Service Reports

Economic and fiscal coordination

Jobs and a strong economy

We provide economic and fiscal advice and strategy to support the government's focus on creating jobs, driving sustainable economic growth, and delivering quality frontline services.

We do this most visibly through each year's Queensland Budget, and also through:

- economic and fiscal strategy and policy development
- economic forecasts and whole-of-government fiscal estimates
- economic analysis and modelling
- collection and analysis of data to inform public policy and decision making
- employment policy advice, and implementation and delivery of key employment programs
- advice on regulatory reform and skilled migration policy
- statistical and demographic research.

Key issues in our environment

Global events, commodity prices, trends in key industries and natural events impacted on the Queensland economy during 2016–17

Severe Tropical Cyclone Debbie is estimated to shave three quarters of a percentage point from Gross State Product across 2016–17 and 2017–18.

Reflecting the government's commitment to transition to more broad-based growth, Queensland's gross state product is expected to strengthen to 2¾ per cent in 2016–17 and 2017–18. These forecasts would have been higher but for the impact of Severe Tropical Cyclone Debbie. Growth is expected to strengthen further in 2018–19, to 3 per cent, with an anticipated recovery in business investment and a solid contribution from public sector capital spending. The combination of these trends is expected to support some improvement in labour market conditions, with Queensland's unemployment rate expected to fall to 6 per cent by June quarter 2019.

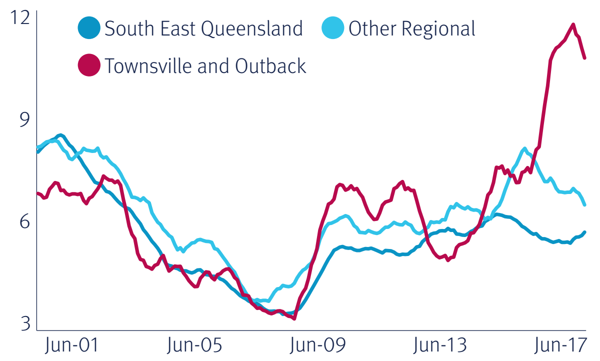
Overseas exports are a key contributor to the Queensland economy and the state's net operating balance, which is supported by revenues received from royalties. Volatility in commodity prices can also impact growth in household incomes and business investment. For the government, movements in commodity prices can change forecast revenues from royalties.

Potential changes in tariff and trade arrangements in some overseas markets and heightened geopolitical tensions have the potential to impact on Queensland's overseas trade by reducing demand for our exports, or slowing global economic growth more generally.

Domestically, key sources of uncertainty include the emergence of an oversupply of dwelling units, which could accelerate the decline in dwelling investment, and the pace and timing of the recovery in business investment.

Regional unemployment[1]

Better prospects for mining, construction, agriculture and tourism have resulted in a welcome improvement in regional labour market conditions. Consistent with the expected improvement in overall domestic activity, a strengthening in employment growth is expected to result in the unemployment rate gradually improving.

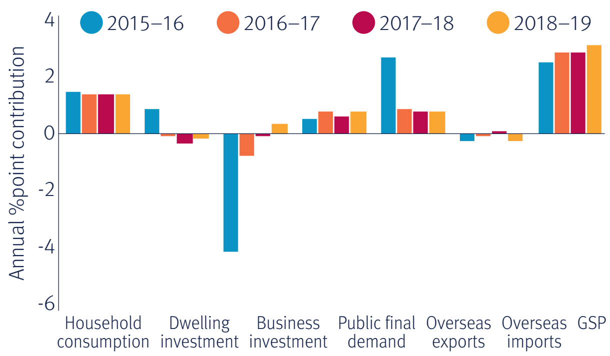


1. *Based on 12 month moving averages. South East Queensland is defined as Greater Brisbane, Gold Coast, Sunshine Coast and Toowoomba. Other regional is defined as Cairns, Darling Downs–Maranoa, Fitzroy, Mackay and Wide Bay*

Source: ABS 6291.0.55.001.

Contributions to growth in Queensland's gross state product[2]

Following an unprecedented resources investment boom, the Queensland economy continues its transition to more broad based growth. Strong growth in the housing sector has supported construction employment during the downturn in mining and liquefied natural gas (LNG) investment. Construction of new housing is expected to peak in 2016–17, before falling in the next two years, while business investment is forecast to return to moderate growth in 2018–19 following adjustment from the LNG construction boom. Subdued real wages and population growth are expected to result in modest growth in household consumption. Meanwhile, LNG exports will make a solid contribution to export growth, while a competitive Australian dollar and growing demand from Asia is supporting growth in tourism and education exports



2. *CVM, 2016–17 onwards are forecasts.*

Source: Queensland Treasury.

Queensland's Budget

Each year we develop Queensland's Budget to:

- monitor our economic performance and the state's finances
- outline the state's economic plan and key policy initiatives in line with that plan
- implement the government's fiscal and debt reduction strategies
- manage ongoing impacts in our economic environment.

The 2017–18 Budget demonstrates the government's ongoing commitment to responsible fiscal management while responding to the challenges of natural disasters.

The economic plan outlined in the Budget also reiterated the government's commitment to facilitating sustainable economic growth and diversifying the state's economy following the mining investment boom.

Most importantly, the economic plan will ensure the translation of the state's economic growth into more job opportunities for all Queenslanders over the short, medium and long term.

The Budget also delivers on the government's objective of revitalising frontline services.

Highlights of the Budget include:

- a record $16.6 billion for health services
- $13.7 billion for education
- significant investments in social and economic infrastructure, including:
  - $42.75 billion in capital works over the next four years. The capital works in 2017–18 and key new existing budget initiatives would directly support around 40,000 full time equivalent jobs, predominantly in the private sector in 2017–18
  - a commitment to fully fund the $5.409 billion Cross River Rail, Queensland's highest priority infrastructure project.

The value of the government's fiscal strategy was supported with Moody's Investors Service affirming its Aa1 rating (equivalent to AA+) for Queensland, and restoring a 'stable' outlook for Queensland's credit rating. Standard & Poor's Global has also affirmed a AA+ (stable) rating.

Read more about the Queensland Budget at www.budget.qld.gov.au

Strategy

Managing the budget and state finances, and reducing debt

Queensland's Debt Action Plan

A key performance indicator for government is the extent to which it can improve the sustainability of the state's finances by driving down debt.

Beginning with the 2015–16 Budget, the government committed to reducing General Government debt without selling GOCs, increasing taxes or cutting services.

The resulting Debt Action Plan is predicated on the government's fiscal principles, supporting the principle to achieve ongoing reductions in Queensland's relative debt burden.

The Debt Action Plan focuses on better balance sheet management to reduce debt by:

- stopping future borrowing to contribute to an overfunded defined benefit superannuation scheme, and reducing overfunding in the scheme to pay for priority infrastructure and repay debt
- using funds to reduce debt today rather than holding them to pay for a future long service leave obligation
- increasing the gearing levels of GOCs and reducing underutilised GOC cash balances to reduce General Government Sector debt
- drawing funds from the Queensland Government Insurance Fund surplus to help fund the government's response to Cyclone Debbie instead of borrowing.

The plan has already achieved a reduction in General Government sector debt which is expected to fall by more than $9.3 billion from $43.1 billion in 2014–15 to $33.8 billion in 2017–18. Read more about the government's fiscal strategy on page 16.

The strong surplus in 2016–17 combined with balance sheet measures from the 2017–18 Budget, provide capacity to fund further priority capital projects over the forward estimates without significantly increasing debt levels. We expect to continue advancing the government's fiscal principles as we develop and implement the 2018–19 Queensland Budget in the coming year.

Strategy

Shaping policy to support employment growth and increase workforce participation, including Aboriginal and Torres Strait Islander and regional employment

In 2016, we began administering the government's Back to Work Program.

Back to Work focuses on creating employment for disadvantaged jobseekers across Queensland, such as the long-term unemployed, young people, older Queenslanders, Queenslanders with a disability, and Aboriginal and Torres Strait Islander people.

Following announcements in the 2017–18 Budget in June 2017, Back to Work is now a two-year, $177.5 million initiative. This expansion of Back to Work provides a statewide stimulus for private sector employers to take on Queensland jobseekers and includes:

- $150 million for the Back to Work Regional program
- $27.5 million from 1 July 2017 for the Back to Work South East Queensland expansion.

As at 30 June 2017, $26.4 million had been paid to employers in first payments, which supported:

- 2,563 employers
- 5,275 jobseekers across regional Queensland
- 2,831 young people (aged 15–24 years) under the $20,000 Youth Boost payment introduced on 1 December 2016.

When the Back to Work Regional package was first established in 2016, South East Queensland was experiencing relatively strong labour market conditions. However, it became apparent that the region was challenged by youth and long-term unemployment.

From 1 July 2017, the Back to Work Program will expand to include support payments of up to $20,000 for employers who hire a long-term unemployed (out of work for 52 weeks or more) or young unemployed jobseeker in South East Queensland. The initiative is designed to stimulate economic and labour market conditions in south-east Queensland by giving businesses the confidence to employ disadvantaged jobseekers.

Strategy

Providing expert economic policy, fiscal and statistical advice across agencies

Informing policy development across agencies

Following on from our highly visible Census campaign featuring Sesame Street's The Count, we have begun updating Queensland Government population projections with 2016 Census benchmarks. These projections, to be released in 2017–18, will form a solid base for the government's service delivery and infrastructure planning objectives.

