

FINANCIAL STATEMENTS

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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.

Within the above components, 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 annual 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.

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) is:

Executive Building
100 George Street
BRISBANE QLD 4000

Queensland Treasury and controlled entity
Statement of Comprehensive Income
for the year ended 30 June 2016

	Notes	Consolidated Entity		Parent Entity	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Income from continuing operations					
Revenue					
Appropriation revenue	3	210,194	217,370	210,194	217,370
User charges	4	29,072	17,141	29,072	17,141
Grants and other contributions	5	91,398	1,815	91,391	253
Interest revenue	6	21,386	22,348	..	..
Other revenue		1,416	477	1,367	427
Amortisation of unearned revenue		325	319	..	..
Dividends received		13,841	10,216	..	..
Gains					
Fair value gain/(loss) on investments	7	(17,027)	8,239	..	..
Total income from continuing operations		350,605	277,925	332,024	235,191
Expenses from continuing operations					
Employee expenses	8	192,484	94,181	192,484	94,181
Supplies and services	9	111,595	119,692	111,595	119,692
Grants and subsidies	10	4,185	..	4,185	..
Depreciation and amortisation		11,273	10,984	11,273	10,984
Borrowing costs		6,966	7,395	..	..
Other financing costs		67	191	..	..
Operating leases		363	356	..	..
Impairment expense	11	69,508	11,894	143	(4)
Other expenses	12	16,792	12,027	16,095	9,827
Total expenses from continuing operations		413,233	256,720	335,775	234,680
Loss on sale/disposal of property, plant and equipment		6	1	6	1
Income tax expense	13	3,603	6,021	..	..
		3,609	6,022	6	1
Operating result from continuing operations		(66,237)	15,183	(3,757)	510
Operating result for the year		(66,237)	15,183	(3,757)	510
Total comprehensive income		(66,237)	15,183	(3,757)	510

The accompanying notes form part of these statements.

Queensland Treasury and controlled entity
Statement of Financial Position
as at 30 June 2016

	Notes	Consolidated Entity		Parent Entity	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current assets					
Cash and cash equivalents	14	97,111	86,867	37,910	22,540
Receivables	15	13,514	11,148	13,514	11,148
Lease receivables	16	8,892	9,025	..	..
Loans and advances		4,839	4,355	..	..
Tax asset		3	191	..	..
Other assets		4,994	3,953	4,725	3,500
Other financial assets	17	264,744	281,771	..	..
Total current assets		394,097	397,310	56,149	37,188
Non-current assets					
Other financial assets	17	16,833	6,833	16,833	6,833
Receivables	15	44,149	104,142	..	..
Lease receivables	16	130,385	139,277	..	..
Loans and advances		46,870	48,525	..	..
Intangible assets	18	8,481	8,942	8,481	8,942
Property, plant and equipment		3,017	1,478	3,017	1,478
Deferred tax asset	19	23,136	28,537	..	..
Total non-current assets		272,871	337,734	28,331	17,253
Total assets		666,968	735,044	84,480	54,441
Current liabilities					
Payables	20	22,136	11,388	21,819	10,992
Accrued employee benefits		7,788	2,809	7,788	2,809
Unearned revenue	21	687	1,613	356	67
Tax liabilities		125	1	..	..
Interest bearing liabilities	23	8,892	9,025	..	..
Total current liabilities		39,628	24,836	29,963	13,868
Non-current liabilities					
Unearned revenue	21	2,713	3,044	..	..
Deferred tax liabilities	22	37,582	42,691	..	..
Interest bearing liabilities	23	130,385	139,277	..	..
Total non-current liabilities		170,680	185,012	..	..
Total liabilities		210,308	209,848	29,963	13,868
Net assets		456,660	525,196	54,517	40,573
Equity					
Accumulated surplus		328,232	414,466	20,502	24,256
Contributed equity		128,428	110,730	34,015	16,317
Total equity		456,660	525,196	54,517	40,573

The accompanying notes form part of these statements.

Queensland Treasury and controlled entity
Statement of Changes in Equity
for the year ended 30 June 2016

	Notes	Consolidated Entity		Parent Entity	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Accumulated surplus					
Balance 1 July		414,466	399,283	24,256	23,746
Operating result from continuing operations		(66,237)	15,183	(3,757)	510
Dividend paid - Type A shareholders*		(20,000)	..	..	..
Net effect of changes to prior year adjustment		3	..	3	..
Balance 30 June		<u>328,232</u>	<u>414,466</u>	<u>20,502</u>	<u>24,256</u>
Contributed equity **					
Balance 1 July		110,730	116,073	16,317	21,660
Transactions with owners as owners:					
Appropriated equity injections	3	11,511	..	11,511	..
Appropriated equity withdrawals	3	(11,671)	(5,343)	(11,671)	(5,343)
Reclassification from accumulated surplus		..	..	..	..
Net assets transferred in/(out) - Machinery of Government, Office of Industrial Relations and Queensland Productivity Commission		17,858	..	17,858	..
Balance 30 June		<u>128,428</u>	<u>110,730</u>	<u>34,015</u>	<u>16,317</u>
Total equity		<u>456,660</u>	<u>525,196</u>	<u>54,517</u>	<u>40,573</u>

*Dividend per share \$3.333 million

** 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.

The accompanying notes form part of these statements.

Queensland Treasury and controlled entity
Statement of Cash Flows
for the year ended 30 June 2016

