

ANNUAL REPORT 2016–2017



Letter of compliance

26 September 2017

The Honourable Leeanne Enoch MP
Minister for Innovation, Science and the Digital Economy and Minister for Small Business
Level 33, 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 Science, Information Technology and Innovation.

I certify this annual report complies with:

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

A checklist outlining the Queensland Government's annual reporting requirements is included in section 8 of this report.

Yours sincerely,



Jamie Merrick
Director-General

The Queensland Government is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty understanding this report, you can contact us on 07 3719 7889 and we will arrange an interpreter to help you.



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PART A

meet the
game changers

annual report

2016–17

About our annual report

The Department of Science, Information Technology and Innovation (DSITI) *Annual report 2016–17* is an integral part of our corporate governance framework. It is a key tool in ensuring we are accountable to stakeholders, the Queensland Parliament and the community about our activities.

This report details our achievements, performance and financial position for the 2016–17 financial year. It aligns with the *DSITI Strategic plan 2016–2020*, *2016–17 Service delivery statements* and the Queensland Government's objectives for the community of:

- » creating jobs and a diverse economy
- » delivering quality frontline services
- » protecting the environment
- » building safe, caring and connected communities.

It also provides information on our future direction, people management and corporate governance.

View our report online

This report and the information on DSITI government bodies is available online:

<http://www.qld.gov.au/dsiti/annual-report>.

For enquiries about this annual report, contact the Director, Strategic Governance, Performance and Reporting, on +61 7 3719 7898 or performance.reporting@dsiti.qld.gov.au.

More information on the Queensland Government Open Data website

Several annual reporting requirements for this year are addressed by publishing information on the Queensland Government Open Data website. These are:

- » consultancies
- » overseas travel
- » Queensland language services policy.

For further information, please visit <https://data.qld.gov.au>.



From the Director-General

We are living in a time of genuine change and opportunity. Breakthrough technologies are changing the very nature of the economy, and offer new possibilities to redesign public services.

Fortunately, Queensland is well placed to not only respond, but also shape the future. We are the most entrepreneurial state in the nation. Our universities and research organisations produce world-class research. Across the state, there is a deep history and enduring commitment to innovation—to make lives better, and communities stronger and more prosperous.

This annual report sets out our achievements and the value we deliver for and on behalf of Queenslanders. It also is a vital part of our accountability and performance framework. It demonstrates clearly, the role we play in delivering the objectives of the government.

We recognise as a department that we must walk the journey we advocate. Designing services around the people and businesses we are here to serve. Thinking digital and embracing new technology. Finding new ways to solve problems. Constantly, exploring new business models that could unlock greater value for citizens, businesses and our partner agencies.

Our efforts are gaining traction. This annual report provides rich examples of progress made in our three service areas: advancing Queensland through innovation, services for Queenslanders, and services for government.

We are also changing the way we do business as an agency—and industry is responding. In 2015–16, we doubled the number of contracts we had with small and medium sized businesses. In the last year, we have more than doubled that again. Through our lead role in the Testing within Government and the Small Business Innovation Research programs we are making the Queensland Government a smarter lead customer for innovation. Not only is this delivering smarter and lower cost public services, it is also supporting the growth of Queensland businesses.

I would like to thank our partners, without whom we would not have made the impact we have. The journey

of Advance Queensland has been one marked by shared purpose, intensive collaboration and a willingness to ‘give back’ to the community. In particular, I would like to acknowledge Mark Sowerby, Queensland’s first Chief Entrepreneur. Mark has worked tirelessly to inspire and support entrepreneurs across the length and breadth of Queensland. He leaves a considerable legacy and with a community galvanised to follow the course he has helped to chart.

I also want on behalf of the staff and leadership team of Department of Science, Information Technology and Innovation (DSITI) to thank the Mayor, councillors, traditional owners, CEO and community of Wujal Wujal. We respect and appreciate deeply, the generosity with which we have been welcomed into the community. Individually and collectively, we at DSITI have been enriched through the work we do together and the knowledge that has been shared.

Finally, I would pay tribute to the staff of the department. Each and every day, through acts of great ingenuity and determination, they help to deliver change.

Never was this better demonstrated than through the roles we played in support of the response to and recovery from tropical cyclone (TC) Debbie. This ranged from deploying buoys to track the path of TC Debbie, assessing coastal impacts, our reservists providing on the ground support to communities, to fielding 110,000 SES, community recovery and Housing Hotline calls and processing more than 64,000 recovery payments.

It is this drive, expertise and creativity that give me such optimism for the future of the agency. As this annual report demonstrates, we should be proud in all that has been achieved. We have set great foundations to build upon, as we seek continuously to improve the services we provide for Queensland.

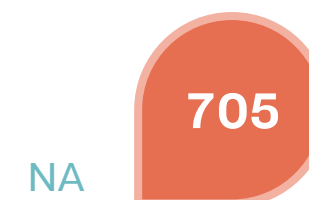
Jamie Merrick
Director-General

2016–17: performance highlights

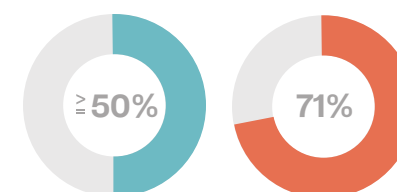
DSITI performance against the
DSITI Strategic plan 2016–2020 key
performance indicators

Key performance measures¹

Number of recipients awarded
Advance Queensland funding
(total to date)—DSITI only²



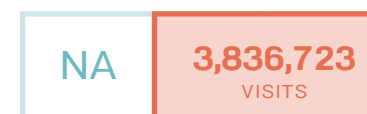
Percentage of Engaging Science
Grants funds directed to regions³



CITEC ICT service availability

99.5% ↑ 99.98%

Number of visits from regional
Queensland to qld.gov.au



Number of DSITI data sets made
available through open data⁴

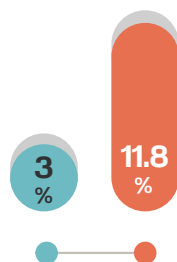


2016–17
target/est.

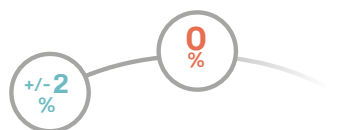
2016–17
actual



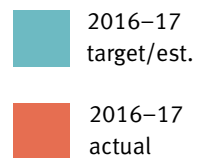
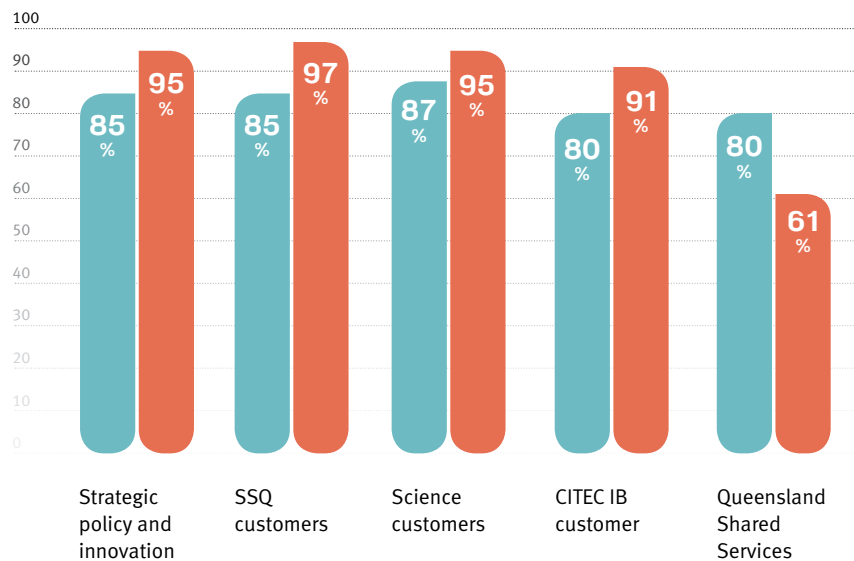
Percentage of reduction in accommodation floor space/FTE⁵



Operating expenses budget vs actual variance⁶



Customer/client satisfaction rate⁷:



Notes:

1. The measures included in this table should be viewed in conjunction with the service standards reported in 02. Our service performance.
2. Total to date includes 2015–16.
3. Results calculated based on project delivery location.
4. Results include the total number of data sets published by DSITI on the Open Data Portal and is an indicator of DSITI's contribution to the whole-of-government target for the publication of datasets to the Queensland Government Open Data Portal.
5. Reduction in footprint as a result of phase 1 CBD consolidation project.
6. The result is based on revised budget and expenses including only the major categories of employee expenses, supplies and services, and other expenses.
7. DSITI conducts customer satisfaction surveys at various divisional and business unit levels. The results included in this list are a representation of the satisfaction rate across the department. Refer to 02. Our service performance for details of all of the surveys conducted across the department.



01.

About the department





Who we are

We are a diverse organisation that brings together science, information technology and innovation to deliver the Queensland Government’s community objectives. Our purpose is to drive innovation-led growth and jobs, provide Queenslanders with fast and easy access to government services, and deliver trusted corporate, digital and scientific services to public sector agencies, industry and the community.

Under section 56 of the *Public Records Act 2002*, Queensland State Archives (QSA) produces a separate annual report on the administration of the Act. Financial statements for QSA are consolidated into the DSITI financial statements and are included in this report.

Under the *Financial Accountability Act 2009*, the State Library of Queensland (SLQ) also produces a separate annual report and financial statements on the administration of the *Libraries Act 1988*.





Our structure





Our vision is a better Queensland through science, innovation and technology.





Our strategic objectives

To achieve our vision, we deliver three broad service areas that achieve our objectives of:



We contribute to the Queensland Government's objectives for the community by:

- » driving innovation-led growth to help foster job creation and a diverse economy
- » providing scientific services to help protect the environment
- » enabling frontline services by working with agencies to put people at the centre of service design
- » harnessing digital platforms to contribute to building safe, caring and connected communities.



Our success indicators

- » A flourishing innovation ecosystem in Queensland with:
 - a higher rate of startup formation
 - increased business and jobs growth through innovation
 - increased collaboration between business, industry and the science base
 - greater translation of research into benefits to Queensland.
- » Greater impact and value for money from our programs, systems and services.
- » Improved customer engagement and satisfaction.
- » Improved employee engagement and satisfaction.
- » Service quality and outcomes that meet or exceed relevant industry benchmarks.

Our values

A workforce of engaged, connected and capable individuals who are motivated to deliver better outcomes for Queenslanders is critical to our success. We support a positive organisational culture through our values:



Customers first

- We know our customers
- We deliver what matters
- We make decisions with empathy



Ideas into action

- We challenge the norm and suggest solutions
- We encourage and embrace new ideas



Be courageous

- We own our actions, successes and mistakes
- We take calculated risks
- We act with transparency



Unleash potential

- We expect greatness
- We lead and set clear expectations
- We seek, provide and act on feedback



Empower people

- We lead, empower and trust
- We play to everyone's strengths
- We develop ourselves and those around us



Our role

Developments in technology and the growth of digitally connected societies and economies are increasingly driving our progress.

New opportunities will come as we build on our traditional strengths, successfully leverage trends in digitisation, big data, robotics and cognitive computing, and create new industries.

Through the Advance Queensland agenda, we are backing ideas that are creating jobs now and for the future, supporting local businesses to start and grow, and making the lives of Queenslanders better.

We are harnessing strategic opportunities to build a stronger and more diversified Queensland economy. In an increasingly competitive global economy, we are positioning Queensland as a vibrant research and innovation hub and an attractive destination for research and development, venture capital and industry investment.

Innovation and digital transformation are also at the heart of delivering improved public services and increasing collaboration between government, business and customers. We are capturing existing and emerging technologies to deliver better and more cost-effective services—where, when and how citizens want to access them.

We:

- » nurture and attract scientific and entrepreneurial talent
- » invest in the translation of scientific research to deliver economic, social and environmental outcomes for Queensland
- » increase collaboration between business, industry and the research base, and with international partners
- » increase the rate of startup formation and address barriers to growth for innovative businesses
- » provide investment and increase co-investment to build Queensland's capacity to conduct innovative research and development, and to attract and retain the best and brightest
- » encourage greater innovation in government and the benefits of government as a lead customer for emerging technologies
- » develop and deliver innovative, digitally-enabled and integrated government services that are simpler and faster for the community to access online or through phone and counter channels

- » assist Queensland public authorities to manage and preserve public records in a usable form, and improve community access to such records
- » provide trusted scientific services and technical advice to the public sector, government agencies, industry and the community to underpin environmental and natural resource management, planning, decision-making and policy-setting
- » lead complex, multi-agency ICT programs and projects, manage ICT strategic sourcing and procurement arrangements, and facilitate related engagement between the ICT industry and government
- » provide an extensive range of ICT and corporate services to government through the agencies of CITEC and Queensland Shared Services (QSS).

We deliver our core business through three key service areas. These are detailed in 02. Our service performance.

Our operating environment

We deliver our policy initiatives and programs within a complex operating environment that is influenced by factors including:

- » globalisation, digital transformation, new technologies and business strategies that are rapidly diversifying and reshaping markets, industries and communities
- » innovation as the primary driver of productivity growth, job creation and long-term prosperity and living standards
- » citizen demand for access to digitally-driven, personalised and predictive government services
- » rapid growth in automation, cloud-based, platform and as-a-service models, and hyper-connectivity through the internet of things—bringing the ability to transform public service models
- » the need for enhanced digital skills, connectivity and inclusion if Queensland is to flourish as a global innovation hub, and people and businesses are to reach their full potential.

Our strategic risks

Considering our strategic opportunities and recognising our connected and diverse responsibilities, DSITI's key strategic risks are to:

- » ensure our resourcing and capability supports effective delivery of government priorities and services
- » be agile enough to integrate new technologies and business models quickly and effectively
- » predict or respond rapidly to changing customer needs and expectations
- » ensure government can prevent and respond effectively to emerging cyber risks.

Legislation administered by the department

As at 30 June 2017, the department administered the following Acts:

- » *Biodiscovery Act 2004*
- » *Gene Technology (Queensland) Act 2016*
- » *Libraries Act 1988*
- » *Public Records Act 2002*
- » *Schools of Arts (Winding Up and Transfer) Act 1960*
- » *Schools of Arts (Winding Up and Transfer) Act Amendment Act 1981*
- » *Tweed River Entrance Sand Bypassing Project Agreement Act 1998.*



02.

Our service performance



Advancing Queensland through innovation

Objectives

- » Drive economic growth and job creation through science and innovation, harnessing Queensland's research strengths and entrepreneurial spirit.
- » Support existing and emerging industries to be globally competitive.
- » Enable more Queensland businesses to attract investment and scale in global markets.
- » Turn Queensland's scientific excellence into commercial opportunities and ground-breaking solutions.

Overview

The service area provides support to build a more collaborative and effective innovation ecosystem in Queensland.

Our areas of focus are to:

- » nurture and attract scientific and entrepreneurial talent
- » invest in the translation of scientific research to deliver economic, social and environmental outcomes for Queensland
- » increase collaboration between business, industry and the research base, and with international partners
- » increase the rate of startup formation and address barriers to growth for innovative businesses
- » provide investment and increase co-investment to build Queensland's capacity to conduct innovative research and development, and to attract and retain the best and brightest
- » encourage greater innovation in government and the benefits of government as a lead customer for emerging technologies.

Our key material services are:

- » innovation and digital economy
- » science development.

Our operating environment

As leader of the Queensland Government's innovation and high-growth entrepreneurship agenda, we operate within a fast-paced and complex environment with diverse stakeholders and customer expectations.

The department is continually striving to improve our engagement with business, industry, individuals and within government to encourage the uptake of Advance Queensland programs and to ensure a customer-centric approach to service delivery.

We recognise the importance of digital inclusion and innovation-led growth across Queensland, and of demonstrating the outcomes and benefits of innovation investments to Queenslanders.

In response to this environment, we will:

- » deliver high-impact Advance Queensland programs such as Ignite Ideas and the Growing Queensland's Companies program, providing growth leadership training to ambitious Queensland business leaders who are ready to scale their business to the next level
- » foster innovative procurement across Queensland Government through a partnership approach with the Office of the Chief Adviser, Queensland Government Procurement
- » leverage existing regional effort and connect entrepreneurs, small businesses, councils, universities and industry at a local level through the Advancing Regional Innovation Program
- » identify the research, innovation and digital infrastructure that Queensland needs for its next wave of growth
- » protect the health of Queenslanders by safeguarding their interest under the regulatory framework of the *Biodiscovery Act 2004* and the *Gene Technology (Queensland) Act 2016*.

CASE STUDY

Fund ignites fresh ideas

The department's commitment of \$16.5 million is linking 119 ingenious small businesses with the capital they need to develop game-changing innovations.

Through Advance Queensland's Ignite Ideas Fund, Next Generation Mobility is developing lighter and stronger power wheelchairs.

Made of the latest aerospace materials, the wheelchairs—designed and built on the Gold Coast—will be used all over the world.

Not innovative enough? Smartphones can drive these wheelchairs, with carers using their mobile devices to take control when safety is a concern or if the wheelchair user becomes fatigued.



meet the
game changers



Our performance

In 2016–17, we advanced Queensland through innovation and contributed to the department's strategic objectives as outlined in our *Strategic plan 2016–2020* and the whole-of-government direction.

Two strategic objectives drove our achievements:

1. Design and implement policies to support innovation-led growth and enhance Queensland's position as a global innovation hub.
2. Commission programs to support entrepreneurship, and enable businesses to innovate, grow and translate research to deliver economic and societal benefits.

In 2016–17, the department administered 50 innovation programs, assessed more than 1800 applications, and approved more than 500 grants or other opportunities worth more than \$100 million.

We inspired Queenslanders to engage with science and technology, be entrepreneurial and take their ideas to the world by:

- » appointing influential business leader Mark Sowerby as Australia's first state appointed Chief Entrepreneur
- » partnering to support the southern hemisphere's inaugural Myriad festival in partnership with Myriad Live, attracting 3300 entrepreneurs, investors, business owners, tech-lovers and innovators, and 131 visitors from overseas. Forty-five startups were exhibited as well as 12 regional hubs—representing 123 startups
- » awarding 49 Engaging Science grants to schools, community groups, scientists and small businesses to deliver activities and events to help Queenslanders engage in, recognise, support and advocate science
- » partnering with Startup Catalyst to send Queensland youths, startups, investors, corporate, innovation leaders and regional entrepreneurs on international missions to startup hotspots such as Silicon Valley, Germany and London. This was all with the goal of transforming the startup and innovation landscape in Australia
- » partnering with the World Science Festival where more than 180,000 people were ignited by new and challenging discussions about science

- » delivering the Flying Scientists program in partnership with the Wonder of Science Young Science Ambassador initiative, with scientists travelling to seven regional and remote Queensland locations (since its inception in June 2016) to participate in school visits, community events and public seminars
- » mounting five state challenges and one national challenge for GovHack 2016. Queenslanders won first place in 11 of the 35 categories in the Australia and New Zealand GovHack Awards 2016.

We facilitated discoveries to improve everyday lives through programs to foster current and future talent and to enable researchers and industry to solve global challenges here in Queensland:

- » enabling 60 researchers to translate research into practical outcomes with industry partners through research fellowships and scholarship funding
- » supporting the work of 76 female Queensland-based researchers by providing assistance during periods of maternity leave and carer funding to support their attendance at conferences
- » launching the STEM.I.AM program—a coordinated program of engagement activities to increase the number of young Aboriginal and Torres Strait Islander students pursuing STEM at university. The program is a collaboration between DSITI, Carbon Media Pty Ltd, Department of Education and Training, State Library of Queensland and corporate sponsors including Google and FIRST Australia.

We connected Queenslanders to world-leading local and international innovators through programs encouraging collaboration and building the entrepreneurial ecosystem by:

- » opening The Precinct in Brisbane's Fortitude Valley, bringing together Queensland startups, incubators, investors and mentors

Minister for Innovation, Science and the Digital Economy Leeanne Enoch officially opened Queensland's 'The Precinct' on 27 March 2017, describing it as 'a place where startups, entrepreneurs, innovators and investors can collaborate, collide, succeed and shine'

ADVANCE
QUEENSLAND

- » launching the Advancing Regional Innovation Program and Regional Network Fund to encourage innovation across Queensland and support local economies to create jobs for regional Queenslanders
- » attracting 25 international and interstate entrepreneurial companies to Queensland through the Hot DesQ program to inject new talent, increase connectivity and skills, and improve access to global startup communities and international programs
- » co-funding Queensland's participation in the MIT Regional Entrepreneurship Acceleration program to support Queensland's entrepreneurial ecosystem
- » providing seven Commercialisation Partnerships program grants to support Queensland-based businesses and researchers to immerse themselves in Chinese incubators to gain market intelligence, develop prototypes and seek investment
- » awarding Queensland-Chinese Academy of Sciences (Q-CAS) Collaborative Science Fund to three recipients to work on identified priorities in agricultural biotechnology and food research, human health and energy
- » supporting collaboration between 40 small businesses and seven universities through the Knowledge Transfer Partnerships program
- » delivering 35 workshops across Queensland through the Innovate Queensland program with Impact Innovation Pty Ltd, connecting small and medium enterprises (SMEs) with the right people and practical know-how to translate innovative ideas into commercial outcomes and incomes.

We invested in Queensland innovation through programs to encourage seed funding, venture capital and deal-flow, and fostered emerging industries by:

- » backing 119 startups and SMEs Queensland businesses through the Ignite Ideas program to support the rapid commercialisation of their market-ready Queensland innovations
- » establishing a strategic partnership that will deliver key opportunities by leveraging the intellectual capital and digital capabilities of CSIRO and Data61
- » supporting six Queensland businesses, through the Biofutures Commercialisation program, to work with leading international or national bio-industrial organisations to scale up and test new or improved bio-industrial technologies and processes.

We grew the competitiveness of our businesses, industries and regions through programs to accelerate growth and unlock new markets and opportunities by:

- » launching the Platform Technology Program to accelerate the development and deployment of significant, highly collaborative projects utilising technologies with the potential for widespread applications
- » awarding 15 Queensland research organisations with Innovation Partnership grants to collaborate on projects with industry that will increase the speed and scale of translation of our science and research to boost productivity growth, improve the competitiveness of existing industries and accelerate the development of emerging industries and technologies
- » establishing a partnership arrangement with Trade and Investment Queensland to facilitate market opportunities for Queensland-based businesses to capitalise on the opportunities provided in the new Dubai South development in the United Arab Emirates
- » promoting Queensland's business and research interests in the life sciences sector by facilitating the Queensland delegation to attend BIO 2017, the world's most significant international biotechnology trade and investment conference
- » providing funding to seven industry-focused business accelerators that will work with early-stage businesses and startups to provide intensive mentoring that will enable faster development of new products and services.

We created greater innovation in government and drove the benefits of government as a lead customer of innovative procurement by:

- » launching the Small Business Innovation Research program, providing commercial opportunities for innovators while solving Queensland Government challenges with no identified viable solution. Three challenges were released to the market within the pilot round, resulting in six Queensland entities receiving funding to research, develop and test their solutions
- » launching the Testing within Government (TWiG) program, allowing SMEs to improve the positioning of their products by working collaboratively with the Queensland Government on business challenges. Sixteen SMEs received funding to test and refine their products while addressing real business challenges.

We collaborated with government agencies, business and corporate entities to implement a digital adoption program that encourages Queensland businesses to increase their digital skills. We:

- » released the Digital Scorecard—an online assessment tool that allows SMEs and not-for-profits to measure their digital capability and improve their competitiveness in the digital economy. More than 550 businesses have completed assessments
- » commissioned Data61 to undertake a gap analysis of Queensland digital infrastructure to identify future investment priorities to improve digital services to Queenslanders.

FUNDS LEVERAGED

Over \$105 million committed by science and innovation program partners including industry and investors

Ratio of investment leveraged as a result of Queensland government funding invested:	2016–17 target: 1:1.25 Actual: 1:1.1 ¹
External funds leveraged from grants funds committed:	2016–17 target: 1:1.25 Actual: 1:1.7 ²

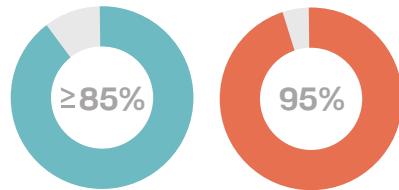


Performance review

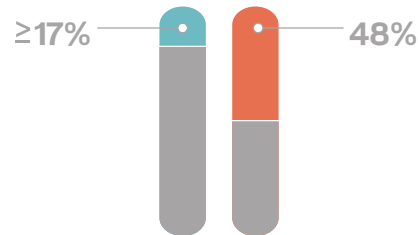
The following service standards in the department’s *Service delivery statements 2016–17* were used by the department and the government to assess the service area’s overall performance.

Service standards

Proportion of stakeholders who are satisfied with innovation and commercialisation consultative and engagement processes^{3,4}



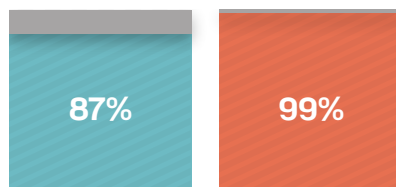
Percentage of potential collaboration opportunities identified by participants of innovation and collaboration programs/event⁵



Proportion of stakeholders who are satisfied with digital economy and productivity services, consultative and engagement processes⁶



Percentage of science funding recipients satisfied with contract management services provided for science-related grant programs (overall satisfaction)⁷



Notes:

1. This measure is an indicator of the efficient use of government funding to leverage private/commercial/philanthropic/Australian Government sector investments. The target indicates that \$1.25 is leveraged for every \$1 of government funds invested. It is a direct output from the facilitation and Queensland government funding administered by this service. Customers include but are not limited to startups, entrepreneurs, business/industry, research centres, universities and government. The estimated actual reflects timing variances related to programs that leverage investment.
2. This efficiency measure demonstrates the amount of investment generated into the science/research sector as a result of investment made under the various funding programs. The target indicates that for every dollar provided via the various grant programs managed, a greater matching contribution is sought from successful recipients (such as universities, industries and business).
3. Stakeholders include business, industry, startups, entrepreneurs, universities and research organisations and may also include Advance Queensland recipients and the third-party providers of Advance Queensland support programs.
4. The positive result was attributed to high levels of customer satisfaction for the Young Starters Fund, Startup Queensland Events and Activities Fund, and the Innovate Queensland workshops that were delivered in 2016–17.
5. This activity measure represents the opportunities identified for collaboration as a result of the funding invested in programs for partnering and collaboration. The results highlighted a high level of potential collaboration opportunities through the Young Starters Fund, Queensland Startup Events and Activities Fund, and Innovate Queensland workshops that were conducted. This increase shows positive outcomes for collaboration opportunities. As stakeholder event management demographics constantly change, a moderate increase to the 2017–18 target is considered reasonable.
6. Stakeholders include business, industry, universities and research organisations. The positive result is attributed to increased satisfaction in the delivery of outcomes and quality of services for digital economy and productivity services, consultation and engagement.
7. Customers surveyed include recipients of Advance Queensland grants. Feedback received from last year’s survey recipients was implemented to improve services and outcomes for applicants to science-related grant funding programs. The high result achieved indicates that these changes have been successful.



Looking forward

In 2017–18, the department will:

- » deliver Advance Queensland initiatives and programs to support innovation-led growth and enhance Queensland’s capacity to adapt and thrive, including:
 - encouraging Queenslanders to engage in science and/or consider becoming entrepreneurs and celebrate those who have already done so
 - building local, regional and global innovation networks to increase collaboration, access new markets and expertise, and improve capability, including the progression of the Advancing Regional Innovation Program
 - attracting local and global investment into Queensland by helping established businesses fast-track ideas from concept to commercialisation
 - developing and deploying platform technologies that enhance industry competitiveness in Queensland and create global opportunities for startups and SMEs
 - helping innovators become market- and investment-ready by supporting them to develop new or improved products, technology, processes or services
 - encouraging innovative procurement to create opportunities for innovators while solving Queensland Government challenges through the Small Business Innovation Research Program
 - engaging with the Advance Queensland Expert Panel and other key stakeholders around the ongoing development of the Queensland innovation ecosystem
 - enabling researchers to translate research into practical outcomes with industry partners through research fellowships and scholarship funding
- » support the commercialisation of new bio-products and improve the business environment for biodiscovery by commencing the reform of the *Biodiscovery Act 2004*
- » engage with the Commonwealth around the *National 2030 Strategic Plan* and the *National Collaborative Research Infrastructure Strategy*
- » facilitate the 2018 Ausbiotech National Conference including an early stage investment event that will profile Queensland’s life sciences internationally and provide an opportunity for local industry to meet global biotechnology leaders and investors
- » drive the whole-of-government open data agenda to stimulate innovation, research and startups through strategic policy advice, increasing the publication of high-value data sets and improving data visualisation
- » develop the Queensland Digital Infrastructure Plan (QDIP) to improve the coverage, performance and resilience of Queensland’s digital infrastructure assets and stimulate economic development, improve digital literacy and facilitate digital inclusion and adoption
- » continue to support SMEs and not-for-profits to measure their digital capability and improve their competitiveness in the digital economy through the Digital Scorecard and digital business workshops
- » progress the focus for impact program, facilitated by the Office of the Queensland Chief Scientist through workshops and stakeholder engagement in three initial focus areas: food trust and provenance, acid mine remediation, and e-platforms for humanities, arts and social science. Each focus area will be progressed in consultation with the Advance Queensland Expert Panel.



Services for Queenslanders

Objectives

- » Provide customers with simple and easy access to integrated Queensland Government services.
- » Ensure Queensland public records are preserved for the benefit of current and future generations.

Overview

The service area provides access to leading-edge services designed around the citizen, increases digital inclusion across Queensland and makes it easier for businesses and organisations to engage with government.

Our areas of focus are to:

- » develop innovative, digitally-enabled and integrated government services that are simpler and faster for the community to access online or through phone and counter channels
- » lead a major program of work to continue the design and delivery of proactive and personalised services
- » lead the management and preservation of Queensland's public records and improve public access to the collection
- » partner with government and non-government organisations to develop and implement policies and initiatives that improve Queenslanders' digital capabilities and adoption of digital technologies.

