

Department of Employment,
Small Business and Training

2018–2019 ANNUAL REPORT

About this report

This Annual Report provides information about the Department of Employment, Small Business and Training's finances and performance for 2018–19. The Annual Report plays an important role in fulfilling the department's commitment to accountability and transparency. It has been prepared in accordance with the *Financial Accountability Act 2009*.

Interpreter services



The Department of Employment, Small Business and Training is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty understanding the annual report, you can contact us on 131 450 and we will arrange an interpreter to effectively communicate the report to you.

Providing feedback

We continually strive to meet best practice reporting standards and value the views of our readers. We invite you to provide feedback on this report by completing a survey on the Get Involved website qld.gov.au/annualreportfeedback

Copies of this publication can be obtained at desbt.qld.gov.au, by phoning 13 74 68, emailing corporate.stratgov@desbt.qld.gov.au, or by contacting Strategic Governance at PO Box 15033, City East Qld 4002.

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The State of Queensland (Department of Employment, Small Business and Training)
Annual Report 2018–2019.

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Letter of compliance

30 September 2019

The Honourable Shannon Fentiman MP
Minister for Employment and Small Business and
Minister for Training and Skills Development
PO Box 15483
City East Qld 4002

Dear Minister Fentiman

I am pleased to submit for presentation to the Parliament the *Annual Report 2018–19* and financial statements for the Department of Employment, Small Business and Training.

I certify that this Annual Report complies with:

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

A checklist outlining the annual reporting requirements can be found at page 110 of this Annual Report.

Yours sincerely



Mary-Anne Curtis
Director-General
Department of Employment, Small Business and Training

Message from the Director-General

I am pleased to present the 2018–19 Annual Report for the Department of Employment, Small Business and Training.

Over the past 12 months, we have supported Queensland small businesses, invested in vocational education and training and continued to deliver targeted employment programs to contribute to Queensland Government objectives for the community, in particular to create jobs in a strong economy and be a responsive government.

Helping small business recovery

In early 2019, north and far north Queensland were significantly impacted by the monsoon weather event. The department established the Small Business Recovery Centre in Townsville to provide ongoing support to impacted small businesses in north and north west Queensland. We also launched a \$3 million disaster recovery grant program to assist small businesses with recovery.

Through collaboration with state and federal agencies, local councils and community groups, our department was able to assist small businesses to recover. I am extremely proud of the work that has happened and continues to happen to help small businesses impacted by the event.

Investing in skills

Ensuring our investment in vocational education and training (VET) is targeted to industry needs remains a priority as we continue to build Queensland to have the skilled workforce for the jobs of the future. The Free tafe for year 12 graduates program is just one of the ways we are skilling the next generation, with more than 160 free courses in high-priority areas available during 2018–19, supporting school leavers to gain a qualification after completing school.

Approximately 200 representatives from industry, business, university, training providers, government and unions gathered for the Premier's Future of Work – Skills and Industry Summit in November 2018. The department led the organisation and delivery of the summit which was a great example of government – industry collaboration. The ideas generated informed the development of the *Skills for Queensland* strategy, including the \$32 million Free apprenticeships for under 21s initiative released on 5 August 2019.

Jobs for Queenslanders

The Skilling Queenslanders for Work initiative has helped Queenslanders through training and work placements, with \$87.71 million approved in 2018–19 to assist more than 12,000 people. We also allocated \$79.3 million in support payments to employers through the Back to Work program this year, helping more than 5300 Queenslanders gain employment.

Supporting Queensland small business

We are working hard to support and help small businesses to grow and be sustainable. We provided \$5.32 million in grants to more than 700 small businesses in 2018–19. We also engaged with many small businesses during Queensland Small Business Week, with over 300 events held, and for the first time held a Taste and Trade market to connect local producers with buyers, stockists and distributors.

In our second year of existence, the department continues to deliver services and initiatives to all Queenslanders, so they have the skills and opportunities to prosper now and in the future.

I would like to thank our staff for their dedication and commitment throughout the year, and I look forward to continuing to work together over the year ahead.

Mary-Anne Curtis
Director-General

About our Annual Report

The Department of Employment, Small Business and Training (DESBT) *Annual Report 2018–19* is an integral part of our corporate governance framework. It is a key report in ensuring we are accountable to stakeholders, the Queensland Parliament and the community about our objectives.

This report details our achievements, performance and financial position for the 2018–19 financial year. It aligns with the department's *Strategic Plan 2018–22* as well as the DESBT 2018–19 Service Delivery Statements (SDS).

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

View our report online

This report and the information on DESBT government bodies is available online at desbt.qld.gov.au/annual-report

For enquiries about this Annual Report, contact the Director, Strategy and Governance, Corporate Services on +61 7 3334 2429 or corporate.stratgov@desbt.qld.gov.au

More information on the Queensland Government Open Data website

Several annual reporting requirements for 2018–19 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 data.qld.gov.au

Regulator Performance Framework

Queensland Government regulators are required to report their 2018–19 annual performance in implementing the Queensland Government's Regulator Performance Framework.

This report for DESBT is available online at desbt.qld.gov.au/annual-report

Our department

Our vision

All Queenslanders to have the skills and opportunities to participate and prosper in the economy.

Our purpose

To increase economic participation by providing the trusted advice and support that enables both sustainable small business opportunities and a skilled workforce now and into the future.

Our services and initiatives play a key role in the Queensland Government's objectives for the community *Our Future State: Advancing Queensland's Priorities*.

This is achieved by supporting small businesses to start, grow and employ, and by providing individuals with training and employment opportunities aligned with Queensland's employment, skilling and economic priorities.

Our values

Our values are the Queensland public service values, shown below. A workforce of engaged, connected individuals who are motivated to deliver better outcomes for Queensland is critical to our success.

Our operating environment

The department has a number of statutory obligations with which to comply. As well as administering various Acts of Parliament, the department is required to comply with the *Right to Information Act 2009* (Qld) and the *Information Privacy Act 2009* (Qld).

The department delivers a broad range of services, with a particular focus on supporting businesses to reach their full potential and providing individuals with training and employment opportunities aligned with Queensland's employment, skilling and economic priorities.

The department's operations also include a range of significant initiatives as part of the Queensland Government commitments. The department's income and controlled expenses are reported in the financial summary and the financial statements.

The major environmental factors impacting on Queensland involve VET student loans affecting participation rates, and financial and economic conditions, both nationally and internationally.



Customers first

- Know your customer
- Deliver what matters
- Make decisions with empathy



Ideas into action

- Challenge the norm and suggest solutions
- Encourage and embrace new ideas
- Work across boundaries



Unleash potential

- Expect greatness
- Lead and set clear expectations
- Seek, provide and act on feedback



Be courageous

- Own your actions, successes and mistakes
- Take calculated risks
- Act with transparency



Empower people

- Lead, empower and trust
- Play to everyone's strengths
- Develop yourself and those around you

The department embraced strategic opportunities, including for example:

- investing in ways to access emerging technologies to connect customers without delay
- providing a regional presence to tailor our services by location
- increasing our strategic partnering across industry, community and the public sector to strengthen stakeholder relationships and increase public confidence.

The department managed strategic risks, including for example:

- ensuring skills remain relevant for the changing operating environment
- efficient and effective delivery of programs in an environment of finite resources
- increasing knowledge and understanding of competing economic, labour market, business and skills needs
- maintaining pace with innovation, automation and customer expectations, so program investments continue to meet the needs of our stakeholders.

Our legislation

The responsibilities of ministers and their portfolios are set out in Administrative Arrangements Orders. For each Minister, they detail the principal responsibilities, the Acts they administer, and the departments, agencies and office holders responsible for them.

The Administrative Arrangements Order is published in the *Queensland Government Gazette* and is online at qld.gov.au/about/how-government-works/government-responsibilities

Our functions and powers are derived from administering the Acts of Parliament in accordance with *Administrative Arrangements Order (No. 2) 2018*.

Responsibilities and legislation administered by the department are listed in the table below.

Minister for Employment and Small Business and Minister for Training and Skills Development	
<p>Principal ministerial responsibilities</p> <ul style="list-style-type: none"> • Employment Policies and Programs • International Vocational Education and Training • Lead Development of Small Business Policy and Strategy across Government • Skills and Workforce Development • Small Business Advocacy • Small Business Capability and Resilience • Small Business Regulatory Reform • Vocational Education and Training including Technical and Further Education • Protected Area Management on Moreton Island and North Stradbroke Island. 	<p>Acts administered</p> <ul style="list-style-type: none"> • <i>Further Education and Training Act 2014</i> • <i>Jobs Queensland Act 2015</i> • <i>TAFE Queensland Act 2013</i> • <i>Vocational Education and Training (Commonwealth Powers) Act 2012</i> • <i>North Stradbroke Island Protection and Sustainability Act 2011</i> (the Department of Environment and Science is the relevant administrative unit for this Act).

Our contribution to government objectives for the community

The department is responsible for supporting the Minister for Employment and Small Business and Minister for Training and Skills Development. In supporting the Minister, the department is maintaining high-quality services and focusing on implementing the government's objectives for the community and its government commitments.

The Queensland Government's objectives for the community are set out in *Our Future State: Advancing Queensland's Priorities*.
ourfuture.qld.gov.au/gov-objectives.aspx

Our Future State: Advancing Queensland's Priorities



Our Future State: Advancing Queensland's Priorities sets out the government's objectives for the community in six key priorities:

- Create jobs in a strong economy
- Give all our children a great start
- Keep Queenslanders healthy
- Keep communities safe
- Protect the Great Barrier Reef
- Be a responsive government.

The department contributes to two Queensland Government priorities.



Create jobs in a strong economy



Be a responsive government

Our *Strategic Plan 2018–22* objectives, strategies and success indicators are aligned with and support these two Queensland Government priorities.

This report records achievements demonstrating performance against the *Strategic Plan 2018–22* and the *2018–19 Service Delivery Statements*.

Delivering government commitments

In 2018–19, the department delivered a number of the government's commitments and has been working collaboratively with stakeholders to implement those commitments.

This included the delivery of six government commitments in 2018–19:

1. provided a grant of up to \$4 million towards the \$12 million cost to assist in the development of a state-of-the-art training facility at Beenleigh
2. provided up to \$26 million for the Pimlico Technical and Further Education (TAFE) campus to consolidate the campus and upgrade existing facilities to ensure that they are modern and fit-for-purpose
3. invested up to \$4 million to improve the Toowoomba TAFE campus and reconfigure older buildings to modern standards for students and staff
4. appointed a prominent Queensland as an Ambassador for mature-age-friendly workplaces
5. established an awards program to recognise and showcase Queensland businesses that demonstrate best practice in employing older workers
6. Work Ready Queensland: Extending the Back to Work program—implemented the Sticking Together program pilot, trialling an intensive 60-week coaching and mentoring service for 90 young disadvantaged jobseekers and recently employed young people in Cairns, Townsville and Logan, with 30 in each location.

The following Ministerial Charter Letter Commitment was also delivered by the department in 2018–19:

- delivered targeted support for Aboriginal people and Torres Strait Islander people who are business owners and operators, enabling them to unlock their full potential and navigate the rapidly changing economic landscape.

Our Strategic Plan 2018–22



This section summarises our performance against our *Strategic Plan 2018–22* in supporting the Queensland Government objective to **Create jobs in a strong economy.**

The department’s performance against the *Strategic Plan 2018–22* strategies are included below and also in the following sections of the Annual Report: Employment, Small Business and Training and Skills.

Strategic objectives



- Empower Queenslanders and small businesses to be able to take full advantage of economic prospects.
- Connect Queenslanders and small businesses to skills, training and employment so they can prosper in the economy.






Our strategies


- 1.1 Making informed, evidence-based decisions through engaging with our stakeholders.
- 1.2 Providing pathways to connect people to quality training and skills opportunities.
- 1.3 Identifying, supporting and promoting sustainable opportunities for Queenslanders, industry stakeholders and small business.
- 1.4 Providing quality information about small business development and individuals' career pathways and support.
- 1.5 Developing flexible ways to prepare all Queenslanders for current and future work opportunities.
- 1.6 Delivering programs that align workforce demands with the skilling needs of industry and employers.
- 1.7 Delivering small business programs to support them to prosper in the economy.

Our success indicators and what we achieved

The results below demonstrate our performance in 2018–19 against the strategic plan strategies and strategic objectives.

Success indicators and results	Status
<p>Increased participation in training and employment programs</p> <ul style="list-style-type: none"> • Overall, in 2018–19, the department invested over \$1 billion in training and employment programs. • Queensland Government funded VET students have increased approximately 2.2 per cent to 203,249 in 2018–19 from 198,914 in 2017–18, an extra 4335 students. • Commenced the Free tafe for Year 12 graduates initiative from August 2018. • Invested \$296.86 million since 2015 through Skilling Queenslanders for Work (SQW) to provide nationally recognised training, skills development and employment opportunities to assist 52,522 disadvantaged Queenslanders, with funding of over \$87 million approved in 2018–19. • As at 30 June 2019, assisted 42,703 people, with 24,493 securing jobs as a direct result of participating in programs. • Allocated \$79.3 million in Back to Work support payments to over 5300 employees and 3800 employers. • Back to Work Jobseeker Officers referred 5400 jobseekers into training. 	
<p>Employment, training and small business policies and programs targeted to meet stakeholders' needs</p> <ul style="list-style-type: none"> • Released the <i>Skills for Queensland Discussion Paper</i> for public consultation in September 2018 to inform the development of the Queensland Skills Strategy. The consultation process included an online survey, written submissions and seven regional consultation forums. • Jobs Queensland provided extensive advice to the Queensland Government on future skills needs, workforce planning and development, and apprenticeships and traineeships. In 2018–19, Jobs Queensland released several reports and resources including the <i>Anticipating Future Skills Report and Accompanying Data Tools</i>, and the <i>Future of Work – Discussion paper</i>. The findings and recommendations have provided the Queensland Government with vital direction on its employment, training and workforce programs and investment. • Delivered five community-based training programs under the SQW program: Community Work Skills; Work Skills Traineeships; Get Set for Work; Youth Skills and Ready for Work (project-based delivery models); and two traineeship incentive programs: First Start and Work Start incentives. Delivered SQW funds for training and other support for a broad range of disadvantaged people including: mature-age jobseekers; Aboriginal and Torres Strait Islander people; migrants and refugees from culturally and linguistically diverse backgrounds; people with a disability; young people (aged 15–24 years), including those in and transitioned from out-of-home care; women re-entering the workforce; veterans, ex-Australian Defence Force personnel and their families; and under-utilised workers, including workers who are marginally attached to the labour force or under-employed. • Provided funding to not-for-profit community-based organisations to provide tailored ‘wraparound’ support and services in a community-based environment. Projects provided work experience alongside nationally recognised training; and job search and job readiness skills, including where to look for work, how to apply for work, help to understand employer expectations, resume preparation and writing, and job interview skills. • Organised the first Future of Work – Skills and Industry Summit in Brisbane in November 2018. It brought together approximately 200 participants to discuss key considerations of the future of work and skills in Queensland, and associated opportunities. • Provided \$5.32 million in grants to small and medium businesses. Businesses in receipt of grants have reported their intention to employ an additional 1383 people. 	

Success indicators and results	Status
<ul style="list-style-type: none"> Delivered the Queensland Small Business Procurement Commitment to make it easier for small businesses to procure with government. This includes a commitment to reducing payment terms for small business suppliers to the government from 30 to 20 calendar days from 1 July 2020. 	
<p>Improved employment opportunities for stakeholders through participation in programs</p> <ul style="list-style-type: none"> Assisted 7397 Queenslanders, with 3368 securing jobs as a direct result of participating in SQW in 2018–19. The number of people assisted and job outcomes will continue to increase as project intakes are delivered. Supported over 5300 jobseekers into employment through \$79.3 million in Back to Work payments allocated in 2018–19. 98.6 per cent of businesses assisted by grant programs reported a projected increase in either employment, turnover or profitability. This exceeded the 2018–19 target of 90 per cent. Operated the Gateway to Industry Schools program, which delivers engagement between targeted industries and select schools to supply employment and skilling opportunities for young people in response to workforce demands. 	
<p>Improved metrics for employment and small business programs</p> <ul style="list-style-type: none"> The number of Queensland small businesses grew from approximately 426,000 to approximately 438,000. This is an increase of approximately 2.8 per cent. The department provided support to entrepreneurs starting out in business with the allocation 446 grants worth \$1.58 million in 2018–19. This compares with 298 grants worth \$1.05 million in 2017–18, representing increases of approximately 49.7 per cent and 50.5 per cent respectively. 	
<p>More small businesses with increased skills and capabilities as a result of participating in small business programs</p> <ul style="list-style-type: none"> 99.6 per cent of small businesses surveyed reported an increased capability (including digital) as a direct result of participation in small business grant programs. This exceeded the 2018–19 target of 90 per cent. Through the Queensland Government’s small business grant programs: <ul style="list-style-type: none"> » supported the creation of new and sustainable businesses » helped existing businesses to work smarter and be more resilient » assisted businesses with high-growth aspirations to grow and employ staff through the delivery of three targeted grants programs (Small Business Digital Grants Program, Small Business Entrepreneur Grants Program and the Business Growth Fund). Held a record 582 mentoring sessions across the state in 2018–19. Our mentors donated more than 1400 hours of their time to help 548 individual businesses start, grow and create local jobs. 	
<p>Improved ease of use for Queenslanders to access the Queensland Government small business website</p> <ul style="list-style-type: none"> Customers rated how easy it is to use the Business Queensland website with an average score of 3.5 out of 5 (from 1 being very difficult to use to 5 being very easy to use). Serviced over six million customers and provided Queensland business and industry with the opportunity to access over 1900 services from across 14 Queensland Government departments via the Business Queensland website. 	

Status legend Actioned 



Above: Attendees at the summit discussed how Queensland can prepare for the jobs of the future.

Summit success

Queensland's industry leaders joined with the Queensland Government at the Future of Work – Skills and Industry Summit to focus attention on positioning Queensland to have the skilled workers needed for the jobs of the future.

Approximately 200 representatives from the state's major employers, unions and peak industry bodies, as well as the vocational and tertiary education sectors, joined with the Premier and senior Government Ministers for the summit held in Brisbane in November 2018.

A dynamic and candid panel session discussed the changes to Queensland's labour market and how to

best ensure Queenslanders keep pace with change. Senior Ministers hosted four workshops, discussing the opportunities and challenges of preparing a future workforce in an environment characterised by automation, new technologies and social change.

The summit provided the department with the opportunity to collaborate with industry and discuss ideas on practical, achievable and imaginative ways to transition the state to be ahead of the game when it comes to new skills and jobs.

Innovative ideas generated through the workshops and discussions informed the development of the *Skills for Queensland* strategy.



This section summaries our performance against our *Strategic Plan 2018–22* supporting the Queensland Government objective to **Be a responsive government.**

Strategic objective

Provide sector leadership in recognising and considering optimal regulatory levers, market and policy settings for small business, employment and training and skilling Queenslanders.



Our strategies


- 2.1 Providing trusted advice that supports government decision-making.
- 2.2 Improving the regulatory framework for small business.
- 2.3 Leading the development of whole-of-government strategic policies to support employment growth and skills development.
- 2.4 Providing national leadership to improve access to skills and employment opportunities for Queenslanders.

Our success indicators and what we achieved

The results below demonstrate our performance in 2018–19 against the above strategies and strategic objective.

Success indicators and results	Status
<p>Engage with and influence the development of small business policy across government</p> <ul style="list-style-type: none"> • Consulted with relevant policy areas in different government agencies regarding small business policy and regulation. • Through implementing the <i>Advancing Small Business Queensland Strategy 2016–20</i>, established the Small Business Consultation Panels program to hear first-hand from experienced small business owner/operators about how proposed changes in legislation, policy, regulation and other issues identified by government agencies may affect the day-to-day running of their businesses. • Supported the Queensland Small Business Champion to engage with small businesses and to represent their interests, state-wide and nationally. • Supported the work of the Queensland Small Business Advisory Council to achieve streamlined payroll tax initiatives for small businesses and provide guidance for the development of the <i>Queensland Small Business Procurement Commitment</i> and the <i>On-time Payment Policy</i>. 	

Success indicators and results	Status
<ul style="list-style-type: none"> • Completed a pilot of six Small Business Consultation Panels to test and refine the process as an ongoing method of direct engagement with small businesses on proposed policy changes. Policy areas covered were: <ul style="list-style-type: none"> » <i>On-Time Payment Policy</i> (DESBT) » The Future of Work (Jobs Queensland) (two panels held) » Employment Barriers and Opportunities for Migrants and Refugees (Department of Local Government, Racing and Multicultural Affairs) » Building our Innovation Economy (Department of Innovation, Tourism Industry Development and the Commonwealth Games) (two panels held). 	
<p>Improved outcomes for our stakeholders by supporting a best practice regulatory environment</p> <ul style="list-style-type: none"> • Developed the Queensland Small Business Procurement Commitment, aimed at making it easier for small businesses to supply goods and services to the government. • Commenced implementing the Queensland Business Launch Pad project aimed at making it easier for businesses in the food and beverage and construction industries to transact with government. As part of the Small Business Regulatory Reform (SBRR) Agenda, commenced implementing the VET Support Program to improve the way businesses access training and apprenticeship services. • Reported on whole-of-government regulatory reform achievements through the Better Regulation Update. • Coordinated the Queensland Government Response to the 2018 Better Regulation Taskforce report, aimed at improving the regulatory environment for small business. • Managed key quality risks for government subsidised training through the Queensland VET Quality Framework. 	

Status legend Actioned 



Above: Representatives from the department and Construction Skills Queensland helping small businesses with bidding for tenders.

Keeping local jobs on Thursday Island

Thursday Island construction businesses and tradies are learning the skills for successfully tendering for government contracts, helping to ensure jobs can remain in the local community.

A collaborative workshop was coordinated through several departments, including our department and the Department of Aboriginal and Torres Strait Islander Partnerships (DATSIP).

Danny Morseu, DATSIP Regional Manager, said the aim of the workshop was to provide local contractors and tradespeople with the tools and skills to bid for jobs, especially for state and federal government tenders.

“Building this capacity in local construction businesses is critical to keeping jobs in the local communities,” he said.

Anthony Mara, proprietor of Mara Carpentry Services, said the workshops provided remote construction small businesses with expert advice and technical knowledge for growing their capacity in the construction procurement supply chain.

Terri Page, Regional Director, Cape and Torres Region DATSIP, said the aim was to remove barriers to enable success.

“This workshop has given local people the opportunity to upskill, build their capacity and understand the government procurement and tender processes.”

“By developing local skills, we hope we can keep local people working in local jobs, so money is also staying on the island,” Terri said.



Strategic objective



An agile and diverse organisation that delivers increased value to our customers.




Our strategies


- 3.1 Embedding an empowered culture for a responsive and resilient workforce.
- 3.2 Increasing collaboration in a customer-centred service ethos through continuous improvement methodologies.
- 3.3 Modelling strong leadership, good governance and a professional culture.
- 3.4 Implementing systems and processes that are fit for scale and responsive to meeting customer needs.
- 3.5 Developing and implementing initiatives that support a diverse and inclusive workplace.

Our success indicators and what we achieved

The results below demonstrate our performance in 2018–19 against the above strategies and strategic objective.

Success indicators and results	Status
<p>Improved Working for Queensland survey results</p> <ul style="list-style-type: none"> • Achieved a high 86 per cent response rate. The 2018 survey was the department’s first Working for Queensland survey, which serves as a baseline for future years. • The survey results provided a guide for key areas of focus in 2018–19 for the department’s Executive Leadership Team, including organisational leadership, communication and respectful relationships. • The department undertook a pulse survey in June 2019 to check in on progress, and where possible, enable comparison with the 2018 Working for Queensland results. The following areas showed improvement: <ul style="list-style-type: none"> » strategic direction by +1 per cent » leadership, between +6 per cent and +20 per cent » respectful relationships, between +4 per cent and +11 per cent. 	
<p>Improved workforce metrics that indicate employees want to join, strive and stay</p> <ul style="list-style-type: none"> • During 2018–19, the department dedicated effort in recruiting experienced and skilled staff to join the agency, as well as realigning the departmental structure and encouraging employees to strive and stay. Key workplace frameworks, policies and procedures supporting a safe, supportive and ethical culture were also developed and introduced. Throughout the year, leaders strengthened communication and partnerships across the department to proactively support strong engagement with teams to drive continuous improvement and mature the department’s workplace culture. • Commenced planning longer-term initiatives in the draft Diversity and Inclusion Strategy, including a proposed Diversity and Inclusion Council. Initiatives include focus areas of gender diversity, employees with a disability, Aboriginal and Torres Strait Islander employees, employees who are culturally and linguistically diverse, LGBTIQ+, and building a multi-generational workforce in a multi-year approach. The department supports diversity of thought, experience and personal attributes. 	

Success indicators and results	Status
<ul style="list-style-type: none"> • The department entered into an agreement with JobAccess to provide support, development and other assistance to the department in order to better engage and support employees with a disability. This included assessment of the department’s recruitment practices to ensure they are equitable for potential employees of all abilities. • The department continued to monitor key workforce metrics like retention, leave balances, turnover and diversity of our workforce profile. 	
<p>Invest in building our capability to meet current and future business needs</p> <ul style="list-style-type: none"> • The department continued to work with leaders to build their people, with a key focus on developing capability, performance, recruitment and succession planning. • The department supported employees’ skills development through formal training opportunities, actioned via performance and development planning processes. 	
<p>Red tape reduction through a number of improved system integrations and efficient business processes</p> <ul style="list-style-type: none"> • In November 2018, the department introduced a consolidated payroll system, provided by Queensland Shared Services (QSS). This project consolidated eight payrolls into one, creating a single point of employee information, movements and payroll information. It also enabled the introduction of MyCareer, a learning management system for the department’s mandatory training such as Code of Conduct, Fraud and Corruption, and Domestic and Family Violence and optional online learning. • The department continued to develop online training opportunities for employees to build their skills through self-paced learning. • The department introduced a single finance (SAP system) provided by QSS, which consolidated three former finance ledgers into one single department ledger. The department continues to utilise the functionality of the system as efficiently as possible, particularly in ensuring payments are made on time and providing timely reporting. 	