		Consolidated Entity		Parent Entity	
	Notes	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash flows from operating activities					
<i>Inflows</i>					
Appropriation revenue receipts		211,257	218,070	211,257	218,070
User charges		28,036	17,212	27,989	17,162
Grants and other contributions		91,391	253	91,391	253
GST input tax credits from Australian Taxation Office (ATO)		12,271	11,753	11,518	9,140
Interest received		8,682	9,392		..
Other		1,289	427	1,289	427
<i>Outflows</i>					
Employee expenses		(190,215)	(96,091)	(190,215)	(96,091)
Supplies and services		(113,035)	(138,670)	(111,994)	(135,878)
Grants and contributions		(4,185)	..	(4,185)	..
Interest paid		(6,966)	(7,395)	..	..
GST remitted to ATO		(2,662)	(4,011)	(1,940)	(1,389)
Income tax paid		(2,999)	(16,529)	..	..
Other		(17,076)	(9,787)	(17,076)	(9,787)
Net cash provided by/(used in) operating activities	24	15,788	(15,376)	18,034	1,907
Cash flows from investing activities					
<i>Inflows</i>					
Sales of property, plant and equipment		..	..	..	..
Lease payments received		1,163	1,116	..	..
Proceeds from investments		4,500	4,000	..	..
Novation payments received		7,862	8,101	..	..
Dividends received		13,841	10,216	..	..
<i>Outflows</i>					
Payments for property, plant and equipment		(193)	..	(193)	..
Acquisition of investments		(10,000)	..	(10,000)	..
Payments for intangibles		(6,830)	..	(6,830)	..
Net cash provided by/(used in) investing activities		10,343	23,433	(17,023)	..
Cash flows from financing activities					
<i>Inflows</i>					
Equity injections		11,511	..	11,511	..
Borrowings		..	..	..	..
<i>Outflows</i>					
Repayment of borrowings		(9,025)	(9,217)	..	..
Dividend paid		(20,000)	..	..	..
Repayment of Grant to Consolidated Fund		(1,221)	..	..	..
Equity withdrawals		(11,671)	(5,343)	(11,671)	(5,343)
Net cash provided by/(used in) financing activities		(30,406)	(14,560)	(160)	(5,343)
Net increase/(decrease) in cash and cash equivalents		(4,275)	(6,503)	851	(3,436)
Cash and cash equivalents at beginning of financial year		86,867	93,370	22,540	25,976
Cash transfers due to machinery of Government change		14,519	..	14,519	..
Cash and cash equivalents at end of financial year	14	97,111	86,867	37,910	22,540

The accompanying notes form part of these statements.

Queensland Treasury and controlled entity
Statement of Comprehensive Income by Major-Departmental Services
for the year ended 30 June 2016

	Fiscal		Economic		Commercial Services		Revenue Management		Industrial Relations		General – not attributed**		Inter-service/activity eliminations		Queensland Treasury	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	
Income from continuing operations *																
Revenue																
Appropriation revenue	28,842	78,618	20,545	18,560	5,942	5,772	120,805	112,432	31,741	..	2,319	1,988	..	..	210,194	217,370
User charges	313	550	6,306	4,639	6,765	10,166	2,794	2,769	19,861	..	118	122	(7,085)	(1,105)	29,072	17,141
Grants and other contributions	26	39	32	38	9	9	129	156	91,187	..	8	11	..	..	91,391	253
Other revenue	365	8	5	7	2	2	497	408	496	..	2	2	..	..	1,367	427
Total income from continuing operations	29,546	79,215	26,888	23,244	12,718	15,949	124,225	115,765	143,285	..	2,447	2,123	(7,085)	(1,105)	332,024	235,191
Expenses from continuing operations *																
Employee expenses	19,795	18,723	18,204	15,999	4,382	3,784	59,451	54,888	89,700	..	957	827	(4)	(40)	192,484	94,181
Supplies and services	8,431	55,281	7,694	6,386	8,058	11,588	51,714	46,404	35,468	..	1,294	1,094	(1,064)	(1,061)	111,595	119,692
Grants and subsidies	..	..	61	..	..	..	..	..	4,124	..	..	..	..	..	4,185	..
Depreciation and amortisation	280	268	278	260	73	50	9,075	10,345	1,489	..	78	61	..	..	11,273	10,984
Impairment expense	..	(1)	40	(3)	..	..	1	..	102	..	..	..	..	..	143	(4)
Other expenses	1,040	4,871	589	529	203	190	3,940	4,102	16,222	..	118	139	(6,017)	(4)	16,095	9,827
Total expenses from continuing operations	29,546	79,142	26,866	23,171	12,716	15,612	124,180	115,739	147,105	..	2,447	2,121	(7,085)	(1,105)	335,775	234,680
Loss on sale/disposal of property, plant and equipment	..	..	1	..	..	..	3	1	2	..	..	..	..	..	6	1
Total comprehensive income	..	73	21	73	2	337	42	25	(3,822)	..	..	2	..	..	(3,757)	510

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

Income	4,528	3,952	3,883	3,499	1,241	868	14,255	14,461	147	..	1,402	1,063	..	..	25,456	23,843
Expenses	4,527	3,951	3,881	3,497	1,241	868	14,253	14,456	147	..	1,401	1,062	..	..	25,450	23,834

** 2016 and 2015 include corporate support allocated to Motor Accident Insurance Commission and Nominal Defendant.

Statement of Assets and Liabilities by Major Departmental Services
as at 30 June 2016

	Fiscal*		Economic*		Commercial Services*		Revenue Management*		Industrial Relations		General – not attributed**		Queensland Treasury	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current assets	7,439	2,468	1,433	136	(817)	(3,244)	(121)	(75)	8,445	..	21,531	23,255	37,910	22,540
Cash and cash equivalents	285	4,728	200	621	1,013	3,324	1,203	1,409	9,959	..	854	1,066	13,514	11,148
Receivables	41	64	315	399	1,582	1,011	1,290	1,141	767	..	730	885	4,725	3,500
Other assets	7,765	7,260	1,948	1,156	1,778	1,091	2,372	2,475	19,171	..	23,115	25,206	56,149	37,188
Total current assets														
Non-current assets														
Other financial assets	..	..	10,000	..	..	..	6,833	6,833	..	..	..	..	16,833	6,833
Intangible assets	7	8	..	53	..	..	2,297	8,856	2,218	..	3,959	25	8,481	8,942
Property, plant and equipment	..	40	12	25	..	..	..	56	3,005	..	..	1,357	3,017	1,478
Total non-current assets	7	48	10,012	78	..	..	9,130	15,745	5,223	..	3,959	1,382	28,331	17,253
Total assets	7,772	7,308	11,960	1,234	1,778	1,091	11,502	18,220	24,394	..	27,074	26,588	84,480	54,441
Current liabilities														
Payables	978	645	632	499	1,405	1,048	5,445	3,959	6,732	..	6,627	4,841	21,819	10,992
Accrued employee benefits	635	503	539	409	375	45	1,850	1,261	3,521	..	868	591	7,788	2,809
Unearned revenue	..	..	198	32	..	..	62	35	96	..	..	..	356	67
Total current liabilities	1,613	1,148	1,369	940	1,780	1,093	7,357	5,255	10,349	..	7,495	5,432	29,963	13,868
Non-current liabilities														
Total non-current liabilities	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Total liabilities	1,613	1,148	1,369	940	1,780	1,093	7,357	5,255	10,349	..	7,495	5,432	29,963	13,868
Net assets	6,159	6,160	10,591	294	(2)	(2)	4,145	12,965	14,045	..	19,579	21,156	54,517	40,573

