

Department of Regional Development,  
Manufacturing and Water

# ANNUAL REPORT 2020–2021



**Queensland**  
Government

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This report and information on the department's related government bodies is available online at [www.rdmw.qld.gov.au](http://www.rdmw.qld.gov.au).

Additional annual reporting requirements have been published on the Queensland Government Open Data website at [www.data.qld.gov.au](http://www.data.qld.gov.au).

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# LETTER OF COMPLIANCE

30 September 2021

The Honourable Glenn Butcher MP  
Minister for Regional Development and Manufacturing and Minister for Water  
1 William Street  
Brisbane Qld 4000

Dear Minister

I am pleased to submit for presentation to the Queensland Parliament the Annual Report 2020–2021 and financial statements for the Department of Regional Development, Manufacturing and Water.

This report is prepared based on the current administrative arrangements for this department applying for the whole of 2020–2021 financial year. That is, it reflects the structure, operations and performance of the department as it now exists.

The GasFields Commission functions of the former Department of Regional Development and Manufacturing were transferred to the Department of Resources as part of the machinery of government changes. The final report outlines the activities and achievements of the former Department of Regional Development and Manufacturing and the Water Division of the former Department of Natural Resources, Mines and Energy.

I certify that this Annual Report complies with:

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

A checklist outlining the Queensland Government's annual reporting requirements is provided at page 25 of this annual report.

Yours sincerely,



Graham Fraine  
Director-General  
Department of Regional Development, Manufacturing and Water

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## DIRECTOR-GENERAL'S REPORT

This year has been marked by change and new opportunities for the Department of Regional Development, Manufacturing and Water. Machinery of Government changes following the Queensland State Election in November 2020 expanded the previous department's remit as we welcomed the water function and staff to the agency. This combination of areas provides us with a strong role in creating jobs, delivering prosperity and managing our natural assets for Queenslanders — particularly those living in regional areas.

### **Delivering for the regions**

As a newly unified department, many of our achievements this year have been foundational. These are the steps which will prepare us for future success as we work towards our departmental vision: A Queensland where sustainable water resources and innovative manufacturing drives economic growth and job opportunities for our regional communities.

These key achievements for 2020–2021 include the establishment of the \$9 million Regional Water Assessments Program, which will identify the targeted investment necessary to foster economic development in three of our most important food bowls: Southern and Darling Downs, Bundaberg and Burnett, and the Atherton Tablelands. The work undertaken since this program's announcement in November 2020 means the department will be able to support growth in these communities over the coming years.

The Budget announcement that this department will lead the \$70 million sixth round of the Building Our Regions Program is a great opportunity for us. A program supporting water projects in regional Queensland, with all the economic development opportunity that will entail — what could be more perfect for us to deliver as one department?

2020–2021 also saw the announcement of the \$19.34 million Southern Downs Drought Resilience Package. This program is the Queensland Government's immediate response to the region's need for a drought contingency water supply. It is delivered in partnership with the Southern Downs Regional Council, Seqwater and Sunwater, and in consultation with Toowoomba Regional Council. With Warwick still needing lasting and reliable water security, this program is essential to prolong the region's supply and prepare the groundwork to allow the prompt building of the Toowoomba to Warwick pipeline, should it become necessary.

The \$13.5 million Manufacturing Hub Grants Program is helping to strengthen our manufacturers and make a better future for all Queenslanders. This program provides regional manufacturers with support allowing them to adopt new technology and processes and grow their business. Since the program was established in January 2020, we have invested over \$9 million in 34 companies to help create more than 180 jobs in regional Queensland over five years.

We are also investing in small and medium-sized manufacturers to help transform their businesses through the \$61.5 million Made in Queensland Program. The recent Round 4 of Made in Queensland received over 170 applications — the most applications in the program's history. Detailed applications will be sought from selected applicants, and the grants will be issued in early 2022. It's clear from this response that our manufacturers are eager for the opportunity to grow and innovate.

### **Looking to the future**

Our highly successful \$38.5 million Manufacturing Hub Network continues to expand with new hubs on the Gold Coast and Mackay having recently opened. They will join our existing Hubs in Cairns, Townsville, Rockhampton, and Gladstone to partner with local manufacturers, provide specialised advice, training and support, and help firms to embrace opportunities for advanced manufacturing. Each hub is providing unique services to the local manufacturing community ensuring the value for our regions is maximised.

Rookwood Weir — currently Australia's largest new water infrastructure project — moved full speed into construction in 2020–2021 with the commencement of in-river works earlier this year and the first concrete pours in September 2021. The department will also make a recommendation to government on the long-term remediation of Paradise Dam, giving the Bundaberg community certainty about their safety and economic prosperity by the end of 2021.

Over the next 12 months, the Regional Water Assessments Program will work closely with local governments, Sunwater and other key stakeholders to undertake a range of important activities within each of the identified areas. These activities will analyse longer term water supply needs and assess the range of potential options available to service those needs. Ultimately the Program will provide the basis for future strategic investment decisions for each of the areas, including applications to the National Water Grid Fund.

The Program is also expected to identify a range of non-infrastructure options that will contribute to water supply availability and regional economic opportunities.

### **Impact of COVID-19**

COVID-19 has continued to have an impact on the department as staff have adjusted with admirable resilience and professionalism to remote working and to assisting our stakeholders. Our staff have continued to deliver for the people of Queensland throughout 2020–2021 and the investment in mobile ready devices has allowed staff to seamlessly transition to remote working. The pandemic also accelerated changes to the department's ways of working through better use of video conferencing.

Staff have also contributed through the Ready Reserve, stepping up to support the department's vaccination program and contact tracing efforts.

### **A note of thanks**

To the staff of the department, I thank you for your ongoing efforts to deliver for our communities. To our stakeholders, I thank you for your continued collaboration and innovation. To our communities, we are here to serve you, and we will continue to do this to the best of our ability in the year ahead.

A handwritten signature in black ink, appearing to read 'Graham Fraine', with a stylized flourish at the end.

Graham Fraine  
**Director-General**  
**Department of Regional Development, Manufacturing and Water**

## ABOUT THIS REPORT

The Annual Report 2020-2021 of the Department of Regional Development, Manufacturing and Water is an integral part of our corporate governance framework. It is a key tool in ensuring we are accountable to our partners, stakeholders, the Queensland Parliament and the community about our activities.

It highlights the work, achievements, activities, and strategic initiatives of our department, and satisfies the requirements of Queensland's Financial Accountability Act 2009. This report details our achievements, performance and financial position for the 2020–2021 financial year. It aligns with the department's Strategic Plan 2020–2024, 2020–2021 Service Delivery Statements and the Queensland Government's objectives for the community.

## ABOUT THE DEPARTMENT

### Machinery of government changes

As a result of machinery of government changes which came into effect on 12 November 2020, the former Department of Regional Development and Manufacturing was renamed the Department of Regional Development, Manufacturing and Water.

### Incoming divisions or functions

The following table outlines those divisions or functions that joined the department due to machinery of government changes on 12 November 2020, and the related annual reports where the financial statements, for the period prior to 1 December 2020, can be located for the 2020–2021 reporting period.

Joined the department	Effective Date of transfer	Related annual report*
Water	1 December 2020	Department of Resources

\*Financial statements for the period 1 July 2020 to 30 November 2020, including the Water activities can be found in the related annual report.

### Outgoing divisions or functions

The following table outlines those divisions or functions that left the department due to machinery-of-government changes on 12 November 2020, and the related annual reports where the non-financial performance information and financial statements, for the period after 30 November 2020, can be located for the 2020–2021 reporting period.

Left the department	Effective Date of transfer	Related annual report*#
GasFields Commission	1 December 2020	Department of Resources

\*Financial statements for the period 1 December 2020 to 30 June 2021 can be found in the related department annual report.

# Non-financial performance information for the 2020–2021 reporting period can be found in the related annual report.



## Our vision

Our vision is a Queensland where our sustainable water resources and innovative manufacturing drives economic growth and job opportunities for our regional communities.

## Our role

Our role is to generate economic growth and jobs by enabling competitive regional economies and an innovative manufacturing sector whilst making best use of our water resources by delivering sustainable, safe, secure and affordable water state-wide.

## Our strategic direction

Our strategic plan 2020–2024 describes our vision and priorities. It identifies a range of key strategies to achieve our strategic objectives, as well as potential risks and opportunities and how we measure our success.

Our strategic objectives and strategies contribute to the Government's objectives for the community through the **Unite and Recover – Queensland's COVID-19 Economic Recovery Plan** objectives:

- **Supporting jobs:** supporting increased jobs in more industries to diversify the Queensland economy and build on existing strengths in agriculture, resources and tourism.
- **Making it for Queensland:** growing manufacturing across traditional and new industries, making new products in new ways and creating new jobs.
- **Building Queensland:** driving investment in the infrastructure that supports our recovery, resilience and future prosperity.
- **Growing our regions:** helping Queensland's regions grow by attracting people, talent and investment, and driving sustainable economic prosperity.
- **Investing in skills:** ensuring Queenslanders have the skills they need to find meaningful jobs and set up pathways for the future.
- **Protecting the environment:** protecting and enhancing our natural environment and heritage for future generations and achieve a 50 per cent renewable energy target by 2030.

## Our strategic objectives

### **Objective 1: Improve sustainable long-term water security to build long-term community confidence and economic development**

- Continue to ensure that Queensland's catchment plans consider the impacts of climate change and provide sustainable water allocation for the environment, agriculture, industries and population centres.
- Foster strong communities and industries by improving water security including partnering on federal government initiatives where possible.
- Support Councils to maintain essential urban water supplies.
- Improve fairness, transparency and accountability of water management through Rural Water Futures program.
- Effectively manage water resources across Queensland including the Murray–Darling Basin.

### **Objective 2: Drive water infrastructure investment to maximise community benefit**

- Strengthen the economy and create jobs through investment in new and existing water infrastructure ensuring responsible and equitable use of our water assets.
- Make water available for economic growth.
- Facilitate major water infrastructure projects to progress to investment and construction, supporting jobs and ensuring sustained access to water.
- Support the agriculture sector through reducing irrigation prices.

### **Objective 3: Develop economic opportunities in regional communities**

- Enhance engagement with key stakeholders including industry, peak bodies and local government to create jobs and grow regional communities.
- Work collaboratively across government to:
  - realise regional benefit from funding programs.
  - identify and deliver regional economic opportunities.
  - improve the competitiveness of regional business.
  - support creation of jobs in the regions.
- Coordinate Queensland's response to federal government policy for the development of northern Australia.

### **Objective 4: Build and create jobs in local manufacturing**

- Support business to transition to advanced manufacturing processes.
- Work with manufacturers to achieve improved productivity, increased national and international competitiveness and generation of new jobs.
- Support local manufacturers in priority industries to onshore and re-shore value-adding manufacturing activities.
- Strengthen the State's supply chain infrastructure to improve Queensland's attractiveness to the private sector.

### **Strategic opportunities**

When delivering our strategic plan 2020–2024, we manage our strategic risks by:

- ensuring Queenslanders have access to essential water supply for healthy communities and a strong economy.
- delivering mission critical systems to meet business and community needs.
- optimising the design and implementation of our regulatory framework and program deliver.
- overcoming challenges including diversity of infrastructure, investment, skill sets, and Queensland's vast land mass, to roll out development opportunities in regional communities.
- building resilience in regional communities and the manufacturing sector to plan and respond to natural disaster events.
- ensuring our work health and safety systems protect our people from harm.

We embrace our opportunities by:

- seizing economic opportunities for regional Queensland arising from our recovery from COVID-19
- drawing on our expertise and strong partnerships with communities, stakeholders and other government agencies.
- creating and supporting jobs for Queenslanders by supporting the manufacturing sector.
- utilising our datasets to enable improved decision making for community and investors.
- ensuring sustainable use of water while protecting the environment.
- providing strong leadership and drive regional representation in Queensland Government policy and economic agenda.
- drawing on the combined wisdom of traditional owners and our scientific community to manage our resources.

## **Our indicators of success**

We measure our success through:

- delivering the government's portfolio commitments.
- maintaining the integrity of water supplies.
- increased engagement with communities.
- sustainable economic growth in our regions.
- expansion of manufacturing.

## **OUR PERFORMANCE**

### **Strategic objectives**

#### **Objective 1: Improve sustainable long-term water security to build community confidence and economic development**

##### **Science to support water planning**

Science is a crucial aspect that informs the sustainable management of water in Queensland. The department continued to coordinate and deliver a state-wide water monitoring and aquatic ecosystem monitoring program to support water planning. Scientific data we collected included stream flows, bore levels and pressure, measurement of in-stream waterholes, water quality and fish and turtle movement in response to flows. Data is collected over multiple years to inform evaluation and review of water plans.

In November 2020, in collaboration with Department of Environment and Science, the department released the new Water Planning Science Plan 2020–2030 (science plan). It is a contemporary science plan that positions the Queensland Government to respond to the current and emerging challenges of sustainable water management. It establishes the science needs for the upcoming decade to manage Queensland's water resources in the face of climate change and increasing infrastructure investment.

##### **Continuity of supply**

The Queensland Government continues to oversee the water supply security situation in regional Queensland and invest to ensure communities do not run out of water. Funding for smaller communities according to need has been provided on initiatives such as:

- \$1.2 million for the Isisford Weir refurbishment
- \$11.6 million for carting water for Stanthorpe when supplies from Storm King Dam were depleted
- \$2.0 million for bores and other works to improve water supply security in Goondiwindi Regional Council communities.

##### **Support for Murray–Darling Basin**

As part of the Intergovernmental Agreement on Implementing Water Reform in the Murray–Darling Basin, the Australian Government committed to providing financial support to Basin states through a number of variations to the National Partnership Agreement.

During 2020–2021, \$496 000 was received from the Australian Government to fund a project agreement for Implementing Environmental Measures in the Northern Murray–Darling Basin. In addition, the Australian government provided \$2.553 million for the delivery of Northern Basin Toolkit measure proposals and delivery of the Fencing Northern Riverbanks Program. These measures help to deliver Murray–Darling Basin Plan outcomes in Queensland.

Deliverables under the Northern Basin Toolkit measure proposals have been completed. Deliverables under the Fencing Northern Riverbanks Program, which is designed to help control livestock accessing the northern Murray–Darling Basin and critical in protecting the environment, are on track.

##### **Great Artesian Basin Drought Resilience**

The Project Agreement for Improving Great Artesian Basin Drought Resilience supports delivery of the strategic investments in groundwater infrastructure renewal and related activities to advance the sustainable

management of Great Artesian Basin groundwater resources. \$1.6 million, received from the Australian Government, was spent during the 2020–2021 period on the implementation of the State Work Plan.

The department executed agreements for nine bore works projects identified in the State Work Plan to deliver water savings in 2020–2021 through the rehabilitation of free-flowing bores and bore drains. A further two projects identified in the 2020–2021 State Work Plan included a 'best practice' project and a community education and awareness project (WaterTight).

An estimated 1274 megalitres of water was saved annually for the environment under the 2020–2021 State Work Plan. This saving was achieved through the rehabilitation of ten free flowing bores and the replacement of 87 kilometres of open bore drains with controlled watering systems.

### **Looking forward: Southern Downs Drought Resilience Package**

One of the Queensland Government's most recent commitments for bulk water infrastructure is the Premier's announcement in April 2021 of the \$19.34 million Southern Downs Drought Resilience Package. The package addresses water security issues in the Southern Downs region, which recently suffered severe water shortages. This package will be delivered over the next two years and includes expenditure of \$8.1 million for Seqwater to undertake preparatory work for the Toowoomba to Warwick Pipeline. The remaining components of the package aim to unlock new water sources and extend existing supplies to ensure Warwick does not run out of water.

## **Objective 2: Drive water infrastructure investment to maximise community benefit**

### **New water infrastructure projects**

The department plays a critical role in progressing new water infrastructure projects across Queensland. This includes leading development of business cases for new infrastructure, contributing to business cases being led by government owned water businesses and private proponents, and advising the Queensland Government on the potential benefits, issues and risks associated with new infrastructure.

In 2020–2021, since the repeal of Building Queensland Act 2015, the department took on the responsibility for leading the detailed assessment and detailed business case for the Gladstone–Fitzroy Pipeline working closely with the Gladstone Area Water Board. This project investigates options to improve the long-term water security of the Gladstone region. The department is working closely with Gladstone Area Water Board to deliver this project and ensure new infrastructure is brought online when it is needed

Dams play a vital role in Queensland's water supply. Both Sunwater and Seqwater are delivering Dam Improvement Programs to ensure their dams continue to operate safely during extreme weather events.

### **National water grid**

The Queensland Government is signatory to two National Partnership Agreements under the National Water Infrastructure Development Fund (NWIDF), one for feasibility assessments and a second for capital projects.

During 2020–2021, the department managed \$22.75 million of funding for feasibility assessments and an additional \$58.67 million of funding for capital projects, under the NWIDF agreements.

In 2020–2021 the Australian Government re-badged the NWIDF to the National Water Grid Fund (NWGF) — new projects will be captured under a new Federation Funding Agreement between the Australian and Queensland Governments.

During the year, the North and South Burnett feasibility assessment and Big Rocks Weir detailed business case were completed and submitted to the Australian Government for consideration.

Over the same period, the Coalstoun Lakes feasibility assessment and Hughenden Irrigation Project feasibility assessment commenced, and the department facilitated three other ongoing feasibility assessments.

During the 2020–2021 year, the Warwick Recycled Water Scheme capital project (under the NWIDF) was completed and an additional funding commitment of \$480,000 through the NWGF was secured to further expand the capacity of this scheme.

Applications for NWGF commitments were also lodged with the Australian Government for the Urannah Water Scheme (further detailed assessment) and the Warren's Gully Pump Station Upgrade Project (capital works).

## **Rookwood Weir**

In March 2021, the Queensland and Australian governments invested an additional \$15 million to raise the crest height of the Rookwood Weir by 700 millimetres, thereby increasing the total yield of the weir to 86,000 megalitres of supply to Central Queensland and bringing the total investment to \$367.2 million. Once completed, the project will provide for significant agricultural growth along the Fitzroy River near Rockhampton and enhance the security of urban and industrial water supplies for Gladstone and Capricorn Coast communities.

Early works for construction of the weir commenced in November 2020, and in-river works commenced in April 2021. In parallel, road upgrades to Thirsty Creek Road and the Capricorn Highway at the Gogango Intersection were completed last year. The new Riverslea Bridge was completed this year and has recently been handed over to the Rockhampton Regional Council.

The project has created over 100 regional jobs to date, including through essential road and bridge upgrades. The construction of the weir itself is expected to provide a further 200 jobs, with 140 of those jobs sourced locally, and apprentices and trainees are expected to make up 15 per cent of construction hours. The weir is on track for completion by mid-2023, weather permitting.