Status legend Actioned 

Our service performance

Below is our service area structure for 2018–19. Performance for each service area is addressed in the following sections:

- Employment
- Small Business
- Training and Skills.

Employment

Our objective

To increase Queenslanders' participation in the labour market.

What we do

This service area focuses on increasing employment opportunities for Queenslanders, in particular, disadvantaged cohorts. This area undertakes both policy and strategic engagement activities, as well as the delivery of key government employment programs. The service area also has responsibility for business and skilled migration policy, in consultation with Business and Skilled Migration Queensland.

Our achievement highlights 2018–19

Supporting jobs with Back to Work

- Provided \$51.6 million in employer support payments to regional employers to support 3751 jobseekers across the Back to Work Regional program.
- Provided \$27.7 million in employer support payments to South East Queensland employers to support 1560 jobseekers across the Back to Work South East Queensland program.
- Incorporated Back to Work Employer Officers within the department's regional offices, which improved localised delivery.

Supporting transition of Minjerribah workers

- Provided \$486,984 to assist 118 former and current Sibelco workers impacted by the phasing out of sand mining on Minjerribah Island to access tailored support and assistance to find alternative employment and training opportunities.
- Continued to support affected workers to find alternative local employment, take up training opportunities, and to support the ongoing economic viability of the Minjerribah Island community.

Supporting young people through the Sticking Together pilot

- Completed the \$900,000 Sticking Together pilot during 2018–19, which focused on testing an innovative solution to better support young Queenslanders to gain and retain employment. Over 60 weeks, coaches worked on a one-to-one basis with 90 young people and employers in three pilot sites—Cairns, Townsville and Logan. The findings showed that 64 per cent of the participants were supported into a job, with other young people engaged in work-like activities including volunteering, training and work experience.

Supporting mature-age jobseekers

- Launched the Mature Workers Mean Business Award in September 2018. The winner and finalists of the award were named as Mature-Age Worker Ambassadors. Logan-based plant hire and civil construction business Sniffers Group was announced the winner of the Mature Workers Mean Business Award in November 2018. The award highlighted the skills, knowledge and experience that mature-age workers bring to businesses.



Above: Winner of the Mature Workers Mean Business Award Stephen Orchard from the Sniffers Group in Logan.

Mature workers provide much needed experience for Queensland businesses

Mature-age Queenslanders are being recognised for their ongoing contribution to the workplace through the department's Mature Workers Mean Business Award,

Winner of the Mature Workers Mean Business Award and Mature-Age Worker Ambassador Stephen Orchard is from the Sniffers Group, a Logan-based plant hire and civil construction business, Stephen said that mature-age workers have provided a solid source of experienced talent in their workplace and are helping to fill skills shortage gaps in their industry.

“With a growing demand for qualified staff, we are taking full advantage of the experience and knowledge of the mature-age workforce to provide invaluable mentoring and training to junior staff, trainees, apprentices and school-based apprentices,” Stephen said.

“This philosophy helps to foster the strong team and family culture that is an integral part of the business, as well as ensure the sustainability of the civil construction industry by ensuring the transfer of knowledge and skills.”

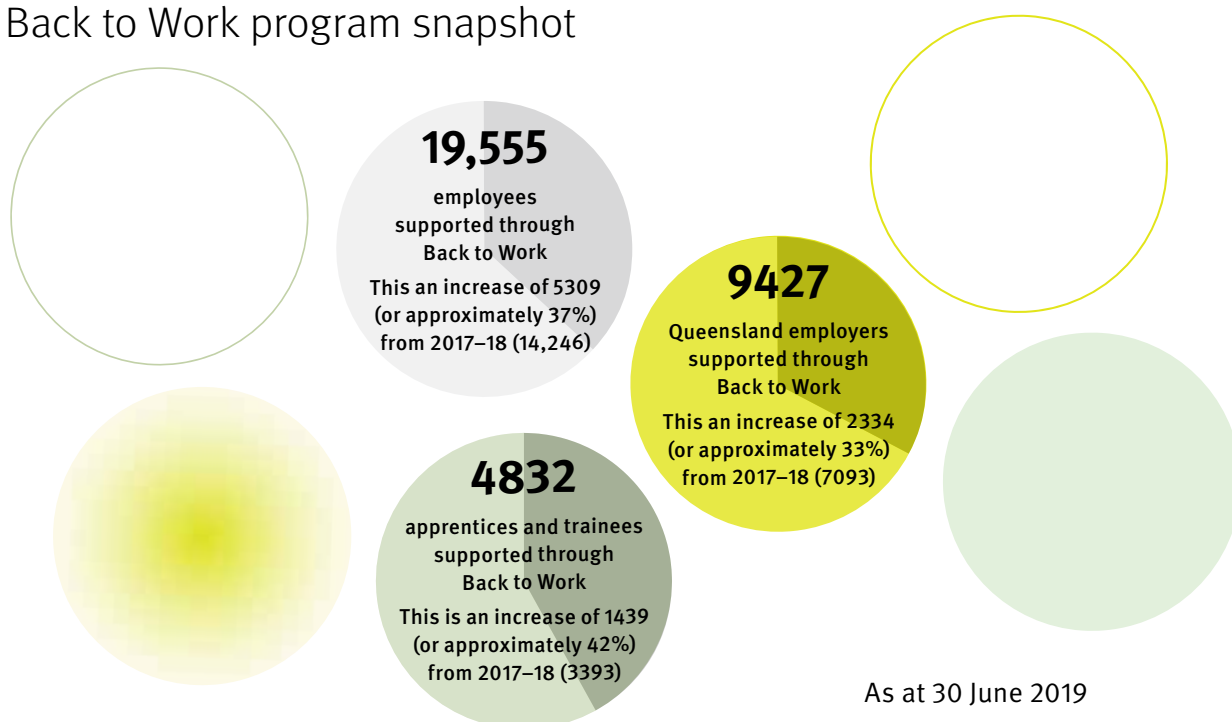
Our 2018–19 performance

The following service standards in the department’s 2018–19 Service Delivery Statements are used to assess overall performance of the Employment service area.

Service standards Employment	2018–19 Target/Est.	2018–19 Actual	Status
Service standards Effectiveness measure Overall customer satisfaction with employment programs	80%	94%	
Notes: <ul style="list-style-type: none"> This service standard measures overall client satisfaction with employment programs considering quality, timeliness, staff knowledge, access and outcome. It is derived from a survey of employers who have accessed the Back to Work program. The reason for the positive variance between the 2018–19 actual result and the target estimate is due to continuous improvements through Back to Work programs to ensure the customer journey is positive and effective. Employers and jobseekers are supported in the regions through Back to Work Teams consisting of Employer Officers and Jobseeker Officers. Improvements have been implemented to streamline assessment processes and assist employers with making both their initial and subsequent claims. 			
Efficiency measure Average cost per hour of advice and support output	\$104.35	\$104.35	
Note: This service standard measures the efficiency of providing employment services with the goal of ensuring that, over time, changes in the cost per hour to serve clients does not exceed the Queensland Government wages policy. The measure has been calculated using the annual Employment Policy budget, including a corporate services allocation divided by annual full-time equivalent work hours.			

Status legend Actioned

Back to Work program snapshot





Above: Theresia Vanderpal from Alpaca Gear maintaining the alpaca flock.

Employment support through Alpaca Gear

Alpaca Gear in Dalveen accessed \$3000 through the Back to Work employer support payment to hire part-time employee Theresia Vanderpal after she was retrenched from a small local clothing manufacturer.

For the past 12 years, Alpaca Gear has been producing high-quality alpaca yarn and beautiful alpaca garments.

Julie Hockings, Manager at Alpaca Gear, said current drought conditions have slowed the garment manufacturing side of the business, but they have

been busy promoting the development of the industry and providing training in the fleece harvesting process for growers.

“I initially hired Theresia to work in the clothing and product manufacturing side of the business, but her experience with animals has made her invaluable in maintaining the alpaca flock through the drought,” she said.

“When the seasons change and hand feeding of the flock is no longer required, we will reassign Theresia to a role in product development and manufacturing.”

Our future directions

In 2019–20, we are committed to continuing the government's priorities of creating jobs in a strong economy and being a responsive government by delivering initiatives that will make a difference, through:

Continuing to deliver employment policies and programs to support Queenslanders

- Continuing the Back to Work initiative designed to give Queensland employers the confidence to hire eligible unemployed jobseekers.
- Supporting workers to upskill, reskill and transition to new employment opportunities due to cessation of sand mining on Minjerribah through the Workers Assistance Scheme.
- Piloting Creating Your Future Job program to provide support, specialist business advice and mentoring to Queenslanders who want to create their own future job.
- Providing policy oversight to the state-nominated Business and Skilled Migration program in partnership with Business and Skilled Migration Queensland.

Small Business

Our objective

To ensure small businesses can seamlessly interact with government and are better supported to manage and grow their business.

What we do

This service area focuses on products and services that are delivered to small businesses to better enable them to grow and make it easier to interact with government, including:

- enhancing the capacity of business to engage with markets, attract investors, navigate the business/regulatory environment and access tools, resources and expertise to grow and succeed
- engaging other business-focused government agencies to facilitate the delivery of online services for small business via Business Queensland online at business.qld.gov.au
- proactively employing strategies to streamline regulation to make it easier to do business.

Our achievement highlights 2018–19

North and far north Queensland monsoon trough January and February 2019

- Established and delivered unprecedented and immediate on-the-ground support to small businesses impacted by the 2019 monsoon trough weather event in north and far north Queensland.
- Established and operated the Small Business Recovery Centre in Townsville, which was the first of its kind, to provide ongoing support including outreach to small businesses in north and far north Queensland throughout their recovery journey. As at 30 June 2019, the centre had received over 1000 phone calls and more than 1000 visits. More than 130 businesses took up the opportunity for free mentoring offered under the Mentoring for Growth program.
- By 30 June 2019, more than 520 businesses had received financial assistance (loans and grants) valued at over \$9.6 million under the Disaster Recovery Funding Arrangements jointly funded with the Australian Government.
- Launched a \$3 million disaster recovery grant program in June 2019 to assist small businesses impacted by the north and far north Queensland

monsoonal trough. These grants are jointly funded by the Australian and Queensland governments, and used by eligible businesses to engage business consultants, mentors, coaches or an advisory service to assist with business recovery following the monsoonal trough.

North West Queensland Small Business Recovery Outreach program

- Small Business Recovery Outreach teams provided dedicated support and information to small businesses across north west Queensland to support the region's recovery efforts.
- Teams visited towns in the Flinders, Richmond, McKinlay, Cloncurry, Mount Isa, Townsville, Charters Towers, Burdekin, Hinchinbrook and Winton local government areas.
- Work was done with the north and north-west regional councils with support from the Queensland Small Business Champion and the New South Wales Small Business Commissioner, and included advocacy for grant increases and expanded criteria and streamlining for the application process.

Advancing Small Business Queensland Strategy 2016–20

- Delivered a suite of small business grant programs that helped position Queensland as the place for small businesses to start, grow and employ.
- In 2018–19, provided approximately \$5.3 million in grants to support 718 Queensland small businesses:
 - » provided \$1.58 million in Small Business Entrepreneur Grants to help 446 new small businesses engage a consultant, advisor or business coach for up to three months, to help establish or develop the business
 - » provided \$1 million in Small Business Digital Grants to help 210 businesses access digital technologies and services, with a further \$1 million in applications under review
 - » provided \$2.7 million under the Business Growth Fund to help 62 businesses purchase and implement specialised equipment or services to enable them to seize growth opportunities.

It is estimated that these three grant programs will have resulted in the creation of more than 1383 jobs in Queensland during 2018–19.

- Through the Advancing Indigenous Business initiative, delivered 15 Aboriginal and Torres Strait Islander business support programs across Queensland. These programs varied from full TAFE Queensland qualifications to micro-credential, non-accredited training, and business planning and workforce development. Over 176 Aboriginal and Torres Strait Islander businesses across Queensland participated in these programs.
- Partnered with the South East Queensland Indigenous Chamber of Commerce to deliver the Meeanjin Markets in Brisbane for the next three years. The Meeanjin Markets has created viable education, training, employment and business development pathways for Aboriginal and Torres Strait Islander peoples.
- The Queensland Government's Advancing Women in Business initiative has supported and encouraged more women to start and grow their own business and achieve positions of leadership through targeted assistance. This initiative has supported 15 industry partnership programs to deliver capacity-building, events, mentoring and education. Over 180 events, workshops and webinars were supported under this initiative.

Making it easier to access Queensland Government online services

- Delivered an additional 200 new service offerings via the Business Queensland website for business and industry, including disaster recovery information, grants support and over 300 Small Business Week events in an enhanced calendar.

Encouraging policy and legislation consultation

- Facilitated the work of the Better Regulation Taskforce which provides expert advice to Queensland Government on regulatory areas for small businesses and recommends actions and activities to streamline regulation. Key actions included:
 - » undertaking a review of the future of regulation in an economy digitally disrupted by new technologies, with a focus on the impacts for small business
 - » presenting the Regulatory Review Project to the Queensland Government in December 2018
 - » responding to the Better Regulation Taskforce 2017 report to develop the Queensland Government's Queensland *Small Business Procurement Commitment*.

- Consulted with the small business community on development of the Queensland *Small Business Procurement Commitment* and improvements to the *On-time Payment Policy* to make it easier for small businesses to procure with the government. Consultation included engagement with the Better Regulation Taskforce and Queensland Small Business Champion, the release of a public consultation paper, and the establishment of a Small Business Consultation Panel.

Delivering trusted specialist business advice and mentoring

- Continued to deliver the Mentoring for Growth program, providing 548 small business owners with one-on-one access to experienced mentors to discuss a new business idea, expand an existing business or work through current challenges within their business.

Strengthening small business capability through targeted grants

- Of our three ongoing grants programs (Entrepreneurs, Digital, and Business Growth Fund):
 - » 98.6 per cent of recipients reported a projected increase in employment, turnover or profitability
 - » 34 per cent of the grants were allocated to businesses in Queensland regional areas
 - » 39.2 per cent of businesses receiving a grant were owned or operated by women
 - » 3.8 per cent of recipients were Indigenous businesses.

Advocating and promoting small business interests

- Delivered the government response to the Entrepreneurial Pipeline project, including investigating opportunities in the artisan/ boutique food and beverage industry supported by independent retailers and grocers, including:
 - » hosting the Queensland Small Business Week 2019 Taste and Trade event on 31 May 2019 to connect buyers, stockists and distributors with more than 35 local producers
 - » releasing a searchable online Queensland Government Food and Beverage Supplier Directory for government buyers.



Above: Julio Carcamo showcasing his products at the Taste and Trade event.

Caramel apples prove a sweet success

More than 35 local producers were on show at the Taste and Trade event to mark the conclusion of Queensland Small Business Week in May 2019.

The event showcased local food and beverage producers, giving them the opportunity to exhibit their products to a range of Queensland independent retailers, restaurants and caterers in a market-style expo.

Inspired by an American favourite, Julio Carcamo created Carcamo's Gourmet Caramel Apples, perfecting his recipe and delectable toppings to make his caramel apples uniquely Australian.

Julio said he participated in Taste and Trade with a view to establishing connections with independent retailers and restaurateurs as well as networking with fellow artisan food producers.

“Taking part in the Taste and Trade event has been hugely successful for us. I am working with FoodWorks to place our product in selected stores for special occasions like Mother’s Day and Christmas, which will boost sales and give us national exposure,” he said.

“This event was a great opportunity for artisan food producers to link up with retailers, restaurants and caterers to help get their wares to the marketplace and I am looking forward to coming again next year.”



Above: Jeanie McIntosh assisting a small business client.

Helping our small businesses to recover

More than 1100 small businesses received support from the Small Business Recovery Centre since it was established following the monsoonal trough in north and far north Queensland in February 2019.

The centre was set up a few days after the disaster was declared. Bringing together all levels of government and the community, offering a one-stop shop to local small business operators to help them reopen as soon as possible.

Jeanie McIntosh, Customer Care Manager from the department's Townsville Regional Office, helped to establish the centre in the weeks after the floods.

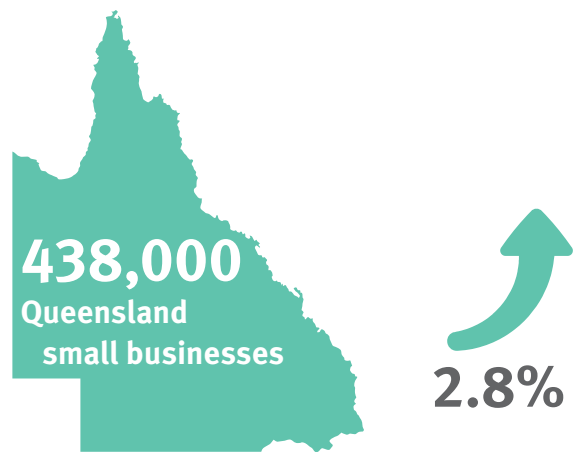
"I have worked in the public sector for over 30 years and I can say this has been the most satisfying experience in my career," Jeanie said.

"The community has come together to support each other through the recovery. Businesses can access expert advice from the Queensland Rural and Industry Development Authority, volunteer small business mentors. Financial counsellors as well as pro bono legal advice and insurance brokers."

"The collaboration across all levels of government and throughout the community has been extraordinary and will serve as an excellent model for other communities working through disaster recovery," Jeanie said.

Advocating and promoting small business interests

- Delivered Small Business Budget Roadshows to inform Queensland small businesses of the Queensland Government's 2019–20 State Budget payroll tax initiatives.
- Delivered the 2019 Queensland Small Business Week program of activities and events to empower small businesses to collaborate and explore initiatives to support local growth and development.
- Released the *Supporting Artisan Producers* plan, which sets out a range of actions the Queensland Government is taking to support increased investment, productivity and innovation in the sector. Key actions include a \$200,000 investment in a new Artisan Producers Grant and a regulatory review of licensing and process requirements for small artisan food and non-alcoholic beverage producers.
- Supported the Queensland Small Business Advisory Council to:
 - » provide input into the development of the Queensland Small Business Procurement Commitment – Action Statement supporting small businesses to be more successful in accessing government procurement opportunities
 - » report on small business activities and issues in regional Queensland, including hosted a regional meeting in Cairns
 - » participate in a joint meeting with members of the National Small Business Commissioners network in 2018
 - » provide advice on the challenges experienced by Queensland small businesses managing payroll tax requirements. This has resulted in the Queensland Government's commitment to make it easier to do business in Queensland and a dedicated \$885 million of targeted payroll tax initiatives to support small to medium-sized businesses.
- Supported the Queensland Small Business Champion to engage with industry and stakeholders, and to represent Queensland at the national level. The Queensland Small Business Champion assisted small businesses to manage business disruption from government infrastructure works and to improve access to market for artisan food and beverage producers.
- Supported the Better Regulation Taskforce to conduct a regulatory review of the impact and influence of digital disruption on small business, resulting in the development of the *Queensland Government Response and Action Plan*.



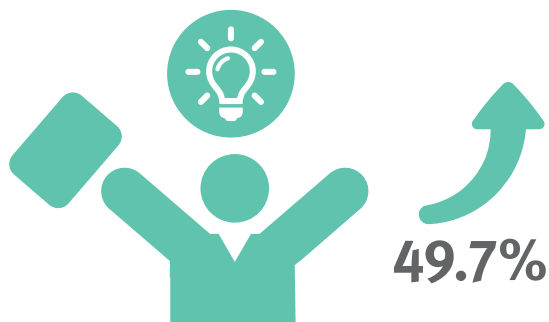
Queensland small business growth

The number of Queensland small businesses grew from approximately 426,000 to approximately **438,000** in 2018–19. This is an increase of approximately 2.8 per cent.



Mentoring for Growth

582 Mentoring for Growth chats and panels assisted Queensland small businesses. This is an increase of 81 (or approximately 16 per cent) from 2017–18.






Small Business Entrepreneurs Grant growth


The department provided support to entrepreneurs starting out in business with the allocation of **446** grants worth **\$1.58** million in 2018–19.

This compares with 298 grants worth \$1.05 million in 2017–18, representing increases of approximately 49.7 per cent and 50.5 per cent respectively.

Our 2018–19 performance

The following service standards in the department’s Service Delivery Statements are used to assess overall performance of the Small Business service area.

Service standard Small Business	2018–19 Target/Est.	2018–19 Actual	Status
Effectiveness measures			
Percentage of new or existing businesses reporting increased capability (including digital) as a direct result of participation in small business grant programs	90%	99.6%	
Notes:			
<ul style="list-style-type: none"> This service standard measures the effectiveness of small business grant programs outlined in the <i>Advancing Small Business Queensland Strategy 2016–20</i> (ASBQS) to increase the capability of small business in using digital technologies and implementing innovative solutions to help their business grow. Capability is defined as having increased confidence or capability in business operational processes and systems, business management or corporate governance, human resources, understanding financial statements and forecasting, general business related skills or knowledge, strategic or business planning, financing or investment, marketing or promotion, digital technologies or implementation, product development or innovation and/or entering new markets or increasing market share. The difference between the 2018–19 actual result and the target estimate is due to the success through the eligibility process in identifying those businesses with the greatest potential to increase capability. 			
Percentage of businesses assisted by small business programs that report a projected increase in either employment, turnover or profitability	90%	98.6%	
Notes:			
<ul style="list-style-type: none"> This was a new service standard in 2018–19 due to a change in methodology by bringing forward the timing when small businesses are surveyed after their participation in the programs to provide a more accurate account of the effectiveness of the programs. The survey measures ASBQS grant participants (Small Business Digital Grants, Small Business Entrepreneur Grants, Accelerate Small Business Grants). Small businesses are surveyed either on completion of their project or six months after participating in a program. Due to the timing of the survey, businesses are asked at that time to determine if they forecast a projected increase in employment, turnover or profitability as a result of undertaking the program. The difference between the 2018–19 actual result and the target estimate is due to the success through the eligibility process in identifying those businesses with the greatest potential and expectation to increase employment, turnover or profitability. 			
Customer Effort Score: Average score out of 5 by customers for how easy it is to use the Business Queensland website	3.5	3.5	
Notes:			
<ul style="list-style-type: none"> This was a new service standard in the <i>2018–19 Service Delivery Statement</i>. This service standard measures the effectiveness of the Business Queensland website by rating how easy it is for customers to interact with government through the website. The measure is derived from an online survey of customers using the Business Queensland website who are asked how easy it is for them to achieve their purpose. It is rated from very difficult with a score of 1, to very easy with a score of 5. 			

Service standard Small Business	2018–19 Target/Est.	2018–19 Actual	Status
Efficiency measure Average cost to DESBT to provide online services per customer visit to Business Queensland	\$0.50 actual base target	\$0.26	
Notes:			
<ul style="list-style-type: none"> This service standard measures the average cost to the department to provide online services for each customer visit. A customer visit is defined by using a customer session, which is a group of interactions undertaken on a website. These interactions may include viewing a number of different webpages, completing an online application form or making a payment. The cost to the department is based on the cost of the business area managing the services, including the cost of technical infrastructure required to support the website. The reason for the positive variance between the 2018–19 actual result and the target estimate is due to the increased number of customer visits, changes in the departmental structure and associated decreased budget. 			

Status legend Actioned 

Our future directions

In 2019–20, we are committed to continuing the government’s priorities of creating jobs in a strong economy and being a responsive government by delivering initiatives that will make a difference.

Delivering *Advancing Small Business Queensland Strategy 2016–20*

- Providing advocacy to champion the interests of small businesses, making it easier to do business through simplified and coordinated service delivery and improving access to small business services.
- Continuing Small Business Consultation Panels to provide government departments with easier access to experienced small business owners and operators to inform policy and legislation.
- Continuing to provide grants including Small Business Entrepreneur Grants, Small Business Digital Grants, Business Growth Fund programs, the new Artisan grants, and grants supporting small business recovery from the 2019 monsoon trough in north and far north Queensland.
- Continuing programs supporting the start-up and growth of Indigenous small businesses and businesses owned and operated by women.

Implementing Queensland Small Business Procurement Commitment

- Supporting small business participation in government procurement and the Queensland Government *On-Time Payment Policy* to improve government payment practices and timeframes.

Supporting Small Business Regulatory Reform initiative

- Making it easier for businesses to start, grow and employ, and to create a platform that makes discovery of vocational education and training consumer information more accessible and simplifies the process for businesses to hire an apprentice or trainee.
- Through the Better Regulation Taskforce, conducting a review to streamline licensing and process requirements for artisan food and non-alcoholic beverage producers to sell their products as part of our commitment to supporting artisan producers.

Small Business Recovery North and Far North Queensland

- Through the Queensland Small Business Recovery Advisory Council, a community-led body, providing local advice and recommendations to support the delivery of a \$10 million business and industry support package to help north and far north Queensland businesses drive long-term recovery and build future resilience across the region. This work is jointly funded by the Australian and Queensland governments as part of the \$242 million Disaster Recovery Funding Arrangement Extraordinary Assistance package.

Training and Skills

Our objective

Queenslanders skilled to participate in the economy and the broader community.