* 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 2016

	Notes	2016 \$'000	2015 \$'000
Income and expenses administered on behalf of the whole of Government			
Income from continuing operations			
Revenue			
Grants and other contributions	33	17,071,872	16,757,732
Taxes	34	10,244,571	10,370,039
User charges and fees		135,332	76,974
Royalties	35	2,092,949	2,008,980
Finance income	36	126,960	30,744
Administered item revenue	37	5,972,731	6,289,927
Other revenue	38	549,048	566,985
Total income from continuing operations		36,193,463	36,101,381
Expenses from continuing operations			
Supplies and services	39	165,365	168,338
Impairment losses	40	10,106	163,068
Grants and subsidies		8,514	38,538
Benefit payments		95,762	97,406
Finance cost	41	2,028,103	2,125,447
Superannuation benefit payments		1,580,244	1,798,151
Long service leave reimbursements		363,482	368,008
Annual Leave Central Scheme claims paid		1,554,535	1,422,684
Other expenses	42	161,925	243,261
Losses			
Losses on financial instruments at fair value		..	7,483
Total expenses from continuing operations		5,968,036	6,432,384
Operating result from continuing operations before transfers to Government		30,225,427	29,668,997
Operating result from discontinued operations		..	..
Operating result for the year before transfers to Government		30,225,427	29,668,997
Transfers of administered comprehensive income to Government		30,225,427	29,668,997
Total administered comprehensive income		..	..

The accompanying notes form part of these statements.

Queensland Treasury
Administered Statement of Financial Position
 as at 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Assets and liabilities administered on behalf of the whole of Government			
Current assets			
Cash and cash equivalents	43	(2,137,018)	(2,561,883)
Receivables	44	918,420	669,589
Administered item revenue receivable		108,491	(97,110)
Loans and advances		20,854	29,270
Other current assets	45	22,128	14,998
Total current assets		(1,067,125)	(1,945,136)
Non-current assets			
Receivables	44	1,828	2,131
Loans and advances		102,802	118,527
Total non-current assets		104,630	120,658
Total administered assets		(962,495)	(1,824,478)
Current liabilities			
Payables	46	1,069	36,123
Transfer to Government payable		1,062,688	692,273
Interest Bearing Liabilities		6,989	17,777
Other liabilities	47	35,403	43,261
Total current liabilities		1,106,149	789,434
Non-current liabilities			
QTC borrowings		33,026,233	40,053,989
Interest Bearing Liabilities		65,428	70,493
Total non-current liabilities		33,091,661	40,124,482
Total administered liabilities		34,197,810	40,913,916
Administered net assets		(35,160,305)	(42,738,394)

The accompanying notes form part of these statements.

Queensland Treasury
Administered Statement of Cash Flows
for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Cash flows administered on behalf of the whole of Government			
Cash flows from operating activities			
<i>Inflows</i>			
Administered item receipts		5,767,130	6,359,983
Grants and other contributions		17,071,871	16,757,954
Taxes		10,281,648	10,314,845
Royalties/User charges and fees		2,104,664	1,932,148
Finance income		126,240	29,975
GST input tax credits from ATO		157,752	4,574
Other		407,228	584,571
<i>Outflows</i>			
Transfers to Government		(29,859,501)	(29,700,186)
Grants and subsidies/Benefit payments		(104,276)	(129,869)
Finance costs		(2,029,766)	(2,128,598)
Supplies and services		(351,216)	(147,963)
GST remitted to ATO		(49,860)	(18,496)
Superannuation benefit payments		(1,580,244)	(1,798,151)
Long service leave reimbursements		(363,482)	(368,007)
Annual leave central scheme claims paid		(1,554,535)	(1,422,685)
Other		(160,298)	(321,970)
Net cash provided by/(used in) operating activities	48	(136,645)	(51,875)
Cash flows from investing activities			
<i>Inflows</i>			
Loans and advances		29,760	16,082
<i>Outflows</i>			
Loans and advances made		(196)	(1,345)
Net cash provided by/(used in) investing activities		29,564	14,737
Cash flows from financing activities			
<i>Inflows</i>			
Equity injections		7,605,565	..
Borrowings		1,543,753	2,658,807
<i>Outflows</i>			
Borrowing redemptions		(8,117,372)	(1,053,944)
Equity withdrawals		(500,000)	(1,986,917)
Net cash provided by/(used in) financing activities		531,946	(382,054)
Net increase/(decrease) in cash and cash equivalents		424,865	(419,192)
Administered cash and cash equivalents at beginning of financial year		(2,561,883)	(2,142,691)
Administered cash and cash equivalents at end of financial year	43	(2,137,018)	(2,561,883)

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 2016

	Fiscal		Revenue Management		Industrial Relations		Other *		Inter-service/activity eliminations		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Income and expenses administered on behalf of the whole of Government												
Income from continuing operations												
Revenue												
Grants and other contributions	17,071,872	16,757,732										
Taxes			11,403,080	10,396,779								
User charges and fees			87,975	76,974								
Royalties			2,092,754	2,007,474	47,357							
Finance income			18,672	21,349			195	1,506				
Administered item revenue	141,274	144,534	118,375	130,185			121,962	23,418				
Other revenue	207,441	238,201	321,191	306,328	40		20,376	22,456				
Total income from continuing operations	17,420,587	17,140,467	14,042,047	12,939,089	47,397		5,855,615	6,062,588	(1,172,183)	(40,763)	36,193,463	36,101,381
Expenses from continuing operations												
Supplies and services	134,968	136,761	4,942	4,691			25,455	26,886				
Impairment losses			10,041	163,068	65							
Grants and subsidies	4,836	7,275	1,739	1,024			1,939	30,239				
Benefit payments			95,762	97,406								
Finance cost			31	324								
Superannuation benefit payments							2,041,746	2,139,146				
Long service leave reimbursements							1,580,244	1,798,151				
Annual Leave Central Scheme claims paid							363,482	368,008				
Other expenses	1,471	498	1,158,509	26,740			1,554,535	1,422,684				
Losses							160,454	242,763				
losses on financial instruments at fair value												
Total expenses from continuing operations	141,275	152,017	1,271,024	293,253	65		5,727,855	6,027,877	(1,172,183)	(40,763)	5,968,036	6,432,384
Operating result from continuing operations before transfers to Government	17,279,312	16,988,450	12,771,023	12,645,836	47,332		127,760	34,711	..	..	30,225,427	29,668,997
Transfers of administered comprehensive income to Government	17,279,312	16,988,450	12,771,023	12,645,836	47,332		127,760	34,711	..	..	30,225,427	29,668,997
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 2016

