

ANNUAL REPORT

2015–2016

Department of Science, Information Technology and Innovation



Queensland
Government

Letter of compliance

30 September 2016

The Honourable Leeanne Enoch MP
Minister for Innovation, Science and the Digital Economy and Minister for
Small Business
Level 26, 111 George Street
Brisbane Qld 4000

Dear Minister

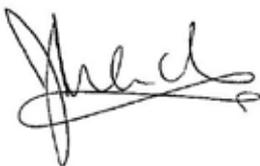
I am pleased to submit for presentation to the Parliament the Annual Report 2015–2016 and financial statements for the Department of Science, Information Technology and Innovation.

I certify that this annual report complies with:

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

A checklist outlining the Queensland Government annual reporting requirements is included in this report.

Yours sincerely



Jamie Merrick
Director-General

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



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PART A

ANNUAL REPORT

2015–2016

Department of Science, Information Technology and Innovation



About our annual report

The Department of Science, Information Technology and Innovation (DSITI) Annual Report 2015–16 is an integral part of our corporate governance framework. It is a key tool in ensuring we are accountable to stakeholders, the Queensland Parliament and the community about our activities.

This report details our achievements, performance and financial position for the 2015–16 financial year. It aligns with the DSITI Strategic Plan 2015–19, Service Delivery Statements 2015–16, and the Queensland Government's objectives for the community. It also provides information on our future direction, people management and corporate governance.

View our report online

This report and the information on DSITI Government bodies is available online: <http://www.qld.gov.au/dsiti/annual-report>.

For enquiries about this annual report, contact the Executive Director, Strategic Transformation and Performance, telephone +61 7 3719 7891 or webfeedback@dsiti.qld.gov.au.

More information on the Queensland Government Open Data website

A number of annual reporting requirements for this year are addressed through the publication of information on the Queensland Government Open Data website. These are:

- consultancies
- overseas travel
- Queensland language services policy.

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

From the Director-General —the year in review



I am pleased to present the 2015–16 Annual Report for the Department of Science, Information Technology and Innovation (DSITI).

This report sets our achievements in supporting the Queensland Government's objectives for the community. It details the diverse and vital services we deliver to Queenslanders and other government agencies.

This past year, our strategic focus has been in leading policy and programs to drive innovation, entrepreneurship and digital transformation for citizens, businesses and government. We also provide centres of excellence in areas such as science, managing complex ICT programs, cyber security, information management and shared services that allow departments and other agencies to deliver high-quality and trusted public services.

At the heart of our work is the key role in leading and delivering the Advance Queensland initiative. Advance Queensland looks to increase entrepreneurship, support applied research and development (R&D), encourage startups and small and medium businesses to grow, and boost innovation and investment in Queensland. In doing so, we aim to make existing industries more competitive, facilitate new industries and technologies to emerge, and create new, high-value jobs for Queenslanders.

Since the launch of Advance Queensland on 13 July 2015, the department had released 12 grant programs, with 194 applications approved from more than 900 applications received by the end of June 2016. The department has also entered into a range of exciting partnerships with world-leading R&D players, including Siemens Healthcare, Emory University, Johnson & Johnson, YouTube, and the Chinese Ministry of Science and Technology.

In developing the Advance Queensland initiative, I would like to acknowledge the immense contribution of the Advance Queensland Expert Panel. Members of the Expert Panel have given generously in terms of the time, insight and strategic advice which have proven central to promoting research, innovation and entrepreneurship in Queensland. I would also pay tribute to the many thousands of people, businesses and researchers across Queensland who have played an active role in co-designing programs and promoting Queensland's innovation potential.

The outstanding attendance and vibrancy on display at the World Science Festival and the Advance Queensland Innovation and Investment Summit provide testament to the ability of Queensland to be a key destination for ideas, business growth and investment in the Asia Pacific region.

We have also led the government's commitment to making services simpler for Queenslanders through the One-Stop Shop program. This has allowed people to access a greater range of services when and where they choose.

This year we have seen a 25 per cent increase in the number of new services online with over 360 new online services delivered under the program, making it easier for customers to do business with government.

We have also partnered to deliver new services designed around the citizen. This includes making proactive contact with Queensland seniors before they turn 65 to notify them of concessions they will be eligible to receive.

Through Smart Service Queensland, we are providing citizens with access to over 260 government services with a customer satisfaction rating of 91 per cent. Our leadership and commitment to service excellence for Queenslanders via the phone channel of 13QGOV has been recognised this past year by being successful in the Auscontact State and National Awards.

We have made major strides in improving service delivery across government. In June this year, the department completed the implementation of the Government Wireless Network.

From the Director-General —the year in review

This is an exemplar ICT program, delivered across multiple agencies where more than 17,500 officers are now using the network to interact securely when responding to public safety incidents across South East Queensland.

Our department has increased our efforts in strengthening cyber security capability across government through the establishment of the Cyber Security Unit within the Queensland Government Chief Information Office and enhancing CITEC's services to protect against cyber security threats.

Queensland Shared Services continues to make significant progress towards modernising core financial management and payroll services and systems. This past year, a further five agencies were transitioned to modern finance systems, the core payroll system was upgraded and Queensland Shared Services exceeded the industry benchmark with an accuracy rate of 99 per cent for core finance and payroll processing activities.

Our world-class scientists have been recognised over the past year with our Land Use Mapping program awarded for their spatial and modelling excellence at Brisbane's Geographic Information System

Day. Staff from our Science Division, in conjunction with staff from the Department of Environment and Heritage Protection, were also successful in winning the 2015 Queensland Spatial Excellence Award for Environment and Sustainability for the Regrowth Benefits website tool.

Our scientists continued providing water quality monitoring services across 25 sites in 14 priority catchments. This monitoring informs the government's policy and actions towards improving the water quality entering the Great Barrier Reef.

We are supporting regional Queensland's participation in the digital economy through our co-investment in the Mobile Black Spots Program.

Our contribution of \$10 million in Round 1 leveraged a total of \$53.85 million for the state. The new or upgraded towers will provide increased capability and coverage in many regional and remote communities across Queensland.

As an example, in the Jambin area, the improved coverage will allow residents receive evacuation alerts or call for assistance prior to or during severe weather events.

The year ahead

While I am extremely proud of our achievements in 2015–16, I am equally excited by what DSITI will deliver in the coming 12 months.

Looking forward, we will continue to play key leadership and delivery roles in the accelerated Advance Queensland initiative, which now has a combined budget of \$405 million across government. Our key priorities for 2016–17 are to:

- progress the Advance Queensland agenda including implementing programs within the department's portfolio to support researchers, universities, startups, entrepreneurs and businesses
- increase collaboration between researchers, startups, business and industry
- strengthen the Queensland Government's approach to open data and boost the availability of high-value data sets
- ensure the effective governance, management, assurance and security of ICT-enabled and digital government initiatives and services

From the Director-General —the year in review

- pivot towards providing digital, personalised, proactive and joined up government services that put the customer at the heart of service design
- provide the scientific evidence base to underpin decision making in relation to the environment and natural resource management, including Great Barrier Reef monitoring, mapping soil erosion in the Fitzroy Basin, vegetation management and mine rehabilitation
- support innovation in regional Queensland through investment in regional innovation hubs, developing Queensland's first Digital Infrastructure Plan and continuing to improve mobile coverage, supporting innovation in key regional industries, and growing exports and jobs by supporting commercialisation of new industrial biotechnology, biofuels, and agricultural technology products
- support efficient and effective service delivery for Queensland Government departments and employees through innovation and digital transformation.

We work closely with our partners and stakeholders—collaborating, seeking ongoing feedback and challenging one another—to improve services to our customers, the people of Queensland.

The department is proud of the quality and breadth of work achieved in the past year. I would like to take this opportunity to thank the department's employees and executive management team for their commitment to serving Queenslanders and our customers.

Their willingness to collaborate and promote innovation is inspiring. Combined with an infectious optimism and a generosity of spirit that drives individual and team success, they embody the values of a truly innovative and customer-focused public service.



Jamie Merrick
Director-General
Department of Science, Information
Technology and Innovation

2015–16 performance highlights

These highlights report our successes in relation to our key objectives:

- to lead science, information communication technology, innovation, digital and customer services policy
- to deliver excellent specialist and support services
- to be a high-performing, innovative, clever and connected organisation.

\$8m

Hot DesQ program broadening international connections and creating jobs



10.7m
online customer transactions

400
online services

96%

service centre customers satisfied or **very satisfied**



~\$500,000

to boost 75 **WOMEN in SCIENCE** careers

Funded by the **WOMEN'S ACADEMIC FUND**



WINNER

Employer of Choice for Women in Technology **AWARDS**



PROVIDED corporate services to

70,000

public servants

**&
24**

government departments



12%

increase in QSS

CUSTOMER SATISFACTION

2015–16 performance highlights

\$4m committed to the **Startup Precinct** to foster **ENTREPRENEURIAL TALENT** across Qld

5300 square metres



38% customers access online channels via **mobile devices**



\$8.7m total **DSITI SAVINGS** including **\$6.8m** Strategic ICT **SAVINGS** and **\$1.9m** QSS **SAVINGS**



51,000 concession cards issued

900,000 concession services delivered



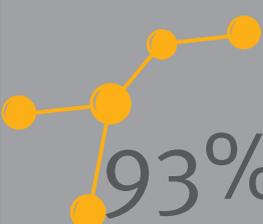
5% increase in agency engagement —working for Qld survey results



69% increase in online channel use by **REGIONAL QLDERS**



93% CUSTOMERS satisfied with our **SCIENTIFIC SERVICES**



63% employees using flexible workplace options



VISITS TO www.qld.gov.au

2015–16	41.2m
2014–15	24.2m



Advance Queensland —innovation and impact

Advance Queensland will make our traditional industries and existing businesses more competitive, and will support startups and new industries to emerge and grow. We are determined to attract and retain the best research and entrepreneurial talent, and ensure more of our world-leading research is developed here in Queensland to create jobs and prosperity.

Our programs not only generate economic benefits, but also major social and environmental gains. From helping sufferers of coeliac disease to improving the health of the Great Barrier Reef, Advance Queensland programs turn ideas into practical outcomes.

Beef industry—supporting innovation, growth and efficiency

Advance Queensland is supporting a number of projects to address key issues facing the beef industry and help improve its competitiveness. A stronger beef industry is good for regional Queensland and for exports.

Improving performance in feedlots:

- improve livestock productivity through a new generation of antibiotic-free feed developed with a Research Fellowship focused on using nanotechnology
- improve health of feedlot cattle by using a new process to deliver enzymes to remove dags from cattle, with development through a Knowledge Transfer Partnership.

Improving sustainability and reducing costs for the beef industry:

- improve bio-gas production and extraction of value in waste-streams, through a Research Fellowship in partnership with Churchill Abattoir, Meat & Livestock Australia, NH Foods Australia, Oakey Beef Exporters and the University of Southern Queensland

Reducing disease in cattle, improving returns and confirming our reputation for quality in the marketplace:

- combine commercial vaccines with animal feed to protect livestock against disease through polymer-clay nanohybrids developed through a Research Fellowship
- inoculate against the detrimental effects of the plant toxin indospicine, through a Research Fellowship.



Healthy futures—innovation in medicine and healthcare

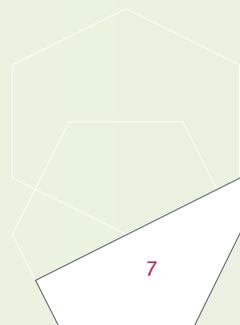
New breakthroughs in healthcare, delivered by innovators with the support of Advance Queensland, will improve the quality of life for Queenslanders.

Helping improve the life of sufferers of chronic diseases:

- fight coeliac disease, with clinical trials to develop new medications to help sufferers
- evaluate the cost-effectiveness of capturing and transmitting clinical data for people with diabetes using smart device technology
- combat obesity and cardiovascular disease by developing healthy food products for an ageing population.

Developing new approaches to detection and treatment:

- undertake pre-clinical evaluation of a new vaccine delivery technology for chikungunya virus
- help prevent the onset of schizophrenia by investigating the use of gene-silencing techniques
- produce customisable treatment options for children with microtia through 3D bioprinting.



2015–16 performance highlights

DSITI performance against the DSITI Strategic Plan 2015–19 key performance indicators

Key performance measures	Notes	2015–16 target	2015–16 actual
Number of recipients awarded Advance Queensland Best and Brightest funding	1	93	133
Number of recipients awarded Advance Queensland Future Jobs Strategy funding for Innovation Partnerships		5	5
Small and medium enterprise (SME) growth and participation indicators:	2		
<ul style="list-style-type: none"> • % WoG ICT spend awarded to SMEs • % total awards through ICT Services panel awarded to SMEs • Number of visits to Startup Portal 		<ul style="list-style-type: none"> • >11% • 70% • 14,400 	<ul style="list-style-type: none"> • 17.75% • 75% • 15,650
Percentage of Government Commitments delivered or on track	3	100%	100%
Total number of data sets made available through open data	4	248	248
Services delivered to the community:	5	Activity measures	
<ul style="list-style-type: none"> • No. of visits in person to Queensland State Archives • No. of online visits to Queensland State Archives • No. of interactions managed by Smart Service Queensland 			<ul style="list-style-type: none"> • 5,408 • 423,843 • 5,464,502
Percentage of agency submissions for ICT investment review actioned within 2 working days	6	100%	99.5%
Customer/Client satisfaction rate	7,8		
<ul style="list-style-type: none"> • Strategic Policy and Innovation • Smart Service Queensland customers • Science customers • CITEC IB customer • Queensland Shared Services 		<ul style="list-style-type: none"> • 85% • 85% • 85% • 80% • 80% 	<ul style="list-style-type: none"> • 92% • 91% • 93% • 88.4% • 60%
Operating expenses budget vs. actual variance		+/-2%	-2%
Staff engagement rate	9		
<ul style="list-style-type: none"> • Agency engagement • Job engagement and satisfaction • Intention to leave • Participation rate 			<ul style="list-style-type: none"> • 50% • 68% • 53% • 78%

2015–16 performance highlights

Notes:

1. Target and result include recipients under the following programs: Research fellowships, Aboriginal and Torres Strait Islander Fellowships, Women's Academic Fund, PhD Scholarships, Aboriginal and Torres Strait Island PhD Scholarships. They exclude two programs: Master's Scholarships and Global Partnership Awards, which will open in 2016–17.
2. The target was exceeded for the visits to Startup Portal due to an increasing uptake of readerships from reading materials on the new Advance Queensland program, startup events as well as new infrastructure on the website that aggregates news and articles around other publication sources on Queensland-based startups.
3. DSITI is responsible for 19 government commitments (GCs). Eight GCs were delivered and 11 were on track as of 30 June 2016.
4. Result include the total number of data sets published by DSITI on the Open Data Portal, and is an indicator of DSITI's contribution to the whole-of-government target for the publication of data sets to the Queensland Government Open Data Portal.
5. Work is underway to benchmark historic data and establish targets.
6. The result did not meet the target by 0.5 per cent. QGCIO is revising the process to ensure all submissions are assessed within the time-frame.
7. DSITI conducts customer satisfaction surveys at various divisional and business unit levels. The results included in this list are a representation of the satisfaction rate across the department. Refer to section 2—Our service performance—for details of all the surveys conducted across the department.
8. Although QSS customer satisfaction rate was below the target, overall satisfaction rating at 60 per cent was an improvement of 12 per cent compared to last year. Only 10 per cent of customers were either dissatisfied or very dissatisfied (15 per cent last year). Subsequent to the annual survey, a pulse survey was conducted in May 2016 with customers who did not participate in the annual survey. An overall satisfaction rating of 78 per cent was achieved, with only 2 per cent customers either dissatisfied or very dissatisfied.
9. Compared to last year, agency engagement increased by 5 per cent and participation rate by 7 per cent. Job engagement and satisfaction decreased by 3 per cent. It should be noted that Working for Queensland survey has been modified for 2016 and the result for job engagement and satisfaction is based on a specific related question compared to the three questions of the survey in the previous years.



1 About the department

Who we are

DSITI is a diverse organisation that:

- advances Queensland through innovation
- improves services for Queenslanders
- improves services for government

DSITI brings together science, information technology and innovation into one portfolio to deliver on the Queensland Government's community objectives.

Within this portfolio, DSITI is supported by the following bodies to deliver our objectives.

Entities:

- Queensland Government Chief Information Office (QGCIIO)
- Office of the Queensland Chief Scientist

Statutory body:

- State Library of Queensland (SLQ)

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

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

Our vision

In 2015–16, our vision was:

Enabling an innovative, clever and connected Queensland.

Our strategic objectives

In 2015–16, the objectives of the department were to:

- lead science, information and communication technology (ICT), innovation, digital and customer services policy
- deliver excellent specialist and support services
- be a high-performing, innovative, clever and connected organisation.

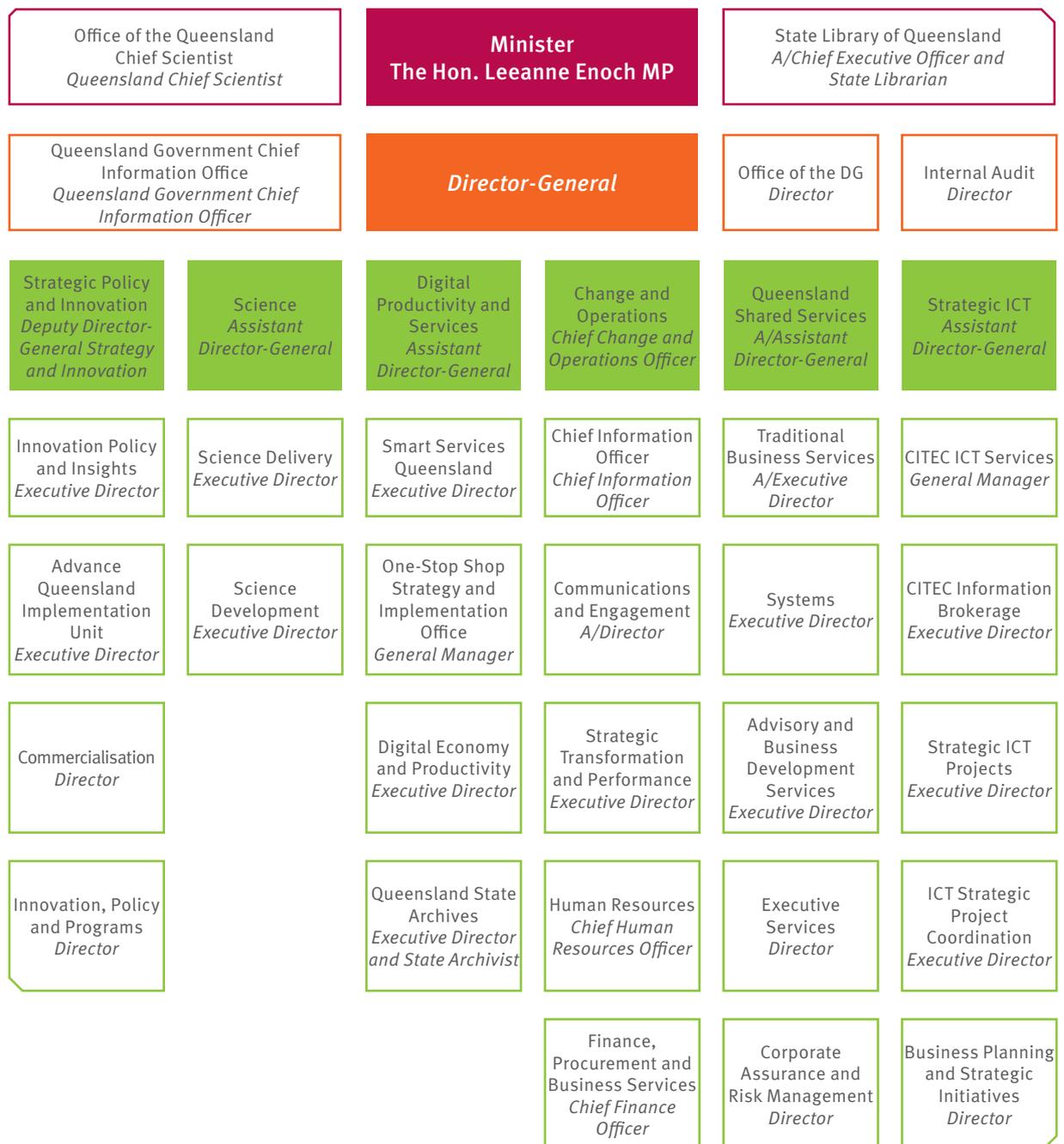
We contribute to the Queensland Government's objectives for the community of creating jobs and a diverse economy; delivering quality frontline services; protecting the environment; and building safe, caring and connected communities by:

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

DSITI's policies, programs and services align with the Queensland Government Interim Response to The Queensland Plan (the Interim Response). The Interim Response supports the government's objectives for the community and identifies the priorities and key initiatives that will contribute towards implementing Queenslanders' vision.

1 About the department

Our structure



1 About the department

Our role

Innovation, science and the digital economy are at the heart of the government's agenda for Queensland. The state has a burgeoning reputation for world-leading research and has been identified as the most entrepreneurial state in the nation (*Australian Innovation System Report 2015*).

The ability of Queensland businesses to innovate will be the key driver of our competitiveness in global markets, improved productivity, and the ability to create and sustain high-quality jobs. Innovation and digital transformation will enable us to deliver improved public services and address major societal challenges.

The department is a critical intersection in the knowledge economy between science, information technology and innovation. It plays a major role in encouraging economic growth through support for applied research and development, next-generation digital services, commercialisation and innovation.

DSITI's main functions and responsibilities include:

- progressing the Advance Queensland agenda, including implementing programs within the department's portfolio
- providing support to build a more collaborative and effective innovation ecosystem in Queensland with a focus to:
 - nurture and attract scientific and entrepreneurial talent
 - invest in the translation of scientific research to deliver economic, social and environmental outcomes for Queensland
 - increase collaboration between business, industry and the research base and with international partners
 - increase the rate of startup formation and help businesses grow through innovation
 - attract greater venture investment into Queensland businesses and startups
 - partner with world-leading corporates to build Queensland's capacity to conduct innovative research and development, and increase opportunities for Queensland startups and SMEs to access global value chains

Our values

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

Customers first

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



Ideas into action

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



Be courageous

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



Unleash potential

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



Empower people

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



1 About the department

- deliver a step-change in government acting as a lead customer for innovation
- encourage greater innovation in government to deliver better public services for Queenslanders.
- working in partnership with government agencies, research agencies and natural resource management groups to provide trusted scientific services and technical advice to government agencies, industry and the community
- providing strategic advice to government on harnessing science and innovation to support the government's objectives and activities
- developing innovative, digitally enabled and integrated government services that are simpler and faster for the community to access online or through phone and counter channels
- leading a major program of work to accelerate the delivery of proactive and personalised services, designed around the customer
- leading Queensland public authorities in managing and preserving Queensland public records in a useable form, and improving public access to the collection
- leading complex, multi-agency ICT programs and projects
- managing ICT strategic sourcing and procurement arrangements and facilitating engagement between the ICT industry and government
- delivering consolidated ICT infrastructure services for the Queensland Government, covering data centre, network, storage, data protection, and ICT platform and solution integration services
- delivering information solutions to customers in business and the community Australia-wide on a fully commercial basis
- providing cross-government support including investment assurance, ICT governance, and independent quality advice on ICT issues from a whole-of-government perspective
- providing an extensive range of corporate services, including finance, human resource management and mail support services to government departments and statutory bodies
- strengthening the Queensland Government's approach to open data and boosting the availability of high-value data sets.
- Queensland's established ties to Asia and its position as a springboard into high-growth Asian markets
- customer demand for access to digitally driven, personalised government services
- rapid growth in automation, cloud-based, platform and as-a-service models, and hyper-connectivity through the internet of things—creating the ability to transform public service models
- the need for enhanced digital skills and connectivity if Queensland is to flourish as a global innovation hub, and people and business are to reach their potential
- diverse partners such as universities and TAFEs, science organisations, the ICT industry, not-for-profit/non-government organisations (NGOs), private organisations, government agencies, communities and individuals.

Our operating environment

The department operates within a complex environment, shaped by a range of factors including:

- globalisation, digital transformation, new technologies, and business strategies that are rapidly reshaping markets, industries and communities
- innovation being the primary driver of productivity growth, job creation, long-term prosperity and higher standards of living

Legislation administered by the department

The department administers the following Acts:

- *Biodiscovery Act 2004*
- *Gene Technology Act 2001*
- *Libraries Act 1988*
- *Public Records Act 2002*
- *Schools of Arts (Winding Up and Transfer) Act 1960*
- *Schools of Arts (Winding Up and Transfer) Act Amendment Act 1981*
- *Tweed River Entrance Sand Bypassing Project Agreement Act 1998.*



2 Our service performance

Science

DSITI's Science division provides transformative science support and investment for Queensland. The division has two business areas—Science Development and Science Delivery.

Science Development drives the growth of the knowledge economy by developing science capability through local and global science and industry partnerships. A current focus is delivering programs under the Advance Queensland initiative that support mission-driven R&D, attract and retain leading research talent, and help create the jobs of the future.

Science Delivery is the Queensland Government's trusted source of scientific knowledge, information and advice for environmental and natural resource management decision making. Its focus is to provide scientific and technical advice and services in the areas of water, land and vegetation, climate, air quality and biodiversity.

Our operating environment

DSITI provides leading-edge evidence and scientific methodologies to solve problems in the area of natural resources and the environment and strengthen government policy and programs in these areas.

Our extensive program of work is overseen by the Science Strategy Board, which is made up of the Directors-General of partner departments.

DSITI will continue to deliver Advance Queensland programs such as Research Fellowships and Innovation Partnerships, to support applied research and development and drive collaboration between the research sector, industry and other stakeholders.

The Great Barrier Reef continues to be a high-priority area for Queensland Government research and protection activities. DSITI scientists deliver projects, services and advice necessary to ensure that the state's natural resources, such as the Great Barrier Reef, are managed and protected effectively.