We also provided expert economic analysis and policy advice to agencies and government in relation to several major economic development and policy issues, including:

- significant contributions to the development of the government's Strategic Blueprint for Queensland's North West Minerals Province
- economic analysis and advice to inform the government's review of trading hours (Read more about this review on pages 68 and 146 to 147)
- whole-of government submissions to several significant reviews and inquiries undertaken by the Australian Government, including the Productivity Commission's Inquiry into Transitioning Regional Economies and the Australian Competition and Consumer Commission's market study on fuel prices in Cairns.

Strategy

Attracting investment and promoting growth

Innovation and jobs through sustainable venture capital

During 2016–17, we continued our partnership with QIC Limited in encouraging a sustainable venture capital investment market in Queensland via the $40 million Business Development Fund (BDF). Through BDF, the government provides early stage co-investment funding to grow innovative and emerging Queensland businesses that can create high value, knowledge-based and skilled jobs. Read more about the Business Development Fund on page 47.

Leveraging private sector investment

In 2016–17, we led the development of the $200 million Jobs and Regional Growth Package, announced as a key initiative in the 2016–17 Mid Year Fiscal and Economic Review.

The flagship initiative included in the package was the $130 million Jobs and Regional Growth Fund. The fund is focused on leveraging private sector investment by supporting projects in regional Queensland to generate economic activity and long term employment opportunities.

The overall suite of initiatives included in the Jobs and Regional Growth Package also includes a range of new programs aimed at giving young people the best chance of securing a job across regional Queensland. Read more about Jobs and Regional Growth on page 50 to 51.

Solving society's 'wicked and complex' problems

People's lives can derail for all sorts of reasons, with devastating consequences. To help researchers understand the reasons and find the solutions, Griffith University's Social Analytics Lab (SAL) and our own Government Statistician's Office (QGSO) have collaborated to provide researchers with access to top quality data.

SAL is a secure repository for highly sensitive datasets. QGSO provides SAL with datasets linked to each other so researchers can understand what they call society's 'wicked and complex' problems. These are issues that have no simple solution, such as child maltreatment and out-of-home care, mental illness and offending, and patterns of criminal behaviour. Through SAL, researchers and government can design innovative, outcomes-based interventions.

The partnership began with linking datasets to trace people's trajectories through the criminal justice system, for which QGSO received open acknowledgement from Police Commissioner Ian Stewart and Police Minister Mark Ryan.

Government Statistician Antony Skinner explained the vital role the Statistical Returns Act plays in the partnership with SAL.

"Being sanctioned by the Act means we can broker highly sensitive datasets from agencies for legitimate research projects," Antony said.

"Without that legislative authority and protection, a lot of important research such as that taking place at SAL could not happen."

SAL Director Professor Anna Stewart (pictured below with Antony Skinner) has researched 'wicked and complex' problems at Griffith University for 25 years.

"What we can do now that we have access to this data is really cool," Professor Stewart explained.

"It has opened up new ways of doing social science. If we can find out why people offend, we can work out how to prevent them from offending."

As more research projects begin to use SAL's facilities, the scope for getting people's lives back on track continues to grow. And it's all down to collaboration, innovation, and some good old Queensland know-how.

In the year ahead, QGSO will further expand the body of knowledge on crime, its causes and solutions by establishing a Crime Statistics and Research Unit to provide a single point of access for crime statistics in Queensland.

Agency performance

Our clients are at the centre of everything we do

As a central agency, our role is to support agencies to improve frontline services by managing public policy and fiscal and economic issues across government. To improve our performance in this role, in 2016 we established our Agency Performance business model to work in strategic partnership with our client government agencies.

Agency Performance places our clients at the centre of everything we do. By better supporting agencies, we can better support the government achieve its objectives for jobs, the economy, services and communities. We do this by:

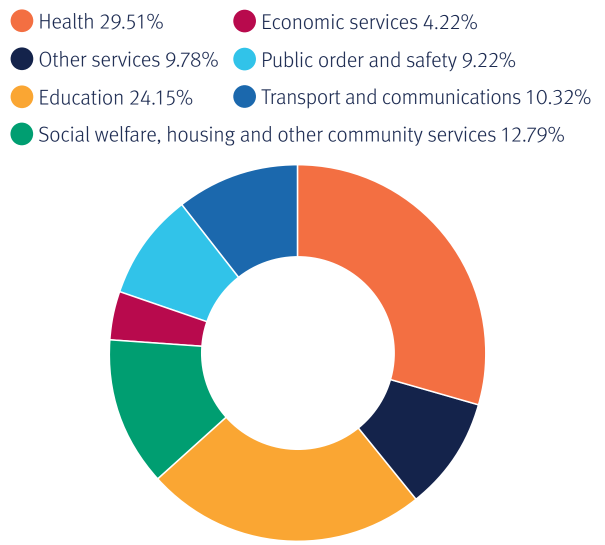
- partnering with agencies to optimise their performance in balancing service delivery within budget parameters
- providing economic and fiscally responsible public policy analysis and advice to agencies to support the government's priorities
- managing and coordinating intergovernmental fiscal relations issues
- managing whole-of-government banking and payment services contracts
- undertaking statistical and demographic research.

Key issues in our environment

Agency Performance is continuing to implement our business model based on strategic partnering with our client agencies, including developing engagement plans for each agency. This will continue to have a significant influence on our relationship with agencies and the way we work together.

In providing economic and fiscally responsible public policy advice, Agency Performance is guided by the government's economic plan and the six fiscal principles. Read more about the government's fiscal strategy on pages 16 and 39.

2017-18 State Budget Expenses



Proportion of Queensland Government expenditure by major purpose classification for the 2017–18 Queensland Budget. Expenditure on health services accounted for the largest share of expenses (29.5 per cent) followed by Education (24.2 per cent).

Strategy

Providing expert economic and financial advice across agencies

Our performance during the year included working with agencies on the following initiatives, the outcomes of which are the responsibility of those agencies:

- Developing performance indicators for select initiatives under child protection and domestic and family violence reforms, with the Department of Communities, Child Safety and Disability Services, Department of Justice and Attorney-General, Department of the Premier and Cabinet, and the Queensland Family and Child Commission.
- Providing advice on a range of policy and financial matters related to the National Disability Insurance Scheme, with the Department of Communities, Child Safety and Disability Services, the Department of the Premier and Cabinet and other relevant agencies.
- Expanding the trial of kindergartens in remote schools and improving Aboriginal and Torres Strait Islander families' participation in kindergarten, with the Department of Education and Training.
- Developing a business case for the Cairns Innovation Centre, which will be a multipurpose facility for innovation and entrepreneurship, with James Cook University.
- Developing *Moving ahead: A strategic approach to increasing the participation of Aboriginal people and Torres Strait Islander people in Queensland's economy 2016–2022*, with the Department of Aboriginal and Torres Strait Islander Partnerships.
- Developing the government's response to the Queensland Parole System Review. The review sought input from victims' organisations, organisations working with offenders, academics, experts, workers in the criminal justice system and interested members of the public. The government released the report and its response in February 2017. We partnered with the Department of Justice and Attorney-General on this initiative.
- Implementing the $5 million North Stradbroke Island Workers' Assistance Scheme, in partnership with the Departments of Education and Training and State Development. This scheme will help workers prepare for the end of sand mining on the island from 2019, with assistance with new employment, training, relocation, housing, commuting and income supplementation.
- Developing the 10 year *Queensland Housing Strategy 2017–2027*. The strategy is supported by a $1.8 billion funding commitment to increase the supply of social and affordable housing and reform the state's housing and homelessness services. In developing the strategy we partnered with the Department of Housing and Public Works. Read more on page 45.
- Developing a new public transport fare system with simpler zones and new fare price points across South East Queensland.
- Developing the South East Queensland Regional Plan (ShapingSEQ). The plan has been developed with a 50-year vision to manage expected growth and capitalise on our economic strengths. The plan was led by the Department of Infrastructure, Local Government, and Planning.
- Continued preparations for an on-time and on-budget Gold Coast 2018 Commonwealth Games, the largest sporting event Australia has seen in a decade. Preparation continues across multiple agencies with leadership from the Department of Tourism, Major Events, Small Business and the Commonwealth Games.

Strategy

Advocating Queensland's interests in Commonwealth–State fiscal relations

Our enhanced partnership model was also reflected in our advocacy of Queensland's interests in the federal arena.

We worked with treasuries in the other states and territories to lead the Treasurers' annual joint submission to the Commonwealth on expiring National Partnerships. This submission recommended that the Australian Government continue to fund 32 National Partnerships, with particular priority being given to partnerships for:

- Universal Access to Early Childhood Education (UAECE)
- Building Australia's Future Workforce – Skills Reform
- Homelessness
- Remote Housing Strategy
- Adult Public Dental Services

on the basis that certainty of ongoing funding was needed to maintain the improved outcomes that these agreements had already delivered for Australians.

Because nearly half of Queensland's revenue, around $23 billion in 2016–17, comes from the Australian Government, our influence with the Commonwealth Grants Commission is critical to ensure we maintain an appropriate share of funding, minimise conditions on how it is spent and improve services for Queenslanders.

Our advocacy in 2016–17 was successful. The Commonwealth Grants Commission's 2017 Update Report recommended that Queensland's GST relativity increase to 1.188 in 2017–18 (from 1.171 in 2016–17). This means an increased share of the GST for Queensland in 2017–18.