	Fiscal*		Revenue Management*		Industrial Relations		Other**		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Assets and liabilities administered on behalf of the whole of Government										
Current assets										
Cash and cash equivalents		(536,531)	61,450	43,478	..	..	(2,095,529)	(2,068,830)	(2,137,018)	(2,561,883)
Receivables	52,503	58,014	855,186	587,824	5,600	..	5,131	23,751	918,420	669,589
Administered item revenue receivable	(305)	..	12,681	..	..	..	96,115	(97,110)	108,491	(97,110)
Loans and advances	..	..	..	..	..	..	20,854	29,270	20,854	29,270
Other current assets	1,373	1,309	..	934	498	..	20,257	12,755	22,128	14,998
Total current assets	(49,368)	(477,208)	929,317	632,236	6,098	..	(1,953,172)	(2,100,164)	(1,067,125)	(1,945,136)
Non-current assets										
Receivables	..	..	..	..	..	..	1,828	2,131	1,828	2,131
Loans and advances	..	..	..	..	..	..	102,802	118,527	102,802	118,527
Other financial assets	..	..	..	..	..	..	..	..	..	..
Total non-current assets	..	..	..	..	..	..	104,630	120,658	104,630	120,658
Total administered assets	(49,368)	(477,208)	929,317	632,236	6,098	..	(1,848,542)	(1,979,506)	(962,495)	(1,824,478)
Current liabilities										
Payables	..	..	690	17,185	..	..	379	18,938	1,069	36,123
Transfer to Government payable	59,628	42,540	892,799	597,775	6,098	..	104,163	51,958	1,062,688	692,273
Interest Bearing Liabilities	..	..	..	..	..	..	6,989	17,777	6,989	17,777
Other liabilities	..	..	35,383	41,761	..	..	20	1,500	35,403	43,261
Total current liabilities	59,628	42,540	928,872	656,721	6,098	..	111,551	90,173	1,106,149	789,434
Non-current liabilities										
QTC borrowings	..	..	..	..	..	..	33,026,233	40,053,989	33,026,233	40,053,989
Interest Bearing Liabilities	..	..	..	..	..	..	65,428	70,493	65,428	70,493
Total non-current liabilities	..	..	..	..	..	..	33,091,661	40,124,482	33,091,661	40,124,482
Total administered liabilities	59,628	42,540	928,872	656,721	6,098	..	33,203,212	40,214,655	34,197,810	40,913,916
Administered net assets	(108,996)	(519,748)	445	(24,485)	..	..	(35,051,754)	(42,194,161)	(35,160,305)	(42,738,394)

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

** 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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1 Objectives and major activities of the department

(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:

- support economic growth through fiscal strength and employment
- improve services for Queenslanders
- ensure safe, productive and fair workplaces
- empower our people.

Details on QT's departmental service areas can be viewed in the department's Budget Paper 5 - Service Delivery Statements – QT, at <http://budget.qld.gov.au/budget-papers>

(b) Major activities of the department:

Transfer of Fair and Safe Work Queensland from the Department of Justice and Attorney-General (DJAG) to Queensland Treasury forming the Office of Industrial Relations (OIR).

This transfer occurred as a consequence of a MoG change with effect from 1 July 2015.

The following controlled assets and liabilities of DJAG were transferred to QT:

Assets	\$'000
Cash	16,989
Receivables	2,865
Other assets - current	369
Property plant and equipment	4,078
Intangibles	1,305
	<u>25,606</u>
Liabilities	
Payables	3,941
Unearned revenue	209
Accrued employee benefits	2,922
Other liabilities - current	48
Lease incentives - current	352
Lease incentives - non current	269
	<u>7,741</u>
	<u>17,865</u>
Net assets	
	<u>17,865</u>

The increase in net assets of \$17.865 million is accounted for as an increase in the contributed equity to be disclosed in the Statement of Changes in Equity.

Budgeted appropriation revenue of \$30.760 million for 2015-16 was transferred to QT with approval for additional funding of \$1.205 million for the 2015-16 financial year.

In addition to the above increase in net assets, the OIR spent \$1.022 million for capital expenditure in the 2015-16 financial year.

The following administered assets and liabilities of DJAG were transferred to QT:

Assets	\$'000
Cash	14
Receivables	4,682
	<u>4,696</u>
Liabilities	
Payables	4,692
Other liabilities - current	4
	<u>4,696</u>
	<u>..</u>
Net assets	
	<u>..</u>

Budgeted net administered revenue of \$48.383 million for 2015-16 was transferred to Government.

Transfer of Queensland Productivity Commission from QT to the statutory body of the Queensland Productivity Commission (QPC).

The Commission was established in May 2015 on an interim basis as a government entity under the Public Service Act 2008, to allow a timely start to the electricity pricing inquiry. From 1 December 2015, the Commission was converted to a statutory body under its own enabling Act as a result of a MoG change to enable increased permanency and operational flexibility. The decrease in net assets of \$0.007 million is reflected in the Statement of Changes in Equity. Since inception of the statutory body QT has paid grant funding of \$0.836 million to the QPC.

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 ended 30 June 2016 and other authoritative pronouncements.

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.

(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.

(c) Administered transactions and balances

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.

(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.

(f) User charges and fees

User charges and fees controlled by the department are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty, items not controlled by the department are reported as administered. This involves either invoicing for related goods/services and/or the recognition of accrued revenue. User charges and fees are controlled by the department where they can be deployed for the achievement of departmental objectives.

2 Summary of significant accounting policies (continued)

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

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)
- the assessment is issued as a result of Commissioner-assessed transactions or following compliance activities such as reviews and audits.

