Financial Statements

Foreword

Queensland Treasury's Financial Statements are general purpose financial statements prepared in accordance with prescribed requirements including *Australian Accounting Standards* and the *Financial Reporting Requirements* issued by the Treasurer.

The Financial Statements comprise the following components:

- Statements of Comprehensive Income
- Statements of Financial Position
- Statements of Changes in Equity
- Statements of Cash Flows
- Statements of Comprehensive Income by Major Departmental Services
- Statements of Assets and Liabilities by Major Departmental Services
- Notes To and Forming Part of the Financial Statements.

In addition, the department administers transactions and balances in a trust or fiduciary capacity. These are identified in notes 53-56.

Queensland Treasury and QTH are controlled by the State of Queensland which is the ultimate parent entity.

The head office and principal place of business of Queensland Treasury (QT or department) is:

1William St
BRISBANE QLD 4000

Queensland Treasury and controlled entity
Statement of Comprehensive Income
for the year ended 30 June 2017

	Notes	Consolidated Entity 2017 $'000	Consolidated Entity 2016 $'000	Parent Entity 2017 $'000	Parent Entity 2016 $'000
Income from continuing operations					
Revenue					
Appropriation revenue	3	241,099	210,194	241,099	210,194
User charges and fees	4	30,311	29,081	30,311	29,081
Grants and other contributions	5	99,515	91,398	99,515	91,391
Interest revenue	6	15,470	21,386	..	..
Other revenue		1,339	1,407	1,291	1,358
Amortisation of unearned revenue		328	325	..	..
Dividends received		14,776	13,841	..	..
Gains					
Gain/(loss) on sale/fair value movement of investments	7	29,660	(17,027)	..	..
Total income from continuing operations		432,498	350,605	372,216	332,024
Expenses from continuing operations					
Employee expenses	8	202,679	200,532	202,679	200,532
Supplies and services	9	137,641	111,428	137,641	111,428
Grants and subsidies	10	11,626	7,600	11,626	7,600
Depreciation and amortisation		3,331	11,273	3,331	11,273
Borrowing costs		6,517	6,966	..	..
Other financing costs		102	67	..	..
Operating leases		366	363	..	..
Impairment expense	11	139	69,508	139	143
Other expenses	12	18,285	5,496	17,619	4,799
Total expenses from continuing operations		380,686	413,233	373,035	335,775
Loss on sale/disposal of property, plant and equipment		..	6	..	6
Income tax expense	13	12,589	3,603	..	..
		12,589	3,609	..	6
Operating result for the year from continuing operations		39,223	(66,237)	(819)	(3,757)
Total comprehensive income		39,223	(66,237)	(819)	(3,757)

The accompanying notes form part of these statements.

Queensland Treasury and controlled entity
Statement of Financial Position
as at 30 June 2017

	Notes	Consolidated Entity 2017 $'000	Consolidated Entity 2016 $'000	Parent Entity 2017 $'000	Parent Entity 2016 $'000
Current assets					
Cash assets	14	130,229	97,111	53,116	37,910
Receivables	15	9,245	15,825	9,245	15,825
Lease receivables	16	8,760	8,892	..	..
Loans and advances		5,324	4,839	..	..
Other assets		4,230	3,100	3,925	2,828
Other financial assets	17	294,404	264,744	..	..
Total current assets		452,192	394,511	66,286	56,563
Non-current assets					
Receivables	15	48,123	44,149	..	..
Other financial assets	17	26,833	16,833	26,833	16,833
Lease receivables	16	121,625	130,385	..	..
Loans and advances		44,614	46,870	..	..
Intangibles	18	10,940	8,481	10,940	8,481
Property, plant and equipment		4,211	3,017	4,211	3,017
Deferred tax asset	19	21,944	23,136	..	..
Total non-current assets		278,290	272,871	41,984	28,331
Total assets		730,482	667,382	108,270	84,894
Current liabilities					
Payables	20	34,767	22,690	34,320	22,248
Accrued employee benefits		9,109	7,773	9,109	7,773
Other current liabilities	21	733	687	396	356
Interest bearing liabilities	23	8,760	8,892	..	..
Total current liabilities		53,369	40,042	43,825	30,377
Non-current liabilities					
Payables	20	2,796	..	2,796	..
Other non current liabilities	21	2,378	2,713	..	..
Deferred tax liabilities	22	46,480	37,582	..	..
Interest bearing liabilities	23	121,625	130,385	..	..
Total non-current liabilities		173,279	170,680	2,796	..
Total liabilities		226,648	210,722	46,621	30,377
Net assets		503,834	456,660	61,649	54,517
Equity					
Accumulated surplus		367,455	328,232	19,683	20,502
Contributed equity		136,379	128,428	41,966	34,015
Total equity		503,834	456,660	61,649	54,517

The accompanying notes form part of these statements.

Queensland Treasury and controlled entity
Statement of Changes in Equity
for the year ended 30 June 2017

	Notes	Consolidated Entity		Parent Entity	
		2017 $'000	2016 $'000	2017 $'000	2016 $'000
Accumulated surplus					
Balance 1 July		328,232	414,466	20,502	24,256
Operating result from continuing operations		39,223	(66,237)	(819)	(3,757)
Dividend paid - Type A shareholders		..	(20,000)	..	..
Net effect of changes to prior year adjustment		..	3	..	3
Balance 30 June		367,455	328,232	19,683	20,502
Contributed equity *					
Balance 1 July		128,428	110,730	34,015	16,317
Transactions with owners as owners:					
Appropriated equity injections		13,911	11,511	13,911	11,511
Appropriated equity withdrawals		(3,460)	(11,671)	(3,460)	(11,671)
Non appropriation equity withdrawal**		(2,500)	..	(2,500)	..
Net assets transferred in/(out) - Machinery of Government, Office of Industrial Relations and Queensland Productivity Commission		..	17,858	..	17,858
Balance 30 June		136,379	128,428	41,966	34,015
Total equity		503,834	456,660	61,649	54,517

* Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland state public sector entities as a result of MoG changes are adjusted to 'Contributed equity' in accordance with Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities. Appropriations for equity adjustments are similarly designated.

** During 2016-17 OIR made a payment of $2.5 million from retained earnings to WorkCover Queensland in accordance with Interpretation 1038.

The accompanying notes form part of these statements.

Queensland Treasury and controlled entity
Statement of Cash Flows
for the year ended 30 June 2017

	Notes	Consolidated Entity 2017 $'000	Consolidated Entity 2016 $'000	Parent Entity 2017 $'000	Parent Entity 2016 $'000
Cash flows from operating activities					
Inflows					
Appropriation receipts		240,396	211,257	240,396	211,257
User charges and fees		32,656	28,036	32,608	27,989
Grants and other contributions		114,305	91,391	114,305	91,391
GST input tax credits from Australian Taxation Office (ATO)		12,234	12,271	11,510	11,518
Interest received		8,175	8,682	..	..
Other		1,341	1,289	1,341	1,289
Outflows					
Employee expenses		(202,240)	(190,215)	(202,240)	(190,215)
Supplies and services		(148,287)	(113,035)	(147,247)	(111,994)
Grants and subsidies		(11,626)	(4,185)	(11,626)	(4,185)
GST remitted to ATO		(7,898)	(2,662)	(7,171)	(1,940)
Income tax paid		(2,528)	(2,999)	..	..
Other		(7,635)	(17,076)	(7,635)	(17,076)
Net cash provided by/(used in) operating activities	24	28,893	22,754	24,241	18,034
Cash flows from investing activities					
Inflows					
Sales of property, plant and equipment		..	..	..	..
Lease payments received		1,235	1,163	..	..
Proceeds from sale of investments		5,000	4,500	..	..
Novation payments received		7,658	7,862	..	..
Dividends received		14,776	13,841	..	..
Outflows					
Payments for property, plant and equipment		(1,867)	(193)	(1,867)	(193)
Payments for investments		(10,000)	(10,000)	(10,000)	(10,000)
Payments for intangibles		(5,119)	(6,830)	(5,119)	(6,830)
Net cash provided by/(used in) investing activities		11,683	10,343	(16,986)	(17,023)
Cash flows from financing activities					
Inflows					
Equity injections		13,911	11,511	13,911	11,511
Borrowings		..	..	..	..
Outflows					
Repayment of borrowings		(8,892)	(9,025)	..	..
Interest paid		(6,517)	(6,966)	..	..
Dividend paid		..	(20,000)	..	..
Repayment of Grant to Consolidated Fund		..	(1,221)	..	..
Equity withdrawals		(5,960)	(11,671)	(5,960)	(11,671)
Net cash provided by/(used in) financing activities		(7,458)	(37,372)	7,951	(160)
Net increase/(decrease) in cash and cash equivalents		33,118	(4,275)	15,206	851
Cash and cash equivalents at beginning of financial year		97,111	86,867	37,910	22,540
Cash transfers due to restructuring		..	14,519	..	14,519
Cash and cash equivalents at end of financial year	14	130,229	97,111	53,116	37,910

The accompanying notes form part of these statements.

Queensland Treasury
Statement of Comprehensive Income by Major Departmental Services
for the year ended 30 June 2017

	Economic & Fiscal Coordination		Agency Performance		Commercial Services		Revenue Management		Industrial Relations		General – not attributed**		Inter-service/activity eliminations		Queensland Treasury ***	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Income from continuing operations *																
Revenue																
Appropriation revenue	36,022	27,836	13,477	11,305	16,189	12,877	139,422	123,899	32,281	31,741	3,708	2,536	..	..	241,099	210,194
User charges and fees	6,432	6,213	331	206	6,838	6,983	4,254	2,786	13,156	19,861	941	117	(1,641)	(7,085)	30,311	29,081
Grants and other contributions	254	38	14	14	15	15	117	128	99,105	91,187	10	9	..	..	99,515	91,391
Other revenue	21	72	10	27	160	28	548	718	544	496	8	17	..	..	1,291	1,358
Total income from continuing operations	42,729	34,159	13,832	11,552	23,202	19,903	144,341	127,531	145,086	143,285	4,667	2,679	(1,641)	(7,085)	372,216	332,024
Expenses from continuing operations *																
Employee expenses	21,029	22,579	10,117	8,775	9,960	8,933	60,328	61,856	98,963	97,278	2,282	1,116	..	(5)	202,679	200,532
Supplies and services	13,373	10,294	3,401	2,397	12,612	10,494	70,964	53,399	36,813	40,527	2,119	1,397	(1,641)	(7,080)	137,641	111,428
Grants and subsidies	2,848	61	..	..	300	..	..	..	8,478	7,539	..	..	..	..	11,626	7,600
Depreciation and amortisation	164	365	132	133	117	118	1,476	9,089	1,310	1,489	132	79	..	..	3,331	11,273
Impairment expense	..	..	..	39	..	..	..	1	139	102	..	..	..	..	139	142
Other expenses	5,291	840	172	205	201	355	11,501	3,143	327	169	127	87	..	..	17,619	4,799
Total expenses from continuing operations	42,705	34,139	13,822	11,550	23,190	19,900	144,269	127,488	146,030	147,104	4,660	2,679	(1,641)	(7,085)	373,035	335,775
Loss on sale/disposal of property, plant and equipment	..	1	..	1	..	..	..	2	..	2	..	..	..	..	..	6
Total comprehensive income	24	19	10	1	12	3	72	41	(944)	(3,821)	7	..	..	..	(819)	(3,757)

* Allocation of income and expenses to corporate services (disclosure only):

Income	5,600	6,020	2,744	2,351	2,753	1,982	16,818	15,618	103	147	2,250	1,497	..	..	30,268	27,615
Expenses	5,600	6,019	2,744	2,350	2,753	1,981	16,818	15,616	103	147	2,250	1,497	..	..	30,268	27,610

** 2017 and 2016 include corporate support allocated to Motor Accident Insurance Commission, Nominal Defendant and National Injury Insurance Agency Queensland (NIIAQ) (2017 only).
*** In August 2016 Queensland Treasury implemented an organisational restructure to better service evolving client needs, including taking a more strategic approach to partnering with agencies to improve policy development and performance. This resulted in the following changes to the service areas:

- Parts of the Fiscal service area and Economic service area presented in the 2015-16 Financial Statements have been combined into a single service area, Economic and Fiscal Coordination to more closely align fiscal and economic strategy.
- The new service area, Agency Performance, emphases a client partnering approach to support agency performance and policy development.
- The Commercial Services area remains. In addition to the single service line of Commercial Projects, two new service lines have been defined: shareholder services and investment programs.
- Revenue Management and Industrial Relations service areas were excluded from the organisational restructure.

Comparative information reflects the recast of 2015-16 financials to align with the 2016-17 service areas as described above.

Queensland Treasury

Statement of Assets and Liabilities by Major Departmental Services

as at 30 June 2017

	Economic & Fiscal Coordination*		Agency Performance*		Commercial Services*		Revenue Management*		Industrial Relations		General – not attributed**		Queensland Treasury	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current assets														
Cash assets	20,716	4,921	1,790	2,465	2,936	2,933	17,193	18,737	9,905	8,445	576	409	53,116	37,910
Receivables	1,516	838	79	126	1,195	2,718	1,845	1,212	3,452	9,959	1,158	972	9,245	15,825
Other assets	42	41	..	..	..	..	2,281	1,291	813	767	789	729	3,925	2,828
Total current assets	22,274	5,800	1,869	2,591	4,131	5,651	21,319	21,240	14,170	19,171	2,523	2,110	66,286	56,563
Non-current assets														
Other financial assets	..	..	..	..	20,000	10,000	6,833	6,833	..	..	..	..	26,833	16,833
Intangible assets	7	7	..	..	..	..	5,404	2,297	2,402	2,218	3,127	3,959	10,940	8,481
Property, plant and equipment	9	11	..	..	..	..	30	..	4,172	3,006	..	..	4,211	3,017
Total non-current assets	16	18	..	..	20,000	10,000	12,267	9,130	6,574	5,224	3,127	3,959	41,984	28,331
Total assets	22,290	5,818	1,869	2,591	24,131	15,651	33,586	30,370	20,744	24,395	5,650	6,069	108,270	84,894
Current liabilities														
Payables	17,424	5,218	13	74	1,127	1,715	8,260	5,398	4,654	6,732	2,842	3,111	34,320	22,248
Accrued employee benefits	750	879	313	439	356	341	2,043	2,547	4,661	3,521	986	46	9,109	7,773
Other current liabilities	247	198	..	..	..	..	22	62	127	96	..	..	396	356
Total current liabilities	18,421	6,295	326	513	1,483	2,056	10,325	8,007	9,442	10,349	3,828	3,157	43,825	30,377
Non-current liabilities														
Payables	..	..	..	..	..	..	..	..	703	..	2,093	..	2,796	..
Total non-current liabilities	..	..	..	..	..	..	..	..	703	..	2,093	..	2,796	..
Total liabilities	18,421	6,295	326	513	1,483	2,056	10,325	8,007	10,145	10,349	5,921	3,157	46,621	30,377
Net assets	3,869	(477)	1,543	2,078	22,648	13,595	23,261	22,363	10,599	14,046	(271)	2,912	61,649	54,517

* The department has systems in place to allocate assets and liabilities by Major Departmental Service

** Includes assets and liabilities associated with corporate support functions

Queensland Treasury
Administered Statement of Comprehensive Income
for the year ended 30 June 2017

	Notes	2017 $'000	2016 $'000
Income and expenses administered on behalf of the whole of Government			
Income from continuing operations			
Revenue			
Grants and other contributions	32	19,559,579	17,071,872
Taxes	33	10,630,683	10,249,138
User charges and fees		105,390	130,765
Royalties	34	3,846,737	2,092,949
Interest	35	54,941	132,149
Appropriation revenue	36	6,082,395	5,972,731
Other revenue	37	358,015	538,355
Total income from continuing operations		40,637,740	36,187,959
Expenses from continuing operations			
Supplies and services	38	167,796	165,378
Losses on sale/revaluation of assets	39	10,042	10,106
Grants and subsidies		221,531	104,276
Finance/borrowing costs	40	1,811,934	2,028,103
Other expenses	41	3,865,550	3,654,669
Total expenses from continuing operations		6,076,853	5,962,532
Operating result from continuing operations before transfers to Government		34,560,887	30,225,427
Operating result for the year before transfers to Government		34,560,887	30,225,427
Transfers of administered revenue to Government		34,560,887	30,225,427
Total administered comprehensive income		..	..