Partnering for homes and jobs

Treasury is continuing to work in close partnership with the Department of Housing and Public Works (DHPW) as it rolls out the government's 10 year *Queensland Housing Strategy 2017–2027*.

The strategy was announced in the 2017–18 Queensland Budget with funding provided to:

- grow the supply of social and affordable housing
- renew the existing social housing property portfolio
- progress home ownership in discrete Aboriginal and Torres Strait Islander communities
- undertake reforms to housing and homelessness services.

In addition to ensuring that every Queenslander has a pathway to a safe, secure and affordable home, the Queensland Housing Strategy will help to drive local job creation and economic growth through the Housing Construction Jobs Program to increase the supply of social and affordable housing.

The housing strategy will also drive service reforms in DHPW to offer person-centric, holistic approaches to determine the best response to the needs and circumstances of Queenslanders.

We will continue to jointly investigate innovative housing interventions and progress further policy work on the direction of social and affordable housing in Queensland.

Commercial services

Value-for-money Infrastructure and attracting investment

We promote investment and seek to secure the infrastructure Queensland needs to grow and flourish by:

- providing the best economic, commercial and fiscal policy advice and advocacy to maximise opportunities for private sector investment
- advising on the funding, financing, procurement and delivery of infrastructure and property
- leading complex governance and commercial issues in substantial business enterprises with private sector investment and industry development
- providing advice on optimising the performance of the state's government-owned corporations, Seqwater and Queensland Rail
- strengthening regulatory frameworks to promote competition, investment, innovation and economic growth and productivity.

Strategy

Attracting investment and promoting growth

Business Development Fund

The Business Development Fund (BDF) is the Queensland Government's $40 million early stage and follow-on venture capital fund, investing in growing innovative Queensland businesses. The fund may invest between $125,000 and $2.5 million alongside a private sector co-investor. The co-investor and the fund will become shareholders with identical rights in the same company. The fund will hold this investment until its shares are bought out through a merger, acquisition or initial public offering.

In 2016–17, the government invested;

- $2.5 million in Tritium to develop an export program for its innovative electric vehicle technology
- $2 million in FGF Holdings, which is reinventing traditional home care for the aged with a software platform connecting technology, people and the community
- $1.05 million in the Plant Miner Group, for an on-line plant hire and equipment platform
- $250,000 in MiCare Global to develop and market its software which enables facility operators and in-home carers to provide a greater quality of service
- $125,000 in EFTLab to improve electronic payment processing for the banking industry
- $500,000 in Lawcadia for an online business-to-business marketplace for legal services procurement.

Resources development

A new policy approach to promote the economic development of key resource basins and regions of the state has been developed, again generating employment and royalty revenue for Queensland.

The Resources Regional Development Framework, announced in May 2017, will facilitate future mineral development projects in the Galilee and Surat Basins, the North West Minerals Province and undeveloped gas basins. It will provide investor certainty and encourage new mining development and other related economic opportunities in these regions.

Market-Led Proposals

A Market-Led Proposal (MLP) is a submission from the private sector seeking a commercial arrangement with government to provide a service or infrastructure. MLPs always include a role for government and are expected to provide benefits to government and/or the Queensland community. Usually low risk–low cost to government, they must present a clear case for direct negotiation between the proponent and government, rather than a competitive process.

Since MLPs were introduced in July 2015 the Treasury MLP Team has had discussions with proponents across every industry. From these discussions, 44 Stage One: Initial Proposals have been submitted for formal consideration, and six proposals have progressed to Stage Two: Detailed Proposal or beyond.

In 2016–17 the $512 million Logan Motorway Enhancement Project, put forward by Transurban Queensland, reached contract close and commenced construction. Five proposals are in detailed negotiations. They represent almost $260 million in potential capital investment, and would potentially support an average of 400 jobs each year during construction.

MLPs are rigorously assessed against strict criteria. Where a good idea doesn't fit the criteria, it can still be progressed in another way. Of the 20 proposals closed to date, six are being considered or are progressing through a competitive process and three have been referred to existing programs or other government support.

In 2016–17, this included a request for expressions of interest for the Fortitude Valley Police-Citizens Youth Clubs site, and a market sounding exercise to develop innovative ways to reduce state school energy costs.

Updated MLP guidelines released in July 2017 make it easier for proponents to engage with the process. They include a streamlined approval process, consolidated assessment criteria, and a 'justification for direct negotiation' criterion in place of the 'uniqueness' criterion. New guidance material and practical examples will help proponents to offer submissions which are more likely to succeed.

Herston Quarter Redevelopment

Australian Unity was engaged in February 2017 as master developer for the $1.1 billion Herston Quarter project, adjacent to the Royal Brisbane and Women's Hospital. This site will become a health-related, mixed-use community, with a 132-bed public Specialist Rehabilitation and Ambulatory Care Centre. The government's vision is for the broader Herston Health Precinct to host globally recognised health care, research, education, clinical trials and treatments. The project will support over 700 full-time equivalent jobs annually during construction. On contract execution, responsibility for Herston Quarter was transferred to Metro North Hospital and Health Service, which has entered into a development agreement with Australian Unity. Site works commenced in March, with staged development over the next ten years.

Cross River Rail

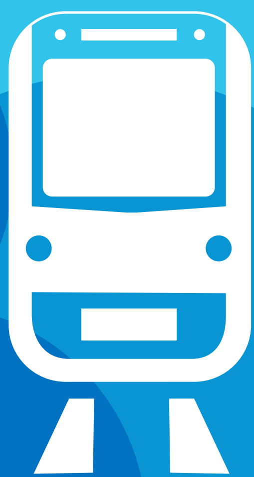
In 2016–17, the long-awaited Cross River Rail project moved through the planning and assessment phases of what will become one of Queensland's biggest ever infrastructure projects. This second rail river crossing will ease congestion, improve network reliability and increase accessibility to the Brisbane CBD, allowing more people to travel longer distances but with shorter journey times.

Our Commercial team assisted in the establishment of the Cross River Rail Delivery Authority and the Cross River Rail Delivery Board. Responsibility for the project moved to the Delivery Authority from April 2017 and our Commercial team has continued to provide input into market readiness activities throughout the year.

The State Government allocated an additional $1.952 billion in the 2017–18 Queensland Budget for Cross River Rail. This amount, together with $850 million previously allocated from the State Infrastructure Fund and the Australian Government's $10 million contribution, provides total funding of $2.812 billion over the forward estimates (2016–17 to 2020–21). Further allocations will be made in future budgets.

CROSSRIVERRAIL

- 10.2 kilometre link from Dutton Park to Bowen Hills
- 5.9 kilometres of tunnel under the Brisbane River and CBD
- Connecting Brisbane's northern and southern rail networks, with significant benefits to commuters in both directions
- Five new and upgraded high-capacity stations: Boggo Road, Woolloongabba, Albert Street, Roma Street and the Exhibition showgrounds
- Significant potential for jobs and economic growth.



Logan Motorway Enhancement Project

Queensland's first MLP – the Logan Motorway Enhancement Project – progressed during the year when the government entered into a binding contract with Transurban Queensland, following their detailed proposal for the $512 million project.

Transurban's proposal was found to be " … commercially sound, represented value for money and would deliver positive outcomes for Queenslanders."

The project is expected to support around 1,300 jobs during construction and generate around $1 billion (present value) in economic benefits for Queenslanders over 30 years. Our Commercial team will continue to represent government on the project board during construction, which is expected to be completed in 2019.

Above: Treasurer Curtis Pitt joined Linus Power MP, Leeanne Enoch MP, Logan Mayor Luke Smith, and Transurban Queensland Group General Manager Wesley Ballantine at a sod turning event to mark the start of construction for the Logan Motorway Enhancement project.

Maryborough fire station

Queensland's sixth MLP progressed to stage two in June 2017, when Hyne Timber's proposal to design and construct a new fire station and emergency response centre in Maryborough reached Stage Two: Detailed Proposal stage. Hyne proposes using Queensland grown, manufactured and engineered wood products in a partnership of forest industry and innovation experts. It is the result of a five year research partnership with the University of Queensland into emerging and advanced engineered timber products and associated building techniques.

The proposal is an excellent example of the versatility of the government's MLP framework in welcoming innovative proposals.

The Prince Charles Hospital Carpark and Office Accommodation

Work has progressed steadily with International Parking Group (IPG) to progress Stage Two of their MLP to finance and construct two multi-level car parks offering 1,500 bays and office accommodation for 500 staff at The Prince Charles Hospital on Brisbane's northside.

The project has an estimated cost of $54 million and will be undertaken in return for an extension of IPG's existing contract to manage all paid parking on the campus. A detailed proposal from IPG is expected in the second half of 2017.

Brisbane International Cruise Terminal

The Brisbane International Cruise Terminal is a proposal for a $100 million facility for mega-cruise ships at Luggage Point. This will expand South East Queensland's position in the Oceania cruise market, potentially adding as much as $1 billion into the Queensland economy in the next two decades. The proposal, which is in Stage Two: Detailed Proposal, received in-principle support for its proposed commercial and technical solutions in April 2017, and the Port of Brisbane's detailed proposal is expected in late September 2017.

Mount Cotton Driver Training Centre

RACQ's proposal to turn the Mount Cotton Driver Training Centre into a driving centre of excellence and innovation hub to research, design, and test vehicle and road safety technologies has reached Stage Two: Detailed Proposal. The government and RACQ are working through several operational issues to secure the long-term use of the site.

One William Street

Practical completion of Queensland's largest office premises, the 75,000m^2 1 William Street (1WS) was achieved on 20 October 2016.