What we do

Improving the skills profile of Queensland through delivery of a diverse and inclusive vocational education and training investment program that delivers on industry skills demands of today and the future and supports publicly funded training providers to deliver high-quality training.

Our achievement highlights 2018–19

Delivering vocational education and training

- Invested more than \$783.7 million in vocational education and training that supports working-age Queenslanders to gain the necessary skills for employment.
- Continued delivery of regional services to better inform students and employers about qualifications, study options and training providers.
- Continued participating in the national Skills Senior Officials Network meetings to progress broad ranging national policy reforms. This included input into:
 - » the review of the Australian Qualifications Framework
 - » the Joyce Review of the Australian Vocational Education and Training System
 - » National Regional, Rural and Remote Education Strategy issues papers
 - » review of the *National Vocational Education and Training Regulator Act 2011* (Cth).

Consultation and Queensland skills strategy

- The development of the *Skills for Queensland* strategy followed extensive consultation in 2018 through the *Skills For Queensland Discussion Paper* and consultation process, and the Premier's Future of Work–Skills and Industry Summit.
- The Queensland skills strategy aims to address the growing imperative to equip all working-age Queenslanders with the skills for current and future jobs; ensure industry and businesses have the skilled workforce they need to meet labour market needs; and ensure VET is acknowledged as a valued

pathway that contributes significantly to supplying the skilled workforce for many growth industries and occupations.

- The Queensland skills strategy has six key themes that build on the existing strengths of the training system to ensure investment is targeted and responsive to skills needed now and in the future. These include: industry and small business; future skills through an adaptive system; jobs for regional Queensland; quality; inclusivity and the public provider; and better pathways.

Free tafe for year 12 graduates

- Commenced the Queensland Government Free tafe for year 12 graduates initiative in high-priority areas, supporting Year 12 graduates into work.
- In 2018–19, there were over 160 qualifications to choose from across a range of industries, with these qualifications developing the skills needed by employers and the Queensland economy based on skills demand.
- More than 6000 students started a new qualification, subject or unit of competency in 2018–19 as part of their vocational education under the free tafe initiative.
- Invested \$31.2 million for free tafe in 2018–19.

Regional Skills Investment Strategy

- Continued to fund the *Regional Skills Investment Strategy* (RSIS), which is a \$9 million initiative funded over four years from 2017–18 that supports selected regional communities to identify current and emerging jobs in key industries and ensure there is a supply of skilled local people to meet this demand. The department will support 18 RSIS projects over four years and fund RSIS projects up to a maximum of \$350,000 (plus GST) over two years.
- As at 30 June 2019, the Queensland Government had approved 17 RSIS projects for a total commitment of \$5.95 million.

Skilling Queenslanders for Work initiative

- The SQW initiative is a \$420 million investment over six years to support up to 54,000 disadvantaged Queenslanders. SQW focuses on developing an individual's skills, supporting them on a learning pathway to a certificate III qualification, and providing direct assistance to those Queenslanders who need extra support to enter and stay in the workforce.



Above: Christopher Knight, 2018 Queensland Apprentice of the Year.

Apprenticeship provides motivation for success

Queensland's Apprentice of the Year Christopher Knight found vocational education and training was the perfect solution to build a strong career foundation.

Christopher said that he wasn't enjoying school and felt he was destined for the youth unemployment line if he didn't turn things around.

"I completed a Certificate II in Logistics and a work placement with Followmont Transport as part of the Gener8 program while I was still at school, then joined the Followmont Warehouse team in a full-time job when I graduated."

"My outlook and motivation improved, and I was keen to build my career. I have now completed a heavy vehicle mechanical apprenticeship and been awarded the Queensland Apprentice of the Year."

"The award has motivated me to keep learning and improving. I want to be the best mechanic I can be and help support the next generation of apprentices," Christopher said.

Skilling Queenslanders for Work initiative

- SQW achievements in 2018–19 included:
 - » investing \$87.71 million in total to assist more than 12,000 disadvantaged Queenslanders. As at 30 June 2019, more than 7300 people had been assisted, which will increase as projects are delivered over 12 months, with multiple intakes of participants
 - » approving 383 community-based projects worth \$80 million to provide skills development, nationally recognised training and jobs to over 11,500 people
 - » creating 88 full-time traineeship opportunities and 12 months of employment with community-based organisations through a \$1.76 million investment
 - » investing \$6 million for 400 full-time traineeship opportunities and 12 months of employment with 63 local councils and one statutory authority
 - » paying \$1.68 million to private sector employers to employ former SQW participants as trainees or apprentices.

Back to Work

- Supported 1449 apprentices and trainees through the Back to Work program.
- Made \$27.9 million in Back to Work payments to 1244 employers who took on an apprentice or trainee.

Supporting career pathways through apprenticeships and traineeships

- Established the Advancing Apprentices Fund in partnership with industry groups and peak bodies to deliver marketing campaigns that encourage businesses to employ apprentices and to promote apprenticeships as career pathways. The fund comprises 10 projects with a combined budget of \$1.98 million, including a \$985,400 contribution from DESBT.
- Delivered a campaign to support Free tafe for year 12 graduates, promoting over 160 free certificate qualifications to school leavers and their influencers.
- Continued to progress amendments to the *Further Education and Training Act 2014* to restore fairness to the Queensland apprenticeship and traineeship system.

Supporting high-quality training standards

- Maintained high-quality training by approving Registered Training Organisations with a proven record of delivering qualifications aligned with and supported by industry as Pre-Qualified Suppliers.
- Worked with 516 Registered Training Organisations operating as Pre-Qualified Suppliers in 2018–19 to be high-quality, compliant, employment-focused training providers that are supported by industry.
- Provided a helpline and email services for potential and current Pre-Qualified Suppliers to interpret program policies and settings.

Building capability of public training providers

- Implemented the state-wide capital and maintenance programs to support TAFE Queensland in its provision of contemporary training in fit-for-purpose facilities.
- Invested \$203.2 million in State Contribution Grants for Queensland's public providers to deliver quality training to students.
- Successfully implemented the Gateway to Industry Schools program, targeting six industries to tailor programs for their diverse workforce needs in coordination with the schools sector.

Investing in Queensland's training assets

- Finalised regional infrastructure planning to support the ongoing investments in the state-wide training infrastructure utilised by TAFE Queensland.
- Undertook needed refurbishments and expansions of training facilities across TAFE Queensland sites and regions as part of a long-term plan to revitalise the state's infrastructure portfolio. This program included commencing the main construction activities for:
 - » the \$35 million investment at the Pimlico TAFE campus
 - » the \$7 million investment to improve the Toowoomba TAFE campus
 - » the renewal and refurbishment of Queensland's state-wide training assets.



Above: Blake Cowburn (left) with fellow Gladstone Sea Rangers helping to preserve endangered animal species.

A career in conservation sees endangered species preserved

Blake Cowburn is just one of 10 Aboriginal and Torres Strait Islander jobseekers who now have employment thanks to \$231,300 awarded to Gidarjil Development Corporation Limited through the Skilling Queenslanders for Work – Work Skills traineeships program.

Blake joined the Gladstone Sea Rangers project to undertake the Certificate I in Conservation and Land Management, where he helped to preserve endangered species such as loggerhead turtles and dugongs and monitor sites of Aboriginal cultural significance.

Blake said he wanted to build on his skills and knowledge while on the project and undertook additional training to increase his skills.

“Focusing on getting my tickets for these additional skills and qualifications while I was on the Gladstone Sea Rangers project has really paid off,” said Blake.




“I now have an 18-month traineeship with Santos Golar Liquefied Natural Gas on Curtis Island. As part of the traineeship, I will gain other tickets such as forklift and elevated work platform. I am hoping this will be the start of a successful career in the industry.”








Investing in Queensland's training assets

- In 2018–19, the detailed planning supporting the 2019–20 projects concluded, including the planning for:
 - » the \$10 million investment in the Redlands region (Alexandra Hills TAFE)
 - » the \$15 million investment for TAFE campuses in the Gold Coast region
 - » the \$15 million investment in the Mt Gravatt TAFE campus
- » the development of an overall capital program of \$105.8 million for 2019–20.
- Finalising the \$4 million investment towards the \$12 million training facility at Beenleigh.
- The Cairns TAFE project will be delivered as part of the DESBT 2020–21 capital program. In 2018–19, the department finalised the associated master planning and developed a draft of the business case for Queensland Government consideration.

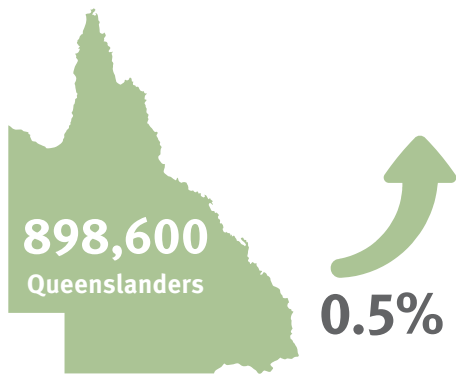
Our 2018–19 performance

The following service standards in the department's Service Delivery Statements are used to assess overall performance of the Training and Skills service area.

Service standards Training and Skills	2018–19 Target/Est.	2018–19 Actual	Status
Effectiveness measures			
Proportion of all attempted competencies successfully completed	93%	94.5%	
Note: This service standard is calculated by dividing the number of successfully completed competencies by the total number of competencies attempted.			
Proportion of Queenslanders with higher qualifications	62%	61%	
Notes:			
<ul style="list-style-type: none"> • Confidence intervals for estimates derived from sample survey responses need to be considered when interpreting relative performance. • Sourced from the Australian Bureau of Statistics Survey of Education and Work, Australia, May 2018 data cube: Table 25 Highest non-school qualification: Certificate III level or above, Persons aged 20–64 years – 2004 to 2018. This measure applies to the subset who are aged 25 to 64. • While the department actively influences this service standard (including through the Higher Level Skills program and providing funding for other higher level qualifications based on industry advice), it is affected by a range of factors including the economy, higher education providers, the Australian Government and the VET sector. 			
Proportion of VET graduates in employment or further study	87%	82.7%	
Notes:			
<ul style="list-style-type: none"> • Confidence intervals for estimates derived from sample survey responses need to be considered when interpreting relative performance. • While the department actively influences this service standard (including through the Higher Level Skills program and providing funding for other higher level qualifications based on industry advice), it is affected by a range of factors including the economy, higher education providers, the Australian Government and the VET sector. • Sourced from the annual National Centre for Vocational Education Research Student Outcomes Survey. The last survey was conducted in 2018 and relates to students who graduated in 2017. 			

Service standards Training and Skills	2018–19 Target/Est.	2018–19 Actual	Status
Number of completions: Apprenticeships	11,500	8,800	
Note: The decline in apprenticeship completions is consistent with national results aligned with national economic conditions impacting on employers.			
Number of completions: Traineeships	12,500	14,000	
Note: Traineeships have been supplemented more recently through the Skilling Queenslanders for Work initiative, which is a \$420 million commitment over six years from 2015–16 until 2020–21 and incorporates traineeship programs.			
Number of completions: School-based apprenticeships and traineeships (SATs)	5,000	4,700	
Proportion of graduates satisfied with the overall quality of their training	89%	87.5%	
Proportion of employers satisfied with graduates of:			
<ul style="list-style-type: none"> • nationally accredited training • apprenticeships and traineeships 	85%	80.7%	
83%	80.5%		
Notes: <ul style="list-style-type: none"> • Confidence intervals for estimates derived from sample survey responses need to be considered when interpreting relative performance. • Employer satisfaction estimates are obtained from the biennial national survey Employers' Use and Views of the VET System, which was last conducted by the National Centre for Vocational Education Research in 2017. 			
Efficiency measure			
Average cost per competency successfully completed	\$595	\$614	
Note: This service standard is calculated by dividing the Training and Skills service area budget by the number of successful VET competencies (individual study units) directly funded by the department. A slight increase to the expected budget along with a slight decrease in the estimated number of successful VET competencies has combined for a slight increase to the estimated average cost for 2018–19.			

Status legend Actioned  Working towards target 



Increased total VET participation in 2018

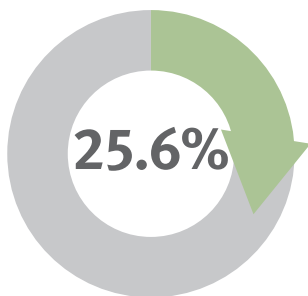
898,600 Queenslanders undertook some form of nationally recognised VET, an increase of approximately **0.5%** relative to 2017 (894,500).

Nationally VET students decreased by 1.5%.



Increased training participation

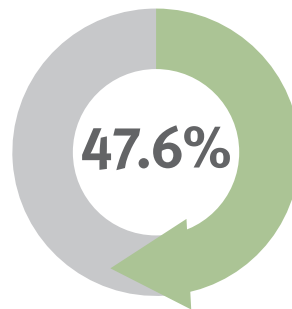
7.3% increase in apprenticeship and traineeship completions in 2018–19 compared to 2017–18.



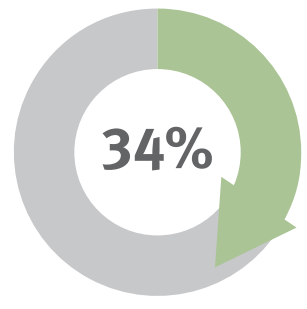
Increased Queensland's total VET participation rate

For 2018 it was **25.6%**, joint highest with the Northern Territory.

This is 2.9 per cent above the national rate of 22.7 per cent.



15-19 year olds



20-24 year olds

High participation rates among young people

Participation rate of **47.6%** among 15 to 19 year olds, the highest of any jurisdiction, and 4.7 per cent above the national rate of 42.9 per cent. Participation rate for 20 to 24 years olds was **34.0%**, again the highest of any jurisdiction and 2.2 per cent higher than the national rate of 31.8 per cent.

Skilling Queenslanders for Work (SQW) snapshot

Assisting more than

12,000

disadvantaged
Queenslanders

Created

88

full-time traineeship
opportunities and 12 months of
employment with community-
based organisations through a
\$1.76 million investment

For
the program as
at 30 June 2019

42,703

Queenslanders assisted under
SQW, with 24,493 securing a job

Invested

\$6 million

for 400 full-time traineeship
opportunities and 12 months
employment with 63 local councils
and one statutory authority

Our future directions

In 2019–20, we are committed to continuing the government's priorities of creating jobs in a strong economy and being a responsive government by delivering initiatives that will make a difference, through:

Delivering a skills strategy for Queensland

- Releasing of the Queensland skills strategy—*Skills for Queensland – Great training for quality jobs*—the Queensland Government's plan to secure the state's future prosperity through a skilled and adaptive workforce.
- Empowering the skilled workforce needed to attract investment and encourage job creation.
- Promoting training pathways in skills areas of high demand with Free apprenticeships for under 21s by providing access to fully subsidised training across 139 priority apprenticeship or traineeship qualifications. This \$32 million investment over four years will remove the cost of training from employers and help an estimated 60,000 young people into a trade.
- Continuing the Free tafe for year 12 graduates initiative to cover the full cost of training in one of 172 high-priority qualifications to ensure eligible Year 12 graduates get the skills to start their career for free.
- Targeting critical skills needs, new skills needed for existing jobs, emerging opportunities brought about by technology advances, and regional and state-wide priorities through the following skills strategy initiatives:
 - » \$5.5 million over three years for a micro-credentialing pilot
 - » \$300,000 over two years for an industry-led Higher Level Apprenticeship pilot
 - » an additional \$5 million to support Higher Level Skills
 - » \$1.6 million for the expansion of the Gateway to Industry Schools program
 - » \$1.6 million Link and Launch pilot targeting youth hot spots and the provision of seamless access to government programs like the successful Skilling Queenslanders for Work or Back to Work, Free tafe for year 12 graduates and Free apprenticeships for under 21s

- » refreshed industry engagement approaches with a sharper focus on small business
- » Ministerial Skills Roundtable to ensure government hears industry input to skills investment priorities first-hand
- » Regional Jobs Committees to bring together local industry groups, training providers, local and major employers, and councils to help plan local training
- » bi-annual regional skills and jobs summits.

Investing in Queenslanders, employers and training providers

- Continuing to support Queenslanders in undertaking training and skills development that leads to increased job opportunities and career development through continuing:
 - » fee-free training for young people to gain the skills and training they need to transition from school into meaningful employment and build a lifelong career with Free tafe for year 12 graduates and Free apprenticeships for under 21s
 - » Skilling Queenslanders for Work initiative supporting disadvantaged Queenslanders to get into work
 - » *Regional Skills Investment Strategy* aligning training outcomes for Queenslanders with local employment skills demand
 - » State Contribution Grant supporting public providers in the delivery of training services in our communities.
- Continuing to support public training providers to deliver quality training services.
- Ensuring individuals and employers continue to have access to confidential, free advice through the Queensland Training Ombudsman.
- Overseeing pre-qualified supplier requirements to provide consumer confidence in choosing a training provider.
- Investing \$978 million in skills and training to meet immediate demands and emerging needs so that Queenslanders are skilled for the jobs of today and the future.
- Driving a new approach to quality provision of training delivery and assessment, and choice of provider through the Skills Assure initiative.

- Working collaboratively with the Australian Skills Quality Authority through the Queensland VET Quality Framework to monitor the performance and delivery of Queensland based pre-qualified suppliers who are approved to deliver training.
- Developing a Digital Engagement Strategy that encourages young people not learning or working to re-engage with training opportunities to build future career pathways.
- Developing a VET Informed Consumer product that makes it easier for people looking for training courses that better suit their needs.

Investing in Queensland's training assets

- Investing more than \$105 million in upgrades and new training assets to revitalise TAFE campuses across Queensland.

Recognising excellence

- Delivering the Queensland Training Awards events that celebrate vocational education and training for Queensland training providers and trainees.

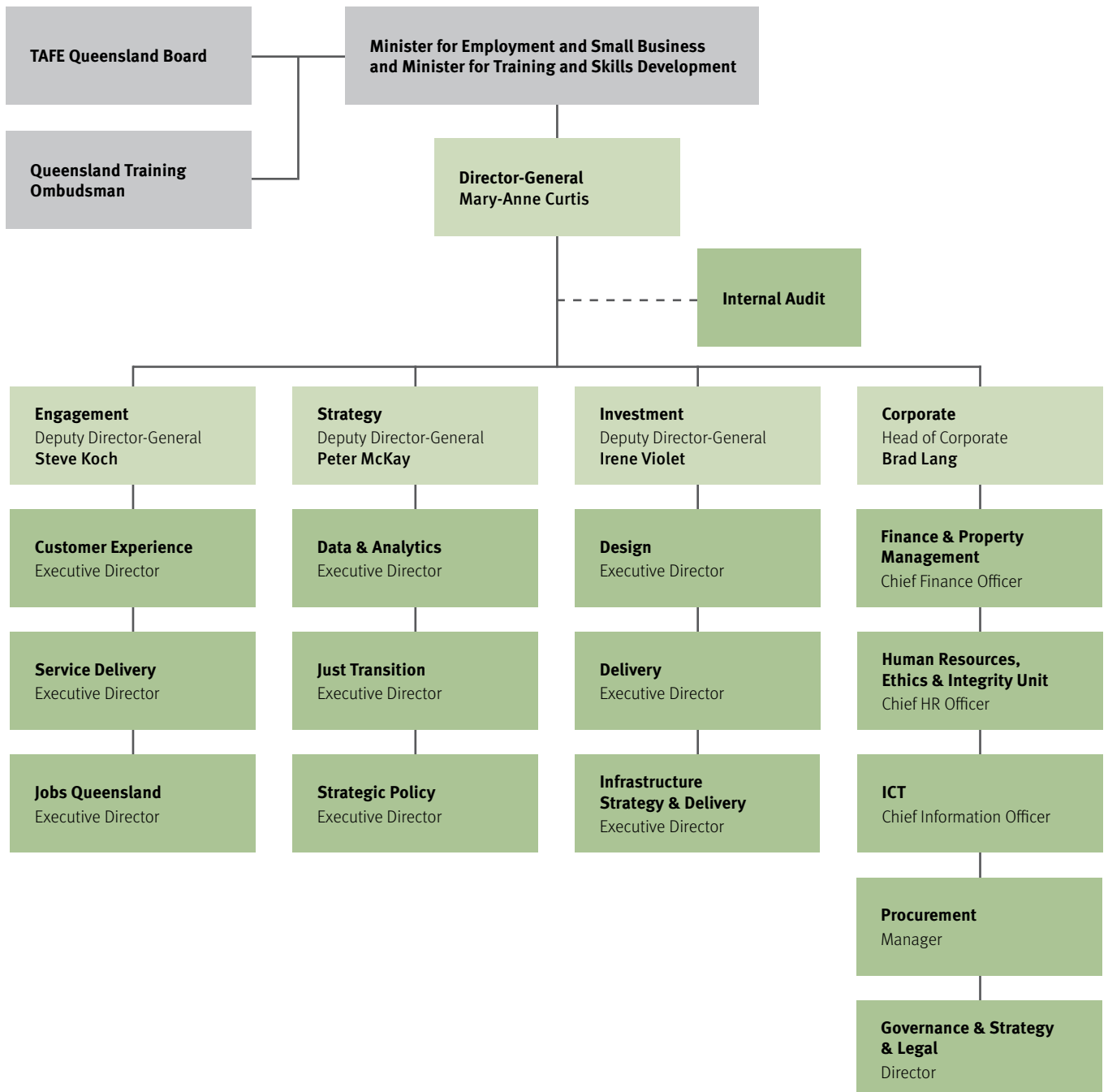
Corporate governance

On 30 November 2018, the department's new structure for OneDESBT was finalised with a focus on new collaborative ways of working and aligning teams with similar functions and outputs. The new structure provided the directional opportunity to align technology, systems and working environments and build closer working relationships within, across and beyond the department.

The benefits of the new functional alignment include sharing connections, knowledge, learnings and opportunities to build capability and shared experiences. This will help to deliver more for our people and stakeholders and facilitate integrated service delivery and real outcomes for Queenslanders.

Transitioning to our OneDESBT structure was an opportunity to involve staff through a Collaboration Network of representatives and staff consultation forums, including regional staff via web conferencing.

Our structure as at 30 June 2019



Our leaders

As at 30 June 2019, the following leaders formed the Executive Leadership Team of the department.



Mary-Anne Curtis
Director-General

Bachelor of Laws
Bachelor of Commerce (with distinction)

Mary-Anne Curtis has led the department since formation in December 2017. Mary-Anne leads the development of strategic policies to support employment growth, enable sustainable small business opportunities and ensure a skilled workforce now and into the future.

Previously, Mary-Anne was a Deputy Under Treasurer within Queensland Treasury, providing advice and analysis to the Queensland Government on public policy, and fiscal and economic issues, particularly in relation to social policy portfolios and intergovernmental financial relations.

Mary-Anne is a Trustee of QSuper and a member of the Australian Institute of Company Directors.



Irene Violet
Deputy Director-General – Investment

Bachelor of Arts with double major in Psychology
Bachelor of Health Science (Rehabilitation Counselling)
Master of Business Administration

Irene Violet joined the department in May 2019. Irene leads the development of training infrastructure strategy and delivery, program design and program delivery for a range of employment, small business and training programs.

Previously, Irene was Assistant Director-General, Responsive Government, in the Department of Housing and Public Works, leading the responsive government priority to modernise and optimise government service delivery. Prior to that, Irene was Assistant Director-General, QSS, responsible for the finance and payroll systems and services to 25 government agencies.

Prior to these roles, Irene held executive management roles at WorkCover Queensland, and has been a board member of Workplace Health and Safety Queensland and the Personal Injury Education Foundation.

Irene is a member of the Australian Institute of Company Directors.



Steve Koch
Deputy Director-General – Engagement

Bachelor of Economics
Bachelor of Business Management

Steve has 20 years experience in designing and delivering economic development programs and initiatives for government and is passionate about the economic and social outcomes that these initiatives deliver, particularly the life-changing impact for individuals.

He has a strong background in vocational education and training, employment and small business, having held executive roles in departments responsible for these sectors over the past eight years.

In Steve's current role, he leads the department's engagement and communication approaches with industry, peak bodies, small businesses and students, as well as overseeing regional service delivery, the regulation of Queensland's apprenticeship and traineeship system, and secretariat support for the Jobs Queensland Board.



Peter McKay
Deputy Director-General – Strategy

Peter McKay joined the department in late 2018 and has led the Strategy Division since March 2019. In this role, Peter represents Queensland on the Skills Senior Officials Network and is a Director of the National Centre for Vocational Education Research.

Peter is on secondment from his role as Deputy Commissioner at the Queensland Public Service Commission (PSC), where his focus was on enabling improved organisational performance.



Brad Lang
Head of Corporate

Bachelor of Business (Accountancy)
Bachelor of Arts

Brad Lang joined the department in early 2018, soon after its creation. Brad leads the department's Corporate Services Division, including financial management and procurement, human resources, information and communication technology, and strategy and governance.