Our key material services are:

- » whole-of-government customer experience
- » government record-keeping and archival services.

Our operating environment

We operate in a fast-paced transformative environment that is influenced by a range of factors including:

- » meeting growing customer demand for access to digitally-driven, personalised government services
- » sharing data across departments and government tiers to enable the delivery of personalised and proactive services to Queenslanders
- » ensuring digital literacy resources and engagement with communities keeps pace with rapidly evolving digital technologies
- » providing access to the vast archival collection held within Queensland State Archives (QSA).

In response to this environment, we are:

- » progressing the Smart Service Queensland (SSQ) Business Modernisation Program to implement technologies and processes that will streamline customer service delivery and improve customer data security
- » continuing to provide customers with simpler, clearer and faster access to government services through the implementation of the *One-Stop Shop Plan 2013–18*
- » enhancing the customer experience and transformation of services as outlined in the *QSA Strategic Plan 2016–2020*
- » progressing the Digital Archiving Program—Phase 1 initiative to enable QSA to accept and preserve digital records.

CASE STUDY

New concessions service cuts time and confusion for seniors

'Why can't you just tell me what I am entitled to when I reach 65?'

Queensland seniors now have a single, trusted source in answer to this important question—and it's thanks to the Queensland Government's *One-Stop Shop Strategy*.

Seniors had given feedback in the past that they were confused about the concessions available to them and frustrated with the many application forms they had to fill in.

By joining together concession providers across all jurisdictions through a single process, the department is saving seniors time, money and effort.

In one simple process, seniors can select the concessions they want, complete their application and verify their identity and eligibility online—reducing the past number of touchpoints from six to one. The program now even notifies people when they reach the eligibility age for a concession.

The benefits of this simplified approach showed early. After the first release, application processing time reduced by 85 per cent, and from more than 20 working days to just one. As new concessions are added, benefits to seniors and agencies will grow.

The project was a highly successful partnership between the department's One-Stop Shop Strategy and Implementation Office; the Office for Seniors in the Department of Communities, Child Safety and Disability Services; both federal and local governments; and utility companies.

The real winners, of course, are Queensland's seniors, who can make their money go further and stay healthy and active for longer. They couldn't be more delighted, as their feedback shows:

'Excellent online facility—top marks for a job well done!'

'It's pretty good now but more retailers should get on board.'

'This new application form was excellent (with) easy steps to logically follow the progression through the process.'



meet the
game changers



Our performance

In 2016–17, we improved services for Queenslanders and contributed to the department's strategic objectives as outlined in our *Strategic plan 2016–2020* and the whole-of-government direction. Some of our achievements are listed below.

Three strategic objectives drove our achievements:

1. Provide clearer, better and easier access to leading-edge services designed around the citizen.
2. Increase digital inclusion to boost citizens' opportunities to flourish in the digital age.
3. Make it easier for businesses and organisations to engage with government.

We continued to support access, transformation and digitisation of Queensland Government information and services. Highlights included:

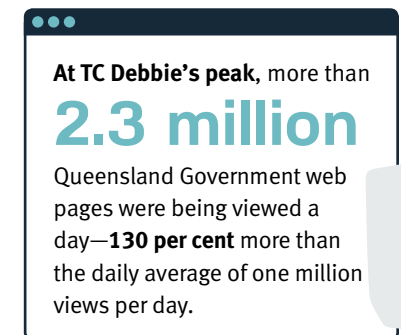
- » managing more than four million interactions through phone (13 QGOV) and in-person services. Online (qld.gov.au) received more than 62.9 million visits in 2016–17—a 53 per cent increase from 41.2 million in 2015–16
- » delivering new proactive and personalised experience pilots to join up information and services around a customer's specific circumstances
- » partnering with the Department of Tourism, Major Events, Small Business and the Commonwealth Games to pilot new personalised online services for business including:
 - the new Grants finder—bringing together information from seven different websites, making it easier for businesses to discover and access grants and assistance from government. The Grants finder for business links to 76 grant services and has been used by more than 9200 customers
 - the Starting a Café pilot—making it quick and easy for business startups to find out what licences they need for their venture. Starting a Café connects 124 relevant services for the Brisbane and Logan areas. The site has been used by more than 2100 prospective new business owners and 83 per cent are satisfied or very satisfied with the service
- Seniors Concessions significantly reduce customer effort and time with applications processed in one day rather than 20 days or more. The new pilot expands the range of concessions available in the proactive seniors concession pilot service to include selected rates and utilities, all in a single online process
- Settling in Queensland connects relevant information from 198 sites
- Managing Affairs after Death connects relevant information from 45 sites
- » engaging with Queenslanders to research and co-design government services. More than 6300 Queenslanders from across the state have been involved in service design through 34 engagement activities ranging from in-depth co-design and research activities to surveys and feedback
- » working in partnership with agencies to increase government transactional services on qld.gov.au—more than 400 are now available. Visits to www.qld.gov.au have increased by approximately 53 per cent since 2015–16
- » enabling customers to track the status of their complaints and feedback online, and to 'tell us once' when they moved house—eliminating the need for customers to inform many agencies of their move
- » developing and trialling whole-of-government digital capabilities to meet customer expectations through a personalised MyAccount. Features include alerts, transaction statuses and history
- » partnering with the Queensland University of Technology and the PwC Chair in Digital Economy to undertake a series of innovation sprints to prototype new approaches to personalised and proactive government services.

We provided services and information to Queenslanders during TC Debbie.

Queensland Government's 24/7 contact centre (13 QGOV) supported Queenslanders through TC Debbie community recovery efforts by answering more than



to Community Recovery, SES and Housing Responsive Maintenance lines and helping people in need to complete hardship grant applications through the online portal.



QSA conducted two disaster recovery workshops for government record-keepers and the public. Regional participants took part via new robotic technology—the Beam robot.

We promoted and increased access to the archival collection at QSA by:

- » transferring more than 2.3 linear kilometres (in excess of 150,000 items) of permanent government records to the archival collection where they will be preserved and stored to form part of Queensland's history
- » continuing to support the Queensland Government's First World War centenary commemorations by working with the ANZAC Centenary Committee and the State Library of Queensland
- » completing the Digital Archiving—Design, Test and Prove project. Longer term, the Digital Archiving program will enable the safeguard of our most important records and ensure they are safe and accessible in years to come for all citizens
- » using Flickr to connect with citizens by successfully curating and delivering new content and increasing access to almost two million views
- » releasing Cabinet Minutes online and in a fully digitised format (the 1986 Cabinet Minutes) for the first time
- » participating in the Brisbane Open House scheme. We conducted tours and activities for more than 200 Queenslanders.

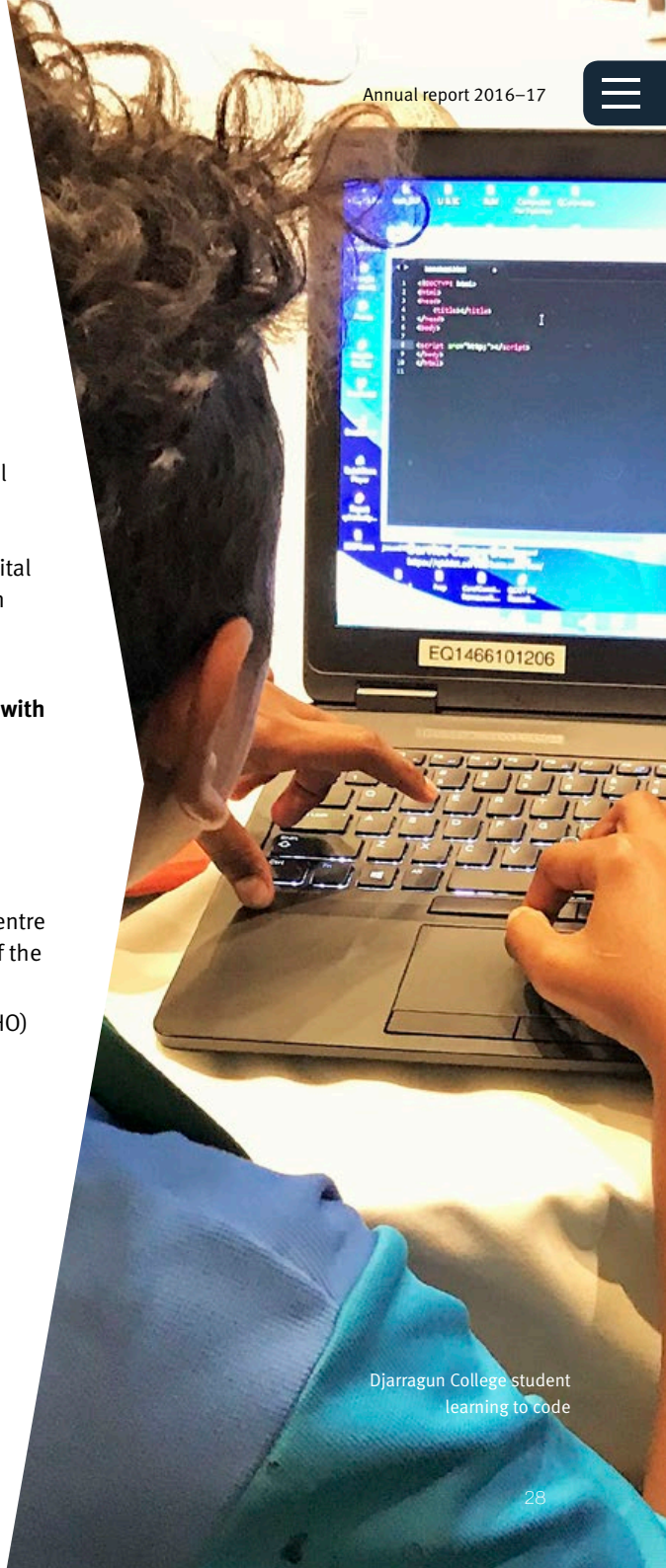
We collaborated with service providers, government agencies, business and corporate entities to increase the digital skills of all Queenslanders by:

- » expanding the Advance Queensland Community Digital Champions program, encouraging the public to explore the benefits of the digital age through the stories and activities of inspirational members of the community. A total of 37 new champions were recognised in 2016–17, bringing the total number to 92. These champions have conducted more than 250 activities to increase digital awareness and capabilities and reached more than 70,000 people across the state
- » supporting the 2016 National Year of Digital Inclusion by promoting events that encouraged Queenslanders to participate in the digital economy and improved digital adoption across Queensland. Activities included GovHack, Tech Savvy Seniors workshops, the CLICK! Digital Expo and the Django Girls coding event

- » increasing awareness and understanding of digital inclusion issues and programs through a roundtable discussion with 100 representatives from government, regional communities, Advance Queensland Community Digital Champions, business, industry, corporate and not-for-profit organisations. Key issues that contribute to Queensland's digital divide were discussed, including the need to increase engagement with regional communities
- » responding to the need for greater engagement with regional communities through a Digital Skills for all Queenslanders regional roadshow visiting Rockhampton, Cairns, Longreach and Bundaberg. Regional Queenslanders participated in digital skills workshops, a public expo and community consultation discussions aimed at increasing awareness and interest in digital technologies.

We made it easier for businesses and organisations to engage with the Queensland Government by:

- » delivering three Partners in Technology (PiT) forums to keep Queensland's ICT industry informed about procurement requirements and trends in government agencies and non-government organisations
- » partnering with Griffith University's Harry Gentle Research Centre to deliver a series of lectures on policing in the early years of the colony of Queensland
- » partnering with Tasmanian Archives and Heritage Office (TAHO) to investigate crowdsourcing opportunities for archives.

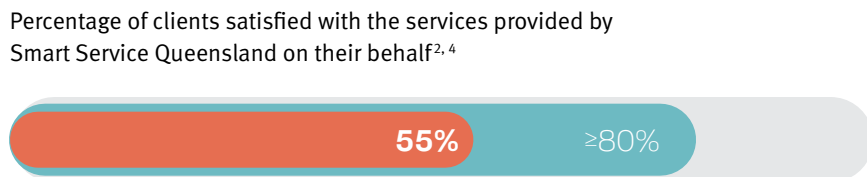
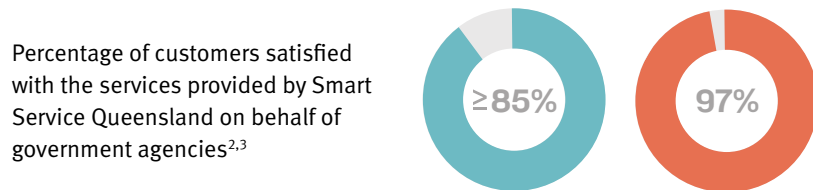




Performance review

The following service standards in the department’s *Service delivery statements 2016–17* were used by the department and the government to assess the service area’s overall performance.

Service standards

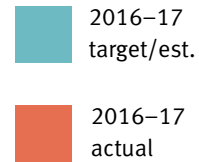


Notes:

1. The positive result indicates clients’ overall satisfaction with the One-Stop Shop program. This is the second year this measure has been reported. The target and the measure continue to be monitored for appropriateness and relevance to the One-Stop Shop program.
2. The term ‘client’ is used to identify other government departments or agencies, while the term ‘customer’ identifies members of the public. It is a measure of overall satisfaction.
3. This measure is based on customer satisfaction survey results for the phone (13 QGOV) and counter (Queensland Government Service Centres (QGSC) and Queensland Government Agent Programs (QGAP)) services managed by Smart Service Queensland (SSQ). In 2016, the online (www.qld.gov.au) customer satisfaction results were removed from this measure as it is no longer managed by SSQ. This year’s positive result was attributed to high levels of customer satisfaction for the delivery of phone and in-person services provided by SSQ.
4. The 2016–17 actual result is lower than the target due to the high percentage of neutral responses (38%) received from only 42 respondents. The percentage of clients surveyed who responded with extremely satisfied, satisfied or neutral was 92.8 per cent. Given neutral responses do not conclusively indicate a positive or a negative result, SSQ will carefully review its results as part of its continuous effort to improve services to clients.



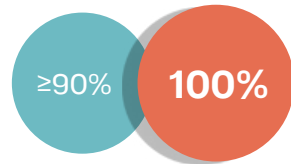
Cost per customer service interaction (all interactions)⁵



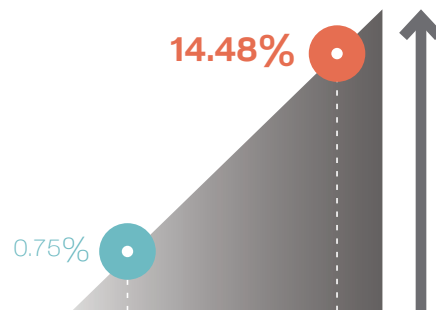
Overall customer satisfaction with Queensland State Archives' delivery of services to the public⁶



Percentage of One-Stop Shop projects being managed or delivered which meet committed timeframes and budget⁷



Percentage increase in the efficiency of service delivery⁸



- The measure is calculated based on the operating costs divided by interaction data. This target will be reviewed in subsequent years to refine the target for this measure based on several years of data. Customer service interactions include online sessions (qld.gov.au), in-person (QGAP and QGSC), telephone (13 QGOV), counter, card and concessions. This year's result achieved better than target due to the significant increase in the number of online customer interactions.
- The 2016–17 result is from the biennial customer satisfaction survey conducted for Queensland State Archives in March 2017, and is lower than the target due to the higher percentage of neutral responses received. The percentage of customers who responded with extremely satisfied, satisfied or neutral was 97 per cent. The next survey will be conducted in 2019.
- This measure is being discontinued for future years as it has been classified as a process measure, so does not meet the criteria as a measure of effectiveness.
- This measure is being discontinued for future years as it has been replaced by a new measure 'average cost to QSA per record accessed' which is a more robust measure of efficiency. The new measure will be reported in 2017–18.

CASE STUDY

Bright flickrs of success

Fascinating behind-the-scenes looks at historical records earned Queensland State Archives (QSA) more than two million views across its social media channels in 2016–17.

The QSA Flickr channel accounted for 1.8 million views alone, showcasing the QSA collection to new audiences around the world. Most popular albums were *Brisbane City* and *Gold Coast in Colour!*, with the most popular photo of the year showing Roma Street Station in 1898.

The success followed innovative and focused work by QSA's online team during the previous year to find, create and curate content for its online collection and develop Flickr as a platform.

Flickr's strong community aspect made it the ideal channel to promote historical images in QSA's collection.

The new channel has empowered employees to collaborate and contribute, and to develop their skills.

By cross-promoting Flickr content across Facebook and Twitter, the team has maximised QSA's reach across all channels.

Photograph of Roma Street Station in 1898 from the Queensland State Archives collection



meet the
game changers



Looking forward

In 2017–18, the department will:

- » partner with Queensland Government agencies, federal and local governments, non-government organisations and the private sector to provide digital, personalised and proactive services, making it simpler, faster and easier for customers to locate and access government services
- » continue to improve the customer experience when using digital government services delivered through qld.gov.au
- » collaborate with service providers, government agencies, business and corporate entities to implement digital inclusion and digital literacy activities that encourage Queenslanders to develop essential digital skills
- » continue to encourage Queenslanders to adopt digital technologies through inspiring role models and support Advance Queensland Community Digital Champions to undertake digital literacy activities
- » increase engagement with regional communities to improve digital literacy across the state and reduce the digital divide
- » progress the first stage of a digital archive solution to help keep our state's most significant records safe and accessible
- » progress a program of key projects to modernise the SSQ infrastructure to ensure customer information remains secure and enables streamlined service delivery to the community
- » work with agencies to improve the standards of record-keeping across government. This will ensure records are available for present and future generations
- » continue to provide service excellence to Queenslanders by phone via 13 QGOV and in person at QGAP locations and QGSCs
- » review the *Public Records Act 2002* to support effective record-keeping for the public sector in the digital age
- » partner with agencies and provide strategic advice to develop and implement digital economy policies and initiatives to improve Queenslanders' adoption of digital technologies, inclusion and infrastructure
- » support implementation of the Queensland Government's *Strategic Blueprint for Queensland's North West Minerals Province* by working with agencies to identify regional government service delivery improvements.



Our Government Champion role

The Queensland Government is committed to increasing the capability of government to deliver innovative, effective and integrated services for Aboriginal and Torres Strait Islander peoples across Queensland, particularly those who live in remote and discrete communities. The Government Champion program provides an opportunity for CEOs to partner with individual communities to deliver better outcomes for the community.

Our Director-General is the Government Champion for the community of Wujal Wujal in Cape York. In this role, the Director-General has built a strong relationship with the community and is focused on working with them to deliver on their priorities.

Working with Wujal Wujal Aboriginal Shire Council, Wujal Wujal Community Justice Group and traditional owners, the past 12 months focused on:

- » supporting the Mayor to scope a community plan
- » providing support, advice and coaching to Wujal Wujal Aboriginal Shire Council key staff
- » supporting projects and activities to assist with prevention and respond to domestic and family violence in the community
- » brokering discussion and negotiation of key community priorities such as infrastructure, economic development, social housing and external government and non-government services
- » connecting council staff with relevant government officers to assist in securing funding for significant projects.

In addition, DSITI has been working closely with the community on a number of fronts. We have:

- » been working closely with Wujal Wujal Aboriginal Shire Council and telecommunications service providers on options to increase telecommunications capability in Wujal Wujal
- » provided and installed a number of personal computers within the Indigenous Knowledge Centre to support community digital learning

- » undertaken records management and general administrative capability assessments and provided recommendations and policy development support to the council
- » engaged the CEO of Wujal Wujal Aboriginal Shire Council in leadership activities with DSITI Board of Management and staff.

Staff from all over the department have supported the wider Wujal Wujal community over the past 12 months with their generous personal contributions to the Indigenous Literacy Day Book Drive and Back to School Stationery Collection. These two initiatives saw more than 1000 books and in excess of 100 fully stocked backpacks provided to the community.



Director-General Jamie Merrick, Government Champion for the community of Wujal Wujal at Bloomfield River State School

Services for government

Objective

Provide a range of specialist services, modern corporate services and trusted advice that supports the achievement of government priorities and assists Queensland Government agencies to deliver their services.

Overview

The service area provides high-quality government-to-government services and advice, provides ICT direction and assurance, and delivers scientific information that underpins government policy.

Our areas of focus are to:

- » provide trusted scientific services and technical advice to government agencies, industry and the community
- » lead complex, multi-agency ICT programs and projects, manage ICT strategic sourcing and procurement arrangements, and facilitate engagement between the ICT industry and government
- » deliver consolidated ICT infrastructure services for the Queensland Government, covering data centre, network, storage, data protection, and ICT platform and solution integration services
- » deliver information brokerage solutions to customers in business and the community Australia-wide on a commercial basis
- » provide corporate transactional and advisory services to more than 70,000 public servants across 25 Queensland Government departments and agencies.

Our key material services are:

- » science delivery
- » strategic information and communication technology
- » CITEC information and communication technology
- » CITEC information brokerage
- » human resource (HR) services
- » finance services.

This service area is supported by the Queensland Government Chief Information Office (QGCIO) in providing independent, qualified advice to the Minister for Innovation, Science and the Digital Economy, and directors-general and agencies on ICT management and investment issues from a whole-of-government perspective.

QGCIO supports government ICT investment by:

- » developing the strategic direction for ICT and digital services within government in consultation and collaboration with agencies, the broader industry and academic sector
- » delivering appropriate policies, standards and guidelines as a governance framework to assist agencies to deliver quality frontline services
- » driving digital and ICT-enabled business transformation by developing targeted strategies, blueprints, business cases, evaluations, pilots and initial implementation
- » improving whole-of-government cybersecurity capability
- » ICT profiling that provides a cross-government view of ICT assets to support collaboration and provide evidence for future initiatives
- » providing advice, analysis and intervention as appropriate on emerging day-to-day issues.

CASE STUDY

Monitoring Queensland's air

Thirty air-quality monitoring stations stretching around the state from Moranbah to Mackay are under the watchful care of the department's Science Division.

The division manages and maintains this network, which is mostly in major Queensland population centres, and receives reports from a further 18 industry-operated stations. All continuous air monitoring data collected is publicly available through the government's Open Data web portal.

Together, the information helps the division to benchmark Queensland's air-quality against national standards, spot long-term trends, and keep communities, industry and government informed about ambient air quality in near-real time.

Custodians of air-quality data since 1978, the department provides validated information to other agencies, environmental consultants, industry, education and research facilities, and communities. This baseline data is fundamental to investigating complaints, managing emissions for licensed facilities, and other

environmental compliance activities. Investigations into coal train emissions along the South East Queensland rail network and industry impacts on air-quality in Townsville and Mount Isa have all benefited.

Recent advances in technology mean air-quality data can be streamed live, allowing local communities to be instantly informed about the air-quality in their region and how levels compare to standards.

Overwhelmingly, the department's data shows Queensland's air-quality is high. In the few times the state's air-quality has dropped, there has usually been a significant cause—such as bushfires, controlled burning or dust storms.

Top: Chris Collins (left) is inspecting a 1405-DF TEOM™ Continuous Dichotomous Ambient Air Monitor while Esther O'Brien performs maintenance on a Partisol™ 2025i Sequential Air Sampler

Bottom: Monitoring rail corridor dust at Cannon Hill, Queensland © State of Queensland 2015





Our operating environment

We operate in a complex and fluid environment driven by changing technology and customer needs and expectations.

DSITI's leading-edge scientific methodologies and evidence underpin government policy and programs in the areas of natural resource management and the environment. Importantly, our scientific information, tools, mapping and modelling products enable the Queensland community and industry to manage the impacts of drought and climate variation and understand their risks at regional and local scales.

While new technology provides significant opportunities to improve user experience, the department's challenge is to balance innovation and risk through appropriate governance so new opportunities can be pursued, while maintaining the security and integrity of core services.

DSITI manages its ICT resources to focus on consistently applying appropriate governance measures, promoting transparency to inform decisions, and careful monitoring to mitigate risk. We do this by:

- » putting tools and processes in place to enable modernised resources to provide better and more efficient services
- » supporting agencies by investigating options to improve service delivery and providing considered advice to aid decisions.

In response to this diverse environment, we will:

- » build on the department's proven track record for successfully managing and delivering large, complex, multi-agency ICT programs
- » further strengthen the Queensland Government's cybersecurity defences and capability through proactive incident detection and mitigation and addressing cybersecurity challenges
- » build on existing internal capability to mature data-sharing and data analytics across government
- » harness new ICT platforms, services and business models and effectively manage risk associated with complex and legacy environments
- » continue to pursue business optimisation opportunities in partnership with customer agencies, with a key focus on digital corporate services and enhancing the customer experience
- » continually strive to improve the quality and quantity of scientific data and access to it.



Our performance

In 2016–17, this area improved services for government and contributed to the department’s strategic objectives as outlined in our *Strategic plan 2016–2020* and the whole-of-government direction. Some of our achievements are listed below.

Three strategic objectives drove our achievements:

1. Provide high-quality government-to-government services and advice.
2. Set strategic direction, advise, provide assurance, pilot and implement leading-edge digital services.
3. Provide scientific advice, information, monitoring and modelling services to underpin policies and services that protect and enhance Queensland’s natural resources and the environment.

We provided effective ICT services to other government agencies and corporate entities:

- » processed an estimated 19 billion government business transactions each week—totalling more than \$40 billion every year—through the infrastructure and platforms managed by CITEC ICT
- » maintained an industry-leading availability rate of 99.98 per cent on more than 22,590 network devices, 1800 servers and 2800 kW of data centre power
- » maintained 99.93 per cent service availability for the Queensland Government Customer Identity Management (CIDM) system
- » enabled the flow of 25 terabytes of secured data between the internet and agencies every day
- » enabled more than 67 per cent of Queensland Magistrates Court claims documents and 90 per cent of Victorian County Court lodgements to be filed electronically

- » maintained CITEC’s International Standard for Quality Management (ISO9001) for the 24th year in a row
- » supported 78 participants from across eight agencies in the ICT Graduate program. From 1400 applications for the 2017 ICT Graduate intake, 34 graduates were recruited with 21 participants graduating in 2016
- » established a strong governance framework to support ICT category management across government
- » reviewed the whole-of-government ICT policy framework (QGEA) to support federated policy and best practice development across the sector.

We delivered cybersecurity services, capability and operations across government:

- » successfully mitigated 37 major Denial of Service cyber attacks, preventing them from impacting Queensland Government services
- » provided security intelligence by collecting and analysing an average of eight million logged events per day from more than 130 sources
- » delivered a suite of whole-of-government cybersecurity protections and programs to increase capability and maturity across government
- » worked with the Australian Government to help establish the first Joint Cybersecurity Centre in Brisbane. We are on the board of governance
- » achieved global best practice accreditation in information security management for CITEC’s data centres by attaining ISO27001 certification.



We continued to deliver high-quality corporate services to other government departments. We:

- » delivered a range of corporate services including finance, human resource management and mail support services
- » achieved an accuracy rate of more than 99 per cent for core finance and payroll processing activities
- » collaborated with agencies to progress service consolidation and modernisation initiatives with a focus on digital services and simplified business processes, including:
 - upgrading the core payroll solution used to deliver payroll and human resource services for more than 20 agencies, with improved self-service and workflow capability for employees
 - migrating the first two (of four) public safety agencies from a legacy payroll solution to the updated, shared core payroll solution as part of the HRIS program
 - finishing migrating three legacy agency finance systems to a shared, modern finance solution, providing greater functionality including self-service capabilities
- » implemented a series of superannuation-related reforms including an updated straight-through payment processing portal for more than 20 agencies
- » introduced a new corporate card management solution to 14 agencies, providing improved user experience and online approval processes, better controls and reporting capabilities
- » QSS was acknowledged at the 2017 Australasian Shared Service and Outsourcing Network Awards—the industry benchmark of excellence for both public and private sectors. QSS:
 - won the Excellence in People and Culture Creation category in recognition of QSS’ efforts to proactively manage the impact of digitisation
 - received an honourable mention in the Best Process Improvement and Innovation category for implementing continuous control monitoring to improve the performance and reliability of QSS’ accounts payable systems.

We continued to deliver high-quality scientific services to our customers. We:

- » delivered the first fully comprehensive map and information system of Queensland’s regional ecosystems. The map details vegetation data collected from more than 30,000 sites across the state
- » developed the Moreton Bay Mangroves and Associated Communities Interactive Map Viewer to enhance the knowledge, understanding and awareness of mangrove communities and estuarine wetlands in South East Queensland
- » expanded state-wide monitoring by adding eight new tide gauges in the Gold Coast Broadwater and installing the first of the new Reef Taskforce water quality monitoring sites
- » provided high-resolution climate change projections for Queensland through a dedicated climate change website to help local government, business, primary producers and communities understand their risk, build resilience and minimise the impacts of climate change
- » released the 2014–15 State-wide Land Cover and Tree Study (SLATS). SLATS uses Landsat satellite imagery to detect changes in woody vegetation in Queensland and to report annualised total woody vegetation clearing rates in hectares per year
- » continued to improve the quality, quantity and access to scientific data by increasing the number of monitoring sites and improve data management and accessibility systems to ensure timely and accurate data availability.

We identified, negotiated and achieved significant ICT cost efficiencies for government:

- » negotiated a discount of \$21.2 million over four years for whole-of-government software licensing and support services
- » identified avoidable costs of \$51.2 million available to Queensland Health to purchase software and services for a major system replacement project
- » enabled \$1.6 million per annum over 12 years in savings by implementing a new Harmonised Government Spectrum licence for Queensland Government radio networks
- » leveraged \$13.67 million in new government investment to secure 72 new or upgraded mobile phone towers under round two of the Australian Government’s Mobile Black Spot Program to improve mobile coverage for Queenslanders.