By the end of November 2016, nearly 5,000 public servants from 20 agencies occupying 16 different CBD buildings moved into the 41-storey building. It was the largest government relocation and agency integration project ever undertaken in Australia.

Our 1WS project team lead the relocation, all aspects of the project development, contract management, fitout design, communication and stakeholder engagement, agency change management, and government business process reform.

1WS is an important part of the strategy to consolidate the state's real estate portfolio and provides a single address for government leaders and decision-makers, promoting agency communication, collaboration and innovation.

The building achieved a 5 Green Star Office Design Rating (V3) and 5 Star NABERS Energy Rating.

Acknowledging outstanding achievement

Project Delivery Director Paul Krautz received the Public Service Medal for his service to Queensland's infrastructure sector recognising his work as Project Delivery Director for 1WS and other high-end infrastructure projects, including the Boggo Road precinct, Kangaroo Point Park redevelopment, the Gallery of Modern Art, and the Queensland Art Gallery and State Library extension.

Better infrastructure for north Queensland

The Northern Australia Infrastructure Facility (NAIF) is an Australian Government initiative that offers $5 billion in concessional finance to encourage private sector investment in infrastructure across northern Australia.

We are leading the State Government's engagement with the Cairns-based NAIF office. Our objective is to maximise NAIF's value to our state and ensure Queensland gets a fair share of the benefits of NAIF-funded projects.

We reached a key milestone in the first half of 2017 with the Australian and Queensland Governments signing a NAIF Master Facility Agreement. This agreement outlines the legal and financial obligations of both governments in providing NAIF assistance.

We now stand ready to assess and progress NAIF-financed infrastructure projects over the course of 2017–18, in partnership with the Australian Government. We expect that proponents, having seen the government's commercial focus and willingness to engage with the private sector, will be keen to participate in this opportunity.

Strategy

Shaping policy to support employment growth

$130 million Jobs and Regional Growth Fund

The $130 million Jobs and Regional Growth Fund was designed to support growth and job creation by helping businesses to grow and expand in regional Queensland.

We are working in partnership with the Department of State Development to maximise the fund's employment and economic opportunities.

From the outset, there has been significant interest in the fund from regional Queensland across a diverse range of sectors, including agriculture, biofutures, resources, tourism, manufacturing and construction. Projects already approved under this fund will:

- support additional Indigenous employment by providing assistance for Cape York Timber to secure a business loan to expand its operations in Cooktown

- advance our state's biofutures sector by supporting the proposed construction of a large-scale bioprocessing plant in Mackay.

Integral to the fund's success is a rigorous framework for assessing applications. The success of applications is dependent on achievement of agreed milestones such as the number of additional jobs generated.

2017–18 will be the year in which we assess a significant number of applications to the fund, with the objective of fast-tracking business activity for regional Queensland. With the Department of State Development we will continue to ensure applications are assessed rigorously and offer value for money Read more about Jobs and Regional Growth on page 40.

Social Benefit Bonds

The introduction of our agency partnership model in 2016 provided exciting opportunities for us to make a positive impact on people's lives.

Nowhere was this more visible than with the introduction of Social Benefit Bonds (SBBs), in which we partnered with agencies and investors to tackle some of our most challenging social issues. We expect this to revolutionise how social services are delivered in Queensland.

SBBs are a form of impact investment, where the government brings private investors and service providers together to deliver specific social services. SBBs are outcomes driven – the government pays investors their principal investment plus a financial return if agreed outcomes are achieved. SBBs are developed in partnership with government agencies who will manage the contracts on behalf of government.

In 2017, the government entered into three contracts for SBBs:

- Uniting Care Queensland will deliver the New Parent Infant Network (NEWPIN) service will focus on reunifying Aboriginal and Torres Strait Islander children in the child protection system safely with their families. NEWPIN aims to increase the current reunification rate from 16.5 per cent to 41.5 per cent.
- Life Without Barriers will introduce a service to reduce youth reoffending by reducing the risk of young people being held on remand. This SBB will aim to reduce youth reoffending rates by 25 per cent to 50 per cent.
- Churches of Christ in Queensland will deliver the YouthCONNECT program targeting young people aged 15 to 25 years leaving statutory care who are homeless or are at risk of becoming so.

The NEWPIN SBB has secured finance, while the other two SBBs are in the process of connecting with investors. All three services are expected to commence in the second half of 2017.

Treasury and mine rehabilitation

The rehabilitation of abandoned mines is a big issue for Queensland in the post-mining boom economy. Fortunately, our people have what it takes to solve big issues.

Kirsten Vagne is director of the Financial Assurance Project Management Office, a partnership between Treasury and the Departments of Environment and Heritage Protection (EHP), and Natural Resources and Mines (DNRM).

Financial assurance is the money held by government to ensure mining sites are rehabilitated – rather than just abandoned – when mining ends. Typically, mining companies take out a bank guarantee to provide the assurance.

However, a recent review by Queensland Treasury Corporation found Queensland's financial assurance system was ineffective. Kirsten and her team are now charged with developing a new, workable scheme from 1 July 2018.

"Abandoned mines are a large liability for government," Kirsten explained.

"The review into Queensland's scheme found that it wasn't protecting the state's financial interest adequately, was expensive for industry and didn't promote good environmental outcomes.

"Although expanding companies needed to provide even more assurance, banks were less willing to bear the risk of those guarantees.

"We have an idea of what the solution might be, but we need to explore and test it, and also write the necessary legislation. We also want to make sure the incentive balance is right."

Even with good financial assurance in place, we also want mining companies to do the right thing by the environment along the way.

"It's a project that has lots of opportunities for innovation."

Service delivery in Indigenous communities

In 2016, the Treasurer directed the Queensland Productivity Commission to undertake an inquiry into service delivery in Queensland's remote and discrete Aboriginal and Torres Strait Islander communities. While there have been many successful programs implemented in these communities, outcomes for others have been mixed. The ultimate aim of the inquiry is to improve outcomes for all remote and discrete Aboriginal and Torres Strait Islander communities. Again, we will participate in developing the government's response to the inquiry's recommendations after its report is received in late 2017.

South East Queensland bulk water pricing

In May 2017 the Treasurer issued a referral notice to the Queensland Competition Authority to direct it to investigate the pricing practices of the monopoly bulk water supply business activity of Seqwater to ensure their spending is prudent and efficient. It will also recommend bulk water prices for the period 1 July 2018 to June 2021.

The authority will provide a draft report by 31 March 2018. Treasury will work with the Department of Energy and Water Supply to ensure a direction on water pricing in South East Queensland is finalised by mid-June 2018 to allow implementation by local government councils from 1 July 2018.

Queensland manufacturing inquiry

In September 2016, the Treasurer asked the Queensland Productivity Commission to undertake an inquiry into Queensland's manufacturing sector, including a review of reshoring initiatives (returning 'offshored' businesses to their originating countries) . The inquiry will identify policy options to improve the productivity and competitiveness of manufacturing in Queensland. The draft report was released 20 July 2017, and we will work closely with government and other stakeholders on the government's response, which is due in April 2018.

Supporting energy reform in Queensland

We participated in two energy inquiries in the past twelve months: electricity and solar pricing.

The Electricity Pricing Inquiry investigated the underlying drivers of electricity pricing and options for benefitting the economy while protecting vulnerable customers. The government's response to this inquiry was released in late 2016, after which Treasury began working with the Department of Energy and Water Supply and our government-owned energy corporations to implement initiatives raised in the report.

The Solar Feed-in Pricing Inquiry sought a fair price for solar exports, one that was based on the public and consumer benefits of solar exported energy that did not impose unreasonable costs on electricity customers. The inquiry submitted its final report at the end of 2015–16 and our Commercial Group participated in preparing the government's response which was released in December 2016.

In 2017–18 we will continue working with stakeholders to progress energy and water sector reforms in line with government objectives. Key to our performance will be understanding Queensland's requirements for future large-scale water infrastructure.

Powering Queensland Plan

In June 2017, the Queensland Government announced a $1.16 billion investment in affordable and secure energy for Queenslanders, to combat the pressures that increased energy prices placed on households, business and industry.

The Powering Queensland Plan supports moving to a cleaner energy sector, with new investment and jobs, so Queenslanders can continue to enjoy affordable and secure energy.

A $386 million downpayment for the Powering North Queensland Plan has been included in the 2017–18 Budget using dividends from government-owned corporations to kick-start growth-enhancing infrastructure projects in the region. This includes:

- $150 million for transmission infrastructure to support a clean energy hub
- $100 million for the proposed hydro-electric power station at Burdekin Falls Dam
- $100 million for improvement works for the dam
- a study to assess options for new hydro in the state, including North Queensland.

We will continue to work with the Department of Energy and Water Supply and GOCs in 2017–18 to progress these arrangements and deliver elements of the Powering Queensland Plan.

Energy Security Taskforce

A key activity in the Powering Queensland Plan for the coming year will be the work of the Energy Security Taskforce. This group will offer options for maintaining system security and reliability and implement relevant outcomes of the Finkel Review which were accepted by Queensland.

The taskforce will work with the state's energy businesses to ensure the system remains secure during high demand periods over the 2017–18 and 2018–19 summers. They will also lead work in developing transmission infrastructure in Queensland's north-west to support a clean energy hub, assess the need for expanded interconnection between Queensland and other states, and investigate new hydro-electric sites.