(h) SPER fines

Revenue is recognised when the unpaid penalty, fine or levy has been transferred and registered to SPER.

(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 and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions. Cash assets 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

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of trade 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.

Administered receivables recognition criteria are explained in notes (f) to (h).

(l) Amortisation and depreciation of intangibles, 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.

The cost (or other value) of leasehold improvements is depreciated over the estimated useful lives of the improvements or the unexpired period of the lease, whichever is shorter.

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 \$0.762million. Also QT has no temporary idle plant and equipment and no plant and equipment recorded at cost with materially different fair values.

(m) Payables

Trade creditors are recognised upon receipt of goods and services at the contracted amount to be paid for the goods and services received. Amounts owing are generally settled on 30 day terms.

2 Summary of significant accounting policies (continued)

(n) Leases

Operating lease payments have been entered into under which the lessor retains substantially all the risks and benefits incidental to ownership.

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.

(o) 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
 - o Other financial assets – Shares in Aurizon Holdings Ltd (AZ)
2. Financial assets – held at amortised cost
 - o Receivables
 - o Lease receivables
 - o Loans and advances
 - o Other assets
3. Financial liabilities – held at amortised cost
 - o Payables
 - o Tax liabilities
 - o Interest bearing liabilities – Commonwealth and QTC borrowings
 - o Other liabilities – insurance premiums on pass to the State
4. Equity instrument – held at cost
 - o Other financial assets

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.

(p) 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

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values.

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*.

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.

2 Summary of significant accounting policies (continued)

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*.

(q) 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.

Under the National Tax Equivalents Regime (NTER), payments are made to the State Treasurer equivalent 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.

(r) 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.

(s) Rounding and comparatives

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

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(t) 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.

(u) 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, Depreciation and amortisation, notes 26 and 49 (Contingencies), Loans and advances, QTC borrowings and note 50 (Financial liabilities held at amortised cost). Further, the matters covered in each of those notes (except for Depreciation and Amortisation) necessarily involve estimation uncertainty with the potential to materially impact on the carrying amount of the department's assets and liabilities in the next reporting period. Reference should be made to the respective notes for more information.

(v) New and revised accounting policies and standards

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards issued but with future commencement dates are 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 amends *AASB 107 Statement of Cash Flows* and requires entities preparing financial statements in accordance with Tier 1 reporting requirements to provide additional disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities. These disclosures will include both cash flows and non-cash changes between the opening and closing balance of the relevant liabilities and be disclosed by way of a reconciliation or roll forward as part of the notes to the statement of cash flows. The measurement of assets, liabilities, income and expenditure in the financial statements will be unaffected.

2 Summary of significant accounting policies (continued)

AASB 124 Related Party Disclosures

Effective from reporting periods beginning on or after 1 July 2016, a revised version of AASB 124 will apply to QT. AASB 124 requires disclosures about the remuneration of key management personnel (KMP), 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 will disclose its responsible Minister(s) as part of its KMP from 2016-17. The department does not provide remuneration to Ministers, so figures for Ministerial remuneration will not be disclosed by the department. Comparative information will continue to be disclosed in respect of KMP remuneration.

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

AASB 15 Revenue from Contracts with Customers will become effective from reporting periods on or after 1 January 2018. The new requirements may result in a change to the timing of revenue recognition of the Department 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. The department is yet to complete its analysis of current arrangements, but at this stage does not expect a significant impact on its present accounting practices.

AASB 9 Financial Instruments and *AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* 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(o), 31 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 controlled accounts will need to be measured at fair value. The department is not yet able to reliably estimate what the fair value of this investment will be at the date of initial application of AASB 9. The difference between the carrying amount of this investment and its 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 will become effective for reporting periods on or after 1 January 2019. The standard introduces a single lease accounting model for lessees. The main impact of this standard is the majority of operating leases will be reported on the statement of financial position. The impact on the reported assets and liabilities would be largely in proportion to the scale of the Department's leasing activities. Queensland Treasury has not yet quantified the impact on the Statement of Comprehensive Income and the Statement of Financial Position of applying AASB 16 to current operating leases, including the additional disclosures required.

FINANCIAL STATEMENTS

Queensland Treasury Notes To and Forming Part of the Financial Statements 2015-16

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	Consolidated Entity		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
3 Reconciliation of payments from Consolidated Fund to service revenue recognised in the Statement of Comprehensive Income				
Budgeted appropriation revenue	217,173	193,009	217,173	193,009
Transfer (to)/from other departments	3,770	..	3,770	..
Transfer (to)/from other heading	(9,686)	25,061	(9,686)	25,061
Total appropriation receipts	211,257	218,070	211,257	218,070
Less opening balance of appropriation revenue receivable	..	(700)	..	(700)
Plus opening balance of deferred appropriation payable	2,100	..	2,100	..
Less closing balance of deferred appropriation payable	(3,163)	(2,100)	(3,163)	(2,100)
Net appropriation revenue	210,194	215,270	210,194	215,270
Plus deferred appropriation expense payable to Consolidated Fund	..	2,100	..	2,100
Appropriation revenue recognised in Statement of Comprehensive Income	210,194	217,370	210,194	217,370
Reconciliation of payments from Consolidated Fund to appropriated equity adjustments recognised in contributed equity				
Budgeted equity adjustment appropriation	4,462	157	4,462	157
Transfer (to)/from other heading	(4,622)	(5,500)	(4,622)	(5,500)
Total equity adjustment receipts	(160)	(5,343)	(160)	(5,343)
Appropriated equity adjustment recognised in contributed equity	(160)	(5,343)	(160)	(5,343)
4 User charges				
Sale of services	29,072	17,141	29,072	17,141
	29,072	17,141	29,072	17,141
5 Grants and other contributions				
Resources received below fair value	221	253	221	253
Grant revenue *	207	1,562	200	..
Contributions from Workcover	77,439	..	77,439	..
Industry contributions	13,531	..	13,531	..
	91,398	1,815	91,391	253
* The QTH controlled entity undertook project management responsibilities on behalf of the State of Queensland for the Airport Link, Northern Busway (Windsor to Kedron) and Airport Roundabout Upgrade projects, which were previously undertaken by City North Infrastructure (CNI). From 1 July 2015, these activities have been transferred to the Department of Transport and Main Roads.				
6 Interest revenue				
Interest - QTC	1,717	1,994	..	..
Interest - lease receivables *	6,966	7,395	..	..
Interest - loans and receivables **	12,703	12,959	..	..
	21,386	22,348	..	..