We developed, led and delivered significant Queensland Government initiatives:

- » **1 William Street ICT program:** delivered new ‘anywhere, anytime, any device’ technology to 4700 public servants from 21 agencies in the new building. The technology includes wired and wireless networking, federated identity management, follow-you printing, video conferencing and team collaboration facilities
- » **Testing within Government (TWiG) program:** enabled SMEs to improve the positioning of their products by working collaboratively with government agencies on a range of business challenges. Five SMEs successfully completed round one of the program in 2016–17, with a further 11 commencing in round two
- » **Multi-agency shared connectivity trial in Roma:** delivered the capability to reduce telecommunications costs, improve connectivity and increase collaboration for partner agencies
- » **Mobile Black Spots program:** collaborated with stakeholders to identify locations to deploy 66 4G small cells throughout Queensland to further improve mobile coverage across the state. Locations for a further 14 small cells will be determined in 2017–18.

We provided assurance and advice to significant Queensland Government initiatives:

- » **ICT investment assurance:** managed oversight of all government ICT investment projects through a central gated review and assurance process
- » **Directors-General ICT Council:** provided advice on more than \$1.2 billion ICT investments reviewed by the council in 2016–17
- » **agency committees and reviews:** provided independent specialist ICT and data-sharing advice
- » **Out of the Dark initiative:** supported the Queensland Family and Children Commission to engage with the public and not-for-profit organisations to raise awareness of online child safety.

We delivered critical services during and after TC Debbie.

- » We worked with the Department of Communities, Child Safety and Disability Services to process more than 64,000 payments totalling approximately \$28 million to people affected by TC Debbie.
- » We provided storm tide advice and deployed two ocean buoys to obtain wave height data.
- » After TC Debbie made landfall, we undertook land use and crop mapping to inform damage assessments, crop loss estimations and water quality assessment. Following TC Debbie, the Queensland Chief Scientist led and published an independent assessment of flooding of communities in Sandy Creek catchment near Mackay.



Rae Huggins taking a water sample from one of the monitoring sites in Sandy Creek, Mackay, Queensland

CASE STUDY

Eve is the voice technology of the future

Arriving at level 33 of 1 William Street—the department’s headquarters—is a new experience for visitors.

Thanks to an Australian-first partnership with cloud technology specialist Axalon, a Google Home speaker called Eve greets visitors at reception.

Configured for conversation, Eve directs visitors to meeting rooms and notifies staff on their desk phone or by text message when their guests have arrived.

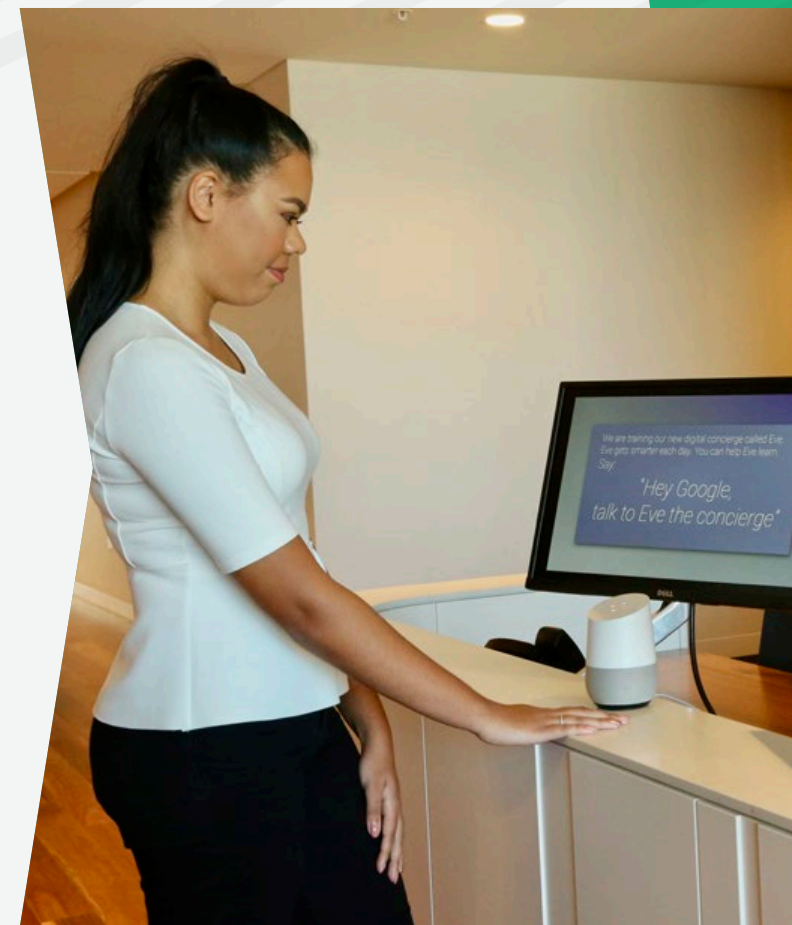
But it’s not about the visitor experience alone. Eve is rewarding the department with improved workplace productivity.

The reception area is located separately to the main office, making it unproductive and impractical to have it staffed full-time for irregular visitor arrivals. With Eve, the department can streamline its work, operate efficiently and free up two people to do more complex and valuable activities.

Eve’s arrival followed Axalon’s involvement in the Testing Within Government (TWiG) program, which invites businesses to partner with government to solve specific challenges. Axalon had worked on an environmental monitoring solution during TWiG, and during World Science Festival operated an interactive water buoy that relayed water quality data from the Brisbane River.

As an early adopter of Google Home technology—which has recently been released in Australia—Eve shows the benefits that follow government and business working together. She’s also the voice of the future, with Global technology firm Gartner predicting that, by 2020, ‘voice first’ interactions will drive 30 per cent of web browsing.

meet the game changers



An Australian-first partnership with cloud technology specialist Axalon, a Google Home speaker called Eve greets visitors at reception. Configured for conversation, Eve directs visitors to meeting rooms and notifies staff on their desk phone or by text message their visitors have arrived



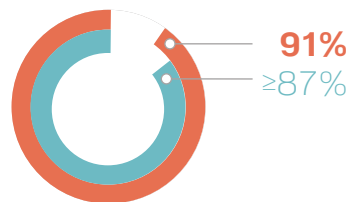
Performance review

The following service standards in the department's *Service delivery statements 2016–17* were used by the department and the government to assess the service area's overall performance.

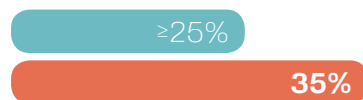
Percentage of customers from other government agencies satisfied with the natural resource and environmental science services and information provided (overall satisfaction)¹



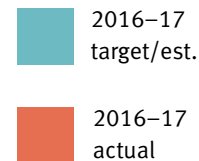
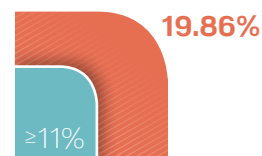
Percentage of laboratory tests completed and made available within agreed timeframes and quality specifications to support *Reef Plan 2013–18* and other government priorities²



Co-investment as a percentage of the Science Delivery budget³



Percentage of whole-of-government spend awarded to SMEs (transactions over \$10,000)⁴

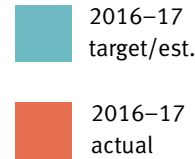


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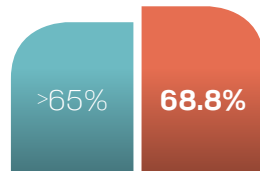
1. This measure is an indicator of the success of delivering Science Delivery services to meet the key priorities of other government departments for environmental and natural resource policy and decision-making. The survey results reflect the division's concerted efforts to improve service delivery and client relationships. These efforts include quarterly client meetings and improved governance processes.
2. The timeframes involved are negotiated per sample submission and quality is measured by maintenance of accreditation with the National Association Testing Authorities (NATA) Australia and performance in national and international laboratory proficiency trials. To maintain accreditation, the DSITI Chemistry Laboratory is required to constantly review processes and procedures. This process ensures that clients receive best practice service delivery.
3. The measure is an indicator of efficiency in delivering services for government and external customers by maximising financial resources through leveraging and partnering. Appropriated funding is leveraged by performing fee-for-service activities for other state government agencies and by partnering with external organisations including universities and other scientific organisations.
4. This measure assesses the ongoing effectiveness of the ICT SMEs participation scheme policy by measuring the percentage of whole-of-government spend on transactions over \$10,000 awarded to SMEs for ICT products and services. The ICT SME participation scheme policy ensures effective engagement with the ICT industry and specifically with SMEs by ensuring departments adopt a consistent procurement process.



Operating cost as a percentage of managed spend on ICT goods and services⁵



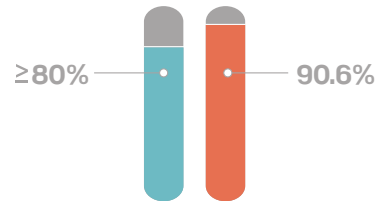
CITEC ICT customer satisfaction⁶



CITEC ICT earnings before interest and tax less depreciation and amortisation (EBITDA)⁷



CITEC IB customer satisfaction⁸



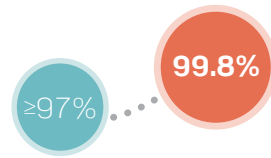
CITEC IB earnings before interest and tax less depreciation and amortisation (EBITDA)⁹



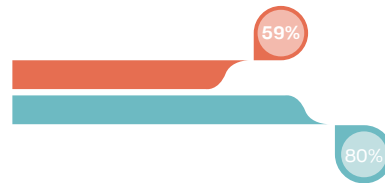
5. This measure has been classified as a measure of cost effectiveness, and has therefore been discontinued as a measure of efficiency and replaced with a new measure which will be reported in 2017–18. The positive result is due to lower than anticipated expenditure for professional services by the Government Wireless Network Contract Directorate and lower than anticipated employee expenses within ICT Strategic Sourcing.
6. This measure shows the percentage of customers satisfied with CITEC ICT's service and is calculated using an overall customer satisfaction question.
7. This measure shows the net income with interest, taxes, depreciation and amortisation added back to the operating position, effectively eliminating the effects of financing and accounting decisions for CITEC ICT. CITEC ICT's 2016–17 EBITDA position is better than target/estimate and is mainly due to better than anticipated client retention and additional new once-off revenue from Queensland Government agencies.
8. The positive result was attributed to high levels of customer satisfaction with the CITEC Confirm service centre as well as the reliability and timeliness of the CITEC Confirm service. This measure shows the percentage of customers satisfied with CITEC Information Brokerage's service and is calculated using an overall customer satisfaction question.
9. This measure shows the net income with interest, taxes, depreciation and amortisation added back to the operating profit, effectively eliminating the effects of financing and accounting decisions for CITEC Information Brokerage. CITEC Information Brokerage's 2016–17 actual is better than the target/estimate primarily due to successful retention of key customers.



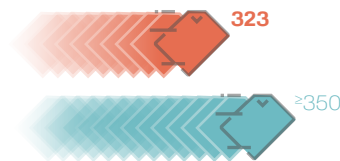
Percentage of payroll services delivered within service agreement standards¹⁰



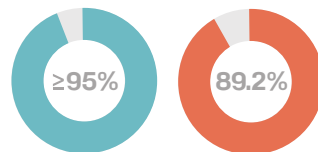
Client satisfaction with HR Services^{11,12,13}



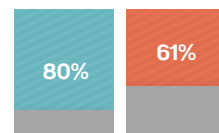
Number of pays processed per full-time equivalent per fortnight¹⁴



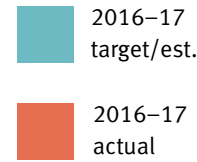
Percentage of finance services delivered within service agreement standards^{10,15}



Client satisfaction with finance services^{11,12,13}



Number of accounts payable transactions processed per FTE per annum¹⁶



10. QSS service agreements contain performance standards on which QSS delivers agreed services to customer agencies.
11. This measure is amended with wording change to align with terminology used within the department. The method of calculating the result remains unchanged. The term ‘client’ is used to identify other government departments or agencies, while the term ‘customer’ identifies members of the public.
12. These measures were introduced in 2016–17 as an indicator of overall customer satisfaction with HR services and finance services. Services comprises payroll and non-payroll services such as recruitment, establishment management, case management and workforce consultancy services. Finance services include accounts payable, accounts receivable, operational procurement, corporate card administration, and general ledger reconciliation and taxation services.
13. The 2016–17 results reflect the proportion of survey respondents who were satisfied or very satisfied with (HR or finance) services. While the result is below the target of 80%, it is an improvement from 2016 survey outcomes with another 30% (finance) and 32% (HR) of survey respondents neutral and only 10% (finance) and 9% (HR) dissatisfied or very dissatisfied. In 2017–18, QSS will continue to focus on customer service and delivering improved technology and business processes to increase customer satisfaction.
14. This measure is an indicator of productivity. The 2016–17 result is below target. A number of HR/payroll projects were delivered during 2016–17 and are continuing throughout the 2017–18 financial year. The parallel delivery of key projects and fortnightly services has required resourcing to be maintained at original levels, e.g. to allow for training of staff and to undertake user acceptance testing, resulting in less pays processed per FTE.
15. The 2016–17 result is below target although the majority of finance services were delivered within service agreement standards. Services relating to vendor and customer master data were delivered outside of target, primarily due to a major one-off exercise to conduct historical checks of vendor master data changes, and the introduction of additional controls for this service. QSS is collaborating with agencies to review service agreement standards for this service to reflect increased system and/or process control requirements.
16. Result indicates that performance improved incrementally over the past two years due to increasing uptake of eForms.



Looking forward

In 2017–18, the department will:

- » transition to a new ICT contracting framework that makes it easier for industry—especially SMEs and startups—to do business with government
- » lead ICT category management across the Queensland Government to ensure whole-of-government needs are met and value for money is maximised for significant ICT investments
- » manage large-scale contracts on behalf of government agencies to ensure the ongoing success of the Government Wireless Network, ICT in the 1 William Street building and the Mobile Black Spots Program
- » progress the cross-agency Human Resources Information System (HRIS) program—a replacement core HR/payroll solution and a new human capital management capability for Queensland Ambulance Service, Queensland Corrective Services, Queensland Fire and Emergency Services and Inspector-General Emergency Management
- » establish a data-sharing and analytics capability to enable data-sharing across government, provide insights and intelligence to agencies and develop a whole-of-government data-sharing platform
- » implement a multi-agency shared connectivity initiative to reduce telecommunications costs, improve connectivity and increase collaboration for partner agencies
- » work with the Information Commissioner, Parliamentary Counsel and Department of the Premier and Cabinet to investigate legislative barriers to sharing information
- » investigate options to obtain independent data on mobile coverage across Queensland, potentially by crowd-sourcing this data via an app on mobile devices
- » complete the upgrade of the government’s core, shared finance solution supporting 20 agencies, providing a modern platform from which to pursue new self-service and automation opportunities
- » deliver several payroll upgrades and migrations for public safety agencies, ensuring services are provided through a contemporary, vendor-supported solution
- » refine customer channels to make it easier for customers to contact the department for services and support
- » continue to identify and implement digital business service improvements to drive high-quality services and reduced costs of transactional processing for customer agencies
- » support the Great Barrier Reef Water Quality Program through monitoring water quality in Great Barrier Reef catchments, including the Catchments Loads Monitoring Program, wetland monitoring and by delivering updated land use and land use change-mapping for the reef catchments of Mackay–Whitsunday and Burdekin
- » commence, through the Queensland Water Modelling Network, collaborative tasks and joint projects with lead university and research partners to achieve better integration between surface water, groundwater and water-quality modelling in Queensland
- » collaborate with stakeholders, such as Gold Coast City Council, to establish an air-quality monitoring program on the Gold Coast with a focus on providing data during the 2018 Commonwealth Games
- » create and integrate a feedlot model into the Model for Effluent Disposal using Land Irrigation (MEDLI) v2 system, on behalf of major industry partners, to improve effluent irrigation scheme design and modelling
- » harness and foster community participation through the Weed Spotters Network and establish a detection and reporting system of new and emerging weeds.

CASE STUDY

QSS proactively protecting customers

As hackers and fraudsters become more sophisticated in their methods, Queensland Shared Services (QSS) has taken a proactive approach to safeguard the integrity of their processes and payments to vendors.

Its approach means QSS is protecting its customers and saving millions of dollars in potential loss from fraud.

In August 2016, QSS facilitated a Finance Assurance Forum with customer agencies and representatives from Queensland Audit Office, Queensland Government Chief Information Office and Queensland Police Service to find ways to collectively prepare against security and fraud threats.

The QSS Accounts Payable, Master Data and Payroll teams patiently contacted all vendors who had changed their bank details since January 2016, making more than 5500 phone calls to confirm bank account details to mitigate any payment issues.

Implementing Continuous Control Monitoring (CCM) as an internal control application helped to further safeguard against fraud and errors. CCM automates system validations beyond what is available in the core finance system, and identifies possible duplicate payments, duplicate vendor records, discrepancies in vendor records and possible fraudulent activity.

Since CCM began in January 2017, more than 1.2 million invoices have been uploaded, with more than 60,000 potential duplicates detected for review. Of these, only about 800 items were found to be actual duplicates needing correction, less than 0.07 per cent of all transactions.

With these proactive measures in place, QSS is continuing to put its customers first and protecting them from scams, fraud and security threats.

meet the
game changers

Other whole-of-government plans and specific initiatives

During 2016–17, DSITI was responsible for the following whole-of-government programs, plans and initiatives.

Strategies and plans

- » Accelerating Advance Queensland
- » Advance Queensland Engaging Queenslanders in Science Strategy
- » *ICT Industry Engagement Action Plan*
- » *One-Stop Shop Plan 2013–18*
- » *Queensland Digital Economy Strategy and Action Plan*
- » *Queensland Government ICT Strategy 2013–17*
- » 1 William Street ICT Blueprint, adapted into a Collaborative Workspace Strategy and Principles artefact to support the whole-of-government move to greater workforce mobility.

Programs

- » Small Business Innovation Research program rollout: identifying innovative solutions for complex challenges from across the Queensland Government and enabling innovation in government services
- » Digital Archiving program: completed the Design, Test and Prove project
- » 1 William Street ICT program: delivered new ICT infrastructure to the building
- » Human Resources Information System (HRIS) program: took over management of the cross-agency initiative
- » Testing Within Government (TWiG) program: managed and delivered the program and expanded it across government.

Initiatives

- » Queensland Government's First World War centenary commemorations: supported by working with the ANZAC Centenary Committee and State Library of Queensland
- » *Health of Queensland Science and Innovation 2016 report (October 2016)*: a summary of the current position of the state's science sector
- » Queensland Information Technology Contracting (QITC) framework: engaged with industry to design ways to make it easier for government and industry to do business
- » Torres Strait Digital Expansion Project: engaged with industry and government stakeholders to secure \$2.135 million co-funding support for the submission to the Commonwealth Building Better Regional Fund.

During 2016–17, DSITI also supported the following whole-of-government plans and initiatives:

- » *Reef Water Quality Program*
- » *Great Barrier Reef 2050 Long-Term Sustainability Plan*
- » *State Disaster Management Plan*
- » *Vegetation Management (Reinstatement) and Other Legislation Bill*
- » *Queensland Biofutures 10-Year Roadmap and Action Plan*
- » *Queensland Biofuels Mandate*
- » *State of the Environment Report*
- » *Climate Transition Strategy*
- » *Queensland Climate Adaptation Strategy*
- » *National Research Infrastructure Roadmap*
- » *Biomedical and Life Sciences Roadmap*
- » *Electric Vehicle Strategy*
- » *Innovation and Science Australia 2030 Strategic Plan*
- » *Red Tape Reduction Advisory Council Report—Queensland Government Response and Action Plan*
- » *Queensland: an age-friendly community action plan*
- » *State Infrastructure Plan*
- » *Queensland Housing Strategy 2017–20*
- » *Logan Together initiative*



03.

Our governance





Our leaders



Jamie Merrick
DIRECTOR-GENERAL

Appointed as Director-General in March 2016 following a period of acting Director-General from August 2015

Under the *Financial Accountability Act 2009*, the Director-General is accountable to the Minister for Innovation, Science and the Digital Economy and Minister for Small Business for the efficient, effective and financially responsible performance of the Department of Science, Information Technology and Innovation.

As Director-General, Jamie is responsible for ensuring the department:

- » implements the Queensland Government's Advance Queensland initiative
- » drives cross-government digital economy and ICT initiatives
- » delivers customer-focused citizen services
- » provides ICT investment and policy advice
- » delivers scientific, ICT infrastructure, finance and human resource services to government departments.



Andrew Mills
QUEENSLAND GOVERNMENT
CHIEF INFORMATION OFFICER

Commenced as Queensland Government Chief Information Officer in January 2014

Andrew provides strategic advice to the Minister for Innovation, Science and the Digital Economy and Minister for Small Business—and agencies—on the best way for the government to use information and technology to deliver improved services to Queenslanders and drive efficiencies through new business models.

Andrew supports the Minister, Director-General and Directors-General ICT Council to:

- » provide assurance and increased transparency over ICT investment
- » progress investigations that assess government and market readiness of new initiatives
- » explore the adoption of emerging technologies to improve the business of government
- » improve government information security.



Dr Christine Williams
ASSISTANT
DIRECTOR-GENERAL, SCIENCE

Commenced as Assistant Director-General in April 2012

Dr Williams leads the Science Division, which provides scientific and technical advice and services to government agencies to underpin their decision-making and legislative responsibilities.

The division, in close collaboration with the Queensland Chief Scientist, informs the Queensland Government's science policy and provides strategic leadership for the government's investment in science.

Christine has steered the division towards a whole-of-government approach to providing environmental, natural resource and climate science advice, driving synergies and efficiencies to ensure the division remains the trusted source of fit-for-purpose, evidence-based science for government decision-making.



Dallas Stower
ASSISTANT
DIRECTOR-GENERAL,
STRATEGIC ICT

Commenced as Assistant Director-General in May 2014

Dallas leads the development and implementation of initiatives that strengthen Queensland's ICT service delivery, including the Government Wireless Network and ICT shared services for the 1 William Street building.

He is responsible for ICT Strategic Sourcing, CITEC, Strategic ICT Projects and liaison with the ICT industry in relation to government procurement.

Dallas implements complex ICT projects with a focus on transitioning whole-of-government services, and drives partnerships and collaboration with government and industry to achieve quality ICT outcomes across the public sector.



Andrew Spina
ASSISTANT
DIRECTOR-GENERAL, DIGITAL
PRODUCTIVITY AND SERVICES

Commenced as Assistant Director-General in April 2012

Andrew is responsible for the areas of Digital Economy and Productivity, One-Stop Shop, Smart Service Queensland and the Queensland State Archives.

Andrew is focused on using digital services to support improved customer service delivery, government efficiency and industry productivity.



Irene Violet
ASSISTANT
DIRECTOR-GENERAL,
QUEENSLAND
SHARED SERVICES

Appointed as Assistant Director-General, Queensland Shared Services in July 2016 following a period of acting Assistant Director-General, Queensland Shared Services from May 2015

Irene is responsible for overseeing the payroll, HR and finance processes and systems for Queensland Shared Services' customers.

Irene is focused on transitioning the government's core finance and payroll systems to modern solutions that have the potential to deliver more contemporary, self-service and automated capabilities to client departments and agencies.



Paul Martyn
DEPUTY DIRECTOR-GENERAL,
STRATEGY AND INNOVATION

Commenced as Deputy Director-General, Strategy and Innovation in December 2015

Paul's responsibilities span innovation policy and insights, innovation programs and partnerships, and strategy and governance.

Paul is responsible for:

- » further developing and delivering the Advance Queensland initiative
- » influencing national and state policies, programs and regulations to ensure they best contribute to a thriving innovation system in Queensland
- » strengthening the unique role that DSITI can play in whole-of-government policy design and implementation
- » promoting innovation across government
- » departmental strategic and business planning.



Evan Hill
DEPUTY DIRECTOR-GENERAL,
CORPORATE

(previous—Chief Change and Operations Officer)

Commenced as Deputy Director-General, Corporate in February 2014

Evan is responsible for the strategic leadership of the department's corporate services—including finance, human resources, the Digital Enterprise Office, procurement, communications and engagement, legal, privacy, integrity services, corporate reporting, change management and risk management.

Office of the Queensland Chief Scientist

Professor Suzanne Miller

Commenced as Queensland Chief Scientist in December 2016

The Queensland Chief Scientist role provides leadership in science policy development and implementation and provides high-level, strategic advice to the Queensland Government on the role of science, research and innovation in meeting Queensland's economic challenges.

The Queensland Chief Scientist is a whole-of-government position that also provides advice on maximising opportunities from the government's investment in research and development.

Dr Geoff Garrett AO
FORMER QUEENSLAND CHIEF SCIENTIST

Queensland Chief Scientist from January 2011 to December 2016

Dr Garrett was accountable for science policy and guiding the state government on the important role science, research and innovation play in achieving government goals.

During his time as Queensland Chief Scientist, Dr Garrett lent his expertise to reviews covering the science of floods, the Great Barrier Reef, uranium mining, Hendra virus and coal seam gas.

Governance framework

The Board of Management (BoM) is the department's principal policy-setting and decision-making authority. It supports the Director-General as the department's accountable officer to ensure the department implements and operates within an appropriate governance framework.

Corporate governance arrangements are based on the principles of best practice outlined in the Public Sector Governance: Better Practice Guide, the Australian Public Service Commission's Building Better Governance Guide and by the Australian Audit Office.

Corporate governance arrangements are the principles, elements and mechanisms used by the department to support a focus on effective governance through strong leadership, responsible and ethical decision-making, management and accountability, and performance improvement.

The leadership and accountability model is part of the department's corporate governance framework and illustrates the accountability mechanisms in place to effectively control business activities.

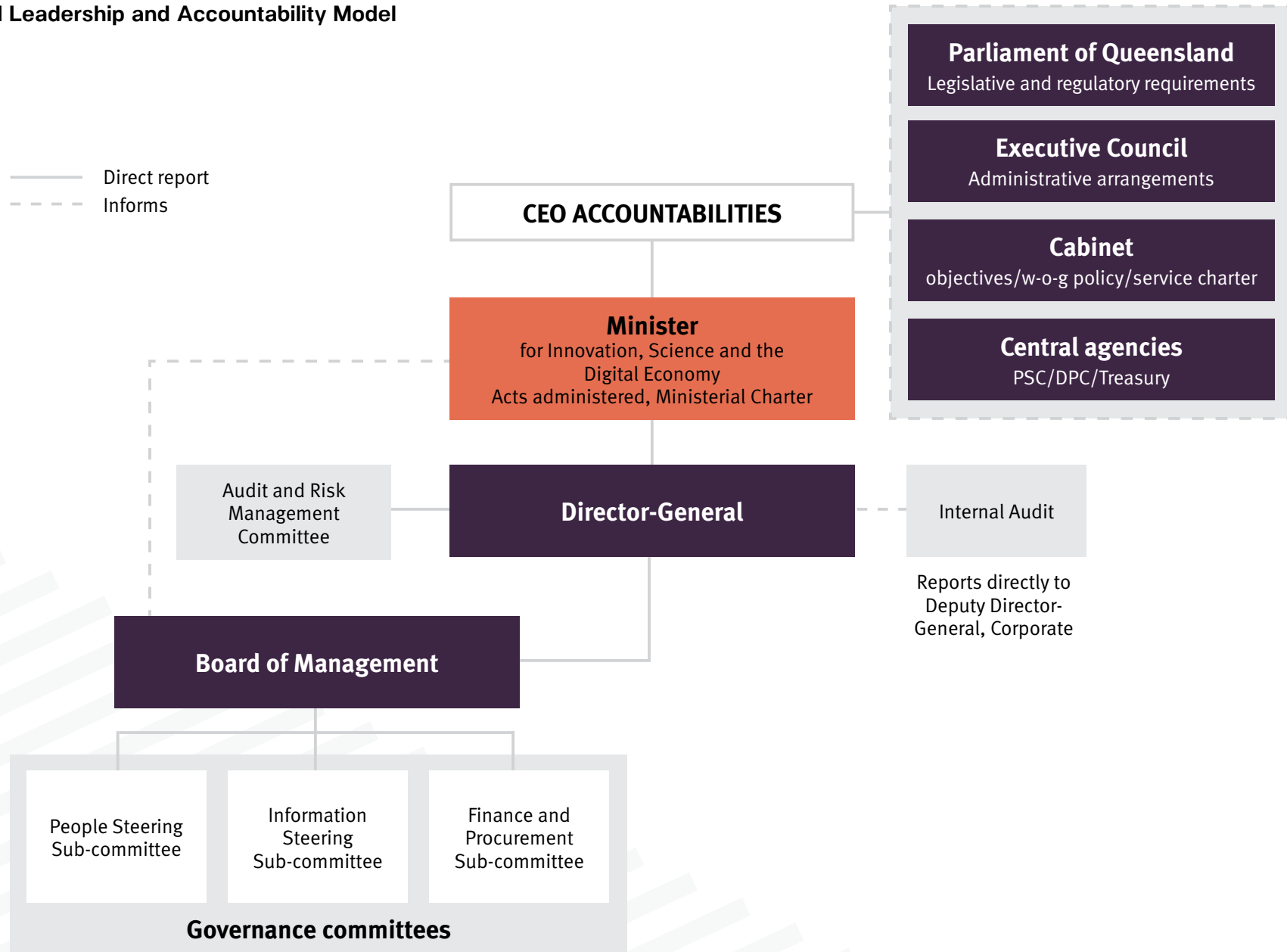
BoM works collectively to:

- » set agency strategy, objectives and priorities
- » develop our agency and workforce capabilities
- » increase and harness the diversity of our workforce
- » drive innovation across the agency and through our partnerships
- » oversee the implementation of programs and policies
- » monitor performance and reporting requirements
- » scrutinise risk mitigation strategies
- » review recommendations implemented from management and audit reports to improve business processes and work practices.

BoM, one governance committee and three sub-committees support the Director-General in the effective discharge of legislative accountabilities. They also provide opportunities for developing leaders to promote a performance culture and facilitate relationship-building and communication.



