

ANNUAL REPORT 2016–2017



Letter of compliance

Ref: HPW02225/17

19 SEP 2017



Queensland
Government

Department of
Housing and Public Works

The Honourable Mick de Brenni MP
Minister for Housing and Public Works and
Minister for Sport
Level 31, 1 William Street
Brisbane Qld 4000

Dear Minister

I am pleased to submit for presentation to the Parliament the Annual Report 2016-17 and financial statements for the Department of Housing 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 2009*, and
- the detailed requirements set out in the Annual report requirements for Queensland Government agencies.

A checklist outlining the annual reporting requirements can be found at page 116 of this annual report.

Yours sincerely

Liza Carroll
Director-General

Communication Objective

This Annual Report provides information about the Department of Housing and Public Works' financial and non-financial performance for 2016–17. It has been prepared in accordance with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009* 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 2016–20* and the *2016–17 Service Delivery Statements*.

This report has been prepared for the Minister to submit to Parliament. It has also been prepared to meet the needs of stakeholders including the Australian and local governments, industry and business associations, community groups, and staff.

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- consultancies
- overseas travel
- Queensland Languages Services Policy.

Department of Housing and Public Works Annual Report 2016–17.

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Message from the Director–General

The 2016–17 year has seen the Department of Housing and Public Works continue to make significant progress on implementing our priorities in the areas of housing, building and procurement. The department supports Queensland's economic wellbeing and aims to improve the quality of life for people and communities.



I am proud to present the Department of Housing and Public Works' 2016–17 annual report. It outlines the progress we have made in contributing to the Government's objectives and recognises the significant work that we have delivered to achieve the direction set out in our *Strategic Plan 2016–20*.

Better lives, greater opportunities for people and communities

A centrepiece of the department's work this year was the launch of the \$1.8 billion *Queensland Housing Strategy 2017–2027*, a 10-year framework that will drive key reforms to revitalise our housing and homelessness system and ensure our housing assistance system is fair and responsive.

Keeping Queenslanders at the centre of the services we deliver remained a core focus in 2016–17. The department assisted approximately 72,000 low income households with social rental housing, and helped more than 200,000 low income households to access or remain in the private housing market.

Other key pieces of work in the housing space were completed, including new social housing, upgrades and modifications to existing homes, and the delivery of NRL House in Townsville. Strong progress was also made toward achieving home ownership on Aboriginal and Torres Strait Islander land.

The department launched the Dignity First Fund in 2016–17, an initiative aimed at assisting Queenslanders experiencing homelessness to live with dignity. This fund was just one of many projects delivered to support the most vulnerable in our community, including families escaping domestic and family violence.

Fairness and consumer protection for retirement village residents was also an area of focus for the department, with amendments to legislation governing the sector making significant progress.

The department also played a role in enabling the delivery of essential services in remote communities by building new government employee housing in areas where needed.

A safer, fairer and sustainable environment for industries

Our work in the building space was underpinned by extensive engagement with the building and construction sectors through the release of the *Queensland Building Plan discussion paper*. Of the identified areas of reform, the department commenced drafting changes to legislation regarding non-conforming building products to make buildings safer for all Queenslanders. A proposal to improve security of payment for subcontractors was also progressed to deliver a fairer system.

Other milestones achieved in 2016–17 included partnering with the Queensland Fire and Emergency Services to legislate changes to smoke alarm laws and implementing reforms to expand the Queensland Home Warranty Scheme.

Sustainable built infrastructure and fleet management were other features of the department's service delivery this year, achieved through energy saving retrofits, the use of Green Star Performance rating tools and emission standards for vehicle procurement.

Greater value and support for employment and economic opportunities

In 2016–17, strong foundations were laid to help the department drive our procurement agenda, including the establishment of the Office of the Chief Advisor – Procurement, new governance arrangements through the Queensland Government Procurement Committee and the Procurement Industry Advisory Council as well as the establishment of six Category Councils across government.

There was a continued focus on strengthening engagement and increasing certainty for industry through the publication of forward procurement pipelines, a new sourcing process to boost participation and partnerships with Aboriginal and Torres Strait Islander Councils to build capability and capacity.

The department also played a key role in the delivery of the Advancing Queensland Schools program, helping drive economic activity in communities across the state.

These achievements, and continued work will be supported by the new Queensland Government Procurement Strategy which we have been developing for release in early 2017–18.

We have remained committed to using assets and resources more efficiently to achieve better value through the successful trial of a car-sharing model and aggregated procurement arrangements with vehicle manufacturers, to achieve cost savings to government.

The delivery of the department's government accommodation services was dominated by the implementation of Phase 1 of the Brisbane CBD and Fringe Government Office Accommodation Strategy – which will see 16,000 public servants moving into new accommodation across the broader Brisbane area. The strategy also provides opportunities to embrace new ways to work, with whole-of-government distributed work centres opening in Robina and Maroochydore, and agile workspace fitouts being piloted.

Empowered people in a collaborative, integrated organisation

Collaboration was a highlight of the department's work in 2016–17, particularly during Severe Tropical Cyclone Debbie in March. The department's business areas worked together to respond to the disaster providing vital housing and building and engineering services.

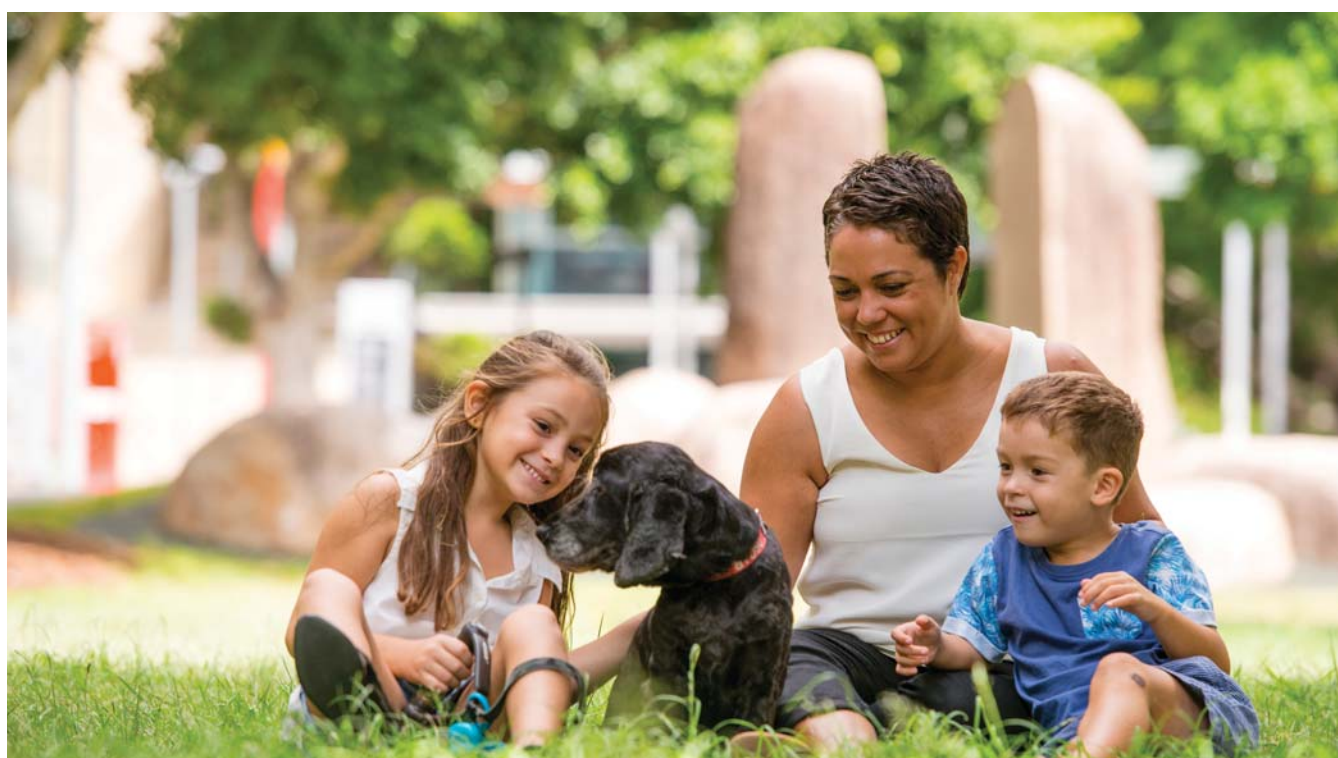
We have maintained our commitment to investing in our people to help us to deliver on our vision and meet our objectives. We launched a number of initiatives aimed at building an empowered workforce including the online learning and talent management system MyCareerHub.

Ongoing commitment to a healthy and safe workplace saw the department achieve some excellent results including reduced absenteeism and strong participation in health assessments, flu vaccinations and mental health awareness training. The department also made significant progress toward achieving White Ribbon accreditation.

In the wake of the department's Capability Blueprint exercise, working together as One Department was a key theme in 2016–17. The focus was on programs encouraging mobility and leadership at all levels, using new technology to drive innovative service delivery and providing opportunities for teams to collaborate and engage more closely.

The activities and achievements outlined in this report show that we are well placed to deliver our future programs of work, and are a strong reflection of our talented and dedicated workforce. I thank all staff for their ongoing work and commitment to supporting our vision and delivering high quality services to Queenslanders.

Liza Carroll
Director-General



Part 1: Our Department

Our Vision

We are working together to make a difference to Queenslanders by building better, safer places to live and work.

Our Purpose

The Department of Housing and Public Works is established under the *Public Service Act 2008*.

We support Queensland's economic wellbeing and contribute to improving the quality of life for people and communities. We seek to balance social outcomes with business and economic outcomes.

We are responsible for delivering benefits to Queensland through a diverse range of services to people, communities, industry and government in the areas of housing, building, fleet and asset management and procurement services. As an organisation, we are also committed to achieving better outcomes for Aboriginal and Torres Strait Islander peoples and their communities.

We provide and/or regulate housing assistance and homelessness services for those who are in need.

We deliver, manage, construct and maintain government assets, office accommodation, fleet and employee housing.

We develop and administer policy, legislation and standards for building and residential services industries.

We enable more efficient procurement across government.

To deliver these services, we operate as One Department, coordinating and integrating our broad range of business.

Our four long-term strategies, which aim to deliver outcomes for all Queenslanders, are:



a Housing Strategy to help build better housing futures for all Queenslanders



a Building Strategy, being delivered through the Queensland Building Plan, to drive liveable, innovative and sustainable buildings and houses for all Queenslanders



a Procurement Strategy to ensure best practice procurement that supports local jobs and businesses, and improves social outcomes for all Queenslanders



a One Department Strategy to integrate and innovate for the future as we deliver our services for all Queenslanders

We also partner, collaborate, consult and engage with communities, government and non-government agencies and with industry to inform our work and achieve outcomes. Our diversity of services is our challenge as well as our strength.

Supporting Queensland Government Objectives

We support the Queensland Government's objectives for the community through:

- delivering quality frontline human services by providing responsive and integrated housing and homelessness services
- creating jobs and a diverse economy by promoting economic participation and supporting economic growth through safe and fair building policy, innovative procurement and service delivery
- building safe, caring and connected communities by consulting and listening to the community to inform our policies and service delivery
- protecting the environment by delivering sustainable built infrastructure and fleet management.

Our Operating Environment

A range of factors impacted on the Department of Housing and Public Works' operating environment in 2016–17 including:

- the growing number of Queenslanders experiencing issues with housing access and affordability
- the introduction of the National Disability Insurance Scheme (NDIS) in Queensland on 1 July 2016, impacting on the demand for accessible and affordable housing solutions into the future
- long term funding arrangements with the Australian Government on the National Partnership on Remote Housing
- the renewed emphasis on environmental sustainability of buildings and the Queensland Government fleet, including climate change mitigation and energy saving initiatives
- exploration of a new whole-of-government procurement operating model.

Managing Our Delivery Risks

Effective risk management helps ensure our achievements and inform our decision-making. We reviewed our department's key risks in consideration of our changing environment. This resulted in the confirmation of some existing risks and refinement of others. We monitor the following seven strategic risks which might potentially impact on our service delivery:

- social/human services meeting client needs
- business services and products addressing customer requirements
- outcomes for Aboriginal and Torres Strait Islander peoples
- our workforce capability
- protecting workers and people from harm to their health, safety and wellbeing
- business systems or ICT infrastructure meeting core strategic needs
- aligning plans and resources to strategic direction and priorities.

Our Values

We are committed to integrity and accountability, with our values underpinning everything we do. Our people are engaged in what they do, and are committed to the following core public service values as well as the additional value of a healthy and safe workforce.



Healthy and safe workforce



Customers first



Ideas into action



Unleash potential



Be courageous



Empower people

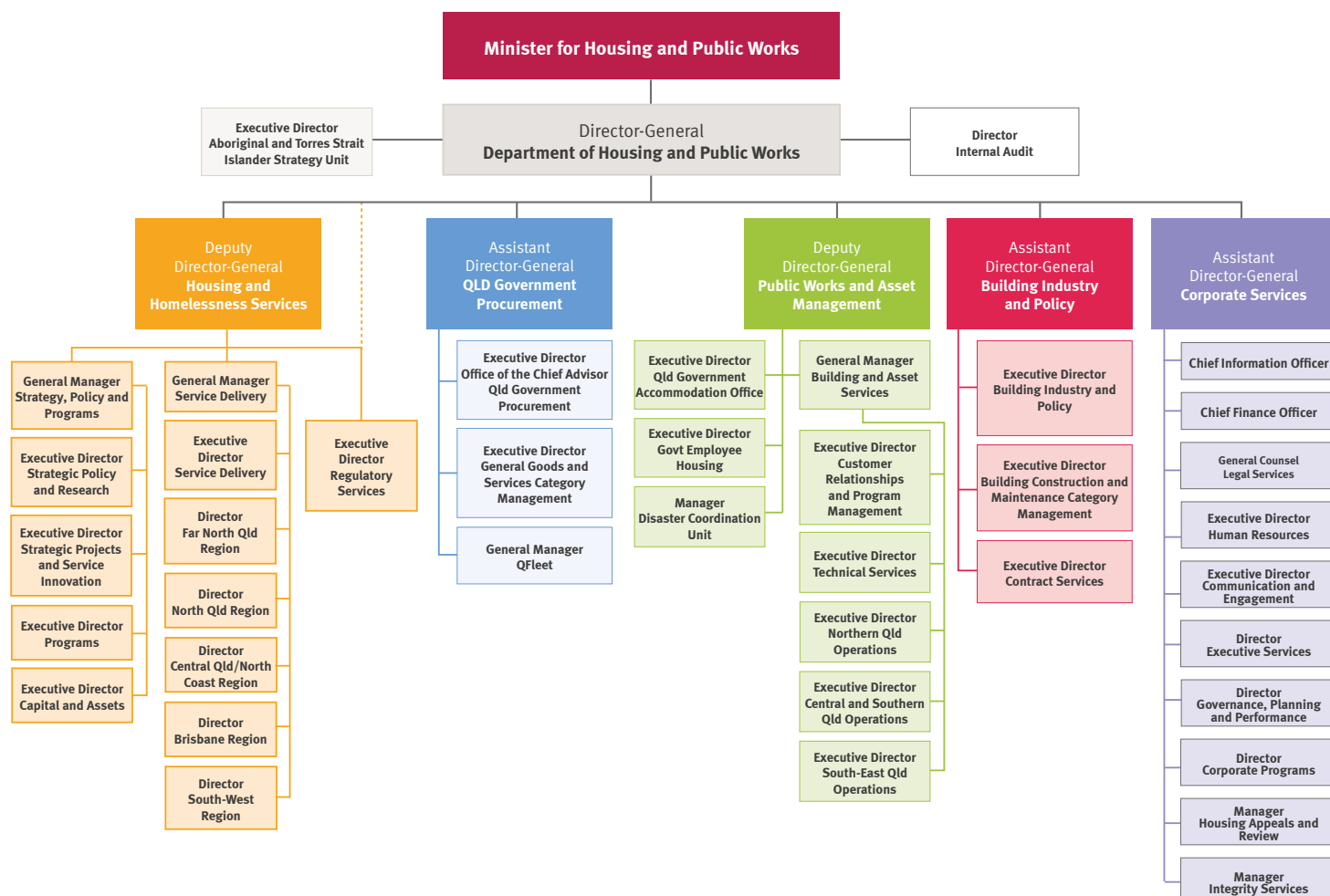
Organisational Structure

As at 30 June 2017, the department consisted of five divisions: Housing and Homelessness Services, Queensland Government Procurement, Public Works and Asset Management, Building Industry and Policy, and Corporate Services and the Aboriginal and Torres Strait Islander Strategy Unit which reported directly to the Director-General. Our services are delivered through a network of regional offices in Queensland. These offices are coordinated by district offices and a central office in Brisbane. The office locations and contact details are on pages 51 to 56.

Structural Change

In 2016–17, the following structural changes occurred to ensure that our department is well positioned to meet the Government's priorities and respond to changes in strategic direction for the delivery of housing and homelessness services, procurement and built asset management:

- Queensland Government Procurement division was created, replacing the Procurement Transformation Division to deliver a new whole-of-government, agency-led, centrally enabled procurement model in Queensland.
- a new Public Works and Asset Management division was created to improve collaboration, information flow and integration of service delivery across the built asset and facility management functions of the department.
- the Strategic Asset Management division was realigned:
 - QFleet was relocated under the new Queensland Government Procurement division
 - Government Employee Housing, Queensland Government Accommodation Office, and the Disaster Coordination Unit were relocated to form part of the newly formed Public Works and Asset Management division
 - Queensland Government Gazette was relocated to Corporate Services to be integrated with other publication responsibilities.
- Building and Asset Services became a business area under the Public Works and Asset Management division.
- Building Industry and Policy division increased to include the role of whole-of-government lead agency for the Building Construction and Maintenance (BCM) category and Contract Services which develops and maintains best practice tendering and contracts for government building projects.
- the Housing and Homelessness Services division implemented final phases of an organisational reshape to better position the delivery of contemporary human services to Queensland's most vulnerable people.



Severe Tropical Cyclone Debbie – Working Together

We are proud of our work in response to disasters. It is at these times that we see how well our agency pulls together to do what needs to be done. This year, our staff worked tirelessly in the lead up to, and aftermath of Severe Tropical Cyclone Debbie, to help people in affected communities like Proserpine, Bowen, and Mackay to access vital support and recovery services.

Motivated by a desire to help their fellow Queenslanders, staff from across the department showed dedication and compassion as they came together in a massive coordinated effort to provide support to those who needed it most.

As the cyclone intensified in late March 2017, Housing Service Centre staff worked around the clock providing advice and support to vulnerable public housing tenants as well as housing support to the broader community in areas likely to be impacted by the cyclone. Staff flew from Brisbane to Cairns, Townsville and Mackay to support their local colleagues on the ground, and other support staff prepared to help where needed.

Six experts in disaster coordination, logistics and communication were deployed to the State Disaster Coordination Centre at Kedron to strengthen the Government's response team. Over 350 staff from business areas were deployed to affected areas for response and recovery activities.

In the immediate aftermath of the cyclone the recovery effort was in full swing, with a focus on helping people deal with the impacts while maintaining the safety of staff and the public as the highest priority. The different areas of HPW worked seamlessly together with a shared purpose of helping those most in need.

Building and Asset Services' (BAS) team of condition assessors undertook their Rapid Damage Assessments of buildings and government assets and arranged to carry out necessary repairs. From Tuesday 4 April 2017, BAS also undertook Structural Assistance Grant Assessments.

Over 2,300 properties were damaged across the state as a result of the cyclone and flooding. A total of 146 contractors undertook around 4,000 repair jobs on government building assets state-wide.

The Government's fleet provider, QFleet also played a vital role in supplying urgently needed vehicles to agencies involved in the disaster recovery effort following Tropical Cyclone Debbie.

QFleet arranged for the transportation of vehicles to Townsville to assist with community recovery work. The team also identified and prepared other roadworthy vehicles for possible deployment, and contacted vehicle manufacturers to see what vehicles were available at dealerships in Ayr, Bowen, Proserpine, Mackay, Townsville, Cairns and Rockhampton.

Short-term emergency accommodation was provided for 171 people affected by the cyclone including 31 people evacuated to Cairns and 106 tourists who were holidaying in the Whitsundays when Tropical Cyclone Debbie struck.

Housing support staff had a strong presence at Disaster Recovery Hubs in Bowen, Proserpine, Cannonvale and Mackay in addition to having some outreach teams in the northern beaches area. In a huge effort, Housing Services staff also visited or checked in with over 600 public housing tenants ranging from the Far North to south-east Queensland, to ensure they were safe.

HPW staff also answered the call for Ready Reservists, with 42 staff deployed to help in the recovery effort. Ready reservists play a key role in areas such as meeting and greeting people impacted by disasters, and helping affected householders to complete financial assistance application forms.

Our passion for helping Queenslanders in need also drives us to look at new and innovative ways of responding in the face of natural disasters. One of our dedicated staff members developed an inspection tool that enabled assessors to provide accurate early reports on damage to BAS customer assets in the aftermath of Tropical Cyclone Debbie.

The department continued to work with other agencies to assess learnings from the event and implement changes to better prevent, prepare for, respond to and recover from the impacts of future events.



Part 2: Our Achievements against our Strategic Plan

We delivered a new Strategic Plan for 2016–20. The new plan reframed our strategic direction into four key objectives and for the first-time defined key indicators for each of these objectives.

Our Objectives

Our strategic objectives are:

- for people and communities to experience better lives and greater opportunities through the delivery of a safe, accessible, responsive, integrated housing system and for the department to support other government agencies to deliver their essential services
- to have a safer, fairer and sustainable environment for industries through effective policy development and administration, that also supports business innovation and growth
- to support employment and economic opportunities in Queensland's communities, and deliver value through the department's effective use of resources, strategic procurement, and strong partnerships
- to empower our people by being a collaborative, integrated organisation, focussed on quality services and performance excellence.

The following pages highlight our key achievements against our strategic objectives and how we measured our performance during 2016–17.

Objective 1: People and communities

Better lives, greater opportunities for people and communities

To build a fair and responsive housing assistance system that provides a continuum of services, we:

- launched the \$1.8 billion Queensland Housing Strategy 2017–2027, a 10-year framework which will drive key reforms to revitalise our housing and homelessness system
- implemented a Mental Health Demonstration Project to test a new preventative and early intervention, collaborative approach to integrated housing, health and human service delivery
- launched the Dignity First Fund to assist those experiencing homelessness
- commenced trialling new services for high need client groups, including homeless young people on the Gold Coast and women and children escaping domestic and family violence on the Sunshine Coast
- delivered NRL Cowboys House to provide accommodation in Townsville for students from Aboriginal and Torres Strait Islander communities to pursue employment, education and training opportunities.

To improve access to safe, accessible and affordable homes, we:

- announced, as part of the Queensland Housing Strategy, the \$1.6 billion Housing Construction Jobs Program which over the next 10 years will deliver more social and affordable housing across the state, including leveraging partnerships with private industry and local

governments, and support job creation through a pipeline of development

- built and purchased 562 new social housing dwellings (including in Aboriginal and Torres Strait Islander communities)
- provided 10,109 upgrades to existing social housing dwellings, including disability modifications
- continued efforts to support home ownership on Aboriginal and Torres Strait Islander land.

To support other government departments that are delivering essential services, particularly in more regional and remote communities, we:

- delivered 31 new government employee residences in Thursday Island, Cooktown, Mornington Island and Weipa enabling the provision of essential services in these communities
- delivered fit-for-purpose vehicles for Queensland Corrective Services and the Department of Education and Training.

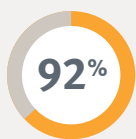
To improve the health and safety of people in their homes through effective policy and regulation, we:

- drafted amendments to the *Residential Services (Accreditation) Act 2002*, the *Retirement Villages Act 1999* and the *Manufactured Homes (Residential Parks) Act 2003* to enhance fairness and consumer protection
- investigated unregulated operators of residential services.

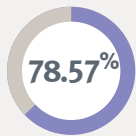
Needs-based housing assistance reforms



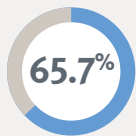
Published *Queensland Housing Strategy 2017-2027* and *Action Plan 2017-20*



NEW households assisted to remain in or access private rental housing (including QSTARS)

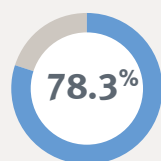


NEW very high or high need households assisted into Government managed social rental housing

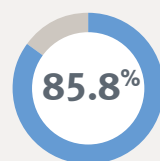


Clients who were homeless or at risk of homelessness who needed assistance to obtain or maintain independent housing

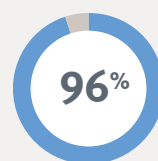
Client satisfaction (overall)



Community housing

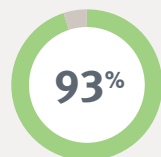


Public housing

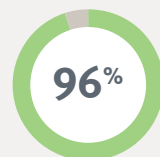


Bond loans

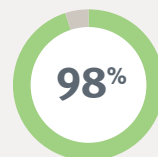
Residential sector compliance



Residential Services (Accreditation) Act 2002



Retirement Villages Act 1999



Manufactured Homes (Residential Parks) Act 2003

Government employee housing matched to need



55%

NEW government employee housing in remote communities

Objective 2: Industry, business and the environment

A safer, fairer and sustainable environment for industries

To engage with the building and residential living industries to encourage innovation and growth and inform policy, we:

- consulted extensively with industry and communities throughout Queensland through the release of the *Queensland Building Plan – A discussion paper* for industry and consumers.

To develop and advance policy that ensures safer and fairer building and residential living industries, we:

- drafted legislative changes relating to non-conforming building products to improve safety, and established the Non-Conforming Building Products Audit Taskforce
- progressed proposals to improve security of payment for subcontractors
- drafted amendments to three Acts relating to the residential living industry to promote fair trading practices, and encourage growth and viability.

To develop innovative solutions to address environmental sustainability solutions, we:

- introduced improved motor vehicle emissions standards for vehicle procurement to remove vehicles with higher emissions from the fleet
- continued auditing energy usage in Queensland Government office accommodation, started energy saving retrofits in the portfolio and continued to pilot the use of the Green Star Performance rating tool.

Policy reforms for safer and fairer industries



Queensland Building Plan consultation completed

Environmental sustainability in the government asset portfolio



New energy efficiency service standard for government accommodation introduced from 2017–18

Objective 3: Value for Queensland

Greater value and support for employment and economic opportunities

To link with industry, business and government sectors to drive strategic and innovative procurement, we:

- established the Office of the Chief Advisor – Procurement to provide advice and drive outcomes across the public sector
- implemented new governance arrangements through the Queensland Government Procurement Committee and the Procurement Industry Advisory Group
- progressed drafting the Queensland Government Procurement Strategy to better engage and work with industry and business.

To generate new ideas and solutions through partnerships and collaborations, we:

- oversaw the establishment of six Category Councils across government and led the Building Construction and Maintenance and General Goods and Services categories
- partnered with Aboriginal and Torres Strait Islander Councils to deliver maintenance services and build capability in these communities to support local employment and business development

- implemented a new sourcing process for General Goods and Services to identify opportunities for local small and medium sized businesses, Aboriginal and Torres Strait Islander businesses, and social enterprises to participate in whole-of-government supply arrangements.

To use our resources and assets more efficiently and responsibly to deliver services through forward planning, smarter practices and leveraging of government resources, we:

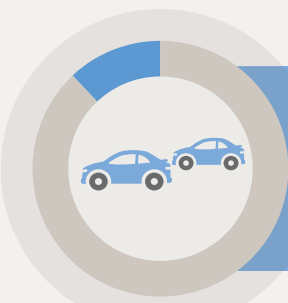
- published forward procurement pipelines to make planned procurements more visible, encourage small business to supply to government, and give greater certainty to industry
- established a whole-of-government panel arrangement for in-vehicle monitoring systems and fleet optimisation services to enable more efficient and cost-effective use of agency vehicles
- as part of the *Brisbane CBD and Fringe Area Government Accommodation Strategy 2015–25*, vacated the Queens Wharf Brisbane precinct and moved thousands of public servants across the Brisbane CBD and fringe areas.

Smarter and more efficient use of resources



12.6%

Work point density
– new office fit outs



87.7%

Vehicle fleet use
compared to agreed
lease parameters

Procurement practice reforms

Procurement reforms
progressed as programmed



Support for regions

87.2%

Maintenance spend
on facilities management
with local/regional suppliers



Objective 4: Our organisation

Empowered people in a collaborative, integrated organisation

To invest in our people and achieve performance excellence and workplace diversity, we:

- developed the One Department Strategy to encourage a culture of collaboration
- implemented MyCareerHub, an online learning and talent management system that provides all employees with improved access to training and development opportunities
- implemented the Healthy and Safe Workforce Action Plan 2016–18 to improve the systems for preventing and managing employee injury/illness, health and wellbeing, and improve our organisational health and safety culture.

To progress strong leadership and engagement, a professional culture and good governance to motivate values-driven service delivery, we:

- progressed key executive-led projects on strategic leadership capabilities, leadership at all levels, data analytics capabilities, and innovation, to better position our department to meet future challenges
- delivered Taking the Lead, Managing for Results and Emerging Leaders programs and developed a leadership at all levels framework.

To embrace changing technology and tools to ensure responsive solutions, flexible operations and service innovation, we:

- provided Wi-Fi to all departmental offices across the state, allowing mobile devices to seamlessly connect to the corporate network and provide guest Wi-Fi for personal or other mobile devices with filtered internet access
- participated in a trial of shared network connectivity to Roma with other government agencies, producing results which increased bandwidth and lowered costs.

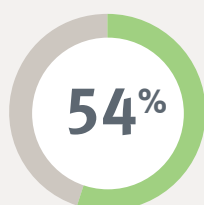
To engage with staff and customers to develop responsive service delivery, we:

- implemented a range of new engagement processes under the Building Construction and Maintenance procurement category, including a Collaboration Forum for government and industry to work together on strategies, and an Industry Reference Group to provide 16 industry bodies with opportunities to provide feedback to the department
- implemented a Tenant Engagement Program that creates opportunities for public housing tenants to engage with the department and their neighbourhoods.

Staff satisfaction and empowerment



One Department
Strategy launched
and in progress



Improved
leadership and
engagement

Skilled and culturally capable workforce



Improved performance and
development (EOS) (HR)

Aboriginal and Torres Strait
Islander Advancement
Framework completed.

Support for a diverse workforce

4.8%

Aboriginal and Torres
Strait Islander people

People with a disability

4.2%

42%

Women in leadership

People from non-English
speaking backgrounds

7.8%

Progressive and responsive systems

Mobile devices used by staff
to access departmental services

42

36%



Wi-Fi 90%

Online
services
made available

accessibility across
departmental sites

Part 3: Our Service Areas and Commercialised Business Units

The performance information of the Department of Housing and Public Works is published in the annual Service Delivery Statements and presented by service areas. These service areas align to the broad types of services delivered by our department. Service areas have defined objectives.

Our service areas are:

- Housing and Homelessness Services
- Government Accommodation and Building Policy Services
- Procurement Services

Our department also delivers services through our two commercialised business units:

- Building and Asset Services
- QFleet

The following pages highlight our achievements under each service area and commercialised business unit.

Housing and Homelessness Services

Our Objective

To deliver quality frontline human services by providing responsible and integrated housing and homelessness support services to vulnerable Queenslanders.

What We Do

Housing Services provides housing assistance and homelessness support services to Queenslanders most in need, for the duration of their need, through a mix of direct delivery and arrangements with funded service providers. This includes remote Aboriginal and Torres Strait Islander housing, social and private housing assistance, homelessness support services and crisis accommodation.

Housing Services also includes the Office of the Registrar which oversees the National Regulatory System for Community Housing (NRSCH) in Queensland. The NRSCH is a national system for registration, monitoring and regulation of community housing providers. It provides uniform legislation that regulates community housing organisations with the aim of growing the capability and capacity of these organisations. The Registrar operates independently from the funding arm of Housing Services.



Building a better housing future for all Queenslanders

The *Queensland Housing Strategy 2017-2027* is a 10-year framework to deliver better housing pathways, drive key reforms, and targeted investment to provide every Queenslanders with the opportunity to access a safe, secure and affordable home that meets their needs and enables participation in social and economic activity.

The Strategy was released by the Queensland Premier on 12 June 2017, and is backed by a \$1.8 billion investment to deliver more social and affordable housing, and transform the way housing and homelessness services are delivered to better support people in need.

The Housing Construction Jobs Program is a core initiative of the Strategy, redefining how the Queensland Government will deliver housing to support urban renewal, generate new jobs, provide affordable housing, and drive innovative housing design that responds to contemporary needs.

The Strategy also ensures those most in need are supported by a safety net of targeted early interventions, flexible packages of support, supportive social housing and genuine wraparound services. Young people, women and children escaping domestic and family violence, and people at risk of homelessness, in particular, will be able to access more early intervention and prevention services before they reach crisis point.

The housing and homelessness services reforms outlined in the Strategy will be driven by a more person-centred approach to service delivery. This will involve collaborating with people to identify what they need and want, the resources and skills they already possess, and the additional services they need to achieve their housing aspirations.

The modernisation and better integration of homelessness, housing and human services will deliver coordinated support that enables people to meet their needs, and progress through the housing continuum, from homelessness through to home ownership.

The *Queensland Housing Strategy 2017-2020 Action Plan* documents the specific steps the department will take toward achieving the 10-year vision and sets out clear priorities for implementation. These actions set the foundations for longer term reform, and will guide and inform the development of subsequent action plans.