## **Big Rocks Weir**

The Queensland Government has committed \$3 million to Charters Towers Regional Council for preconstruction activities including environmental and other regulatory approvals, geotechnical assessments, detailed weir design and water product and pricing definition. This work is now underway.

A further \$27 million for construction of the weir has also been committed by the Queensland Government, subject to a successful business case and finalisation of regulatory approvals.

## **Unallocated water**

Over 3.4 million megalitres of unallocated water was held in water reserves across Queensland. To support economic development in regional communities, the department has streamlined its processes for releasing unallocated water, resulting in over 6750 megalitres of unallocated water being released from the State's general reserves in 2020–2021. Water provided through these releases has been accounted for in the water planning process and is within the sustainable limits for extraction. Enhanced access to water has given water users across the State the ability to grow their business, create new jobs and recover from the impacts of COVID-19.

## **Supporting the agricultural sector**

The department is delivering on a commitment to provide cheaper water for Queensland farmers. \$50 million has been allocated over three years to deliver a 15 per cent reduction on all irrigated water charges for supplied water from state-owned schemes and a further 35 per cent reduction to give a total reduction of 50 per cent for those water charges which are related to horticulture.

## **Looking forward: new water infrastructure investment**

Sunwater and Seqwater have budgeted over \$30 million for dam improvement projects in 2021–2022 including for construction activities and early project planning work. These projects will ensure Queensland dams meet required safety standards, deliver significant investment into the Queensland economy and support jobs.

Dam improvement projects scheduled to be completed in 2021–2022 include the Ewen Maddock Dam Upgrade Stage 2A and Paradise Dam Essential Works. As part of Paradise Dam Essential Works, Sunwater has completed the lowering and temporary recapping of the Paradise Dam spillway to improve the safety of the dam. These interim measures have reduced dam failure risk but require further improvements to reach an acceptable level of safety over the long-term.

The options section of the detailed business case, as part of the Paradise Dam improvement project, is underway with a decision on the future of the dam expected by the end of 2021.

In 2021–2022, Sunwater and Seqwater will continue to progress detailed business cases, investigating upgrade options for Burdekin Falls Dam and Somerset Dam. The Burdekin Falls Dam business case will also investigate the feasibility and demand for raising the dam to support economic growth in the region.

The Queensland Government has committed to support the proponent to progress the Urannah Dam business case under the NWIDF with Business Case funding expected to be provided to the proponent by 31 December 2021.

### **Objective 3: Develop economic opportunities in regional communities**

#### **Building our regions**

The Building Our Regions Program has a long and successful history of supporting Queensland's local governments to invest in essential regional infrastructure by upgrading local assets and create flow-on economic development opportunities and jobs.

As at 30 June 2021, the program – previously administered by the Department of State Development, Manufacturing, Infrastructure and Planning – has approved \$348 million towards 271 projects across 67 council areas, supporting more than 2700 construction jobs.

In 2021–2022, the department-led Round 6 of Building our Regions will offer \$70 million in funding over three years for councils to improve their water supply and sewerage systems.

#### **Regional Water Assessments**

Through the Regional Water Assessments Program, the Queensland Government is investing a total of \$9 million over the next three years.

The Regional Water Assessment Program will set a roadmap for economic growth in 3 of Queensland's significant food bowls. Building on previous water supply investigations in each region, the program will take a comprehensive view of local water needs and identify gaps to be filled.

Once complete, the assessments will set out how existing infrastructure, new infrastructure and non-infrastructure solutions can be used to maximise water supply in each area and drive economic growth.

This program will focus on the areas of Southern and Darling Downs, Bundaberg and Burnett and Atherton Tablelands to better define opportunities to achieve economic development through water at a regional scale.

#### **Queensland Water Regional Alliance Program**

The Queensland Water Regional Alliance Program (QWRAP) is an industry-led initiative that encourages collaboration and sharing of skills between neighbouring local government water service providers to improve the delivery of water and sewerage services in regional Queensland.

In 2018, the Queensland Government committed \$815,000 over four years to fund QWRAP. The initiative has been the only non-infrastructure government funding program available to the sector to provide capacity building opportunities for service providers.

There are six QWRAP regions across the State: Far North Queensland Regional Organisation of Councils, Whitsunday Isaac and Mackay Water Alliance, Wide Bay Burnett Regional Organisation of Councils Alliance, Downs and Surat Basin Area and Remote Area Planning and Development Water and Sewerage Alliance and South West Queensland Regional Organisation of Councils, the newest region to join QWRAP.

Collaboration at a regional level allowed for economies of scale and scope to be created, which would otherwise not be available to the individual local governments. This gave them more purchasing power, greater cost savings, resource sharing and capacity building opportunities and driven efficiencies in processes and opportunities for technology uptake.

#### **National Policy Development**

##### **Rural and Regional National Cabinet Reform Committee**

The Rural and Regional National Cabinet Reform Committee is a Commonwealth initiative and was established in 2020 as part of the overhaul of national governance arrangements. The Committee reports directly to National Cabinet. The Honourable Glenn Butcher MP, Minister for Regional Development and Manufacturing and Minister for Water represents Queensland on the Committee.

During 2020-2021 the Committee met on two occasions one of them virtually. The Committee is supported by a Deputy Senior Officials group of senior government officers across all jurisdictions.

The Committee is investigating areas where changes to process or practice can facilitate regional economic development.

## **Regional Australia Institute**

The department partners with the Regional Australia Institute (RAI) to deliver the Intergovernmental Shared Inquiry Research Program, delivering high quality research to inform policy development. The RAI is a not-for-profit research organisation which works with regional leaders and governments to provide independent research and evidence-based advice to support, strengthen and grow the regions.

The department committed \$150,000 towards the delivery of the 2020 Intergovernmental Shared Inquiry Research Program which focused on disaster recovery and resilience in regional Australia, specifically investigating the impacts of natural disasters and the COVID-19 pandemic.

Collaboration with other jurisdictions occurs on a quarterly basis through the Regional Policy Forums hosted by the RAI which provides an important platform for the discussion of emerging regional policy issues confronting all jurisdictions.

## **Development of Northern Australia Response**

The department is responsible for coordinating Queensland's response to the Australian Government policy for the development of Northern Australia.

The Australian Government has developed a new five-year plan for the north, entitled, 'Our North, Our Future 2021-2026'. The new plan will pilot a 'Regions of Growth' approach to regional development, fund a 'Northern Australia Development Program' to assist business to scale up and fund a 'Connecting Northern Australia' initiative to improve digital connectivity.

## **Project facilitation**

During 2020-2021, the department delivered tailored facilitation services to eight projects with potential capital expenditure of \$840 million and 648 construction and 532 operational jobs. Projects are at various stages from feasibility through to final approvals.

## **Objective 4: Build and create jobs in local manufacturing**

### **Manufacturing hubs**

The regional manufacturing hubs have been helping to strengthen and grow regional manufacturing through collaborative initiatives that bring together local businesses, all levels of government, economic development agencies and education providers. Since April 2019, the manufacturing hubs have conducted over 2300 stakeholder engagements.

The Manufacturing Hubs Grants Program was released in January 2020. As at 30 June 2021 funding of \$9.1 million has been approved for 33 regional manufacturers creating 192 jobs and protecting a further 1007 jobs.

The Gladstone Manufacturing Hub, located at Gladstone's Central Queensland University opened in June 2021 and is now building on the success of existing manufacturing hubs in Cairns, Townsville and Rockhampton.

A new regional manufacturing hub on the Gold Coast commenced operations in July 2021 and will provide local manufacturers with expert advice and support and the Mackay Hub was opened in September 2021. The commitments for these two new manufacturing hubs are over a three-year period and will give the opportunity for manufacturers in the Gold Coast and Mackay regions to become more productive and create jobs of the future.

The Manufacturing Hubs Grant Program for these two newest hubs is scheduled to be open by October 2021.

### **Made in Queensland**

Following the Queensland Election, the Made in Queensland (MIQ) grants program was allocated an additional \$15.5 million for a fourth round, bringing the total value of the program to \$61.5 million. The highly competitive program has seen unprecedented interest as it continues to support the manufacturing industry to focus on improving their productivity and international competitiveness through the implementation of Industry 4.0 equipment, technologies, processes and practices.

The fourth round of the MIQ grants program opened on 21 April 2021 and closed 20 May 2021 for initial applications. Round 4 focused on the onshoring and re-shoring of critical industries to Queensland. Once

assessed, the highest scoring initial applications will be invited to provide a detailed application for further assessment.

The previous three rounds of the program have seen 84 grants awarded and 72 projects been completed to date. Manufacturers who implemented these projects have reported that over 3900 existing jobs have been protected with more than 500 new jobs generated.

### **Investing in skills**

The industry engagement program provides tools, information and demonstrations to assist manufacturers in their uptake of Industry 4.0 processes, practises and technologies. In 2020–2021, the department delivered workshops, events and seminars attracting over 730 attendees:

- 4 Design in Manufacturing events with 70 attendees, highlighting benefits achieved by manufacturers who integrate design into their business operations.
- 11 Women in Manufacturing events which highlighted the importance of mentoring and attracting the next generation of women into the industry. These events attracted 521 participants and helped to establish supportive networks.
- 8 Introduction to Industry 4.0 Seminar events attracting 140 participants, to provide knowledge on industry 4.0 technologies, techniques and processes. This assists manufacturers in their understanding and implementation of industry 4.0
- Inside Advanced Manufacturing where a selection of Queensland's top manufacturers opened their doors to showcase their innovative manufacturing techniques and technologies to other manufacturers.

## **Summary of financial performance**

This summary provides an overview of the department's financial statements for the 2020–2021 financial year, detailed in Appendix 6 of this report.

### **Understanding the financial statements**

As a result of the *Administrative Arrangements Order (No.2) 2020* dated 12 November 2020 with financial effect from 1 December 2020, the Department of Regional Development and Manufacturing was renamed the Department of Regional Development, Manufacturing and Water. Under this notice, the Water Resource Management Services function was transferred into the department from the former Department of Natural Resources, Mines and Energy (DNRME).

This machinery of government change has contributed to both the increase in the net assets as at 30 June 2021 as well as impacting the operating result, with non-cash items primarily responsible for the operating deficit.

The following analysis provides comparisons of the 2020–2021 financial results against 2019–2020.

An explanation of major variances between actual and budgeted figures is included at Note F1 Budgetary Reporting Disclosures in the department's Financial Statements for the year ended 30 June 2021.



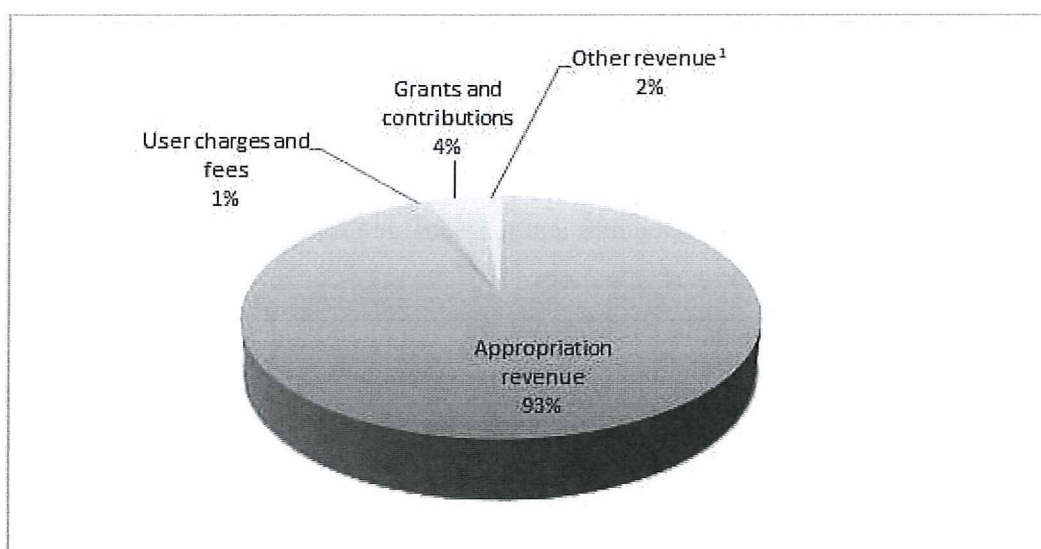
## Analysis—operating result

Table 1: Operating result

	2021 \$'000	2020 \$'000	Variance \$'000
Total income	107,251	375,325	(268,074)
Total expenses	122,387	423,184	(300,797)
<b>Operating result before income tax equivalents</b>	<b>(15,136)</b>	<b>(47,859)</b>	<b>32,723</b>
Income tax equivalents	-	5,804	(5,804)
<b>Operating result</b>	<b>(15,136)</b>	<b>(42,055)</b>	<b>26,919</b>
<b>Other comprehensive income not classified in operating result</b>			
Increase in asset revaluation surplus	258	-	258
<b>Total comprehensive income</b>	<b>(14,878)</b>	<b>(42,055)</b>	<b>27,177</b>

## Income

Figure 1: Income by category for the year ended 30 June 2021



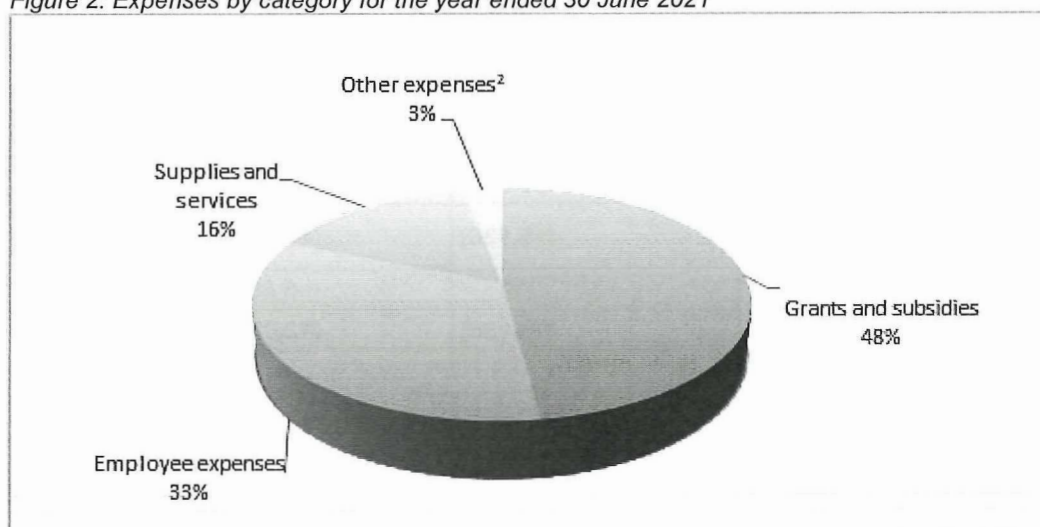
<sup>1</sup> Other revenue comprises the following financial statement line items: gains on disposal of assets, other revenue and interest revenue.

Total income for the year ended 30 June 2021 is \$107.251 million which represents a decrease of \$268.074 million from 2019–2020. The 2020–2021 appropriation revenue decreased by \$207.077 million compared to 2019–2020 predominantly due to the May 2020 machinery of government change, for functions transferred to Queensland Treasury and the former Department of State Development, Tourism and Innovation effective 1 June 2020. This is partly offset by the November 2020 machinery of government effective 1 December 2020 which transferred the Water Resource Management Services function into the department from the former DNRME.

As depicted in Figure 1, appropriation revenue represents the department's most significant income category.

## Expenses

Figure 2: Expenses by category for the year ended 30 June 2021



<sup>2</sup> Other expenses comprise the following financial statement line items: depreciation and amortisation, revaluation decrement, impairment losses and other expenses.

Total expenses for the year ended 30 June 2021 are \$122.387 million. This is a decrease of \$300.797 million from 2019–2020, mainly attributable to a decrease in grants and subsidies, employee expenses and supplies and services. This decrease is predominantly due to the 2020–2021 balances excluding the functions transferred out of the department as a result of the May 2020 machinery of government change which were included for 11 months in the 2019–20 balances. This is partly offset by Water Resource Management Services transferred into the department from the former DNRME resulting from the November 2020 machinery of government change.

The department's significant expense categories are grants and subsidies, employee expenses and supplies and services.

## Statement of financial position – assets and liabilities

Table 2: Assets and liabilities

	2021 \$'000	2020 \$'000	Variance \$'000
Total Current Assets	109,397	142,916	(33,519)
Total Non-Current Assets	121,752	-	121,752
<b>Total Assets</b>	<b>231,150</b>	<b>142,916</b>	<b>88,234</b>
Total Current Liabilities	42,051	129,025	(86,974)
Total Non-Current Liabilities	2,250	-	2,250
<b>Total Liabilities</b>	<b>44,301</b>	<b>129,025</b>	<b>(84,724)</b>
<b>Total Equity</b>	<b>186,848</b>	<b>13,891</b>	<b>172,957</b>

Total assets as at 30 June 2021 are \$231.15 million. Total assets increased by \$88.234 million in 2020–2021 predominantly due to property, plant and equipment transferred into the department from the former DNRME as a result of the November 2020 machinery of government change.

Total liabilities as at 30 June 2021 are \$44.301 million. Total liabilities decreased by \$84.724 million in 2020–2021 predominantly due to a decrease in appropriation payable to Queensland Treasury as at 30 June 2021 compared to the prior year.

## MANAGEMENT AND STRUCTURE

### Executive leadership

- Graham Fraine, Director-General

Graham commenced as Director-General on 2 August 2021. Graham has 27 years' experience in public policy, program development and service delivery across state and local government. He was previously Deputy Under-Treasurer of Policy, Performance and Corporate with Queensland Treasury. Graham has also held Deputy Director-General roles within the Queensland Government with the Department of Premier and Cabinet and the Department of Transport and Main Roads. In 2018 Graham was awarded the Public Service Medal for outstanding public service to social science research and policy development in Queensland.

- Michael Glover, Acting Director-General

Michael was formerly Chief Financial Officer for the Cross River Rail Delivery Authority. Before this, he was the A/Deputy Director-General for the Gold Coast Commonwealth Games (GC2018) and was Chief Financial Officer/Chief Operations Officer for the delivery of Airport Link Tunnel in Brisbane. Both Cross River Rail Delivery Authority and Airport Link are transformative transport and infrastructure projects. Michael has more than 30 years' experience as a senior executive in the commercial and government sectors, within infrastructure and corporate services. With a Bachelor of Commerce and an Executive Masters Business Administration, he also has extensive experience in boards and board sub-committees, including the management of Audit and Risk Committees. Since concluding his role as acting Director-General, Michael has returned to the role of Deputy Director-General, Manufacturing and Regional Development.