The DSITI Leadership and Accountability Model





Committee name	Members and purpose statement	Committee name	Members and purpose statement
Board of Management (BoM)	<ul style="list-style-type: none"> » Director-General (Chair) » Deputy Director-General, Corporate » Deputy Director-General, Strategy and Innovation » Queensland Government Chief Information Officer » Assistant Director-General, Science » Assistant Director-General, Digital Productivity and Services » Assistant Director-General, Strategic ICT » Assistant Director-General, Queensland Shared Services » Chief Finance Officer » Chief Information Officer » Chief Human Resources Officer » Executive Director, Communications and Engagement » Senior Director, Office of the Director-General <p>BoM meets weekly and is the primary governance body for DSITI.</p> <p>As well as decision-making responsibilities, the BoM is informed about sub-committee outcomes to facilitate effective corporate governance.</p> <p>An organisational governance and performance reporting meeting is held each quarter, with additional attendees:</p> <ul style="list-style-type: none"> » Director, Internal Audit » Director, Strategic Governance Performance and Reporting. 	Audit and Risk Management Committee (independent of BoM)	<ul style="list-style-type: none"> » Director-General » Deputy Director-General, Corporate » Assistant Director-General, Queensland Shared Services <p>External members:</p> <ul style="list-style-type: none"> » Partner, Risk Advisory Services, BDO (Qld) Pty Ltd (Chair)—paid as per agreed rates » Deputy Director-General, Corporate Services, Department of Communities, Child Safety and Disability Services. <p>The committee met five times and paid \$10,000 (ex-GST) remuneration to one external member during the 2016–17 financial year.</p> <p>The Audit and Risk Management Committee is directly responsible to, and supports, the Director-General to effectively discharge legislative accountabilities in the <i>Financial Accountability Act 2009</i> and the Financial and Performance Management Standard 2009 (FPMS).</p> <p>The committee provides independent assurance and assistance to the Director-General on:</p> <ul style="list-style-type: none"> » risk management, internal control and compliance frameworks » financial statements » internal audit and external audit matters » performance management » client agency assurance reporting. <p>The committee does not replace nor replicate established management responsibilities and delegations, the responsibilities of other executive management groups within DSITI, or the reporting lines and responsibilities of either internal audit or external audit functions.</p>



Committee name	Members and purpose statement	Committee name	Members and purpose statement
Information Steering Sub-committee (ISC)	<ul style="list-style-type: none"> » Deputy Director-General, Strategy and Innovation (Chair) » Deputy Director-General, Corporate » Assistant Director-General, Strategic ICT » Assistant Director-General, Science » Executive Director, Strategic Policy and Innovation » Assistant Director-General, Digital Productivity and Services » Assistant Director-General, Queensland Shared Services » Queensland Government Chief Information Officer » Chief Information Officer » Chief Finance Officer » Chief Human Resources Officer <p>External member:</p> <ul style="list-style-type: none"> » Group CIO, Youi Insurance. <p>The sub-committee meets every six weeks as a sub-committee of BoM. The primary functions of the ISC include:</p> <ul style="list-style-type: none"> » providing strategic oversight and direction to the department's portfolio of ICT investments » ensuring appropriate controls and governance exist for the various ICT programs and projects managed within the department » approving the department's ICT strategy and objectives in support of the <i>ICT Strategic Plan</i> » assessing and determining investment priorities for programs, projects and corporate ICT service activities, based on their alignment with strategic objectives » reviewing performance of the portfolio of ICT programs and projects to ensure progress is appropriate, all risks and issues are identified and addressed, and benefits are identified and monitored » endorsing and monitoring ICT and information management-related departmental policies, standards and guidelines » assuring that service performance standards of ICT operation are efficient, effective and economical, and meet the department's business requirements. 	Finance and Procurement Sub-committee (formerly the Finance Sub-committee)	<ul style="list-style-type: none"> » Assistant Director-General, Strategic ICT (Chair) » Deputy Director-General, Corporate » Deputy Director-General, Strategy and Innovation » Assistant Director-General, Queensland Shared Services » General Manager, Smart Service Queensland » Executive Director Science Delivery, Science » Principal Architecture Consultant, Queensland Government Chief Information Office » Chief Finance Officer » Chief Procurement Officer <p>The sub-committee meets each month to provide assurance about the effective financial and procurement management of the department, which includes:</p> <ul style="list-style-type: none"> » consideration of financial performance » procurement priorities and commitments » financial and procurement policies and procedures » budget submissions » procurement plans and implications » resourcing issues.
		People Sub-committee	<ul style="list-style-type: none"> » Assistant Director-General, Queensland Shared Services (Chair) » Deputy Director-General, Corporate » Chief Human Resources Officer » Executive Director and State Archivist, Queensland State Archives » Executive Director, Innovation, Policy and Governance » Executive Director, Science Development » Executive Director, Strategic Sourcing » Executive Director, Queensland Government Chief Information Office <p>The sub-committee meets every six weeks to ensure a strategic whole-of-department focus in relation to human resource management and workplace health and safety.</p>



Audit arrangements

Internal Audit is a key component of DSITI's corporate governance, providing independent assurance and advisory services to the Director-General and the Audit and Risk Management Committee (ARMC). These services use a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal controls and governance activities within the department.

Internal Audit operates under the powers pursuant to section 61 of the *Financial Accountability Act 2009* and its approved charter that incorporates the internal audit professional standards. Due regard is also given to Queensland Treasury's *Audit Committee Guidelines* (June 2012) to provide secretariat support to the ARMC.

The ARMC monitors the internal audit function to ensure it operates ethically and professionally.

The Internal Audit unit, together with its co-source internal audit partner (KPMG), focuses on delivering a high-quality, professional internal audit function and on completing the annual internal audit program of work.

During 2016–17, Internal Audit:

- » developed a comprehensive, risk-based strategic internal audit plan and annual internal audit plan, endorsed by the ARMC and approved by the Director-General
- » executed the annual internal audit plan that covered key financial controls, major systems, project management and operations
- » reported on the results of assurance and advisory reviews to the ARMC and Director-General
- » monitored and reported on the implementation status of internal audit recommendations.

Risk management

The DSITI risk management policy and framework, based on the international risk management standard AS/NZS ISO 31000:2009 and Queensland Treasury's risk management guidelines, ensure risks are managed consistently across the department and minimised through a robust system of internal controls. The framework encompasses threats and opportunities, reflecting the potential for either of these to impact positively or negatively on the department's objectives, strategic priorities and innovation.

Key strategic risks and opportunities are identified as part of our annual strategic planning process. All business areas, as part of their business planning, identify risks that may impact upon their business objectives. Significant risks are reported quarterly at the corporate governance forum and the ARMC.

During the year, we continued to embed the risk appetite statement into our business planning and day-to-day operations, building upon an existing risk awareness culture and encouraging prudent risk-taking.

Establishing the new Information Communication and Technology (ICT) federated operating model and governance framework has led to a more systemic approach to managing ICT risks. The Information Steering Subcommittee oversees strategic and systemic ICT risks, supported by the ICT Risk, Business Continuity Plan and Disaster Recovery Working Group. This model drives ICT risk management improvement initiatives across the department.

In 2016–17, we increased our number of business continuity exercises, emphasising cyber risks. To strengthen the department's resilience to disruptive events, learning insights and mitigating actions are tracked and regularly reported to the Board of Management.

Our annual preparation for the 2016–17 storm season meant we effectively responded to and recovered from TC Debbie, and met our commitments to state disaster management.

We have refreshed our annual assurance map. Based on the *Three Lines of Defence* model, the framework helps officer accountabilities to be understood and contributes towards effectively managing risk. We recognise the importance of being a risk-capable organisation. We embrace the government values that emphasise taking calculated risks to foster a culture of innovation and creating greater public value.



External assurance

Audits and reviews

In 2016–17, the Queensland Audit Office (QAO) tabled in Parliament three audit reports that mentioned the department.

1. Auditor-General Report No. 1 for 2016–17: Strategic procurement

The review assessed if the 21 state government departments were achieving and enabling value-for-money procurement through effective strategies.

Two of the six recommendations applied to DSITI, requiring us to develop a procurement data strategy and an agency procurement plan.

We implemented our agency procurement plan and we are now developing a procurement data strategy with the Office of the Chief Advisor, Queensland Government Procurement, Department of Housing and Public Works.

2. Auditor-General Report No. 3 for 2016–17: Follow-up: monitoring and reporting performance

The review assessed how effectively departments were implementing recommendations from the Monitoring and reporting performance (Report 18: 2013–14) audit report. All departments were recommended to ‘apply a service logic approach to define their service areas so that they only group services where they contribute to common objectives and outcomes’. DSITI has met this recommendation.

3. Auditor-General Report No. 8 for 2016–17: Queensland State Government: 2015–16 results of financial audits

The department’s financial statements were included in the Queensland Government’s consolidated financial statements audit. An unmodified audit opinion was issued about the department’s financial statements for the year ending 30 June 2016.

In 2016–17, the QAO also performed three audits for DSITI.

1. ASAE 3402 Assurance audit of Queensland Shared Services 2016–17

QAO reported on QSS’ description of its accounts payable, payroll and general IT control systems for processing customers’ transactions from 1 July 2016 to 30 June 2017 and on the design and operation of controls related to the control objectives stated in the description.

QAO concluded that, in all material respects, the QSS control objectives in the system descriptions were suitably designed and operated from 1 July 2016 to 30 June 2017. A total of 28 audit recommendations were made to QSS to strengthen internal controls. QSS agreed to implement them.

2. ASAE 3402 Assurance audit of CITEC 2016–17

QAO assessed CITEC’s description of its internal controls over ICT infrastructure and related services as at 28 February 2017 and on the design of controls related to the control objectives stated in the description.

QAO concluded that, in all material respects, CITEC’s description of its internal controls over ICT infrastructure and related services were suitably designed as at 28 February 2017. Eight audit recommendations were made to CITEC to strengthen internal controls. CITEC agreed to implement these.

3. Audit of the department’s Financial statements 2016–17

QAO audits the department’s financial statements each year. On 28 April 2017, QAO issued an Interim Management Report about the operating effectiveness of controls in three areas of the financial statements: cash, payroll and expenditure for the period 1 July 2016 to 28 February 2017.

No significant internal control deficiencies were identified or reported.



Other external audits and reviews that took place in 2016–17 are detailed below:

- » QAO conducted a performance audit on government cloud computing management and tabled a report to Parliament in February 2016.
 - The Education, Tourism, Innovation and Small Business Parliamentary Committee’s implementation of the *Auditor-General’s recommendations about cloud computing report No. 34* was released in May 2017.
 - The Queensland Government Chief Information Officer attended the hearing on 22 March 2017 to respond to the committee’s questions regarding progress in implementing the recommendations from the *Cloud computing report* released in 2016.
 - The committee was satisfied the information provided by the Queensland Government Chief Information Officer and departments demonstrated significant progress in implementing the Auditor-General’s recommendations.
- » The National Association of Testing Authorities, Australia (NATA) audited the Chemistry Centre Laboratories. NATA accredits laboratories, inspection bodies, calibration services, producers of certified reference materials and proficiency testing scheme providers throughout Australia. It provides independent assurance of technical competence through an established network of best practice industry experts for customers who require confidence in their products and services. Accreditation was obtained following the audit.
- » The Department of Agriculture and Water Resources Audit Services team audited the Chemistry Centre Laboratories for the accredited Biosecurity Containments level 1 (BC1) Approved Arrangement facilities. This audit was required as the Chemistry Centre analyses imported material subject to biosecurity control. The audit results concluded the facilities complied with the standards set by the Department of Agriculture and Water Resources.

- » The Queensland Productivity Commission (QPC) completed its investigation into a competitive neutrality complaint made against CITEC Information Brokerage. QPC found CITEC Information Brokerage’s services did not breach the principle of competitive neutrality as defined in section 32 of the *Queensland Productivity Commission Act 2015*. QPC did not identify any adverse findings or corrective actions.
- » CITEC is routinely audited by independent government organisations for compliance and assurance. In 2016–17, the QAO audited CITEC SAP Information Technology General Controls. No major issues were identified.

Information systems and knowledge management

DSITI's Digital Enterprise Office (formerly the Chief Information Office) develops record-keeping policy and provides several services to DSITI business units. These include advice and guidance on appropriate record-keeping practices. A communication, awareness and training program is being developed to keep educating staff about records and records management.

To enable a collaborative and consistent approach to record-keeping across the department, an Information Management and Records Working Group has been established under the department’s new Federated ICT operating model. The working group includes representatives from all business units. This enables broader support for records management initiatives and for increased records management expertise and knowledge to be shared across the department.

With the move to 1 William Street and many staff relocating to Terrica Place, paper-reduction initiatives and practices continue to be a focus in day-to-day work practices. The Digital Enterprise Office is continuing to drive the department towards a digital workplace by investigating requirements for digitising paper and manual processes, including whole-of-department cloud-based technology to support digital records management. DSITI is also leveraging productivity tools to enable greater access to information anywhere and anytime, and for staff collaboration across the department.



04.

Our people



People Compass

In 2016–17, we developed a People Compass to help navigate our people-first journey.

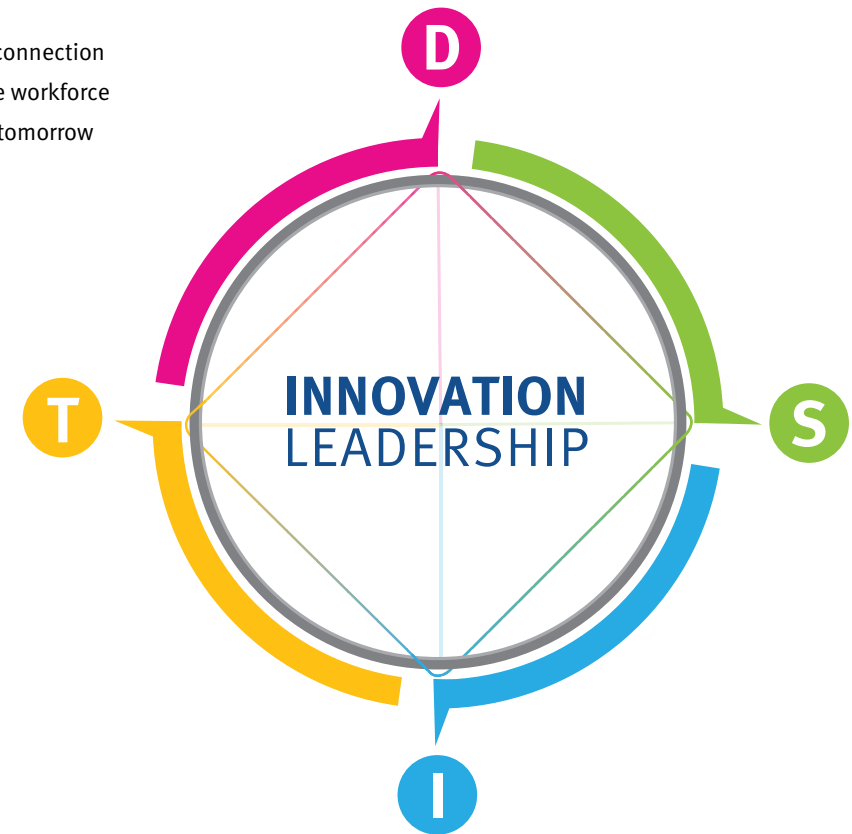


The compass guides us to become an organisation that innovates, solves problems and values diversity of thought—while being agile and changing tack, based on where we are, where we need to go and the challenges ahead.

An integrated program of work supports the compass and seeks to leverage the talents, potential and performance of 2574 employees. Together, we are delivering *a better Queensland through science, innovation and technology*.

Five compass points represent who we are and what we do:

- » Deliver better leadership
- » Strengthen performance and connection
- » Invest in and value our diverse workforce
- » Transition to the workforce of tomorrow
- » Innovation leadership.





Deliver better leadership

‘Deliver better leadership’ is about building a sustainable pipeline of diverse, inspiring and innovative change leaders through prioritised initiatives that create leaders at all levels.

Leadership program

We have launched a targeted leadership program, investing in our high-potential, high-performing AO8 and SO leaders. This program focuses on managing high-performance teams and workplaces—building organisational capability and performance. In 2017–18, 30 leaders will participate in the program, including 360-degree capability assessments, face-to-face group workshops, individual and peer coaching, and delivering workplace projects to support their learning.

People Matters

Our pipeline of job-ready future leaders is an important component of focusing on the future. People Matters is a five-day, hands-on development program that equips our future and emerging leaders with foundational leadership skills to support their journeys into management. The program covers important skills like building confidence in managing people, performance and change, developing coaching skills, and managing recruitment and selection.

In 2016–17, 78 employees completed People Matters in four programs, including four employees who participated in a regional program in Cairns.

Strengthen performance and connection

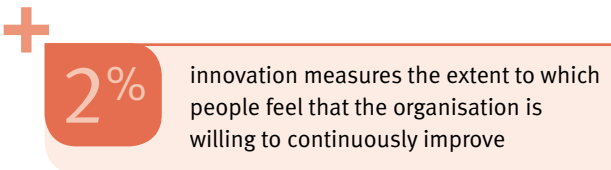
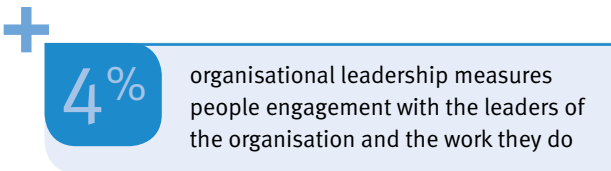
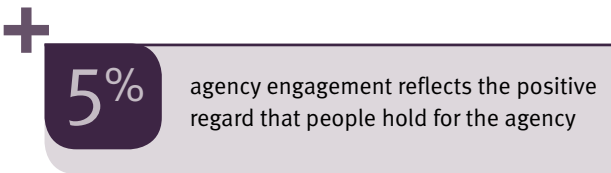
Strengthening performance and connection is about ensuring everyone shares a passion and knows what actions will help achieve our goals.

Working for Queensland results

Each year, the department participates in the sector-wide Working for Queensland employee opinion survey to measure people's perceptions of their work, manager, team and organisation. The 2016 survey ran in April 2016, with results available in August 2016. Seventy-eight per cent of our people—2191 in total—shared their thoughts and opinions on their employee experience within the department.

We have focused on continuously improving our culture and workplace environment, and we are proud of the improvements we achieved in 2016.

Top 2016 results compared to 2015



In addition to these core measures, there was strong awareness of our domestic and family violence policies and support approaches (91 per cent). Other areas of strength include our supportive and inclusive workplace culture, with 77 per cent of people believing we have an inclusive culture where diversity is valued and respected. Generally, job satisfaction is trending upwards with an increase of four per cent on the 2015 scores.

While we improved in the areas of career development and performance assessment, we will continue to implement initiatives to focus efforts on building a culture of performance and development conversations.

Performance management

Performance underpins our services to government and to Queenslanders. It is central to all we do.

To support our people in 2016–17, we re-energised our focus on performance by developing a simplified approach to managing workplace performance and development conversations. In DSITI, we want to create a workplace environment where our people regularly receive and give performance feedback to enable a culture of continuous improvement and innovation.

We have developed new tools and support mechanisms—including an easy-to-use conversation guide, helping employees and managers to have productive, regular performance conversations as part of their day-to-day work.

Looking ahead, we are developing a highly engaging approach to workplace conversations by using gamification, taking our focus on performance and innovation to the next level.

Industrial and employee relations framework

We have a robust industrial and employee relations framework underpinned by the *Industrial Relations Act 2016* and associated instruments:

- » *Queensland Public Service Employees and Other Employees Award—State 2015*
- » *Civil Construction, Operations and Maintenance General Award—State 2016*
- » *State Government Entities Certified Agreement 2015*
- » *CITEC Certified Agreement 2016*.

We have a joint departmental–union consultative committee for the department, as well as divisional committees in QSS, SSQ and CITEC. These committees are the primary ways to engage with unions on industrial relations matters, including workplace change.



Invest in and value our diverse workforce

We are fostering a workplace culture that supports learning, diversity of thought and helps us to manage our health and wellbeing.

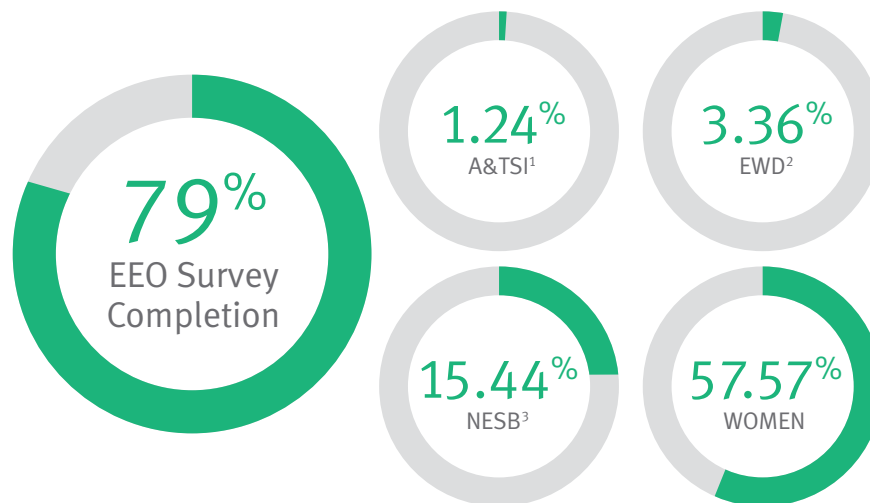
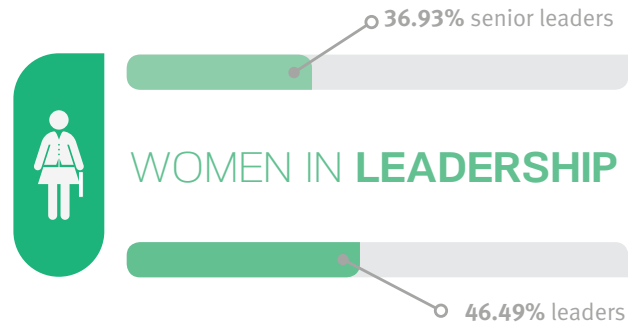
Diversity of thought, experience and opinion sets our department apart from others. This year we developed the Diversity and Inclusion Strategy 2017–19, which outlines a two-year program of work, focused on six core workforce groups:

- » gender equity
- » Aboriginal and Torres Strait Islander employees
- » employees with a disability
- » employees from a non-English speaking background
- » employees who identify as LGBTIQ+
- » multi-generational workforce.

While we acknowledge each of these groups is equally important, the focus in 2017–18 will be on building gender equity across the department, with a focus on women in leadership; and improving and sustaining Aboriginal and Torres Strait Islander workforce participation.

Supporting gender equity

Women in leadership positions of Senior Officer and above grew 5.5% in 2016–17.



1. Aboriginal and Torres Strait Islander peoples
 2. Employees with a disability
 3. Non-English-speaking background

CASE STUDY

Building an inclusive workforce

Creating the Aboriginal and Torres Strait Islander Internship Program in 2016–17 was another important step towards building a diverse department that reflects the community we serve.



Along with our partners CareerTrackers, we gave real workplace experiences to seven university students from across Queensland through a 12-week paid program.

The interns represented broad academic disciplines including IT, business, digital services, commerce, psychology and arts. All seven completed the program and made valuable contributions while gaining a head start on their careers.

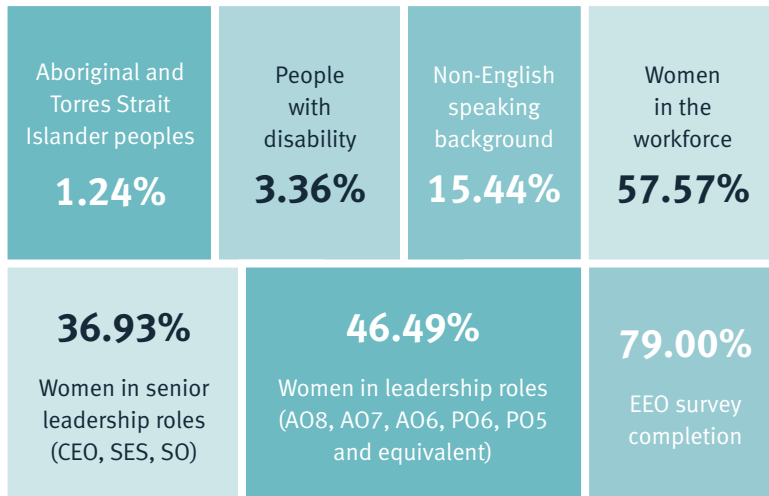
Key to the program was support. Managers developed a detailed work program to provide interns with the most relevant learning opportunities. Interns also developed learning contracts to outline their own accountabilities and shadowed the Director-General to gain insight and exposure to senior executives across the government.

Next year, we'll welcome our next intake of interns as we continue to support Aboriginal and Torres Strait Islander students.

meet the
game changers

Creating the Aboriginal and Torres Strait Islander Internship Program in 2016–17 was an important step towards building a diverse department that reflects the community we serve

Diversity in DSITI 2016–17



Data based on active and paid FTEs

DSITI Women Connect

DSITI Women Connect is a departmental-wide program established to create opportunities for women to connect, network and learn from each other. New to the 2016–17 program were three self-managed LeanIn circles to formalise learning opportunities. Twenty-two women are actively participating in these learning circles.

DSITI Women Connect also supported an International Women's Day panel discussion on the topic of Be Bold for Change, where executive leaders discussed their career journeys, learnings and advice for the future with more than 100 participants, including the Minister. We also sponsored several experiential opportunities such as the Committee for Economic Development of Australia (CEDA) Women in Leadership events and the Aspiring Women Leaders' Summit to continue to build a strong group of future and emerging women leaders.

In 2017–18, future topics to be explored include personal branding, financial management, networking and building confidence.

Women in Leadership mentoring program

One of the new gender equity in leadership initiatives was a Women in Leadership mentoring program. This program matches 20 mentoring pairs together, with both men and women leaders mentoring emerging and future women leaders. This program has mentors from all levels of leadership in the department, from our Board of Management members to middle managers. All are focused on building confidence, capability and capacity in emerging leaders.

Improving our cultural capability and workforce participation of Aboriginal and Torres Strait Islander peoples

Building our cultural capability as a department continued to be an area of focus in 2016–17, with an increased effort on driving workforce participation.

We actively worked with the Wujal Wujal community to run a school supplies drive over the Christmas/New Year period. This supported all Wujal Wujal school-aged children to return to school in 2017.

Throughout the year, we have continued to deepen our capability with participation in NAIDOC Week, Harmony Day and National Reconciliation Week. Supporting these events and initiatives broadens our appreciation for indigenous cultures and strengthens our position as an emerging employer of choice for Aboriginal and Torres Strait Islander peoples.

In late 2016, we developed an Aboriginal and Torres Strait Islander 12-week internship program to provide university students with real work experience in our department. Seven interns participated, working in areas including information technology, digital services and human resources.

Our commitment to building sustainable opportunities at all levels will continue throughout 2017–18 with the introduction of a small, targeted graduate program as well as leadership interchange opportunities with other sectors and industries.



Supporting employees and Queenslanders with disabilities

We are working collaboratively to ensure Queenslanders of all abilities have equitable access to services and employment opportunities. We are committed to establishing a Diversity and Inclusion Council with employee and community representatives, ensuring our approach is grounded in real-life experience and is fit for purpose.

Ethics and Code of Conduct—supporting our employees to do the right things, right

We recognise employment in the public service is a position of trust, and as such hold ourselves and our colleagues to a high standard. The Code of Conduct for the Queensland Public Service is a key tool in setting the standards we must uphold.

To ensure our people are aware of these standards, information about the Code of Conduct is provided to new employees as part of their induction. We've also made our Code of Conduct e-learning module mandatory, with staff required to undertake an annual refresher.

Our policies and procedures are in line with the Code of Conduct and our ethics, principles and values. These support our people to undertake their roles in an impartial and apolitical manner.

Our e-learning suite of programs helps equip our people with the knowledge and skills to do the right things, right.

These mandatory online training modules are delivered via our new learning management system, MyCareer. They are required to be completed every 12 months and cover topics such as information security, Code of Conduct, information privacy, domestic and family violence, cultural capability, and fraud and corruption.

Looking ahead, safety and wellbeing, procurement and induction modules will be added to the mandatory suite to ensure we are equipping new and existing employees with the relevant skills to make 'getting on with the job' easier.

Health, safety and wellbeing

In 2016–17, there was an increased focus on health, safety and wellbeing. A new safety vision and Workplace Health, Safety and Wellbeing Plan were established. An action group of leaders from across the department was formed to support the implementation.

Key initiatives implemented in 2016–17 included:

- » our Wellbeing program, designed to develop a resilient, engaged and connected workforce, is made up of four key pillars: physical health, mental health, financial health, and community and social engagement. Wellbeing activities included a flu vaccination program, online health assessment, corporate games participation, and financial education
- » enhancing our medical case management processes, ensuring our employees are supported to remain at work or return to work as soon as possible after an injury or illness
- » piloting mental health awareness training
- » offering support services including counselling and support to all employees and their families, and a specialised professional case management service to support people affected by domestic and family violence
- » strengthening our approach to identifying and managing health and safety risks across the department.

In 2017–18, we will build initiatives with a focus on mental health education, risk management and wellbeing initiatives targeted to the needs of our people.

Flexible working arrangements

We are committed to providing working arrangements that support our people to balance their professional and personal lives. The Hours of work and flexible work policy and procedure were reviewed during 2016–17 and are in line with the provisions of the *Industrial Relations Act 2016*.

Information about flexible working options is promoted in job advertisements, at induction and throughout the employment lifecycle.



Physical health

Physical health is connected to mental and emotional health. Taking care of your body is a powerful first step towards mental and emotional health. The mind and the body are linked. When you improve your physical health, it is likely that you will experience greater mental and emotional wellbeing.

Mental health

Mental health programs aim to enable an individual to realise their own abilities, and to cope with normal stresses of life, work productively, and make a contribution to their community.

Community social engagement

Connecting with our community and helping others can help reduce stress, combat depression, and provide a sense of purpose to our every day.

Financial health

Financial stress, or the feeling of lack of control over financial matters, can impact all facets of wellbeing. By taking charge of your finances, there is likely to be a positive move to your overall wellbeing.