Achievements

During 2015–16, DSITI scientists and the division:

- coordinated the first round of funding to 133 recipients for Advance Queensland's Best and Brightest program, to create the skills base for the knowledge industries of the future. These recipients are made up of:
 - 41 Research Fellowships to support original research
 - 12 PhD Scholarships to support researchers in gaining a PhD degree
 - 78 women under the Advance Queensland Women's Academic Fund to support the work of female researchers within Queensland-based universities and Queensland's publicly-funded research institutes/organisations

- One Aboriginal and Torres Strait Islander Research Fellowship to support an early-career Aboriginal and Torres Strait Islander researcher to undertake a three-year-research project
- One Aboriginal and Torres Strait Islander PhD Scholarship to support an Aboriginal and Torres Strait Islander to complete a research PhD degree.
- awarded three \$100,000 prizes to support the development of new products in the Advance Queensland Johnson & Johnson Innovation Quick Fire Challenge
- contributed funding to the Translational Research Institute (TRI) Innovation and Translation Centre in collaboration with Siemens Healthcare
- contributed funding to the Queensland Emory Drug Development Institute based at The University of Queensland
- launched the Advance Queensland Innovation Partnerships Awards
- awarded four Smithsonian Fellowships and one Cooper-Hewitt Fellowship under the 2015–16 program
- extended the Statement of Intent between the Queensland Government and the Chinese Academy of Sciences to continue the excellent science

2 Our service performance

- and research projects already started and to foster further collaborations and industry networks
- prepared and delivered the 2012–14 State-wide Landcover and Trees Study report, which includes Queensland land clearing rates to support natural resource management and property planning
- completed groundwater-dependent ecosystem mapping for 40 per cent of Queensland providing baseline information to inform planning and development decision making
- provided scientific services, such as remote sensing and water monitoring, to inform activities that enable industry and farmers to drive improvements in land management practices at the paddock and catchment scale in the Great Barrier Reef catchments

Performance review

The following service standards in the department's Service Delivery Statements 2015–16 were used by the department and the government to assess the division's overall performance.

Service standards	Notes	2015–16 target/est.	2015–16 actual
Percentage of customers from other government agencies satisfied with the natural resource and environmental science services and information provided (overall satisfaction)	1	85%	93%
Percentage of laboratory tests completed and made available within agreed timeframes and quality specifications to support Reef Plan 2013–18 and the government's Agricultural Strategy	2	85%	90%
Co-investment as a percentage of the Scientific Services budget	3	25%	33%
Percentage of science funding recipients satisfied with contract management services provided for science related grant programs (overall satisfaction)	4	85%	92%

Notes:

- This measure is an indicator of the success of delivering Science Delivery services meeting the key priorities of other government departments for environmental and natural resource policy and decision making.
- The timeframes involved are negotiated per sample submission and quality is measured by maintaining accreditation with the National Association of Testing Authorities (NATA) Australia and performance in national and international laboratory proficiency trials.
- The measure is an indicator of efficiency in delivering services for Government and external customers by maximising financial resources through leveraging and partnering. Appropriated funding is leveraged by performing services for other state government agencies and by partnering with external organisations including universities and other scientific organisations.
- Customers surveyed include recipients of Advance Queensland grants.



2 Our service performance

- completed commissioning and testing of two new air-monitoring stations, one near the Port of Townsville and the other at Fisherman's Landing in Gladstone. Both sites will monitor air quality in near real time and are now part of the air quality monitoring network across the state
- developed a Regrowth Benefits Tool (RB Tool) to enable Queensland landholders to easily identify benefits associated with increased biodiversity and carbon sequestration
- finalised and published the 2015 Landsat Fire Scar (Burnt Area) data set for Queensland. This data set is a state-wide map of fire scars over the period January to December 2015
- hosted international delegations from China, Tibet, South Korea, Canada and India, developing global partnerships and collaborative science
- provided technical and scientific input for the release of the Reef Report Card.

Looking forward

In 2016–17, the DSITI Science division will continue to contribute to advancing Queensland and improving services to government. The division will:

- announce successful Innovation Partnership grants for Queensland research organisations to collaborate on research projects with industry, positioning Queensland as a global innovation hub
- announce successful Global Partnership Award recipients to support collaboration between Queensland and international innovators, including the successful Queensland-Chinese Ministry of Science and Technology Commercialisation Partnership Program recipients
- invest \$875,000 through the Queensland-Chinese Academy of Science (Q-CAS) Collaborative Science Fund to support scientific and technical research collaborations in energy, food research, health and agriculture
- continue to partner with the Smithsonian Institute in Washington to support Queensland researchers and teachers through the Queensland-Smithsonian and Cooper-Hewitt Fellowships programs
- coordinate cross-agency reef science projects to inform land management practices and understand water-quality impacts on the Great Barrier Reef
- develop international science and innovation collaborations to build strong economic and cultural bridges with Queensland's trading partners
- use innovative digital soil-mapping approaches to produce a consistent set of spatial soil for the entire Fitzroy Basin to inform better land management practices
- provide high-resolution climate change projections for Queensland, an interactive climate change website, and regional workshops to facilitate the communication of climate change risks on a regional scale
- improve the understanding of the hydrodynamics and wave climate of Gold Coast waterways by installing, operating, monitoring and managing a series of tide gauges
- evaluate coastal and hydraulic structures for various clients, including the City of Gold Coast, using scale physical modelling
- work with James Cook University (JCU) to progress the opening of the Australian Institute of Tropical Health and Medicine at the JCU Townsville campus
- continue to provide science policy advice to ensure that the legislative framework supports innovation and high-quality science.



Fostering collaboration to protect the environment

The Sandy Creek Intensive Monitoring program is an example of innovation and collaboration in science that will deliver environmental benefits.

In 2013, the Reef Report identified the Plane catchment area of Queensland's Mackay Whitsunday region as posing a very high pesticide risk.

DSITI scientists joined forces with the Departments of Environment and Heritage Protection and Agriculture and Fisheries, and local stakeholders in the Mackay sugar cane industry, including Farmacist, Mackay Area Productivity Services, Sugar Research Australia and local canegrowers.

As part of this project, DSITI designed a sub-catchment scale water-monitoring program to improve the reef's water quality.

Workshops were held to engage and train local canegrowers in sample collection and monitoring. The canegrowers collected water quality samples from the 13 locations in Sandy Creek that receive runoff from cane and grazing land after rain.

Stage 1 of the project resulted in more than 300 samples collected at 13 sites for 51 pesticides. Analysis of the data is underway.

The project has fostered a genuine spirit of collaboration and trust. Crucially, it is empowering local landholders, farmers and the community to be at the heart of efforts to provide better solutions to managing the Great Barrier Reef. Through improved data and understanding of determinants of water quality, farmers and landholders are able to play a stronger role as stewards of the environment.



2 Our service performance

Strategic Policy and Innovation

The Strategic Policy and Innovation division is focused on driving economic growth and job creation in Queensland through innovation and entrepreneurship.

The division:

- leads the implementation of the department's Advance Queensland agenda responsibilities
- influences thinking and action by government agencies, businesses and citizens to foster long-term, systematic innovation in Queensland
- delivers highly effective programs that build Queensland's innovation ecosystem, encouraging entrepreneurship, startup formation and growth, innovation in existing businesses and industries, and the application of innovation to solve business and social problems across Queensland
- engages and partners with government agencies, industry bodies, business and the community to leverage improved economic outcomes for Queensland through innovation.

The division connects the innovation policy agenda, program design and delivery, and the coordination of Advance Queensland across the department and at a whole-of-government level.

The division has expanded its focus on innovation and entrepreneurship within government and on engagement with business and industry on innovation, reflecting the government's acceleration of Advance Queensland.

Our operating environment

Queensland's future prosperity depends on positioning the state for success in the face of unprecedented global disruption, which is transforming all parts of the economy.

As leader of the Queensland Government's innovation and high-growth entrepreneurship agenda, we have increased our focus on risks, opportunities and challenges in the following areas:

- establishing an evidence base and improved analysis and insight to better target and support the innovation and entrepreneurship agenda
- engaging with business, industry and government to encourage uptake of Advance Queensland programs and ensure a customer-centric approach to service delivery
- encouraging innovation within government through innovative procurement and open innovation models
- measuring and evaluating programs.

Achievements

In 2015–16, Strategic Policy and Innovation:

- launched 12 innovation-funding programs. More than 900 applications were assessed and 194 grants worth over \$15.5 million were approved
- granted funding to 19 recipients under the Startup Queensland Fund (renamed Queensland Startup Events and Activities Fund from 1 July 2016). The \$300,000 per annum fund aims to build capability within Queensland's startup community through funding of up to 50 per cent of total activity costs up to a maximum of \$25,000
- co-designed a \$24 million Startup Queensland package to increase startup formation and attraction in Queensland, and support growth of small to medium enterprises and startups
- progressed Queensland's Startup Precinct to facilitate collaboration and access to a range of services, including providers of accelerator or incubator programs
- held or participated in more than 50 events around the state to engage with Queenslanders about Advance Queensland and kick-start collaborations across sectoral boundaries

2 Our service performance

Performance review

The following service standards in the department's *Service Delivery Statements 2015–16* were used by the department and the government to assess the division's overall performance.

Service standards	Notes	2015–16 target/est.	2015–16 actual
Proportion of stakeholders who are satisfied with innovation and commercialisation, consultative and engagement processes	1,2	85%	92%
Percentage of potential collaboration opportunities identified by participants of innovation and collaboration programs/events	1,3	15%	37%
Ratio of investment leveraged as a result of Queensland government funding invested	1,4	2:1	2:2.32

Notes:

1. The end-of-year actual results are higher than those available at the time of the preparation of the Service Delivery Statements 2016–17, reflecting an increase in the number of satisfied participants and the delivery of diverse innovation and collaboration events in the final quarter reporting period to 30 June 2016.
2. Stakeholders include business, industry, startups, entrepreneurs, universities and research organisations, and may include Advance Queensland recipients and the third-party providers of Advance Queensland support programs.
3. This measure represents the opportunities identified for collaboration as a result of the funding invested in programs for partnering and collaboration. 2015–16 results highlighted increased potential collaboration opportunities identified at startup funding events throughout 2015–16. This data also relates to Advance Queensland support programs.
4. This measure is an indicator of the efficient use of government funding to leverage private/commercial/philanthropic/Australian Government sector investments. The 2:1 target was a new measure introduced in 2015–16, and indicates that \$1 of investment is leveraged for every \$2 of government funding invested. Customers include but are not limited to startups, entrepreneurs, business/industry, research centres, universities and government. Variation in leveraging opportunities is expected, dependent on the nature of specific funding programs therefore this target is suitable at an aggregated level.



2 Our service performance

- delivered the \$2 million Young Starters' program to provide a pathway for young founders, researchers and social innovators to gain entrepreneurial and commercialisation experience and skills. The program is comprised of two key components:
 - Young Starters Fund provides up to \$20,000 to organisations to build capability within Queensland youth aged 15-24 years. \$247,412 (excluding GST) was granted this year to 17 successful recipients
 - Young Starters Pitching Competition aims to promote, reward and connect young Queensland entrepreneurs
- delivered the Knowledge Transfer Partnerships (KTP) program to support collaboration between small businesses and universities. Round 1 of the KTP program was delivered with a funding commitment of approximately \$1.1 million (excluding GST) across 21 small businesses and six universities
- opened the Ignite Ideas program to support the commercialisation of ideas into innovative products and services in Queensland. The program is comprised of two key components—Ignite Ideas Fund and Ignite Ideas Accelerator program
- delivered the Advance Queensland Innovation and Investment Summit in partnership with the Department of the Premier and Cabinet, attracting more than 1700 attendees from 17 countries and more than 150 Innovation Showcase exhibitors. Through a dedicated concierge service, the summit generated more than 170 business leads and connections for follow-up across seven agencies
- announced the opening of two Creator Originals awards programs, as part of the Create Queensland YouTube partnership, designed to acknowledge and enhance the creative talent of up-and-coming YouTube entrepreneurs
- launched the Global Partnership Awards to encourage innovation and entrepreneurship by supporting our best and brightest minds to collaborate, creating stronger international partnerships, and connecting the state's startup ecosystem with leading entrepreneurs from global innovation hot spots
- launched the Hot DesQ program, a startup attraction program to inject new talent, increase connectivity and skills, and improve access to global startup communities and international markets. Financial incentives of \$50,000 to \$100,000 encourage international and interstate startups to establish in Queensland for a minimum of six months
- led policy development of the Accelerating Advance Queensland agenda
- developed the Small Business Innovation Research program to generate new business opportunities for small and medium enterprises and improve public services
- initiated a pilot innovation audit process in partnership with Queensland State Archives
- delivered the Innovate Queensland program through Impact Innovation Pty Ltd, including information, skills development and collaboration events
- delivered the PhD Industry Experience program and observed benefits of involving PhD students in important projects.

2 Our service performance

Looking forward

During 2016–17, the Strategic Policy and Innovation division will contribute to advancing Queensland through innovation. The division will:

- accelerate Advance Queensland programs to drive innovation, broaden collaboration and support economic growth, including:
 - building a network of Regional Innovation Hubs to help strengthen innovation across Queensland
 - supporting accelerators to drive innovation in key Queensland industries by rapidly developing new ideas into products that can be commercialised
 - improving the rate of commercialisation of Queensland ideas into innovative products and services through the Ignite Ideas program.
- deepen partnerships across the business, industry and research sectors to foster innovation in Queensland, including:
 - working with the Advance Queensland Expert Panel to provide advice on key innovation and entrepreneurship issues
 - fostering collaboration between businesses and universities by delivering up to four rounds of the Knowledge Transfer Partnership program.
 - delivering more than 40 specialised innovation and commercialisation workshops, networking events and webinars to participants throughout Queensland through the Innovate Queensland program.
- encourage entrepreneurs to establish and scale high-tech, globally focused startups in Queensland, including:
 - announcing Queensland and Australia's first government Chief Entrepreneur
 - building startup capability and growing young entrepreneurial talent through delivery of the Young Starters program and the Queensland Startup Events and Activities Fund
 - opening the Startup Precinct to encourage connections, new ideas and opportunities for Queensland ventures
 - accelerating entrepreneurial skills development by engaging with world-leading companies, investors and startup communities through the Global Partnership Awards program.
- work across government to enable innovation in government services, including the rollout of the Small Business Innovation Research program, identifying innovative solutions for a number of complex challenges from across the Queensland Government.



2 Our service performance

Digital Productivity and Services

DSITI's Digital Productivity and Services division works together to revitalise Queensland Government services, increase Queensland's digital capability, preserve and improve access to Queensland's record-related information, and enhance the customer experience with the Queensland Government.

DSITI achieves this by:

- modernising the delivery of frontline services through customer-focused design and digital capability building
- driving a 'digital-first' approach to the delivery of government services to meet the changing expectations of Queenslanders
- fostering digital readiness in Queensland communities and businesses to increase participation in the digital economy
- driving the whole-of-government open data agenda to stimulate innovation, research and startups, and improve government service delivery
- providing leadership for records-related information management across Queensland public authorities to ensure Queensland public records are made, kept, managed and preserved in a useable form for the benefit of present and future generations.

Digital Economy and Productivity promotes and supports increased knowledge, confidence and

use of digital technologies, and content and innovative services to create better economic and social outcomes for Queenslanders.

The One-Stop Shop Strategy and Implementation Office is leading the transformation of Queensland Government service delivery by providing simpler, clearer and faster access to government services through online (qld.gov.au) and face-to-face single-access points.

Queensland State Archives (QSA) is the state's leading authority on records-related information management for over 500 public authorities, and is responsible for administering the *Public Records Act 2002*.

Smart Service Queensland (SSQ) is an award-winning service provider that delivers more than 260 services on behalf of government through two call centre sites (13 QGOV), 80 Queensland Government Agent Program offices and three Queensland Government Service Centres. SSQ is also the point of contact for government information and services in times of disaster recovery through the 13 2500 SES flood and storm lines.

Our operating environment

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

- the rapid growth of digital technologies and digitally driven services

- finding new opportunities for economic growth led by knowledge innovation
- meeting the increasing public demand for access to digitally driven services and information from anywhere at any time
- meeting citizen demand for access to digitally driven, innovative and joined-up government services from anywhere at any time.

In conjunction with the growth of digital technologies there is an increased focus on cyber security and the protection of information.

Achievements

During 2015–16, Digital Productivity and Services:

- delivered the Pivotal Youth Symposium and careers expo involving more than 200 students and teachers and gave them an opportunity to hear from global experts in science, technology, sustainability and spatial information
- delivered quarterly Partners in Technology forums to keep Queensland ICT businesses informed about the strategic environment, ICT architecture and future procurement needs of governments, universities and large non-government organisations

2 Our service performance

Performance review

The following service standards in the department's *Service Delivery Statements 2015–16* were used by the department and the government to assess the division's overall performance.

Service standard	Notes	2015–16 target/est.	2015–16 actual
Overall customer satisfaction with Queensland State Archives' (QSA) delivery of services to the public	1	N/A	N/A
Percentage of initiatives in the digital economy strategy action plan completed on time and on budget	2	90%	93%
Percentage of projects/initiatives involving partners in the digital economy strategy action plan completed on time and on budget.	2	90%	100%
Percentage of One-Stop Shop projects being managed or delivered that meet committed time-frames and budget	3	90%	91%
Percentage of clients satisfied with the One-Stop Shop Program	4	70%	89%
Percentage of customers satisfied with the services provided by Smart Service Queensland on behalf of government agencies	4,5	≥85%	91%
Percentage of clients satisfied with the services provided by Smart Service Queensland on their behalf	4,6	80%	67%
Cost per customer-service interaction (all interaction)	7	\$3.24	\$1.19

Notes

1. This is a biennial customer satisfaction survey last conducted for QSA in March 2015, the results of which can be found at <http://www.budget.qld.gov.au/budget-papers/documents/bp5-dsiti-2015-16.pdf>. The next survey will be conducted in 2017.
2. This measure has been discontinued for future Service Delivery Statements and annual reports. The measure related specifically to the Digital Economy Strategy and Action Plan. Progression of digital economy activities have now been incorporated into the Advance Queensland initiative.
3. The One-Stop Shop program is revitalising government services to make it simpler and easier for customers to access government services and information. The 2015–16 result indicates that the program has achieved successful delivery through the integrated use of Prince2 and agile/iterative methodologies. One-Stop Shop projects include, but are not limited to, increasing online services, expanding social media services, customer identity management, service outlets pilot and tell us once pilot—change of address, joined up services, and customer experience framework.
4. The term 'client' is used to identify other government departments or agencies, while the term 'customer' identifies members of the public or community.
5. The survey results revealed that customers feel that Smart Service Queensland's strongest service attributes remain the fairness it shows in treatment of its customers; staff knowledge and competency; staff going the 'extra mile'; and keeping customers informed. Satisfaction with the phone channel was 94 per cent, a 1 per cent increase from 2014–15, and with counters 99 per cent, a 7 per cent increase.
6. The 2015–16 survey received high results for ease of access, client relationship management and issue management. It also highlighted opportunities for improvement in the areas of invoicing, reporting, and new service on-boarding. A strategy and action plan will be developed in response to the survey results.
7. Large take-up of new online services contributed to the better than expected results. This target has been amended for next year and will be reviewed in subsequent years to establish a robust target for this measure based on several years of data. Customer service interactions include online sessions (qld.gov.au), in-person (Queensland Government Agency Program and Queensland Government Service Centre), telephone (13QGOV), counter, card and concessions.



2 Our service performance

- hosted international digital thought leader Helen Milner OBE, Chief Executive of the Tinder Foundation in the United Kingdom, to share the foundation's learnings on increasing digital inclusion through a series of events spread across Queensland
- launched the Advance Queensland Community Digital Champions program to improve digital literacy, digital adoption and digital innovation across the state through the stories and activities of more than 60 inspirational champions. Presented an inaugural Advance Queensland Community Digital Champions Roundtable event attended by more than 200 Queenslanders from across the state
- delivered eight 'Building a Business with Code' workshops for small businesses, startups and budding entrepreneurs across regional Queensland in Cairns, Townsville, Mackay, Yeppoon, Bundaberg, Noosa, Caboolture and Toowoomba
- promoted the Proclamation of Queensland to a broader Queensland audience by linking with State of Origin celebrations in the Queen Street Mall, gaining news coverage and a special appearance on Channel 9's Maroon Zone program
- broadened audience reach through the targeted use of Flickr, gaining over 269,000 views of archival records in the first two months
- supported the development of a web-based 'Manufacturing Toolbox' to improve capability and productivity within Queensland's manufacturing industry
- provided financial and in-kind support to National ICT Australia to deliver the Digital Careers program to more than 43,000 participants across Queensland and to appoint a dedicated regional officer in North Queensland
- published the *Digital Economy Fast Forward Report* with CSIRO/Data61 which identifies key technology trends and plausible marketplace scenarios that may shape future demand for, and delivery of, Queensland Government services to 2025
- continued to improve government transparency and efficiency and assumed responsibility for the Queensland Government's Open Data initiative and management of the Open Data Portal with more than 2000 datasets and 7700 resources published
- led Queensland Government work to identify options for developing a digital archiving capability
- increased the efficiency of the Smart Service call centre environment, exceeding service-level targets in customer service advisor hours by 10 per cent and improving the response to customer enquiries within existing resources
- redesigned the Smart Service quality assurance program, which resulted in higher customer satisfaction results and being awarded the Best Improvement Project in a Contact Centre 2016 at the recent Contact Centre Excellence Awards
- continued to grow SSQ's service delivery channel options by integrating digital technologies across the contact centre and Queensland Government service centres. This includes further development of AskQGov, and Webchat
- through the One-Stop Shop Strategy and Implementation Office:
 - worked closely with customers and Queensland Government departments to join up services around customer needs.
 - led policy and directions for the digital transformation of Queensland Government customer services.
- expanded the implementation of the single customer log in, including online evidence of identity and piloted the 'My account' concept; operated and evaluated service outlet pilots; and piloted a new proactive approach to seniors' concession services

2 Our service performance

- continued working closely with local governments to encourage greater participation in the digital economy in regional areas and to assist regional councils to develop appropriate digital economy strategies
 - increased access to archival collections by increasing the number of indexes of records with the assistance of an expanded volunteer program, released additional open datasets and collaborated with University of Queensland software design students on innovative projects to increase access through visualisations
 - maintained an accelerated transfer program to assist the agencies moving into 1 William Street and others to move their permanent paper records into our custody to ensure optimum preservation of, and access to, those records
 - commenced a review of the *Public Records Act 2000*
 - completed the first stage of an innovative procurement process to identify, test and prove the market's capability to provide digital archiving services to the Queensland Government
 - partnered with the PwC Chair in Digital Economy at the Queensland University of Technology to prototype new ways of engaging and interacting with the Queensland community and businesses with the latest digital technologies.
- ### Looking forward
- In 2016–17, DSITI will:
- continue to drive online services and enable customers to track their interactions with government and to select the information and services they need, with a personalised online experience
 - release a new dynamic version of qld.gov.au and an easy pay capability to support customer payments
 - provide service excellence to the community, and expand SSQ's catalogue of services via phone 13QGOV and in person at Queensland Government Agent Program locations and Queensland Government Service Centres and social media
 - progress the implementation of SSQ's replacement telephony infrastructure and content management system to provide an improved customer experience for the community
 - continue to improve digital literacy, digital adoption and digital innovation across Queensland through the ongoing implementation of the Advance Queensland Community Digital Champions program, continued support for Digital Careers, and coordination of National Year of Digital Inclusion activities
 - continue to work with government agencies to release open datasets, with a focus on increasing quality and high-value datasets
 - work with industry, government and education groups to promote digital capability, investment and growth in Queensland's digital industry sector
 - review and enhance service offerings for public and agency clients to maximise the preservation, understanding and use of the state's archival collection
 - progress the review of the *Public Records Act 2002*, including considering the extent to which the Act achieves its objectives for digital records
 - implement outcomes from a review of QSA's strategic direction in the context of digital readiness.



One-Stop Shop

Next generation service delivery for government

The One-Stop Shop program is focused on making customers' experience with government services easier, faster and more intuitive. Examples of next-generation service concepts we are currently designing with customers include:

Supporting delivery of the One-Stop Shop for seniors

Many seniors are not aware of the concessions they may be entitled to from state, federal and local governments. To address this, we are piloting a new proactive service to alert seniors about concessions they may be eligible for when they turn 65 years old. We are also advising them that they can apply for multiple concessions through one online application process. This approach is already reducing processing time from 20 days to within one day. Customer feedback from the trial has been overwhelmingly positive, with customers commenting it was 'extremely easy' and the website and application is self-explanatory.

Supporting young people at risk of homelessness

For some young people, the transition to adulthood can be challenging. Often, they don't know what services are available, and fragmented approaches mean services and support are difficult to find and complex to navigate. We are testing a concept that supports young people facing homelessness to get interactive and personalised help delivered straight to their mobile phone via Google, based on their location and circumstance. By getting young people on a positive life path at the right time, this service also has the potential to prevent ongoing disadvantage or vulnerability.

Reducing red tape through proactive assistance for new business

DSITI, in collaboration with the Department of Tourism, Major Events, Small Business and the Commonwealth Games and other partners, has been working to make the process of interacting with government easier for people wanting to open a café. Our small business customers told us that starting a business is often a confusing, costly and time-consuming process, with masses of inconsistent and irrelevant information to wade through.

We are testing a new, intuitive online interface with café owners that provides them with business licensing and compliance information, costs and timeframes for approvals that are specific to the location and service offering of their café. Customer feedback shows this new approach could save them time and thousands of dollars when setting up their business.

2 Our service performance

Strategic Information and Communication Technology

DSITI's Strategic Information and Communication Technology (ICT) division supports, delivers, guides and advises on whole-of-government ICT initiatives that enable modern, responsive and integrated frontline services for Queenslanders.

The division uses specialist knowledge and expertise to:

- provide strategic procurement services, including the preparation, negotiation and management of whole-of-government contracts that make buying and selling ICT products and services easier and more efficient
- help the ICT industry, including small and medium-sized enterprises access the Queensland Government market
- lead the whole-of-government ICT procurement category
- provide data centre, infrastructure server management, network, data storage management, solutions architecture, solutions integration and solutions implementation services to government agencies through CITEC, the Queensland Government's primary ICT service provider
- deliver leading information brokerage services on a commercial basis through CITEC Information Brokerage

- manage whole-of-government projects and programs, which in 2015-16 included:
 - implementing the Government Wireless Network to improve communications, safety and security for public safety agencies and emergency workers in South East Queensland
 - delivering the ICT modernisation agenda to support a connected, integrated government that uses modern, innovative and cost-effective ICT
 - establishing ICT infrastructure at the new 1 William Street government building to enable a productive and innovative workplace.

Our operating environment

We work in a complex and fluid operating environment driven by changing technology and customer needs.

Over the next 12 months, our focus will be on delivering whole-of-government ICT initiatives that support the implementation of the government's digital transformation agenda.

The recent Interdepartmental Committee Review of Queensland Government Procurement Practices provides an opportunity for us to:

- further embed ICT category management across government

- strengthen governance and performance management of ICT procurement activities
- support a flexible, agency-led approach to procurement
- continue to lead ICT industry engagement, including delivery of the ICT Industry Engagement Action Plan and implementation of a new, co-designed ICT contracting framework.

Our success rolling out the Government Wireless Network (GWN) to public safety agencies across South East Queensland in 2015-16 creates an opportunity for us to support other entities that decide to transition to the network.