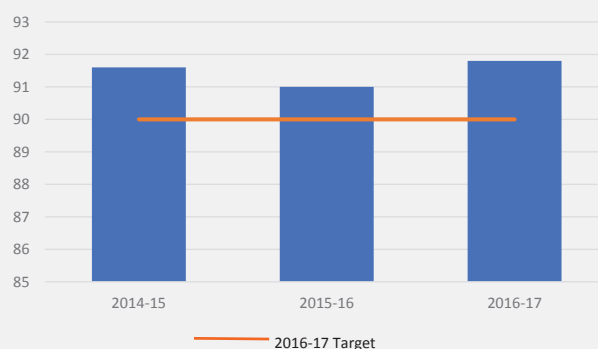
Our Achievements

Improving Housing Assistance

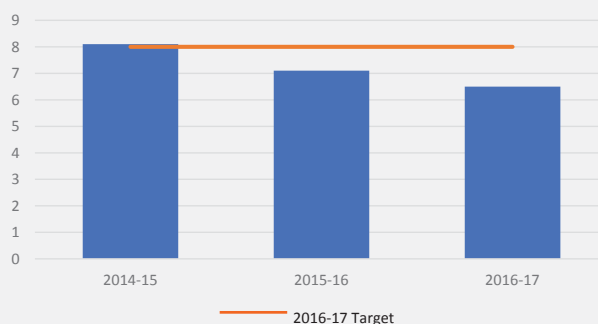
In 2016–17, we:

- released the *Queensland Housing Strategy 2017–2027* to shape the strategic direction of housing assistance, homelessness services, housing affordability and specific issues affecting Aboriginal and Torres Strait Islander peoples
- assisted 71,992 low-income households with social rental housing, including 7,197 new households
- delivered 562 (482 completions, 80 purchases) new social housing dwellings, 656 construction commencements and completed 10,109 upgrades to existing dwellings to maximise asset life or improve amenities to meet specific tenant needs such as disability modifications
- commenced the roll out of smoke alarm upgrades to 71,800 social housing dwellings to improve tenant safety
- partnered with Churches of Christ to deliver a 40-apartment development in Acacia Ridge, targeted at seniors aged over 55 years and people with a disability
- commenced a 12-month trial of a tenant hub at Kingston, to test a place-based approach to tenancy engagement to deliver improved services, a safer neighbourhood and support tenants to build pathways to a better future
- continued to implement a Mental Health Demonstration Project to test a new preventative and early intervention, collaborative approach to integrated housing, health and human service delivery. This will better enable people who are experiencing mental illness, mental health issues or related complex needs to sustain their social housing tenancies
- implemented a Tenant Engagement Program that creates opportunities for public housing tenants to engage with the department and their neighbourhoods as well as builds confidence and new skills that may improve other life outcomes, including better health, access to education, employment and greater community connection
- investigated options for the establishment of a Housing and Homelessness Service Hub in Toowoomba to test an integrated service delivery model, co-locating government, non-government housing, homelessness and other support services, aimed at ensuring clients have their housing and support needs addressed in a cohesive way
- worked with the Department of Communities, Child Safety and Disability Services and the National Disability Insurance Agency, to ensure a seamless transition to the National Disability Insurance Scheme for housing and homelessness services. This includes working to improve access to existing housing and increase the supply of accessible and affordable housing that responds to the needs of people with a disability
- developed an action plan to better position housing assistance services on the Gold Coast in response to increased demand for housing assistance, anticipated due to the Commonwealth Games
- supported whole-of-government forums to progress an integrated child and family support system which contributes to reforms of the Queensland Child Protection Commission of Inquiry final report
- contributed to the Better Planning for Queensland Reform, led by the Department of Infrastructure, Local Government and Planning, to facilitate improved housing affordability and diversity outcomes in communities across Queensland
- reviewed the public housing rent policy to ensure fairness
- progressed amendments to the *Retirement Villages Act 1999* and the *Manufactured Homes (Residential Parks) Act 2003*, to enhance fairness and consumer protection, balanced with industry viability
- released the ‘Seniors Living Series’ to help seniors make informed decisions about where to live during retirement, and things to be considered when making these decisions
- progressed amendments to the *Residential Services (Accreditation) Act 2002* to ensure the regulatory framework protects residents, promotes fair trading practices, and encourages the growth and viability of the residential services industry
- released a new *Guideline for Medication Assistance* to support residential services to develop policies and procedures, implement safe practices and minimise the risk of harm from inappropriate use of medication by residents.

New households assisted into Government-managed social rental housing who were in very high or high need (%)



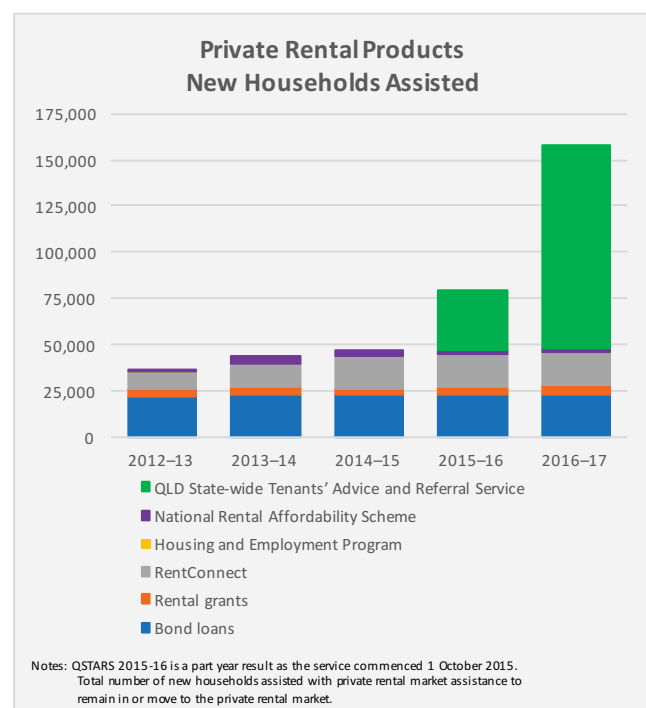
Average wait time to allocation for assistance with Government-managed social rental housing for clients in very high or high need (months)



Delivering Private Market Assistance

In 2016–17, the department assisted over 200,000 low income households to access or remain in the private housing market. To achieve this, we:

- assisted 17,410 households to secure and sustain a home in the private rental market through RentConnect services
- provided 23,334 new bond loans to households unable to pay full rental bonds, provided 5,066 rental grants to households experiencing a housing crisis or who were unable to afford some of the immediate costs of moving
- assisted 42,676 households through Home Assist Secure by providing free information and referral about home maintenance and repairs, to people over 60 and those who have a disability
- assisted 2,209 new households to access affordable housing and provided \$27.211 million as incentives to investors to support over 10,200 affordable private rental dwellings across the state through the National Rental Affordability Scheme (NRAS)
- continued to support the Park and Village Information Link to provide free, independent and specialised legal advice and information to 216 households
- delivered the Housing and Employment Program to 88 households to assist people in undertaking training, education and employment
- provided 109,298 instances of advice and assistance through the Queensland State-wide Tenants' Advice and Referral Service (QSTARS).



Improving outcomes in Aboriginal and Torres Strait Islander communities

In 2016–17, we:

- continued to develop and refine processes supporting home ownership on Aboriginal and Torres Strait Islander land, working to resolve outstanding Land Holding Act and Block holder entitlements and to make social housing dwellings available for purchase. In particular, we ensured dwellings transferred to home ownership were in good condition by completing condition assessments on 48 dwellings, approving works on 39 dwellings and completing works on six dwellings
- responded to six requests for a 99-year home ownership lease, with one lease finalised
- delivered NRL Cowboys House, a 52-unit facility in Townsville, for students from Aboriginal and Torres Strait Islander communities pursuing employment, education and training opportunities
- delivered 106 new dwellings and commenced construction of 243 new dwellings to reduce overcrowding
- achieved all agreed National Partnership on Remote Housing targets and exceeded all performance benchmarks
- completed the construction of Dale Parker Place, a supported specialist accommodation facility in Townsville consisting of 40 self-contained units providing shelter for rough sleepers
- maintained and refurbished existing dwellings in Aboriginal and Torres Strait Islander communities.

Reducing homelessness

In 2016–17, we:

- launched the Dignity First Fund to assist Queenslanders experiencing homelessness to live with dignity and approved:
 - 24 projects under round one
 - 31 projects under round two
- commenced the delivery of three new initiatives funded under the National Partnership Agreement on Homelessness – Domestic and Family Violence (DFV) Mobile Support, Youth Mobile Support, and Multi-Disciplinary Street to Home
- commenced trialling new services for high need client groups including: the Gold Coast Project for Homeless Youth (Bill Hoyer House), immediate supported accommodation service for young people, and the Lions in Place mobile support service for women and children who are homeless as a result of escaping domestic and family violence on the Sunshine Coast
- purchased two, eight-bedroom facilities in Roma to be used as a homelessness temporary supported accommodation service for women and children escaping domestic and family violence

- established an agreement between the department and QShelter to tackle complex problems and reduce housing stress in Queensland, by establishing the conditions necessary for the community housing sector to successfully work with government to increase the supply of affordable housing
- commenced work to deliver a women’s shelter in Coen, in partnership with the Department of Communities, Child Safety and Disability Services
- commenced work to replace shelters for women and children escaping domestic and family violence in Aboriginal and Torres Strait Islander communities of Pormpuraaw, Cherbourg and Woorabinda
- piloted refuges that cater for families with companion animals as part of the service provision for women escaping domestic and family violence
- worked with Queensland Treasury’s Social Benefit Bond Pilot Program to deliver innovation in cross agency collaboration for improved housing outcomes for young people exiting statutory care or custody.

Regulatory Services

In 2016–17, we:

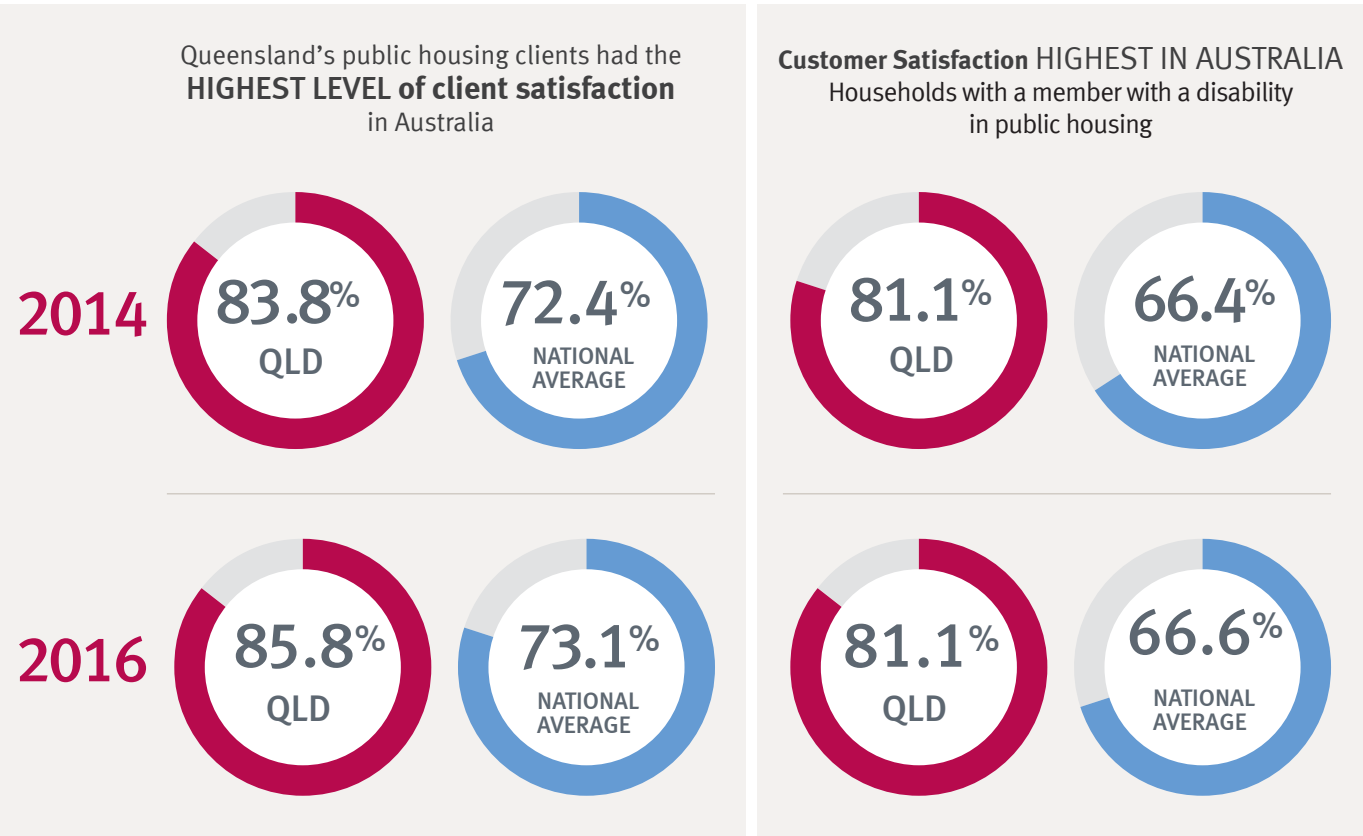
- completed the assessment of 77 applications from non-government community housing providers seeking registration under the National Regulatory System for Community Housing
- completed the assessment of 10 applications from local government community housing providers seeking registration under the Queensland State Regulatory System for Community Housing

- completed a targeted investigation into unregulated operators of residential services. There were 36 complaints received relating to 64 properties during the investigation period. 100% of the complaints received during the investigation period have been actioned.

Our Future Focus

In 2017–18, the department will continue to deliver initiatives that will make a difference to Queenslanders by:

- implementing the *Queensland Housing Strategy 2017–2020 Action Plan*, which will drive key service delivery reforms and targeted investment across the entire housing continuum
- progressing the Housing Construction Jobs Program, as part of the Housing Strategy
- developing an Aboriginal and Torres Strait Islander Housing Action Plan dealing with housing outcomes and complex challenges
- continuing to work with communities and local governments to assist with home ownership in discrete Aboriginal and Torres Strait Islander communities
- expanding the department’s capabilities in housing market data collection, research and analysis, to ensure that program planning is robust and evidence based and meets the needs of local communities
- funding projects under the Dignity First Fund to assist Queenslanders experiencing homelessness, to live with dignity as well as prevent or reduce homelessness.



Source: AIHW National Social Housing Survey 2016, as reported in Report on Government Services 2017, vol. G, Housing and homelessness, Productivity Commission, Canberra.

Service Standards - our results for 2016–17

Housing and Homelessness Services	2016–17 Target/Est.	2016–17 Actual
EFFECTIVENESS MEASURES		
Level of overall client satisfaction		
Public Housing Variance between 2016–17 target/estimate and 2016–17 actual is due to improved client satisfaction that may be attributed to a range of service delivery factors such as the quality of dwelling conditions and implementation of four new policies: Fair absence from your home, Fair listing for vacancy, Fair expectations of behaviour and Fairer Rent Policy.	80%	85.8%
Community Housing Variance between 2016–17 target/estimate and 2016–17 actual is due to the original estimate being based on available data and anticipated trends at that time. The 2016–17 actual is the 2016 satisfaction result published in the Report on Government Services 2017. Ongoing registration of community housing providers under the National Regulatory System for Community Housing is anticipated to improve tenant satisfaction in the future. The scheme provides tenants with greater assurance about the social housing system by establishing a consistent regulatory environment and clear performance measures for providers to meet.	80%	78.3%
Bond Loans This service standard has been discontinued in the Service Delivery Statement 2017–18 as it only represents a portion of all private housing products offered by the department. In addition, the Bond Loan survey is only conducted on a triennial basis, which is viewed as inadequate for annual measurement purposes. Any future survey results will be reported through Annual Reports.	95%	96%
Home Assist Secure This service standard has been discontinued in the Service Delivery Statement 2017–18 as it only represents a portion of all private housing products offered by the department. In addition, the Home Assist Secure survey is only conducted on a triennial basis, which is viewed as inadequate for annual measurement purposes. There is no 2016–17 target/estimate or 2016–17 actual as this is a triennial measure and the next survey would have been undertaken in 2017–18. Any future survey results will be reported through Annual Reports.	..	n/a
Percentage of new households assisted into Government-managed social rental housing who were in very high or high need	90%	92%
Percentage of department owned social rental housing dwellings in acceptable condition	98%	99%
Percentage of clients who were homeless or at risk of homelessness who needed assistance to obtain or maintain independent housing and obtained or maintained independent housing after support Variance between 2016–17 target/estimate and 2016–17 actual is due to the original estimate being based on available data and anticipated trends at that time. The 2016–17 actual is based on published Report on Government Services data.	64%	66%
Proportion of exits from social rental housing to private market housing that were tenant initiated This service standard has been discontinued in the Service Delivery Statement 2017–18 as it focuses on a small component of the overall service area and is not reflective of the department's current service delivery focus and effort.	48%	50%

Housing and Homelessness Services	2016–17 Target/Est.	2016–17 Actual
Proportion of total new households assisted to remain in or move to the private housing rental market that were assisted through National Rental Affordability Scheme, RentConnect, Rental Grants, Housing and Employment Program or Bond Loans	45%	53%
<p>This service standard has been discontinued in the Service Delivery Statement 2017–18 due to a change in the calculation methodology. This measure has been replaced by a new service standard which includes the Queensland State-wide Tenant Advice and Referral Service (QSTARS) from 2017–18.</p>		
Proportion of newly constructed social housing dwellings meeting the Livable Housing Design guidelines gold or platinum standards	50%	44%
<p>Variance between 2016–17 target/estimate and 2016–17 actual is due to the composition of completed dwellings varying to the original plan. Some dwellings not requiring accessibility features were completed earlier than planned, and some with accessibility features originally planned to be completed in 2016–17 will now be completed in 2017–18.</p>		
Average wait time to allocation for assistance (months) with Government-managed social rental housing for clients in very high or high need	8	6.5
<p>Variance between 2016–17 target/estimate and 2016–17 actual is due to a slight increase in the number of allocations in recent months. While allocation times improved in 2016–17, tightening of the rental market and other external housing market conditions are likely to continue to have an effect during 2017–18.</p>		
Percentage of homelessness services clients who requested assistance relating to domestic and family violence and received this assistance	87%	88%
Percentage of under-occupied Government-owned and managed social rental housing	14.0%	15.8%
<p>Variance between 2016–17 target/estimate and 2016–17 actual is due to maintaining existing practices in anticipation of a policy review and broader strategy being developed and implemented in 2017–18 to manage under-occupancy.</p>		
Proportion of government-owned social rental housing stock matched to greatest demand	54%	54%
EFFICIENCY MEASURES		
Average tenancy and property management administration cost per households assisted	\$1,233	\$1,202
<p>Variances between the 2016–17 target/estimate and 2016–17 actual are primarily due to households assisted remaining relatively stable with lower than anticipated rates of exits.</p>		

Government Accommodation and Building Policy Services

Our Objective

To deliver the best possible accommodation solutions for government in terms of office space and employee housing to ensure agencies can deliver essential government services to the community; to engage and strengthen relationships with the building and construction industry and provide effective and efficient Queensland building and plumbing policy and legislation.

What We Do

Government Accommodation and Building Policy Services deliver the Queensland Government's office accommodation and employee housing portfolio and manage significant

building and property initiatives. Services include developing and advising on building and plumbing legislation, codes, building policy, research, standards, design and building industry engagement in Queensland. Services also include strategic asset management of an owned accommodation portfolio of approximately 200 buildings, ranging from large office blocks, particularly in regional centres, to non-office properties, such as heritage buildings, theatres, convention centres, cultural facilities, industrial properties and bridges. Government Accommodation and Building Policy Services provides planning, strategy and policy development, leasing and tenancy management, and maintenance management across owned and leased portfolios.



Consulting on building reforms

Everyday more than 220,000 Queenslanders earn a living in the building and construction industry. They make an enormous impact on the communities in which we live.

This is why our department reached out to Queenslanders in extensive state-wide consultation sessions through the *Queensland Building Plan – A discussion paper* for industry and consumers which addressed ten proposed areas of reform ranging from Non-Conforming Building Products (NCBPs) and Security of Payment to Inclusive Communities and Liveable Housing Design.

Sessions were held in 15 key locations including Cairns, Bundaberg and Toowoomba providing the opportunity for 1,100 stakeholders to have their say about the development of a Queensland Building Plan and set the long-term strategic direction of the building and construction industry.

Additional consultations included: 19 deep dive sessions, 13 trade breakfasts at Bunnings stores, 13 trade breakfasts at Reece stores and a stall for four days at the Courier-Mail Home Show in Brisbane. We also received over 800 written submissions and over 1,700 responses to the online surveys.

The outcome of these consultations will be the Queensland Building Plan which will guide changes to policy and legislation to create a safer, fairer and more sustainable industry. It will also enhance consumer confidence in the industry and drive innovative, liveable and sustainable design.

Processes will be simplified and unnecessary red tape reduced to improve efficiency and save both time and money while compliance frameworks and improved regulatory powers will result in having the right person and materials for the job at hand.

Changes to laws for NCBPs will mean that all players in the building supply chain will have to take responsibility for ensuring building products are safe and fit for intended purpose.

New laws for Security of Payment will ensure that subcontractors are paid in full and on time for the work they do.

While consultation played a key role in determining priorities, it also highlighted issues within the building and construction industry that require further, targeted collaboration with stakeholders.

The Building Industry and Policy team continues to work with industry, peak bodies and consumers, so that Queenslanders get the safe, secure and productive building and construction industry they deserve.

Our Achievements

Delivering Building Industry Policy

In 2016–17, we:

- launched the *Queensland Building Plan – A discussion paper for industry and consumers* addressing ten proposed areas of reform
- progressed the *Building and Construction Legislation (Non-conforming Building Products—Chain of Responsibility and Other Matters) Amendment Bill 2017*. The Bill, which included enhanced provisions for improving safety on building and construction sites, was introduced to Parliament in May 2017
- worked closely with the Queensland Fire and Emergency Services to legislate changes to building legislation through the *Building Fire Safety (Domestic Smoke Alarms) Legislation Amendment Regulation 2016*, which introduced the requirement for photoelectric interconnected smoke alarms in response to coronial recommendations leading from the tragic fire in 2011 at Slacks Creek
- supported local economies and regional communities through the wild dog fencing regulation
- maintained strong relationships with stakeholders and industry with departmental representatives on the Service Trades Council and the QBCC's Fire Protection Working Group
- implemented reforms to expand the Queensland Home Warranty Insurance Scheme
- progressed proposals to improve security of payment for subcontractors in the building and construction industry
- commenced work to implement Project Bank Accounts on government building and construction projects from 1 January 2018
- continued to work with the Sustainable Built Environment National Research Centre which is a leader in fostering collaboration between industry, government and research organisations to improve Australia's built environment industry
- sponsored the Brisbane Open House event in October 2016, as a founding partner in conjunction with the National Trust of Australia (Qld), where a record number of 68,000 people visited 100 buildings over two days. This is a free public festival that celebrates Brisbane's architecture and offers behind-the-scenes access to buildings across the city.

Consulting on building reforms



consultation sessions attended by over **1,100** industry stakeholders

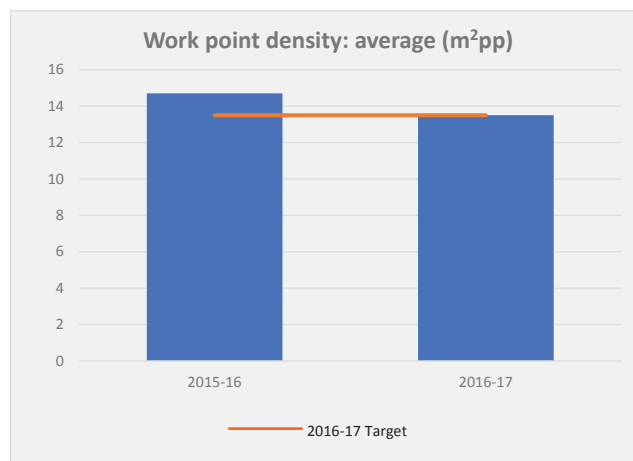
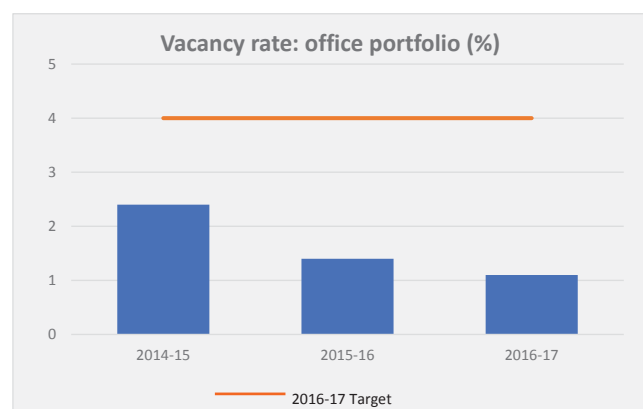


Received over **800** written submissions and over **1,700** responses to the online surveys

Delivering Government Accommodation

In 2016–17, we:

- continued the implementation of Phase 1 of the *Brisbane CBD and Fringe Area Government Office Accommodation Strategy 2015–25*. By the end of 2017, Phase 1 will see 16,000 public servants move across the Brisbane CBD and Fringe Areas to 1 William Street and various CBD and fringe buildings. As part of Phase 1, the Government vacated the Queens Wharf Brisbane precinct for the Integrated Resort Development
- commenced the development of Phase 2 of the *Brisbane CBD and Fringe Area Government Office Accommodation Strategy 2015–25*, focusing on replacing a number of expiring leases aimed at achieving rent savings and improving utilisation rates across the government office accommodation portfolio
- negotiated over 250 new or renewed leases comprising over 160,000m² of office space and negotiated lease make-good savings to government
- developed and implemented a comprehensive facilities management service including the provision of security, cleaning, concierge and visitor management services for the 75,000m² of 1 William Street, Brisbane
- reduced the vacant space across the portfolio to 1.07%.
- continued to implement environmentally sustainable measures to reduce waste, through improved separation and recycling
- continued to audit energy usage in government office accommodation and initiated energy saving retrofits in the owned and leased office building portfolios, as part of all maintenance and upgrade programs and or lease renewals
- continued to pilot the use of a Green Star Performance rating tool for three owned regional office buildings and the Green Star Interiors rating tool at one building in Brisbane.
- piloted a new agile fitout for Queensland Government Accommodation Office staff
- opened two new whole-of-government Distributed Work Centres in Robina and Maroochydore in addition to the centre opened in Ipswich in 2015–16. The three Distributed Work Centres now enable more than 120 government workers to avoid lengthy commutes to the Brisbane CBD, preserve work/life blend and increase productivity.



New flexible ways of working

The ability to work anywhere, at any time is important to ensure our business continuity, including in times of natural disaster. Finding new ways of working is also key to supporting our workforce to embrace flexible working arrangements.

When we start working anywhere, or at any time, we need to rethink what and how we are using our office space. We are doing just that, with the department currently running two pilots: the agile working pilot in the Brisbane CBD where people share desks and collaborative spaces, and the Distributed Work Centre pilot in Ipswich, Robina and Maroochydore where people book workspaces, when needed, working closer to their home base.

Both pilots were designed from the user perspective and pioneer new ways of working that support flexibility and mobility across government. They required physical space and behavioural change programs and consistent virtual technology solutions (tablets, laptops and collaboration software) that allow people to 'work anywhere'.

To date, the results have been overwhelmingly positive showing an increase in staff wellbeing, collaboration and productivity. In addition, the department has been able to improve the utilisation of existing space and contain rental costs.



Delivering Government Employee Housing

In 2016–17, we:

- delivered 31 new government employee residences to enable provision of essential services and retention of skilled government staff in Thursday Island, Cooktown, Mornington Island and Weipa
- delivered maintenance, upgrade and improvement programs to enhance the quality and standard of government employee housing
- improved occupancy of government employee housing in areas with long term vacancies, by engaging real estate agents to lease properties to the private market
- implemented a new tenancy management model, to enable leasing agencies to self-manage or have the department undertake tenancy management services for them
- transferred the ownership of 90 properties and 40 parcels of vacant land from the Department of Education and Training as part of phase two of the government employee housing centralisation project.

Coordinating Disaster Response

In March–April 2017, Severe Tropical Cyclone Debbie impacted many areas of Queensland. The department continues to be an integral part of Queensland's disaster management arrangements by providing support to other agencies in the key role of building and engineering services and was actively involved in the response and recovery to the disaster.

In 2016–17, we:

- received and processed 310 applications for emergency housing assistance (all were closed by 13 June 2017)
- assisted a further 171 people with short term emergency accommodation during the event in the North Queensland Region
- made more than 1,000 calls to vulnerable social housing tenants to check on their welfare
- deployed 42 staff as part of the Community Recovery Ready Reserve, with a number of officers doing repeat deployments
- completed 1,991 damage assessments of government buildings
- progressed work to repair government buildings. As at 22 June 2017, 70 per cent (6,518) of the 9,373 requested tasks were completed on site
- received requests from the Department of Communities, Child Safety and Disability Services for 385 Structural Assistance Grant assessments (as at 27 June 2017). 94% (362) had been completed.

Our Future Focus

In 2017–18, the department will continue to deliver initiatives that will make a difference to Queenslanders through:

- progressing reforms through the Queensland Building Plan
- implementing Project Bank Accounts on government building and construction projects from 1 January 2018 and preparing for broader introduction from 2019
- collaboratively working with the Australian Government, states and territories, industry and relevant regulators to address issues relating to non-conforming building products
- implementing reforms to the Prequalification (PQC) system and provide industry visibility of a forward pipeline of opportunities
- implementing the *Brisbane CBD and Fringe Area Government Office Accommodation Strategy 2015–2025* including a reduction in the government office portfolio through vacating expiring leases and consolidating where possible the tenancy and space management of the Government's leased office portfolio
- commencing a targeted four-year capital, maintenance and upgrade program, to deliver safe and secure government employee housing in regional and remote locations across the state, including Aboriginal and Torres Strait Islander communities, thereby enabling police, teachers, medical professionals and associated government employees to deliver critical frontline services to the people of Queensland
- delivering 46 new government employee housing residences to support the provision of essential government services in regional and remote areas including Aurukun, Doomadgee, Baralaba, Saibai Island and Winton
- continuing to implement a new regional tenancy management model that better supports leasing agencies and government employee tenants to initiate and manage the practical and legislative aspects of their tenancy, such as lease documentation and entry/exit condition assessments.

Service Standards - our results for 2016–17

Government Accommodation and Building Policy Services	2016–17 Target/Est.	2016–17 Actual
EFFECTIVENESS MEASURES		
Return on investment: commercial properties included in the office portfolio The purpose of this service standard is to measure the return to government on the level of assets employed/owned by the department for the provision of office accommodation. Variance between 2016–17 target/estimate and 2016–17 actual is due to normal fluctuations in gross rental income and property valuations, resulting in the commercial property portfolio's net return on investment exceeding the benchmark target and continuing to track private sector investment performance measures.	≥6.5%	6.9%
Return on investment: government employee housing The purpose of this service standard is to measure the return to government on the level of assets employed/owned by the department for the provision of accommodation to government employees.	≥1.5%	2.06%
Vacancy rate: office portfolio The purpose of this service standard is to assess the rate of vacancy within the office accommodation portfolio. The data is used as an indicator of the effectiveness of the service area's ability to strategically manage its leased and owned portfolios.	≤4%	1.07%
Vacancy rate: government employee housing The purpose of this service standard is to assess the rate of vacancy within the government employee housing portfolio. The data is used as an indicator of the effectiveness of the service area's ability to strategically manage its leased and owned portfolios. Variance between 2016–17 target/estimate and 2016–17 actual is due to the downturn in occupancy in the mining sector that is impacting rental returns and vacancy rates resulting in agencies reducing requirements for employee housing in these locations. A large portion of the government employee housing portfolio is located in these areas, with the current average vacancy rate of around 6%. Although the department is continuing to adopt strategies to minimise vacancy rates, the factors affecting the 2016–17 performance are likely to continue through 2017–18, with expected continuation of highly competitive rental markets and some decline in rent revenues due to increased vacancies.	≤5%	5.75%
EFFICIENCY MEASURES		
Work point density: average The purpose of this service standard is to determine the level of work point density for government offices. This area excludes special purpose areas such as conference room facilities.	13.5m ² per person	13.5m ² per person
Work point density: new fitout The purpose of this service standard is to determine the average level of utilisation to be implemented for new government office fitouts. Special purpose areas such as customer services centres and conference room facilities are excluded from this calculation. The variance between the target and actual is due to using existing built areas in some new fitouts and the inclusion of non-standard office facilities in other fitouts.	12m ² per person	12.6m ² per person

Procurement Services

Our Objective

To provide expert advisory, enabling and support services to agencies, suppliers and the community in the achievement of procurement outcomes.

What We Do

Procurement Services manages the Queensland Government's procurement policy and related frameworks. It provides expert advice to stakeholders, and helps enable agencies to achieve their procurement outcomes by sharing procurement information, best practice and innovation; developing whole-of-government frameworks in areas including capability, accreditation and performance; and working with agencies to reduce the cost of doing business with the Queensland Government.

Improving procurement capability



2,000
public sector staff

COMPLETED PROCUREMENT AND
LEADERSHIP TRAINING PROGRAMS



300

Procurement officers
and contract managers

ATTENDED CONTRACT MANAGEMENT TRAINING



QTravel Regional Roadshow

1,800 attendees



New way of doing business

Effective government procurement supports the delivery of frontline services such as housing and social services, as well as the building and maintenance of important infrastructure assets such as roads, schools and hospitals. With over \$18 billion spent each year, Queensland Government procurement provides the opportunity to ensure government spending can achieve positive economic, social and environmental outcomes across the state.