Revenue management

All about the customer

To help fund services for Queenslanders, we administer a revenue base of around $14 billion, from state taxes, duties, mining royalties and revenue from fines and penalties. We also administer grants that help bring home ownership within the reach of Queenslanders, and implement concessions and other Budget initiatives that encourage business, jobs and investment.

Our work for Queenslanders is underpinned by:

- high level client support
- responsive legislative services and advice to the Queensland Government
- targeted, fair and efficient enforcement
- improved end-to-end penalty debt management
- improved services for clients using business intelligence and behavioural economics.

Key issues in our environment

Because Queensland's economic story has a direct bearing on our revenue and grants streams, it is a story we follow closely.

Queensland's economic growth is forecast to be 2.75 per cent in 2017–18. This growth is underpinned by an increase in dwelling investments, a stable business sector, increase in liquefied natural gas (LNG) production volumes and the flow-on effect to supporting markets, as well as a depreciating exchange rate.

We expect revenue from taxation to increase by an average of 4.6 per cent annually from 2015–16 to 2020–21. Growth in transfer duty is expected to be largely supported by residential activity as prices and volumes continue to grow modestly, with non-residential activity expected to improve from recent low levels. Land taxes are anticipated to increase because of modest growth in land valuations along with additional revenue from the measures announced in the 2017–18 Budget. Although relatively restrained, payroll tax revenue is expected to grow steadily, with employment conditions expected to improve.

Royalty revenue is forecast to decrease significantly in 2017–18 after 2016–17 levels were much higher than expected due to the surge in coal prices in late 2016. Royalties are expected to fall in 2017–18 and 2018–19 as prices return to a medium term outlook, and then grow modestly due to increases in coal export volumes and the price for Brent oil.

However, economic pressures on business and private finances may impact negatively on forecast revenue and debt recovery. Regulating agencies (Queensland Police Service, Department of Transport and Main Roads and Electoral Commission Queensland) are also expected to increase their use of fines as a sanction of choice.

Strategy

Maintain and improve the integrity of Queensland's revenue base

In 2016–17 we administered approximately $14 billion in revenue and grants.

We secure this resource for Queenslanders through a combination of a strong legislative and regulatory base, Budget initiatives, system improvements, online customer service offerings, and client education.

Focus on the customer

In the Office of State Revenue (OSR), we are all about the customer. Our information, decisions, processes and education programs are designed to help clients receive their entitlements and meet their obligations, and are informed by sound business intelligence. Our people are proud to describe OSR as an intelligence-led and performance-driven organisation.

In 2017–18, the government will invest in our client-centric objectives with a digital transformation. This will deliver an enhanced online experience, automated services and campaigns targeted at specific results for specific client groups.

With contemporary, industry-standard technology, our people will spend more time on building value and better outcomes for clients and less time on routine tasks. We will be able to focus our efforts on those Queenslanders who need more support to meet their obligations. Being able to collect the right amount of revenue and disburse the right amount of entitlements to the right people at the right time will ultimately allow Queenslanders to spend more time growing their businesses and the economy.

OSR Transformation Program

Client-centric design with tailored engagement

Smart portal solutions and use of mobile apps

Device based automation

Single client view

Big data and data analytics

Clients

- Easy-to-use online services and payment functions
- Alerts and reminders via SMS
- Real-time status reporting on activities, interactions and accounts
- Tailored and relevant client services
- Online calculators via mobile applications

Staff

- Single view of clients – interactions, risk, financials, analytics
- Single view of employees – planned learning, HR information and current task lists
- Automated processes through machine based service delivery
- An engaged and passionate workforce

Government

- Everyone paying the right amount at the right time
- Digital cabinet that provides powerful interactive modelling to aid policy development
- Real time reporting and analytics
- Identify Queenslanders who need support when they need it

Digital → Simple → Tailored → Data driven → Fast

Strategy

Shaping policy to support employment growth and increase workforce participation

Encouraging business to create jobs has long been an objective of the Queensland Government. Reducing the costs of doing business is one way of achieving this objective.

Apprentice and trainee wages are generally exempt from payroll tax in Queensland. In addition to this exemption, the 2015–16 Queensland Budget introduced a rebate of 25 per cent to reduce the overall payroll tax liability for businesses who employ apprentices and trainees. In 2016–17, the government temporarily doubled this rebate to 50 per cent. From 1 July 2015 to 30 June 2017, 4,159 businesses benefitted from the rebate to the value of $34 million.

With the 2017–18 Queensland Budget the Treasurer announced that the 'doubled' rebate would remain in place for a further year until 30 June 2018.

Strategy

Improve services for Queenslanders

Supporting first home ownership

The First Home Owners' Grant helps people buy their first home and stimulates employment and growth in the construction and related sectors. The grant applies to newly constructed houses, townhouses or units valued at less than $750,000. In 2016–17 we implemented a temporary increase in the grant from $15,000 to $20,000. For many people, this extra incentive tipped the balance in favour of making the step to home ownership. The grant continues to be popular with Queenslanders. As at 30 June 2017, 7,430 applications worth $149 million were received in 2016–17. Using a measure of $750,000 per new dwelling, this would represent almost $5.6 billion worth of activity in the building and construction sector.

We expect this rewarding trend to continue over 2017–18, as the government announced with the Queensland Budget that the $5,000 increase in the grant would be extended until 31 December 2017.

Better grants management for Queensland

OSR's success in managing major grants programs for government has extended to other grants and other agencies. Treasury uses QGrants to administer the government's Back to Work grants for regional employers. In 2016–17, over 5,400 'first instalment' grants of $4,500 and 94 'second payment' Youth Boost grants were paid to employers to take on long-term unemployed and/or young jobseekers. The government announced in the Queensland Budget a continuation of the Back to Work regional program and the Back to Work – South East Queensland program for 2017–18. Read more about Back to Work on page 39 and at backtowork.initiatives.qld.gov.au.

The following agencies also use our QGrants solution to manage their own grants programs[1]:

- Department of National Parks, Sport and Recreation's Get Started grants – 40,880 vouchers of up to $150 each redeemed in sports clubs for young people to play club sports.
- Department of Education and Training – more than 1,000 grants totalling just over $56.3 million for a range of kindy and early years education programs.

[1] *2016–17 data*

Less red tape in land tax

Land tax is levied on the value of freehold land owned in this state, but the family home is exempt. Many people fail to apply for this exemption before a tax assessment notice is issued, which results in many assessments being issued for people who don't need to pay the tax. Processing reassessments to allow late exemption applications is inconvenient for clients and time consuming (for no revenue return) for our staff. To address this, we ran a targeted campaign to encourage particular groups of clients to lodge exemption claims before assessments were issued. This campaign achieved response rates of 97 per cent for one client group and 89 per cent for another. The number of unnecessary assessments fell dramatically, freeing up our staff for work more likely to strengthen the state's revenue base.

We will leverage this success in 2017–18 with other land tax client groups, and will improve the design and messaging of our client publications to promote timely compliance. Our assessment notices will now draw a direct link between the tax clients pay and the services, such as roads and hospitals, it potentially funds.

In 2017–18, we will be implementing the government's 1.5 per cent surcharge for absentee taxpayers that applies to land holdings with a value of $350,000 or higher, in addition to other land tax payable. This charge is designed to ensure absentee landowners make a fair contribution for the benefits they receive by owning property in this state.

Strategy

Delivering improvements in state penalty enforcement services

Queenslanders expect that people with State Penalties Enforcement Registry (SPER) debts will do the right thing and resolve them as quickly as possible. They also expect the government to collect and manage penalty debt fairly and efficiently.

Our performance in penalty debt management was high. Over 2016–17, we achieved:

- debt finalisation (debts completely paid off) of 94 per cent, up from 65 per cent in 2015–16
- collections of $262 million, despite a temporary suspension of debt enforcement in areas affected by Cyclone Debbie
- containment of growth in the debt pool to just 3 per cent, compared to 15 per cent growth in 2015–16.

Two strategies have proved particularly successful in containing the debt pool. Our Vehicle Immobilisation Seizure and Sale (VISS) Program (wheel clamping and sale) was introduced for high-value debtors (those owing $5,000+) in May 2016. This program has so far resulted in more than $1.6 million in revenue being returned to Queenslanders to fund service delivery. With its value now proven, in 2017–18 VISS will be trialled in the Toowoomba, Ipswich and Sunshine Coast regions, to assess the program's success when seized vehicles need to be towed over longer distances.

A simple yet highly successful strategy to contain the debt pool growth and clear debt was our program of calling people to remind them to pay their debt and to inform them of the consequences of not paying. Our experience is that a personal 'voice to voice' communication is more likely to achieve a positive and quick response than a letter.