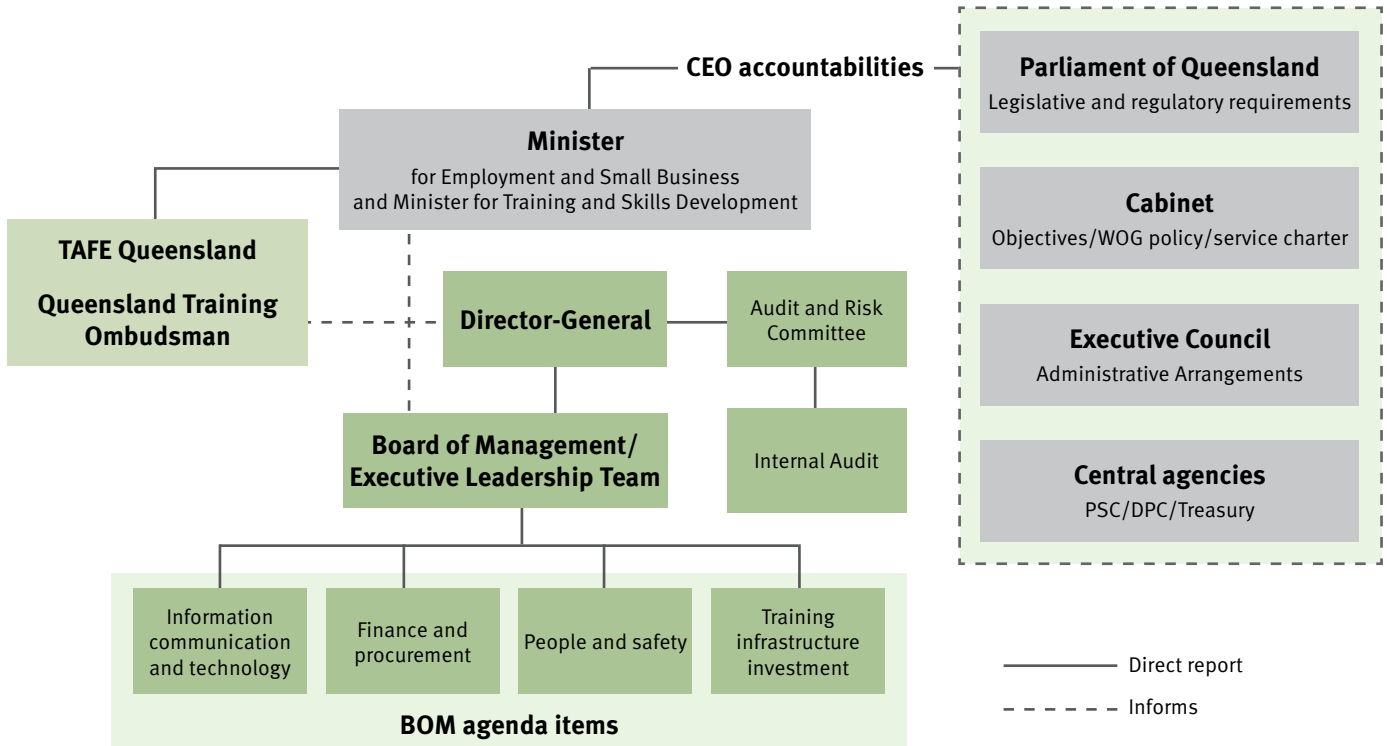
Previously, Brad was Chief Finance Officer with the former Department of Environment and Heritage Protection and the former Department of National Parks, Sport and Racing. Brad was responsible for the annual budget and financial management and reporting, and has led a number of organisational change projects.

Brad is a member of CPA Australia and holds a Bachelor of Business in Accountancy degree and a Bachelor of Arts degree.

Governance and accountability

Governance framework

The DESBT governance arrangements are shown below.



Board of Management Committee

The role of the Board of Management Committee is to:

- use analytics and insights to drive the department to provide engaging and relevant community programs to meet the agency vision
- assess whole-of-government priorities for agency implications relating to policy and resourcing
- provide a forum for decision making on key strategic and operational issues including:
 - » monitoring performance and reporting requirements for agency targets
 - » reviewing risk treatment strategies and actions, and providing continual monitoring of the risk appetite for the agency
 - » managing departmental audit recommendations and subsequent implementation actions to ensure a robust, compliant agency.

Membership

Chair	<ul style="list-style-type: none"> • Director-General
Members	<ul style="list-style-type: none"> • Deputy Director-General Investment • Deputy Director-General Engagement • Deputy Director-General Strategy • Head of Corporate
Observers	<ul style="list-style-type: none"> • Director, Office of the Director-General • Secretariat

Audit and Risk Committee

The Audit and Risk Committee (ARC) operates under a charter in accordance with the *Financial and Performance Management Standard 2019* and ethical standards, and has due regard to the Audit Committee Guidelines. The ARC is directly responsible to the Director-General and has no executive powers unless delegated to the ARC by the Director-General. The charter was reviewed and approved in March 2019. During 2018–19, the ARC met four times.

The role and function of the ARC are to:

- assist the Director-General as the accountable officer to meet responsibilities under the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019* and other prescribed requirements
- provide independent assurance and assistance to the Director-General on:
 - » the risk, control and compliance frameworks
 - » the agency's external accountability responsibilities as prescribed in the relevant legislation and standards
 - » the agency's integrity framework
- monitor the implementation progress of agreed actions against all Queensland Audit Office (QAO) audit recommendations
- does not replace or replicate:
 - » established management responsibilities and delegations
 - » the responsibilities of other executive management groups within the department
 - » the reporting lines and responsibilities of either internal audit or external audit functions.

Responsibilities

The ARC carries out a range of duties and responsibilities to maintain oversight of key financial, risk and performance management activities for our department including:

- **financial statements**—reviewing the appropriateness of our accounting policies and financial statements for compliance and analysing our financial performance
- **integrity oversight and misconduct prevention**—monitoring misconduct trends and prevention approaches, providing advice on integrity issues and ensuring compliance with relevant integrity legislation and whole-of-government policies, principles and guidelines
- **risk management**—reviewing the effectiveness of our risk management framework and processes for identifying, monitoring, escalating and managing significant business risks
- **internal control**—reviewing, with the assistance of our internal and external audit functions, the adequacy of our internal controls, including information technology security
- **performance management**—reviewing compliance with the relevant legislative and whole-of-government performance management and reporting requirements and identifying appropriate use of performance information
- **internal and external audit**—reviewing and approving our Internal Audit Plan, consulting with External Audit on our proposed audit strategy, and reviewing findings and recommendations from audit activity to ensure key risks are considered and mitigated.

As an independent and external member of the committee, Karen Prentis received \$8250 in 2018–19 to prepare for and attend meetings.

Achievement highlights 2018–19

- Continued the ARC chaired by an external member, with additional representation from an external public sector agency.
- Reviewed the financial statements for 2017–18.
- Reviewed the 2019–20 Internal Audit Plan with oversight of review outcomes.
- Reviewed and endorsed the updated ARC Charter in March 2019.

ARC membership

Name	Position	Committee role	Membership period
Karen Prentis	Consultant	External Chair	July 2018 – June 2019
Irene Violet	Deputy Director-General, Investment	Member, departmental	May 2019 – June 2019
Suzanne Wauchope	Former Deputy Director-General, Investment Former Deputy Director-General, Training and Skills	Member, departmental	December 2018 – April 2019 July 2018 – November 2018
Helen Sharpley	Former Acting Deputy Director-General, Engagement Acting Deputy Director-General, Small Business	Member, departmental	December 2018 – January 2019 July 2018 – November 2018
Steve Koch	Deputy Director-General, Engagement Deputy Director-General, Strategy	Member, departmental	February 2019 – June 2019 October 2018–January 2019
Peter Johnson	Deputy Director-General, Employment	Member, departmental	July 2018–October 2018
Peter McKay	Deputy Director-General, Strategy	Member, departmental	March 2019 – June 2019
Debbie Brooks	Chief Finance Officer, Queensland Treasury	Member, Public Sector external	July 2018 – June 2019

Risk management

The risk management function works with business areas to update their risk registers and identify any relevant risk mitigation strategies for implementation by the respective business areas.

The department's Risk Management Framework was established and endorsed by the ARC in August 2018, with the DESBT Strategic Risk Register for all strategic risks endorsed in November 2018.

A two-tiered structure of risk registers was introduced in the department to ensure that all risks are reviewed, escalated, managed and reported at an appropriate level within the organisation, including reporting escalated risks quarterly to the DESBT Board of Management.

Internal audit

The Internal Audit function reports to the ARC, with direct access to the Director-General and ARC Chair. The Internal Audit function operates in line with the ARC Charter and Internal Audit Charter, as well as relevant audit and ethical standards. The function is outsourced to PricewaterhouseCoopers.

In 2018–19, Internal Audit operated in accordance with the Internal Audit Charter, which provided the framework for the conduct of the Internal Audit function in DESBT. The charter is reviewed on an annual basis and is endorsed by the ARC.

Role and functions

Internal Audit provides an independent and objective assurance and advisory service to:

- provide assurance to the DESBT Director-General and ARC that DESBT's financial and operational controls are operating in an efficient, effective, economical and ethical manner
- assist management in improving the entity's business performance
- review the budget, staffing and skills of the internal audit function
- review and endorse the Internal Audit Plan, its scope and progress, and any significant changes to it, including any difficulties or restrictions on scope of activities or significant concerns

- review the proposed Internal Audit Annual Plan to ensure coverage of key risks and appropriate coordination with the external auditor.
- review the findings and recommendations of Internal Audit and the response to them by management
- review the implementation of Internal Audit recommendations accepted by management, and where issues remain unresolved, ensure that satisfactory progress is being made to mitigate the risk associated with Internal Audit's findings.

Internal Audit Plan

Internal Audit's scope of work is based on an audit plan endorsed by the ARC and encompasses the review of all financial and non-financial policies and operations, including evaluating the adequacy and effectiveness of DESBT's governance, risk management process, system of internal control structure and quality of performance in carrying out assigned responsibilities to achieve DESBT's stated goals and objectives. The *2018–19 Internal Audit Plan* was endorsed in August 2018.

Achievement highlights 2018–19

- Reviewed the status of the Internal Audit Plan and internal audit reports at each meeting.
- Completed five Internal Audit reviews scheduled for the period.
- Developed the *2019–20 Internal Audit Plan*.

Managing risk

The strategic risk register is a key input into the annual planning performed by Internal Audit to inform the DESBT strategic three-year plan and the annual operational plans.

External scrutiny

The department is subject to a number of external reviewers, including the Queensland Auditor-General, the Office of the Information Commissioner (Qld), the Crime and Corruption Commission (Qld) and the Queensland Ombudsman.

The following reports applicable to the department were tabled in Parliament during 2018–19. A complete list of all tabled reports by QAO to the Queensland Parliament in 2018–19 is available on the QAO website at qao.qld.gov.au/reports-resources/parliament

Report: Queensland state government: 2017–18 results of financial audits (Report 14: 2018–19)

This report summarises QAO financial audit results for all entities owned or controlled by the Queensland Government, including DESBT. In the report the Auditor-General provided an unmodified audit opinion on the financial statements for DESBT with a key audit matter noted. An unmodified opinion means the financial statements were prepared in accordance with the relevant legislative requirements and Australian Accounting Standards.

Report: Education: 2017–18 results of financial audits (Report 19: 2018–19)

This report summarises financial audit results for the Queensland education sector entities, including DESBT's pathway training programs to employment and higher education. The Auditor-General provided 100 per cent unmodified audit opinion for DESBT.

Information systems and recordkeeping

Our department is committed to meeting its recordkeeping requirements under the *Public Records Act 2002* (Qld) and relevant information standards. DESBT implements appropriate strategies, processes, applications and tools to ensure records of business activities are made, captured and kept for as long as required, in accordance with its approved records retention and disposal schedules.

The department's authorised retention and disposal schedules were last reviewed on 14 November 2018.

Improvements and changes

As part of the development of foundation information management activities, DESBT's *Records Management Policy* was approved on 18 November 2018. The policy promotes an information vision where documents and records are valued as a strategic asset and the business focus is on working digitally. To support these outcomes, in 2018–19, the department:

- commenced implementation of a new document management system for ministerial and executive correspondence
- began planning for procuring an electronic document and records management system which will give staff the tools and skills to more effectively manage records, while providing for more collaboration and improved delivery of services.

The department also worked to improve information security practices with the implementation of an Information Security Management System (ISMS). The ISMS is a framework of contemporary policies, standards, procedures, practices, behaviours and planned activities which helps ensure the confidentiality, integrity and availability of DESBT critical information assets. The ISMS helps mitigate emerging cyber and other information security risks and protects sensitive information from unauthorised access, alteration, disclosure or misuse. The ISMS has been designed in accordance with the *ISO 27001: 2013 (ISO 27001) Information Security Standard* and the *Queensland Government Information Security Policy (IS18: 2018)*.

Communicating roles and responsibilities

As a commitment to good governance and recordkeeping management practices, the department:

- implemented mandatory online staff training in information security and information privacy to increase staff awareness of their role in good information security practices and responsibilities
- adopted the practice of annual refresher training
- maintained published policies and guidelines accessible by all staff
- clearly communicated record management roles and responsibilities for all staff
- promoted Privacy Awareness Week, 12–18 May 2019, to reinforce privacy rights, responsibilities and protection of information.

Managing digital records, systems and databases

As part of the department's information vision with an emphasis on working digitally, the department:

- established a Digitisation and Digital Records Framework and Policy
- established a *Records Management Policy*
- successfully migrated to Office 365, enabling staff to access a range of online and collaboration tools department-wide.

Our people

Workforce profile

Staffing

Our department had 571 full-time equivalent employees as at 21 June 2019 (the last pay period for 2018–19) as per Minimum Obligatory Human Resource Information.

Valuing inclusion and diversity in our workforce

Diversity groups	Actual as at June 2019 ^{1,2}	As a percentage of total workforce
Aboriginal and Torres Strait Islander peoples	14	2.35%
People with disability	12	2.01%
People from non-English speaking background	37	6.21%
Women in the workforce	425	71.30%

Notes:

1. Data is based on full-time equivalents as at 21 June 2019 (the last pay period for 2018–19).
2. Staff can self-identify with multiple diversity groups.

Diversity groups	Headcount actuals as at 30 June 2019	As a percentage of the relevant classification group
Women in all senior leadership roles (SO, SES, CEO)	27	46.55%
Women in leadership roles (AO6, AO7, AO8, PO5, PO6 and equivalent)	176	66.42%

Separation rate

During 2018–19, the department had a permanent separation rate of 2.85 per cent.

Early retirement, redundancy and retrenchment

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

Strengthening our culture

Strategic workforce planning

In 2018–19, the department developed the following workforce planning initiatives and contemporary strategies:

- *People Strategy*, targeting the attraction, recruitment, development, engagement and retention of staff
- draft Diversity and Inclusion Strategy that includes commitments to:
 - » establish a Women in Leadership mentoring program to create supporting networks for current and future women leaders in our department
 - » create a pathways program incorporating current and future initiatives supporting Aboriginal and Torres Strait Islander employment opportunities, from entry pathways to doctorate scholarships through Advance Queensland
- *Cultural Capability Action Plan 2018–19* supporting Indigenous employment and building cultural capability across the department. As part of the plan, staff complete cultural capability awareness training as part of induction, with an annual refresher
- *Disability Service Plan 2017–2020*
- through the organisational OneDESBT structure, facilitating more integrated and customer-centric service delivery and fostering new ways of working.

Managing performance excellence

We are committed to ethical, principled conduct, with high standards of performance and an inclusive workforce culture reflecting our Public Service values.

Clear behavioural expectations aligned to our Queensland Public Service values are communicated in our policies and procedures including:

- Workplace Bullying, Sexual Harassment and Unlawful Discrimination Policy
- Managing Employee Complaints Policy
- Conflicts of Interest Policy
- Social Media Policy
- Fraud and Corruption Control Policy and Procedure.

We measure our staff engagement through the PSC's annual Working for Queensland employee opinion survey. The 2018 results showed a high response rate (86 per cent) for the department. In addition, the department conducted a pulse survey in June 2019 to check in on the climate of the department, with the survey providing an opportunity for staff to provide their perceptions on the strategic direction, leadership, communication and respectful relationship elements of their experiences in the department.

Encouraging continuous learning

During 2018–19, the MyCareer learning management system was rolled out, which includes all mandatory training for the department. Staff are encouraged to continue learning and development as part of completing performance and development plans.

We value a high-performance culture and commenced talent mapping in 2018–19 to inform leadership investment and development of our senior leaders in 2019–20.

Supporting health, safety, well-being and work–life balance

The department is committed to providing a safe healthy and supportive work environment. During 2018–19, the department continued to focus on a range of strategies supporting the well being of our staff to perform at their best and encouraging work family life balance.

Examples of encouraging and supporting staff health included:

- supporting employees affected by domestic and family violence and maintaining departmental White Ribbon accreditation
- promoting staff access to influenza vaccinations
- encouraging a lunch-time Walking Group to improve health and fitness
- offering staff free, professional, short-term counselling through an Employee Assistance Program in partnership with Benestar
- actively managing staff rehabilitation and return to work programs following injury or illness
- promoting health campaigns to raise awareness and understanding.

Examples of supporting staff mobility and work–life balance included:

- a multi-purpose room available for carers, parents, religious needs etc.
- flexible hours of work, staggered starting and finishing times, compressed hours
- part-time arrangements and job sharing
- leave at half-pay
- a range of leave provisions including carer's leave and accrued time
- working from home and telecommuting.

Contributing to community recovery efforts

In assisting people and communities affected by the monsoonal event in north and far north Queensland in early 2019:

- 39 departmental staff volunteered their time away from work and family to assist in the response as ready reservists
- departmental staff established the first ever dedicated small business recovery centre in a national disaster, working with local stakeholders including Townsville City Council, Townsville Chamber of Commerce, Townsville Enterprise Limited and the Townsville Business Development Centre to establish the Small Business Recovery Centre in Townsville
- staff participated in Tropical Friday events to raise donations to support communities recovering after the flooding in north Queensland.



Above: The Domestic and Family Violence panel discussed how staff can recognise and support colleagues experiencing domestic violence.

Domestic and family violence is everyone's business

As a White Ribbon Accredited Workplace, the department is actively involved in promoting the prevention of and response to Domestic and Family Violence (DFV). Online training for departmental staff builds awareness and support for staff in being able to recognise the signs, respond appropriately and refer staff who may be affected by DFV to support services.

The department's DFV Prevention Champion Tony King chaired a panel discussion with DFV experts from across the Queensland Government and DV Connect, which

provided staff with relevant information on recognising the signs of domestic violence and knowing when to speak up.

"It is vital that we as an organisation take an active role in the prevention of domestic and family violence," Tony said.

"Each of the activities we engage in, from mandatory training for all staff and the DFV discussion panel to the Darkness to Daylight event and department-wide morning tea bake off, help raise the awareness of DFV and the notion that violence is not an option," he said.

Making a difference in our communities

As part of our commitment to serving Queensland communities and supporting our social responsibilities, staff volunteered and participated in several activities. Highlights included:

- promoting Multicultural Queensland Awards and celebrating Harmony Day in March 2019 with a focus on diversity, inclusiveness and respectful relationships
- celebrating International Day of People with Disability to raise awareness
- joining in RED25 with blood donations for the Australian Red Cross Blood Service
- Movember fundraising to address significant men's health issues
- promoting World Mental Health Day on 10 October.

Our industrial and employee relations framework

The *Industrial Relations Act 2016* and the following instruments comprise our industrial and employee relations framework:

- *Queensland Public Service Employees and Other Employees Award – State 2015*
- *State Government Entities Certified Agreement 2015.*

The department actively consults with the Together Union regarding employee and industrial relations matters, including workplace change.

Doing the right thing – *Public Sector Ethics Act 1994*

The department is committed to high behavioural standards and supporting staff to do the right thing through training and administrative policies and practices.

Case study

Veterans add a valued perspective

The Queensland Government's Veterans employment pathway program makes use of the wide range of skills, backgrounds, perspectives and experience gained by armed services personnel, like Katie MacDonald, who joined the department as a Policy Support Officer through this innovative program.

Katie joined the department in 2019 after working in the Army as a Command Support Clerk, spending time in Afghanistan, East Timor and Papua New Guinea.

"In my role as a Command Support Clerk, my main function was interpreting legislation and policy and providing advice to defence force members regarding leave and welfare."

"When I left the Army, I began the two-year policy futures graduate development program aimed at building policy capability across the Queensland Government. My first placement was with the department and I have recently secured a permanent role after applying for a position in Strategic Policy" Katie said.

"My experience interpreting legislation and policy along with the policy futures program has been really helpful. I am now working on the other side of the policy equation, shaping policy as well as providing policy advice. My most recent policy development projects have been the Small Business Procurement Commitment and Supporting Artisan Producers."

During 2018–19, the department continued to implement and comply with the *Public Sector Ethics Act 1994* principles by delivering Code of Conduct and Prevention of Fraud and Corruption training to all staff. The mandatory online training is part of the induction program for new staff and repeated annually for existing staff. Ethical principles and values and the Code of Conduct are integrated into departmental administrative policies and procedures.

Other whole-of-government plans and specific initiatives

Queensland Government

During 2018–19, the department was responsible for leading the following whole-of-government programs and initiatives (further information about these are contained within this report):

- Back to Work program, supporting eligible employers and jobseekers
- Skilling Queenslanders for Work initiative, supporting Queenslanders back into work
- Queensland Apprenticeship and Traineeship System
- *Advancing Small Business Queensland Strategy 2016–2020*
- Business Queensland, communicating government business services online
- 2017 and 2018 Better Regulation Taskforce Queensland Government Response
- Tourism Skills Working Group.

The department also supported the following whole-of-government plans and initiatives:

- State Disaster Management Plan
- Advance Queensland
- *Advance Queensland Manufacturing Strategy*.

National agreements and reform initiatives

Queensland is a leader in the national VET system, having one of the highest proportion of students completing VET qualifications.

During 2018–19, the department led the Queensland Government management of the National Agreement for Skills and Workforce Development. It continued to support training programs to meet the objective of this agreement, which is to achieve a VET system that delivers a more productive and highly skilled workforce, enabling all working-age Australians to participate effectively in the labour market and contribute to Australia's economic future.

During 2018–19, the department contributed to the Queensland Government implementation of a national initiative, the Small Business Regulatory Reform Project Agreement, by:

- streamlining the start-up and compliance pathway for small business in Queensland
- commencing implementation of the Queensland Business Launch Pad project to make it easier for businesses in the food and beverage and construction industries to transact with government
- commencing implementation of the VET Support Program, as part of the SBRR Agenda, to improve the way businesses access training and apprenticeship services.

Financial summary

This summary provides an overview of DESBT’s financial performance for the period 1 July 2018 to 30 June 2019.

A more detailed view can be found in the financial statements included with this report. The department reported a deficit for the year of \$98.7 million as a result of the revaluation decrement in the land assets of the department.

Income

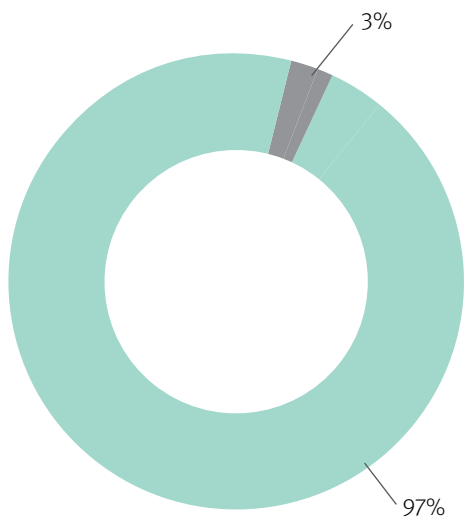
Appropriation funding provided from government was DESBT’s main source of revenue, totalling \$1.069 billion. Other sources of revenue included \$1.4 million from user charges and fees (mainly related to the hire of training facilities), grants and other contributions of \$0.8 million and \$25.2 million from other revenues.

Expenses

Total expenses were \$1.195 billion, of which \$891.5 million (approximately 75%) was grants and subsidies. A revaluation decrement expense of \$98.7 million related to the revaluation of land assets of the department. Finance/borrowing costs of \$22.8 million were associated with the Southbank Education Training Precinct Public Private Partnership finance liability.

Controlled income

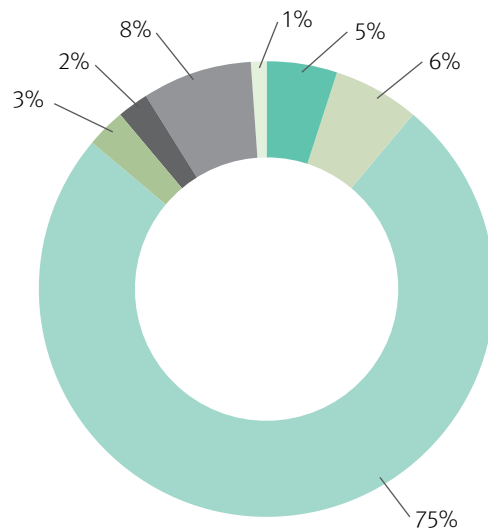
1 July 2018 to 30 June 2019



- Appropriation revenue 97%
- User charges, grants and other revenue 3%

Controlled expenditure

1 July 2018 to 30 June 2019



- Employee expenses 5%
- Supplies and services 6%
- Grants and subsidies 75%
- Depreciation and amortisation 3%
- Finance/borrowing costs 2%
- Revaluation decrement 8%
- Other expenses 1%

Statement of financial position

Assets

Departmental assets were valued at \$1.715 billion and consist primarily of \$243.3 million in cash and cash equivalents and \$1.462 billion in property, plant and equipment (including intangible assets). The property, plant and equipment represents 85 per cent of total assets and relates almost entirely to the assets principally occupied by TAFE Queensland, representing land (\$432.3 million) and buildings (\$990.8 million).

Liabilities

The department's liabilities were primarily payables, provisions and interest-bearing liabilities. Payables of \$114.6 million predominantly relate to trade and capital creditors, and amounts owed to grant and subsidy recipients.

Provisions of \$50.5 million relate to obligations under contractual arrangements to registered training providers for training delivery to students who commenced but did not complete their study prior to 30 June 2019.

The interest-bearing liabilities relate to the finance liability for the Southbank Education and Training Precinct Public Private Partnership.