- John Lewis, Deputy Director-General, Manufacturing (currently on extended leave)

John is currently Acting Deputy Director-General, Manufacturing for the department. John has held senior executive roles providing leadership and coordination of government-led initiatives, which support economic growth through industry development and attraction. He currently leads the implementation of Queensland's Advanced Manufacturing Roadmap, delivered in partnership with industry, to support the state's manufacturing firms adopt Industry 4.0 technologies and practices. Throughout John's 30-year public sector career, he has adopted a strategic, goal-focused approach to policy development that results in economic, regional development and community benefit.

- Linda Dobe, Deputy Director-General, Water

Linda has worked in state government water functions for more than 14 years with lead roles covering urban water supply planning and policy, safe and reliable water service provision, dam safety regulation and assessment of new bulk water infrastructure projects. Linda was also a member of the Department of Energy and Water Supply's renewal team for 12 months. Prior to working in water, Linda worked for five years in the state government mines department on various policy and planning matters, stakeholder engagement and led the state's Indigenous Land Use Agreement for Exploration projects. Linda also has private sector experience in education, finance, and mining, where she worked as an exploration geologist for some years.

- David Wiskar, Acting Deputy Director-General, Water

David is the Acting Deputy Director General for Water. For the past 20 years he has worked for State and Local Governments in a range of areas including sustainable development, water pricing and environmental economic reforms. David was part of the Executive Leadership team that created Queensland's first corporatized water business with Wide Bay Water Corporation. During his career David has held several key leadership positions in the water industry including Founding Chair Queensland Water Directorate, Queensland President and National Board Member of the Institute of Public Works Engineering Australia and Founding Chair Queensland Water Industry, Skills Formation Strategy.

- Jarrod Cowley-Grimmond, Acting Head of Corporate, Acting General Counsel

Jarrod is currently Acting Head of Corporate Services and Acting General Counsel. Jarrod has worked in senior public sector leadership roles in the Queensland Government and in the United Kingdom. Jarrod's experience includes regulation, policy development, project management, and corporate governance. Jarrod has been involved in advising governments on regulation of financial services, corporations, taxation, environment, markets, public health, and major infrastructure projects.

## Organisation structure

The Department of Regional Development, Manufacturing and Water comprises the Office of the Director-General and three divisions:

- Regional Development and Manufacturing.
- Water.
- Corporate Services.

### Regional Development and Manufacturing Division

The Regional Development and Manufacturing Division encompasses the following activities and business area responsibilities:

- Regional Development.
- Manufacturing.
- Manufacturing Hubs.

### Water Division

The water division encompasses the following activities and business area responsibilities:

- Divisional Support – water regulation and compliance, including Dam Safety, Water Supply Regulator, water monitoring and information systems.
- Northern Region – compliance, licencing in the north of the State.
- Office of Groundwater Impact Assessment – an independent entity established under the Water Act 2000 responsible for assessing and managing the impacts of groundwater extraction from resource operations in cumulative management areas.
- Office of the Deputy Director-General – division executive services and correspondence.
- Southern Region – compliance, licencing and managing the Murray-Darling Basin for the south of the State.
- Water Markets – improving the functions of the State's water markets through the Rural Water Futures Program.
- Water Policy – providing legislative, regulatory and policy direction on water matters.
- Water Supply – leading bulk water, water security and infrastructure initiatives.

### Corporate Services Division

Corporate Services provided the following services to the department during the year:

- Cabinet and Executive Services.
- Communications and Media.
- Corporate Financial Services – financial accounting, management accounting and accommodation and asset management.
- Executive Correspondence Unit.
- Governance, Performance and Risk.
- Workplace Health and Safety and Emergency Management.
- Human Resources – workplace relations, organisational capability and workforce strategy and human resources operations.
- In-house Legal.
- Chief Information Officer – service agreement with Department of Agriculture and Fisheries.
- Internal Audit – outsources to PwC under a standing offer arrangement.

- Right to Information and Privacy – service agreement with the Department of Environment and Science.

## Department Leadership Team

The department's leadership team is our decision-making body. The Director-General (as the accountable officer) directs and guides us to deliver on the department's strategic direction and provides oversight of our finance, performance and corporate culture. Members also represent the department in a range of public and private sector forums and bodies and are responsible for ensuring compliance with our obligations.

The DLT membership consists of:

- Director-General (Chair).
- Deputy Director-General Water.
- Deputy Director-General Regional Development and Manufacturing.
- Acting Head of Corporate.
- Acting Chief Financial Officer.

## Leadership team responsibilities

Roles and responsibilities:

- Define and oversee the implementation of our strategic plan.
- Lead the organisation's culture and monitors the delivery of results.
- Establish, oversee, and monitor the risk management agenda.
- Demonstrate strong ethical leadership by:
  - modelling our leadership principles.
  - minimising the opportunity for misconduct..
  - ensuring Code of Conduct is adhered to.
- Establish, oversee and monitor the safety and wellbeing cultural agenda.
- Oversee and approves our investments and the strategic allocation of resources.
- Monitor the department's financial and non-financial performance.

The leadership team is collectively responsible for the efficient and effective operation of the department under the following legislation:

- *Financial Accountability Act 2009.*
- *Financial and Performance Management Standard 2019.*
- *Public Service Act 2008.*
- *Public Records Act 2002.*
- *Public Sector Ethics Act 1994.*
- *Right to Information Act 2009.*
- *Information Privacy Act 2009.*
- *Work Health and Safety Act 2011.*

The leadership team meets at least monthly, at a place and time determined by the Director-General (Chair) in liaison and with the Secretariate.

The team was supported by the governance committees (and their sub-committees). These committees assist the Director-General and the leadership team in exercising its authority, including monitoring the performance of the department to ensure progress is made towards strategic objectives, within the department's risk management framework.

These committees are:

- Audit and Risk Management Committee.
- Information Security Data and Digital Committee and its advisory committee, Digital Product Design Committee.

### **Audit and Risk Management Committee**

The Audit and Risk Management Committee was established in May 2021 in compliance with the Financial Accountability Act 2009 and Financial and Performance Management Standard 2019.

The committee acts as a forum for dialogue between the Director-General, senior management, Internal Audit and the Queensland Audit Office. It provides governance oversight and advice to the Director-General in relation to all aspects of its responsibilities. The committee had its inaugural meeting on 1 June 2021.

Committee membership comprises:

- Mr Ian Rodin, Chair and independent external member.
- Ms Debbie Best, independent external member.
- Ms Lisa Dalton, independent external member.

Total remuneration paid to the committee members during 2020–2021 was \$6950 (exclusive GST).

### **Information Security, Data and Digital Committee**

This is a sub-committee of the leadership team and provides advice and assistance to the Director-General to ensure the principles of information security are well understood and adopted across the department.

The committee also provides assurances that our risks to information, applications and technologies are being managed using an Information Security Management System and ensures that our service and system investments are appropriately monitored, maintained and managed throughout their lifecycle.

Committee membership comprises:

- Acting Head of Corporate (Chair and Agency Security Executive).
- Chief Information Officer.
- Acting Chief Financial Officer.
- Director Industry and Advanced Robotics.
- Director Manufacturing Development.
- Acting Director Rural Water Futures.
- Director Innovation, Science and Water Policy Programs.
- Director Information Systems Management.

The committee meets monthly unless otherwise determined by the Chair and held a total of two meetings during 2020–2021. Committee members are responsible for:

- monitoring current and emerging cyber security trends, impacts or opportunities.
- oversight of information technology-related projects and escalate issues of concern to the leadership team.
- monitoring the departmental information security posture.
- oversight of the department's information security, including the information security management system, ensuring it is appropriate and effective.

### **Government bodies**

The following government bodies relevant to the department provide their information separately through their own annual reports:

- Category 2 water authorities (17 statutory bodies).

- River improvement trusts (11 statutory bodies).
- Dumaresq–Baron Border Rivers Commission.
- Energy and Water Ombudsman Queensland.
- Gladstone Area Water Board.
- Mount Isa Water Board.
- Queensland Energy and Water Ombudsman Advisory Council.

## Ethics and code of conduct

In 2020–2021, the department continued to provide comprehensive training for inductees on the code of conduct and the ethics principles of the *Public Sector Ethics Act 1994*.

Training and coaching were delivered to managers and supervisors about the requirements related to public service conduct and the performance excellence framework. This training provides mechanisms that support early intervention and local resolution of unsatisfactory conduct and performance.

The online code of conduct training was accessible via the department's learning management system, iLearn, for all staff to complete.

Clear roles and responsibilities to ensure accountability and transparency were further incorporated into the department's strategic plan, with a particular focus on the department's performance through its governance, people and service delivery. In addition, role clarification was addressed through performance and development discussions and agreements.

Further guidance on the code of conduct and everyday conduct matters is provided by the department's Human Resources team.

During the 2020-2021 period, the department received five customer complaints, with none resulting in further action.

## Human Rights

The department is committed to building a culture that respects and promotes human rights under the *Human Rights Act 2019*.

Actions taken during the reporting period to further the objects of the *Human Rights Act 2019* included:

- embedding our commitment to respect and promote human rights in our strategic plan and workforce plans.
- ensuring all briefing note templates contain a Human Rights Impact Assessment.
- *Human Rights Act 2019* resources available to staff.
- raising awareness within the department of the *Human Rights Act 2019* and its application to our work.
- requiring all staff to complete a Human Rights training module.
- providing training for senior staff on the preparation of a Statement of Compatibility for a Bill and a Human Rights Certificate for subordinate legislation.
- finalising a review of our legislation for compatibility with human rights.
- incorporating human rights into a complaints management framework.
- review of policies, programs, procedures, practices or services undertaken in relation to their compatibility with human rights.
- incorporating and promoting human rights in our recruitment practices across the department.
- conducting ongoing reviews of corporate and operational policies for compliance with the *Human Rights Act 2019*.

No human rights complaints were received by the department for the period of 1 July 2020 to 30 June 2021.

## OUR VALUES

The department promotes the Queensland public service values of

- customers first.
- ideas into action.
- unleash potential.
- be courageous.
- empower people.

This is further promoted by our guiding principles of:

- safety and wellbeing.
- Respect.
- we deliver.
- unleash potential.
- collaboration.

## RISK MANAGEMENT AND ACCOUNTABILITY

### Risk management

The department manages its risks through our risk management framework, accompanying guidelines and a strategic risk profile that captures the department's principal risks. The department's approach to risk management is based on the Australian Risk Management Standard (AS/NZS ISO 31000: 2018 Risk Management — Guidelines) and Queensland Treasury's A Guide to Risk Management: June 2020.

The risk management framework, which includes the Risk Management Policy and Risk Management Procedure, is reviewed at least every two years to ensure that risk management is effective and continues to support organisational performance. Following the extensive changes arising from the machinery of government changes, the framework documents are being reviewed and updated to ensure they are appropriate for the expanded activities and programmes that the department is responsible for and the revised documents will be endorsed during the 2021-2022 period.

### Internal audit

Internal Audit supports the Audit and Risk Management Committee and the DLT by evaluating financial and operational systems, reporting processes and activities. It provides independent assurance and advice to the Director-General, senior management and the Audit and Risk Management Committee.

Internal Audit enhances the department's corporate governance environment through an objective, systematic approach to evaluating the effectiveness and efficiency of corporate governance processes, internal controls, risk assessment and management practices. Its function is independent of management and external auditors. This aligns with the role and responsibilities detailed in the *Financial Accountability Act 2009*.

PricewaterhouseCoopers (PwC) delivers the internal audit function as an independent and objective internal audit service to the Director-General. Following the machinery of government changes an interim internal audit plan was developed and endorsed with effect from June 2021.

### External assurance

Queensland Government agencies can be reviewed or audited by a number of different authorities and bodies, including the Queensland Audit Office, parliamentary committees, the Crime and Corruption Commission, the Queensland Ombudsman, the Information Commissioner Queensland, and the Office of the State Coroner.



In addition to an annual audit of the department's financial statements, the Auditor-General conducted performance audits and whole-of-government audits, in accordance with the Queensland Audit Office Strategic Audit Plan and advice to the Director-General.

## Records management

The department has a comprehensive records management framework that is consistent with the *Public Records Act 2002*, *Public Service Act 2008* and the Queensland State Archives Records Governance Policy. The framework includes:

- appraisal and disposal programs.
- recordkeeping policies.
- management of legacy paper records (both internal and off-site).
- digital delivery of legacy records.
- electronic document and records management systems.
- records training and support on staff roles and responsibilities.
- records appraisal of business systems.
- an active program of transfers to Queensland State Archives.

eDOCS is the corporate document and records management system for all departmental functions. All documents are held in file structures with appropriate security access according to the Information Security Policy. There have been no material security breaches of this system.

During 2020–2021, the department assessed its business systems to ensure digital recordkeeping requirements were met. The number of records transferred to off-site storage will continue to decline as the transition to digital recordkeeping increases.

Departmental water records are covered by approved retention and disposal schedule QDAN 738.

## OUR PEOPLE

### Workforce profile

At the end of June 2021 period, the department had 547 full-time equivalent staff and a (6-month) permanent separation rate of 3.27 per cent. As a result of the machinery of government changes in November 2020 the 12-month permanent separation rate is not available.

### Strategic workforce planning

We are currently amalgamating the department's policies, procedures and strategies to create a cohesive control environment for all employees. Our workforce plan continues to develop and build on our commitment to grow a contemporary workforce that demonstrates high levels of expertise, innovation, collaboration and leadership to improve service quality and responsiveness to our workforce.

Our organisational capability roadmap will build on initiatives to spotlight diversity, reasonable adjustments and all abilities across the department. We are committed to ensuring both the National Disability Strategy and the National Disability Employment Strategy are incorporated and/or considered during the development of our policies, procedures, strategies and initiatives to support employment of people with disability and are working within the Strategic Workforce Council to raise awareness of mental illness to be captured in 'disability' statistics. Supporting staff with episodic mental health challenges or long-term conditions will be a focus in conjunction with supporting the broad disability sector.

Our goal is to ensure we are appropriately resourced with the right people, with the right capabilities in the right job at the right time to support the delivery of our strategic objectives of building confidence in water security and developing economic opportunities within our regional communities.

To address the Public Service Commission's 10-Year Human Capital Outlook, we seek to support:

- talent acquisition and retention.

- leadership and capability development.
- new ways of working.
- focusing on our culture.

## **Employment performance management**

The department is managing performance through the creation of guidance material for performance improvement in addition to support for supervisors to undertake performance conversations with their employees to document goals and their development requirements. The department uses the 70:20:10 model (70 per cent experiential, 20 per cent social and 10 per cent formal) for learning to assist with identified development areas.

We are committed to rewarding and recognising employees who have consistently delivered high performance. Our workplace plan prioritises reward and recognition of employees by providing celebratory feedback, acknowledging and recognising effort regardless of the outcome and acknowledging success through genuine appreciation of work completed.

We continue to support the Conduct and Performance Excellence model through reporting through to the Public Service Commission on employee matters that require ongoing monitoring and action. The department is committed to promoting and utilising the principles outlined in the Public Service Commission Directive 15/20, Positive performance management.

## **Flexible working arrangements**

The department supports employees to access flexible working arrangements across the state. Providing our people with opportunities to work flexibly has been an ongoing focus, particularly during the COVID-19 pandemic.

We have reviewed our flexible work arrangements policy, guideline and templates that support applications from employees to work flexibly. Additional resources and advice were made available to employees in support of the move to flexible work locations during each stage of the COVID-19 pandemic. The department continues to support and encourage employees to work flexibly to achieve a balance between work and family commitments.

We have a suite of policies which outline the terms and conditions of employment, entitlements, and remuneration applicable to all employees. Advice and guidance are also provided to managers to ensure consistent application of these policies.

## **Health and wellbeing**

Wellbeing has continued to be focus for the department, in response to employee feedback on workload and health through the Working for Queensland Survey Results. The department is undertaking work to realign and enhance the department's Workplace Health and Safety framework and governance arrangements, including the following key initiatives:

- staff wellbeing program.
- re-establishment of the Employee Assistance Program by offering employees and their immediate family members with an independent, confidential and professional counselling and coaching service.
- review and update of relevant policies, template and guidelines.

The department continues to strive for an inclusive workplace that represents the diversity of our workforce where our employees feel safe, connected and valued. We support the Queensland Government's commitment to providing equal opportunities for women, youth, Aboriginal peoples and Torres Strait Islanders, people from culturally and linguistically diverse backgrounds and people with disabilities.

We are actively seeking White Ribbon accreditation status to support our employees who are affected by domestic and family violence and provide ongoing support through leave entitlements, flexible work arrangements and referral services.

## **Leadership and management development framework**

The department supports the development of leadership by assessing competency against the Leadership Competencies for Queensland framework and provides leaders with information about key strengths and development areas in order to guide career activities. Formal development programs on offer to our people during the year included:

- whole-of-sector leadership development programs, master classes and seminars.
- online learning modules, videos and interactions via a learning management system.
- exceptional leadership program, including workshops and 1:1 coaching.

## **Industrial and employee relations framework**

The department actively undertakes temporary employee reviews in accordance with statutory requirements.

## **Early retirement, redundancy and retrenchment**

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

# FINANCIAL STATEMENTS 2020–2021



# Department of Regional Development, Manufacturing and Water

## Financial Statements

### For the Year Ended 30 June 2021

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# Department of Regional Development, Manufacturing and Water

## Financial Statements

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**Department of Regional Development, Manufacturing and Water**  
**Statement of Comprehensive Income**  
for the year ended 30 June 2021

	Notes	2021 Actual \$'000	2021 Original Budget \$'000	2021 Variance <sup>1</sup> \$'000	2020 Actual \$'000
<b>Income</b>					
Appropriation revenue	B1-1	99,994	120,470	(20,476)	307,071
User charges and fees		1,479	3,382	(1,903)	24,037
Grants and contributions	B1-2	4,283	-	4,283	377
Land sales		-	-	-	33,194
Interest		22	-	22	10,005
Other revenue		391	-	391	251
<b>Total revenue</b>		<b>106,169</b>	<b>123,852</b>	<b>(17,683)</b>	<b>374,935</b>
Gains on disposal and revaluation of assets		1,082	-	1,082	390
<b>Total income</b>		<b>107,251</b>	<b>123,852</b>	<b>(16,601)</b>	<b>375,325</b>
<b>Expenses</b>					
Grants and subsidies	B2-3	58,620	67,426	(8,806)	146,620
Employee expenses	B2-1	40,731	33,845	6,886	115,227
Supplies and services	B2-2	19,294	21,353	(2,059)	72,875
Depreciation and amortisation		1,853	1,024	829	2,310
Finance/borrowing costs		-	-	-	12,332
Cost of land sales		-	-	-	27,246
Land inventory written-off		-	-	-	17,801
Revaluation decrement	C4-1	1,185	-	1,185	13,816
Impairment losses		36	-	36	21
Other expenses		669	204	465	14,937
<b>Total expenses</b>		<b>122,387</b>	<b>123,852</b>	<b>(1,465)</b>	<b>423,184</b>
<b>Operating result before income tax equivalents</b>		<b>(15,136)</b>	<b>-</b>	<b>(15,136)</b>	<b>(47,859)</b>
Income tax equivalents		-	-	-	5,804
<b>Operating result</b>		<b>(15,136)</b>	<b>-</b>	<b>(15,136)</b>	<b>(42,055)</b>
<b>Other comprehensive income</b>					
<b>Items not classified to operating result</b>					
Increase in asset revaluation surplus	C4-1	258	-	258	-
<b>Total other comprehensive income</b>		<b>258</b>	<b>-</b>	<b>258</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>(14,878)</b>	<b>-</b>	<b>(14,878)</b>	<b>(42,055)</b>

<sup>1</sup> An explanation of major variances is included in note F1-1  
The accompanying notes form part of these financial statements.

