen, hydrogen blends, biomethane and other renewable gases under the national gas regulatory framework.
- Ministers also implemented reforms to help manage east coast gas supply adequacy and settle and restore confidence in the market in both the short and medium term, in response to market volatility in June 2022.



Organisational structure

Department of Energy and Public Works organisational structure as at 30 June 2023



Our strategic objectives

The department made notable progress to achieve its three strategic objectives: Power. Build. Buy. This section showcases our achievements against our strategic objectives in our *Strategic Plan 2022–2026*.

Our 2022–23 highlights



Power

- Supported the government to release the *Queensland Energy and Jobs Plan* and SuperGrid Blueprint, outlining how Queensland's energy system will transform to deliver clean, reliable and affordable energy to provide power for generations. This work received the overall Premier's Award for Excellence and the award for the 'More jobs in more industries' category at the 2022 Premier's Awards for Excellence.
- Commenced delivery of key actions in the *Queensland Energy and Jobs Plan*, including the release of a Draft Regional Energy Transformation Partnerships Framework, the establishment of Queensland Hydro to deliver world-class, large-scale Pumped Hydro Energy Storage (PHES), a *Sustainable Liquid Fuels Strategy* options and opportunity paper, Microgrid Pilot Fund guidelines, supported progression of the Borumba Pumped Hydroelectricity Scheme to Financial Investment Decision, and delivered roadshow events in locations across Queensland.
- Delivered a \$175 Cost of Living energy rebate to more than 2.1 million households across Queensland as energy bill relief.
- Centrally held \$35 million for feasibility works on further pumped hydro energy storage sites. Subsequently, in June 2023 decided, subject to environmental approvals, to build the Borumba pumped hydro energy storage project; and as part of the decision, the Queensland Government committed \$6 billion to progress the project.
- Developed and released the Queensland Government's *Enabling Queensland's Hydrogen Production and Export Opportunities* report which details the state's significant potential for a renewable hydrogen export industry in key locations.



Build

- Continued to deliver \$519.2 million housing construction package to accommodate essential frontline workers in Queensland's regional and remote communities.
- Developed an *Electric Vehicle Infrastructure Plan* as part of the *Queensland Jobs and Energy Plan* to make government buildings ready under the *Zero Emission Vehicle Strategy 2022–2032*
- Developed an Emissions Baseline Study to support government's commitment to achieving zero net emissions by 2050 for its commercial and residential portfolio.



Our strategic objectives

- Continued to deliver the \$741 million Resilient Homes Fund, jointly funded (50:50) by the Queensland and Australian governments, with approximately 5,000 active registrations of interest received and more than 90% of home assessment completed. This is the first household resilience program of its kind to ever be offered in Australia with the potential to change Queenslanders' lives and to enhance resilience to flooding.
- Coordinated the \$14.5 million demolition of the stadium infrastructure and site restoration at the Willow Sports Field (formerly 1300 Smiles Sports Stadium).



Buy

- Developed and launched *Buy Queensland 2023* including the *Queensland Procurement Strategy 2023 - Jobs, Economy, Legacy, Confidence* and *Queensland Procurement Policy 2023*, strengthening support for local supply chains and building Queensland's economic resilience, whilst creating more jobs in more industries.
- Established the Tripartite Procurement Advisory Panel—Australia's first independent panel to advise on ethical procurement for government suppliers, driving genuine, secure ongoing jobs with fair pay and safe working conditions for Queenslanders.
- Achieved the target of 288 electric vehicles (EVs) in the fleet by December 2022. QFleet exceeded its target with a total of 494 EVs active and on order by the end of December 2022, completing its delivery of the *2018 QFleet EV Transition Strategy*.
- Successfully completed implementation of the new QFleet fleet management system to deliver greater value and better system support for end-users, while meeting the future fleet management needs of the Queensland Government.



Our strategic objectives

Objective one: Power

An affordable, cleaner energy future

Ensure reliable, sustainable and affordable energy services are delivered to Queenslanders and support the growth of the hydrogen industry

We deliver this strategic objective through our Energy and Hydrogen divisions, by the following strategies:

- Set the foundations
- Energy system of the future
- Opportunities for communities and industries
- Empowered customers
- Hydrogen leader.

Strategic objective performance indicator	2022–23 target	2022–23 actual
Renewable energy as percentage of total energy consumed in Queensland ¹	23%	26%
Average time to assess electricity and gas licences ²	<120 days	69 days
Increased investment in renewable energy in Queensland	Improved performance	174 projects

Notes:

1. The favourable variance between the 2022–23 actual and the 2022–23 target and the published 2022–23 estimated actual (24.1%) is due to a range of factors. The primary factor is a significant change in weather conditions, reflected by the reversion from a La Nina weather condition through most of 2022 to the current El Nino alert condition issued by the Bureau of Meteorology. This change in weather has had the effect of increasing electricity produced by solar PV systems.
2. The favourable variance between the 2022–23 actual and the 2022–23 target and the published 2022–23 estimated actual (73 days) is the result of improved efficiency when processing and assessing applications.



Our strategic objectives

Queensland Energy and Jobs Plan community engagement events

In September 2022, the Department of Energy and Public Works launched the *Queensland Energy and Jobs Plan*.

Since its launch, it has been a priority of the Energy division to engage with communities across Queensland to inform them about the plan and what the energy transformation means for their region.

The plan outlines the state's pathway to a clean, reliable, and affordable energy system, to provide power for generations.

Extensive engagement has been achieved through a series of community events held in urban and regional communities throughout the state. The first took place in Toowoomba in November 2022, with others held in the first half of 2023, in areas including Mackay, Emerald and Gladstone.

The events ranged from having a presence at established community events to two stand-alone Queensland Energy and Job Fairs held in Townsville and Brisbane. Both events were well attended and featured interactive displays, information booths, and activities hosted by Queensland Government agencies and government-owned corporations.

Attendee feedback was overwhelmingly positive with many interested in hearing about the employment and economic opportunities that renewable energy projects would bring to their region.

The community events provided a valuable opportunity for the department to achieve meaningful engagement with Queenslanders and to demonstrate how the plan would drive job growth and create clean, reliable, and affordable energy for the state.

Our achievements 2022–23

Setting the foundations

We released the *Queensland Energy and Jobs Plan* to transform Queensland's supply, grid and storage, and progressed towards our renewable energy and whole-of-government emissions targets by:

- launching the \$62 billion *Queensland Energy and Jobs Plan* (QEJP) that outlines a number of key actions to deliver clean, reliable and affordable power for generations of Queenslanders. The QEJP puts Queensland on a path to achieve 50% renewable energy by 2030, 70% by 2032 and 80% by 2035. These targets and associated actions will contribute significantly to Queensland's 2030 interim emissions reduction target
- releasing the draft *Energy (Renewable Transformation and Jobs) Bill 2023* for a four-week public consultation. The draft bill seeks to legislate key commitments from the QEJP (for example, renewable energy targets, public ownership commitment and Job Security Guarantee), create the infrastructure frameworks to build Queensland's SuperGrid and Renewable Energy Zones, and establish the right governance and advisory bodies to support a smooth, coordinated energy transformation
- working collaboratively with national, state and territory governments to shape the national energy transformation agenda, and ensure Queensland's interests are proactively represented and the benefits to Queenslanders are maximised
- opening the \$10 million Queensland Microgrid Pilot Fund to improve resilience of electricity supply in regional Queensland in extreme weather events
- releasing the sustainable liquid fuels strategy options and opportunities consultation paper to commence consultation of the fuels strategy, an action under the QEJP.



Our strategic objectives

An energy system of the future

We continued a range of renewable energy projects and investment in networks by:

- outlining in the QEJP a pathway to 70% renewable energy for Queensland by 2032 while providing affordable and reliable energy for all Queenslanders
- supporting energy government-owned corporations (GOCs) to invest in Queensland's renewable energy and hydrogen future via the \$4.5 billion Queensland Renewable Energy and Hydrogen Jobs Fund (the Fund). During 2022–23, \$2.7 billion was allocated from the Fund, including:
 - \$563.5 million for CS Energy's wind investments in Central Queensland
 - \$330 million for CleanCo's Swanbank Battery
 - \$85.5 million for CS Energy's Brigalow Hydrogen-ready Gas Peaking Plant
- securing funding to build the Borumba pumped hydro energy storage (PHES) project subject to environmental approvals, and progressing detailed studies into Pioneer-Burdekin PHES, supporting the delivery of clean, affordable and reliable energy
- releasing the Queensland SuperGrid Infrastructure Blueprint which outlines the optimal infrastructure pathway to transform Queensland's electricity system to deliver clean, reliable and affordable power for generations
- acquiring the CopperString project to commence development under state-ownership through Powerlink Queensland, connecting the North West Minerals Province to the National Electricity Market near Townsville, supporting connection of northern renewable energy and critical minerals projects
- working with energy GOCs to implement long term business strategies to achieve the SuperGrid Infrastructure Blueprint inclusive of the objectives for renewable energy generation targets, maintaining majority government ownership and gradual conversion of all publicly-owned coal-fired power stations into clean energy hubs by 2035
- releasing the Sustainable Liquid Fuels Options and Opportunities paper to commence stakeholder consultation that will form a key foundation for development of a sustainable liquid fuels strategy in 2024, which will support increased use of sustainable liquid fuels to accelerate decarbonisation throughout the transition from fossil-based liquid fuels to next-generation fuels, hydrogen, and electrification
- continuing to work across the Queensland Government to grow Queensland's renewable energy supply chain.

Opportunities for communities and industries

We promoted the opportunities created from the energy system transformation by:

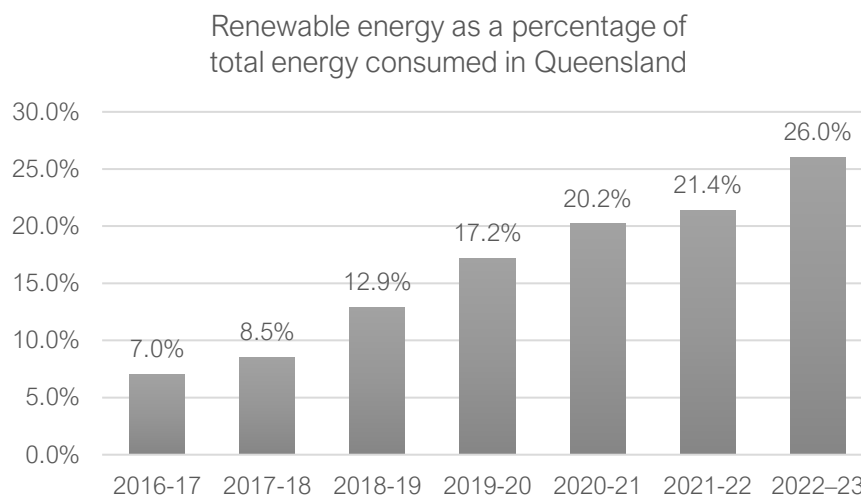
- releasing guidelines and opening the application process for the \$10 million Queensland Microgrid Pilot Fund to support communities on the edge of the electricity grid to deliver shovel-ready microgrid projects and support future projects
- releasing the draft Regional Energy Transformation Partnerships Framework and carrying out public consultation to drive better social outcomes from investments in Queensland's energy transformation
- including in the exposure draft of the *Energy (Renewable Transformation and Jobs) Bill 2023* proposed legislative changes necessary for Queensland to deliver the energy transformation in a coordinated way, while safeguarding workers and promoting community benefits of a clean energy system
- convening the Ministerial Energy Council (MEC) four times in 2022–23. The MEC brings together leaders from the energy sector, industry bodies, consumer groups, unions, and government to foster greater collaboration with the energy sector and discuss major energy policy issues affecting Queensland



Our strategic objectives

- hosting information booths at ten community and industry events across the state, including key events in Toowoomba, Townsville and Brisbane, allowing Queenslanders to ask questions about the energy transformation opportunities for regional communities.

Graph: Renewable energy as a percentage of total energy consumed in Queensland



Empowering customers

We promoted and empowered customers to be part of Queensland's energy transformation in their homes and businesses by:

- delivering a \$175 Cost of Living energy rebate to more than 2.1 million Queensland households as energy bill relief
- delivering the \$623.1 million Community Service Obligation to support equitable electricity prices for regional Queensland customers and support GOCs delivery

Hydrogen leadership

We pursued becoming a hydrogen leader and supporting growth of the hydrogen industry by:

- developing and releasing the Queensland Government's *Enabling Queensland's Hydrogen Production and Export Opportunities* report which details the state's significant potential for a renewable hydrogen export industry in key locations
- supporting the introduction of the Gas Supply and Other Legislation (Hydrogen Industry Development) Amendment Bill 2023 to Parliament to support effective regulation of hydrogen development by expanding Queensland's existing regulatory framework for pipelines to include hydrogen and other renewable gases
- commencing the implementation of Action 1.6 under the QEJP to grow the future renewable hydrogen industry, including commencing implementation of the:
 - \$15 million initiative to supercharge, coordinate and further plan for hydrogen hubs in key locations across Queensland
 - \$5 million renewable hydrogen awareness and engagement program
- supporting government-owned corporations (GOCs) to invest in Queensland's renewable energy and hydrogen future via the \$4.5 billion Queensland Renewable Energy and Hydrogen Jobs Fund, including:

Our strategic objectives

- \$15 million to Stanwell's Central Queensland Hydrogen project (CQ-H2) to commence the \$117 million Front End Engineering Design (FEED) study for Queensland's largest renewable hydrogen project; and
- \$28.9 million to CS Energy to deliver a hydrogen production facility, known as the Kogan Renewable Hydrogen Demonstration Plant
- supporting industry events, such as H2Q's Hydrogen Connect Summit, that support the growth of a hydrogen industry in Queensland and showcase Queensland Government's hydrogen activities
- supporting community events such as the Central Queensland University hosted, first annual Australian Hydrogen Grand Prix in Gladstone which provided secondary school students with hands-on experience designing, engineering, and racing hydrogen-powered remote-control cars
- working collaboratively with national, state and territory governments on national hydrogen priorities such as the Guarantee of Origin Scheme, Review of the National Hydrogen Strategy, Hydrogen Headstart Program and National Regulatory Review, and proactively representing Queensland's interests to support local industry and regional communities
- continuing to work with the Queensland Hydrogen Taskforce, government agencies and GOCs to support the accelerated growth of Queensland's renewable hydrogen industry
- representing Queensland in the Australian-Germany Energy Partnership delegation to Germany, attending the World Hydrogen Summit in Rotterdam, Netherlands, discussing our collaboration with the Centre for Zero Carbon Shipping in Copenhagen, and meeting with potential investors and the Energy Markets Authority in Singapore.

Looking forward to 2023–24

We will continue to work to realise and support government priorities by:

- implementing key measures under the *Queensland Energy and Jobs Plan* to support an optimal pathway to support affordable, reliable and renewable energy and jobs. These include:
 - the introduction of a new legislative framework for the Queensland Government's renewable energy targets and renewable energy zones
 - preparation of the first annual market snapshot
 - commencement of new customer facing programs to reduce household bills and drive savings for small businesses
 - action to facilitate private investment in energy infrastructure
 - implementation of the Queensland Energy Workers' Charter and the Job Security Guarantee Fund
- continuing to support detailed studies into the Pioneer-Burdekin pumped hydroelectric energy storage (PHES) in order to provide government with a detailed assessment report in mid-2024
- delivering a Cost of Living rebate:
 - \$700 on electricity bills for vulnerable households, plus a further \$372 under the Queensland Electricity Rebate Scheme, bringing total rebates for Queenslanders doing it toughest to \$1,072 in 2023–24
 - \$650 on electricity bills in 2023–24 for around 205,000 eligible small businesses, cutting the cost of doing business in Queensland
 - continuing to provide concessional support and rebates to Queensland electricity customers to reduce cost of living pressures and work with the Australian Government to secure funding to progress initiatives under the *Queensland Energy and Jobs Plan*



Our strategic objectives

- delivering a combined \$70 million to deliver energy efficiency measures and advice to tens of thousands of eligible Queensland households to directly support energy efficient appliances and household batteries, keeping costs down for households, enabling more choice and greater energy equity for other initiatives to keep costs down for households, enable more choice and greater energy equity
- continuing to undertake actions to support Queensland's renewable energy targets of 50% renewable energy by 2030, 70% renewable energy by 2032 and 80% renewable energy by 2035
- building connections with industry and the community to inform Queenslanders about the opportunities of our renewable energy future, including hydrogen, and lay the foundations for social licence
- investing \$7 million towards the industrial precinct known as the Barcaldine Renewable Energy Zone (BREZ), with funding to go towards the costs of the common user infrastructure, including road access, water and sewage infrastructure to support the establishment of the BREZ precinct
- continuing to progress the development of the Queensland Renewable Energy Procurement Policy
- working with the Department of State Development, Infrastructure, Local Government and Planning to progress the Hydrogen Industry Strategy 2024–2028 to provide the next steps for Queensland's renewable hydrogen industry
- continuing to implement the commitment to invest \$15 million to supercharge, coordinate and further plan for hydrogen hubs in key locations across Queensland
- rolling out the \$5 million program to communicate the benefits of hydrogen and lift awareness in communities including finalising plans for a Gladstone Community Information Hub for hydrogen
- playing a lead role in whole-of-government coordination for hydrogen including through the Hydrogen Development Sub-Committee of the Ministerial Energy Council, the Hydrogen Interdepartmental Committee and a range of other initiatives
- leading and coordinating government actions to support the growth of a safe and sustainable renewable hydrogen industry, including by progressing the development of strong policy and legislative frameworks.



Our strategic objectives

Objective two: Build

Building for Queensland's future

Be the trusted experts to government and industry for excellence in building and design, industry regulatory reform, and government building and accommodation

We deliver this strategic objective through our Public Works division, including the Commercialised Business Unit of QBuild, by the following strategies:

- Building and design
- Rebuilding QBuild
- Building sustainability and resilient homes
- Greater diversity
- Building regulation.

Strategic objective performance indicator	2022–23 target	2022–23 actual
Energy performance – percentage of occupied government office accommodation achieving a rating ≥ 5 star under the National Australian Built Environmental Rating System ¹	80%	74%
Client satisfaction with QBuild ²	-	-
Outsourced maintenance spend on QBuild's clients' facilities with local Zone 1 suppliers	80%	81.5%
Successful QBuild apprentice completions ³	60%	85%
Local workers inducted on major project sites ⁴	85%	94%

Notes:

1. The variance between the 2022–23 target and the 2022–23 actual is due to reduced building occupancy while energy is still consumed to maintain core building functions, decreasing building performance of the portfolio.
2. QBuild Client Satisfaction is not presented as this is a biennial service standard with the next survey to be undertaken in 2023–24.
3. The target is based on a combination of historical QBuild data and Queensland construction skills industry data. For the 2022–23 actual, QBuild uses a predicted completion rate formula to provide a forecasted representation of the completion rate. A revised completion rate formula will be used once all apprentices from the initial 2018 intake have completed their training.
4. The favourable variance between the 2022–23 target and the 2022–23 actual is due to our buy local agenda and working closely with major contractors.



Our strategic objectives

Innovative approach to government housing

In response to statewide housing challenges, the department developed an innovative approach to building government housing for regional communities.

Through QBuild's Rapid Accommodation and Apprenticeship Centre in Brisbane, government tradespeople and apprentices are building prefabricated modular homes using Modern Methods of Construction.

Their goal is simple: build more high-quality homes in less time, with innovation and training at the core.

The homes are destined for locations such as Miriamvale, Capella, Emerald and South Gladstone, where they will provide affordable social housing and homes for frontline government workers like teachers, nurses and police officers.

The architecturally designed homes use sustainable materials and finishes, and meet the standards of the new National Construction Code 2022 for energy-efficiency and accessibility.

QBuild also has partnerships in place with 11 modular home manufacturers to supplement production.

The homes can be stored offsite, ready to be transported to regional communities on demand.

This approach is able to reduce construction costs and delivery timeframes, allowing QBuild to create a sustainable pipeline of well-designed and affordable housing options, while easing the housing pressure in regional and remote rental markets.

Our achievements 2022–23

Excellence in building and design

We continued to lead contemporary and innovative building design, address industry challenges and support major building projects by:

- investing \$87.8 million in the delivery of critical housing for frontline staff such as police, health workers and teachers in remote locations, as well as renew and upgrade current owned assets
- delivering 266 social houses in partnership with the Department of Housing, boosting the social housing portfolio in regions, supporting those in need within the local community and employing tradespeople and apprentices
- continuing the delivery of significant capital works such as the Cairns Convention Centre Expansion, new Performing Arts Precinct, Southern Queensland Correctional Precinct Stage 2, new Youth Detention Centres and the Satellite Hospital Program
- supporting the delivery of Project Validation reports on sporting and stadium infrastructure
- collaborating with Queensland Library to celebrate the 160th anniversary of Public Works through a site showcasing a selection of places designed, built or managed by Public Works over the past 160 years
- continuing the development and implementation of a Centre of Excellence for project and contract management, providing whole-of-government guidance, training and support
- delivering the Resilient Homes Fund and providing education to homeowners and the building industry on available resilience options including enhancing resilience, retrofitting and raising homes



Our strategic objectives

- assisting homeowners under the Resilient Homes Fund to find a builder through strategies such as establishing a register of contractors skilled in resilience work, automated quotation tools to streamline processes, engaging industry stakeholders and delivering education forums to increase awareness of the program with contractors
- leading inter-jurisdictional collaboration on learnings in building household resilience, with New South Wales, Victoria and South Australia modelling their resilience responses on the Resilient Homes Fund
- sponsoring the publication of 'Light, Space, Place – the Architecture of Robin Gibson', the first book to be published about the architect of some of Brisbane's most important civic and commercial environments.