The accompanying notes form part of these statements.

Queensland Treasury
Administered Statement of Financial Position
as at 30 June 2017

	Notes	2017 $'000	2016 $'000
Assets and liabilities administered on behalf of the whole of Government			
Current assets			
Cash assets	42	(2,731,190)	(2,137,018)
Receivables	43	973,827	1,049,626
Other current assets	44	8,641	20,644
Total current assets		(1,748,722)	(1,066,748)
Non-current assets			
Receivables	43	88,471	104,630
Total non-current assets		88,471	104,630
Total administered assets		(1,660,251)	(962,118)
Current liabilities			
Payables	45	75,655	1,402
Transfer to Government payable		1,019,690	1,062,688
Interest Bearing Liabilities	46	1,359,316	6,989
Other liabilities	47	40,067	35,447
Total current liabilities		2,494,728	1,106,526
Non-current liabilities			
Interest Bearing Liabilities	46	30,329,534	33,091,661
Total non-current liabilities		30,329,534	33,091,661
Total administered liabilities		32,824,262	34,198,187
Administered net assets		(34,484,513)	(35,160,305)

The accompanying notes form part of these statements.

Queensland Treasury
Administered Statement of Cash Flows
for the year ended 30 June 2017

	Notes	2017 $'000	2016 $'000
Cash flows administered on behalf of the whole of Government			
Cash flows from operating activities			
Inflows			
Administered item receipts		6,190,887	5,767,130
Grants and other contributions		19,574,309	17,071,871
Taxes		10,625,687	10,281,648
Royalties		3,848,675	2,104,664
Finance income		52,879	126,240
GST input tax credits from ATO		5,217	157,752
Other		470,907	407,228
Outflows			
Transfers to Government		(34,603,883)	(29,859,501)
Grants and subsidies		(221,507)	(104,276)
Finance costs		(1,532,722)	(2,029,766)
Supplies and services		(173,005)	(351,216)
GST remitted to ATO		(18,936)	(49,860)
Superannuation benefit payments		(1,669,447)	(1,580,244)
Long service leave reimbursements		(372,644)	(363,482)
Annual leave reimbursements		(1,605,539)	(1,554,535)
Other		(172,929)	(160,298)
Net cash provided by/(used in) operating activities	48	397,949	(136,645)
Cash flows from investing activities			
Inflows			
Loans and advances		21,345	29,760
Outflows			
Loans and advances made		(445)	(196)
Net cash provided by/(used in) investing activities		20,900	29,564
Cash flows from financing activities			
Inflows			
Equity injections		1,008,736	7,605,565
Advances received from GOC's		1,398,212	..
Borrowings		18,534	1,543,753
Transfer from redraw		472,066	..
Outflows			
Borrowing redemptions		(1,019,472)	(8,117,372)
Transfer to redraw		(2,505,000)	..
Advance redemptions to GOC's		(53,153)	..
Equity withdrawals		(332,944)	(500,000)
Net cash provided by/(used in) financing activities		(1,013,021)	531,946
Net increase/(decrease) in cash and cash equivalents		(594,172)	424,865
Administered cash and cash equivalents at beginning of financial year		(2,137,018)	(2,561,883)
Administered cash and cash equivalents at end of financial year	42	(2,731,190)	(2,137,018)

The accompanying notes form part of these statements.

Queensland Treasury
Administered Statement of Comprehensive Income by Major Departmental Services
for the year ended 30 June 2017

	Fiscal		Revenue Management		Industrial Relations		Other *		Inter-service/activity eliminations		Total	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Income and expenses administered on behalf of the whole of Government												
Income from continuing operations												
Revenue												
Grants and other contributions	19,544,833	17,071,872	..	..	..	..	14,746	..	..	..	19,559,579	17,071,872
Taxes	..	..	10,642,412	11,407,647	..	..	..	..	(11,729)	(1,158,509)	10,630,683	10,249,138
User charges and fees	..	..	48,632	83,408	56,758	47,357	..	..	..	..	105,390	130,765
Royalties	..	..	3,846,737	2,092,754	..	..	..	195	..	..	3,846,737	2,092,949
Interest	..	..	17,027	18,672	..	..	48,016	127,151	(10,102)	(13,674)	54,941	132,149
Appropriation revenue	180,009	141,274	179,833	118,375	..	..	5,722,553	5,713,082	..	..	6,082,395	5,972,731
Other revenue	119,877	207,441	221,778	321,191	..	40	16,360	9,683	..	..	358,015	538,355
Total income from continuing operations	19,844,719	17,420,587	14,956,419	14,042,047	56,758	47,397	5,801,675	5,850,111	(21,831)	(1,172,183)	40,637,740	36,187,959
Expenses from continuing operations												
Supplies and services	136,905	134,968	5,086	4,942	..	..	25,805	25,468	..	..	167,796	165,378
Losses on sale/revaluation of assets	..	..	10,078	10,041	(36)	65	..	..	..	..	10,042	10,106
Grants and subsidies	34,539	4,836	162,899	97,501	..	..	24,093	1,939	..	..	221,531	104,276
Finance/borrowing cost	..	..	119	31	..	..	1,821,917	2,041,746	(10,102)	(13,674)	1,811,934	2,028,103
Other expenses	8,565	1,471	11,730	1,158,509	..	..	3,856,984	3,653,198	(11,729)	(1,158,509)	3,865,550	3,654,669
Losses												
Total expenses from continuing operations	180,009	141,275	189,912	1,271,024	(36)	65	5,728,799	5,722,351	(21,831)	(1,172,183)	6,076,853	5,962,532
Operating result from continuing operations before transfers to Government	19,664,710	17,279,312	14,766,507	12,771,023	56,794	47,332	72,876	127,760	..	..	34,560,887	30,225,427
Transfers of administered comprehensive income to Government	19,664,710	17,279,312	14,766,507	12,771,023	56,794	47,332	72,876	127,760	..	..	34,560,887	30,225,427
Total administered comprehensive income	..	..	..	..	..	..	..	..	..	..	..	..

* Includes superannuation, whole of Government offset account, central schemes (insurance, annual leave and long service leave), and other administered items

Queensland Treasury
Administered Statement of Assets and Liabilities by Major Departmental Services
as at 30 June 2017

	Fiscal*		Revenue Management*		Industrial Relations*		Other **		Total	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Assets and liabilities administered on behalf of the whole of Government										
Current assets										
Cash and cash equivalents	(96,362)	(102,939)	68,086	61,450	..	..	(2,702,914)	(2,095,529)	(2,731,190)	(2,137,018)
Receivables	30,357	53,184	900,464	867,911	8,333	6,098	34,673	122,433	973,827	1,049,626
Other current assets	146	387	..	..		..	8,495	20,257	8,641	20,644
Total current assets	(65,859)	(49,368)	968,550	929,361	8,333	6,098	(2,659,746)	(1,952,839)	(1,748,722)	(1,066,748)
Non-current assets										
Receivables	..	..	..	..	..	..	88,471	104,630	88,471	104,630
Total non-current assets	..	..	..	..	..	..	88,471	104,630	88,471	104,630
Total administered assets	(65,859)	(49,368)	968,550	929,361	8,333	6,098	(2,571,275)	(1,848,209)	(1,660,251)	(962,118)
Current liabilities										
Payables	7,409	..	(24,083)	690	..	..	92,329	712	75,655	1,402
Transfer to Government payable	35,727	59,628	952,120	892,799	8,333	6,098	23,510	104,163	1,019,690	1,062,688
Interest bearing liabilities	..	..	..	..	..	..	1,359,316	6,989	1,359,316	6,989
Other liabilities	..	..	40,067	35,427	..	..	..	20	40,067	35,447
Total current liabilities	43,136	59,628	968,104	928,916	8,333	6,098	1,475,155	111,884	2,494,728	1,106,526
Non-current liabilities										
Interest bearing liabilities	..	..	..	..	..	..	30,329,534	33,091,661	30,329,534	33,091,661
Total non-current liabilities	..	..	..	..	..	..	30,329,534	33,091,661	30,329,534	33,091,661
Total administered liabilities	43,136	59,628	968,104	928,916	8,333	6,098	31,804,689	33,203,545	32,824,262	34,198,187
Administered net assets	(108,995)	(108,996)	446	445	..	..	(34,375,964)	(35,051,754)	(34,484,513)	(35,160,305)

* The department has systems in place to allocate assets and liabilities by Major Departmental Services

** Includes superannuation, whole of Government offset account and central schemes (insurance, annual leave and long service leave), and other administered items

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Additional disclosures

(a) Objectives of the department

Queensland Treasury's vision is to grow the Queensland economy and improve the wellbeing of all Queenslanders. It aims to support this through providing the Government with trusted, impartial advice on State finances and the economy, innovative revenue and commercial services and support for fair, safe and productive workplaces. This includes managing the State's finances in line with the Government's fiscal principles listed in the *Charter of Fiscal Responsibility*.

Queensland Treasury's strategic objectives are to:

- Enable sustainable growth that supports current and future government objectives
- Partner proactively to facilitate better outcomes for the community
- Ensure our services are tailored, fit-for-purpose and easy to access
- Develop a capable and flexible workforce that can lead in policy development and service delivery.

Details on QT's departmental service areas can be viewed in the department's Budget Paper 5 - Service Delivery Statements – QT, at

https://s3.budget.qld.gov.au/budget/papers/5/bp5-qt-2017-18.pdf

(b) Major activities of the department:

The Financial Statements have been aggregated into the following disclosures (refer Notes 2(b) and 2(c) for full details of this aggregation):

1. Controlled

   (a) Queensland Treasury (as an entity in its own right and to which the remainder of this financial report refers) – column headed 'Parent Entity'
   (b) Consolidated (Queensland Treasury and its controlled entity Queensland Treasury Holdings Pty Ltd (QTH) and its subsidiaries) - column headed 'Consolidated Entity'.

2. Administered on behalf of the whole of Government – shaded statements and notes.

2 Summary of significant accounting policies

The significant policies, which have been adopted in the preparation of these financial statements, are as follows:

(a) Statement of compliance

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

These financial statements are general purpose financial statements, prepared in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with the Treasurer's Minimum Reporting Requirements for the year beginning 1 July 2016 and other authoritative pronouncements.

(b) The reporting entity

The consolidated financial statements include the value of all revenues, expenses, assets, liabilities and equity of the department and the entities that it controls. Details of the department's controlled entities are disclosed in note 27.

The department as an economic entity consists of the parent entity together with QTH. In order to provide enhanced disclosure, the department has adopted the principles outlined in Australian Accounting Standard AASB 10 *Consolidated Financial Statements* and AASB 12 *Disclosure of Interests in Other Entities.* This approach is considered appropriate as it reflects the relationship between the department's core business activities and those of its controlled entities. In the process of reporting on the department as a single economic entity, all transactions and balances internal to the economic entity have been eliminated in full.

The accrual basis of accounting has been adopted for both controlled transactions and balances, and those administered by the department on a whole of Government basis. Except when stated, the historical cost convention is used.

(c) Controlled and Administered transactions and balances

Transactions and balances are controlled by the department where they can be deployed for the achievement of departmental objectives.

The department administers, but does not control, certain resources on behalf of the Government such as the collection of Grants, State taxes, Royalties and State Penalties Enforcement Registry (SPER) fines. In doing so, it has responsibility and is accountable for administering related transactions and items, but does not have the discretion to deploy the resources for the achievement of the department's objectives.

Transactions and balances relating to administered resources are not recognised as controlled revenues, expenses, assets or liabilities, but are disclosed separately as administered transactions and balances in the administered statements and associated notes.

2 Summary of significant accounting policies (continued)

(d) Trust and agency transactions and balances

The department administers certain transactions and balances in a trust or fiduciary capacity such as the settlement account held by the third party Cuscal (note 55).

As the department performs only a custodial role in respect of these transactions and balances, they are not recognised in the financial statements. While these transactions and balances are in the care of the department, they are subject to the department's normal system of internal control and external audit by the Auditor-General (notes 53-56).

(e) Departmental service revenue/administered item revenue

Appropriations provided under the Annual Appropriation Act are recognised as revenue when received or when approved as an accrual at year end. In some rare circumstances when approval is sought a deferred appropriation payable may be recognised with a corresponding expense at year end.

(f) User charges and fees

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

Administered user charges and fees primarily relate to SPER administration fees which are brought to account when the underlying transaction or event which gives rise to the right to collect the revenue occurs and can be measured reliably. This occurs on registration of the default certificate where the amount unpaid is increased by the amount of the registration fee.

(g) Taxes and royalties

The main revenue streams and the governing Acts which underpin them include:
- *Duties Act 2001*
- *Payroll Tax Act 1971*
- *Mineral Resources Act 1989, Petroleum and Gas (Production and Safety Act) 2004*
- *Land Tax Act 2010*
- *Taxation Administration Act 2001*
- *Local Government Act 2009, (National Tax Equivalents Regime (NTER))*
- *Gaming Machine Act 1991, Casino Control Act 1982, Keno Act 1996, Lotteries Act 1997 and Wagering Act 1998 (administered by The Office of Liquor and Gaming Regulation (OLGR))*

Revenue is recognised when one or more of the following events are satisfied:
- the underlying transaction or event which gives rise to the right to collect the revenue occurs and can be measured reliably
- the assessment is raised by the self-assessor (a person who lodges transactions online), predominantly for payroll tax and duties, additional revenue is recognised upon amended assessment
- the assessment is issued as a result of Commissioner-assessed transactions or following compliance activities such as reviews and audits, predominantly for land and gaming taxes
- tax penalty and interest revenue is recognised when raised, when an assessment becomes overdue or further enforcement activity commences

(h) SPER fines

The *State Penalties Enforcement Act 1999* largely covers administrative arrangements for the enforcement and recovery of court ordered fines, related levies and unpaid infringement notices. Revenue is recognised when the unpaid penalty, fine or levy has been transferred and registered with SPER, such as court, traffic offences and tolling fines. Additional income from enforcement fees on overdue fines is recognised when they are subject to further enforcement action.

(i) Grants and other contributions

Grants, donations, gifts and other contributions that are non-reciprocal in nature are recognised as revenue in the year in which the department obtains control over them (control is generally obtained at the time of receipt). Where grants are received that are reciprocal in nature, revenue is progressively recognised as it is earned, according to the terms of the funding agreements.

(j) Cash and cash equivalents

Cash assets include all cash as well as deposits at call with financial institutions. Cash equivalents include investments with short periods to maturity that are readily convertible to cash on hand at the department's option and that are subject to a low risk of changes in value.