In July 2016, the Office of the Chief Advisor - Procurement (OCA-P) was established to deliver a new whole-of-government, agency-led, centrally enabled procurement model in Queensland.

The new procurement operating model empowers agencies, strengthens governance, enhances industry engagement, develops procurement capability, and improves systems, data and reporting. The model prioritises forward planning, greater engagement and a category management approach to create and sustain value for money and make it easier to do business with government.

Improved engagement with industry and enhancing overall capacity and capability to deliver for the individual categories has been a hallmark of the new procurement approach.

A new governance framework was introduced to support the new operating model. From the first meeting of the Procurement Industry Advisory Group in September 2016, OCA-P has engaged business advocates and representatives of industry associations on issues of strategic importance to establish a clear pathway towards improved government procurement.

Six Category Councils were also established to provide strategic leadership for each individual category group and to deliver a strategic direction for each category.

This collaborative approach has demonstrated that better engagement can deliver better outcomes.

The new operating model and greater industry engagement are providing a foundation for the development of the Queensland Government Procurement Strategy and the revised Queensland Procurement Policy, due to be launched in 2017–18. The new strategy will deliver an approach which prioritises local jobs, improves processes for agencies and suppliers, increases the visibility of the forward pipeline of procurement opportunities and demonstrates the value of the new operating model.

Our Achievements

In 2016–17, we:

- formed the Procurement Industry Advisory Group to strengthen engagement with industry
- developed the General Goods and Services Category Strategy to ensure a whole-of-government approach to creating and sustaining value
- facilitated the creation of six Category Councils across government and created cross-agency Category Working Groups and developed category plans to support implementation of the General Goods and Services Category Strategy
- hosted 120 staff representing, 28 government and industry organisations, at a Building Construction and Maintenance Category Collaboration Forum. The purpose of the forum was to work together on strategies to improve value through building construction and maintenance expenditure and discuss the government's pipeline of work
- established the Smoke Alarm Procurement Group to ensure a collaborative whole-of-government approach to the procurement of smoke alarms
- awarded new whole-of-government standing offer arrangements for salary packaging administration services, novated leasing services and for the supply of electricity to small sites within Queensland
- attracted 1,800 attendees to the QTravel Regional Roadshow held across Queensland during April and May 2017, focusing on online booking tool changes (cancellations and changes online) and airfare booking classes
- continued to increase procurement capability across the public sector by delivering procurement and leadership training programs to over 2,000 staff, ensuring agencies are delivering quality outcomes for Queenslanders.
- commenced work on a procurement data strategy and a set of minimum data requirements to improve our procurement data and to enable better decision making

- continued to support the professionalisation of the procurement function by delivering contract management training to over 300 procurement officers and contract managers across the sector
- implemented a new sourcing process for General Goods and Services to identify opportunities for local small and medium sized businesses, Aboriginal and Torres Strait Islander businesses, and social enterprises to participate in whole-of-government supply arrangements.

Our future focus

In 2017–18, the department will continue to deliver initiatives that will make a difference to Queenslanders through:

- releasing the Queensland Government Procurement Strategy and revised Queensland Procurement Policy
- continuing to implement the whole-of-government procurement operating model
- providing an agency led, centrally enabled function that takes a best practice category management approach to the procurement of general goods and services and enabling Queensland Government departments to construct and maintain Queensland's building infrastructure through the management of the Building Construction and Maintenance category
- driving value for money outcomes for Queensland by enabling government agencies to leverage spend and resources to deliver more services
- embedding category management for the the Building Construction and Maintenance category
- providing advice, support, frameworks and tools, to enable agencies to increase opportunities for local suppliers and grow regional economies
- embedding non-price considerations, including social procurement into government procurement processes, to facilitate opportunities for improved outcomes for targeted social groups
- ensuring local and regional economic benefits are delivered by all Queensland Government agencies, backed by an effective compliance and referral unit.

Service Standards - our results for 2016–17

Procurement Services	2016–17 Target/Est.	2016–17 Actual
EFFECTIVENESS MEASURES		
Overall satisfaction with advice and support provided by the Office of the Chief Advisor – Procurement (internal to government) There is no 2016–17 Target/Estimate as this was a new measure introduced in 2016–17 with baseline data collected in 2016–17.	..	56%
Overall satisfaction with advice and support provided by the Office of the Chief Advisor – Procurement (external to government) There is no 2016–17 target/estimate as this was a new measure introduced in 2016–17 with baseline data collected in 2016–17.	..	75%
EFFICIENCY MEASURES		
An efficiency measure is being developed for this service area and will be included in a future Service Delivery Statement.		

Building and Asset Services

Our Objective

To partner with government agencies to strategically manage their building construction and maintenance activities.

What We Do

Building and Asset Services, in partnership with Queensland Government agencies, supports strategic asset management by managing risks for diverse building asset portfolios and providing expertise in planning, procurement and delivery of new building infrastructure, asset and facilities management. In doing so, Building and Asset Services works closely with industry and local suppliers to maximise value for money procurement and contract management outcomes. This assists government agencies to meet their service delivery outcomes for the community, and provide employment opportunities across the state including regional and remote communities of Queensland.

Our Achievements

In 2016–17, we:

- partnered with Housing and Homelessness Services and Government Employee Housing, to develop a strategy to deliver integrated maintenance and upgrade services on all government housing stock
- continued to work closely with the Department of Science, Information Technology and Innovation on the development of a whole-of-government asset life cycle management system that aims to facilitate better longer term strategic planning and budget allocations
- partnered with Aboriginal and Torres Strait Islander Councils to successfully deliver maintenance services and build capability and capacity in these communities by supporting local employment and local small business development
- maximised value for money procurement and contract management outcomes, through increased engagement of local businesses that maintain a presence within the proximity of where the goods or services were supplied
- encouraged innovative procurement solutions through local industry by undertaking early market engagement activities for the capital works programs in Aboriginal and Torres Strait Islander communities under the National Partnership on Remote Housing

- supported the delivery of 223 dwelling commencements and 95 dwelling completions under the National Partnership on Remote Housing
- extended facilities management agreements designed to reduce future unplanned maintenance works, through bundling maintenance tasks to achieve improved value for money outcomes, to a further 69 government facilities
- continued to maintain a rapid response capacity to support disaster recovery, urgent after-hours repairs, asbestos issues, and vandalism impacting on government facilities
- supported the Department of Education and Training in delivering their Advancing Queensland Schools Program, which commenced in 2016–17.

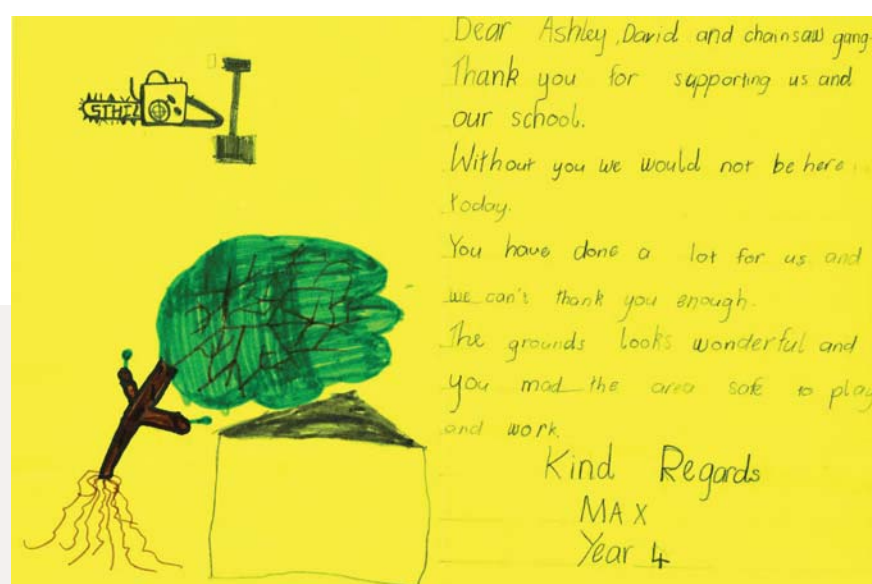
Our Future Focus

In 2017–18, the department will continue to deliver initiatives that will make a difference to Queenslanders by delivering strategic solutions in partnership with government agencies, including:

- developing a category management approach for building construction and maintenance works to further strengthen procurement engagement activities with local and regional communities
- phasing the implementation of a social procurement framework and supporting documentation to enhance sustainable and strategic procurement practices and contribute to building stronger communities
- continuing to partner with Aboriginal and Torres Strait Islander Councils to deliver capital and maintenance programs under the National Partnership on Remote Housing and the National Affordable Housing Agreement, to maximise employment opportunities and provide economic stimulation to those remote communities
- reducing preconstruction planning and procurement timeframes for detached housing projects delivered in Aboriginal and Torres Strait Islander communities, from a current average of 44 weeks to an average of 28 weeks, saving 16 weeks in pre-delivery time over a four-year period
- strengthening the role and recognition of Building and Asset Services (BAS) in delivering construction services and trade skills in Queensland including through increased capacity and opportunities for apprentices.

Service Standards - our results for 2016–17

Building and Asset Services	2016–17 Target/Est.	2016–17 Actual
EFFECTIVENESS MEASURES		
Overall customer satisfaction There is no 2016–17 target/estimate and 2016–17 estimated actual as this is a biennial measure with the next survey to be undertaken in 2017–18.
Percentage of maintenance spend on Building and Asset Services' customer's facilities with regional suppliers Variance between 2016–17 target/estimate and 2016–17 actual is due to the refinement of data resulting in a better than anticipated result for this measure that was introduced in 2016–17.	70%	87.2%
EFFICIENCY MEASURES		
Gross profit as a percentage of revenue generated from work delivered on behalf of BAS customers Variance between the 2016–17 target/estimate and the 2016–17 actual is mainly due to an accounting treatment realigning the delivery of certain support costs.	8.6	8.1
Net profit before tax and dividends as a percentage of sales Variance between 2016–17 target/estimate and the 2016–17 actual is mainly due to the increase in contribution from expected higher volume of sales.	0.0	1.2
Current ratio Variance between 2016–17 target/estimate and 2016–17 actual is mainly due to higher cash balance at the start of the year than originally budgeted, and an increase in payables due to the anticipated increase in contractors' invoices reflecting the higher volume of work at the end of the financial year.	1.75:1	1.55:1



Dear Ashley and the Chainsaw Gang
 Thank you so much for bringing brightness to our school. We really appreciate the wonderful things people have done for us. If you could see me, you would see a giant smile you helped put there.
 Thank you from Ben. (Year 5)

Clarke Creek school kids say thanks

When Tropical Cyclone Debbie swept across the Queensland coastline, many schools were badly damaged. Local Building and Asset Services teams across the State helped get many schools back up and running, including at Clarke Creek State School. Staff received tokens of appreciation from the school's students for their efforts in managing repairs and renovations, including the removal of large fallen trees on the school grounds.

QFleet

Our Objective

To deliver benefits to the Government through aggregated procurement of vehicles and associated services, and provide a central pool of expertise in fleet management.

What We Do

QFleet is responsible for whole-of-government fleet policy development and implementation. Services include vehicle procurement and contract management, fleet advisory services to public sector departments, as well as government-funded organisations, in-service maintenance, accident management, and end-of-life repairs and vehicle remarketing. This supports government agencies to meet their service delivery outcomes for the community.

Our Achievements

In 2016–17, we:

- completed the car sharing proof-of-concept in the Brisbane CBD to improve motor vehicle utilisation and distribution, by providing access to pooled motor vehicles using leading edge technology
- introduced improved motor vehicle emissions standards for vehicle procurement, to remove vehicles with higher emissions from the fleet
- established a whole-of-government panel arrangement for in-vehicle monitoring systems and fleet optimisation services, to provide a tool for agencies to collect vehicle data to enable more efficient and cost-effective use of their vehicles



QFleet – mobilising our workforce for more than 25 years

This year marked the 25th anniversary of QFleet. QFleet is one of the largest fleet managers and new car purchasers in Queensland. QFleet is about much more than just buying, selling and hiring cars. In QFleet, evolution is part of business as usual.

Electric vehicle integration, ride sharing, Tesla and self-driving vehicle trials are all part of the vision of the future for QFleet.

Felicity Hawthorne, Acting General Manager of QFleet at the time of the anniversary said, “We are leaders, so we know we need to be on the front foot - not just in terms of providing transport but being a transport solutions provider”.

“Most people understand that cars are depreciating assets, so our challenge is to deliver fleet vehicles that are fit for purpose, meet ANCAP Rating 5 standard safety criteria where we can, and deliver low or no emissions - all at the lowest total cost,” Felicity explained.

Standing still is not an option in this dynamic industry- and that goes for QFleet’s customer service focussed team too. Relationships are key - not only with customers, but with suppliers. In 2016-17, our effort continued to be rewarded through excellent customer satisfaction ratings.

“We know our role is important, and we know the work we do is intricately linked to every one of our department’s plans. That might be in terms of building and housing, where we’re mobilising staff delivering frontline services in every part of the state, or in terms of procurement where we’re focussed on delivering the safest, low cost, low emission vehicles,” she said.

“We’re all about keeping public servants safe as they go about their work. It might not be frontline, but every member of my team knows how important this work is.

“And that’s something we’re proud of, every day.”

- renegotiated aggregated procurement arrangements with vehicle manufacturers, leading to cost savings to government
- established the inter-departmental Road Safety Focus Network to link government fleet managers with workplace health and safety officers to share ideas to improve the safety of government drivers
- sourced and fitted out nine fit-for-purpose Dog Squad Vehicles for Queensland Corrective Services, specially configured to ensure the safe, comfortable and secure housing of the dogs during transportation
- coordinated the delivery of two Land Cruisers, fitted with security features, to Aurukun for the Department of Education and Training.

Our Future Focus

In 2017–18, the department will continue to deliver initiatives that will make a difference to Queenslanders through:

- developing a strategy to increase the number of electric vehicles in the fleet
- investigating the feasibility of expanding the government car-sharing model to a regional location
- investigating alternative products and services to enhance QFleet's provision of efficient and cost-effective transport solutions
- establishing a standing offer arrangement for whole-of-government use, to leverage spend on tyres and associated services through an approved panel of suppliers who are mandated to be members of Tyre Stewardship Australia.

Service Standards - our results for 2016–17

QFleet	2016–17 Target/Est.	2016–17 Actual
EFFECTIVENESS MEASURES		
Overall customer satisfaction		
There is no 2016–17 Target/Estimate and 2016–17 actual as this is a biennial measure with the next survey to be undertaken in 2017–18.
EFFICIENCY MEASURES		
Current ratio		
Variance between 2016-17 Target/Estimate and 2016-17 Actual is mainly due to a higher provision for dividend due to a higher operating surplus than budgeted and an increase in payables due to timing of delivery and payment of motor vehicles prior to year end.	3.00:1	1.96:1
Return on net assets		
Variance between 2016-17 Target/Estimate and 2016-17 Actual is mainly due to a higher operating surplus.	5.0%	8.3%
Gearing level		
Variance between 2016-17 Target/Estimate and 2016-17 Actual is mainly due to a higher operating surplus.	64%	63%
Percentage of vehicle fleet utilisation compared to agreed lease parameters		
Variance between 2016-17 Target/Estimate and the 2016-17 Actuals is mainly due to less actual distance travelled across the active fleet than was expected per the agreed lease parameter mileage.	90%	87.7%

Part 4: Our 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 framework assists the Director-General as the accountable officer to meet the requirements of the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009*, the *Public Sector Ethics Act 1992* and other legislative and accountability requirements. Our framework reflects our commitment to high standards of professional conduct, and honest and ethical business practices, effectively supports our department's strategic management and monitors the achievement of our departmental business objectives.

Our framework is based on the following principles:

- strong leadership
- responsible, informed and ethical decision making
- transparency, accountability and probity
- compliance with legislative and prescribed requirements
- embracing change and changing technology
- performance improvement.

The core elements of our governance arrangements, which are reviewed regularly, include:

- effective organisational structures, delegations and accountability mechanisms
- a comprehensive governance committee structure
- strategic planning, risk management, performance monitoring and reporting
- corporate policies, procedures and guidelines
- compliance and systems assurance reviews.

Executive Leadership Team

The Executive Leadership Team is our principal governing body. It supports the Director-General in meeting legislative requirements and accountabilities. The Executive Leadership Team is responsible for setting the strategic direction of the department, effective planning and resource allocation and overseeing the department's performance, program and project management.

The role of the Executive Leadership Team is to:

- set our department's goals and performance levels
- establish our department's culture and appetite for risk
- provide direction for our risk management system
- provide stewardship over the implementation of our programs and policies
- monitor performance against planned business activities as well as the financial performance of our department
- provide a forum for debating and discussing strategic and key operational issues.

As at 30 June 2017, the Executive Leadership Team was supported by six committees which advised on matters within their terms of reference. The chairs of these committees report to the monthly Executive Leadership Team meetings.

Chair: Director-General

Members:

- Deputy Director-General, Housing and Homelessness Services
- Deputy Director-General, Public Works and Asset Management
- Assistant Director-General, Building Industry and Policy
- Assistant Director-General, Queensland Government Procurement
- Assistant Director-General, Corporate Services
- Executive Director, Aboriginal and Torres Strait Islander Strategy Unit

Our Executive Leadership Team as at 30 June 2017

Liza Carroll

Chair: Director-General

BEd, MEd (Hons)

Liza was appointed as Director-General of the Department of Housing and Public Works in August 2015. She has over 15 years senior executive experience across the Australian and Queensland Governments. During this time Liza has delivered reforms in the areas of housing, homelessness, families, income support and communities.

Liza is the former Associate Secretary of Indigenous Affairs in the Department of the Prime Minister and Cabinet. She started her career in the early childhood education and higher education arenas.

Liza has a keen interest in public sector leadership and administration in terms of strategy and delivery for government and the community.

Christine Castley

Member: Deputy Director-General, Housing and Homelessness Services

BA/LLB, MPA

Christine has been with the department since March 2016, bringing with her over 20 years' experience in the public sector. In her previous role of Senior Executive Director of Social Policy with the Department of the Premier and Cabinet, Christine led and coordinated a wide range of whole-of-government social and justice issues. In 2014–15 in particular, Christine led the Secretariat to the Government's Taskforce on Domestic and Family Violence. Prior to this, Christine held senior positions in the Department of Natural Resources and Mines, the Department of State Development and the Queensland Performing Arts Trust.

Graham Atkins

Member: Deputy Director-General, Public Works and Asset Management

BA Science (Quantity Surveying), Associate Dip. of Applied Science (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. 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.

Kimberley Dripps

Member: Assistant Director-General, Queensland Government Procurement

BVsc (Hons), MBA, GAICD

Kimberley was appointed Assistant Director-General, Queensland Government Procurement and Chief Advisor, Queensland Government Procurement in April 2017.

Kimberley has a strong public-sector background, working most recently as Deputy Secretary in the Australian Department of Environment. She has also worked in Victoria for the Department of the Premier and Cabinet, and in a number of policy and program roles across the state's planning, transport and agriculture portfolios. Before joining the department, Kimberley was a Principal at the Nous Group, leading the public policy practice in Queensland.

Robyn Turbit

Member: Assistant Director-General, Corporate Services

BComm, BEcon

Robyn has worked for almost 40 years across the private and public sectors predominantly relating to accounting, auditing and governance functions. Over this career span, she has undertaken her various roles using many employment styles, viz. full-time, part-time, telecommuting, and contracting.

Robyn has worked in a number of public sector departments but for the last 27 years within the various iterations of the Department of Housing and Public Works. Robyn was appointed as the first Internal Audit Manager for the department and went on to fill a variety of positions until her appointment to the Assistant Director-General Corporate Services position in 2007.

Don Rivers

Member: Assistant Director-General, Building Industry and Policy

Dip Architecture, Grad Dip Building Project Management

Don was appointed to the role of Assistant Director-General, Building Industry and Policy in July 2013. Don is responsible for the delivery of policy development and legislative reform related to the building industry, and maintaining open and professional stakeholder engagement with the design and building construction sector on behalf of the department.

Don joined the department in 1995 after 20 years in the private sector as an architect, delivering many of Queensland's capital works projects. Don has held a number of positions in the department's former commercialised business unit, Project Services, including Regional Architect, Client Manager, Portfolio Director, and General Manager.

Wayne Ah Boo

Member: Acting Executive Director, Aboriginal and Torres Strait Islander Strategy Unit

BBus (Accounting)

Wayne is a Torres Strait Islander whose family ancestry extends to the Islands of Mabuiag and Iama. He has over 30 years experience working in Aboriginal and Torres Strait Islander affairs in Queensland. This has included a decade of work in the Australian Government with the Department of Aboriginal Affairs, the Public Service Commission and the Aboriginal and Torres Strait Islander Commission. During a 17-year period, he also held Executive and Senior roles within the Queensland Government in the areas of employment, education and housing. Wayne is passionate about helping his community and making a difference for Aboriginal and Torres Strait Islander peoples in Queensland.



Working together as One Department

One Department is a central pillar of our *Strategic Plan 2016–2020*. It is about all staff working together across business areas, sharing our knowledge and ideas to collaborate and innovate.

Working as One Department is about harnessing all the existing tools and platforms we have in place, being bold, agile and flexible and building our capability for the future.

Mobility is a big part of One Department, and at HPW it is about getting the best out of people by providing opportunities for staff to work in different areas, develop new skills and bring new perspectives and approaches to the work we do.

One Department is also about looking for opportunities to collaborate on projects both big and small, through actively seeking advice and input from colleagues within the department as well as staff in other agencies and the private sector.

Our Executive Leadership Team are the department champions for key projects that promote our One Department priorities. These projects focus on improving our visibility and strategic leadership capabilities, fostering department-wide leadership at all levels, enhancing our data analytics capabilities, and promoting innovation.

Governance Committees

Audit and Risk Committee

The Audit and Risk Committee is appointed and authorised pursuant to sections 28 and 35 of the *Financial and Performance Management Standard 2009*. The committee acts as an advisory service to the Director-General to assist in the effective discharge of the Director-General's responsibilities in the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009* and other relevant legislation and prescribed requirements. In doing so it provides independent comment, advice and counsel to the Director-General on financial statements, performance management, risk management, compliance and internal and external audits, including all Queensland Audit Office audit recommendations.

The committee charter sets out the authority, responsibilities, membership and the operations of the committee. The charter has been prepared having regard to the Audit Committee Guidelines issued by Queensland Treasury in December 2009, and relevant provisions of the *Financial and Performance Management Standard 2009*. The committee observed the terms of its charter during 2016–17.

Chair: Eric Muir FCPA (External Member)

Internal members:

- General Manager, Strategy, Policy and Programs, Housing and Homelessness Services
- Executive Director, Government Employee Housing, Public Works and Asset Management

External member:

- Neil Jackson FCPA

Past member 2016–17:

- Executive Director, Contract and Delivery Management, Housing and Homelessness Services

In 2016–17, the Audit and Risk Committee:

- considered, discussed and endorsed the annual financial statements 2015–16
- received updates and considered the management of risk in the department through presentation of key departmental risks and demonstration of the department's risk management framework
- endorsed the internal audit charter as well as the strategic and annual internal audit plans for approval by the Director-General
- endorsed the committee charter and workplan
- considered the client strategy, plan and fees proposed by the Queensland Audit Office
- considered Queensland Audit Office reports and associated recommendations and application to the department
- updated the Director-General on relevant matters, opinions, decisions and recommendations made by the committee
- assessed the effectiveness of the internal audit function
- performed a self-assessment on the effectiveness of the committee
- approved the closure of internal and external recommendations.

The Audit and Risk Committee met on five occasions during 2016–17.

Remuneration was paid to the two external members, Eric Muir (\$9,790) and Neil Jackson (\$8,033).

Information Steering Committee

The Information Steering Committee ensures the department maximises the value of its business investments that have an information communication technology-enabled component, and supports the efficient operation of the department's business areas while also aligning with whole-of-government and departmental information communication technology strategies and objectives.

Chair: Assistant Director-General, Corporate Services

Members:

- Deputy Director-General, Housing and Homelessness Services
- Deputy Director-General, Public Works and Asset Management
- Assistant Director-General, Building Industry and Policy
- Assistant Director-General, Queensland Government Procurement
- Chief Information Officer, Corporate Services
- Chief Finance Officer, Corporate Services
- Queensland Government Chief Information Officer representative

Observer:

- Director, Internal Audit

External Member:

- Marcus Darbyshire, Gartner

In 2016–17, the Information Steering Committee:

- noted and assisted in the progress of the Future of Property and Tenancy Systems (FOPATS) program, iSpace External Hosting migration, Print-as-a-Service, and ServiceNow upgrade projects; and consideration for the ePlan room upgrade
- noted the update on the ICT Strategic Plan and Cyber Security Essential Eight
- endorsed the establishment of the initial state planning project to deliver a detailed business case and project plan to support the proposed Fleet Management System replacement project
- endorsed the Finance/Payroll and HPW key systems roadmaps
- endorsed in principle the requirement to develop a data capture tool to meet the new domestic smoke alarm legislation requirements
- endorsed the HPW ICT Dashboard and the approach to data loss technology and user awareness training.

People and Culture Committee

The People and Culture Committee advises the Director-General on human resources policy, strategies and practices to ensure compliance with relevant legislation, directives and strategic objectives within the department.

Chair: Executive Director, Human Resources

Members:

- Executive Director, State-Wide Operations, Building and Asset Services, Public Works and Asset Management
- Executive Director, Customer Relationships and Program Management, Building and Asset Services, Public Works and Asset Management
- Client Account Manager, Government Employee Housing, Public Works and Asset Management
- Manager, Chermside Housing Service Centre, Housing and Homelessness Services
- Manager, Building Industry and Policy
- Manager, Workforce Capability, Human Resources, Corporate Services

During 2016–17, the department through its People and Culture Committee:

- updated and continued the delivery of the People and Culture Strategy
- developed enhanced leadership capability through Managing for Results (M4R), Taking the Lead and Emerging Leaders Program (ELP)
- delivered initiatives to enhance capability and provide a healthy and safe work environment
- developed and implemented a departmental graduate program
- promoted and participated in the White Ribbon accreditation process.

Workplace Health and Safety Peak Committee

The Workplace Health and Safety Peak Committee is responsible for providing effective leadership and strategic direction in relation to the operation of the department's safety management systems, the monitoring and review of workplace health and safety performance and risk management, and the continuous improvement of the department's safety performance and culture.

Chair: Director-General

Members:

- Deputy Director-General, Housing and Homelessness Services
- Deputy Director-General, Public Works and Asset Management
- Assistant Director-General, Building Industry and Policy
- Assistant Director-General, Queensland Government Procurement
- Assistant Director-General, Corporate Services
- Executive Director, Human Resources, Corporate Services

During 2016–17, the department through its Workplace Health and Safety Peak Committee endorsed the:

- continued delivery of the Healthy and Safe Workforce Action Plan
- continued focus on supporting staff affected by domestic and family violence, including a commitment to obtain White Ribbon Accreditation
- continued delivery of the Pathways Health and Wellbeing Program
- continued delivery of a mental health awareness training program
- continued focus on the provision of employee and manager support services to assist the department in managing injuries, illnesses and complex cases.

Property Asset Management Committee

The Property Asset Management Committee provides strategic oversight of the department's property assets including acquisitions and capital works, maintenance and upgrade programs, asset disposals, and asset revaluation methodologies.

Chair: Deputy Director-General, Public Works and Asset Management

Members:

- Assistant Director-General, Building Industry and Policy
- Chief Finance Officer, Corporate Services
- Executive Director, Queensland Government Accommodation Office
- Executive Director, Capital and Assets, Housing and Homelessness Services
- Executive Director, Government Employee Housing, Public Works and Asset Management
- Executive Director, Building Construction and Maintenance, Building Industry and Policy
- Executive Director, Building Industry and Policy
- Executive Director, Contract Services, Building Industry and Policy
- General Manager, Strategy, Policy and Programs, Housing and Homelessness Services

In 2016–17, the Property Asset Management Committee:

- provided strategic direction for the development of the department's 10-year Total Asset Management Plan, to identify funding requirements
- monitored the department's annual asset revaluations including methodologies, results and financial impacts
- provided oversight and strategic direction on the department's capital, maintenance and upgrade programs
- monitored and provided oversight of the department's various divestment and investment strategies.

Strategic Procurement Committee

The Strategic Procurement Committee acts as an advisory service to the Director-General and divisions of the department on procurement policy and practice.

Chair: Assistant Director-General, Queensland Government Procurement

Members:

- Executive Director, General Goods and Services, Queensland Government Procurement
- Director, General Goods and Services, Queensland Government Procurement
- Director, Building Construction and Maintenance, Building Industry and Policy
- Director, Procurement, Business Systems and Reporting, QFleet
- Director, Strategy, Policy and Performance, Queensland Government Procurement
- Manager, ICT Procurement Services, Information Services Directorate, Corporate Services
- Director, Corporate Services
- Director, Procurement – Programs, Housing and Homelessness Services
- Director Central Procurement, Building and Asset Services, Public Works and Asset Management

The Strategic Procurement Committee was established in November 2016 and its focus is to deliver excellence in procurement for the Housing Strategy construction program and the department's responsibilities in leading the General Goods and Services, and Building Construction and Maintenance categories for the Queensland Government.

Strategic Planning, Performance Monitoring and Reporting

Our department's Performance Management Framework is structured around four key areas of governance, planning, risk management and performance reporting. The framework demonstrates how the Government's strategic priorities and targets inform departmental objectives and how these are operationalised through the business areas of the department.

Our department's performance reporting mechanisms help ensure our strategic objectives are implemented and that services are delivered efficiently and effectively. Our performance reporting arrangements are established in line with the Department of the Premier and Cabinet's Queensland Government Performance Management Framework.

In 2016–17, we improved mechanisms for monitoring progress towards achieving our strategic objectives and delivering our commitments as described in budget papers. Monthly and quarterly reporting changes strengthened our capacity to identify and respond to issues and support decision-making. Divisional operational planning was supported through the creation of a toolkit to guide planning processes.

Risk Management

Our Risk Management Framework aligns to our governance and accountability structures. We have a moderate appetite for risk, except for workplace health and safety, and fraud and corruption, for which there is no tolerance.

During 2016–17, we continued to focus on improving our risk maturity by embedding and strengthening our risk management practices. Actions to achieve this were contained in the department's *Risk Management Strategy 2016–18*. The strategy is reviewed and updated annually and aims to improve our risk management policies, processes, culture, capability and technology.

In accordance with our strategy, risk management process audits were undertaken across the entire department to assess the level of maturity in each division and identify areas for improvement. Additional communication and awareness-raising activities took place and a risk management capability development plan was rolled out. These actions reinforced sound risk management practices.

Integrity Services

The department has a dedicated Integrity Services Unit (a specialist, independent advisory unit) which deals with complaints of corrupt conduct (including fraud and corruption), as well as recommending and monitoring actions to prevent future wrongdoing.

The department demonstrates its commitment to maintaining high integrity standards through its integrity framework.

The framework comprises four key components:

- setting integrity standards by establishing clear departmental policy (including a Fraud and Corruption Prevention Policy and a Fraud and Corruption Control Plan)
- implementing integrity standards by communicating and demonstrating expected performance standards and supporting staff who report suspected wrongdoing
- monitoring integrity standards by undertaking planned and targeted reviews
- managing non-conformance by taking action that is appropriate and which supports public confidence in the department.

During 2016–17, the department issued a range of communication initiatives aimed at raising employee awareness about corrupt conduct (including fraud and corruption). Communications included a specific briefing for all departmental employees, misconduct prevention screensavers and regular emails issued to all staff.

Internal Audit

In line with Section 61 of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, Internal Audit provides independent, objective assurance and advisory services designed to improve the operations and control environment of the department.

An approved charter formally defines the purpose, authority and responsibility of Internal Audit. The charter is consistent with the International Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors. All members of Internal Audit apply and uphold the principles of integrity, objectivity, confidentiality and competency under the Institute of Internal Auditors' formal Code of Ethics.

Internal Audit operates independently from the core activities of the department and is accountable to the Director-General for its efficient, effective and economical operation.

Internal Audit works according to a strategic and risk based annual audit plan. These plans are endorsed by the Executive Leadership Team and the Audit and Risk Committee prior to approval by the Director-General. Internal Audit attends and reports to every Audit and Risk Committee meeting on progress made in executing the annual audit plan. Reporting includes the status of the implementation of internal and external audit recommendations.

Internal Audit coordinates its activities with external audit to obtain satisfactory audit coverage and minimise duplication of effort.

During 2016–17, the Internal Audit function had due regard to Queensland Treasury’s Audit Committee Guidelines, issued in 2012.

In 2016–17, Internal Audit:

- executed 20 planned and six unplanned projects which included advisory work and data analytics; and through these activities, provided assurance and advice that the department’s financial and operational controls are designed to manage risks, and achieve the department’s objectives in the areas reviewed
- provided monthly reports to management on potential anomalies identified through data analytics in the procure to pay process – this forms part of the program of work supporting a sustainable control environment for the department.

Information Systems and Recordkeeping

The department views recordkeeping as an integral part of its business activities. The *Public Records Act 2002* and the Queensland State Archivist’s whole-of-government policies contribute to the foundations of departmental information management practices.