Rebuild QBuild

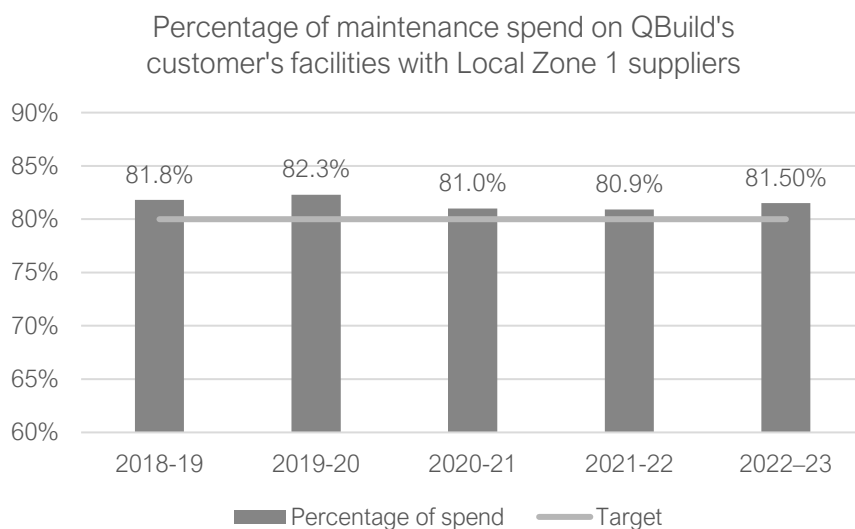
We continued to Rebuild QBuild by leveraging a strong, skilled and diverse workforce for whole-of-life asset management of government buildings through:

- commencing program implementation of Rebuild QBuild phase 2, announced on 1 May 2023 by the Premier and Minister for the Olympic and Paralympic Games, which will see growth of up to 1,000 tradies and apprentices across Queensland by 30 June 2026
- employing an additional 32 apprentices as part of the QBuild Apprenticeship Program which was revitalised in 2018 and the Rebuild QBuild initiative, which was supported in 2019. These apprentices are equally based within regional and south-east Queensland
- continuing to strengthen QBuild's regional footprint, creating more jobs for trade-qualified staff and providing training for apprentices which will help address longer term trade skills shortages in our regions
- undertaking rapid damage assessments of government buildings following the flooding in early 2023 in far north Queensland to help communities get back on their feet
- continuing restoration works at Newstead House, Queensland's oldest European home built in 1846
- restoring the gravesite of prominent Queensland architect George Henry Male Addison (1857–1922) who designed several of Queensland's historic buildings, including the Mansions at 40 George Street in Brisbane and the Old Museum building nearby in Bowen Hills—project was completed in January 2023
- establishing the QBuild Rapid Accommodation and Apprenticeship Centre at Eagle Farm in August 2022, replacing the old Northgate depot. The facility will be a hub for Modern Methods of Construction where prefabricated homes will be constructed and bring more housing supply into the market quicker, whilst training a new generation of apprentices. These residences will become homes for essential workers across regional Queensland such as teachers, nurses, and police officers
- developing long-term inter-agency agreements with other Queensland Government agencies to maximise service value and deliver programs and projects on time and on budget
- ensuring a safe work environment for our staff, contractors, and the community – including employing 20% female and 6.8% First Nations apprentices at QBuild.



Our strategic objectives

Graph: Percentage of maintenance spend on QBuild's customer's facilities with Local Zone 1 suppliers



Building sustainability and resilient homes

We improved our sustainable building practices and built resilience by:

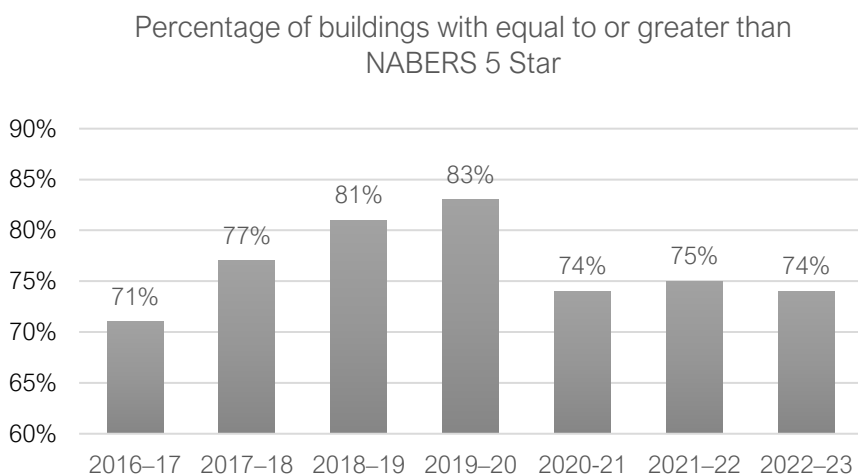
- showcasing resilient building materials and their benefits at the annual Brisbane Home Show 2023, providing attendees with an opportunity to see and touch the products that will assist to reduce damage to buildings in future flooding events
- developing an Emissions Baseline Study to support the government's commitment to achieving zero net emissions by 2050 for its commercial and residential portfolio
- continuing the delivery of the \$741 million Resilient Homes Fund to provide eligible Queenslanders, whose homes have been badly damaged by the 2021–22 floods, with resilient options to repair, retrofit, raise or demolition and rebuild their impacted home. Grants will increase during the 2023–24 financial year as impacted homeowners progress outcomes from home assessments and engage with building contractors to undertake resilience work
- completing over 4,700 Resilient Homes Fund home assessments, requiring an assessor to visit each property to create a unique Home Assessment Report for every homeowner
- working in partnership with Master Builders Queensland to encourage builders to support flood-impacted homeowners. The Resilient Homes Fund team conducted over 40 activities specifically for industry and builders at events across flood-affected areas including Brisbane, Gold Coast, Sunshine Coast, Hervey Bay, Bundaberg, Rockhampton and Toowoomba. A range of resources were provided to support their resilience work with homeowners
- developing the *Industry Guidance for Flood Resilient Homes* publication to educate industry on innovative, practical and affordable solutions for adapting Queensland homes to be more flood resilient
- continuing to deliver the Queensland Government's Household Resilience Program. In partnership with the Department of Housing, Phase 3 of the program commenced in August 2022, with 843 grants awarded and \$11.9 million in total works completed. This includes over \$6 million in grant funding in 2022–23, supporting 579 homeowners to improve the resilience of their homes against cyclones and support local jobs. The program is due to conclude in June 2024
- as a first-of-its-kind program, the Resilient Homes Fund has been working in partnership with key stakeholders on policy development, regulatory amendments and implementation of processes to ensure grant funding is provided in an equitable, transparent and accountable manner



Our strategic objectives

- continuing to work with national bodies such as the Insurance Council of Australia, the National Emergency Management Agency and state level agencies including the Queensland Reconstruction Authority, building policy and other government agencies to ensure learnings from the Resilient Homes Fund program assist building greater resilience across the state and nationally
- working with the Queensland Building and Construction Commission (QBCC) to create a register for builders who are knowledgeable in resilient design and who can provide services to homeowners in need
- building unique government partnerships with Insurance Council Australia, Suncorp, RACQ, QBE Insurance and Insurance Australia Group to enable homeowners to have resilience works delivered at the same time as insurance repairs
- working with stakeholders and other jurisdictions to determine appropriate transitional arrangements for the Modern Homes provisions of the National Construction Code 2022.

Graph: Percentage of building equal or greater than NABERS 5 Star



Building regulation reform

We delivered policy and legislative reforms to improve the safety and fairness of the building and construction industry and protect Queenslanders through:

- continuing to deliver reforms from the *Queensland Building Plan update 2021* and government commitments setting the long-term strategic direction for the industry and creating a platform to support future job opportunities and economic growth
- supporting an independent panel which delivered its final report in April 2023, examining the financial and operational capacity, ethical behaviour and work practice of developers
- working with the QBCC to implement outcomes of the independent review of the QBCC's governance arrangements, to ensure Queensland's building industry regulator is contemporary, fit-for-purpose and reflects best practice
- continuing the review of the Queensland Home Warranty Scheme to strengthen the scheme and promote certainty, equity, fairness and transparency in its operation
- supporting industry readiness for further expansion of the trust account framework to the private sector, including regarding the availability of compliant, readily available software solutions.



Our strategic objectives

Looking forward to 2023–24

We will continue to work to realise and support government priorities by:

- continuing to invest in the delivery of safe and secure government employee housing as part of the government's commitment to attract and retain key frontline staff such as police, health workers and teachers in remote locations, as well as renew and upgrade current owned assets
- continuing to Rebuild QBuild by strengthening its regional footprint, creating more jobs for trade-qualified staff and providing training for apprentices which will help address longer term trade skills shortages
- delivering the Modern Methods of Construction (MMC) program, in partnership with the MMC industry, to fast track the delivery of much needed housing for essential workers and vulnerable Queenslanders, increase housing supply and put downward pressure on housing and rental costs for the community
- continuing to deliver professional management of the government's delivery of new significant capital works programs such as a new Youth Detention Centres, Beaudesert and Toowoomba Courthouses and the Bundaberg East Levee
- partnering with other agencies that are working on the new Youth Justice building programs and supporting the delivery of the Brisbane 2032 infrastructure projects program of works
- continuing delivery of the Resilient Homes Fund to ensure that Queenslanders impacted by the 2021–22 flooding events access funds to enhance the resilience of their homes to future flooding events, through the resilient retrofit or home raise programs
- working with the building industry to support homeowners under the Resilient Homes Fund, including creating design guidelines and templates for builders to make the process approval faster, online registers to link homeowners with builders and providing education to help homeowners and industry understand how the Resilient Homes Fund works and the purpose of resilient reconstruction
- in consultation with industry, continuing implementation of the *Queensland Building Plan update 2021* priorities by considering licensing frameworks, strengthening the Queensland Home Warranty Scheme and security of payment in the building industry, and improving the safety and quality of buildings, including by progressing reforms within the National Construction Code 2022
- continuing to apply the *Queensland Procurement Policy 2023* by engaging and utilising local suppliers to support Queensland regional jobs and economies
- growing our trade-based workforce by up to 150 staff including 30 apprentices and implement ongoing workforce strategies to grow QBuild to 1,000 trade and apprentice positions by 2026, creating new skilled labour for the state's building industry
- progressing a high-quality apprenticeship program ensuring a skilled workforce to deliver government construction and maintenance services and effective natural disaster responses
- ensuring a safe work environment for our clients, contractors and the community
- commencing the rollout of the \$30 million Electric Vehicle Infrastructure program as part of the *Queensland Jobs and Energy Plan* to make government buildings ready under the *Zero Emission Vehicle Strategy 2022–2032*
- continuing to deliver the \$519.2 million housing construction package to accommodate essential frontline workers in Queensland's regional and remote communities
- delivering the Environmental Strategy to support government's commitment to achieving zero net emissions by 2050 for its commercial and residential portfolio.



Our strategic objectives

Objective three: Buy

Nation-leading procurement

Prioritise Queensland businesses and jobs through leading-edge procurement practices that consider environmental, social and governance factors

We deliver this strategic objective through Queensland Government Procurement, and through the Commercialised Business Unit of QFleet, by the following strategies:

- Being a government procurement leader delivering excellent outcomes through policy and practice
- Fleet – fleet management leader
- Strong industry.

Strategic objective performance indicator	2022–23 target	2022–23 actual
Eligible QFleet passenger vehicles to be zero emissions by 2026 ¹	>7%	30.7%
Overall customer (agency) satisfaction with enabling activities	90%	87%

Notes:

1. QFleet's objective is to achieve 100% eligible QFleet passenger vehicles to be zero emission by 2026. Eligible vehicles are to be transitioned to electric vehicles (EVs) at end of lease. QFleet's target is to increase the percentage of EVs on the previous year until 2026. The percentage of EVs includes the number active in fleet and on order awaiting delivery.



Our strategic objectives

Buy Queensland 2023

In 2023, the Department of Energy and Public Works released an evolved version of its nation-leading *Buy Queensland* approach to deliver even greater value from its \$20 billion annual procurement spend.

The *Buy Queensland* approach comprises the *Queensland Procurement Strategy 2023—Jobs, Economy, Legacy, Confidence* and *Queensland Procurement Policy 2023*.

Introduced in 2017, *Buy Queensland* uses the power of procurement to provide goods and services while creating positive change for Queenslanders.

Buy Queensland 2023 ensures public spending helps strengthen the state's already strong economy and supports more jobs.

It requires Queensland Government agencies to prioritise procurement with small to medium-sized local businesses, especially in regional areas.

Buy Queensland delivered 28.96% (approximately \$5.78 billion) of procurement investment with Queensland small and medium enterprises for the period between 1 July 2021 and 30 June 2022, an annual increase of \$1 billion since 2019–20.

It also requires consideration of how public spending can support meaningful work for Aboriginal and Torres Strait Islanders, people with disability, and people from culturally and linguistically diverse backgrounds.

The latest enhancements to the procurement approach supports innovation and encourages businesses to adopt trials and pilot projects to deliver on a range of policy objectives to improve the lives of Queenslanders.

Suppliers will find requirements aimed at maximising local, social, environmental and ethical benefits have been streamlined and simplified.

They also have greater visibility of the government's forward pipeline of opportunities, including those supporting the *Queensland Energy and Jobs Plan* and building the nation's largest backbone transmission network, the new Queensland SuperGrid.

Our achievements 2022–23

A government procurement leader

We continued to be a government procurement leader delivering excellent outcomes through policy and practice by:

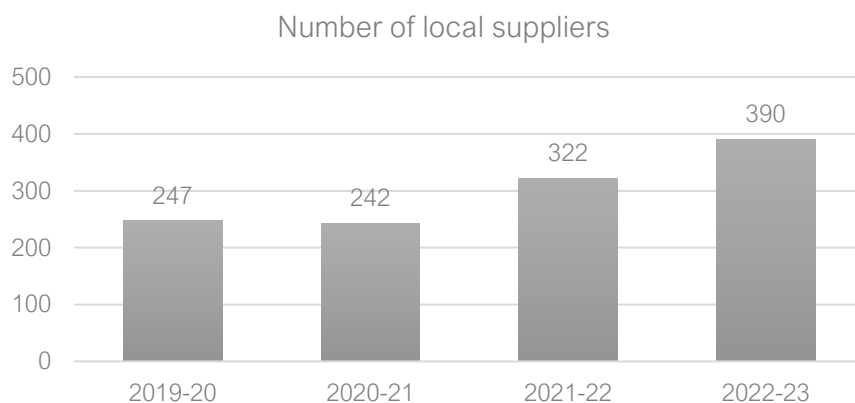
- prioritising local businesses and Queensland jobs through diverse supplier arrangements, providing nation-leading procurement advice, support, frameworks and tools, that enable government agencies to deliver economic, ethical, social and environmental benefits to Queensland
- launching *Buy Queensland 2023*, consisting of the *Queensland Procurement Strategy 2023 - Jobs, Economy, Legacy, Confidence* and *Queensland Procurement Policy 2023*. *Buy Queensland 2023* commenced on 1 June 2023 and is supported by a three-year implementation program
- hosting the second *Buy Queensland Buyer Awards* on 7 June 2023 to celebrate and recognise the work and determination of procurement and contract management practitioners who have demonstrated excellence in procurement
- hosting the third *Buy Queensland Supplier Awards* on 5 October 2022, recognising eight different businesses that supply to the Queensland Government, across four categories



Our strategic objectives

- hosting *Buy Queensland 2023* webinars for buyers to provide a comprehensive overview of the new policy and strategy, accompanied by a question and answer session
- expanding application of the Ethical Supplier Mandate to Government-Owned Corporations, Queensland Rail, Seqwater, Mount Isa Water Board and Gladstone Area Water Board to strengthen compliance by government suppliers in the Building Construction and Maintenance and Transport Infrastructure Services procurement categories of spend from 31 March 2023
- inaugurating the independent Tripartite Procurement Advisory Panel to review allegations of supplier non-compliance with the Ethical Supplier Threshold, provide advice and recommendations to government on the application of penalties under the Ethical Supplier Mandate and improve outcomes for workers on Queensland Government procurement projects
- launching the Procurement Compliance Portal that provides Queensland Government buyers with an online facility to check if a supplier is suspended from doing business with the government and assist with removing unethical suppliers from the government's supply chain
- developing and launching the Ethical Procurement Compliance Training program to equip government procurement and contract management professionals with knowledge and understanding of ethical procurement's fundamental principles and practices as per the Ethical Supplier Mandate and the Ethical Supplier Threshold
- hosting the Growing Queensland Business roadshow series to provide information on doing business with government, tendering tips for procurement, and the Brisbane 2032 Olympic and Paralympic Games
- updating procurement guides in response to Professor Peter Coaldrake's report, *Let the sunshine in - Review of culture and accountability in the Queensland public sector* to include updates to the Queensland Government Supplier Code of Conduct 2023.

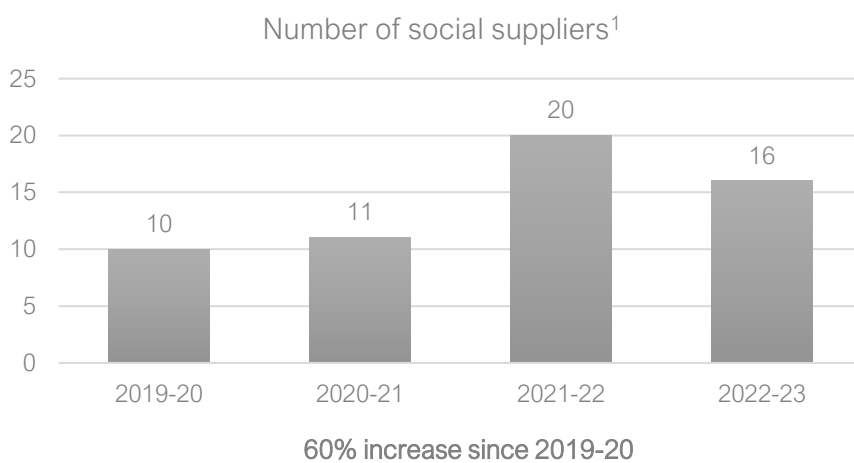
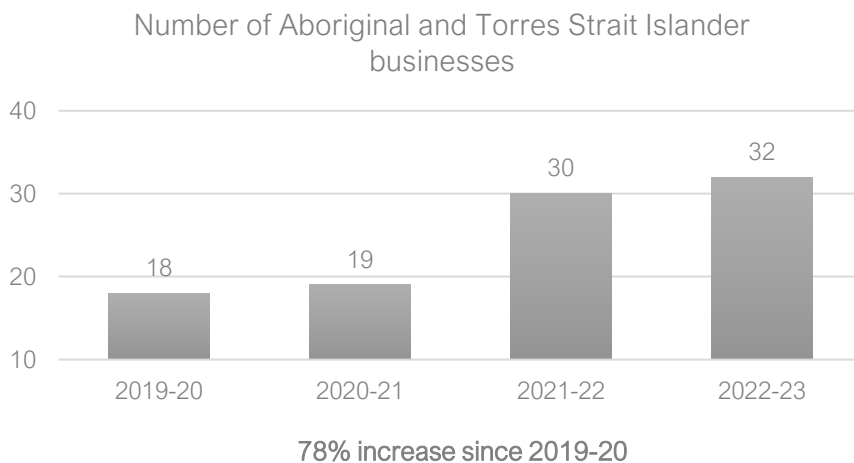
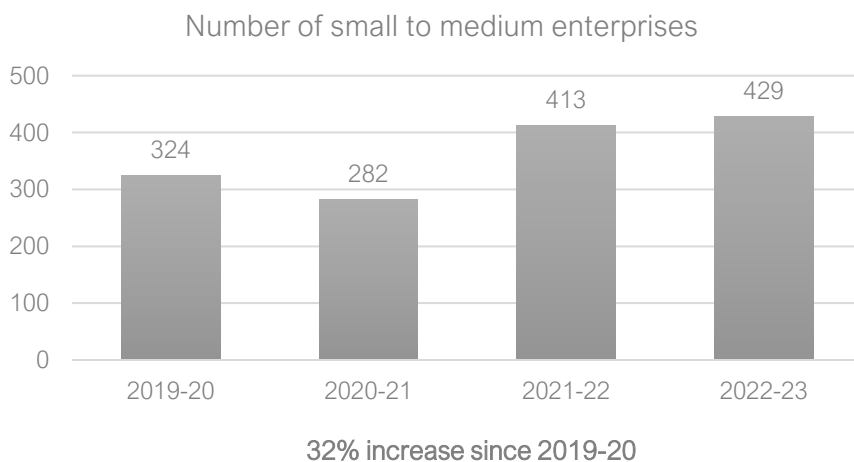
Graphs: Supplier diversity by type under Standing Offer Arrangements managed by General Goods and Services



58% increase since 2019-20



Our strategic objectives



Note:

1. EPW has strengthened its review processes to ensure suppliers meet the social enterprise criteria in 2022-23.



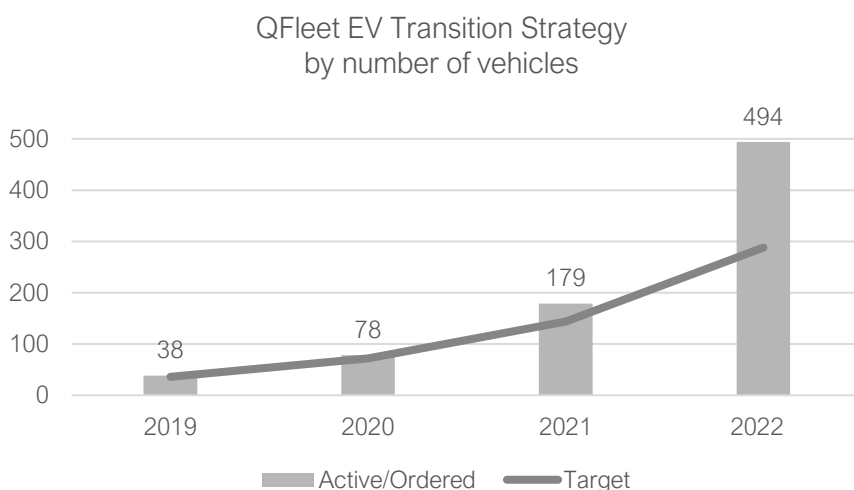
Our strategic objectives

QFleet – a fleet management leader

We continued to be a fleet management leader focusing on future mobility, fit-for-purpose vehicles, safety and efficiency by:

- successfully implementing the 2018–2022 QFleet Electric Vehicle Transition Strategy and exceeding the target of doubling electric vehicles (EVs) in QFleet’s fleet annually over four years, by delivering 494 EVs against a target of 288 by December 2022
- commencing the transition of 100% of eligible passenger vehicles to zero emission vehicles under the Zero Emission Vehicle Strategy 2022–2032
- increasing the range of environmentally responsible (low and zero emission) vehicles available to agencies for lease, further reducing the carbon footprint of the QFleet government fleet
- trialling five Hyundai NEXO hydrogen FCEVs over three years, with the intention to use ‘green’ hydrogen manufactured in Queensland
- expanding access to QFleet’s car share service with an increase in registered users of 35% since 1 July 2022
- achieving an estimated 56% reduction on its 30 June 2005 vehicle emission levels
- completing implementation of a new QFleet fleet management system, delivering greater value and better system support for end users
- contributing to community events, including hosting the second ‘EV Experience Day’, to promote electric and hydrogen powered vehicles to Queenslanders
- continuing to promote road and driver safety for Queensland Government employees in line with QFleet’s road safety initiatives.