We will continue working with key stakeholders to develop a new ICT service delivery business model that better supports the information management, cyber security and digital transformation needs of government agencies.

Achievements

During 2015-16, Strategic ICT:

- established ongoing management of the Queensland Government's arrangement with Telstra to deliver the Mobile Black Spots program. There are already 15 new sites in place, improving telecommunications coverage for businesses and communities across the state

2 Our service performance

Performance review

The following service standards in the department's *Service Delivery Statements 2015–16* were used by the department and the government to assess the division's overall performance.

Service standards	Notes	2015–16 target/est.	2015–16 actual
Percentage of whole-of-government spend awarded to small to medium-sized enterprises (transactions over \$10,000)	1	>11%	17.75%
CITEC ICT customer satisfaction	2	65%	43%
CITEC ICT earnings before interest and tax, less depreciation and amortisation (EBITDA)	3	(\$6.199m)	\$1.208m
CITEC Information Brokerage customer satisfaction		>80%	88%
CITEC Information Brokerage earnings before interest and tax, less depreciation and amortisation (EBITDA)	4	(\$0.778m)	\$1.813m

Notes:

1. This measure assesses the ongoing effectiveness of the ICT SME participation scheme policy by measuring the percentage of whole-of-government spend on transactions over \$10,000 awarded to SMEs for ICT products and services. ICT SME participation scheme policy ensures effective engagement with the ICT industry and specifically with SMEs by ensuring departments adopt a consistent procurement process.
2. This measure shows the percentage of customers satisfied with CITEC ICT's overall service provision. The 2015–16 result is lower than the target due to the high percentage of neutral responses received. The percentage of customers who responded with extremely satisfied, satisfied or neutral was 71.4 per cent.
3. CITEC ICT's 2015–16 result is better than the target primarily due to efficient management of costs and revenue streams.
4. CITEC Information Brokerage's 2015–16 result is better than the target primarily due to efficient management of costs and revenue streams and the successful implementation of new client-retention strategies.

2 Our service performance

- refreshed the whole-of-government ICT services panel, enabling 84 new suppliers or existing suppliers with new service offerings (including 70 SMEs) to become prequalified to provide current and innovative services to the Queensland Government, bringing the total to 288 suppliers on the ICT services panel
- provided more than 17,500 emergency services personnel (police, fire and ambulance) with a common, modern and secure radio communications platform through the successful implementation of the GWN across South East Queensland
- achieved cost savings of \$3.482 million through completion of contract re-negotiation and rationalisation activities within CITEC ICT
- delivered CITEC ICT's Data Storage and Protection project, enabling significant performance improvements and more than \$2.13 million in savings to the department
- achieved cost avoidance savings of \$15.3 million from the original GWN Program forecasted budget of \$457.3 million, realised from vendor negotiations and unutilised costs for the tunnels, network testing, additional sites, site condition upgrades and battery backup requirements
- developed an ICT category management framework that will guide whole-of-government strategies to reduce costs, increase service levels and drive continuous improvement through the entire sourcing and procurement life cycle
- managed the Queensland Government's arrangement with SAP, ensuring a financial benefit to government of more than \$1 million in avoided costs
- managed the whole-of-government Print and Imaging as-a-Service arrangement, enabling more than \$1.145 million in cost savings to participating agencies
- based on a major audit recommendation, established a cross-government cloud computing community of practice to raise agencies' awareness of cloud services and help them create their own cloud adoption and procurement guidelines
- enabled more than 65 per cent of Queensland Magistrates Court claims documents to be filed electronically
- received international recognition with the achievement of several high-profile awards, including the AIIA Queensland iAward for outstanding ICT innovation (in partnership with Telstra); and the Australian Institute of Project Management State, National and Asia Pacific awards for excellence in project management, and the Queensland Premier's iAward for Public Sector Innovation for the Government Wireless Network (GWN) Implementation Program's outstanding work
- commenced implementation of the ICT shared services connectivity to the 1 William Street building in collaboration with industry partner Dimension Data. Services include wired and wireless networking, federated identity management, follow-you printing, video conferencing and team collaboration facilities
- provided guidance to agencies for vetting supplier security assurance levels when evaluating cloud or as-a-service services
- delivered enhancements to the Queensland Government's Client Identity Management system, significantly improving the online identity authentication functionality for citizens, businesses and Queensland Government counter staff
- developed an online Contract Administration Manual for several large-scale ICT contracts, improving access and usage of associated customer and supplier information



2 Our service performance

- developed a blueprint and preliminary benefits case for shared regional connectivity, and progressed trial planning with several agencies in a multi-tenanted building, to deliver strategic and operational business benefits to agencies
- delivered a new property settlement service that seamlessly connects CITEC Confirm clients to the Property Exchange Australia platform, enabling quicker and easier settlement transactions
- moved the Corporate Administration Agency Disaster Recovery site to CITEC ICT's data centre, significantly reducing the agency's business continuity risks.
- actively engage with the ICT industry and support SMEs to access the Queensland Government market, including implementation of the ICT Industry Engagement Action Plan and delivering Advance Queensland's Testing within Government (TWiG) Program
- assist departments to develop business cases for provisioning additional entities and regions with access to the GWN
- support the delivery of the government's digital transformation agenda
- complete implementation of the 1 William Street ICT Program including final stage fit-out, testing and transition, and on-site support

Looking forward

In 2016–17, DSITI through the Strategic ICT function will:

- lead and embed ICT category management across the Queensland Government to ensure whole-of-government needs are met
- manage large-scale contracts on behalf of government agencies to ensure the ongoing success of the GWN, Mobile Black Spots Program and ICT in the 1 William Street building
- begin to implement a new business model for ICT service delivery that better supports the information management, cyber security and digital transformation needs of government agencies.

Government Wireless Network

More than 17,500 officers from the Queensland Police Service, Queensland Ambulance Service and Queensland Fire and Emergency Services are now using the Government Wireless Network (GWN) to support their day-to-day operations.

The GWN is a fully integrated, digital radio communications platform that enables emergency services personnel across multiple agencies to quickly and securely exchange information when responding to public safety incidents.

The network's new technology includes end-to-end encryption to protect against intercepted transmissions, as well as portable radios equipped with GPS-enabled duress alarms to improve the safety of officers in the field.

The modern, innovative network was designed and delivered in partnership with Telstra and Motorola and was rolled out across South East Queensland under DSITI's award-winning GWN Implementation Program. The network was designed to enable the GWN to be extended to other parts of Queensland.

Adding to a host of local awards, the program was recognised internationally in November 2015 when it took out the ICT/Telecommunications category at the Asia Pacific Federation of Project Management (APFPM) Project Management Achievement Awards in Kuala Lumpur.

Implementation of the GWN was completed on time and under budget in June 2016 and included:

- establishment of 181 radio sites
- installation of equipment in 3163 police, fire and ambulance vehicles, aircraft and watercraft
- deployment of 7543 portable radios to frontline personnel.

Transition to the new digital environment occurred with public safety agencies experiencing minimal disruption, and users of the GWN immediately noticing improvements in coverage, voice clarity and audio quality.

Officers responding to incidents have commented that the 'radios performed without a glitch and the signals were clear and un-interrupted', and that the 'voice quality is so good people have asked whether we were pulling their leg and someone was talking from a neighbouring room.'

2 Our service performance

Queensland Shared Services

Queensland Shared Services (QSS) is a shared service provider of corporate transactional and advisory services to more than 70,000 public servants across 24 Queensland Government departments and agencies.

It helps customer-facing agencies by providing modern services and trusted advice, including: comprehensive finance processing and advisory, procurement, payroll processing, workforce advisory and mail support services.

QSS is also responsible for effectively managing the key financial and human resource

management and payroll technology solutions that support agencies and underpin their service delivery.

QSS is continuing to collaborate with agencies to improve business processes and progress major consolidation and modernisation initiatives for its core financial management and payroll services and systems.

Our operating environment

Key impacts include the growth in different service models for corporate services, extending the use of business process automation

technologies, as well as expanding business advisory and other value-add services for customer agencies.

Over the coming year we will work closely with customer agencies to refine the shared service model to best meet the changing needs of the sector.

In 2016–17, we will upgrade shared finance and payroll solutions, and introduce new self-service and business process automation capabilities for core functions.

Successful delivery of these initiatives will provide a higher quality service for our customers at

Performance review

The following service standards in the department's *Service Delivery Statements 2015–16* were used by the department and the government to assess the division's overall performance.

Service standards	Notes	2015–16 target/est.	2015–16 actual
Percentage of HR Services delivered within Service Level Agreement standards	1	95%	99.74%
Number of pays processed per FTE per fortnight	2	350	328
Percentage of Finance Services delivered within Service Level Agreement standards	1	95%	95.5%
Number of accounts payable transactions processed per FTE per annum	2	7500	7318

Notes:

1. QSS Service Agreements contain performance standards on which QSS delivers agreed HR services to customer agencies.
2. These measures were introduced in 2015–16 as an indicator of productivity. While the results are slightly below the initial target there has been steady improvement in productivity through 2015–16. The targets are maintained for 2016–17 to reflect the estimated impacts of improvements from business process automation being rolled out to agencies.

2 Our service performance

reduced cost, enabling agencies to focus on frontline service delivery priorities.

Achievements

In 2015–16, Queensland Shared Services:

- continued to deliver high-quality services, with an accuracy rate of over 99 per cent for core finance and payroll processing activities
- transitioned another five agencies from legacy finance system arrangements to a modern consolidated finance solution
- upgraded core payroll solutions (Aurion) to deliver payroll and human resource management services, ensuring ongoing vendor support for more than 60,000 employees
- consolidated and upgraded core finance and payroll solutions to facilitate new self-service and business process automation capabilities for employees and managers

- extended e-Form capability for finance processing by agencies, providing greater self-service and reduced transaction costs
- implemented service and business improvements designed to better manage workflow of incoming requests and task allocations
- developed future business roadmaps for finance and HR services
- updated the Queensland Shared Services customer relationship model, with increased forums and engagement with agency stakeholders.

Looking forward

In 2016–17, Queensland Shared Services will continue to collaborate with customer agencies and contribute to improving services to government. The division will:

- transition core payroll and finance solutions to contemporary, vendor-supported environments.

- This work will include:
 - the transition of another three agencies from legacy finance system arrangements to a current, consolidated finance solution—two to business go-live and one to technical go-live
 - introduction of new self-service and business process automation capabilities for employees and managers
 - accounts payable, corporate card administration and payroll processing enhancements.
- enhance our online presence and workflow capabilities to make it easier for customers to find information and to lodge and track work requests
- provide a higher quality service for customers at reduced cost, developing analytics capabilities to provide better business insights and enabling agencies to focus on frontline service delivery priorities.



2 Our service performance

Queensland Government Chief Information Office

The Queensland Government Chief Information Office provides independent, expert advice to Directors-General and the Minister for Science, Innovation and the Digital Economy and Minister for Small Business on ICT issues from a whole-of-government perspective.

Advice is based on research on emerging technologies, determining business drivers for decisions and carrying out risk-based analysis on the performance of information technology and information systems across government.

The office also develops ICT strategy, policy and standards to support consistency of application across the Queensland Government.

The Queensland Government Chief Information Office provides:

- governance processes to support investment review and assurance of ICT-enabled initiatives
- architectures and long-term strategy for information technology and information systems in transformation activities
- advice, analysis and intervention on emerging day-to-day issues
- cross-government program support through project assurance and supporting agency initiatives, for example, use of cloud computing

platforms to support cross-government collaboration and cooperation

- ICT profiling to provide evidence for future initiatives and to assist in monitoring of the government's ICT, including at-risk systems
- whole-of-government cyber security strategy, standards and advice
- enhanced workforce capability through the Queensland Government IT Graduate program, a conduit for positive relationships with other jurisdictions, industry and academic institutions.

The Queensland Government Chief Information Office's business is driven by government's key objective of delivering quality frontline services for the community.

Our operating environment

Queensland Government's management of its ICT resources is based on consistency, transparency and careful monitoring. Tools are now available that support improved and informed decision-making to provide better and more-efficient services. We strive to support agencies by providing considered advice to aid decisions.

Specific actions underway include:

- improving the safety of information held by government, and supporting agencies processes to protect their data
- strengthening collaboration within government by facilitating multi-agency approaches to initiatives focused on improved services for customers and better value for money
- providing strategic advice that informs key initiatives such as identity management and telecommunications.

We will continue to work with agencies, other jurisdictions and the ICT industry to drive the change needed to better support service delivery.

Achievements

In 2015–16, the Queensland Government Chief Information Office:

- leveraged the Queensland Government's \$10 million contribution to the Australian Government's Mobile Black Spot Program to negotiate a total funding package of \$53.85 million for the state. 68 new or upgraded mobile towers, across 45 different councils will be installed in Queensland under Round 1 of the program.

2 Our service performance

It is estimated that the 68 towers will provide an overall increase in coverage of more than 50,000 square kilometres—12,000 dwellings, more than 900 kilometres of major transport routes and hundreds of kilometres of local roads. As part of a co-funding arrangement with Telstra, Queensland will also get fifty 4G small cells that will be installed at suitable locations throughout Queensland (locations to be determined)

- oversaw the management of all government ICT investment projects through a central gated review process. High-impact ICT-enabled initiatives totalling more than \$250 million were reviewed through this process and by the Directors-General ICT Council
- implemented a dedicated cyber security support program for the Queensland Government
- developed a proof of concept for a Microsoft 365 security classification tool for the Queensland Government Chief Information Office, as a pilot for a whole-of-government implementation
- supported government to progress further federal initiatives for telecommunications improvements of mobile black spots in Queensland
- successfully delivered a cross-government development program for CIO and ICT executives
- launched Release 3 of the Queensland Government ICT Dashboard, making it easier for industry to see the status of ICT tenders across government (powered from the Queensland Government QTenders website)
- reviewed and refreshed the Queensland Government IT Graduate Program and coordinated an intake of 53 graduates for 2016
- engaged extensively with government, industry and academia to inform a new digital strategy. This collaboration will deliver major improvements to the role of ICT in supporting government, businesses, and industry and the community.

Looking forward

During 2016–17, the Queensland Government Chief Information Office will:

- further improve cyber security support across government
- commit resources to research, investigate and trial emerging technology
- expand our commitment to improving information management to enable better service delivery
- continue to analyse existing and planned ICT investments to increase visibility, accessibility and transparency of information, reduce complexity and risk, and drive efficiency and productivity gains, through improved levels of inter-agency collaboration
- lead work to strengthen ICT governance across the sector and refresh the Queensland Government Enterprise Architecture (QGEA), the policy framework that underlies ICT investments and business decision making.



Transparency and the ICT dashboard

With an annual spend of over \$1 billion on ICT within government, the Queensland Government Chief Information Office (QGClO) seized an opportunity to provide improved information about Queensland Government ICT-enabled projects—to improve accountability, transparency and management of major ICT initiatives .

The refresh has simplified the design of the dashboard to enable customers to see the status of projects at a glance.

Release 2 of the ICT Dashboard has been acknowledged by all departments as a major success and importantly, by various peak industry research bodies, including Intermedium and FutureGov Asia Pacific.

Release 2 provided unprecedented transparency through its simplicity and elegant design, and has been acknowledged as a market leading. In 2015, FutureGov Asia Pacific cited the Queensland Government ICT Dashboard as being a good example of transparency and open government.

The ICT project data that agencies publish to the Open Data Portal is the same data that drives the ICT Dashboard.

In May 2016, the QGClO launched Release 3 of the ICT Dashboard providing improved access to a broader range of information focusing on ICT tenders and the various stages of the tender life cycle.

We are now making it easier for small businesses to find, plan and tender for government ICT work.

To further support improved ICT management, an internal-to-government ICT ‘console’ has been developed by the QGClO. This console allows agencies to better manage their ICT through views of ICT-profiling data that provide greater insights via interactive data visualisations.

The ICT console supports improved governance and decision-making through easy access to ICT-profiling information across all agencies.

2 Our service performance

Queensland Chief Scientist

The Queensland Chief Scientist provides strategic advice to government on harnessing science and innovation to support the government's objectives and activities. The Office of the Queensland Chief Scientist's services include:

- providing strategic, evidence-based advice and governance input around science, research and innovation in Queensland
- ensuring Queensland Government investment in research and development is strategic and effective, leverages additional funding sources, and is effectively translated for impact
- helping develop and implement on a vision to create a Queensland population that recognises, supports and advocates for science
- supporting and helping facilitate positive organisational transformation across government

Our operating environment

In 2016, the Chief Scientist, as Chair of the Great Barrier Reef Water Science Taskforce, consulted extensively with stakeholder groups on the taskforce's Final Report, with the objective of building understanding of and support for the final recommendations.

The Office of the Queensland Chief Scientist also:

- co-designed the Advance Queensland Innovation Challenges Program, partnering with other Queensland Government departments in a novel approach to solving some of the government's strategic challenges
- partnered with the Queensland Museum and Science Division to host the inaugural World Science Festival Brisbane, which is one activity in the outward-facing *Advance Queensland Communication and Engagement Strategy*.

Achievements

In 2015–16, the Queensland Chief Scientist:

- submitted the Final Report of the Great Barrier Reef Water Science Taskforce to the Minister for National Parks and the Great Barrier Reef for a formal government response. The Final Report includes 10 recommendations, with a focus on enhanced water-quality monitoring of catchments and finer-scale monitoring at the farm level
- published the *Queensland Government research and development expenditure report 2014–15*

- published reports on two of Queensland's Science and Research priorities: *Knowledge Intensive Services—Growing Queensland's knowledge intensive services sector through science*, and Research and Innovation, *Advanced Manufacturing—Implications and opportunities for Queensland*
- led the *Advance Queensland Science Engagement and Communication Strategy* with a vision to create a Queensland population that increasingly engages in and recognises, supports and advocates for science
- acted as Deputy Chair of the Queensland Government's Advance Queensland Expert Panel, which provides broad independent strategic advice to the government on science and innovation matters
- partnered with the Queensland Museum to host the inaugural World Science Festival Brisbane, with more than 120,000 people taking part in the five-day festival, and delivered other leading events as part of National Science Week
- continued to promote the recognition and celebration of Queenslanders' scientific achievements and impact



2 Our service performance

- continued to encourage and facilitate collaboration across government, academia and industry, including through his role with the Advance Queensland Expert Panel and with the Partner-Up Queensland Program
- as chair of the Great Barrier Reef Water Science Taskforce, helped to ensure strategic investment of the government's \$90 million commitment to improving the health of the reef through improved water quality (nutrient and sediment targets)
- maintained strong informal links with leading scientists in Queensland, nationally and internationally to tap into knowledge expertise networks, and maintain his trusted advisor role.

Looking forward

During 2016–17, the Queensland Chief Scientist will:

- organise a Guinness World Record attempt for the largest practical science lesson, with approximately 3000 students from all sectors and all over Queensland
- in partnership with the Wonder of Science's Young Science Ambassador initiative, rollout the Flying Scientists program, in which scientists will fly to regional and remote Queensland to participate in school visits, and community events and deliver public seminars
- continue to perform the role of Deputy Chair of the government's Advance Queensland Expert Panel, which provides broad independent strategic advice to the government on science, innovation and entrepreneurship matters
- chair the Deputy Vice-Chancellors of Research Roundtable
- collect and analyse research and development data across the whole of government
- publish the *Health of Queensland Science and Innovation 2016 Report*, a summary of the current position of the state's science sector.

2 Our service performance

Other whole-of-government plans and specific initiatives

During 2015–16, DSITI was responsible for the following whole-of-government programs, plans and initiatives:

- leading the implementation of the Advance Queensland initiative
- implementing the Government Wireless Network across South East Queensland
- implementing the *One-Stop Shop Plan 2013–18*
- implementing the *Queensland Digital Economy Strategy and Action Plan*
- increasing the whole-of-government cyber security capability
- managing the Queensland Government ICT Dashboard
- managing whole-of-government statutory obligations in relation to government use of third-party copyright material under the *Copyright Act 1968* (not including educational use)
- implementing the recommendations of the 2013 Intellectual Property Audit for Queensland Government agencies, and preparing for the 2015 audit of all state government agencies

- providing capability development to Queensland Government staff about Crown intellectual property, through the provision of online training modules and face-to-face workshops
- delivering the first stage of the Digital Archiving 2020 Program—the Design, Test and Prove Project
- supporting the Queensland Government’s First World War centenary commemorations
- continuing to manage the Queensland Government’s arrangement with Telstra to deliver the Mobile Black Spots Program and supporting improvements of mobile black spots in Queensland
- implementing ICT infrastructure in the new 1 William Street building
- delivering the refreshed ICT action plan
- delivering the *ICT Industry Engagement Action Plan* to improve the Queensland Government’s communication and engagement with industry, including SMEs
- publishing the *Queensland Government research and development expenditure report 2014–15*.

During 2015–16, the department also supported the following whole-of-government plans and initiatives:

- *Reef Water Quality Program*
- *Great Barrier Reef 2050 Long Term Sustainability Plan*
- *State Disaster Management Plan*
- *Vegetation Management (Reinstatement) and Other Legislation Bill*
- *Queensland Biofutures 10-Year Roadmap and Action Plan*
- Biofuels Mandate
- Life Sciences
- *State of the Environment Report*
- *Climate Transition Strategy*
- *Queensland Climate Adaptation Strategy*.



3 Our governance

Our leaders

**Jamie Merrick,
Director-General**

Commenced as acting Director-General in August 2015 and was appointed as DSITI Director-General in March 2016.

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

As Director-General, Jamie is responsible for ensuring the department implements the Queensland Government's Advance Queensland initiative; drives cross-government digital economy and ICT initiatives; delivers customer-focused citizen services; provides ICT investment and policy advice; and delivers scientific, ICT infrastructure, finance and human resource services to government departments.

**Andrew Mills,
Queensland Government Chief
Information Officer**

Commenced as Queensland Government Chief Information Officer in January 2014.

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

Andrew has supported the Minister, Director-General and a council of Directors-General to provide assurance and increased transparency over ICT investment; progressed several investigations that assess government and market readiness of new initiatives; explored the adoption of emerging technologies that will improve the business of government; and significantly improved government information security.

**Dr Geoff Garrett AO,
Queensland Chief Scientist**

Commenced as Queensland Chief Scientist in January 2011.

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

Dr Garrett has lent his expertise to a number of reviews covering the science of floods, uranium mining, Hendra virus and coal seam gas. Dr Garrett is Chair of the Queensland Government's Great Barrier Reef Water Science Taskforce and Deputy Chair of the Advance Queensland Expert Panel.

3 Our governance

**Dr Christine Williams,
Assistant Director-General, Science**

Commenced as Assistant Director-General in April 2012.

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

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

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

**Andrew Spina,
Assistant Director-General,
Digital Productivity and Services**

Commenced as Assistant Director-General in April 2012.

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

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

**Dallas Stower,
Assistant Director-General,
Strategic ICT**

Commenced as Assistant Director-General in May 2014.

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

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

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



3 Our governance

**Irene Violet,
A/Assistant Director-General,
Queensland Shared Services**

Commenced as Acting Assistant Director-General, Queensland Shared Services in May 2015.

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

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

**Paul Martyn,
Deputy Director-General,
Strategy and Innovation**

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

Paul's responsibilities span strategic policy, customer and market insights, innovation and commercialisation policies and programs, and the delivery of the Advance Queensland initiative.

Paul is responsible for further development of the Advance Queensland initiative, influencing national and state policies, programs and regulations to ensure they best contribute to a thriving innovation system in Queensland and strengthening the unique role that DSITI can play in whole-of-government policy design and implementation, and promoting innovation across government.

**Evan Hill,
Chief Change and
Operations Officer**

Commenced as Chief Change and Operations Officer in February 2014.

Evan is responsible for the strategic leadership of the department's corporate services including finance, human resources, the chief information office, procurement, communications and engagement, legal, privacy, integrity services, strategic planning, change management and risk management.

**Danny Short,
Chief Finance Officer**

Commenced as Chief Finance Officer in March 2014.

Danny is responsible for financial strategy and resource management, procurement, statutory financial reporting and policy as well as property and business management for the department.

**Megan Barry,
Chief Human Resources Officer**

Commenced as Chief Human Resources Officer in January 2016.

Megan is responsible for transforming the department's people agenda and oversees all human resource, industrial relations, organisational development and workplace health and safety activities.

3 Our governance

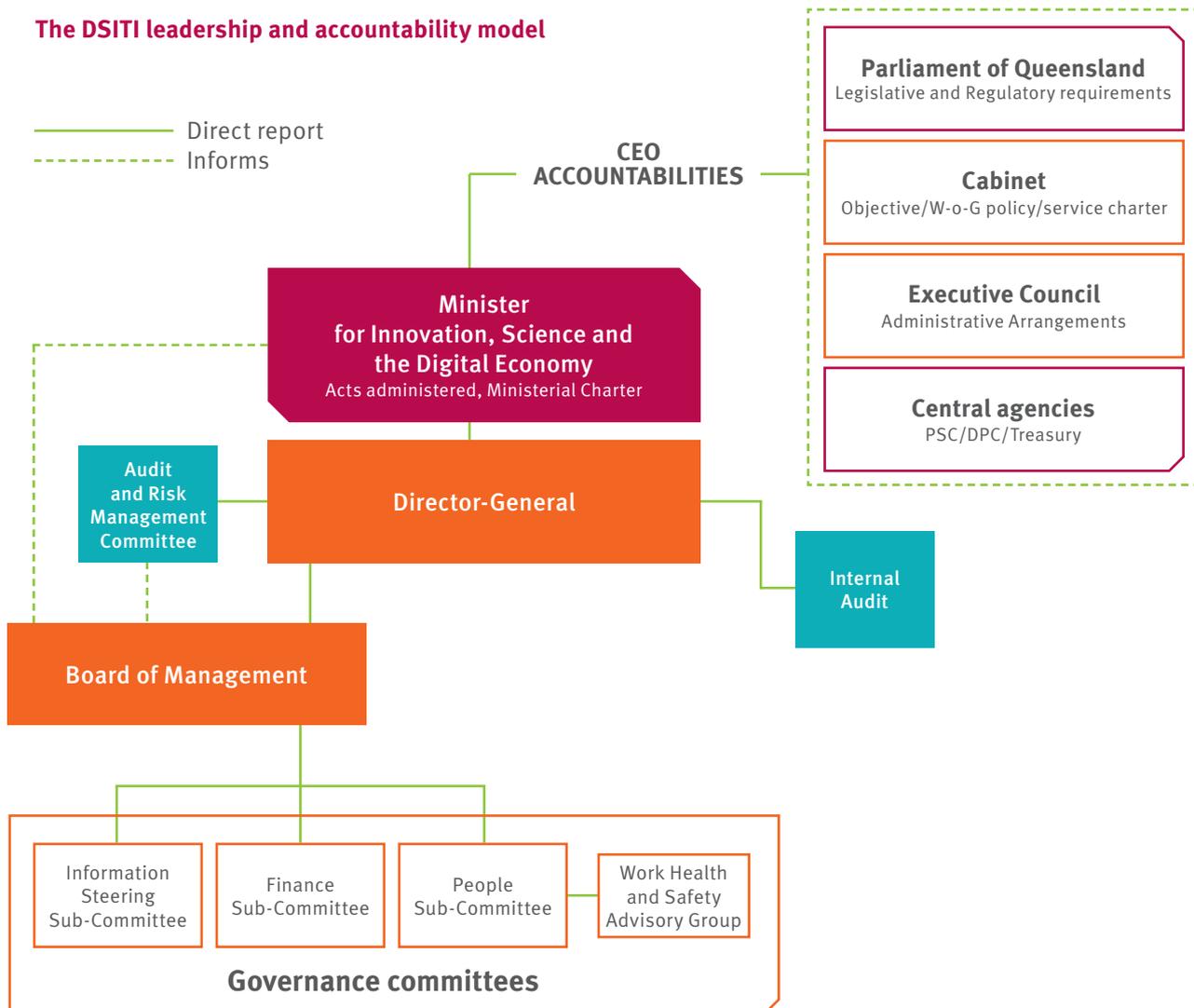
Governance framework

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

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

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

The DSITI leadership and accountability model



3 Our governance

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

The BoM works collectively to:

- set agency strategy, objectives and priorities
- develop our agency and workforce capabilities

- increase and harness the diversity of our workforce
- drive innovation across the agency and through our partnerships
- oversee the implementation of programs and policies
- monitor performance and reporting requirements
- review risk mitigation strategies
- review the implementation of recommendations from

management and audit reports to improve business processes and work practices.