Taking a stand against domestic and family violence

Not now, not ever. We're putting an end to domestic violence.

We are one of 13 agencies participating in the White Ribbon Workplace Accreditation program, which focuses on preventing violence against women. In addition, the department is strongly focused on preventing violence of any kind. From our Working for Queensland results in 2016, we know 91 per cent of our people are aware of policies to support employees affected by domestic and family violence in the workplace and community.

We are due to submit for accreditation in September 2017 and are hard at work implementing an integrated program of initiatives. These focus on building awareness, understanding, skills and referral points for our people—ensuring employees who experience violence, as well as employees who use violence, are supported at work.

As part of our commitment, we participated in the Darkness to Daylight charity event in May 2017, raising \$1814 for DVConnect. Our employees have pledged their commitment to stop violence by signing oversized White Ribbons.

In 2017–18, we will educate our leaders to support their people through any element of domestic and family violence. We are also partnering with not-for-profit organisations to continue to support the education and behaviour change that is needed—because enough is enough.

Hot Tasks—mobilising our people to where we need them

Hot Tasks helps our employees to build their skills and share their knowledge through short-term, on-the-job opportunities.

Developing our employees through a range of learning methods is important as we transition to the workforce of tomorrow. In 2016–17, we launched an initiative to help mobilise our people across different business areas for short-term, bite-sized work packages. Work opportunities—of up to four weeks full-time or 150 hours—are advertised on our corporate social network, Yammer, with interested employees opting to fill the task either from their primary work location, or to co-locate with the team needing help.

Hot Tasks helps our people build their skills through on-the-job learning, strengthens performance and connection across the department, and makes sure we are moving resources, where and when they are needed.

In 2017–18, we will continue to grow our Hot Tasks initiative through technology-enabled automation to ensure we are matching people who are seeking opportunities with those that need a resourcing boost. Hot Tasks will continue to help us deliver our priority projects while providing valuable on-the-job learning experiences.

Recognising our people's above and beyond efforts

Our ability to deliver is dependent upon our efforts. Our formal recognition programs include:

- » Recognition of Excellence awards
- » Public Service Medal
- » Honours List
- » Prime Minister's Awards of Excellence
- » divisional awards.

Appreciating and recognising the efforts of our people also occurs through informal channels and is an important part of our workplace culture.



Minister Enoch with the White Ribbon



Transition to the workforce of tomorrow

Service evolution and digital disruption mean our leaders must support new ways and new opportunities so we can transition to the workforce of tomorrow.

Leading and working through change

Change is the new normal across the sector, and it's no different within our department. As an organisation with a central focus on innovation, we are equipping our people to work through and lead change through face-to-face learning.

In 2016–17, 61 people attended four dedicated sessions. These sessions support teams going through a range of people, process and technological changes, and equip them to positively approach changes in the future.

Next year, we are looking to grow the change capability of our people with a next-generation approach to change leadership.

Workplace modernisation

During 2016–17, approximately 400 employees from six buildings across the Brisbane CBD relocated to Terrica Place (140 Creek Street, Brisbane). Rationalising accommodation resulted in savings of more than \$1.7 million and provided our Brisbane CBD-based staff with a contemporary workplace and updated technology for better mobility and connectivity.

Terrica Place offers a modern fit-out with dedicated project workspaces, collaboration and co-creation areas, and communal lunchrooms. We have introduced technology to improve collaboration, reduce reliance on paper and decrease the need for physical travel between buildings.

In 2017–18, we will transition an additional 900 employees into Terrica Place, further consolidating our CBD accommodation footprint.

Separations

During the period, five employees received redundancy packages at a cost of \$621,260.81. All voluntary redundancies were employee-initiated.

The permanent separation rate for the department in 2016–17 was 6.95 per cent.

CASE STUDY

1000 good reasons to move

With most departments moving to 1 William Street under the Queensland Government's long-term accommodation strategy, it was time for DSITI to also find a new home for almost 1000 employees.

In 2016, the department's Board of Management endorsed a plan to move employees from buildings around the CBD to a single location: Terrica Place at 140 Creek Street. Phase one was completed in 2016–17.

A comprehensive project team led the way, making decisions in consultation and communication with staff. Team members briefed staff, undertook research to understand the needs of a new workplace, and ran campaigns to encourage new workplace practices. They covered topics including paper and storage reduction, records management, new technology and training, and workplace health and safety.

The team tracked workplace satisfaction and productivity by asking employees to complete a baseline survey before they moved. When the same respondents were resurveyed post-move, they noted a significant increase in access to technology that enabled them to work effectively in and around the office.

As well, nearly 70 per cent of employees found their workspace enabled them to undertake focused work

away from their desk. Similarly, 82 per cent found their workspace enabled them to collaborate and freely share their ideas and knowledge.

The relocation to Terrica Place is encouraging contemporary work practices while also reducing the department's accommodation footprint. Operational costs are down, freeing up funds to reinvest in ICT infrastructure.

The benefits aren't just internal. In acts of philanthropy, the department gifted furniture and office supplies to charities benefitting Queensland people—including schools and victims of domestic and family violence. Recently, a donation to the Sycamore School for students on the autism spectrum has furnished their seventh classroom, and is helping to create a safe, inclusive and innovative learning environment.

As the second phase continues in 2017, more benefits will flow to the department and community—leading to even better services.

Newly designed contemporary work space enabling increased collaboration and sharing of ideas and knowledge

meet the
game changers



Innovation leadership

Growing our own innovation ecosystem builds a workplace that ignites ideas and unleashes potential. The department is working collaboratively to remove red tape for its customers and for its people to build valued services.

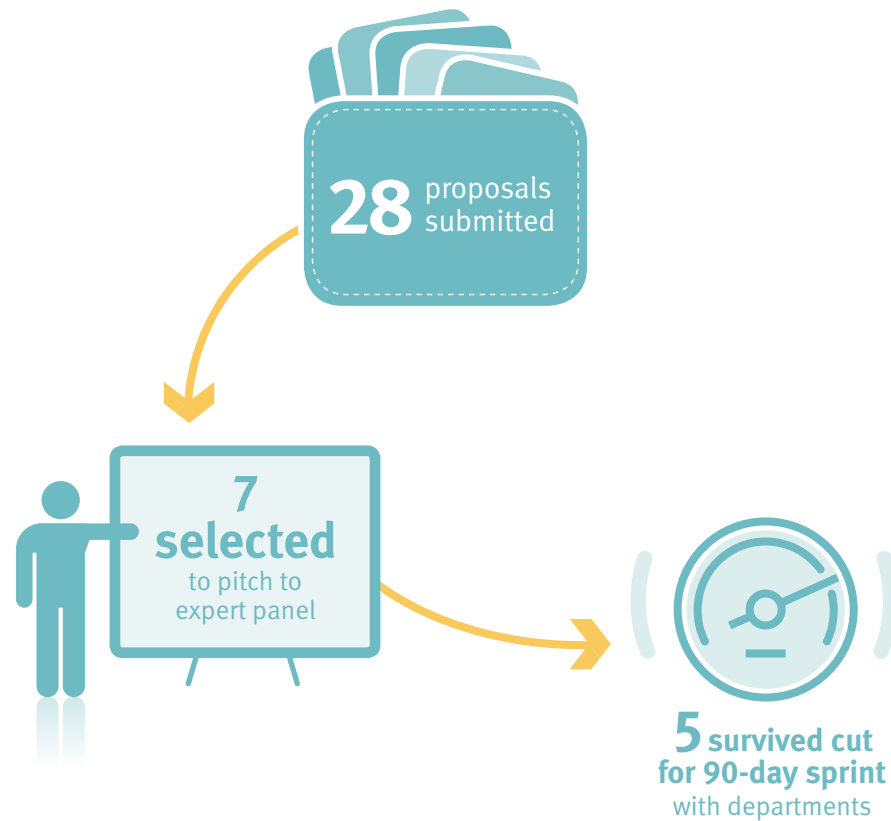
Innovation Arena

In 2016–17, we partnered with the Department of Natural Resources and Mines to run the first Innovation Arena. Employees pitched clever solutions to complex business problems. Innovation Arena resulted in:

- » participants testing proposals directly with Directors-General
- » quick decisions being made about proceeding with ideas
- » innovative project concepts being fast-tracked
- » improved inter-departmental collaboration.

The five shortlisted projects benefited from departmental advice on subjects including in-house project management, sprint training and marketing.

A second round of Innovation Arena will run in 2017–18.



2016–2017

Innovation Arena



05.

Our locations



The department's head office is at 1 William Street, Brisbane. Other offices and service areas are in sites in the Brisbane CBD and greater Brisbane area, and in major regional centres across Queensland including Cairns, Townsville, Rockhampton, Maroochydore, Robina and Toowoomba. CITEC has one interstate location (Melbourne).

Our services to Queenslanders are complemented by the existing Queensland Government Agency Program (QGAP), which supports multi-agency service delivery in regional and rural areas across the state.

Division	Address	Division	Address
Brisbane		One-Stop Shop Strategy and Implementation Office	Brisbane, 140 Creek Street
Change and Operations Division	Brisbane, 140 Creek Street	Queensland Government Chief Information Office	Brisbane, 111 George Street
	Brisbane, 160 Mary Street		
CITEC	Brisbane, 317 Edward Street Railway 1D	Queensland Government Service Centre	Brisbane, 33 Charlotte Street
	Ipswich, Springfield DATA Centre I (Polaris)		
	Brisbane, 140 Creek Street		
Digital Productivity and Services Division	Brisbane, 140 Creek Street	Queensland Shared Services	Brisbane, 160 Mary Street
			Woolloongabba, 411 Vulture Street
Office of the Director-General	Brisbane, 1 William Street		
Office of the Queensland Chief Entrepreneur	Fortitude Valley, The Precinct, 315 Brunswick Street	Queensland State Archives	Runcorn, 435 Compton Road
Office of the Queensland Chief Scientist	Brisbane, 111 George Street		



Division	Address
Science Division	Dutton Park, Ecosciences Precinct, 41 Boggo Road
	Toowong, Queensland Herbarium, Mount Coot-tha Road
	Deagon, Coastal Impacts Unit, Queensland Government Hydraulics Laboratory, 27 Quinlan Street
Smart Service Queensland	Brisbane, 127 Creek Street
Smart Service Queensland (contact centres)	Mt Gravatt, Garden Square Block B, Kessels Road
	Zillmere, Pineapple Street
Strategic ICT	Brisbane, 140 Creek Street
Strategic Policy and Innovation	Brisbane, 160 Mary Street
Regions	
Digital Economy and Productivity	Rockhampton, 209 Bolsover Street
	Toowoomba, 100 Bridge Street
	Townsville, 455 Flinders Street

Division	Address
Queensland Government Service Centre	Cairns, 5B Sheridan Street
	Maroochydore, 12 First Avenue
Queensland Shared Services	Cairns, 5B Sheridan Street
	Gympie, corner Louisa Street and Cartwright Road
	Maroochydore, 12 First Avenue
	Robina, corner Christine Avenue and Scottsdale Street
	Rockhampton, 80–82 Denham Street
	Toowoomba, 532 Ruthven Street
	Townsville, 187 Stanley Street
Science	Smithfield, Australian Tropical Herbarium, JCU Cairns Campus, McGregor Road
Interstate	
CITEC	Melbourne, 256 Queen Street



Queensland Government Agent Program (QGAP) offices

Smart Service QGAP offices are in regional centres.

Agnes Water	Croydon	Maleny	Sarina
Aramac	Cunnamulla	Mary Valley	Springsure
Augathella	Dirranbandi	Middlemount	St George
Ayr	Eidsvold	Miles	Stanthorpe
Babinda	Gatton (QGCC)	Mirani	Surat
Barcaldine	Gayndah	Mitchell	Tara
Beaudesert (QGCC)	Georgetown	Monto	Taroom
Bedourie	Goombungee	Moranbah	Texas
Biloela	Herberton	Mossman	Thargomindah
Birdsville	Hughenden	Mount Garnet	Toogoolawah
Blackall	Ingham	Mount Morgan	Tully
Blackbutt	Inglewood	Moura	Wandoan
Boonah (QGCC)	Injune	Mundubbera	Weipa
Boulia	Isisford	Murgon	Windorah
Camooweal	Jandowae	Nanango	Winton
Cannonvale	Julia Creek	Normanton	Yarrabah
Childers	Jundah	North Stradbroke Island	Yeppoon
Clermont	Kilkivan	Pittsworth	
Collinsville	Laidley	Quilpie	
Cooktown	Lowood	Ravenshoe	
Crows Nest	Malanda	Richmond	

QGCC—Queensland Government Customer Centre



06.

Our financial performance



Summary of financial performance

This financial summary provides an overview of the department's financial performance for 2016–17. A comprehensive view of the department's financial performance is provided in the Financial Statements included in Part B of the annual report.

Financial performance

Table 1: Summary of financial results of the department's operations

Category	2016 actual \$m	2017 actual \$m	2018 budget \$m
Total income	\$609.3m	\$636.4m	\$664.9m
Total expenses	\$611.5m	\$632.5m	\$677.5m
Operating result	(\$2.2m)	\$3.9m	(\$12.7m)

Operating result

The operating surplus of \$3.9 million before income tax for the year ended 30 June 2017 is due to:

- » operating surplus within Queensland Shared Services of \$3 million
- » timing differences between the receipt of external grant funding and deferral of expenditure commitments associated with the department's Science projects of \$1.2 million
- » return of unexpended grant funding from Biopharmaceuticals Australia of \$1.2 million
- » assets and services received below fair value in connection with the fit-out of the department's new accommodation leases in the Brisbane CBD and Fortitude Valley of \$0.8 million, offset by
 - CITEC operating deficit of \$2.2 million which is better than forecast mainly due to increased government revenues and successful retention of clients.

Income

Income for the department totalled \$636 million for 2016–17, an increase of \$27 million on the prior financial year mainly due to increased funding for Advance Queensland deliverables and the transfer of Human Resource Information System (HRIS) from Public Safety Business Agency (PSBA).

Total appropriated services revenue for the period was \$306 million, and the department operated within its appropriated budget during this period. Total user charges received for the period was \$303 million, which was primarily derived through ICT services by CITEC, services by Smart Service Queensland, and corporate services (including finance and payroll support) by the department's shared service provider, QSS.

User charges and fees are the other main sources of income for the department at 48 per cent of the total. They are generated from a variety of activities, with the main clients being other Queensland Government departments.

Expenses

Expenses for the department totalled \$632 million for 2016–17, an increase of \$21 million on the prior financial year mainly due to Advance Queensland, HRIS and One-Stop Shop initiatives offset by GWN and Science limited life program finalisations.

Supplies and services are the department's major expense component at 45 per cent closely followed by employee expenses at 41 per cent. Supplies and services include service delivery expenses relating to ICT (including the GWN) and shared service providers.

Financial position

The net assets position reported in the financial statements shows the net worth of the department. As at 30 June 2017, this was \$138.7 million. Table 2 summarises the department's financial position for 2016–17 and 2015–16.

Table 2: Summary of financial position—assets and liabilities

Category	2017 actual \$m	2016 actual \$m
Total assets	\$328.5m	\$331.4m
Total liabilities	\$189.8m	\$191.8m
Total equity	\$138.7m	\$139.6m

Assets

As at 30 June 2017, the department's total assets was \$328 million and the department held \$219 million in property, plant and equipment, and intangible assets. Leased finance assets represent \$118 million and relate mostly to the Government Wireless Network.

The value of assets decreased by \$3 million to \$328 million in comparison to the prior financial year mainly due to reduced receivables, partially offset by additional prepayments related to the whole-of-government Microsoft and SAP contracts managed by the department.

Liabilities

As at 30 June 2017, the department held liabilities totalling \$190 million, a decrease of \$2 million compared to the prior financial year.

All liabilities recognised by the department are funded and no significant contingent liabilities exist as at 30 June 2017 in respect of the department's activities.

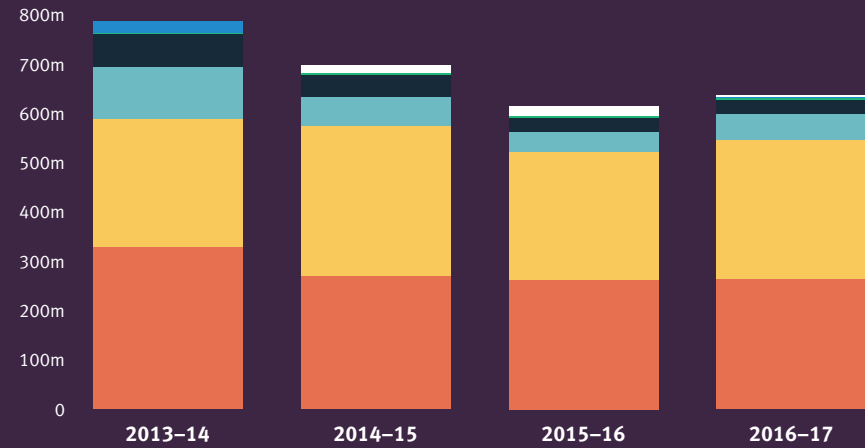
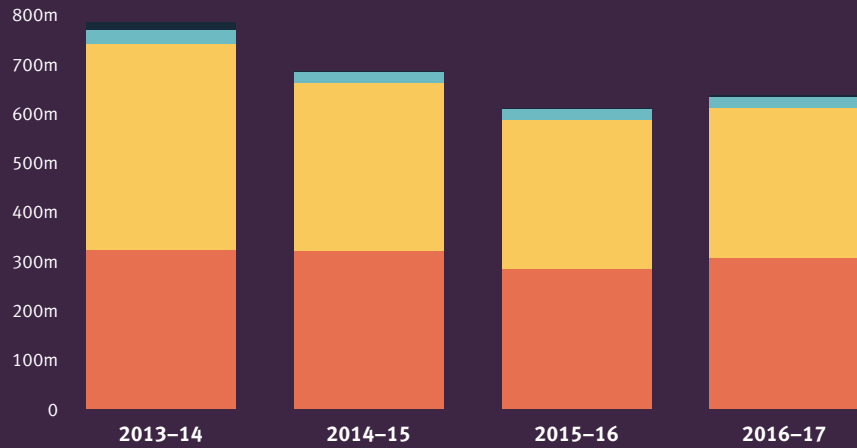
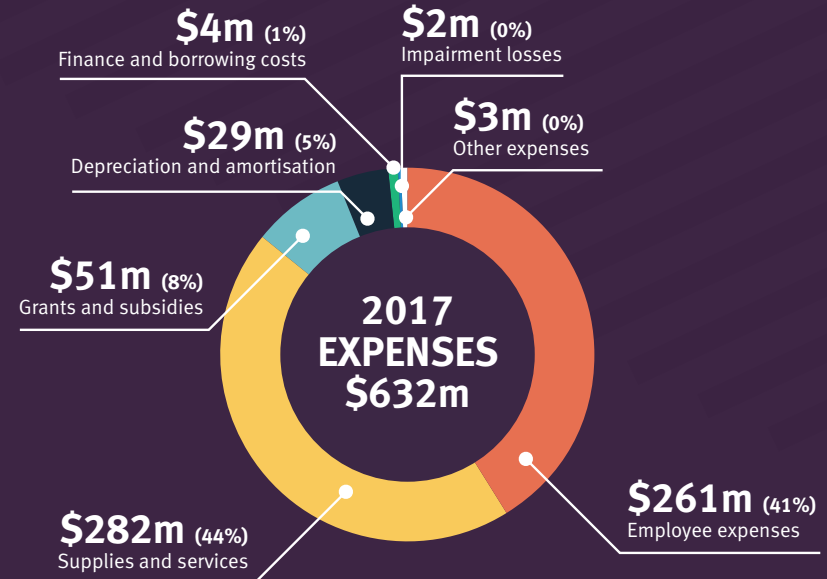
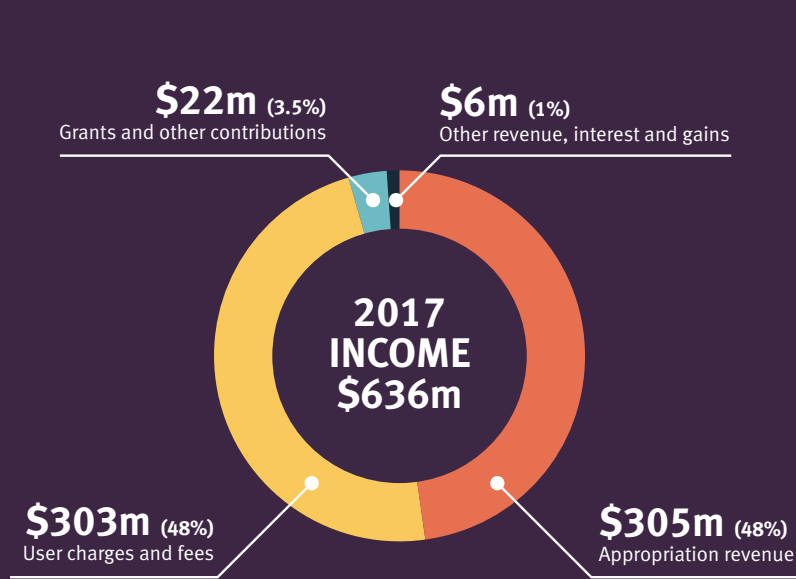
Administered

The department's administered activities had an operating surplus of \$6 million due to a contribution received in relation to the ICT arrangements for 1 William Street. The management of administered assets was consistent with departmental objectives. For more information, refer to the Schedule of Administered Items in Note 30 of Part B of this annual report.

Statement by the Chief Finance Officer

In accordance with the requirements of the *Financial Accountability Act 2009*, the Acting 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 Chief Finance Officer has fulfilled the minimum responsibilities as required by the *Financial Accountability Act 2009*.





07.

Glossary of terms





Acts	legislation that has been promulgated or enacted by the Queensland Legislative Assembly and is therefore now law	Digital economy	the global network of economic and social activities enabled by information and communications technologies such as the internet, mobile and sensor networks
Advance Queensland	a comprehensive suite of programs, based on international evidence of ‘what works’, designed to create the knowledge-based jobs of the future. The program is managed by the Advance Queensland Implementation Unit	Digital first	using digital channels as the primary or preferred means of delivery for government information and services
As-a-service	a model where customers can purchase ICT solutions from a supplier without having to own or lease any of the associated equipment/software	Digital innovation	the application of digital technology as a new idea, device, or method, which provides a better solution to meet new requirements, unarticulated needs or existing market needs
Aurion	payroll system	Digital literacy	the skills and ability to participate safely and securely, confidently and lawfully online to take full advantage of the opportunities available in the digital age
Cybersecurity	protection of computer (both hardware and software) and information systems from theft, damage or disruption	Digitally-driven	digitally-driven organisations recognise the power, value and potential of their digital data and the need to create new forms of digital data
Community Digital Champions	advocates of digital technologies within their local communities, appointed under Advance Queensland	Digital technologies	includes the internet, hardware and software applications, devices such as smart phones and tablets, wireless and satellite, electronics and sensors, transaction and trading platforms, digital media and content. Other digital technologies include artificial intelligence and virtual reality; computer/machine vision; drones; geospatial; machine learning; additive and distributed manufacturing; natural language processing; next-generation robotics; and speech recognition
Denial of service	computer and information systems become unavailable for their intended use, either temporarily or indefinitely, due to a cyber attack	DSITI Women Connect	a departmental-wide program established to create opportunities for women to connect, network and learn from each other
Digital adoption	digital adoption is the use of digital solutions to enhance business or personal activities, through awareness of technology, purchase and implementation, and integration of the solution	e-filing system	electronic filing system
Digital capability	an organisation’s capacity to use and respond positively to change in digital technology and services		
Digital disruption	the change that occurs when digital technologies and business models affect existing goods and services		



e-learning	electronic learning
Eve	an automated concierge system being trialled at 1 William Street
Flickr	image and video hosting website
Globalisation	the process of international integration arising from the interchange of world views, products, ideas and other aspects of culture
Hyper-connectivity	a state of unified communications (UC) in which the traffic-handling capacity and bandwidth of a network always exceed the demand
Onboarding	also known as organisational socialisation, refers to the mechanism through which new employees acquire the necessary knowledge, skills and behaviors to become effective organisational members and insiders
One-Stop Shop	a single point where customers can access a range of government services to ensure a better, more consistent customer experience for Queenslanders
SAP	a business operations software product. SAP stands for System Applications Products
QTenders	online website where you will find information about upcoming, current or closed tendering opportunities with the Queensland Government
RB tool	regrowth benefits tool

Startup	an entrepreneurial venture, which is typically a newly emerged, fast-growing business that aims to meet a marketplace need by developing or offering an innovative product, process or service
Startup Catalyst	an initiative that takes groups of youths, startups, investors, corporates and innovation leaders to international startup hotspots to assist in the cultural transformation of the Australian economy to one that is fast-paced, startup aware and ‘global first’
The Precinct	Queensland Government-backed startup and innovation hub in Fortitude Valley
Webchat	real-time communication on the internet
YouTube	video-sharing website



08.

Compliance checklist





Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs—section 7	Letter to Minister Enoch p 3
Accessibility	Table of contents Glossary	ARRs—section 9.1	Glossary of terms p 79–81
	Public availability	ARRs—section 9.2	About our annual report p 7
	Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARRs—section 9.3	p 4
	Copyright notice	<i>Copyright Act 1968</i> ARRs—section 9.4	p 4
	Information licensing	<i>QGEA—Information Licensing</i> ARRs—section 9.5	p 4
General information	Introductory information	ARRs—section 10.1	From the Director-General p 8
	Agency role and main functions	ARRs—section 10.2	About the department p 11–17 Legislation administered by the department p 17 Our locations p 71–74
	Operating environment	ARRs—section 10.3	Our operating environment p 17
Non-financial performance	Government’s objectives for the community	ARRs—section 11.1	Our strategic objectives p 15–16
	Other whole-of-government plans/specific initiatives	ARRs—section 11.2	Other whole-of-government plans/specific initiatives p 46
	Agency objectives and performance indicators	ARRs—section 11.3	2017–17: performance highlights p 9–10 Our strategic objectives p 15
	Agency service areas and service standards	ARRs—section 11.4	Our service performance p 18–46
Financial performance	Summary of financial performance	ARRs—section 12.1	Our financial performance p 75–78



Summary of requirement	Basis for requirement	Annual report reference	
Governance—management and structure	Organisational structure	ARRs—section 13.1	Our structure p 13
	Executive management	ARRs—section 13.2	Our governance p 47–57
	Government bodies (statutory bodies and other entities)	ARRs—section 13.3	Information available at www.qld.gov.au/dsiti/annual-report
	<i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> ARRs—section 13.4	Ethics and code of conduct p 65
	Queensland public service values	ARRs—section 13.5	Our values p 16
Governance—risk management and accountability	Risk management	ARRs—section 14.1	Risk Management and Audit and Risk Management Committee p 53–55
	Audit committee	ARRs—section 14.2	Audit and Risk Management Committee p 53
	Internal audit	ARRs—section 14.3	Audit arrangements p 55
	External scrutiny	ARRs—section 14.4	External assurance p 56–57
	Information systems and record-keeping	ARRs—section 14.5	Information systems and knowledge management p 57
Governance—human resources	Workforce planning and performance	ARRs—section 15.1	Our people p 58–70
	Early retirement, redundancy and retrenchment	Directive No.11/12 Early Retirement, Redundancy and Retrenchment Directive No.16/16 Early Retirement, Redundancy and Retrenchment (from 20 May 2016) ARRs—section 15.2	Separations p 68



Summary of requirement		Basis for requirement	Annual report reference
Open Data	Statement advising publication of information	ARRs—section 16	About our annual report p 7
	Consultancies	ARRs—section 33.1	Open data www.data.qld.gov.au
	Overseas travel	ARRs—section 33.2	Open data www.data.qld.gov.au
	Queensland Language Services Policy	ARRs—section 33.3	Open data www.data.qld.gov.au
Financial statements	Certification of financial statements	FAA—section 62 FPMS—sections 42, 43 and 50 ARRs—section 17.1	Financial statements Part B p 49
	Independent Auditor's Report	FAA—section 62 FPMS—section 50 ARRs—section 17.2	Financial statements Part B p 50–51

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*



PART B

meet the
game changers

financial statements

PART B

Department of Science, Information Technology and Innovation

The Department of Science, Information Technology and Innovation Financial Statements

Understanding our financial statements

The financial statements enable readers to assess the Department of Science, Information Technology and Innovation (the department) including its commercialised business unit (CBU) and shared service provider (SSP) financial results and cash flows for the 2016–17 financial year, and its position as at the end of the financial year.

These financial statements cover the department and its controlled entity.

The department is a Queensland Government department established under the *Public Service Act 2008* and controlled by the State of Queensland, which is the ultimate parent.

	Page No
<i>Statement of Comprehensive Income</i>	3
This statement shows income and expenses and the results of operations for the financial year, as well as other comprehensive income including asset revaluation adjustments.	
<i>Statement of Comprehensive Income by Major Departmental Services, CBUs and SSPs</i>	4
This statement provides information on income and expenses by each departmental service, CBU and SSP.	
<i>Statement of Financial Position</i>	6
This statement provides information concerning assets, liabilities and the department's equity at the end of the financial year. Assets shown as current are reasonably expected to be converted to cash, sold or consumed in the operations of the department in the next financial year. Similarly, current liabilities are expected to consume cash in the next financial year.	
<i>Statement of Assets and Liabilities by Major Departmental Services, CBUs and SSPs</i>	7
This statement provides information on assets and liabilities by each departmental service, CBU and SSP.	
<i>Statement of Changes in Equity</i>	9
This statement provides information on the movement of equity during the financial year.	
<i>Statement of Cash Flows</i>	10
This statement provides information concerning sources and uses of cash during the financial year and available cash at the end of the financial year.	
<i>Notes to the financial statements</i>	11
<i>Management Certificate</i>	49
<i>Independent Auditor's Report</i>	50

General information

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

Level 33
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 13 QGOV (13 74 68), email webfeedback@dsiti.qld.gov.au or visit the departmental website www.qld.gov.au/dsiti.