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



Our strategic objectives

Charging ahead to our renewable energy future

Queenslanders are getting on board the electric vehicle (EV) revolution with as many as 1.6 million EVs expected on our state's roads by 2035. This is great news as we charge ahead to having 70% renewable energy by 2032.

To help meet that target and keep pace with the increasing move to EVs we are making sure we have enough charging sites across the state and an energy system that meets vehicle charging demands.

We already have the Queensland Electric Vehicle Super Highway and will add another 44 fast chargers across 30 towns by the end of 2024. And to supplement those charging sites, we are installing more than 250 EV chargers in government sites, like hospitals, training centres and museums, for the public to access.

Coupled with the Australian Government's roll out of chargers on major roads, this means Queenslanders will have access to EV chargers every 150km.

"Queenslanders will have access to EV chargers every 150km"

To make sure Queensland's energy system can meet these additional charging demands, we are trialling EV chargers in public transport commuter carparks at Eight Mile Plains and Coomera, to test and report on technical aspects and usage.

We are also working towards decarbonising the government's fleet vehicles, with QFleet on track to have 100% of its eligible passenger vehicles and SUVs as zero emission vehicles by 2026. After these vehicles have served their purpose in delivering government services, they will be available at public auction, increasing the availability of quality, affordable, second-hand EVs in the market each year.

Strong industry

We continued to build supplier capacity and deliver the *Buy Queensland* approach by:

- increasing opportunities for ethical Queensland small and medium enterprises, local businesses and social enterprises, along with Aboriginal and Torres Strait Islander businesses, to supply government
- launching *Buy Queensland 2023* which makes it easier for suppliers to do business with government through enhancing existing, and introducing new, measures such as streamlining and strengthening the local benefits approach, requiring debriefings to be offered to all tenderers, better visibility of future procurement opportunities and simplifying our procurement documentation
- hosting *Buy Queensland 2023* webinars for suppliers to provide a comprehensive overview of the new policy and strategy, and an opportunity for suppliers to ask questions about *Buy Queensland 2023* with a panel of subject matter experts with the aim of informing suppliers and helping build supplier capability.



Looking forward to 2023–24

We will continue to work to realise and support government priorities by:

- prioritising local businesses and Queensland jobs, by maturing procurement capabilities including providing advice, support (including to whole-of-government governance and engagement), frameworks and tools (including digital systems) that enable government agencies to make responsible public procurement choices and deliver economic, ethical, social and environmental benefits to Queensland
- increasing opportunities for diverse suppliers to participate in procurement, including for example, regional businesses, small and medium enterprises, Aboriginal and/or Torres Strait Islander businesses, social enterprises, women-owned and/or women-led businesses, businesses owned or operated by people with disability, and culturally and linguistically diverse suppliers
- improving procurement systems through development of a new supplier portal and contracts directory, that will improve visibility of procurement opportunities, remove duplication of information and make it easier, with reduced time and effort in the procurement process, for suppliers to engage with government
- continuing to support government agencies to achieve zero net emissions by 2050 through fleet efficiencies and the offering of low emission vehicle options
- continuing to deliver against the *QFleet Transition Strategy 2023–2026* and Queensland's *Zero Emission Vehicle Strategy 2022–2032* to transition 100% of its eligible fleet passenger vehicles to zero emission vehicles by 2026, increasing the percentage of zero emission vehicles in fleet each year
- implementing self-service reporting to QFleet customers providing greater access to systems and data to improve process efficiency and fleet management
- continuing implementation of *Buy Queensland 2023* through development of updated guidance material, and practice enhancements to assist buyers and suppliers
- continuing to recognise suppliers and buyers who demonstrate procurement excellence and are achieving positive economic, ethical, environmental, and social outcomes in local communities.



Our strategic objectives

Objective four: Together

EPW working together

Build a capable workforce with fit-for-purpose systems, and establish our department as an employer of choice with a strong and trusted brand

As a department, we deliver this strategic objective by the following strategies:

- Capable workforce
- Positive culture
- Fit-for-purpose systems
- Better connections
- Good governance.

Our efforts are detailed in the following sections describing our workforce and governance.

Strategic objective performance indicator	2022–23 target	2022–23 actual
Increase in staff completing human rights training ¹	Improved performance	279 employees
Improvement in Working for Queensland survey results ²	Improved performance	
Leadership		55%
Learning and development		27%
Health and Wellbeing		65%
Critical information assets with a current threat and risk assessment	75%	75%

Notes:

1. Comparative data is unavailable.
2. Comparative data is unavailable.



Our strategic objectives

Celebrating a proud heritage and big future

2022 marked the 160th anniversary of Public Works in Queensland.

The former Lands and Works Department was established in 1862 to oversee a rapid expansion of building works in Queensland, including the design and construction of many significant public buildings.

In the following 160 years, the department has made an incredible contribution to the state—creating places and spaces that enhance health, educate, celebrate culture, protect the environment and safeguard our people.

Public Works has supported the community during times of war, housing shortages, and natural disasters. It continues to leave an indelible mark on communities throughout this state with the delivery of high-quality public buildings.

Public Works is responsible for the design, construction, maintenance, and renovation of public buildings ranging from schools, hospitals and housing to cyclone shelters, ferry terminals and bridges; sporting stadiums and cultural centres; along with government accommodation and emergency service centres.

The 160th year of Public Works was a wonderful opportunity to honour and reflect on this proud heritage and celebrate the contributions of staff, both past and present, as well as the department's achievements. A monument, built by our very own QBuild stonemason team and apprentice stonemasons, was unveiled in Brisbane's Queens Gardens as a tribute to the work of so many staff over so many years.

Today, Public Works joins with Energy, Hydrogen and Queensland Government Procurement to look to a future built environment that is sustainable and innovative, and effectively prepares Queensland for the 2032 Olympic and Paralympic Games.



Our strategic objectives

Capable workforce with a positive culture

Our workforce profile

Table 1: Staffing numbers – 30 June 2023

	Number (headcount)	Full-time equivalent
Total full-time equivalent (FTE) for the Department of Energy and Public Works	2,307	2,233.49

Table 2: Strategic workforce profile – 30 June 2023

Employment status by headcount	Number (headcount)	Percentage of total workforce (calculated on headcount)
Full-time	2,164	93.80%
Part-time	142	6.16%
Casual	1	0.04%

Occupation types by FTE	Full-time equivalent	Percentage of total workforce (calculated on FTE)
Frontline	1,315.96	58.92%
Corporate	917.53	41.08%

Appointment type by FTE	Full-time equivalent	Percentage of total workforce (calculated on FTE)
Permanent	1,963.88	87.93%
Temporary	225.49	10.09%
Casual	0.22	0.01%
Contract	43.90	1.97%



Our strategic objectives

Table 3: Gender

Gender	Number (headcount)	Percentage of total workforce (calculated on headcount)
Man	1,429	61.94%
Woman	878	38.06%
Non-binary	0	0.00%

Table 4: Diversity target group data

Diversity group	Number (headcount)	Percentage of total workforce (calculated on headcount)
Women	878	38.06%
Aboriginal and Torres Strait Islander peoples	61	2.64%
People with disability	107	4.64%
Culturally and Linguistically Diverse – Speak a language at home other than English, including Aboriginal and Torres Strait Islander / Australian South Sea Islander languages ¹	64	2.77%

1. This includes Aboriginal and Torres Strait Islander languages or Australian South Sea Islander languages spoken at home.

Table 5: Target group data for women in leadership roles

Women in leadership roles	Women (Headcount)	Women as percentage of total leadership cohort (calculated on headcount)
Senior Officers (classified and s155 equivalent combined)	45	42.45%
Senior Executive Service and Chief Executives (classified and s155 equivalent combined)	25	49.02%

Early retirement, redundancy and retrenchment

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



Our strategic objectives

Strategic Workforce Plan

The *EPW Strategic Workforce Plan* outlines the key actions to ensure our workforce priorities align with sector-wide and departmental priorities.

Our focus areas were:

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

Key achievements

In 2022–23, our department continued to build a culture of high performance that maximises the potential of its employees and fosters a respectful and inclusive workplace culture.

Healthy and safe workforce

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

- maintaining the department's White Ribbon accreditation and providing support and resources to employees who may be experiencing or are affected by domestic and family violence. This included the requirement for all employees to undertake 'Recognise, respond and refer' online training (for all new employees and refresher training for existing employees)
- delivering the employee health and wellbeing program, which included the provision of flu vaccinations, skin cancer checks, subsidised physical activity initiatives and regional activities
- ensuring ongoing access to employee support services to effectively manage a range of potential impacts, including complex physical and psychological conditions, work-related matters, COVID-19, organisational change and work-life balance
- commencing the implementation of managing the risk of psychosocial hazards at work Code of Practice 2022, including actions to effectively identify and manage psychosocial risk.

Workforce management

To ensure the department had the people to deliver on departmental and government priorities, we:

- implemented a departmental graduate program and recruited 19 graduates across a range of disciplines to build a pipeline of talent to address capability priorities
- undertook a comprehensive recruitment campaign in the Energy division to meet the commitments under the *Queensland Energy and Jobs Plan*
- supported business areas to develop policy and digital capability through the recruitment of graduates as part of the whole-of-government Policy Futures and Digital graduate programs
- provided work experience and vocational placements to secondary and tertiary students to promote career opportunities with the department
- supported hiring managers to adopt different talent sourcing options to broaden and diversify applicant pools.



Our strategic objectives

Leadership at all levels

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

- 38 employees participated in a range of different QUTex short courses to explore current topics and challenges facing leaders. The programs build on leadership and management skillsets and capabilities such as influencing, negotiating, collaborating, strengthening relationships with internal and external stakeholders and developing emotional intelligence
- 20 employees registered to attend the People Matters program facilitated by the Institute of Managers and Leaders to build confidence and practical skills in managing and leading people and teams. Participants will develop a deeper self-awareness of behaviours and leadership styles, forming the foundation for improving relationships and understanding and growing team dynamics
- 15 employees participated in the Leaders Support Series to discuss and reflect on leadership challenges in a supportive and collaborative space
- an SES Women in Leadership network was established to create a platform for women in senior executive roles to network, collaborate and unpack traditionally gendered topics influencing initiatives for emerging and future executive leaders.

People and performance

The department is committed to building and sustaining a high-performance culture that maximises the potential of its employees. In 2022–23, we:

- commenced a review of our departmental policies and practices to align with public sector reforms
- recognised the achievement of employees through informal and formal initiatives including Service to Queensland Awards and departmental excellence awards
- received the overall Premier's Award for Excellence and the award for the 'More jobs in more industries' category at the 2022 Premier's Awards for Excellence for the department's work on the *Queensland Energy and Jobs Plan* and SuperGrid Blueprint.

Positive workplace culture

To create an environment where all employees are treated with dignity, courtesy, trust and respect at all times is a high priority for the department. During the reporting period, the department has:

- collaborated with Griffith University to deliver a suite of webinars to build employees' understanding of respectful workplace behaviours and how to be a proactive bystander
- commenced development of two new mandatory e-learning modules regarding Conflict of Interest and Corrupt Conduct
- continued to support employees to adopt flexible work arrangements wherever possible to provide work-life balance
- encouraged employees to participate in the Queensland public sector Respect in the Workplace survey to help understand and gain information to develop better policies and resources to stop, prevent and manage sexual harassment within our workplace.



Our strategic objectives

Our industrial and employee relations framework

As at 30 June 2023, there are four certified agreements covering employees in the Department of Energy and Public Works:

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

In 2022–23, the department commenced negotiations and reached agreement with the relevant union parties to replace the *QFleet Certified Agreement 2018* and *QBuild Field Staff Certified Agreement 2019*. The department anticipates making an application to the Queensland Industrial Relations Commission to certify these replacement certified agreements in July 2023 and August 2023 respectively.

Further, the Office of Industrial Relations, with the support of the department, commenced negotiations to replace the Core Agreement and *QBuild Office Staff Certified Agreement 2019* in March 2023. These negotiations remain ongoing as at 30 June 2023.

The department continues to support the government's policies on the contracting-out of services, union encouragement and employment security. The department is committed to ongoing consultation through formal consultative forums and in relation to significant organisational change matters.

The department is committed to stability and employment security for its employees, including through implementation of the public sector reforms related to the commencement of the *Public Sector Act 2022* on 1 March 2023. We maximise permanent employment through the continued conversion of temporary and casual employees to permanent, where possible.

Equity, diversity and inclusion

In 2022–23, we continued to build on our commitment to create a more diverse workforce and safe, respectful and inclusive workplaces. In April 2023, the department confirmed alignment to the sector-wide diversity targets for 2023–2026.

To support this commitment, we:

- broadened access to talent by connecting with our external partners including the Department of Treaty, Aboriginal and Torres Strait Islander Partnerships, Communities and the Arts, Multicultural Queensland, RSL Queensland, Soldier On and Job Access, a national hub for workplace and employment information for people with disability
- launched the EPW Disability Service Plan 2022–2025, commenced a disability awareness campaign, introduced the EPW Disability Champion and established the Disability Network to drive positive change and increase accessibility
- supported stronger gender equity through the representation of women in construction by employing 28% new female apprentices in QBuild
- established the SES Women in Leadership network to strengthen and support their career journey and professional development.

To build knowledge and understanding:

- staff were provided access to contemporary research, resources and webinars via the department's membership of the Diversity Council of Australia



Our strategic objectives

- we affirmed our commitment to a diverse and inclusive workplace by celebrating and promoting significant events, including NAIDOC Week, Disability Action Week and Multicultural Month.

To continue developing our cultural capability:

- 26 staff, including the Director-General and senior executives, attended the 'Building on the Strength of our stories' training to learn more about Aboriginal and Torres Strait Islander culture and heritage
- Nine employees and supervisors participated in the Public Sector Commissions' Aboriginal and Torres Strait Islander Career Pathways program
- all employees were required to complete a mandatory SBS First Nations online training module.

In April 2023, the Equity and Diversity Workforce Audit was finalised and the subsequent findings contributed to the development of the *EPW Equity and Diversity Plan 2023–2026*. The implementation of the plan will ensure focus remains on key issues such as recruiting for diversity, increasing the number of women in construction, delivering flexible work arrangements, and building a healthy, safe and respectful workplace culture.

Embedding human rights

The Department of Energy and Public Works is committed to respecting, protecting, and promoting human rights in all that we do and the decisions that we make.

In 2022–23, the department continued to embed the *Human Rights Act 2019* and build a culture of human rights into our operations.

Our Human Rights workplans for 2022 and 2023 detail our approach to embedding human rights. Our key achievements against the workplans include:

- reviewing and updating the department's Complaints management policy and procedure including updated guidance on managing human rights complaints in the department
- updating departmental policies and procedures to include a human rights acknowledgement
- updating the department's Human Rights Impact Assessment Report template to make it easier to use with simplified language and improved instructions
- celebrating Human Rights Week 1-10 December 2022 using the Queensland Human Rights Commission's theme of 'Close To Home', which focused on human rights at a local level, helping people and their communities to know the Act, to share it, and to use it. Promotional materials were developed including screen savers, intranet information page, and a department wide email from the department's human rights patron
- 279 employees completed the Public entities and the Queensland *Human Rights Act 2019* training module.

Human Rights Community of Practice (HRCOP)

The purpose of the department's Human Rights Community of Practice (HRCOP) is to build departmental capability and culture and ensure a shared approach with shared responsibilities.

The HRCOP met four times in 2022–23. Membership consists of Divisional Human Rights Champions (DHRCs), Divisional Complaints Management Officers (DCMOs), subject matter experts from Legal Services and Integrity Services, representatives from Human Resources and Strategic Communication and Engagement due to their key role in cultural change, as well as representatives from business units across the department.

The meetings included progress updates from members and subject matter experts as well as an educative element. In 2022–23, the HRCOP heard from a range of internal and external guest speakers as well as short training and discussion sessions for members. Guest speakers included representatives from the Queensland Human Rights Commission, Department of Justice and Attorney-General Human Rights Unit, our Building Policy team and our QFleet business unit.



Our strategic objectives

Human rights complaints

Number of complaints between 1 July 2022 – 30 June 2023	<p>Four human rights complaints were received by the department. Of the complaints:</p> <ul style="list-style-type: none">• one complaint was from a departmental employee• three complaints were from customers of the department. <p>For clarity, the human rights components of the four complaints were identified by the department.</p>
Outcome of complaints	<ul style="list-style-type: none">• One human rights complaint was unsubstantiated.• One human rights complaint was substantiated but was assessed as not limiting human rights.• Two human rights complaints are ongoing.

Fit-for-purpose systems

Information systems and recordkeeping

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

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

In 2022–23, we:

- updated the Recordkeeping policy as well as all related supporting procedures
- utilised the Queensland State Archives' Recordkeeping Awareness course as mandatory training for all staff to complete once annually
- maintained a Records Community of Practice with representatives from all business areas of the department who meet quarterly
- undertook a Retention and Disposal program of work
- undertook work to identify business owners for orphaned records.

Information security attestation

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

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



Our strategic objectives

During 2022–23, the department detected and prevented many attempts to break through its security perimeter but did not suffer any serious security or data breaches.

The department engaged an external party to provide assurance of its Essential Eight controls (eight prioritised mitigation strategies developed by the Australian Cyber Security Centre) and the management of information and cyber security against the requirements of ISO/IEC 27001. The review provided assurance that the department is progressing well in the implementation of these controls. The recommendations from the review will form a program of work that will continue to enhance EPW's security environment.

Better connections

We have a proud history as an agency trusted by stakeholders and customers alike to communicate effectively with Queenslanders. We understand the importance of communicating with Queenslanders. Each year we hold roadshows and webinars, release discussion papers and meet with industry groups to understand the needs of Queenslanders. We also hold award events to recognise the success of Queensland business. We also have an active presence on social media and a website that we update regularly.

In 2022–23, we:

- delivered roadshow events in locations across Queensland to inform local communities about the *Queensland Energy and Jobs Plan*
- hosted the Growing Queensland Business roadshow series to provide information on doing business with government, tendering tips for procurement, and the Brisbane 2032 Olympic and Paralympic Games
- hosted the *Buy Queensland 2023* webinars for buyers to provide a comprehensive overview of the new policy and strategy, accompanied by a question-and-answer session
- hosted the *Buy Queensland 2023* webinars for suppliers to provide a comprehensive overview of the new policy and strategy, and an opportunity for suppliers to ask questions about *Buy Queensland 2023*
- released the draft *Energy (Renewable Transformation and Jobs) Bill 2023* for public consultation.
- released the sustainable liquid fuels strategy options and opportunities consultation paper.
- released the draft *Regional Energy Transformation Partnerships Framework* and undertook public consultation
- hosted the third *Buy Queensland* Supplier Awards on 5 October 2022, recognising eight different businesses that supply to the Queensland Government, across four categories.

More details on all of these items can be found under Objectives one to three of this report.



Our strategic objectives

External reviews

In 2022–23, the department was involved in the following reviews by the Queensland Audit Office (QAO):

- *Report 4: 2022–23 2022 status of Auditor-General's recommendations*

The department provided a self-assessment against recommendations made by the QAO in performance audits from the 2018-19 financial year. The department reported all recommendations were fully implemented.

- *Report 7: 2022–23 Major projects 2022*

This report provides details on Queensland's major infrastructure projects and analyses expenditure by the Queensland Government. There were no recommendations relevant to the department.

- *Report 11: 2022–23 State entities 2022*

The department obtained an unmodified opinion on the 2021–22 financial statements.

- *Report 8: 2022–23 Energy 2022*

This report summarises the audit results of Queensland's six energy entities. There were no recommendations relevant to the department.

- *Report 17: 2022–23 Implementing machinery of government changes*

This report analyses the change management practices of four departments significantly affected by the 2020 machinery-of-government changes, including the Department of Energy and Public Works. The department was rated as having an 'integrated' average maturity of change management practices for implementing the November 2020 machinery-of-government changes.

No specific recommendations were raised for the department, however four recommendations are addressed to 'all departments' for improvement in the efficiency and effectiveness of controls for future machinery-of-government changes.

- *Report 18: 2022–23 Queensland Regional Accommodation Centre (QRAC) (Wellcamp)*

This report examines the procurement of QRAC, including the reasonableness of the process, overall cost, public disclosure of financial information and use of confidentiality provisions.

Two recommendations were raised for the department to expand the definition of reportable contracts to include the purchase and lease of real property; and to provide advice on when information subject to confidentiality provisions can be released.

The department responds to recommendations made by coroners in findings of inquests. In 2022–23, the department:

- as a supporting agency, responded to three recommendations from a 2016 inquest relevant to building industry inspections and standards relating to building awnings
- as the lead agency, responded to the fourth recommendation from the same 2016 inquest
- as the lead agency, responded to the first recommendation from a 2014 inquest related to fire safety in tourist accommodation.

The department was also involved in the following reviews:

Project Trust Accounts (ongoing implementation)

- Assess software compliance with the project and retention trust account framework
 - In September 2022, through a Standing Offer Arrangement, Deloitte was engaged to investigate available software and its compliance with the statutory requirements of the trust account framework under the BIF Act and BIF Regulation



Our strategic objectives

- Deloitte delivered its final report in February 2023.
- Health check of industry readiness for phase 3 and 4 implementation of trust account framework
 - Deloitte supported the department to assess industry readiness for the remaining phases of the trust account framework
 - Deloitte provided a preliminary consultation record report in March 2023
 - Due to the software compliance findings and decision to extend the commencement dates for the trust account framework, the detailed further assessment of readiness did not proceed.
- Review of the role of developers in the building and construction industry
 - Following a recommendation of the Transport and Public Works Parliamentary Committee in 2020, the *Queensland Building and Construction Commission Act 1991* was amended to require that a review of the role of developers in the building and construction industry be undertaken. The Act also required a copy of the outcomes of the review to be tabled by the minister in Parliament.
 - An independent panel undertook and completed their review, with the final report tabled on 8 June 2023.

Good governance

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

Executive Leadership Team

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

Our Executive Leadership Team:

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



Our strategic objectives

Chairperson: Director-General

Members:

- Deputy Director-General, Public Works
- Deputy Director-General, Corporate and Portfolio Strategy
- Deputy Director-General, Energy
- Deputy Director-General, Hydrogen
- Deputy Director-General and Chief Advisor, Queensland Government Procurement
- Assistant Director-General, Building Policy
- Assistant Director-General, QBuild
- Assistant Director-General, Portfolio Strategy

Our Executive Leadership Team as at 30 June 2023

Paul Martyn

Chairperson: Director-General

PSM, BA (Hons), LLB (Hons) (Qld), MSc (London)

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

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

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

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

Graham Atkins

Member: Deputy Director-General, Public Works

BASc (Quantity Surveying), ADip App Sc (Building)

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

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

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



Our strategic objectives

Sharon Bailey

Member: Deputy Director-General, Queensland Government Procurement

BSocWk, BA, PgD-Arts

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

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

David Shankey

Member: Deputy Director-General, Energy

LLB, BCom

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

In this role, David led the division as it delivered the *Queensland Energy and Jobs Plan* – the most significant and challenging energy reform agenda in the state's history. He also serves as Queensland's Energy Senior Official, supporting Energy Ministers in the development of national energy market policy.