* Relates to interest recognised on Lease receivables by Dalrymple Bay Coal Terminal Holdings (DBCTH) Pty Ltd (refer note 16).

** Relates to interest recognised on financial assets acquired from Brisbane Port Holdings Pty Ltd (BPH) following the long-term lease of the Port of Brisbane (refer note 15)

	Consolidated Entity		Parent Entity	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
7 Fair value gain/(loss) on investments				
Gain/Loss on shares - unrealised *	(17,027)	8,239	..	..
	<u>(17,027)</u>	<u>8,239</u>	<u>..</u>	<u>..</u>
* 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 \$4.82 per share (2015: \$5.13 per share))				
8 Employee expenses				
<i>Employee benefits</i>				
Salaries and wages	155,184	72,881	155,184	72,881
Employer superannuation contributions	19,596	9,638	19,596	9,638
Long service leave levy	3,257	1,688	3,257	1,688
Parental leave expense	389	466	389	466
Annual leave levy	10,134	8,153	10,134	8,153
Other employee benefits	1,201	215	1,201	215
<i>Employee related expenses *</i>				
Workers' compensation premium	494	120	494	120
Payroll tax	2	30	2	30
Other employee related expenses	2,227	990	2,227	990
	<u>192,484</u>	<u>94,181</u>	<u>192,484</u>	<u>94,181</u>

* Employment expenses not included in employees total remuneration package

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:	1,768	942	1,768	942
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Queensland Treasury
Notes To and Forming Part of the Financial Statements 2015-16

8 Employee expenses (continued)

(a) Key management personnel and remuneration

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

1 July 2015 - 30 June 2016

Position (a)	Responsibilities	Current Incumbents		Short Term Employee Expenses Monetary Expenses * \$'000	Long Term Employee Expenses	Post Employment Expenses	Termination Benefits \$'000	Total Expenses \$'000
		Contract classification and appointment authority	Date appointed to position (end date of position)					
Under Treasurer	Responsible for executive leadership, strategic direction of the department and whole of Government financial management	CEO; Governor in Council under s92 of the Public Service Act 2008	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	SES4-1; Relieving in accordance with Directive 4/11, Higher Duties, issued under section 54 of the Public Service Act 2008. In accordance with Directive 4/11 and QT's HR Delegations, relieving was approved by the Under Treasurer	24-Aug-15	197	4	21	..	222
Deputy Under Treasurer	Responsible for the Economics Group	SES4-1; Commission Chief Executive under s110 of Public Service Act 2008	6-Aug-15	243	5	25	..	273
Acting Deputy Under Treasurer (c)	Responsible for Commercial Group	Under an interchange arrangement from QTC in accordance with s184 of the Public Service Act 2008	20-Apr-15	..	..	..	..	..
Deputy Under Treasurer	Responsible for Commercial Group	CE05-4; Under Treasurer under s119, s121(2) and s122 of the Public Service Act 2008. Contract variation under s122 Public Service Act	27-Aug-15 (d)	285	5	31	..	321
Commissioner	Responsible for the Office of State Revenue	CE05-4; Under Treasurer under s119, s121(2) and s122 of the Public Service Act 2008	10-Feb-14	266	5	31	..	302
Assistant Under Treasurer, Corporate Group	Responsible for the Corporate Group	SES3-5; Commission Chief Executive under s110 of Public Service Act 2008	27-Jan-16 (e)	100	2	11	..	113
Deputy Director-General (f)	Responsible for the Office of Industrial Relations	SES4-2; Commission Chief Executive under s110 of Public Service Act 2008	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, the incumbent worked offline and did not meet the criteria as a KMP

(c) The Acting Executive Director 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 Service 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

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8 Employee expenses (continued)

The mutually agreed terms for the separating Under Treasurer considered all of the contract's relevant clauses. The payment for the Under Treasurer's separation was determined prior to 30 June 2015 and is included in the below expenses for 2014-15.

1 July 2014 - 30 June 2015

Position (a)	Responsibilities	Current Incumbents		Short Term Employee Expenses \$'000	Long Term Employee Expenses \$'000	Post Employment Expenses \$'000	Termination Benefits \$'000	Total Expenses \$'000
		Contract classification and appointment authority	Date appointed to position (End date of position)					
Under Treasurer	Responsible for executive leadership, strategic direction of the department and whole of Government financial management	CEO; Governor in Council under s92 of the Public Service Act 2008	9-Jun-15 (b)	52	1	6	..	59
Under Treasurer (ceased)	Responsible for executive leadership, strategic direction of the department and whole of Government financial management	CEO; Governor in Council under s92 of the Public Service Act 2008	18-Nov-2013 (8-Jun-15) (c)	671	13	62	259	1,005
Deputy Under Treasurer	Responsible for executive leadership, strategic direction of the department and whole of government financial management and the Fiscal Group (d)	CEO; Commission Chief Executive under s121 of the Public Service Act 2008	27-Jun-12	303	6	35	..	344
Acting Deputy Under Treasurer	Responsible for executive leadership, strategic direction of the department and whole of government financial management and the Fiscal Group	CEO; Relieving in accordance with Directive 4/11, Higher Duties, issued under section 54 of the Public Service Act 2008. In accordance with Directive 4/11 and QT's HR Delegations, relieving was approved by the Under Treasurer	19-Jan-15 (7-May-15) and 1 Jun-15 (e)	102	2	9	..	113
Acting Deputy Under Treasurer	Responsible for the Economics Group	SES4; Relieving in accordance with Directive 4/11, Higher Duties, and Directive 3/14, Senior Executive Service – Employment Conditions, issued under sections 54 and 53 of the Public Service Act 2008. In accordance with Directives 4/11 and 3/14 and QT's HR Delegations, relieving was approved by the Under Treasurer	7-Jul-14	224	4	25	..	253
Acting Executive Director (f)	Responsible for Commercial Group	Under an interchange arrangement from QTC in accordance with s184 of the Public Service Act 2008 (f)	20-Apr-15	..	..	..	..	..
Executive Director (currently on secondment)	Responsible for the former Projects Queensland division	CEO; Under Treasurer under s121 and s122 of the Public Service Act 2008 and Directive 16/08, section 8.2.4	7-Jul-14 (17-Apr-15) (g)	318	6	34	..	358
Commissioner	Responsible for the Office of State Revenue	CEO; Under Treasurer under s119, s121(2) and s122 of the Public Service Act 2008	10-Feb-14	291	6	31	..	328
Chief Operating Officer	Responsible for the Corporate Group	CEO; Under Treasurer under s119, s121(2) and s122 of the Public Service Act 2008	02-Jun-14	282	5	31	..	318
Total Expenses				2,243	43	233	259	2,778