Bank accounts grouped within the whole of Government set-off arrangement with the Queensland Treasury Corporation (QTC) do not earn interest on surplus funds. Interest earned on the aggregate set-off arrangement balance accrues to the Consolidated Fund.

(k) Receivables

Debtors are recognised at the amounts due at the time of service delivery i.e. the agreed purchase/contract price. Settlement of debtors is generally required within 30 days.

Licence fee receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are carried at amortised cost using the effective interest rate method.

2 Summary of significant accounting policies (continued)

Administered receivables are recognised in line with revenue criteria, explained in notes (f) to (h).

(l) Other financial assets

The department carries equity investments in unlisted companies at cost under AASB 139 *Financial Instruments: Recognition and Measurement.* The fair value of the investments cannot be reliably determined due to inactive markets for identical investments (refer note 17).

(m) Amortisation of intangibles and depreciation of property, plant and equipment

Property, plant and equipment assets are depreciated on a straight-line basis so as to allocate the net cost of each asset, less its estimated residual value, progressively over its estimated useful life to the department. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

All intangible assets of the department have finite useful lives and are amortised on a straight line basis.

For each class of depreciable asset, the following depreciation/amortisation rates were used:

Class	Depreciation/amortisation rates
Plant and equipment	
– IT and communications	16.6% - 50%
– Furniture and office amenities	20%
– Office equipment	10% - 50%
– Leasehold improvements	7.14%- 33.33%
Intangibles	
– Internally generated software	7.14% - 20%
– Purchased software/licences	12.5% - 25%

Queensland Treasury currently holds plant and equipment with a written down value of zero that has an original cost of $0.931million. Also QT has no temporary idle plant and equipment and no plant and equipment recorded at cost with materially different fair values.

(n) Payables

Creditors are recognised upon receipt of goods and services at the agreed purchase price. Amounts owing are generally settled on 30 day terms.

(o) Leases

Operating lease payments have been entered into under which the lessor retains substantially all the risks and benefits incidental to ownership. Property leases are recognised on a straight line basis over the lease life including any applicable lease incentives and annual rent increments, in accordance with *AASB 117 Leases*.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability in the period in which they are incurred.

Leases are classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, refer note 16.

(p) Financial instruments

Recognition

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

Classification
Financial instruments are classified and measured as follows:

1. Financial assets at fair value through profit or loss – held at fair value
   - Other financial assets – Shares in Aurizon Holdings Ltd (AZJ)
2. Financial assets – held at amortised cost
   - Receivables
   - Lease receivables
   - Loans and advances
3. Financial liabilities – held at amortised cost
   - Payables
   - Tax liabilities
   - Interest bearing liabilities – Commonwealth, QTC borrowings and Advances payable to GOC's
   - Other liabilities – insurance premiums on pass to the State
4. Equity instrument – held at cost
   - Other financial assets

Valuation
Interest bearing liabilities are initially recognised at fair value, plus any transaction costs directly attributable to the interest bearing liability, then subsequently held at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument (or, when appropriate, a shorter period) to the net carrying amount of that instrument.

2 Summary of significant accounting policies (continued)

(q) Employee benefits

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

Workers' compensation insurance is not counted in an employee's total remuneration package as employee benefits and is recognised separately as employee related expenses.

Wages, salaries and sick leave

Unpaid salaries and wages expenses are recognised in the Statement of Financial Position at the current salary rates.

History indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Annual leave

No provision for annual leave has been recognised in the department's financial statements as the liability is held on a whole of Government basis and reported in those financial statements pursuant to *AASB 1049 Whole of Government and General Government Sector Financial Reporting,* under the Annual Leave Central Scheme (ALCS). A levy is made on the department to cover the cost of employees' annual leave (including leave loading and on-costs). The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave are claimed from the scheme quarterly in arrears.

Long service leave

Under the Queensland Government's long service leave scheme, a levy is made on the department to cover the cost of employees' long service leave. Levies are expensed in the period in which they are paid or payable.

Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears. Therefore, no provision for long service leave is recognised in the department's financial statements, the liability being held on a whole of Government basis and reported in those financial statements prepared pursuant to *AASB 1049 Whole of Government and General Government Sector Financial Reporting*.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. The department's obligation is limited to its contribution to QSuper.

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole of Government basis and reported in those financial statements pursuant to *AASB 1049 Whole of Government and General Government Sector Financial Reporting*.

(r) Taxation

Queensland Treasury 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). As such, FBT and GST credits receivable from/payable to the ATO are recognised and accrued.

QTH is subject to the National Tax Equivalents Regime (NTER), and payments are made to the State Treasurer equivalent (Consolidated Fund) to the amount of Commonwealth income tax.

The QTH controlled entity falls under the Taxation of Financial Arrangements (TOFA) legislation and applies the default realisation and accrual methods.

(s) Allocation of revenues and expenses from ordinary activities of corporate services

The department allocates revenues and expenses attributable to corporate services to its controlled departmental services in the Statement of Comprehensive Income based on the average usage patterns of the services' key drivers of costs.

(t) Rounding and comparatives

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

(u) Issuance of financial statements

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

2 Summary of significant accounting policies (continued)

(v) Accounting estimates and judgements

Estimates and assumptions that have a potential significant effect are outlined in the following notes and categories on the face of the statements:

- notes 15 and 43 (Allowance for impairment)
- notes 26 and 49 (Contingencies)
- note 30 (a) and (f)
- note 50 (a) and (f)

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

(w) First year application of new accounting standards or change in accounting policy

A revised version of *AASB 124 Related Party Disclosures* will apply to QT for the first time in 2016-17. *AASB 124* requires disclosures about the remuneration of key management personnel (KMP) (refer note 8), transactions with related parties, and relationships between parent and controlled entities.

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

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

(x) Future impact of Accounting Standards not yet effective

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

AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB107*

From reporting periods beginning on or after 1 July 2017, this Standard will require additional disclosures to enable the reader to evaluate changes in liabilities arising from financing activities. These disclosures will include both cash flows and non-cash changes between the opening and closing balance of the relevant liabilities and be disclosed by way of reconciliation in the notes to the statement of cash flows.

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

These standards will become effective from reporting periods on or after 1 January 2019. The department has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts, however QT are not expecting any significant impacts from this standard due to no coverage of taxation revenue collection for administered revenue streams. Potential future impacts identifiable at the date of this report are as follows:

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

- grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. The department receives several grants for which there are no sufficiently specific performance obligations, so these grants will continue to be recognised as revenue upfront.

- depending on the respective contractual terms, the new requirements may potentially result in a change to the timing of revenue from user charges such that some revenue may need to be deferred to a later reporting period to the extent that the department has received cash but has not met its associated obligations (such amounts would be reported as a liability in the meantime). The department is yet to complete its analysis of existing arrangements for sale of its goods and services, but at this stage does not expect a significant impact on its present accounting practices.

- a range of new disclosures may also be required by the new standards in respect of the department's revenue, however and in-depth assessment of these requirements is yet to be undertaken.

2 Summary of significant accounting policies (continued)

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

These standards will become effective for reporting periods beginning on or after 1 January 2018. The main impacts of these standards on the department are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the department's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

At this stage assuming no change in the types of transactions the department enters into, all the financial assets are expected to be measured at fair value as required in the standard (instead of the measurement classifications presently used in Note 2(p), 30 and 50). In the case of the department's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value. Changes in the fair value of those assets will be reflected in the department's operating result. A significant impact of the new measurement requirements on QT is that "Loans and advances" in the administered accounts and "Licence fee receivable" in the consolidated controlled accounts will need to be measured at fair value and are currently recorded at amortised cost. The department is not yet able to reliably estimate what the fair value of loans and advances will be at the date of initial application of AASB 9, due to availability of inputs from the Commonwealth and the use of historical estimates which could significantly mislead users of this information. Under the new standard the nature of how the Licence fee receivable is recorded will change impacting the financial position or performance of the amount receivable. The difference between the carrying amount of these assets and their initial fair value will be recognised as an adjustment to the balance of Accumulated Surplus on initial application of AASB 9. AASB 9 allows an entity to make an irrevocable election at the date of initial recognition to present in 'other comprehensive income' subsequent changes in the fair value of such an asset.

AASB 16 *Leases*

This standard will become effective for reporting periods on or after 1 January 2019. When applied, the standard supersedes AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases – Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Impact for Lessees

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

In effect, the majority of operating leases (as defined by the current AASB 117) will be reported on the statement of financial position under AASB 16. The impact on the reported assets and liabilities would be largely in proportion to the scale of the agency's leasing activities. Queensland Treasury's current lease commitments include rental accommodation managed by the Department of Housing and Public Works. The department has a number of accommodation leases in Brisbane and regional Queensland with the majority apportioned to 1 William St, Brisbane.

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense. Refer to note 25 for details of the types of non-cancellable lease commitments the department currently carries. A full comprehensive analysis of how these commitments will be bought to account is yet to be undertaken.

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

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

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

Impact for Lessors

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

All other Australian accounting standards and interpretations with future effective dates are either not applicable to QT activities, or have no material impact on the department.

		Consolidated Entity		Parent Entity	
		2017	2016	2017	2016
		$'000	$'000	$'000	$'000
3	**Reconciliation of payments from Consolidated Fund to appropriated revenue recognised in the Statement of Comprehensive Income**				
	Budgeted appropriation revenue	251,486	217,173	251,486	217,173
	Transfer (to)/from other departments	..	3,770	..	3,770
	Transfer (to)/from other heading	(11,090)	(9,686)	(11,090)	(9,686)
	Total appropriation receipts	240,396	211,257	240,396	211,257
	Plus opening balance of deferred appropriation payable	3,163	2,100	3,163	2,100
	Less closing balance of deferred appropriation payable	(15,241)	(3,163)	(15,241)	(3,163)
	Net appropriation revenue	228,318	210,194	228,318	210,194
	Plus deferred appropriation expense payable to Consolidated Fund	12,781	..	12,781	..
	State and Commonwealth appropriation revenue recognised in Statement of Comprehensive Income	241,099	210,194	241,099	210,194
	Reconciliation of payments from Consolidated Fund to appropriated equity adjustments recognised in contributed equity				
	Budgeted equity adjustment appropriation	11,058	4,462	11,058	4,462
	Transfer (to)/from other heading	(607)	(4,622)	(607)	(4,622)
	Total equity adjustment receipts	10,451	(160)	10,451	(160)
	Appropriated equity adjustment recognised in contributed equity	10,451	(160)	10,451	(160)
4	**User charges and fees**				
	Sale of services	30,304	29,072	30,304	29,072
	Other fees	7	9	7	9
		30,311	29,081	30,311	29,081
5	**Grants and other contributions**				
	Resources received below fair value	427	221	427	221
	Grant revenue	..	207	..	200
	Industry contributions	14,989	13,531	14,989	13,531
	Contributions from Workcover	84,099	77,439	84,099	77,439
		99,515	91,398	99,515	91,391
6	**Interest revenue**				
	Interest - QTC	1,751	1,717	..	..
	Interest - lease receivables *	6,517	6,966	..	..
	Interest - loans and receivables **	7,202	12,703	..	..
		15,470	21,386	..	..

* Relates to interest recognised on QTH Lease receivables by Dalrymple Bay Coal Terminal Holdings (DBCTH) Pty Ltd (refer note 16).
** Relates to interest recognised on QTH financial assets acquired from Brisbane Port Holdings Pty Ltd (BPH) following the long-term lease of the Port of Brisbane (refer note 15)

7	**Gain/loss on sale/fair value movement of investments**				
	Gain/Loss on shares - unrealised *	29,660	(17,027)	..	..
		29,660	(17,027)	..	..

* Relates to the market movement on remaining shares held in AZJ (formerly QR National Limited) recorded at fair value (recognised at the closing listed market price of $5.36 per share (2016: $4.82 per share))

		Consolidated Entity		Parent Entity	
		2017	2016	2017	2016
		$'000	$'000	$'000	$'000
8	**Employee expenses**				
	Salaries, wages and related - Government employees	157,397	157,922	157,397	157,922
	Redundancy payments	1,786	53	1,786	53
	Salaries & wages not included for LSL & Annual leave levy calcs	(789)	(35)	(789)	(35)
	Employer contributions - Accumulation schemes	17,466	16,640	17,466	16,640
	Employer contributions - Defined benefit scheme	2,979	2,956	2,979	2,956
	Long service leave	3,024	3,257	3,024	3,257
	Annual leave	15,746	15,156	15,746	15,156
	Fringe benefits tax expense	1,167	1,086	1,167	1,086
	Workers' compensation premium	437	494	437	494
	Other employee related expenses	3,466	3,003	3,466	3,003
		202,679	200,532	202,679	200,532

The number of employees as at 30 June, including both full-time employees and part-time employees, measured on a full-time equivalent basis (reflecting Minimum Obligatory Human Resource Information (MOHRI)) is:

Number of employees:	1,757	1,768	1,757	1,768

(a) ***Key management personnel and remuneration***

As from 2016-17, the department’s Treasurer is identified as part of the department’s key management personnel (KMP), consistent with additional guidance included in the revised version of AASB 124 Related Party Disclosures. Those Ministers are the Treasurer and Minister for Trade and Investment – Curtis Pitt, and the Minister for Employment and Industrial Relations, Minister for Racing and Minister for Multicultural Affairs – Grace Grace.

The Treasurer’s 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 as from 2016-17, which are published as part of Queensland Treasury’s Report on State Finances.

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

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 the respective reporting periods. Further information about these positions can be found in the body of the Annual Report under the section relating to Executive Management.

The following disclosures focus on the expenses incurred by the department during the respective reporting periods that are attributable to non-Ministerial KMP.

8 Employee expenses (continued)

The amounts disclosed below reflect expenses recognised in the Statement of Comprehensive Income.

1 July 2016 - 30 June 2017

Position (a)	Responsibilities	Date appointed to position (End date of position)	Short Term Employee Expenses	Long Term Employee Expenses	Post Employment Expenses	Termination Benefits	Total Expenses
			Monetary Expenses * $'000	$'000	$'000	$'000	$'000
Under Treasurer	Responsible for executive leadership, strategic direction of the department and whole of Government financial management	09-Jun-15	596	12	74	..	**682**
Acting Deputy Under Treasurer	Responsible for executive leadership, strategic direction of the department and whole of Government financial management for Economics and Fiscal Coordination	24-Aug-15	238	5	26	..	**269**
Deputy Under Treasurer	Responsible for Agency Performance	6-Aug-15	233	4	26	..	**263**
Acting Deputy Under Treasurer	Responsible for Commercial Services	20-Apr-15 (16-Jun-17) (b)	..	..	..	..	**..**
Deputy Under Treasurer	Responsible for Commercial Services and Agency Performance	27-Aug-15	286	5	32	..	**323**
Commissioner	Responsible for the Office of State Revenue	10-Feb-14	284	6	32	..	**322**
Acting Executive General Manager	Responsible for the Operations and Change	15-Sept-16 (c)	143	3	15	..	**161**
Executive General Manager	Responsible for Risk and Intelligence	27-Jan-16	219	4	24	..	**247**
Deputy Director-General	Responsible for the Office of Industrial Relations	09-Jan-14	245	5	27	..	**277**
Total Expenses			2,244	**44**	**256**	**..**	**2,544**

* The department does not have any non-monetary benefits to disclose in relation to its' KMP
(a) Some positions have been excluded from the table on the basis of being immaterial in relation to time in the role and dollar value
(b) The former Acting Deputy Under Treasurer was remunerated by QTC and departed interchange agreement on 16 June 2017.
(c) Appointed as Acting Executive General Manager on 15 September 2016 following a departmental restructure. Previously in a non KMP position.