Statement by the Chief Finance Officer

In accordance with the requirements of the *Financial Accountability Act 2009*, the Chief Finance Officer has provided the Director-General with a statement confirming the financial internal controls of the department are operating efficiently, effectively and economically in conformance with Section 57 of the *Financial and Performance Management Standard 2019*. The statement was presented at the Audit and Risk Committee meeting in August 2019.

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

The following tables summarises the financial results of controlled operations.

Table 1. Statement of comprehensive income for the period 1 July 2018 to 30 June 2019

	2018–19 Actual \$'000	2017–18 ¹ Actual \$'000
Statement of comprehensive income		
Total income from continuing operations	1,096,461	578,533
Total expense from continuing operations	1,195,162	578,588
Surplus/(deficit) ²	(98,701)	(55)
Statement of financial position		
Total assets	1,714,633	1,686,259
Total liabilities	380,775	373,577
Total equity	1,333,858	1,312,682

Note: 1. For comparative purposes please note, due to machinery of government changes, 2017–18 Actual covers only the six-month period from 1 January to 30 June 2018 and has been restated in 2018–19 financial statements due to a prior period error.

Note: 2. In 2018–19, the department recorded a non-cash operating loss on continuing operations as a result of a reduction in the value of land following the 2018–19 comprehensive asset revaluation exercise.

Table 2. Income from continuing operations

	2018–19 Actual \$'000	2017–18 ¹ Actual \$'000
Revenue		
Appropriation revenue	1,069,025	563,142
User charges and fees	1,419	2,446
Grants and contributions	792	1,201
Other revenue	25,225	11,744
Total revenue	1,096,461	578,533
Total income from continuing operations	1,096,461	578,533

Note: 1. For comparative purposes please note, due to machinery of government changes, 2017–18 Actual covers only a six-month period from 1 January to 30 June 2018.

Table 3. Expenses from continuing operations

	2018–19 Actual \$'000	2017–18 ¹ Actual \$'000
Employee expenses	62,580	29,208
Supplies and services	75,471	38,063
Grants and subsidies	891,549	449,946
Depreciation and amortisation	34,862	13,468
Impairment losses	1,111	3,030
Finance/borrowing costs	22,820	11,522
Revaluation decrement	98,702	-
Other expenses	8,067	33,351
Total expenses from continuing operations	1,195,162	578,588
Total comprehensive income (surplus)/(deficit)²	(98,756)	(55)

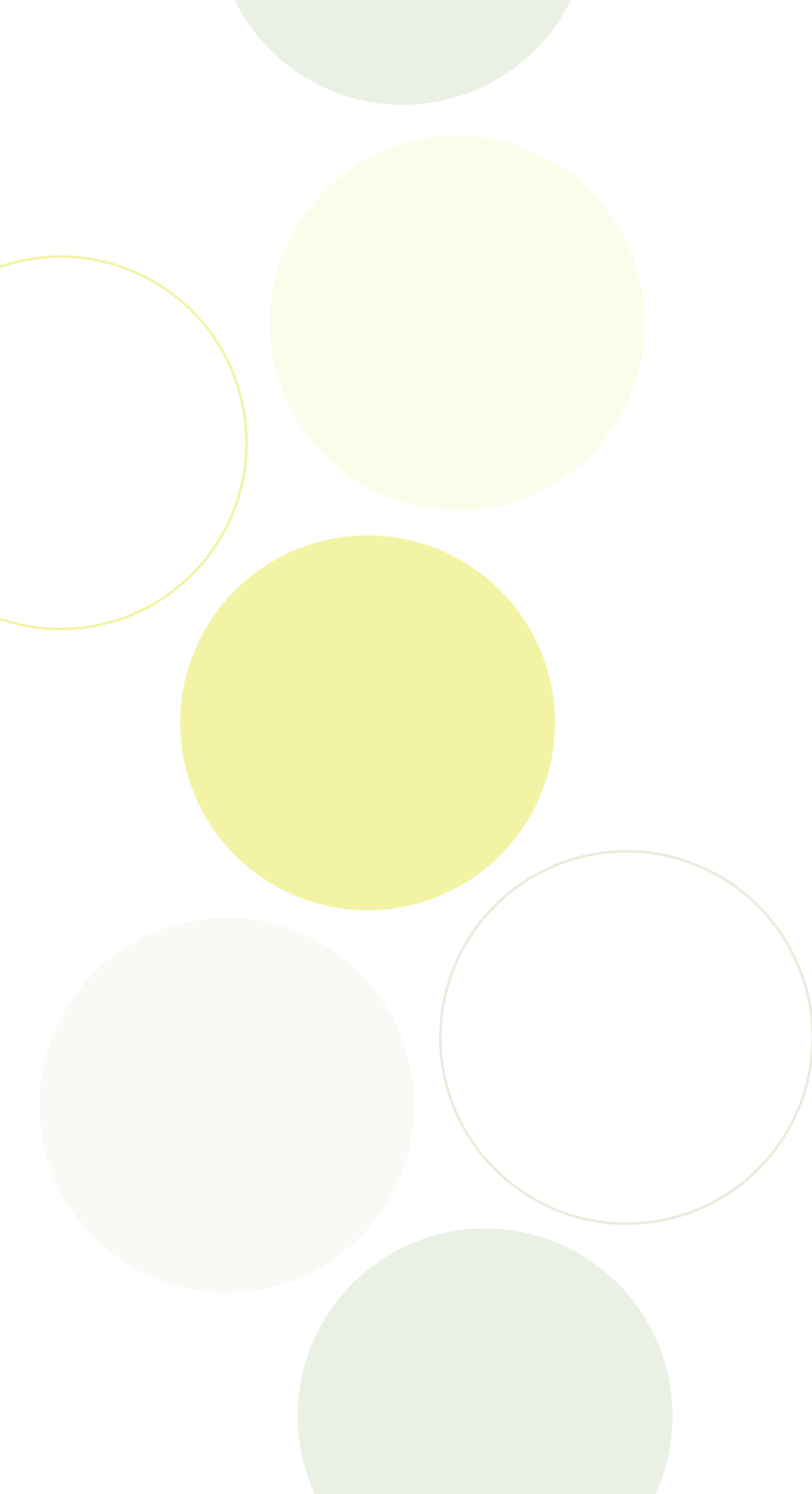
Note: 1. For comparative purposes please note, due to machinery of government changes, 2017–18 Actual covers only the six-month period from 1 January to 30 June 2018 and has been restated in 2018–19 financial statements due to a prior period error.

Note: 2. In 2018–19, the department recorded a non-cash operating loss on continuing operations as a result of a reduction in the value of land following the 2018–19 comprehensive asset revaluation exercise.

Table 4. Statement of financial position

	2018–19 Actual \$'000	2017–18 ¹ Actual \$'000
Current assets		
Cash and cash equivalents	243,296	237,394
Receivables	9,271	4,189
Prepayments	366	698
Total current assets	252,933	242,281
Non-current assets		
Property, plant & equipment	1,460,371	1,442,102
Intangible assets	1,329	1,876
Total non-current assets	1,461,700	1,443,978
Total assets	1,714,633	1,686,259
Current liabilities		
Payables	114,595	122,780
Interest-bearing liabilities	3,250	2,923
Accrued employee benefits	2,456	927
Provisions	50,462	33,680
Unearned revenue	399	404
Total current liabilities	171,162	160,714
Non-current liabilities		
Interest-bearing liabilities	209,613	212,863
Total non-current liabilities	209,613	212,863
Total liabilities	380,775	373,577
Net assets	1,333,858	1,312,682
Equity		
Contributed equity	1,229,781	1,229,612
Accumulated surplus	(98,756)	(55)
Asset revaluation surplus	202,833	83,125
Total equity	1,333,858	1,312,682

Note: 1. For comparative purposes please note, due to machinery of government changes, 2017–18 Actual covers only the six-month period from 1 January to 30 June 2018 and have been restated in 2018–19 financial statements due to a prior period error.



Financial statements

Department of Employment, Small Business and Training Financial Statements For the Year Ended 30 June 2019

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Department of Employment, Small Business and Training Financial Statements
For the Year Ended 30 June 2019

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Department of Employment, Small Business and Training
Statement of Comprehensive Income
for the year ended 30 June 2019

OPERATING RESULT	Notes	2019 Actual \$'000	2019 Original Budget \$'000	Budget Variance *	2018 Actual ** \$'000
Income from continuing operations					
Appropriation revenue	B1-1	1 069 025	1 057 196	11 829	563 142
User charges and fees	B1-2	1 419	1 002	417	2 446
Grants and contributions		792	285	507	1 201
Other revenue	B1-3	25 225	16 365	8 860	11 744
Total income from continuing operations		1 096 461	1 074 848	21 613	578 533
Expenses from continuing operations					
Employee expenses	B2-1	62 580	64 612	(2 032)	29 208
Supplies and services	B2-2	75 471	77 602	(2 131)	38 063
Grants and subsidies	B2-3	891 549	883 475	8 074	449 946
Depreciation and amortisation		34 862	24 810	10 052	13 468
Impairment losses	C2-1	1 111	-	1 111	3 030
Finance/borrowing costs		22 820	22 820	-	11 522
Revaluation decrement	C8-3	98 702	-	98 702	-
Other expenses	B2-4	8 067	1 529	6 538	33 351
Total expenses from continuing operations		1 195 162	1 074 848	120 314	578 588
Operating result from continuing operations		(98 701)	-	(98 701)	(55)
OTHER COMPREHENSIVE INCOME					
<u>Items that will not be reclassified to operating result:</u>					
Increase/(decrease) in asset revaluation surplus	C8-3	119 708	-	119 708	83 125
Total items that will not be reclassified to operating result		119 708	-	119 708	83 125
TOTAL OTHER COMPREHENSIVE INCOME		119 708	-	119 708	83 125
TOTAL COMPREHENSIVE INCOME**		21 007	-	21 007	83 070

*An explanation of major variances is included at Note E1.

** Comparatives have changed due to the events disclosed in Note F4. The comparative amounts reflect the 6 month period 1 January to 30 June 2018.

The above statement should be read in conjunction with accompanying notes.

Department of Employment, Small Business and Training – Statement of Comprehensive Income by Major Departmental Service
for the year ended 30 June 2019

	Training and Skills		Small Business		Employment		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 * \$'000
Income from continuing operations								
Appropriation revenue	963 071	504 410	16 345	7 146	89 609	51 586	1 069 025	563 142
User charges and fees	1 400	2 411	19	35	-	-	1 419	2 446
Grants and contributions	594	300	183	901	15	-	792	1 201
Other revenue	23 224	11 744	2	-	1 999	-	25 225	11 744
Total income from continuing operations	988 289	518 865	16 549	8 082	91 623	51 586	1 096 461	578 533
Expenses from continuing operations								
Employee expenses	51 154	24 119	6 720	3 642	4 706	1 447	62 580	29 208
Supplies and services	67 537	35 239	3 135	2 084	4 799	740	75 471	38 063
Grants and subsidies	805 073	398 256	6 468	2 291	80 008	49 399	891 549	449 946
Depreciation and amortisation	34 836	13 459	19	9	7	-	34 862	13 468
Impairment losses	(395)	3 030	3	-	1 503	-	1 111	3 030
Finance/borrowing costs	22 820	11 522	-	-	-	-	22 820	11 522
Revaluation decrement	98 702	-	-	-	-	-	98 702	-
Other expenses	7 263	33 295	204	56	600	-	8 067	33 351
Total expenses from continuing operations	1 086 990	518 920	16 549	8 082	91 623	51 586	1 195 162	578 588
Operating result from continuing operations	(98 701)	(55)	-	-	-	-	(98 701)	(55)
Other comprehensive income								
Items that will not be reclassified to operating result: Increase/(decrease) in asset revaluation surplus	119 708	83 125	-	-	-	-	119 708	83 125
Total other comprehensive income	119 708	83 125	-	-	-	-	119 708	83 125
Total comprehensive income	21 007	83 070	-	-	-	-	21 007	83 070

All corporate overheads have been allocated across respective departmental services based on activity drivers. Corporate services functions include: finance and administration, procurement, human resources, payroll, staff training, information technology, records management, legal services, facilities management, policy development and executive services.

*Comparatives have changed due to the events disclosed in Note F4. The comparative amounts reflect the 6 month period 1 January to 30 June 2018.

Department of Employment, Small Business and Training
Statement of Financial Position
as at 30 June 2019

	Notes	2019 Actual \$'000	2019 Original Budget \$'000	Budget Variance * \$'000	2018 Actual ** \$'000
Current assets					
Cash and cash equivalents	C1	243 296	176 004	67 292	237 394
Receivables	C2	9 271	9 521	(250)	4 189
Prepayments		366	1 398	(1 032)	698
Total current assets		252 933	186 923	66 010	242 281
Non-current assets					
Property, plant and equipment	C3-1	1 460 371	1 426 889	33 482	1 442 102
Intangible assets	C4-1	1 329	1 826	(497)	1 876
Total non-current assets		1 461 700	1 428 715	32 985	1 443 978
Total assets		1 714 633	1 615 638	98 995	1 686 259
Current liabilities					
Payables	C5	114 595	56 503	58 092	122 780
Interest-bearing liabilities	C6	3 250	3 250	-	2 923
Accrued employee benefits		2 456	823	1 633	927
Provisions	C7	50 462	34 370	16 092	33 680
Unearned revenue		399	-	399	404
Total current liabilities		171 162	94 946	76 216	160 714
Non-current liabilities					
Interest-bearing liabilities	C6	209 613	210 962	(1 349)	212 863
Total non-current liabilities		209 613	210 962	(1 349)	212 863
Total liabilities		380 775	305 908	74 867	373 577
Net assets		1 333 858	1 309 730	24 128	1 312 682
Equity					
Contributed equity		1 229 781			1 229 612
Accumulated surplus		(98 756)			(55)
Asset revaluation surplus	C8-3	202 833			83 125
Total equity		1 333 858			1 312 682

*An explanation of major variances is included at Note E1.

** Comparatives have changed due to the events disclosed in Note F4.

The above statement should be read in conjunction with accompanying notes.

Department of Employment, Small Business and Training – Statement of Assets and Liabilities by Major Departmental Service
as at 30 June 2019

	Training and Skills		Small Business		Employment		General Not Attributed		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current assets										
Cash and cash equivalents	-	-	-	-	-	-	243 296	237 394	243 296	237 394
Receivables	7 953	4 278	638	(78)	680	(11)	-	-	9 271	4 189
Prepayments	366	661	-	37	-	-	-	-	366	698
Total current assets	8 319	4 939	638	(41)	680	(11)	243 296	237 394	252 933	242 281
Non current assets										
Property, plant and equipment	1 460 070	1 442 000	119	102	182	-	-	-	1 460 371	1 442 102
Intangible assets	1 329	1 876	-	-	-	-	-	-	1 329	1 876
Total non-current assets	1 461 399	1 443 876	119	102	182	-	-	-	1 461 700	1 443 978
Total assets	1 469 718	1 448 815	757	61	862	(11)	243 296	237 394	1 714 633	1 686 259
Current liabilities										
Payables	113 062	99 758	1 362	4 831	171	18 191	-	-	114 595	122 780
Interest-bearing liabilities	3 250	2 923	-	-	-	-	-	-	3 250	2 923
Accrued employee benefits	1 914	868	315	55	227	4	-	-	2 456	927
Provisions	50 462	33 680	-	-	-	-	-	-	50 462	33 680
Unearned revenue	399	404	-	-	-	-	-	-	399	404
Total current liabilities	169 087	137 633	1 677	4 886	398	18 195	-	-	171 162	160 714
Non current liabilities										
Interest-bearing liabilities	209 613	212 863	-	-	-	-	-	-	209 613	212 863
Total non current liabilities	209 613	212 863	-	-	-	-	-	-	209 613	212 863
Total liabilities	378 700	350 496	1 677	4 886	398	18 195	-	-	380 775	373 577

Please note that the department has systems in place to allocate assets and liabilities by departmental services.

Comparatives have changed due to the events disclosed in Note F4.

Department of Employment, Small Business and Training
Statement of Changes in Equity
for the year ended 30 June 2019

	Notes	Accumulated Surplus	Asset Revaluation Surplus	Contributed Equity	Total
		\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2018		-	-	-	-
Operating result from continuing operations		1 033	-	-	1 033
<i>Other Comprehensive Income</i>					
Increase/(decrease) in asset revaluation surplus		-	85 214	-	85 214
Gain on revaluation of properties					
Total comprehensive income for the year		1 033	85 214	-	86 247
<i>Transactions with owners as owners</i>					
- MoG changes - transfer of other assets		-	-	1 275 913	1 275 913
- Appropriated equity injections		-	-	13 381	13 381
- Appropriated equity w ithdraw als		-	-	(12 131)	(12 131)
<i>Net transactions with owners as owners</i>		-	-	1 277 163	1 277 163
Balance as at 30 June 2018 (originally reported)		1 033	85 214	1 277 163	1 363 410
Adjustment on error correction	F4	(1 088)	(2 089)	(47 551)	(50 728)
Balance as at 1 July 2018 (restated)		(55)	83 125	1 229 612	1 312 682
Operating result from continuing operations		(98 701)	-	-	(98 701)
<i>Other comprehensive income</i>					
Increase/(decrease) in asset revaluation surplus					
Land		-	(4 893)	-	(4 893)
Buildings		-	124 601	-	124 601
Total comprehensive income for the year		(98 701)	119 708	-	21 007
<i>Transactions with owners as owners</i>					
- Appropriated equity injections	C8-2	-	-	39 372	39 372
- Appropriated equity w ithdraw als	C8-2	-	-	(39 203)	(39 203)
<i>Net transactions with owners as owners</i>		-	-	169	169
Balance as at 30 June 2019		(98 756)	202 833	1 229 781	1 333 858

The above statement should be read in conjunction with accompanying notes.

Department of Employment, Small Business and Training
Statement of Cash Flows
for the year ended 30 June 2019

	2019 Actual	2019 Original Budget	Budget Variance *	2018 Actual **
Note	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
<i>Inflows:</i>				
Service appropriation receipts	1 035 769	1 057 196	(21 427)	562 167
User charges and fees	271	1 002	(731)	(1 420)
Grants and contributions	791	285	506	1 201
Interest receipts	12	-	12	-
GST input tax credits from ATO	13 296	-	13 296	7 298
GST collected from customers	2 909	-	2 909	2 154
Other	25 234	16 365	8 869	11 710
<i>Outflows:</i>				
Employee expenses	(62 792)	(64 612)	1 820	(28 117)
Supplies and services	(88 978)	(77 602)	(11 376)	(36 477)
Grants and subsidies	(853 926)	(883 475)	29 549	(361 903)
Finance/borrowing costs	(22 820)	(22 820)	-	(11 522)
GST paid to suppliers	(15 837)	-	(15 837)	(8 263)
GST remitted to ATO	(2 656)	-	(2 656)	(1 254)
Other	(1 642)	(1 529)	(113)	(89)
Net cash provided by operating activities	29 631	24 810	4 821	135 485
	CF-1			
CASH FLOWS FROM INVESTING ACTIVITIES				
<i>Outflows:</i>				
Payments for property, plant and equipment	(32 686)	(47 500)	14 814	(12 881)
Net cash used in investing activities	(32 686)	(47 500)	14 814	(12 881)
CASH FLOWS FROM FINANCING ACTIVITIES				
<i>Inflows:</i>				
Equity injections	44 195	57 370	(13 175)	13 381
<i>Outflows:</i>				
Equity withdrawals	(32 315)	(24 802)	(7 513)	(12 131)
Repayments of borrowings/finance lease payments	(2 923)	(2 923)	-	(1 120)
Net cash provided by financing activities	8 957	29 645	(20 688)	130
	CF-2			
Net increase/(decrease) in cash and cash equivalents	5 902	6 955	(1 053)	122 734
Cash transfers from MoG restructure	-	-	-	114 660
Cash and cash equivalents - opening balance	237 394	169 049	68 345	-
Cash and cash equivalents - closing balance	243 296	176 004	67 292	237 394
	C1			

*An explanation of major variances is include at Note E1.

**Comparatives have changed due to the events disclosed in Note F4.

The above statement should be read in conjunction with accompanying notes.

Department of Employment, Small Business and Training
Statement of Cash Flows
for the year ended 30 June 2019

NOTES TO THE STATEMENT OF CASH FLOW

CF-1 Reconciliation of operating result to net cash provided by operating activities

	2019 \$'000	2018 * \$'000
Operating surplus/(deficit)	(98 701)	(55)
<i>Non-cash items included in operating result:</i>		
Depreciation and amortisation expense	34 862	13 468
Revaluation decrement	98 702	-
Impairment losses	1 111	3 030
<i>Change in assets/liabilities:</i>		
(Decrease)/increase in deferred appropriation payable to Consolidation Fund	(26 831)	32 281
(Increase)/decrease in GST input tax credits receivable	(2 288)	(65)
(Increase)/decrease in net operating receivables	(2 794)	(4 123)
(Increase)/decrease in other current assets	331	(698)
Increase/(decrease) in other current liabilities	16 776	34 085
Increase/(decrease) in payables	6 934	56 636
Increase/(decrease) in accrued employee benefits	1 529	926
Net cash provided by operating activities	29 631	135 485

*Comparatives have changed due to the events disclosed in Note F4.

CF-2 Change in Liabilities Arising from Financing Activities

	Finance Liability \$'000	Total \$'000
Closing balance 2017	-	-
<i>Non-Cash Changes:</i>		
Transfers (to)/ from other Queensland Government Entities	217 135	217 135
Other	(229)	(229)
<i>Cash Flows:</i>		
Cash Repayment	(1 120)	(1 120)
Closing balance 2018	215 786	215 786
	Finance Liability \$'000	Total \$'000
Closing balance 2018	215 786	215 786
<i>Cash Flows:</i>		
Cash Repayment	(2 923)	(2 923)
Closing balance 2019	212 863	212 863

Department of Employment, Small Business and Training
Notes to the Financial Statements
for the year ended 30 June 2019

**SECTION 1
ABOUT THE DEPARTMENT AND THIS FINANCIAL REPORT**

A1 BASIS OF FINANCIAL STATEMENT PREPARATION

A1-1 GENERAL INFORMATION

The Department of Employment, Small Business and Training ("the department") is a Queensland Government department established under the *Public Service Act 2008* and controlled by the State of Queensland, which is the ultimate parent.

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

1 William Street
Brisbane QLD 4000

A1-2 COMPLIANCE WITH PRESCRIBED REQUIREMENTS

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 2018.

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.

New accounting standards early adopted and/ or applied for the first time in these financial statements are outlined in Note F5.

A1-3 PRESENTATION

Currency and rounding

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.

Comparatives

Comparative information is only available for 1 January 2018 to 30 June 2018 as the department was established on 12 December 2017 and reflects the audited 2017-18 financial statements.

Comparatives have changed due to the events disclosed in Note F4

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.

A1-4 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

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

Department of Employment, Small Business and Training
Notes to the Financial Statements
for the year ended 30 June 2019

A1 BASIS OF FINANCIAL STATEMENT PREPARATION (continued)

A1-5 BASIS OF MEASUREMENT

Historical cost is used as the measurement basis in this financial report except for the following:

- Land and buildings assets which are measured at fair value; and
- Provisions expected to be settled 12 or more months after reporting date which are measured at their present value.

Historical cost

Under historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the 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.

Fair value

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. Fair value is determined using one of the following three approaches:

- The *market approach* uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business.
- The *cost approach* reflects the amount that would be required currently to replace the service capacity of an asset. This method includes the current replacement cost methodology.

Where fair value is used, the fair value approach is disclosed.

Present value

Present value represents the present discounted value of the future net cash inflows that the item is expected to generate (in respect of assets) or the present discounted value of the future net cash outflows expected to settle (in respect of liabilities) in the normal course of business.

Net realisable value

Net realisable value represents the amount of cash or cash equivalents that could currently be obtained by selling an asset in an orderly disposal.

A1-6 THE REPORTING ENTITY

The financial statements include all income, expenses, assets, liabilities and equity of the 'economic entity' comprising only the department, as the entity it controls is not material (refer to Note A3).

Department of Employment, Small Business and Training
Notes to the Financial Statements
for the year ended 30 June 2019

A2 DEPARTMENTAL OBJECTIVES

The Department of Employment, Small Business and Training's vision is for all Queenslanders to have the skills and opportunities to participate and prosper in the economy by providing the trusted advice and support that enables both sustainable small business opportunities and a skilled workforce now and into the future.

By supporting businesses to reach their full potential and by providing individuals with training and employment opportunities aligned with Queensland's employment, skilling and economic priorities, the department is contributing to the Queensland Government's plan.

The department's strategic objectives of:

- empowering Queenslanders and small businesses to be able to take full advantage of economic prospects
- ensuring Queenslanders and small businesses have access to the skills, training and employment enablers that sustain, connect and cultivate economic participation;
- providing sector leadership in recognising and considering optimal regulatory levers, market and policy setting for small business, employment and training and skilling Queenslanders; and
- an agile organisation that delivers increased value to our customers

are the key priorities of the service areas:

Employment

Focuses on delivering employment policies and programs to support Queenslanders, in particular disadvantaged cohorts to gain employment, and has responsibility for business and skilled migration policy, in consultation with Business and Skilled Migration Queensland (a business unit of Trade and Investment Queensland).

Small Business

Focuses on products and services that are delivered to small business to better enable them to grow and make it easier to interact with Government through enhancing the capacity of business to engage with markets, attract investors, navigate the business regulatory environment, and access tools, resources and expertise to grow and succeed.