In 2016–17, the department has been actively working to:

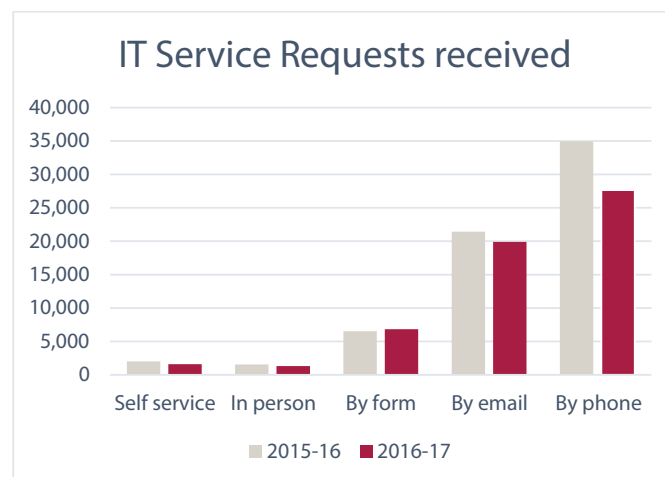
- align electronic document stores to the departmental business classification scheme, ensuring consistency and increased findability of documents and information
- implement requirements for the management of business records including defining ephemeral information that can be destroyed when business requirements have been completed
- manage the transition of information from decommissioned information systems into inactive status to commence the retention period
- identify opportunities to provide recordkeeping advice and support.

Information Technology

The Information Services Directorate supports the information and communication technology (ICT) strategic goals of the department through the *ICT Strategic Plan 2015–2019*. It aligns with the Queensland Government ICT Strategy and outlines how ICT will be used to enable and deliver on the department’s objectives, strategies and future ICT planning and investment.

With technologies moving to cloud computing, the ICT strategies are articulating departmental drivers for cloud adoption and evaluating current ICT assets and services. Detection and monitoring of user-initiated cloud services has been established through awareness programs.

Service desk support is provided to all offices located across Queensland. In 2014–15, 48,233 enquiries were logged, this increased in 2015–16 to 66,455 due to the introduction of an upgraded desktop environment with enhanced mobility capability. In 2016–17, enquiries decreased to 57,317 because of the stabilisation of the environment and growing user awareness of the function and capability.



External Reviews

Queensland Government Procurement

In 2015, an Interdepartmental Committee (IDC) conducted a review into Queensland Government procurement to ensure that value for money, probity and local content remained at the forefront of government procurement practices. The IDC report was published in April 2016.

Following the IDC report, the Queensland Audit Office (QAO) conducted an audit on strategic procurement, which identified a failure to realise benefits under the former Procurement Transformation Program (2013–2015). Findings of both the IDC and QAO also identified issues with procurement data, systems and capability.

To address the findings, we continued our commitment to improve procurement across government by:

- establishing a new governance model to drive accountability and performance
- making enhancements to procurement data to support better procurement decision making
- developing forward pipelines for procurement categories
- continuing to support improved sourcing and contract management capability across the sector.

Other Reviews

In 2016–17, the department was involved in several external reviews including:

- Auditor-General of Queensland: Report to Parliament No. 8: 2016–17 – *Queensland state government: 2015–16 results of financial audits*:
 - the department obtained an unmodified audit opinion on the 2015–16 financial statements.
- Auditor-General of Queensland: Report to Parliament No. 16: 2016–17 – *Government advertising*:
 - the department has implemented the two recommendations that were made to all government departments to strengthen the evaluation of campaign materials.
- Auditor-General of Queensland: Report to Parliament No. 17: 2016–17 – *Organisational structure and accountability*:
 - assessment of the recommendations indicates the department's organisational structure and alignment of strategic objectives, activities and roles is appropriate
 - the department will review its planning and reporting processes to identify opportunities to further strengthen strategic performance.

The department responds to recommendations made by Coroners in findings of inquests. In 2016–17, the department:

- finalised three remaining recommendations which had to be addressed from a 2012 inquest regarding inspection and maintenance of rental properties
- as lead agency, provided two implementation updates for one recommendation from a 2014 inquest dealing with fire safety in farmstay accommodation
- as lead agency, provided a response to one recommendation from a 2015 inquest relating to electrocution, which was relevant to the Queensland Building and Construction Commission – legislative amendments relevant to the matter were subsequently contained in the Building and Construction Legislation (*Non-conforming Building Products – Chain of Responsibility and Other Matters*) Amendment Bill 2017 introduced into Parliament in May 2017 by the Minister for Housing and Public Works and Minister for Sport
- progressed a comprehensive response to a 2016 inquest regarding pool safety
- consulted extensively with respect to four recommendations from a 2016 inquest relevant to building industry inspections and standards (relating to awnings), with responses to each recommendation to be provided during 2017–18
- responded to requirements for information in 13 coronial investigations into deaths that occurred at various level three residential services, which are regulated by the department
- provided information and assistance for a coronial inquest concerning an electrocution in a college building in Bentley Park, North Queensland, the findings of which are expected to be handed down in 2017–18.

Whole-of-Government Plans and Specific Initiatives

In 2016–17, the department:

- worked with other government departments and agencies in responding to the issues raised by the use of non-conforming building products. This included working with the Australian Government and other states and territories on the progression of responses at a national level, culminating in the introduction of legislation in Queensland. It also included the department working closely with the Queensland Building and Construction Commission, the Queensland Fire and Emergency Services, the Department of Infrastructure Local Government and Planning and central agencies (Premier and Cabinet and Queensland Treasury). The focus of this work ultimately led to the establishment of a non-conforming products departmental committee and taskforce in response to fire safety risks surrounding external cladding

- worked closely with the Department of Infrastructure, Local Government and Planning and other key built infrastructure asset owning agencies to develop the Building Information Modelling (BIM) draft policy and principles for Queensland. This will support the state's initiative to progressively implement the use of BIM on all major infrastructure projects by 2023
- launched the *Queensland Building Plan – A discussion paper* for industry and consumers and undertook extensive consultations across Queensland
- committed to the whole-of-government Moving Ahead initiative that aims to increase the economic participation of Aboriginal and Torres Strait Islander Queenslanders. We contribute to this through the Cultural Capability Action Plan 2014–17 and now the Aboriginal and Torres Strait Islander Advancement Strategy and Action Plan which will deliver outcomes for 2017–2020
- committed to providing graduates with the opportunity to develop their skills in a dynamic and professional environment. In addition to employing graduates as part of its two-year program, we employed graduates under two whole-of-government graduate programs – the Policy Futures Graduate Program coordinated by the Department of the Premier and Cabinet, and the IT Graduate Program coordinated by the Department of Science, Information Technology and Information
- supported the implementation of the whole-of-government *Domestic and Family Violence Prevention Strategy* and the Government's response to the report from the *Taskforce on Domestic and Family Violence in Queensland* through a range of initiatives.

Queensland Housing Strategy

The whole-of-government *Queensland Housing Strategy 2017–2020 Action Plan* was developed and released and includes, a number of actions that will require whole-of-government engagement. Delivery of actions will involve joint work with a range of other departments including Queensland Treasury, the Department of the Premier and Cabinet, the Department of Aboriginal and Torres Strait Islander Partnerships, the Department of Communities, Child Safety and Disability Services, and the Department of Infrastructure, Local Government and Planning.

Significant Regional Infrastructure Projects Program (SRIPP)

The Significant Regional Infrastructure Projects Program was announced as part of the State Infrastructure Fund as a Queensland Government commitment to boost regional funding to support economic growth. The purpose of the program is to fast-track key economic/social infrastructure projects in regional centres including transport, health, housing and education infrastructure.

\$14.2 million of funding under the Significant Regional Infrastructure Project Program was allocated for social housing to be spent over two years. \$8.251 million was expended in 2016–17 to commence construction of 44 units of accommodation of which 20 were completed.

National Agreements and National Partnership Agreements

In 2016–17, we worked collaboratively with other levels of government through the:

- Intergovernmental Agreement (IGA) between the Australian Government, states and territories that establishes the Australian Building Codes Board. The IGA was reviewed and negotiated through the Building Ministers' Forum for expected commencement in 2018
- Australasian Procurement and Construction Council, which is a peak council, the members of which are responsible for procurement, construction, asset management and property policy delivery for the governments of Australian states and territories and of Papua New Guinea
- National Affordable Housing Agreement (NAHA), which provides a framework for states and territories and the Australian Government to work together to improve housing affordability and housing outcomes for Australians. Through the agreement, approximately \$270 million per annum is directed by Queensland for a range of services including social housing operations, assistance to people in the private rental market, support and accommodation for people who are homeless, or at risk of homelessness
- National Partnership on Remote Housing (NPRH), which provides \$245.2 million from 1 July 2016 to 30 June 2018 for new housing, property and tenancy management and education, training and employment for Aboriginal and Torres Strait Islander people in remote communities. Queensland successfully achieved all agreed NPRH targets for 2016–17, with all performance benchmarks exceeded
- National Partnership Agreement on Homelessness (NPAH) 2015–17, a two-year agreement to support states and territories in the reduction of homelessness and continuation of services provided to people who are homeless, or at risk of homelessness. A further 12 months of funding has been negotiated through a Transitional NPAH 2017–18, to enable service continuity.

Our People

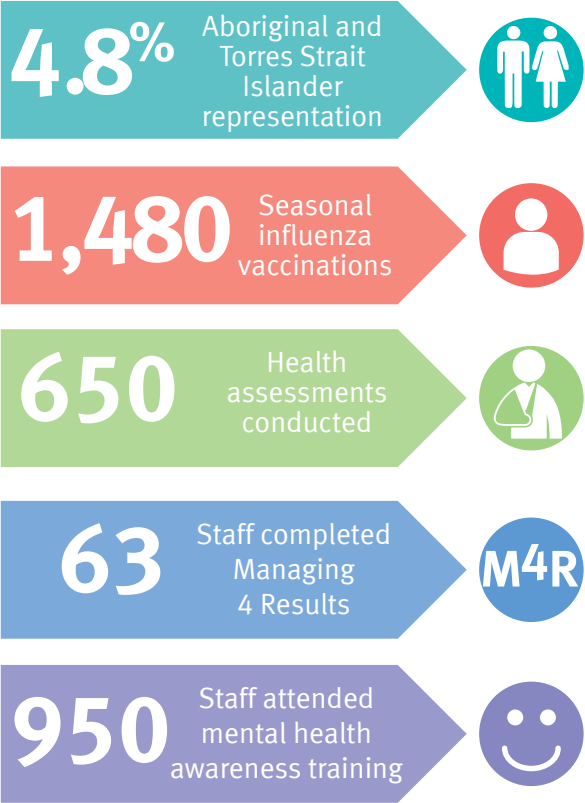
Workforce Profile

Staffing

Service areas	Minimum Obligatory Human Resources Information Full Time Equivalent (MOHRI FTE) 30 June 2017
Building Industry and Policy	85.2
Housing and Homelessness Services	1,151.4
Public Works and Asset Management	1,153.7
Queensland Government Procurement	92.3
Corporate Services	454.8
Total	2,937.4

During 2016–17, the department’s separation rate was 4.99 per cent. Equity Statistics as at 30 June 2017.

Employment and Equal Opportunity Group	Actual <i>There were no targets set for 2016–17</i>
Women in senior management (Senior Executive Service and Senior Officer positions)	42%
Aboriginal and Torres Strait Islander staff	4.8%
People from a non-English speaking background	7.8%
People with a disability	4.2%



Workforce Planning

The department's strategic workforce priorities, specified in our *People and Culture Strategy 2016–2020*, continue to align with whole-of-government and departmental priorities as well as key themes arising from the annual Working for Queensland survey.

Employee Performance Management

To support a culture of high performance and maximise the potential of employees, we have continued to implement initiatives and actions linked to the department's Performance Excellence Framework.

The Performance Excellence Framework highlights four key areas:

- recruitment and induction
- engagement
- performance and review
- recognition and reward.

During 2016–17, the department rolled out a suite of performance excellence resources including the newly developed Performance Excellence Framework (PEF) module, Leading Performance: Workplace Conversations. Fifteen workshops with 176 attendees were rolled out across the state: eight Brisbane based and seven regional. The workshops will continue to be rolled out in 2017–18.

Workplace Attendance

As at 30 June 2017, the annual unplanned absenteeism days per employee was 10.39 days. This is a decrease by an average 0.4 days per employee against the 30 June 2016 result of 10.79.

Addressing absenteeism is a priority for the department and the decrease in absenteeism during 2016–17 is attributed to ongoing as well as new strategies that have been introduced, such as:

- a continued focus on the provision of employee and manager support services through the department's Employee Assistance Services and the Early Intervention Centre to reduce the rate and impact of employee injury and illness, particularly psychological injury and illness
- the development and implementation of the *Healthy and Safe Workforce Action Plan 2016–18*
- the delivery of the Mental Health Awareness Program
- the delivery of the department's Pathways Health and Wellbeing Program, including initiatives such as health assessments and flu vaccinations
- the development of an Absence Management Guideline which provides consistency in the understanding and management of unplanned absenteeism, and outlines preventative measures as well as ongoing strategies that can be implemented to manage unplanned absenteeism
- the provision of quarterly business area and employee unplanned absenteeism reports

- the delivery of the Managing for Results Workplace Health and Safety training module including domestic and family violence, risk management and workplace behaviours
- we actively worked towards White Ribbon Australia Workplace Accreditation to further support employees affected by domestic and family violence.

Leadership and Management Development

Developing leadership and management capability remained a key focus in 2016–17 with the development of the new Taking the Lead program. This leadership focused program is aimed at further developing emerging or recently appointed leaders, with 34 departmental employees from across the state completing the program.

We continued the Managing for Results Program to optimise individual and organisational productivity, performance and service delivery, with 63 departmental employees completing the program.

We continued to access the Emerging Leaders Program, facilitated by the Queensland University of Technology, to help employees develop skills to build and lead highly effective teams. A total of 86 departmental employees completed at least one module from this program.

Investing in learning and development

MyCareerHub is an innovative, e-learning system that enables staff to view and manage their training and development online, in one place.

Investing in our people is a key pillar of our One Department Strategy and it also helps us to achieve our broader organisational goals through performance excellence and workplace diversity. MyCareerHub is a great example of how the department is embracing new technology and tools to support responsive solutions, flexible operations and service innovations.

MyCareerHub is accessible via a range of devices, supporting flexible working and the diverse needs of our office and field-based staff. The system enables users to complete mandatory training, as well as apply for more specialised development courses tailored to their roles.

The system has been a great success, with a high take up rate across the department. Over time, MyCareerHub will evolve and grow to encompass all learning and development at the Department of Housing and Public Works.

We recruited 13 new graduates under three different programs.

We continued to develop and add to the existing suite of performance excellence resources including the newly developed Performance Excellence Framework module, Leading Performance: Workplace Conversations and development and implementation of the Absence Management Guideline.

The Public Service Commission provided various development offerings which were promoted and accessed by departmental employees in 2016–17.

Flexible Working Arrangements and Work-Life Balance

In 2016–17, we continued our commitment to flexible working arrangements and work-life balance through the *Flexible Work Arrangements Policy* and supporting guideline.

We continued to offer employees and their immediate family access to confidential, professional counselling to assist with the resolution of work or personal concerns that may impact on their work or quality of life.

The department continued its commitment to increasing the representation of key Equal Employment Opportunity (EEO) target groups in the workforce and to be a more inclusive and diverse workforce to ensure we reflect the community we serve.

Our departmental *Inclusion and Diversity Plan 2015–20* supports employees by offering:

- numerous flexible working arrangements
- reasonable adjustments in the workplace to support employees with a disability
- access to Unconscious Bias training across the state
- OWL Group (Our Women in Leadership)
- enhanced knowledge and capability to support better outcomes for Aboriginal and Torres Strait Islander staff, clients and communities through the Cultural Capability Awareness Training.

Workplace Health, Safety and Wellbeing

We continued to support the five Queensland public sector values, as well as an additional value of a Healthy and Safe Workforce, including committing to a culture of zero harm.

In 2016–17, our workplace health and safety performance continued to trend positively, achieving a reduction in workers' compensation statutory costs.

We also actively worked towards White Ribbon Australia Workplace Accreditation to further support employees affected by domestic and family violence.

Key achievements include:

- the Building and Asset Services safety management system successfully recertified to *AS/NZS 4801:2001 Occupational health and safety management systems*
- the online workplace health and safety induction for contractors engaged by Building and Asset Services was implemented
- over 950 employees attended mental health awareness training
- over 650 health assessments were being conducted
- over 1,480 seasonal influenza vaccinations being administered.

In 2016–17, the results of the Working for Queensland Survey, Department of Housing and Public Works demonstrates the ongoing consistency with respect to how staff perceive workplace safety in the department.

Question	2014	2015	2016
There is adequate focus on workplace safety at my workplace	81%	85%	84%
People in my workgroup are committed to workplace safety	85%	87%	86%

White Ribbon initiative—breaking the silence surrounding domestic and family violence

We're on a journey toward White Ribbon Workplace Accreditation—a journey of cultural change and a commitment to do more for our employees affected by domestic and family violence. It is a process that started almost a year ago, when HPW joined 12 other Queensland Government agencies to participate in the White Ribbon Australia Workplace Accreditation Program.

White Ribbon is the world's largest movement of men and boys working to end men's violence against women and girls, promote gender equity, healthy relationships, and a new vision of masculinity.

The program accredits workplaces that promote respectful, safe and inclusive cultures by taking active steps to prevent and respond to violence.

Our journey started with the launch of the White Ribbon canvas tour, which has seen two specially designed canvases make their way to HPW offices across Queensland.

Staff from as far north as Thursday Island, west to Emerald and south to Brisbane, have shown their support by signing the canvases and taking a pledge to stand up, speak out and act to prevent violence against women.

Our Human Resources team has worked tirelessly to introduce a domestic and family violence policy, provide face-to-face training to over 1000 staff, and promote specialised support services.

The workplace accreditation process will culminate in an event to mark White Ribbon Day in November 2017.

Industrial and Employee Relations Framework

The *Industrial Relations Act 2016*, which replaced the previous *Industrial Relations Act 1999*, commenced on 1 March 2017. Prior to 1 March 2017, all departmental employees were covered by modern awards, with the exception of Building and Asset Services field staff, who were covered by pre-modernisation awards. On commencement of the *Industrial Relations Act 2016* (on 1 March 2017) the relevant modern award commenced applying to Building and Asset Services field staff. As such, as of 1 March 2017, all departmental employees are now covered by a modern award.

There are four certified agreements covering the employees in the department:

- *QBuild Field Staff Certified Agreement 8 (2011)* – covering Building and Asset Services field staff
- *Building and Asset Services Office Staff Certified Agreement 2016* – covering Building and Asset Services office staff
- *QFleet Certified Agreement 2016* – covering QFleet staff
- *State Government Entities' Certified Agreement 2015 (Core Agreement)* – covering the remainder of the department's employees.

During 2016–17, the department negotiated a replacement certified agreement covering Building and Asset Services office staff. The department also commenced negotiations to replace the certified agreement covering Building and Asset Services field staff.

During 2016–17, the department continued to actively implement the government's union encouragement policy, including through the provision of union information to new starters, the inclusion of union information in induction materials, and the continued operation of consultative committees. The department also continued to actively implement the government's employment security policy and organisational change provisions in the relevant industrial instruments, including through early consultation with employees and unions where decisions are made to introduce organisational changes.

Early Retirement, Redundancy and Retrenchment

During 2016–17, one employee received a voluntary redundancy package at a cost of \$111,798.40. There were no paid early retirement or retrenchment packages.

Code of Conduct

The Code of Conduct for the Queensland Public Service came into effect on 1 January 2011, and is approved under the *Public Sector Ethics Act 1994*.

The code sets out the standards of behaviour and expressly applies to all departmental employees and any volunteers, students, contractors, or consultants who perform work in any capacity for the department.

The ethics principles and values contained in the Code of Conduct are reflected in departmental policy, procedures and plans.

Training and education in relation to the Code of Conduct is mandatory for all employees as part their induction and every twelve months thereafter.

During 2016–17, we:

- continued to promote the Code of Conduct to new employees and contractors (including on-hired personnel) through the provision of Public Sector Ethics training during induction
- continued to encourage all departmental employees to undertake online Public Sector Ethics training on an annual basis to ensure the currency of their understanding
- implemented an online Workplace Behaviour training program.

Celebrating Achievements

The achievements of staff were celebrated throughout the year, through a series of formal divisional awards ceremonies and other informal events including:

- departmental Recognition of Excellence Awards ceremony held on 4 October 2016
- Australia Day Achievement Awards ceremony held on 27 January 2017
- National Aboriginal and Islanders Day Observance Committee (NAIDOC) Awards ceremony held on 4 July 2017.

Special Events

During 2016–17, we celebrated a number of special events and observances.

Staff raised funds and awareness for a number of charities supporting people who have experienced domestic and family violence, and people who are experiencing, or are at risk of homelessness. In November 2016, we hosted an event celebrating two special causes, the department's journey towards White Ribbon Workplace Accreditation and the One Million Stars to End Violence campaign. Two specially designed canvases are making their way to 45 of our departmental offices around the state, as part of a department-wide campaign to become White Ribbon accredited by November 2017 and raise awareness of domestic and family violence.

During May 2017, staff were encouraged to participate in the CEO Challenge Darkness to Daylight Challenge Run, to raise funds and help shine a light on the issue of domestic and family violence.

In June 2017, we contributed to the Vinnies' CEO Sleepout by holding events, raising funds and collecting clothing to assist Vinnies' Homelessness Services. The Director-General participated in this event.

Other events, sponsored by divisions, included gold coin donation events to mark International Women's Day, Harmony Day, Reconciliation Week and Queensland Week.

The response to these initiatives was overwhelming, with staff from all parts of the department providing support and donations.

In August 2016, staff once again volunteered their time to talk to Queenslanders about the services provided by the department at the annual EKKa Royal Queensland Show in Brisbane. More than 4,500 people visited the 'Welcome to our place' backyard-themed display booth during the show to find out more about our building, procurement and housing services, as well as pool safety.

Legislation Administered by the Minister for Housing and Public Works as at 30 June 2017

Architects Act 2002

This Act regulates the registration of architects and the practice of architecture in Queensland. The main objectives of the Act are to protect the public by ensuring architectural services are provided professionally and competently, to maintain public confidence in the standard of services provided by architects, and to uphold the standards of practice of architects.

Building Act 1975

This Act regulates building development approvals, building work, building classification, building certifiers and pool safety inspectors, and provides for particular matters about swimming pool safety, and sustainable buildings.

Building and Construction Industry Payments Act 2004

This Act establishes a statutory-based system of adjudication to enable the prompt resolution of construction-related payment disputes on an interim basis. Under the Act, adjudication is available to persons who enter into a written or oral contract to carry out construction work, or supply related goods and services.

Housing Act 2003

This Act seeks to improve access of Queenslanders to safe, secure, appropriate and affordable housing, and help build sustainable communities.

Housing (Freeholding of Land) Act 1957

This Act provides for the freeholding of certain land to which the *Housing Act 2003* applies.

Inala Shopping Centre Freeholding Act 2006

The objective of this Act is to provide for the freeholding and divestment of perpetual leases under the *Housing Act 2003* in the Inala Shopping Centre.

Manufactured Homes (Residential Parks) Act 2003

The main objective of this Act is to regulate and promote fair trading practices in the operation of residential parks, to protect home owners from unfair business practices, and to enable home owners and prospective home owners to make informed choices by being fully aware of their rights and responsibilities in their relationship with park owners. Another important objective of this Act is to encourage the continued growth and viability of the residential park industry in Queensland.

Plumbing and Drainage Act 2002

This Act provides the legislative framework for plumbing and drainage standards in Queensland, and includes the licensing of plumbers and drainers and on-site sewerage facilities.

Professional Engineers Act 2002

This Act regulates the registration of professional engineers, and protects the public by ensuring professional engineering services are provided by a registered professional engineer in a professional and competent way, public confidence in the standard of services provided by registered professional engineers is maintained, and the standards of practice of registered professional engineers are upheld.

Queensland Building and Construction Commission Act 1991

This Act regulates the building industry and establishes a licensing and regulatory system for the conduct of building work in Queensland. The Act also establishes the Queensland Home Warranty Insurance Scheme, which provides assistance to consumers in the event that they suffer financial harm as a result of a building contractor carrying out defective or incomplete residential construction work.

Residential Services (Accreditation) Act 2002

This Act regulates the conduct of residential services to protect the health, safety and basic freedoms of residents, encourages service providers to continually improve the way they conduct residential services, and supports fair trading in the residential services industry.

Residential Tenancies and Rooming Accommodation Act 2008

This Act regulates, through the Residential Tenancies Authority, the rights and obligations of tenants, lessors and agents for residential tenancies and residents, providers and agents for rooming accommodation.

Retirement Villages Act 1999

This Act provides for the establishment and operation of retirement villages. The main objectives of the Act are to promote consumer protection and fair-trading practices in operating retirement villages and in supplying services to residents, and to encourage the continued growth and viability of the retirement village industry in the state.

Subcontractors' Charges Act 1974

This Act establishes a statutory mechanism by which a subcontractor in prescribed circumstances can secure payment of monies owed under their contract with a principal builder.

Sustainable Planning Act 2009

(Chapter 7, Part 2)

This Part of the Act provides for the establishment and operation of the building and development dispute resolution committees. The *Sustainable Planning Act 2009* was replaced by the *Planning Act 2016* from 3 July 2017.

All Queensland Government legislation is available at www.legislation.qld.gov.au.

Government Bodies

Statutory Bodies

The following statutory bodies prepare separate annual reports that are provided to the Minister for Housing and Public Works.

Name of body as described in the constituting Act	Constituting Act	Annual reporting arrangements
Board of Architects of Queensland	<i>Architects Act 2002</i>	Annual report to Parliament
Board of Professional Engineers of Queensland	<i>Professional Engineers Act 2002</i>	Annual report to Parliament
Queensland Building and Construction Commission	<i>Queensland Building and Construction Commission Act 1991</i>	Annual report to Parliament
Residential Tenancies Authority	<i>Residential Tenancies and Rooming Accommodation Act 2008</i>	Annual report to Parliament

Government Bodies, Boards and Committees

The following bodies, boards and committees were active during 2016–17 with reporting arrangements to the Department of Housing and Public Works.

Additional information on government bodies is available on the department's website:

<http://www.hpw.qld.gov.au/>

Building and Development Dispute Resolution Committees

(From 3 July 2017 – are known as Development Tribunals)

The Building and Development Dispute Resolution Committees provide a cost effective, timely and accessible non-court based dispute resolution service for deciding appeals against decisions of local governments and private building certifiers about a range of building, plumbing and planning matters, and infrastructure charges notices. Referees are appointed by the Minister under the *Sustainable Planning Act 2009* for a maximum term of three years.

Brisbane Housing Company Ltd

Brisbane Housing Company Ltd is a not-for-profit organisation that delivers affordable housing and mixed tenure developments that incorporate elements of social housing, National Rental Affordability Scheme market for sale product, retail and commercial space.

Brisbane Housing Company Ltd is required to provide quarterly unaudited management accounts, and annual audited balance sheet and profit and loss account to the department.

Open Data

Overseas Travel

During 2016–17 two departmental officers travelled overseas.

Name of officer / member and position	Destination	Reason for Travel	Agency cost (\$)	Contribution from External Sources (\$)
Christine Castley, Deputy Director-General Housing and Homelessness Services	Beijing, China 18/09/16 – 30/09/16	Travel to Beijing, China to participate in the Australian New Zealand School of Government (ANZSOG) reciprocal program agreed to by the Australian and Chinese governments.	\$6,808.48	\$3,500 administration fee paid by the Department of the Premier and Cabinet. The Chinese government covered costs of accommodation, meals and internal air travel (estimated at \$5,315).
Kirstine Harvie, Executive Director Strategy, Policy and Programs, Housing and Homelessness Services	Singapore 12/11/16 – 18/11/16	Travel to Singapore to participate in ANZSOG's 2016 Executive Fellow Program.	\$485.00	\$2,800.42 paid by the Public Service Commission.

Consultancies

Total expenditure by category of consultancies engaged by the department during 2016–17 were as follows:

Consultancy category	Expenditure (\$)
Administration and management	1,864,752
Communication	-
Finance and accounting	19,397
Human resource management	36,000
Legal	-
Professional and technical	749,629
Total	2,669,778

Queensland Languages Service Policy

The Policy requires Queensland Government agencies to use qualified interpreters and translators accredited through the National Accreditation Authority for Translating and Interpreters.

Queensland Language Services Policy measures	Percentage of clients that required language support for the year	Amount spent annually on interpreters engaged by agencies	Number of occasions interpreters are engaged annually by the agency
2016–17 result	Data is not available for this measure	\$191,096	3,908

This information can be found at: <http://data.qld.gov.au/>

Service Centre Locations

The department has offices throughout Queensland in four regions: Northern Region, Central Region, Southern Region, Brisbane and North Coast Region.



Contacts

DEPARTMENT OF HOUSING AND PUBLIC WORKS

Head Office

Level 31, 1 William Street,
Brisbane Qld 4000
GPO Box 2457, Brisbane Qld 4001
www.hpw.qld.gov.au

BUILDING AND ASSET SERVICES OFFICE LOCATIONS

The regional offices are supported by a network of district offices and depots across the state

Building and Asset Services

Level 5, AM60, 60 Albert Street,
Brisbane Qld 4000
GPO Box 2937,
Brisbane Qld 4001
Phone: 07 3008 3300
bas@hpw.qld.gov.au
www.hpw.qld.gov.au

SOUTH EAST QUEENSLAND

South East Queensland Regional Office

45 Barrack Road
PO Box 626
Cannon Hill Qld 4170
Phone: 07 3008 2116
Fax: 07 3906 1722

District Offices

South East Queensland

Level 1, 19 Corporate Drive
PO Box 626
Cannon Hill Qld 4170
Phone: 1300 650 917

Sunshine Coast

14-28 Lee Street
PO Box 1680
Caboolture Qld 4510
Phone: 07 5432 0600
Fax: 07 5420 2050

South Coast

Level 3 Eastside Robina
232 Robina Town Centre Drive
Robina Qld 4226
PO Box 3156
Robina Post Shop
Robina Town Centre QLD 4230
Phone: 07 5514 9400
Fax: 07 5583 1943

Ipswich

Level 5, 117 Brisbane Street
PO Box 5
Ipswich Qld 4305
Phone: 07 3432 2813

Chermside

Level 2, 113 Kittyhawk Drive
Chermside QLD 4032
Phone: 07 3008 2116
PO Box 2088
Chermside Centre
Chermside QLD 4032

Depots

Beenleigh

George Street
Beenleigh Qld 4207
(back of Beenleigh State High School)
Phone: 07 3807 6394
Fax: 07 3287 5788

Borallon

75 Ivan Lane
Ironbark Qld 4306
Phone: 07 5464 3051
Northgate
36 Fraser Road
Northgate Qld 4013
Phone: 07 3406 9106
Fax: 07 3256 6239

Wacol

Old Moreton A Building
Wacol Station Road
Wacol Qld 4076
Phone: 07 3271 2918
Fax: 07 3271 2886

WIDE BAY BURNETT

Wide Bay Burnett Regional Office

44 Ariadne Street
PO Box 299
Maryborough Qld 4650
Phone: 07 4123 9400
Fax: 07 4121 1948

District Offices

Bundaberg

85 Dr Mays Road
PO Box 3065
Bundaberg Qld 4670
Phone: 07 4158 9700
Fax: 07 4131 5760

Depots

Bundaberg

85 Dr Mays Road
Bundaberg Qld 4670
Phone: 07 4158 9700
Fax: 07 4131 5760

Gympie

8-10 King Street
Gympie Qld 4570
Phone: 07 5482 1827
Fax: 07 5482 7681

Kingaroy

51 Prince Street
Kingaroy Qld 4610
Phone: 07 4162 2129
Fax: 07 4162 5043

Maryborough

44 Ariadne Street
Maryborough Qld 4650
Phone: 07 4123 9400
Fax: 07 4121 1948

SOUTH WEST QUEENSLAND

South West Queensland Regional Office

Toowoomba
120-124 Mort Street
PO Box 666
Toowoomba Qld 4350
Phone: 07 4614 2300
Fax: 07 4615 3529

District Offices

Charleville

46 Edward Street
PO Box 177
Charleville Qld 4470
Phone: 07 4593 2200
Fax: 07 4656 5069

Roma

62 Arthur Street
PO Box 1029
Roma Qld 4455
Phone: 07 4578 4000
Fax: 07 4624 3009

Depots

Toowoomba

120-124 Mort Street
Toowoomba Qld 4350
Phone: 07 4614 2300

Charleville

46 Edward Street
Charleville Qld 4470
Phone: 07 4593 2200

Chinchilla

Leichardt Street
Chinchilla Qld 4470
Phone/Fax: 07 4668 9884

Roma

62 Arthur Street
Roma Qld 4455
Phone: 07 4578 4000

CENTRAL QUEENSLAND

Central Queensland Regional Office

Rockhampton
149 Bolsover Street
PO Box 247
Rockhampton 4700
Phone: 07 4838 9600
Fax: 07 4938 4831

District Offices

Emerald

14 McKenzie Street
PO Box 1012
Emerald 4720
Phone: 07 4988 1204
Fax: 07 4983 7451

Gladstone

7 Soppa Street
Gladstone Qld 4680
Phone: 07 4977 7103
Fax: 07 4979 2155

Mackay

36 Tennyson Street
PO Box 86
Mackay Qld 4740
Phone: 07 4862 7500
Fax: 07 4967 1031

Longreach

91 Galah Street
Longreach Qld 4730
Phone: 07 4658 3718

Depots

Bowen

Lot 303, Beach Avenue Queens Beach
Bowen Qld 4805

NORTH QUEENSLAND

North Queensland Regional Office

9-15 Langton Street
Garbutt Qld 4814
PO Box 561
Townsville Qld 4810
Phone: 07 4412 2300
Fax: 07 4799 5401

District Offices

Mount Isa

5 Traders Way
Sunset Qld 4825
PO Box 1659
Mount Isa Qld 4825
Phone: 07 4437 2520
Fax: 07 4747 2777

Depots

Ayr

203 Edward Street (cnr Churchill St)
Ayr Qld 4807
Phone: 07 4783 5367
Fax: 07 4783 5179

Charters Towers

Hodgkinson Street
Charters Towers Qld 4820
Phone: 07 4787 2367
Fax: 07 4787 7415

Doomadgee

Goodeedawa Road
Doomadgee Qld 4830
Phone: 07 4745 8086
Fax: 07 4745 8043

Ingham

Palm Terrace
Ingham Qld 4850
Phone: 07 4776 0972
Fax: 07 4776 3193

Mornington Island

Lardil Street
Gununa
Mornington Island Qld 4871
Phone/Fax: 07 4745 7381

Mount Isa

5 Traders Way
Sunset Qld 4825
Phone: 07 4437 2520
Fax: 07 4747 2777

Normanton

7 Simpson Street
Normanton Qld 4890
Phone/Fax: 07 4745 1019
Palm Island
Butler Bay
Palm Island Qld 4816
Phone: 07 4770 1426

Townsville

9-15 Langton Street
Garbutt Qld 4814
Phone: 07 4412 2300
Fax: 07 4799 5401

FAR NORTH QUEENSLAND

Far North Queensland Regional Office

31 Grove Street
PO Box 812
Cairns Qld 4870
Phone: 07 4232 4000
Fax: 07 4031 2560

District Offices

Thursday Island

44 Victoria Parade
PO Box 397
Thursday Island Qld 4875
Phone: 07 4212 3390
Fax: 07 4069 1778

Depots

Atherton

20 Albrecht Street
PO Box 845
Tolga Qld 4882
Phone: 07 4095 5901
Fax: 07 4095 5905

Bamaga

Lui Street
PO Box 91
Bamaga Qld 4876
Phone/Fax: 07 4069 3272

Cairns

31 Grove Street
PO Box 812
Cairns Qld 4870
Phone: 07 4232 4000
Fax: 07 4031 2560

Innisfail

6 Laurie Street
Innisfail Qld 4860
Phone/Fax: 07 4061 2175

Kowanyama

Kunjun Street
Kowanyama Qld 4876

Mareeba

Wallace Drive
Mareeba Qld 4880
Phone: 07 4092 4398
Fax: 07 4092 4298

Thursday Island

44 Victoria Parade
PO Box 397
Thursday Island Qld 4875
Phone: 07 4212 3390
Fax: 07 4069 1778

Weipa

6 Tonkin Drive
PO Box 509
Weipa Qld 4874
Phone: 07 4069 7963
Fax: 07 4069 9657

HOUSING SERVICE CENTRES

For more detailed contact information, visit qld.gov.au/housing

Housing Service Centres are open 8.30am to 4.30pm Monday to Friday unless stated otherwise.