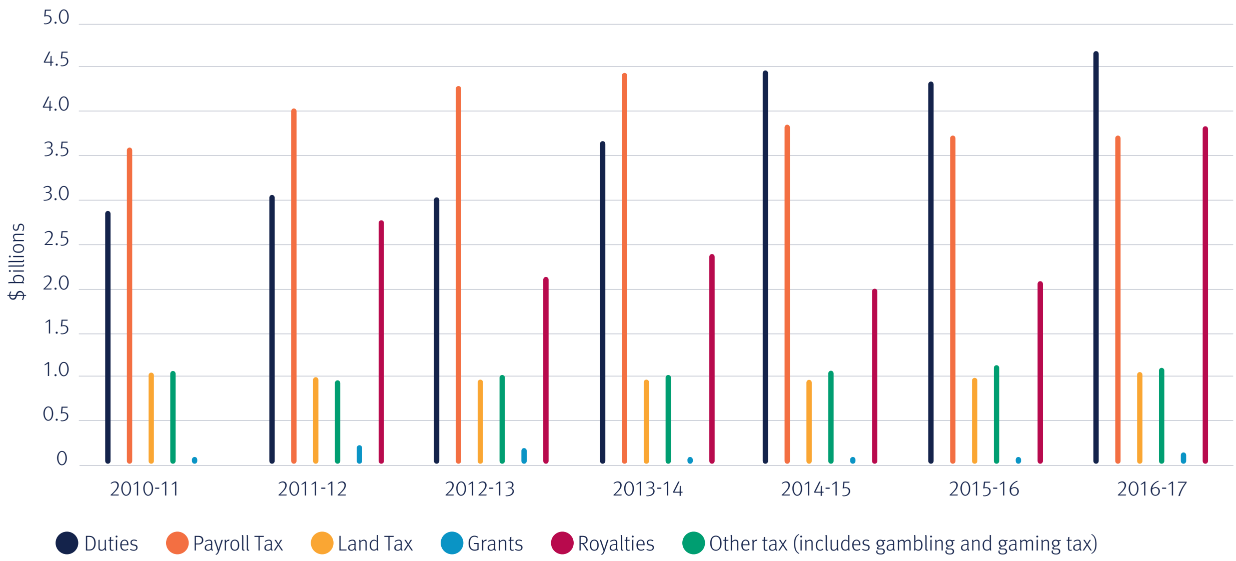
Better options for people in hardship

A significant proportion of people with fines or penalty debts are in financial hardship or disadvantaged in some way. Until this year, the only option available to people who couldn't pay was unpaid community service administered through Queensland Corrective Services. We wanted to open up more avenues for people who genuinely want to meet their obligations but simply can't afford to do so.

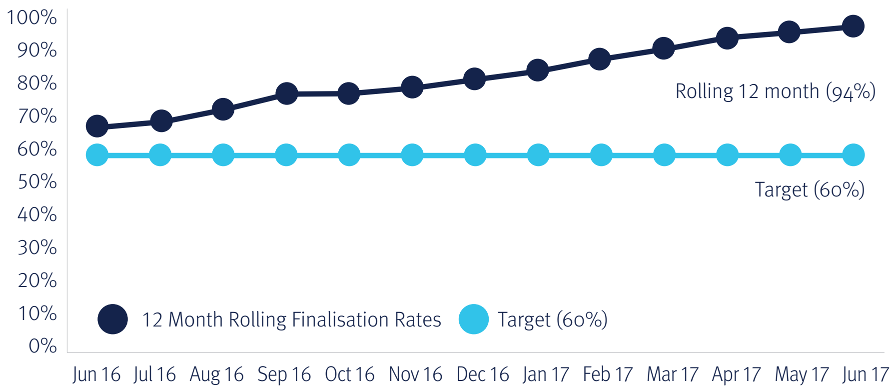
In 2016–17 we began developing Work and Development Orders (WDOs) for people experiencing domestic or family violence, homelessness, financial hardship, mental illness, intellectual or cognitive disability, or serious substance abuse and who can't pay their debt. WDOs will see SPER partnering with government and community-based sponsors who will supervise people as they undertake activities such as financial or other counselling, education, vocational or life skills courses, and unpaid community work.

The first WDOs will be offered in 2017–18 when existing Corrective Services community service orders are converted to WDOs, after which we will offer WDOs with community-based sponsors.

Total revenue administered by Office of State Revenue 2010–11 to 2016–17

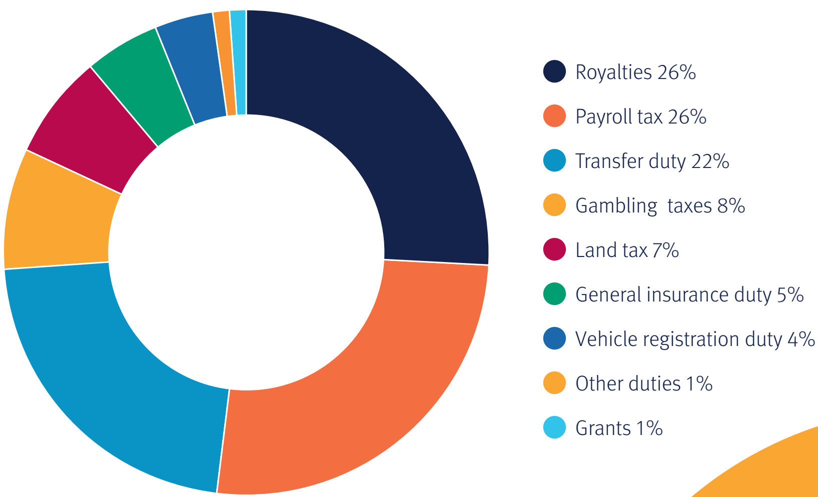


SPER Yearly Debt Finalisation rate



Analysis: *In 2016–17 SPER has been able to achieve a record rate of debt finalisations - 94 per cent, compared with 65 per cent for 2015–16. This is due to the effectiveness of reforms under the SPER program. The 2016–17 finalisation rate was affected in the last quarter by suspensions in response to natural disasters. However, due to the exceptionally high number of finalisations in the first three quarters of the year, the 12 month average finalisation rate is still well above target.*

Office of State Revenue administered revenue 2016–17



Industrial relations

Safe, productive and fair workplaces

Our place in Queensland's prosperity lies in increasing workplace and electrical safety, helping Queenslanders get on with the job, and making workplaces fairer and more just places to work.

We do this by providing:

- services, advice and standards to keep Queenslanders safe at work
- standards and strategies for better electrical safety, at work and in the home
- workers' compensation regulation and policy
- industrial relations frameworks and public sector bargaining.

We are also responsible for:

- the Work Health and Safety Board and Industry Sector Standing Committees
- the ANZAC Day Trust
- the Electrical Safety Board and Committees

which report on pages 135 to 142.

Key issues in our environment

Our electrical environment is changing at a rapid pace. Critical changes include the development and uptake of renewable energy technologies, contestability in the electricity market, the ever-growing global manufacture and supply of electrical equipment, and the emergence of new markets for buying and selling electrical equipment and electrical work services. Existing workforce skills and capabilities, marketplace regulatory approaches, and work systems need to evolve to ensure Queenslanders can continue to work and live safely around electricity.

The nature of work is also changing. Alongside technological advances that require new skills while displacing others, the rise of peer-to-peer platforms in the 'Gig economy', the proliferation of insecure employment including casual, labour hire and contract engagements, under-employment, and increasing expectations for better work-life balance, are all challenging the traditional notions underpinning the workplace, the employment relationship and job security. Read more about peer-to-peer overleaf.

The Australian Government has implemented controversial industrial relations changes including the reintroduction of the Australian Building and Construction Commission and establishing the Fair Work Registered Organisations Commission. The Queensland Government does not support these initiatives, nor any reduction in penalty rates. As a participant in the national workplace system, the Queensland Government will continue to advocate for decent work that offers fair pay and conditions, economic security and social equality.

An ageing workforce is challenging Queensland's workers' compensation scheme. Older injured workers are often off work for longer than younger workers with similar injuries, and this can impact on the cost of WorkCover claims. We will continue to improve our evidence base to adapt our services for an ageing workforce.

P2P – the new face of employment?

Peer-to-peer platforms (P2P) in the Gig economy are changing the way markets and businesses operate.

P2P means buyers and sellers deal directly with each other online. Think AirBnB for accommodation and Uber for passenger services. Similar platforms operate for on-demand labour services. Through these platforms a buyer contracts directly with a 'worker' to do a specific job or 'gig' for an agreed price. The work gets done and the money gets paid, more or less securely thanks to online payment technology. Not surprisingly, P2P and the Gig economy is becoming more pervasive in service and employment markets. While these platforms can create opportunities and innovation, they also raise difficult questions about workplace protections and decent employment.

P2P challenges employment laws, such as award wages and conditions that have been established to protect low-paid or vulnerable workers and safeguard community standards and expectations. Regulators are seeing a change in the relationship from employer-employee to buyer-seller, potentially outside the scope of traditional instruments and protections. At its fullest, P2P means large parts of the labour market are becoming a very flexible labour force operating outside traditional employer/employee relationships. This encourages more competitive tendering for jobs, blurring the concept of a contract of employment. At its worst, it can be a way for businesses to attempt to avoid labour laws and drive down wages.

Strategy

Making Queensland homes, businesses and communities safe from electrical harm

Our vision – a safer Queensland

During 2016–17, an independent review of Queensland's electrical licensing regime proposed 22 recommendations for reform. Recommendations covered:

- more stringent oversight of apprentice training and assessment
- heightened eligibility and professional development requirements for electrical contractor licences
- more focus on the ongoing skills maintenance of electrical workers
- a stronger compliance regulatory approach.

An external stakeholder reference group was established to provide advice on the implementation of the recommendations, which will be a major focus for us in 2017–18. Legislation was introduced into Queensland Parliament in June 2017 to improve the rigour of the electrical licensing framework by providing for immediate suspensions for licensing infringements.

Over the last 12 months, the Electrical Safety Office (ESO) has worked very closely with the Department of Employment and Training and the Training Ombudsman in overseeing registered training organisations (RTOs) and employers to ensure they provide apprentices the breadth of experience they need from their on-the-job training. Joint audits of pre-qualified RTOs are underway and several changes have been implemented to improve the robustness and consistency of assessment processes. The ESO is also applying greater scrutiny to apprentice licence applications.