8 Employee expenses (continued)

1 July 2015 - 30 June 2016

Position (a)	Responsibilities	Date appointed to position (End date of position)	Short Term Employee Expenses	Long Term Employee Expenses	Post Employment Expenses	Termination Benefits	Total Expenses
			Monetary Expenses * $'000	$'000	$'000	$'000	$'000
Under Treasurer	Responsible for executive leadership, strategic direction of the department and whole of Government financial management	09-Jun-15	595	11	73	..	679
Acting Deputy Under Treasurer (b)	Responsible for executive leadership, strategic direction of the department and whole of Government financial management and the Fiscal Group	24-Aug-15	197	4	21	..	222
Deputy Under Treasurer	Responsible for the Economics Group	6-Aug-15	243	5	25	..	273
Acting Deputy Under Treasurer (c)	Responsible for Commercial Group	20-Apr-15	..	..	..	..	..
Deputy Under Treasurer	Responsible for Commercial Group	27-Aug-15 (d)	285	5	31	..	321
Commissioner	Responsible for the Office of State Revenue	10-Feb-14	266	5	31	..	302
Assistant Under Treasurer, Corporate Group	Responsible for the Corporate Group	27-Jan-16 (e)	100	2	11	..	113
Deputy Director-General (f)	Responsible for the Office of Industrial Relations	09-Jan-14	243	5	26	..	274
Total Expenses			1,929	**37**	**218**	..	**2,184**

* The department does not have any non-monetary benefits to disclose in relation to its' KMP
(a) Some positions have been excluded from the table on the basis of being immaterial in relation to time in the role and dollar value
(b) The incumbent Deputy Under Treasurer was seconded to QSuper on 21 December 2015. During the period to 21 December 2015, the encumbent worked offline and did not meet the criteria as a KMP
(c) The Acting Deputy Under Treasurer is remunerated by QTC
(d) The Chief Operating Officer was transferred to this position on 27 August 2015 with a s122 contract variation. Remuneration remains the same, only the role title, duties and location were varied from 27 August 2015, with the approval of the Public Commission (PSC) Chief Executive.
(e) Commenced as QT employee on 27 January 2016. Before this was a contractor in the role as head of Corporate Group since August 2015
(f) The OIR joined QT on 1 July 2015 as part of a MoG change

		Consolidated Entity		Parent Entity	
		2017	2016	2017	2016
		$'000	$'000	$'000	$'000
9	**Supplies and services**				
	Consultants	12,379	10,636	12,379	10,636
	Professional legal, service fees and charges	10,090	9,301	10,090	9,301
	Advertising, postage and telephone charges	9,358	11,573	9,358	11,573
	Property, parking, accommodation fitout and equipment charges	9,166	5,184	9,166	5,184
	Payments to contractors and employment agencies	24,737	18,513	24,737	18,513
	Operating lease rentals	21,854	18,428	21,854	18,428
	Computer management, licence fees and administration charges	30,540	18,171	30,540	18,171
	SPER Call Centre costs	10,881	10,615	10,881	10,615
	Other Supplies and services	8,636	9,007	8,636	9,007
		137,641	111,428	137,641	111,428
10	**Grants and subsidies**				
	Safe Work Australia	2,037	2,068	2,037	2,068
	Anzac Day Trust	1,299	1,277	1,299	1,277
	Queensland Ambulance Service	3,918	3,415	3,918	3,415
	Back to Work	2,848	..	2,848	..
	Other recurrent grants	1,524	840	1,524	840
		11,626	7,600	11,626	7,600
11	**Impairment expense**				
	Impairment losses on receivables *	139	69,468	139	103
	Impairment losses on Intangibles	..	40	..	40
		139	69,508	139	143

* Relates to the rights to cash flows under a revenue sharing arrangement as part of the Port of Brisbane sale. The carrying value of the licence fee receivable is reviewed annually incorporating projected trade volumes and price growth. A discount rate is applied against the expected cash flows based on a pre-tax discount rate of 9.54% (2016 9.00%) which is based on a weighted average cost of capital methodology adjusted for lower volatility from revenue, refer notes 6 and 15.

		Consolidated Entity		Parent Entity	
		2017	2016	2017	2016
		$'000	$'000	$'000	$'000
12	**Other expenses**				
	External audit fees*	812	905	773	866
	Internal audit fees	1,525	1,259	1,525	1,259
	Company secretariat and accounting services - QTC	412	428	..	..
	Project management - CNI	..	7	..	..
	Deferred departmental projects and initiatives	12,781	..	12,781	..
	Sponsorships and special payments	168	295	168	295
	Bank charges	1,750	1,941	1,750	1,941
	Qld Government Inusrance Fund - insurance premiums	137	78	137	78
	Ex-gratia payments - payments to former core agreement employees	..	24	..	24
	Sundry expenses	700	559	485	336
		18,285	5,496	17,619	4,799

* Total audit fees quoted by the Queensland Audit Office relating to the 2016-17 financial statements for the parent entity are $540k, (2016: $550k)

		Consolidated Entity 2017 $'000	Consolidated Entity 2016 $'000	Parent Entity 2017 $'000	Parent Entity 2016 $'000
13	**Income tax expense**				
	Current tax comprises:				
	Current tax on profit for the year	2,499	3,310	..	..
		2,499	3,310	..	..
	Deferred tax comprises:				
	Decrease/(increase) in deferred tax asset	1,192	5,401	..	..
	(Decrease)/increase in deferred tax liability	8,898	(5,108)	..	..
		10,090	293	..	..
	Income tax expense/(benefit)	12,589	3,603	..	..
	Numerical reconciliation of income tax expense to prima facie tax payable:				
	Profit/(loss) before income tax expense	52,631	(58,877)	..	..
	Less (profit)/loss of non taxable entities	(327)	(472)	..	..
	Plus dividend received from AZJ	(10,343)	(6,635)	..	..
	Profit/(loss) before income tax expense from taxable entities	41,961	(65,984)	..	..
	Tax at the Australian Company tax rate of 30%	12,589	(19,797)	..	..
	Plus write-back of deferred tax asset	..	23,400	..	..
	Income tax expense/(benefit)	12,589	3,603	..	..
14	**Cash assets**				
	Cash on hand and at bank	53,117	37,912	53,116	37,910
	QTC Cash Fund	77,112	59,199	..	..
	Cash at the end of financial year	130,229	97,111	53,116	37,910

	Consolidated Entity		Parent Entity	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
15 Receivables				
Current				
Receivables of operating nature	3,362	10,445	3,362	10,445
Less allowance for impairment loss	(310)	(173)	(310)	(173)
	3,052	10,272	3,052	10,272
GST input tax credits receivable	970	692	970	692
Sundry receivable	1,595	1,908	1,595	1,908
Long service leave claims receivable	752	291	752	291
Annual leave claims receivable	2,876	2,662	2,876	2,662
	6,193	5,553	6,193	5,553
Total Current	9,245	15,825	9,245	15,825
Ageing of past due but not impaired Receivables*				
Overdue				
Less than 30 days	63	62	63	62
30-60 days	98	134	98	134
61 to 90 days	..	48	..	48
Greater than 90 days	262	85	262	85
Total overdue	423	329	423	329

* 2017 and comparative ageing of individually impaired financial assets are not disclosed as they are immaterial.

	Consolidated 2017 $'000	Consolidated 2016 $'000	Parent 2017 $'000	Parent 2016 $'000
Non-current				
Licence fee receivable*	121,249	121,249	..	..
Interest revenue - accumulated	62,727	58,753	..	..
Impairment expense - accumulated	(135,853)	(135,853)	..	..
Total Non-current	48,123	44,149	..	..

* The licence fee receivable has been estimated based on projected trade volume and price growth and is discounted at a rate of 9.54% (2016: 9%). The discount rate is applied against expected cash flows under a revenue sharing arrangement based on a pre-tax discount rate. The licence fee was written down in the prior financial year to its recoverable amount (refer note 11).

Credit risk exposure of receivables

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

Credit risk (receivables) is managed pursuant to internal policies. These focus on the prompt collection of revenues due and payable to the department and follow-up of outstanding fees and charges within specified timeframes. Any write-offs require high level approval.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets net of any provisions for impairments.

No collateral is held as security and no credit enhancements relate to the financial assets held by the department.

The QTH controlled entity is exposed to credit risk in relation to the receivables arrangements entered into with Brisbane Port Holding (BPH). BPH has assigned its rights to QTH to receive money payable to it by the Port Manager, Port of Brisbane Pty Ltd (PBPL).

The QTH controlled entity is also exposed to credit risk primarily through its investments in the QTC Cash Fund. The QTC Cash Fund is an asset management portfolio that invests with a wide variety of high credit rated counterparties. Deposits with the QTC Cash fund are capital guaranteed.

15 Receivables (continued)

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

If no loss events have arisen in respect of a particular debtor or group of debtors, no allowance for impairment is made in respect of that debt/group of debtors. If the department and its controlled entities determine that an amount owing by such a debtor does become uncollectible (after an appropriate range of debt recovery actions), that amount is recognised as a bad debt expense and written-off directly against Receivables.

16 Lease receivables

	Consolidated Entity		Parent Entity	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current				
Finance lease receivable	1,288	1,235	..	..
Novation receivable	7,472	7,657	..	..
	8,760	8,892	..	..
Non-current				
Finance lease receivable	107,151	108,439	..	..
Novation receivable	14,474	21,946	..	..
	121,625	130,385	..	..
Total				
Lease receivable	108,439	109,674	..	..
Novation receivable	21,946	29,603	..	..
	130,385	139,277	..	..
Finance leases				
Minimum lease payments				
- Not later than one year	6,471	6,471	..	..
- Later than one year and not later than five years	25,882	25,882	..	..
- Later than five years	188,992	195,462	..	..
Minimum lease commitments receivable at balance date *	221,345	227,815	..	..
Less future finance charges	(112,906)	(118,141)	..	..
Total lease receivable	108,439	109,674	..	..
Present value of minimum lease payments				
- Not later than one year	6,281	6,281	..	..
- Later than one year and not later than five years	22,329	22,328	..	..
- Later than five years	79,829	81,065	..	..
	108,439	109,674	..	..

* These lease commitments receivable represent payments due from the primary lessee under the Plant lease, On-shore sub-lease, Off-shore sub-sub-lease and Road sub-sub-lease. The terms of the Plant lease and On-shore sub-lease are 50 years each, with options to renew for a further 49 years, while the Off-shore sub-sub-lease and Road sub-sub-lease terms are 99 years each. There are no guaranteed residuals for any of the leases

16 Lease receivables (continued)

	Consolidated Entity		Parent Entity	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Novation receivable				
Operating lease				
Minimum lease payments				
- Not later than one year	8,391	8,938	..	..
- Later than one year and not later than five years	15,253	23,644	..	..
Minimum novation payments receivable at balance date *	23,644	32,582	..	..
Less: future finance charges	(1,698)	(2,979)	..	..
Total novation receivable	21,946	29,603	..	..
Present value of minimum lease payments				
- Not later than one year	8,147	8,679	..	..
- Later than one year and not later than five years	13,799	20,924	..	..
	21,946	29,603	..	..

* The novation receivable represents payments owing to North Queensland Bulk Ports Corporation Limited from DBCT Management Pty Ltd which has been novated to DBCT Holdings Pty Ltd. The novation payments to be made are set out in the Framework Agreement, with the final payment to be made on 30 June 2020

17 Other financial assets

	Consolidated Entity 2017 $'000	Consolidated Entity 2016 $'000	Parent Entity 2017 $'000	Parent Entity 2016 $'000
Current				
Shares - AZJ *	294,404	264,744	..	..
	294,404	264,744	..	..
Non-current				
Shares held in unlisted company at cost	6,833	6,833	6,833	6,833
QIC investments - Business Development Fund at cost	20,000	10,000	20,000	10,000
	26,833	16,833	26,833	16,833

* The QTH controlled entity holds 54,926,186 shares (2016: 54,926,186) shares in AZJ, purchased at the institutional price of $2.55 per share. The shares are market valued based on the closing listed share price of $5.36 per share (2016: $4.82)

18 Intangibles

	Consolidated Entity 2017 $'000	Consolidated Entity 2016 $'000	Parent Entity 2017 $'000	Parent Entity 2016 $'000
Non-current				
Internally generated software				
– at cost	11,092	9,130	11,092	9,130
– accumulated amortisation	(4,871)	(3,346)	(4,871)	(3,346)
– accumulated impairment loss	..	(136)	..	(136)
	6,221	5,648	6,221	5,648
Other software/licences				
– at cost	10,250	9,591	10,250	9,591
– accumulated amortisation	(9,468)	(8,601)	(9,468)	(8,601)
	782	990	782	990
Work in progress				
– at cost	3,937	1,843	3,937	1,843
	3,937	1,843	3,937	1,843
Total intangibles				
– net book value	10,940	8,481	10,940	8,481

18 Intangibles (continued)

Reconciliation

	Internally generated software		Other software/licences		Software works in progress		Total	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Carrying amount at 1 July	5,648	7,132	990	1,809	1,843	..	8,481	8,941
Acquisitions	..	..	500	1,260	4,619	5,570	5,119	6,830
Mog Transfer in	..	738	..	..	..	567	..	1,305
Disposals	(404)	..	..	..	..	..	(404)	..
Impairment losses recognised in operating surplus/deficit	..	(40)	..	..	..	..	..	(40)
Assets transferred between asset classes	2,366	5,434	159	(1,140)	(2,525)	(4,294)	..	..
Amortisation *	(1,389)	(7,616)	(867)	(939)	..	..	(2,256)	(8,555)
Carrying amount at 30 June	6,221	5,648	782	990	3,937	1,843	10,940	8,481

* Amortisation of intangibles is included in the line item 'Depreciation and amortisation' in the Statement of Comprehensive Income.

Queensland Treasury has intangibles which are fully amortised and still in use that had an original cost of $9.733 million.

The department has no significant unrecognised intangibles.

No intangible assets have been classified as held for sale or form part of a disposal group classified as held for sale.

		Consolidated Entity		Parent Entity	
		2017 $'000	2016 $'000	2017 $'000	2016 $'000
19	**Deferred tax asset**				
	The balance comprises temporary differences attributable to:				
	Long term receivable - BPH	21,944	23,136	..	..
		21,944	23,136	..	..
20	**Payables**				
	Current				
	Payables of operating nature	16,281	13,860	16,281	13,860
	Interdepartmental payable	2,147	4,512	2,147	4,512
	Deferred appropriation departmental services payable	15,241	3,163	15,241	3,163
	Taxes payable	387	398	289	273
	GST payable	352	414	352	414
	Sundry payables	359	343	10	26
		34,767	22,690	34,320	22,248
	Non-current				
	Payables of operating nature	2,796	..	2,796	..
		2,796	..	2,796	..
21	**Other current liabilities**				
	Current				
	Unearned revenue	396	356	396	356
	Sub-lease on land*	337	331	..	..
		733	687	396	356
	Non-current				
	Sub-lease on land*	2,378	2,713	..	..
		2,378	2,713	..	..