ICCHousingEnquiries@smartservice.qld.gov.au

Housing and Homelessness Services

Level 19, 41 George Street
Brisbane Qld 4000
GPO Box 690
Brisbane Qld 4001
Phone: 07 3007 4401

FAR NORTH QUEENSLAND REGION

Office of the Regional Director, Far North Queensland Region

Level 3, William McCormack Place
5B Sheridan Street
Cairns Qld 4870
Phone: 07 4036 5538

Cairns Housing Service Centre

Level 3, 5B Sheridan Street
William McCormack Place
PO Box 471
Cairns Qld 4870
07 4036 5460 - 1800 623 208 (within area)
Maintenance enquiries: 1300 650 910
cairnshsc@hpw.qld.gov.au

Herberton Queensland Government Agent Program

56 Grace Street,
Herberton Qld 4887
PO Box 43 Ravenshoe
Phone: 07 4097 6660
9.00am to 4.00pm Thursday only

Malanda Queensland Government Agent Program

Echo Building, 3 English Street
Malanda Qld 4886
PO Box 43
Ravenshoe Qld 4888
Phone: 07 4097 6660
9.00am to 4.00pm Friday only

Mount Garnet Queensland Government Agent Program

Police Station, Cnr Garnet and Agate Streets
Mount Garnet Qld 4872
PO Box 43
Ravenshoe Qld 4888
Phone: 07 4097 9005
9.30am to 3.30pm
Monday and Wednesdays only

Ravenshoe Queensland Government Agent Program

Grigg Street, PO Box 43
Ravenshoe Qld 4888
Phone: 07 4097 6660
9.00am to 4.00pm Monday to Friday

Cape York Housing Service Centre

Level 3, 5B Sheridan Street
William McCormack Place 1
PO Box 471
Cairns Qld 4870
Phone: 07 4036 5555
Fax: 07 4036 5575

Aurukun

502 Kang Kang Road
Sam Kerindun Business Centre
PO Box 471, Cairns QLD, 4870
Phone: 07 4060 6140
Monday to Friday alternate weeks
8.30am to 12.00pm
If the office is unattended contact
the Cape York HSC Cairns

Lockhart River

Monday to Friday alternate weeks
Freddie Clarence Moses Retail Complex
Ilway Street
Lockhart River Qld 4871
PO Box 471, Cairns Qld 4870
Phone: 07 4060 7334
Fax: 07 4060 7089
If the office is unattended contact
the Cape York HSC Cairns

Pormpuraaw

Monday to Friday alternate weeks
19 Pormpuraaw Street
Pormpuraaw Qld 4871
Phone: 07 4051 0459
If the office is unattended contact
the Cape York HSC Cairns

Kowanyama Community Office

The Old Guest House
Chapman Road
Kowanyama Qld 4871
PO Box 471
Cairns Qld 4870

Cooktown Hub – Coen, Laura, Cooktown, Hopevale and Wujal Wujal

12 Walker Street
PO Box 988
Cooktown Qld 4895
Phone: 07 4082 2300
Fax: 07 4069 5098
HHS-Cooktown-Hub@hpw.qld.gov.au
Maintenance enquiries: 1300 650 910
If the office is unattended contact
the Cape York HSC Cairns

Coen

Wellbeing Centre
1 Taylor Street
Coen Qld 4892

Hopevale

Monday to Thursday 9.00am to 4.30pm
Friday 9.00am to 1.00pm
1 Muni Street
Hope Vale Council Office Complex
PO Box 988
Cooktown Qld 4895
Phone: 07 4060 9231 and 07 4060 9182
Fax 07 4060 9184
If the office is unattended contact
Cooktown Hub: 07 4082 2300
or Cape York HSC Cairns: 07 4036 5555

Wujal Wujal Community Office

Tuesday 10.00am to 3.00pm
127 Hartwig Street
PO Box 988
Cooktown Qld 4895
Phone: 07 4060 8360
If the office is unattended contact
Cooktown Hub: 07 4082 2300
or Cape York HSC Cairns: 07 4036 5555

Northern Peninsula Hub – Bamaga, Seisia, Injinoo, Umagico, New Mapoon

Monday to Friday 08.30am to 4.30pm
203 Mugai Street
Seisia, Qld 4876
PO Box 77 Bamaga Qld 4876
07 4069 3588 or 07 4069 3599
HHS-NPA@hpw.qld.gov.au

Weipa Hub Office – Napranum, Mapoon

PO Box 1330
Weipa Qld 4874
Phone: 07 4082 4702
Fax: 07 4069 7348
Maintenance enquiries 1300 650 910
If the office is unattended contact
the Cape York HSC Cairns

Mapoon

8.30am to 4.00pm Monday to Thursday
1 Red Beach Road at the Land and Sea office
Mapoon Qld 4874
PO Box 1330 Weipa Qld 4874
07 4090 9012
If the office is unattended contact
Weipa Hub: 07 4082 4702
or Cape York HSC Cairns: 07 4036 5555

Napranum Community Office

3201 Wa-Tyne Street
Napranum Qld 4874
PO Box 1330
Weipa Qld 4874
Phone: No listing
If the office is unattended contact
Weipa Hub: 07 4082 4702 or
Cape York HSC Cairns: 07 4036 5555

Thursday Island Housing Service Centre

37-45 Douglas Street
PO Box 514
Thursday Island Qld 4875
Phone: 07 4212 3700
Maintenance enquiries: 1300 650 910
thursdayislandhsc@hpw.qld.gov.au

Thursday Island Housing Service Centre – Kubin Hub

Ikilgau Yabu
C/- Torres Strait Island Regional Council Office
Kubin Qld 4875
Moa Island
PO Box 514
Thursday Island Qld 4875
9.00am to 2.00pm Monday to Thursday
Phone: No listing – call Thursday Island
HSC: 07 4212 3700

NORTH QUEENSLAND REGION

Office of the Regional Director, North Queensland Region

Level 2, Yellow Foyer
143 Walker Street
PO Box 953
Townsville Qld 4810
Phone: 07 4724 8571

Collinsville Queensland Government Agent Program

64 Sonoma Street
PO Box 58
Collinsville Qld 4804
Phone: 07 4785 5567
9.00am to 12.30pm and 2.00pm
to 4.30pm Monday to Friday

Mackay Housing Service Centre

22-30 Wood Street
PO Box 978
Mackay Qld 4740
Phone: 07 4862 9500
1800 069 237 (within area)
Maintenance enquiries:
1300 650 914
mackayhsc@hpw.qld.gov.au

Mount Isa Housing Service Centre

19 West Street
PO Box 1866
Mount Isa Qld 4825
Phone: 07 4437 2700
1800 620 466 (within area)
Maintenance enquiries:
1300 650 912
mtisahsc@hpw.qld.gov.au

Mount Isa Housing Service Centre – Doomadgee

8.30am to 4.30pm Monday to Friday
275 Sharpe Street
Council Admin Building
Doomadgee Qld 4830
PO Box 1866
Mount Isa Qld 4825
Phone: 07 4745 8351
if unattended call 07 4437 2700
HHSMTIsaRemoteComm@hpw.qld.gov.au

Mount Isa Housing Service Centre – Mornington Island

8.30am to 4.30pm alternate weeks
7 Lardil Street
Rural Transaction Centre Gununa
Mornington Island Qld 4871
PO Box 1866
Mount Isa Qld 4825
Phone: 07 4745 7032 or 07 4745 7471
Fax: 07 4745 7483
HHSMTIsaRemoteComm@hpw.qld.gov.au

Townsville Housing Service Centre – Palm Island Community Office

8.30am to 4.30pm Monday to Friday
Closed between 12.30pm to 1.15pm
Lot 72 Main Street
Palm Island Qld 4816
Phone: 07 4799 5382
HHS-Palm-Island@hpw.qld.gov.au

Townsville Housing Service Centre

Level 2, 143 Walker Street
PO Box 953
Townsville Qld 4810
Phone: 07 4724 8500 or
Toll free: 1800 806 197 (within area)

CENTRAL QUEENSLAND/NORTH COAST REGION**Office of the Regional Director, Central Queensland/North Coast Region**

Level 3, 209 Bolsover Street
PO Box 1503
Rockhampton Qld 4700
Phone: 07 4848 7054
HHS-SD-CQNCR-ORD@hpw.qld.gov.au

Bundaberg Housing Service Centre

16 Quay Street
PO Box 1120
Bundaberg Qld 4670
Phone: 07 4331 7900
1800 809 835 (within area)
Maintenance enquiries: 1300 137 687
bundaberghsc@hpw.qld.gov.au

Emerald Housing Service Centre

99 Hospital Road
PO Box 37
Emerald Qld 4720
Phone: 07 4988 1600
Maintenance enquiries: 1800 823 090
emeraldhsc@hpw.qld.gov.au

Gladstone Housing Service Centre

Level 2, 20-22 Herbert Street
PO Box 5082
Gladstone Qld 4680
Phone: 07 4899 2400
Maintenance enquiries: 07 4977 7104
8.30am to 5.00pm Monday to Friday
gladstonehsc@hpw.qld.gov.au

Maroochydore Housing Service Centre

Queensland Government Service Centre
Ground floor, 12 First Avenue
PO Box 99
Maroochydore Qld 4558
Phone: 07 5352 7333
Maintenance enquiries:
1300 650 916 (Coolum Beach and South)
1300 137 687 (Peregian Beach and North)
maroochydorehsc@hpw.qld.gov.au

Maryborough Housing Service Centre

116 Lennox Street
PO Box 535
Maryborough Qld 4650
Phone: 07 4324 8600
1800 623 242 (within area)
Maintenance enquiries: 1300 137 687
maryboroughhsc@hpw.qld.gov.au

Moreton Bay Housing Service Centre

Level 5, Caboolture Square Shopping Centre
60-78 King Street
PO Box 588
Caboolture Qld 4510
Phone: 07 5432 0700
moretonbayhsc@hpw.qld.gov.au

Rockhampton Housing Service Centre

Level 3, 209 Bolsover Street
PO Box 1330
Rockhampton Qld 4700
Phone: 07 4848 7000
1800 801 176 (within area)
Maintenance enquiries: 1800 817 029
rockhamptonhsc@hpw.qld.gov.au

Woorabinda

201 Carbine Street
Woorabinda Qld 4713
Phone: 07 4925 9019
Fax: 07 4925 9001
HHSWoorabindaIndigenousCommunity@hpw.qld.gov.au

BRISBANE REGION**Office of the Regional Director, Brisbane Region**

831 Gympie Road
PO Box 2361
Chermside Centre
Chermside Qld 4032
Phone: 07 3007 4386

Buranda Housing Service Centre

Level 1, 221 Logan Road, Buranda
PO Box 230
Stones Corner Qld 4102
Phone: 07 3873 7700
burandahsc@hpw.qld.gov.au

Chermside Housing Service Centre

3rd Floor, 18 Banfield Street
PO Box 2352
Chermside Qld 4032
Phone: 07 3917 4600
Maintenance enquiries: 07 3896 9973
chermsidehsc@hpw.qld.gov.au

Fortitude Valley Housing Service Centre

505 St Pauls Terrace
PO Box 445
Fortitude Valley Qld 4006
Phone: 07 3034 6500
Maintenance enquiries: 07 3872 0303
fortitudevalleyhsc@hpw.qld.gov.au

Inala Housing Service Centre

14 Wirraway Parade
PO Box 258
Inala Qld 4077
Phone: 07 3723 2000
Maintenance enquiries: 07 3362 9230
inalahsc@hpw.qld.gov.au

SOUTH WEST REGION**Office of the Regional Director, South West Region**

Level 4, Icon Tower
117 Brisbane Street
PO Box 255
Ipswich Qld 4305
Phone: 07 3437 6044

Bayside Housing Service Centre

Shop 3, 8-12 Dollyer Road
PO Box 91
Capalaba Qld 4157
Phone: 07 3034 9800
Maintenance enquiries: 07 3034 9891
baysidehsc@hpw.qld.gov.au

Ipswich Housing Service Centre

Upper Ground Level, Icon Tower
117 Brisbane Street
PO Box 263
Ipswich Qld 4305
Phone: 07 3437 6000 or
Toll free: 1800 636 390
Maintenance enquiries: 07 3280 1778
ipswichhsc@hpw.qld.gov.au

Gold Coast Housing Service Centre

Shop 80, Bazaar Street
Robina Town Centre
PO Box 4059
Robina Town Centre Qld 4230
Phone: 07 5645 8100
Maintenance enquiries: 1300 650 917
goldcoasthsc@hpw.qld.gov.au

Logan Housing Service Centre

11 Station Road
PO Box 5
Woodridge Qld 4114
Phone: 07 3086 3700
Maintenance enquiries: 07 3086 3740
loganhsc@hpw.qld.gov.au

Toowoomba and South West Housing Service Centre

Level 2, Condamine Centre
10 Russell Street
PO Box 418
Toowoomba Qld 4350
Phone: 07 4699 4400
1800 623 435 (within area)
Maintenance enquiries: 1300 650 915
toowoombahsc@hpw.qld.gov.au

OTHER DEPARTMENTAL OFFICES**Building Industry and Policy**

Level 16, 41 George Street
GPO Box 2457
Brisbane Qld 4001
Phone: 07 3008 2504
OADG.BIP@hpw.qld.gov.au
www.hpw.qld.gov.au

Building and Development Dispute Resolution Committees (Development Tribunals)

Level 16, 41 George Street
GPO Box 2457
Brisbane Qld 4001
Phone: 1800 804 833
registrar@qld.gov.au
www.hpw.qld.gov.au

Prequalification (PQC) System

Level 16, 41 George Street
GPO Box 2457
Brisbane Qld 4001
Phone: 1800 072 621
pqcregistrar@hpw.qld.gov.au
www.hpw.qld.gov.au

QFleet

Head Office
Mezzanine Level, 60 Albert Street
GPO Box 293
Brisbane Qld 4001
Phone: 07 3008 2633
qfleet-mail@qfleet.qld.gov.au
www.qfleet.qld.gov.au

Queensland Government Accommodation Office

Head Office
Level 4, 60 Albert Street
GPO Box 2457
Brisbane Qld 4001
Phone: 07 3008 2761
Fax: 07 3224 6266
QGAO.enquiries@hpw.qld.gov.au
www.hpw.qld.gov.au

Government Employee Housing

Head Office
Level 6, 60 Albert Street
GPO Box 2457
Brisbane Qld 4001
Phone: 07 3008 2722
Fax: 07 3224 5824
governmentemployeehousing@hpw.qld.gov.au
www.hpw.qld.gov.au

Queensland Government Procurement

Level 2, 60 Albert Street
GPO Box 123
Brisbane Qld 4001
Phone: 13 QGOV (13 74 68)
QGP – BetterProcurement@hpw.qld.gov.au
www.hpw.qld.gov.au

Regulatory Services (formerly Office of the Registrar)

Level 19, 41 George Street
GPO Box 690
Brisbane Qld 4001
Phone: 13 QGOV (13 74 68)
QLDHousingRegistrar@hpw.qld.gov.au
residentialservices@hpw.qld.gov.au
hpw.qld.gov.au/aboutus/BusinessAreas/RegulatoryServices/Pages/default.aspx

Glossary of Terms

AFL	Australian Football League
AS/NZS	Australia/New Zealand Standard
AO	Administration Officer
FTE	Full Time Equivalent
GPO	General Post Office
ICT	Information Communication Technology
MOHRI FTE	Minimum Obligatory Human Resources Information Full Time Equivalent
NAIDOC	National Aboriginal and Islanders' Day Observance Committee
QG	Queensland Government
NRL	National Rugby League
QGOV	Queensland Government

Financial Statements 2016-2017

For the financial year ended 30 June 2017

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Financial Summary

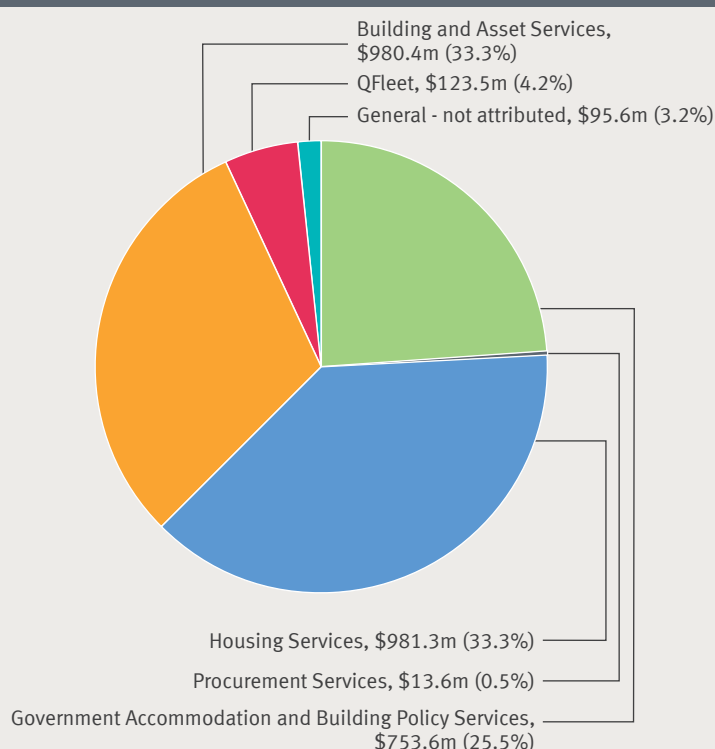
As at 30 June 2017 the department comprised the departmental entity (including Housing) and two commercialised business units (CBUs) (Building and Asset Services, and QFleet).

A *Statement of comprehensive income* and a *Statement of financial position* for the 2016-17 financial year for the department are provided on the following pages with explanations of significant variances from the previous year's results.

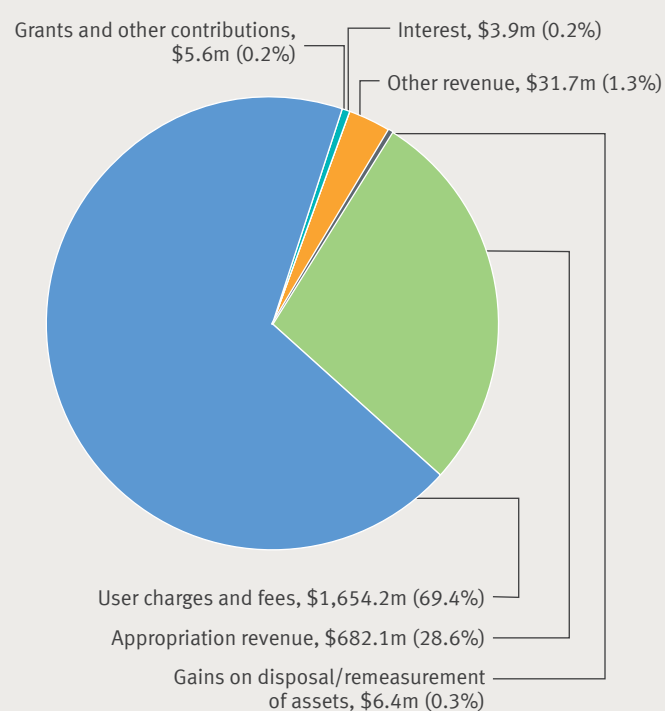
The department obtains the majority of its total income from user charges which comprise \$1,654 million or 69.4 percent of the department's total income of \$2,384 million. User charges include:

- rent of government office buildings and employee housing to other departments
- rent of social housing
- building construction and professional consultancy charges
- vehicle leasing.

Total income from continuing operations
by Major Departmental Services and
Commercialised Business Units in 2016-17[#]



Total income from continuing operations by
category in 2016-17



The major expense of the department is supplies and services which totals \$1,719 million or 66.2 percent of the department's expenses of \$2,598 million. The major supplies and services comprise government building expenses and expenses associated with providing social housing.

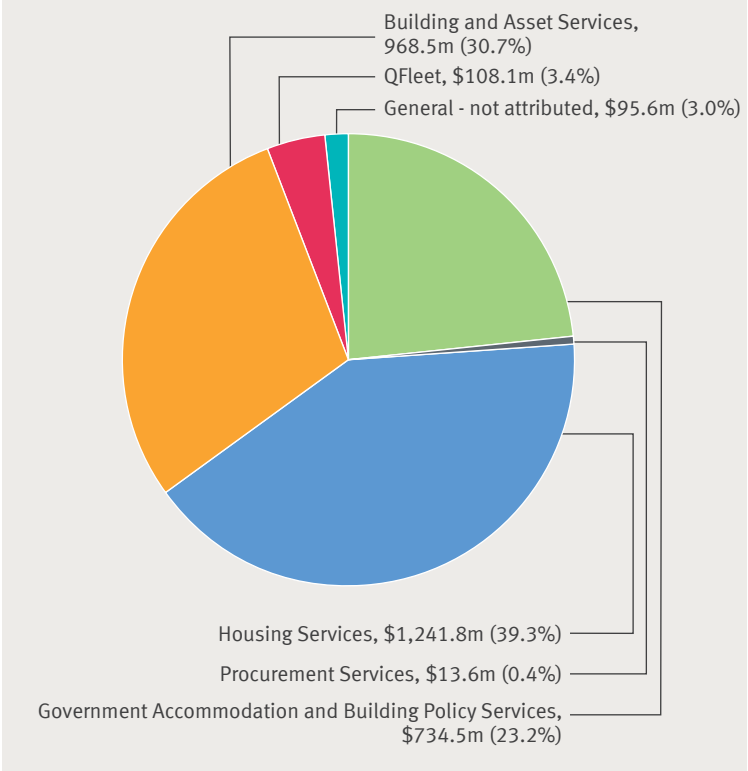
The major asset of the department is property, plant and equipment which totals \$18,290 million of the department's total assets of \$19,529 million (93.7 percent). The majority of this comprises social housing, commercial properties and the land on which these are situated.

Statement by the Chief Finance Officer

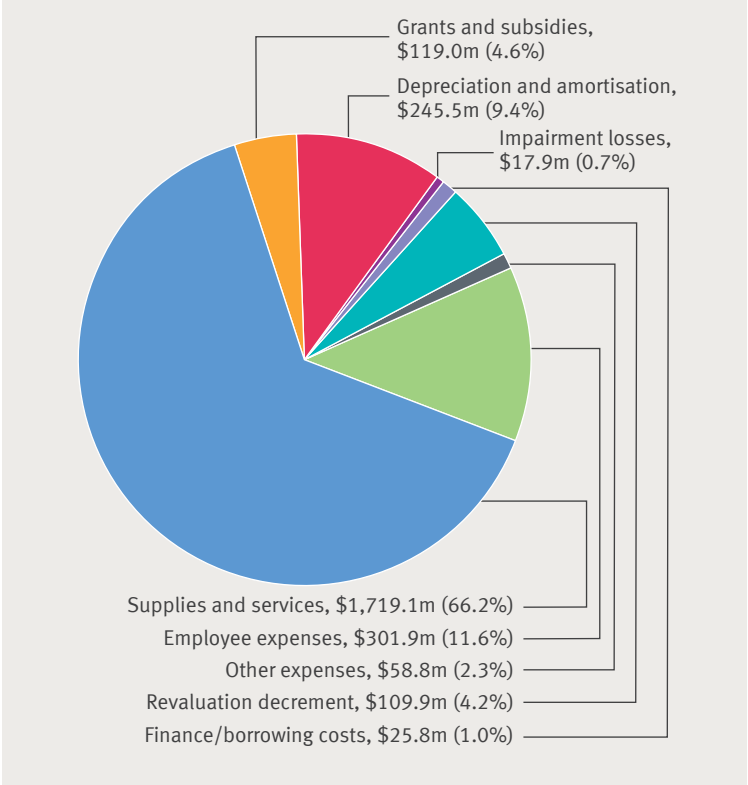
In accordance with the requirements of the *Financial Accountability Act 2009*, the Chief Finance Officer has provided the Director-General with a statement confirming the financial internal controls of the department are operating efficiently, effectively and economically in conformance with Section 57 of the *Financial and Performance Management Standard 2009*. The statement was presented at the Audit Committee meeting in August 2017.

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

Total expenses from continuing operations by Major Departmental Services and Commercialised Business Units in 2016–17#



Total expenses from continuing operations by category in 2016–17



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

Statement of Comprehensive Income

for the year ended 30 June 2017

		Actual 2016-17	Actual 2015-16
	Notes	\$'000	\$'000
INCOME FROM CONTINUING OPERATIONS			
User charges and fees	1	1,654,157	1,538,807
Appropriation revenue		682,089	620,184
Grants and other contributions		5,555	7,866
Interest		3,852	2,722
Other revenue	2	31,719	64,739
Gains on disposal/remeasurement of assets		6,363	9,383
Total income from continuing operations		2,383,735	2,243,701
EXPENSES FROM CONTINUING OPERATIONS			
Supplies and services	3	1,719,062	1,535,379
Employee expenses		301,921	297,800
Depreciation and amortisation		245,494	253,097
Grants and subsidies		118,978	104,078
Revaluation decrement	4	109,852	131,342
Finance/borrowing costs		25,819	26,261
Impairment losses		17,883	13,409
Other expenses	5	58,782	23,022
Total expenses from continuing operations		2,597,791	2,384,388
Operating result from continuing operations before income tax		(214,056)	(140,687)
Income tax benefit/(expense)		(8,202)	(7,150)
Operating result from continuing operations after income tax		(222,258)	(147,837)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to operating result			
Increase/(decrease) in asset revaluation surplus	6	(33,797)	384,930
Total other comprehensive income		(33,797)	384,930
Total comprehensive income		(256,055)	237,093

Notes:

1. The increase is mainly due to Building and Asset Services' increased sales revenue from additional maintenance and upgrade work and work resulting from Tropical Cyclone Debbie for educational facilities plus additional upgrade and refurbishment works and facilities maintenance for correctional centres.
2. The decrease is mainly due to one off transactions in 2015-16 relating to the accounting restatement of the lease liability for 40-year lease council properties as a result of the introduction of statutory rates charges and the receipt of proceeds in settlement of contractual arrangements from the prior sale of caravan parks.
3. The increase is mainly due to Building and Asset Services' increased payments to contractors reflecting the higher volume of client work as outlined in Note 1 and expenditure for property rental and other property expenses as a result of the ongoing transition from an owned to leased commercial office portfolio.
4. The decrease in revaluation decrement is mainly due to a decline in value in the building component of social housing residential dwellings offset by improved valuation results for commercial properties.
5. The increase is mainly due to changes in appropriation payable to the Consolidated Fund as at 30 June 2017 as part of finalisation of the 2016-17 financial year.
6. The decrease is mainly due to reduced growth in land values for social housing residential dwellings and commercial properties in the Brisbane Central Business District and a decrease in the value of leased assets – buildings on Deed of Grant in Trust land.

Balance Sheet

as at 30 June 2017

		Actual 2016-17	Actual 2015-16
	Notes	\$'000	\$'000
CURRENT ASSETS			
Cash and cash equivalents	7	580,030	406,901
Loans and receivables	8	182,203	143,337
Inventories		48,172	43,546
Prepayments		43,121	37,670
Financial assets at fair value through profit or loss		5,000	4,000
Tax assets		2,277	145
Non-current assets classified as held for sale		55,259	62,251
Total current assets		916,062	697,850
NON-CURRENT ASSETS			
Property, plant and equipment		18,290,005	18,207,640
Financial assets at fair value through profit or loss		182,031	186,927
Loans and receivables		130,142	134,300
Intangible assets		9,465	13,558
Deferred tax assets		1,412	2,204
Total non-current assets		18,613,055	18,544,629
TOTAL ASSETS		19,529,117	19,242,479
CURRENT LIABILITIES			
Payables	9	276,448	211,221
Unearned revenue	10	127,054	85,871
Interest-bearing liabilities		18,025	18,103
Lease incentives	11	14,221	1,439
Accrued employee benefits		13,796	12,407
Tax liabilities		2,826	149
Other current liabilities		9,771	7,234
Total current liabilities		462,141	336,424
NON-CURRENT LIABILITIES			
Interest-bearing liabilities		587,639	576,348
Lease incentives	11	175,017	23,719
Queen's Wharf deferred consideration	12	114,154	-
Payables	13	86,537	65,166
Unearned revenue		30,774	31,742
Deferred tax liabilities		15,960	13,540
Other non-current liabilities		283	430
Total non-current liabilities		1,010,364	710,945
TOTAL LIABILITIES		1,472,505	1,047,369
NET ASSETS		18,056,612	18,195,110
EQUITY			
Contributed equity		16,266,979	16,139,853
Asset revaluation surplus		1,888,555	1,922,352
Accumulated surplus		(98,922)	132,905
TOTAL EQUITY		18,056,612	18,195,110

Notes:

- The increase is mainly due to the delayed return, from 2016-17 to 2017-18, to the Consolidated Fund of the land premiums received by the department as consideration for the Queen's Wharf Precinct. The delay is due to the complex transfer duty assessment, to be paid from the consideration, not finalised by 30 June.
- The increase is mainly due to Building and Asset Services' increased volume of client work as outlined in Note 1.
- The increase mainly reflects Building and Asset Services' higher volume of supplier invoices received in June as a result of additional maintenance, upgrade and refurbishment programs received from clients and increased appropriation payable to the Consolidated Fund as at 30 June 2017 as part of the finalisation of the 2016-17 financial year.
- The increase is mainly due to Building and Asset Services' increased volume of client work as outlined in Note 1.
- The increase is due to the recognition of the lease incentive for 1 William Street Brisbane.
- The increase is due to the land premiums received by the department as part of the consideration for the Queen's Wharf Precinct which will be recognised as space deferred consideration until the completion of the Project.
- The increase is due to the ongoing transition from an owned to leased commercial office portfolio with annual lease expenditure reported on a straight-line basis over the term of the lease. The difference between actual rent paid and annual rent expenditure results in deferred operating lease rent payable.

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
- Balance Sheet
- Statement of Changes in Equity
- Statement of Cash Flows
- Statement of Comprehensive Income by Major Departmental Services and Commercialised Business Units
- Statement of Assets and Liabilities by Major Departmental Services and Commercialised Business Units
- Notes to and forming part of the Financial Statements 2016–17
- Management Certificate
- Independent Auditor's Report.

General Information

These financial statements cover the Department of Housing and Public Works.

The Department of Housing and Public Works is a Queensland Government department established under the *Public Service Act 2008*.

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 Street
BRISBANE QLD 4000**

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

For information in relation to the department's financial statements, please call 07 300 83138 or visit the departmental website <http://www.hpw.qld.gov.au>.