**Department of Regional Development, Manufacturing and Water**  
**Statement of Comprehensive Income by Major Departmental Services and Commercialised Business Unit**  
for the year ended 30 June 2021

	Develop the Economy		Water Resource Management Services		Economic and Infrastructure Strategy, Policy and Planning		Better Planning for Queensland		Business and Economic Growth <sup>1</sup>		Inter-Service/ Unit eliminations		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income</b>														
Appropriation revenue	21,318	232,634	78,676	-	-	27,500	-	46,937	-	-	-	-	99,994	307,071
User charges and fees	17	5,835	1,462	-	-	480	-	4,443	-	15,936	-	(2,656)	1,479	24,037
Grants and contributions	111	282	4,172	-	-	-	-	-	-	10,840	-	(10,744)	4,283	377
Land sales	-	-	-	-	-	-	-	-	-	33,194	-	-	-	33,194
Interest	-	-	22	-	-	-	-	-	-	10,005	-	-	22	10,005
Other revenue	15	8	376	-	-	1	-	1	-	241	-	-	391	251
<b>Total revenue</b>	<b>21,461</b>	<b>238,758</b>	<b>84,708</b>	<b>-</b>	<b>-</b>	<b>27,980</b>	<b>-</b>	<b>51,382</b>	<b>-</b>	<b>70,215</b>	<b>-</b>	<b>(13,400)</b>	<b>106,169</b>	<b>374,935</b>
Gains on disposal and revaluation of assets	-	68	1,082	-	-	-	-	-	-	3,057	-	(2,735)	1,082	390
<b>Total income</b>	<b>21,461</b>	<b>238,826</b>	<b>85,790</b>	<b>-</b>	<b>-</b>	<b>27,980</b>	<b>-</b>	<b>51,382</b>	<b>-</b>	<b>73,272</b>	<b>-</b>	<b>(16,135)</b>	<b>107,251</b>	<b>375,325</b>
<b>Expenses</b>														
Grants and subsidies	13,722	128,743	44,898	-	-	12,060	-	15,235	-	1,326	-	(10,744)	58,620	146,620
Employee expenses	5,399	61,784	35,332	-	-	13,103	-	26,517	-	13,824	-	-	40,731	115,227
Supplies and services	2,111	32,872	17,183	-	-	3,926	-	11,392	-	27,340	-	(2,656)	19,294	72,875
Depreciation and amortisation	26	1,281	1,827	-	-	234	-	463	-	332	-	-	1,853	2,310
Finance/borrowing costs	-	9,846	-	-	-	-	-	-	-	2,486	-	-	-	12,332
Cost of land sales	-	-	-	-	-	-	-	-	-	27,246	-	-	-	27,246
Land inventory written-off	-	-	-	-	-	-	-	-	-	17,801	-	-	-	17,801
Revaluation decrement	81	12,949	1,103	-	-	-	-	-	-	3,602	-	(2,735)	1,185	13,816
Impairment losses	-	15	36	-	-	-	-	-	-	6	-	-	36	21
Other expenses	122	2,594	547	-	-	30	-	118	-	12,196	-	-	669	14,937
<b>Total expenses</b>	<b>21,461</b>	<b>250,085</b>	<b>100,925</b>	<b>-</b>	<b>-</b>	<b>29,353</b>	<b>-</b>	<b>53,724</b>	<b>-</b>	<b>106,157</b>	<b>-</b>	<b>(16,135)</b>	<b>122,387</b>	<b>423,184</b>
<b>Operating result before income tax equivalents</b>	<b>-</b>	<b>(11,259)</b>	<b>(15,136)</b>	<b>-</b>	<b>-</b>	<b>(1,373)</b>	<b>-</b>	<b>(2,342)</b>	<b>-</b>	<b>(32,885)</b>	<b>-</b>	<b>-</b>	<b>(15,136)</b>	<b>(47,859)</b>
Income tax equivalents	-	-	-	-	-	-	-	-	-	5,804	-	-	-	5,804
<b>Operating result</b>	<b>-</b>	<b>(11,259)</b>	<b>(15,136)</b>	<b>-</b>	<b>-</b>	<b>(1,373)</b>	<b>-</b>	<b>(2,342)</b>	<b>-</b>	<b>(27,081)</b>	<b>-</b>	<b>-</b>	<b>(15,136)</b>	<b>(42,055)</b>
<b>Other comprehensive income</b>														
<b>Items not classified to operating result</b>														
Increase in asset revaluation surplus	-	-	258	-	-	-	-	-	-	-	-	-	258	-
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>258</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>258</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>(11,259)</b>	<b>(14,878)</b>	<b>-</b>	<b>-</b>	<b>(1,373)</b>	<b>-</b>	<b>(2,342)</b>	<b>-</b>	<b>(27,081)</b>	<b>-</b>	<b>-</b>	<b>(14,878)</b>	<b>(42,055)</b>

<sup>1</sup> This relates to Economic Development Queensland (EDQ) which is a commercialised business unit of the department and was transferred to the Department of State Development, Tourism and Innovation effective 1 June 2020.



**Department of Regional Development, Manufacturing and Water**  
**Statement of Financial Position**  
as at 30 June 2021

	Notes	2021 Actual \$'000	2020 Actual \$'000
<b>Current assets</b>			
Cash and cash equivalents	C1	42,663	137,954
Receivables	C2	3,619	4,963
Other current assets	C3	63,114	-
<b>Total current assets</b>		<b>109,397</b>	<b>142,916</b>
<b>Non-current assets</b>			
Receivables	C2	737	-
Property, plant and equipment	C4	120,100	-
Intangible assets		915	-
<b>Total non-current assets</b>		<b>121,752</b>	<b>-</b>
<b>Total assets</b>		<b>231,150</b>	<b>142,916</b>
<b>Current liabilities</b>			
Payables	C5	39,625	129,025
Accrued employee benefits		1,757	-
Other current liabilities	C6	669	-
<b>Total current liabilities</b>		<b>42,051</b>	<b>129,025</b>
<b>Non-current liabilities</b>			
Other non-current liabilities	C6	2,250	-
<b>Total non-current liabilities</b>		<b>2,250</b>	<b>-</b>
<b>Total liabilities</b>		<b>44,301</b>	<b>129,025</b>
<b>Net assets</b>		<b>186,848</b>	<b>13,891</b>
<b>Equity</b>			
Contributed equity		684,659	491,469
Accumulated deficit		(498,068)	(477,578)
Asset revaluation surplus		258	-
<b>Total equity</b>		<b>186,848</b>	<b>13,891</b>

*The accompanying notes form part of these financial statements.*

**Department of Regional Development, Manufacturing and Water**  
**Statement of Assets and Liabilities by Major Departmental Services**  
as at 30 June 2021

	Develop the Economy		Water Resource Management Services		Total	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Current assets</b>						
Cash and cash equivalents	3,404	137,954	39,259	-	42,663	137,954
Receivables	2,276	4,963	1,343	-	3,619	4,963
Other current assets	119	-	62,995	-	63,114	-
<b>Total current assets</b>	<b>5,799</b>	<b>142,916</b>	<b>103,598</b>	<b>-</b>	<b>109,397</b>	<b>142,916</b>
<b>Non-current assets</b>						
Receivables	-	-	737	-	737	-
Property, plant and equipment	1,165	-	118,935	-	120,100	-
Intangible assets	-	-	915	-	915	-
<b>Total non-current assets</b>	<b>1,165</b>	<b>-</b>	<b>120,588</b>	<b>-</b>	<b>121,752</b>	<b>-</b>
<b>Total assets</b>	<b>6,964</b>	<b>142,916</b>	<b>224,185</b>	<b>-</b>	<b>231,150</b>	<b>142,916</b>
<b>Current liabilities</b>						
Payables	3,354	129,025	36,271	-	39,625	129,025
Accrued employee benefits	50	-	1,707	-	1,757	-
Other current liabilities	-	-	669	-	669	-
<b>Total current liabilities</b>	<b>3,404</b>	<b>129,025</b>	<b>38,647</b>	<b>-</b>	<b>42,051</b>	<b>129,025</b>
<b>Non-current liabilities</b>						
Other non-current liabilities	-	-	2,250	-	2,250	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>2,250</b>	<b>-</b>	<b>2,250</b>	<b>-</b>
<b>Total liabilities</b>	<b>3,404</b>	<b>129,025</b>	<b>40,897</b>	<b>-</b>	<b>44,301</b>	<b>129,025</b>
<b>Net assets</b>	<b>3,560</b>	<b>13,891</b>	<b>183,288</b>	<b>-</b>	<b>186,848</b>	<b>13,891</b>

*The accompanying notes form part of these financial statements.*

**Department of Regional Development, Manufacturing and Water**  
**Statement of Changes in Equity**  
for the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>Contributed equity</b>			
Balance as at 1 July		491,469	1,334,542
Transactions with owners as owners:			
Appropriated equity injections	C7-2	41,500	99,449
Net transfer in/(out) from other Queensland Government entities		(13,890)	9,400
Balance transferred in/(out) through machinery-of-government changes	A3	165,580	(951,922)
<b>Total contributed equity</b>		<b>684,659</b>	<b>491,469</b>
<b>Accumulated deficit</b>			
Balance as at 1 July		(477,578)	(434,768)
Impact from implementation of new accounting standards		-	(750)
Adjustments to Water balances	C7-3	(5,354)	-
Operating result for the year		(15,136)	(42,055)
<b>Total accumulated deficit</b>		<b>(498,068)</b>	<b>(477,578)</b>
<b>Asset revaluation surplus</b>			
Balance as at 1 July		-	-
Increase in asset revaluation surplus	C4-1	258	-
<b>Total asset revaluation surplus</b>		<b>258</b>	<b>-</b>
<b>Total equity at 30 June</b>		<b>186,848</b>	<b>13,891</b>

*The accompanying notes form part of these financial statements.*

**Department of Regional Development, Manufacturing and Water**  
**Statement of Cash Flows**  
for the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>			
<b>Inflows:</b>			
Service appropriation receipts	B1-1	6,352	450,263
User charges and fees		2,942	27,211
Land sales		-	33,194
Grants and contributions		4,283	14,020
GST input tax credits from ATO		4,341	32,878
GST collected from customers		178	7,343
Interest receipts		22	6,624
Other		4,931	251
<b>Outflows</b>			
Employee expenses		(41,108)	(114,330)
Supplies and services		(21,483)	(210,378)
Grants and subsidies		(37,710)	(226,988)
GST paid suppliers		(5,571)	(32,839)
GST remitted to ATO		(171)	(9,009)
Finance/borrowings costs		-	(2,486)
Income tax equivalents		-	(1,838)
Other		(60,899)	(14,036)
<b>Net cash used in operating activities</b>		<b>(143,894)</b>	<b>(40,120)</b>
<b>Cash flows from investing activities</b>			
<b>Inflows:</b>			
Sales of property, plant and equipment		704	20,475
Loans and advances redeemed		-	8,963
<b>Outflows:</b>			
Loans and advance made		-	(23,584)
Payments for property, plant and equipment		(8,220)	(13,729)
Payments for intangible assets		-	(357)
<b>Net cash used in investing activities</b>		<b>(7,516)</b>	<b>(8,232)</b>
<b>Cash flows from financing activities</b>			
<b>Inflows:</b>			
Equity injections	C7-2	41,500	109,675
Proceeds from borrowings		-	51,976
<b>Outflows:</b>			
Equity withdrawals		-	(10,124)
Borrowing redemptions		-	(5,043)
Non-appropriated equity withdrawals		(13,890)	-
<b>Net cash provided by financing activities</b>		<b>27,610</b>	<b>146,484</b>
Net increase/(decrease) in cash and cash equivalents		(123,800)	98,133
Increase/(decrease) in cash equivalents from restructuring	A3	28,508	(195,868)
<b>Cash and cash equivalents at beginning of financial year</b>		<b>137,954</b>	<b>235,689</b>
<b>Cash and cash equivalents at end of financial year</b>	C1	<b>42,663</b>	<b>137,954</b>

The accompanying notes form part of these financial statements.

**Department of Regional Development, Manufacturing and Water**  
**Statement of Cash Flows**  
for the year ended 30 June 2021

**NOTES TO THE STATEMENT OF CASH FLOWS**

**Reconciliation of operating result to net cash used in operating activities**

	Notes	2021 \$'000	2020 \$'000
<b>Operating result</b>		(15,136)	(42,055)
<b>Non-cash items included in operating result:</b>			
Depreciation and amortisation expense		1,853	2,310
Asset revaluation decrement	C4-1	1,185	13,816
Impairment losses		36	21
Gains on disposal and remeasurement of assets		(1,082)	1,778
Losses from disposal of property, plant and equipment		185	-
Assets donated	B2-3	15,134	-
Notional interest on loans		-	(3,323)
Loss on discounted loans advanced at concessional rates		-	357
Other non-cash items		-	(45,781)
<b>Outflows</b>			
(Increase)/decrease in appropriation receivable		-	151,088
Increase/(decrease) in deferred appropriation payable to Consolidated Fund		(93,642)	-
(Increase)/decrease in receivables		2,933	(61,875)
(Increase)/decrease in inventories		-	14,254
(Increase)/decrease in deferred tax		-	(9,487)
(Increase)/decrease in other assets		(61,268)	(13,256)
Increase/(decrease) in payables		3,373	(96,727)
Increase/(decrease) in accrued employee benefits		(376)	(708)
Increase/(decrease) in other liabilities		2,912	53,348
Increase/(decrease) in provisions		-	(3,879)
<b>Net cash used in operating activities</b>		<b>(143,894)</b>	<b>(40,120)</b>

**Non-cash investing and financing activities**

Assets and liabilities received or transferred by the department as a result of machinery-of-government changes are set out in Note A3.

**Department of Regional Development, Manufacturing and Water**  
**Notes to the Financial Statements**  
for the year ended 30 June 2021

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

**A1 BASIS OF FINANCIAL STATEMENT PREPARATION**

**A1-1 GENERAL INFORMATION**

The Department of Regional Development, Manufacturing and Water ("the department") is a Queensland Government department established under the *Public Service Act 2008* and controlled by the State of Queensland, which is the ultimate parent.

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

Following machinery-of-government changes, the Department of Regional Development and Manufacturing was renamed the Department of Regional Development, Manufacturing and Water. As a result of Administrative Arrangements Order (No. 2) 2020 dated 12 November 2020, the Water Resource Management Services function was transferred into the department from the former Department of Natural Resources, Mines and Energy (DNRME).

For further information on the extent of the changes, please refer to note A3.

**A1-2 STATEMENT OF COMPLIANCE**

The department has prepared these financial statements in compliance with section 38 of the *Financial and Performance Management Standard 2019*. The financial statements comply with Queensland Treasury's minimum reporting requirements for reporting periods beginning on or after 1 July 2020.

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

**A1-3 PRESENTATION**

Currency and rounding

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.

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

Comparatives

Comparative information reflects the audited 2019-20 financial statements as necessary to be consistent in disclosures for the current reporting period. The current year is not comparable to the previous year due to the machinery-of-government change detailed in Note A3.

Current/non-current classification

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

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

All other assets and liabilities are classified as non-current.

**A1-4 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE**

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

**Department of Regional Development, Manufacturing and Water**  
**Notes to the Financial Statements**  
for the year ended 30 June 2021

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## **A1-5 BASIS OF MEASUREMENT**

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

- Land, buildings and infrastructure which are measured at fair value; and
- Inventories which are measured at the lower of cost and net realisable value.

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

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

- The market approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business.
- The cost approach reflects the amount that would be required currently to replace the service capacity of an asset. This method includes the current replacement cost methodology.
- The income approach converts multiple future cash flows amounts to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

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

## **A1-6 THE REPORTING ENTITY**

The financial statements include all income, expenses, assets, liabilities and equity of the department. The department has no controlled entities.

## **A2 DEPARTMENT OBJECTIVES**

The objective of the department is to generate economic growth and jobs through competitive regional economies, enable an innovative manufacturing sector and make best use of our water resources by delivering sustainable, safe, secure and affordable water state-wide.

The department's major services are:

### **Develop the Economy**

This service area's objective is to create jobs that provide enduring economic benefit by delivering regional economic development opportunities and supporting the manufacturing industry in Queensland.

### **Water Resource Management Services**

This service area's objective is to deliver sustainable management of Queensland's water resources as well as oversight of water service providers and water infrastructure owners. This was transferred into the department as a result of machinery-of-government changes, please refer to note A3.

The following major departmental services were part of the department in the prior year and transferred out as a result of machinery-of-government changes effective 1 June 2020.

### **Economic and Infrastructure Strategy, Policy and Planning**

This service area's objective was to lead the Queensland Government's efforts in developing a medium to long-term economic strategy that provides direction for policy, planning and prioritisation to maximise the benefits to Queensland of infrastructure activities, regional economic development and industry roadmaps. The service area includes coordinating the Government's infrastructure program and infrastructure policy and contributes to national infrastructure agendas and whole-of-state infrastructure planning.

### **Better Planning for Queensland**

This service area's objective was to drive the effectiveness of Queensland's planning system by ensuring accessible and transparent requirements and efficiency of State assessment functions.

### **Business and Economic Growth**

This commercialised business unit's objective was to initiate a range of development projects to drive economic growth, facilitate renewal and generate ongoing employment opportunities, consistent with the Queensland Government's economic development agenda.

**Department of Regional Development, Manufacturing and Water**  
**Notes to the Financial Statements**  
for the year ended 30 June 2021

**A2 DEPARTMENT OBJECTIVES (continued)**

The table below illustrates the movement in the department's major services due to machinery-of-government changes in 2020 and 2021:

2020–21		2019–20	
1 December 2020 to 30 June 2021	1 July to 30 November 2020	1 to 30 June 2020	1 July 2019 to 31 May 2020
Develop the Economy Water Resource Management Services	Develop the Economy	Develop the Economy	Develop the Economy Economic and Infrastructure Strategy, Policy and Planning Better Planning for Queensland Business and Economic Growth

The department is funded for the departmental services it delivers principally by parliamentary appropriations. As part of Water Resource Management Services, the department is now responsible for the Office of the Groundwater Impact Assessment (OGIA). The OGIA is an independent office established under the *Water Act 2000* and it is funded by an annual industry levy payable by resource tenure holders in accordance with relevant legislated provisions in accordance with the *Water Act 2000*.