* The QTH controlled entity, through DBCTH, has deferred revenue resulting from an upfront payment on a long-term lease arrangement

		Consolidated Entity		Parent Entity	
		2017	2016	2017	2016
		$'000	$'000	$'000	$'000
22	**Deferred tax liabilities**				
	Attributable to temporary differences:				
	Financial assets at fair value - AZJ	46,302	37,404	..	..
	Investments in subsidiaries - DBCTH	178	178	..	..
		46,480	37,582	..	..
23	**Interest bearing liabilities**				
	Current loans with QTC				
	Lease loan *	1,288	1,235	..	..
	Novation loan *	7,472	7,657	..	..
		8,760	8,892	..	..
	Interest bearing liabilities				
	Non-current loans with QTC				
	Lease loan *	107,151	108,439	..	..
	Novation loan *	14,474	21,946	..	..
		121,625	130,385	..	..

* The long-term Lease Loan and Novation Loan from QTC, is for a period of 50 and 20 years, respectively for each loan, unless terminated earlier. Interest on the loans is fixed at 4.8% per annum, calculated on the daily balance and payable in arrears on each date rent is payable. A first ranking registered fixed and floating charge has been granted by DBCTH in favour of QTC over all the assets and undertakings of DBCTH

		Consolidated Entity		Parent Entity	
		2017	2016	2017	2016
		$'000	$'000	$'000	$'000
24	**Reconciliation of operating surplus to net cash from operating activities**				
	Operating surplus/(deficit)	39,223	(66,237)	(819)	(3,757)
	Impairment expense	139	69,508	139	143
	Gain on shares - unrealised	(29,660)	17,027	..	..
	Interest - loans and receivables	(7,202)	(12,703)	..	..
	Loss on sale of property, plant and equipment	..	6	..	6
	Dividend received	(14,775)	(13,841)	..	..
	Decrease in amortisation of unearned income	(328)	(325)	..	..
	Depreciation/amortisation expense	3,331	11,273	3,331	11,273
	Interest expense	6,517	6,966	..	..
	Change in assets and liabilities:				
	(Increase)/decrease in appropriation receivable	(703)	..	(703)	..
	(Increase)/decrease in GST input tax credits receivable	(278)	4,545	(278)	4,545
	(Increase)/decrease in trade debtors	7,652	(4,771)	7,082	(5,741)
	(Increase)/decrease in annual leave reimbursements	(214)	(1,142)	(214)	(1,142)
	(Increase)/decrease in other receivables	(146)	(445)	(146)	(445)
	Increase/(decrease) in interdepartmental payable	(2,365)	3,364	(2,365)	3,364
	(Increase)/decrease in other assets	(995)	(664)	(1,097)	(780)
	Increase/(decrease) in trade creditors	5,213	4,473	5,213	4,473
	Increase/(decrease) in accrued employee benefits	1,336	4,979	1,336	4,979
	Increase/(decrease) in GST payable	(62)	(27)	(62)	(27)
	Increase/(decrease) in other payables	12,107	2,206	12,784	2,990
	Increase/(decrease) in other current liabilities	40	282	40	289
	Increase/(decrease) in tax provision	(607)	124	..	..
	Increase/(decrease) in deferred tax liability	8,905	(5,109)	..	..
	Decrease in deferred tax asset	1,765	5,401	..	..
	Adjustment to various assets and liabilities due to MoG (non-cash items)	..	(2,136)	..	(2,136)
	Net cash provided by/(used in) operating activities	28,893	22,754	24,241	18,034

	Consolidated Entity		Parent Entity	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000

25 Commitments for expenditure

(a) Non-cancellable operating lease commitments

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

Not later than one year	414	406	..	..
Later than one year and not later than five years	1,656	1,625	..	..
Later than five years	14,906	14,678	..	..
Total commitments	16,976	16,709	..	..

(b) Motor vehicle operating lease commitments

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

Not later than one year	2,260	2,421	2,260	2,421
Later than one year and not later than five years	3,982	6,004	3,982	6,004
Later than five years	..	..	..	..
Total commitments	6,242	8,425	6,242	8,425

Motor vehicle operating lease commitments consist of the department's motor vehicle operating leases with QFleet

(c) Non-Capital operating expenditure commitments

Material operating expenditure commitments, inclusive of GST, contracted for but not recognised in the financial statements are payable as follows:

Not later than one year	68,602	80,772	68,602	80,772
Later than one year and not later than five years	130,469	123,232	130,469	123,232
Later than five years	146,867	180,703	146,867	180,703
Total commitments	345,938	384,707	345,938	384,707

(d) Capital expenditure commitments

Material capital expenditure commitments, inclusive of GST, contracted for but not recognised in the financial statements are payable as follows:

Not later than one year	1,086	3,255	1,086	3,255
Later than one year and not later than five years	52	763	52	763
Later than five years	..	..	..	..
Total commitments	1,138	4,018	1,138	4,018

26 Contingencies

Environmental obligations

The QTH controlled entity has exposure to claims made against it through its subsidiaries and associated companies in relation to any pre-existing contamination of land assets. At balance date, there have been no claims made against the QTH controlled entity.

Land tax

Under the Port of Brisbane Share Sale and Purchase Agreement, the State has agreed to pay to the Port lessee any portion of the Port lessee's land tax liability in years the land tax assessment for the leased area exceeds the estimated land tax assessment. The obligations are subject to certain conditions, including the lessee pursuing any objection available to it in relation to an assessment, and are limited to assessment years up to and including 30 June 2025.

27 Controlled entities

Queensland Treasury Holdings is controlled by the department and its revenues, expenses, assets, liabilities and equity have been included within these financial statements. The Under Treasurer, as Trustee for the Treasurer of Queensland, holds a 60% beneficial interest in QTH, which comprises ownership of "A" class capital. The remaining 40% interest is held by the QTC for and on behalf of the Under Treasurer as the corporation sole of QTC. Queensland Treasury Holdings acts as a corporate vehicle through which the Queensland Government invests in assets of strategic importance to the State. The QTH controlled entity is audited by the Auditor-General of Queensland.

QTH summarised financial statements:	2017 $'000	2016 $'000
Income Statement		
Revenues	60,282	18,581
Expenses	7,651	77,458
Income tax expense	12,589	3,603
Operating result for the year (after income tax)	**40,042**	**(62,480)**
Balance Sheet		
Total assets	622,212	582,488
Total liabilities	180,027	180,345
Net Assets	**442,185**	**402,143**

	Net Assets	
Name of Controlled Entity	**2017 $000**	**2016 $000**
QTH Pty Ltd holds100% ownership interest in the following material subsidiaries:		
Controlled Entities of QTH		
City North Infrastructure Pty Ltd *	..	..
Queensland Lottery Corporation Pty Ltd (QLC)	2,741	2,736
Queensland Airport Holdings (Cairns) Pty Ltd***	..	..
Queensland Airport Holdings (Mackay) Pty Ltd***	..	..
Network Infrastructure Company Pty Ltd **	..	..
Brisbane Port Holdings Pty Ltd (BPH)	18,593	18,351
DBCT Holdings Pty Ltd	7,225	7,140

* City North Infrastructure Pty Ltd did not trade during the year and the company is in the process of deregistering.
** Network Infrastructure Company Pty Ltd was registered on 15 June 2010 and has not traded.
*** Act as lessors for the Mackay and Cairns airport assets under 99 year finance lease arrangements. As such all airport assets were derecognised and upfront funds received were repatriated to the State Consolidated Fund in 2009.

28 Investments in entities which are not controlled entities or associated companies

Name of entity	Principal activities	Percentage ownership 2017 %	2016 %	Carrying amount 2017 $'000	2016 $'000
Property Exchange Australia Ltd*	Develop then operate the national e-Conveyancing system	3.97%	4.67%	6,833	6,833

*originally known as National e-Conveyancing Development Limited

29 Events occurring after balance date

Subsequent to the end of financial year, the directors of the QTH consolidated entity declared a dividend of $10.0 million to be paid to the State in 2017-18.

30 Financial instruments

(a) *Categorisation of financial instruments*

The consolidated entity has the following categories of financial assets and financial liabilities:

Category	Note	2017 $'000	2016 $'000
Financial assets			
Cash and cash equivalents	14	130,229	97,111
Receivables	15	57,368	59,974
Loans and advances*		49,938	51,709
Finance lease receivables	16	130,385	139,277
Other financial assets	17		
Shares - AZJ		294,404	264,744
Shares held in unlisted company at cost		6,833	6,833
QIC investments, Business Development Fund		20,000	10,000
Total		689,157	629,648
Financial liabilities			
Payables	20	34,767	22,690
Interest bearing liabilities	23	130,385	139,277
Total		165,152	161,967

*The loan receivable is discounted at 6.55% and includes the rights to fixed annual payments up to 31 December 2025

(b) *Financial risk management*

The consolidated entity's activities expose it to a variety of financial risks – interest rate risk, credit risk, liquidity risk and market risk.

Financial risk management is implemented pursuant to Government and QT policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the department.

The department and its controlled entities manage exposure to these financial risks through advice and consultation with QTC primarily in relation to borrowing activities. Risk management parameters are reviewed regularly to reflect changes in market conditions and changes to the department and its controlled entities' activities.

(c) *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 QTH controlled entity is exposed to liquidity risk through the normal course of business.

The department and its controlled entity manage liquidity risk by ensuring that it has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

The QTH controlled entity is exposed to liquidity risk through its borrowings with QTC however this is mitigated by back to back arrangements on debt obligations.

The following table sets out the liquidity risk in relation to financial liabilities held by the department and its controlled entity. It represents the remaining contractual cash flows (principal and interest) of financial liabilities at the end of the reporting period.

30 Financial instruments (continued)

	Note	2017 payable in < 1 year $'000	1 - 5 years $'000	> 5 years $'000	Total Undiscounted Cash Flow $'000	Carrying Amount $'000
Financial liabilities						
Payables	20	34,767	..	..	34,767	34,767
Interest bearing liabilities	23	14,862	41,135	188,992	244,989	130,385
Total		49,629	41,135	188,992	279,756	165,152

	Note	2016 payable in < 1 year $'000	1 - 5 years $'000	> 5 years $'000	Total Undiscounted Cash Flow $'000	Carrying Amount $'000
Financial liabilities						
Payables	20	22,690	..	..	22,690	22,690
Interest bearing liabilities	23	15,409	49,526	195,462	260,397	139,277
Total		38,099	49,526	195,462	283,087	161,967

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange, interest rates and equity prices will affect the department and its controlled entities income or value of its holdings of financial instruments. The objective is to manage and control market risk exposure within acceptable parameters, while optimising return within desired frameworks.

Interest rate risk

The QTH controlled entity is exposed to interest rate risk through the QTC Cash Fund which is capital guaranteed. All other financial assets and financial liabilities are fixed in nature.

Sensitivity analysis

Interest rates

Sensitivity to interest rate movements is shown for variable financial assets and liabilities based on the carrying amount at reporting date. The following interest rate sensitivity analysis depicts the effect that a reasonably possible change in interest rates (assumed to be 1%) would have on the operating result and equity, based on the carrying values at the end of the reporting period:

2017 Interest rate risk

Financial instruments	**Carrying amount**	**-1%**		**1%**	
		Profit	**Equity**	**Profit**	**Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Cash *	77,113	(771)	(771)	771	771
Potential impact		(771)	(771)	771	771

* excludes fixed rate or non-interest bearing assets

2016 Interest rate risk

Financial instruments	**Carrying amount**	**-1%**		**1%**	
		Profit	**Equity**	**Profit**	**Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Cash*	59,201	(592)	(592)	592	592
Potential impact		(592)	(592)	592	592

* excludes fixed rate or non-interest bearing assets

Equities

Sensitivity analysis for equity instruments is based on a reasonably possible change in the ASX200 share price which is estimated at +/- 10% (2016: +/- 10%).

30 Financial instruments (continued)

2017 Equities

Financial instruments	Carrying amount	-10%		10%	
		Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000
Other financial assets					
Shares - AZJ	294,404	(29,440)	(29,440)	29,440	29,440
Potential impact		(29,440)	(29,440)	29,440	29,440

2016 Equities

Financial instruments	Carrying amount	-10%		10%	
		Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000
Other financial assets					
Shares - AZJ	264,744	(26,474)	(26,474)	26,474	26,474
Potential impact		(26,474)	(26,474)	26,474	26,474

Fair value

Fair value hierarchy

Financial instruments measured at fair value have been classified in accordance with the hierarchy described in AASB 13 *Fair Value Measurement*. The fair value hierarchy is categorised into three levels based on the observability of the inputs to fair valuation techniques.

- 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.

According to the above hierarchy, the fair values of each class of asset recognised at fair value are as follows:

Class	Classification according to fair value hierarchy			2017 Total Consolidated Carrying Amount
	Level 1	Level 2	Level 3	
	$'000	$'000	$'000	$'000
Financial assets				
Cash and cash equivalents	53,117	77,112	..	130,229
Other financial assets				
Shares - AZJ	294,404	..	..	294,404
Total	347,521	77,112	..	424,633

Class	Classification according to fair value hierarchy			2016 Total Consolidated Carrying Amount
	Level 1	Level 2	Level 3	
	$'000	$'000	$'000	$'000
Financial assets				
Cash and cash equivalents	37,912	59,199	..	97,111
Other financial assets				
Shares - AZJ	264,744	..	..	264,744
Total	302,656	59,199	..	361,855

Classification of instruments into fair value hierarchy levels is reviewed annually, and any transfers are deemed to occur at the end of the reporting period. There were no transfers between Level 1 and Level 2 and no transfers in or out of Level 3 during the year ended 30 June 2017.

Level 2 instruments for the QTC Cash Fund are measured at net realisable value.

30 Financial instruments (continued)

The fair values of financial assets and liabilities not carried at fair value at balance date are as follows:

	2017		2016	
	Carrying Amount $'000	Fair Value $'000	Carrying Amount $'000	Fair Value $'000
Financial asset				
Loans and advances ^	49,938	57,894	51,709	62,349
Licence fee receivable ^	48,123	60,069	44,149	44,149
Total	98,061	117,963	95,858	106,498

^ QTH only

For financial assets and financial liabilities, fair values have been based on the following:

- Loans and advances are discounted to present value using a discount rate taking into account the entity specific risks and using valuation techniques.
- The lease receivable and associated interest bearing liabilities (lease loan and novation loan) are back to back leasing arrangements held by DBCTH. Both the lease receivable and associated loan fair values are reasonably approximate to the carrying value at balance date due to the offsetting nature of these arrangements.

31 Budget vs actual comparison

NB. A budget vs actual comparison, and explanations of major variances, has not been included for the Statement of Changes in Equity, as major variances relating to that statement have been addressed in explanations of major variances for other statements.

Statement of Comprehensive Income
for the year ended 30 June 2017

	Variance Notes	Original Budget 2017 $'000	Actual 2017 $'000	Variance $'000
Income from continuing operations				
Revenue				
Appropriation revenue		251,486	241,099	(10,387)
User charges and fees	1	21,781	30,311	8,530
Grants and other contributions		99,788	99,515	(273)
Other revenue		1,217	1,291	74
Total income from continuing operations		374,272	372,216	(2,056)
Expenses from continuing operations				
Employee expenses		211,850	202,679	(9,171)
Supplies and services	2	147,098	137,641	(9,457)
Grants and subsidies	3	4,754	11,626	6,872
Depreciation and amortisation	4	6,372	3,331	(3,041)
Other expenses	5	4,198	17,619	13,421
Total expenses from continuing operations		374,272	373,035	(1,237)
Losses				
Loss on sale/disposal of property, plant and equipment		..	..	..
Operating result from continuing operations		..	(819)	(819)
Operating result for the year		..	(819)	(819)
Total comprehensive income		..	(819)	(819)

Explanations of major variances

1. The increase is primarily driven by the volume and values of reimbursable projects managed by the Commercial Group unknown during budget development ($3.625M) and additional survey revenue of $1.405M for the Queensland Government Statistician's Office. Also contributing are $0.976M in greater than anticipated electrical licencing charges for the Office of Industrial Relations (OIR), $0.722M in unbudgeted revenue for the reimbursement of costs for service provided to the National Injury Insurance Agency Queensland, $0.772M in the Office of State Revenue (OSR) primarily relates to greater than anticipated contribution to QGrant system from other departments and $0.577M in unbudgeted revenue for the reimbursement of costs for the 1 William Street project.