As technology constantly changes and advances, the relevant safety standards and laws also have to evolve. To ensure electrical workers and contractors are up-to-date with changes to the Wiring Rules, the ESO partnered with the Electrical Trades Union, Master Electricians Australia, and the National Electrical and Communication Association on an information roadshow through 36 sessions held across Queensland. More than 4,000 electrical workers and contractors attended.

We ran the 'Stay safer up there, switch off down here' advertising campaign for a second time in mid-2016. The campaign urged homeowners and tradespeople to turn off all the main power switches at the switchboard before heading up into the roof.

We also continued the 'One safety switch may not be enough' campaign on social media in April 2017 which encourages the installation of safety switches on all circuits in the home.

In 2016–17 our compliance program focused on construction sites, ceiling spaces, unlicensed electrical work, and maintaining safe exclusion zones around overhead powerlines (targeting the billboard, agriculture and tree lopping industries).

Over 3,000 proactive audits were conducted and 365 notices issued. Five matters involving electrical licence holders were referred to the Electrical Licensing Committee and found to be in breach of electrical safety legislation. Disciplinary action including fines, reprimands and licence suspension pending re-training were ordered. Electrical safety inspectors provided engagement activities to over 2,900 organisations and more than 12,600 people.

In 2016–17, 20 serious electrical incidents occurred across Queensland, five fewer than the previous financial year. Tragically, five people died as a result of contact with electricity. All serious electrical incidents are reviewed to identify the causes and implement strategies and actions to prevent reccurrence.

Strategy

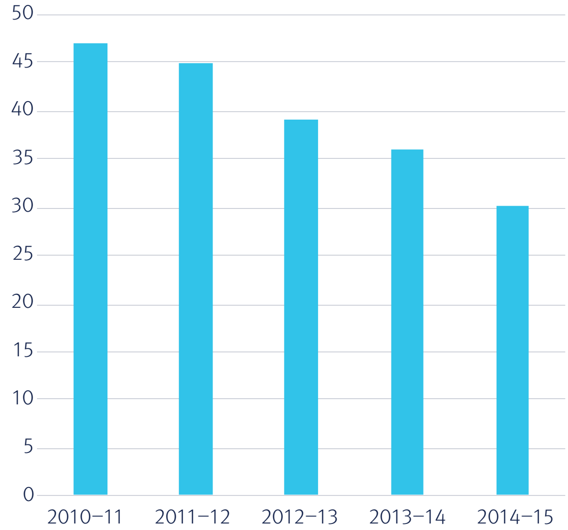
Make Queensland workplaces safer and healthier

Putting an end to tragedy

Our ultimate goal is for every Queenslander to go out to work or play each day and come home safely. Everything we do in this space – such as our Injury Prevention Management Program, inspections and audits, notices and prosecutions, transport safety networks, workplace visits by people who have been injured at work, and our Safety Leadership at Work Program – is about stopping accidents happening in the first place and achieving reductions in work-related injuries and fatalities.

During 2016–17, our inspectors visited over 27,000 workplaces, and issued over 3,200 notices for contraventions of the work health and safety legislation, predominately relating to non-compliance with workplace environment, work at heights, plant and hazardous chemicals requirements. Our inspectors also issued 123 infringement notices for non-compliance, mainly relating to construction and high risk work practices.

Number of traumatic fatalities at the workplace for Queensland



Source: Source: Safe Work Australia, National Dataset.

Analysis: *Queensland recorded a 36.2 per cent reduction in the number of traumatic workplace fatalities between 2010–11 and 2014–15. This means the number of fatalities has reduced from 47 in 2010–11 to 30 in 2014–15.*

We are committed to delivering a timely response to serious injuries and incidents in Queensland workplaces. During 2016–17 we completed 337 investigations into non-compliance with work health and safety laws, consisting of 153 incidents and complaints, and 224 comprehensive investigations into serious injuries, fatalities and other high priority matters.

During the same period, we finalised 69 prosecutions, with 64 of these successful, resulting in more than $2.6 million in fines and costs. Several notable outcomes have been achieved recently, including:

- the first water recreational activity prosecution under the *Safety in Recreational Waters Activities Act 2011*
- an overall increase in the dollar amount of fines under harmonised legislation across all duty and offence types
- the first prosecutions involving charges of reckless conduct against both officers and companies
- an increase in latent onset type exposure prosecutions (e.g. asbestos exposure).

Tragically, October 2016 was marred by two fatal workplace incidents. Two workers died when a wall collapsed at an Eagle Farm construction site, and four people died in an accident on a ride at Dreamworld amusement park.

It is our wish that this never happens again. In response to the Dreamworld tragedy, our Work Health and Safety Queensland team conducted an audit of the state's major amusement parks.

The Minister for Employment and Industrial Relations also ordered a Best Practice Review of health and safety legislation to determine if further measures could be taken to discourage unsafe work practices. The review was conducted by former ACTU Assistant Secretary Tim Lyons between March and July 2017, supported by a tripartite reference group and covered all the functions of Workplace Health and Safety Queensland. The review also considered the introduction of a new offence of gross negligence causing death as well as increasing existing penalties for work-related deaths and injuries.

Findings from the review are to be provided to the government in the latter half of 2017, and we will make implementing the recommendations a priority throughout 2017–18.

We continue to work with industry and analyse trends to be responsive to safety issues. In February 2017, a review was initiated to address the increase in snorkelling and diving fatalities due to medical conditions or drowning between July 2016 and December 2016. The Reef Safety Roundtable was convened in Cairns with representatives from the recreational diving and snorkelling industry which identified a series of initiatives to improve safety in the industry. These initiatives include:

- updating the *Recreational Diving, Recreational Technical Diving and Recreational Snorkelling Code of Practice 2011* with more effective measures to prevent fatalities.
- developing a Recreational diving and Occupational diving Action Plan 2017–19 with strategies to improve dive safety.

A review of construction codes of practice has been undertaken to consider whether aspects of the codes should become mandatory and therefore enforceable. This review included nine codes of practice (Asbestos Management and Removal, Concrete Pumping, Demolition, Formwork, Mobile Cranes, Scaffolding, Tilt up and Pre Cast and Traffic Management) with proposals which are currently being finalised by a reference group.

In addition, a separate review has resulted in a new Tower Crane Code of Practice which commenced in July 2017.

In consultation with the Interagency Asbestos Group, we again prepared the annual progress report on the *Statewide Strategic Plan for the Safe Management of Asbestos in Queensland 2014–2019*. This report informs Cabinet on the work being undertaken by government agencies, and is available at www.asbestos.qld.gov.au.

Together, these actions are reducing the number of work-related injuries and fatalities and making a difference to Queenslanders' lives.

We continue to focus on high-risk industries, targeting those that have workers' compensation claim rates significantly higher than other industries. Over the five years from 2010–11 to 2014–15, significant reductions in the incidence of severe injuries were achieved in the following industries:

- manufacturing – 27.4 per cent
- agriculture – 16.6 per cent
- transport – 16.2 per cent
- construction – 12.8 per cent

This equates to an overall reduction of 22.3 per cent in serious work-related injuries over that period – a great result for business and workers.

Networks to support and inform

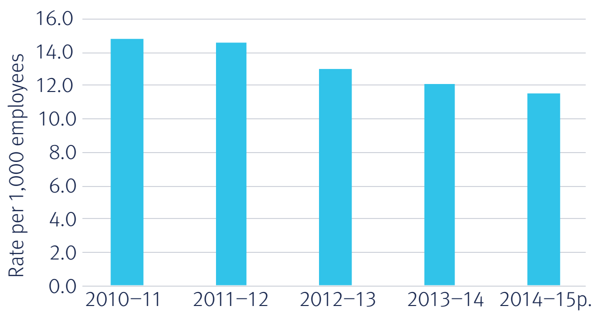
During the year, we established the Persons Affected by Work Related Fatalities and Serious Incidents Consultative Committee. This initiative is a key election commitment that will help ensure people affected by a workplace incident that involves death, serious injury or illness get the information and support they need. In June 2017, we introduced legislation to formalise this committee's ongoing role. In the year ahead we will formally convene the committee and get to work helping Queenslanders.

Advertising is a high-performing medium for our education work and an investment in safer communities. In 2016–17 our campaigns covered many of the issues workers and families face every day without always being aware of them, including:

- "Stop and think about safety", to spread the word that, although farms employ only 3 per cent of Queenslanders, they are responsible for nearly 30 per cent of workplace deaths
- child safety in businesses run from home
- "Playing it safe with Shane Webcke", with the message that coming home safely is what work health and safety is all about
- "Ride ready", to improve attitudes and behaviours surrounding quad bike safety.

We also enlist well-known Queenslanders to encourage people to take charge of their own health. Joining Shane Webcke in the work health and safety space is Olympian Libby Trickett, who shared her own personal experience of depression, and league legend Trevor Gillmeister, who uses the experience of his father's death from mesothelioma to raise awareness of the very real dangers of asbestos.

Incidence rates of serious injury and disease claims for Queensland (per 1,000 employees)



Analysis: *Queensland's incidence of serious work-related injuries fell by 22.3%, from 14.8 claims per 1,000 Queensland employees in 2010-11 to 11.5 claims per 1,000 in 2014-15. The focus of our compliance and enforcement work will always be on driving this result lower.*

The show must go on… safely

All Access Crewing Pty Ltd (AAC) provides specialist workers – stage managers, riggers, scaffolders, and lighting and sound technicians – for some of Queensland's biggest entertainment events, including 2017's Adele concert at the 'Gabba.