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

Committee	Members and purpose statement
Board of Management (BoM)	<ul style="list-style-type: none"> • Director-General (Chair) • Chief Change and Operations Officer • Deputy Director-General, Strategy & Innovation • Queensland Government Chief Information Officer • Assistant Director-General, Science • Assistant Director-General, Digital Productivity and Services • Assistant Director-General, Strategic ICT • Assistant Director-General, Queensland Shared Services • Chief Finance Officer • Chief Information Officer • Chief Human Resources Officer • Director, Office of the Director-General. <p>BoM meets weekly and is the primary governance body for DSITI.</p> <p>As well as decision-making responsibilities, BoM is informed about subcommittee outcomes in order to facilitate effective corporate governance.</p> <p>An organisational governance and performance reporting meeting is held each quarter, with additional attendees:</p> <ul style="list-style-type: none"> • Director, Internal Audit • Executive Director, Strategic Transformation and Performance.

3 Our governance

Committee	Members and purpose statement
Audit and Risk Management Committee (independent of BoM)	<ul style="list-style-type: none"> • Director-General (Chair) • Chief Change and Operations Officer • Assistant Director-General, Queensland Shared Services. <p>External members:</p> <ul style="list-style-type: none"> • Partner, Risk Advisory Services, BDO (Qld) Pty Ltd (Chair)— paid as per agreed rates • Deputy Director-General, Corporate Services, Department of Communities, Child Safety and Disability Services. <p>The committee met five times and paid \$3201 remuneration to one external member during the 2015–16 financial year.</p> <p>The Audit and Risk Management Committee is directly responsible to, and supports, the Director-General in the effective discharge of legislative accountabilities in the <i>Financial Accountability Act 2009</i> and the <i>Financial and Performance Management Standard 2009</i>.</p> <p>The role of the committee is to provide independent assurance and assistance to the Director-General on:</p> <ul style="list-style-type: none"> • risk management, internal control and compliance frameworks • financial statements • internal audit and external audit matters • performance management • client agency assurance reporting. <p>The committee does not replace nor replicate established management responsibilities and delegations, the responsibilities of other executive management groups within DSITI, or the reporting lines and responsibilities of either internal audit or external audit functions.</p>

3 Our governance

Committee	Members and purpose statement
Information Steering Sub-committee (ISC)	<ul style="list-style-type: none"> • Chief Change and Operations Officer (Chair) • Executive Director, Strategic Policy and Innovation • Assistant Director-General, Science • General Manager One-Stop Shop, Digital Productivity and Services • Executive Director, Systems, Shared Corporate Services • Executive Director, Information Brokerage, Strategic ICT • Chief Information Officer • Chief Finance Officer • Director, Internal Audit • Queensland Government Chief Technology Officer, QGCIO. <p>External member:</p> <ul style="list-style-type: none"> • VP Executive Partner, Executive Programs Asia Pacific, Gartner Inc. <p>The committee meets every six weeks as a subcommittee of BoM. The primary functions of the ISC include:</p> <ul style="list-style-type: none"> • providing strategic leadership and ongoing governance and oversight of the department's ISC portfolio investments • approval of the department's ICT strategy and objectives in support of the DSITI strategic plan • endorsing and monitoring departmental ICT and information management policies, standards and guidelines, including DSITI's enterprise architecture positioning statements • endorsing the technical quality and business value of ICT solutions selected to enable DSITI's project portfolio.
Finance Sub-committee	<ul style="list-style-type: none"> • Chief Change and Operations Officer (Chair) • Director-General (ex officio) • Assistant Director-General, Strategic ICT • Director Commercialisation, Strategic Policy and Innovation • Executive Director, Science Delivery, Science • Executive Director, Smart Service Queensland, Digital Productivity and Services • Principal Architecture Consultant, QGCIO • Assistant Director-General, Queensland Shared Services • Chief Finance Officer. <p>The committee meets each month to provide assurance about the effective financial management of the department, which includes consideration of financial performance, financial policy development, savings initiatives, funding pressures and strategic procurement issues.</p>

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Committee	Members and purpose statement
People Sub-committee	<ul style="list-style-type: none"> • Assistant Director-General, Queensland Shared Services (Chair) • Chief Change and Operations Officer • Chief Human Resources Officer • Executive Director, Strategic ICT • Executive Director, Strategic Policy and Innovation • Executive Director, Science • Principal Architecture Consultant, Queensland Government Chief Information Office • Executive Director and Queensland State Archivist, Digital Productivity and Services. <p>The committee meets monthly to ensure a strategic whole-of-department focus on human resource management and Workplace Health and Safety.</p>

Audit arrangements

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

Internal Audit operates under the powers pursuant to section 61 of the *Financial Accountability Act 2009* and according to its approved charter, which incorporates the internal audit professional standards. Due regard has been given to Queensland Treasury’s *Audit Committee Guidelines*, June 2012 in the provision of secretariat support to the ARMC.

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

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

During 2015–16, Internal Audit:

- developed a comprehensive, risk-based strategic internal audit plan and annual internal audit plan endorsed by the ARMC and approved by the Director-General
- executed the annual internal audit plan that included coverage of key financial controls, major systems, project management and operations
- provided reports on results of assurance and advisory reviews to the ARMC and the Director-General
- monitored and reported on implementation status of internal audit and external audit (Queensland Audit Office) recommendations.

Risk management

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

In 2015–16, the Audit and Risk Management Committee had a firm focus on strengthening the risk management system. Business risks have been incorporated into the new quarterly performance-reporting regime, which is reviewed by the corporate governance forum. A new cloud-based risk management solution was implemented in December 2015, providing consistent data capture



3 Our governance

and real-time reporting. A risk appetite statement was developed, clarifying the department's approach to risk taking in pursuit of its objectives and creating greater public value by identifying innovative solutions.

During 2015–16, the department exercised its business continuity and disaster recovery plans, providing confidence in the ability of all areas to respond to disruptive events. Subsequent to the outcomes of exercises and other observations, a rapid response group was established within Change and Operations Division to ensure a coordinated response capability that can be deployed in the face of events that may disrupt departmental operations.

The department also enhanced corporate governance through the introduction of a legislative compliance framework and assurance framework, and completed its annual assurance map refresh. Based on the Three Lines of Defence model the framework supports understanding of officer accountabilities, and contributes towards the effective management of risk. DSITI management recognises the importance of being a risk-capable organisation, and embraces the government values that emphasise taking calculated risks to encourage a culture of prudent risk management and innovation.

External scrutiny

Audits and reviews

In 2015–16, the Queensland Audit Office tabled in Parliament four audit reports that mentioned the department:

- *Auditor-General Report No. 1 for 2015–16: Results of Audit: Internal Control Systems 2014–15*—summarised the results of the Queensland Audit Office's evaluations of systems of financial controls and selective test controls in 21 government departments; analysed the effectiveness of internal financial management reporting; and examined disaster recovery planning. Its findings included:
 - Financial controls: The Queensland Shared Services control environment was assessed as effective with 28 of the 29 internal control objectives having been achieved
 - Internal financial management reporting: The results of the audit were favourable for the department with no deficiencies being identified
 - IT disaster recovery planning: The Queensland Audit Office noted that the department did not have a centralised disaster recovery plan and while each business area had a level of capability and was equipped to undertake ICT disaster recovery activities, the department was 'deficient' in holding an overarching planning document and process for information technology disaster recovery planning. The department has subsequently addressed this issue.
- *Auditor-General Report No. 6 for 2015–16: State Public Sector Entities—2014–15 Financial Statements*—all state public sector entities must report on their finances and have them audited to demonstrate accountability in managing public money on behalf of the Queensland community. DSITI received an unqualified audit opinion on its 2014–15 Financial Statements.
- *Auditor-General Report No. 10 for 2015–16: Queensland State Government: 2014–15 Financial Statements*—the department's financial statements were included in the Queensland Government consolidated financial statements audit. An unqualified audit opinion was issued.
- *Auditor-General Report No. 13 for 2015–16: Cloud Computing*. In 2014, the Queensland Government Chief Information Office (QGCIO) developed a cloud computing strategy and implementation model for the Queensland Government. DSITI, through QGCIO, is responsible

3 Our governance

for establishing frameworks, guidance and implementation of procurement panels to support the Queensland Government in adopting cloud computing.

DSITI provides guidance to departments on how to assess the suitability of cloud products in terms of technical standards, compliance, backup and disaster recovery capability, product and supply change security, data centre locations, and legal jurisdiction of the service provider.

The five recommendations made to DSITI and QGCIO are currently being addressed.

In 2015–16, the Queensland Audit Office performed three audits in the Department of Science, Information Technology and Innovation:

1. an ASAE 3402-type Assurance audit of Queensland Shared Services
 2. an ASAE 3402-type Assurance audit of CITEC
 3. an audit of the department's financial statements 2015–16 (not yet finalised).
- ASAE 3402 Assurance audit of Queensland Shared Services 2015–16: The Queensland Audit Office audited the design and operations of controls in Queensland Shared Services for processing customer transactions in accounts payable, payroll and general IT control systems, and issued an Assurance Report for the period 1 July 2015 to 29 February 2016.

QAO concluded that in all material respects, the controls were suitably designed and operated effectively throughout the period.

Nineteen audit recommendations were made and have been accepted by management.

- ASAE 3402 Assurance audit of CITEC 2015–16: The Queensland Audit Office performed an assessment of CITEC's ICT infrastructure and related services for IT systems used by Queensland Shared Services, Department of Education and Training, Queensland Health and the Corporate Administration Agency in managing Wide Area Network and data centre as at 29 February 2016.

QAO concluded that in all material respects, the CITEC description of control systems for ICT infrastructure and related services fairly present these systems as designed and implemented, and that the controls related to the control objectives stated in the description were suitably designed.

Five audit recommendations were made and were accepted by management.

- Audit of the department's Financial Statements 2015–16: Queensland Audit Office conducts the annual audit of the department's financial statements.

On 9 May 2016, an Interim Management Report was issued in relation to the operating effectiveness of controls in four areas of the financial statements—cash and financing; expenditure; payroll; and property, plant and equipment.

No significant internal control deficiencies were identified/ reported.

- CITEC ICT is routinely audited by independent government organisations for compliance and assurance purposes. In 2015–16, Queensland Audit Office conducted an audit of CITEC SAP Information Technology General Controls—no major issues were identified.
- CITEC Information Brokerage is regularly audited by information providers for compliance against contracts and licences. In 2015–16, an audit was conducted by the Australian Securities and Investments Commission (ASIC) for compliance against the *ASIC Information Broker Agreement*. The auditor acknowledged full compliance with no further action required by CITEC Information Brokerage.
- During 2015–16, Queensland Audit Office commenced a whole-of-government Strategic Procurement Audit that includes review of ICT Strategic Sourcing. This audit is in its early stages with a report yet to be released.



3 Our governance

Ethics and code of conduct

DSITI is committed to building a culture that supports high standards of professional conduct and ethical business practices.

All employees are required to observe the Code of Conduct for the Queensland Public Service (the code) and principles identified under the *Public Sector Ethics Act 1994*. This was supported in 2015–16 through the roll out of:

- face-to-face workshops for managers and employees
- mandatory e-learning programs for all employees on Code of Conduct and Fraud and Corruption.

Information systems and knowledge management

DSITI Chief Information Office develops record-keeping policy and provides a number of services to DSITI business units, including the provision of advice and guidance regarding appropriate record-keeping practices.

A Communication, Awareness and Training program is being developed to ensure an ongoing focus on educating staff about records and records management requirements.

To enable a collaborative and consistent approach to recordkeeping across the department, a records management group has been established that includes representatives from all business units. This collaborative approach allows for expertise and better knowledge management practices to be shared across the department.

With the upcoming move to 1 William Street, a range of business areas have been transitioned to an eDRMS solution (RM8) to promote a paper-lite workplace, reducing the quantity of physical records and enabling the better management of digital records. The Chief Information Office is investigating whole-of-department requirements, including a cloud-based approach, to continue our drive to become a paper-lite and digital workplace.

Over 2015–16, the introduction of Office 365 SharePoint for DSITI business units has also enabled staff across the department to share, collaborate and discover information anywhere and anytime. SharePoint provides the ability for DSITI staff to implement and work with team sites, project sites and workflow tools, increasing the productivity of our workforce.

4 Our people



Workforce profile (active and paid as at fortnight ending 24 June 2016)

Division	FTE total
Office of the Director-General	11.00
Change and Operations	239.54
Digital Productivity and Services	554.33
Internal Audit	3.00
Office of the Queensland Chief Scientist	8.56
Queensland Government Chief Information Office	44.40
Science	963.07
Shared Corporate Services	383.34
Strategic ICT	398.66
Strategic Policy and Innovation	45.20
DSITI	2651.10

Diversity statistics

Category	%
Aboriginal and Torres Strait Islander	1.36
Disability	4.20
Non-English speaking	15.80
Females in the workforce	57.39
Females in senior management (CEO, SES, SO)	31.45
Females in management (AO8, AO7, AO6, PO6, PO5 and equivalent)	46.76

Permanent separation rate

Full-time equivalent	
Permanent	2118.18
Permanent separated	150.02
Percentage	7.08%
Head count	
Permanent	2246
Permanent separated	160
Percentage	7.12%

4 Our people

Early retirement, redundancy and retrenchment

During the period, 19 employees received redundancy packages at a cost of \$1.409 million. All voluntary redundancies were employee initiated.

Workforce planning, attraction and retention

During 2015–16, the department focused on building a high-performing, innovative and connected workforce. DSITI has implemented a number of key strategies and programs to address our current and future workforce needs. Specific areas of focus included:

- building leadership and management capability
- managing performance
- collaborative and inclusive problem solving through initiatives such as Innovation Sprints and the Director-General Innovation Challenge
- connecting employees through sponsored departmental networks, including Women's Connect and the Senior Leadership Forum
- increasing cultural capability and awareness.

Workforce management

DSITI has sharpened its focus on aligning workforce skills and resources with business priorities through the introduction of the Resource and Vacancy Management and Hot Tasks initiatives.

Resource and Vacancy Management—whole-of-department principles and approach to resource allocation designed to maximise employment and development opportunities for employees.

Hot Tasks—an innovative and flexible approach to the way we meet peak demand and deliver our business priorities. The Hot Tasks concept was generated from a Director-General Innovation Challenge event. The program aims to:

- increase collaboration, engagement and retention
- support employee development through exposure to different work contexts and on-the-job learning experiences
- contribute to innovation and better business outcomes by harnessing diverse perspectives.

Information and Communication Technology (ICT) workforce capability development

Over the past year, the department has focused on embedding an ICT capability framework, Skills Framework for the Information Age (SFIA). SFIA is an internationally recognised model that articulates the contemporary capabilities and skills needed to develop information systems and apply information and communications technologies. In 2015–16, the department invested in building our ICT workforce capability through skill passports, a tool that records

employee's capability against the SFIA framework and is used to recognise and enhance employee capability.

Service excellence

DSITI is committed to improving services to Queenslanders through better customer experiences, and supported 393 employees with customer experience training. The purpose of these training programs is to support individuals and teams to take a customer-centred approach to delivering better services to the Queensland community.

Recognition

The department encourages and celebrates the achievements and performance of our employees through informal and formal recognition programs. In 2016, our annual Recognition of Excellence Achievement Awards recognised 44 initiatives, teams and individuals who demonstrated a commitment to upholding the Queensland public service values. The five award categories align to the Queensland public service values.

Employee performance management

The DSITI Employee Performance Management framework supports alignment between employee, senior executive and chief executive performance and development frameworks. The department's framework is underpinned

4 Our people

by frequent and meaningful conversations about performance and development. It has six key components:

- employee induction/onboarding
- probation
- performance and development planning
- reward and recognition
- management of unsatisfactory performance
- discipline.

A number of support mechanisms are in place to equip managers and employees to optimise performance, including:

- a comprehensive induction and onboarding program
- training in performance planning and effective feedback conversations
- local and whole-of-department recognition programs.

The DSITI performance and development planning policy articulates the responsibilities of managers and their employees in putting into place annual performance and development agreements.

Supporting tools and resources are available to all employees to participate in performance and development planning, aligning with the relative strategic and business objectives. The engagement in this activity was high in 2015–16 with 80.04 per cent of employees having an active Performance and Development Agreement in place.

Work-life balance

The department supports a range of policies and practices that promote work-life balance and flexible working arrangements, including:

- flexible work centres
- telecommuting
- part-time employment and job-share arrangements
- compressed hours
- staggered start and finish times
- leave provisions, including carer's leave, accrued time and purchased leave.

Flexible work arrangements are actively promoted in recruitment and onboarding activities as well as during performance and development conversations. Our employee survey results highlighted that 63 per cent of employees are utilising flexible workplace options.

Leadership and management development

Leadership capability continues to be a priority for DSITI. The department is committed to ongoing investment in the development of our existing, new and emerging leaders.

In 2015–16, the department supported leadership development through Public Service Commission-endorsed programs, including:

- Practical People Matters
- Executive and Leadership Capability Assessment and Development
- Emerging Leaders' Development Program and Executive Seminar series.

In addition, the department invested in building the capability of new and emerging leaders by offering the following face-to-face programs:

- Leading Change
- DSITI-Targeted Leadership Development
- DSITI Mentoring
- Executive and Leadership Coaching.

Workplace health and safety

The department is committed to building a safe, healthy and supportive workplace. Our safety culture was evidenced over the past year with 83 per cent of employees believing their colleagues are committed to workplace safety.

In 2015–16, DSITI:

- commenced a review of the department's workplace health and safety framework and strategy to ensure workplace health and safety remains a priority
- delivered a range of cultural change initiatives, including:
 - the continued promotion of and training in domestic and family violence awareness
 - implementing a cultural capability program including the development of a Cultural Capability Action Plan 2015–18 and a cultural awareness e-learning program.

4 Our people

- continued a range of support services, including:
 - counselling and support services to all employees and their families across the department through a confidential and professional employee assistance service
 - support and advice to employees and managers relating to injured or ill employees and other rehabilitation matters through the early intervention centre.
- continued a range of health and wellbeing initiatives, including:
 - free flu vaccination program
 - DSITI Steps Out program (a monthly social, voluntary three-kilometre walk/run)
 - promotion of corporate rates for health insurance memberships
 - online health and lifestyle resources
 - participation in the 2016 Corporate Games—being awarded the Sport for Life Award which recognises DSITI's effort and commitment in supporting employee fitness, health, organisational spirit and morale.

Industrial and employee relations framework

DSITI's employee and industrial relations framework is based on the legislative framework established by the Queensland Industrial Relations Commission, and contributes to the government's commitment of restoring fairness to government workers.

New awards and modernisation

Over the past two years, the Queensland Industrial Relations Commission has progressed an award-modernisation process that has produced a new modernised award entitled *Queensland Public Service Employees and Other Employees Award—State 2015* for the Queensland public sector. The department is also party to the modern *Civil Construction, Operations and Maintenance General Award—State 2016*.

The finalisation of the modern award has enabled the government to finalise a new State Government Entities Certified Agreement 2015 (also known as the Core Agreement) which applies to most of the department's workforce.

A new certified agreement (CITEC Certified Agreement 2015) was implemented, providing CITEC employees with employment conditions and a salary increase consistent with the Core Agreement.

The department has maintained a collaborative, proactive and effective industrial relationship with the relevant unions.

The department has a robust consultative framework in place consisting of a whole-of-department consultative committee and consultative committees in the following departmental business units:

- Queensland Shared Services
- CITEC
- Smart Service Queensland.

The department's open, collaborative approach to industrial relations contributed to successful union engagement, resulting in minimal workplace disruption and no days lost as a result of industrial dispute.

Domestic and family violence prevention in action

In February 2015, the Queensland Government's Domestic and Family Violence taskforce released its *Not Now, Not Ever* report. Since then, the government has, together with other initiatives:

- released its response to the report, including an interim implementation plan
- released a *Domestic and Family Violence Prevention Strategy and associated Action Plan*
- appointed a Domestic and Family Violence Implementation Council.

A range of resources including directive and policy documents, toolkits, fact sheets, and handbooks have been developed and made available to departments. DSITI has established a Domestic and Family Violence working group that will play a major role in implementing the whole-of-government approach.

DSITI does not tolerate behaviours such as bullying, intimidation or harassment in the workplace, whether by employees, their family or others. DSITI is committed to heightening awareness of domestic violence and providing guidance for employees and management to address the occurrence of domestic violence and its effects on the workplace.

A range of resources including tool kits, fact sheets, and face-to-face and online training were developed to assist employees and managers. These resources assist in how to:

- recognise the warning signs of domestic and family violence
- respond quickly and effectively
- refer people to community resources that can help them.

Recent results of an employee opinion survey indicate 91 per cent of employees are aware of the policies in place to support employees affected by domestic and family violence. May 2016 was Domestic and Family Violence Prevention and Awareness month and a key activity was the Darkness to Daylight Challenge Run. More than 50 DSITI employees ran and walked, and collectively raised \$4350.55. Overall, more than 1500 participants at the event from across government raised a total of \$107,553.70.

The event promotes awareness and prevention of domestic violence, an issue of great importance for the Queensland Government and our department. Funds raised go towards the CEO Challenge, a recognised award-winning charity that challenges the business sector to help break the silence surrounding domestic violence.

DSITI is committed to addressing personal safety issues at work, and connecting employees with community resources that help contribute to a healthier, more productive workforce and a safer community.

5 Our locations

The department's head office is located at 111 George Street, Brisbane. Service areas are located in a number of sites in the Brisbane CBD and greater Brisbane area, and in major regional centres in Queensland including Cairns, Townsville, Rockhampton, Maroochydore, Robina and Toowoomba. CITEC has one location interstate.

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

Division	Address
Brisbane	
Queensland Shared Services	Brisbane, 160 Mary Street
	Woolloongabba, 411 Vulture Street
	Woolloongabba, 897 Main Street
Queensland Government Chief Information Office	Brisbane, 111 George Street
CITEC	Brisbane, Edward Street Railway 1C
	Brisbane, Edward Street Railway 1D
	Ipswich, Springfield DATA Centre (Polaris)
Strategic ICT	Brisbane, 111 George Street
Office of the Queensland Chief Scientist	Brisbane, 111 George Street
Science Division	Dutton Park, Ecosciences Precinct, 41 Boggo Road
	Toowong, Queensland Herbarium, Mount Coot-tha Road
	Deagon, Coastal Impacts Unit, Queensland Government Hydraulics Laboratory, 27 Quinlan Street
	Smithfield, Australian Tropical Herbarium, JCU Cairns Campus, McGregor Road
Queensland State Archives	Runcorn, 435 Compton Road
Smart Service Queensland (call centres)	Mt Gravatt, Garden Square Block B, Kessels Road
	Zillmere, Pineapple Street
Smart Service Queensland	Brisbane, 127 Creek Street
One-Stop Shop Strategy and Implementation Office	Brisbane, 111 George Street
Strategic Policy and Innovation	Brisbane, 100 George Street
	Brisbane, 80 George Street

5 Our locations

Division	Address
Queensland Government Service Centre	Brisbane, 33 Charlotte Street
Regions	
Queensland Shared Services	Cairns, 63–67 Spence Street
	Gympie, corner Louisa Street and Cartwright Road
	Maroochydore, 12 First Avenue
	Robina, corner Christine Avenue and Scottsdale Street
	Rockhampton, 80–82 Denham Street
	Toowoomba, 532 Ruthven Street
	Townsville, 187 Stanley Street
Queensland Government Service Centre	Cairns, 5B Sheridan Street
	Maroochydore, 12 First Avenue
Digital Economy and Productivity	Toowoomba, 100 Bridge Street
	Townsville, 455 Flinders Street
	Rockhampton, 209 Bolsover Street
Interstate	
CITEC	Melbourne, 256 Queen Street

Queensland Government Agent Program (QGAP) offices

Smart Service QGAP offices are located in regional centres:

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

QGCC—Queensland Government Customer Centre

6 Our financial performance

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 that the financial internal controls of the department are operating efficiently, effectively and economically in conformance with Section 57 of the *Financial and Performance Management Standard 2009*.

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

Summary of financial performance

This financial summary provides an overview of the department's financial performance for the period 1 July 2015 to 30 June 2016. A more detailed view of the department's financial performance is provided in the Financial Statements included in Part B of the Annual Report.

As at 30 June 2016, the economic entity consists of five major departmental services, a commercialised business unit and one shared service provider.

The department has reported an operating deficit of \$2 million for the year ended 30 June 2016, mainly due to a CITEC operating deficit of \$4 million and timing differences in Science's externally funded projects of \$2 million being offset by an operating surplus within Queensland Shared Services of \$4 million.

Total appropriated services revenue for the period was \$282 million, and the department operated within its appropriated budget during this period. Total user charges received for the period was \$304 million, which was primarily derived through Information and Communication Technology services by CITEC, services by Smart Service Queensland, and Corporate Services (including Finance and Payroll support) by the department's shared service provider, Queensland Shared Services (QSS).