2. The decrease is primarily due to costs for the SPER Transformation Program of $6.026M and to prepare OSR to deliver the planned Transformation Program of $1.877M being deferred from 2016-17 to 2017-18. Also contributing is the levy contribution to the Queensland Ambulance Services from OIR being reclassified from Outsourced Services to Grants and Subsidies ($3.918M). These decreases are partially offset by additional costs associated with projects managed by the Commercial Group ($3.625M).

3. The increase is mainly due to levy contribution of $3.918M to the Queensland Ambulance Services from OIR being reclassified from Outsourced Services to Grants and Subsidies and grant payments associated with the Back to Work Program being reclassified from Administered to Controlled ($2.848M). These increases are partially offset by $0.7M in Readiness Fund grant payments for the Social Benefit Bonds pilots being deferred from 2016-17 to 2017-18.

4. The decrease primarily relates to $1.1M in SPER due to a revised methodology of procuring ICT. Instead of investing in capital systems, SPER will implement an ICT Software as a Service solution to support the modernisation of the business. Also contributing is $0.909M in OSR due to a changed amortisation schedule for capital expenditure associated with the improved revenue management services into the future.

5. The increase primarily relates to other expenses recognised for appropriation payable resulting from the re-profiling of a number of departmental projects and initiatives from 2016-17 to future years, in accordance with Section 3B.2 of the Financial Reporting Requirements.

31 Budget vs actual comparison (continued)

Statement of Financial Position
as at 30 June 2017

	Variance Notes	Original Budget 2017 $'000	Actual 2017 $'000	Variance $'000
Current assets				
Cash assets		32,815	53,116	20,301
Receivables	1	7,095	9,245	2,150
Other assets		4,408	3,925	(483)
Total current assets		44,318	66,286	21,968
Non-current assets				
Other financial assets		26,832	26,833	1
Intangible assets	2	9,307	10,940	1,633
Property, plant and equipment	3	2,779	4,211	1,432
Total non-current assets		38,918	41,984	3,066
Total assets		83,236	108,270	25,034
Current liabilities				
Payables	4	10,708	34,320	23,612
Accrued employee benefits	5	6,053	9,109	3,056
Other current liabilities		677	396	(281)
Total current liabilities		17,438	43,825	26,387
Non-current liabilities				
Payables	6	269	2,796	2,527
Total non-current liabilities		269	2,796	2,527
Total liabilities		17,707	46,621	28,914
Net assets		65,529	61,649	(3,880)
Equity				
Accumulated surplus		20,743	19,683	(1,060)
Capital or contributed equity		44,786	41,966	(2,820)
Total equity		65,529	61,649	(3,880)

Explanations of major variances

1. The increase is primarily due to unbudgeted receivables associated with QGrant support charges and accrued survey revenue in the Queensland Government Statistician's Office.

2. The variance is mainly due to lower than anticipated amortisation costs as a result of revised methodology of procuring ICT in SPER and a changed amortisation schedule for capital expenditure associated with OSR to improve revenue management services into the future.

3. The variance reflects the level of leasehold improvements, ICT hardware and office equipment assets held by OIR to meet its operational requirements.

4. The increase is mainly due to $16.016M in appropriation payable resulting from re-profiling of a number of departmental programs and initiatives from 2016-17 to future years. Also contributing are unbudgeted payable to the Department of Justice and Attorney-General relating to the Office of the Industrial Relations ($2.147M) and higher than anticipated accrued expenses in SPER ($2.436M).

5. The increase reflects variances in annual leave levy payable, long service leave levy payable and salaries and wages payable at year end.

6. The increase is a result of the straight-line methodology adopted for lease expenses after assessing the application of AASB 117 to leased property portfolio.

	Variance Notes	Original Budget 2017 $'000	Actual 2017 $'000	Variance $'000
Cash flows from operating activities				
Inflows				
Appropriation revenue receipts		251,486	240,396	(11,090)
User charges and fees	1	21,781	32,608	10,827
Grants and other contributions	2	99,788	114,305	14,517
GST input tax credits from Australian Taxation Office (ATO)	3	..	11,510	11,510
Other		1,217	1,341	124
Outflows				
Employee expenses		(211,850)	(202,240)	9,610
Supplies and services		(147,164)	(147,247)	(83)
Grants and other contributions	4	(4,754)	(11,626)	(6,872)
GST remitted to ATO	5	..	(7,171)	(7,171)
Other	6	(4,198)	(7,635)	(3,437)
Net cash provided by/(used in) operating activities		6,306	24,241	17,935
Cash flows from investing activities				
Outflows				
Payments for property, plant and equipment		(1,454)	(1,867)	(413)
payments for investments		(10,000)	(10,000)	..
Payments for intangibles		(5,642)	(5,119)	523
Net cash provided by/(used in) investing activities		(17,096)	(16,986)	110
Cash flows from financing activities				
Inflows				
Equity injections	7	14,691	13,911	(780)
Outflows				
Equity withdrawals	8	(3,633)	(5,960)	(2,327)
Net cash provided by/(used in) financing activities		11,058	7,951	(3,107)
Net increase/(decrease) in cash and cash equivalents		268	15,206	14,938
Cash and cash equivalents at beginning of financial year		32,547	37,910	5,363
Cash and cash equivalents at end of financial year		32,815	53,116	20,301

Explanations of major variances

1. Refer to Income Statement.

2. The increase relates to $6.453M cash received in 2016-17 for 2015-16 payment from WorkCover Queensland to the Workers Compensation Regulatory Authority and Workplace Healthy and Safety Queensland, and unbudgeted GST associated with grants revenue received in 2016-17 from WorkCover Queensland.

3. The variance is due to the amount of Input tax credits paid by the Australian Taxation Office (ATO) for supplier invoices processed which was not budgeted for.

4. The increase is mainly due to OIR contribution of $3.918M to the Queensland Ambulance Services being reclassified from Outsourced Services to Grants and Subsidies and grant payments of $2.848M associated with the Back to Work Program being reclassified from Administered to Controlled.

5.The variance is due to GST input credit collected and remitted to the ATO for customer invoices processed which was not budgeted for.

6. The increase is mainly due to higher than budgeted payables to the Department of Justice and Attorney-General relating to post MoG activities associated with the OIR, which is derived from timing of historical payment activity.

7. The decrease reflects changing from equity to appropriation funding as a result of a reclassification from capital to operational expenditure for costs associated with preparing OSR to deliver the planned Transformation Program.

8. The increase primarily relates to $2.5M for return of cash to WorkCover Queensland through an equity withdrawal.

32 Grants and other contributions

	2017 $'000	2016 $'000
Administered on behalf of the whole of Government		
GST revenue grant	13,939,043	13,121,976
Specific purpose - recurrent		
- Schools	1,414,448	1,279,221
- Skills and workforce development	296,292	292,355
- Disability services	341,285	289,165
- Affordable housing	269,497	265,955
National Partnership Payments - recurrent project	557,297	559,825
National Partnership Payments - capital project	2,660,997	1,263,333
Other	80,720	42
	19,559,579	17,071,872

33 Taxes

	2017 $'000	2016 $'000
Administered on behalf of the whole of Government		
Taxes		
Casino tax	98,466	101,425
Gaming machine tax	683,767	677,471
Gold Lotto	206,793	223,949
Golden Casket	33,672	34,965
Keno tax	20,452	21,212
Land tax	1,083,395	1,014,770
Payroll tax	3,735,578	3,751,927
Duties	4,683,602	4,344,396
Wagering tax	9,917	10,464
Other taxes	2,241	562
	10,557,883	10,181,141
Levies		
Health Services levy	72,800	67,997
	72,800	67,997
	10,630,683	10,249,138

	2017 $'000	2016 $'000

34 Royalties

Administered on behalf of the whole of Government		
Mining royalties	3,846,737	2,092,754
Dividends *	..	195
	3,846,737	2,092,949

* represents dividend receipts from the HIH/FAI liquidators

35 Interest

Administered on behalf of the whole of Government		
Interest from investments	32,748	106,810
Interest from loans	952	1,366
Interest from trust funds *	17,027	18,672
Time value financial assets (non-cash)	4,101	5,189
Other	113	112
	54,941	132,149

* interest collected from Trust Funds under the *Property Occupations and Motor Dealers and Chattel Auctioneers Act 2014*

36 Appropriation revenue

Administered on behalf of the whole of Government		
Budgeted administered item appropriation and equity	5,762,535	13,061,402
Transfer (to)/from other departments	25,628	..
Transfer (to)/from other heading	11,697	14,308
Lapsed appropriation	..	..
Unforeseen expenditure	1,068,359	296,985
Total administered item receipts	6,868,219	13,372,695
Plus closing balance of administered item receivable	..	108,491
Less opening balance of administered item receivable	(108,491)	97,110
Less closing balance of administered deferred appropriation payable	(68,040)	..
Net approriation revenue	6,691,688	13,578,296
Plus deferred appropriation expense payable to Consolidated Fund	68,040	..
Total administered appropriation revenue recognised in the Statement of Comprehensive Income	6,759,728	13,578,296
This is represented by:		
Administered item revenue recognised in Statement of Comprehensive Income	6,082,395	5,972,731
Equity adjustment recognised in equity withdrawal	677,333	7,605,565
	6,759,728	13,578,296

	2017 $'000	2016 $'000

37 Other revenue

Administered on behalf of the whole of Government		
Proceeds of crime from the Public Trustee	11,103	7,458
SPER Fines	218,130	315,884
Competitive neutrality fees	114,756	200,877
Miscellaneous receipts	14,026	14,136
	358,015	538,355

38 Supplies and services

Administered on behalf of the whole of Government		
GST administration expense remitted to the Commonwealth	136,905	134,968
Administration fees	916	928
Reinsurance expense	25,403	25,455
Other	4,572	4,027
	167,796	165,378

39 Losses on sale/revaluation of assets - impairment losses

Administered on behalf of the whole of Government		
Impairment losses on receivables - Taxation	1,174	(58,237)
Impairment losses on receivables - SPER	(14,000)	40,221
Bad debts written off *	22,868	28,122
	10,042	10,106

* Debt Write Off Guidelines 1/2013, enables the Registrar to write off bad debts in all circumstances in which it is unlikely the debts could be recovered cost effectively (refer to note 43).

40 Finance/borrowing costs

Administered on behalf of the whole of Government		
Interest paid by Treasury Offset Bank Account on trust and bank balances	1,871	2,411
Interest on loans – Commonwealth Government	914	1,402
Unwind concessional loan discount - Commonwealth borrowings	1,005	2,479
Interest on loans – QTC	1,468,965	1,981,355
Interest - other	12,630	14,804
Market Value Realisation charge on repayment of QTC borrowings	303,720	55
Concessional loan discount - NDRRA loans *	(1,224)	68
Administration fees	24,053	25,529
	1,811,934	2,028,103

* represents the discount on initial recognition of NDRRA loans

	2017 $'000	2016 $'000

41 Other expenses

Administered on behalf of the whole of Government		
Queensland Government Insurance Fund claims and concessions	121,956	137,023
Ex-gratia payments *	8,522	1,474
Superannuation benefit payments	1,669,447	1,580,244
Long service leave reimbursements	372,644	363,482
Annual leave central scheme claims paid	1,605,539	1,554,535
Sundry	87,442	17,911
	3,865,550	3,654,669

* A portion of dividends and tax equivalent payments received by the State under the National Tax Equivalents Regime are paid to local governments via ex-gratia payments from Treasury administered.

42 Cash assets

Administered on behalf of the whole of Government		
Cash at bank	(2,731,190)	(2,137,018)
Comprised of:		
Whole of Government Treasury Offset arrangement *	(2,735,481)	(5,640,936)
Other administered bank accounts	4,291	3,503,918
	(2,731,190)	(2,137,018)

* The whole of Government Treasury offset arrangement incorporates the Treasury Offset Bank Account which is an overdraft facility as required under section 49 (1) of the *Financial Accountability Act 2009* and a QTC Working Capital Facility. This overdraft facility is part of an offset arrangement with other departmental bank accounts and is taken into account in determining the interest earned on the whole of Government position. Cash at bank is an aggregate of Treasury administered bank accounts including the Treasury Offset Bank Account.

In addition, QT has established another setoff arrangement with the Commonwealth Bank of Australia to maximise interest earned on surplus cash balances held by departmental bank accounts that do not fall within the whole of Government setoff arrangement.

The QTC Cash Advances Fund is utilised to transfer Government Owned Corporations surplus funds to the Treasury Offset arrangement (refer note 46).

The QTC Working Capital Facility is used for short term borrowings. The market value of the borrowings in the QTC Working Capital Facility at 30 June 2017 is represented by its book value (as notified by QTC). Interest is calculated daily based on the Reserve Bank's official cash rate. Interest is charged at rates between 2.05% and 1.5% (2016: between 2.05% to 1.5%) along with an administration margin of 0.10% (2016: 0.10%).

A post balance date transfer of $1.0b occurred from the QTC borrowings to the WOG Treasury Offset Arrangement in line with the department's operating requirements, also refer note 46.

	2017 $'000	2016 $'000

43 Receivables

Administered on behalf of the whole of Government		
Current		
Trade debtors*	1,367,712	1,328,550
Less allowance for impairment*	(450,804)	(463,629)
	916,908	864,921
Competitive neutrality fees	29,403	52,503
GST input tax credits receivable	223	333
Other advances - advances paid, repayments received and reclassifications	20,084	20,854
Other administered appropriation receivable	..	108,491
Sundry receivable	7,209	2,524
	56,919	184,705
	973,827	1,049,626
Non-current		
Other advances - advances paid, repayments received and reclassifications	87,058	102,802
Sundry receivable	1,413	1,828
	88,471	104,630
	1,062,298	1,154,256

* The trade debtors balance includes receivables of $980.2 million (2016: $955.8 million) for SPER fines. As at 30 June 2017, $416.0 million of the fines receivable were impaired (2016: $430.0 million) representing 42% of the total amount receivable (2016: 45%).

Administered on behalf of the whole of Government		
Overdue		
Less than 30 days	65,641	32,763
30 to 60 days	26,850	39,031
61 to 90 days	26,068	40,481
Greater than 90 days	686,155	623,656
Total overdue	804,714	735,931

Ageing of individually impaired Receivables

Administered on behalf of the whole of Government	2017			2016		
Not due/overdue	Gross Receivables* $'000	Allowance for impairment $'000	Carrying amount $'000	Gross Receivables* $'000	Allowance for impairment $'000	Carrying amount $'000
Not yet due	32	(32)	..	725	(725)	..
Less than 30 days	194	(194)	..	528	(528)	..
30 to 60 days	1,049	(1,049)	..	418	(418)	..
61 to 90 days	610	(610)	..	343	(343)	..
Greater than 90 days	448,918	(448,918)	..	461,615	(461,615)	..
Total overdue	450,803	(450,803)	..	463,629	(463,629)	..