Statement of Comprehensive Income

for the year ended 30 June 2017

	Notes	2017 Actual \$'000	2017 Original Budget \$'000	Budget Variance* \$'000	2016 Actual \$'000
OPERATING RESULT					
Income from continuing operations					
Appropriation revenue	5	305,455	294,567	10,888	282,430
User charges and fees	6	302,914	289,682	13,232	304,176
Grants and other contributions	7	22,347	18,754	3,593	20,459
Interest	13	115	156	(41)	162
Other revenue	8	5,541	-	5,541	2,017
Total revenue		636,372	603,159	33,213	609,244
Gains on disposal of assets		5	-	5	10
Total income from continuing operations		636,377	603,159	33,218	609,254
Expenses from continuing operations					
Employee expenses	9	261,212	263,956	(2,744)	260,663
Supplies and services	10	281,912	242,222	39,690	256,348
Grants and subsidies	11	51,267	71,325	(20,058)	41,670
Depreciation and amortisation	16/17	28,616	29,315	(699)	28,468
Impairment losses	16/27	2,314	-	2,314	621
Finance/borrowing costs	19	4,343	4,329	14	4,016
Other expenses	12	2,789	2,938	(149)	19,682
Total expenses from continuing operations		632,453	614,085	18,368	611,468
Operating result from continuing operations before income tax		3,924	(10,926)	14,850	(2,214)
Income tax revenue	28	620	-	620	6
Operating result from continuing operations after income tax		4,544	(10,926)	15,470	(2,208)
Other comprehensive income					
Items that will not be reclassified to operating result					
Increase in asset revaluation surplus	17	-	-	-	1,059
Total other comprehensive income		-	-	-	1,059
Total comprehensive income		4,544	(10,926)	15,470	(1,149)

* An explanation of major variances is included at note 29.
The accompanying notes form part of these statements.

PART B

Department of Science, Information Technology and Innovation

Statement of Comprehensive Income by Major Departmental Services, CBU's and SSPs

for the year ended 30 June 2017

	CITEC (CBU)		Queensland Shared Services (SSP)		Services for Government		Services for Queenslanders	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Income from continuing operations								
Appropriation revenue	-	-	-	-	148,101	145,592	74,264	61,758
User charges and fees	153,741	150,199	139,871	143,720	4,104	3,761	29,924	28,208
Grants and other contributions	711	-	3,251	5,590	14,808	14,500	-	-
Interest	115	162	-	-	-	-	-	-
Other revenue	151	9	315	295	5,750	3,366	285	45
Total revenue	154,718	150,370	143,437	149,605	172,763	167,219	104,473	90,011
Gains on disposal of assets	-	1	-	-	5	5	-	2
Total income from continuing operations	154,718	150,371	143,437	149,605	172,768	167,224	104,473	90,013
Expenses from continuing operations								
Employee expenses	40,108	40,425	81,886	85,115	49,269	48,375	49,330	47,377
Supplies and services	110,772	106,176	50,648	55,473	94,729	90,076	47,052	34,749
Grants and subsidies	-	-	-	-	3,448	2,236	1,560	1,460
Depreciation and amortisation	5,441	7,432	4,221	3,716	15,130	13,423	3,500	3,817
Impairment losses	27	19	2,286	551	-	2	1	4
Finance/borrowing costs	13	76	-	-	4,323	3,940	-	-
Other expenses	564	566	1,349	1,034	5,176	10,965	2,923	2,542
Total expenses from continuing operations	156,925	154,694	140,390	145,889	172,075	169,017	104,366	89,949
Operating result from continuing operations before income tax	(2,207)	(4,323)	3,047	3,716	693	(1,793)	107	64
Income tax revenue	620	6	-	-	-	-	-	-
Operating result from continuing operations after income tax	(1,587)	(4,317)	3,047	3,716	693	(1,793)	107	64
Other comprehensive income								
Items that will not be reclassified to operating result								
Increase in asset revaluation surplus	-	-	-	-	-	1,059	-	-
Total other comprehensive income	-	-	-	-	-	1,059	-	-
Total comprehensive income	(1,587)	(4,317)	3,047	3,716	693	(734)	107	64

The accompanying notes form part of these statements.

Statement of Comprehensive Income by Major Departmental Services, CBU's and SSPs

for the year ended 30 June 2017

	Advance Queensland through innovation		General – not attributable		Inter-departmental eliminations		Department total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Income from continuing operations								
Appropriation revenue	69,383	55,647	26,519	19,433	(12,812)	-	305,455	282,430
User charges and fees	-	41	-	7	(24,726)	(21,760)	302,914	304,176
Grants and other contributions	1,877	369	1,700	-	-	-	22,347	20,459
Interest	-	-	-	-	-	-	115	162
Other revenue	357	28	24,656	25,383	(25,973)	(27,109)	5,541	2,017
Total revenue	71,617	56,085	52,875	44,823	(63,511)	(48,869)	636,372	609,244
Gains on disposal of assets	-	-	-	2	-	-	5	10
Total income from continuing operations	71,617	56,085	52,875	44,825	(63,511)	(48,869)	636,377	609,254
Expenses from continuing operations								
Employee expenses	13,918	11,719	26,905	27,899	(204)	(247)	261,212	260,663
Supplies and services	8,502	3,545	20,657	14,909	(50,448)	(48,580)	281,912	256,348
Grants and subsidies	46,256	37,974	3	-	-	-	51,267	41,670
Depreciation and amortisation	120	6	204	74	-	-	28,616	28,468
Impairment losses	1	-	(1)	45	-	-	2,314	621
Finance/borrowing costs	-	-	7	-	-	-	4,343	4,016
Other expenses	2,031	3,043	3,605	1,574	(12,859)	(42)	2,789	19,682
Total expenses from continuing operations	70,828	56,287	51,380	44,501	(63,511)	(48,869)	632,453	611,468
Operating result from continuing operations before income tax	789	(202)	1,495	324	-	-	3,924	(2,214)
Income tax revenue	-	-	-	-	-	-	620	6
Operating result from continuing operations after income tax	789	(202)	1,495	324	-	-	4,544	(2,208)
Other comprehensive income								
Items that will not be reclassified to operating result								
Increase in asset revaluation surplus	-	-	-	-	-	-	-	1,059
Total other comprehensive income	-	-	-	-	-	-	-	1,059
Total comprehensive income	789	(202)	1,495	324	-	-	4,544	(1,149)

The accompanying notes form part of these statements.

PART B

Department of Science, Information Technology and Innovation

Statement of Financial Position

as at 30 June 2017

	Notes	2017 Actual \$'000	2017 Original Budget \$'000	Budget Variance* \$'000	2016 Actual \$'000
Current assets					
Cash and cash equivalents	13	41,857	27,831	14,026	41,690
Receivables	14	47,910	45,842	2,068	55,648
Other current assets	15	18,836	13,033	5,803	13,506
Total current assets		108,603	86,706	21,897	110,844
Non-current assets					
Intangible assets	16	35,614	34,995	619	30,770
Property, plant and equipment	17	183,082	170,737	12,345	189,078
Other non-current assets	15	1,195	790	405	738
Total non-current assets		219,891	206,522	13,369	220,586
Total assets		328,494	293,228	35,266	331,430
Current liabilities					
Payables	18	47,649	48,468	(819)	52,680
Interest-bearing liabilities	19	9,106	7	9,099	8,882
Accrued employee benefits	20	11,146	9,485	1,661	10,234
Other current liabilities	21	4,795	1,916	2,879	2,029
Total current liabilities		72,696	59,876	12,820	73,825
Non-current liabilities					
Payables		-	430	(430)	-
Interest-bearing liabilities	19	112,967	117,110	(4,143)	116,296
Deferred tax liabilities	28	905	1,532	(627)	1,526
Other non-current liabilities	21	3,242	-	3,242	230
Total non-current liabilities		117,114	119,072	(1,958)	118,052
Total liabilities		189,810	178,948	10,862	191,877
Net assets		138,684	114,280	24,404	139,553
Equity					
Contributed equity		150,504			155,917
Accumulated deficit		(59,513)			(64,057)
Asset revaluation surplus	17	47,693			47,693
Total equity		138,684	114,280	24,404	139,553

* An explanation of major variances is included at note 29.
The accompanying notes form part of these statements.

Statement of Assets and Liabilities by Major Departmental Services, CBU's and SSPs

as at 30 June 2017

	CITEC (CBU)		Queensland Shared Services (SSP)		Services for Government		Services for Queenslanders	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current assets								
Cash and cash equivalents	16,935	16,077	22,430	16,493	-	1	3,366	3,240
Receivables	16,215	14,984	14,056	22,919	16,788	14,014	10,103	6,730
Other current assets	4,069	3,707	1,183	470	10,797	7,152	1,853	1,886
Total current assets	37,219	34,768	37,669	39,882	27,585	21,167	15,322	11,856
Non-current assets								
Intangible assets	2,889	3,688	24,554	21,297	1,401	1,064	6,770	4,721
Property, plant and equipment	8,622	11,174	808	1,365	165,181	171,413	4,209	4,957
Other non-current assets	162	738	-	-	-	-	-	-
Total non-current assets	11,673	15,600	25,362	22,662	166,582	172,477	10,979	9,678
Total assets	48,892	50,368	63,031	62,544	194,167	193,644	26,301	21,534
Current liabilities								
Payables	7,853	7,157	5,322	6,579	33,357	33,779	11,062	7,157
Interest-bearing liabilities	-	580	-	-	8,995	8,302	-	-
Accrued employee benefits	1,764	1,606	3,577	3,299	2,161	2,104	2,165	1,956
Other current liabilities	1,647	1,249	2,397	-	222	386	-	189
Total current liabilities	11,264	10,592	11,296	9,878	44,735	44,571	13,227	9,302
Non-current liabilities								
Interest-bearing liabilities	-	-	-	-	112,570	116,296	-	-
Deferred tax liabilities	905	1,526	-	-	-	-	-	-
Other non-current liabilities	98	230	-	-	-	-	-	-
Total non-current liabilities	1,003	1,756	-	-	112,570	116,296	-	-
Total liabilities	12,267	12,348	11,296	9,878	157,305	160,867	13,227	9,302
Net assets	36,625	38,020	51,735	52,666	36,862	32,777	13,074	12,232

The accompanying notes form part of these statements.

PART B

Department of Science, Information Technology and Innovation

Statement of Assets and Liabilities by Major Departmental Services, CBU's and SSPs

as at 30 June 2017

	Advance Queensland through innovation		General – not attributable		Inter-departmental eliminations		Department total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets								
Cash and cash equivalents	-	-	(874)	5,879	-	-	41,857	41,690
Receivables	4,160	855	7,290	2,840	(20,702)	(6,694)	47,910	55,648
Other current assets	39	26	895	265	-	-	18,836	13,506
Total current assets	4,199	881	7,311	8,984	(20,702)	(6,694)	108,603	110,844
Non-current assets								
Intangible assets	-	-	-	-	-	-	35,614	30,770
Property, plant and equipment	2,986	7	1,276	162	-	-	183,082	189,078
Other non-current assets	1,033	-	-	-	-	-	1,195	738
Total non-current assets	4,019	7	1,276	162	-	-	219,891	220,586
Total assets	8,218	888	8,587	9,146	(20,702)	(6,694)	328,494	331,430
Current liabilities								
Payables	2,907	540	7,850	4,162	(20,702)	(6,694)	47,649	52,680
Interest-bearing liabilities	-	-	111	-	-	-	9,106	8,882
Accrued employee benefits	300	216	1,179	1,053	-	-	11,146	10,234
Other current liabilities	529	205	-	-	-	-	4,795	2,029
Total current liabilities	3,736	961	9,140	5,215	(20,702)	(6,694)	72,696	73,825
Non-current liabilities								
Interest-bearing liabilities	-	-	397	-	-	-	112,967	116,296
Deferred tax liabilities	-	-	-	-	-	-	905	1,526
Other non-current liabilities	3,144	-	-	-	-	-	3,242	230
Total non-current liabilities	3,144	-	397	-	-	-	117,114	118,052
Total liabilities	6,880	961	9,537	5,215	(20,702)	(6,694)	189,810	191,877
Net assets	1,338	(73)	(950)	3,931	-	-	138,684	139,553

The accompanying notes form part of these statements.

Statement of Changes in Equity

for the year ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000
Contributed equity			
Balance as at 1 July		155,917	170,572
<i>Transactions with owners as owners</i>			
Appropriated equity injections	5	16,420	6,173
Appropriated equity withdrawals	5	(18,045)	(13,302)
Non-appropriated equity injections		191	-
Non-appropriated equity withdrawals		(3,979)	(7,526)
Balance as at 30 June		150,504	155,917
Accumulated deficit			
Balance as at 1 July		(64,057)	(61,849)
<i>Operating result</i>			
Operating result from continuing operations after income tax		4,544	(2,208)
Balance as at 30 June		(59,513)	(64,057)
Asset revaluation surplus			
Balance as at 1 July		47,693	46,634
<i>Other comprehensive income</i>			
Increase in asset revaluation surplus	17	-	1,059
Balance as at 30 June		47,693	47,693
Total equity as at 30 June		138,684	139,553

The accompanying notes form part of these statements.

PART B

Department of Science, Information Technology and Innovation

Statement of Cash Flows

for the year ended 30 June 2017

	Notes	2017 Actual \$'000	2017 Original Budget \$'000	Budget Variance* \$'000	2016 Actual \$'000
Cash flows from operating activities					
<i>Inflows:</i>					
Service appropriation receipts	5	291,854	294,567	(2,713)	266,860
User charges and fees		309,488	290,616	18,872	296,073
Grants and other contributions		20,940	18,754	2,186	20,459
GST collected from customers		28,588	27,641	947	28,974
GST input tax credits from ATO		35,226	13,806	21,420	33,216
Interest receipts		123	156	(33)	166
Other		6,060	-	6,060	1,899
<i>Outflows:</i>					
Employee expenses		(260,563)	(263,885)	3,322	(258,403)
Supplies and services		(273,577)	(242,057)	(31,520)	(257,937)
Grants and subsidies		(51,122)	(71,325)	20,203	(41,626)
Finance/borrowing costs		(4,345)	(4,329)	(16)	(4,015)
GST paid to suppliers		(31,844)	(12,279)	(19,565)	(28,437)
GST remitted to ATO		(32,800)	(28,734)	(4,066)	(33,746)
Other		(3,121)	(2,938)	(183)	(2,246)
Net cash provided by operating activities	24	34,907	19,993	14,914	21,237
Cash flows from investing activities					
<i>Inflows:</i>					
Sales of property, plant and equipment		121	16	105	1
<i>Outflows:</i>					
Payments for property, plant and equipment		(5,453)	(5,968)	515	(5,256)
Payments for intangibles		(12,217)	(9,657)	(2,560)	(5,977)
Net cash used in investing activities		(17,549)	(15,609)	(1,940)	(11,232)
Cash flows from financing activities					
<i>Inflows:</i>					
Equity injections		13,217	10,639	2,578	12,527
<i>Outflows:</i>					
Borrowing redemptions		(580)	(558)	(22)	(1,331)
Finance lease payments		(8,552)	(7,928)	(624)	(7,024)
Equity withdrawals		(21,276)	(18,161)	(3,115)	(18,441)
Net cash provided by financing activities		(17,191)	(16,008)	(1,183)	(14,269)
Net increase/(decrease) in cash and cash equivalents		167	(11,624)	11,791	(4,264)
Cash and cash equivalents at beginning of financial year		41,690	39,455	2,235	45,954
Cash and cash equivalents at end of financial year	13	41,857	27,831	14,026	41,690

* An explanation of major variances is included at note 29.
The accompanying notes form part of these statements.

Notes to the financial statements for the year ended 30 June 2017

Preparation information – basis of financial statement preparation

- Note 1: Statement of compliance
Note 2: The reporting entity

How we operate – our departmental objectives and activities

- Note 3: Objectives and principal activities of the department
Note 4: Controlled entity

Performance for the year

- Note 5: Appropriation receipts
Note 6: User charges and fees
Note 7: Grants and other contributions
Note 8: Other revenue
Note 9: Employee expenses
Note 10: Supplies and services
Note 11: Grants and subsidies
Note 12: Other expenses

Operating assets and liabilities

- Note 13: Cash and cash equivalents
Note 14: Receivables
Note 15: Other current and non-current assets
Note 16: Intangible assets
Note 17: Property, plant and equipment
Note 18: Payables
Note 19: Interest-bearing liabilities
Note 20: Accrued employee benefits
Note 21: Other current and non-current liabilities

Other key information

- Note 22: Key management personnel and remuneration expenses
Note 23: Related party transactions
Note 24: Reconciliation of operating result to net cash provided by operating activities
Note 25: Operating lease and capital commitments
Note 26: Contingencies
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Note 28: Taxation equivalents
Note 29: Budgetary reporting disclosures
Note 30: Schedule of administered items
Note 31: Administered appropriation receipts
Note 32: Administered budget to actual comparison and variance analysis
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Note 34: Summary of other accounting policies
Note 35: Change in accounting policy and prior period adjustments
Note 36: Events occurring after balance date

PART B

Department of Science, Information Technology and Innovation

Notes to the financial statements for the year ended 30 June 2017

1. Statement of compliance

The department has prepared these financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009*. These financial statements comply with Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2016.

The department is a not-for-profit entity and these general purpose financial statements are prepared on an accrual basis (except for the Statement of Cash Flows which is prepared on a cash basis) in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities.

The historical cost convention is used as the measurement basis except for land, buildings, infrastructure and heritage and cultural assets which are measured at their fair value, refer note 34 (o).

Under historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of consideration given to acquire assets at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

New accounting standards early adopted and/or applied for the first time in these financial statements are outlined in Note 34(s).

2. The reporting entity

The financial statements include all income, expenses, assets, liabilities and equity of the department and the entities that it controls, where these entities are material. Biopharmaceuticals Australia (Network) Pty Ltd (BPA) was the department's only controlled entity during 2016–17 financial year. Full details of this controlled entity are disclosed in note 4. All transactions and balances internal to the department have been eliminated in full.

3. Objectives and principal activities of the department

The department's vision is a better Queensland through science, innovation and technology. To achieve our vision, we deliver three broad service areas that achieve our objectives of:

- Advance Queensland through innovation
- Improve services for Queenslanders
- Improve services for Government

Through the Advance Queensland initiative, we are backing ideas that are creating jobs now and for the future, supporting local businesses to start and grow, and making the lives of Queenslanders better.

The department is supported by the Queensland Chief Scientist, who provides high-level strategic advice to the State Government on the role of science, research and innovation in achieving the government's priorities.

The department is funded for the departmental services it delivers principally by parliamentary appropriations with further significant funding sourced through the generation of user charges from the following services:

- Information, communication and technology (ICT) infrastructure and information brokerage services provided by the department's CBU, CITEC.
- Financial, procurement, payroll processing, workforce advisory, mail support and management of financial and human resource management/payroll technology solutions services provided by the department's SSP, Queensland Shared Services.

Further information regarding the objective and purpose of the major departmental services, CBU and SSP is detailed within section 2 – Our service performance, of the department's annual report.

Notes to the financial statements for the year ended 30 June 2017

4. Controlled entity

BPA was established and incorporated in the State of Queensland to oversee the staged development of a contract biopharmaceutical manufacturing facility and to undertake business development activities to support the operations of the facility and the biopharmaceutical industry. BPA is not-for-profit in nature.

BPA has completed remaining business development activities and effectively ceased operations on 16 June 2017, the date which BPA applied to the Australian Securities and Investment Commission (ASIC) to de-register. ASIC de-registered BPA on 23 August 2017.

The share capital of BPA consisted of one fully paid share to the value of \$1, which was held by the Minister for Innovation, Science and the Digital Economy and Minister for Small Business on behalf of the State of Queensland and enabled 100% control by the department through majority voting rights. The equity of \$1 was returned to the department as part of de-registration activities. Through a Member's Circulating Resolution, the Minister resolved to de-register BPA on 5 June 2017.

BPA was audited by the Auditor-General of Queensland. The assets, liabilities, income and expenses of BPA have not been consolidated in the financial statements as they would not materially affect the reported financial position and operating result of the department. The financial statements of BPA can be obtained from the department.

Further information regarding transactions between the department and BPA during 2016–17, including outstanding obligations of BPA novated to the department as part of de-registration activities, is detailed in note 23(b).

Summary financial information about BPA for the period ended 16 June 2017 is as follows.

Total assets		Total liabilities		Total income		Total expenses		Operating result	
2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
-	2,408	-	399	635	1,710	2,644	1,729	(2,009)	(19)

PART B

Department of Science, Information Technology and Innovation

Notes to the financial statements for the year ended 30 June 2017

5. Appropriation receipts

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

	2017 \$'000	2016 \$'000
Budgeted appropriation revenue	294,567	324,729
Treasurer's transfers – transfers to equity adjustments	(173)	(9,299)
Lapsed appropriation revenue	(2,540)	(48,570)
Total appropriation receipts (cash)	291,854	266,860
Less: Opening balance of appropriation revenue receivable	(5,203)	-
Plus: Opening balance of deferred appropriation payable to consolidated fund	17,407	10,367
Plus: Closing balance of appropriation revenue receivable	1,397	5,203
Less: Closing balance of deferred appropriation payable to consolidated fund	-	(17,407)
Net appropriation revenue	305,455	265,023
Deferred appropriation payable to consolidated fund (expense)	-	17,407
Appropriation revenue recognised in Statement of Comprehensive Income	305,455	282,430

Reconciliation of payments from consolidated fund to equity adjustment

Budgeted equity adjustment appropriation	(4,444)	(7,689)
Treasurer's transfers – transfers from appropriation revenue	173	9,299
Equity adjustment receipts (cash)	(4,271)	1,610
Less: Opening balance of equity adjustment receivable	(1,813)	(8,165)
Plus: Opening balance of equity adjustment payable	2,403	16
Plus: Closing balance of equity adjustment receivable	2,056	1,813
Less: Closing balance of equity adjustment payable	-	(2,403)
Equity adjustment recognised in contributed equity	(1,625)	(7,129)

Accounting policy

Appropriations provided under the Appropriation Act 2016 are recognised as revenue or equity when received or when a service rendered is recognised after approval from Queensland Treasury.

Amounts appropriated to the department for transfer to other entities in accordance with legislative or other requirements are reported as 'administered' item appropriations. Refer to note 30.

6. User charges and fees

Information, communication and technology services	164,739	160,203
Services rendered by shared service provider	133,965	140,115
Other	4,210	3,858
Total	302,914	304,176

Accounting policy

User charges and fees are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This occurs upon delivery of the goods to the customer or completion of the requested services at which time the invoice is raised. Accrued revenue is recognised if the revenue has been earned but not yet invoiced.

Notes to the financial statements for the year ended 30 June 2017

7. Grants and other contributions	2017 \$'000	2016 \$'000
Queensland Government grants and contributions*	14,328	15,405
Commonwealth grants and contributions*	815	1,026
Industry grants and contributions*	6,038	4,028
Asset received at below fair value	696	-
Services received at below fair value	470	-
Total	22,347	20,459

* Included in grants and other contributions are non-reciprocal grants funded by the Commonwealth, Queensland Government and other external bodies for a range of grant purposes. As at 30 June 2017, \$8.522 million (30 June 2016: \$10.886 million) of all grants and contribution funding received by the department in the current and prior financial years remained unspent, although the department expects to fully comply with the conditions of the grant or contribution agreement, and so does not expect to recognise a payable in the future.

Accounting policy

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

Contributed physical assets are recognised at their fair value. Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and expense.

8. Other revenue

Insurance compensation – loss of property	40	48
Reversal of impairment loss	41	10
Recognition of prior period assets	-	96
Miscellaneous revenue	5,460	1,863
Total	5,541	2,017

9. Employee expenses

Employee benefits

Wages and salaries	203,971	201,870
Annual leave levy	20,763	20,339
Employer superannuation contributions	27,143	26,507
Long service leave levy	4,145	4,496
Termination benefits	850	1,878
Total employee benefits	256,872	255,090

Employee-related expenses

Workers' compensation premium	624	630
Payroll tax	1,854	1,851
Other employee-related expenses	1,862	3,092
Total employee-related expenses	4,340	5,573
Total	261,212	260,663

The number of employees as at 30 June 2017, including both full-time employees and part-time employees, measured on a full-time equivalent basis is 2,574 (2016: 2,644). Key management personnel and remuneration disclosures are detailed in note 22.

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Department of Science, Information Technology and Innovation

Notes to the financial statements for the year ended 30 June 2017

9. Employee expenses (continued)

Accounting policy

Wages, salaries and sick leave

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

Annual leave and long service leave

The Queensland Government's Annual Leave Central Scheme (ALCS) became operational on 30 June 2008 for departments, commercialised business units and shared service providers. Under this scheme, a levy is made on the department to cover the cost of employees' annual leave (including leave loading and on-costs). The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave are claimed from the scheme quarterly in arrears.

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

Superannuation

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

Defined contribution plans – Contributions are made to eligible complying superannuation funds based on the rates specified in the relevant EBA or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

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

The department's obligations are limited to those contributions paid.

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

	2017	2016
	\$'000	\$'000
10. Supplies and services		
Accommodation and property-related expenses	51,793	51,595
Contractors and consultants	44,845	29,351
Information, communication and technology expenses	169,245	171,010
Travel	1,158	1,275
Bank fees and charges	484	473
Other	14,387	2,644
Total	281,912	256,348

Accounting policy

For a transaction to be classified as supplies and services, the value of goods and services received by the department must be of approximately equal value to the value of the consideration exchanged for those goods or services. Where this is not the substance of the arrangement, the transaction is classified as a grant, refer to note 11.

11. Grants and subsidies

Science and innovation	46,047	37,642
Information, communication and technology	5,096	3,984
Donations/gifts	124	44
Total	51,267	41,670

Notes to the financial statements for the year ended 30 June 2017

	2017 \$'000	2016 \$'000
12. Other expenses		
Insurance premiums – Queensland Government Insurance Fund (QGIF)	377	408
Insurance premiums – other	304	298
Losses from disposal of non-current assets	22	6
Queensland Audit Office – external audit fees*	1,588	1,158
Special payments – ex gratia payments to former Core Agreement employees	-	48
Special payments – other ex-gratia payments**	16	-
Deferred appropriation payable to consolidated fund	-	17,407
Sponsorships	414	304
Other	68	53
Total	2,789	19,682

* Total audit fees quoted by the Queensland Audit Office relating to the 2016–17 financial statements are \$440,000 (2016: \$495,000). Other audit services relate to the audit of the report on service provider controls (2017: \$860,000, 2016: \$870,000).

** Two former employees received ex-gratia payments which totalled \$16,339. The payments were made in connection with the settlement of termination arrangements of an employment related matter.

Accounting policy

Special payments include ex-gratia expenditure and other expenditure that the department is not contractually or legally obligated to make to other parties. In compliance with the Financial and Performance Management Standard 2009, the department maintains a register setting out the details of all special payments greater than \$5,000. The total of all special payments (including those of \$5,000 or less) is disclosed separately within other expenses. However, descriptions of the nature of special payments are only provided for special payments greater than \$5,000.

13. Cash and cash equivalents

Imprest accounts	8	9
Cash at bank	41,849	41,681
Total	41,857	41,690

The department, through the CITEC commercialised business unit, earned interest of \$0.115 million (2016: \$0.162 million) on deposits with the Commonwealth Bank. Interest earned on cash held with the Commonwealth Bank earned between 0.73% to 0.96% during 2016–17 (1.14% to 1.34% during 2015–16).

All other departmental bank accounts are grouped within the whole-of-Government set-off arrangement with the Queensland Treasury Corporation (QTC) and do not earn interest on surplus funds. Interest earned on the aggregate set-off arrangement balance accrues to the consolidated fund.

Accounting policy

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions.

PART B

Department of Science, Information Technology and Innovation

Notes to the financial statements for the year ended 30 June 2017

	2017 \$'000	2016 \$'000
14. Receivables		
Trade debtors	28,521	31,399
Less: Allowance for impairment loss*	(45)	(53)
Net trade debtors	28,476	31,346
GST input tax credits receivable	4,707	3,815
GST payable	(3,062)	(2,310)
Net GST	1,645	1,505
Advances	48	104
Less: Allowance for impairment loss*	(6)	(34)
Net advances	42	70
Annual leave reimbursements	4,085	3,719
Long service leave reimbursements	1,056	1,145
Appropriation revenue receivable	1,397	5,203
Departmental equity injection receivable	2,056	1,813
Accrued revenue	8,277	8,384
Interest receivable	30	37
Other	846	2,426
Total	47,910	55,648

* Refer to note 27(c) Financial instruments (Credit risk exposure) for an analysis of movements in the allowance for impairment loss.

Accounting policy

Receivables are measured at amortised cost which approximates their fair value at reporting date.

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is generally required within 30 days from invoice date.

The collectability of receivables is assessed periodically with provision being made where receivables are impaired. All known bad debts were written off as at 30 June. Note 27(c) details the accounting policies for impairment of receivables, including the loss events giving rise to impairment and the movements in the allowance for impairment loss. All receivables within terms and expected to be fully collectible are considered of good credit quality based upon recent collection history. Credit risk management strategies are also detailed in note 27(c).

Other debtors generally arise from transactions outside the usual operating activities of the department and are recognised at their assessed values. Settlement of these amounts is generally required within 30 days from invoice date. No interest is charged and no security is obtained.

15. Other current and non-current assets

Current

Prepayments	18,812	13,506
Lease incentives	24	-
Total	18,836	13,506

Non-current

Prepayments	162	738
Lease incentives	1,033	-
Total	1,195	738

Notes to the financial statements for the year ended 30 June 2017

16. Intangible assets

Reconciliations of the carrying amount for each class of intangible assets are set out below.