**A3 MACHINERY-OF-GOVERNMENT CHANGES**

Details of transfers in: Water Resource Management Services transferred in from the former Department of Natural Resources, Mines and Energy (DNRME)

Basis of transfer: Administrative Arrangements Order (No. 2) 2020 dated 12 November 2020

Date of transfer: Effective from 1 December 2020

The assets and liabilities transferred in as a result of this change were as follows:

	<b>\$'000</b>
<b>Assets</b>	
Cash	28,508
Receivables	3,125
Other current assets	1,846
Property, plant and equipment	138,317
Intangibles	1,212
	173,008
<b>Liabilities</b>	
Payables	884
Accrued employee benefits	2,124
Other current liabilities	4,420
	7,428
<b>Net assets</b>	<b>165,580</b>

The net increase in assets of \$166 million has been accounted for as an increase in contributed equity as disclosed in the Statement of Changes in Equity.

As part of the machinery-of-government change, budgeted appropriation revenue of \$111 million was reallocated to the department from the former DNRME.

Property, plant and equipment transferred in include \$104 million capital work in progress for the Rookwood Weir project.

For the impact of machinery-of-government changes on administered items, refer to Note D1.



**Department of Regional Development, Manufacturing and Water**  
**Notes to the Financial Statements**  
for the year ended 30 June 2021

**SECTION 2**  
**NOTES ABOUT OUR FINANCIAL PERFORMANCE**

**B1 REVENUE**

**B1-1 APPROPRIATION REVENUE**

<b>Reconciliation of payments from Consolidated Fund to appropriation revenue recognised in operating result</b>	<b>2021 \$'000</b>	<b>2020 \$'000</b>
Original budgeted appropriation revenue	-	475,791
Treasurer's transfers	-	(25,528)
Unforeseen expenditure <sup>1</sup>	6,352	-
<b>Total appropriation receipts (cash)</b>	<b>6,352</b>	<b>450,263</b>
Less: Opening balance of appropriation revenue receivable	-	(22,964)
Plus: Effect of adoption of new accounting standards	-	4,558
Plus: Opening balance of deferred appropriation payable to Consolidated Fund	124,786	-
Less: Closing balance of deferred appropriation payable to Consolidated Fund	(31,144)	(124,786)
<b>Appropriation revenue recognised in statement of comprehensive income</b>	<b>99,994</b>	<b>307,071</b>

<sup>1</sup> Unforeseen expenditure mainly relates to the reallocation of funding from the Department of Resources for Water Resource Management Services, partly offset by timing adjustments for the Made in Queensland program.

**Accounting Policy – Appropriation Revenue**

Appropriations provided under the *Appropriation (2020–2021) Act 2021* are recognised as revenue when received. Where the department has an obligation to return unspent (or unapplied) appropriation receipts to Consolidated Fund at year end (a deferred appropriation repayable to Consolidated Fund), a liability is recognised with a corresponding reduction to appropriation revenue, reflecting the net appropriation revenue position with Consolidated Fund for the reporting period. Capital appropriations are recognised as adjustments to equity, refer to Note C7-2.

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 D1-1.

**B1-2 GRANTS AND CONTRIBUTIONS**

	<b>2021 \$'000</b>	<b>2020 \$'000</b>
Revenue from contracts with customers		
Commonwealth grants	3,057	-
Other grants and contributions		
State government grants	-	116
Contributions	981	168
Good and services below fair value	245	74
Sponsorships	-	19
<b>Total</b>	<b>4,283</b>	<b>377</b>

**Accounting Policy – Grants and contributions**

Grants and contributions are non-reciprocal transactions where the department does not directly give approximately or equal value to the grantor.

Where the grant agreement is enforceable and contains sufficiently specific performance obligations for the department to transfer goods or services to a third-party on the grantor's behalf, the transaction is accounted for under AASB 15 *Revenue from Contracts with Customers*. In this case, revenue is initially deferred (as a contract liability) and recognised as or when the performance obligations are satisfied. Otherwise, the grant is accounted for under AASB 1058 *Income of Not-for-Profit Entities*, whereby revenue is recognised upon receipt of the grant funding.

**Department of Regional Development, Manufacturing and Water**  
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**B1-2 GRANTS AND CONTRIBUTIONS (continued)**

The department has a number of grant arrangements with the Commonwealth's Department of Agriculture, Water and the Environment which have been identified as having sufficiently specific performance obligations under enforceable grant agreements.

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, the amount representing the fair value is recognised as revenue with a corresponding expense for the same amount.

**B2 EXPENSES**

**B2-1 EMPLOYEE EXPENSES**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Employee benefits		
Salaries and wages	32,371	89,563
Employer superannuation contributions	4,197	11,762
Annual leave levy	3,065	9,432
Long service leave levy	713	2,079
Other employee benefits	104	74
Employee related expenses		
Salary related taxes	-	657
Workers' compensation premium	119	105
Other employee related expenses	161	1,554
<b>Total</b>	<b>40,731</b>	<b>115,227</b>

	<b>2021</b>	<b>2020</b>
Full time equivalent employees (FTE)	547	1 <sup>1</sup>

<sup>1</sup> Only one FTE was an employee of the department. There were 40 FTEs seconded from the former Department of State Development, Tourism and Innovation to the department as at 30 June 2020.

**Accounting Policy – Wages and salaries**

Salaries and wages due but unpaid at the reporting date are recognised 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.

**Accounting Policy – Annual leave and Long service leave**

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

**Accounting Policy – Superannuation**

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

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

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

**Department of Regional Development, Manufacturing and Water**  
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**B2-1 EMPLOYEE EXPENSES (continued)**

**Accounting Policy – Workers' compensation premium**

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

Key management personnel and remuneration disclosures are detailed in Note G1.

**B2-2 SUPPLIES AND SERVICES**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Accommodation costs	5,057	18,022
Contractors and consultants	5,929	38,716
Information and communication technology costs	2,782	8,169
Service costs to other government agencies and shared providers	1,514	3,797
Motor vehicles	752	1,101
Travel	572	1,003
Marketing and public relations	96	1,741
Other	2,592	326
<b>Total</b>	<b>19,294</b>	<b>72,875</b>

**Accounting Policy – Distinction between grants and procurement**

For a transaction to be classified as supplies and services, the value of goods or services received by the department must be of approximately equal value to the value of the consideration exchanged for those goods or services. Where this is not the substance of the arrangement, the transaction is classified as a grant in Note B2-3.

**Office accommodation**

Payments for non-specialised commercial office accommodation under the Queensland Government Accommodation Office (QGAO) framework arise from non-lease arrangements with the Department of Energy and Public Works (DEPW), who has substantive substitution rights over the assets used within this scheme. Payments are expensed as incurred and categorised within accommodation costs.

**B2-3 GRANTS AND SUBSIDIES**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Grants		
Queensland and local government <sup>1</sup>	24,392	49,931
Industry attraction	33,946	93,491
Universities	10	344
Commonwealth agencies	-	292
COVID-19 rent relief initiatives	-	947
Contributions	271	1,615
<b>Total</b>	<b>58,620</b>	<b>146,620</b>

<sup>1</sup> Includes transfer of an infrastructure asset to Rockhampton Regional Council amounting to \$15.134 million (refer to Note C4-1).

**Accounting policy – Grants and subsidies**

Grants and contributions are recognised in accordance with the relevant funding agreement between the department and the recipient and are non-reciprocal. Grants are treated as an expense when the recipient can control the use of the resources or when the department's obligation for a transfer arises at that time.

**Department of Regional Development, Manufacturing and Water**  
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**SECTION 3**  
**NOTES ABOUT OUR FINANCIAL POSITION**

**C1 CASH AND CASH EQUIVALENTS**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank	42,663	137,954
<b>Total</b>	<b>42,663</b>	<b>137,954</b>

**Accounting Policy – Cash and cash equivalents**

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

**Monies held in trust**

As at 30 June 2021, the department holds cash amounting to \$0.785 million on behalf of Queensland Treasury, which will be returned in 2021-22. This amount is excluded from the total cash at bank balance.

**C2 RECEIVABLES**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Trade debtors	352	-
Accrued revenue	548	-
	<b>900</b>	<b>-</b>
Less: Loss allowance	(35)	-
	<b>864</b>	<b>-</b>
GST input tax receivable	1,296	73
Annual leave claim receivable	1,014	-
Long service leave receivable	443	-
Other receivables	2	4,890
<b>Total current receivables</b>	<b>3,619</b>	<b>4,963</b>
<b>Non-Current</b>		
Trade debtors	737	-
<b>Total non-current receivables</b>	<b>737</b>	<b>-</b>
<b>Total receivables</b>	<b>4,357</b>	<b>4,963</b>

**Accounting Policy – Receivables**

Receivables are measured at amortised cost which approximates their fair value at reporting date. Trade debtors are recognised at the amounts due at the time of sale or service delivery, i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date.

**Disclosure - Receivables**

The closing balance of receivables arising from contracts with customers at 30 June 2021 is \$1.066 million (2020: \$0).

**Department of Regional Development, Manufacturing and Water**  
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**C2-1 IMPAIRMENT OF RECEIVABLES**

**Accounting Policy – Impairment of Receivables**

The loss allowance reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information, including forecast economic changes expected to impact the department's debtors, along with relevant industry and statistical data, where applicable.

Receivables from Queensland Government agencies or Australian Government agencies have no loss allowance recorded on the basis of materiality. Refer to Note E2-2 for the department's credit risk management policies.

Where the department has no reasonable expectation of recovering an amount owed, the amount owed is written off by directly reducing the receivable against the loss allowance. This occurs when the department determines that an amount owing to the department has become uncollectible (after an appropriate range of debt recovery actions). If the amount written off exceeds the loss allowance, the excess is recognised as an impairment loss.

**Disclosure - Credit Risk Exposure of Receivables**

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

The department has determined that groupings used for measuring expected credit losses (both controlled and administered) are in line with the department's major revenue streams. The revenue streams are water sales revenue and other departmental revenue.

For the water sales revenue, the department uses a provision matrix to measure the expected credit losses on water billing debtors. The calculations reflect historical observed default rates based on credit losses experienced on past sales transactions during the last five years preceding 30 June 2021 for each ageing band. Actual credit losses over the five years preceding 30 June 2021 have been correlated against reasonable and supportable forward-looking changes in environmental factors and based on those results, the historical default rates are adjusted in line with expected changes to that indicator.

As the department has very few other departmental revenue transactions, receivables for this revenue stream are assessed individually to measure the expected credit losses. Amounts outstanding are assessed for probability of default and loss given default. The probability of default incorporates historical observed default rates for each debtor. In addition, reasonable and supportable forward-looking information for expected economic changes that affect the future recovery of receivables have been considered.

Set out below is the credit risk exposure on the department's trade debtors broken down by revenue streams and by ageing band.

**Impairment – 2021**

Ageing	Water Sales Revenue			Other departmental revenue			Total
	Gross Receivables \$'000	Loss rate %	Expected credit losses \$'000	Gross Receivables \$'000	Loss rate %	Expected credit losses \$'000	
Current	808	0.12	-	154	-	-	-
1 to 30 days overdue	-	0.28	-	36	-	-	-
31 to 60 days overdue	-	6.71	-	30	-	-	-
61 to 90 days overdue	1	41.41	-	-	-	-	-
91 to 270 days overdue	6	88.98	6	5	50.00	2	8
>270 days	5	100.00	5	43	50.00	22	27
<b>Total</b>	<b>821</b>		<b>11</b>	<b>268</b>		<b>24</b>	<b>35</b>

There was no allowance for impairment loss as at 30 June 2020.

**Disclosure – Movement in loss allowance for trade debtors**

	2021 \$'000	2020 \$'000
Loss allowance as at 1 July	-	(108)
Transfer due to machinery-of-government	393	115
Amounts written off during the year	(285)	-
Decrease in allowance recognised in operating result	(73)	(7)
<b>Loss allowance as at 30 June</b>	<b>35</b>	<b>-</b>

**Department of Regional Development, Manufacturing and Water**  
**Notes to the Financial Statements**  
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**C3 OTHER CURRENT ASSETS**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Advances	61,221	-
Inventories	1,324	-
Prepayments	569	-
<b>Total</b>	<b>63,114</b>	<b>-</b>

**Accounting Policy – Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is assigned on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition, except for training costs which are expensed as incurred.

**Disclosure – Advances**

Sunwater Limited (Sunwater) is the principal contractor of the Rookwood Weir project. Advances include unspent funding provided to Sunwater for the Rookwood Weir project as at 30 June 2021.

**Department of Regional Development, Manufacturing and Water**  
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**C4 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE**

**C4-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT**

	Land	Buildings	Infrastructure	Plant and Equipment	Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2021</b>						
Gross	4,801	18,717	16,265	12,142	88,211	140,136
Less: Accumulated depreciation	-	(6,677)	(6,569)	(6,752)	-	(19,998)
Less: Accumulated impairment losses	-	-	(39)	-	-	(39)
<b>Carrying amount at 30 June 2021</b>	<b>4,801</b>	<b>12,040</b>	<b>9,656</b>	<b>5,390</b>	<b>88,211</b>	<b>120,100</b>
Carrying amount at 1 July 2020	-	-	-	-	-	-
Transfer as a result of machinery-of-government change (Note A3)	4,504	12,954	9,721	5,657	105,481	138,317
Adjustment for advanced funding included in machinery-of-government transfer <sup>1</sup>	-	-	-	-	(45,275)	(45,275)
Acquisitions	-	-	106	495	53,276	53,877
Disposals	-	-	(165)	(27)	-	(192)
Donations made (Note B2-3)	-	-	(15,134)	-	-	(15,134)
Transfers between asset classes	-	-	15,622	-	(15,622)	-
Adjustment to Water balances (Note C7-3)	39	599	-	-	(9,650)	(9,011)
Net revaluation decrements in operating result	-	(1,185)	-	-	-	(1,185)
Net revaluation increments in assets revaluation surplus	258	-	-	-	-	258
Depreciation	-	(328)	(494)	(734)	-	(1,557)
<b>Carrying amount at 30 June 2021</b>	<b>4,801</b>	<b>12,040</b>	<b>9,656</b>	<b>5,390</b>	<b>88,211</b>	<b>120,100</b>
<b>30 June 2020</b>						
Gross	-	-	-	-	-	-
Less: Accumulated depreciation	-	-	-	-	-	-
Less: Accumulated impairment losses	-	-	-	-	-	-
<b>Carrying amount at 30 June 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Carrying amount at 1 July 2019	293,369	5,140	-	835	260	299,604
Acquisitions	8,400	1,190	-	-	4,139	13,729
Disposals	(20,672)	(24)	-	(4)	-	(20,700)
Transfer as a result of machinery-of-government change	(269,129)	(3,787)	-	(913)	(4,082)	(277,912)
Transfers between asset classes	-	55	-	261	(316)	-
Transfers to right-of-use asset	(1,685)	-	-	-	-	(1,685)
Net revaluation decrements in operating result	(10,282)	(2,078)	-	-	-	(12,360)
Depreciation	-	(498)	-	(179)	-	(677)
<b>Carrying amount at 30 June 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>1</sup> The balance transferred as a result of machinery-of-government (MoG) change for work in progress included unspent funding of \$45.275 million. This amount has been adjusted to correct the work in progress balance as at MoG transfer date of 1 December 2020.

**Department of Regional Development, Manufacturing and Water**  
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#### **C4-2 RECOGNITION AND ACQUISITION**

##### **Recognition thresholds for Property, Plant and Equipment**

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

Buildings (including land improvements)	\$10,000
Infrastructure	\$10,000
Land	\$1
Plant and equipment	\$ 5,000

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

Land improvements undertaken by the department are included with buildings or infrastructure based on the proximity of the asset to which they relate.

##### **Acquisition of assets**

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

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

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

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

All costs relating to items of property, plant and equipment constructed in-house are recorded as work in progress until completion of the project using all direct and indirect costs, where the latter are reliably attributable. Work in progress performed under external contracts is recorded using the invoice amount supplied by the vendor.

#### **C4-3 DEPRECIATION EXPENSE**

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

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

*Key judgement:* Straight line depreciation is used as that is consistent with the even consumption of service potential of these assets over their useful life to the department.

Assets under construction (work in progress) are not depreciated until construction is completed and the asset is put to use or is ready for its intended use, whichever is earlier. These assets are then reclassified to the relevant class within property, plant and equipment.

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.

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



**Department of Regional Development, Manufacturing and Water**  
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**C4-3 DEPRECIATION EXPENSE (continued)**

*Key Estimate:* Depreciation rates are assessed annually and the following useful life ranges are used for each class of depreciable assets:

Physical asset class	Useful life
Buildings	15 – 80 years
Infrastructure	15 – 120 years
Plant and equipment	5 – 15 years

**C4-4 MEASUREMENT OF PROPERTY, PLANT AND EQUIPMENT**

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

Land, buildings and infrastructure assets are measured at fair value as required by Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector*. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses where applicable.

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

Property, plant and equipment classes measured at fair value are revalued on an annual basis either by appraisals undertaken by independent professional valuers or by the use of appropriate and relevant indices. They are reviewed annually taking into consideration an analysis of movement in fair value and other relevant information.

**Use of Specific Appraisals**

The department comprehensively values its land, building and infrastructure assets using a rolling revaluation program which ensures all material assets are valued by independent professional valuers at least once every five years.

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. Materiality is considered in determining whether the difference between the carrying amount and the fair value of an asset is material (in which case a revaluation is warranted). Refer Note E1-2.

**Use of Indices**

Where assets have not been specifically appraised in the reporting period, their previous valuations are materially kept up-to-date via the application of relevant indices. The department ensures that the application of such indices would result in a valid estimation of the asset's fair value at reporting date. The State Valuation Service (SVS) supplies the indices and provides assurance of their robustness, validity and appropriateness for application to the relevant assets. Such indices are either publicly available or are derived from market information available to SVS. Indices used are also tested for reasonableness by applying the indices to a sample of assets and comparing the results to similar assets that have been valued. At year end, management assesses the relevance and suitability of indices provided by SVS based on the department's particular circumstances.

**Accounting for Changes in Fair Value**

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

The department's building and infrastructure assets are revalued using a cost valuation approach (that is current replacement cost). Revaluations are recorded using the 'gross method' meaning accumulated depreciation is adjusted to equal the difference between the gross amount and the carrying amount, after taking into account accumulated impairment losses.