Training and Skills

Focuses on improving the skills profile of Queensland through delivery of a diverse and inclusive vocational education and training investment program that delivers on industry skills demands of today and the future, and supports publicly funded training providers to deliver high quality training.

The department is funded for the departmental services it delivers principally by parliamentary appropriations. It also provides the following on a fee for service basis:

- Apprentice indenture documentation
- Hire of facilities

Department of Employment, Small Business and Training
Notes to the Financial Statements
for the year ended 30 June 2019

A3 MACHINERY-OF-GOVERNMENT CHANGES

As a result of the Public Service Departmental Arrangement Notice (No. 3) 2017 made under the *Public Services Act 2008*, the Department of Employment, Small Business and Training was established on 12 December 2017 with an effective date of 1 January 2018. The following service areas were declared to be part of the department:

- Training and Skills, including the corporate and executive services to Training and Skills, from the Department of Education (DoE)
- Office of Small Business from the Department of Innovation, Tourism, Industry Development and the Commonwealth Games (DITID)
- Employment from Queensland Treasury (QT)

	QT \$'000	DITID \$'000	DoE* \$'000	2018 Total \$'000
Total Assets	739	4 349	1 482 331	1 487 419
Total Liabilities	739	4 238	254 081	259 058
Net Assets	-	111	1 228 250	1 228 361

*DoE Property, plant and equipment has been restated due to the events disclosed in Note F4.

The increase in net assets of \$1,228.4 million has been accounted for as an increase in contributed equity as disclosed in the Statement of Change in Equity.

There was nil machinery-of-government changes in the 2018-19 financial year.

A4 CONTROLLED ENTITIES

The following entity is directly controlled entity of the department:

Name:	Building Construction Industry Training Fund (Qld) Limited
Purpose and Principal Activities:	Assist in the acquisition and enhancement of the knowledge, skills, training and education of workers in the building and construction industry. BCITF (Qld) Limited does not trade.
% Interest in Entity & Basis for Control:	100% owned by the Department of Employment, Small Business and Training

The BCITF (Qld) Limited ('the Company') was established on 1 January 1999 to assist in the acquisition and enhancement of the knowledge, skills, training and education of workers in the building and construction industry. The Company is established as a public company, limited by guarantee, and the Minister is the sole shareholder. The Company is controlled by the department, and is audited by the Auditor-General of Queensland.

The Company does not conduct business and therefore has no assets, liabilities, revenues and expenses to be consolidated in these financial statements.

The Company is the sole trustee of the Building and Construction Industry Training Fund ('the Trust'). The Trust is established to advance the education and skills of persons and organisations involved in the building and construction industry, and is audited by the Auditor-General of Queensland. The Trust is not controlled by the department.

Department of Employment, Small Business and Training
Notes to the Financial Statements
for the year ended 30 June 2019

SECTION 2
NOTES ABOUT OUR FINANCIAL PERFORMANCE

B1 REVENUE

B1-1 APPROPRIATION REVENUE

Reconciliation of payments from Consolidated Fund to appropriated revenue recognised in operating result

	2019 \$'000	2018 \$'000
Budgeted appropriation revenue	1 057 196	-
Transfers from/to other departments (redistribution of public business)	-	605 239
Lapsed appropriation revenue	(21 427)	(43 072)
Total appropriation receipts (Cash)	1 035 769	562 167
Plus: Opening balance of deferred appropriation payable to Consolidated Fund	33 256	975
Less : Closing balance of deferred appropriation payable to Consolidated Fund	(6 425)	(33 256)
Net Appropriation Revenue	1 062 600	529 886
Plus: Deferred appropriation refundable to Consolidated Fund (expense)	6 425	33 256
Appropriation revenue recognised in statement of comprehensive income	1 069 025	563 142

Accounting policy – Appropriation revenue

Appropriations provided under the *Appropriation Act 2018* are recognised as revenue when received. When an appropriation receivable or payable has been recorded in the financial statements at 30 June, this has been approved by Queensland Treasury.

B1-2 USER CHARGES AND FEES

	2019 \$'000	2018 \$'000
General fees	226	93
Hire of facilities	1 193	2 142
Property income	-	211
Total	1 419	2 446

Accounting policy – User charges and fees

User charges and fees revenue controlled by the department are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This involves either invoicing for related goods/services and/or the recognition of accrued revenue.

Accounting policy – Hire of facilities/ property income

Hire of facilities and property income is recognised as revenue when received.

Disclosure – Hire of facilities/ property income

The department provides TAFE Queensland access to training facilities. The income value of this right of use access has not been accounted for during 2018-19 as a reliable measurement of rent payable is unable to be determined. This is because the ongoing arrangement includes a number of sites, varying utilisation at each site, varying condition of the buildings and facilities, and the costs borne by TAFE Queensland in the management of the facilities.

Department of Employment, Small Business and Training
Notes to the Financial Statements
for the year ended 30 June 2019

B1 REVENUE (continued)

B1-3 OTHER REVENUE

	2019 \$'000	2018 \$'000
Contributions to finance liability	16 239	8 332
Recoveries from grants programs	8 974	3 412
Other general recoveries	12	-
Total	25 225	11 744

Accounting policy – Other revenue

Recoveries from grants programs are recognised as revenues when the revenue at completion of compliance audits can be measured reliably with a sufficient degree of certainty. This involves invoicing for the related repayment of the unearned portion of the grant.

Disclosure – Contributions to finance liability

As a result of agreements for the right of use access to the PPPI asset at Southbank Education and Training Precinct (SETP), payments are received from TAFE Queensland to partly offset the finance liability of the department.

B2 EXPENSES

B2-1 EMPLOYEE EXPENSES

	2019 \$'000	2018 \$'000
Employee benefits		
Salaries and allowances	49 341	22 947
Employer superannuation contributions	6 524	2 916
Annual leave expenses	4 591	2 329
Long service leave levy	1 036	500
Redundancy payments	347	55
Employee related expenses		
Fringe benefits tax	130	60
Workers' compensation	285	137
Staff transfer costs	7	-
Staff rental accommodation	18	7
Staff training	301	257
Total	62 580	29 208

	2019 No.	2018 No.
Full-Time Equivalent Employees	571	527

Accounting policy – Wages and salaries

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 values.

Department of Employment, Small Business and Training
Notes to the Financial Statements
for the year ended 30 June 2019

B2 EXPENSES (continued)

B2-1 EMPLOYEE EXPENSES (continued)

Accounting policy – Sick leave

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

Accounting policy – Annual leave and long service leave

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

Accounting policy – Superannuation

Post-employment benefits for superannuation are provided through defined contributions (accumulations) 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.

Accounting policy – Workers' compensation premiums

The department pays premiums to WorkCover Queensland in respect of its obligations for employee compensation. Workers' compensation insurance is a consequence of employing employees, but is not counted in an employees' total remuneration package. It is not an employee benefit and is recognised separately as employee related expenses.

Key management personnel and remuneration disclosures are detailed in Note F1.

B2-2 SUPPLIES AND SERVICES

	2019 \$'000	2018 \$'000
Building maintenance	37 268	23 039
Utilities	2 702	1 543
Equipment and building refurbishment	5 105	-
Consultants and contractors	10 204	8 075
Materials and running costs	7 067	1 017
Payments to shared service provider/inter-agency services	1 766	233
Computer costs	4 096	979
Travel	808	343
Operating lease rentals	6 455	2 834
Total	75 471	38 063

Accounting policy – Distinction between grants and procurement

For a transaction to be classified as supplies and services, the value of goods or 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 in Note B2-3.

Department of Employment, Small Business and Training
Notes to the Financial Statements
for the year ended 30 June 2019

B2 EXPENSES (continued)

B2-2 SUPPLIES AND SERVICES (continued)

Disclosure – Operating lease

Operating leases are entered into as a means of acquiring access to office accommodation. The department has no option to purchase the leased item at the conclusion of the lease although the lease provides for a right of renewal at which time the lease terms are renegotiated.

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

B2-3 GRANTS AND SUBSIDIES

	2019 \$'000	2018 \$'000
<i>Recurrent</i>		
VET programs	714 704	358 570
Skilling Queenslanders for Work program	80 619	36 275
Back to Work program	80 391	49 032
Small business programs	6 468	2 291
Other grants and allowances to organisations	5 967	3 778
<i>Capital</i>		
Training Centre Grant	3 400	-
Total	891 549	449 946

Accounting policy – Grants and subsidies

For the arrangement to be classified as grants or subsidies, the department does not receive equal value in consideration of the transaction. Consideration to the classification is based on the nature of the transaction and if there is any third party recipient to the payment made.

B2-4 OTHER EXPENSES

	2019 \$'000	2018 \$'000
Insurance premium - QGIF	1 185	7
Queensland Audit Office- external audit fees for the audit of the financial statements ⁽¹⁾	239	27
Special payments: ⁽²⁾		
Ex-gratia payments	28	-
Payments to other Queensland government departments	123	50
Deferred appropriation payable to Consolidated Fund	6 425	33 256
Penalty interest payments and other expenses	67	11
Total	8 067	33 351

Audit fees

(1) Total audit fees quoted by the Queensland Audit Office relating to the 2018-19 financial statements are estimated to be \$0.184 million (2018: \$0.150 million).

Special payments

(2) Special Payments represent ex gratia expenditure and other expenditure that the department is not contractually or legally obligated to make to other parties. Special payments during 2018-19 include a payment over \$5,000 in connection with the settlement of termination arrangements for an employment related matter.

Department of Employment, Small Business and Training
Notes to the Financial Statements
for the year ended 30 June 2019

**SECTION 3
NOTES ABOUT OUR FINANCIAL POSITION**

C1 CASH AND CASH EQUIVALENTS

	2019 \$'000	2018 \$'000
Imprest accounts	3	3
Cash at bank	243 293	237 391
Total	243 296	237 394

Accounting policy – Cash and cash equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash and cash equivalents includes cash on hand, cheques received but not banked at 30 June.

C2 RECEIVABLES

	2019 \$'000	2018 \$'000
Current		
Trade debtors	9 501	7 292
Less: Loss allowance	(4 129)	(3 022)
	5 372	4 270
GST receivable	2 353	65
Long service leave reimbursements	329	33
Annual leave reimbursements	1 217	(170)
Other debtors	-	(9)
Total	9 271	4 189

Accounting policy – Receivables

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

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

Other debtors generally arise from transactions outside the usual operating activities of the department and are recognised at their assessed values. Terms are a maximum of three months, no interest is charged and no security is obtained.

Department of Employment, Small Business and Training
Notes to the Financial Statements
for the year ended 30 June 2019

C2 RECEIVABLES (continued)

C2-1 IMPAIRMENT OF RECEIVABLES

Accounting policy – Impairment of receivables

The loss allowance for trade and other debtors reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information. Economic changes impacting the department's debtors, and relevant industry data form part of the department's impairment assessment.

The department's other receivables are from Queensland Government agencies or Australian Government agencies. No loss allowance is recorded for these receivables on the basis of low credit risk. Refer to Note D2-3 for the department's credit risk management policies.

Where the department has no reasonable expectation of recovering an amount owed by a debtor, the debt is written-off by directly reducing the receivable against the loss allowance. This occurs when the debt is over 120 days past due and the department has ceased enforcement activity. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

Disclosures – Credit risk exposure of receivables

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

The department uses a provision matrix to measure the expected credit losses on trade debtors. Loss rates are calculated separately for groupings of customers with similar loss patterns. The department has determined there is two material groupings for measuring expected credit losses based the customer profile for these revenue streams. These groupings are the Registered Training Organisations (RTO) the department contracts with for the delivery of training services and Other Grant recipients.

The calculations reflect a historical observed default rate calculated using credit losses experienced on past transactions during the last year preceding 30 June 2019 for the groups.

The historical default rate is then adjusted by reasonable and supportable forward-looking information for expected material changes in macroeconomic indicators that affect the future recovery of those receivables. For the department, a change in the employment growth rate in Queensland and regional labour force participation rates were determined to be the most relevant forward-looking indicator for the group of receivables. The historical default rate will be adjusted based on expected changes to that indicator.

Set out below is the credit risk exposure on the department's trade debtors broken down by the customer grouping and by ageing band. The comparative disclosure for 2018 is made under AASB 139 impairment rules, where receivables are assessed individually for impairment.

C2-1 IMPAIRMENT OF RECEIVABLES

Impairment Group – Receivables from Trade Debtors (RTO's)

	2019			2018		Carrying Amount
	Gross Receivable	Loss Rate	Expected Credit Loss	Gross Receivable	Allowance for Impairment	
Aging	\$'000	%	\$'000	\$'000	\$'000	\$'000
Current	1 415			670		
1 to 30 days overdue	-	0.0%	-	488	-	488
31 to 60 days overdue	113	0.0%	-	91	-	91
61 to 120 days overdue	285	0.0%	-	33	-	33
> 120 days overdue	3 582	73.3%	2 626	3 237	(3 022)	215
Total	5 395		2 626	4 519	(3 022)	827

Department of Employment, Small Business and Training
Notes to the Financial Statements
for the year ended 30 June 2019

C2 RECEIVABLES (continued)

C2-1 IMPAIRMENT OF RECEIVABLES (continued)

Impairment Group – Receivables from Other Trade Debtors

Aging	2019			Gross Receivable \$'000	2018 Allowance for Impairment \$'000	Carrying Amount \$'000
	Gross Receivable \$'000	Loss Rate %	Expected Credit Loss \$'000			
Current	-					
1 to 30 days overdue	396	0.0%	-	-	-	-
31 to 60 days overdue	10	0.0%	-	-	-	-
61 to 120 days overdue	94	0.0%	-	-	-	-
> 120 days overdue	1 503	100.0%	1 503	-	-	-
Total	2 003		1 503	-	-	-

Disclosure – Movement in loss allowance for trade debtors

	2019 \$'000	2018 \$'000
Loss allowance as at 1 July	3 022	-
Increase/(decrease) in allowance recognised in the operating result	1 111	3 030
Amounts written off during the year	-	(8)
Loss allowance as at 30 June	4 133	3 022

Loss allowance for the current year relating to the department's receivables is \$1.111 million. This is mainly due to recognition of training services receivables unlikely to be recovered.

Disclosures – Ageing of past due but not impaired receivables

This disclosure relates only to comparative balances at 30 June 2018. Under AASB 9, effective from 1 July 2018, a loss allowance is assessed for all receivables.

	2018 \$'000
Overdue	
1 to 30 days	-
31 to 60 days	129
61 to 120 days	85
Greater than 120 days	181
Total Overdue	395

Department of Employment, Small Business and Training
Notes to the Financial Statements
for the year ended 30 June 2019

C3 PROPERTY, PLANT, EQUIPMENT AND DEPRECIATION EXPENSE

C3-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT

Property, plant and equipment 30 June 2019	at Fair Value		at Cost		Total 2019 \$'000
	Land 2019 \$'000	Buildings 2019 \$'000	Plant and Equipment 2019 \$'000	Work in Progress 2019 \$'000	
Gross	432 321	1 775 497	8 828	36 090	2 252 736
Less: Accumulated depreciation	-	(784 654)	(7 711)	-	(792 365)
Carrying amount at 30 June 2019	432 321	990 843	1 117	36 090	1 460 371
<i>Represented by movements in carrying amount:</i>					
Carrying amount at 1 July 2018*	535 916	890 695	1 301	14 190	1 442 102
Acquisitions (including upgrades)	-	-	46	31 530	31 576
Transfers between classes	-	9 630	-	(9 630)	-
Net revaluation increments/(decrements) in asset revaluation surplus	(4 893)	124 601	-	-	119 708
Net revaluation increments/(decrements) in operating result	(98 702)	-	-	-	(98 702)
Depreciation expense	-	(34 083)	(230)	-	(34 313)
Carrying amount at 30 June 2019	432 321	990 843	1 117	36 090	1 460 371

*Comparatives have changed due to the events disclosed in Note F4.

Department of Employment, Small Business and Training
Notes to the Financial Statements
for the year ended 30 June 2019

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

C3-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT (continued)

	at Fair Value		at Cost		Total 2018 \$'000
	Land 2018 \$'000	Buildings 2018 \$'000	Plant and Equipment 2018 \$'000	Work in Progress 2018 \$'000	
Property, plant and equipment 30 June 2018	535 916	1 481 692	8 839	14 190	2 040 637
Gross	-	(590 997)	(7 538)	-	(598 535)
Less: Accumulated depreciation Carrying amount at 30 June 2018*	535 916	890 695	1 301	14 190	1 442 102
<i>Represented by movements in carrying amount:</i>					
Carrying amount at 1 January 2018	-	-	-	-	-
Acquisitions (including upgrades)	-	5 109	15	7 757	12 881
Transfers in from other Queensland Government entities	531 023	820 156	1 409	6 433	1 359 021
Net revaluation increments/(decrements) in asset revaluation surplus	4 893	78 232	-	-	83 125
Depreciation expense	-	(12 802)	(123)	-	(12 925)
Carrying amount at 30 June 2018*	535 916	890 695	1 301	14 190	1 442 102

*Comparatives have changed due to the events disclosed in Note F4.

Department of Employment, Small Business and Training
Notes to the Financial Statements
for the year ended 30 June 2019

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

C3-2 RECOGNITION AND ACQUISITION

Accounting policy – Recognition

Basis of Capitalisation and Recognition Thresholds

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

Buildings (including land improvements)	\$10 000
Land	\$1
Other	\$ 5 000

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

Expenditure on property, plant and equipment is capitalised where it is probable that the expenditure will produce future service potential for the department. Subsequent expenditure is only added to an asset's carrying amount if it increases the service potential or useful life of that asset. Maintenance expenditure that merely restores original service potential (lost through ordinary wear and tear) is expensed.

Componentisation of complex assets

The department's complex assets are special purpose TAFE buildings.

Complex assets comprise separately identifiable components (or groups of components) of significant value, that require replacement at regular intervals and at different times to other components comprising the complex asset.

On initial recognition, the asset recognition thresholds outlined above apply to the complex asset as a single item. Where the complex asset qualifies for recognition, components are then separately recorded when their value is significant relative to the total cost of the complex asset. Components whose value exceeds 10% of the complex asset's total cost are separately identified as significant value components. Components valued at less than 10% of the complex asset's total are separately recorded only where a material difference in depreciation expense would occur.

When a separately identifiable component (or group of components) of significant value is replaced, the existing component is derecognised. The replacement component is capitalised when it is probable that future economic benefits from the significant component will flow to the department in conjunction with the other components comprising the complex asset and the cost exceeds the asset recognition thresholds specified above. Replacement components that do not meet the asset recognition thresholds for capitalisation are expensed.

Components are separately recorded and valued on the same basis as the asset class to which they relate. The accounting policy for depreciation of complex assets, and estimated useful lives, is disclosed in Note C3-5.

Accounting policy – Cost of acquisition

Historical cost is used for the initial recording of all non-current physical asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the 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 gross carrying amount in the books of the other entity immediately prior to the transfer together with any accumulated depreciation.

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

Where an asset is acquired by means of a finance lease, the asset is recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The lease liability is recognised at the same amount.

C3-3 MEASUREMENT USING HISTORICAL COST

Accounting policy

Plant and equipment is measured at historical cost in accordance with Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector. The carrying amounts for such plant and equipment are assessed as not materially different from their fair value.

Department of Employment, Small Business and Training
Notes to the Financial Statements
for the year ended 30 June 2019

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

C3-4 MEASUREMENT USING FAIR VALUE

Accounting policy

Land and buildings (including residential buildings and land improvements such as sports facilities) are measured at fair value as required by Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation.

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

Fair value for land is determined by establishing its market value by reference to observable prices in an active market or recent market transactions. The fair value of buildings is determined by calculating the current replacement cost of the asset.

Use of specific appraisals

Land and buildings assets are revalued by management each year to ensure that they are reported at fair value. Management's valuations incorporate the results from the independent revaluation program, and the indexation of the assets not subject to independent revaluation each year.

For the purposes of revaluation, the department by 30 June 2020 will have comprehensively revalued materially all land and building assets. This will allow a new rolling program of revaluations to be implemented based on the department's locations.

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.

Use of indices

Where assets have not been specifically appraised in the reporting period, their previous valuations are materially kept up-to-date via the application of relevant indices. The department ensures that the application of these indices results in a valid estimation of the asset's fair value at reporting date. The State Valuation Service (SVS) supplies the indices used for various types of assets. These indices are derived from market information available to SVS. SVS provides assurance of their robustness, validity and appropriateness for application to the relevant assets. The results of interim indexations are compared to the results of the independent revaluation performed in the year to ensure the results are reasonable. This annual process allows management to assess and confirm the relevance and suitability of indices provided by SVS based on the department's own particular circumstances.

Accounting for changes in fair value

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

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

C3-5 DEPRECIATION EXPENSE

Accounting policy

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

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

Key judgement: The estimated useful lives of the assets are reviewed annually and, where necessary, are adjusted to better reflect the pattern of consumption and future service potential of the asset. In reviewing the useful life of each asset, factors such as asset usage and the rate of technical and commercial obsolescence are considered.

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.

It has been determined that the department controls buildings that by their nature require componentisation and the assignment of separate useful lives to their component parts. The three components of these buildings are: a) Fabric; b) Fit-out; and c) Plant. The useful lives for these assets are disclosed in the table below.

Department of Employment, Small Business and Training
Notes to the Financial Statements
for the year ended 30 June 2019

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

C3-5 DEPRECIATION EXPENSE (continued)

Where assets have separately identifiable components that are subject to regular replacement, these are depreciated according to useful lives of each component.

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

Assets under construction (capital work-in-progress) are not depreciated until 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.

For the department's depreciable assets, the estimated amount to be received on disposal at the end of their useful life (residual value) is determined to be zero.

Depreciation rates

Key estimates: For each class of depreciable asset the depreciation rates are based on the following useful lives:

Class	Current useful life (years)
Buildings - Fabric	80
Buildings - Fit Out	25
Buildings - Plant	25
Buildings - Demountable buildings, sheds and covered areas	40
Buildings - Land improvements (including sporting facilities)	15 - 80
Plant and equipment - Computer equipment	5
Plant and equipment - Office equipment	5 - 20
Plant and equipment - Artefacts and curios	50 - 100
Plant and equipment - Plant and machinery	5 - 25
Plant and equipment - Major refurbishments to leasehold administrative buildings	2 - 12
Leased plant and equipment	5 - 10

C3-6 IMPAIRMENT

Accounting policy

All non-current physical 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 under AASB 136 *Impairment of Assets*.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and the asset's value in use.

An impairment loss is recognised immediately in the Statement of Comprehensive Income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so 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.

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C4 INTANGIBLES AND AMORTISATION EXPENSE

C4-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT

Intangibles	Software Purchased:		Software Internally		Other Intangibles:		Software		Total	
	at cost		Generated: at cost		at cost		Work in Progress			
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross	11 158	11 158	13 180	13 180	164	164	-	-	24 502	24 502
Less Accumulated amortisation	(11 158)	(11 158)	(11 924)	(11 395)	(91)	(73)	-	-	(23 173)	(22 626)
Carrying amount at 30 June	-	-	1 256	1 785	73	91	-	-	1 329	1 876
<i>Represented by movements in carrying amount:</i>										
Carrying amount at 1 July 2018	-	-	1 785	-	91	-	-	-	1 876	-
Transfers in from other Queensland Government entities	-	-	-	2 050	-	100	-	272	-	2 422
Transfers between classes	-	-	-	272	-	-	-	(272)	-	-
Amortisation	-	-	(529)	(537)	(18)	(9)	-	-	(547)	(546)
Carrying amount at 30 June 2019	-	-	1 256	1 785	73	91	-	-	1 329	1 876

Department of Employment, Small Business and Training
Notes to the Financial Statements
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C4 INTANGIBLES AND AMORTISATION EXPENSE (continued)

C4-2 RECOGNITION AND MEASUREMENT

Accounting policy

Intangible assets of the department comprise purchased software, internally generated software and right of use facilities.

Intangible assets with a historical cost, or other value, greater than \$100 000 are recognised in the financial statements; items with a lesser value are expensed. Any training costs are expensed as incurred.

It has been determined that there is not an active market for any of the department's intangible assets. As such, the assets are recognised and carried at historical cost less accumulated amortisation and accumulated impairment losses.

C4-3 AMORTISATION EXPENSE

Accounting policy

All intangible assets of the department have finite useful lives and are amortised on a straight-line basis over the intangible's estimated useful life. Straight line amortisation is used reflecting the expected consumption of economic benefits on a progressive basis over the intangible's useful life. The residual value of all the department's intangible assets is zero.

Useful Life

Key Estimate: For each class of intangibles asset the following amortisation rates are used:

Class	Current useful life (years)
Intangibles - Software purchased	7 - 10
Intangibles - Software internally generated	7 - 10
Intangibles - Other (based on contract life)	5 - 25

C4-4 IMPAIRMENT

Accounting policy

Intangible assets are principally assessed for impairment annually by reference to the actual and expected continuing use of the asset by the department, including discontinuing the use of software or other intangible assets.

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.

C5 PAYABLES

	2019 \$'000	2018 \$'000
Current		
Trade creditors	8 691	33 292
Capital creditors	13 625	3 021
Fringe benefit tax and other taxes	35	35
Grants and subsidies payable	74 108	53 176
Deferred appropriation payable to Consolidated Fund	6 425	33 256
Equity payable to Consolidated Fund	11 711	-
Total	114 595	122 780

Accounting policy - Payables

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

Department of Employment, Small Business and Training
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C6 INTEREST BEARING LIABILITIES

	2019 \$'000	2018 \$'000
Current:		
Finance liability - SETP	3 250	2 923
Total	3 250	2 923
Non-Current:		
Finance liability - SETP	209 613	212 863
Total	209 613	212 863

Accounting policy – Finance liabilities

Finance liabilities are initially recognised at fair value, plus any transaction costs directly attributable to the liability, then subsequently held at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of a financial liability to the amortised cost of the liability.