The department's net assets reduced to \$139 million, and the net book value of property, plant and equipment for the department was \$189 million. All liabilities recognised by the department are funded and no significant contingent liabilities exist as at 30 June 2016 in respect of the department's activities.

Comparison of actual results for 2015–16 and 2014–15

Financial results	2015–16	2014–15	Variance
Income from continuing operations	\$609 million	\$685 million	(\$76 million)
Expenses from continuing operations and income tax	\$611 million	\$694 million	(\$83 million)
Operating result from continuing operations	(\$2 million)	(\$9 million)	\$7 million
Total assets	\$346 million	\$289 million	\$57 million
Total liabilities	\$207 million	\$133 million	\$74 million
Equity	\$139 million	\$155 million	(\$16 million)

6 Our financial performance

Income from continuing operations has reduced by \$76 million in comparison to the prior financial year mainly due to:

- a reduction of \$36 million in appropriation revenue due to the transfer of Arts Queensland of \$60 million, offset by limited life appropriation for initiatives including Advance Queensland
- a decrease of \$37 million in user charges due to the transfer of Arts Queensland and Corporate Administration Agency of \$20 million, and a reduction in revenues associated with the department's commercialised business unit CITEC, of \$10 million, and shared service provider QSS, of \$13 million.

Expenses from continuing operations have reduced by \$83 million in comparison to the prior financial year mainly due to:

- the transfer of Arts Queensland and Corporate Administration Agency during the 2014–15 financial year of \$83 million
- a \$24 million reduction in CITEC and QSS expenditure due to lower revenues
- offsetting additional expenditure associated with limited life programs including Advance Queensland.

The operating result has improved by \$7 million to a \$2 million operating deficit due to a number of factors, including:

- \$4 million negative impact in the prior year in relation to the early repayment of science infrastructure loans due to a combination of foregone interest and early repayment discounts
- \$3 million written off in the prior year relating to work in progress by Arts Queensland
- \$3 million negative impact on the operating result for CITEC due to reduced client demand for services
- offsetting a \$2 million improvement in the QSS operating result due to business improvements and efficiencies.

The value of assets increased by \$57 million to \$346 million in comparison to the prior financial year mainly due to:

- new leased assets associated with the Government Wireless Network (Phases 2 and 3) of \$59 million
- lease incentive assets associated with the department's office accommodation arrangements of \$12 million

- offset by depreciation for the financial year on the department's property, plant and equipment assets.

The department's liabilities increased by \$74 million to \$207 million in comparison to the prior financial year mainly due to:

- higher finance lease liability of \$52 million associated with the Government Wireless Network (Phases 2 and 3)
- lease incentive liabilities associated with the department's office accommodation arrangements of \$12 million.

The department's administered activities had an operating surplus of \$12 million due to a contribution received in relation to the ICT arrangements for 1 William Street. The management of administered assets was consistent with departmental objectives. For more information, refer to the Schedule of Administered Items in Note 28 of Part B of this annual report.

6 Our financial performance

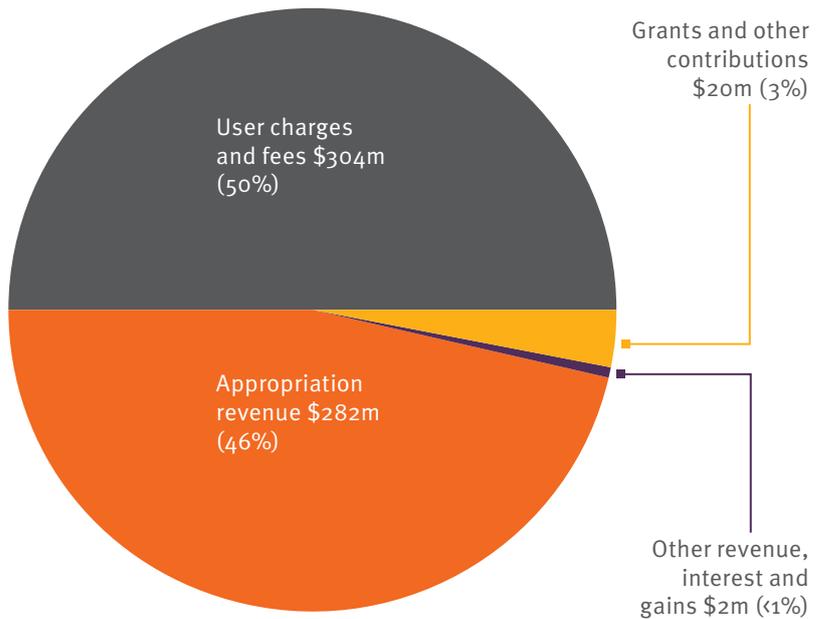
Our income—where the funds come from

Income for the department totalled \$609 million for 2015–16, a decrease of \$76 million on the prior financial year mainly due to the transfer of Arts Queensland and Corporate Administration Agency to the Department of the Premier and Cabinet during 2014–15.

User charges and fees are the main source of income for the department at 50 per cent of the total. They are generated from a variety of activities, with the main clients being other Queensland Government departments.

Appropriation revenue accounted for 46 per cent of the department’s income in 2015–16.

2016 income (\$609 million)



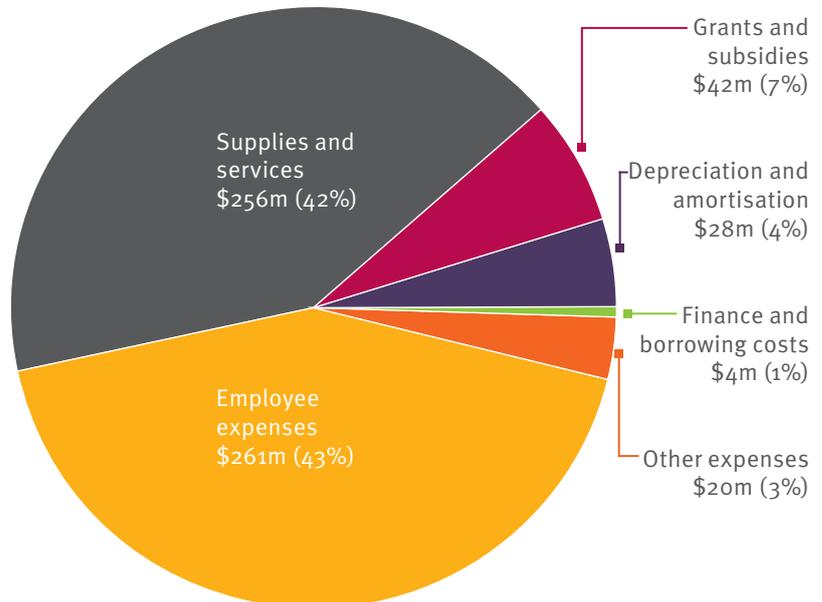
Our expenses—how funds are spent

Expenses for the department totalled \$611 million for 2015–16, a decrease of \$83 million on the prior financial year mainly due to the transfer of Arts Queensland and Corporate Administration Agency to the Department of the Premier and Cabinet during 2014–15.

Employee expenses are the department’s major expense component at 43 per cent closely followed by supplies and services at 42 per cent.

Supplies and services include service delivery expenses relating to ICT (including the Government Wireless Network) and shared service providers.

2016 expenditure (\$611 million)

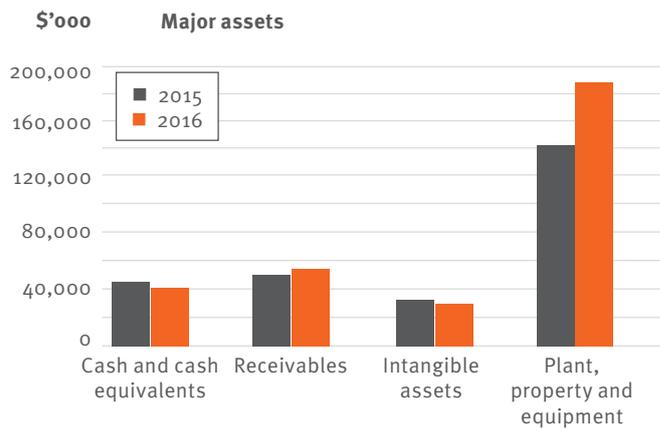


6 Our financial performance

Our assets—what we own

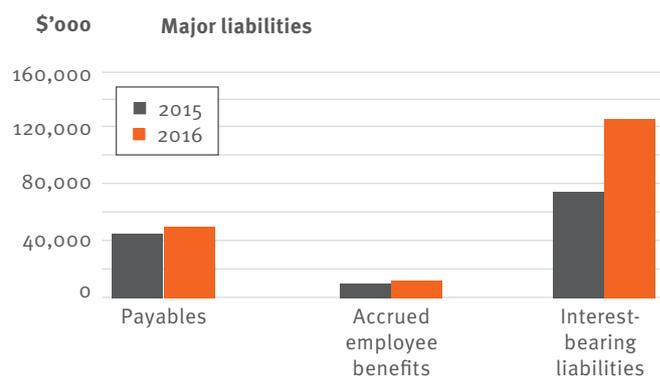
As at 30 June 2016, the department held assets totalling \$346 million, with \$220 million relating to property, plant and equipment, and intangible assets.

\$122 million of the department's assets are leased finance assets that relate to the Government Wireless Network.



Our liabilities—what we owe

As at 30 June 2016, the department held liabilities totalling \$207 million, with \$125 million relating to interest-bearing liabilities that relate to the finance lease for the Government Wireless Network.





7 Glossary of terms

As-a-service	A model that allows customers to buy ICT solutions from a supplier without having to own or lease any of the associated equipment/software
AskQGov	Queensland Government customer service via Facebook
Aurion	Payroll system
Digital adoption	Digital/technology adoption is a process that begins with awareness of the technology and progresses through a series of steps including purchase and ends in appropriate and effective usage
Digital capability	An organisation's capacity to use and respond positively to change in digital technology and services
Digitally driven	Digitally driven organisations recognise the power, value and potential of their digital data and the need to create new forms of digital data
Digital economy	The global network of economic and social activities that are enabled by information and communications technologies, such as the internet, mobile and sensor networks
Digital first	Using digital channels as the primary or preferred means of delivery for government information and services
Digital innovation	The application of digital technology as a new idea, device, or method that provides a better solution that meets new requirements, unarticulated needs, or existing market needs
Digital literacy	The skills and ability to participate safely and securely, confidently and lawfully online in order to take full advantage of the opportunities available in the digital age
Digital technologies	include the internet, hardware and software applications, devices such as smart phones and tablets, wireless and satellite, electronics and sensors, transaction and trading platforms, digital media and content. Other digital technologies include artificial intelligence/virtual reality; computer/machine vision; sense and avoid drones; geospatial; machine learning; additive and distributed manufacturing; natural language processing; next-generation robotics and speech recognition
e-learning	Electronic learning
Globalisation	The process of international integration arising from the interchange of world views, products, ideas and other aspects of culture
Hyper-connectivity	A state of unified communications (UC) in which the traffic-handling capacity and bandwidth of a network always exceed the demand
G20	The Group of 20 summit

7 Glossary of terms

Onboarding	Also known as organisational socialisation, refers to the mechanism through which new employees acquire the necessary knowledge, skills, and behaviours to become effective organisational members and insiders
QTenders	Online website where you will find information about upcoming, current or closed tendering opportunities with the Queensland Government.
RB Tool	Regrowth Benefits Tool
Startup	An entrepreneurial venture which is typically a newly emerged, fast-growing business that aims to meet a marketplace need by developing or offering an innovative product, process or service
Startup Catalyst	An initiative that will take groups of youths, startups, investors, corporates, and innovation leaders to international startup hotspots to assist in the cultural transformation of the Australian economy to one that is fast paced, startup aware, and global first
Startup Precinct	Innovation hub for Queensland
Webchat	Real-time communication on the internet
YouTube	Video-sharing website

7 Glossary of terms

Acronyms list

13QGOV	Queensland Government immediate response phone number.	LEAN	Leaders Encouraging Activity and Nutrition
AO	Administration Officer	NGO	Non-government organisation
AS/NZS	Australia/New Zealand Standard	OBE	Order of the British Empire
ARMC	Audit and Risk Management Committee	PO	Professional officer
ASAE	Australian Standard on Assurance Engagements	PCI	Payment Card Industry
ASIC	Australian Securities and Investments Commission	PSC	Public Service Commission
BoM	Board of Management	QAO	Queensland Audit Office
CAA	Corporate Administration Agency	QGAP	Queensland Government Agency Program
CBD	Central business district	Q-CAS	Queensland-Chinese Academy of Science
CEO	Chief Executive Officer	QGCIO	Queensland Government Chief Information Office
CITEC	Centre for Information Technology and Communication	QGEA	Queensland Government Enterprise Architecture
CSIRO	Commonwealth Scientific and Industrial Research Organisation	QH	Queensland Health
DET	Department of Education and Training	QSA	Queensland State Archives
DSITI	Department of Science, Information Technology and Innovation	QSS	Queensland Shared Services
eDRMS	Electronic Document and Records Management System	R&D	Research and Development
FTE	Full-time equivalent	SAP	System Applications Products
GWN	Government Wireless Network	SES	Senior executive service
GST	Goods and Services Tax	SES	State Emergency Service
HR	Human Resources	SME	Small to medium enterprise
ISO	International Standard Organisation	SO	Senior Officer
ICT	Information and communication technology	SSQ	Smart Service Queensland
ISC	Information Steering Committee	SPI	Strategic Policy and Innovation
JCU	James Cook University	TAFE	Technical and further education
		TRI	Translational Research Institute
		WHS	Workplace health and safety

8 Compliance checklist

	Summary of requirement	Basis for requirement	Annual report reference
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs—section 8	Letter to Minister Enoch p iii
Accessibility	Table of contents Glossary	ARRs—section 10.1	pp v–vi Glossary of terms pp 62–64
	Public availability	ARRs—section 10.2	About our annual report p viii
	Interpreter service statement	Queensland Government <i>Language services policy</i> ARRs—section 10.3	p iv
	Copyright notice	<i>Copyright Act 1968</i> ARRs—section 10.4	p iv
	Information licensing	QGEA— <i>Information licensing</i> ARRs—section 10.5	p iv
General information	Introductory Information	ARRs—section 11.1	From the Director-General pp 1–3
	Agency role and main functions	ARRs—section 11.2	About the department pp 10–13 Legislation administered by the department p 13 Our locations pp 56–57
	Operating environment	ARRs—section 11.3	Our operating environment p 13
Non-financial performance	Government’s objectives for the community	ARRs—section 12.1	From the Director-General pp 1–3 2015–16: performance highlights pp 4–9 Our strategic objectives p 10
	Other whole-of-government plans/specific initiatives	ARRs—section 12.2	Other whole-of-government plans/specific initiatives p 39
	Agency objectives and performance indicators	ARRs—section 12.3	2015–16: performance highlights pp 4–7 DSIT key performance indicators pp 8–9
	Agency service areas and service standards	ARRs—section 12.4	Our service performance pp 14–38
Financial performance	Summary of financial performance	ARRs—section 13.1	Our financial performance pp 58–61
Governance—management and structure	Organisational structure	ARRs—section 14.1	Our structure p 11
	Executive management	ARRs—section 14.2	Our governance pp 40–50
	Government bodies (statutory bodies and other entities)	ARRs—section 14.3	Information available at qld.gov.au/dsitia/annual-report
	<i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> ARRs—section 14.4	Ethics and code of conduct p 50

8 Compliance checklist

Summary of requirement	Basis for requirement	Annual report reference	
	Queensland Public Service values	ARRs—section 14.5	Our values p 12 Recognition p 52
Governance—risk management and accountability	Risk management	ARRs – section 15.1	Risk Management and Audit and Risk Management Committee pp 45–48
	Audit committee	ARRs—section 15.2	Audit and Risk Management Committee p 45
	Internal audit	ARRs—section 15.3	Audit arrangements p 47
	External scrutiny	ARRS—section 15.4	External scrutiny pp 48–49
	Information systems and recordkeeping	ARRs—section 15.5	Information systems and knowledge management p 50
Governance—human resources	Workforce planning and performance	ARRs—section 16.1	Our people pp 51–55
	Early retirement, redundancy and retrenchment	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs—section 16.2	Early retirement, redundancy and retrenchment p 52
Open Data	Consultancies	ARRs—section 17 ARRs—section 34.1	Open data data.qld.gov.au
	Overseas travel	ARRs—section 17 ARRs—section 34.2	Open data data.qld.gov.au
	Queensland Language Services Policy	ARRs—section 17 ARRs—section 34.3	Open data data.qld.gov.au
Financial statements	Certification of financial statements	FAA—section 62 FPMS—sections 42, 43, 50 ARRs—section 18.1	Financial statements Part B p 52
	Independent Auditors Report	FAA—section 62 FPMS—section 50 ARRs—section 18.2	Financial statements Part B pp 53–54

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirement for Queensland Government agencies*

PART B

ANNUAL REPORT

2015–2016

Department of Science, Information Technology and Innovation
FINANCIAL STATEMENTS

PART B

Department of Science, Information Technology and Innovation

The Department of Science, Information Technology and Innovation Financial Statements

Understanding our financial statements

The financial statements enable readers to assess the Department of Science, Information Technology and Innovation (“the department”) including its commercialised business unit (CBU) and shared service provider (SSP) financial results and cash flows for the 2015-16 financial year and its position as at the end of the financial year.

These financial statements cover the department and its controlled entity.

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

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

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

Level 26
111 George Street
BRISBANE QLD 4000

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

For information in relation to the department's financial statements, please call 13 QGOV (13 74 68), email webfeedback@dsiti.qld.gov.au or visit the departmental website www.qld.gov.au/dsiti.

Statement of Comprehensive Income

for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Operating result			
Income from continuing operations			
Appropriation revenue	5	282,430	318,628
User charges and fees	6	304,176	341,389
Grants and other contributions	7	20,459	21,773
Interest	14	162	1,293
Other revenue	8	2,017	1,971
Total revenue		609,244	685,054
Gains on disposal of assets		10	6
Total income from continuing operations		609,254	685,060
Expenses from continuing operations			
Employee expenses	9	260,663	268,077
Supplies and services	11	256,348	303,108
Grants and subsidies	12	41,670	56,693
Depreciation and amortisation	17/18	28,468	46,046
Impairment losses	17/26	621	56
Finance/borrowing costs	20	4,016	2,359
Other expenses	13	19,682	16,812
Total expenses from continuing operations		611,468	693,151
Operating result from continuing operations before income tax		(2,214)	(8,091)
Income tax expense/(revenue)	27	(6)	606
Operating result from continuing operations after income tax		(2,208)	(8,697)
Other comprehensive income			
Items that will not be reclassified to operating result			
Increase in asset revaluation surplus	18	1,059	9,632
Total other comprehensive income		1,059	9,632
Total comprehensive income		(1,149)	935

The accompanying notes form part of these statements.

PART B

Department of Science, Information Technology and Innovation

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

for the year ended 30 June 2016

	Corporate Administration Agency (SSP) *		Arts Queensland*		CITEC (CBU)		Queensland Shared Services (SSP)		Science	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Income from continuing operations										
Appropriation revenue	-	-	-	59,767	-	-	-	-	85,553	69,080
User charges and fees	-	6,711	-	13,180	150,199	160,228	143,720	156,908	987	1,187
Grants and other contributions	-	83	-	133	-	-	5,590	5,858	14,853	15,800
Interest	-	-	-	52	162	327	-	-	-	914
Other revenue	-	11	-	132	9	8	295	1,782	698	961
Total revenue	-	6,805	-	73,264	150,370	160,563	149,605	164,548	102,091	87,942
Gains on disposal of assets	-	-	-	-	1	-	-	-	4	5
Total income from continuing operations	-	6,805	-	73,264	150,371	160,563	149,605	164,548	102,095	87,947
Expenses from continuing operations										
Employee expenses	-	4,422	-	7,795	40,425	42,611	85,115	86,258	38,370	37,059
Supplies and services	-	2,007	-	18,332	106,176	108,892	55,473	71,518	21,999	22,981
Grants and subsidies	-	-	-	25,368	-	-	-	-	35,418	27,807
Depreciation and amortisation	-	98	-	21,245	7,432	8,928	3,716	3,720	4,793	5,104
Impairment losses	-	-	-	-	19	48	551	4	3	-
Finance/borrowing costs	-	-	-	52	76	310	-	-	-	-
Other expenses	-	109	-	3,810	566	740	1,033	1,259	3,553	335
Total expenses from continuing operations	-	6,636	-	76,602	154,694	161,529	145,888	162,759	104,136	93,286
Operating result from continuing operations before income tax	-	169	-	(3,338)	(4,323)	(966)	3,717	1,789	(2,041)	(5,339)
Income tax expense/(revenue)	-	-	-	-	(6)	606	-	-	-	-
Operating result from continuing operations after income tax	-	169	-	(3,338)	(4,317)	(1,572)	3,717	1,789	(2,041)	(5,339)
Other comprehensive income										
Items that will not be reclassified to operating result										
Increase in asset revaluation surplus	-	-	-	9,632	-	-	-	-	1,059	-
Total other comprehensive income	-	-	-	9,632	-	-	-	-	1,059	-
Total comprehensive income	-	169	-	6,294	(4,317)	(1,572)	3,717	1,789	(982)	(5,339)

* Refer to note 32(f).

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

for the year ended 30 June 2016

	Digital Productivity and Services		Strategic ICT		Strategic Policy and Innovation		General – not attributed		Inter-departmental eliminations		Department total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Income from continuing operations												
Appropriation revenue	64,827	60,624	102,489	101,850	10,128	7,183	19,433	20,124	-	-	282,430	318,628
User charges and fees	28,208	27,983	2,815	323	-	-	7	15,001	(21,760)	(40,132)	304,176	341,389
Grants and other contributions	16	-	-	-	-	-	-	(18)	-	(83)	20,459	21,773
Interest	-	-	-	-	-	-	-	-	-	-	162	1,293
Other revenue	45	63	2,696	(11)	-	-	25,383	21,148	(27,109)	(22,123)	2,017	1,971
Total revenue	93,096	88,670	108,000	102,162	10,128	7,183	44,823	56,255	(48,869)	(62,338)	609,244	685,054
Gains on disposal of assets	3	1	-	-	-	-	2	-	-	-	10	6
Total income from continuing operations	93,099	88,671	108,000	102,162	10,128	7,183	44,825	56,255	(48,869)	(62,338)	609,254	685,060
Expenses from continuing operations												
Employee expenses	49,387	45,954	14,475	12,057	5,239	4,434	27,899	27,511	(247)	(24)	260,663	268,077
Supplies and services	35,179	36,705	68,805	84,887	2,387	1,743	14,909	18,281	(48,580)	(62,238)	256,348	303,108
Grants and subsidies	1,766	2,095	2,219	75	2,267	978	-	370	-	-	41,670	56,693
Depreciation and amortisation	3,819	3,802	8,631	3,108	3	7	74	34	-	-	28,468	46,046
Impairment losses	3	3	-	-	-	-	45	1	-	-	621	56
Finance/borrowing costs	-	-	3,940	1,997	-	-	-	-	-	-	4,016	2,359
Other expenses	2,787	113	9,980	38	231	20	1,574	10,464	(42)	(76)	19,682	16,812
Total expenses from continuing operations	92,941	88,672	108,050	102,162	10,127	7,182	44,501	56,661	(48,869)	(62,338)	611,468	693,151
Operating result from continuing operations before income tax	158	(1)	(50)	-	1	1	324	(406)	-	-	(2,214)	(8,091)
Income tax expense/(revenue)	-	-	-	-	-	-	-	-	-	-	(6)	606
Operating result from continuing operations after income tax	158	(1)	(50)	-	1	1	324	(406)	-	-	(2,208)	(8,697)
Other comprehensive income												
Items that will not be reclassified to operating result												
Increase in asset revaluation surplus	-	-	-	-	-	-	-	-	-	-	1,059	9,632
Total other comprehensive income	-	-	-	-	-	-	-	-	-	-	1,059	9,632
Total comprehensive income	158	(1)	(50)	-	1	1	324	(406)	-	-	(1,149)	935

PART B

Department of Science, Information Technology and Innovation

Statement of Financial Position

as at 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Current assets			
Cash and cash equivalents	14	41,690	45,954
Receivables	15	55,648	51,477
Other current assets	16	15,180	13,351
Total current assets		112,518	110,782
Non-current assets			
Intangible assets	17	30,770	33,535
Property, plant and equipment	18	189,078	143,431
Other non-current assets	16	13,842	790
Total non-current assets		233,690	177,756
Total assets		346,208	288,538
Current liabilities			
Payables	19	52,680	46,715
Interest-bearing liabilities	20	8,882	5,416
Accrued employee benefits	21	10,234	8,604
Other current liabilities	22	3,703	1,880
Total current liabilities		75,499	62,615
Non-current liabilities			
Interest-bearing liabilities	20	116,296	68,603
Deferred tax liabilities	27	1,526	1,532
Other non-current liabilities	22	13,334	431
Total non-current liabilities		131,156	70,566
Total liabilities		206,655	133,181
Net assets		139,553	155,357
Equity			
Contributed equity		155,917	170,572
Accumulated deficit		(64,057)	(61,849)
Asset revaluation surplus	18	47,693	46,634
Total equity		139,553	155,357

The accompanying notes form part of these statements.

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

as at 30 June 2016

	CITEC (CBU)		Strategic Policy and Innovation		Science		Digital Productivity and Services	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current assets								
Cash and cash equivalents	16,077	17,533	-	-	1	1	3,240	2,817
Receivables	14,984	15,366	855	393	7,993	3,625	6,730	7,747
Other current assets	3,707	3,361	26	19	216	68	2,415	1,040
Total current assets	34,768	36,260	881	412	8,210	3,694	12,385	11,604
Non-current assets								
Intangible assets	3,688	5,354	-	-	991	1,025	4,721	6,676
Property, plant and equipment	11,174	14,428	7	6	49,161	49,900	4,957	5,741
Other non-current assets	738	359	-	-	-	-	514	431
Total non-current assets	15,600	20,141	7	6	50,152	50,925	10,192	12,848
Total assets	50,368	56,401	888	418	58,362	54,619	22,577	24,452
Current liabilities								
Payables	7,157	7,697	540	564	8,206	4,470	7,157	6,971
Interest-bearing liabilities	580	1,332	-	-	-	-	-	-
Accrued employee benefits	1,606	1,440	216	230	1,503	1,200	1,956	1,476
Other current liabilities	1,249	1,480	205	-	5	21	718	337
Total current liabilities	10,592	11,949	961	794	9,714	5,691	9,831	8,784
Non-current liabilities								
Interest-bearing liabilities	-	578	-	-	-	-	-	-
Deferred tax liabilities	1,526	1,532	-	-	-	-	-	-
Other non-current liabilities	230	-	-	-	-	-	514	431
Total non-current liabilities	1,756	2,110	-	-	-	-	514	431
Total liabilities	12,348	14,059	961	794	9,714	5,691	10,345	9,215
Net assets	38,020	42,342	(73)	(376)	48,648	48,928	12,232	15,237

The department has systems in place to allocate assets and liabilities by major departmental services, SSPs and CBU's.