**Department of Regional Development, Manufacturing and Water**  
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**C4-5 IMPAIRMENT**

All non-current physical assets are assessed for indicators of impairment on an annual basis or, where the asset is measured at fair value, for indicators of a change in fair value/service potential since the last valuation was completed. Where indicators of a material change in fair value or service potential since the last valuation arise, the asset is revalued at the reporting date under AASB 13 *Fair Value Measurement*. If an indicator of possible impairment exists, the department determines the asset's recoverable amount under AASB 136 *Impairment of Assets*.

**C5 PAYABLES**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Trade creditors	463	4,010
Accrued expenses	2,123	-
Grants and subsidies payable	5,879	-
Deferred appropriation payable to Consolidated Fund	31,144	124,786
Other	16	229
<b>Total</b>	<b>39,625</b>	<b>129,025</b>

**Accounting Policy - Payables**

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

**C6 OTHER LIABILITIES**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Other current liabilities	669	-
<b>Total</b>	<b>669</b>	<b>-</b>
<b>Non-current</b>		
Deposits held	2,250	-
<b>Total</b>	<b>2,250</b>	<b>-</b>

**Disclosure – Deposits held**

Deposits held were monies received from customers for the future sale of water allocation in respect of Rookwood Weir, which are to be assessed and granted in line with the *Water Act 2000* upon successful commissioning and completion of the Rookwood Weir project.

**Department of Regional Development, Manufacturing and Water**  
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## C7 EQUITY

### C7-1 CONTRIBUTED EQUITY

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

- Appropriations for equity adjustments (refer Note C7-2); and
- Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities as a result of machinery-of-government changes (refer Note A3).

### C7-2 APPROPRIATIONS RECOGNISED IN EQUITY

	2021	2020
	\$'000	\$'000
<b>Reconciliation of payments from Consolidated Fund to equity</b>		
<b>adjustment recognised in contributed equity</b>		
Budgeted equity adjustment appropriation	18,942	74,269
Treasurer's transfers	-	25,282
Unforeseen expenditure <sup>1</sup>	22,558	-
<b>Total equity adjustment receipts</b>	<b>41,500</b>	<b>99,551</b>
Plus: Opening balance of equity adjustment receivable	-	(102)
<b>Equity adjustment recognised in contributed equity</b>	<b>41,500</b>	<b>99,449</b>

<sup>1</sup> Unforeseen expenditure mainly relates to the reallocation of funding from the Department of Resources for Water Resource Management Services, partly offset by timing adjustments for the Made in Queensland Program.

### C7-3 ADJUSTMENT TO WATER BALANCES

The department's review of the asset and liabilities transferred in as a result of the machinery-of-government changes for Water Resource Management Services identified some transactions which were not correctly accounted for and did not comply with relevant Australian Accounting Standards. The net impact of these transactions amounting to \$5.354 million was adjusted against the accumulated deficit in the Statement of Changes in Equity to reflect the correct balances as at 1 December 2020.

#### Property, plant and equipment

Nine buildings and three parcels of land assets amounting to \$0.638 million were excluded in the list of assets received by the department. These 12 assets meet the recognition criteria under AASB 116 *Property, plant and equipment* from 1 December 2020 as the department controls these assets and receives future economic benefits arising from these assets. As a result, accumulated deficit was decreased by \$0.638 million.

Review of the items comprising the capital works in progress balance identified \$9.645 million of expenditure that does not qualify for capitalisation (refer to Note C4-1). This resulted in an increase to accumulated deficit of \$9.645 million.

#### Revenue recognition

Review of the department's revenue revealed that the levies for the underground water management and water meter do not comply with AASB 1058 *Income of Not-for-Profit Entities* and AASB 15 *Revenue from Contracts with Customers* respectively, which resulted in a decrease of \$3.657 million against accumulated deficit.

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<b>SECTION 4</b> <b>WHAT WE LOOK AFTER ON BEHALF OF WHOLE-OF-GOVERNMENT AND THIRD PARTIES</b>
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### D1 ADMINISTERED ITEMS

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 own objectives.

As part of the machinery-of-government change, the responsibility of administering the following activities transferred to the department from the former DNRME effective 1 December 2020:

- Community Service Obligations (CSO) payments of \$28.133 million to water supply entities Sunwater and SeqWater
- Billing for Bulk Water supply and Water Resource Allocation as legislated by *Energy and Water Ombudsman Act 2006* and *Water Act 2000* respectively
- Annual provision of funding to Dumaesq-Barwon Rivers Commission. Financial year 2020–21 funding was provided by the former DNRME prior to machinery-of-government changes, as a result there were no transactions recorded pertaining to this reflected at D1-1.
- Management of projects relating to Emergency Water Supply and Drought Contingency

The responsibility of forwarding appropriation revenue for Gasfields Commission was transferred to the Department of Resources effective 1 December 2020.

The administered assets and liabilities transferred as a result of machinery-of-government change were as follows:

	<b>\$'000</b>
<b>Assets</b>	
Cash	3,125
Receivables	1,634
Property, plant and equipment	111,714
	116,473
<b>Liabilities</b>	
Payables	4,759
	4,759
<b>Net assets</b>	<b>111,714</b>

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**D1-1 SCHEDULE OF ADMINISTERED REVENUE AND EXPENSES**

**2021**

	<b>Gasfields Commission</b>	<b>Community Service Obligations</b>	<b>Water Licences</b>	<b>Emergency Water Supply</b>	<b>Drought Contingency</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>						
Appropriation revenue	2,562	15,045	-	5,155	1,174	23,937
User charges and fees	-	-	2,612	-	-	2,612
Riverine quarry material royalties	-	-	750	-	-	750
Other revenue	-	-	2	-	-	2
<b>Total revenue</b>	<b>2,562</b>	<b>15,045</b>	<b>3,364</b>	<b>5,155</b>	<b>1,174</b>	<b>27,301</b>
<b>Expenses</b>						
Grants and subsidies	2,562	15,045	-	5,155	1,174	23,937
Transfers of administered item revenue to government	-	-	3,364	-	-	3,364
Depreciation (Note D1-4)	-	-	217	-	-	217
Other expenses	-	-	47	-	-	47
<b>Total expenses</b>	<b>2,562</b>	<b>15,045</b>	<b>3,628</b>	<b>5,155</b>	<b>1,174</b>	<b>27,565</b>
<b>Net operating result</b>	<b>-</b>	<b>-</b>	<b>(264)</b>	<b>-</b>	<b>-</b>	<b>(264)</b>

**Department of Regional Development, Manufacturing and Water**  
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**D1-1 SCHEDULE OF ADMINISTERED REVENUE AND EXPENSES (continued)**

2020	Gasfields Commission	Queensland Reconstruction Authority	Building Queensland	State Assessment and Referral Agency	Roma Street Southbank Parkland	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>						
Appropriation revenue	2,526	823,641	7,785	-	32,304	866,255
User charges and fees	-	-	-	2,711	-	2,711
Other revenue	-	(296)	-	-	11,197	10,901
<b>Total revenue</b>	<b>2,526</b>	<b>823,345</b>	<b>7,785</b>	<b>2,711</b>	<b>43,501</b>	<b>879,868</b>
<b>Expenses</b>						
Grants and subsidies	2,526	823,345	7,785	-	32,304	865,960
Transfers of administered item revenue to government	-	-	-	2,711	11,197	13,908
<b>Total expenses</b>	<b>2,526</b>	<b>823,345</b>	<b>7,785</b>	<b>2,711</b>	<b>43,501</b>	<b>879,868</b>
<b>Net operating result</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Department of Regional Development, Manufacturing and Water**  
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**D1-2 RECONCILIATION OF PAYMENTS FROM CONSOLIDATED FUND**

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

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Budgeted administered appropriation revenue	-	691,720
Treasurer's transfer	-	246
Unforeseen expenditure	-	222,453
<b>Total administered receipts</b>	<b>-</b>	<b>914,419</b>
Less: Closing balance of deferred appropriation payable to Consolidated Fund	(6,758)	(48,211)
Less: Balance of appropriation revenue payable transferred as a result of machinery-of-government changes	(17,516)	-
Plus: Opening balance of deferred appropriation payable to Consolidated Fund	48,211	47
<b>Administered appropriation revenue recognised in schedule of administered revenue and expenses</b>	<b>23,937</b>	<b>866,255</b>
<b>This is represented by grants and contributions to:</b>		
Statutory authorities	17,607	833,952
Local government	6,329	32,304
<b>Total grants and contributions</b>	<b>23,937</b>	<b>866,255</b>

**Accounting policy**

The department administers, but does not control, certain activities on behalf of the Queensland 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 own objectives.

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**D1-3 SCHEDULE OF ADMINISTERED ASSETS AND LIABILITIES**

2021	Community Service Obligations	Water Licences	Emergency Water Supply	Drought Contingency	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>					
<b>Current</b>					
Cash	6,227	2,190	2,952	2,051	13,420
Receivables	-	489	-	95	584
<b>Total current assets</b>	<b>6,227</b>	<b>2,680</b>	<b>2,952</b>	<b>2,146</b>	<b>14,004</b>
<b>Non-current</b>					
Receivables	-	716	-	-	716
Property, plant and equipment (Note D1-4)	-	167,598	-	-	167,598
<b>Total non-current assets</b>	<b>-</b>	<b>168,313</b>	<b>-</b>	<b>-</b>	<b>168,313</b>
<b>Total assets</b>	<b>6,227</b>	<b>170,993</b>	<b>2,952</b>	<b>2,146</b>	<b>182,318</b>
<b>Liabilities</b>					
<b>Current</b>					
Payables	4,566	-	-	-	4,566
Payables to government	1,661	2,477	2,952	2,146	9,236
Other current liabilities	-	151	-	-	151
<b>Total current liabilities</b>	<b>6,227</b>	<b>2,629</b>	<b>2,952</b>	<b>2,146</b>	<b>13,953</b>
<b>Net administered assets</b>	<b>-</b>	<b>168,364</b>	<b>-</b>	<b>-</b>	<b>168,364</b>

There were no administered assets and liabilities as at 30 June 2020.



**Department of Regional Development, Manufacturing and Water**  
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**D1-4 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE**

**CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT**

<b>30 June 2021</b>	<b>Land \$'000</b>	<b>Buildings \$'000</b>	<b>Infrastructure \$'000</b>	<b>Total \$'000</b>
Gross	160,335	7,544	117	167,996
Less: Accumulated depreciation	-	(397)	(1)	(398)
<b>Carrying amount at 30 June 2021</b>	<b>160,335</b>	<b>7,147</b>	<b>116</b>	<b>167,598</b>
Carrying amount at 1 July	-	-	-	-
Transfer as a result of machinery-of-government change (Note D1)	104,308	7,287	118	111,714
Acquisitions	-	4	-	4
Net revaluation increments in revaluation surplus	56,026	71	-	56,097
Depreciation (Note D1-1)	-	(216)	(1)	(217)
<b>Carrying amount at 30 June 2021</b>	<b>160,335</b>	<b>7,147</b>	<b>116</b>	<b>167,598</b>

The accounting policies for administered property, plant and equipment are consistent with those used for assets held by the department (refer to Note C4).

**D1-5 ADMINISTERED ACTIVITIES – BUDGET TO ACTUAL COMPARISON AND VARIANCE ANALYSIS**

**Original budget to actual comparison and variance analysis**

	<b>2021 Actual \$'000</b>	<b>2021 Original budget \$'000</b>	<b>2021 Variance \$'000</b>
<b>Revenue</b>			
Appropriation revenue	23,937	26,481	(2,544)
User charges and fees	2,612	7,424	(4,812)
Property and other territorial revenue	750	-	750
Other revenue	2	-	2
<b>Total revenue</b>	<b>27,301</b>	<b>33,905</b>	<b>(6,604)</b>
<b>Expenses</b>			
Grants and subsidies	23,937	26,481	(2,544)
Other expenses	264	-	264
<b>Total expenses</b>	<b>24,201</b>	<b>26,481</b>	<b>(2,280)</b>
<b>Net operating result before transfers to government</b>	<b>3,100</b>	<b>7,424</b>	<b>(4,324)</b>
Transfers of administered revenue to government	3,364	7,424	(4,060)
<b>Operating result</b>	<b>(264)</b>	<b>-</b>	<b>(264)</b>

**Explanation of major variances for administered activities**

**User charges and fees**

The actual user charges and fees revenue is \$4.812 million less than the budgeted figure. This is primarily due to less than anticipated water license fee revenue received from customers as a result of waivers being issued to areas affected by droughts and by other severe weather events, e.g. cyclones and floods.

**Transfers of administered item revenue to government**

The actual transfer of administered revenue to government is \$4.06 million less than budgeted. This is primarily due to less than anticipated water license fee revenue received from customers as outlined in the variance explanation above.

**SECTION 5**  
**NOTES ABOUT RISKS AND OTHER ACCOUNTING UNCERTAINTIES**

**E1 FAIR VALUE MEASUREMENT**

**E1-1 ACCOUNTING POLICIES AND INPUTS FOR FAIR VALUES**

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 in relation to non-financial assets 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 in relation to non-financial assets include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics/functionality of the department assets, internal records of recent construction costs (and/or estimates of such costs) and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

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

**Fair Value Measurement Hierarchy**

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

**E1-2 BASIS FOR FAIR VALUE MEASUREMENT**

The basis for fair value measurement applies to assets held and administered by the department as at 30 June 2021.

**Land**

The department engaged State Valuation Services (SVS) to undertake specific appraisals on 53% of the total land assets effective 30 June 2021. Valuation approach was market-based assessment. SVS used publicly available data on sales of similar land in nearby localities in the twelve months prior to the date of the revaluation. Adjustments were made to the sales data to take into account the location, size, street/road frontage and access, and any significant restriction for each individual land parcel.

Fair values were updated using indexation on the remaining 47% of the land assets. SVS recommended indices ranging from 1.17 to 2.1. SVS undertakes investigation and research into each factor provided for the land asset indexation with each subject property benchmarked to a similar type of property. The accuracy of the land valuation index is reflected in the index being provided per property rather than a general index applicable for a region or locality.

**Buildings**

SVS performed specific appraisals on 31% of the total building assets effective 30 June 2021 using current replacement cost (due to no active market for such facilities). Internal records of the original cost are adjusted for contemporary technology and construction approaches. Significant judgement is also used to assess the remaining service potential of the facility, given local climatic and environmental conditions, projected usage, and records of the current condition of facility.

Fair values were updated using indexation on the remaining 69% of the building assets. SVS recommended indices ranging from 1.0 to 1.03. General non-residential construction was indexed using the Queensland Treasury Office of Economic and Statistical Research (OESR) Implicit Price Deflator as recommended. Residential assets were indexed in reference to Cordell Housing Price Index which is specific to Queensland House price movements.

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## **E1-2 BASIS FOR FAIR VALUE MEASUREMENT (continued)**

### **Infrastructure**

Infrastructure assets are revalued using current replacement cost (due to no active market for such facilities). Internal records of the original cost are adjusted for contemporary technology and construction approaches. Significant judgement is also used to assess the remaining service potential of the facility, given local climatic and environmental conditions, projected usage, and records of the current condition of facility.

Fair value of infrastructure assets was updated using indexation effective 30 June 2021. SVS recommended an index of 1.00 for the infrastructure assets, which was based on industry market movements.

## **E1-3 CATEGORISATION OF ASSETS MEASURED AT FAIR VALUE**

All land, building and infrastructure assets held or administered by the department are categorised as level 3 in the fair value hierarchy. There were no transfers of assets between fair value hierarchy levels during the period.

## **E2 FINANCIAL RISK DISCLOSURES**

### **E2-1 FINANCIAL INSTRUMENTS CATEGORIES**

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

#### **CONTROLLED**

	<b>Notes</b>	<b>2021 \$'000</b>	<b>2020 \$'000</b>
<b>Financial assets</b>			
Cash and cash equivalents	C1	42,663	137,954
Receivables at amortised cost	C2	4,357	4,963
<b>Total</b>		<b>47,020</b>	<b>142,916</b>
<b>Financial liabilities</b>			
Payables at amortised cost	C5	39,625	129,025
Other liabilities	C6	2,919	-
<b>Total</b>		<b>42,544</b>	<b>129,025</b>

### **E2-2 FINANCIAL RISK MANAGEMENT**

#### **Risk Exposure**

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. All financial risk is managed under approved departmental financial management policies.

The department utilises 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:

<b>Risk Exposure</b>	<b>Definition</b>	<b>Exposure</b>
Credit risk	Credit risk exposure refers to the situation where the department may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.	The department is exposed to credit risk in respect of its receivables in Note C2.
Liquidity risk	Liquidity risk refers to the situation where the department may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.	The department is exposed to liquidity risk in respect of its payables in Note C5.
Market risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.	The department is not materially exposed to changes in commodity prices, foreign currency or other price risk.

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**E2-2 FINANCIAL RISK MANAGEMENT (continued)**

**Risk measurement and management strategies**

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

<b>Risk Exposure</b>	<b>Measurement method</b>	<b>Risk management strategies</b>
Credit risk	Ageing analysis	The department manages credit risk through the use of a credit management policy articulated in the department's Financial and Management Practice Manual. This policy aims to reduce the exposure to credit default by ensuring that the department invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.
Liquidity risk	Sensitivity analysis	<p>The department manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the department has sufficient funds available to meet employee and supplier obligations as they fall due.</p> <p>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.</p>
Market risk	Interest rate sensitivity analysis	The department does not undertake any hedging in relation to interest risk and manages its risk as per the department's liquidity risk management strategy articulated in the department's Financial Management Practice Manual.

**E2-3 CREDIT RISK DISCLOSURE**

**Credit risk management practices**

The department considers financial assets that are over 30 days past due to have significantly increased in credit risk, and measures the loss allowance of such assets at lifetime expected credit losses instead of 12-month expected credit losses. The exception is trade receivables (Note C2-1) for which the loss allowance is always measured at lifetime expected credit losses.

Receivables from other Queensland Government agencies and Australian Government agencies are considered to have low credit risk. The department assumes that credit risk has not increased significantly for these low credit risk assets.

The department typically considers a financial asset to be in default when it becomes 90 days past due. However, a financial asset can be in default before that point if information indicates that the department is unlikely to receive the outstanding amounts in full. The department assessment of default does not take into account any collateral or other credit enhancements.

The write-off policy is disclosed in Note C2-1.

**Credit risk exposure**

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

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**E2-4 LIQUIDITY RISK – CONTRACTUAL MATURITY OF FINANCIAL LIABILITIES**

The following table sets out the liquidity risk of financial liabilities held by the department. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at the reporting date.