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

Chris Shaw

Member: Deputy Director-General, Hydrogen

BSc(hons)

Chris was appointed as Deputy Director-General of the Hydrogen division in March 2022 to lead the work with partner agencies in securing a hydrogen future for all Queenslanders.

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

Irene Violet

Member: Deputy Director-General, Corporate and Portfolio Strategy

BHealthSC (Rehab Couns), BA (Psych), MBA

Irene was appointed as Deputy Director-General, Corporate and Portfolio Strategy in May 2022.

Irene has over 20 years' experience working in state and federal governments, largely focused on policy-driven service transformation and delivery. She has a keen interest in ensuring programs are people-centric and that digital technologies are leveraged to enhance service delivery.

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



Our strategic objectives

Irene brings a wealth of experience in customer service and design, digital transformation, and management of strategy, program and service delivery.

Ainslie Barron

Member: Assistant Director-General, Building Policy

BA, MPubPol

Ainslie joined the Department of Energy and Public Works in late 2017 and since September 2021 has been the Assistant Director-General, Building Policy.

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

Ainslie brings strategic leadership experience within public sector environments to the role, and as the Queensland Government's representative on the Australian Building Codes Board, collaborates with officials nationally on matters relevant to the building portfolio.

Paul Hyde

Member: Assistant Director-General, QBuild

ADip App Sc (Building), Grad Cert Public Sector Leadership, MAICD

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

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

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

Paige Ridgewell

Member: Assistant Director-General, Portfolio Strategy

BLeisSt, MBA, MPP, MAICD

Paige's 30-year Queensland public sector career has seen her working across a number of portfolios including infrastructure and planning, main roads, racing, national parks, social policy, and sport and recreation. She is known for her experience in successfully leading transformation within government through community collaboration and co-design and a strong focus on creating better futures for Queenslanders. With over six years in executive roles in the Queensland Government, she has extensive experience in leading business divisions and directing teams to achieve high-level outcomes in strategy, policy and program development and delivery.

Paige has served on a range of community boards and committees and is well-versed in engaging with diverse stakeholders, as well as government statutory authorities and committees to achieve mutual outcomes. In her previous roles as Assistant Director-General, QBuild and Assistant Director-General, Sport and Recreation, Paige led the QBuild Transformation Program to enhance delivery of building of government infrastructure assets and led the delivery of the *Queensland Government's Activate! Queensland 2019–2029* sport strategy.



Our strategic objectives

Paige brings her many years of experience as an athlete, coach and administrator, as well as her background in multiple sectors of the leisure industry, to the work environment by applying the principles of high performance, training and teamwork.

Governance committees

The department has five committees in its governance structure to support the Executive Leadership Team, each advising on decisions and activities within their Terms of Reference or Charter.

Audit and Risk Committee

The Audit and Risk Committee provides independent advisory services to support the Director-General in the effective discharge of the responsibilities in the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019* and other relevant legislation and prescribed requirements.

The committee's role and responsibilities are further defined in the Audit and Risk Committee Charter which was approved by the Director-General.

Chairperson: Julie-Anne Schafer (External member from July to November 2022, Chair from March 2023)

Members:

- Christopher Johnson (External member from March 2023)
- Irene Violet, Deputy Director-General, Corporate and Portfolio Strategy
- Ainslie Barron, Assistant Director-General, Building Policy
- Peter Dowling (External member, Chairperson from July to November 2022)

In 2022–23, the Audit and Risk Committee:

- considered internal audit reports, Queensland Audit Office reports including performance audit reports, and associated recommendations
- received updates on major initiatives in the department, including limited life programs and key departmental risks.

The Audit and Risk Committee met on five occasions during 2022–23.

The remuneration paid to three external members was as follows: Julie-Anne Schafer (\$4,117), Chris Johnson (\$2,288) and Peter Dowling (\$4,752).

Digital and ICT Steering Committee

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

- overseeing the digital and ICT portfolio
- overseeing the continuous improvement of the Information Security Management System
- providing leadership through the management of the EPW security policy and its implementation across the department
- promoting best practice techniques in investment, project and portfolio management
- maintaining a Digital and ICT Governance and Assurance model that supports effective financial and management decision-making



Our strategic objectives

- controlling of departmental ICT resources and assisting in ensuring business benefits through ICT/digital initiatives
- monitoring the departmental cyber security risk and ICT systems management risk, and undertaking quarterly risk reviews and analysis.

People and Culture Committee

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

- providing strategic leadership
- guiding investment, development, implementation and review of our people management practices, to build capability
- guiding and implementing best practice and innovative strategies to improve our people management practices
- overseeing and contributing to effective human resource management information systems and technology
- guiding development, implementation and ongoing review of best practice people and culture strategies and programs, including change management; workforce management planning; attraction and retention; leadership development; reward and recognition; employee relations; performance management and development; diversity; and succession management and development
- committing to and facilitating the implementation of the White Ribbon Australia's Workplace Accreditation Program
- ensuring the committee has a strong focus on diversity through actively targeting a broad range of issues and opportunities across the department in consultation with various diversity groups.

Safety and Wellbeing Committee

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

- creating a culture that supports keeping everyone safe and well
- providing strategic direction and leadership to assist with the development of WHS plans to effectively manage WHS risks (including ensuring appropriate resources are available to implement WHS plans).
- critically reviewing the department's WHS performance and leading initiatives to achieve improved performance, supporting the department's strategic objectives
- monitoring WHS plans to ensure compliance with relevant legislation, directives and policies
- monitoring and reviewing the department's WHS performance, leading initiatives and providing guidance on the investment, development, implementation and review of risk mitigation strategies to achieve improved performance, build capability across the department, and support the department's strategic objectives (including reports and recommendations from the WHS Sub Committee)
- providing guidance and support to the WHS Sub Committee to achieve objectives outlined within the departmental risk on 'Health, Safety and Wellbeing'
- monitoring, reviewing and endorsing departmental strategies, plans, reports and budget (where required) on WHS matters to ensure compliance with relevant legislation, directives and policies
- undertaking regular risk review and analysis to guide and implement best practice and innovative risk mitigation strategies to improve WHS.



Our strategic objectives

Sustainability and Resilience Committee

The newly established Sustainability and Resilience Committee provides direction and leadership to support the transition of departmental activities to achieve the department's vision of generating and building a sustainable future for all Queenslanders and to better prepare and adapt to a changing climate. The committee's key focus areas are:

- Climate change risk and resilience: supporting the identification of risks to departmental operations as a result of climate change and providing direction and approval pathways to ensure activities are undertaken to address risk and take advantage of any opportunities
- Emission reduction: supporting the implementation of emission calculation and reporting activities and provide direction and approval pathways to ensure activities are undertaken to reduce the department's emissions in accordance with any government policy
- Environmental management and sustainability: support implementation and adherence to international or Australian standards on environmental management and drive performance of the department to prioritise environmental and sustainability values.

Public sector ethics

When performing official duties, employees are required to demonstrate high ethical standards and values in accordance with the *Public Sector Ethics Act 1994* (PSE Act) and the *Code of Conduct for the Queensland Public Service* (the Code of Conduct).

To ensure the department's employees are aware of their ethical obligations and standards of behaviour expected of them, the department provides online Public Sector Ethics training (PSET). PSET includes content relating to:

- the four 4 principles set out in the PSE Act
- the Code of Conduct
- ethical decision making
- other key legislation guiding professional conduct, including employees' responsibilities and obligations.

PSET is provided to new employees as part of induction. Existing employees are required to undertake a mandatory PSET refresher on an annual basis.

During 2022–23, the department also developed and delivered a range of prevention, awareness and education initiatives relating to ethical conduct, with a particular focus on integrity, ethical decision making, corrupt conduct prevention and management of conflicts of interest.

The department has a robust Integrity Framework, which represents an integrated approach to preventing, detecting and responding to serious wrongdoing (including suspected fraud and corruption) in the department.

The Integrity Framework is underpinned by legislation governing ethical conduct (including the PSE Act), the Code of Conduct and the department's integrity policies and procedures. The department also has an Integrity Services Unit (ISU), which is a key integrity assurance measure. ISU promotes, encourages and supports an ethical and accountable culture within the department.

Risk management

Our Risk Management Framework is based on international standard AS/NZS ISO 31000:2018 and aims to drive a strong risk culture through consistently applied risk management which is integrated with management processes and responsibilities. It is an integral part of the department's governance activities and is critical to our strategic and operational planning, service delivery, management, and decision-making.



Our strategic objectives

In defining our risk appetite, we determine the level of risk that our department is willing to accept in its operations. We have different risk appetites for different types of risks. Overall, we maintain a moderate risk appetite, except for workplace health and safety and fraud and corruption, where a zero-tolerance approach is adopted, and a low-risk appetite for critical information assets. However, we remain open to embracing a higher risk appetite when pursuing innovative initiatives that align with government priorities.

Risks are identified and managed at strategic and divisional levels by risk owners and assessed regularly to ensure appropriate mitigations are in place.

Throughout 2022–23, we continued to enhance our risk management system:

- We matured our management of three previously identified departmental (strategic) risks for capacity and capability, safety and wellbeing and ICT systems management, developed a new cyber security risk and began work on defining a new risk relating to climate change. Efforts are underway to establish the departmental climate change risk and incorporate climate change risks at the operational level. In collaboration with Griffith University and the Department of Environment and Science, a Climate Change Risk Baseline Assessment was conducted in 2022. This assessment helped identify and map climate risks, identify gaps, and explore opportunities to strengthen our understanding and capacity for managing climate risks within the department.
- Quarterly risk reporting was provided to the Executive Leadership Team and divisional heads, focussing on high or escalating risks. Reporting is now delivered through the Power BI platform, enabling senior leaders to interact with information and risk officers to more easily and efficiently analyse data. These reports facilitate decision-making by determining the need for further action.
- We implemented an inclusive and targeted approach to enhance risk management competency at all levels of the department. The tactics involved active collaboration and engagement with the divisions and workshops with business areas to support their risk assessments, enhance their risk knowledge, and improve risk management practices.
- As part of our continued aim to enhance capability and promote best practices, quarterly Risk Management Coordinator network meetings facilitated networking opportunities, provided insights into contemporary risk management practices, and allowed risk practitioners to strengthen their skills.

Internal audit

The Internal Audit unit operates independently and supports the department by providing assurance and advice to the Director-General, senior management and the Audit and Risk Committee on whether the department's financial and operational controls are designed to manage the department's risks and achieve the department's objectives, and are operating in an efficient and effective manner.

The Internal Audit unit considers the departmental risks and changing risk environment when developing the strategic internal audit plan and triaging its program of works. The Internal Audit unit considers the coverage and management of risks and controls across the department to assess whether an appropriate level of assurance is maintained.

The Internal Audit unit operates a quality assurance and improvement program which was updated in 2022–23 to proactively identify opportunities to ensure the efficient, effective and economical operation of the function.

During 2022–23, the Internal Audit unit:

- completed five internal audit reviews, three targeted data analytics reviews, three management requests and provided ongoing assurance in three distinct areas
- provided independent advice on a variety of project committees
- followed up on open audit recommendations
- provided ad hoc advice to management on a range of issues.



Service Delivery Statements – performance

We track our performance through a range of service standards, as published in the *2022–23 Service Delivery Statements* (SDS) budget paper. Service standards are provided for three service areas and two Commercialised Business Units (CBUs):

- Grow Queensland’s energy sector
- Building and government accommodation services
- Procurement policy and enabling services
- QBuild (CBU)
- QFleet (CBU).

Grow Queensland’s energy sector ¹	2022-23 target/est.	2022–23 actual
Effectiveness measures		
Renewable energy as percentage of total energy consumed in Queensland Percentage of energy consumed in Queensland is calculated as a 12-month moving average. The favourable variance between the 2022-23 Actual and the 2022–23 Target/Estimate and the published 2022–23 Estimated Actual (24.1%) is due to a range of factors. The primary factor is a significant change in weather conditions, reflected by the reversion from a La Nina weather condition through most of 2022 to the current El Nino alert condition issued by the Bureau of Meteorology. This change in weather has had the effect of increasing electricity produced by solar PV systems.	23%	26%
Average time of energy (electricity and gas) licensing assessments The favourable variance between the 2022-23 Actual and the 2022–23 Target/Estimate and the published 2022–23 Estimated Actual (73 days) is the result of improved efficiency when processing and assessing applications.	<120 days	69 days
Efficiency measure		
Cost per biofuels exemption application assessed The favourable variance between the 2022-23 Actual and the 2022–23 Target/Estimate and the published 2022–23 Estimated Actual (\$3,510) is due to an increase in the number of applications resulting in a reduced average cost per application.	<\$4,680	\$3,550

Note:

1. The service area name changed from 'Energy Services' in the 2021–22 SDS to 'Grow Queensland’s energy sector' in the 2022-23 SDS to be clearer about the service area’s role.



Our performance

Building and government accommodation services	2022–23 target/est.	2022–23 actual
Effectiveness measures		
Return on investment		
Commercial properties included in the office portfolio	≥6%	5.9%
Government employee housing The variance between the 2022-23 Actual and the 2022–23 Target/Estimate and the published 2022–23 Estimated Actual (1.35%) is mainly due to a decrease in rental surplus associated with increasing portfolio costs such as maintenance expenditure and the increase in valuation and size of the portfolio which has reduced the overall return on investment.	≥1.5%	1.23%
Vacancy rate		
Office portfolio The favourable variance between the 2022–23 Target/Estimate and 2022–23 Actual is due to the centralised management of government demand and optimised utilisation of the portfolio.	≤3.5%	1.72%
Government employee housing The favourable variance between the 2022–23 Target/Estimate and 2022–23 Actual is due to the realignment of the portfolio to better suit agency requirements.	≤6%	1.55%
Percentage of government-owned employee housing with an acceptable facility condition index rating The favourable variance between the 2022-23 Actual and the 2022-23 Target/Estimate and the published 2022-23 Estimated Actual (93%) is a result of a lower level of maintenance liability at the end of the financial year due to increased delivery of maintenance works than originally planned in the estimated actual.	≥90%	98.4%
Energy performance – percentage of occupied government office accommodation achieving a rating ≥5 star under the National Australian Built Environmental Rating System The variance between the 2022–23 Target/Estimate and the 2022–23 Actual is due to reduced building occupancy while energy is still consumed to maintain core building functions, decreasing building performance of the portfolio.	80%	74%
Efficiency measures		
Work point density		
Average	13.5m ² per person	13.48m ² per person
New fit-out	12m ² per person	11.42m ² per person



Our performance

Procurement policy and enabling services	2022–23 target/est.	2022–23 actual
Effectiveness measure		
Overall customer satisfaction with the enabling activities that support agency implementation of the Queensland Procurement Policy	≥90%	87%
Efficiency measure		
Operating cost per \$1,000 of managed spend on general goods and services General Goods and Services report one quarter behind due to availability of SAP and Supplier data. This data will be published at www.epw.qld.gov.au by 31 December 2023.	<\$2	N/A

QBuild	2022–23 target/est.	2022–23 actual
Effectiveness measures		
Overall customer satisfaction A 2022–23 Target/Estimate and 2022–23 Estimated Actual is not presented as this is a biennial service standard with the next survey to be undertaken in 2023–24.	N/A	N/A
Percentage of maintenance spend on QBuild’s customers’ facilities with Local Zone 1 suppliers (based on physical location of contractor’s workplace)	80%	81.5%
Percentage of successful QBuild apprentice completions The target is based on a combination of historical QBuild data and Queensland construction skills industry data. The 2022-23 result uses a predicted completion rate formula to provide a forecasted representation of the completion rate. A revised completion rate formula will be used once all apprentices from the initial 2018 intake have completed their training.	60%	81%
Efficiency measures		
Total current assets over total current liabilities The variance between 2022-23 Target/Estimate and 2022-23 Actual is mainly due to general movements in business operational activity.	2.05:1	1.87:1
Gross profit as a percentage of revenue generated from work delivered on behalf of QBuild customers The variance between 2022-23 Target/Estimate and 2022-23 Actual mainly reflects products and services delivered, and the related gross profits achieved, and the impacts of Enterprise Bargaining Agreements funded through other revenue.	8.3%	7.0%
Net profit before tax and dividends as a percentage of sales	0%	0.4%



Our performance

QBuild	2022-23 target/est.	2022-23 actual
The variance between 2022-23 Target/Estimate and 2022-23 Actual is mainly due to the increase in contribution from a higher volume of sales and the net reduction in overall administrative costs.		

QFleet	2022-23 target/est.	2022-23 actual
Effectiveness measures		
Percentage of total QFleet vehicles with a 5-star ANCAP safety rating This measure identifies the percentage of QFleet's active fleet with the highest ANCAP rating (i.e. 5-star) to demonstrate government is striving to provide the safest possible workplaces for Queensland Government employees. QFleet is currently reporting above target however it should be noted not all vehicles have an ANCAP rating, (i.e. those with a gross vehicle mass >3.5 tonnes).	90%	92.6%
Fleet vehicle utilisation compared to agreed lease parameters The variance between the 2022-23 Target/Estimate and the 2022-23 Estimated Actual is mainly due to how agencies have adapted to flexible working requirements and the reduced demands on motor vehicle use.	90%	79.7%
Efficiency measures		
Total current assets over total current liabilities The variance between 2022-23 Target/Estimate and 2022-23 Actual is mainly due to increased provisions for dividend and income tax due to a higher operating surplus offset by an increased cash balance.	4.01:1	3.26:1
Financial return as a percentage of total net assets The variance between 2022-23 Target/Estimate and 2022-23 Actual is mainly due to a higher operating surplus achieved than budgeted.	3.3%	7.5%
Total net debt as a percentage of total capital The variance between 2022-23 Target/Estimate and 2022-23 Actual is mainly due to a higher operating surplus after tax and dividend resulting in higher equity and lower net debt due to an increased cash balance.	66.1%	60.0%



Appendices

Appendix 1 – Statutory bodies

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

Name of body as described in the constituting Act	Constituting Act	Annual reporting arrangements
Board of Architects of Queensland	Architects Act 2002	Annual report to Parliament
Board of Professional Engineers of Queensland	Professional Engineers Act 2002	Annual report to Parliament
Energy and Water Ombudsman of Queensland	Energy and Water Ombudsman Act 2006	Annual report to Parliament
Queensland Building and Construction Commission	Queensland Building and Construction Commission Act 1991	Annual report to Parliament



Appendix 2 – Government bodies

The following bodies, boards and committees were active during 2022–23 with reporting arrangements to the department. Additional information on government bodies is available on the department’s website: www.epw.qld.gov.au/news-publications/annual-report.

The Services Trades Council forms part of QBCC and as such will be reported in the QBCC Annual Report.

The Advisory Council to the Energy and Water Ombudsman Queensland (EWOQ) forms part of the EWOQ and as such will be reported in the EWOQ Annual Report.

Development Tribunals (Tribunals)	
Act or instrument	Planning Act 2016 (Chapter 6, Part 2)
Functions	To provide an affordable, timely, accessible non-court-based resolution service to resolve building and development appeals and appeals relating to enforcement notices, plumbing and drainage and water connection appeals.
Achievements	71 appeals finalised in 2022-23
Financial reporting	Appeal fees and member remuneration payments are accounted for in the financial statements.
<p>Remuneration</p> <p>Referees are only paid if they are appointed to a Tribunal to decide an appeal. Fees for a standard appeal of eight hours or less are \$650 for the Chairperson and \$500 for an ordinary member. Fees for a complex appeal of eight hours or more are \$975 for a chairperson and \$750 for an ordinary member. Referees are also remunerated for out-of-pocket expenses such as private vehicle travel and postage costs.</p>	



Appendices

Queensland Urban Design and Places Panel (advisory)	
Act or instrument	Terms of Reference
Functions	The Queensland Urban Design and Places Panel provides state agencies and local governments with independent expert urban design advice on major infrastructure and urban-planning projects across Queensland.
Achievements	<ul style="list-style-type: none"> • Detailed design review and advice provided to The Gabba and Roma Street proposed Olympic venues • Detailed policy advice provided to the Queensland Housing Summit • Policy review and advice provided to Healthy Places, Healthy People (Ipswich Pilot)
Financial reporting	Panel member remuneration payments are accounted for in the financial statements.
<p>Remuneration</p> <p>The three-year term of the 30 member Queensland Urban Design and Places Panel concluded in January 2023. Members are paid sitting fees only if they are appointed to a design review subcommittee to consider a particular project. Panel members that are public sector employees (which includes the Chair) are not paid sitting fees. Daily sitting fees for non-government members are \$400 or \$200 where a subcommittee meets for four hours or less. Total remuneration costs for 2022–23 were \$11,000.</p>	



Appendices

Tripartite Procurement Advisory Panel					
Act or instrument	Terms of Reference				
Functions	<p>The Tripartite Procurement Advisory Panel (the Panel) is the independent, expert body providing advice and recommendations to the Queensland Government on penalties (demerits and/or sanction) applicable under the Ethical Supplier Mandate for non-compliance with the Ethical Supplier Threshold and/or other contractual commitments.</p> <p>The Panel's role covers three broad areas which include:</p> <ol style="list-style-type: none"> 1. Providing advice and making recommendation to the procuring agency decision makers regarding penalty and/or remedial action based on the non-compliance and the application of the Mandate policy. 2. Providing broader systems improvement advice for consideration by the procuring agency. 3. Reviewing all appeals lodged by suppliers. 				
Achievements	<p>The Panel was inducted on 1 August 2022 and supersedes the Procurement Penalties and Sanctions Committee. Eight cases of alleged supplier non-compliance were escalated to the Panel its first nine months of operation, with one penalty issued to date and 40 matters expected to be considered over the next 12 to 18 months.</p>				
Financial reporting	<p>Costs associated with the Panel are included as expenditure in the accounts of the Department of Energy and Public Works (costs taken from the operational budget). The departmental accounts are audited by the Auditor-General.</p>				
Remuneration					
Position	Name	Meetings/ sessions attendance	Approved annual, sessional or daily fee	Approved sub- committee fees ¹ if applicable	Actual fees received ²
Chair	John Thompson	6	\$650 daily	\$975	\$5,525
Deputy Chair	Jennifer McVeigh	5	\$650 daily	\$975	\$1,950
Member	John Crittall	4	\$500 daily	\$750	\$750
Member	Stephen Nance	4	\$500 daily	\$750	\$500

¹ A Panel sub-committee comprises the Chair or Deputy Chair plus two members and is called into session to consider allegations of breaches of the Ethical Supplier Threshold and/or other contractual commitments.