	Software purchased		Software internally generated		Intangible assets under development		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Carrying amount at 1 July	394	780	28,509	32,022	1,867	733	30,770	33,535
Acquisitions	388	-	11	428	11,818	5,548	12,217	5,976
Disposals	(8)	(1)	-	-	-	-	(8)	(1)
Transfers between classes	-	-	3,170	4,414	(3,170)	(4,414)	-	-
Amortisation	(229)	(385)	(7,136)	(7,824)	-	-	(7,365)	(8,209)
Impairment loss recognised in operating surplus	-	-	-	(531)	-	-	-	(531)
Total carrying amount at 30 June	545	394	24,554	28,509	10,515	1,867	35,614	30,770
Gross	36,667	38,203	197,553	193,742	10,515	1,867	244,736	233,812
Less: Accumulated amortisation	(36,122)	(37,809)	(123,322)	(115,556)	-	-	(159,445)	(153,365)
Less: Accumulated impairment	-	-	(49,677)	(49,677)	-	-	(49,677)	(49,677)
Total carrying amount at 30 June	545	394	24,554	28,509	10,515	1,867	35,614	30,770

Refer to note 34(h) to (r) for the department's intangible assets accounting policies.

17. Property, plant and equipment

Reconciliations of the carrying amount for each class of property, plant and equipment are set out below.

	Land		Building		Leased assets		Heritage and cultural assets	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Carrying amount at 1 July	2,320	2,520	7,122	7,067	122,165	71,226	37	37
Acquisitions	-	-	-	-	6,026	59,513	-	-
Disposals	(13)	-	-	-	-	-	-	-
Revaluation increments/(decrements) in asset revaluation reserve	-	(200)	-	518	-	-	-	-
Transfers between classes	-	-	217	19	-	-	-	-
Depreciation	-	-	(588)	(482)	(10,261)	(8,574)	-	-
Total carrying amount at 30 June	2,307	2,320	6,751	7,122	117,930	122,165	37	37
Gross	2,307	2,320	18,902	18,685	140,435	134,408	37	37
Less: Accumulated depreciation	-	-	(12,151)	(11,563)	(22,505)	(12,243)	-	-
Less: Accumulated impairment losses	-	-	-	-	-	-	-	-
Total carrying amount at 30 June	2,307	2,320	6,751	7,122	117,930	122,165	37	37
Opening balance of asset revaluation surplus by class	39,043	39,243	6,815	6,297	-	-	64	64
Revaluation increment/(decrement)	-	(200)	-	518	-	-	-	-
Closing balance of asset revaluation surplus by class	39,043	39,043	6,815	6,815	-	-	64	64

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Department of Science, Information Technology and Innovation

Notes to the financial statements for the year ended 30 June 2017

17. Property, plant and equipment (continued)

	Infrastructure		Plant and equipment		Capital works in progress		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Carrying value at 1 July	10,148	9,729	47,068	52,367	217	485	189,078	143,431
Acquisitions	-	-	8,590	4,840	770	457	15,386	64,810
Disposals	-	-	(118)	(5)	-	-	(131)	(5)
Revaluation increments/(decrements) in asset revaluation reserve	-	741	-	-	-	-	-	1,059
Transfers between classes	-	-	234	706	(451)	(725)	-	-
Depreciation	(342)	(322)	(10,059)	(10,881)	-	-	(21,251)	(20,258)
Other	-	-	-	41	-	-	-	41
Total carrying amount at 30 June	9,806	10,148	45,715	47,068	536	217	183,082	189,078
Gross	15,987	15,986	138,304	139,519	536	217	316,508	311,173
Less: Accumulated depreciation	(6,181)	(5,838)	(92,575)	(92,437)	-	-	(133,412)	(122,081)
Less: Accumulated impairment losses	-	-	(14)	(14)	-	-	(14)	(14)
Total carrying amount at 30 June	9,806	10,148	45,715	47,068	536	217	183,082	189,078
Opening balance of asset revaluation surplus by class	1,771	1,030	-	-	-	-	47,693	46,634
Revaluation increment/(decrement)	-	741	-	-	-	-	-	1,059
Closing balance of asset revaluation surplus by class	1,771	1,771	-	-	-	-	47,693	47,693

Refer to note 34(h) to (r) for the department's property, plant and equipment accounting policies.

Basis of fair values

Categorisation of fair values	Level 2 \$'000		Level 3 \$'000		Total carrying amount \$'000	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
	Land	2,307	2,320	-	-	2,307
Buildings	-	-	6,751	7,122	6,751	7,122
Heritage and cultural assets	-	-	37	37	37	37
Infrastructure	-	-	9,806	10,148	9,806	10,148

There were no movements between levels during the 2016–17 financial year. Refer note 34(o).

Land

Science controls land at Deagon and at Deception Bay with a total fair value as at 30 June 2017 of \$2.3 million.

This land was subject to an independent desktop valuation by State Valuation Services (SVS) as at the effective date of 30 June 2017. The fair value of the land was based on publicly available data on sales of similar land in nearby localities. In determining the values, adjustment was made to the sales data to take into account the location of the land, its size, street/road frontage and access, the nature of the buildings on the land, development potential and any significant restrictions.

For the valuation of the land at Deagon, SVS had included in its calculations a market participant's anticipation of the effect on the whole of the land of the transferred 887m² portion to the Department of Transport and Main Roads (DTMR) and the pending transfer of a further 2,434m² portion to the Brisbane City Council (BCC) for the Gateway Upgrade North project. Consideration of \$0.010 million was received for the value of the land transferred to DTMR during 2016–17. The value of the component of land pending transfer to BCC is valued at \$0.036 million and subject to further negotiations, is expected to be disposed during 2017–18 financial year.

The fair value of the land at Deception Bay, which is considerably smaller in size, remained unchanged.

Notes to the financial statements for the year ended 30 June 2017

17. Property, plant and equipment (continued)*Buildings*

Science controls buildings situated at Deagon and at the Brisbane Herbarium, Mt Coot-tha Road, Toowong. The effective date of the last specific appraisal of these assets was 30 June 2014, by SVS. The fair value was determined using a depreciated replacement cost approach (due to no active market for such facilities).

The inputs (key estimates) to the valuations were internal records of the original cost of the specialised fit out, adjusted for more contemporary design/construction approaches, and published construction rates for various standard components of the buildings. Significant judgement is also used to assess the remaining service potential of the facility, given local climatic and environmental conditions and records of the current condition of the facility.

Subsequent to 30 June 2014, the department has assessed the need to revalue these assets each year using relevant market-based indices provided by SVS and derived from the data consistent with the last specific appraisal.

During the 2015–16 financial year, the fair values of the building assets were updated using the indexation provided by SVS for the cumulative material change in the indices between 30 June 2014 and 30 June 2016 (an increase of 7.87% in the building price index).

The Building Price Index (BPI) is a market based index, compiled and reviewed to reflect current construction trends. Sourced through analysis of recent tender results, the BPI enables moderation of estimates to account for market trends. The BPI takes into consideration publically available industry data from sources such as the Reserve Bank of Australia, Australian Bureau of Statistics and other notable financial and building publications.

The SVS provided building price index recorded an increase of 4.38% between 30 June 2016 and 30 June 2017. The department assessed that the increase was not material for the fair values of the assets to be updated as at 30 June 2017, hence no subsequent change in value has been recognised during the 2016–17 financial year.

Infrastructure

Infrastructure assets in this asset class are controlled by Science and largely comprise the State of Queensland's proportionate share (25%) of the Tweed River Entrance Sand Bypassing Project (TRESBP) infrastructure assets.

These assets were subject to a specific appraisal in 2014 (effective date of 30 June 2014) by New South Wales Public Works for the Crown Lands Division of NSW Trade and Investment.

Subsequent to 30 June 2014, the department has assessed the need to revalue these assets each year using relevant market-based indices provided by SVS and derived from the data consistent with the last specific appraisal.

During the 2015–16 financial year, the fair values of the infrastructure assets were updated using the indexation provided by SVS for the cumulative material change in the indices between 30 June 2014 and 30 June 2016 (an increase of 7.87% in the building price index). The SVS provided building price index recorded an increase of 4.38% between 30 June 2016 and 30 June 2017. The department assessed that the increase was not material for the fair values of the assets to be updated at 30 June 2017.

In June 2017, Gray Robinson & Cottrell Quantity Surveyors (GRC) were engaged by the State of New South Wales to undertake a comprehensive revaluation of the TRESBP infrastructure asset as at 30 June 2017. GRC applied a cost approach method (i.e. depreciated replacement cost) in determining the fair value of the asset (due to no active market for such facilities). As per the valuation, the assessed fair value of the TRESBP infrastructure asset did not materially differ from the carrying value of the asset as at 30 June 2017, hence no subsequent change in value has been recognised during the 2016–17 financial year.

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Department of Science, Information Technology and Innovation

Notes to the financial statements for the year ended 30 June 2017

17. Property, plant and equipment (continued)

The inputs (key estimates) to the valuations were internal records of the original cost of the infrastructure, adjusted for contemporary technology and construction approaches. Significant judgement is also used to assess the remaining service potential of the facility, given local climatic and environmental conditions and records of the current condition of the facility.

Heritage and cultural assets

Heritage and cultural assets include works of art controlled by Science.

The effective date of the last specific appraisal of the heritage and cultural assets was 30 June 2015 by MacAulay Partners. There was no significant change to the valuation of the heritage and cultural assets.

The valuation was based on sales prices achieved for artworks of similar quality by the artist, or where there are no recent sales for a particular artist, by an artist of equivalent stature.

Subsequent to 30 June 2015, the heritage and cultural assets have not been subject to an official revaluation or indexation, as the asset values are considered to be immaterial.

Leased assets

The State of Queensland (through the department) entered into a service agreement with a telecommunication service provider in September 2013 to have provisioned, operated and maintained a digital radio network known as the Government Wireless Network (GWN). Under the agreement, the State gained progressive control over infrastructure and equipment during various roll-out stages of the GWN that were undertaken between June 2014 and finalised in December 2015. As each roll-out stage was commercially accepted, the State gained control over the GWN equipment acquired, through the State's exclusive 'right to use' over the equipment provisioned under the GWN agreement.

The State gained control over an additional \$4.405 million in exclusive 'right to use' assets during 2016–17, representing additional infrastructure and equipment acquired to support the GWN facility. The gross carrying value of the leased assets was determined using valuation techniques, specifically the present value of future payments under the service agreement attributable to these assets. A comparison was made to the fair value of the assets in reference to representations made by the telecommunication service provider in April 2017, (refer to note 19).

In relation to additional 'right to use' assets acquired during 2016–17, the department gained a 'right to receive' replacement equipment over the life of the agreement.

This 'right to receive' replacement of exclusive assets has been recognised as a leased asset. The value of the assets acquired during 2016–17 of \$1.059 million was determined using a valuation technique, specifically the present value of all future payments under the service agreement attributable to the 'right to receive' replacement assets.

Change in useful lives

The approximate increase/(decrease) in depreciation and amortisation expense as a result of the re-assessment of the useful lives of depreciable assets during the reporting period was:

	2017 \$'000	2016 \$'000
Intangible assets	(403)	(330)
Property, plant and equipment	(469)	699

Notes to the financial statements for the year ended 30 June 2017

	2017 \$'000	2016 \$'000
18. Payables		
Trade creditors and accruals	47,462	32,679
Equity withdrawal	-	2,403
Deferred appropriation payable to consolidated fund	-	17,407
Payroll tax	164	136
Other	23	55
Total	47,649	52,680

Accounting policy

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount i.e. agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 days' terms or as otherwise agreed with the vendor.

19. Interest-bearing liabilities*Current*

Finance lease liability	9,106	8,302
QTC borrowings	-	580
Total	9,106	8,882

Non-Current

Finance lease liability	112,967	116,296
Total	112,967	116,296

Commitments under finance leases at reporting date are inclusive of anticipated GST and are payable as follows:

Not later than one year	14,542	13,798
Later than one year and not later than five years	72,493	69,475
Later than five years	75,637	85,753
Minimum payments	162,672	169,026
Less: Anticipated input tax credits	(14,788)	(15,366)
Less: Future finance charges	(25,811)	(29,062)
Total present value of minimum lease payments	122,073	124,598

Finance Lease

The department has entered into a finance lease with a telecommunication service provider as a means of funding the acquisition and replacement of information and communications equipment, in support of the establishment of the GWN. Lease payments are fixed. The department has options to purchase this equipment at the expiry of the lease period, at an agreed cost determined in reference to a reasonable written down value of the equipment at termination date. Capitalised leased assets are depreciated over the estimated useful life of the asset which equates to the original lease terms between 12 and 14 years.

The department has used valuation techniques, based on data provided by the telecommunication service provider, to disaggregate total payments made to the telecommunication service provider between those payments attributable to repayment of the finance lease and those payments relating to operational services which are expensed. Interest on the finance lease is recognised as an expense as it accrues on the outstanding lease liability using an implicit interest rate of between 3.006% and 3.343% (2016: 3.173% and 3.343%).

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. The finance lease does not have escalation clauses other than in the event of payment default. No lease arrangements create restrictions on other financing transactions.

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Department of Science, Information Technology and Innovation

Notes to the financial statements for the year ended 30 June 2017

19. Interest-bearing liabilities (continued)

Borrowings

All borrowings are in \$A denominated amounts and no interest has been capitalised during the current or comparative reporting period. The final repayment date of QTC borrowings was 22 December 2016. The interest rate on QTC borrowings during the year was 6.84% (2016: 6.96%). There were no defaults or breaches of the loan agreement during the 2016 or 2017 financial years. No assets have been pledged as security for any borrowings.

CITEC has an overdraft facility with QTC with an approved credit limit of \$5 million. The facility remains undrawn as at 30 June 2017 and is available for use in the next reporting period. The current overdraft interest rate is 1.80% (2016: 2.05%).

Finance/borrowing costs incurred in respect to the interest-bearing liabilities are as follows:

	2017 \$'000	2016 \$'000
Interest on borrowings	13	75
Finance lease charges	4,330	3,940
Administration charges	-	1
Total	4,343	4,016

Accounting policy

Finance costs are recognised as an expense in the period in which they are incurred. Finance costs include interest on bank overdrafts and short-term and long-term borrowings; finance lease charges and ancillary administration charges.

No borrowing costs are capitalised into qualifying assets.

20. Accrued employee benefits

Annual leave levy payable	5,599	5,535
Long service leave levy payable	1,165	1,150
Salaries, wages and other related expenses outstanding	4,381	3,541
Other	1	8
Total	11,146	10,234

Accounting policy

No provision for annual leave or long service leave is recognised in the department's financial statements as the liability is held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 Whole-of-Government and General Government Sector Financial Reporting.

21. Other current and non-current liabilities

Current

Unearned revenue	3,637	1,382
Lease incentives	529	-
Prepaid deposits	629	647
Total	4,795	2,029

Non-Current

Unearned revenue	98	230
Lease incentives	3,144	-
Total	3,242	230

Notes to the financial statements for the year ended 30 June 2017

22. Key management personnel and remuneration expenses

a) Key management personnel (KMP)

As from 2016–17, the department's responsible Minister is identified as part of the department's KMP, consistent with additional guidance included in the revised version of AASB 124 *Related Party Disclosures*. That Minister is the Minister for Innovation, Science and the Digital Economy and Minister for Small Business.

The following details for non-Ministerial KMP reflect those departmental positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2016–17 and 2015–16. Further information about these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Position responsibilities
Director-General	Overall efficient, effective and economic administration of the department.
Queensland Government Chief Information Officer	Provides unbiased, independent quality advice to the Director-General and Minister for Innovation, Science and the Digital Economy and Minister for Small Business on ICT issues from a whole-of-Government perspective.
Queensland Chief Scientist	Provides strategic advice to government on harnessing science and innovation to support the government's objectives and activities.
Assistant Director-General, Digital Productivity and Services	Leads the Digital Productivity and Services Division to revitalise Queensland Government services, increase Queensland's digital capability, preserve and improve access to Queensland's record-related information, and enhance the customer experience with the Queensland Government. The division contributes to the Queensland Government's objectives for the community, and supports Advance Queensland to deliver quality frontline services, job creation and a diverse economy.
Assistant Director-General, Queensland Shared Services	Ensuring high quality, integrated service delivery for a range of corporate transactional and advisory services across 24 Queensland Government departments and agencies. The role is also responsible for managing the key financial and human resource management/payroll technology solutions that support agencies and underpins its service delivery.
Assistant Director-General, Science	Leads the Science Division in providing scientific and technical advice and services to government agencies across the natural resources and environmental spectrum that underpin their decision-making and legislative responsibilities. The division, in close collaboration with the Queensland Chief Scientist, also provides strategic leadership for the government's investment in science and research, and develops Queensland Government science policy.
Deputy Director-General, Strategy and Innovation	Leading the innovation agenda for the department and at a whole-of-Government level, with a primary focus on driving economic growth and job creation in Queensland through innovation. The role leads the implementation of the Queensland Government's Advance Queensland agenda.
Assistant Director-General, Strategic ICT	Leads the Strategic ICT Division to support, deliver, guide and advise on whole-of-Government ICT initiatives that enable modern, responsive and integrated frontline services for Queenslanders.
Chief Change and Operations Officer, Change and Operations	Strategic leadership of the department's corporate services including finance, procurement, information management and technology, communications and engagement, strategic planning, human resources, and legal and integrity services.
Chief Finance Officer	Provides overall stewardship of the department's finances and assuring tight financial integration and accountability to enable the department to meet corporate governance and statutory compliance requirements.

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Department of Science, Information Technology and Innovation

Notes to the financial statements for the year ended 30 June 2017

b) Remuneration policies

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

Remuneration expenses for those KMP comprise the following components:

Short-term employee expenses which include:

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

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

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

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

c) Remuneration expenses

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

1 July 2016 to 30 June 2017	Short-term employee expenses		Long-term employee expenses	Post-employment expenses	Termination benefits	Total expenses
	Monetary expenses \$'000	Non-monetary benefits \$'000	\$'000	\$'000	\$'000	\$'000
Director-General	357	8	7	46	-	418
Queensland Government Chief Information Officer	331	7	7	37	-	382
Queensland Chief Scientist (to 16 December 2016)	162	-	3	17	-	182
Queensland Chief Scientist (from 12 December 2016)	152	2	3	16	-	173
Assistant Director-General, Digital Productivity and Services	252	7	5	27	-	291

Notes to the financial statements for the year ended 30 June 2017

c) Remuneration expenses (continued)

1 July 2016 to 30 June 2017	Short-term employee expenses		Long-term employee expenses	Post-employment expenses	Termination benefits	Total expenses
Position	Monetary expenses \$'000	Non-monetary benefits \$'000	\$'000	\$'000	\$'000	\$'000
Assistant Director-General, Queensland Shared Services	243	11	5	25	-	284
Assistant Director-General, Science	186	8	3	24	-	221
Deputy Director-General, Strategic and Innovation	238	8	5	27	-	278
Chief Finance Officer	180	8	3	19	-	210
Assistant Director-General, Strategic ICT	236	7	5	25	-	273
Chief Change and Operations Officer, Change and Operations	224	7	4	26	-	261
Total remuneration	2,561	73	50	289	-	2,973

1 July 2015 to 30 June 2016	Short-term employee expenses		Long-term employee expenses	Post-employment expenses	Termination benefits	Total expenses
Position	Monetary expenses \$'000	Non-monetary benefits \$'000	\$'000	\$'000	\$'000	\$'000
Director-General (from 29 March 2016)	340	7	6	38	-	391
Director-General (to 26 March 2016)	330	-	5	31	161	527
Queensland Government Chief Information Officer	320	7	7	37	-	371
Queensland Chief Scientist	312	-	5	35	-	352
Deputy Director-General, Digital Productivity and Services	241	7	5	26	-	279
Assistant Director-General, Queensland Shared Services	239	7	4	21	-	271
Assistant Director-General, Science	211	7	4	22	-	244
Deputy Director-General, Strategy and Innovation (from 7 December 2015)	160	5	3	13	-	181
Deputy Director-General, Strategy and Innovation - Acting (from 30 July 2015 to 30 November 2015)	83	2	1	7	-	93

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Department of Science, Information Technology and Innovation

Notes to the financial statements for the year ended 30 June 2017

c) Remuneration expenses (continued)

1 July 2015 to 30 June 2016	Short-term employee expenses		Long-term employee expenses	Post-employment expenses	Termination benefits	Total expenses
Position	Monetary expenses \$'000	Non-monetary benefits \$'000	\$'000	\$'000	\$'000	\$'000
Chief Strategic Policy and Innovation Officer, Strategic Policy and Innovation - Acting (to 29 July 2015)	25	1	-	3	-	29
Chief Finance Officer	184	7	4	20	-	215
Assistant Director-General, Strategic ICT	214	7	4	23	-	248
Chief Change and Operations Officer, Change and Operations	226	7	5	25	-	263
Total remuneration	2,885	64	53	301	161	3,464

d) Performance payments

No KMP remuneration packages provide for performance or bonus payments.

Accounting policy

KMP and remuneration disclosures are made in accordance with section 3 of the Financial Reporting Requirements for Queensland Government agencies issued by Queensland Treasury. In respect to the department's controlled entity, no executives are employed under the Public Service Act 2008.

23. Related party transactions

(a) Transactions with people/entities related to KMP

There were no transactions identified between the department and related parties of the department's KMP.

(b) Transactions with the department's controlled entity – BPA

Transactions with the department's controlled entity BPA, for the period ended 16 June 2017 are detailed below.

Transaction	2016–17 \$'000	2015–16 \$'000	Nature of transaction
Return of unexpended grant funding	653	-	Grant funding provided by Queensland Government to support BPA business operations, unexpended at 16 June 2017 has been returned to the department.
Novation of grant program	500	-	Responsibility of the Biopharmaceutical Development Fund has been transferred to the department under a deed of novation, unexpended funds under this program held by BPA have been returned to the department.

There are no other obligations transferred to the department as a result of BPA ceasing operations, refer note 4.

(c) Transactions with other Queensland Government-controlled entities

The department's primary ongoing sources of funding from Queensland Government for its services are appropriation revenue and equity injections, both of which are provided in cash via Queensland Treasury, refer note 5. The majority of user charges earned by the department's CBU and SSP are generated from the sale of services to Queensland Government departments, refer note 6.

Notes to the financial statements for the year ended 30 June 2017

24. Reconciliation of operating result to net cash provided by operating activities

	2017 \$'000	2016 \$'000
Operating result from continuing operations after income tax	4,544	(2,208)
<i>Non-cash items included in operating result:</i>		
Depreciation and amortisation expense	28,616	28,468
Donated assets and services expensed	(696)	-
Doubtful debts written off or provided for	(47)	90
Amortisation of lease incentive liability	(154)	-
Loss on sale or disposal of non-current assets	22	6
Gains on sale or disposal of non-current assets	(4)	(5)
Assets transferred to expense	-	16
Assets prior period recognised	-	(96)
Impairment loss reversal	(41)	(10)
Impairment losses	-	531
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in net receivables	8,575	(10,236)
(Increase)/decrease in interest receivable	7	4
(Increase)/decrease in prepayments	(4,729)	(769)
(Increase)/decrease in other assets	-	8
Increase/(decrease) in unearned revenue	2,124	575
Increase/(decrease) in accrued employee benefits	911	1,630
Increase/(decrease) in payables	(2,691)	3,167
Increase/(decrease) in other liabilities	(19)	41
Increase/(decrease) in deferred tax liabilities	(620)	(7)
Increase/(decrease) in interest payable	(2)	-
(Increase)/decrease in GST input tax credits receivable	(1,344)	99
Increase/(decrease) in GST payable	455	(67)
Net cash from operating activities	34,907	21,237

25. Operating lease and capital commitments

a) Non-cancellable operating lease commitments

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

Not later than one year	51,866	57,656
Later than one year and not later than five years	51,510	51,926
Later than five years	20,024	1,454
Total	123,400	111,036

Operating leases are entered into primarily as a means of acquiring access to office accommodation and storage facilities and extend over terms between five and ten years. Most leases contain renewal clauses, but no purchase options exist in relation to operating leases and no leases contain restrictions on financing, or other leasing activities. Where such renewal options exist, they are all exercisable at market prices. No leases have escalation clauses other than in the event of payment default.

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

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Department of Science, Information Technology and Innovation

Notes to the financial statements for the year ended 30 June 2017

b) Non-cancellable operating lease commitments as sub-lessor

	2017 \$'000	2016 \$'000
Commitments under operating leases at reporting date (inclusive of non-recoverable GST input tax credits) are receivable:		
Not later than one year	922	-
Later than one year and not later than five years	4,308	-
Later than five years	1,474	-
Total	6,704	-

The department leases property from a private landlord and sub-lets this property to various tenants. The leases have terms ranging from one to seven years.

c) Capital expenditure commitments

Material classes of capital expenditure commitments at reporting date (inclusive of non-recoverable GST input tax credits) are payable:

Plant and equipment

Payable:

Not later than one year	459	323
Total	459	323

Software purchased

Payable:

Not later than one year	-	1,166
Total	-	1,166

26. Contingencies

a) Financial guarantees

CITEC has arranged bank guarantees in relation to business opportunities pursued as follows:

Australian Securities and Investment Commission	550	550
State of Victoria	600	600
State of New South Wales	330	291
State of Western Australia	300	300
Insolvency and Trustee Service Australia	127	127
Total	1,907	1,868

The State of Queensland, acting through the department, has provided a guarantee to Translational Research Institute Pty Ltd with respect to the performance of the tenant, Patheon Biologics (formerly DSM Biologics (Australia) Pty Ltd), under the sublease of the Translational Research Institute Research Facility (formerly known as the Biopharmaceutical Australia Research Facility).

The maximum liability under this guarantee is \$10.485 million over the remaining 11 year term of the sublease. The liability is mitigated by the guarantee that the parent company of Patheon Biologics, DPx Holdings B.V (formerly Koninklijke N.V.), has provided to the State of Queensland, guaranteeing the performance of Patheon Biologics as tenant of the facility. No defaults have occurred and the department does not expect that the guarantee will be called upon. The guarantee is not recognised on the Statement of Financial Position, as the probability of default is remote.

As financial guarantee contracts are measured in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*, the department has disclosed the details of the guarantee in this note, in addition to note 27(c) for full transparency purposes.

Notes to the financial statements for the year ended 30 June 2017

b) Litigation in progress

As at 30 June 2017 no claims against the department have been filed in the courts.

Effective 1 July 2012, the department joined the Queensland Government Insurance Fund (QGIF). Under the QGIF, the department would be able to claim back, less a \$10,000 deductible, the amount paid to successful litigants. This includes any cases that existed as at 1 July 2012 and cases that have arisen since that date.

CITEC has separate insurance arrangements. Under these arrangements, the department would be able to claim back, less a \$5,000 deductible, the amount paid to successful litigants up to \$50 million.

c) Contingent assets

A Deed of Funding commenced in 2014 whereby \$6 million was held in trust with an information, communication and technology service provider for the Queensland Government (through the department) to purchase telecommunication products up until 28 February 2018. As at 30 June 2017, the Queensland Government has claimed \$4.458 million against this facility.

As the remaining funds of \$1.542 million are held in trust by the provider, the department has no control over the assets, and as such, the assets have not been recognised in the financial statements as the assets do not meet the asset recognition criteria.

27. Financial instruments

a) Categorisation of financial instruments

The department has the following categories of financial assets and financial liabilities:

	Notes	2017 \$'000	2016 \$'000
Financial assets			
Cash and cash equivalents	13	41,857	41,690
Receivables at amortised cost	14	47,910	55,648
Total		89,767	97,338
Financial liabilities			
Financial liabilities measured at amortised cost:			
Payables	18	47,649	52,680
Interest bearing liabilities - finance lease liability	19	122,073	124,598
Interest bearing liabilities - QTC borrowings	19	-	580
Total		169,722	177,858

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

b) Financial risk management

The department's activities expose it to a variety of financial risks - credit risk, liquidity risk and market risk.

Financial risk management is implemented pursuant to government and departmental policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the department. Financial risk is managed by the Finance, Procurement and Business Services unit and the Risk and Resilience unit of the department under policies approved by the department. The department provides written principles for overall risk management, as well as policies covering specific areas.

The department measures risk exposure using a variety of methods as follows:

<u>Risk exposure</u>	<u>Measurement method</u>
Credit risk	Ageing analysis
Liquidity risk	Sensitivity analysis
Market risk	Interest rate sensitivity analysis

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Notes to the financial statements for the year ended 30 June 2017

c) Credit risk exposure

Credit risk exposure refers to the situation where the department may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

The maximum exposure to credit risk at balance date is the gross carrying amount of receivables, inclusive of any allowance for impairment loss. The maximum exposure to credit risk in relation to guarantees is disclosed in note 26(a).

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

The allowance for impairment reflects the occurrence of loss events. The most readily identifiable loss event is where a debtor is overdue in paying a debt to the department, according to the due date (normally terms of 30 days). Economic changes impacting the department's debtors, and relevant industry data, also form part of the department's documented risk analysis.

If no loss events have arisen in respect of a particular debtor or group of debtors, no allowance for impairment is made in respect of that debtor/group of debtors. If the department determines that an amount owing by such a debtor does become uncollectible (after an appropriate range of debt recovery actions), that amount is recognised as a bad debt expense and written-off directly against receivables. In other cases where a debt becomes uncollectible but the uncollectible amount exceeds the amount already allowed for impairment of that debt, the excess is recognised directly as a bad debt expense and written-off directly against receivables. No receivables have had their terms re-negotiated so as to prevent them from being past due, or impaired, and are stated at the carrying amounts as indicated.

Impairment loss

In February 2017, the department recognised an impairment loss of \$2.282 million following resolution of disputed service charges and subsequent write-off of outstanding debt in relation to the Public Safety Business Agency and the Queensland Police Service.