Financial liabilities 2021	2021 payable in			
	< 1 year	1–5 years	> 5 years	Total
	\$'000	\$'000	\$'000	\$'000
Payables	39,625	-	-	39,625
Other liabilities	669	2,250	-	2,919
<b>Total</b>	<b>40,294</b>	<b>2,250</b>	<b>-</b>	<b>42,544</b>

2020	2020 payable in			
	< 1 year	1–5 years	> 5 years	Total
	\$'000	\$'000	\$'000	\$'000
Payables	129,025	-	-	129,025
<b>Total</b>	<b>129,025</b>	<b>-</b>	<b>-</b>	<b>129,025</b>

**E3 CONTINGENCIES**

**Litigation in progress**

As at 30 June 2021, there were two claims against the department through the Queensland Government Insurance Fund (QGIF). Under the QGIF, the department would be able to claim back the amounts paid for claims, less \$10,000 deduction.

**Guarantees and undertakings**

The department holds bank guarantees in relation to Dam Land Management for financial security against non-conformance of contract. The total value of bank guarantees held as at 30 June 2021 is \$0.313 million (2020: \$0).

*Key judgement:* No contract performance breaches have occurred and the department does not expect that the guarantees will be called upon. Consequently, the probability of default is considered remote and no provision for losses has been recognised in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

**Future transfer of Rookwood Weir ownership**

The Operations Agreement between the State of Queensland, as represented by the department, and Sunwater provides for the transfer of Rookwood Weir ownership to Sunwater at fair value. This is scheduled to occur five years subsequent to the completion of the weir with the option for an earlier transfer upon the State giving Sunwater six months' notice after the completion of the weir. This may result in a loss for the department during the year of transfer.

**Contingent Assets**

The department and Sunwater share an 8.827 hectare site at Rocklea. Various agreements have been entered into with Sunwater since 2001 regarding the future use and disposal of surplus land. A Deed of Variation to these agreements in 2009 established that, upon subdivision and sale of surplus land a freehold portion is to be transferred to the department at no cost; and proceeds arising from the sale of the surplus land are to go to Sunwater. The sale of surplus land is subject to various approvals from Brisbane City Council, leading to uncertainty about the timing of the sale and therefore the time at which the department would receive freehold title. For these reasons, it is not possible to provide a reliable estimate of the value of the land at balance date.

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**E4 COMMITMENTS**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Capital expenditure commitments</b>		
Commitments for capital expenditure at reporting date (inclusive of non-recoverable GST input tax credits) are payable:		
Not later than one year	140,000	-
Later than one year but not later than five years	21,000	-
Later than five years	-	-
<b>Total</b>	<b>161,000</b>	<b>-</b>

<b>Grants and subsidies expenditure commitments</b>		
Grants and subsidies commitments at reporting date (inclusive of non-recoverable GST input tax credits) are payable:		
Not later than one year	37,160	18,107
Later than one year but not later than five years	9,392	3,423
Later than five years	-	-
<b>Total</b>	<b>46,552</b>	<b>21,530</b>

<b>Other expenditure commitments</b>		
Other expenditure commitments at reporting date (inclusive of non-recoverable GST input tax credits) are payable:		
Not later than one year	3,870	781
Later than one year but not later than five years	131	-
Later than five years	-	-
<b>Total</b>	<b>4,002</b>	<b>781</b>

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**SECTION 6**  
**NOTES ABOUT OUR PERFORMANCE COMPARED TO BUDGET**

**F1 BUDGETARY REPORTING DISCLOSURES**

This section contains explanations of major variances between the department's actual 2020–21 financial results and the original budget presented to Parliament.

**F1-1 EXPLANATION OF MAJOR VARIANCES – STATEMENT OF COMPREHENSIVE INCOME**

**Appropriation revenue**

The actual appropriation revenue is \$20.476 million less than budget primarily due to the following:

- \$20.613 million due to changes in delivery timeframes for projects funded under the National Water Infrastructure Development Fund (NWIDF);
- \$3.287 million lower than anticipated payments under the Made in Queensland (MIQ) program;
- \$3 million delay in claims by Charters Towers Regional Council for the Big Rocks Weir project;
- \$4.359 million attributable to timing differences for priority projects in the Murray-Darling Basin;
- offset by increased funding received from the former DNRME and the Department of State Development, Infrastructure and Planning (DSDILGP) for staff and corporate overheads.

**User charges and fees**

The actual user charges and fees are \$1.903 million less than budget mainly due to an adjustment for the underground water management and water meter revenue to comply with AASB 1058 *Income of Not-for-Profit Entities* and AASB 15 *Revenue from Contracts with Customers* (refer to Note C7-3).

**Grants and contributions**

The actual grants and contributions are \$4.283 million greater than budget mainly due to \$3.057 million of unbudgeted grants received from the Australian Government under the Hydrometric Networks and Remote Sensing Program to improve the Murray-Darling Basin water reporting.

**Grants and subsidies**

The actual grants and subsidies are \$8.806 million less than budget due to revised delivery schedules for projects funded under the NWIDF delaying expenditure of \$20.613 million to future years and claims of \$3.287 million under the MIQ program now expected to be made in 2021-22. This is offset by the transfer of an infrastructure asset to Rockhampton Regional Council amounting to \$15.134 million (refer to Note B2-3).

**Employee expenses**

The actual employee expenses are \$6.886 million greater than budget primarily due to additional FTEs transferred from the former DNRME and DSDILGP post compilation of the original budget.

**Supplies and services**

The actual supplies and services are \$2.059 million less than budget principally due to timing differences for priority projects in the Murray-Darling Basin (\$4.359 million) and projects under the Improving Great Artesian Basin Drought Resilience program delivered in partnership with the Australian Government (\$1.71 million). This is partly offset by additional expenditure incurred for corporate overheads following funding transferred from the former DNRME and DSDILGP post compilation of the original budget.

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**Notes to the Financial Statements**  
for the year ended 30 June 2021

**SECTION 7**  
**OTHER INFORMATION**

**G1 KEY MANAGEMENT PERSONNEL DISCLOSURES**

**Details of Key Management Personnel (KMP)**

The department's responsible Ministers are identified as part of the department's KMP, consistent with additional guidance included in the revised version of AASB 124 *Related Party Disclosures*. The department's responsible Ministers are:

- Minister for Regional Development and Manufacturing
- Minister for Water (from 1 December 2020)

The following details for non-Ministerial KMP reflect those departmental positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2020–21 and 2019–20. Further information about these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Position Responsibility
Director-General	Responsible for the efficient, effective and economical administration of the department.
Deputy Director-General, Water	Provides strategic leadership and direction to the department's water markets and supply functions and responsibilities
Deputy Director-General, Regional Development and Manufacturing	Responsible for developing regional economic development strategies; delivering project facilitation services to priority and strategic private sector major projects; regional engagement and support through manufacturing hubs and the Manufacturing Hubs Grants Program.
Head of Corporate	Provides strategic leadership and direction to the department's resources, safety and health services.
Chief Finance Officer	Responsible for the efficient, effective and economic financial administration of the department.

**KMP Remuneration Policies**

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

Remuneration policy for the department's other key management personnel is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. Individual remuneration and other terms of employment (including motor vehicle entitlements) 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 occupied a key management personnel position;
- non-monetary benefits - consisting of provision of car parking together with fringe benefits tax applicable to the benefit.

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

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



**Department of Regional Development, Manufacturing and Water**  
**Notes to the Financial Statements**  
for the year ended 30 June 2021

**G1 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)**

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

The remuneration package for all KMPs do not provide for any performance or bonus payments.

**Remuneration Expenses**

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

2020–21 Position	Short-term employee expenses		Long-term employee expenses	Post-employment expenses	Termination benefits	Total expenses
	Monetary	Non-monetary				
	\$'000	\$'000				
Director-General (01/7/2020 – 26/01/2021)	317	-	7	41	-	365
Acting Director-General (from 11/01/2021)	156	2	3	19	-	180
Deputy Director-General - Water (from 1/12/2020)	132	2	3	15	-	152
Acting Deputy Director-General – Water (from 11/05/2021)	36	1	1	3	-	41
Deputy Director-General, Regional Development (01/07/2020 – 08/01/2021) <sup>1 2</sup>	84	2	-	11	-	97
Deputy Director-General, Manufacturing (01/07/2020 – 08/01/2021) <sup>2</sup>	117	2	3	12	-	134
Deputy Director-General, Regional Development and Manufacturing (from 11/01/2021)	78	2	2	11	-	92
Acting Deputy Director-General, Office of the Director-General and Strategic Initiatives (01/07/2020 – 28/02/2021) <sup>3 4</sup>	39	3	1	7	-	50
Acting Head of Corporate (from 22/02/2021)	63	1	1	6	-	72
Chief Finance Officer (01/12/2020 – 07/05/2021)	105	-	2	8	-	115
Acting Chief Finance Officer (from 10/05/2021)	23	-	-	1	-	25
<b>Total</b>	<b>1,150</b>	<b>15</b>	<b>23</b>	<b>135</b>	<b>-</b>	<b>1,323</b>

<sup>1</sup> Balance excludes the amount of \$64,000 which was paid to a consulting firm and is included in Note B2-2 Supplies and Services (contractors and consultants) and Note G2 Related Party Transactions.

<sup>2</sup> These positions were consolidated into one position, Deputy Director-General Regional Development and Manufacturing, as a result of restructure from 11/01/2021.

<sup>3</sup> This KMP was seconded from Queensland Treasury (QT) and total remuneration from 01/07/2020 – 28/11/2020 of \$0.102 million was paid to QT and was recognised in Note B2-1 Employee expenses.

<sup>4</sup> This position was replaced by Head of Corporate from 22/02/2021.

**Department of Regional Development, Manufacturing and Water**  
**Notes to the Financial Statements**  
for the year ended 30 June 2021

**G1 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)**

2019-20 Position	Short-term employee expenses		Long-term employee expenses	Post-employment expenses	Termination benefits	Total expenses
	Monetary	Non-monetary				
	\$'000	\$'000				
Director-General (11/05/2020 – 30/06/2020) <sup>5</sup>	128	-	2	8	-	138
Director-General (23/08/2019 – 10/05/2020)	422	3	9	47	-	481
Acting Director-General (01/07/2019 – 23/08/2019)	83	1	2	5	-	91
Deputy Director-General, Regional Development (18/05/2020 – 30/06/2020) <sup>6 7</sup>	-	-	-	-	-	-
Acting Deputy Director-General, Manufacturing (01/06/2020 – 30/06/2020)	17	-	-	2	-	19
Acting Deputy Director-General, Office of the Director-General and Strategic Initiatives (18/05/2020 – 30/06/2020) <sup>6 8</sup>	-	-	-	-	-	-
<b>Positions transferred to Department of State Development, Tourism and Innovation as a result of machinery-of-government change effective 1 June 2020</b>						
Coordinator-General (09/09/2019 – 31/05/2020) <sup>9</sup>	261	3	5	20	-	289
Coordinator-General (01/07/2019 – 22/08/2019)	132	5	2	11	136	286
Assistant Coordinator-General, State Development Areas (01/07/2019 – 31/05/2020)	214	4	5	24	-	247
Assistant Coordinator-General, Land Acquisition and Project Delivery (01/07/2019 – 31/05/2020)	184	4	4	21	-	213
Acting Assistant Coordinator-General, Coordinated Project Delivery (01/07/2019 – 31/05/2020)	202	4	5	21	-	232
Deputy Director-General, Manufacturing, Industry and Regions (01/07/2019 – 31/05/2020)	221	4	5	25	-	255
Deputy Director-General, Business, Commercial and Performance (01/07/2019 – 31/05/2020)	195	-	5	25	-	225
Acting Deputy Director-General, Industry Facilitation and Partnership (09/09/2019 – 15/05/2020)	184	3	4	20	-	211
Acting General Manager, Economic Development Queensland (01/07/2019 – 31/05/2020)	223	-	5	24	-	252
<b>Positions transferred to Queensland Treasury as a result of machinery-of-government change effective 1 June 2020</b>						
Deputy Director-General, Planning (01/07/2019 – 31/05/2020)	255	4	6	27	-	292
Deputy Director-General, Economic and Infrastructure Strategy (01/07/2019 – 31/05/2020)	240	4	5	26	-	275
<b>Total</b>	<b>2,961</b>	<b>39</b>	<b>65</b>	<b>306</b>	<b>136</b>	<b>3,506</b>

**Department of Regional Development, Manufacturing and Water**  
**Notes to the Financial Statements**  
for the year ended 30 June 2021

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## **G1 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)**

<sup>5</sup> The remuneration for the KMPs transferred from Queensland Treasury (QT) as a result of machinery-of-government (MoG) change for the year up to 10 May 2020 is disclosed in QT's Financial Statements

<sup>6</sup> The remuneration for the KMPs transferred from QT as a result of MoG change for the year up to 17 May 2020 is disclosed in QT's Financial Statements

<sup>7</sup> This position has been seconded from QT and total remuneration for the period 18 May 2020 to 30 June 2020 was \$44,769

<sup>8</sup> This position has been seconded from QT and total remuneration for the period 18 May 2020 to 30 June 2020 was \$29,705

<sup>9</sup> During the period from 23 August 2019 to 8 September 2019, the Director-General also fulfilled the role of Coordinator-General

## **G2 RELATED PARTY TRANSACTIONS**

### **Transactions with people/entities related to KMP**

The department paid out contractor expenses of \$64,000 to an entity controlled by a KMP. Services provided were within the scope of their KMP position. This amount is disclosed in Notes B2-2 and G1.

### **Transactions with other Queensland Government-controlled entities**

The department's primary ongoing sources of funding from the Government for services are appropriation revenue (Note B1-1) and equity injections (Note C7-1), both of which are provided in cash via Queensland Treasury.

The department transacts with various Queensland Government agencies on a fee for service basis which are disclosed under Note B2-2. These include:

- Department of Agriculture and Fisheries for information and communication technology services.
- Department of Justice and Attorney-General (Crown Law) for legal services/advice.
- Department of State Development, Infrastructure, Local Government and Planning for commercial evaluation and management, ethics and legal.
- Department of Energy and Public Works for accommodation services, building and asset services, vehicle services (Q-Fleet).
- Department of Communities, Housing and Digital Economy for operational services such as accounts receivable, payroll management, taxation and telecommunications.

During the machinery-of-government transition period, Department of Resources processed transactions on behalf of the department for the Water Resource Management Services function.

Queensland Audit Office (QAO) performs the financial audit of the department. Total audit fees payable to QAO relating to the 2020–21 financial statements are quoted to be \$0.21 million (2020: \$0.262 million).

The department is a member of the Annual Leave Central Scheme (ALCS) and Long Service Leave Scheme (LSLS) which are administered by QT. Annual leave levy and long service leave levy expense is disclosed in Note B2-1.

The department engaged Sunwater, a government owned corporation, as the principal contractor of the Rookwood Weir project (refer to Note C3). The department also provided grants (refer to Notes B2-3 and C5) and payments for community service obligations to Sunwater (refer to Note D1).

The department provided payments for community service obligations to SeqWater, a statutory body (refer to Note D1).

Transactions with related parties are within arm's length on normal commercial terms and conditions.

## **G3 TAXATION**

The department is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (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 – refer to Note C2.

## **G4 CLIMATE RISK DISCLOSURE**

### **Climate Risk Assessment**

The department addresses the financial impacts of climate related risks by identifying and monitoring the accounting judgements and estimates that will potentially be affected, including asset useful lives, fair value of assets, provisions or contingent liabilities and changes to future expenses and revenue.

The department has identified its potential material climate related risks relate to the expected credit losses relating to receivables. For the department, environmental and climate factors, such as droughts and cyclones, affects customers and their ability to pay amounts due to the department. The effect of these risk factors are already accounted for in calculating the impairment of receivables, refer to note C2-1.

**Department of Regional Development, Manufacturing and Water**  
**Management Certificate**  
for the year ended 30 June 2021

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

- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Department of Regional Development, Manufacturing and Water for the financial year ended 30 June 2021 and of the financial position of the department at the end of that year; and

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



**NANCY GREWAL, CPA**  
Acting Chief Finance Officer

27<sup>th</sup> August 2021



**DR GRAHAM FRAINE**  
Director-General

27<sup>th</sup> August 2021

## INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Department of Regional Development, Manufacturing and Water

### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of the Department of Regional Development, Manufacturing and Water.

In my opinion, the financial report:

- a) gives a true and fair view of the department's financial position as at 30 June 2021, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

The financial report comprises the statement of financial position and statement of assets and liabilities by major departmental services as at 30 June 2021, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental services and commercialised business unit for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

#### Basis for opinion

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

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

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

#### Key audit matters

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



**Valuation of administered land \$160.335m**

Key audit matter	How my audit addressed the key audit matter
<p>Land was transferred from the Department of Resources on 1 December 2020. This land is held for future dam sites.</p> <p>Significant judgement is involved when determining the fair value of administered land due to limited availability of recent sales data for land with similar use.</p> <p>The Department of Resources' valuation program was retained for the year ending 30 June 2021. This program comprehensively revalued land on a rolling basis, with indexation applied to the remaining parcels.</p> <p>In making these judgements, the department engaged an external valuation expert to perform the comprehensive revaluation and indexation assessments.</p>	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• confirming the fair value of land transferred with the Department of Resources</li> <li>• for land comprehensively revalued, my procedures included, but were not limited to:</li> <li>• obtaining an understanding of the methodology used with reference to common industry practices and ensuring consistent application thereof.</li> <li>• assessing the competence, capability and objectivity of the external valuers</li> <li>• for a sample of land parcels: <ul style="list-style-type: none"> <li>– checking the accuracy and relevance of the recent sales data used by the valuer against supporting evidence</li> <li>– evaluating the reasonableness of the basis documented by the valuer for the impact on fair value of the differences in characteristics between the land recently sold and the land being valued</li> </ul> </li> <li>• assessing the adequacy of management's review of the valuation process</li> <li>• for land indexed: <ul style="list-style-type: none"> <li>– evaluating the relevance and appropriateness of the indices used by comparing to other relevant market information</li> <li>– reviewing the appropriate application of these indices to the remaining assets of the portfolio.</li> </ul> </li> </ul>

**Responsibilities of the department for the financial report**

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

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

### **Auditor's responsibilities for the audit of the financial report**

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

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

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

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

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



**Statement**

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2021:

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

**Prescribed requirements scope**

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the department's transactions and account balances to enable the preparation of a true and fair financial report.