² Due to late lodgement of remuneration claims, actual fees received amount is less than the total remuneration a panel member was entitled to receive in 2022–23.



Appendices

Position	Name	Meetings/ sessions attendance	Approved annual, sessional or daily fee	Approved sub- committee fees ³ if applicable	Actual fees received ⁴
Member	Shane Kennelly	4	\$500 daily	\$750	\$1,598
Member	Angela Liebke	4	\$500 daily	\$750	\$1,500
Member	Anne Milner	4	\$500 daily	\$750	\$0
Member	Jorgen Gullestrup	4	\$500 daily	\$750	\$2,045
Member	John Shenfield	3	\$500 daily	\$750	\$533
Member	Jason Stein	4	\$500 daily	\$750	\$1,500
Member	Thomas Campbell	3	\$500 daily	\$750	\$1,250
Member	Graham Moloney	4	\$500 daily	\$750	\$1,250
No. scheduled meetings/ sessions	3 full Panel meetings to communicate updates and seek advice on strategic challenges 6 Panel (sub-committee) meetings to consider matters and provide recommendations on penalties				
Total out of pocket expenses	\$0				

³ A Panel sub-committee comprises the Chair or Deputy Chair plus two members and is called into session to consider allegations of breaches of the Ethical Supplier Threshold and/or other contractual commitments.

⁴ Due to late lodgement of remuneration claims, actual fees received amount is less than the total remuneration a panel member was entitled to receive in 2022–23.



Appendix 3 – Glossary of terms

ARRs	Annual report requirements for Queensland Government agencies
EPW	Department of Energy and Public Works
EVs	Electric Vehicles
FAA	Financial Accountability Act 2009
FPMS	Financial and Performance Management Standard 2019
GoC	Government Owned Corporation
ICT	Information and Communication Technology
MMC	Modern Methods of Construction
NABERS	National Australian Built Environment Rating System
PSE Act	Public Sector Ethics Act 1994
PSET	Public Sector Ethics training
PHES	Pumped hydroelectric storage
QAO	Queensland Audit Office
QBCC	Queensland Building and Construction Commission
QUT	Queensland University of Technology
SDS	Service Delivery Statements
WHS	Workplace Health and Safety



Appendix 4 – Compliance checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 7	5
Accessibility	Table of contents	ARRs – section 9.1	2
	Glossary		66
	Public availability	ARRs – section 9.2	3
	Interpreter service statement	Queensland Government Language Services Policy ARRs – section 9.3	3
	Copyright notice	Copyright Act 1968 ARRs – section 9.4	3
	Information Licensing	QGEA – Information Licensing ARRs – section 9.5	3
General information	Introductory Information	ARRs – section 10	6-16
Non-financial performance	Government's objectives for the community and whole-of-government plans/specific initiatives	ARRs – section 11.1	10-14
	Agency objectives and performance indicators	ARRs – section 11.2	17-56
	Agency service areas and service standards	ARRs – section 11.3	57-60
Financial performance	Summary of financial performance	ARRs – section 12.1	70-71
Governance – management and structure	Organisational structure	ARRs – section 13.1	16
	Executive management	ARRs – section 13.2	49-55
	Government bodies (statutory bodies and other entities)	ARRs – section 13.3	61-65
	Public Sector Ethics	Public Sector Ethics Act 1994	55



Appendices

Summary of requirement		Basis for requirement	Annual report reference
		ARRs – section 13.4	
	Human Rights	Human Rights Act 2019 ARRs – section 13.5	45-46
	Queensland public service values	ARRs – section 13.6	13
Governance – risk management and accountability	Risk management	ARRs – section 14.1	55-56
	Audit committee	ARRs – section 14.2	53
	Internal audit	ARRs – section 14.3	56
	External scrutiny	ARRs – section 14.4	48-49
	Information systems and recordkeeping	ARRs – section 14.5	46
	Information Security attestation	ARRs – section 14.6	46-47
Governance – human resources	Strategic workforce planning and performance	ARRs – section 15.1	42-43
	Early retirement, redundancy and retrenchment	Directive No.04/18 Early Retirement, Redundancy and Retrenchment ARRs – section 15.2	41
Open Data	Statement advising publication of information	ARRs – section 16	4
	Consultancies	ARRs – section 31.1	www.data.qld.gov.au
	Overseas travel	ARRs – section 31.2	www.data.qld.gov.au
	Queensland Language Services Policy	ARRs – section 31.3	www.data.qld.gov.au
Financial statements	Certification of financial statements	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1	128
	Independent Auditor's Report	FAA – section 62 FPMS – section 46 ARRs – section 17.2	129



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Financial summary

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

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

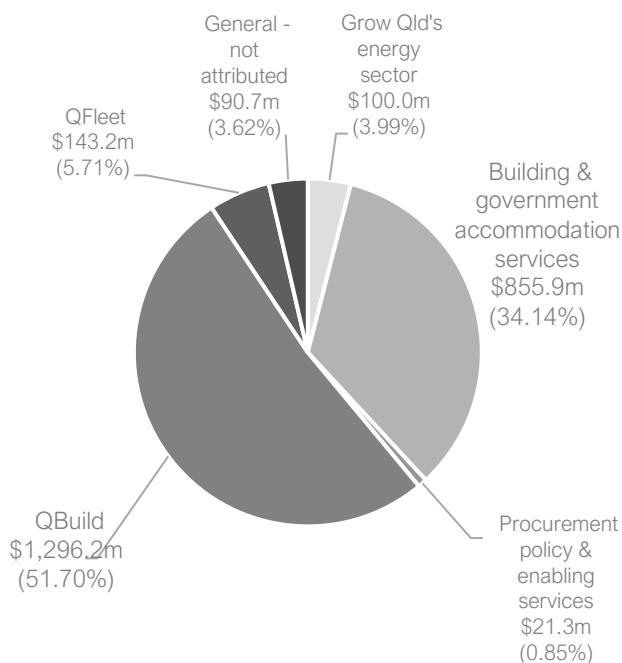
As at 30 June 2023 the reporting entity comprised the Department of Energy and Public Works and two Commercialised Business Units (CBUs) (QBuild and QFleet).

A Statement of Comprehensive Income for the period 1 July 2022 to 30 June 2023 and a Statement of Financial Position as at 30 June 2023 are provided on the following pages.

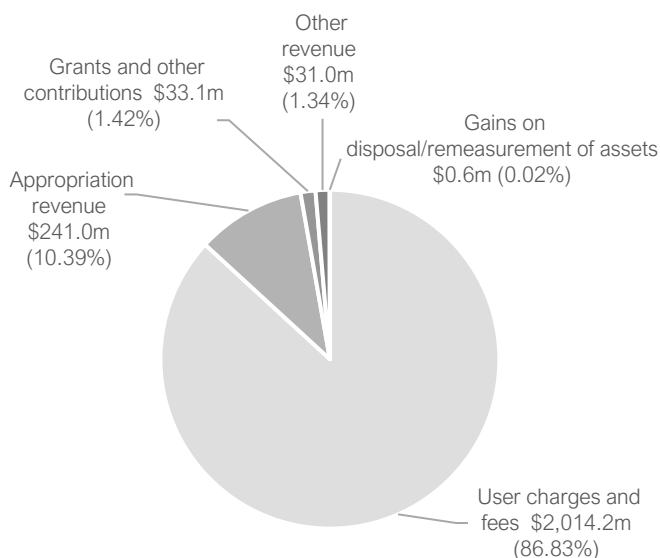
The department obtains the majority of its total income from user charges and fees which comprise \$2,014 million or 87% of the department's total income of \$2,320 million. User charges include:

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

Graph: Total income by Major Departmental Services and Commercialised Business Units in 2022–23



Graph: Total income by category in 2022–23



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



Financial statements

The major expense of the department is supplies and services which totals \$1,321.1 million or 58 percent of the department's expenses of \$2,281 million. The major supplies and services comprise building, construction and maintenance services and property related expenses.

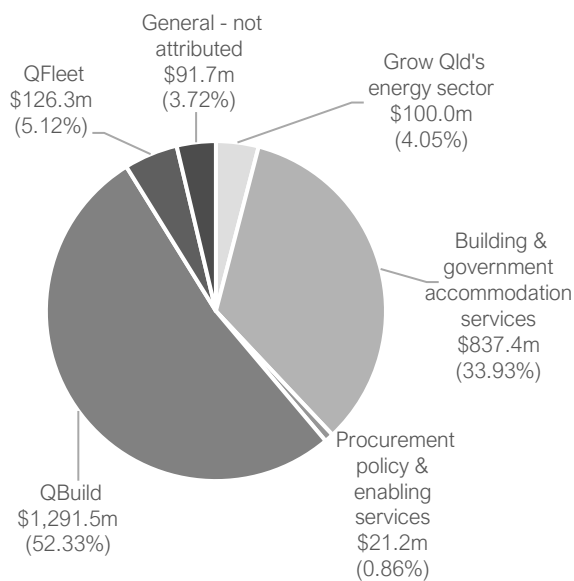
Major assets of the department are property, plant and equipment (\$3,804 million) and right-of-use assets (\$1,554 million) of the department's total assets of \$6,086 million (88 percent). The majority of these assets comprise government owned employee housing, commercial properties and the land on which these are situated and leased commercial accommodation.

Statement by the Chief Finance Officer

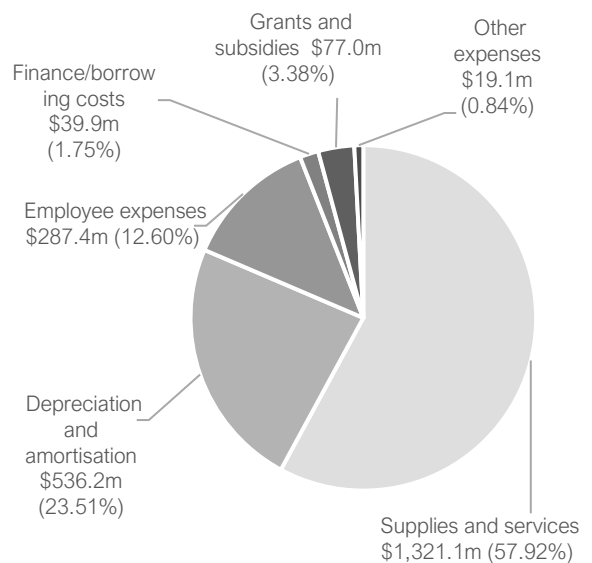
In accordance with the requirements of the *Financial Accountability Act 2009*, the Chief Finance Officer has provided the Director-General with a statement confirming the financial internal controls of the department are operating efficiently, effectively and economically in conformance with Section 54 of the *Financial and Performance Management Standard 2019*. The statement was presented at the Audit and Risk Committee meeting in August 2023.

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

Graph: Total expenses by Major Departmental Services and Commercialised Business Units in 2022–23



Graph: Total expenses by category in 2022–23



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



Statement of Comprehensive Income

for the year ended 30 June 2023

	Note	Actual 2022-23	Actual 2021-22
		\$'000	\$'000
Income			
User charges and fees	1	2,014,224	1,809,634
Appropriation revenue	2	241,010	159,720
Grants and other contributions	3	33,055	10,643
Other revenue		31,007	24,720
Gains on disposal /remeasurement of assets		555	2,724
Total income		2,319,851	2,007,441
Expenses			
Supplies and services	4	1,321,102	1,113,949
Depreciation and amortisation		536,245	537,022
Employee expenses	5	287,380	251,215
Finance/borrowing costs		39,881	35,001
Grants and subsidies	6	77,015	20,840
Other expenses		19,141	12,824
Total expenses		2,280,764	1,970,851
Operating result before income tax		39,087	36,590
Income tax benefit /(expense)		(6,487)	(6,210)
Operating result after income tax		32,600	30,380
Other comprehensive income			
Items that will not be reclassified to operating result			
Increase/(decrease) in asset revaluation surplus		141,361	152,149
Total other comprehensive income		141,361	152,149
TOTAL COMPREHENSIVE INCOME		173,961	182,529

Notes:

1. The increase in user charges and fees is mainly due to an increase in work delivered by QBuild for client agencies.
2. The increase in appropriation revenue is mainly due to funding for CopperString 2.0 to transition the project to State ownership and delivery and *Queensland Energy and Jobs Plan* initiatives.
3. The increase in grants and other contributions income is mainly due to funding received for the Resilient Homes Fund.
4. The increase in supplies and services is mainly due to an increase in work delivered by QBuild for client agencies.
5. The increase in employee expenses is mainly due to increases under agreed Enterprise Bargaining Agreements.
6. The increase in grants and subsidies is mainly due to payments relating to CopperString 2.0 and the Housing Resilience Program.



Financial statements

Statement of Financial Position

as at 30 June 2023

	Note	Actual 2022-23	Actual 2021-22
		\$'000	\$'000
Current assets			
Cash and cash equivalents	7	402,330	315,516
Receivables		162,756	154,757
Contract assets		77,596	62,765
Other current assets		17,701	16,182
Non-current assets classified as held for sale		671	4,568
Total current assets		661,054	553,788
Non-current assets			
Property, plant and equipment		3,804,216	3,602,504
Right-of-use assets		1,553,727	1,719,877
Receivables		58,571	62,050
Other non-current assets		8,288	3,276
Total non-current assets		5,424,802	5,387,707
TOTAL ASSETS		6,085,856	5,941,495
Current liabilities			
Lease liabilities		395,692	376,328
Payables	8	257,192	209,525
Provisions	9	39,622	13,537
Accrued employee benefits		9,923	8,689
Queen's Wharf deferred consideration	10	71,250	0
Unearned revenue	11	17,526	6,407
Other current liabilities		47,784	32,724
Total current liabilities		838,989	647,210
Non-current liabilities			
Lease liabilities		1,427,552	1,597,244
Borrowings		196,512	196,512
Queen's Wharf deferred consideration	10	48,142	119,392
Provisions	9	6,057	32,398
Unearned revenue		22,484	23,807
Other non-current liabilities		19,677	17,334
Total non-current liabilities		1,720,424	1,986,687
Total liabilities		2,559,413	2,633,897
Net assets		3,526,443	3,307,598



Financial statements

	Note	Actual 2022-23	Actual 2021-22
Equity			
Contributed equity		3,107,542	3,055,093
Asset revaluation surplus		366,463	225,102
Accumulated surplus/(deficit)		52,438	27,403
TOTAL EQUITY		3,526,443	3,307,598

Notes:

7. The increase in cash and cash equivalents is mainly due to appropriation revenue deferrals and the revised timing of delivery of capital works projects.
8. The increase in current payables is mainly due to approved end of year deferrals and adjustments relating to appropriation revenue.
9. The movement in provisions is mainly due to the reclassification of the transfer duty payable for the Queen's Wharf Precinct integrated resort development from non-current to current as the project is expected to be completed in 2023-24.
10. The movement in Queens Wharf Precinct deferred consideration is due to the reclassification from non-current to current as the integrated resort development is expected to be completed in 2023-24.
11. The increase in current unearned revenue mainly relates to supplementation funding to support ReBuild QBuild.



Introduction to financial statements

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

- Statement of Comprehensive Income – Controlled
- Statement of Financial Position – Controlled
- Statement of Changes in Equity – Controlled
- Statement of Cash Flows – Controlled
- Statement of Comprehensive Income by Major Departmental Services and Commercialised Business Units – Controlled
- Statement of Assets and Liabilities by Major Departmental Services and Commercialised Business Units – Controlled
- Statement of Comprehensive Income – Administered
- Statement of Financial Position – Administered
- Statement of Comprehensive Income by Major Departmental Services – Administered
- Statement of Assets and Liabilities by Major Departmental Services – Administered
- Notes to the Financial Statements 2022–23
- Management Certificate
- Independent Auditor’s Report.

General Information

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

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

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

1 William St

BRISBANE QLD 4000

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

For information in relation to the department’s financial statements, please call 07 3008 3138 or visit the departmental website www.epw.qld.gov.au



Contents

Statement of Comprehensive Income - Controlled

Statement of Financial Position - Controlled

Statement of Changes in Equity - Controlled

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

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

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

Statement of Comprehensive Income - Administered

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Statement of Comprehensive Income by Major Departmental Services - Administered

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Notes to the Financial Statements 2022-23

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**Department of Energy and Public Works
Statement of Comprehensive Income - Controlled
for the year ended 30 June 2023**

	Note	2023 \$'000	2022 \$'000
Income			
User charges and fees	2.1	2,014,224	1,809,634
Appropriation revenue	2.2	241,010	159,720
Grants and other contributions		33,055	10,643
Other revenue		31,007	24,720
Total revenue		<u>2,319,296</u>	<u>2,004,717</u>
Gains on disposal/remeasurement of assets		555	2,724
Total income		<u>2,319,851</u>	<u>2,007,441</u>
Expenses			
Supplies and services	2.3	1,321,102	1,113,949
Depreciation and amortisation	2.4	536,245	537,022
Employee expenses	2.5	287,380	251,215
Finance/borrowing costs		39,881	35,001
Grants and subsidies	2.6	77,015	20,840
Other expenses	2.7	19,141	12,824
Total expenses		<u>2,280,764</u>	<u>1,970,851</u>
Operating result before income tax equivalent expense		39,087	36,590
Income tax equivalent expense		6,487	6,210
Operating result for the year		<u>32,600</u>	<u>30,380</u>
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to operating result			
Increase/(decrease) in asset revaluation surplus	3.1	141,361	152,149
Total other comprehensive income		<u>141,361</u>	<u>152,149</u>
Total comprehensive income		<u><u>173,961</u></u>	<u><u>182,529</u></u>

The accompanying notes form part of these financial statements.



Department of Energy and Public Works
Statement of Financial Position - Controlled
as at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Current Assets			
Cash and cash equivalents		402,330	315,516
Receivables	3.3	162,756	154,757
Contract assets	3.5	77,596	62,765
Other current assets	3.6	17,701	16,182
		<u>660,383</u>	<u>549,220</u>
Non-current assets classified as held for sale	3.7	671	4,568
Total current assets		<u>661,054</u>	<u>553,788</u>
Non-current Assets			
Property, plant and equipment	3.1	3,804,216	3,602,504
Right-of-use assets	3.2	1,553,727	1,719,877
Receivables	3.3	58,571	62,050
Other non-current assets	3.6	8,288	3,276
Total non-current assets		<u>5,424,802</u>	<u>5,387,707</u>
Total Assets		<u>6,085,856</u>	<u>5,941,495</u>
Current Liabilities			
Lease liabilities	3.2	395,692	376,328
Payables	3.9	257,192	209,525
Provisions	3.11	39,622	13,537
Accrued employee benefits		9,923	8,689
Queen's Wharf deferred consideration	3.10	71,250	-
Unearned revenue	3.12	17,526	6,407
Other current liabilities	3.13	47,784	32,724
Total current liabilities		<u>838,989</u>	<u>647,210</u>
Non-current Liabilities			
Lease liabilities	3.2	1,427,552	1,597,244
Borrowings	3.8	196,512	196,512
Queen's Wharf deferred consideration	3.10	48,142	119,392
Provisions	3.11	6,057	32,398
Unearned revenue	3.12	22,484	23,807
Other non-current liabilities	3.13	19,677	17,334
Total non-current liabilities		<u>1,720,424</u>	<u>1,986,687</u>
Total Liabilities		<u>2,559,413</u>	<u>2,633,897</u>
NET ASSETS		<u>3,526,443</u>	<u>3,307,598</u>
EQUITY			
Contributed equity		3,107,542	3,055,093
Asset revaluation surplus	3.1	366,463	225,102
Accumulated surplus/(deficit)		52,438	27,403
Total Equity		<u>3,526,443</u>	<u>3,307,598</u>

The accompanying notes form part of these financial statements.



Department of Energy and Public Works
Statement of Changes in Equity - Controlled
for the year ended 30 June 2023

	Contributed equity \$'000	Asset revaluation surplus Note 3.1(d) \$'000	Accumulated surplus/ (deficit) \$'000	Total \$'000
Balance as at 1 July 2021	3,071,263	72,953	4,263	3,148,479
Operating result	-	-	30,380	30,380
Other comprehensive income				
- Increase/(decrease) in asset revaluation surplus	-	152,149	-	152,149
Total comprehensive income for the year	-	152,149	30,380	182,529
Transactions with owners as owners				
- Appropriated equity injections	502,139	-	-	502,139
- Appropriated equity withdrawals	(490,246)	-	-	(490,246)
- Non-appropriated equity adjustments	(40,187)	-	-	(40,187)
- Net transfers in/(out) from other Queensland Government entities	12,124	-	-	12,124
- Dividends paid or declared	-	-	(7,240)	(7,240)
Net transactions with owners as owners	(16,170)	-	(7,240)	(23,410)
Balance as at 30 June 2022	3,055,093	225,102	27,403	3,307,598
Balance as at 1 July 2022	3,055,093	225,102	27,403	3,307,598
Operating result	-	-	32,600	32,600
Other comprehensive income				
- Increase/(decrease) in asset revaluation surplus	-	141,361	-	141,361
Total comprehensive income for the year	-	141,361	32,600	173,961
Transactions with owners as owners				
- Appropriated equity injections	538,482	-	-	538,482
- Appropriated equity withdrawals	(488,015)	-	-	(488,015)
- Non-appropriated equity adjustments	2,745	-	-	2,745
- Net transfers in/(out) from other Queensland Government entities	(763)	-	-	(763)
- Dividends paid or declared	-	-	(7,565)	(7,565)
Net transactions with owners as owners	52,449	-	(7,565)	44,884
Balance as at 30 June 2023	3,107,542	366,463	52,438	3,526,443

The accompanying notes form part of these financial statements.

Accounting Policy

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities are adjusted to contributed equity. These adjustments are made in accordance with Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*. Appropriations for equity adjustments are similarly designated.