PART B

Department of Science, Information Technology and Innovation

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

as at 30 June 2016

	Queensland Shared Services (SSP)		Strategic ICT		General – not attributed		Inter-departmental eliminations		Department total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current assets										
Cash and cash equivalents	16,493	22,452	-	-	5,879	3,151	-	-	41,690	45,954
Receivables	22,919	19,085	6,021	5,761	2,840	3,698	(6,694)	(4,198)	55,648	51,477
Other current assets	470	670	6,936	7,300	1,410	893	-	-	15,180	13,351
Total current assets	39,882	42,207	12,957	13,061	10,129	7,742	(6,694)	(4,198)	112,518	110,782
Non-current assets										
Intangible assets	21,297	20,369	73	111	-	-	-	-	30,770	33,535
Property, plant and equipment	1,365	1,954	122,252	71,324	162	78	-	-	189,078	143,431
Other non-current assets	-	-	-	-	12,590	-	-	-	13,842	790
Total non-current assets	22,662	22,323	122,325	71,435	12,752	78	-	-	233,690	177,756
Total assets	62,544	64,530	135,282	84,496	22,881	7,820	(6,694)	(4,198)	346,208	288,538
Current liabilities										
Payables	6,579	5,117	25,573	20,702	4,162	5,392	(6,694)	(4,198)	52,680	46,715
Interest-bearing liabilities	-	-	8,302	4,084	-	-	-	-	8,882	5,416
Accrued employee benefits	3,299	2,906	601	402	1,053	950	-	-	10,234	8,604
Other current liabilities	-	29	381	1	1,145	12	-	-	3,703	1,880
Total current liabilities	9,878	8,052	34,857	25,189	6,360	6,354	(6,694)	(4,198)	75,499	62,615
Non-current liabilities										
Interest-bearing liabilities	-	-	116,296	68,025	-	-	-	-	116,296	68,603
Deferred tax liabilities	-	-	-	-	-	-	-	-	1,526	1,532
Other non-current liabilities	-	-	-	-	12,590	-	-	-	13,334	431
Total non-current liabilities	-	-	116,296	68,025	12,590	-	-	-	131,156	70,566
Total liabilities	9,878	8,052	151,153	93,214	18,950	6,354	(6,694)	(4,198)	206,655	133,181
Net assets	52,666	56,478	(15,871)	(8,718)	3,931	1,466	-	-	139,553	155,357

The department has systems in place to allocate assets and liabilities by major departmental services, SSPs and CBU's.

Statement of Changes in Equity

for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Contributed equity			
Balance as at 1 July		170,572	917,108
<i>Transactions with owners as owners</i>			
Appropriated equity injections	5	6,173	5,200
Appropriated equity withdrawals	5	(13,302)	(26,021)
Non-appropriated equity injections		-	5,266
Non-appropriated equity withdrawals		(7,526)	(66,353)
Assets transferred from other Queensland Government entities		-	5,366
Net transfers to other Queensland Government entities – machinery-of-government changes		-	(669,994)
Balance as at 30 June		155,917	170,572
Accumulated deficit			
Balance as at 1 July		(61,849)	(53,152)
<i>Operating result</i>			
Operating result from continuing operations after income tax		(2,208)	(8,697)
Balance as at 30 June		(64,057)	(61,849)
Asset revaluation surplus			
Balance as at 1 July		46,634	37,002
<i>Other comprehensive income</i>			
Increase/(decrease) in asset revaluation surplus	18	1,059	9,632
Balance as at 30 June		47,693	46,634
Total equity as at 30 June		139,553	155,357

The accompanying notes form part of these statements.

PART B

Department of Science, Information Technology and Innovation

Statement of Cash Flows

for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Service appropriation receipts	5	266,860	326,457
User charges and fees		296,073	345,991
Grants and other contributions		20,459	21,448
GST collected from customers		28,974	32,595
GST input tax credits from ATO		33,216	36,674
Interest receipts		166	427
Other		1,899	1,734
<i>Outflows:</i>			
Employee expenses		(258,403)	(268,250)
Supplies and services		(257,937)	(312,974)
Grants and subsidies		(41,626)	(53,279)
Finance/borrowing costs		(4,015)	(1,954)
GST paid to suppliers		(28,437)	(32,805)
GST remitted to ATO		(33,746)	(39,002)
Other		(2,246)	(3,034)
Net cash provided by operating activities	23	21,237	54,028
Cash flows from investing activities			
<i>Inflows:</i>			
Sales of property, plant and equipment		1	4
Loans and advances redeemed		-	38,912
<i>Outflows:</i>			
Payments for property, plant and equipment		(5,256)	(5,669)
Loans and advances made		-	(1,120)
Payments for intangibles		(5,977)	(2,519)
Net cash provided by/(used in) investing activities		(11,232)	29,608
Cash flows from financing activities			
<i>Inflows:</i>			
Proceeds from borrowings		-	1,120
Equity injections		12,527	7,153
<i>Outflows:</i>			
Borrowing redemptions		(1,331)	(11,841)
Finance lease payments		(7,024)	(2,036)
Equity withdrawals		(18,441)	(99,893)
Net cash provided used in financing activities		(14,269)	(105,497)
Net increase/(decrease) in cash and cash equivalents		(4,264)	(21,861)
Increase/(decrease) in cash and cash equivalents from restructuring		-	(11,360)
Cash and cash equivalents at beginning of financial year		45,954	79,175
Cash and cash equivalents at end of financial year	14	41,690	45,954

The accompanying notes form part of these statements

Notes to the financial statements 2015–16

Preparation information - basis of financial statement preparation

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

How we operate – our departmental objectives and activities

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

Performance for the year

- Note 5: Appropriation receipts
Note 6: User charges and fees
Note 7: Grants and other contributions
Note 8: Other revenue
Note 9: Employee expenses
Note 10: Key management personnel and remuneration expenses
Note 11: Supplies and services
Note 12: Grants and subsidies
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Operating assets and liabilities

- Note 14: Cash and cash equivalents
Note 15: Receivables
Note 16: Other current and non-current assets
Note 17: Intangible assets
Note 18: Property, plant and equipment
Note 19: Payables
Note 20: Interest-bearing liabilities
Note 21: Accrued employee benefits
Note 22: Other current and non-current liabilities

Other key information

- Note 23: Reconciliation of operating result to net cash from operating activities
Note 24: Operating lease and capital commitments
Note 25: Contingencies
Note 26: Financial instruments
Note 27: Taxation equivalents
Note 28: Schedule of administered items
Note 29: Administered appropriation receipts
Note 30: Agency transactions and balances
Note 31: Budget vs actual comparison
Note 32: Summary of other accounting policies
Note 33: Events occurring after balance date

PART B

Department of Science, Information Technology and Innovation

Notes to the financial statements 2015–16

1. Statement of compliance

The department has prepared these financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009*.

The department is a not-for-profit entity and these financial statements are general purpose financial statements and have been prepared on an accrual basis (except for the Statement of Cash Flow which is prepared on a cash basis) in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities. These financial statements comply with Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2015, and other authoritative pronouncements.

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

2. The reporting entity

The financial statements include the value of all income, expenses, assets, liabilities and equity of the department and the entities that it controls, where these entities are material. Biopharmaceuticals Australia (Network) Pty Ltd is the department's only controlled entity as at 30 June 2016. Full details of this controlled entity are disclosed in note 4. All transactions and balances internal to the department have been eliminated in full.

3. Objectives and principal activities of the department

The department brings together science, information and technology and innovation into one portfolio to create the jobs of the future and to deliver on the community objectives of the Queensland Government.

Based on the 2015-19 Strategic Plan the department's vision is to enable an innovative, clever and connected Queensland which is supported by developing and implementing strategies, plans and activities that deliver three main objectives:

- to lead science, information communication technology (ICT), innovation, digital and customer services policy
- to deliver excellent specialist and support services
- to be a high-performing, innovative, clever and connected organisation

The department is supported by the Queensland Chief Scientist, who provides strategic advice and services to the Minister for Innovation, Science and Digital Economy, including implementation of government priorities.

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

- Information, Communication and Technology services provided by the department's CBU, CITEC
- Financial, Procurement, Human Resource Management, Facilities Management, Mail Support Services and Information Systems Support services provided by the department's SSP, Queensland Shared Services

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

4. Controlled entity

Biopharmaceuticals Australia (Network) Pty Ltd (BPA) was established and incorporated in the State of Queensland to oversee the staged development of a contract biopharmaceutical manufacturing facility and to undertake business development activities to support the operations of the facility and the biopharmaceutical industry. BPA intends to complete remaining business development activities in late 2017, and it is likely that the company will be wound up upon finalisation of these activities. BPA is not-for-profit in nature.

The share capital of BPA consists of one fully paid share to the value of \$1, which is held by the State of Queensland and enables 100% control by the department through majority voting rights. BPA is audited by the Auditor-General of Queensland. The assets, liabilities, income and expenses of BPA have not been consolidated in the financial statements as they would not materially affect the reported financial position and operating result of the department. The financial statements of BPA can be obtained from the department.

Notes to the financial statements 2015–16

4. Controlled entity (continued)

Summary financial information about BPA is as follows.

Total assets		Total liabilities		Total income		Total expenses		Operating result	
2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
2,408	2,235	399	207	1,710	1,662	1,729	2,043	(19)	(381)

5. Appropriation receipts

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

	2016 \$'000	2015 \$'000
Budgeted appropriation revenue	324,729	362,789
Treasurer's transfers – transfers from equity adjustments	(9,299)	527
Lapsed appropriations	(48,570)	-
Transfers to other departments – redistribution of public business	-	(36,859)
Total appropriation receipts (cash)	266,860	326,457
Less: Opening balance of appropriation revenue receivable	-	(7,829)
Plus: Opening balance of deferred appropriation payable to consolidated fund	10,367	-
Plus: Closing balance of appropriation revenue receivable	5,203	-
Less: Closing balance of deferred appropriation payable to consolidated fund	(17,407)	(10,367)
Net appropriation revenue	265,023	308,261
Deferred appropriation payable to consolidated fund (expense)	17,407	10,367
Appropriation revenue recognised in Statement of Comprehensive Income	282,430	318,628

Reconciliation of payments from consolidated fund to equity adjustment

Budgeted equity adjustment appropriation	(7,689)	(43,362)
Treasurer's transfers – transfers to appropriation revenue	9,299	(527)
Lapsed equity adjustments	-	(9,448)
Transfer to other departments – redistribution of public business	-	21,684
Equity adjustment receipts (cash)	1,610	(31,653)
Less: Opening balance of equity adjustment receivable	(8,165)	-
Plus: Opening balance of equity adjustment payable	16	2,683
Plus: Closing balance of equity adjustment receivable	1,813	8,165
Less: Closing balance of equity adjustment payable	(2,403)	(16)
Equity adjustment recognised in contributed equity	(7,129)	(20,821)

Accounting Policy

Appropriations provided under the Appropriation Act 2015 are recognised as revenue or equity when received or when a service rendered is recognised after approval from Queensland Treasury.

Amounts appropriated to the department for transfer to other entities in accordance with legislative or other requirements are reported as 'administered' item appropriations. Refer to note 28.

PART B

Department of Science, Information Technology and Innovation

Notes to the financial statements 2015–16

	2016 \$'000	2015 \$'000
6. User charges and fees		
Information, communication and technology services	160,203	168,531
Services rendered by shared service providers	140,115	158,090
Other	3,858	14,768
Total	304,176	341,389

Accounting Policy

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

7. Grants and other contributions

Queensland Government grants and contributions*	15,405	16,092
Commonwealth grants and contributions*	1,026	1,504
Industry grants and contributions*	4,028	3,821
Assets received below fair value	-	206
Services received below fair value	-	150
Total	20,459	21,773

* Included in grants and other contributions are non-reciprocal grants funded by the Commonwealth, Queensland Government and other external bodies for a range of grant purposes. As at 30 June 2016, \$10.886 million (30 June 2015: \$11.098 million) of all grants and contribution funding received by the department in the current and prior financial years remained unspent, although the department expects to fully comply with the conditions of the grant or contribution agreement, and so does not expect to recognise a payable in the future.

Accounting Policy

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

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

8. Other revenue

Insurance compensation - loss of property	48	138
Reversal of impairment loss	10	14
Recognition of prior period assets	96	-
Miscellaneous revenue	1,863	1,819
Total	2,017	1,971

Notes to the financial statements 2015–16

	2016 \$'000	2015 \$'000
9. Employee expenses		
Employee benefits		
Wages and salaries	201,870	205,517
Annual leave levy	20,339	21,961
Employer superannuation contributions	26,507	27,090
Long service leave levy	4,496	4,638
Termination benefits	1,878	3,104
Total employee benefits	255,090	262,310
Employee-related expenses		
Workers' compensation premium	630	731
Payroll tax	1,851	2,023
Other employee-related expenses	3,092	3,013
Total employee-related expenses	5,573	5,767
Total	260,663	268,077

The number of employees as at 30 June 2016, including both full-time employees and part-time employees, measured on a full-time equivalent basis is 2,644 (2015: 2,629).

Accounting Policy

Employer superannuation contributions, annual leave levies and long service leave levies are regarded as employee benefits.

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

Wages, salaries and sick leave

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates. As the department expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts. Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Annual leave

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

Long service leave

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

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. The department's obligation is limited to its contribution to QSuper. The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 Whole of Government and General Government Sector Financial Reporting.

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Department of Science, Information Technology and Innovation

Notes to the financial statements 2015–16

10. Key management personnel and remuneration expenses

a) Key management personnel

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2015-16 and 2014-15. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities	Contract classification and appointment authority*	Date of initial appointment	Date of resignation or cessation
Director-General*	Efficient, effective and economic administration of the department.	Current - CEO 4 / s92 <i>Public Service Act 2008</i>	29 March 2016	-
		Acting - CEO 4 / s92 <i>Public Service Act 2008</i>	11 August 2015	28 March 2016
		Former - CEO 4 / s92 <i>Public Service Act 2008</i>	25 November 2013	26 March 2016
Queensland Government Chief Information Officer	Provides unbiased, independent quality advice to the Director-General and Minister for Innovation, Science and the Digital Economy on ICT issues from a whole-of-government perspective.	CEO 4 equivalent / s119, s121 & s122 <i>Public Service Act 2008</i>	6 January 2014	-
Queensland Chief Scientist	Provides strategic advice to government on harnessing science and innovation to support the government's objectives and activities.	CEO 2 equivalent / s119, s121 & s122 <i>Public Service Act 2008</i>	17 January 2011	-
Assistant Director-General, Digital Productivity and Services	Leads the Digital Productivity and Services Division to revitalise Queensland Government services, increase Queensland's digital capability, preserve and improve access to Queensland's record-related information, and enhance the customer experience with the Queensland Government. The division contributes to the Queensland Government's objectives for the community, and supports Advance Queensland to deliver quality frontline services, job creation and a diverse economy.	SES 4 / s110 & s119 <i>Public Service Act 2008</i>	3 April 2012	-
Assistant Director-General, Queensland Shared Services	Ensuring high quality, integrated service delivery for a range of corporate transactional and advisory services across 24 Queensland Government departments and agencies. The role is also responsible for managing the key financial and human resource management/payroll technology solutions that support agencies and underpins its service delivery.	Acting - SES 3 / s112 <i>Public Service Act 2008</i>	20 May 2015	-
		Former - SES 3 / s115 <i>Public Service Act 2008</i>	3 February 2014	15 May 2015
Assistant Director-General, Science	Leads the Science Division in providing scientific and technical advice and services to government agencies across the natural resources and environmental spectrum that underpin their decision-making and legislative responsibilities. The division, in close collaboration with the Queensland Chief Scientist, also provides strategic leadership for the government's investment in science and research, and develops Queensland Government science policy.	SES 3 / s110 <i>Public Service Act 2008</i>	3 April 2012	-

* The former Director-General was on approved leave for the period 11 August 2015 to 26 March 2016. An Acting Director-General was appointed to act as the chief executive during this period.

Notes to the financial statements 2015–16

a) Key management personnel (continued)

Position	Responsibilities	Contract classification and appointment authority*	Date of initial appointment	Date of resignation or cessation
Deputy Director-General, Strategy and Innovation	Leading the innovation agenda for the department and at a whole-of-government level, with a primary focus on driving economic growth and job creation in Queensland through innovation. The role leads the implementation of the Queensland Government's Advance Queensland agenda.	SES 4 / s119, s121 & s122 <i>Public Service Act 2008</i>	7 December 2015	-
		Acting - SES 3 / s112 <i>Public Service Act 2008</i>)	30 July 2015	30 November 2015
Chief Strategic Policy and Innovation Officer, Strategic Policy and Innovation*	Leading the co-ordination of the department's strategic policy activity including cross-division, whole-of-government collaboration, monitoring the effectiveness of policy implementation and facilitating the development of corrective actions as well as performing customer and market analysis and disseminating meaningful insights to improve policy impact and service delivery.	Acting - SES 3 / s112 <i>Public Service Act 2008</i>)	18 May 2015	29 July 2015
		SES 3 / s110 <i>Public Service Act 2008</i>	3 February 2014	15 May 2015
Assistant Director-General, Strategic ICT	Leads the Strategic ICT Division to support, deliver, guide and advise on whole-of-government ICT initiatives that enable modern, responsive and integrated frontline services for Queenslanders.	SES 3 / s110 <i>Public Service Act 2008</i>	12 May 2014	-
Chief Change and Operations Officer, Change and Operations	Strategic leadership of the department's corporate services including finance, procurement, information management and technology, communications and engagement, strategic planning, human resources, and legal and integrity services.	SES 4 - s110 <i>Public Service Act 2008</i>	6 October 2014	-
		Acting - SES 4 / s110 <i>Public Service Act 2008</i>	3 February 2014	5 October 2014
Chief Finance Officer	Provides overall stewardship for the department and leadership in relation to financial strategy and resource management, procurement, statutory financial reporting and policy, as well as property and business management activities.	SES 2 / s110 <i>Public Service Act 2008</i>	10 March 2014	-
Deputy Director-General, Arts Queensland**	Maximising return on investment in great arts and culture, strengthening commercial and entrepreneurial capacity, growing the public value of arts and culture, and strengthening cultural tourism.	SES 4 / s110 <i>Public Service Act 2008</i>	3 November 2014	27 February 2015
		SES 3 / s110 <i>Public Service Act 2008</i>	12 August 2013	2 November 2014

* Details for both current and former incumbents and positions during 2015-16 and 2014-15 included where applicable. All positions are held by current incumbents unless otherwise stated.

** The position of Deputy Director-General, Arts Queensland transferred to the Department of the Premier and Cabinet in accordance with machinery-of-government changes effective 1 March 2015. Refer to note 32(f).

b) Remuneration policies

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

Remuneration expenses for key management personnel comprise the following components:

Short-term employee expenses which include:

- salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee was a key management person;
- performance payments recognised as an expense during the year; and
- non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.

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Department of Science, Information Technology and Innovation

Notes to the financial statements 2015–16

b) Remuneration policies (continued)

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

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

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

Separation payments for former Director-General

The mutually agreed terms for separation of the former Director-General considered all relevant clauses of her contract. The payment for the former Director-General's separation was determined and paid in March 2016 and included a separation payment of \$160,655 and a payment in consideration of an at-risk component of \$30,537 which are included in the key management personnel remuneration expenses for 2015-16. The payment in consideration of an at-risk component was made to the former Director-General in accordance with her contract of employment and the mutually agreed terms for her employment separation. It was not made on the basis of any performance assessment process.

Performance payments

The remuneration packages for all key management personnel do not provide for any performance or bonus payments.

c) Remuneration expenses

The following disclosures focus on the expenses incurred by the department that are attributable to key management positions during the respective reporting periods. Therefore, the amounts disclosed reflect expenses recognised in the Statement of Comprehensive Income.

1 July 2015 to 30 June 2016	Short-term employee expenses		Long-term employee expenses	Post-employment expenses	Termination benefits	Total expenses
Position	Monetary expenses \$'000	Non-monetary benefits \$'000	\$'000	\$'000	\$'000	\$'000
Director-General – current	340	1	6	38	-	385
Director-General - former	330	-	5	31	161	527
Queensland Government Chief Information Officer	320	4	7	37	-	368
Queensland Chief Scientist	312	-	5	35	-	352
Deputy Director-General, Digital Productivity and Services	241	19	5	26	-	291
Assistant Director-General, Queensland Shared Services	239	-	4	21	-	264
Assistant Director-General, Science	211	4	4	22	-	241
Deputy Director-General, Strategic Policy and Innovation - current	160	3	3	13	-	179
Deputy Director-General, Strategic Policy and Innovation – former	83	1	1	7	-	92

Notes to the financial statements 2015–16

c) Remuneration expenses (continued)

1 July 2015 to 30 June 2016	Short-term employee expenses		Long-term employee expenses	Post-employment expenses	Termination benefits	Total expenses
Position	Monetary expenses \$'000	Non-monetary benefits \$'000	\$'000	\$'000	\$'000	\$'000
Chief Strategic Policy and Innovation Officer, Strategic Policy and Innovation	25	-	-	3	-	28
Chief Finance Officer	184	28	4	20	-	236
Assistant Director-General, Strategic ICT	214	13	4	23	-	254
Chief Change and Operations Officer, Change and Operations	226	17	5	25	-	273
Total remuneration	2,885	90	53	301	161	3,490

1 July 2014 to 30 June 2015	Short-term employee expenses		Long-term employee expenses	Post-employment expenses	Termination benefits	Total expenses
Position	Monetary expenses \$'000	Non-monetary benefits \$'000	\$'000	\$'000	\$'000	\$'000
Director-General	375	3	7	41	-	426
Queensland Government Chief Information Officer	346	3	7	37	-	393
Queensland Chief Scientist	312	-	4	35	-	351
Deputy Director-General, Digital Productivity and Services	244	14	5	26	-	289
Assistant Director-General, Queensland Shared Services - current	26	-	-	2	-	28
Assistant Director-General, Queensland Shared Services - former	182	8	4	20	-	214
Assistant Director-General, Science	181	-	4	22	-	207
Chief Strategic Policy and Innovation Officer, Strategic Policy and Innovation (1)	18	2	1	2	-	23
Chief Strategic Policy and Innovation Officer, Strategic Policy and Innovation (2)	187	12	4	20	-	223
Deputy Director-General, Arts Queensland	143	-	3	16	-	162

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Department of Science, Information Technology and Innovation

Notes to the financial statements 2015–16

c) Remuneration expenses (continued)

1 July 2014 to 30 June 2015	Short-term employee expenses		Long-term employee expenses	Post-employment expenses	Termination benefits	Total expenses
Position	Monetary expenses \$'000	Non-monetary benefits \$'000	\$'000	\$'000	\$'000	Monetary expenses \$'000
Chief Finance Officer	172	-	4	19	-	195
Assistant Director-General, Strategic ICT	205	9	4	22	-	240
Chief Change and Operations Officer, Change and Operations	219	14	5	21	-	259
Total remuneration	2,610	65	52	283	-	3,010

Accounting Policy

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

11. Supplies and services	2016 \$'000	2015 \$'000
Accommodation and property-related expenses	51,595	69,143
Travel	1,275	1,192
Contractors and consultants	29,351	32,084
Information and communication technology expenses	171,010	186,918
Bank fees and charges	473	481
Other	2,644	13,290
Total	256,348	303,108

Accounting Policy

For a transaction to be classified as supplies and services, the value of goods and services received by the department must be of approximately equal value to the value of the consideration exchanged for those goods or services. Where this is not the substance of the arrangement, the transaction is classified as a grant, refer to note 12.

12. Grants and subsidies

Arts and culture	-	25,367
Science and innovation	37,642	28,743
Information and communication technology	3,984	2,169
Other grants	-	370
Donations/gifts	44	44
Total	41,670	56,693

Notes to the financial statements 2015–16

13. Other expenses	2016 \$'000	2015 \$'000
Insurance premiums - QGIF	408	819
Insurance premiums - other	298	373
Losses from disposal of non-current assets	6	3,559
Queensland Audit Office - external audit fees*	1,158	1,579
Special payments - ex gratia payments to former Core Agreement employees**	48	-
Special payments - other ex gratia payments	-	6
Deferred appropriation payable to consolidated fund	17,407	10,367
Other	357	109
Total	19,682	16,812

* Total audit fees quoted by the Queensland Audit Office relating to the 2015-16 financial statements are \$495,000 (2015: \$495,000). Other audit services relate to the audit of the report on service provider controls (2016: \$870,000, 2015: \$1,019,500).

** As part of the settlement offer to finalise negotiations for the *State Government Entities Certified Agreement 2015*, an undertaking was made that a section 831 one-off payment of \$1,300 (or pro-rata) would be extended to those employees who resigned, retired or otherwise moved to other employment arrangements after 1 April 2016, but before the agreement was certified on 1 June 2016.

Accounting Policy

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

14. Cash and cash equivalents

Imprest accounts	9	9
Cash at bank	41,681	45,945
Total	41,690	45,954

The department, through the CITEC commercialised business unit, earned interest of \$0.162 million (2015: \$0.327 million) on deposits with the Commonwealth Bank. Interest earned on cash held with the Commonwealth Bank earned between 1.14% to 1.34% during 2015-16 (1.19% to 1.75% during 2014-15).

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

Accounting Policy

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

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Department of Science, Information Technology and Innovation

Notes to the financial statements 2015–16

	2016 \$'000	2015 \$'000
15. Receivables		
<i>Current</i>		
Trade debtors	31,399	28,469
Less: Allowance for impairment loss*	(53)	(27)
Net trade debtors	31,346	28,442
GST input tax credits receivable	3,815	3,286
GST payable	(2,310)	(2,497)
Net GST	1,505	789
Advances	104	40
Less: Allowance for impairment loss*	(34)	-
Net advances	70	40
Annual leave reimbursements	3,719	4,146
Long service leave reimbursements	1,145	1,244
Appropriation revenue receivable	5,203	-
Departmental equity injection receivable	1,813	8,165
Accrued revenue	8,384	8,331
Interest receivable	37	41
Other	2,426	279
Total	55,648	51,477

* Refer to note 26(c) Financial instruments (Credit risk exposure) for an analysis of movements in the allowance for impairment loss.