31 August 2021

Lisa Fraser  
as delegate of the Auditor-General

Queensland Audit Office  
Brisbane

## APPENDIX 1: PROGRESS AGAINST SERVICE STANDARDS

### Grow the economy

Service standards	2020-2021 Target/Est	2020-2021 Actual
<b>Effectiveness measures</b>		
Value of total capital investment enabled through the Made in Queensland and Manufacturing Hubs grants programs. <sup>1</sup>	\$144M	\$82.1M
Value of regional capital investment enabled through the Made in Queensland and Manufacturing Hubs grants programs. <sup>1</sup>	\$120M	\$22.01M
Estimated number of jobs enabled through the Made in Queensland and Manufacturing Hubs grants programs. <sup>1</sup>	810	351
<b>Efficiency measures</b>		
Capital investment enabled per dollar spent on project facilitation. <sup>2</sup>	-	\$0.51

Notes:

- Following machinery of government changes in November 2020, a component relating to the Industry Capability Network was transferred to the Department of State Development, Infrastructure, Local Government and Planning (DSDIGP). This has resulted in a reduction in the 2021-2022 target/estimate, and a variation between the 2020-2021 target/estimate and 2020-2021 actual as it excludes the Q3 and Q4 Industry Capability Network component which is reported in DSDIGP 2021-2022 Service Delivery Statements.
- As a result of the machinery of government changes in November 2020 it was not practical to provide a 2020-2021 Target/Estimate.

### Water resource management services

Service standards	2020-2021 Target/Est.	2020-2021 Actual
<b>Effectiveness measures</b>		
Accuracy and reliability of the State's water monitoring networks. <sup>3</sup>	90%	87%
Percentage of the State's drinking water service providers compliant with drinking water regulatory requirements.	90%	98%
<b>Efficiency measures</b>		
Average cost per participant to implement and deliver workshops and support visits to water supply Providers. <sup>4</sup>	<\$400	\$169

Notes:

- A combination of COVID-19 related travel restrictions and budget measures to support priorities under the Unite and Recover plan have contributed to the minor variance for this measure in 2020-2021.
- An increase in the number of workshops delivered electronically due to COVID-19 restrictions has meant a reduction in the average cost per workshop participant. Depending upon stakeholder feedback, some events will continue to be delivered electronically in 2021-2022.

## APPENDIX 2: ANNUAL REPORT COMPLIANCE CHECKLIST

Summary of requirement		Basis for requirement	Annual report reference
<b>Letter of compliance</b>	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 7	Page 1
<b>Accessibility</b>	Table of contents	ARRs – section 9.1	Page 2
	Glossary		
	Public availability	ARRs – section 9.2	Inside front cover
	Interpreter service statement	<i>Queensland Government Language Services Policy</i> ARRs – section 9.3	Inside front cover
	Copyright notice	<i>Copyright Act 1968</i> ARRs – section 9.4	Inside front cover
	Information licensing	<i>QGEA – Information Licensing</i> ARRs – section 9.5	Inside front cover
<b>General information</b>	Introductory information	ARRs – section 10	Page 6
<b>Non-financial performance</b>	Government's objectives for the community and whole-of-government plans/specific initiatives	ARRs – section 11.1	Page 6
	Agency objectives and performance indicators	ARRs – section 11.2	Page 7
	Agency service areas and service standards	ARRs – section 11.3	Page 7
<b>Financial performance</b>	Summary of financial performance	ARRs – section 12.1	Page 14
<b>Governance – management and structure</b>	Organisational structure	ARRs – section 13.1	Page 18
	Executive management	ARRs – section 13.2	Page 17
	Government bodies (statutory bodies and other entities)	ARRs – section 13.3	Page 20
	Public Sector Ethics	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4	Page 21
	Human Rights	<i>Human Rights Act 2019</i> ARRs – section 13.5	Page 21 Page 21
	Queensland public service values	ARRs – section 13.6	Page 22
<b>Governance – risk management and accountability</b>	Risk management	ARRs – section 14.1	Page 22
	Audit committee	<i>ARRs – section 14.2</i>	Page 22
	Internal audit	<i>ARRs – section 14.3</i>	Page 22
	External scrutiny	<i>ARRs – section 14.4</i>	Page 22

	Information systems and recordkeeping	ARRs – section 14.5	Page 23
	Information security attestation	ARRs – section 14.6	Page 33
<b>Governance – human resources</b>	Strategic workforce planning and performance	ARRs – section 15.1	Page 23
	Early retirement, redundancy and retrenchment	Directive No.04/18 Early Retirement, Redundancy and Retrenchment ARRs – section 15.2	Page 25
<b>Open Data</b>	Statement advising publication of information	ARRs – section 16	Inside front cover
	Consultancies	ARRs – section 33.1	<a href="https://data.qld.gov.au">https://data.qld.gov.au</a>
	Overseas travel	ARRs – section 33.2	An overseas travel expenditure report for the 2020–2021 reporting year was not required as no overseas travel was undertaken by any officers of the department/agency
	Queensland Language Services Policy	ARRs – section 33.3	A language services expenditure report for the 2020–2021 reporting year was not required as language services were not required.
<b>Financial statements</b>	Certification of financial statements	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1	Page 27
	Independent Auditor's Report	FAA – section 62 FPMS – section 46 ARRs – section 17.2	Page 45 of 'Financial statements'

FAA *Financial Accountability Act 2009*

FPMS Financial and Performance Management Standard 2019

ARRs Annual report requirements for Queensland Government agencies

## APPENDIX 3: GOVERNMENT BODIES RELEVANT TO THE DEPARTMENT

<b>Expenditure Advisory Committee for the Office of Groundwater Impact Assessment</b>	
Act or instrument	<i>Water Act 2000</i>
Functions	Advises the Office of Groundwater Impact Assessment on the preparation of its annual budget and the administration of the annual levy on resource tenure holders in accordance with section 479 of the <i>Water Act 2000</i> .
Achievements	The committee met in March 2021 to undertake a mid-year review for the 2020-2021 fiscal year and met in June 2021 to consider the 2021-2022 budget.
Financial reporting	Transactions of the entity (such as taxi, travel) are accounted for in the financial statements.
<b>Remuneration</b> No remuneration is payable.	

Ministerial Advisory Council for Flood Mitigation Manuals					
Act or instrument	Section 570 of the <i>Water Supply (Safety and Reliability) Act 2008</i>				
Functions	The functions of the Advisory Council are to provide advice to the Minister under section 371E and 372 of the Act by independently assessing a referred flood mitigation manual and by producing a report with appropriate advice and recommendations on whether to approve or not approve the manual.				
Achievements	<p>The Ministerial Advisory Council for Flood Mitigations met 6 times during July 2020 - June 2021 and provided:</p> <ul style="list-style-type: none"><li>advice to Seqwater on the terms of reference for engaging the independent expert undertaking the redrafting of the Flood Mitigation Manual for Wivenhoe and Somerset Dams and the Flood Mitigation Manual for North Pine dam; and</li><li>comments to Seqwater on the draft Flood Mitigation Manual for Wivenhoe and Somerset Dams.</li></ul>				
Financial reporting	Included in the Department of Regional Development, Manufacturing and Water’s Annual report				
Remuneration – Category under the Remuneration Matrix: Regulation, Administration and Advice (Level 2)					
Position	Name	Meetings/sessions attendance	Approved annual, sessional or daily fee	Approved sub-committee fees if applicable	Actual fees received
Chair	Dr Diana Day	6	\$520 > 4 hours / \$260 < 4 hours	N/A	\$780
Member	Mr Mark Babister	6	\$400 > 4 hours / \$200 < 4 hours	N/A	0
Member	Ms Sarah Zeljko	3	\$400 > 4 hours / \$200 < 4 hours	N/A	0
Member	Dr Bill Weeks	5	\$400 > 4 hours / \$200 < 4 hours	N/A	0
Local government Member	Mr Allan Charteris	6	Not remunerated	N/A	0
Local government Member	Ms Kaye Cavanagh	4	Not remunerated	N/A	0
Local government Member	Mr Tim Wright	3	Not remunerated	N/A	0
Local government Member (appointment from 12-03-2021)	Mr Luke Hannan	4	Not remunerated	N/A	0
No. scheduled meetings/sessions	6				
Total out of pocket expenses	\$ 305.90 expenses claimed by members will be reimbursed in FY 2021-2022. \$1,202.35 flights, catering and accommodation (paid for by department)				

Total out of pocket expenses	\$ 305.90 expenses claimed by members will be reimbursed in FY 2021-2022. \$1,202.35 flights, catering and accommodation (paid for by department)  <sup>1</sup> Members have been also paid for work hours outside of the meetings. Actual fees received are inclusive of these costs but the additional sessions are not reflected in the number of meetings column.				
<b>Water Act Referral Panel</b>					
Act or instrument	<i>Water Act 2000</i>				
Functions	The Water Act Referral Panel (Panel) provides independent advice and recommendations to the chief executive on a range of water planning matters and to the Minister on moratorium matters, under Chapter 2 of the <i>Water Act 2000</i> .				
Achievements	The Panel met to consider a number of issues raised in public submissions on the draft Barambah Creek groundwater management area, Water Plan (Burnett Basin) 2014. The Panel made recommendations to the chief executive relating to the submissions.  The meeting was held online to accommodate COVID-19 safe business delivery.				
Financial reporting	Accounted for in financial statements of the Department of Regional Development, Manufacturing and Water. Previously in financial statements of the Department of Natural Resources, Mines and Energy.				
<b>Remuneration</b> - Category under the matrix – Regulation, Administration and Advice (Level 1)					
Position	Name	Meetings/sessions attendance	Approved annual, sessional or daily fee	Approved sub-committee fees if applicable	Actual fees received
Member	Ms Fiona Barron	1	\$500 > 4 hours / \$250 < 4 hrs	N/A	\$1750.00
Member	Mr Richard James (Jim) Mobbs	0	\$500 > 4 hours / \$250 < 4 hrs	N/A	0
Member	Ms Claire Rodgers	1	\$500 > 4 hours / \$250 < 4 hrs	N/A	\$1750.00
Member	Ms Leith Ester Bouilly	0	\$500 > 4 hours / \$250 < 4 hrs	N/A	0
Member	Professor Allan Dale	0	\$500 > 4 hours / \$250 < 4 hrs	N/A	0
Member	Mrs Cheryl Dalton	0	\$500 > 4 hours / \$250 < 4 hrs	N/A	0
Member	Ms Alison Dowling	1	\$500 > 4 hours / \$250 < 4 hrs	N/A	\$1750.00
Member	Mr Ian Johnson	0	\$500 > 4 hours / \$250 < 4 hrs	N/A	0
Member	Professor Poh-Ling Tan	0	\$500 > 4 hours / \$250 < 4 hrs	N/A	0
No. scheduled meetings/sessions	1				
Total out of pocket expenses	Nil				
NOTE	There is no Chair on the Water Act Referral Panel.				

## APPENDIX 4: ACCOUNTABLE OFFICER ATTESTATION – INFORMATION SECURITY MANAGEMENT

OFFICIAL: Public

### ACCOUNTABLE OFFICER ATTESTATION – INFORMATION SECURITY MANAGEMENT

I, Graham Fraine, am of the informed opinion that information security within the Department of Regional Development, Manufacturing and Water (DRDMW), including the Information Security Management System (ISMS), is being appropriately managed.

I am satisfied that risks to the in scope information and information systems of DRDMW meet the agency's risk appetite and that information security risks are being managed appropriately.

As a newly formed agency, only the information assets or systems assessed as critical were included in the scope of the ISMS for this year. In future years the scope of the review will be expanded to include additional information assets and systems.

I have received sufficient assurance from within the expertise of the department and undertaken appropriate reviewing activities to inform my opinion of DRDMW's information security risk position. Where the business impact warrants, advice has been received to support my opinion of DRDMW's information security risk position.



(signed)

Date: 10 September 2021

Graham Fraine

Department of Regional Development, Manufacturing and Water

## **Appendix 5: Report of the regulator's activities under the *Water Supply (Safety and Reliability) act 2008***

Under the *Water Supply (Safety and Reliability) Act 2008* (Act), the chief executive of the department, as the regulator, is responsible for a number of duties—including maintaining a register of registered service providers and monitoring compliance with the Act. Each year the regulator may prepare reports about the regulator's activities.

The department is responsible for the regulation of drinking and recycled water providers in Queensland. Regulated activities include reporting related to drinking water quality and recycled water, and performance reporting by the service providers. Water Supply Regulation within Divisional Support is the unit responsible for managing the department's water quality and performance regulation responsibilities. Throughout this appendix, 'the regulator' means 'Water Supply Regulation'.

Voluntary compliance is encouraged and supported by the regulator through the provision of information and advice. However, enforcement activities may be required from time to time when service providers do not meet their obligations under the Act.

This summary is the regulator's report for the period 1 July 2020 to 30 June 2021.

### **Service provider registrations**

Under the Act, an entity that supplies water and/or sewerage services must apply for registration.

Currently there are 193 service providers registered in Queensland, 83 of which are drinking water service providers and are responsible for supplying drinking water services to a large number of communities ranging from less than five residential properties to almost 250 thousand properties. These are also referred to as drinking water schemes.

### **Drinking water quality**

Drinking water service providers are mainly local councils, but also other entities that own the infrastructure for harvesting, extracting, treating, transmitting and/or reticulating water for drinking purposes and charge for the water services.

The Act requires each drinking water provider to develop and have a Drinking Water Quality Management Plan (DWQMP) in place, within 12 months of registering as a service provider. All DWQMPs are submitted to the regulator for assessment and approval. Once approved, a DWQMP must be complied with and regularly reviewed, audited and amended to ensure the plan remains current and accurate. Amended DWQMPs must be re-approved by the regulator.

Currently all 83 service providers registered in Queensland for providing drinking water services have an approved DWQMP. During the financial year 2020–2021, the regulator received 34 DWQMP amendment applications and due to the processing of several applications continuing from the previous financial year, approved a total of 41 DWQMP amendment applications.

During this period, the regulator also assessed and requested further information for 27 applications, refused one application, agreed to five requests for minor changes to the approved DWQMPs and disagreed to four minor change requests. Five applications were not processed due to being incomplete or taken to be withdrawn, following the failure of the service provider to comply with an information requirement notice.

All registered drinking water service providers are required to:

- monitor their drinking water quality as described by their approved DWQMP and in accordance with the Public Health Regulation 2018.
- report drinking water quality incidents and events to the regulator.
- undertake regular reviews and external audits of their approved DWQMP at the intervals stated in their plan.
- prepare and publish the annual drinking water quality management plan reports, customer service standards, unless they have a contract of service with each customer and key performance indicators about the water services they provide.



## Drinking water quality incidents

Drinking water service providers need to specify in their DWQMPs how they manage public health risks associated with their drinking water supply and monitor an appropriate range of water quality parameters. These parameters are specific for each drinking water scheme and may differ from one provider to the next. Accordingly, water samples are taken regularly at nominated locations and tested for these specific parameters.

The regulator applies the health guideline values set in the Australian Drinking Water Guidelines as the primary water quality standards. Any exceedance of these standards must be reported to the regulator as 'incidents'. Some types of events that have the potential to impact on public health must also be reported to the regulator. The regulator works closely with Queensland Health to monitor how the drinking water service provider manages the incidents that could potentially pose a risk to public health.

Since the commencement of the Act, there have been 2615 drinking water quality incidents reported to the regulator since January 2009. Of these, 191 were reported in the 2020–2021 financial year with:

- 10 'non-reportable' (incidents that, after investigation, did not fit within the definition of an incident that is required to be reported).
- 51 relating to detections of micro-organisms (including *Escherichia coli*.)
- 54 relating to various chemical parameters exceeding a health guideline value.
- nine relating to parameters with no water quality criteria (detections of parameters without health guideline values must be reported if they cannot be managed under the approved plan and public health may be impacted).
- 57 events (incidents that have the potential to impact public health if not appropriately managed).
- 10 events with failure to sample/test water or the provider had data missing from its records.

During the 2020–2021 financial year, 183 incidents were reviewed and closed by the regulator.

## Performance reporting

A total of 75 relevant drinking and sewerage service providers are required to report annually to the regulator on the key performance indicators for the services they provide. All 75 service providers met their reporting timeframes. The regulator checks the data provided by service providers for compliance with relevant legislation. The data is then collated, analysed and subsequently published as a comparative report on the performance of like service providers.

## Publishing requirements

Registered service providers are required to prepare and publish a number of documents and reports relevant to the water and/or sewerage services they provide for their customers. Electronic online publication of these documents offers transparency and confidence to customers, including a means to access and download the information free of charge.

The list of relevant documents, which the majority of service providers must publish online, includes:

- customer service standards for water and sewerage.
- DWQMP (annual) reports.
- performance reports.
- recycled water management plan annual reports.
- any guidelines for preparing a water efficiency management plan.
- any water and/or sewerage service area maps and notices.

Compliance with publishing requirements was not targeted for monitoring by the regulator during the 2020–2021 financial year.

## **Recycled water**

All recycled water schemes need to be registered, but only certain types of schemes need to have an approved Recycled Water Management Plan (RWMP). A RWMP addresses potential hazards, assesses level of risk and identifies how risks will be managed.

Of the 174 registered recycled water schemes, only seven higher use schemes are required to have an approved RWMP. Six schemes have an approved RWMP in place and one scheme has had their RWMP suspended, as it is not currently supplying recycled water. During 2020–2021, the regulator assessed two RWMP amendment applications and requested further information for both these applications.

Approved RWMP holders are required to keep their plans and procedures current through audits and review processes. The regulator also works closely with Queensland Health to ensure that providers appropriately manage recycled water incidents and protect public health.

## **Compliance reporting**

Since the 2014 legislative amendment requiring performance reporting for sewerage and water service providers, the department has successfully implemented several support and educative activities. The aim of these activities is to provide assistance, support, and in some cases, resources to help reduce the regulatory burden on service providers.

The regulator's compliance approach is targeted, transparent and effective. It continues to foster early engagement with providers with the aim of seeking voluntary compliance. However, if this is not effective, the regulator will use regulatory tools to achieve compliance.

## Glossary

70:20:10	The 70:20:10 model of learning and development incorporates three types of learning: 70% from real-life and workplace experiences, 20% from relationship learning (feedback, mentoring, coaching, networks and from observing and working with role models) and 10% from formal learning and structured programs.
ARRs	Annual Report Requirements for Queensland Government agencies.
best practice	Commercial or professional procedures that are accepted or prescribed as being correct or most effective.
COVID-19	Coronavirus disease of 2019
DLT	Department Leadership Team
DRDMW	Department of Regional Development, Manufacturing and Water
DWQMP	Drinking water quality management plan
FAA	<i>Financial Accountability Act 2009</i>
FPMS	<i>Financial and Performance Management Standard 2019</i>
GST	Goods and Services Tax
QGISC	Queensland Government Information Security Classification Framework
megalitre	metric unit of capacity equal to a million litres.
MIQ	Made in Queensland
NWGF	National Water Grid Fund
NWIDF	National Water Infrastructure Development Fund
PwC	PricewaterhouseCoopers
QWRAP	Queensland Water Regional Alliance Program
RAI	Regional Australia Institute