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

Department of Housing and Public Works
Statement of Comprehensive Income
for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
INCOME FROM CONTINUING OPERATIONS			
User charges and fees	2.1	1,654,157	1,538,807
Appropriation revenue	2.2	682,089	620,184
Grants and other contributions		5,555	7,866
Interest		3,852	2,722
Other revenue		31,719	64,739
Total revenue		2,377,372	2,234,318
Gains on disposal/remeasurement of assets		6,363	9,383
Total income from continuing operations		2,383,735	2,243,701
EXPENSES FROM CONTINUING OPERATIONS			
Supplies and services	3.1	1,719,062	1,535,379
Employee expenses	3.2	301,921	297,800
Depreciation and amortisation	4.1	245,494	253,097
Grants and subsidies	3.3	118,978	104,078
Revaluation decrement	4.1	109,852	131,342
Finance/borrowing costs		25,819	26,261
Impairment losses		17,883	13,409
Other expenses	3.4	58,782	23,022
Total expenses from continuing operations		2,597,791	2,384,388
Operating result from continuing operations before income tax		(214,056)	(140,687)
Income tax benefit/(expense)		(8,202)	(7,150)
Operating result from continuing operations after income tax		(222,258)	(147,837)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to operating result			
Increase/(decrease) in asset revaluation surplus	4.1 (d)	(33,797)	384,930
Total other comprehensive income		(33,797)	384,930
Total comprehensive income		(256,055)	237,093

The accompanying notes form part of these financial statements.

Department of Housing and Public Works
Balance Sheet
as at 30 June 2017

	Note	2017 \$'000	2016 \$'000
CURRENT ASSETS			
Cash and cash equivalents		580,030	406,901
Loans and receivables	4.2	182,203	143,337
Inventories	4.4	48,172	43,546
Prepayments		43,121	37,670
Financial assets at fair value through profit or loss	4.5	5,000	4,000
Tax assets		2,277	145
		<u>860,803</u>	<u>635,599</u>
Non-current assets classified as held for sale	4.6	55,259	62,251
Total current assets		<u>916,062</u>	<u>697,850</u>
NON-CURRENT ASSETS			
Property, plant and equipment	4.1	18,290,005	18,207,640
Financial assets at fair value through profit or loss	4.5	182,031	186,927
Loans and receivables	4.2	130,142	134,300
Intangible assets		9,465	13,558
Deferred tax assets		1,412	2,204
Total non-current assets		<u>18,613,055</u>	<u>18,544,629</u>
TOTAL ASSETS		<u>19,529,117</u>	<u>19,242,479</u>
CURRENT LIABILITIES			
Payables	5.2	276,448	211,221
Unearned revenue	5.5	127,054	85,871
Interest-bearing liabilities	5.1	18,025	18,103
Lease incentives	5.3	14,221	1,439
Accrued employee benefits		13,796	12,407
Tax liabilities		2,826	149
Other current liabilities		9,771	7,234
Total current liabilities		<u>462,141</u>	<u>336,424</u>
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	5.1	587,639	576,348
Lease incentives	5.3	175,017	23,719
Queen's Wharf deferred consideration	5.4	114,154	-
Payables	5.2	86,537	65,166
Unearned revenue	5.5	30,774	31,742
Deferred tax liabilities		15,960	13,540
Other non-current liabilities		283	430
Total non-current liabilities		<u>1,010,364</u>	<u>710,945</u>
TOTAL LIABILITIES		<u>1,472,505</u>	<u>1,047,369</u>
NET ASSETS		<u>18,056,612</u>	<u>18,195,110</u>
EQUITY			
Contributed equity		16,266,979	16,139,853
Asset revaluation surplus	4.1(d)	1,888,555	1,922,352
Accumulated surplus		(98,922)	132,905
TOTAL EQUITY		<u>18,056,612</u>	<u>18,195,110</u>

The accompanying notes form part of these financial statements.

Department of Housing and Public Works
Statement of Changes in Equity
for the year ended 30 June 2017

	Contributed equity \$'000	Asset revaluation surplus (Note 4.1(d)) \$'000	Accumulated surplus/(deficit) \$'000	Total \$'000
Balance as at 1 July 2015	16,071,417	1,537,422	289,077	17,897,916
Operating result from continuing operations	-	-	(147,837)	(147,837)
Other comprehensive income				
- Increase/(decrease) in asset revaluation surplus	-	384,930	-	384,930
Total comprehensive income for the year	-	384,930	(147,837)	237,093
Transactions with owners as owners				
- Appropriated equity injections (Note 6.2)	133,519	-	-	133,519
- Appropriated equity withdrawals (Note 6.2)	(74,051)	-	-	(74,051)
- Non-appropriated equity adjustments	11,858	-	-	11,858
- Net transfers in/(out) from other Queensland Government entities	(2,890)	-	-	(2,890)
- Dividends paid or declared	-	-	(8,335)	(8,335)
Net transactions with owners as owners	68,436	-	(8,335)	60,101
Balance as at 30 June 2016	16,139,853	1,922,352	132,905	18,195,110
Balance as at 1 July 2016	16,139,853	1,922,352	132,905	18,195,110
Operating result from continuing operations	-	-	(222,258)	(222,258)
Other comprehensive income				
- Increase/(decrease) in asset revaluation surplus	-	(33,797)	-	(33,797)
Total comprehensive income for the year	-	(33,797)	(222,258)	(256,055)
Transactions with owners as owners				
- Appropriated equity injections (Note 6.2)	162,603	-	-	162,603
- Appropriated equity withdrawals (Note 6.2)	(58,758)	-	-	(58,758)
- Net transfers in/(out) from other Queensland Government entities	23,281	-	-	23,281
- Dividends paid or declared	-	-	(9,569)	(9,569)
Net transactions with owners as owners	127,126	-	(9,569)	117,557
Balance as at 30 June 2017	16,266,979	1,888,555	(98,922)	18,056,612

The accompanying notes form part of these financial statements.

Department of Housing and Public Works
Statement of Cash Flows
for the year ended 30 June 2017

	2017 \$'000	2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Inflows:</i>		
User charges and fees	1,499,178	1,561,722
Appropriation receipts	685,829	600,213
GST input tax credits received from the Australian Taxation Office	149,312	151,253
GST collected from customers	131,289	121,597
Interest receipts	2,562	2,775
Grants and other contributions	1,841	7,915
Other	106,633	60,965
<i>Outflows:</i>		
Supplies and services	(1,575,900)	(1,558,304)
Employee expenses	(300,919)	(294,569)
GST remitted to the Australian Taxation Office	(145,607)	(139,984)
GST paid to suppliers	(162,952)	(163,429)
Grants and subsidies	(123,087)	(97,878)
Finance/borrowing costs	(25,811)	(26,496)
Taxation equivalents	(4,445)	(5,010)
Other	(22,600)	(15,896)
Net cash provided by (used in) operating activities	215,323	204,874
CASH FLOWS FROM INVESTING ACTIVITIES		
<i>Inflows:</i>		
Sales of property, plant and equipment	207,704	110,671
Loans and advances redeemed	26,882	28,207
Redemption of other financial assets	8,496	7,272
<i>Outflows:</i>		
Payments for property, plant and equipment	(342,944)	(328,918)
Loans and advances made	(31,738)	(26,562)
Payments for intangible assets	(6)	(312)
Net cash provided by (used in) investing activities	(131,606)	(209,642)
CASH FLOWS FROM FINANCING ACTIVITIES		
<i>Inflows:</i>		
Equity injections	164,453	143,457
Borrowings	20,000	20,000
<i>Outflows:</i>		
Equity withdrawals	(67,517)	(88,930)
Borrowing redemptions	(17,765)	(25,484)
Dividends paid	(8,336)	(8,258)
Finance lease payments	(1,423)	(1,223)
Net cash provided by (used in) financing activities	89,412	39,562
Net increase (decrease) in cash and cash equivalents	173,129	34,794
Cash and cash equivalents – opening balance	406,901	372,107
Cash and cash equivalents – closing balance	580,030	406,901

The accompanying notes form part of these financial statements.

Department of Housing and Public Works
Statement of Cash Flows
for the year ended 30 June 2017

2017
\$'000

2016
\$'000

NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of operating result to net cash from operating activities

Operating surplus/(deficit) before income tax	(214,056)	(140,687)
Less: income tax benefit/(expense)	(8,202)	(7,150)
	<u>(222,258)</u>	<u>(147,837)</u>
Non-cash items:		
Depreciation and amortisation expense	245,494	253,097
Motor vehicles sold	29,463	47,249
Donated assets and services expensed	6	145
Contributed assets and services received	(3,362)	-
Impairment losses	17,883	13,116
Loss/(gain) on disposal of non-current assets	(2,515)	(3,441)
Revaluation decrement/(increment)	109,852	131,342
Write-off of assets	2,844	1,731
Write-on of assets	-	(12)
Net loss/(gain) on revaluation of financial assets	(3,836)	(4,343)
Change in assets and liabilities:		
(Increase) decrease in GST input tax credits receivable	(3,985)	4,116
(Increase) decrease in loans and receivables	(25,491)	16,878
(Increase) decrease in inventories	(4,839)	12,346
(Increase) decrease in prepayments	(5,453)	13,840
(Increase) decrease in current tax assets	(2,133)	483
(Increase) decrease in deferred tax assets	792	575
Acquisition of motor vehicles held for rental	(65,797)	(97,846)
Increase (decrease) in GST payable	7,390	(1,988)
Increase (decrease) in payables	81,208	(18,387)
Increase (decrease) in interest-bearing liabilities	-	(27,741)
Increase (decrease) in lease incentive liabilities	18,663	16,676
Increase (decrease) in unearned revenue	40,213	(9,277)
Increase (decrease) in accrued employee benefits	1,384	2,468
Increase (decrease) in current tax liability	2,677	(2)
Increase (decrease) in deferred tax liability	2,420	1,085
Increase (decrease) in other liabilities	(5,297)	601
Net cash from operating activities	<u>215,323</u>	<u>204,874</u>

Department of Housing and Public Works
Statement of Comprehensive Income by Major Departmental Services and Commercialised Business Units
for the year ended 30 June 2017

	Government											
	Accommodation and Building Policy Services				Procurement Services	Building and Asset Services	QFleet	Housing Services	General - not attributed	Inter-service/unit eliminations	Total	
	2017	\$'000	2017	\$'000	2017	\$'000	2017	\$'000	2017	\$'000	2017	\$'000
INCOME FROM CONTINUING OPERATIONS												
User charges and fees	602,887			975,405	624		122,859	428,803	87,982	(564,403)	1,654,157	
Appropriation revenue	131,792			-	12,374		-	530,867	7,056	-	682,089	
Grants and other contributions	1,584			258	-		-	3,444	269	-	5,555	
Interest	1,649			566	74		114	1,449	-	-	3,852	
Other revenue	15,234			4,204	520		549	10,884	328	-	31,719	
Total revenue	753,146			980,433	13,592		123,522	975,447	95,635	(564,403)	2,377,372	
Gains on disposal/remeasurement of assets	470			(9)	-		-	5,902		-	6,363	
Total income from continuing operations	753,616			980,424	13,592		123,522	981,349	95,635	(564,403)	2,383,735	
EXPENSES FROM CONTINUING OPERATIONS												
Supplies and services	661,480			852,449	5,372		57,124	665,319	41,721	(564,403)	1,719,062	
Employee expenses	24,758			110,938	6,899		4,248	108,930	46,148	-	301,921	
Depreciation and amortisation	62,820			3,608	1		37,069	141,667	329	-	245,494	
Grants and subsidies	10,157			-	-		-	108,821	-	-	118,978	
Revaluation decrement	(62,946)			-	1		-	172,769	28	-	109,852	
Finance/borrowing costs	567			-	-		5,797	19,455	-	-	25,819	
Impairment losses	13			(210)	-		-	18,080	-	-	17,883	
Other expenses	37,672			1,683	1,318		3,900	6,773	7,436	-	58,782	
Total expenses from continuing operations	734,521			968,468	13,591		108,138	1,241,814	95,662	(564,403)	2,597,791	
Operating result from continuing operations before income tax	19,095			11,956	1		15,384	(260,465)	(27)	-	(214,056)	
Income tax benefit/(expense)	-			(3,587)	-		(4,615)	-	-	-	(8,202)	
Operating result from continuing operations after income tax	19,095			8,369	1		10,769	(260,465)	(27)	-	(222,258)	
OTHER COMPREHENSIVE INCOME												
Items that will not be reclassified to operating result												
Increase/(decrease) in asset revaluation surplus	19,378			-	-		-	(53,175)	-	-	(33,797)	
Total other comprehensive income	19,378			-	-		-	(53,175)	-	-	(33,797)	
Total comprehensive income	38,473			8,369	1		10,769	(313,640)	(27)	-	(256,055)	

Department of Housing and Public Works
Statement of Comprehensive Income by Major Departmental Services and Commercialised Business Units
for the year ended 30 June 2016

	Government											
	Accommodation and Building Policy Services				Procurement Services	Building and Asset Services	QFleet	Housing Services	General - not attributed	Inter-service/unit eliminations	Total	
	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME FROM CONTINUING OPERATIONS												
User charges and fees	593,230			844,998	1,136		141,317	430,344	46,653	(518,871)	1,538,807	
Appropriation revenue	52,157			-	14,013		-	554,014	-	-	620,184	
Grants and other contributions	1,849			312	-		-	5,705	-	-	7,866	
Interest	420			631	-		51	1,620	-	-	2,722	
Other revenue	10,216			4,625	-		401	49,488	9	-	64,739	
Total revenue	657,872			850,566	15,149		141,769	1,041,171	46,662	(518,871)	2,234,318	
Gains on disposal/remeasurement of assets	(422)			-	-		-	9,804	1	-	9,383	
Total income from continuing operations	657,450			850,566	15,149		141,769	1,050,975	46,663	(518,871)	2,243,701	
EXPENSES FROM CONTINUING OPERATIONS												
Supplies and services	578,951			732,614	6,321		73,030	641,912	21,422	(518,871)	1,535,379	
Employee expenses	24,537			109,469	8,825		4,217	125,908	24,844	-	297,800	
Depreciation and amortisation	73,084			3,717	3		33,817	142,182	294	-	253,097	
Grants and subsidies	1,836			-	-		-	102,242	-	-	104,078	
Revaluation decrement	(1,074)			-	-		-	132,416	-	-	131,342	
Finance/borrowing costs	631			-	-		5,752	19,878	-	-	26,261	
Impairment losses	(167)			243	-		2	13,331	-	-	13,409	
Other expenses	2,685			1,462	-		4,191	14,581	103	-	23,022	
Total expenses from continuing operations	680,483			847,505	15,149		121,009	1,192,450	46,663	(518,871)	2,384,388	
Operating result from continuing operations before income tax	(23,033)			3,061	-		20,760	(141,475)	-	-	(140,687)	
Income tax benefit/(expense)	-			(922)	-		(6,228)	-	-	-	(7,150)	
Operating result from continuing operations after income tax	(23,033)			2,139	-		14,532	(141,475)	-	-	(147,837)	
OTHER COMPREHENSIVE INCOME												
Items that will not be reclassified to operating result												
Increase/(decrease) in asset revaluation surplus	125,540			-	-		-	259,390	-	-	384,930	
Total other comprehensive income	125,540			-	-		-	259,390	-	-	384,930	
Total comprehensive income	102,507			2,139	-		14,532	117,915	-	-	237,093	

Department of Housing and Public Works
Statement of Assets and Liabilities by Major Departmental Services and Commercialised Business Units
as at 30 June 2017

	Government				Housing Services		General - not attributed		Inter-service/unit eliminations		Total
	Accommodation and Building Policy Services	Procurement Services	Building and Asset Services	QFleet	2017	2017	2017	2017	2017	2017	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS											
Cash and cash equivalents	41,408		153,877	22,274	150,330		208,141		4,000		580,030
Loans and receivables	31,559	132	129,224	12,305	52,464		11,106		(54,587)		182,203
Inventories	254		43,206	4,712	-				-		48,172
Prepayments	36,514		131	4,624	-		1,852		-		43,121
Financial assets at fair value through profit or loss	-	-	-	-	5,000		-		-		5,000
Tax assets	-	-	-	2,277	-		-		-		2,277
	109,735	132	326,438	46,192	207,794		221,099		(50,587)		860,803
Non-current assets classified as held for sale	25,317	-	-	-	29,942		-		-		55,259
Total current assets	135,052	132	326,438	46,192	237,736		221,099		(50,587)		916,062
NON-CURRENT ASSETS											
Property, plant and equipment	2,828,567		880	242,832	15,217,094		632		-		18,290,005
Financial assets at fair value through profit or loss	-	-	-	-	182,031		-		-		182,031
Loans and receivables	99,086		-	-	31,056		-		-		130,142
Intangible assets	234		7,714	-	1,517		-		-		9,465
Deferred tax assets	-	-	1,406	6	-		-		-		1,412
Total non-current assets	2,927,887	-	10,000	242,838	15,431,698		632		-		18,613,055
TOTAL ASSETS	3,062,939	132	336,438	289,030	15,669,434		221,731		(50,587)		19,529,117
CURRENT LIABILITIES											
Payables	88,007	1,696	126,752	15,866	82,944		11,770		(50,587)		276,448
Unearned revenue	21,486	239	76,057	6,662	20,440		2,170		-		127,054
Interest-bearing liabilities	1,307	-	-	506	16,212		-		-		18,025
Lease incentives	14,221	-	-	-	-		-		-		14,221
Accrued employee benefits	928	267	5,308	186	4,740		2,367		-		13,796
Tax liabilities	-	-	2,826	-	-		-		-		2,826
Other current liabilities	9,766	-	5	-	-		-		-		9,771
Total current liabilities	135,715	2,202	210,948	23,220	124,336		16,307		(50,587)		462,141
NON-CURRENT LIABILITIES											
Interest-bearing liabilities	8,346	-	-	166,512	412,781		-		-		587,639
Lease incentives	175,017	-	-	-	-		-		-		175,017
Queen's Wharf deferred consideration	114,154	-	-	-	-		-		-		114,154
Payables	86,537	-	-	-	-		-		-		86,537
Unearned revenue	30,774	-	-	-	-		-		-		30,774
Deferred tax liabilities	-	-	2,101	13,859	-		-		-		15,960
Other non-current liabilities	283	-	-	-	-		-		-		283
Total non-current liabilities	415,111	-	2,101	180,371	412,781		-		-		1,010,364
TOTAL LIABILITIES	550,826	2,202	213,049	203,591	537,117		16,307		(50,587)		1,472,505

Department of Housing and Public Works
Statement of Assets and Liabilities by Major Departmental Services and Commercialised Business Units
as at 30 June 2016

	Government			Housing Services			Inter-service/unit eliminations			Total 2016
	Accommodation and Building Policy Services	Procurement Services	Building and Asset Services	2016	\$'000	2016	\$'000	2016	\$'000	\$'000
CURRENT ASSETS										
Cash and cash equivalents	38,412	-	120,308	6,966	174,541	66,674	-	-	-	406,901
Loans and receivables	18,130	(635)	83,277	11,256	67,264	(4,657)	(31,298)	-	-	143,337
Inventories	239	-	38,382	4,925	-	-	-	-	-	43,546
Prepayments	31,573	360	148	4,612	-	977	-	-	-	37,670
Financial assets at fair value through profit or loss	-	-	-	-	4,000	-	-	-	-	4,000
Tax assets	-	-	-	145	-	-	-	-	-	145
	88,354	(275)	242,115	27,904	245,805	62,994	(31,298)	-	-	635,599
Non-current assets classified as held for sale	25,970	-	-	-	36,281	-	-	-	-	62,251
Total current assets	114,324	(275)	242,115	27,904	282,086	62,994	(31,298)	-	-	697,850
NON-CURRENT ASSETS										
Property, plant and equipment	2,622,653	2	1,176	243,365	15,340,183	261	-	-	-	18,207,640
Financial assets at fair value through profit or loss	-	-	-	-	186,927	-	-	-	-	186,927
Loans and receivables	101,576	-	-	-	32,724	-	-	-	-	134,300
Intangible assets	468	-	10,969	-	2,120	1	-	-	-	13,558
Deferred tax assets	-	-	2,198	6	-	-	-	-	-	2,204
Total non-current assets	2,724,697	2	14,343	243,371	15,561,954	262	-	-	-	18,544,629
TOTAL ASSETS	2,839,021	(273)	256,458	271,275	15,844,040	63,256	(31,298)	-	-	19,242,479
CURRENT LIABILITIES										
Payables	41,256	1,796	83,589	19,117	94,437	2,324	(31,298)	-	-	211,221
Unearned revenue	12,409	-	45,782	6,138	20,286	1,256	-	-	-	85,871
Interest-bearing liabilities	1,864	-	-	491	15,748	-	-	-	-	18,103
Lease incentives	1,439	-	-	-	-	-	-	-	-	1,439
Accrued employee benefits	864	230	4,762	179	5,179	1,193	-	-	-	12,407
Tax liabilities	-	-	149	-	-	-	-	-	-	149
Other current liabilities	7,019	-	215	-	-	-	-	-	-	7,234
Total current liabilities	64,851	2,026	134,497	25,925	135,650	4,773	(31,298)	-	-	336,424
NON-CURRENT LIABILITIES										
Interest-bearing liabilities	11,046	-	-	146,512	418,790	-	-	-	-	576,348
Lease incentives	23,719	-	-	-	-	-	-	-	-	23,719
Payables	65,166	-	-	-	-	-	-	-	-	65,166
Unearned revenue	31,742	-	-	-	-	-	-	-	-	31,742
Deferred tax liabilities	-	-	2,756	10,784	-	-	-	-	-	13,540
Other non-current liabilities	430	-	-	-	-	-	-	-	-	430
Total non-current liabilities	132,103	-	2,756	157,296	418,790	-	-	-	-	710,945
TOTAL LIABILITIES	196,954	2,026	137,253	183,221	554,440	4,773	(31,298)	-	-	1,047,369

Department of Housing and Public Works
Notes to the financial statements 2016-17

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Department of Housing and Public Works
Notes to the financial statements 2016-17

1 BASIS OF PREPARATION

1.1 Authorisation of financial statements

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

1.2 General information

The Department of Housing and Public Works is a not-for-profit Queensland Government department established under the *Public Service Act 2008* and controlled by the State of Queensland which is the ultimate parent 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 Housing and Public Works. The Department's principal activities are described in section 1.4 below and include major activities involving other Queensland Government entities such as construction and maintenance programs, motor vehicle fleet management, office accommodation and government employee housing. Transactions with related party entities that are individually or collectively significant are reported throughout these financial statements. Transactions with key management personnel (who are all related parties) are reported in note 8.1.

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

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

1.3 Statement of compliance

The department has prepared these general purpose financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009*, the Australian Accounting Standards and Interpretations applicable to not-for-profit entities, and Queensland Treasury's Minimum Reporting Requirements.

1.4 The reporting entity

Department objectives

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

Housing Services

Housing Services provides housing assistance and homelessness support services to Queenslanders most in need, through a mix of direct delivery and arrangements with funded service providers. This includes remote Aboriginal and Torres Strait Islander housing, social and private housing assistance, homelessness support services and crisis accommodation.

Housing Services also includes the Office of the Registrar which oversees the National Regulatory System for Community Housing in Queensland.

Government Accommodation and Building Policy Services

Government Accommodation and Building Policy Services delivers the Queensland Government's office accommodation and employee housing portfolio and manages significant building and property initiatives.

Procurement Services

Procurement services manages the Queensland Government's procurement policy and related frameworks. It provides expert advice to stakeholders, and helps enable agencies to achieve their procurement outcomes by sharing procurement information, best practice and innovation, developing whole-of-government frameworks in areas including capability, accreditation and performance, and working with agencies to reduce the cost of doing business with the Queensland Government.

1.4 The reporting entity (continued)

Department objectives (continued)

Building and Asset Services

Building and Asset Services delivers coordinated procurement and contract management of construction and maintenance programs to Queensland Government agencies to build better and safer places to live and work.

QFleet

QFleet is responsible for whole-of-government fleet policy development and implementation. Services include vehicle procurement and contract management, fleet advisory services to public sector departments, as well as government-funded organisations, in-service maintenance, accident management, and end-of-life repairs and vehicle remarketing.

Machinery of government changes

As a result of *Public Service Departmental Arrangements Notice (No.3) 2016*, from 1 July 2016 that part of the department of Housing and Public Works responsible for specialist homelessness services for women and children escaping domestic violence (accommodation and non-accommodation services), excluding policy and planning, was transferred to the Department of Communities, Child Safety and Disability Services. Budgeted appropriation revenue of \$27.856 million was reallocated to that department.

1.5 Measurement

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

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 has been restated where necessary to be consistent with disclosures in the current reporting period.

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

AASB 124 Related Party Disclosures

The only Australian Accounting Standard that became effective for the department in 2016-17 is AASB 124 *Related Party Disclosures*. This standard requires note disclosures about relationships between a parent entity and its controlled entities, key management personnel (KMP) remuneration expenses and other related party transactions, and does not impact on financial statement line items. As Queensland Treasury already required disclosure of KMP remuneration expenses, AASB 124 itself had minimal impact on the department's KMP disclosures compared to 2015-16 (refer to Note 8.1). However, the standard has resulted in the department's responsible Minister being identified as part of the department's KMP as from 2016-17. Material related party transactions for 2016-17 are disclosed in the various notes. No comparative information about related party transactions is required in respect of 2015-16.

Refer to Note 8.3 for details of the future impact of accounting standards not yet effective.

Department of Housing and Public Works
Notes to the financial statements 2016-17

	2017 \$'000	2016 \$'000
2 REVENUE		
2.1 User charges and fees		
Property rental - offices*	434,021	440,687
Property rental - social housing	420,370	421,351
Property rental - government employee housing*	45,667	47,530
Building services*	562,455	434,366
Vehicle leasing*	83,481	82,587
Vehicle sales	35,799	54,929
Other	72,364	57,357
Total	1,654,157	1,538,807

* These line items are related party transactions with other Queensland state government entities.

User charges and fees controlled by the department are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty.

Property rental income in respect of commercial operating leases (offices) is recognised on a straight-line basis over the lease term.

Revenue for building services is recognised on fixed price construction contracts and for services rendered in accordance with the percentage of completion method. Stage of completion is measured by reference to the proportion of physical work completed. Revenue is recognised on fixed price construction contracts when the outcome of the contract is reliably known. Where the outcome is not reliably known, revenue is recognised to the value of costs incurred where it is probable that the costs are recoverable. Expected losses are recognised as an expense where it is probable that the total contract costs will exceed total contract revenue.

2.2 Appropriation revenue

Reconciliation of payments from consolidated fund to appropriation revenue recognised in operating result

Budgeted appropriation revenue	757,704	680,059
Transfers from/to other headings - variation in headings	(44,019)	-
Transfers from/to other departments - redistribution of public business	(27,856)	(202)
Lapsed appropriation revenue	-	(79,644)
Total appropriation receipts (cash)	685,829	600,213
Less: Opening balance of appropriation revenue receivable	(3,540)	-
Plus: Closing balance of appropriation revenue receivable	-	3,540
Plus: Opening balance of deferred appropriation payable to Consolidated Fund	-	16,431
Less: Closing balance of deferred appropriation payable to Consolidated Fund	(33,574)	-
Net appropriation revenue	648,715	620,184
Plus: Deferred appropriation payable to Consolidated Fund (expense)	33,374	-
Appropriation revenue recognised in Statement of Comprehensive Income	682,089	620,184

Appropriations provided under the *Appropriation Act 2016* are recognised as revenue when received or when a receivable is recognised after approval by Queensland Treasury. Where it is agreed with Queensland Treasury that a payable is recognised at year end, an expense is also recognised.

The department's appropriation is from Queensland Treasury which is a related party.

Department of Housing and Public Works
Notes to the financial statements 2016-17

	2017 \$'000	2016 \$'000
3 EXPENSES		
3.1 Supplies and services		
Property rental	408,802	357,799
Cost of sales		
Building, construction and maintenance services	370,820	277,230
Motor vehicles and land sold through inventory	29,648	50,249
Property repairs and maintenance	312,788	298,856
Outsourced service delivery - Housing Services	160,664	175,296
Rates to local governments*	165,790	161,251
Other property expenses	86,787	43,541
Consultants and contractors	27,366	26,649
Motor vehicle costs**	22,267	20,705
Electricity and gas	27,417	23,922
Service level agreement charges***	15,202	14,653
Other	91,511	85,228
Total	1,719,062	1,535,379

Property rental expenses in respect of operating leases are recognised on a straight line basis over the period of the lease term.

* The department is not required to pay general rates to local governments for properties covered by Section 95 of the *Housing Act 2003* so these payments are considered special payments. Consequently, rates to local governments include special payments totalling \$49.542 million (2016 \$47.688 million) in respect of general rates.

** Motor vehicle costs include registration for QFleet motor vehicles paid to a related party.

*** Service level agreement charges are all related party payments paid to other Queensland Government departments for provision of services that include finance, procurement, human resource management, telecommunications and use of service centres.

3.2 Employee expenses

Employee benefits

Wages and salaries	230,982	228,336
Annual leave levy	23,880	22,842
Employer superannuation contributions	30,436	29,532
Long service leave levy	5,019	5,209
Termination benefits	196	657
Other employee benefits	797	725
	291,310	287,301
Employee-related expenses	10,611	10,499
Total	301,921	297,800

Wages and salaries

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

Annual leave and long service leave

Under the Queensland Government's Annual Leave Central Scheme and Long Service Leave Scheme a levy is made on the department to cover the cost of employees' annual leave (including leave loading and on-costs) and long service leave. These payments are related party transactions as they are made to Queensland Treasury. 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.

Department of Housing and Public Works
Notes to the financial statements 2016-17

	2017 \$'000	2016 \$'000
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3.2 Employee expenses (continued)

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees. Contributions are expensed in the period in which they are paid or payable. The department's obligation is limited to its contribution to QSuper.

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-government basis, and reported in those financial statements prepared pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Employee related expenses

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

Number of employees

The number of employees (measured on a full-time equivalent basis) as at 30 June 2017 is 2,937 (2016 2,978).

Key management personnel and remuneration disclosures are detailed in Note 8.1.

3.3 Grants and subsidies

Housing grants

Private housing programs	29,883	30,435
Aboriginal and Torres Strait Islander housing*	61,421	63,645
Social rental housing**	15,929	6,758
Other	1,582	1,259
Donated non-current physical assets	6	145
Other grants and subsidies***	10,157	1,836
Total	118,978	104,078

* Includes \$10.571 million paid to Department of Aboriginal and Torres Strait Islander Partnerships for housing.

** Includes \$7.210 million paid to Brisbane Housing Company for housing.

*** Includes \$9.182 million paid to Department of Science, Information Technology and Innovation for information technology fitouts.