Accounting Policy

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

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

The collectability of receivables is assessed periodically with provision being made where receivables are impaired. All known bad debts were written off as at 30 June. Note 26(c) details the accounting policies for impairment of receivables, including the loss events giving rise to impairment and the movements in the allowance for impairment loss. All receivables within terms and expected to be fully collectible are considered of good credit quality based upon recent collection history. Credit risk management strategies are also detailed in note 26(c).

Other debtors generally arise from transactions outside the usual operating activities of the department and are recognised at their assessed values. No interest is charged and no security is obtained.

16. Other current and non-current assets

<i>Current</i>		
Prepayments	13,506	13,116
Lease incentives	1,674	235
Total	15,180	13,351
<i>Non-current</i>		
Prepayments	738	359
Lease incentives	13,104	431
Total	13,842	790

Notes to the financial statements 2015–16

17. Intangible assets

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

	Software purchased		Software internally generated		Intangible assets under development		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Carrying amount at 1 July	780	1,015	32,022	33,016	733	-	33,535	34,031
Acquisitions	-	177	428	1,011	5,548	1,300	5,976	2,488
Transfers in/(out) to other Queensland Government entities	-	-	-	5,366	-	-	-	5,366
Disposals	(1)	-	-	-	-	-	(1)	-
Transfers between classes	-	-	4,414	567	(4,414)	(567)	-	-
Amortisation	(385)	(412)	(7,824)	(7,938)	-	-	(8,209)	(8,350)
Impairment loss recognised	-	-	(531)	-	-	-	(531)	-
Total carrying amount at 30 June	394	780	28,509	32,022	1,867	733	30,770	33,535
Gross	38,203	63,272	193,742	189,172	1,867	733	233,812	253,177
Less: Accumulated amortisation	(37,809)	(62,492)	(115,556)	(108,004)	-	-	(153,365)	(170,496)
Less: Accumulated impairment losses	-	-	(49,677)	(49,146)	-	-	(49,677)	(49,146)
Total carrying amount at 30 June	394	780	28,509	32,022	1,867	733	30,770	33,535

Refer to note 32 (h) to (r) for the department's intangible assets accounting policies.

18. Property, plant and equipment

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

	Land		Building		Leased assets		Heritage and cultural assets	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Carrying amount at 1 July	2,520	234,614	7,067	442,509	71,226	39,631	37	135
Acquisitions	-	-	-	-	59,513	34,642	-	-
Transfers in/(out) to other Queensland Government entities	-	(241,698)	-	(413,847)	-	-	-	(125)
Disposals	-	-	-	-	-	-	-	-
Revaluation increments/(decrements)	(200)	9,605	518	-	-	-	-	27
Transfers between classes	-	-	19	-	-	-	-	-
Depreciation	-	-	(482)	(21,595)	(8,574)	(3,047)	-	-
Total carrying amount at 30 June	2,320	2,520	7,122	7,067	122,165	71,226	37	37
Gross	2,320	2,520	18,685	17,305	134,408	74,895	37	37
Less: Accumulated depreciation	-	-	(11,563)	(10,238)	(12,243)	(3,669)	-	-
Less: Accumulated impairment losses	-	-	-	-	-	-	-	-
Total carrying amount at 30 June	2,320	2,520	7,122	7,067	122,165	71,226	37	37
Opening balance of asset revaluation surplus by class	39,243	29,638	6,297	6,297	-	-	64	37
Revaluation increment/(decrement)	(200)	9,605	518	-	-	-	-	27
Closing balance of asset revaluation surplus by class	39,043	39,243	6,815	6,297	-	-	64	64

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Department of Science, Information Technology and Innovation

Notes to the financial statements 2015–16

18. Property, plant and equipment (continued)

	Infrastructure		Plant and equipment		Capital works in progress		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Carrying value at 1 July	9,729	10,050	52,367	61,776	485	4,457	143,431	793,172
Acquisitions	-	-	4,840	3,724	457	1,952	64,810	40,318
Transfers in/(out) to other Queensland Government entities	-	-	-	(2,115)	-	(651)	-	(658,436)
Disposals	-	-	(5)	(122)	-	(3,436)	(5)	(3,558)
Revaluation increments/(decrements)	741	-	-	-	-	-	1,059	9,632
Transfers between classes	-	-	706	1,837	(725)	(1,837)	-	-
Depreciation	(322)	(321)	(10,881)	(12,733)	-	-	(20,258)	(37,696)
Other	-	-	41	-	-	-	41	-
Total carrying amount at 30 June	10,148	9,729	47,068	52,367	217	485	189,078	143,431
Gross	15,986	14,821	139,519	144,594	217	485	311,173	254,657
Less: Accumulated depreciation	(5,838)	(5,092)	(92,437)	(92,213)	-	-	(122,081)	(111,212)
Less: Accumulated impairment losses	-	-	(14)	(14)	-	-	(14)	(14)
Total carrying amount at 30 June	10,148	9,729	47,068	52,367	217	485	189,078	143,431
Opening balance of asset revaluation surplus by class	1,030	1,030	-	-	-	-	46,634	37,002
Revaluation increment/(decrement)	741	-	-	-	-	-	1,059	9,632
Closing balance of asset revaluation surplus by class	1,771	1,030	-	-	-	-	47,693	46,634

Refer to note 32 (h) to (r) for the department's property, plant and equipment accounting policies.

Basis of fair values

Categorisation of fair values	Level 2 \$'000		Level 3 \$'000		Total \$'000	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Land	2,320	2,520	-	-	2,320	2,520
Buildings	-	-	7,122	7,067	7,122	7,067
Heritage and cultural assets	-	-	37	37	37	37
Infrastructure	-	-	10,148	9,729	10,148	9,729

There were no movements between levels during the 2015-16 financial year.

Land

Science controls land at Deagon and at Deception Bay with a total fair value as at 30 June 2016 of \$2.3 million. This land was subject to an independent desktop valuation by State Valuation Services (SVS) as at the effective date of 30 June 2016. The fair value of the land was based on publicly available data on sales of similar land in nearby localities. In determining the values, adjustment was made to the sales data to take into account the location of the land, its size, street/road frontage and access, the nature of the buildings on the land, development potential and any significant restrictions.

Notes to the financial statements 2015–16

18. Property, plant and equipment (continued)

As a result of the revaluation, there was a revaluation decrement of \$0.2 million recorded in the value of the land at Deagon. The fair value of the land at Deception Bay, which is considerably smaller in size remained unchanged.

Buildings

Science controls buildings situated at Deagon and at the Brisbane Herbarium, Mt Coot-tha Road, Toowong. These assets were last subject to specific appraisal by SVS during the 2013-14 financial year. The fair value was determined using a depreciated replacement cost approach.

During the 2014-15 financial year, SVS was engaged to provide indexation of the previously specifically valued building assets. Based on a 3.15% increase in the building price index, management assessed that the increase was not material for the fair values of the assets to be adjusted. During the 2015-16 financial year the building price index was supplied by SVS. The basis of derivation of this index is consistent with the underlying data inputs adopted for the last specific appraisal.

Management has assessed that the cumulative movement in the indices (an increase of 7.87% in the building price index) between 30 June 2014 and 30 June 2016 is material and accordingly have updated the fair values of the building assets using the indexation provided by SVS. As a result of the revaluation, a revaluation increment of \$0.52 million was recorded on the various buildings, effective as at 30 June 2016.

Infrastructure

Infrastructure assets in this asset class are controlled by Science and largely comprise the State of Queensland's proportionate share (25%) of the Tweed River Entrance Sand Bypassing Project (TRESBP) infrastructure assets. These assets were subject to a specific appraisal in June 2014 by New South Wales Public Works for the Crown Lands Division of NSW Trade and Investment.

During the 2014-15 financial year, SVS was engaged to provide indexation of the previously specifically valued infrastructure assets. Based on a 3.15% increase in the building price index (considered the most appropriate index for this type of infrastructure), management assessed that the increase was not material for the fair values of the assets to be adjusted. During the 2015-16 financial year the building price index was supplied by SVS. The basis of derivation of this index is consistent with the underlying data inputs adopted for the last specific appraisal.

Management has assessed that the cumulative movement in the indices (an increase of 7.87% in the building price index) from 30 June 2014 to 30 June 2016 is material and accordingly has updated the fair values of the infrastructure assets using indexation. As a result of the revaluation, a revaluation increment of \$0.74 million was recorded on the various infrastructure assets, effective as at 30 June 2016.

Heritage and cultural assets

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

Heritage and cultural assets were last revalued based on specific appraisal by MacAulay Partners in 2014-15. There was no significant change to the valuation of the heritage and cultural assets. The heritage and cultural assets have not been subject to an official revaluation or indexation in 2015-16, as the asset values are considered to be immaterial.

PART B

Department of Science, Information Technology and Innovation

Notes to the financial statements 2015–16

18. Property, plant and equipment (continued)

Leased assets

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

The State gained control over an additional \$39.205 million in exclusive "right to use" assets during 2015-16 following commercial acceptance of the second and third (final) phases of the South East Queensland (SEQ) stage of the GWN facility. The gross carrying value of the leased assets was determined using valuation techniques, specifically the present value of future payments under the service agreement attributable to these assets. A comparison was made to the fair value of the assets in reference to representations made by the telecommunication service provider in February 2016, following commercial acceptance of the final phase of the SEQ stage of the GWN facility (refer also to note 20).

The department, at commercial acceptance in accordance with the GWN agreement gained a "right to receive" replaced equipment over the life of the agreement. This "right to receive" replacement of exclusive assets has been recognised as a leased asset. The value of the assets acquired during 2015-16 of \$20.308 million was determined using a valuation technique, specifically the present value of all future payments under the service agreement attributable to the "right to receive" replaced assets.

Change in useful lives

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

	2016 \$'000	2015 \$'000
Intangible assets	(330)	(657)
Property, plant and equipment	699	(403)

19. Payables

Trade creditors and accruals	32,679	36,142
Equity withdrawal	2,403	16
Deferred appropriation payable to consolidated fund	17,407	10,367
Payroll tax	136	129
Other	55	61
Total	52,680	46,715

Accounting Policy

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

Notes to the financial statements 2015–16

20. Interest-bearing liabilities	2016 \$'000	2015 \$'000
<i>Current</i>		
Finance lease liability	8,302	4,084
QTC borrowings	580	1,332
Total	8,882	5,416
<i>Non-Current</i>		
Finance lease liability	116,296	68,026
QTC borrowings	-	577
Total	116,296	68,603

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

Not later than one year	13,798	7,412
Later than one year and not later than five years	69,475	37,053
Later than five years	85,753	57,431
Minimum payments	169,026	101,896
Less: Anticipated input tax credits	(15,366)	(9,263)
Less: Future finance charges	(29,062)	(20,523)
Total present value of minimum lease payments	124,598	72,110

Finance Lease

The department has entered into a finance lease with a telecommunication service provider as a means of funding the acquisition and replacement of information and communications equipment, in support of the establishment of a Government Wireless Network. Lease payments are fixed. The department has options to purchase this equipment at the expiry of the lease period. Capitalised leased assets are depreciated over the estimated useful life of the asset which equates to the lease term of 15 years.

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

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

Borrowings

All borrowings are in \$A denominated amounts and no interest has been capitalised during the current or comparative reporting period. Expected final repayment date of QTC borrowings is 16 November 2016. The interest rate on QTC borrowings during the year was 6.96% (2015: 5.36%). There have been no defaults or breaches of the loan agreement during the period. No assets have been pledged as security for any borrowings.

CITEC has an overdraft facility with QTC with an approved credit limit of \$5 million. The facility remains undrawn as at 30 June 2016 and is available for use in the next reporting period. The current overdraft rate is 5.28% (2015: 5.19%).

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

Interest on borrowings	75	353
Finance lease charges	3,940	1,998
Administration charges	1	8
Total	4,016	2,359

PART B

Department of Science, Information Technology and Innovation

Notes to the financial statements 2015–16

20. Interest-bearing liabilities (continued)

Accounting Policy

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

No finance costs are capitalised into qualifying assets.

	2016 \$'000	2015 \$'000
21. Accrued employee benefits		
Annual leave levy payable	5,535	5,694
Long service leave levy payable	1,150	1,119
Salaries, wages and other related expenses outstanding	3,541	1,787
Other	8	4
Total	10,234	8,604

Accounting Policy

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

22. Other current and non-current liabilities

Current

Unearned revenue	1,382	1,037
Lease incentives	1,674	235
Prepaid deposits	647	608
Total	3,703	1,880

Non-Current

Unearned revenue	229	-
Lease incentives	13,105	431
Total	13,334	431

Notes to the financial statements 2015–16

23. Reconciliation of operating result to net cash from operating activities

	2016 \$'000	2015 \$'000
Operating result from continuing operations before income tax	(2,214)	(8,091)
Less: Income tax expense/(revenue)	(6)	606
Operating result from continuing operations after income tax	(2,208)	(8,697)
<i>Non-cash items:</i>		
Depreciation and amortisation expense	28,468	46,046
Doubtful debts written off or provided for	90	(29)
Loss on sale or disposal of non-current assets	6	3,559
Gains on sale or disposal of non-current assets	(5)	(5)
Fair value and notional interest adjustment on loans	-	1,973
Assets and liabilities assumed/relinquished	-	(205)
Assets transferred to expense	16	-
Assets prior period recognised	(96)	-
Impairment loss reversal	(10)	(12)
Impairment losses	531	-
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in net receivables	(10,236)	8,976
(Increase)/decrease in inventory	-	7
(Increase)/decrease in interest receivable	4	48
(Increase)/decrease in prepayments	(769)	1,951
(Increase)/decrease in deferred tax assets	-	8
(Increase)/decrease in other assets	8	498
Increase/(decrease) in unearned revenue	575	8,675
Increase/(decrease) in accrued employee benefits	1,630	666
Increase/(decrease) in payables	3,167	(8,814)
Increase/(decrease) in other liabilities	41	126
Increase/(decrease) in deferred tax liabilities	(7)	598
Increase/(decrease) in GST input tax credits receivable	99	(449)
Increase/(decrease) in GST payable	(67)	(892)
Net cash from operating activities	21,237	54,028

24. Operating lease and capital commitments

a) Non-cancellable operating lease commitments

Commitments under operating leases at reporting date are payable:

Not later than one year	57,656	52,925
Later than one year and not later than five years	51,926	40,435
Later than five years	1,454	-
Total	111,036	91,360

Operating leases are entered into primarily as a means of acquiring access to office accommodation and storage facilities. Rental payments are usually able to be varied based on CPI, or conditions detailed in the lease, on which contingent rentals are determined. Most leases contain renewal clauses, but no purchase options exist in relation to operating leases and no leases contain restrictions on financing, or other leasing activities. Where such renewal options exist, they are all exercisable at market prices. No leases have escalation clauses other than in the event of payment default.

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

PART B

Department of Science, Information Technology and Innovation

Notes to the financial statements 2015–16

b) Capital expenditure commitments

Material classes of capital expenditure commitments at reporting date are payable as follows.

	2016 \$'000	2015 \$'000
Plant and equipment		
Payable:		
Not later than one year	323	18
Total	323	18
Software purchased		
Payable:		
Not later than one year	1,166	-
Total	1,166	-

25. Contingencies

a) Financial guarantees

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

Australian Securities and Investment Commission	550	550
State of Victoria	600	600
State of New South Wales	291	790
State of Western Australia	300	300
Insolvency and Trustee Service Australia	127	127
Total	1,868	2,367

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

The maximum liability under this guarantee is \$11.760 million over the remaining 12-year term of the sublease. The liability is mitigated by the guarantee that the parent company of Patheon Biologics, DPx Holdings B.V (formerly Koninklijke N.V.), has provided to the State of Queensland, guaranteeing the performance of Patheon Biologics as tenant of the facility. No defaults have occurred and the department does not expect that the guarantee will be called upon. The guarantee is not recognised on the Statement of Financial Position, as the probability of default is remote.

As financial guarantee contracts are measured in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*, the department has disclosed the details of the guarantee in this note, in addition to note 26(c) for full transparency purposes.

b) Litigation in progress

As at 30 June 2016 no claims against the department have been filed in the courts.

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

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

Notes to the financial statements 2015–16

c) Contingent assets

A Deed of Funding commenced in 2014 whereby \$6 million was held in trust with an Information and Communication Technology service provider for the Queensland Government (through the department) to purchase telecommunication products up until 28 February 2017. As at 30 June 2016, the Queensland Government has claimed \$1.271 million against this facility.

As the remaining funds of \$4.729 million are held in trust by the provider, the department has no control over the assets, and as such, the assets have not been recognised in the financial statements as the assets do not meet the asset recognition criteria.

26. Financial instruments

a) Categorisation of financial instruments

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

	Notes	2016 \$'000	2015 \$'000
Financial assets			
Cash and cash equivalents	14	41,690	45,954
Receivables at amortised cost	15	55,648	51,477
Total		97,338	97,431
Financial liabilities			
Financial liabilities measured at amortised cost:			
Payables	19	52,860	46,715
Interest bearing liabilities - finance lease liability	20	124,598	72,110
Interest bearing liabilities - QTC borrowings	20	580	1,909
Total		178,038	120,734

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

b) Financial risk management

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

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

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

Risk exposure	Measurement method
Credit risk	Ageing analysis
Liquidity risk	Sensitivity analysis
Market risk	Interest rate sensitivity analysis

c) Credit risk exposure

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

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Department of Science, Information Technology and Innovation

Notes to the financial statements 2015–16

c) Credit risk exposure (continued)

The maximum exposure to credit risk at balance date, in relation to each class of recognised financial assets, is the gross carrying amount of those assets, inclusive of any allowance for impairment loss. The maximum exposure to credit risk in relation to guarantees is disclosed in note 25(a). The carrying amount of receivables represents the maximum exposure to credit risk.

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

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

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

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

Ageing of past due but not impaired receivables	2016	2015
	\$'000	\$'000
Receivables		
Less than 30 days	2,658	3,337
Overdue 30-60 days	675	1,112
Overdue 61-90 days	479	991
Overdue more than 90 days	8,244	3,293
Total	12,056	8,733

Individually impaired receivables position (Aged)

Receivables (gross)		
Less than 30 days	32	-
Less: Allowance for impairment	(32)	-
Carrying amount	-	-
More than 90 days	55	27
Less: Allowance for impairment	(55)	(27)
Carrying amount	-	-
Total carrying amount	-	-

Movements in allowance for impairment loss for impaired receivables

Balance at 1 July	(27)	(306)
Amounts written off during the year in respect of bad debts	2	63
Amounts transferred due to machinery-of-government change	-	238
Amounts recovered during the year	10	14
(Increase)/decrease in allowance recognised in the operating result	(73)	(36)
Balance at 30 June	(87)	(27)

Notes to the financial statements 2015–16

c) Credit risk exposure (continued)

Financial liabilities

The guarantees given by the department, referred to in note 25 meet the definition of a financial guarantee contract under AASB 139 *Financial Instruments: Recognition and Measurement*. The maximum credit risk exposure to the department, in relation to these guarantees, is \$13.628 million (2015: \$16.015 million).

The department assesses, on an annual basis, the fair value of the financial guarantees as at 30 June. It has been determined that the fair value is nil at 30 June 2016, due to the probability of default being remote with respect to the financial guarantees held by the department. Accordingly, the fair value of the guarantees has not been recognised on the Statement of Financial Position.

d) Liquidity risk

Liquidity risk refers to the situation where the department may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash, or another financial asset.

The department is exposed to liquidity risk in respect of its payables and borrowings from QTC, in relation to departmental service delivery. The borrowings are based on the Queensland Government's gazetted floating rate.

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

The following tables set out the liquidity risk of financial liabilities held by the department. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date. The undiscounted cash flows in these tables may differ from the amounts included in the Statement of Financial Position that are based on discounted cash flows.

Financial Liabilities	Notes	2016 \$'000	2015 \$'000
Payables	19		
Less than 1 year		52,680	46,715
Total		52,680	46,715
QTC borrowings	20		
Less than 1 year		580	1,332
1 to 5 years		-	577
Total		580	1,909
Lease liability	20		
Less than 1 year		8,302	4,084
1 to 5 years		46,482	22,877
Later than 5 years		69,814	45,149
Total		124,598	72,110
Total financial liabilities			
Less than 1 year		61,562	52,131
1 to 5 years		46,482	23,454
Later than 5 years		69,814	45,149
Total		177,858	120,734

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Department of Science, Information Technology and Innovation

Notes to the financial statements 2015–16

e) Market risk

The department is exposed to market risk specifically through interest rate risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The department is exposed to interest rate risk through its borrowings from QTC and cash deposited in interest-bearing accounts. The department does not undertake any hedging in relation to interest rate risk and manages its risk as per its liquidity management strategies.

f) Fair value

With the exception of QTC borrowings, the carrying amount of financial liabilities are measured at amortised cost which approximately equals their fair value at reporting date. The fair value of borrowings is notified by QTC. It is calculated using discounted cash flow analysis and the effective interest rate. They are categorised as level three fair values within the fair value hierarchy.

	2016		2015	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial liabilities				
Financial liabilities at amortised cost - QTC borrowings	580	595	1,909	1,957
Total	580	595	1,909	1,957

Accounting Policy

Recognition

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

Classification

Financial instruments are classified and measured as follows:

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

Receivables – held at amortised cost

Payables – held at amortised cost

Borrowings – held at amortised cost

Finance leases – held at fair value

Borrowings are initially recognised at fair value, plus any transaction costs directly attributable to the borrowings, 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 or receipts through the expected life of a financial instrument (or, when appropriate, a shorter period) to the net carrying amount of that instrument.

Any borrowing costs are added to the carrying amount of the borrowing to the extent they are not settled in the period in which they arise. Borrowings are classified as non-current liabilities to the extent that the department has an unconditional right to defer settlement until at least 12 months after reporting date.

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

Notes to the financial statements 2015–16

27. Taxation equivalents

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

	2016	2015
	\$'000	\$'000

Major components of income tax equivalent expense for the period ended 30 June 2016.

Income tax expense*Deferred income tax*

Decrease/(increase) in deferred tax asset	-	8
(Decrease)/increase in deferred tax liability	(6)	598

Income tax equivalent expense reported in the Statement of Comprehensive Income

(6)	606
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Reconciliation of income tax equivalent expense to prima facie tax payable for the year ended 30 June 2016 is as follows:

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

(4,324)	(966)
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Indicative tax equivalent expense at 30%

(1,297)	(290)
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Tax effect of amounts which are not deductible/(assessable) in calculating taxable income:

Previously unrecognised temporary differences now recognised	(48)	-
Effect of unused tax losses and deductible temporary differences not recognised	1,339	896

Income tax equivalent expense reported in the Statement of Comprehensive Income

(6)	606
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Deferred tax liabilities

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

Interest receivable	11	12
Assets and other	1,515	1,520

Deferred tax liabilities taken to account

1,526	1,532
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Deferred tax assets not recognised

Income tax losses	1,277	26,201
Accrued employee benefits & payables	62	48

Total

1,339	26,249
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A review of CITEC's budget estimates for the future years indicate that sufficient taxable profit will not be available, following the reversal of both the existing taxable temporary differences for the current year tax, and deductible temporary differences to be utilised in future periods.

Accordingly, the current year tax loss and the deductible temporary differences (tax effect totalling to \$1,339,534) have not been recognised as deferred tax assets.

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

PART B

Department of Science, Information Technology and Innovation

Notes to the financial statements 2015–16

27. Taxation equivalents (continued)

Accounting Policy

The department is a State body as defined under the Income Tax Assessment Act 1997 and is exempt from all forms of Commonwealth taxation except Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the department. GST credits receivable from, and GST payable to, the Australian Taxation Office are recognised and accrued (refer to note 15).

Agreements have been reached with Queensland Treasury for CITEC to pay an income tax equivalent, in accordance with the requirements of the Tax Equivalents Regime.

The income tax equivalent expense for CITEC is calculated based on the Balance Sheet approach under which temporary differences are identified for each asset and liability. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is recognised in the Statement of Financial Position as a tax asset or a tax liability.

Tax assets are not brought to account unless realisation of the asset is probable. Tax assets relating to CITEC's tax losses are only brought to account to the extent that future profits are probable. Recovery of deferred tax assets is primarily based on projected operational results outlined in the forecasting budgets provided to Queensland Treasury.

The controlled entity of the department is exempt from income tax under Section 50 of the Income Tax Assessment Act 1997.

	2016 \$'000	2015 \$'000
28. Schedule of administered items		
Administered revenues		
Appropriation revenue	72,406	122,739
Contributions	12,433	-
Interest	-	1,612
Total administered revenues	84,839	124,351
Administered expenses		
Supplies and services	2,694	2,567
Grants and subsidies	68,330	121,135
Deferred administered appropriation payable to consolidated fund	1,996	248
Total administered expenses	73,020	123,950
Operating surplus	11,819	401
Administered current assets		
Cash and cash equivalents	3,400	6,784
Loans and receivables	2,098	550
Prepayments	13,000	-
Total administered current assets	18,498	7,334
Administered non-current assets		
Loans and receivables	-	1,650
Total administered non-current assets	-	1,650
Total administered assets	18,498	8,984
Administered current liabilities		
Payables	2,888	191
Revenue payable to government	1,996	248
Total administered current liabilities	4,884	439
Net administered assets	13,614	8,545
Total administered equity	13,614	8,545

Notes to the financial statements 2015–16

28. Schedule of administered items (continued)

	2016 \$'000	2015 \$'000
Administered grants and subsidies		
Queensland Art Gallery	-	21,548
Queensland Museum	-	16,291
State Library of Queensland	62,689	61,088
Queensland Performing Arts Trust	-	6,165
Queensland Theatre Company	-	1,950
Screen Queensland	-	7,352
University of Queensland Brain Institute	-	194
Queensland Shared Services	5,641	5,530
Smart State Research Facility Fund	-	1,017
Total	68,330	121,135
Administered loans and receivables		
Queensland Centre for Advanced Technologies	550	2,200
Total	550	2,200

Accounting Policy

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

29. Administered appropriation receipts

Reconciliation of payments from consolidated fund to administered revenue

Budgeted administered appropriation	80,117	149,687
Transfers to other departments – redistribution of public business	-	(17,745)
Lapsed administered appropriation	(7,959)	(9,203)
Total administered appropriation receipts (cash)	72,158	122,739
Plus: Opening balance of deferred administered appropriation payable	248	-
Less: Closing balance of deferred administered appropriation payable	(1,996)	(248)
Net administered appropriation revenue	70,410	122,491
Plus: Deferred administered appropriation payable to consolidated fund (expense)	1,996	248
Administered appropriation revenue recognised in note 28	72,406	122,739

Reconciliation of payments from consolidated fund to administered equity adjustment

Budgeted administered equity adjustment appropriation	(8,492)	2,858
Lapsed administered appropriation	(5,784)	(142)
Total administered appropriation receipts (cash)	(14,276)	2,716
Plus: Opening balance of administered equity adjustment payable	191	-
Less: Closing balance of administered equity adjustment payable	(523)	(191)
Equity adjustment recognised in administered contributed equity	(14,608)	2,525

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Department of Science, Information Technology and Innovation

Notes to the financial statements 2015–16

30. Agency transactions and balances

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

	2016 \$'000	2015 \$'000
a) CITEC		
Balance at 1 July	-	19,778
Collections during the period	-	1,580,648
Distributions according to clients' instructions during the period	-	(1,600,426)
Balance at 30 June*	-	-
* CITEC discontinued payment processing services in April 2015.		
b) Smart Service Queensland		
Balance at 1 July	352	732
Collections during the period	88,586	84,093
Distributions according to clients' instructions during the period	(88,467)	(84,473)
Balance at 30 June	471	352

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

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

Accounting Policy

The department, through the CITEC commercialised business unit, had commercial arrangements during 2014-15 with various Queensland Government agencies to perform certain transactions on their behalf.