Department of Energy and Public Works
Statement of Cash Flows - Controlled
for the year ended 30 June 2023

	2023	2022
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Inflows:</i>		
User charges and fees	1,990,901	1,777,889
Appropriation receipts	280,124	173,168
GST collected from customers	149,298	124,340
GST input tax credits received from the Australian Taxation Office	88,320	79,654
Grants and other contributions	34,052	10,688
Other	75,692	50,229
<i>Outflows:</i>		
Supplies and services	(1,363,812)	(1,163,143)
Employee expenses	(280,278)	(249,228)
GST paid to suppliers	(188,435)	(162,827)
GST remitted to the Australian Taxation Office	(78,806)	(67,679)
Finance/borrowing costs	(39,811)	(35,026)
Grants and subsidies	(86,368)	(11,418)
Taxation equivalents	(5,623)	(8,137)
Other	(16,604)	(12,790)
Net cash provided by (used in) operating activities	558,650	505,720
CASH FLOWS FROM INVESTING ACTIVITIES		
<i>Inflows:</i>		
Sales of property, plant and equipment	14,549	18,624
<i>Outflows:</i>		
Payments for property, plant and equipment	(147,158)	(120,219)
Net cash provided by (used in) investing activities	(132,609)	(101,595)
CASH FLOWS FROM FINANCING ACTIVITIES		
<i>Inflows:</i>		
Equity injections	547,817	515,334
<i>Outflows:</i>		
Equity withdrawals	(486,995)	(523,427)
Payment of lease liabilities	(392,809)	(392,073)
Dividends paid	(7,240)	(7,883)
Net cash provided by (used in) financing activities	(339,227)	(408,049)
Net increase (decrease) in cash and cash equivalents	86,814	(3,924)
Cash and cash equivalents – opening balance	315,516	319,440
Cash and cash equivalents – closing balance	402,330	315,516

The accompanying notes form part of these financial statements.

Cash disclosures

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

The departmental bank accounts are grouped within the whole of government banking set-off arrangement with Queensland Treasury Corporation and do not earn interest. The Department has overdraft facilities of \$20 million (2022: \$20 million) with the Commonwealth Bank and working capital facilities of \$55 million (2022: \$55 million) with Queensland Treasury Corporation. A total of \$75 million (2022: \$75 million) of these facilities were undrawn as at 30 June and are available for future use.



Department of Energy and Public Works
Notes to the Statement of Cash Flows - Controlled
for the year ended 30 June 2023

2023
\$'000

2022
\$'000

Reconciliation of operating result to net cash from operating activities

Operating surplus/(deficit) before income tax	39,087	36,590
Less: income tax benefit/(expense)	(6,487)	(6,210)
	<u>32,600</u>	<u>30,380</u>
<i>Non-cash items:</i>		
Depreciation and amortisation expense	536,245	537,022
Motor vehicles sold	20,929	29,414
Impairment losses	2,979	162
Loss/(gain) on disposal of non-current assets	(555)	(2,724)
Capitalised Finance Lease Interest Revenue	(1,877)	(1,958)
<i>Change in assets and liabilities:</i>		
(Increase) decrease in GST input tax credits receivable	302	(1,741)
(Increase) decrease in receivables	(4,019)	(34,809)
(Increase) decrease in contract assets	(14,831)	(8,993)
(Increase) decrease in other assets	(3,241)	2,616
Acquisition of motor vehicles held for rental	(74,055)	(71,476)
Increase (decrease) in GST payable	(1,715)	1,720
Increase (decrease) in payables	37,668	16,825
Increase (decrease) in provisions	1,581	(1,034)
Increase (decrease) in unearned revenue	10,171	(1,153)
Increase (decrease) in accrued employee benefits	1,234	2,507
Increase (decrease) in other liabilities	15,234	8,962
Net cash from operating activities	<u>558,650</u>	<u>505,720</u>

Changes in liabilities arising from financing activities

	Borrowings \$'000	Lease liabilities \$'000	Dividends payable \$'000	Total \$'000
Balance as at 1 July 2021	196,512	2,125,564	7,883	2,329,959
Cash flows:				
Cash paid	-	(392,073)	(7,883)	(399,956)
Non-cash changes:				
Leases acquired/surrendered	-	172,387	-	172,387
Remeasurement of lease liability	-	67,694	-	67,694
Dividends declared	-	-	7,240	7,240
Balance as at 30 June 2022	<u>196,512</u>	<u>1,973,572</u>	<u>7,240</u>	<u>2,177,324</u>
Balance as at 1 July 2022	196,512	1,973,572	7,240	2,177,324
Cash flows:				
Cash paid	-	(392,809)	(7,240)	(400,049)
Non-cash changes:				
Leases acquired/surrendered	-	98,136	-	98,136
Remeasurement of lease liability	-	144,345	-	144,345
Dividends declared	-	-	7,565	7,565
Balance as at 30 June 2023	<u>196,512</u>	<u>1,823,244</u>	<u>7,565</u>	<u>2,027,321</u>

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



Department of Energy and Public Works
Statement of Comprehensive Income by Major Departmental Services and Commercialised Business Units - Controlled
for the year ended 30 June 2023

	Grow Qld's energy sector		Building & government accommodation services		Procurement policy & enabling services		Commercialised Business Units			
							QBuild		QFleet	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income										
User charges and fees	626	160	689,272	648,577	2,294	2,610	1,277,078	1,078,774	142,711	147,473
Appropriation revenue	90,908	38,298	131,075	106,257	17,497	15,165	-	-	-	-
Grants and other contributions	8,427	6,768	22,281	2,563	-	-	2,347	1,312	-	-
Other revenue	8	9,087	12,648	4,386	1,459	1,053	16,772	10,061	522	437
Total revenue	99,969	54,313	855,276	761,783	21,250	18,828	1,296,197	1,090,147	143,233	147,910
Gains on disposal/remeasurement of assets	-	-	593	2,678	-	-	(38)	46	-	-
Total income	99,969	54,313	855,869	764,461	21,250	18,828	1,296,159	1,090,193	143,233	147,910
Expenses										
Supplies and services	15,517	13,291	259,837	201,501	9,154	7,855	1,113,461	937,968	61,791	65,875
Depreciation and amortisation	9	9	487,841	490,009	5	5	614	666	47,608	46,101
Employee expenses	18,964	13,574	33,429	28,429	11,876	10,838	174,328	148,437	5,944	5,892
Finance/borrowing costs	-	-	35,725	31,670	-	-	-	-	4,156	3,331
Grants and subsidies	65,099	18,606	10,684	1,062	-	-	1,232	1,172	-	-
Other expenses	377	224	9,910	4,499	214	130	1,870	1,194	6,770	6,777
Total expenses	99,966	45,704	837,426	757,170	21,249	18,828	1,291,505	1,089,437	126,269	127,976
Operating result before income tax equivalent expense	3	8,609	18,443	7,291	1	-	4,654	756	16,964	19,934
Income tax equivalent expense	-	-	-	-	-	-	(1,398)	(230)	(5,089)	(5,980)
Operating result for the year	3	8,609	18,443	7,291	1	-	3,256	526	11,875	13,954
OTHER COMPREHENSIVE INCOME										
Items that will not be reclassified to operating result										
Increase/(decrease) in asset revaluation surplus	-	-	141,361	152,149	-	-	-	-	-	-
Total other comprehensive income	-	-	141,361	152,149	-	-	-	-	-	-
Total comprehensive income	3	8,609	159,804	159,440	1	-	3,256	526	11,875	13,954



Department of Energy and Public Works
Statement of Comprehensive Income by Major Departmental Services and Commercialised Business Units - Controlled
for the year ended 30 June 2023

	General - not attributed		Inter-service/unit eliminations		Total department	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Income						
User charges and fees	89,194	101,107	(186,951)	(169,067)	2,014,224	1,809,634
Appropriation revenue	1,530	-	-	-	241,010	159,720
Grants and other contributions	-	-	-	-	33,055	10,643
Other revenue	17	48	(419)	(352)	31,007	24,720
Total revenue	90,741	101,155	(187,370)	(169,419)	2,319,296	2,004,717
Gains on disposal/remeasurement of assets	-	-	-	-	555	2,724
Total income	90,741	101,155	(187,370)	(169,419)	2,319,851	2,007,441
Expenses						
Supplies and services	48,712	56,878	(187,370)	(169,419)	1,321,102	1,113,949
Depreciation and amortisation	168	232	-	-	536,245	537,022
Employee expenses	42,839	44,045	-	-	287,380	251,215
Finance/borrowing costs	-	-	-	-	39,881	35,001
Grants and subsidies	-	-	-	-	77,015	20,840
Other expenses	-	-	-	-	19,141	12,824
Total expenses	91,719	101,155	(187,370)	(169,419)	2,280,764	1,970,851
Operating result before income tax equivalent expense	(978)	-	-	-	39,087	36,590
Income tax equivalent expense	-	-	-	-	(6,487)	(6,210)
Operating result for the year	(978)	-	-	-	32,600	30,380
OTHER COMPREHENSIVE INCOME						
Items that will not be reclassified to operating result						
Increase/(decrease) in asset revaluation surplus	-	-	-	-	141,361	152,149
Total other comprehensive income	-	-	-	-	141,361	152,149
Total comprehensive income	(978)	-	-	-	173,961	182,529



Department of Energy and Public Works
Statement of Assets and Liabilities by Major Departmental Services and Commercialised Business Units - Controlled
for the year ended 30 June 2023

	Grow Qld's energy sector		Building & government accommodation services		Procurement policy & enabling services		Commercialised Business Units			
	2023	2022	2023	2022	2023	2022	QBuild		QFleet	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	2023	2022	2023	2022
Current Assets										
Cash and cash equivalents	-	-	41,753	35,151	-	-	51,769	64,810	43,727	40,247
Receivables	421	336	21,882	23,318	169	362	142,212	125,490	10,819	10,509
Contract assets	-	-	-	-	-	-	77,596	62,765	-	-
Other current assets	10	64	6,107	5,619	-	51	921	1,276	10,594	9,264
	431	400	69,742	64,088	169	413	272,498	254,341	65,140	60,020
Non-current assets classified as held for sale	-	-	671	4,568	-	-	-	-	-	-
Total current assets	431	400	70,413	68,656	169	413	272,498	254,341	65,140	60,020
Non-current Assets										
Property, plant and equipment	221	229	3,529,806	3,335,186	10	15	3,108	827	270,690	265,888
Right-of-use assets	-	-	1,553,727	1,719,877	-	-	-	-	-	-
Receivables	-	-	58,571	62,050	-	-	-	-	-	-
Other non-current assets	-	-	412	12	-	-	7,789	3,231	6	6
Total non-current assets	221	229	5,142,516	5,117,125	10	15	10,897	4,058	270,696	265,894
TOTAL ASSETS	652	629	5,212,929	5,185,781	179	428	283,395	258,399	335,836	325,914
Current Liabilities										
Lease liabilities	-	-	395,692	376,328	-	-	-	-	-	-
Payables	48,502	32,055	95,298	65,458	2,924	1,135	112,317	114,711	14,498	11,494
Provisions	-	-	32,436	12,091	-	-	6,413	652	-	-
Accrued employee benefits	580	429	976	824	315	309	6,214	5,538	355	223
Queen's Wharf deferred consideration	-	-	71,250	-	-	-	-	-	-	-
Unearned revenue	-	-	1,322	1,389	-	-	16,204	5,018	-	-
Other current liabilities	200	-	33,646	24,617	137	44	4,821	293	4,595	4,880
Total current liabilities	49,282	32,484	630,620	480,707	3,376	1,488	145,969	126,212	19,448	16,597
Non-current Liabilities										
Lease liabilities	-	-	1,427,552	1,597,244	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	196,512	196,512
Queen's Wharf deferred consideration	-	-	48,142	119,392	-	-	-	-	-	-
Provisions	-	-	5,816	32,158	-	-	-	-	-	-
Unearned revenue	-	-	22,484	23,807	-	-	-	-	-	-
Other non-current liabilities	-	-	1,215	325	-	-	689	369	17,773	16,640
Total non-current liabilities	-	-	1,505,209	1,772,926	-	-	689	369	214,285	213,152
TOTAL LIABILITIES	49,282	32,484	2,135,829	2,253,633	3,376	1,488	146,658	126,581	233,733	229,749



Department of Energy and Public Works
Statement of Assets and Liabilities by Major Departmental Services and Commercialised Business Units - Controlled
for the year ended 30 June 2023

	General - not attributed		Inter-service/unit eliminations		Total department	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current Assets						
Cash and cash equivalents	265,081	175,308	-	-	402,330	315,516
Receivables	9,571	18,093	(22,318)	(23,351)	162,756	154,757
Contract assets	-	-	-	-	77,596	62,765
Other current assets	725	1,462	(656)	(1,554)	17,701	16,182
	<u>275,377</u>	<u>194,863</u>	<u>(22,974)</u>	<u>(24,905)</u>	<u>660,383</u>	<u>549,220</u>
Non-current assets classified as held for sale	-	-	-	-	671	4,568
Total current assets	<u>275,377</u>	<u>194,863</u>	<u>(22,974)</u>	<u>(24,905)</u>	<u>661,054</u>	<u>553,788</u>
Non-current Assets						
Property, plant and equipment	381	359	-	-	3,804,216	3,602,504
Right-of-use assets	-	-	-	-	1,553,727	1,719,877
Receivables	-	-	-	-	58,571	62,050
Other non-current assets	81	27	-	-	8,288	3,276
Total non-current assets	<u>462</u>	<u>386</u>	<u>-</u>	<u>-</u>	<u>5,424,802</u>	<u>5,387,707</u>
TOTAL ASSETS	<u>275,839</u>	<u>195,249</u>	<u>(22,974)</u>	<u>(24,905)</u>	<u>6,085,856</u>	<u>5,941,495</u>
Current Liabilities						
Lease liabilities	-	-	-	-	395,692	376,328
Payables	5,971	8,023	(22,318)	(23,351)	257,192	209,525
Provisions	773	794	-	-	39,622	13,537
Accrued employee benefits	1,483	1,366	-	-	9,923	8,689
Queen's Wharf deferred consideration	-	-	-	-	71,250	-
Unearned revenue	-	-	-	-	17,526	6,407
Other current liabilities	5,041	4,444	(656)	(1,554)	47,784	32,724
Total current liabilities	<u>13,268</u>	<u>14,627</u>	<u>(22,974)</u>	<u>(24,905)</u>	<u>838,989</u>	<u>647,210</u>
Non-current Liabilities						
Lease liabilities	-	-	-	-	1,427,552	1,597,244
Borrowings	-	-	-	-	196,512	196,512
Queen's Wharf deferred consideration	-	-	-	-	48,142	119,392
Provisions	241	240	-	-	6,057	32,398
Unearned revenue	-	-	-	-	22,484	23,807
Other non-current liabilities	-	-	-	-	19,677	17,334
Total non-current liabilities	<u>241</u>	<u>240</u>	<u>-</u>	<u>-</u>	<u>1,720,424</u>	<u>1,986,687</u>
TOTAL LIABILITIES	<u>13,509</u>	<u>14,867</u>	<u>(22,974)</u>	<u>(24,905)</u>	<u>2,559,413</u>	<u>2,633,897</u>



**Department of Energy and Public Works
Statement of Comprehensive Income - Administered
for the year ended 30 June 2023**

	Note	2023 \$'000	2022 \$'000
Revenue			
Appropriation revenue	5.5 (a)	761,072	573,345
User charges and fees		529	410
Other revenue	5.5 (c)	52,940	126,637
Total revenue		<u>814,541</u>	<u>700,392</u>
Expenses			
Grants and subsidies	5.5 (b)	705,000	550,930
Supplies and services		55,476	22,413
Transfers of administered revenue to government		527	410
Other expenses	5.5 (c)	27,548	-
Total expenses		<u>788,551</u>	<u>573,753</u>
OPERATING RESULT		<u>25,990</u>	<u>126,639</u>

The accompanying notes form part of these financial statements.



Department of Energy and Public Works
Statement of Financial Position - Administered
as at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Current assets			
Cash		76,463	38,557
Receivables		74,447	8,927
Total assets		<u>150,910</u>	<u>47,484</u>
Current liabilities			
Payables	5.5 (d)	150,911	47,404
Non-current liabilities			
Derivatives	5.5 (e)	40,522	93,462
Total liabilities		<u>191,433</u>	<u>140,866</u>
NET ASSETS		<u>(40,523)</u>	<u>(93,382)</u>
EQUITY			
Contributed equity		(170,775)	(197,642)
Accumulated surplus/(deficit)		130,252	104,260
Total Equity		<u>(40,523)</u>	<u>(93,382)</u>

The accompanying notes form part of these financial statements.



Department of Energy and Public Works
Statement of Comprehensive Income by Major Departmental Services - Administered
for the year ended 30 June 2023

	Grow Qld's energy sector		Building & government accommodation services		Total	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Revenue						
Appropriation revenue	697,989	549,703	63,083	23,642	761,072	573,345
User charges and fees	480	366	49	44	529	410
Other revenue	52,940	126,637	-	-	52,940	126,637
Total revenue	<u>751,409</u>	<u>676,706</u>	<u>63,132</u>	<u>23,686</u>	<u>814,541</u>	<u>700,392</u>
Expenses						
Grants and subsidies	696,689	549,701	8,311	1,229	705,000	550,930
Supplies and services	3	-	55,473	22,413	55,476	22,413
Transfers of administered revenue to government	479	366	48	44	527	410
Other expenses	27,548	-	-	-	27,548	-
Total expenses	<u>724,719</u>	<u>550,067</u>	<u>63,832</u>	<u>23,686</u>	<u>788,551</u>	<u>573,753</u>
OPERATING RESULT	<u>26,690</u>	<u>126,639</u>	<u>(700)</u>	<u>-</u>	<u>25,990</u>	<u>126,639</u>

There were no administered transactions during the financial year for Procurement policy & enabling services, QBuild or QFleet.



Department of Energy and Public Works
Statement of Assets and Liabilities by Major Departmental Services - Administered
as at 30 June 2023

	Grow Qld's energy sector		Building & government accommodation services		Total	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Current assets						
Cash	70,352	38,557	6,111	-	76,463	38,557
Receivables	70,380	8,927	4,067	-	74,447	8,927
Prepayments	-	-	-	-	-	-
TOTAL ASSETS	140,732	47,484	10,178	-	150,910	47,484
Current liabilities						
Payables	144,733	47,404	6,178	-	150,911	47,404
Non-current liabilities						
Derivatives	40,522	93,462	-	-	40,522	93,462
TOTAL LIABILITIES	185,255	140,866	6,178	-	191,433	140,866

There were no administered balances at the end of the financial year for Procurement policy & enabling services, QBuild or QFleet.



1. Basis of preparation
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 - 1.3 Department objectives and principal activities
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Management Certificate



1 BASIS OF PREPARATION

1.1 General information

The Department of Energy and Public Works was established on 12 November 2020. The department is a not-for-profit Queensland Government department established under the *Public Sector Act 2022 (formerly the Public Service Act 2008)* and controlled by the State of Queensland which is the ultimate parent.

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

1.2 Compliance with prescribed requirements

The department has prepared these general purpose financial statements in compliance with section 38 of the *Financial and Performance Management Standard 2019*, the Australian Accounting Standards and Interpretations applicable to not-for-profit entities, and Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2022.

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

1.3 Department objectives and principal activities

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

- ensure reliable, sustainable and affordable energy services are delivered to Queenslanders and support the growth of the hydrogen industry
- be the trusted experts to government and industry for excellence in building and design, industry regulatory reform, and government building and accommodation
- prioritise Queensland businesses and jobs through leading-edge procurement practices that consider environmental, social and governance factors.

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

Grow Queensland's energy sector

Grow Queensland's energy sector leads the energy sector to deliver reliable, affordable and renewable energy to Queensland households and businesses.

Hydrogen services

Hydrogen Services supports the Queensland Government commitment to accelerating the hydrogen industry in Queensland.

Building and government accommodation services

Building and government accommodation services provides sustainable, well designed, fit for purpose and safe public works, government accommodation and asset management services to enable Queensland Government agencies to deliver their core services.

Procurement policy and enabling services

Procurement policy and enabling services prioritises Queensland businesses and local jobs by providing whole-of-government procurement policy and enabling services to Queensland Government buyers and suppliers.

QBuild

QBuild supports Queensland regional job creation and partners with Queensland Government agencies to deliver their core services by providing state-wide planning, building and maintenance services that utilise local suppliers and QBuild

QFleet

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



1.4 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.

1.5 Basis of measurement

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

1.6 Presentation

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero.

Comparative information presented is for the period from 1 July 2021 to 30 June 2022.

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

1.7 New and revised accounting standards

There are no new accounting standards or interpretations that apply to the department for the first time in 2022-23.

No Australian Accounting Standards have been early adopted for 2022-23.



2 STATEMENT OF COMPREHENSIVE INCOME NOTES

2.1 User charges and fees

Revenue from contracts with customers		
Building services	1,222,332	1,039,266
Commercial accommodation service*	477,846	467,133
Government employee housing accommodation service*	53,117	51,116
Fleet management services*	99,383	91,751
Vehicle sales	37,899	51,264
Service level agreement revenue **	35,264	41,922
Other	88,383	67,182
Total	2,014,224	1,809,634

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

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

** The department provided ongoing corporate services under a service level agreement in the form of information technology and legal services to the former Department of Communities, Housing and Digital Economy until 17 May 2023. These services have continued to be provided following the Machinery of Government changes to business units within Department of Housing; Department of Transport and Main Roads; and Department of Treaty, Aboriginal and Torres Strait Islander Partnerships, Communities and the Arts.

Revenue from contracts with customers

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

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



2.1 User charges and fees (continued)

Revenue from contracts with customers (continued)

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



2.1 User charges and fees (continued)

Revenue from contracts with customers (continued)

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

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

2.2 Appropriation revenue	2023 \$'000	2022 \$'000
Reconciliation of payments from Consolidated Fund to appropriation revenue recognised in operating result		
Original budgeted appropriation revenue	205,242	173,321
Supplementary amounts:		
Transfers from/to other headings - variation in headings	53,578	-
Unforeseen expenditure	21,304	-
Lapsed appropriation revenue	-	(153)
Total appropriation receipts (cash)	<u>280,124</u>	<u>173,168</u>
Plus: Opening balance of deferred appropriation payable to Consolidated Fund	38,208	23,843
Plus: Transfer of deferred appropriation payable from other Queensland Government entities	-	917
Less: Closing balance of deferred appropriation payable to Consolidated Fund	(77,322)	(38,208)
Appropriation revenue recognised in Statement of Comprehensive Income	<u>241,010</u>	<u>159,720</u>
Variance between original budgeted and actual appropriation revenue	<u>35,768</u>	<u>(13,601)</u>

Accounting policy - Appropriation Revenue

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



2.3 Supplies and services

Cost of sales		
Building, construction and maintenance services	984,716	785,021
Motor vehicles and land sold through inventory	21,304	29,855
Property repairs and maintenance	57,024	50,455
Other property expenses	27,598	56,131
Consultants and contractors	55,203	46,158
Property rental*	6,891	4,285
Motor vehicle costs	24,375	23,098
Information, communication and technology expenses	35,663	33,760
Electricity and gas	16,726	15,460
Rates to local governments	8,725	8,328
Other	82,877	61,398
Total	1,321,102	1,113,949

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

2.4 Depreciation and amortisation

Depreciation - property, plant and equipment (Note 3.1)	132,924	123,387
Depreciation - right-of-use assets (Note 3.2)	403,120	413,172
Amortisation - intangibles	201	463
	536,245	537,022

2.5 Employee expenses

Employee benefits

Wages and salaries	216,240	189,965
Annual leave levy	22,915	20,995
Employer superannuation contributions	29,272	24,802
Long service leave levy	5,904	4,997
Termination benefits	209	29
	274,540	240,788

Employee-related expenses	12,840	10,427
Total	287,380	251,215

Wages and salaries

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

Annual leave and long service leave

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



2.5 Employee expenses (continued)

Superannuation

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

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

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

Employee-related expenses

Payroll tax and workers' compensation insurance are a consequence of employing staff, but are not counted in an

Number of employees

The number of employees (measured on a full-time equivalent basis) as at 30 June 2023 (based upon the fortnight ending 30 June 2023) is 2,233 (2022: 2,161).