* gross receivables should be those receivables that have been individually impaired and not the total gross receivables in note 43 above

43 Receivables (continued)

	2017 $'000	2016 $'000
Movements in allowance for impairment of impaired receivables		
Balance at 1 July	463,629	481,558
OIR Opening Balance	..	87
Amounts written off during the year	(22,868)	(28,121)
Amounts recovered during the year		..
Increase/(decrease) recognised in Statement of Comprehensive	10,042	10,106
Balance at 30 June	450,803	463,629

Credit risk exposure of receivables

The department manages credit risk through the use of a credit management strategy. This strategy focuses on the prompt collection of revenues due and payable to the department and follow up of outstanding fees and charges within specified timeframes. Exposure to credit risk is monitored on an ongoing basis.

Risk assessments are performed upon non-payment of debt and maintained in the State Revenue Risk Register with assigned risk ratings. Under this risk based revenue management framework compliance plans are developed with reference to the debt management strategies.

An allowance for impairment for tax collections is calculated based on the solvency status of the debtor and the age of the debt. SPER debts are impaired on consideration of the likelihood of collectability with reference to historical activity for the specific debt types being assessed. Historical activity of the specific debt is determined based on a combination of the long-term debt finalisation rate and withdrawal and recall rates. Management judgement is required in assessing the long-term debt finalisation, withdrawal and recall rates.

A number of debt collection measures are undertaken including the exercising of legislative powers contained within the *Taxation Administration Act 2001* and the *State Penalties Enforcement Act 1999*, prior to impairing debt. If no loss events have arisen in respect of a particular debtor or group of debtors, no allowance for impairment is made in respect of that debt/group of debtors. If the department determines that an amount owing by such a debtor does become uncollectible, the amount is impaired, then subsequently recognised as a bad debt expense and written-off directly against Receivables. In other cases where a debt becomes uncollectible but the uncollectible amount exceeds the amount already allowed for impairment of that debt, the excess is recognised as a bad debt expense and written off directly against Receivables.

44 Other current assets

Administered on behalf of the whole of Government		
Current		
Accrued revenue	146	12,312
Prepayments	8,495	8,332
	8,641	20,644

45 Payables

Administered on behalf of the whole of Government		
Current		
GST payable	..	4
Deferred appropriation payable to Consolidated Fund	68,040	..
Trade creditors	1,039	700
Other creditors	6,576	698
	75,655	1,402

	2017 $'000	2016 $'000

46 Interest Bearing Liabilities

	2017 $'000	2016 $'000
Administered on behalf of the whole of Government		
Current		
Advances payable to GOC's*	1,345,079	..
Commonwealth borrowings	14,237	6,989
	1,359,316	6,989
Non-current		
QTC borrowings	30,265,029	33,026,233
Commonwealth borrowings	70,782	71,773
Less concessional loan discount and unwind	(6,277)	(6,345)
	30,329,534	33,091,661

* Government Owned Corporations (GOCs) are required to make any surplus cash available to the General Government Sector through modified set-off banking arrangements, which commenced in 2016-17 with Energy Queensland and Powerlink. Advances are made to the Treasurer's Offset Arrangement (refer note 42). QTC charge interest at rates between 3.39% and 2.50% along with an administration margin of 0.15%.

47 Other liabilities

	2017 $'000	2016 $'000
Administered on behalf of the whole of Government		
Unearned revenue	39,500	35,383
Sundry liabilities	567	64
	40,067	35,447

48 Reconciliation of administered comprehensive income to net cash from operating activities

	2017 $'000	2016 $'000
Administered on behalf of the whole of Government		
Administered comprehensive income		
Non cash finance cost adjustments	(4,317)	(4,890)
QTC market value realisation charges	303,720	(55)
Interest expense on QTC loans	(24,774)	2,061
Change in assets and liabilities:		
(Increase)/decrease in GST input tax credits receivable	110	(120)
(Increase)/decrease in trade and other receivables	(27,664)	(248,832)
(Increase)/decrease in other assets	11,975	(6,828)
(Increase)/decrease in administered appropriation receivable	108,491	(205,601)
Increase/(decrease) in trade and other payables	68,757	(20,978)
Increase/(decrease) in GST payable	(4)	(13,958)
Increase/(decrease) in transfers to Government payable	(42,997)	370,415
Increase/(decrease) in other liabilities	4,652	(7,859)
Net cash provided by/(used in) operating activities	397,949	(136,645)

49 Contingencies

Administered on behalf of the whole of Government

Litigation in progress

As at 30 June 2017, the following cases were filed in the courts:

	Cases	Estimated Amount $'000
Supreme Court	7	265,851
Civil and Administrative Tribunal	9	5,175
Total	16	271,026

These cases relate to revenue collected by the Office of State Revenue. The department's legal advisers and management believe there is insufficient information available to determine the outcome of the abovementioned cases. Accordingly, no provision has been taken up in QT's financial statements.

The department is potentially liable for Employer Support and Youth Boost payments of up to $50.906M under the Queensland Government's Back to Work initiative. The potential payments to eligible employers are subject to the employer meeting the required continuous employment milestones and eligibility criteria under the initiative.

50 Financial instruments

(a) Categorisation of financial instruments

Queensland Treasury has the following categories of financial assets and financial liabilities:

Administered on behalf of the whole of Government			
Category	**Notes**	**2017 $'000**	**2016 $'000**
Financial assets			
Cash and cash equivalents	42	(2,731,190)	(2,137,018)
Receivables*	43	1,062,298	1,154,256
Other current assets			
Other accrued revenue	44	146	12,312
Total		(1,668,746)	(970,450)
Financial liabilities			
Payables	45	75,655	1,402
Transfer to Government payable		1,019,690	1,062,688
Advances payable to GOC's	46	1,345,079	..
QTC borrowings**	46	30,265,029	33,026,233
Commonwealth borrowings held at amortised cost*	46	78,742	72,417
Other liabilities	47	567	64
Total		32,784,762	34,162,804

* Natural Disaster Relief and Recovery Arrangements loans are carried at amortised cost. Interest is charged on NDRRA loans at a predetermined rate and recognised as an expense as it accrues. Repayments are received yearly in arrears. The Commonwealth Attorney-General's Department – Emergency Management Australia determines the annual interest rate to be applied to the loans. In the 2016-17 year the interest rate was 1.16% (2016: 1.38%), which was calculated as 50% of the 10-year Treasury bond rate, averaged over the three-month period between April and June 2016.

** Interest is charged on the whole of Government borrowing with QTC at rates of between 2.50% and 4.75% (2016: between 2.14% and 4.89%) along with an administration margin at rates between 0.070% and 0.150% (2016: between 0.055% and 0.099%) which is accrued and paid quarterly to QTC.

(b) Financial risk management

The department's activities expose it to a variety of financial risks – interest rate risk, credit risk, liquidity risk and market risk. For discussion on managing credit risk refer to note 43.

The department adopts a risk based revenue management framework in conjunction with debt management strategies to manage credit risk, refer to note 43 Receivables for further information.

The management of financial risks are integral to QT's overall governance framework. The department has adopted various strategies for the mitigation of each risk category, including active monitoring by the Fiscal Strategy Division of borrowings by the State on behalf of the whole of Government.

50 Financial instruments (continued)

It is assisted in the discharge of these responsibilities through the provision of professional advice and assistance by the QTC (borrowings and short term investments).

The department's internal financial reporting framework and oversight by the Executive Leadership Team also contribute to the effective management of financial risks.

(c) Liquidity risk

The department is exposed to liquidity risk in respect of its payables, Commonwealth borrowings, borrowings from QTC for the Floating Rate Government Debt Pools and Advances payable to GOC's.

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

QTC borrowings are interest only with no fixed repayment date for the principal component. For the purposes of completing the maturity analysis, the principal component of these loans has been included in the more than five year time band with no interest payment assumed in this time band.

Administered on behalf of the whole of Government

		2017 payable in			Total Undiscounted Cash Flow	Carrying Amount
	Notes	< 1 year $'000	1 - 5 years $'000	> 5 years $'000	$'000	$'000
Financial liabilities						
Payables	45	75,655	..	..	75,655	75,655
Transfer to Government payable		1,019,690	..	..	1,019,690	1,019,690
Commonwealth borrowings*	46	15,579	42,387	30,657	88,623	85,019
Advances payable to GOC's	46	1,345,079	..	..	1,345,079	1,345,079
QTC borrowings	46	1,295,804	5,318,992	31,230,988	37,845,784	30,265,029
Other liabilities	47	567	..	..	567	567
Total		3,752,374	5,361,379	31,261,645	40,375,398	32,791,039

Administered on behalf of the whole of Government

		2016 payable in			Total Undiscounted Cash Flow	Carrying Amount
	Notes	< 1 year $'000	1 - 5 years $'000	> 5 years $'000	$'000	$'000
Financial liabilities						
Payables	46	1,069	..	..	1,069	1,069
Transfer to Government payable		1,062,688	..	..	1,062,688	1,062,688
Commonwealth borrowings*	46	13,363	48,429	21,193	82,986	78,762
QTC borrowings	46	1,500,953	6,007,945	34,793,177	42,302,075	33,026,233
Other liabilities	47	64	..	..	64	64
Total		2,578,137	6,056,374	34,814,370	43,448,882	34,168,816

*Carrying amount excludes amortised cost component of Commonwealth borrowings

(d) ***Market risk***

Whilst QT (administered) does not trade in foreign currency, royalties revenue received is impacted by changes in the Australian dollar exchange rate and commodity prices. The department is exposed to interest rate risk through its borrowings, loans and advances and cash deposited in interest bearing accounts.

(e) Interest rate sensitivity analysis

The following interest rate sensitivity analysis depicts the outcome on comprehensive income if interest rates were to change by +/- 1% from the year end rates applicable to the department's financial assets and liabilities. This is mainly attributable to the department's exposure to variable interest rates on its borrowings from QTC, the Commonwealth and cash holdings.

50 **Financial instruments (continued)**

Administered on behalf of the whole of Government

Financial instruments	Carrying amount	2017 Interest rate risk -1% Transfer to Government	-1% Equity	1% Increase in appropriation revenue	1% Equity
	$'000	$'000	$'000	$'000	$'000
Cash	(2,735,481)	27,355	27,355	(27,355)	(27,355)
Receivables					
Loans and advances	85,019	(850)	(850)	850	850
Interest Bearing Liabilities					
Commonwealth borrowings	85,019	850	850	(850)	(850)
Advances payable to GOC's	1,345,079	13,451	13,451	(13,451)	(13,451)
QTC borrowings - Fixed Rate Debt Pool	7,898,605	..	..	..	..
QTC borrowings - General Debt Pool (floating rate)	22,366,424	15,586	15,586	(14,241)	(14,241)
Potential Impact		56,392	56,392	(55,047)	(55,047)

Administered on behalf of the whole of Government

Financial instruments	Carrying amount	2016 Interest rate risk -1% Transfer to Government	-1% Equity	1% Increase in appropriation revenue	1% Equity
	$'000	$'000	$'000	$'000	$'000
Cash	(5,640,936)	56,409	56,409	(56,409)	(56,409)
Receivables					
Loans and advances	78,762	(788)	(788)	788	788
Interest Bearing Liabilities					
Commonwealth borrowings	78,762	788	788	(788)	(788)
QTC borrowings - Fixed Rate Debt Pool	12,850,378	..	..	..	..
QTC borrowings - General Debt Pool (floating rate)	20,175,855	18,225	18,225	(17,071)	(17,071)
Potential Impact		74,634	74,634	(73,480)	(73,480)

(f) Fair value

Fair value hierarchy

Financial instruments measured at fair value have been classified in accordance with the hierarchy described in *AASB 13 Fair Value Measurement*. The fair value hierarchy is categorised into three levels based on the observability of the inputs to fair valuation techniques.

- 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.

According to the above hierarchy, the fair values of each class of financial instrument carried at fair value are as follows:

50 Financial instruments (continued)

(f) Fair value (continued)

Class	Classification according to fair value hierarchy Level 1 $'000	Level 2 $'000	Level 3 $'000	2017 Total Carrying Amount $'000
Financial assets and liabilities				
Cash and cash equivalent				
Other administered bank accounts	4,291	..	..	4,291
Whole of Government Treasury Offset Arrangement	(2,735,481)	..	..	(2,735,481)
Interest bearing liabilities - Advances payable to GOC's	1,345,079	..	..	1,345,079
Total	**(1,386,111)**	..	..	**(1,386,111)**

Class	Classification according to fair value hierarchy Level 1 $'000	Level 2 $'000	Level 3 $'000	2016 Total Carrying Amount $'000
Financial assets				
Cash and cash equivalent				
Other administered bank accounts	3,503,918	..	..	3,503,918
Whole of Government Treasury Offset Arrangement	(5,640,936)	..	..	(5,640,936)
Total	**(2,137,018)**	-	..	**(2,137,018)**

The department does not recognise any financial assets or financial liabilities at fair value other than for cash and cash equivalents on its Statement of Financial Position.

The fair value of trade receivables, administered item revenue receivable, other accrued revenue, other assets, payables, transfer to government payable and other liabilities are assumed to approximate the value of the original transaction, less any provision for impairment.

The fair value of monetary financial assets and financial liabilities, other than QTC borrowings, is based on market prices where a market exists, or is determined by discounting expected future cash flows by the current interest rate for financial assets and liabilities with similar risk profiles.

The fair value of borrowings is notified by the QTC. It is calculated using discounted cash flow analysis and the effective interest rate and is disclosed below:

Administered on behalf of the whole of Government

Fair value

	2017 Carrying amount $'000	2017 Fair value $'000	2016 Carrying amount $'000	2016 Fair value $'000
Financial assets				
Receivables				
Loans and advances*	118,563	113,690	139,463	134,796
	118,563	113,690	139,463	134,796
Financial liabilities				
Interest bearing liabilities - Commonwealth borrowings*	85,019	82,653	78,762	78,013
Interest bearing liabilities - QTC borrowings	30,265,029	32,728,093	33,026,233	38,148,497
Total	30,350,048	32,810,746	33,104,995	38,226,510

* Carrying amount excludes amortised cost component of Loans and Advances and Commonwealth borrowings

51 Budget vs actual comparison

NB. A budget vs actual comparison, and explanations of major variances, has not been included for the Statement of Changes in Equity, as major variances relating to that statement have been addressed in explanations of major variances for other statements

Administered Statement of Comprehensive Income

for the year ended 30 June 2017

Income and expenses administered on behalf of the whole of Government	**Variance Notes**	**Adjusted Budget 2017 $'000**	**Actual 2017 $'000**	**Variance $'000**
Income from continuing operations				
Revenue				
Grants and other contributions		19,266,335	19,559,579	293,244
Taxes		10,829,160	10,630,683	(198,477)
User charges and fees	1	95,215	105,390	10,175
Royalties	2	1,913,929	3,846,737	1,932,808
Interest	3	29,915	54,941	25,026
Appropriation revenue		5,788,163	6,082,395	294,232
Other revenue		407,746	358,015	(49,731)
Total income from continuing operations		38,330,463	40,637,740	2,307,277
Expenses from continuing operations				
Supplies and services		159,321	167,796	8,475
Losses on sale/revaluation of assets - impairment	4	132,865	10,042	(122,823)
Grants and subsidies	5	204,079	221,531	17,452
Finance/borrowing costs	6	1,442,521	1,811,934	369,413
Other expenses		3,982,242	3,865,550	(116,692)
Total expenses from continuing operations		5,921,028	6,076,853	155,825
Operating result from continuing operations before transfers to Government		32,409,435	34,560,887	2,151,452
Operating result for the year before transfers to Government		32,409,435	34,560,887	2,151,452
Transfers of administered revenue to Government		32,409,435	34,560,887	2,151,452
Total administered comprehensive income		..	..	..