The department, through Smart Service Queensland, acts in an agency capacity by processing payments in respect of Queensland Government services and information.

The transactions and balances related to these agency arrangements are not included in these financial statements, because the department acts only in a custodial role.

Notes to the financial statements 2015–16

31. Budget vs actual comparison

Statement of Comprehensive Income

	Variance notes	Original budget 2016 \$'000	Actual 2016 \$'000	Variance \$'000	Variance % of budget
Operating result					
Income from continuing operations					
Appropriation revenue	1	322,496	282,430	40,066	12%
User charges and fees	2	280,124	304,176	(24,052)	(9%)
Grants and other contributions	3	26,904	20,459	6,445	24%
Interest		369	162	207	56%
Other revenue		4,094	2,017	2,077	51%
Total revenue		633,987	609,244	24,743	4%
Gains on disposal of assets		-	10	(10)	(100%)
Total income from continuing operations		633,987	609,254	24,733	4%
Expenses from continuing operations					
Employee expenses		260,452	260,663	(211)	0%
Supplies and services		261,590	256,348	5,242	2%
Grants and subsidies	4	86,385	41,670	44,715	52%
Depreciation and amortisation	5	34,359	28,468	5,891	17%
Impairment losses	6	-	621	(621)	(100%)
Finance/borrowing costs		4,602	4,016	586	13%
Other expenses	7	3,049	19,682	(16,633)	(546%)
Total expenses from continuing operations		650,437	611,468	38,969	6%
Operating result from continuing operations before income tax		(16,450)	(2,214)	(14,236)	87%
Income tax expense/(revenue)		-	(6)	6	(100%)
Operating result from continuing operations after income tax		(16,450)	(2,208)	(14,242)	87%
Other comprehensive income					
Items that will not be reclassified subsequently to operating result					
Increase in asset revaluation surplus	8	-	1,059	(1,059)	100%
Total other comprehensive income		-	1,059	(1,059)	100%
Total comprehensive income		(16,450)	(1,149)	(15,301)	93%

PART B

Department of Science, Information Technology and Innovation

Notes to the financial statements 2015–16

31. Budget vs actual comparison (continued)

Statement of Financial Position

	Variance notes	Original budget 2016 \$'000	Actual 2016 \$'000	Variance \$'000	Variance % of budget
Current assets					
Cash and cash equivalents	9	18,293	41,690	(23,397)	(128%)
Receivables		62,782	55,648	7,134	11%
Other current assets		14,534	15,180	(646)	(4%)
Total current assets		95,609	112,518	(16,909)	(18%)
Non-current assets					
Intangible assets	10	42,448	30,770	11,678	28%
Property, plant and equipment		173,676	189,078	(15,402)	(9%)
Deferred tax assets		8	-	8	100%
Other non-current assets	11	1,619	13,842	(12,223)	(755%)
Total non-current assets		217,751	233,690	(15,939)	(7%)
Total assets		313,360	346,208	(32,848)	(10%)
Current liabilities					
Payables		56,989	52,680	4,309	8%
Interest-bearing liabilities	12	558	8,882	(8,324)	(1,492%)
Accrued employee benefits		9,002	10,234	(1,232)	(14%)
Other current liabilities		2,473	3,703	(1,230)	(50%)
Total current liabilities		69,022	75,499	(6,477)	(9%)
Non-current liabilities					
Payables		901	-	901	100%
Interest-bearing liabilities	13	122,960	116,296	6,664	5%
Deferred tax liabilities		934	1,526	(592)	(63%)
Other non-current liabilities	14	-	13,334	(13,334)	(100%)
Total non-current liabilities		124,795	131,156	(6,361)	(5%)
Total liabilities		193,817	206,655	(12,838)	(7%)
Net assets		119,543	139,553	(20,010)	(17%)
Equity					
Contributed equity		243,081	155,917	87,164	36%
Accumulated surplus/(deficit)		(116,286)	(64,057)	(52,229)	45%
Asset revaluation surplus		(7,252)	47,693	(54,945)	758%
Total equity	15	119,543	139,553	(20,010)	(17%)

Notes to the financial statements 2015–16

31. Budget vs actual comparison (continued)

Statement of Cash Flows

	Variance notes	Original budget 2016 \$'000	Actual 2016 \$'000	Variance \$'000	Variance % of budget
Cash flows from operating activities					
<i>Inflows:</i>					
Service appropriation receipts	16	324,729	266,860	57,869	18%
User charges and fees		282,082	296,073	(13,991)	(5%)
Grants and other contributions	17	26,904	20,459	6,445	24%
GST collected from customers		27,594	28,974	(1,380)	(5%)
GST input tax credits from ATO		13,527	33,216	(19,689)	(146%)
Interest receipts		369	166	203	55%
Other		3,994	1,899	2,095	52%
<i>Outflows:</i>					
Employee expenses		(260,367)	(258,403)	(1,964)	1%
Supplies and services		(261,539)	(257,937)	(3,602)	1%
Grants and subsidies	18	(86,385)	(41,626)	(44,759)	52%
Finance/borrowing costs		(4,602)	(4,015)	(587)	13%
GST paid to suppliers		(12,911)	(28,437)	15,526	(120%)
GST remitted to ATO		(28,058)	(33,746)	5,688	(20%)
Other		(2,749)	(2,246)	(503)	18%
Net cash provided by/(used in) operating activities		22,588	21,237	1,351	6%
Cash flows from investing activities					
<i>Inflows:</i>					
Sales of property, plant and equipment		16	1	15	94%
Loans and advances redeemed		-	-	-	-
<i>Outflows:</i>					
Payments for property, plant and equipment	19	(9,586)	(5,256)	(4,330)	45%
Payments for intangible assets	20	(12,960)	(5,977)	(6,983)	54%
Loans and advances made		-	-	-	-
Net cash provided by/(used in) investing activities		(22,530)	(11,232)	(11,298)	50%
Cash flows from financing activities					
<i>Inflows:</i>					
Borrowings		-	-	-	-
Equity injections		12,207	12,527	(320)	(2%)
<i>Outflows:</i>					
Borrowing redemptions		(1,344)	(1,331)	(13)	1%
Finance lease payments		(7,752)	(7,024)	(728)	9%
Equity withdrawals	21	(27,151)	(18,441)	(8,710)	32%
Net cash provided by/(used in) financing activities		(24,040)	(14,269)	(9,771)	41%
Net increase/(decrease) in cash and cash equivalents		(23,982)	(4,264)	(19,718)	82%
Increase/(decrease) in cash and cash equivalents from restructuring		-	-	-	-
Cash and cash equivalents at beginning of financial year		42,275	45,954	(3,679)	(9%)
Cash and cash equivalents at end of financial year		18,293	41,690	(23,397)	(128%)

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Department of Science, Information Technology and Innovation

Notes to the financial statements 2015–16

31. Budget vs actual comparison (continued)

Schedule of administered items

	Variance notes	Original budget 2016 \$'000	Actual 2016 \$'000	Variance \$'000	Variance % of budget
Administered revenues					
Appropriation revenue		80,117	72,406	7,711	10%
Contributions	22	-	12,433	(12,433)	(100%)
Interest		-	-	-	-
Total administered revenues		80,117	84,839	(4,722)	(6%)
Administered expenses					
Supplies and services		2,080	2,694	(614)	(30%)
Grants and subsidies	23	78,037	68,330	9,707	12%
Other	24	-	1,996	(1,996)	(100%)
Total administered expenses		80,117	73,020	7,097	9%
Operating surplus		-	11,819	(11,819)	(100%)
Administered current assets					
Cash and cash equivalents		4,558	3,400	1,158	25%
Loans and receivables		-	2,098	(2,098)	(100%)
Prepayments	25	-	13,000	(13,000)	(100%)
Total administered current assets		4,558	18,498	(13,940)	(306%)
Administered non-current assets					
Loans and receivables	26	2,750	-	2,750	100%
Total administered non-current assets		2,750	-	2,750	100%
Total administered assets		7,308	18,498	(11,190)	(153%)
Administered current liabilities					
Payables	27	-	2,888	(2,888)	(100%)
Revenue payable to government	24	-	1,996	(1,996)	(100%)
Total administered current liabilities		-	4,884	(4,884)	(100%)
Net administered assets		7,308	13,614	(6,306)	(86%)

Notes to the financial statements 2015–16

31. Budget vs actual comparison (continued)

Explanations of major variances

Statement of comprehensive income

1. The variance was mainly due to \$26.5 million of Advance Queensland program expenditure milestones now expected to occur in 2016-17 and beyond, adjustments of \$11.7 million to science-related initiatives in line with contractual commitments and timing adjustments of \$5.1 million to Australian Institute of Tropical Health and Medicine (AITHM) offset by \$1.6 million of additional funding for Cyber Security.
2. The variance is mainly due to CITEC achieving \$17 million higher than anticipated revenue from Information Brokerage customers.
3. The variance is due to funding deferrals relating to Queensland Shared Services business capability and capacity projects of \$10.6 million offset by higher than expected grant funding received for science projects of \$4.2 million.
4. The variance was mainly due to \$26.5 million of Advance Queensland program expenditure milestones now expected to occur in 2016-17 and beyond, timing adjustments of \$5.1 million to AITHM, adjustments of \$8.7 million to science-related initiatives in line with contractual commitments and \$2.8 million deferral for improved mobile coverage work in future financial years.
5. The variance is mainly due to a change in amortisation amounts relating to the Government Wireless Network (GWN) of \$5.4 million due to an adjustment to the useful life assumptions that were incorporated into the budget.
6. The variance is mainly due to the impairment of \$0.5 million recognised during 2015-16 associated with Queensland Shared Services controlled whole-of-government SAP finance system asset, as a result of the decision by Queensland Treasury and the Department of Natural Resources and Mines to transfer from the whole-of-government SAP environment and upgrade to a purpose built SAP ECC6 finance system.
7. The variance is mainly due to \$17.4 million of deferred appropriation payable to the consolidated fund for end-of-year lapses and deferral adjustments in relation to programs including Mobile Black Spots (\$2.8 million), One Stop Shop (\$2.1 million), Advance Queensland (\$1.9 million), Strategic ICT Projects (\$1.6 million), GWN (\$1.5 million) and Cyber Security (\$1 million) for future commitments and deliverables. Approximately \$2 million was also returned to the consolidated fund in relation to the GWN for project implementation savings and contract abatements.
8. The variance of \$1 million is due to a net revaluation increment in the carrying value of the land, building and infrastructure asset classes relating to Science.

Statement of financial position

9. The variance is due to CITEC's better-than-anticipated cash balance due to increased Queensland Government agency revenue and reduced capital program of \$15.8 million. Major variance items are explained below in variance notes to the Statement of Cash Flows.
10. The variance is mainly due to lower-than-forecast expenditure against intangibles for Queensland Shared Services in relation to business capability and capacity projects of \$3.7 million, a reduction in information Brokerage legacy software upgrades of \$2.2 million and budget variations in opening balances and amortisation amounts of \$4.5 million.
11. The variance is mainly due to the lease incentive assets associated with the department's office accommodation arrangements of \$12.5 million. Refer to variance note 14 for the corresponding lease incentive liability.
12. The variance is mainly due to the budget against current interest-bearing liabilities not taking into account the reclassification of non-current to current interest-bearing liabilities that are due within 12 months of \$11 million. This is offset by additional payments of \$2 million budgeted under non-current interest-bearing liabilities.
13. The variance is mainly due to the budget against non-current interest-bearing liabilities not taking into account the reclassification of non-current to current interest-bearing liabilities that are due within 12 months of \$11 million. This is offset by additional repayments budgeted under non-current interest-bearing liabilities of \$2 million and a lower budgeted level of leases of \$2 million.
14. The variance is mainly due to the lease incentive liabilities associated with the department's office accommodation arrangements of \$12.5 million. Refer to variance note 11 for the corresponding lease incentive asset.

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Department of Science, Information Technology and Innovation

Notes to the financial statements 2015–16

31. Budget vs actual comparison (continued)

15. The variance in equity is mainly due to the better-than-forecast operating results for CITEC (\$9.6 million), Queensland Shared Services (\$3.7 million) and the department (\$0.9 million) and an increase to the asset revaluation reserve of \$1 million.

Statement of cash flows

16. The variance is due to the appropriation adjustments as per variance note 1 plus appropriation receivable movements of \$17 million.
17. Refer to variance note 3.
18. Refer to variance note 4.
19. The variance is due to One-Stop Shop capital funding converted to operating funds of \$3 million and a reduced capital program of ICT asset replacement within CITEC of \$1.2 million.
20. The variance is due to the timing of Queensland Shared Services business capability and capacity projects of \$3.7 million into 2016-17, a reduction in Information Brokerage legacy software upgrades of \$2.2 million and savings in Government Wireless Network software acquisitions of \$1.1 million.
21. The variance is mainly due to reduced equity withdrawals related to the change in the Government Wireless Network finance lease depreciation rate of \$6 million and savings in Government Wireless Network software acquisitions of \$1.1 million.

Administered items

22. The variance of \$12.4 million reflects the contribution from the Queensland Treasury Commercial Group for the ICT arrangements for the 1 William Street (1WS) building.
23. The variance is mainly due to the deferral of funding by Queensland Shared Services in relation to business capability and capacity projects of \$10.7 million which will be delivered in future years, offset by additional funding provided to State Library of Queensland in relation to funding escalations for enterprise bargaining and population growth of \$0.6 million.
24. The variance is due to the deferred appropriation payable to the consolidated fund for end-of-year deferral adjustments including Queensland Shared Services business capability and capacity projects of \$1.7 million which will be delivered in future years.
25. The variance is due to a prepayment of \$13 million being recognised in relation to the ICT arrangements for the 1WS building.
26. The variance is due to the repayment of the Queensland Centre for Advanced Technologies loan throughout 2015-16 and the balance of \$0.55 million being transferred to current receivables as the loan will be finalised in 2016-17.
27. The variance is due to outstanding invoice payments in relation to ICT arrangements for the 1WS building of \$1.2 million, business capability and capacity funding payments to Queensland Shared Services of \$1.2 million and equity withdrawal payable to the consolidated fund in relation to Queensland Shared Services amortisation of \$0.5 million.

Notes to the financial statements 2015–16

32. Summary of other accounting policies**a) Leases**

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

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

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

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

b) Insurance

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

c) Contributed equity

Interpretation 1038 Contributions by Owners Made to Wholly Owned Public Sector Entities specifies the principles for recognising contributed equity by the department. The following items are recognised as contributed equity by the department during the reporting and comparative years:

Appropriations and non-appropriated equity adjustments (refer to Statement of Changes in Equity).

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities as a result of machinery-of-government and other approved changes (refer to Statement of Changes in Equity).

d) Issuance of financial statements

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

e) Accounting estimates and judgements

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

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

Valuation of property, plant and equipment - note 18
 Financial instruments - note 26
 Finance leases - note 20
 Contingencies - note 25
 Receivables - note 15

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

f) Currency, rounding and comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000, or where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required. Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

In accordance with the machinery-of-government changes that were specified in the Public Departmental Arrangements Notice (No.1) 2015, the function of Arts Queensland and the Corporate Administration Agency transferred to the Department of the Premier and Cabinet, with an effective date of 1 March 2015.

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Department of Science, Information Technology and Innovation

Notes to the financial statements 2015–16

32. Summary of other accounting policies (continued)

g) Current/non-current classification

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

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

h) Donated/transferred assets

Assets and liabilities received or donated/transferred by the department are recognised as revenues or expenses as applicable. Refer to notes 7 and 18.

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

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

j) Acquisition of assets

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

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

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

k) Property, plant and equipment

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

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

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

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

Land, buildings, infrastructure and heritage and cultural assets are measured at fair value as required by Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector. Leased assets are measured at fair value in accordance with AASB 117 Leases.

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

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

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

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

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

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

Notes to the financial statements 2015–16

32. Summary of other accounting policies (continued)

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

Property, plant and equipment classes measured at fair value are revalued on an annual basis either by specific appraisals undertaken by an independent professional valuer or internal expert, or by the use of appropriate and relevant indices. For financial reporting purposes, the revaluation process is managed by a team in the department's Finance, Procurement and Business Services unit, which determines the specific revaluation practices and procedures. The department undertakes annual reviews of the revaluation practices (after each year's revaluation process), and reports to the department's Audit and Risk Management Committee (of which the department's Chief Finance Officer is a member) regarding the outcomes of, and recommendations arising from, each annual review.

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

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

The fair values reported by the department are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs, and minimise the use of unobservable inputs.

Where assets have not been specifically appraised in the reporting period, their previous valuations are materially kept up to date via the application of relevant indices. The department ensures that the application of such indices results in a valid estimation of the assets' fair values at reporting date. The State Valuation Service (SVS) supplies the indices used for the various types of assets. Such indices are either publicly available, or are derived from market information available to SVS. SVS provides assurance of their robustness, validity and appropriateness for application to the relevant assets. Indices used are also tested for reasonableness by applying the indices to a sample of assets, comparing the results to similar assets that have been valued by an independent professional valuer or internal expert, and analysing the trend of changes in values over time. Through this process, which is undertaken annually, management assesses and confirms the relevance and suitability of indices provided by SVS based on the department's own particular circumstances.

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

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

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

o) Fair value measurement

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

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

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

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

The department does not recognise any financial assets or financial liabilities at fair value.

PART B

Department of Science, Information Technology and Innovation

Notes to the financial statements 2015–16

32. Summary of other accounting policies (continued)

o) Fair value measurement

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

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

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

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

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

More specific fair value information about the department's property, plant and equipment is outlined in note 18. Details of individual assets and liabilities measured under each category of fair value are set out in the tables at note 26.

p) Intangible assets

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

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

Purchased software

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

Internally generated software

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

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

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

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

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

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

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

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

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

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

Notes to the financial statements 2015–16

32. Summary of other accounting policies (continued)

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

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

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

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

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

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

Class	Rates	Class	Rates
Buildings:	2% to 10%	Leasehold improvements:	2.5% to 26%
Infrastructure:	2% to 14%	Computer equipment:	4% to 55%
Financed leased assets:	7% to 8%	Scientific equipment:	4% to 33%
Other equipment:	4% to 33%	Software internally generated:	7% to 33%
Software purchased:	5% to 26%		

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

r) Impairment of non-current assets

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

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

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

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

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

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

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

s) New and revised accounting standards

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

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

From reporting periods beginning on or after 1 July 2017, this standard amends AASB 107 Statement of Cash Flows and requires entities preparing financial statements in accordance with Tier 1 reporting requirements, to provide additional disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities. These disclosures will include both cash flows and non-cash changes between the opening and closing balance of the relevant liabilities and be disclosed by way of a reconciliation or roll forward as part of the notes to the Statement of Cash Flows. The measurement of assets, liabilities, income and expenditure in the financial statements will be unaffected.

PART B

Department of Science, Information Technology and Innovation

Notes to the financial statements 2015–16

32. Summary of other accounting policies (continued)

s) New and revised accounting standards

AASB 124 – Related Party Disclosures

Effective from reporting periods beginning on or after 1 July 2016, a revised version of AASB 124 will apply to the department. AASB 124 requires disclosures about the remuneration of key management personnel (KMP), transactions with related parties, and relationships between parent and controlled entities.

The department already discloses detailed information about remuneration of its KMP, based on Queensland Treasury's Financial Reporting Requirements for Queensland Government Agencies. Due to the additional guidance about the KMP definition in the revised AASB 124, the department will disclose its responsible Minister as part of its KMP from 2016-17. The department does not provide remuneration to Ministers, so figures for Ministerial remuneration will not be disclosed by the department. Comparative information will continue to be disclosed in respect of KMP remuneration.

The most significant implications of AASB 124 for the department are the required disclosures about transactions between the department and its related parties (as defined in AASB 124). For any such transactions, from 2016-17, disclosures will include the nature of the related party relationship, as well as information about those transactions' terms/conditions and amounts, any guarantees given/received, outstanding receivables/ payables, commitments, and any receivables where collection has been assessed as being doubtful. In respect of related party transactions with other Queensland Government controlled entities, the information disclosed will be more high level, unless a transaction is individually significant. No comparative information is required in respect of related party transactions in the 2016-17 financial statements.

AASB 15 – Revenue from Contracts with Customers

This standard will become effective from reporting periods beginning on or after 1 January 2018 and contains much more detailed requirements for the accounting of certain types of revenue from customers. Depending on the specific contractual terms, the new requirements may potentially result in a change to the timing of revenue from sales of the department's goods and services, such that some revenue may need to be deferred to a later reporting period, to the extent that the department has received cash, but has not met its associated obligations (such amounts would be reported as an unearned revenue liability in the meantime). The department is yet to complete its analysis of current arrangements for sales of its goods and services, but at this stage does not expect a significant impact on its present accounting practices.

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

These standards will become effective from reporting periods beginning on or after 1 January 2018. The main impacts of these standards on the department are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the department's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at either amortised cost or fair value. The department has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the department's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the department enters into, all of the department's financial assets are expected to be required to be measured at fair value (instead of the measurement classifications presently used in note 26). In the case of the department's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value. Changes in the fair value of those assets will be reflected in the department's operating result.

Another impact of AASB 9 relates to calculating impairment losses for the department's receivables. Assuming no substantial change in the nature of the department's receivables, as they don't include a significant financing component, impairment losses will be determined according to the amount of lifetime expected credit losses. On initial adoption of AASB 9, the department will need to determine the expected credit losses for its receivables by comparing the credit risk at that time to the credit risk that existed when those receivables were initially recognised. The department will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2018-19. However, changed disclosures requirements will apply from that time. A number of one-off disclosures will be required in the 2018-19 financial statements to explain the impact of adopting AASB 9. Assuming no change in the types of financial instruments that the department enters into, the most likely ongoing disclosure impacts are expected to relate to the credit risk of financial assets subject to impairment.

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.

AASB 16 Leases

This standard will become effective for reporting period beginning on or after 1 January 2019. 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 Evaluation the Substance of Transactions involving the Legal Form of a Lease.

Impact for lessees

Unlike AASB 117 Leases, AASB 16 introduces a single lease accounting model for lessees. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

Notes to the financial statements 2015–16

32. Summary of other accounting policies (continued)**s) New and revised accounting standards**

In effect, the majority of operating leases (as defined by the current AASB 117) will be reported on the Statement of Financial Position under AASB 16. There will be a significant increase in assets and liabilities for agencies that lease assets. The impact on the reported assets and liabilities would be largely in proportion to the scale of the agency's leasing activities.

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the commencement date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed in the Statement of Comprehensive Income. They will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will also be recognised as an expense.

AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. If a lessee chooses to apply the 'cumulative approach', it does not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application. The department will await further guidance from Queensland Treasury on the transitional accounting method to be applied.

The department has not yet quantified the impact on the Statement of Comprehensive Income or the Statement of Financial Position of applying AASB 16 to its current operating leases, including the extent of additional disclosure required.

t) First-year application of new accounting standards or changes in accounting policy

The department did not voluntarily change any of its accounting policies during 2015-16.

Accounting standards early-adopted for 2015-16

Two Australian accounting standards have been early adopted for the 2015-16 year as required by Queensland Treasury. These are:

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]

The amendments arising from this standard seek to improve financial reporting by providing flexibility as to the ordering of notes, the identifying and locating of significant accounting policies and the presenting of sub-totals, and providing clarity on aggregating line items. It also emphasises only including material disclosures in the notes. The department has applied this flexibility in preparing the 2015-16 financial statements, including co-locating significant accounting policies with the related breakdowns of financial statement figures in the notes.

AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities [AASB 13]

This standard amends AASB 13 Fair Value Measurement and provides relief to not-for-profit public sector entities from certain disclosures about property, plant and equipment that is primarily held for its current service potential rather than to generate future net cash inflows. The relief applies to assets under AASB 116 Property, Plant and Equipment which are measured at fair value and categorised within Level 3 of the fair value hierarchy (refer to note 18).

As a result, the following disclosures are no longer required for those assets. In early-adopting the amendments, the following disclosures have been removed from the 2015-16 financial statements:

- disaggregation of certain gains/losses on assets reflected in the operating result,*
- quantitative information about the significant unobservable inputs used in the fair value measurement; and*
- a description of the sensitivity of the fair value measurement to changes in the unobservable inputs.*

Accounting standards Applied for the First Time in 2015-16

No new Australian accounting standards effective for the first time in 2015-16 had any material impact upon this financial report.

33. Events occurring after balance date

There were no material events subsequent to the reporting date but prior to the signing of these accounts of which management was aware.

Department of Science, Information Technology and Innovation

Management Certificate

for the year ended 30 June 2016

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 42 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1)(b) of the Act, we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects,
- (b) the financial statements have been drawn up to present a true and fair view in accordance with prescribed accounting standards, of the transactions of the Department of Science, Information Technology and Innovation for the financial year ended 30 June 2016 and of the financial position of the department at the end of that year; and
- (c) these assertions are based upon an appropriate system of internal controls and risk management processes being effective, in all material aspects, with respect to financial reporting throughout the reporting period.

Danny Short
B Comm CPA
Chief Finance Officer



25 August 2016

Jamie Merrick
Director-General



25 August 2016

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Department of Science, Information Technology and Innovation.

Report on the Financial Report

I have audited the accompanying financial report of the Department of Science, Information Technology and Innovation, which comprises the statement of financial position and statement of assets and liabilities by major departmental services, CBUs and SSPs as at 30 June 2016, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental services, CBUs and SSPs for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certificates given by the Acting Director-General and Chief Finance Officer.

The Accountable Officer's Responsibility 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 prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Accountable Officer's responsibility also includes such internal control as the Accountable Officer determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Accountable Officer, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

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

PART B

Department of Science, Information Technology and Innovation

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Department of Science, Information Technology and Innovation for the financial year 1 July 2015 to 30 June 2016 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



A M GREAVES FCA FCPA
Auditor-General of Queensland



Queensland Audit Office
Brisbane