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

2.6 Grants and subsidies

Borumba Dam Pumped Hydro	8,654	9,649
Qld Government Australian Energy Market Commission (AEMC)	8,427	7,549
CopperString Project	44,734	-
Housing Resilience Program	9,639	-
Other	5,561	3,642
	<u>77,015</u>	<u>20,840</u>

Accounting Policy - Grants and Subsidies

Grants occur when a payment or contribution is made to an organisation or person in return for performance of a certain objective in compliance with certain terms and conditions and which meeting the objectives of the department.

2.7 Other expenses

Insurance premiums - Queensland Government Insurance Fund	4,229	3,965
Insurance premiums - other	6,991	6,943
Queensland Audit Office - external audit fees*	279	515
Special payments (ex-gratia) [†]	24	81
Land Tax	2,828	720
Impairment losses on receivables	2,979	162
Other	1,811	438
Total	<u>19,141</u>	<u>12,824</u>

* Total audit fees quoted by the Queensland Audit Office relating to the 2022-23 financial statements are \$0.507 million (GST exclusive) (2022: \$0.495 million).

[†] Special payments include expenditure that the department is not contractually or legally obligated to make to other parties. The special payment over \$5,000 in 2022-23 was made to assist with the financial impacts of a costs order.



3 STATEMENT OF FINANCIAL POSITION NOTES

3.1 Property, plant and equipment

Land: at fair value	1,209,312	1,179,757
Buildings: at fair value	1,636,417	1,504,497
Plant and equipment: at cost		
Gross	702,385	656,963
Less accumulated depreciation	(283,151)	(236,641)
	<u>419,234</u>	<u>420,322</u>
Infrastructure: at fair value		
Gross	387,883	361,397
Less accumulated depreciation	(124,989)	(111,911)
	<u>262,894</u>	<u>249,486</u>
Heritage and cultural assets: at fair value		
Gross	229,460	204,599
Less accumulated depreciation	(141,948)	(144,108)
	<u>87,512</u>	<u>60,491</u>
Work in progress: at cost	188,847	187,951
Total	<u><u>3,804,216</u></u>	<u><u>3,602,504</u></u>



3.1 Property, plant and equipment (continued)

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Infrastructure \$'000	Heritage and cultural assets \$'000	Work in progress \$'000	Total \$'000
Property, plant and equipment reconciliation							
Transfers from other Queensland Government entities	100	12,228	-	-	-	-	12,328
Transfers to other Queensland Government entities	(19)	-	-	-	-	-	(19)
Acquisitions	1,263	2,881	74,996	-	-	106,913	186,053
Transfers between classes	215	58,797	9,786	-	32	(68,830)	-
Transfers to inventories	-	-	(29,414)	-	-	-	(29,414)
Disposals	(726)	(1,237)	(1)	-	-	-	(1,964)
Assets reclassified as held for sale	(8,810)	(10,763)	1,383	-	-	-	(18,190)
Net revaluation increments/(decrements) recognised in asset revaluation surplus	42,099	88,688	-	14,119	7,243	-	152,149
Depreciation	-	(52,198)	(66,122)	(4,514)	(553)	-	(123,387)
Carrying amount at 30 June 2022	1,179,757	1,504,497	420,322	249,486	60,491	187,951	3,602,504
Carrying amount at 1 July 2022	1,179,757	1,504,497	420,322	249,486	60,491	187,951	3,602,504
Transfers from other Queensland Government entities	4,607	-	-	-	-	-	4,607
Transfers to other Queensland Government entities	(4,217)	(379)	-	-	-	-	(4,596)
Acquisitions	7,421	15,850	78,537	-	172	121,077	223,057
Transfers between classes	-	88,932	11,432	-	19,817	(120,181)	-
Transfers to inventories	-	-	(21,698)	-	-	-	(21,698)
Disposals	(1,415)	(1,963)	(107)	(1)	-	-	(3,486)
Assets reclassified as held for sale	(1,516)	(3,092)	-	-	-	-	(4,608)
Net revaluation increments/(decrements) recognised in asset revaluation surplus	24,675	90,698	-	18,123	7,865	-	141,361
Depreciation	-	(58,126)	(69,252)	(4,714)	(833)	-	(132,925)
Carrying amount at 30 June 2023	1,209,312	1,636,417	419,234	262,894	87,512	188,847	3,804,216



3.1 Property, plant and equipment (continued)

(a) Acquisitions

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

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

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

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

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

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

Land improvements undertaken by the department are included with buildings.

(b) Measurement

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

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

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

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

(c) Revaluation of property, plant and equipment

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

The fair values reported by the department are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs. All assets are valued at highest and best use, which is generally consistent with current use.

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

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



3.1 Property, plant and equipment (continued)

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

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

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

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

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

There has been no evidence of a material increase or decrease in the market values of properties valued using the market and income based methods from the date of valuation to 30 June 2023.

(i) Government employee houses – land and buildings

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

Specific appraisals are performed on these properties once every five years. They were specifically appraised by an independent valuer in 2020-21. Three properties were specifically appraised during 2023. Properties that aren't specifically appraised in any given year are indexed.

(ii) Commercial properties – land and buildings

As at 30 June 2023, commercial properties were either:

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

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

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

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

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



3.1 Property, plant and equipment (continued)

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

(iii) Infrastructure

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

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

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

Assets that are not specifically appraised in any given year are indexed.

(iv) Heritage and cultural assets

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

Fair value for the department's other heritage and cultural buildings is assessed based on relevant market evidence for similar assets. In localities where there is insufficient sales activity to derive market-based valuations, the buildings are valued using the current replacement cost and reproduction cost methods. This is also the case for unique or highly specialised buildings for which there is no comparable property market evidence. Properties are specifically appraised every four years unless there is an indication that more frequent revaluation is required. During 2022-23, 73 properties were specifically appraised and the balance of the properties were indexed.

(d) Asset revaluation surplus by class

	Land \$'000	Buildings \$'000	Infrastructure \$'000	Heritage and cultural assets \$'000	Total \$'000
Balance as at 1 July 2021	13,443	50,708	5,285	3,517	72,953
Net revaluation increments/(decrements)	42,099	88,688	14,119	7,243	152,149
Balance at 30 June 2022	55,542	139,396	19,404	10,760	225,102
Balance as at 1 July 2022	55,542	139,396	19,404	10,760	225,102
Net revaluation increments/(decrements)	24,675	90,698	18,123	7,865	141,361
Balance at 30 June 2023	80,217	230,094	37,527	18,625	366,463

(e) Fair value measurement

Categorisation of fair values recognised as at 30 June 2023

	Level 2 \$'000		Level 3 \$'000		Total \$'000	
	2023	2022	2023	2022	2023	2022
Land						
- government employee housing	145,826	139,422	-	-	145,826	139,422
- commercial	558,112	538,143	505,374	502,192	1,063,486	1,040,335
Total land	703,938	677,565	505,374	502,192	1,209,312	1,179,757
Buildings						
- government employee housing	515,617	460,242	106,542	94,950	622,159	555,192
- commercial	694,636	635,473	319,622	313,832	1,014,258	949,305
Total buildings	1,210,253	1,095,715	426,164	408,782	1,636,417	1,504,497
Infrastructure	-	-	262,894	249,486	262,894	249,486
Heritage and cultural assets	9,645	9,102	77,867	51,389	87,512	60,491
Total	1,923,836	1,782,382	1,272,299	1,211,849	3,196,135	2,994,231

3.1 Property, plant and equipment (continued)

(e) Fair value measurement (continued)

Level 3 significant valuation inputs

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

(f) Impairment

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

(g) Depreciation

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

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

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

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

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

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

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

(h) Queen's Wharf Precinct

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



3.1 Property, plant and equipment (continued)

(h) Queen's Wharf Precinct (continued)

The Department of Energy and Public Works is the owner of the majority of land and buildings within the IRD Precinct. A leasehold development lease and a freehold development lease for the project commenced on 22 February 2018 transferring responsibility of the whole of the site to the Consortium. As at 30 June 2023, the land and buildings in the precinct have been valued on the basis that the contractual arrangements are considered to be non-cancellable and the highest and best use of the land and buildings in the precinct is that of an IRD. The fair value is based on the income approach with the cash and future estimates for the non-cash consideration to be received under the contractual arrangements discounted to a single present value. Under the fair value hierarchy the future estimates of the non-cash consideration and the discount rate are categorised as unobservable inputs. The carrying value of the land and buildings within the Precinct is \$531.6 million.

3.2 Leases as lessee

(a) Right-of-use assets - buildings

Opening balance	1,719,877	1,895,692
Additions	242,892	240,300
Depreciation charge	(403,120)	(413,172)
Disposals/derecognition	(5,922)	(2,943)
Closing balance	<u>1,553,727</u>	<u>1,719,877</u>

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

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

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

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

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

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

(b) Lease liabilities

Current	395,692	376,328
Non-current	1,427,552	1,597,244
Total	<u>1,823,244</u>	<u>1,973,572</u>

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

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

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

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

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



3.2 Leases as lessee (continued)

(c) Lease interest

Interest expense on lease liabilities	35,725	31,670
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(d) Amounts recognised in Statement of Cash Flows

Total cash outflow for leases	428,534	423,744
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(e) The department's leasing activities

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

Leases are negotiated on an individual basis and contain a wide range of different terms and conditions in order to achieve the best whole-of-government benefit. The department is exposed to potential future increases in variable lease payments based on CPI or market rates, which make up approximately 8% (2022: 12%) of the portfolio and these are not included in the lease liability until they take effect. When adjustments to lease payments based on CPI or market rates do take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

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

Key judgements in determining the lease term

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

The lease term is reassessed if the department becomes reasonably certain that an extension option will be exercised. The department has exercised approximately 14% of its extension options for the year ending 30 June 2023 (2022: 16%).

Key judgements regarding lease and non-lease components

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

3.3 Receivables

Current

Contracts with customers - Trade debtors	150,157	144,439
GST input tax credits receivable	3,870	4,172
GST payable	(1,265)	(2,980)
Net GST receivable	2,605	1,192
Annual Leave reimbursements*	5,128	4,321
Long service leave reimbursements*	1,387	1,549
Finance lease receivables	3,479	3,256
Total	162,756	154,757

Non-current

Finance lease receivables	58,571	62,050
Total	58,571	62,050

* Refer to Note 2.5 for further information.



3.3 Receivables (continued)

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

The department's annual and long service leave receivables relate to the Queensland Government's Annual Leave and Long Service Leave Central Schemes which are administered by QSuper on behalf of the state. Refer to Note 2.5.

3.4 Credit risk

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

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

3.5 Contract assets

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

3.6 Other assets

Current

Prepayments	13,050	12,106
Inventories	4,199	3,625
Tax assets	446	451
Other	6	-
Total	17,701	16,182

Non-current

Intangible assets	444	645
Deferred tax assets	7,351	2,592
Other	493	39
Total	8,288	3,276

3.7 Non-current assets classified as held for sale

Land	333	3,656
Buildings	338	912
Total	671	4,568

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

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

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

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



3.8 Borrowings

Non-current

Queensland Treasury Corporation (QTC) borrowings	196,512	196,512
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Borrowings are initially recognised at fair value, plus any transaction costs directly attributable to the borrowings, and then subsequently held at amortised cost using the effective interest method. Borrowing costs are recognised as an expense.

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

Fair value of QTC borrowings	192,604	191,619
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3.9 Payables

Current

Trade creditors	150,433	140,461
Deferred appropriation payable to Consolidated Fund	77,322	38,208
Equity adjustment payable	21,632	14,023
Dividends	7,565	7,240
Grants and subsidies payable	240	9,593
Total	257,192	209,525

Accounting Policy - Payables

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

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

3.10 Queen's Wharf deferred consideration

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

3.11 Provisions

Current

Cladding Remediation	4,989	9,148
Make good	8,447	2,943
Transfer duty	19,000	-
Other	7,186	1,446
Total	39,622	13,537

Non-current

Make good	5,816	13,157
Transfer duty	-	19,000
Other	241	241
Total	6,057	32,398

Movements	Cladding	Make good	Transfer	Other	Total
	remediation		duty		
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July 2022	9,147	16,101	19,000	1,687	45,935
Additional provision made	-	-	-	6,413	6,413
Provision utilised through payments	(4,158)	-	-	(673)	(4,831)
Unused provisions reversed	-	(1,838)	-	-	(1,838)
Closing balance at 30 June 2023	4,989	14,263	19,000	7,427	45,679



3.11 Provisions (continued)

Accounting policy – Provisions

Provisions are recorded when the department has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using an appropriate discount rate. The amounts recognised as provisions in relation to the dismantling and removal of assets and the restoration of land on which the assets have been located, have been included in the cost of the assets.

Cladding remediation

The department recognises a provision for rectification costs for three departmental owned sites requiring remediation to address the presence of combustible cladding. All sites have had interim risk mitigation strategies implemented and are safe for occupation pending final remediation.

Make good

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

Transfer duty

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

3.12 Unearned revenue

	2023 \$'000	2022 \$'000
Current		
Finance lease revenue	1,322	1,389
Other	16,204	5,018
Total	<u>17,526</u>	<u>6,407</u>
Non-current		
Finance lease revenue	22,484	23,807
Total	<u>22,484</u>	<u>23,807</u>

3.13 Other liabilities

Current		
Contract liabilities	37,280	27,581
Current tax liability	4,821	657
Other	5,683	4,486
Total	<u>47,784</u>	<u>32,724</u>
Non-current		
Contract liabilities	870	-
Deferred tax liability	18,462	17,009
Other	345	325
Total	<u>19,677</u>	<u>17,334</u>

Contract liabilities

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

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

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



3.14 Liquidity risk

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

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

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

	Amortised Cost \$'000	Undiscounted cash flows			Total \$'000
		Contractual maturity payable in			
2023		<1 year \$'000	1-5 years \$'000	>5 years \$'000	
Financial liabilities					
Lease liabilities	1,823,244	430,481	1,165,866	375,528	1,971,875
Queensland Treasury Corporation borrowings	196,512	4,156	16,625	196,512	217,293
Payables	257,192	257,192	-	-	257,192
Total	2,276,948	691,829	1,182,491	572,040	2,446,360

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



3.15 Contributed equity

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

- appropriations for equity adjustments (refer to Note 3.16)
- non-appropriated equity adjustments
- non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities

3.16 Appropriations recognised in equity

	2023 \$'000	2022 \$'000
Reconciliation of payments from consolidated fund to equity adjustment		
Original budgeted equity adjustment appropriation	111,654	43,260
Supplementary amounts		
Transfers from/to other headings	(53,578)	-
Lapsed equity adjustment	-	(11,166)
Equity adjustment receipts (payments)	58,076	32,094
Less: Opening balance of equity adjustment receivable	-	(6,178)
Plus: Opening balance of equity adjustment payable	14,023	-
Less: Closing balance of equity adjustment payable	(21,632)	(14,023)
Equity adjustment recognised in contributed equity	50,467	11,893
Variance between original budgeted and actual equity adjustment appropriation	<u>(61,187)</u>	<u>(31,367)</u>



4 BUDGET TO ACTUAL COMPARISON - CONTROLLED

This section details the major variances between the department's actual 2022-23 financial results and the original budget presented to Parliament.

	Variance notes	Original budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000
STATEMENT OF COMPREHENSIVE INCOME				
INCOME				
User charges and fees		1,905,496	2,014,224	108,728
Appropriation revenue	1	206,541	241,010	34,469
Grants and other contributions		124,231	33,055	(91,176)
Other revenue		16,193	31,007	14,814
Total revenue		2,252,461	2,319,296	66,835
Gains on disposal/remeasurement of assets		-	555	555
Total income		2,252,461	2,319,851	67,390
EXPENSES				
Supplies and services	2	1,210,161	1,321,102	110,941
Depreciation and amortisation		548,704	536,245	(12,459)
Employee expenses		291,237	287,380	(3,857)
Finance/borrowing costs		33,424	39,881	6,457
Grants and subsidies		146,158	77,015	(69,143)
Other expenses		15,428	19,141	3,713
Total expenses		2,245,112	2,280,764	35,652
Operating result before income tax		7,349	39,087	31,738
Income tax equivalent expense		1,861	6,487	4,626
Operating result after income tax		5,488	32,600	27,112
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to operating result				
Increase/(decrease) in asset revaluation surplus	3	-	141,361	141,361
Total other comprehensive income		-	141,361	141,361
Total comprehensive income		5,488	173,961	168,473



4 BUDGET TO ACTUAL COMPARISON - CONTROLLED (CONTINUED)

STATEMENT OF FINANCIAL POSITION	Variance notes	Original budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000
CURRENT ASSETS				
Cash and cash equivalents	4	219,067	402,330	183,263
Receivables	5	125,861	162,756	36,895
Contract assets	6	53,445	77,596	24,151
Other current assets		21,531	17,701	(3,830)
		419,904	660,383	240,479
Non-current assets classified as held for sale		1,254	671	(583)
Total current assets		421,158	661,054	239,896
NON-CURRENT ASSETS				
Property, plant and equipment		3,628,535	3,804,216	175,681
Right-of-use assets		1,472,949	1,553,727	80,778
Receivables		58,572	58,571	(1)
Other non-current assets		1,780	8,288	6,508
Total non-current assets		5,161,836	5,424,802	262,966
TOTAL ASSETS		5,582,994	6,085,856	502,862
CURRENT LIABILITIES				
Lease liabilities		402,233	395,692	(6,541)
Payables	7	146,033	257,192	111,159
Provisions		26,916	39,622	12,706
Accrued employee benefits		7,380	9,923	2,543
Queen's Wharf deferred consideration		71,250	71,250	-
Unearned revenue		5,592	17,526	11,934
Other current liabilities		18,794	47,784	28,990
Total current liabilities		678,198	838,989	160,791
NON-CURRENT LIABILITIES				
Lease liabilities		1,323,043	1,427,552	104,509
Borrowings		206,512	196,512	(10,000)
Queen's Wharf deferred consideration		48,141	48,142	1
Provisions		4,971	6,057	1,086
Unearned revenue		22,484	22,484	-
Other non-current liabilities		19,047	19,677	630
Total non-current liabilities		1,624,198	1,720,424	96,226
TOTAL LIABILITIES		2,302,396	2,559,413	257,017
NET ASSETS / TOTAL EQUITY		3,280,598	3,526,443	245,845



4 BUDGET TO ACTUAL COMPARISON - CONTROLLED (CONTINUED)

STATEMENT OF CASH FLOWS	Variance notes	Original budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
<i>Inflows:</i>				
User charges and fees		1,899,145	1,990,901	91,756
Appropriation receipts	8	205,242	280,124	74,882
GST collected from customers		90,060	149,298	59,238
GST input tax credits received from Australian Taxation Office		82,671	88,320	5,649
Grants and other contributions		124,231	34,052	(90,179)
Other		32,520	75,692	43,172
<i>Outflows:</i>				
Supplies and services	9	(1,297,968)	(1,363,812)	(65,844)
Employee expenses		(291,857)	(280,278)	11,579
GST paid to suppliers		(82,507)	(188,435)	(105,928)
GST remitted to Australian Taxation Office		(108,624)	(78,806)	29,818
Finance/borrowing costs		(33,373)	(39,811)	(6,438)
Grants and subsidies		(146,158)	(86,368)	59,790
Taxation equivalents		(6,759)	(5,623)	1,136
Other		(17,148)	(16,604)	544
Net cash provided by (used in) operating activities		449,475	558,650	109,175
CASH FLOWS FROM INVESTING ACTIVITIES				
<i>Inflows:</i>				
Sales of property, plant and equipment	10	4,100	14,549	10,449
Loans and advances redeemed		1,323	-	(1,323)
<i>Outflows:</i>				
Payments for property, plant and equipment	11	(189,671)	(147,158)	42,513
Payments for intangible assets		-	-	-
Net cash provided by (used in) investing activities		(184,248)	(132,609)	51,639
CASH FLOWS FROM FINANCING ACTIVITIES				
<i>Inflows:</i>				
Equity injections	12	608,960	547,817	(61,143)
Borrowings		10,000	-	(10,000)
<i>Outflows:</i>				
Equity withdrawals		(497,306)	(486,995)	10,311
Payment of lease liabilities		(420,012)	(392,809)	27,203
Borrowing redemptions		-	-	-
Dividends paid		(6,818)	(7,240)	(422)
Transfers to other government entities		-	-	-
Net cash provided by (used in) financing activities		(305,176)	(339,227)	(34,051)
Net increase (decrease) in cash and cash equivalents		(39,949)	86,814	126,763
Cash and cash equivalents – opening balance		259,016	315,516	56,500
Cash and cash equivalents – closing balance		219,067	402,330	183,263



4 BUDGET TO ACTUAL COMPARISON - CONTROLLED (CONTINUED)

Explanations of major variances

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

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

Statement of Comprehensive Income

1 Appropriation Revenue

The variance of \$34.469 million is mainly due to:

Additional departmental services funding during 2022-23 (\$101.643 million) for CopperString 2.0 (\$47.883 million) to transition the project to State ownership and delivery; Queensland Energy and Jobs Plan initiatives (\$33.275 million); the leased commercial office portfolio (\$16.784 million) for changes to lease incentives, lease terms and higher interest rates; net deferrals and adjustments for Energy (\$33.298 million) to reflect the timing of delivery of programs and initiatives under the Queensland Energy and Jobs Plan (\$29.266 million); the timing of grant payments from the Queensland Microgrid Pilot Fund (\$5.000 million); and funding for the remaining transition activities for CopperString 2.0 (\$3.330 million).