* 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 Under Treasurer acted in this role from 1 June to 8 June 2015, approved by the Treasurer under s94(1) of the Public Service Act 2008

(c) The Under Treasurer commenced leave on 8 May 2015 and ceased as Under Treasurer on 8 June 2015

(d) From 19 January 2015 the Deputy Under Treasurer took a period of leave and upon return led a review of the state's finances for the government. Relieving arrangements were put in place from this time

(e) The Deputy Under Treasurer relieved in this position for two separate periods; from 19 Jan 2015 to 7 May 2015 and from 1 June 2015

(f) The Acting Executive Director is remunerated by QTC

(g) The Executive Director commenced a secondment to Building Queensland on 20 April 2015

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8 Employee expenses (continued)

(b) Performance payments

No At Risk Component payment was made for 2014-15 in accordance with the Government's commitment to discontinue such payments.

The basis for performance payments expensed in the 2014-15 financial year is set out below:

Position	Basis for payment	Date Paid	Amount
(Former) Under Treasurer	Consistent with the abovementioned timeframe and process, this payment relates to the achievement of performance criteria during 2013-14. The payment made was determined in accordance with the terms of the performance agreement for this position	17-Oct-14	\$43,200

	Consolidated Entity		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
9 Supplies and services				
Consultants and contractors	36,199	75,805	36,199	75,805
Supplies and consumables	8,552	5,634	8,552	5,634
Repairs and maintenance	8,370	4,747	8,370	4,747
Accommodation	22,479	12,038	22,479	12,038
SPER call centre fees	10,615	9,498	10,615	9,498
Computer related charges	5,777	3,612	5,777	3,612
Other	19,603	8,358	19,603	8,358
	<u>111,595</u>	<u>119,692</u>	<u>111,595</u>	<u>119,692</u>

10 Grants and subsidies

Safe Work Australia	2,068	..	2,068	..
Anzac Day Trust	1,277	..	1,277	..
Queensland Working Womens's Service	191	..	191	..
Healthy Worker Initiative	196	..	196	..
Workers' Compensation Advisory and Education Services	227	..	227	..
Other recurrent grants	226	..	226	..
	<u>4,185</u>	<u>..</u>	<u>4,185</u>	<u>..</u>

11 Impairment expense

Impairment losses on receivables *	69,468	11,894	103	(4)
Impairment losses on Intangibles	40	..	40	..
	<u>69,508</u>	<u>11,894</u>	<u>143</u>	<u>(4)</u>

* Relates to the rights to cash flows under a revenue sharing arrangement as part of the Port of Brisbane sale which has been written down to its recoverable value. The receivable was originally recognised in 2011 as \$121.249 million and has been amortised at 9% annually. The carrying value of the licence fee receivable is reviewed annually and tested for impairment, incorporating current projections of trade volumes and price growth which have been decreasing. The balance was written down in the prior financial year to \$44.149 million. Refer notes 6 and 15.

	Consolidated Entity		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
12 Other expenses				
Audit fees – Auditor-General	905	820	866	782
Other audit fees	1,259	846	1,259	846
Company secretariat and accounting services - QTC	428	379	..	..
Project management - CNI	7	1,562	..	..
Operating lease rentals	2,345	142	2,345	142
Advertising and promotions	6,970	3,766	6,970	3,766
Minor assets < \$5,000	826	1,737	826	1,737
Bank charges	1,941	1,686	1,941	1,686
Ex-gratia payments - payments to former core agreement employees	24	..	24	..
Other	2,087	1,089	1,864	868
	<u>16,792</u>	<u>12,027</u>	<u>16,095</u>	<u>9,827</u>
13 Income tax expense				
Current tax comprises:				
Current tax on profit for the year	3,310	4,243	..	..
	<u>3,310</u>	<u>4,243</u>	<u>..</u>	<u>..</u>
Deferred tax comprises:				
Decrease/(increase) in deferred tax asset	5,401	(694)	..	..
(Decrease)/increase in deferred tax liability	(5,108)	2,472	..	..
	<u>293</u>	<u>1,778</u>	<u>..</u>	<u>..</u>
Income tax expense/(benefit)	<u>3,603</u>	<u>6,021</u>	<u>..</u>	<u>..</u>
Numerical reconciliation of income tax expense to prima facie tax payable:				
Profit/(loss) before income tax expense	(58,877)	20,694	..	..
Less (profit)/loss of non taxable entities	(472)	(624)	..	..
Plus dividend received from AZJ	(6,635)	..	..	..
Profit/(loss) before income tax expense from taxable entities	<u>(65,984)</u>	<u>20,070</u>	<u>..</u>	<u>..</u>
Tax at the Australian Company tax rate of 30%	(19,797)	6,021	..	..
Plus write-back of deferred tax asset	23,400	..	..	..
Income tax expense/(benefit)	<u>3,603</u>	<u>6,021</u>	<u>..</u>	<u>..</u>
14 Cash and cash equivalents				
Cash at bank	37,895	22,530	37,893	22,528
QTC Cash Fund	59,199	64,325	..	..
Imprest accounts	17	12	17	12
Cash and cash equivalents at the end of financial year	<u>97,111</u>	<u>86,867</u>	<u>37,910</u>	<u>22,540</u>