Explanations of major variances

1. The increase is primarily due to higher than anticipated Construction Work Notification Fees ($9.814M).
2. The increase reflects the impact of higher coal prices on coal royalties.
3. The increase is a result of increased balances held in working capital funds during the year.
4. The decrease is mainly due to lower than anticipated impairments in SPER ($110.131M) resulting from decreased tolling debt referrals.
5. The increase is mainly due to an increase in the Queensland First Home Owners' Grant ($38.151M), partially offset by lower than anticipated Back to Work grant payment ($18.491M).
6. The increase is due to the market value realisation (MVR) effect of the repayment of borrowings. This was budgeted for centrally at the time of the 2016-17 Budget, due to the uncertainty surrounding changes in interest rates. The change mainly arises from Debt Action Plan proceeds which were held in the QTC redraw facility at 30 June 2016 and used to repay debt in July and August 2016. MVR arises because debt must be extinguished at current market value as calculated by QTC.

51 Budget vs actual comparison (continued)

Administered Statement of Financial Position

as at 30 June 2017

Assets and liabilities administered on behalf of the whole of Government	Variance Notes	Adjusted Budget 2017 $'000	Actual 2017 $'000	Variance $'000
Current assets				
Cash and cash equivalents		(2,521,625)	(2,731,190)	(209,565)
Receivables	1	675,585	973,827	298,242
Other current assets	2	13,929	8,641	(5,288)
Total current assets		(1,832,111)	(1,748,722)	83,389
Non-current assets				
Receivables	3	119,236	88,471	(30,765)
Total non-current assets		119,236	88,471	(30,765)
Total assets		(1,712,875)	(1,660,251)	52,624
Current liabilities				
Payables	4	45,848	75,655	29,807
Transfer to Government payable	5	676,724	1,019,690	342,966
Interest bearing liabilities	6	17,572	1,359,316	1,341,744
Other liabilities		41,100	40,067	(1,033)
Total current liabilities		781,244	2,494,728	1,713,484
Non-current liabilities				
Interest Bearing Liabilities	7	33,512,481	30,329,534	(3,182,947)
Total non-current liabilities		33,512,481	30,329,534	(3,182,947)
Total liabilities		34,293,725	32,824,262	(1,469,463)
Net assets		(36,006,600)	(34,484,513)	1,522,087

Explanations of major variances

1. The increase is primarily due to a reduction in impairments and write-offs of receivables for SPER infringements. Also contributing is an increase in accrued taxes and royalties recognised at year end.

2. The decrease is primarily due to lower than antipated recovery from the Queensland Reconstruction Authority for grant payments made to the Queensland Rural and Industry Development Authority.

3. The decrease primarily relates to the reclassification of NDRRA loans from non-current to current.

4. The increase is primarily due to unbudgeted appropriation payable to the Consolidated Fund, partially offset by lower than anticipated GST Payable and SPER third party trade creditors.

5. The increase reflects higher than expected administered revenue earned but yet to be transferred to Consolidated Fund at year end.

6. The increase represents advances received from Powerlink Queensland and Energy Queensland as part of the Cash Management Strategy.

7. The decrease predominately due to lower than anticipated whole-of-government borrowing requirements mainly attributable to the improved operating position and the re-profiling of the capital program.

52 Related entity transactions with other Government Departments

The references to note numbers in the following disclosures may include other items to those listed below that are not classified as material or significant related entity transactions.

Controlled transactions:

The department paid grants to the Department of State Development and the Department of Education and Training to support the objectives of the Back to Work Regional Employment package (note 10).

To support the Advance Queensland initiative the department holds an investment with Queensland Investment Corporation (QIC) for the Business Development Fund, which provides early stage co-investment funding to promote angel and venture capital to Queensland based businesses (note 17).

The department receives reimbursement costs for commercial advisory services from the Department of Transport and Main Roads and Queensland Health for Public Private Partnership projects such as the Herston site re-development and Logan Motorway Enhancement (note 4).

The department incurred disaggregation costs from Queensland Shared Services to better realign services under the Finance Modernisation Project (note 9).

The department engaged QTC to commission a report on the “Review of Queensland’s Financial Assurance Framework”, aimed at improving the management of the State’s rehabilitation risk (note 9).

The department received revenue from the Department of Justice and Attorney-General to undertake surveys in relation to Revenue for Household Gambling, OIR – Queensland Trading Hours and education planning services for the Department of Education and Training (note 4).

The department accrued revenue to conduct surveys on behalf of Queensland Health for Queensland Preventive Health, Small Hospitals Patient Experience and Maternity Patient Experience (note 15).

The departments’ Revenue Management Service outsources the SPER contact centre to the Department of Science, Information Technology and Innovation (note 9).

The department has accommodation leases managed by the Department of Housing and Public Works (note 9).

The department engages Qfleet for OIR’s motor vehicle leases (note 9).

The department outsources OIR’s IT works and services to the Department of Science, Information Technology and Innovation (note 9).

The OIR receives workplace health and safety contributions from WorkCover Queensland and Queensland Health; and electrical safety industry contributions from Energy Queensland (note 5).

The OIR pays grant funding to Queensland Ambulance Services to undertake transport and pre-hospital patient care for injured workers under the Queensland Workers’ Compensation Scheme (note 10).

The department pays legal fees to the Department of Justice and Attorney-General for professional services rendered in relation to State Revenue and Worker’s Compensation legal cases (note 9).

The QTH consolidated entity invested funds with the QTC Cash Fund as at 30 June 2017 totalled $77.1 million (2016: $59.2 million) and interest revenue net of management fees received during the year totalled $1.6 million (2016: $1.6million).

The QTH consolidated entity has loan balances outstanding to QTC as at 30 June 2017 of $130.4 million ($2016: $139.3 million) with interest expense and fees totalling $6.5 million (2016: $7.0 million) capitalised against these loans.

QTC provides company secretariat and accounting services to the QTH consolidated entity. A fee of $411,642 (2016: $428 229) was charged for these services.

Administered transactions:

The department administers the Queensland Government Insurance Fund, which receives premiums from and pays claims to member agencies relating to a full suite of insurance lines (note 41).

The department operates a whole of Government offset arrangement, which includes the Treasury Offset Bank Account and a Working Capital Facility. Note 42 outlines the key terms and conditions of these arrangements which covers advances and principal repayments from the General Government Debt Pool (GDP).

The department received an administered appropriated equity injection under the Queensland Government Debt Action Plan.

The department administers the collection of competitive neutrality fees from Government Owned Corporations (GOC’s) under the National Competition Policy (Note 37).

The department’s State Revenue collection is responsible for administering local government tax equivalents under the *Local Government Act 2009* (note 33). Commercialised business units that are in scope under these administrative arrangements are subject to payroll tax, land tax, vehicle registration duty, insurance duty and transfer duty.

The department receives appropriation revenue (note 3 and 36) provided in cash via the State’s Consolidated Fund.

The department pays interest for borrowings it undertakes with QTC (note 40), note 42 outlines the key terms and conditions of those borrowings.

52 Related entity transactions with other Government Departments (continued)

The department collects State revenues and transfers to the Consolidated Fund, refer to the Administered Statement of Comprehensive Income.

The department administers the provision of State and Commonwealth loans and grants for Natural Disaster Relief and Recovery Arrangement (NDRRA) to Queensland Reconstruction Authority (QRA) and Queensland Rural and Industry Development Authority (QRIDA) (formerly Queensland Rural Adjustment Authority (QRAA), (note 43).

The department administers grant payments to statutory bodies including Queensland Productivity Commission (QPC), Queensland Competition Authority (QCA), Queensland Racing Integrity Commission (QRIC) and Trade and Investment Queensland (TIQ); refer to grants and subsidies on the Administered Statement of Comprehensive Income.

The department administers the receipt of unclaimed money and proceeds of crime from Public Trustee Office (PTO) for transfer to the Consolidated Fund (note 37).

53 Transfer payments

Payments under the Intergovernmental Agreement on Federal Financial Relations are made from the Commonwealth Treasury to the State and Territory Treasuries. These payments represent Specific Purpose Payments, National Partnership Payments and general revenue assistance.

While most of these payments are receipted and paid out to departments via appropriation funding, some payments are passed on directly to the relevant entities. These payments occur where:

- the payment is ultimately for a third party, for example, non-government schools
- the payment is a reimbursement of expenditure incurred by the State after invoicing the Commonwealth, or
- the agreement with the Commonwealth requires the payment to be paid into an interest bearing account held by the final recipient of the funding.

Amounts received from the Commonwealth for direct payments to the following entities in 2016-17 totalled $2.403 billion (2015-16: $2.264 billion):

- Department of Education and Training (non-government schools, $2.394 billion)
- Department of Agriculture and Fisheries (plant disease and eradication, $2.245 million)
- Department of Infrastructure, Local Government and Planning (National Insurance Affordability initiative, $7 million).

54 Agency transactions

Queensland Treasury currently acts as an agent and processes grant payments on behalf of a number of Queensland government departments. These transactions do not form part of QT's accounts and are instead reported by the various departments. For the 2016-17 financial year the total value of grants paid was $219.507 million (2015-16: $241.373 million). The decrease in 2016-17 is due to fewer grants being approved for disbursement by the respective state agencies responsible for grants.

QSuper operate the Employers Contribution bank account on behalf of Queensland Treasury, in accordance with the *Financial Accountability Act 2009*. The account is utilised to provide for the WOG Long Service and Annual Leave Central Schemes and Employer Superannuation Contributions. The account balance as at 30 June 2017 was $4.082 million (2015-16 $18.736 million), which represents money in transit to be identified as owing to either the Consolidated Fund and/or other Government Agencies.

55 Queensland Government E-merchant program

Queensland Treasury acts as a custodian over the settlement account (held by the third party, Cuscal) for the Queensland Government's pre-paid debit card program. At reporting date the balance in the account is $0.863 million including interest earned for the year, $15,946.02 (2015-16: $51,527.66), which represents unspent funds advanced by agencies.

56 Trust transactions and balances

(a)

Queensland Treasury also acts as an agent in the collection and distribution of unpaid infringement fines and court ordered monetary amounts for various external parties including local government bodies, universities and individuals.

	2017 $'000	2016 $'000
Opening balance	14,670	15,943
Collections:		
Cash receipts	41,434	41,060
Debtor overpayments	(273)	1,603
Cash not receipted	(137)	1,007
Cash not banked	(124)	(12)
Other	(6)	(6)
Distributions to principals	(38,148)	(44,925)
Balance 30 June	17,415	14,670

(b)

	Total revenue		Total expenses		Net Surplus/(deficit)		Total current assets		Total current liabilities		Net assets	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
District Industrial Inspectors' Collection Accounts												
Industrial Relations Act 1999 s 358 Holds recovered wages owed to employees until funds are cleared before forwarding on to workers	5	10	5	9	..	1	14	14	14	14	..	..
In-scope electrical Equipment (Registration Fees) Fund												
Electrical Safety Act 2002 s 204A holds money collected from the registration of electrical equipment and make payments to participating jurisdictions for electrical safety services	1,311	1,383	11	13	1,300	1,370	4,525	3,225	..	..	4,525	3,225

CERTIFICATE OF QUEENSLAND TREASURY

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

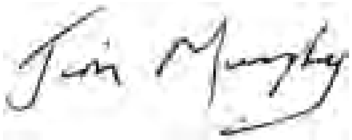
(a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects, and

(b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of QT for the financial year ended 30 June 2017 and of the financial position of the department at the end of that year.

The assertions in this certificate are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.

D. Brooks BComm, FCPA
Chief Finance Officer

28 August 2017



J. Murphy BA, LLB, Master of Public Law
Under Treasurer

28 August 2017

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of Queensland Treasury

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Queensland Treasury (the parent) and its controlled entities (the group).

In my opinion, the financial report:

a) gives a true and fair view of the parent's and group's financial position as at 30 June 2017, and their financial performance and cash flows for the year then ended

b) complies with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009* and Australian Accounting Standards.

The financial report comprises the statements of financial position and statements of assets and liabilities by major departmental services as at 30 June 2017, the statements of comprehensive income, statements of changes in equity, statements of cash flows and statements of comprehensive income by major departmental services for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the certificates given by the Under Treasurer and the Chief Finance Officer.

Basis for opinion

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

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

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

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report for 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.

Impairment of State Penalties Enforcement Registry (SPER) Fines Receivable
Refer to Note 43 of the financial report

Key audit matter	How my audit addressed the key audit matter
SPER debts are impaired on consideration of the likelihood of collectability with reference to historical activity for the specific debt types being assessed. Management judgement is required in assessing the extent to which debts may be impaired.	My procedures included but were not limited to: • Assessing management's controls over SPER collection and finalisation rates of the referred debts as these impacts the determination of the long-term debt finalisation, withdrawal and recall rate. • Obtaining an understanding of the methodology used and assessing its design, integrity and appropriateness. • Recalculating the long-term debt finalisation, withdrawal and recall rate to validate the mathematical accuracy of the model. • Recalculated the impairment charge by applying the long-term debt finalisation, withdrawal and recall rate to the debt pool and comparing the impairment charge to the general ledger.

Completeness of payroll tax revenue
Refer to note 33 in the financial report

Key audit matter	How my audit addressed the key audit matter
Tax revenue administered on behalf of the whole of Government totals $10.631 billion. Payroll tax transactions represented 35% of this balance and were considered significant to the department. Completeness of revenue recognised is dependent on whether: • All liable taxpayers have registered to pay payroll tax • The amounts disclosed by taxpayers accurately reflect their operations, and thus the calculation base for the tax is complete. The self-assessed nature of payroll tax increases the risk over completeness of payroll tax revenue collected and accrued reported in the administered statement of comprehensive income. The department verifies taxpayer compliance using a risk-management approach, to ensure taxpayers are paying the correct amount of tax. The department has implemented an annual compliance program to address this risk.	My procedures included, but were not limited to: • Assessing management's controls over the completeness of registered taxpayers and disclosure of taxable wages in payroll tax returns, including: o Reviewing data matching results and compliance program reporting, including whether new payroll tax revenue have been identified or previously raised revenues written-off • Evaluating the design, implementation and effectiveness of the annual payroll tax compliance program, by: o Verifying that all significant payroll tax revenue risks are addressed by the planned program o Obtaining an understanding of the methodology used and assessing its design, integrity and appropriateness including the methods used to select cases for investigation. • Re-performing a sample of compliance cases. • Analysing the movements and volatility of payroll tax revenue, including internal year-on-year trends and comparing to external sources, including population and wage growth data.

Responsibilities of the accountable officer for the financial report

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

The accountable officer is also responsible for assessing the parent's and group'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 parent or group or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the parent's and group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accountable officer.
- Conclude on the appropriateness of the accountable officer'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 parent's or group'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 parent or group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

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.

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2017:

a) I received all the information and explanations I required.

b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

Brendan Worrall
Auditor-General

Queensland Audit Office
Brisbane