This is offset by net deferrals and adjustments for the departments owned and leased buildings (\$14.248 million) mainly for deferrals for committed maintenance projects for government owned buildings and sites (\$21.348 million) to reflect the timing of delivery and net adjustments to reflect the actual year end position for the commercial office and residential accommodation owned and leased portfolios (\$7.100 million) relating to depreciation, timing of maintenance and lease adjustments; committed information technology, building policy and hydrogen projects not finalised at 30 June (\$5.975 million) and approved transfers of funding (\$9.009 million) to support departmental priority areas and new initiatives.

2 Supplies and Services

The variance of \$110.940 million is mainly due to:

An increase in QBuild's supplies and services (\$167.992 million) due to increased payments to contractors reflecting a higher volume of work delivered for client agencies. This is partially offset by a decrease in QFleet's supplies and services (\$23.831 million) due to a reduction in the number of vehicles sold due to extended delivery timeframes for new vehicles with client agencies retaining existing vehicles and increased eliminations for internal trading (\$42.911 million) due to additional work delivered by QBuild on the departments owned and leased properties.

3 Movement in Asset Revaluation Surplus

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

The variance of \$141.361 million represents a net increase in the value of residential land (\$1.170 million) and buildings (\$50.393 million) and a net increase in non-residential land (\$23.505 million) and buildings (\$40.305 million). The remaining \$25.988 million variance is as a result of overall increases from the valuation or indexation of infrastructure and heritage asset classes during the period

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



4 BUDGET TO ACTUAL COMPARISON - CONTROLLED (CONTINUED)

Statement of Financial Position

4 *Cash*

The variance of \$183.263 million is mainly due to:

An increased cash balance for Public Works (\$201.004 million) due to appropriation revenue deferrals and net adjustments (\$77.322 million) outlined in Note 7, the revised timing of delivery of capital works projects (\$52.519 million), the timing of invoices for work delivered but paid for after 30 June (\$28.872 million) and higher property sales than anticipated (\$10.449 million) outlined in Note 10.

An increased cash balance for QFleet (\$25.962 million) due to a reduction in the number of vehicles purchased because of extended delivery timeframes for new vehicles (\$46.454 million) which was partially offset by lower user fees and charges (\$16.476 million) mainly due a reduction in the number of vehicles sold.

These increases are offset by a decreased cash balance for QBuild (\$43.703 million) mainly due the timing difference between payments to suppliers and agreed invoicing arrangements with client agencies.

5 *Receivables*

The variance of \$36.898 million is mainly due to an increase in QBuild receivables due to higher sales associated with increased client programs, the timing of completion of work with an increase in work finalised and invoiced in June and adjustments to reflect work completed but not yet invoiced; partially offset by earlier than anticipated payments from clients.

6 *Contract Assets*

The variance of \$24.151 million is mainly due a higher volume of work and the timing of payments to QBuild's contractors and agreed invoicing arrangements with client agencies for work delivered relating to construction and maintenance work in progress.

7 *Payables*

The variance of \$111.162 million is mainly due to:

An increase in deferrals and net adjustments relating to appropriation revenue (\$77.322 million) to reflect the timing of delivery of programs and initiatives under the Queensland Energy and Jobs Plan (\$16.766 million); the timing of grant payments from the Queensland Microgrid Pilot Fund (\$5.000 million); funding for remaining transition activities for CopperString 2.0 (\$3.330 million); committed maintenance projects for government owned buildings and sites (\$18.582 million) to reflect the timing of delivery; funding for the completed Queensland Hydroelectric Implementation Study (\$17.000 million) to be returned to the consolidated fund; approved transfers of funding (\$9.009 million) to support departmental priority areas and new initiatives; committed information technology, building policy and hydrogen initiatives not finalised at 30 June (\$5.975 million); partially offset by net adjustments for the commercial office and residential accommodation owned and leased portfolios (\$7.100 million) relating to depreciation, timing of maintenance and lease adjustments.

There was also an increase in deferrals for equity adjustments (\$21.632 million) mainly for the Ecosciences building cladding project due to complexities in delivery and increase in the provision for dividend payable for the commercialised business units (\$5.395 million) due to higher than estimated profits.



4 BUDGET TO ACTUAL COMPARISON - CONTROLLED (CONTINUED)

Statement of Cash flows

8 *Appropriation Receipts*

The variance of \$74.882 million is mainly due to:

Additional funding for CopperString 2.0 (\$47.883 million) to transition the project to State ownership and delivery; Queensland Energy and Jobs Plan initiatives (\$20.775million); the leased commercial office portfolio (\$16.784 million) for changes mainly to lease incentives, lease terms and higher interest rates; and reclassification of capital funding to operating funding (\$13.500 million) to reflect the accounting treatment for the Borumba Pumped Hydro technical study costs.

This is partially offset by adjustments to reflect the actual 2021-22 year end result for the commercial and residential accommodation portfolios (\$12.182 million) relating to depreciation, timing of maintenance and lease adjustments and 2022-23 deferrals for building maintenance and system information projects (\$14.545 million) to reflect timing of delivery.

9 *Supplies and Services*

The variance of \$65.805 million is mainly due to:

An increase in QBuild's supplies and services (\$161.818 million) due to increased payments to contractors reflecting a higher volume of work delivered for client agencies.

This is offset by a decrease in QFleet's supplies and services (\$43.002 million) due to a reduction in the number of new vehicles purchased by QFleet due to extended delivery timeframes for new vehicles and increased eliminations for internal trading (\$42.911 million) relating to additional work delivered by QBuild for the departments owned and leased properties.

10 *Sales of Property Plant and Equipment*

The variance of \$10.449 million is mainly due to higher than anticipated sales of government employee residential properties (\$7.668 million) resulting from strong market conditions and the sale proceeds from non-residential land (\$2.590 million).

11 *Payments for property, plant and equipment*

The variance of (\$42.471 million) is mainly due to the revised timing of delivery for government employee residential properties reflecting ongoing market conditions including availability of contractors and complexities in delivery.

12 *Equity Injections*

The variance of (\$61.143 million) is mainly due to the revised timing of delivery for government employee residential properties as outlined in Note 11 (\$22 million); a reduction in lease payments for the leased commercial office portfolio (\$27.528 million) for changes mainly to lease incentives, lease terms and higher interest rates; and reclassification of capital funding to operating funding (\$13.500 million) to reflect the accounting treatment for the Borumba Pumped Hydro technical study costs.



5 OTHER INFORMATION

5.1 Key management personnel disclosures

(a) Details of key management personnel (KMP)

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

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

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



5.1 Key management personnel disclosures (continued)

(b) Remuneration policies

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

Remuneration policy for the department's other KMP is set by the Queensland Public Sector Commission (*previously known as Public Service Commission*) as provided for under the *Public Sector Act 2022 (formerly the Public Service Act 2008)*. Individual remuneration and other terms of employment (including motor vehicle entitlements) are specified in employment contracts.

Remuneration expenses for those KMP comprise the following components:

Short-term employee expenses include:

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

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

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

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

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



5.1 Key management personnel disclosures (continued)

(c) Remuneration expenses

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

1 July 2022 – 30 June 2023

Position	Short-term employee expenses		Long-term employee expenses \$'000	Post-employment expenses \$'000	Total expenses \$'000
	Monetary expenses \$'000	Non-monetary benefits \$'000			
Director-General	447	11	11	50	519
Deputy Director-General, Public Works	302	12	8	35	356
Deputy Director-General, Energy	234	11	6	26	277
Assistant Director-General, QBuild	236	12	6	25	278
Assistant Director-General, Building Policy	237	11	6	26	280
Deputy Director-General, Procurement	243	11	6	26	286
Deputy Director-General, Corporate and Portfolio Strategy	267	12	7	30	315
Deputy Director-General, Hydrogen	239	11	6	26	282
Assistant Director-General, Portfolio Integration	257	12	6	26	301



5.1 Key management personnel disclosures (continued)

(c) Remuneration expenses (continued)

1 July 2021 – 30 June 2022

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



5.2 Related party entity transactions

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

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

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

Other significant related party transactions/balances are identified below:

- Appropriation and equity funding from government (refer to Notes 2.2, 3.16 and 5.5(a))
- Corporate charges received from various departments for information, communication and technology, and other services (refer to Note 2.1)
- Resilient Home Funds from Queensland Reconstruction Authority. (refer to Note 2.3)
- Property security charges (Other property expenses) paid to the Queensland Police Service (refer to Note 2.3)
- QREZ, Borumba Dam Pump Hydro and Curtis Island Electrification payment to Powerlink (refer to Note 2.6)
- Queensland Treasury Corporation borrowings (refer to Note 3.8)
- Provisions for transfer duty (refer to Note 3.11)
- Administered community service obligation payments (refer to Note 5.5(b))
- Administered QBCC supplementation funding 2022-23 payment.
- Administered grant payment to Powerlink for CopperString Project.
- Administered equity payment to CE Energy for Kogan Project & Greenbank Battery and Stanwell Corporation for Wambo Wind Farm.

5.3 Commitments for expenditure

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

	Not later than one year \$'000	Later than one year and not later than five years \$'000	Total \$'000
2023			
Property, plant and equipment	280,233	8,300	288,533
2022			
Property, plant and equipment	144,820	-	144,820

5.4 Taxation

The department is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax, Luxury Car Tax (in respect of certain fleet vehicles) and Goods and Services Tax (GST).

One of the department's GST entities, QBuild, is a member of the same GST group as the Housing entity from the Department of Housing (previously known as Department of Communities, Housing and Digital Economy until 17 May 2023). Transactions between the GST group members are out of scope for GST. Under GST grouping arrangements the ATO recognises the Housing GST entity as the nominated representative of the combined GST group, to be responsible for remitting GST collected and for claiming input tax credits for GST on behalf of members of the group. These amounts are disclosed in the financial statements of the Department of Housing. The net amount of GST recoverable or payable by QBuild to the ATO is included in trade debtors or trade creditors and represents the amount receivable from or payable to the Department of Housing.



5.4 Taxation (continued)

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

5.5 Administered activities

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

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

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

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

(a) Reconciliation of payments from Consolidated Fund

Reconciliation of payments from consolidated fund to administered appropriation revenue

Budgeted appropriation revenue	667,960	545,811
Transfers from/(to) other headings	-	-
Unforeseen expenditure	54,638	28,417
Total administered appropriation receipts (cash)	722,598	574,228
Less: Opening balance of administered appropriation revenue receivable	(3,384)	(4,267)
Plus: Closing balance of administered appropriation revenue receivable	41,858	3,384
Administered appropriation revenue recognised in Administered Statement of Comprehensive Income	761,072	573,345

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

Budgeted equity appropriation	391	383
Unforeseen expenditure	297,791	40,000
Total administered appropriation equity receipts (cash)	298,182	40,383
Less: Closing balance of equity adjustment payable	15,000	-
Less: Transfers out to other Queensland Government entities	-	-
Equity adjustment recognised in contributed equity	313,182	40,383

(b) Grants and subsidies

Community service obligations and grants for energy	704,299	550,870
Other	701	60
Total	705,000	550,930

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



5.5 Administered activities (continued)

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

Other Revenue (Gain)	(52,940)	(126,637)
Other Expenses (Loss)	27,548	-
Total	(25,392)	(126,637)

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

(d) Payables

Community service obligations and grants payable	124,109	47,024
Transfer of administered item revenue to government payable	7	380
Deferred administered appropriation payable to Consolidated Fund	-	-
Trade creditors	26,795	-
Other	-	-
Total	150,911	47,404

(e) Derivatives

Commodity and electricity derivative instruments at fair value	40,522	93,462
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The department is responsible for administering the State's entitlement and obligations for commodity and electricity price hedge instruments related to renewable solar energy investment projects.

Embedded derivatives are not separated from the host commodity contracts and accounted for separately. These are hybrid contracts with bundled price hedge arrangements classified as financial instruments measured at fair value through the statement of comprehensive income.

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

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

Change in fair value recognised in the statement of comprehensive income

Gains and losses from remeasuring the fair value of commodity and electricity derivatives that are not designated as hedging instruments and are classified as financial instruments at fair value are recognised in the statement of comprehensive income (refer to Note 5.5 (c)).



5.5 Administered activities (continued)

(e) Derivatives (continued)

Level 3 fair value measurement - significant valuation inputs and impacts

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

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

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

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

The following is a summary of the main inputs and assumptions used by the department in measuring the fair value of level three financial instruments:

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

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

Market risk (Commodity price risk)

The department is exposed to electricity price movements in the National Electricity Market and environmental certificate price movements that affect the fair value and cash flows of the financial instruments. The department has an agency arrangement in place, until 31 December 2030, to manage its entitlements and obligations under the commodity and derivative contracts. The department measures this risk exposure using sensitivity analysis.

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

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

Market risk sensitivity analysis

Commodity and electricity price risk	10% price increase		10% price decrease	
	Effect on operating result \$'000	Effect on equity \$'000	Effect on operating result \$'000	Effect on equity \$'000
2023	5,379	-	(6,857)	-
2022	14,730	-	(16,522)	-



5.5 Administered activities (continued)

(e) Derivatives (continued)

Liquidity risk

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

Derivatives	Undiscounted cash flows		
	Contractual maturity payable in		
	1-5 years \$'000	>5 years \$'000	Total \$'000
2023	-	58,892	58,892
2022	39,681	78,265	117,946

(f) Undrawn facilities

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

	2023 \$'000	2021 \$'000
Commonwealth Bank	10,000	10,000

(g) Budget to actual comparison

	Variance notes	Original Budget	Actual	Variance
		2023 \$'000	2023 \$'000	\$'000
Statement of Comprehensive Income for the year ended 30 June 2023				
Revenue				
Appropriation revenue	1	667,960	761,072	93,112
User charges and fees		332	529	197
Other revenue		-	52,940	52,940
Total revenue		668,292	814,541	146,249
Expenses				
Grants and subsidies		653,508	705,000	51,492
Supplies and services		14,452	55,476	41,024
Transfer of administered revenue to government		332	527	195
Other expenses		-	27,548	27,548
Total expenses		668,292	788,551	120,259
Operating result		-	25,990	25,990
Statement of Financial Position as at 30 June 2023				
Current assets				
Cash	2	31,803	76,463	44,660
Receivables	3	3,897	74,447	70,550
Total current assets		35,700	150,910	115,210
Current liabilities				
Payables	4	35,621	150,911	115,290
Non-current liabilities				
Derivatives	5	220,099	40,522	(179,577)
Net Assets		(220,020)	(40,523)	179,497



5.5 Administered activities (continued)

(g) Budget to actual comparison (continued)

Explanations of major variances

1 Appropriation Revenue

The variance of \$93.112 million is mainly due to funding for Powerlink (\$67.500 million) for early works activities to progress the CopperString 2032 transmission connection; funding for Queensland Building and Construction Commission (\$27.589 million) to support the ongoing delivery of Queensland Building Plan reforms; supplementation funding for QBuild (\$13.415 million) to support ReBuild QBuild and the impacts of Enterprise Bargaining Agreements; partially offset by a reduction in the Energy Queensland Uniform Tariff Policy Community Service Obligation funding (\$14.697 million) as the CSO deed was completed after the finalisation of the original budget.

2 Cash

The variance of \$44.660 million is mainly due to funding for Energy Queensland for the June 2023 instalment of the Uniform Tariff Policy Community Service Obligation (\$18.390 million) due for payment in July and funding for Powerlink for CopperString 2032 (\$26.100 million) as outlined in Note 1.

3 Receivables

The variance of \$70.550 million is mainly due to additional funding for Powerlink (\$41.400 million) for CopperString 2032 as outlined in Note 1 and Stanwell (\$15.000 million) for the Central Queensland hydrogen project Front End Engineering Design study; and offset by the GST receivable on Community Service Obligation funding and grants paid to Powerlink (\$11.794 million).

4 Payables

The variance of \$115.290 million is mainly due to timing of payments to Powerlink (\$67.500 million) for CopperString 2032 and Stanwell (\$15.000 million) as outlined in Notes 1 and 3; and increased funding to Energy Queensland for the Uniform Tariff Policy Community Service Obligation (CSO) (\$14.630 million) as the CSO deed was completed after the finalisation of the original budget.

5 Derivatives

The variance of \$179.577 million is the movement in the fair value of the state's obligations in relation to commodity and electricity price hedge instruments for renewable solar energy investment projects. This variance includes a \$26.247 million contributed equity transfer to Stanwell for the state's obligation for the period 1 July 2023 to 31 December 2030.

5.6 Agency transactions and balances

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

(a) QBuild

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

Agency revenues

Receipts for goods and services	683,181	501,089
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Agency expenses

Payments for supplies and services	683,181	501,089
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Agency current assets

Receivables	104,070	73,599
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Agency current liabilities

Bank overdraft	53,938	32,190
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Payables	48,444	39,721
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Other	1,688	1,688
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Total liabilities	104,070	73,599
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5.6 Agency transactions and balances (continued)

(b) Major Projects Delivery

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

Agency revenues

Receipts for goods and services	267,163	75,080
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Agency expenses

Payments for supplies and services	267,163	75,080
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Agency current assets

Receivables	38,256	19,975
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Agency current liabilities

Payables	38,256	19,975
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5.7 Climate risk disclosure

The department considers climate related risks when assessing material accounting judgements and estimates used in preparing its financial report. Key estimates and judgements identified include the potential for changes in asset useful lives, changes in the fair value of assets, impairment of assets, and the recognition of provisions or the possibility of contingent liabilities.

No adjustments to the carrying value of assets were recognised during the financial year as a result of climate related risks impacting current accounting estimates and judgements. No other transactions have been recognised during the financial year specifically due to climate related risks impacting the department.

The department continues to monitor the emergence of material climate related risks that may impact the financial statements of the department, including those arising under the Queensland Government Climate Action plan 2020-2030 and other government publications or directives.

5.8 Events occurring after the reporting date

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



Department of Energy and Public Works

Management Certificate of the Department of Energy and Public Works

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

- (i) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- (ii) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Department of Energy and Public Works for the financial year ended 30 June 2023, and of the financial position of the department at the end of that year.

The Director-General, as the Accountable Officer of the department, acknowledges responsibility under section 7 and section 11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



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



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

29 August 2023

29 August 2023



INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the financial report

Opinion

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

In my opinion, the financial report:

- a) gives a true and fair view of the department's financial position as at 30 June 2023, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019* and Australian Accounting Standards.

The financial report comprises the controlled and administered statements of financial position and statements of assets and liabilities by major departmental services as at 30 June 2023, the controlled and administered statements of comprehensive income, statements of comprehensive income by major departmental services, and controlled statement of changes in equity, controlled statement of cash flows and for the year then ended, notes to the financial statements including material accounting policy 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.



Classification and valuation of administered commodity and electricity derivative financial instruments (\$41 million)

Refer to Note 5.5 (e) in the financial report

Key audit matter	How my audit addressed this key audit matter
<p>Management has estimated the fair value of the department's commodity and electricity derivative financial instruments to be \$40.522 million liability as at 30 June 2023 after the contributed equity transfer of \$26.247 million to Stanwell.</p> <p>The derivative financial instruments are valued using complex models, with the following key inputs involving significant judgement due to an absence of observable market data:</p> <ul style="list-style-type: none"> • Forecast commodity and electricity prices • Physical generation variables • Market loss factors • Energy policy considerations. 	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • obtaining an understanding of the valuation models prepared by Stanwell to assume the State's derivative liability from 1 July 2023 to 31 December 2030 and valuation models prepared by the department to assume the liability from 1 January 2031 to the respective end dates in 2038, and assessing their design, integrity and appropriateness with reference to common industry practices • challenging management assumptions used in the valuation and assessing the reasonableness of the key inputs by comparison to independently sourced external market data, market conditions at year end, and the energy policy environment • assessing the competence, capability and objectivity of the external experts management used in estimating forecast commodity and electricity prices, and physical generation variables • for a sample of derivatives, testing the reasonableness of the valuation calculations by agreeing key terms to supporting documents (including contracts) • evaluating the appropriateness of disclosures.

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

Buildings (\$426 million) and infrastructure assets (\$263 million)

Refer to Note 3.1(e) in the financial report

Key audit matter	How my audit addressed this key audit matter
<p>The fair value measurement of commercial buildings without an observable market and infrastructure assets is based on the current replacement cost method.</p> <p>The Department of Energy and Public Works used a combination of comprehensive revaluation and indexation methods to determine the fair value of these assets as at 30 June 2023.</p> <p>The comprehensive revaluations are dependent on certain key assumptions that require significant management judgement for:</p> <ul style="list-style-type: none"> • Identifying any components of the assets that have separately identifiable replacement costs • Estimating the gross replacement cost for each asset component by developing unit rates for the modern equivalent asset 	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • assessing the adequacy of management's review of the valuation process and results • reviewing the scope and instructions provided to the valuer • assessing the competence, capabilities and objectivity of the experts involved in developing the unit rates • assessing the appropriateness of the valuation methodology and the underlying assumptions with reference to common industry practices • evaluating the relevance and appropriateness of the indices used for changes in cost inputs by comparing to other relevant external indices • examining a sample of asset valuation movements since the last revaluation date and corroborating the changes with other available information • evaluating useful life estimates for reasonableness by: <ul style="list-style-type: none"> • reviewing management's annual assessment of useful lives • ensuring that no building asset still in use has reached or exceeded its useful life



Key audit matter	How my audit addressed this key audit matter
<ul style="list-style-type: none"> Estimating the remaining useful life of each asset. <p>The indexation method required:</p> <ul style="list-style-type: none"> Judgement in determining changes in cost and design factors for each asset type since the previous indexation or comprehensive revaluation Reviewing previous assumptions and judgements used in the indexation or comprehensive revaluation to ensure ongoing validity of assumptions and judgements used. <p>The measurement of accumulated depreciation involved significant judgements for determining condition and forecasting the remaining useful lives of the asset building components.</p> <p>The significant judgements required for gross replacement cost and useful lives are also significant judgements for calculating annual depreciation expense.</p>	<ul style="list-style-type: none"> where changes in useful lives were identified, evaluating whether the effective dates of the changes applied for depreciation expense were supported by appropriate evidence.

Responsibilities of the department for the financial report

The Accountable Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019* and Australian Accounting Standards, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Accountable Officer is also responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the department or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.



As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. This is not done for the purpose of expressing an opinion on the effectiveness of the department's internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of accounting policy information used and the reasonableness of accounting estimates and related disclosures made by the department.
- Conclude on the appropriateness of the department's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the department to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2023:

- 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.



Vaughan Stemmett
as delegate of the Auditor-General

31 August 2023

Queensland Audit Office
Brisbane