3.4 Other expenses

Deferred appropriation payable to Consolidated Fund	33,374	-
Insurance premiums - Queensland Government Insurance Fund	15,027	14,837
Insurance premiums - other	4,058	4,211
External audit fees*	866	900
Losses:**		
Buildings subject to insurance	2,305	1,731
Special payments:***		
Court awarded damages	-	2
Ex-gratia payments - payments to former Core Agreement employees****	-	33
Ex-gratia payments - other	331	33
Other	2,821	1,275
Total	58,782	23,022

Department of Housing and Public Works
Notes to the financial statements 2016-17

	2017 \$'000	2016 \$'000
3.4 Other expenses (continued)		
<p>* Total audit fees quoted by the Queensland Audit Office (related party) relating to the 2016-17 financial statements are \$0.900 million (GST exclusive) (2016 actual audit fees \$0.875 million). No non-audit services were provided.</p> <p>** Certain losses of public property are insured with the Queensland Government Insurance Fund (QGIF) (related party). The claims made in respect of these losses have yet to be assessed by QGIF, and the amount recoverable cannot be estimated reliably at reporting date. Upon notification by QGIF of the acceptance of a claim, revenue will be recognised for the agreed settlement amount. For each accepted claim the department is liable for the first \$10,000, being the insurance excess.</p> <p>*** Special payments include ex-gratia expenditure and other expenditure that the department is not contractually or legally obligated to make to other parties. Included in special payments is:</p> <ul style="list-style-type: none"> • \$0.260 million paid to a third party in relation to the provision of letting and property management services where the department was an agent • \$10,000 paid to the Social Enterprise World Forum bursary fund to support five Queensland social enterprise leaders to attend the Social Enterprise World Forum 2017 • \$7,207 paid to a community housing provider for damage to a rental property • \$5,500 paid to a third party for damage to private property. <p>The total of all special payments includes rates payments that are required to be disclosed within Supplies and services (Note 3.1).</p> <p>**** As part of the settlement offer to finalise negotiations for the <i>State Government Entities Certified Agreement 2015</i>, an undertaking was made that a Section 831 one-off payment of \$1,300 (or pro-rata) would be extended to those employees who resigned, retired or otherwise moved to other employment arrangements after 1 April 2016, but before the agreement was certified on 1 June 2016. These amounts are included in special payments in 2015-16.</p>		
4 ASSETS		
4.1 Property, plant and equipment		
Land: at fair value	9,726,138	9,698,570
Buildings: at fair value	6,820,155	6,927,970
Leased assets: at fair value		
Gross	1,361,620	1,376,638
Less accumulated depreciation	(417,614)	(437,471)
	944,006	939,167
Plant and equipment: at cost		
Gross	519,771	372,496
Less accumulated depreciation	(121,363)	(112,732)
	398,408	259,764
Infrastructure: at fair value		
Gross	308,626	301,941
Less accumulated depreciation	(88,488)	(82,275)
	220,138	219,666
Heritage and cultural assets: at fair value		
Gross	110,716	100,005
Less accumulated depreciation	(70,663)	(59,915)
	40,053	40,090
Work in progress: at cost	141,107	122,413
Total	18,290,005	18,207,640

Department of Housing and Public Works
Notes to the financial statements 2016-17

4.1 Property, plant and equipment (continued)

Property, plant and equipment reconciliation

	Land \$'000	Buildings \$'000	Leased assets \$'000	Plant and equipment \$'000	Infrastructure \$'000	Heritage and cultural assets \$'000	Work in progress \$'000	Total \$'000
Carrying amount at 1 July 2015	9,380,407	7,116,666	863,764	248,469	215,083	36,192	96,194	17,956,775
Transfers from other Queensland Government entities	10	650	-	-	-	-	-	660
Transfers to other Queensland Government entities	(1,836)	(333)	-	(204)	-	-	-	(2,373)
Acquisitions	42,881	103,947	4,773	98,308	-	50	178,748	428,707
Transfers between classes	(156)	59,933	85,042	114	-	7,396	(152,329)	-
Transfers to inventories	-	-	-	(46,652)	-	-	-	(46,652)
Disposals	(1,739)	(3,539)	(1,295)	(93)	-	-	(200)	(6,866)
Assets reclassified as held for sale	(89,833)	(35,076)	-	-	-	402	-	(124,507)
Net revaluation increments/(decrements) recognised in asset revaluation surplus	368,836	-	11,008	-	8,152	(3,066)	-	384,930
Net revaluation increments/(decrements) recognised in operating result	-	(131,342)	-	-	-	-	-	(131,342)
Depreciation	-	(180,396)	(24,125)	(38,969)	(3,569)	(884)	-	(247,943)
Other adjustments	-	(2,540)	-	(1,209)	-	-	-	(3,749)
Carrying amount at 30 June 2016	9,698,570	6,927,970	939,167	259,764	219,666	40,090	122,413	18,207,640
Carrying amount at 1 July 2016	9,698,570	6,927,970	939,167	259,764	219,666	40,090	122,413	18,207,640
Transfers from other Queensland Government entities	5,319	19,528	-	1,208	-	-	-	26,055
Transfers to other Queensland Government entities	(1,974)	(515)	-	(195)	-	(90)	-	(2,774)
Acquisitions	35,353	86,529	11,785	211,971	-	-	215,080	560,718
Transfers between classes	461	87,364	104,052	2,589	-	1,920	(196,386)	-
Transfers to inventories	-	-	-	(29,261)	-	-	-	(29,261)
Disposals	(3)	(3,261)	(1,752)	(127)	-	-	-	(5,143)
Assets reclassified as held for sale	(57,839)	(24,366)	-	-	-	-	-	(82,205)
Net revaluation increments/(decrements) recognised in asset revaluation surplus	46,251	-	(82,114)	-	3,429	(1,363)	-	(33,797)
Net revaluation increments/(decrements) recognised in operating result	-	(109,852)	-	-	-	-	-	(109,852)
Depreciation	-	(163,242)	(27,132)	(47,541)	(2,957)	(504)	-	(241,376)
Carrying amount at 30 June 2017	9,726,138	6,820,155	944,006	398,408	220,138	40,053	141,107	18,290,005

4.1 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 a non-current physical asset is acquired by means of a finance lease, the asset is recognised at the lower of the fair value of the leased property, and the present value of the minimum lease payments. The lease liability is recognised at the same amount. Lease payments are allocated between the principal component of the lease liability and the interest expense.

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
Leased assets	\$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 as required by Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector*. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation. All assets 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 in accordance with the *Non-current Asset Policies for the Queensland Public Sector*. The carrying amounts are not materially different from their fair value.

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

4.1 Property, plant and equipment (continued)

(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 internal expert or by the use of appropriate and relevant indices.

The department has a Property Asset Management Committee (of which the Chief Finance Officer is a member) that oversees the valuation process undertaken by Housing Services, Queensland Government Accommodation Office and Government Employee Housing units. These units determine the specific revaluation practices and procedures. Each unit has a separate committee to provide detailed oversight of their revaluation practices, reports and outcomes arising from each annual review.

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, and
- level three – represents fair value measurements that are substantially derived from unobservable inputs.

For assets revalued using a cost valuation approach (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.

(i) Social housing – land and buildings

Fair value is primarily determined by establishing current market value from the sale prices of comparable properties as there are usually active and liquid residential property markets which provide sufficient applicable sales evidence. The revaluation framework for social housing assets has been developed in recognition of the large number, homogenous nature, location and density of the property portfolio.

As at 30 June 2017, the department revalued its social housing properties by dividing the state into geographical regions and homogenous groups within each region according to certain criteria (including number of bedrooms, condition, previous value, age of property, building type). Properties were sampled for specific appraisal from groups where the department owns its highest proportion of properties and where there is adequate market depth to determine fair value. In 2016-17 46% (2015-16 25%) of properties were specifically appraised. A sample of valuations that resulted in significant movements (+ or - 20% or greater than \$1 million) was reviewed by the department for reasonableness against external market information.

4.1 Property, plant and equipment (continued)

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

(i) Social housing – land and buildings (continued)

Following the specific appraisals of the representative sample of properties, separate indices were calculated for assets within each region using the mean of the ratios of the previous year's values to the current year's values. To ensure the integrity of the valuation results used to derive the indices, the department used two independent valuers to provide specific appraisals for different properties within the sample for that region. Properties with similar characteristics were given to each valuer. The mean of the test valuations provided by the second valuation firm must be within one standard deviation (+ or -) of the mean of the valuations provided by the primary valuation firm, and the relative standard error rate $\leq 4\%$, before the indices are accepted.

The indices were subsequently applied to properties across each region not specifically appraised, in order to derive current market values. An analysis performed by the department has indicated that on average, the variance between an indexed asset value and the valuation by an independent valuer when performed on a rotational basis is not significant, and the department's indices are sound.

Every five years, the sample is increased to further test the robustness of the index calculation process, and to provide greater coverage of the property portfolio by specific appraisal. The increased sample size applies to the valuations for 2016-17 as it has been five years since the sample size was last extended.

Specific appraisals of land are undertaken at the same time as the related building revaluations are performed.

The most significant inputs into the valuations were location, bedroom count, price per square metre (units generally), land size (detached houses generally), condition and a discount factor applied to accommodation in recognition of the cost of obtaining strata title to sell. Under the fair value hierarchy there are two inputs categorised as unobservable – condition of the property and the discount applied to some multi-unit properties without strata title on individual units.

The condition rating of the properties is supplied to the valuer as part of the valuation kit. The condition rating of the properties does not result in a significant adjustment to the valuations as the department's renewal policy requires properties to be maintained to a satisfactory standard, with property condition assessed at least once every three years by internal inspection.

The discounts applied to some multi-unit residential properties where there is no strata title for individual units results in adjustments to the level two inputs that are significant to the fair value measurement, and those buildings become subject to level three hierarchy disclosures. Where single title (i.e. not strata title) exists over multi-unit properties, an adjustment is made to reflect the required costs for strata title.

Key assumptions: The following assumptions were made in relation to the valuation of social housing properties:

- All assets were valued at highest and best use. There were no assets valued where it was assumed that the highest and best use was other than its current use.
- Valuers have made the assumption that the data provided by the department is current and a true reflection of the characteristics of each property, e.g. number of bedrooms and property size.
- Valuers have assumed that all properties are in sound condition with no essential repairs required, or have assumed that the condition of the exterior is consistent with the interior of the building.
- Where recent sales for comparable properties were limited, valuers have assessed market value with reference to older sales in the area, sales in comparable areas or have applied an income approach.

(ii) Leased assets - buildings on Deed of Grant in Trust (DOGIT) land

Leased assets are acquired under 40 year finance leases with a number of Aboriginal and Torres Strait Islander councils to facilitate the construction and/or refurbishment of properties on communal land in accordance with the National Partnership Agreement on Remote Indigenous Housing, entered into between the Australian Government and the Queensland Government.

4.1 Property, plant and equipment (continued)

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

(ii) Leased assets - buildings on Deed of Grant in Trust (DOGIT) land (continued)

The properties are initially recognised at the present value of the minimum lease payments (lease payments are approximately \$2,800 per year, per dwelling), which is lower than the fair value of the leased property. The department then immediately revalues these assets to fair value using management valuations based on council valuations.

Leased assets are specifically appraised at least once every five years on a rolling basis. Any new leases, and new constructions, are revalued when the community receives its next specific appraisal or at most within five years. Indices provided by independent valuers, are applied for the intervening years. As at 30 June 2017, Opteon performed specific appraisals or supplied indices. As there is no active market for buildings on DOGIT land the current replacement cost approach is used. Current replacement cost reflects the current cost that would be required to replace the service capacity of the asset as it currently exists. The cost is estimated to be the amount that would be incurred by a market participant to acquire or construct a substitute asset, adjusted for comparable utility and obsolescence.

(iii) 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 supplied by a registered valuer
- indices applied to social housing properties
- indices applied to Deed of Grant in Trust properties.

Five year rolling valuations are performed on these properties. Properties that aren't specifically appraised in any given year are indexed.

(iv) Commercial properties – land and buildings

As at 30 June 2017, commercial properties were either:

- specifically appraised by independent valuers from m3Property or Taylor Byrne
- indexed using the Rawlinsons Brisbane Building Price Index or
- indexed using a location-specific market index provided by State Valuation Service.

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 the current replacement cost methodology.

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.

4.1 Property, plant and equipment (continued)

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

(v) Infrastructure

The infrastructure assets comprise 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 2015 by Taylor Byrne taking into account useful life, age, condition and functionality. Quantity surveyors assessed the replacement cost for Taylor Byrne. 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, and
- improvements are sited within title boundaries and without encroachment.

At 30 June 2017 a pedestrian bridge index of 1% was provided by valuation firm Taylor Byrne, based on advice from internal quantity surveyors analysing the construction costs of the various components of the assets and then applying the cost movements against the relevant proportions of the original project estimate.

The parkland was indexed using the Rawlinsons Brisbane Building Price Index of 4.3%.

(vi) Heritage and cultural assets

Fair value for the department's 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.

At 30 June 2017, heritage properties were either:

- specifically appraised by independent valuers m3Property or Taylor Byrne
- indexed using a location-specific market index provided by the State Valuation Service or
- indexed using the Rawlinsons Brisbane Building Price Index (4.3%) for buildings valued using current replacement cost.

All properties not specifically appraised during 2016-17 were last specifically appraised as at 30 June 2014 by the firm CBRE.

(d) Asset revaluation surplus by class

	Land \$'000	Leased assets \$'000	Infrastructure \$'000	Heritage and cultural assets \$'000	Total \$'000
Balance at 1 July 2015	1,163,478	261,973	103,752	8,219	1,537,422
Net revaluation increments/(decrements)	368,835	11,008	8,152	(3,065)	384,930
Balance at 30 June 2016	1,532,313	272,981	111,904	5,154	1,922,352
Balance at 1 July 2016	1,532,313	272,981	111,904	5,154	1,922,352
Net revaluation increments/(decrements)	46,251	(82,114)	3,429	(1,363)	(33,797)
Balance at 30 June 2017	1,578,564	190,867	115,333	3,791	1,888,555

Department of Housing and Public Works
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4.1 Property, plant and equipment (continued)

(e) Fair value measurement

Categorisation of fair values recognised as at 30 June 2017

	Level 2 \$'000		Level 3 \$'000		Total \$'000	
	2017	2016	2017	2016	2017	2016
Buildings						
- social housing	2,646,840	2,791,947	2,840,134	2,851,117	5,486,974	5,643,064
- government employee housing	440,869	440,714	29,352	29,485	470,221	470,199
- commercial	558,965	521,224	303,995	293,483	862,960	814,707
Total buildings	3,646,674	3,753,885	3,173,481	3,174,085	6,820,155	6,927,970
Land						
- social housing	8,658,690	8,646,071	-	-	8,658,690	8,646,071
- government employee housing	165,097	177,487	-	-	165,097	177,487
- commercial	902,351	875,012	-	-	902,351	875,012
Total land	9,726,138	9,698,570	-	-	9,726,138	9,698,570
Infrastructure	-	-	220,138	219,666	220,138	219,666
Heritage and cultural assets	19,885	19,064	20,168	21,026	40,053	40,090
Total	13,392,697	13,471,519	3,413,787	3,414,777	16,806,484	16,886,296

Level 3 significant valuation inputs

Asset class	Type of significant unobservable inputs
Buildings	Discounts for non-strata title units. This represents the cost of obtaining strata title to sell.
Infrastructure	Infrastructure replacement costs are on a per component basis. Remaining useful lives.
Heritage and cultural assets	Building replacement/ reproduction cost rates. Remaining useful lives. Capitalisation rates.

(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.

Buildings subject to finance leases (leased assets) are depreciated on a straight-line basis over the term of the lease, which is shorter than the useful life of the building.

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.

4.1 Property, plant and equipment (continued)

(g) Depreciation (continued)

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

Buildings	1% to 14%
Leased assets	2.5%
Infrastructure	From 1% to 9% in accordance with useful life of components
Heritage and cultural assets	1% to 2%
Plant and equipment	3% to 75%

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 building.

Key judgement: A key strategic asset management principle of the department is the efficient and effective maintenance and upgrade of social housing properties to optimise the useful lives of assets. Property condition is assessed at least once every three years by internal inspection. This results in a condition rating being assigned, and informs future maintenance and upgrade activities. A property that is ready for demolition has a condition rating of one and a property that is like new has a condition rating of ten. Management has assessed that where 95% of social housing buildings have a condition rating greater than eight, this supports the annual revision of the remaining useful life for social housing buildings to 50 years.

(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'). The project is expected to be completed in 2022.

The Department of Housing and Public Works is the owner of the majority of land and buildings within the IRD Precinct. In January 2017, the Queensland Government entered into an Early Works Lease with the Consortium granting them access to part of the IRD Precinct (Executive Building and Annex, 80 George St, Neville Bonner Building, Public Services Club, National Trust House, Harris Terrace and the Printing Building – 110 George Street) to enable site preparation such as demolition of buildings to proceed. As the development lease for the precinct is still dependent on the assessment of the plan of development by Economic Development Queensland, the existing valuation methodology continues to apply. As at 30 June 2017, the carrying value of the land and buildings within the IRD Precinct was \$258.404 million.

(i) Long-term Community Housing Program

The department's Long-term Community Housing Program aims to deliver long-term rental housing that is secure, appropriate and affordable, for persons whose needs are not adequately met by other housing options. Under this program the department may provide grants of property or monetary assistance to community housing providers. Grant funding is provided for the construction, purchase or upgrade of dwellings and community housing providers may also contribute land and funding for the dwellings. The terms and conditions of the grant funding are contained in agreements entered into between the State and the provider. Legal title to dwellings funded under this program may be held by the provider or the department. As at 30 June 2017, the department had provided funding in relation to 3,458 (2016 3,432) properties under this program where title is held by the provider. Due to the fact that the department does not have sole control of these assets, and they are not material, these assets are not disclosed as department assets.

Department of Housing and Public Works
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	2017 \$'000	2016 \$'000
4.2 Loans and receivables		
<i>Current</i>		
Trade debtors	136,502	94,744
Less: allowance for impairment loss	(1,917)	(876)
	<u>134,585</u>	<u>93,868</u>
Rental bond loans	26,479	29,846
Less: allowance for impairment loss	(9,774)	(12,417)
	<u>16,705</u>	<u>17,429</u>
Social housing debtors - rent and maintenance	23,022	39,980
Less: allowance for impairment loss	(12,866)	(28,930)
	<u>10,156</u>	<u>11,050</u>
Annual leave reimbursements*	4,816	4,139
Long service leave reimbursements*	1,277	1,209
Housing loans	4,980	4,835
Appropriation revenue receivable	-	3,540
Equity adjustment receivable	4,416	-
Finance lease receivables	1,323	1,322
Deferred operating lease rent	3,945	5,945
Total current loans and receivables	<u>182,203</u>	<u>143,337</u>
<i>Non-current</i>		
Rental bond loans	6,616	7,457
Less: allowance for impairment loss	(2,444)	(3,104)
	<u>4,172</u>	<u>4,353</u>
Deferred operating lease rent	61,700	62,748
Housing loans	26,884	24,871
Finance lease receivables	37,386	38,828
Logan Renewal Initiative advance	-	3,500
Total non-current loans and receivables	<u>130,142</u>	<u>134,300</u>

*Refer to note 3.2 for further information.

Loans and receivables (excluding deferred operating lease rent which is recognised on a straight-line basis) are measured at amortised cost which approximates their fair value at reporting date. Loans and receivables are recognised at the amount due at the time of sale or service delivery with the exception of housing loans, which reflect the monies lent, plus interest and other costs, less repayments from borrowers. Settlement of trade debtors is generally required within 30 days from invoice date. Bond loan terms range from 18 to 30 months. Original housing loan terms range from 15 to 25 years on average.

Related party receivables include the following:

- trade debtors are primarily debts owed at 30 June by other Queensland public sector entities (related parties) for ongoing building maintenance and construction
- annual and long service leave reimbursements receivable
- deferred operating lease rent.

Department of Housing and Public Works
Notes to the financial statements 2016-17

4.2 Loans and receivables (continued)

Impairment

The collectability of loans and receivables is periodically assessed with an allowance being made for impairment where required. Portfolios of homogenous loans and receivables are assessed for impairment on a collective basis. The allowance for impairment reflects the occurrence of loss events. The most readily identifiable loss event is where a debtor is overdue in payment of a debt to the department. Loans and receivables that are determined to be uncollectable (after an appropriate range of debt recovery actions) are deducted from the relevant allowance for impairment.

If no loss events have arisen in respect of a particular group of debtors, no allowance for impairment is made in respect of that group. If the department determines that an amount owing by such a debtor does become uncollectable, the amount is recognised as a bad debt expense and written-off directly against loans and receivables.

All known bad debts were written-off as at 30 June.

Movements in allowance for impairment loss

Current

	Trade debtors \$'000	Rental bond loans \$'000	Social housing debtors \$'000	Total \$'000
Balance at 1 July 2015	1,684	10,651	24,581	36,916
Increase in allowance recognised in operating result	(19)	1,952	4,537	6,470
Amounts written-off during the year	(789)	(186)	(188)	(1,163)
Balance at 30 June 2016	876	12,417	28,930	42,223
Balance at 1 July 2016	876	12,417	28,930	42,223
Increase in allowance recognised in operating result	1,135	2,934	6,738	10,807
Amounts written-off during the year	(94)	(5,577)	(22,802)	(28,473)
Balance at 30 June 2017	1,917	9,774	12,866	24,557

Non-current

	Rental bond loans \$'000
Balance at 1 July 2015	2,663
Increase in allowance recognised in operating result	488
Amounts written-off during the year	(47)
Balance at 30 June 2016	3,104
Balance at 1 July 2016	3,104
Increase in allowance recognised in operating result	734
Amounts written-off during the year	(1,394)
Balance at 30 June 2017	2,444

Department of Housing and Public Works
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4.3 Credit risk

The department is exposed to credit risk in respect of its loans and receivables. The maximum exposure to credit risk at balance date is the gross carrying amount of these assets inclusive of any allowances for impairment.

The department manages credit risk by monitoring all funds owed on a timely basis.

Most loans in the department's housing lending portfolio are secured by a registered first mortgage over the property concerned. Loans under the Rental Purchase Plan scheme are secured through title to the property remaining with the department until the purchase is fully completed under the contract. For loans under the Pathways Shared Equity Program, title to the property is held jointly by the department and the borrower until the purchase is fully completed under the contract.

The credit quality of the following loans and receivables that are neither past due nor impaired is considered to be high:

- Deferred operating lease receivables are predominantly with other state government agencies.
- Housing loans have a low level of arrears, an absence of defaults, and most of the loans were provided many years ago based on much lower residential property values.
- Finance lease receivables are with other commonwealth and state government agencies.

Ageing of past due but not impaired loans and receivables

	Overdue				Total \$'000
	Less than 30 days	30-60 days	61-90 days	More than 90 days	
	\$'000	\$'000	\$'000	\$'000	
2017 Loans and receivables	20,417	900	289	1,623	23,229
2016 Loans and receivables	7,845	2,196	608	4,424	15,073

4.4 Inventories

	2017 \$'000	2016 \$'000
Inventory held for resale		
Construction work in progress*	43,162	38,345
Motor vehicles	4,712	4,925
Finished goods	254	239
	48,128	43,509
Raw materials	44	37
Total	48,172	43,546
*Construction work in progress comprises:		
Contract costs incurred to date	74,536	87,952
Profit recognised to date	9,265	20,525
Less: Allowance for foreseeable losses	(656)	(230)
Less: Progress billings	(39,983)	(69,902)
	43,162	38,345

Inventories are valued at the lower of cost and net realisable value.

Construction work in progress related to projects managed by Building and Asset Services is carried at cost plus profit recognised to date, based on an estimation of the value of work completed, less progress billings and less any allowance for foreseeable losses. An allowance for the total loss on a contract is made as soon as the loss is identified.

Costs include both variable and fixed costs directly related to specific contracts, and those which can be attributed to contract activity in general and allocated to specific contracts on a reasonable basis. Also included are costs expected to be incurred under penalty clauses and rectification provisions.

Department of Housing and Public Works
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2017 **2016**
\$'000 **\$'000**

4.5 Financial assets at fair value through profit or loss

The department has two housing products which are classified as financial assets at fair value through profit or loss, being Rental Purchase Plan and Pathways Shared Equity.

Under a Rental Purchase Plan agreement, clients obtain a loan from the department for the purchase of a part share in a home and pay monthly instalments which include both a loan repayment (including interest) and a rent component. Under the Pathways Shared Equity Program, clients obtain a loan from the department for the purchase of a share in a property they are currently renting from the department. Clients pay monthly loan repayments to the department.

The department does not have effective control of properties subject to these agreements and its interest in the properties meets the definition of a financial instrument. Fair value is based on the net market value of the department's proportion of the underlying properties.

Loans provided under the loan agreements for these products are disclosed as housing loans receivable.

The department is exposed to market risk through its interest in Rental Purchase Plan and Pathways Shared Equity properties as the value of the department's interest in the properties is directly related to movements in the residential property market in the respective areas where they are located. Historically between 80% to 87% of the value of the department's interest in these properties is concentrated in the south-east corner of Queensland.

4.6 Non-current assets classified as held for sale

Land	44,765	49,972
Buildings	10,494	12,279
Total	55,259	62,251

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 social housing, 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) or existing tenants.

The technique to determine fair value less costs to sell for land and buildings is consistent with the technique used for the department's social housing, government employee housing and commercial properties (i.e. market and income approaches) and so the valuation represents a level two measurement. Refer to Note 4.1 for further details about the valuation of land and buildings.

Department of Housing and Public Works
Notes to the financial statements 2016-17

	2017 \$'000	2016 \$'000
5 LIABILITIES		
5.1 Interest-bearing liabilities		
<i>Current</i>		
Australian Government borrowings	14,801	14,517
Queensland Treasury Corporation borrowings	1,813	2,355
Finance lease liability	1,411	1,231
Total current interest-bearing liabilities	18,025	18,103
<i>Non-current</i>		
Australian Government borrowings	293,664	308,465
Queensland Treasury Corporation borrowings	174,858	157,558
Finance lease liability	119,117	110,325
Total non-current interest-bearing liabilities	587,639	576,348

Borrowings

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.

The fair value of Australian Government borrowings and Queensland Treasury Corporation borrowings is notified by the Queensland Treasury Corporation and is calculated using discounted cash flow analysis. It is classified as a level three fair value in the fair value hierarchy. The carrying amount and fair value of borrowings is disclosed below:

	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
Australian Government borrowings	308,465	351,920	322,982	481,753
Queensland Treasury Corporation borrowings	176,671	177,937	159,913	162,758

Any borrowing costs are added to the carrying amount of the borrowing to the extent they are not settled in the period in which they arise.

Interest rates on Queensland Treasury Corporation (related party) borrowings range from 3.6% to 6.3% (2016 2.1% to 6.3%) and on Australian Government borrowings from 3.5% to 6% (2016 3.5% to 6%).

The department has an overdraft facility of \$30 million (2016 \$30 million) with the Commonwealth Bank and working capital facilities of \$55 million (2016 \$55 million) with Queensland Treasury Corporation. These facilities were undrawn as at 30 June and are available for future use.

Finance lease liabilities

Future minimum lease payments under finance leases are as follows:

	Present value of minimum lease payments			
	Minimum lease payments		lease payments	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Not later than one year	6,542	6,150	6,542	6,150
Later than one year and not later than five years	26,170	24,598	23,426	21,968
Later than five years	201,714	193,447	90,560	83,438
	234,426	224,195	120,528	111,556
Less future finance charges	(113,898)	(112,639)	n/a	n/a
Present value of minimum lease payments	120,528	111,556	120,528	111,556

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2017
\$'000

2016
\$'000

5.1 Interest-bearing liabilities (continued)

Finance lease liabilities (continued)

The department has entered into a number of land and building finance leases with councils in remote Aboriginal and Torres Strait Islander communities to facilitate new social housing and housing upgrades. Each lease has a life of 40 years with an option exercisable by the department to renew for another 40 years included in the lease contract. The leases have no purchase options.

In respect of these leases, contingent rent of \$4.048 million (2016 \$4.618 million) was recognised as an expense. This consisted of annual CPI adjustments to lease payments and property rates payable under the lease agreements.

Refer to Note 4.1(a) for further information on the recognition of lease liabilities.

5.2 Payables

Current

Trade creditors	185,740	148,011
Grants and subsidies payable	32,259	35,516
Deferred appropriation payable to Consolidated Fund	33,574	-
Equity adjustment payable	-	6,493
Dividends	9,569	8,335
Deferred operating lease rent	3,696	6,264
Other	3,125	1,520
GST payable	28,103	20,715
GST input tax credits receivable	(19,618)	(15,633)
Net GST payable	8,485	5,082

Total

276,448 211,221

Non-current

Deferred operating lease rent	86,537	65,166
Total	86,537	65,166

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

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 remaining undistributed at the reporting date is recognised.

5.3 Lease incentives

Current

1 William St, Brisbane	12,782	-
Other	1,439	1,439
Total	14,221	1,439

Non-current

1 William St, Brisbane	171,540	18,609
Other	3,477	5,110
Total	175,017	23,719

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

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	2017 \$'000	2016 \$'000
5.4 Queen's Wharf deferred consideration		
The developer of the Queen's Wharf Project will provide 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.		
5.5 Unearned revenue		
Current		
Construction contracts	76,057	45,782
Rent	20,440	20,286
Finance lease revenue	1,322	1,322
Other	29,235	18,481
Total	127,054	85,871
Non-current		
Finance lease revenue	30,774	31,742
Total	30,774	31,742

5.6 Liquidity risk

The department is exposed to liquidity risk in respect of its payables, Australian Government and Queensland Treasury Corporation (related party) borrowings and finance 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 tables set 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			
		Contractual maturity payable in			Total
		<1 year \$'000	1-5 years \$'000	>5 years \$'000	\$'000
2017					
Financial liabilities					
Payables*	272,752	272,752	-	-	272,752
Interest-bearing liabilities					
Australian Government borrowings	308,465	28,511	110,239	315,247	453,997
Queensland Treasury Corporation borrowings	176,671	7,403	27,595	171,396	206,394
Finance lease liability	120,528	6,542	26,170	201,714	234,426
Total	878,416	315,208	164,004	688,357	1,167,569
	Amortised Cost \$'000	Undiscounted cash flows			
		Contractual maturity payable in			Total
		<1 year \$'000	1-5 years \$'000	>5 years \$'000	\$'000
2016					
Financial liabilities					
Payables*	204,957	204,957	-	-	204,957
Interest-bearing liabilities					
Australian Government borrowings	322,982	28,866	111,879	342,118	482,863
Queensland Treasury Corporation borrowings	159,913	7,712	28,394	150,738	186,844
Finance lease liability	111,556	6,150	24,598	193,447	224,195
Total	799,408	247,685	164,871	686,303	1,098,859

* Excludes deferred operating lease rent.

Department of Housing and Public Works
Notes to the financial statements 2016-17

	2017 \$'000	2016 \$'000
6 EQUITY		
6.1 Contributed equity		
<p>Interpretation 1038 <i>Contributions by Owners Made to Wholly-Owned Public Sector Entities</i> specifies the principles for recognising contributed equity by the department. The following items are recognised as contributed equity during the reporting and comparative years and are disclosed in the Statement of Changes in Equity:</p> <ul style="list-style-type: none"> • appropriations for equity adjustments (refer to Note 6.2) • non-appropriated equity adjustments • non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities as a result of machinery-of-government changes. 		
6.2 Appropriations recognised in equity		
<i>Reconciliation of payments from consolidated fund to equity adjustment recognised in contributed equity</i>		
Budgeted equity adjustment appropriation	259	180,881
Transfers from/to other headings	44,064	-
Unforeseen expenditure	48,613	
Lapsed equity adjustment	-	(138,212)
Equity adjustment receipts (payments)	92,936	42,669
Plus: Closing balance of equity adjustment receivable	4,416	-
Plus: Opening balance of equity adjustment payable	6,493	23,292
Less: Closing balance of equity adjustment payable	-	(6,493)
Equity adjustment recognised in contributed equity	103,845	59,468

Department of Housing and Public Works
Notes to the financial statements 2016-17

7 BUDGET TO ACTUAL COMPARISON

From 1 July 2016, responsibilities in relation to specialist homelessness services were transferred between the Department of Communities, Child Safety and Disability Services and the Department of Housing and Public Works. As required by Queensland Treasury policy under such circumstances, the budget figures used in this comparison represent the Adjusted Budget figures for the financial year, as published in the latest Service Delivery Statement tabled in Parliament. The adjustments were not material.

STATEMENT OF COMPREHENSIVE INCOME

	Variance notes	Adjusted budget 2017 \$'000	Actual 2017 \$'000	Variance \$'000
INCOME FROM CONTINUING OPERATIONS				
User charges and fees	1	1,528,399	1,654,157	125,758
Appropriation revenue		731,433	682,089	(49,344)
Grants and other contributions		170	5,555	5,385
Interest		3,756	3,852	96
Other revenue		29,089	31,719	2,630
Total revenue		2,292,847	2,377,372	84,525
Gains on disposal/remeasurement of assets		3,427	6,363	2,936
Total income from continuing operations		2,296,274	2,383,735	87,461
EXPENSES FROM CONTINUING OPERATIONS				
Supplies and services	2	1,645,000	1,719,062	74,062
Employee expenses		313,679	301,921	(11,758)
Depreciation and amortisation		251,550	245,494	(6,056)
Grants and subsidies		143,812	118,978	(24,834)
Revaluation decrement	3	-	109,852	109,852
Finance/borrowing costs		27,360	25,819	(1,541)
Impairment losses		8,077	17,883	9,806
Other expenses		24,822	58,782	33,960
Total expenses from continuing operations		2,414,300	2,597,791	183,491
Operating result from continuing operations before income tax		(118,026)	(214,056)	(96,030)
Income tax benefit/(expense)		(1,884)	(8,202)	(6,318)
Operating result from continuing operations after income tax		(119,910)	(222,258)	(102,348)
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to operating result				
Increase/(decrease) in asset revaluation surplus	4	-	(33,797)	(33,797)
Total other comprehensive income		-	(33,797)	(33,797)
Total comprehensive income		(119,910)	(256,055)	(136,145)

Department of Housing and Public Works
Notes to the financial statements 2016-17

7 BUDGET TO ACTUAL COMPARISON (CONTINUED)

BALANCE SHEET

	Variance notes	Adjusted budget 2017 \$'000	Actual 2017 \$'000	Variance \$'000
CURRENT ASSETS				
Cash and cash equivalents	5	258,047	580,030	321,983
Loans and receivables		174,685	182,203	7,518
Inventories		59,222	48,172	(11,050)
Prepayments		71,111	43,121	(27,990)
Financial assets at fair value through profit or loss		4,000	5,000	1,000
Tax assets		942	2,277	1,335
		568,007	860,803	292,796
Non-current assets classified as held for sale		31,503	55,259	23,756
Total current assets		599,510	916,062	316,552
NON-CURRENT ASSETS				
Property, plant and equipment		18,195,348	18,290,005	94,657
Financial assets at fair value through profit or loss		180,589	182,031	1,442
Loans and receivables		119,930	130,142	10,212
Intangible assets		8,307	9,465	1,158
Deferred tax assets		1,612	1,412	(200)
Total non-current assets		18,505,786	18,613,055	107,269
TOTAL ASSETS		19,105,296	19,529,117	423,821
CURRENT LIABILITIES				
Payables	6	163,722	276,448	112,726
Unearned revenue		89,609	127,054	37,445
Interest-bearing liabilities		18,146	18,025	(121)
Lease incentives	7	1,438	14,221	12,783
Accrued employee benefits		10,207	13,796	3,589
Tax liabilities		66	2,826	2,760
Other current liabilities		9,990	9,771	(219)
Total current liabilities		293,178	462,141	168,963
NON-CURRENT LIABILITIES				
Interest-bearing liabilities		574,877	587,639	12,762
Lease incentives	7	3,479	175,017	171,538
Queen's Wharf deferred consideration		121,840	114,154	(7,686)
Payables	8	488	86,537	86,049
Unearned revenue		30,419	30,774	355
Deferred tax liabilities		10,228	15,960	5,732
Other non-current liabilities		280	283	3
Total non-current liabilities		741,611	1,010,364	268,753
TOTAL LIABILITIES		1,034,789	1,472,505	437,716
NET ASSETS / TOTAL EQUITY		18,070,507	18,056,612	(13,895)

Department of Housing and Public Works
Notes to the financial statements 2016-17

7 BUDGET TO ACTUAL COMPARISON (CONTINUED)

STATEMENT OF CASH FLOWS

		Adjusted budget 2017 \$'000	Actual 2017 \$'000	Variance \$'000
Variance notes				
CASH FLOWS FROM OPERATING ACTIVITIES				
<i>Inflows:</i>				
		1,529,603	1,499,178	(30,425)
	User charges and fees			
	Appropriation receipts	730,016	685,829	(44,187)
	GST input tax credits received from Australian Taxation Office	188,642	149,312	(39,330)
	GST collected from customers	119,845	131,289	11,444
	Grants and other contributions	170	1,841	1,671
	Interest receipts	3,728	2,562	(1,166)
	Other	30,075	106,633	76,558
<i>Outflows:</i>				
	Supplies and services	2 (1,677,320)	(1,575,900)	101,420
	Employee expenses	(313,643)	(300,919)	12,724
	GST remitted to Australian Taxation Office	(139,253)	(145,607)	(6,354)
	GST paid to suppliers	(169,436)	(162,952)	6,484
	Grants and subsidies	(143,812)	(123,087)	20,725
	Finance/borrowing costs	(27,303)	(25,811)	1,492
	Taxation equivalents	(4,015)	(4,445)	(430)
	Other	(26,305)	(22,600)	3,705
Net cash provided by (used in) operating activities		100,992	215,323	114,331
CASH FLOWS FROM INVESTING ACTIVITIES				
<i>Inflows:</i>				
	Sales of property, plant and equipment	9 273,749	207,704	(66,045)
	Loans and advances redeemed	10 33,357	26,882	(6,475)
	Redemption of other financial assets	4,000	8,496	4,496
<i>Outflows:</i>				
	Payments for property, plant and equipment	11 (384,720)	(342,944)	41,776
	Payments for intangible assets	-	(6)	(6)
	Loans and advances made	(30,748)	(31,738)	(990)
Net cash provided by (used in) investing activities		(104,362)	(131,606)	(27,244)
CASH FLOWS FROM FINANCING ACTIVITIES				
<i>Inflows:</i>				
	Equity injections	12 206,827	164,453	(42,374)
	Borrowings	20,000	20,000	-
<i>Outflows:</i>				
	Equity withdrawals	13 (204,465)	(67,517)	136,948
	Borrowing redemptions	(16,456)	(17,765)	(1,309)
	Dividends paid	(6,652)	(8,336)	(1,684)
	Finance lease payments	(8,186)	(1,423)	6,763
Net cash provided by (used in) financing activities		(8,932)	89,412	98,344
Net increase (decrease) in cash and cash equivalents		(12,302)	173,129	185,431
Cash and cash equivalents – opening balance		270,349	406,901	136,552
Cash and cash equivalents – closing balance		258,047	580,030	321,983

7 BUDGET TO ACTUAL COMPARISON (CONTINUED)

Explanations of major variances

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

- The line item within the Statement of Comprehensive Income or the Balance Sheet is material (greater than 10%) compared to total income, total expenses, total assets (less property, plant and equipment) or total 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 adjusted 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.