Ageing of past due but not impaired, as well as impaired financial assets, are disclosed in the following tables:

Ageing of past due but not impaired receivables	2017	2016
	\$'000	\$'000
Overdue		
Less than 30 days	6,598	2,658
30–60 days	1,938	675
61–90 days	2	479
More than 90 days	3	8,244
Total	8,541	12,056

Notes to the financial statements for the year ended 30 June 2017

	2017 \$'000	2016 \$'000
c) Credit risk exposure (continued)		
Individually impaired receivables position (Aged)		
Receivables (gross)		
Less than 30 days	1	32
Less: Allowance for impairment	(1)	(32)
Carrying amount	-	-
30 to 60 days	1	-
Less: Allowance for impairment	(1)	-
Carrying amount	-	-
60 to 90 days	15	-
Less: Allowance for impairment	(15)	-
Carrying amount	-	-
More than 90 days	33	55
Less: Allowance for impairment	(33)	(55)
Carrying amount	-	-
Total carrying amount	-	-
Movements in allowance for impairment loss for impaired receivables		
Balance at 1 July	(88)	(27)
Amounts written-off during the year in respect of bad debts	21	2
Amounts recovered during the year	41	10
(Increase)/decrease in allowance recognised in operating result	(24)	(73)
Balance at 30 June	(50)	(88)

Financial liabilities

The guarantees given by the department, referred to in note 26 meet the definition of a financial guarantee contract under AASB 139 *Financial Instruments: Recognition and Measurement*. The maximum credit risk exposure to the department, in relation to these guarantees, is \$12.392 million (2016: \$13.628 million).

The department assesses, on an annual basis, the fair value of the financial guarantees as at 30 June. It has been determined that the fair value is nil at 30 June 2017, due to the probability of default being remote with respect to the financial guarantees held by the department. Accordingly, the fair value of the guarantees has not been recognised on the Statement of Financial Position.

d) Liquidity risk

Liquidity risk refers to the situation where the department may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash, or another financial asset. The department is exposed to liquidity risk in respect of its payables and borrowings from QTC, in relation to departmental service delivery. The borrowings are based on the Queensland Government's gazetted floating rate.

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

The 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 in these tables may differ from the amounts included in the Statement of Financial Position that are based on discounted cash flows.

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Department of Science, Information Technology and Innovation

Notes to the financial statements for the year ended 30 June 2017

d) Liquidity risk (continued)

Financial Liabilities	Notes	2017 \$'000	2016 \$'000
Payables	18		
Less than 1 year		47,649	52,680
Total		47,649	52,680
QTC borrowings	19		
Less than 1 year		-	580
Total		-	580
Lease liability	19		
Less than 1 year		14,542	13,798
1 to 5 years		72,493	69,475
Later than 5 years		75,637	85,753
Total		162,672	169,026
Total financial liabilities			
Less than 1 year		62,191	67,058
1 to 5 years		72,493	69,475
Later than 5 years		75,637	85,753
Total		210,321	222,286

e) Market risk

The department is exposed to market risk specifically through interest rate risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The department is exposed to interest rate risk through cash deposited in interest-bearing accounts. The department does not undertake any hedging in relation to interest rate risk and manages its risk as per its liquidity management strategies.

f) Fair value

With the exception of QTC borrowings, the carrying amount of financial liabilities are measured at amortised cost which approximately equals their fair value at reporting date.

Accounting policy

Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the department becomes party to the contractual provisions of the financial instrument.

Classification

Financial instruments are classified and measured as follows:

Cash and cash equivalents – held at fair value through profit or loss

Receivables – held at amortised cost

Payables – held at amortised cost

Borrowings – held at amortised cost

Finance leases – held at fair value

The department does not enter into transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents, the department holds no financial assets classified at fair value through profit or loss.

Notes to the financial statements for the year ended 30 June 2017

28. Taxation equivalents

Information in respect of income tax equivalent expense incurred by those activities of CITEC, subject to the substantive model of the Tax Equivalents Regime:

	2017 \$'000	2016 \$'000
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Balance sheet approach**Major components of income tax equivalent expense for the period ended 30 June 2017.****Income tax expense**

Deferred income tax

(Decrease)/increase in deferred tax liability

(620)	(6)
-------	-----

Income tax equivalent expense/(revenue) reported in the Statement of Comprehensive Income

(620)	(6)
--------------	------------

Reconciliation of income tax equivalent expense to prima facie tax payable for the year ended 30 June 2017 is as follows:

Operating result from continuing operations before income tax of CITEC subject to Tax Equivalents Regime.

(2,207)	(4,324)
---------	---------

Indicative tax equivalent expense/(revenue) at 30%

(662)	(1,297)
--------------	----------------

Tax effect of amounts which are not deductible/(assessable) in calculating taxable income:

Previously unrecognised temporary differences now recognised

(62)	(48)
------	------

Effect of unused tax losses and deductible temporary differences not recognised

104	1,339
-----	-------

Income tax equivalent expense/(revenue) reported in the Statement of Comprehensive Income

(620)	(6)
--------------	------------

Deferred tax liabilities

The balance comprises temporary differences attributable to amounts recognised in the Statement of Comprehensive Income:

Interest receivable

9	11
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Assets and other

896	1,515
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Deferred tax liabilities taken to account

905	1,526
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Deferred tax assets not recognised

Income tax losses

46	1,277
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Accrued employee benefits & payables

58	62
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Total

104	1,339
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A review of CITEC's budget estimates for the future years indicate that sufficient taxable profit will not be available, following the reversal of both the existing taxable temporary differences for the current year tax, and deductible temporary differences to be utilised in future periods. Accordingly, the current year tax loss and the deductible temporary differences (tax effect totalling \$103,842) have not been recognised as deferred tax assets.

The unrecognised income tax losses will be brought to account when it is probable that further tax profits will arise to enable these tax losses to be utilised.

Accounting policy

The department is a State body as defined under the Income Tax Assessment Act 1936 and is exempt from all forms of Commonwealth taxation except Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the department. GST credits receivable from, and GST payable to, the Australian Taxation Office are recognised and accrued (refer to note 14).

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Department of Science, Information Technology and Innovation

Notes to the financial statements for the year ended 30 June 2017

28. Taxation equivalents (continued)

Accounting policy

Agreements have been reached with Queensland Treasury for CITEC to pay an income tax equivalent, in accordance with the requirements of the Tax Equivalents Regime. The income tax equivalent expense for CITEC 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 Statement of Financial Position 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 CITEC's 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 the forecasting budgets provided to Queensland Treasury. The controlled entity of the department is exempt from income tax under section 50 of the Income Tax Assessment Act 1997.

29. Budgetary reporting disclosures

Explanations of major variances

Statement of Comprehensive Income

Appropriation revenue/user charges/supplies and services

The variance for supplies and services is largely due to costs incurred to deliver new initiatives including ICT contract management (\$15.4 million) on behalf of various government departments, an extension of the One-Stop Shop program (\$5.3 million) and the transfer of responsibility to deliver the Human Resource Information System (HRIS) payroll related program from another government department (\$8.4 million). In addition, the department's CBU (CITEC) incurred additional costs in support of higher customer demand for information brokerage services (\$7.0 million). These costs were fully funded through higher appropriation revenue and user charges.

Grants and subsidies

The variance for grants and subsidies is mainly due to funding deferred for the Mobile Black Spot Program (\$9.1 million), science related initiatives (\$7.7 million) and Advance Queensland (\$3.9 million) in line with the deferral of contractual commitments to 2017-18.

Impairment losses

The variance for impairment losses is due to the write-off of outstanding debt (\$2.3 million) associated with disputed service charges between the department, the Queensland Police Service and the Public Safety Business Agency, refer note 27(c).

Operating result

The variance for the operating result from continuing operations after income tax is mainly due to the better than forecast financial performance of CITEC and the department's SSP (Queensland Shared Services) as a result of an increase in customer demand for ICT, information brokerage, transactional and finance/payroll system services delivered by these business units (\$12.3 million). In addition, the department received funding which has yet to be expended following the return of grant funding from BPA (\$1.2 million), refer note 23(b).

Statement of Financial Position

Cash and cash equivalents

The variance for cash and cash equivalents is mainly due to better than forecast financial performance of CITEC and Queensland Shared Services and the resulting improvement in cash reserves for these business units (\$7.3 million and \$6.5 million respectively).

Current and non-current interest-bearing liabilities

The variance in current interest-bearing liabilities is mainly due to the reporting of budgeted finance lease liabilities associated with the GWN as non-current interest bearing liabilities. Overall, the variance for current and non-current interest bearing liabilities is due to additional equipment acquired and provisioned under the GWN, funded through a finance lease (\$5.4 million), refer note 17.

Total equity

The variance in total equity is mainly due to an improvement in operating results compared to the budget of CITEC and Queensland Shared Services referred to above (\$12.3 million) and the difference between budgeted and actual retained earnings from the prior year (\$6.3 million).

Notes to the financial statements for the year ended 30 June 2017

29. Budgetary reporting disclosures (continued)

Statement of cash flows

Payments for intangibles

The increase in cash outflows from investing activities is due to the acquisition of intangible software assets supporting the One-Stop Shop program (\$2 million) and Queensland Shared Services Finance Futures and Aurion Upgrade programs (\$0.8 million).

Equity injections and equity withdrawals

The increase in equity injections and equity withdrawals is mainly due to the timing of budgeted equity funding transactions relating to prior year capital purchases (\$2.2 million).

30. Schedule of administered items

	2017 Actual \$'000	2017 Original Budget \$'000	Budget Variance* \$'000	2016 Actual \$'000
Administered income				
Appropriation revenue**	69,309	73,945	(4,636)	72,406
Contributions	9,181	-	9,181	12,433
Total administered income	78,490	73,945	4,545	84,839
Administered expenses				
Supplies and services	6,663	3,186	3,477	2,694
Grants and subsidies	65,875	70,759	(4,884)	68,330
Other expenses	-	-	-	1,996
Total administered expenses	72,538	73,945	(1,407)	73,020
Operating surplus	5,952	-	5,952	11,819
Administered current assets				
Cash and cash equivalents	914	1,246	(332)	3,400
Loans and receivables	901	-	901	2,098
Prepayments	4,101	-	4,101	3,229
Total administered current assets	5,916	1,246	4,670	8,727
Administered non-current assets				
Prepayments	13,670	-	13,670	9,771
Total administered non-current assets	13,670	-	13,670	9,771
Total administered assets	19,586	1,246	18,340	18,498
Administered current liabilities				
Payables	569	-	569	2,888
Revenue payable to government	-	-	-	1,996
Total administered current liabilities	569	-	569	4,884
Net administered assets	19,017	1,246	17,771	13,614
Total administered equity	19,017			13,614

* An explanation of major variances is included at note 32.

** This appropriation revenue is provided in cash via Queensland Treasury and funds activities/expenses that the department administers on behalf of the government, refer note 31.

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Department of Science, Information Technology and Innovation

Notes to the financial statements for the year ended 30 June 2017

30. Schedule of administered items (continued)

	2017 \$'000	2016 \$'000
Administered grants and subsidies		
State Library of Queensland	62,676	62,689
Queensland Shared Services	3,199	5,641
Total	65,875	68,330

Accounting Policy

The department administers, but does not control, certain activities on behalf of the government. In doing so, it has responsibility for administering those activities (and related transactions and balances) efficiently and effectively, but does not have the discretion to deploy those resources for the achievement of the department's overall objectives. These transactions and balances are not significant in comparison to the department's overall financial performance/financial position. Accounting policies applicable to administered items are consistent with the equivalent policies for controlled items, unless stated otherwise.

31. Administered appropriation receipts

Reconciliation of payments from consolidated fund to administered appropriation revenue

Budgeted administered appropriation	73,945	80,117
Lapsed administered appropriation	(6,632)	(7,959)
Total administered appropriation receipts (cash)	67,313	72,158
Plus: Opening balance of deferred administered appropriation payable	1,996	248
Less: Closing balance of deferred administered appropriation payable	-	(1,996)
Net administered appropriation revenue	69,309	70,410
Plus: Deferred administered appropriation payable to consolidated fund (expense)	-	1,996
Administered appropriation revenue recognised in note 30	69,309	72,406

Reconciliation of payments from consolidated fund to administered equity adjustment

Budgeted administered equity adjustment appropriation	(3,627)	(8,492)
Lapsed administered appropriation	(332)	(5,784)
Total administered appropriation receipts (cash)	(3,959)	(14,276)
Plus: Opening balance of administered equity adjustment payable	523	191
Less: Closing balance of administered equity adjustment payable	(569)	(523)
Equity adjustment recognised in administered equity	(4,005)	(14,608)

32. Administered budget to actual comparison and variance analysis

Explanations of major variances

Contributions

The variance in contributions of \$9.2 million reflects the contribution from Queensland Treasury to fund the ICT arrangements for the 1 William Street (1WS) building.

Operating surplus:

The variance of \$6.0 million is due to the timing difference between the recognition of contribution revenue received to fund the ICT arrangements for the 1WS building and recognition of expense associated with service payments made to an ICT provider over a five year contract term.

Notes to the financial statements for the year ended 30 June 2017

32. Administered budget to actual comparison and variance analysis (continued)

Prepayments (current and non-current)

The variance in prepayments is due to an upfront payment of \$17.8 million (\$4.1 million classified as current and \$13.7 million classified as non-current) made for ICT services to be delivered over a five year contract term associated with the ICT arrangements for the 1WS building.

33. Agency transactions and balances

The department, through the Smart Service Queensland business unit, acts as an agent for collection and payment processing services, and undertakes certain transactions on behalf of Queensland Government agencies and its clients.

	2017 \$'000	2016 \$'000
Agency cash assets		
Balance at 1 July	471	352
Collections during the period	77,504	88,586
Distributions according to clients' instructions during the period	(77,538)	(88,467)
Balance at 30 June	437	471

Fees received for the provision of these services are included in user charges.

All agency transactions and balances are subject to audit by the Queensland Audit Office.

Accounting policy

The transactions and balances related to these agency arrangements are not included in these financial statements, because the department acts only in a custodial role but are disclosed in these notes for the information of users.

PART B

Department of Science, Information Technology and Innovation

Notes to the financial statements for the year ended 30 June 2017

34. Summary of other accounting policies

a) Leases

A distinction is made in the financial statements between finance leases, which effectively transfer from the lessor to the lessee substantially all risks and benefits incidental to ownership, and operating leases, under which the lessor retains substantially all risks and benefits.

Leases of non-current assets where the department, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term liabilities.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

b) Insurance

With the exception of non-current physical assets held by CITEC, which are commercially insured, the department's non-current physical assets and other risks, including those relating to business interruption following natural disasters, are insured through the Queensland Government Insurance Fund. Premiums are paid on a risk assessment basis. In addition, the department pays premiums to Workcover Queensland in respect of its obligations for employee compensation.

c) Contributed equity

Interpretation 1038 Contributions by Owners Made to Wholly Owned Public Sector Entities specifies the principles for recognising contributed equity by the department. Appropriations and non-appropriated equity adjustments (refer to Statement of Changes in Equity) have been recognised as contributed equity by the department during the reporting and comparative years.

d) Issuance 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.

e) Accounting estimates and judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions with the most significant effect are outlined in the following financial statement notes:

- Valuation of property, plant and equipment – note 17
- Financial instruments – note 27
- Finance leases – note 19
- Contingencies – note 26
- Receivables – note 14

Further, the matters covered in each of those notes (except for depreciation and amortisation) necessarily involve estimation uncertainty, with the potential to materially impact on the carrying amount of the department's assets and liabilities in the next reporting period. Reference should be made to the respective notes for more information.

f) Currency, rounding and comparatives

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

Effective 1 July 2016, the department has re-aligned its activities under a revised service reporting structure, being Services for Queenslanders, Services for Government and Advance Queensland through Innovation.

Comparative information reflects the audited 2015–16 financial statements except where comparatives have been re-stated consistent with revised reporting structure disclosures in the Statement of Comprehensive Income and Statement of Assets and Liabilities by Major Departmental Services, CBUs and SSPs or as result of changes in accounting policy and other prior period adjustments, refer note 35.

Notes to the financial statements for the year ended 30 June 2017

34. Summary of other accounting policies (continued)

g) Current/non-current classification

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes.

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.

h) Donated/transferred assets

Assets donated or transferred to the department are recognised as revenues (refer note 7).

i) Capital work in progress, including intangible assets under development

Work in progress is recognised at cost. All costs relating to items of property, plant and equipment and intangible assets constructed in-house are recorded as work in progress until completion of the project using all direct costs and, where applicable, reliable attributed indirect costs. Work in progress performed under external contracts is recorded using the invoice amount supplied by the contractor. The department does not capitalise finance and borrowing costs.

j) Acquisition of assets

Historical cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Historical cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees. However, any training costs are expensed as incurred.

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 carrying amount in the books of the other agency immediately prior to the transfer.

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

k) Basis of capitalisation and recognition thresholds

Items of property, plant and equipment with a historical cost or other value equal to or exceeding the following thresholds in the year of acquisition are reported as property, plant and equipment in the following classes:

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

Items with a lesser value are expensed in the year of acquisition. Expenditure is only capitalised if it increases the service potential or useful life of the existing asset. Maintenance that merely restores original service potential (lost through ordinary wear and tear) is expensed. Land improvements undertaken by the department are included with buildings.

l) Measurement of non-current physical assets using fair value

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. Leased assets are measured at fair value in accordance with AASB 117 Leases.

These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses where applicable.

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

m) Measurement of non-current physical and intangible assets using historical cost

Plant and equipment is measured at historical cost in accordance with the Non-Current Asset Policies. The carrying amounts for such plant and equipment is not materially different from their fair value.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

Intangible assets are measured at their historical cost, unless there is an active market for the assets concerned (in which case they will be measured at fair value).

PART B

Department of Science, Information Technology and Innovation

Notes to the financial statements for the year ended 30 June 2017

34. Summary of other accounting policies (continued)

n) Revaluation of non-current physical and intangible assets measured at fair value

Property, plant and equipment classes measured at fair value 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. For financial reporting purposes, the revaluation process is managed by a team in the department's Finance, Procurement and Business Services unit, which determines the specific revaluation practices and procedures. The department undertakes annual reviews of the revaluation practices (after each year's revaluation process), and reports to the department's Audit and Risk Management Committee (of which the department's Chief Finance Officer is an invitee) regarding the outcomes of, and recommendations arising from, each annual review.

Revaluations using an independent professional valuer or internal expert appraisals are undertaken at least once every five years. However, if a particular asset class experiences significant and volatile changes in fair value, that class is subject to specific appraisal in the reporting period, where practicable, regardless of the timing of the last specific appraisal. This is arranged by the department's Finance, Procurement and Business Services unit after consultation with the department's Finance and Procurement sub-Committee.

Materiality is considered in determining whether the difference between the carrying amount and the fair value of an asset is material (in which case, revaluation is warranted).

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.

Where assets have not been specifically appraised in the reporting period, their previous valuations are materially kept up to date via the application of relevant indices. The department ensures that the application of such indices results in a valid estimation of the assets' fair values at reporting date. The State Valuation Service (SVS) supplies the indices used for the various types of assets. Such indices are either publicly available, or are derived from market information available to SVS. SVS provides assurance of their robustness, validity and appropriateness for application to the relevant assets.

Indices used are also tested for reasonableness by applying the indices to a sample of assets, comparing the results to similar assets that have been valued by an independent professional valuer or internal expert, and analysing the trend of changes in values over time. Through this process, which is undertaken annually, the department assesses and confirms the relevance and suitability of indices provided by SVS based on the department's own particular circumstances.

Any revaluation increment arising from 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.

For assets revalued using a cost valuation approach (e.g. depreciated replacement cost), accumulated depreciation is adjusted to equal the difference between the gross amount and carrying amount, after taking into account accumulated impairment losses. This is generally referred to as the 'gross method'.

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

o) Fair value measurement

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

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

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the department include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the department's assets/liabilities, internal records of recent construction costs (and/or estimates of such costs) for assets' characteristics/functionality, and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

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

Notes to the financial statements for the year ended 30 June 2017

34. Summary of other accounting policies (continued)

o) Fair value measurement

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

Level 1 represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;

Level 2 represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and

Level 3 represents fair value measurements that are substantially derived from unobservable inputs.

None of the department's valuations of assets or liabilities are eligible for categorisation into Level 1 of the fair value hierarchy. There were no transfers of assets between fair value hierarchy levels during the period.

More specific fair value information about the department's property, plant and equipment is outlined in note 17. Details of individual assets and liabilities measured under each category of fair value are set out in the tables at note 27.

p) Intangible assets

Intangible assets with a historical cost or other value greater than or equal to \$100,000, are recognised in the financial statements. Items with a lesser value are expensed. Each intangible asset, less any anticipated residual value, is amortised over its estimated useful life to the department. The residual value is zero for all the department's intangible assets.

There is not an active market for any of the department's intangible assets. As such, the assets are recognised and carried at historical cost, less accumulated amortisation and accumulated impairment losses. No intangible assets have been classified as held for sale, or form part of a disposal group held for sale.

Purchased software

The purchase cost of software has been capitalised and is amortised on a straight-line basis over the period of the expected benefit to the department, generally five years. However, where appropriate, the useful lives of certain assets have been determined on an individual basis.

Internally generated software

Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred. Costs associated with the development of computer software have been capitalised and are amortised on a straight-line basis over the period of the expected benefit to the department, generally five years. However, where appropriate, the useful lives of certain assets have been determined on an individual basis.

g) Amortisation and depreciation of intangible assets and property, plant and equipment

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

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

Property, plant and equipment (excluding land) is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the department. For depreciable assets, residual value is determined to be zero, reflecting the estimated amount to be received on disposal at the end of their useful life.

All heritage and cultural assets of the department are not depreciated as the service potential of the assets are not expected to diminish over time.

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 within property, plant and equipment and intangible assets.

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

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

Major spares purchased specifically for particular assets are capitalised and depreciated on the same basis as the asset to which they relate.

PART B

Department of Science, Information Technology and Innovation

Notes to the financial statements for the year ended 30 June 2017

34. Summary of other accounting policies (continued)

q) Amortisation and depreciation of intangible assets and property, plant and equipment

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

Plant and equipment subject to a finance lease is depreciated on a straight-line basis over the term of the lease or, where it is likely that the department will obtain ownership of the asset, the expected useful life of the asset to the department.

Straight-line depreciation is used reflecting the progressive, and even consumption of future economic benefits over their useful life to the department.

Items comprising the department's technical library are expensed on acquisition.

For each class of depreciable assets, the following depreciation and amortisation rates are used:

<u>Class</u>	<u>Rates</u>	<u>Class</u>	<u>Rates</u>
Buildings	2% to 10%	Leasehold improvements	2.5% to 20%
Infrastructure	2% to 12.5%	Computer equipment	4% to 55%
Financed leased assets	7% to 20%	Scientific equipment	4% to 33%
Other equipment	4% to 33%	Software internally generated	6% to 24%
Software purchased	4% to 26%		

Where appropriate, the depreciation and amortisation rates applied to assets are determined on an individual basis.

r) Impairment of non-current assets

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

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell, depreciated replacement cost, or net cash inflows generated through use of the asset.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

When an asset is revalued using a market valuation approach, any accumulated impairment losses at that date are eliminated against the gross amount of the asset prior to restating for the revaluation.

The department's annual asset impairment assessment process is conducted in accordance with the department's asset impairment assessment guide that forms part of the department's asset management handbook, maintained by Finance, Procurement and Business Services. Within this guide, the department maintains a schedule of impairment indicators for each individual asset class, which are reviewed and updated annually.

The assessment of and outcomes from the department's asset impairment assessment process is reported to and endorsed by the department's Audit and Risk Management Committee annually.

s) New and revised accounting standards

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

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

As from the department's financial statements for 2017–18, this standard will require additional disclosures to enable the reader to evaluate changes in liabilities arising from financing activities. These disclosures will include both cashflows 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 Cashflows.

Notes to the financial statements for the year ended 30 June 2017

34. Summary of other accounting policies (continued)

s) New and revised accounting standards

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

These standards will first apply to the department from its financial statements for 2019–20.

The department has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts. Potential future impacts identifiable at the date of this report are as follows:

Grants received to construct non-financial assets controlled by the department will be recognised as a liability, and subsequently recognised progressively as revenue as the department satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront.

Under the new standards, other grants presently recognised as revenue upfront may be eligible to be recognised as revenue progressively as the associated performance obligations are satisfied, but only if the associated performance obligations are enforceable and sufficiently specific. The department is yet to evaluate the existing grant arrangements as to whether revenue from those grants could be deferred under the new requirements.

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. The department receives several grants for which there are no sufficiently specific performance obligations - these grants are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.

Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of the department's goods and services such that 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 performance obligations (such amounts would be reported as a liability in the meantime). The department is yet to complete its analysis of existing arrangements for sale of its goods and services and the impact, if any, on revenue recognition has not yet been determined.

A range of new disclosures will also be required by the new standards in respect of the department's revenue.

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

These standards will first apply to the department from its financial statements for 2018–19. 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 the new standard 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, all of the department's financial assets are expected to be required to be measured at fair value (instead of the measurement classifications presently used in note 27). In the case of the department's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value. Changes in the fair value of those assets will be reflected in the department's operating result.

Another impact of AASB 9 relates to calculating impairment losses for the department's 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 receivables by comparing the credit risk at that time to the credit risk that existed when those receivables were initially recognised.

PART B

Department of Science, Information Technology and Innovation

Notes to the financial statements for the year ended 30 June 2017

34. Summary of other accounting policies (continued)

s) New and revised accounting standards

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, and investments in unquoted equity instruments measured at fair value through other comprehensive income and de-recognition of these items.

AASB 16 Leases

This standard will first apply to the department from its financial statements for 2019–20. When applied, the standard supersedes AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation 115 Operating Leases – Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

Impact for Lessees

Unlike AASB 117 Leases, AASB 16 introduces a single lease accounting model for lessees. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

In effect, the majority of operating leases (as defined by the current AASB 117) will be reported on the Statement of Financial Position under AASB 16. There will be a significant increase in assets and liabilities for the department. The impact on the reported assets and liabilities would be largely in proportion to the scale of the department's leasing activities.

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed in the Statement of Comprehensive Income. They will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will also be recognised as an expense. AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. If a lessee chooses to apply the 'cumulative approach', it does not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application. The department will await further guidance from Queensland Treasury on the transitional accounting method to be applied.

The department has not yet quantified the impact on the Statement of Comprehensive Income or the Statement of Financial Position of applying AASB 16 to its current operating leases, including the extent of additional disclosure required.

All other Australian accounting standards and interpretations with future effective dates are either not applicable to the department's activities, or have an immaterial impact on the department.

t) First-year application of new accounting standards or changes in accounting policy

The department did not voluntarily change any of its accounting policies during 2016–17, other than for the policy change referred to in note 35.

No Australian Accounting Standards have been early adopted for 2016–17.

Accounting standards applied for the first time

The only Australian Accounting Standard that became effective for the first time 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 22). 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 note 23. No comparative information about related party transactions is required in respect of 2015–16. The relationship between the department and its controlled entity is already outlined in note 4.

Notes to the financial statements for the year ended 30 June 2017

35. Change in accounting policy and prior period adjustments

During 2016–17 the department applied an accounting policy where lease incentive liabilities are recognised only if taking up the lease incentive results in a timing mismatch between lease expenses and cash payments. Lease incentive liabilities, recognised during 2015–16 in respect of lease incentives consumed through reduction in monthly lease payments spread proportionately over the term of the lease (where no timing mismatch occurs) have been adjusted to nil. An adjustment has been made to the 2015–16 comparatives to retrospectively reflect the change in accounting policy, reducing lease incentive assets and liabilities, equally by \$14.778 million. There was no impact upon net assets, equity balances or income and expenses as a result of this change. There was also no impact upon balances prior to 1 July 2015.

As at 30 June 2016, the department recognised an administered prepayment of \$13.000 million in respect of ICT services to be delivered over a five year contract. During 2016–17, the balance of this administered prepayment between current and non-current assets was re-classified to reflect that component of the carrying value which is expected to be realised within 12 months. The balance of the administered prepayment as at 30 June 2016 was adjusted to retrospectively reflect the reclassification between current and non-current balances.

Comparative numbers reported in the 2015–16 financial statements and restated amounts for those line items affected are as follows:

2015–16 comparative adjustments	Notes	Published financial statements \$ '000	Restated comparatives \$ '000
<u>Statement of Financial Position</u>			
Other current assets	15	15,180	13,506
<i>Total current assets</i>		112,518	110,844
Other non-current assets	15	13,842	738
<i>Total non-current assets</i>		233,690	220,586
<i>Total assets</i>		346,208	331,430
Other current liabilities	21	3,703	2,029
<i>Total current liabilities</i>		75,499	73,825
Other non-current liabilities	21	13,334	230
<i>Total non-current liabilities</i>		131,156	118,052
<i>Total liabilities</i>		206,655	191,877
<u>Schedule of administered items</u>			
Administered prepayments (current)		13,000	3,229
<i>Total administered current assets</i>		18,498	8,727
Administered prepayments (non-current)		-	9,771
<i>Total administered non-current assets</i>		-	9,771

The department has adjusted comparative information reported in note 22 related to remuneration expenses for KMP. Total short-term employee expenses (non-monetary benefits) has been reduced from \$0.090 million to \$0.064 million, with total expenses reducing from \$3.490 million to \$3.464 million. This restatement is due to an adjustment in FBT and motor vehicle notional benefits attributed to KMP during 2015–16.

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Department of Science, Information Technology and Innovation

Notes to the financial statements for the year ended 30 June 2017

36. Events occurring after balance date

There were no material events subsequent to the reporting date but prior to the signing of these accounts of which management was aware.

Department of Science, Information Technology and Innovation

Management Certificate

for the year ended 30 June 2017

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:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Department of Science, Information Technology and Innovation for the financial year ended 30 June 2017 and of the financial position of the department at the end of that year; and
- (c) these assertions are based upon an appropriate system of internal controls and risk management processes being effective, in all material aspects, with respect to financial reporting throughout the reporting period.

Scott Walker
B Comm CPA
Acting Chief Finance Officer



24 August 2017

Jamie Merrick
Director-General



24 August 2017

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Department of Science, Information Technology and Innovation

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of the Department of Science, Information Technology and Innovation.

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 statement of financial position and statement of assets and liabilities by major departmental services, CBUs and SSPs 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 services, CBUs and SSPs 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

I have determined that there are no key audit matters to communicate in my report.

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.



John Welsh
as delegate of the Auditor-General



Queensland Audit Office
Brisbane