The fair value of finance liability are subsequently measured at amortised cost is set out in Note D1-3.

Any finance liability costs are added to the carrying amount of the finance liability to the extent they are not settled in the period in which they arise. Finance liabilities are split between current and non-current liabilities using the principles set out in the foreword and preparation information section of this financial report.

The department does not enter into transactions for speculative purposes, nor for hedging. No financial liabilities are measured at fair value through profit or loss.

C6-1 BORROWINGS

Undrawn facilities

On 11 May 2018, an overdraft facility with the QTC was approved on the department's main bank account. This facility is limited to \$40 million and remains in effect permanently. This facility remained fully undrawn at 30 June 2019 and is available for use in the next reporting period. The current overdraft interest rate is 4.50% (2018: 5%).

C6-2 FINANCE LIABILITY

Finance terms and conditions

The finance liability of the department relates to the PPPI Arrangement - Southbank Education and Training Precinct (SETP) for a term of 34 years. The nature of the PPPI Arrangement – has been reassessed under AASB 117 *Leases* and it has been concluded this arrangement is not a lease arrangement, but more in the nature of financing to construct and maintain the SETP. There have been no defaults or breaches of the liability agreement during the 2019 or 2018 financial years. Refer to Note F3 for details of the agreement.

Interest rates

Interest on finance liabilities are recognised as an expense as it accrues on the outstanding liability. No interest has been capitalised during the current or comparative reporting period.

The implicit interest rate for the finance liability is 10.64% (2018 10.64%).

Security

No security is held over the finance liability, however contractual agreement sets out risk and impacts to the department in event of default. Refer to Note F3 for details.

Department of Employment, Small Business and Training
Notes to the Financial Statements
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C6 INTEREST BEARING LIABILITIES (continued)

C6-3 DISCLOSURE ABOUT SENSITIVITY TO INTEREST RATE MOVEMENTS

Interest rate sensitivity analysis evaluates the outcome on profit or loss if interest rates would change by +/- 1 per cent from the year-end rates applicable to the department's financial assets and liabilities. With all other variables held constant, the department would have a surplus and equity increase/ (decrease) of \$2.433 million (2018 \$2.374 million).

C7 PROVISIONS

	2019 \$'000	2018 \$'000
Current:		
Training Services	50 462	33 680
Total	50 462	33 680

Accounting Policy – Provisions

Provisions are recorded when the department has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period.

Key estimates and judgements – Provisions

The department enters into contractual arrangements with registered training organisations to deliver vocational education and training in Queensland. Since the introduction of the contestable market in 2014, the number of training providers accessing government funding has grown significantly. The valuation is based on the number of students enrolled in a competency at the end of the financial year but not yet completed. The value for 2018-19 has been calculated using 50% of the value of the enrolments not completed less the most current historical withdrawn without participation rate.

Department of Employment, Small Business and Training
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C8 EQUITY

C8-1 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 for equity adjustments is recognised as contributed equity by the department during the reporting and comparative year.

C8-2 APPROPRIATIONS RECOGNISED IN EQUITY

Reconciliation of payments from consolidated fund to equity adjustment

	2019	2018
	\$'000	\$'000
Budgeted equity adjustment appropriation	32 568	-
Transfers from/to other departments - Redistribution of public business	-	3 958
Lapsed equity adjustment	(20 688)	(2 708)
Equity adjustment receipts (payments)	11 880	1 250
Less: Closing balance equity adjustment payable	(11 711)	-
Equity adjustment recognised in Contributed Equity	169	1 250

C8-3 ASSET REVALUATION SURPLUS BY ASSET CLASS

Accounting Policy

The asset revaluation surplus represents the net effect of upwards and downwards revaluations of assets to fair value.

	Land	Buildings	Total
	\$'000	\$'000	\$'000
Balance at 1 January 2018	-	-	-
Revaluation increments	4 893	78 232	83 125
	4 893	78 232	83 125
Balance at 30 June 2018 (restated - refer Note F4)	4 893	78 232	83 125

	Land	Buildings	Total
	\$'000	\$'000	\$'000
Balance at 1 July 2018	4 893	78 232	83 125
Revaluation increments	45 103	219 269	264 372
Revaluation decrements	(148 698)	(94 668)	(243 366)
Recognised in other comprehensive income ¹	98 702	-	98 702
Balance at 30 June 2019	-	202 833	202 833

(1) As a result of revaluation in the 2018-19 financial year, a net decrease has been recognised in the comprehensive income of the department. Refer to Note C3-1.

Department of Employment, Small Business and Training
Notes to the Financial Statements
for the year ended 30 June 2019

SECTION 4
NOTES ABOUT RISK AND OTHER ACCOUNTING UNCERTAINTIES

D1 FAIR VALUE MEASUREMENT

D1-1 ACCOUNTING POLICIES AND INPUTS FOR FAIR VALUES

Fair Value Measure

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 characteristics of the assets/liabilities being valued. Significant unobservable data takes account of the characteristics of the department assets/liabilities, and includes 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 in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Fair Value Measurement Hierarchy

All assets and liabilities of the department for which fair value is measured or disclosed in the financial statements are categorised with 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 in 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.

D1-2 BASIS FOR FAIR VALUES OF ASSETS AND LIABILITIES

Land

Effective Date of Last Specific Appraisal: 30 June 2019 by State Valuation Services

Valuation Approach: Market-based assessment. Fair Value Hierarchy Level 2.

Inputs: Determining the fair value of land involved physical inspection and reference to publicly available data on recent sales of similar land in nearby localities in accordance with Industry standards.

Current Year Valuation Activity: Approximately one third of the department's land was independently valued. In determining the values, adjustments were made to the sales data to take into account the location of the department's land, its size, street/road frontage and access, and any significant restrictions. The extent of the adjustments made varies in significance for each parcel of land. The remaining two-thirds of the land assets, have been indexed to ensure that values reflect fair value as at reporting date. State Valuation Service provided indices for each of these sites based on recent market transactions for local land sales. These indices increased the value of land by 1.55% and these have been applied.

Department of Employment, Small Business and Training
Notes to the Financial Statements
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D1 FAIR VALUE MEASUREMENT (continued)

D1-2 BASIS FOR FAIR VALUES OF ASSETS AND LIABILITIES (continued)

Buildings

Effective Date of Last Specific Appraisal: 30 June 2019 by State Valuation Services

Valuation Approach: All purpose-built facilities are valued at current replacement cost, as there is no active market for these facilities.

Inputs: State Valuation Services conducted physical inspections and applied construction costs based on recent tenders for typical specialised buildings supported by specialised Quantity Surveyor information. Fair Value Hierarchy Level 3.

Current Year Valuation Activity: Approximately two-thirds of the department's buildings were independently valued. The current replacement cost was based on standard training facilities and specialised fit-out constructed by the department, adjusted for more contemporary design/construction approaches. Significant judgement was also used to assess the remaining service potential of these facilities, including the current physical condition of each facility.

The remaining third were indexed using the Building Price Index provided by GRC Quantity Surveyors. The change in the Building Price Index (June 2018 to June 2019) was a 3.02% increase. State Valuation Service have certified that the Building Price Index is the most appropriate measure for reflecting price changes in the department's buildings in the years when an independent valuation is not undertaken. Management is of the opinion that the continuing investment in general and specific priority maintenance would prevent any abnormal deterioration in asset values in the period between independent valuations.

D1-3 FAIR VALUE DISCLOSURES FOR FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

The fair value of payables is assumed to approximate the value of the original transaction.

Finance liabilities relate to the Southbank Education and Training Precinct (refer to Note F3) and the fair value of the liability is calculated using discounted cash flow analysis and the effective interest rate and is disclosed below:

	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
Finance liabilities at amortised cost:				
Finance liability	212 863	176 675	215 786	147 835
Total	212 863	176 675	215 786	147 835

Department of Employment, Small Business and Training
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D2 FINANCIAL RISK DISCLOSURES

D2-1 FINANCIAL INSTRUMENT CATEGORIES

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

	Note	2019 \$'000	2018 \$'000
Financial assets			
Cash and cash equivalents	C1	243 296	237 394
Financial assets at amortised cost:			
<i>Receivables</i>	C2	9 271	4 189
Total financial assets		252 567	241 583
Financial liabilities			
Financial liabilities measured at amortised cost:			
<i>Payables</i>	C5	114 595	122 780
<i>Finance liability</i>	C6	212 863	215 786
Total financial liabilities at amortised cost		327 458	338 566

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

D2-2 FINANCIAL RISK MANAGEMENT

Risk Exposure

Financial risk management is implemented pursuant to Government policy and seeks to minimise potential adverse effects on the financial performance of the department.

The department's activities expose it to a variety of financial risks as set out in the following table:

Risk Exposure	Definition	Exposure
Credit Risk	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 is in respect of its receivables (Note C2).
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 payables (Note C5) and finance liability (Note C6).
Market Risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Interest rate risk 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 does not trade in foreign currency and is not materially exposed to commodity price changes. The department is exposed to interest rate risk through its finance liability (Note C6).

Department of Employment, Small Business and Training
Notes to the Financial Statements
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D2 FINANCIAL RISK DISCLOSURES (continued)

D2-2 FINANCIAL RISK MANAGEMENT (continued)

Risk Measurement and Management Strategies

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

Risk Exposure	Measurement Method	Risk Management Strategies
Credit Risk	Ageing analysis	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.
Liquidity Risk	Sensitivity analysis	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 the department has minimum but sufficient funds available to meet employee and supplier obligations as they fall due.
Market Risk	Interest rate sensitivity analysis	The department does not undertake any hedging in relation to interest risk and manages its risk as per the liquidity risk management strategy articulated in the department's Financial Management Practices Manual.

D2-3 CREDIT RISK DISCLOSURES

Credit risk management practices

The departments considers financial assets that are over 30 days past due to have significantly increased credit risk, and measures the loss allowance of such assets at lifetime expected credit losses instead of 12 month expected credit losses. The exception is trade receivables (Note C2), for which the loss allowance is always measured at lifetime expected credit losses.

All financial assets with counterparties are considered to have low credit risk. This includes receivables from other Queensland Government agencies and Australian Government agencies. The department assumes that credit risk has not increased significantly for these low credit risk assets.

The department typically considers a financial asset to be in default when it becomes 120 days past due. However, a financial asset can be in default before that point if information indicates that the department is unlikely to receive the outstanding amount in full. The department's assessment of default does not take into account any collateral or other credit enhancements.

The department's write off policy is disclosed in Note C2-1

Credit risk exposure

Credit risk exposure relating to receivables is disclosed in Note C2-1.

Department of Employment, Small Business and Training
Notes to the Financial Statements
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D2 FINANCIAL RISK DISCLOSURES (continued)

D2-4 LIQUIDITY RISK – CONTRACTUAL MATURITY OF FINANCIAL LIABILITIES

The following table sets out the liquidity risk of financial liabilities held by the department. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date. The undiscounted cash flows in this table differ from the amounts included in the statement of financial position that are based on discounted cash flows.

	2 019	Contractual Maturity		
	Total \$'000	<1 year \$'000	1 - 5 years \$'000	> 5 years \$'000
Financial Liabilities				
Payables	114 595	114 595	-	-
Finance liability	566 343	28 317	113 269	424 757
Total	680 938	142 912	113 269	424 757
	2 018	Contractual Maturity		
	Total \$'000	<1 year \$'000	1 - 5 years \$'000	> 5 years \$'000
Financial Liabilities				
Payables	122 780	122 780	-	-
Finance liability	594 660	28 317	113 269	453 074
Total	717 440	151 097	113 269	453 074

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D3 CONTINGENCIES

Litigation in Progress

At 30 June 2019, there were no cases filed in the courts naming the State of Queensland acting through the Department of Employment, Small Business and Training as defendant.

The maximum exposure of the department under policies held with the Queensland Government Insurance Fund is \$10 000 for each insurable event.

There are currently no cases of general liability and WorkCover common law claims being managed by the department.

Financial Guarantees and Associated Credit Risks

The department paid a total of \$10.65 million to the Construction Industry Skills Centre Pty Ltd (CISC) between 1994 -1998. The amount is only recoverable in circumstances contingent upon the winding up of CISC and the related trust. The department and the Queensland Training Construction Fund (QTCF) (a trust) are equal shareholders (\$1 share each) in CISC and founders of the fund.

Native Title Claims over Departmental Land

Native title claims may have the potential to impact upon properties of the department. A number of departmental properties are occupied under a "reserve" tenure, validly created prior to 23 December 1996, and therefore any development undertaken in accordance with gazetted purposes should minimise the potential of native title claims.

At 30 June 2019, one native title claim has been received in respect of departmental land covering a total area eleven (11) hectares in the North Coast region. The land has a carrying amount of \$1.43 million. At reporting date, it is not possible to make an estimate of any probable outcome of these claims, or any financial effects.

D4 COMMITMENTS

Non-cancellable operating lease commitments

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

	2019 \$'000	2018 \$'000
Not later than one year	3 868	143
Later than one and not later than five years	20 847	-
Later than five years	9 522	-
Total non-cancellable operating lease commitments	34 237	143

Operating leases are entered into as a means of acquiring access to office accommodation and storage facilities. Lease payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined.

No renewal or purchase options exist in relation to operating leases and no operating leases contain restrictions on financing or other leasing activities.

Capital expenditure commitments

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

	2019 \$'000	2018 \$'000
Buildings		
Not later than one year	12 608	6 066
Total Capital expenditure commitments - Buildings	12 608	6 066

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D4 COMMITMENTS (continued)

Grant commitments

Commitments for grants at reporting date are payable:

	2019	2018
	\$'000	\$'000
Not later than one year	30 443	22 031
Later than one and not later than five years	1 875	102
Total Grant commitments	32 318	22 133

Other commitments (Public Private Partnership, Priority Purchasing Program and other)

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

	2019	2018
	\$'000	\$'000
Not later than one year	20 334	15 932
Later than one and not later than five years	85 143	80 844
Later than five years	418 165	448 691
Total Other commitments	523 642	545 467

Fixed operating costs for Public Provision of Private Infrastructure for Southbank Education and Training Precinct – Axiom, have been included in the estimates of “Other commitments” (refer also to Note F3).

D5 EVENTS AFTER THE BALANCE DATE

No events after the balance date have occurred for the department.

Department of Employment, Small Business and Training
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D6 FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE

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

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

The transition date for both AASB 15 and AASB 1058 is 1 July 2019. Consequently, these standards will first apply to the department when preparing the financial statements for 2019-20. The department has reviewed the impact of AASB 15 and AASB 1058 and identified the following impacts (or estimated impact where indicated) of adopting the new standards:

Special Purpose Capital Grants

Under AASB 1058, special purpose 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.

The department has not received grants of this nature at 30 June 2019.

Capital Appropriation Funding

Amounts for capital works received by the department via equity appropriation from Queensland Treasury will continue to be recognised on receipt of the appropriation. There is no impact on unearned revenue or revenue recognition for these amounts.

Deferred Grant Revenue

All grants of the department are expected to be recognised on receipt under AASB 1058.

Sale of Goods

The department expects no change to revenue recognition from the sale of goods comprising of application fees for documentation as the delivery of the goods to the customer represents the sole performance obligation.

The department does not currently have any revenue contracts with a material impact for the period after 1 July 2019, and will monitor the impact of any such contracts subsequently entered into before the new standards take effect.

Sale of Services

The department expects no change to revenue recognition from the hire of training facilities. The department invoices for the monthly or annually rental amounts and there is no performance obligation on behalf of the department other than the maintenance of the facilities.

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

Under AASB 16, the majority of operating leases (as defined by the current AASB 117 and shown at Note D4) will be reported on the statement of financial position as right-of-use assets and lease liabilities.

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. In accordance with Queensland Treasury's policy, the department will apply the 'cumulative approach', and will 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.

Department of Employment, Small Business and Training
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D6 FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE (continued)

Outcome of review as lessee

The department has completed its review of the impact of adoption of AASB 16 on the statement of financial position and statement of comprehensive income and has identified the following major impacts which are outlined below.

During the 2018-19 financial year, the department held operating leases under AASB 117 from the Department of Housing and Public Works (DHPW) for non-specialised, commercial office accommodation through the Queensland Government Accommodation Office (QGAO) and residential accommodation through the Government Employee Housing (GEH) program. Lease payments under these arrangements totalled \$5.04 million per annum. The department has been advised by Queensland Treasury and DHPW that, effective 1 July 2019, amendments to the framework agreements that govern QGAO and GEH will result in the above arrangements being exempt from lease accounting under AASB 16. This is due to DHPW having substantive substitution rights over the non-specialised, commercial office accommodation and residential premises assets used within these arrangements. From 2019-20 onwards, costs for these services will continue to be expensed as supplies and services expense when incurred.

The department has also been advised by Queensland Treasury and DHPW that, effective 1 July 2019, motor vehicles provided under DHPW's QFleet program will be exempt from lease accounting under AASB 16. This is due to DHPW holding substantive substitution rights for vehicles provided under the scheme. From 2019-20 onward, costs for these services will continue to be expensed as supplies and services expense when incurred. Existing QFleet leases were not previously included as part of non-cancellable operating lease commitments.

The department estimates there will be no impact on the statement of financial position and statement of comprehensive income on transition to AASB 16.

Impact for Lessors

Lessor accounting under AASB 16 remains largely unchanged from AASB 117. For finance leases, the lessor recognises a receivable equal to the net investment in the lease. Lease receipts from operating leases are recognised as income either on a straight-line basis or another systematic basis where appropriate.

AASB 1059 Service Concession Arrangements: Grantors

AASB 1059 will first apply to departmental financial statements in 2020-21. This standard defines service concession arrangements and applies a new control concept to the recognition of service concession assets and related liabilities.

Initial analysis on the department's contractual arrangement with Axiom Education Queensland Pty Ltd for the design, construction, maintenance and finance agreement of the Southbank Education and Training Precinct (refer Note F3), indicate that this arrangement does not meet the criteria for a service concession arrangement as defined by this standard.

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

All other Australian Accounting Standards and Interpretations with future commencement dates are either not applicable to the department's activities, or have no material impact on the department.

Department of Employment, Small Business and Training
Notes to the Financial Statements
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SECTION 5
NOTES ABOUT OUR PERFORMANCE COMPARED TO BUDGET

E1 BUDGETARY REPORTING DISCLOSURES

This section contains explanations of major variances between the department's actual 2018-19 financial result and the original budget presented to Parliament.

E1-1 EXPLANATION OF MAJOR VARIANCES – STATEMENT OF COMPREHENSIVE INCOME

<i>Other revenue</i>	The increase in Other revenue relates to higher than anticipated grant expenditure recoveries.
<i>Depreciation and amortisation</i>	The increase is due to the effect of the 2017-18 revaluation program, with asset values increasing and adjustments to useful lives impacting on annual depreciation expense.
<i>Other expenses</i>	The variance is due to unanticipated and unbudgeted \$6.4 million deferred appropriation to the Consolidated Fund for various departmental programs.
<i>Revaluation decrement</i>	The variance arises from an unanticipated and unbudgeted revaluation decrement during the year for the department's land assets.

E1-2 EXPLANATION OF MAJOR VARIANCES – STATEMENT OF FINANCIAL POSITION

<i>Cash and cash equivalents</i>	The increase in cash mainly relates to increase in various payables associated with capital creditors, the training services provision (see Provisions variance note) and grants payable with registered training providers at year end.
<i>Property, plant and equipment</i>	The increase is due to the effect of the 2017-18 and 2018-19 revaluation programs, investment in the Training and Skills capital program adjusted for annual depreciation.
<i>Payables</i>	The increase is due to various payables associated with capital creditors and grants to registered training providers.
<i>Accrued employee benefits</i>	The increase is due to higher than anticipated accrued salaries and wages, annual leave and long service leave liabilities at year end.
<i>Provisions</i>	The increase is due to the demand driven nature of training services, with more than expected student enrolments that have a planned completion after 30 June 2019 reported by registered training organisations, refer to Note C7.

E1-3 EXPLANATION OF MAJOR VARIANCES – STATEMENT OF CASH FLOWS

<i>User charges and fees</i>	The movement mainly relates to the nature of the facility hire arrangements at State training facilities.
<i>Other Inflows</i>	Refer to Other revenue variance note.
<i>PPE outflow and Equity injections</i>	The decrease mainly relates to revised project schedules for the Pimlico and Toowoomba capital projects with \$10 million of funding moving to the 2019-20 year.
<i>Equity withdrawals</i>	The increase relates to increased depreciation as per the Depreciation and amortisation variance note and as a result an increase in equity withdrawals to the consolidated fund.

Department of Employment, Small Business and Training
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**SECTION 6
OTHER INFORMATION**

F1 KEY MANAGEMENT PERSONNEL REMUNERATION

Details of Key Management Personnel (KMP)

The department's responsible Minister is identified as part of the department's KMP, consistent with additional guidance included in the revised version of AASB 124 *Related Party Disclosures*. The Minister is the Honourable Shannon Fentiman MP, Minister for Employment and Small Business and Minister for Training and Skills Development

The following details for non- Ministerial KMP personnel includes those positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2018-19 and 2017-18. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Position Responsibility
Director-General	Supports the Minister in the delivery on the government's commitment to creating jobs for Queenslanders and supporting local businesses to reach their full potential.
Deputy Director-General, Engagement ¹	Strategic oversight for leading and influencing initiatives and programs at a whole-of-government level to support new, existing and renewed engagement, customer experience, service delivery and innovation for small business, training and employment outcomes across Queensland.
Deputy Director-General, Investment ¹	Strategic oversight for leading the development of training infrastructure strategy and delivery, program design, compliance and program delivery, and contract management for a range of employment, small business and training programs.
Deputy Director-General, Strategy ¹	Strategic oversight for development of employment, small business and training related strategy, strategic policy and data insights by driving collaborative and innovative outcomes through others to achieve the department's strategic imperatives.
Deputy Director-General, Employment	Strategic oversight for increasing employment opportunities for Queenslanders, in particular disadvantaged cohorts. Also leads both policy and strategic engagement activities, as well as the delivery of key Government employment programs. The service area also has responsibility for business and skilled migration policy, in consultation with Business and Skilled Migration Queensland.
Deputy Director-General, Small Business	Strategic oversight for the efficient, effective and economic administration of the small business responsibilities for the department including the products and services that are delivered to small business.
Deputy Director-General, Training and Skills	Strategic oversight for improving the skills profile of Queensland through delivery of a diverse and inclusive vocational education and training investment program that delivers on industry skills demands of today and the future, and supports publicly funded training providers to deliver high quality training.
Head of Corporate Services ²	Strategic leadership for the department's corporate procurement, finance, human resources, information technologies, and facilities management functions and the provision of strategic financial advice to the department's Executive.

- (1) Transition date for new teams for the oneDESBT structure was 6 December 2018 with a change to Deputy Director-General titles. DDG, Employment transitioning to DDG, Strategy; DDG, Small Business transitioning to DDG, Engagement; DDG, Training and Skills transitioning to DDG, Investment.
- (2) Head of Corporate Services position no longer incorporates the Chief Finance Officer role, effective as at 5 November 2018.

Key Management Personnel Remuneration Policies

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

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

Department of Employment, Small Business and Training
Notes to the Financial Statements
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F1 KEY MANAGEMENT PERSONNEL REMUNERATION (continued)

Key Management Personnel Remuneration Policies (continued)

Remuneration expenses for those key management personnel comprise the following components:

Short term employee expenses which include:

- salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied the specified position (including any higher duties or allowances earned during that time); and
- non-monetary benefits – consisting of provision of vehicle and car parking together with fringe benefits tax applicable to the benefit.

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

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

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

Key Management Personnel Remuneration Expenses

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

2018-19

Position (date resigned if applicable)	Short Term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses	Non-Monetary Benefits	\$'000	\$'000	\$'000	\$'000
	\$'000	\$'000				
Director-General (to 15/09/2018) (from 10/02/2019)	192	4	4	25	-	225
Director-General (Acting) ¹ 16/09/2018 to 09/02/2019	132	3	3	13	-	151
Deputy Director-General, Engagement ² (Acting) from 29/01/2019	117	3	2	13	-	135
Deputy Director-General, Engagement ² (Acting) 23/07/2019 - 28/01/2019	117	3	2	11	-	133
Deputy Director-General, Investment ² (Acting) from 07/05/2019	38	1	1	4	-	44
Deputy Director-General, Investment ² to 24/05/2019	247	6	5	26	68	352
Deputy Director-General, Strategy ^{1 2} (Acting) from 18/03/2019	43	2	1	8	-	54
Deputy Director-General, Strategy ² (Acting) to 15/12/2019	127	3	2	12	-	144
Head of Corporate Services ³	207	8	4	20	-	239

(1) The current Acting DDG, Strategy was in the role of Acting DG from 16/09/2018 to 9/02/2019.

(2) Transition date for new teams for the oneDESBT structure was 6 December 2018 with a change to Deputy Director-General titles. DDG, Employment transitioning to DDG Strategy; DDG Small Business transitioning to DDG, Engagement; DDG Training and Skills transitioning to DDG, Investment.

(3) Head of Corporate Services no longer holds the role of Chief Finance Officer (CFO) for the department.