When their workers' compensation claims reached above industry average, ACC joined our Injury Prevention and Management Program (IPaM).

The problem

A dispersed workforce made communicating with crews difficult, and many claims were due to hazardous manual handling tasks.

The solution

After an IPaM advisor visited AAC worksites and reviewed their management system, the company implemented a number of solutions, including:

- a new digital platform with mobile applications to improve staff access to important information
- online delivery of site-specific inductions about upcoming performances, training, toolbox meetings and team meetings.

The results

AAC's sound business sense, commitment to its workers and involvement in IPaM has turned its injury record around:

- There have been no new workers' compensation claims in the past two years.
- Seventy-five per cent of staff use the new system for pre-performance orientation, and diagrams and videos are used to help for people from non-English speaking backgrounds or whose reading skills aren't the best.
- Use of mechanical aids instead of manual lifting has increased.
- Staff are more involved in their own work safety.

The All Access crew celebrates another successful – and safe - set-up.

IPaM works

For businesses and workers all around Queensland, IPaM participants have achieved:

2.6% decrease
in claims, compared to an increase of 14.7 per cent for non-IPaM employers

10.1% decrease
in average days off work, compared to a decrease of 4.2 per cent for non-IPaM employers

0.2% increase
in the average statutory claim cost, compared to a 3.8 per cent increase for non-IPaM employers

5.7% decrease
in claims costs per $ million of wages, compared to an increase of 8 per cent for non-IPaM employers

1.1% decrease
in the workers' compensation premium rate, compared to a 1.1 per cent increase for non-IPaM employers

Strategy

Ensure a fair and efficient workers' compensation system

Queensland's workers' compensation scheme gives people injured at work the support and protection they need to return to work so they can support themselves and their families. The scheme's performance is such that Queensland has the fastest workers' compensation dispute resolution service in Australia: 88 per cent of disputes are resolved within three months.

During the year we continued a range of education programs, including e-learning programs for businesses through our website www.worksafe.qld.gov.au, and return to work conferences in metropolitan and regional areas.

Our plans for 2017–18 include campaigns with WorkCover Queensland on injury prevention, mental health and wellness, and occupational violence. A second 'Getting Back' advertising campaign will raise awareness of the benefits of returning injured workers to meaningful work as soon as they are cleared to do so safely.

Queensland's Workers' Compensation scheme is reviewed every five years. Planning for the next review, which is due to be completed by 30 June 2018, is underway.

Black lung disease

Coal workers' pneumoconiosis (CWP), or black lung disease, emerged as a critical issue for workers and Queensland's workers' compensation scheme during the year.

CWP is a disease caused by long-term exposure to respirable coal dust. Exposure to high concentrations of this dust over several years causes the dust to collect in the air sacs of the lungs, causing scarring, reduced elasticity of the tissue and ultimately impaired lung function.

Following the re-emergence of CWP in Queensland, Parliament established the Coal Workers' Pneumoconiosis Select Committee on 15 September 2016 to conduct an inquiry into CWP in coal mine workers in Queensland. Evidence provided before the Select Committee raised concerns about how the workers' compensation scheme operates in relation to CWP.

In response to these concerns, in December 2016 the government established a CWP Stakeholder Reference Group comprising representatives of employers, unions, the legal profession, insurers and departments relevant to coal mining. This group will provide advice on any gaps in the workers' compensation scheme.

On 14 June 2017 the Workers' Compensation and Rehabilitation (Coal Workers' Pneumoconiosis) and Other Legislation Amendment Bill 2017 was introduced into the Queensland Parliament. The Bill implements the recommendations of the Ministerial Coal Workers' Pneumoconiosis Stakeholder Reference Group and the Coal Workers' Pneumoconiosis Parliamentary Select Committee to address gaps in the workers' compensation scheme for workers with CWP.

Key workers' compensation changes proposed by the Bill include:

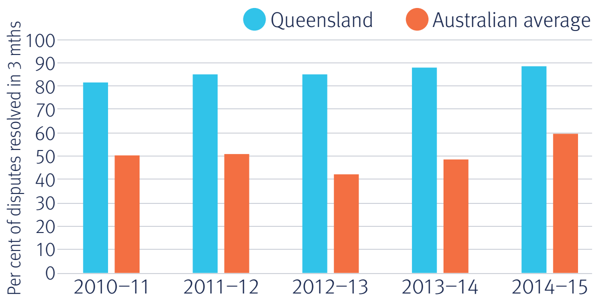
- a medical examination process for retired or former coal workers with suspected CWP or a coal mine dust lung disease
- a new lump sum compensation for workers with a pneumoconiosis injury up to a maximum of $120,000
- clarifying that a worker with pneumoconiosis can re-open their workers' compensation claim and access further entitlement if they experience disease progression.

We are continuing to work with the reference group to implement the inquiry's non-legislative recommendations such as enhanced rehabilitation, including pulmonary rehabilitation and programs for diagnosed workers to return to meaningful suitable employment.

A better safety net for injured workers

The rollout of the National Injury Insurance Scheme (NIIS) in Queensland is now complete, with the Motor Accident Insurance Commission managing claims for injured workers on behalf of the workers' compensation scheme. Although NIIS will provide a much improved safety net for workers in the form of lifetime care for catastrophic injuries, it will also present funding challenges to the workers' compensation scheme. Our role is to manage these challenges so that the positive impact of the scheme on workers' lives is maintained.

Workers' compensation dispute resolution



Source: *Comparative Performance Monitoring Report produced by SafeWork Australia*

Analysis: *Queensland's workers' compensation dispute resolution performance is consistently above the Australian average.*

Strategy

Ensure a fair and modern industrial relations (IR) system

The Queensland Government has a significant IR agenda: as an employer, a policy setter and a participant in national workplace relations. We measure our performance by the extent to which our IR practices and systems keep pace with emerging expectations and trends, and that our interests in the federal sphere are pursued.

During the year, we met our target of having modernised all industrial awards in Queensland – a total of 31 awards.

IR review

The report *A review of the industrial relations framework in Queensland* was released in early 2016, and the government accepted all of its 68 recommendations.

Recommendations requiring legislative reform were implemented through the passage of the Industrial Relations Bill 2016 in December of that year, and included:

- re-establishing collective bargaining as the cornerstone for determining wages and conditions
- strengthening IR consultative mechanisms
- introducing contemporary IR protections, including domestic and family violence-related leave and anti-workplace bullying measures
- moving workplace-related discrimination matters to the Queensland Industrial Relations Commission
- establishing equal remuneration for work of equal and comparable value
- establishing democratic control and accountability within industrial organisations
- improving the accountability, performance and independence of the Queensland Industrial Relations Commission, which is now in the process of developing its own code of conduct, appointment protocol and efficiency measures.

Other items not requiring legislative change are being progressed, including:

- directives to enable long-term temporary public sector employees to be made permanent
- guidelines for good-faith bargaining and industrial relations negotiation
- advocacy skills training
- a review of gender pay equity in the public sector.

In the national sphere, Queensland's Minister for Employment, and Industrial Relations, Minister for Racing and Minister for Multicultural Affairs has begun negotiations with the Federal Minister for Employment for employees of unincorporated bodies to access the anti-bullying jurisdiction of the Fair Work Commission. We expect these negotiations and implementation of the remaining IR review recommendations to be concluded in late 2017.

A fair go for labour hire workers

A parliamentary inquiry into Queensland's labour hire industry uncovered evidence of exploitation and mistreatment of workers, for example, the practice of some labour hire companies to avoid their obligations as employers by issuing workers with Australian Business Numbers. The inquiry recommended that the Queensland Government work with the Federal Government to address this issue.

Although the Queensland Government accepted and progressed this recommendation, it did not feel that this was enough to end mistreatment and exploitation of workers. The government opted for further measures to achieve greater transparency in labour hire arrangements, namely a government-administered licensing scheme and a public register of license holders. This proposed scheme will go a long way towards protecting vulnerable workers while minimising the administrative burden on labour hire providers and host employers, particularly those who already operate ethically and meet their obligations.

Inquiries in Victoria and South Australia have identified similar allegations of exploitation in labour hire arrangements, and they support Queensland's approach.

A Bill to bring about these changes is now being considered by the Parliamentary Finance and Administration Committee, and we expect the legislation will be debated in Parliament in the second half of 2017. We anticipate that we will need to establish a well-resourced compliance unit to promote the scheme and to ensure that compliance is maintained.

Changes to trading hours

During the year, we developed amendments to the *Holidays Act 1983* to make Easter Sunday a public holiday, in recognition of its significance as a religious and cultural day. Subsequently, the *Trading (Allowable Hours) Act 1990* was amended to establish Easter Sunday as an open trading day in South East Queensland from 2017. Read more about the review into trading hours on pages 40 and 146 to 147.

Apprentices and trainees

In 2015–16 we reported on the issue of orders in place to protect apprentices and trainees. As responsibility for private sector IR now lies with the Australian Government, we expected to be able to negotiate to resolve this issue during 2016–17. This has not occurred. In 2017–18 we will continue to pursue this issue by negotiating further with the Australian Government to have the *Fair Work Act 2009* amended to protect these orders.

Building capacity

In 2017–18 we will further strengthen IR capability in Queensland's public sector by establishing a sector-wide IR graduate program.