The department may include as major variances, line items not meeting the above criteria, but which are considered material due to their nature.

Statement of Comprehensive Income

1 *User charges and fees*

The variance of \$125.758 million mainly relates to Building and Assets Services (\$126.438 million) increased sales revenue from additional maintenance and upgrade work and work resulting from tropical cyclone Debbie for educational facilities plus additional upgrade and refurbishment works and facilities maintenance for correctional centres.

2 *Supplies and services*

The variance of \$74.062 million mainly relates to Building and Asset Services increased payments to contractors reflecting the higher volume of client work as outlined in Variance Note 1 above.

3 *Revaluation decrement*

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 in advance, particularly given the size and diversity of the department's property portfolio.

The variance of \$109.852 million represents decreases in the value of social housing residential buildings (\$172.769 million) and residential buildings for the provision of government employee housing (\$13.360 million) partially offset by an increase in the value of non-residential buildings (\$76.277 million).

The decrease in social housing building values primarily reflects a decline in values in Central Queensland, Mackay, North West Queensland and North Queensland as properties in these areas continue to be impacted by the decline in housing demand resulting from the post mining capital investment phase and declining commodity prices. The Logan and Brisbane South regions have experienced modest growth in building values. For the remainder of the state, properties have experienced overall growth – this is largely reflected in land values. Minor reductions in building values in these areas is a result of the ageing portfolio and the relatively low amenity of the department's detached housing portfolio, comparative to product in the market.

The decrease in government employee housing building values primarily reflects the decline in the value of buildings in areas with proximity to and involvement in the mining industry and market valuation impacts of two newly constructed multi-unit dwelling properties on Thursday Island. The increase in non-residential buildings is mainly due to positive growth across the state in regions where buildings are owned.

7 BUDGET TO ACTUAL COMPARISON (CONTINUED)

Explanations of major variances (continued)

4 *Increase/(decrease) 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 in advance, particularly given the size and diversity of the department's property portfolio.

The variance of \$33.797 million principally represents decreases in the value of leased assets – buildings on Deed of Grant in Trust (DOGIT) land (\$82.114 million) partially offset by increases in value of social housing residential land (\$28.939 million) and non-residential land (\$29.813 million).

The net decrease in leased assets is mainly due to the reassessment of current replacement cost for properties specifically appraised in 2016-17. The increase in social housing land values reflects increased values in the South East Queensland residential property market however these increases were offset by reduced values in Central Queensland, Mackay, North West Queensland and North Queensland as properties in these areas continue to be impacted by the decline in housing demand resulting from the post mining capital investment phase and declining commodity prices. The increase in non-residential land values primarily reflects market movements for two sites specifically appraised in South Brisbane due to the positive impact of redevelopment activity in this area.

Balance Sheet

5 *Cash and cash equivalents*

The variance of \$321.983 million is mainly due to:

- the delayed return, from 2016-17 to 2017-18, to the Consolidated Fund of the land premiums (\$114.154 million) received by the department as consideration for the Queen's Wharf Precinct. The delay is due to the complex transfer duty assessment, to be paid from the consideration, not finalised by 30 June.
- deferrals from 2016-17 to 2017-18 for Public Works and Housing Services (\$67.207 million) for capital works, grants, maintenance and information technology projects committed but not finalised.
- increased cash opening balances for Housing Services (\$50.759 million) for timing differences in capital works and supplies and services expenditure in 2015-16 for various Housing programs as well as the change in timing of payment of the Queensland Government Insurance Fund premiums.
- increased cash balances for Building and Asset Services (\$60.882 million) mainly due to increased volume of client billings in June resulting in increased cash receipts (\$29.977 million) and higher actual opening balances (\$33.566 million) mainly due to improved customer collections during 2015-16.

6 *Payables - current*

The variance of \$112.726 million is mainly due to:

- an increase in Building and Asset Services trade creditors (\$44.309 million) mainly due to a higher value of supplier invoices received in June compared to budget as a result of additional maintenance, upgrade and refurbishment programs received from clients.
- an increase in approved adjustments and deferrals for various revenue appropriation amounts (\$33.374 million) for grants, maintenance and information technology projects committed but not finalised.
- an increase in the provision for dividend payable for the commercialised business units (\$7.370 million) due to higher than estimated profits.
- increased payables due to the ongoing transition from an owned to a leased commercial office portfolio (\$3.696 million) with annual lease expenditure now being reported on a straight-line basis over the term of the lease. The difference between the actual rent paid and annual rent expenditure results in deferred operating lease rent payable. The impact of this transition had not been finalised at the time of preparing the original budget.

7 *Lease incentives*

The variance is due to the recognition of the lease incentive for 1 William Street Brisbane; the accounting treatment for the lease incentive had not been finalised at the time of preparing the original budget.

8 *Payables - non-current*

The variance of \$86.049 million is mainly due to the transition from an owned to leased commercial office portfolio (\$86.537 million), as outlined in Variance Note 6 above.

7 BUDGET TO ACTUAL COMPARISON (CONTINUED)

Explanations of major variances (continued)

Statement of Cash Flows

9 Sales of property, plant and equipment

The variance of \$66.045 million is mainly due to lower than anticipated sales of government employee residential properties (\$26.354 million) due to unfavourable real estate market conditions, the timing of the settlement of a non-residential property (\$13.744 million) from 2016-17 estimated to settle in 2017-18 and a non-residential building withdrawn from sale (\$16.849 million).

10 Loans and advances redeemed

The variance of \$6.475 million is mainly due to lower than expected uptake of Housing Services bond loan products (\$5.200 million) in 2016-17 due to Queensland Government's decision to not proceed with the Logan Renewal Initiative.

11 Payments for property, plant and equipment

The variance of \$41.776 million is mainly due to:

- Housing Services deferral of capital works for National Partnership on Remote Housing as a result of delays in reaching agreement with Indigenous councils, securing construction sites and design and development approvals (\$40.431 million), partially offset by new funding for the Significant Regional Infrastructure Projects Program (\$8.251 million).
- reduced government employee housing capital programs (\$5.881 million) funded from property sales which were lower than budgeted due to unfavourable real estate market conditions.
- deferral of expenditure relating to the Brisbane – Boggo Road Precinct redevelopment (\$2.416 million) to 2017-18 due to delays in project milestones.

12 Equity injections

The variance of \$42.374 million is mainly due to Housing Services (\$47.178 million) deferrals from 2016-17 to 2017-18 for the National Partnership on Remote Housing as a result of delays in reaching agreement with Indigenous councils, securing construction sites and design and development approvals (\$40.967 million) and reallocation of Public Rental Housing construction to Affordable Housing capital grants (\$7.000 million). This is partially offset by new funding for the Significant Regional Infrastructure Projects Program (\$7.100 million) to construct additional one and two bedroom social housing dwellings in regional centres.

13 Equity withdrawals

The variance of \$136.948 million is mainly due to the delayed return, from 2016-17 to 2017-18, to the Consolidated Fund of the land premiums (\$114.154 million) received by the department as consideration for the Queen's Wharf Precinct. The delay is due to the complex transfer duty assessment, to be paid from the consideration, not finalised by 30 June.

8 OTHER INFORMATION

8.1 Key management personnel disclosures

(a) Details of key management personnel

As from 2016-17, the department's responsible Minister is identified as part of the department's key management personnel (KMP), consistent with additional guidance included in the revised version of AASB 124 *Related Party Disclosures*. That Minister is the Minister for Housing and Public Works and Minister for Sport.

The following details for non-ministerial KMP reflect those positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2016-17 and 2015-16. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management. There are no material related party transactions with KMP during 2016-17 other than what is reported in this KMP note.

Position	Position responsibility
Director-General	The efficient, effective and economic administration of the agency.
Deputy Director-General, Public Works and Asset Management	The delivery of high quality outcomes under the government's capital works and building asset management programs. The role undertakes a management role in the delivery of government employee housing, office accommodation and other state owned assets. The title of this position changed from the Deputy Director-General, Building and Asset Services on 1 August 2016.
Deputy Director-General, Housing and Homelessness Services	The provision of strong, effective and strategic leadership and executive management for program design and delivery for housing and homelessness services in Queensland through remote Indigenous, private and social housing programs. The title of this position changed from the Deputy Director-General, Housing Services on 1 August 2016.
Assistant Director-General, Strategic Asset Management	High level strategic leadership across the public sector in the management and delivery of its property portfolio and capital investment program. The role undertakes a management role in the delivery of government employee housing, fleet management services, office accommodation and other state owned assets. This position ceased from 1 August 2016.
Assistant Director-General, Building Industry and Policy	Management and coordination of all building related policy areas for the Queensland Government, by ensuring close working relationships between individual policy groups resulting in efficient and effective policies for all building related functions.
Assistant Director-General, Queensland Government Procurement	High-level strategic leadership to support the delivery of the Queensland Government's procurement and services strategies, policies and direction across government. The role also 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. This position changed from the Assistant Director-General, Procurement Transformation on 1 August 2016.
Assistant Director-General, Procurement Transformation	The delivery of high quality outcomes on the government's procurement policy and strategic directions of procurement management in the sector. This position changed to Assistant Director-General, Queensland Government Procurement on 1 August 2016.
Assistant Director-General, Corporate Services	Strategic leadership in corporate governance, executive and corporate support services to enable the department to perform at a high business and ethical standard.
Executive Director, National Regulatory System Office of the Registrar	Leadership and direction to a branch which regulates providers under four different legislative regimes to ensure the delivery of appropriate and affordable housing services and ensures the consumer protection of residents of these services. This position did not form part of the executive leadership team from 1 August 2016.
Executive Director, Aboriginal and Torres Strait Islander Strategy Unit	High-level leadership and specialist advice to support the delivery of better outcomes for Aboriginal and Torres Strait Islander people and communities. The role leads and coordinates a whole-of-department approach to the development and implementation of joined-up strategies, policies and programs that enhances the department's engagement with the community and stakeholders and improves the responsiveness of our service delivery.

8.1 Key management personnel disclosures (continued)

(b) Remuneration policies

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The department does not bear any cost of remuneration of ministers. The majority of ministerial entitlements are paid by the Legislative Assembly with the remaining being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements as from 2016-17, which are published as part of the Queensland Treasury's Report on the State Finances.

Remuneration policy for the department's other KMP is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. Individual remuneration and other terms of employment (including motor vehicle entitlements) are specified in employment contracts. The former Director-General's contract under the previous government also provided for an 'at risk' component payment.

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 key management person.

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 are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

Separation payments for former Director-General: The mutually agreed terms for separation of the former Director-General considered all relevant clauses of the contract. The payment for the former Director-General's separation was determined and paid in July 2015 and is included in key management personnel remuneration expenses for 2015-16.

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

Department of Housing and Public Works
Notes to the financial statements 2016-17

8.1 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 during the respective reporting periods. Therefore, the amounts disclosed reflect expenses recognised in the Statement of Comprehensive Income.

1 July 2016 – 30 June 2017

Position	Short-term employee expenses \$'000	Long-term employee expenses \$'000	Post- employment expenses \$'000	Total expenses \$'000
Director-General	406	8	51	465
Deputy Director-General, Public Works & Asset Management	242	4	25	271
Deputy Director-General, Housing & Homelessness Services	255	5	27	287
Assistant Director-General, Strategic Asset Management (Acting to 31/7/2016)	15	-	3	18
Assistant Director-General, Building Industry and Policy	231	4	25	260
Assistant Director-General, Procurement Transformation (Acting 1/7/2016 - 31/7/2016)	22	-	2	24
Assistant Director-General, Queensland Government Procurement (Acting 1/8/2016 - 25/4/2017)	160	3	17	180
Assistant Director-General, Queensland Government Procurement (from 26/4/2017)	44	1	5	50
Assistant Director-General, Corporate Services	226	4	25	255
Executive Director, National Regulatory System Office of the Registrar (to 31/7/2016)	23	-	2	25
Executive Director, Aboriginal & Torres Strait Islander Strategy Unit (to 17/3/2017)	138	3	13	154
Executive Director, Aboriginal & Torres Strait Islander Strategy Unit (Acting 18/3/2017 - 30/6/2017)	44	1	5	50

Department of Housing and Public Works
Notes to the financial statements 2016-17

8.1 Key management personnel disclosures (continued)

(c) Remuneration expenses

1 July 2015 – 30 June 2016*

Position	Short-term employee expenses \$'000	Long-term employee expenses \$'000	Post- employment expenses \$'000	Termination benefits \$'000	Total expenses \$'000
Director-General (from 3/8/2015)	378	7	45	-	430
Director-General (Acting 6/6/2015 - 2/8/2015)	25	-	2	-	27
Director-General (to 6/7/2015)	9	-	1	232	242
Deputy Director-General, Building and Asset Services	248	5	26	-	279
Deputy Director-General, Housing Services (from 14/3/2016)	75	1	8	-	84
Deputy Director-General, Housing Services (Acting 15/2/2016 - 13/3/2016)	26	-	2	-	28
Deputy Director-General, Housing Services (to 14/2/2016)	159	3	15	-	177
Assistant Director-General, Strategic Asset Management	202	4	22	-	228
Assistant Director-General, Building Industry and Policy	217	4	22	-	243
Assistant Director-General, Procurement Transformation (Acting from 29/2/2016)	81	2	8	-	91
Assistant Director-General, Procurement Transformation (to 26/2/2016)	191	4	20	-	215
Assistant Director-General, Corporate Services	222	4	25	-	251
Executive Director, National Regulatory System Office of the Registrar	147	3	16	-	166
Executive Director, National Regulatory System Office of the Registrar (Acting 2/11/2015 - 15/1/2016)	34	1	3	-	38
Executive Director, Aboriginal and Torres Strait Islander Strategy Unit (from 18/1/2016)	78	2	8	-	88

* Figures have been adjusted to reflect additional guidance provided by Queensland Treasury in their 2016-17 Financial Reporting Requirements, on the amount to include for leave entitlements.

8.2 Unrecognised items

(a) 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	Later than five years \$'000	Total \$'000
2017				
Non-cancellable operating leases	402,320	1,158,465	1,203,143	2,763,928
Property, plant and equipment	196,616	9,685	-	206,301
Total	598,936	1,168,150	1,203,143	2,970,229
2016				
Non-cancellable operating leases	322,134	843,870	568,301	1,734,305
Property, plant and equipment	130,454	11,127	-	141,581
Total	452,588	854,997	568,301	1,875,886

Operating leases are entered into as a means of acquiring access to office accommodation. Rental payments are usually subject to fixed rate escalation clauses detailed in the lease. Most leases contain renewal clauses but no purchase options exist in relation to operating leases, and no operating leases contain restrictions on financing or other leasing activities.

The department has entered into a significant operating lease for office accommodation at 1 William St, Brisbane. The lease term is 15 years with renewal options of 2 x 5 years. Rent escalation is fixed at 3.5% per annum. Commitments for lease payments under this lease are included in the figures above for 2017. For 2016 these lease commitments were classified as contingent liabilities (refer to note 8.2(c)) as they were contingent on the developer CBus Property 1 William Street Pty Ltd meeting certain requirements.

(b) Future operating lease receivables

The department has non-cancellable operating sub-leases with other Queensland Government entities in respect of the office accommodation referred to in Note 8.2 (a). Future minimum lease payments receivable under these sub-leases are as follows.

	Not later than one year \$'000	Later than one year and not later than five years \$'000	Later than five years \$'000	Total \$'000
2017				
Non-cancellable operating sub-leases	355,761	1,004,903	1,071,885	2,432,549
2016				
Non-cancellable operating sub-leases	315,086	821,606	509,199	1,645,891

(c) Contingencies

Contingent assets

The developer of Queen's Wharf Brisbane, Destination Brisbane Consortium Integrated Resort Operations Pty Ltd, has provided a bank guarantee of \$5 million for security performance of the developer's obligations under the early works lease.

Department of Housing and Public Works
Notes to the financial statements 2016-17

	2017 \$'000	2016 \$'000
8.2 Unrecognised items (continued)		
(c) Contingencies (continued)		
<i>Contingent liabilities</i>		
<i>1 William St</i>		
The following arrangements are not recognised as liabilities in the Balance Sheet:		
Operating lease - 1 William Street	-	978,596

Investigations into non-conforming building products

The Queensland Government has established a dedicated taskforce to determine the existence of, and develop a response strategy regarding, non-conforming building products (particularly around aluminium composite panelling) on Queensland Government owned buildings and non-government owned buildings. At the time of certification of the financial statements, the taskforce has not been able to confirm the extent of this risk for Housing and Public Works' buildings, let alone a quantification of the financial impact. This work will conclude during 2017-18.

8.3 Future impact of accounting standards not yet effective

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards with future commencement dates are as set out below. All other Australia Accounting Standards and Interpretations with future effective dates are either not applicable or have no material impact on the department.

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

From 2017-18, this standard will require additional disclosures of changes in liabilities arising from financing activities. These disclosures will include both cash flows and non-cash changes between the opening and closing balance of the relevant liabilities and be disclosed by way of a reconciliation in the notes to the Statement of Cash Flows.

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

These standards will become effective from reporting periods beginning on or after 1 January 2018. The main impacts of these standards on the department are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the department's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

The department has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the department's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the department enters into, it is expected that housing loans receivable will continue to be the only financial assets measured at amortised cost. In the case of the department's other loans and receivables, the carrying amount is expected to be a reasonable approximation of fair value.

Another impact of AASB 9 relates to calculating impairment losses for the department's loans and receivables. Assuming no substantial change in the nature of the department's receivables, as they don't include a significant financing component, impairment losses will be determined according to the amount of lifetime expected credit losses. On initial adoption of AASB 9 the department will need to determine the expected credit losses for its loans and receivables by comparing the credit risk at that time to the credit risk that existed when those loans and receivables were initially recognised.

The department will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2018-19. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2018-19 financial statements to explain the impact of adopting AASB 9. Assuming no change in the types of financial instruments that the department enters into, the most likely ongoing disclosure impacts are expected to relate to the credit risk of financial assets subject to impairment.

8.3 Future impact of accounting standards not yet effective (continued)

AASB 1058 *Income of Not-for-Profit Entities*

This standard will become effective from reporting periods beginning on or after 1 January 2019. Under this standard an asset (including physical, intangible, financial and right to use (under AASB 16 *Leases*) assets) received (where acquired, donated or granted) by the department will be initially recognised at its fair value where the consideration paid for the asset is significantly less than fair value and that difference principally enables the department to further its objectives. Capital and other grants will generally be recognised as income as and when an asset is constructed or acquired. This approach is consistent with the principles of AASB 15 *Revenue from Contracts with Customers* concerning the recognition of revenue which has performance obligations attached.

The department has commenced analysing the new revenue recognition requirements under this standard and is yet to form conclusions about significant impacts, though preliminary indications are that there will be little impact other than in terms of any additional disclosures such as the disaggregation of various categories of revenue and the timing of when an entity satisfies obligations that may be required.

AASB 15 *Revenue from Contracts with Customers*

This standard will become effective from reporting periods beginning on or after 1 January 2019 and contains more detailed requirements for the accounting for certain types of revenue from customers. Depending on the specific contractual terms, the new requirements may potentially result in a change to the timing of revenue from sales of the department's goods and services. Some revenue may need to be deferred to a later reporting period to the extent that the department has received cash but has not met its associated obligations, such amounts would be reported as a liability in the meantime.

The department is yet to complete its analysis of current arrangements. Additional disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers will be required.

AASB 16 *Leases*

This standard will become effective from reporting periods beginning on or after 1 January 2019 and it requires that lessees capitalise all leases (other than short-term, one year, leases and low value leases) on the Balance Sheet by recognising a right-of-use asset and a lease liability.

As at the reporting date, the department has non-cancellable operating lease commitments of \$2,764 million (2016 \$1,734 million) (see note 8.2(a)). The department is determining to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the department's operating result or classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.

The new requirements will increase both leased assets and lease liabilities recorded on the Balance Sheet and result in both a depreciation (on the right-of-use asset) and interest charge (on the lease liability) in the Statement of Comprehensive Income. Though depreciation is likely to be on a straight-line basis, interest will be higher in the initial years which will have the effect of front loading expenses in the Statement of Comprehensive Income. The principal and interest portions of lease payments will be separately disclosed in the Statement of Cash Flows. The full extent of the additional disclosures that may be required is not yet known.

8.4 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). As such, input tax credits receivable and GST payable from/to the Australian Taxation Office are recognised.

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 Balance Sheet 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 in the Balance Sheet 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.

Department of Housing and Public Works
Notes to the financial statements 2016-17

	2017 \$'000	2016 \$'000
8.5 Administered activities		
<p>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.</p> <p>Amounts appropriated to the department for transfer to other entities in accordance with legislative or other requirements are reported as administered appropriation revenue.</p> <p>Administered transactions and balances are not significant in comparison to the department's overall financial performance/financial position.</p> <p>Accounting policies applicable to administered items are consistent with the equivalent policies for controlled items.</p>		
Administered revenues		
Appropriation revenue	3,508	3,338
User charges	50	90
Other	34	28
Total administered revenues	3,592	3,456
Administered expenses		
Supplies and services	3,489	3,338
Transfer of administered revenue to government	83	115
Deferred appropriation payable to Consolidated Fund	19	-
Total administered expenses	3,591	3,453
Operating result	1	3
Administered assets		
<i>Current</i>		
Cash	20	1
Total current assets	20	1
Administered liabilities		
<i>Current</i>		
Deferred appropriation payable to Consolidated Fund	19	-
Total current liabilities	19	-
Net administered assets	1	1
Reconciliation of payments from consolidated fund to administered income		
Budgeted appropriation	3,553	3,468
Transfers from/to other headings	(45)	-
Lapsed appropriation revenue	-	(11)
Total administered appropriation receipts (cash)	3,508	3,457
Less: Opening balance of administered appropriation revenue receivable	-	(119)
Less: Closing balance of deferred administered appropriation payable to Consolidated Fund	(19)	-
Net administered appropriation revenue	3,489	3,338
Plus: Deferred administered appropriation payable to Consolidated Fund (expense)	19	-
Administered appropriation revenue recognised in Statement of Comprehensive Income	3,508	3,338

Department of Housing and Public Works
Notes to the financial statements 2016-17

	2017 \$'000	2016 \$'000
8.6 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) Building and Asset Services		
Agency revenues		
Receipts for goods and services	333,184	334,570
Agency expenses		
Supplies and services	333,184	334,570
Agency current assets		
Receivables	50,707	48,299
Total	<u>50,707</u>	<u>48,299</u>
Agency current liabilities		
Bank overdraft	10,665	31,677
Payables	37,298	13,874
Other	2,744	2,748
Total	<u>50,707</u>	<u>48,299</u>
(b) Resource management services		
The department acts as an agent on behalf of other Queensland Government agencies and Allegis Global Solutions in relation to the provision of resource management services for ICT contractors. The department does not receive any fees for providing agent services but is entitled to the interest earned from a bank account associated with this agency arrangement.		
Agency revenues		
Receipts for goods and services	153,928	153,260
Agency expenses		
Supplies and services	158,055	144,922
Agency current assets		
Cash and cash equivalents	8,352	11,862

Department of Housing and Public Works

Management Certificate of the Department of Housing 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 42 of the *Financial and Performance Management Standard 2009*, 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 Housing and Public Works for the financial year ended 30 June 2017, and of the financial position of the department at the end of that year; and
- (iii) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



Deborah McLeod
BCom, FCPA
Chief Finance Officer
Department of Housing and Public Works



Liza Carroll
B.Ed, M.Ed (Hons)
Director-General
Department of Housing and Public Works

30 August 2017

30 August 2017

INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of the Department of Housing 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 2017, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

The financial report comprises the balance sheet and statement of assets and liabilities by major departmental service as at 30 June 2017, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental service for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

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

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

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

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed 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.

Valuation of social housing land (\$8.658 billion) and buildings (\$5.486 billion)

Refer to Note 4.1(e) in the financial report

Key audit matter	How my audit addressed the key audit matter
The department engaged independent valuers to perform specific appraisal valuations representing 46% of social housing properties in the current year using significant inputs such as location, bedroom count, price per square metre, land size, condition and a discount factor applied to accommodation in recognition of the cost of obtaining strata title to sell.	<p>My procedures included, but were not limited to</p> <ul style="list-style-type: none"> ▪ Verifying the adequacy of management's review of the valuation process by inspecting final valuation approvals and evidence of oversight by property committees.

Key audit matter	How my audit addressed the key audit matter
<p>Significant judgement was required in relation to:</p> <ul style="list-style-type: none"> ▪ The condition of the property. The condition rating of the properties was supplied to the valuer by management based on property condition assessments performed at least once every three years by internal inspection. Management assessed the overall condition of properties by using a rating scale of one (property ready for demolition) to ten (property is as new), and assessed that 99% of properties had a condition rating of greater than eight at balance date. Judgement is required for interpreting and applying this condition rating scale. ▪ The discount applied to some multi-unit properties without strata title on individual units. Where there is no comparable sales data available, strata comparison is applied with discount to non-strata units determined by the independent valuer. 	<ul style="list-style-type: none"> ▪ For specific appraisal valuations in the current year: <ul style="list-style-type: none"> – reviewing evidence to confirm the competence, capability and objectivity of the independent valuers – obtaining an understanding of the appraiser's methodology (including by reviewing the terms of engagement and valuers' methodology statements) and comparing for appropriateness to common industry practice – for a sample of valuations, evaluating the relevance, completeness and accuracy of market evidence (comparable sales for similar properties) provided to support the fair value, including by benchmarking against other published market data – comparing the reasonableness of discount rates applied to properties without strata title to industry benchmarks. ▪ Auditing the condition rating system for reasonableness and appropriate application. This included: <ul style="list-style-type: none"> – observing the property condition assessments being performed by management for a sample of social housing buildings and vouching the accuracy of management's recorded condition ratings – for a sample of social housing buildings, re-performing the calculation of the overall property condition rating determined by management, including verification of benchmark data (inputs such as size and bedroom count) and locality indices applied by management to supporting documentation – inspecting maintenance/upgrade costs incurred during the year and assessing management's total asset management plans to support management's judgement that properties rated greater than eight are in sound condition.

Key audit matter	How my audit addressed the key audit matter
<p>The department updated the fair values of the remaining properties using indices it derived from the results of the specific appraisal valuations. The development of these indices required significant judgement for determining the criteria for classifying properties into homogenous groups with materially similar characteristics.</p>	<ul style="list-style-type: none"> ▪ For indexations in the current year: <ul style="list-style-type: none"> – evaluating the methodology for appropriateness relative to common industry practice – verifying the appropriateness of the criteria for classifying properties by considering the common characteristics of each homogenous group, and investigating whether homogeneous groups required further disaggregation where they experienced a broad range of fair value movements for specific appraisal valuations in the current year – re-performing the calculation of a sample of valuation indices applied by management for properties with common characteristics in a sample of regions – benchmarking the indices against property market movements published by various relevant industry participants such as the Valuer-General of Queensland to evaluate their reasonableness

Other information

Other information comprises the information included in the department’s annual report for the year ended 30 June 2017, but does not include the financial report and my auditor’s report thereon.

The Accountable Officer is responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Responsibilities of the department for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2017:

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



David Adams
as delegate of the Auditor-General



Queensland Audit Office
Brisbane

Appendix A – Compliance Checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	<ul style="list-style-type: none"> A letter of compliance from the accountable officer or statutory body to the relevant Minister/s 	ARRs — section 7	2
Accessibility	<ul style="list-style-type: none"> Table of contents 	ARRs — section 9.1	4
	<ul style="list-style-type: none"> Glossary 		57
	<ul style="list-style-type: none"> Public availability 	ARRs — section 9.2	3
	<ul style="list-style-type: none"> Interpreter service statement 	Queensland Government Language Services Policy ARRs — section 9.3	3
	<ul style="list-style-type: none"> Copyright notice 	Copyright Act 1968 ARRs — section 9.4	3
	<ul style="list-style-type: none"> Information Licensing 	QGEA — Information Licensing ARRs — section 9.5	2
General information	<ul style="list-style-type: none"> Introductory Information 	ARRs — section 10.1	5 – 6
	<ul style="list-style-type: none"> Agency role and main functions 	ARRs — section 10.2	7 – 9, 12 – 15, 48, 51
	<ul style="list-style-type: none"> Operating environment 	ARRs — section 10.3	8
Non-financial performance	<ul style="list-style-type: none"> Government's objectives for the community 	ARRs — section 11.1	8
	<ul style="list-style-type: none"> Other whole-of-government plans / specific initiatives 	ARRs — section 11.2	42 – 43
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs — section 11.3	12 – 15
	<ul style="list-style-type: none"> Agency service areas and service standards 	ARRs — section 11.4	16 – 33
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs — section 12.1	58 – 62
Governance — management and structure	<ul style="list-style-type: none"> Organisational structure 	ARRs — section 13.1	9
	<ul style="list-style-type: none"> Executive management 	ARRs — section 13.2	35 – 36
	<ul style="list-style-type: none"> Government bodies (statutory bodies and other entities) 	ARRs — section 13.3	49
	<ul style="list-style-type: none"> <i>Public Sector Ethics Act 1994</i> 	<i>Public Sector Ethics Act 1994</i> ARRs — section 13.4	47
	<ul style="list-style-type: none"> Queensland public service values 	ARRs — section 13.5	8
Governance — risk management and accountability	<ul style="list-style-type: none"> Risk management 	ARRs — section 14.1	8
	<ul style="list-style-type: none"> Audit committee 	ARRs — section 14.2	37
	<ul style="list-style-type: none"> Internal audit 	ARRs — section 14.3	40 – 41
	<ul style="list-style-type: none"> External scrutiny 	ARRs — section 14.4	42
	<ul style="list-style-type: none"> Information systems and recordkeeping 	ARRs — section 14.5	41

Summary of requirement		Basis for requirement	Annual report reference
Governance — human resources	• Workforce planning and performance	ARRs — section 15.1	45 – 46
	• Early retirement, redundancy and retrenchment	Directive No.11/12 Early Retirement, Redundancy and Retrenchment	47
		Directive No.16/16 Early Retirement, Redundancy and Retrenchment (from 20 May 2016)	
		ARRs — section 15.2	
Open Data	• Statement advising publication of information	ARRs — section 16	50
	• Consultancies	ARRs — section 33.1	50
	• Overseas travel	ARRs — section 33.2	50
	• Queensland Language Services Policy	ARRs — section 33.3	50
Financial statements	• Certification of financial statements	FAA — section 62	111
		FPMS — sections 42, 43 and 50	
		ARRs — section 17.1	
	• Independent Auditor's Report	FAA — section 62	112 – 115
		FPMS — section 50	
		ARRs — section 17.2	

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*