Department of Employment, Small Business and Training
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F1 KEY MANAGEMENT PERSONNEL REMUNERATION (continued)

Key Management Personnel Remuneration Expenses (continued)

2017-18

Position (date resigned if applicable)	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 ¹	163	1	3	14	-	181
Director-General (Acting) 1/1/2018 to 28/1/2018	28	-	1	2	-	31
Deputy Director-General, Employment ¹	117	4	2	12	-	135
Deputy Director-General, Small Business ¹	116	4	2	12	-	134
Deputy Director-General, Training and Skills ¹	130	4	3	14	-	151
Head of Corporate and Chief Finance Officer	93	3	2	10	-	108

(1) Remuneration for these KMPs for the period 13 December 2017 to 31 December 2017 have been reported within the financial statements of the transferring departments.

Performance Payments

Key Management Personnel do not receive performance or bonus payments.

Department of Employment, Small Business and Training
Notes to the Financial Statements
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F2 RELATED PARTY TRANSACTIONS

Transactions with people/ entities related to KMP

The department had no related party transactions during 2018-19 with people and entities related to Key Management Personnel.

Transactions with other Queensland Government-controlled entities

The department's primary ongoing sources of funding from Government for its services are appropriation revenue (Note B1-1) and equity injections (C8-1 and C8-2), both of which are provided in cash via Queensland Treasury.

Note A3 outlines transfers of assets and liabilities arising from a machinery-of-government change during 2017-18.

Grants provided by the department to other State government entities was approximately 39%, with the majority paid to TAFE Queensland being for the state contribution grant and delivery of VET programs.

Department of Employment, Small Business and Training
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F3 PRIVATE PROVISION OF PUBLIC INFRASTRUCTURE ARRANGEMENT

F3-1 Accounting policy

There is currently no Australian Accounting Standard that specifically addresses the accounting treatment to be adopted by grantors for capital costs incurred under a public private partnership arrangement. Additional disclosures are included for each individual arrangement in accordance with AASB Interpretation 129 *Service Concession Arrangements: Disclosures* and Queensland Treasury's financial reporting requirements under FRR 5D – *Service Concession Arrangements*. Refer Note D6 for an assessment of the impact of accounting standards not yet effective.

F3-2 Private Provision of Public Infrastructure (PPPI) Agreement

The PPPI within the table below is a social infrastructure arrangement whereby the department pays for the third party use of the infrastructure asset through regular service payments to respective partners over the life of the contract.

The land and buildings are owned by the department and are recognised as Property Plant and Equipment (PPE). The Southbank Education and Training Precinct (SETP) buildings are depreciated in accordance with the department's policy for the PPE Buildings' asset class, refer Note C3.

The department recognises the future payments for the construction of the buildings as a financial liability. The monthly service payments are split between the capital component to affect the systematic write down of the liability over the term of the agreement, and the financing component which will be recognised as an expense when incurred. Other components such as facilities management, maintenance, and insurance will be expensed when incurred and are reflected Note D4 as a commitment.

PPPI Arrangement	Southbank Education and Training Precinct (SETP) – Axiom – Public Private Partnership
Entered Into Contract	April 2005
Partner	Axiom Education Queensland Pty Ltd
Agreement Type	Design, construct, maintain, and finance SETP
Agreement Period	34 years
Financing	Finance during the design and construction phases was provided by JEM (Southbank) Pty Ltd.
Arrangement	The department will pay abatable and undissected service payments to Axiom for the operation, maintenance, and provision of the precinct. Axiom is granted the right to enter and operate on the site, and is required to maintain the facilities to a high standard.
Construction Commencement	July 2005
Construction Completed	31 October 2008
Variable Costs	No variable costs for the life of the contract.

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F3 PRIVATE PROVISION OF PUBLIC INFRASTRUCTURE ARRANGEMENT (continued)

F3-3 Private Provision of Public Infrastructure – Cash Flow

The below estimated cash flow is in respect of the specified income and payments required under the contractual agreement for Southbank Education and Training Precinct - Axiom.

	2019	2018
	\$'000	\$'000
Estimated cash flows - Fixed costs		
Outflows		
Not later than 1 year	(45 450)	(40 579)
Later than 1 year but not later than 5 years	(179 029)	(167 251)
Later than 5 years but not later than 10 years	(239 832)	(221 736)
Later than 10 years	(434 741)	(383 865)
Estimated net cash flow - Fixed costs	(899 052)	(813 431)
Estimated cash flows - Variable Costs		
Inflows		
Not later than 1 year	16 036	15 502
Later than 1 year but not later than 5 years	65 732	61 323
Later than 5 years but not later than 10 years	87 490	76 561
Later than 10 years	195 826	171 649
Estimated net cash flow - Variable Costs	365 084	325 035
Total Estimated Net Cashflow	(533 968)	(488 396)

Disclosure about Private Provision of Public Infrastructure Arrangement Cash Flows

Fixed costs are based on a risk free rate of 1.38 per cent (2018: 2.70 per cent).

Southbank Education and Training Precinct PPP have no variable costs associated with the contractual agreement.

Department of Employment, Small Business and Training
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F3 PRIVATE PROVISION OF PUBLIC INFRASTRUCTURE ARRANGEMENT (continued)

F3-4 Risks during the Concession Period

During the concession period, the department will carry the following risks and rewards, which include:

Risks	Impact to the department
Site risks	Axiom have accepted site risk including existing structures with the exception of non-identified pre-existing contamination. Where non-identified pre-existing contamination is discovered investigation and remediation costs will be shared on an equal basis between PPPI party and the State.
Performance design, construction and commissioning risks (performance specification adequately describing the department's requirements and changes to performance specifications)	The department has defined its performance specifications. The department is exposed to the risk that these performance specifications fail to meet current or future requirements, however processes are in place to monitor performance and identify any issues as early as possible to minimise exposure.
Operating/maintenance risks (network and interface and changes to performance specification)	The department has specified the level of operating and maintenance performance which is linked to an abatement regime and key performance indicators. The department is exposed to the risk that operating/maintenance performance specifications fail to meet current or future requirements, however processes will be instituted to monitor performance and identify any issues as early as possible to minimise exposure.
Sponsor and financial risks	The department has entered into a fixed contract with Axiom, subject to CPI and market rates. The department is exposed to the risk that the Consortium fails to comply with the requirements of the Deed and/or fails to be a going concern. In this event the department is exposed to the risk of replacing the consortium with suitable operators to continue providing infrastructure financing, capital, maintenance and operating requirements. The department has monitoring processes in place to identify any issues as early as possible to minimise exposure.
Early termination	Should the department wish to terminate the Deed, it is expected that the department would be required to pay Consortiums compensation; however any compensation payable would be a key variable in the consideration of any decision to terminate the contracts prior to their planned completion.
Market value risk	At the end of the concession period the facilities will be handed back to the department at no additional cost. The department will receive the benefit of the receipt of the fair value of the infrastructure and any associated assets.
Rehabilitation risk	At the end of the concession period the department will be responsible for the removal of any future contamination of the sites and other ancillary land and will also be responsible for the future removal of infrastructure and any site rehabilitation. On-going monitoring of the sites is within the department's plans for managing the contract to ensure that any rehabilitation requirements are promptly identified and costs are minimised.

Department of Employment, Small Business and Training
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F4 PRIOR PERIOD ERRORS AND ADJUSTMENTS

The department reviewed the classification and values of the Southbank Education and Training Precinct (SETP) assets that were transferred from the Department of Education on 1 January 2018 as a machinery-of-Government change. This assessment resulted in a number of adjustments to the comparative numbers reported in the 2017-18 financial statements. The line items affected are as follows:

Financial statement line items affected	2017-18		
	Published financial statements	Correction of error	Restated actuals
	\$'000	\$'000	\$'000
Statement of financial position			
Leased assets - at fair value	296 074	(296 074)	-
Accumulated depreciation - leased assets	(47 259)	47 259	-
<i>Total leased assets</i>	<u>248 815</u>	<u>(248 815)</u>	<u>-</u>
Buildings - at fair value	1 249 046	232 646	1 481 692
Accumulated depreciation - buildings	(555 298)	(35 699)	(590 997)
<i>Total buildings</i>	<u>693 748</u>	<u>196 947</u>	<u>890 695</u>
Plant and equipment - at cost	752	8 087	8 839
Accumulated depreciation - plant and equipment	(591)	(6 947)	(7 538)
<i>Total plant and equipment</i>	<u>161</u>	<u>1 140</u>	<u>1 301</u>
<i>Total property, plant and equipment</i>	<u>1 492 830</u>	<u>(50 728)</u>	<u>1 442 102</u>
<i>Total non-current assets</i>	<u>1 494 706</u>	<u>(50 728)</u>	<u>1 443 978</u>
<i>Total assets</i>	<u>1 736 987</u>	<u>(50 728)</u>	<u>1 686 259</u>
Contributed equity	1 277 163	(47 551)	1 229 612
Revaluation surplus - leased assets	9 964	(9 964)	-
Revaluation surplus - buildings	70 357	7 875	78 232
<i>Total asset revaluation surplus</i>	<u>85 214</u>	<u>(2 089)</u>	<u>83 125</u>
<i>Total equity</i>	<u>1 363 410</u>	<u>(50 728)</u>	<u>1 312 682</u>
Statement of comprehensive income			
Depreciation and amortisation	12 380	1 088	13 468
<i>Total expenses from continuing operations</i>	<u>577 500</u>	<u>1 088</u>	<u>578 588</u>
<i>Operating result for the year</i>	<u>1 033</u>	<u>(1 088)</u>	<u>(55)</u>
Increase/(decrease) in asset revaluation surplus	85 214	(2 089)	83 125
<i>Total comprehensive income</i>	<u>86 247</u>	<u>(3 177)</u>	<u>83 070</u>

Reclassification of Leased Assets

The department has a Private Provision of Public Infrastructure (PPPI) arrangement for the construction and maintenance of the SETP. The department reviewed the accounting treatment of the arrangement as part of assessing the impact of the new Accounting Standards AASB 16 Leases and AASB 1059 Service Concession Arrangements: Grantors.

It was concluded that the arrangement from its inception was not a lease but a financed construction of Property Plant and Equipment (PPE) with a service outsourcing contract. The non-current assets previously classified as Leased Assets have been reclassified to the Building and Plant and Equipment PPE classes. The PPPI liability has been reclassified from a 'Finance Lease Liability' to a 'Finance Liability'.

Restatement of transfer-in values as at 1 January 2018

As part of the specific appraisal of SETP land, leased assets, and building class assets in 2018-19 the department worked with the Department of Education to compare the results to the last specific appraisal completed in 2014-15. This identified variances in the application of the valuer's advised gross values of five buildings. The department estimates that as a result of these variances, the Leased Assets net book value that was transferred into the department was overstated by \$47.551 million.

Department of Employment, Small Business and Training
Notes to the Financial Statements
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F4 PRIOR PERIOD ERRORS AND ADJUSTMENTS (continued)

Adjustments to revaluation increments and depreciation expense for the period ending 30 June 2018

The valuation increment recognised on SETP assets at 30 June 2018 was reduced to reflect the reduced net book value of assets transferred into the department. This resulted in a reduction to PPE and the Buildings Asset Revaluation Surplus of \$2.089 million.

The depreciation for the period ending 30 June 2018 was recalculated in accordance with the department's policy for the PPE Buildings asset class, refer Note C3. This resulted in an increase in depreciation expense for the period ending 30 June 2018 of \$1.088 million.

F5 FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS OR CHANGE IN POLICY

Changes in accounting policies – AASB 9 Financial Instruments

The department applied AASB 9 *Financial Instruments* for the first time in 2018-19. Comparative information for 2017-18 has not been restated and continue to be reported under AASB 139 *Financial Instruments: Recognition and Measurement*. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

Classification and measurement

Under AASB 9, debt instruments are categorised into one of three measurement bases – amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification is based on two criteria:

- whether the financial asset's contractual cash flows represent 'solely payments of principal and interest', and
- the department's business model for managing the assets.

The department's debt instruments comprise of receivables disclosed in Note C2. They were classified as Receivables as at 30 June 2018 (under AASB 139) and were measured at amortised cost. These receivables are held for collection of contractual cash flows that are solely payments of principal and interest. As such, they continue to be measured at amortised cost beginning 1 July 2018.

Equity instruments within the scope of AASB 9 are measured at FVTPL, with the exception that an equity instrument that's not held for trading can be irrevocably designated at FVOCI. Investments in subsidiaries, associates and joint ventures fall outside of the scope of AASB 9. The department holds no equity investments.

AASB 139 measurement category

AASB 9 Measurement category

Loans and receivables	(Balance at 1 July 2018)			
	Balance at 30 June 2018	Amortised cost	Fair value through OCI	Fair Value through profit or loss
	\$'000	\$'000	\$'000	\$'000
- Trade and other receivables*	7 292	4 270	-	-
	7 292	4 270	-	-

*The change in carrying amount is due to additional impairment allowance – see discussion on impairment below

Impairment

AASB 9 requires the loss allowance to be measured using a forward-looking expected credit loss approach, replacing AASB 139's incurred loss approach. AASB 9 also requires a loss allowance to be recognised for all debt instruments other than those held at fair value through profit or loss.

On adoption of AASB 9's new impairment model, the department recognised no additional impairment losses on its trade receivables. This resulted in no change in opening accumulated surplus. Below is a reconciliation of the ending impairment allowance under AASB 139 to the opening loss allowance under AASB 9.

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F5 FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS OR CHANGE IN POLICY (continued)

AASB 139 measurement category		AASB 9 Measurement category (Balance at 1 July 2018)		
AASB 9 measurement category		Impairment allowance 30 June 2018 \$'000	Remeasurement \$'000	Loss allowance 1 July 2018 \$'000
Loans and receivables				
- Trade and other receivables	Amortised cost	(3 022)	-	-
		(3 022)	-	-

Accounting Standards Early Adopted for 2018-19

No Australian Accounting Standards have been early adopted for 2018-19.

Accounting Standards Applied for the First Time

Other than AASB 9 *Financial Instruments*, which is detailed above, no accounting standards that apply to the department for the first time in 2018-19 have any material impact on the financial statements.

F6 TAXATION

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

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Management Certificate
for the year ended 30 June 2019

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 42 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 the prescribed accounting standards, of the transactions of the Department of Employment, Small Business and Training for the financial year ended 30 June 2019, and of the financial position of the department at the end of that year; and

The Director-General, as the Accountable Officer of the department, acknowledge(s) responsibility under s.8 and s.15 of the *Financial and Performance Management Standard 2009* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



Paula Higham, BCom, MIPA
Chief Finance Officer
Department of Employment, Small Business
and Training



Mary-Anne Curtis
Director-General
Department of Employment, Small Business
and Training

Date: 30/8/19

Date: 30/8/19

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Department of Employment, Small Business and Training

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of the Department of Employment, Small Business and Training.

In my opinion, the financial report:

- a) gives a true and fair view of the department's financial position as at 30 June 2019, 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 service as at 30 June 2019, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental service for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

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

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We addressed these matters in the context of the audit of the financial report as a whole and in forming our opinion. We do not provide a separate opinion on these matters.

Valuation of buildings (\$990.8 million as at 30 June 2019)

Key audit matter	How my audit procedures addressed this key audit matter
<p>The Department of Employment, Small Business and Training (the department) specialised buildings were measured at fair value at balance date using the current replacement cost method.</p> <p>The department performed a comprehensive revaluation of approximately two-thirds of its buildings using independent valuers with remaining assets being revalued using indexation. It is the department's policy to conduct revaluations on this basis annually. This is consistent with the department's intention to implement a rolling revaluation program.</p> <p>The current replacement cost method comprises:</p> <ul style="list-style-type: none"> • Gross replacement cost, less • Accumulated depreciation <p>For comprehensively revalued buildings, the department applied unit rates provided by an independent quantity surveyor to derive gross replacement cost. These unit rates require significant judgement in relation to:</p> <ul style="list-style-type: none"> • identifying the components of buildings with separately identifiable replacement costs • specifying the unit rate categories based on building and component types with similar characteristics • assessing the current replacement cost for each unit rate category having consideration for more contemporary design/ construction approaches. <p>For buildings not comprehensively revalued, significant judgement was required to estimate the change in gross replacement cost from the prior year.</p> <p>The significant judgements required for gross replacement cost and useful lives are also significant for calculating annual depreciation expense.</p>	<p>My procedures for buildings comprehensively revalued included, but were not limited to:</p> <ul style="list-style-type: none"> • assessing the adequacy of management's review of the valuation process • obtaining an understanding of the methodology used and assessing its design, integrity and appropriateness with reference to common industry practice • assessing the competence, capability and objectivity of the experts used by the department • on a sample basis, evaluating the relevance, completeness and accuracy of source data used to derive the unit cost rates including: <ul style="list-style-type: none"> - modern substitute (including locality factors and on-costs) - adjustment for excess quality or obsolescence. <p>For buildings indexed, my procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • evaluating the relevance and appropriateness of the indices used for changes in Building Price Index inputs by comparing to other relevant external indices • reviewing the appropriate application of these indices to the remaining assets of the portfolio. <p>All building's useful life estimates were reviewed for reasonableness by:</p> <ul style="list-style-type: none"> • reviewing management's annual assessment of useful lives • ensuring that no component still in use has reached or exceeded its useful life • reviewing formal asset management plans, and enquired of management about whether these plans remain current • where changes in useful lives were identified, evaluating whether the effective dates of the changes applied for depreciation expense were supported by appropriate evidence • ensuring that management has updated accumulated depreciation this year for changes in remaining useful lives identified.

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.

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

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2019:

- 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.



30 August 2019

Michelle Reardon
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Appendix 1: Compliance checklist

Summary of requirement	Basis for requirement	Annual report reference
Letter of compliance	<ul style="list-style-type: none"> • A letter of compliance from the accountable officer or statutory body to the relevant Minister/s 	IV
Accessibility	<ul style="list-style-type: none"> • Table of contents • Glossary 	III 113
	<ul style="list-style-type: none"> • Public availability 	II & 2
	<ul style="list-style-type: none"> • Interpreter service statement 	Queensland Government Language Services Policy ARRs – section 9.3
	<ul style="list-style-type: none"> • Copyright notice 	<i>Copyright Act 1968</i> ARRs – section 9.4
	<ul style="list-style-type: none"> • Information licensing 	QGEA – Information licensing ARRs – section 9.5
General information	<ul style="list-style-type: none"> • Introductory information 	ARRs – section 10.1 1
	<ul style="list-style-type: none"> • Machinery of government changes 	ARRs – section 10.2, 31 and 32 not applicable
	<ul style="list-style-type: none"> • Agency role and main functions 	ARRs – section 10.2 3–4, 112
	<ul style="list-style-type: none"> • Operating environment 	ARRs – section 10.3 3–4, 20, 27, 35–36
Non-financial performance	<ul style="list-style-type: none"> • Government’s objectives for the community 	ARRs – section 11.1 5
	<ul style="list-style-type: none"> • Other whole-of-government plans/ specific initiatives 	ARRs – section 11.2 49
	<ul style="list-style-type: none"> • Agency objectives and performance indicators 	ARRs – section 11.3 7–15
	<ul style="list-style-type: none"> • Agency service areas and service standards 	ARRs – section 11.4 16–36
Financial performance	<ul style="list-style-type: none"> • Summary of financial performance 	ARRs – section 12.1 50–53

Summary of requirement		Basis for requirement	Annual report reference
Governance – management and structure	• Organisational structure	ARRs – section 13.1	37
	• Executive management	ARRs – section 13.2	38–39
	• Government bodies (statutory bodies and other entities)	ARRs – section 13.3	2
	• <i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4	48–49
	• Queensland public service values	ARRs – section 13.5	3
Governance – risk management and accountability	• Risk management	ARRs – section 14.1	42–43
	• Audit committee	ARRs – section 14.2	41–42
	• Internal audit	ARRs – section 14.3	42–43
	• External scrutiny	ARRs – section 14.4	43
	• Information systems and recordkeeping	ARRs – section 14.5	43–44
Governance – human resources	• Strategic workforce planning and performance	ARRs – section 15.1	45–46
	• Early retirement, redundancy and retrenchment	Directive No.04/18 Early Retirement, Redundancy and Retrenchment ARRs – section 15.2	45
Open Data	• Statement advising publication of information	ARRs – section 16	2
	• Consultancies	ARRs – section 33.1	data.qld.gov.au
	• Overseas travel	ARRs – section 33.2	data.qld.gov.au
	• Queensland Language Services Policy	ARRs – section 33.3	data.qld.gov.au
Financial statements	• Certification of financial statements	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1	105
	• Independent Auditor’s Report	FAA – section 62 FPMS – section 46 ARRs – section 17.2	106–109

Appendix 2: Our locations

For apprenticeship and traineeship enquiries please phone 1800 210 210 or contact us by email at: info@desbt.qld.gov.au

Head office

Postal address: PO Box 15483, City East, Qld, 4002

1 William Street, Level 33, Brisbane, Qld 4000

85 George Street, Levels 5 to 13, Brisbane, Qld 4000

63 George Street, Level 9, Brisbane, Qld, 4000

Regional offices

Brisbane Metro

117 Brisbane Street, Level 3, Ipswich, Qld, 4305

643 Kessels Road, Level 2 Block A, Garden Square, Upper Mount Gravatt, Qld, 4122

1231 Sandgate Road, Level 2 (ground floor), Nundah, Qld, 4012

South East

340 Hope Island Road, Building C, Level 1, Hope Island, Qld, 4212

Darling Downs South West

147 Herries Street, James Cook Centre, Level 1, Toowoomba, Qld, 4350

Cnr Mayne and Feather Streets, Roma, Qld, 4455

North Coast

Cnr Maryborough and Woondoomba Streets, in the State School, Bundaberg, Qld, 4670

Cnr Alice and Lennox Streets, Level 1, Maryborough, Qld, 4650

41 Cartwright Road, in the State School, Gympie, Qld, 4570

12 First Avenue, Level 4, Maroochydore, Qld, 4558

10 The Corso, Level 3, North Lakes, Qld, 4509

Central

44 Nelson Street, Level 4, Mackay, Qld, 4740

209 Bolsover Street, Level 4, Rockhampton, Qld, 4700

20–22 Herbert Street, Level 1, Gladstone, Qld, 4680

14 Ruby Street, Emerald, Qld, 4720

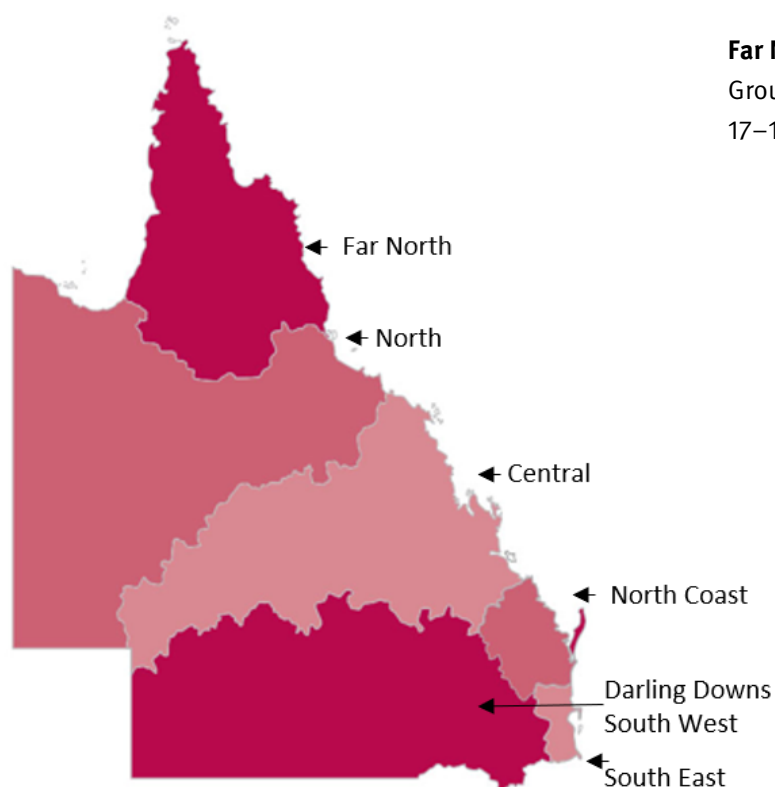
North

51 Miles Street, Mount Isa, Qld, 4825

445 Flinders Street, Level 7, Townsville, Qld, 4810

Far North

Ground Floor, State Government Building, 17–19 Sheridan Street, Cairns, Qld, 4870



Appendix 3: Glossary of terms

The meanings of the following acronyms and/or abbreviations used in the report and listed below.

Acronyms	Meaning
AO	Administration Officer
ARC	Audit and Risk Committee
ARRs	Annual report requirements for Queensland Government agencies
ASBQS	<i>Advancing Small Business Queensland Strategy 2016–20</i>
BOM	Board of Management
CEO	Chief Executive Officer
CPA	Certified Practising Accountant
Cth	Commonwealth
DATSIP	Department of Aboriginal and Torres Strait Islander Partnerships
DESBT	Department of Employment, Small Business and Training
DFV	Domestic and Family Violence
DPC	Department of the Premier and Cabinet
FAA	<i>Financial Accountability Act 2009</i>
FPMS	<i>Financial and Performance Management Standard 2019</i>
GST	goods and services tax
HR	Human Resources
ICT	Information Communication Technology
ISMS	Information Security Management System
ISO	International Organization for Standardization
LGBTIQ+	lesbian, gay, bisexual, transgender, intersex and queer
pa	per annum
PO	Professional Officer
PSC	Public Service Commission
QAO	Queensland Audit Office
Qld	Queensland
QSS	Queensland Shared Services
RSIS	Regional Skills Investment Strategy
SATs	School-based Apprenticeships and Traineeships
SBRR	Small Business Regulatory Reform
SDS	Service Delivery Statements
SES	Senior Executive Service
SO	Senior Officer
SQW	Skilling Queenslanders for Work
TAFE	Technical and Further Education
VET	vocational education and training
WOG	whole-of-government