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	Consolidated Entity		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
15 Receivables				
<i>Current</i>				
Trade debtors	10,747	4,832	10,747	4,832
Less allowance for impairment loss	(173)	..	(173)	..
	<u>10,574</u>	<u>4,832</u>	<u>10,574</u>	<u>4,832</u>
GST input tax credits receivable	692	5,237	692	5,237
GST payable	(414)	(441)	(414)	(441)
Net GST receivable	<u>278</u>	<u>4,796</u>	<u>278</u>	<u>4,796</u>
Annual leave reimbursements	2,662	1,520	2,662	1,520
	<u>2,662</u>	<u>1,520</u>	<u>2,662</u>	<u>1,520</u>
Total Current	<u>13,514</u>	<u>11,148</u>	<u>13,514</u>	<u>11,148</u>
<i>Ageing of past due but not impaired Receivables*</i>				
Overdue				
Less than 30 days	62	221	62	221
30-60 days	134	109	134	109
61 to 90 days	48	106	48	106
Greater than 90 days	85	39	85	39
Total overdue	<u>329</u>	<u>475</u>	<u>329</u>	<u>475</u>
* 2016 and comparative ageing of individually impaired financial assets are not disclosed as they are immaterial.				
<i>Non-current</i>				
Licence fee receivable*	121,249	121,249	..	..
Interest Revenue - accumulated	58,753	49,380	..	..
Impairment expense - accumulated	(135,853)	(66,487)	..	..
Total Non-current	<u>44,149</u>	<u>104,142</u>	<u>..</u>	<u>..</u>
* The licence fee receivable has been estimated based on projected trade volume and price growth and is discounted at a rate of 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 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.

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

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). An upfront payment of \$50.5 million was made to BPH for the rights to payments under a loan arrangement entered into between BPH and QPH Hold Trust as part of the privatisation of the Brisbane Port operations. A further amount of \$121.2 million was paid in return for BPH's rights to future licence fees from PBPL. In the current financial year, an amount of \$4.5 million was received against the loan with the loan repayable via fixed annual payments to 2025. Repayments against the licence fee primarily commence in 2016 for a period of

35 years. However, these payments are subject to a cap and collar arrangement. In the current financial year, an impairment expense was recognised against the licence fee receivable due to expectations of lower price growth affecting these cash flows (refer note 11).

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.

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	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current				
Lease receivable	1,235	1,163	..	..
Novation receivable	7,657	7,862	..	..
	<u>8,892</u>	<u>9,025</u>	<u>..</u>	<u>..</u>
Non-current				
Lease receivable	108,439	109,674	..	..
Novation receivable	21,946	29,603	..	..
	<u>130,385</u>	<u>139,277</u>	<u>..</u>	<u>..</u>
Total				
Lease receivable	109,674	110,837	..	..
Novation receivable	29,603	37,465	..	..
	<u>139,277</u>	<u>148,302</u>	<u>..</u>	<u>..</u>
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	195,462	201,932	..	..
Minimum lease commitments receivable at balance date *	<u>227,815</u>	<u>234,285</u>	<u>..</u>	<u>..</u>
Less future finance charges	(118,141)	(123,448)	..	..
Total lease receivable	<u>109,674</u>	<u>110,837</u>	<u>..</u>	<u>..</u>
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	22,328	22,328	..	..
- Later than five years	81,065	82,228	..	..
	<u>109,674</u>	<u>110,837</u>	<u>..</u>	<u>..</u>

* 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

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16 Lease receivables (continued)	Consolidated Entity		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Novation receivable				
<i>Operating lease</i>				
Minimum lease payments				
- Not later than one year	8,938	9,521	..	..
- Later than one year and not later than five years	23,644	32,582	..	..
- Later than five years	..	..	..	..
Minimum novation payments receivable at balance date *	32,582	42,103	..	..
Less: future finance charges	(2,979)	(4,638)	..	..
Total novation receivable	29,603	37,465	..	..
Present value of minimum lease payments				
- Not later than one year	8,679	9,243	..	..
- Later than one year and not later than five years	20,924	28,222	..	..
- Later than five years	..	..	..	..
	29,603	37,465	..	..
* The novation receivable represents payments owing to North Queensland Bulk Ports Corporation Limited from DBCT Management Pty Ltd which has been novated to Dalrymple Bay Coal Terminal (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				
<i>Current</i>				
Shares - AZ) *	264,744	281,771	..	..
	264,744	281,771	..	..
<i>Non-current</i>				
Shares held in unlisted company at cost	6,833	6,833	6,833	6,833
QIC investments, Business Development Fund	10,000	..	10,000	..
	16,833	6,833	16,833	6,833
* The QTH controlled entity holds 54,926,186 (2015: 54,926,186) shares in AZ), purchased at the institutional price of \$2.55 per share. The shares are market valued based on the closing listed share price of \$4.82 per share (2015: \$5.13)				
18 Intangible assets				
<i>Non-current</i>				
Internally generated software				
- at cost	9,130	82,775	9,130	82,775
- accumulated amortisation	(3,346)	(71,814)	(3,346)	(71,814)
- accumulated impairment loss	(136)	(3,828)	(136)	(3,828)
	5,648	7,133	5,648	7,133
Other software/licences				
- at cost	9,591	10,371	9,591	10,371
- accumulated amortisation	(8,601)	(8,562)	(8,601)	(8,562)
	990	1,809	990	1,809
Work in progress				
- at cost	1,843	..	1,843	..
	1,843	..	1,843	..
Total intangibles				
- net book value	8,481	8,942	8,481	8,942

18 Intangible assets (continued)

Reconciliation

	Internally generated software		Other software/licences		Software works in progress		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Carrying amount at 1 July	7,132	15,808	1,809	2,641	..	27	8,941	18,476
Acquisitions	..	..	1,260	..	5,570	..	6,830	..
Mog Transfer in	738	..	..	..	567	..	1,305	..
Impairment losses recognised in operating surplus/deficit	(40)	..	..	..	..	..	(40)	..
Assets transferred between asset classes	5,434	27	(1,140)	..	(4,294)	(27)	..	..
Amortisation *	(7,616)	(8,702)	(939)	(832)	..	..	(8,555)	(9,534)
Carrying amount at 30 June	5,648	7,133	990	1,809	1,843	..	8,481	8,942

* 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 \$6.283 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.

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	Consolidated Entity		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
19 Deferred tax asset				
The balance comprises temporary differences attributable to:				
Long term receivable - BPH	23,130	5,131	..	..
Reduction in subsidiary carrying value	..	23,400	..	..
Accruals	6	6	..	..
	<u>23,136</u>	<u>28,537</u>	<u>..</u>	<u>..</u>
20 Payables				
<i>Current</i>				
Trade creditors	9,432	4,959	9,432	4,959
Interdepartmental payable	4,512	1,148	4,512	1,148
Deferred appropriation payable	3,163	2,100	3,163	2,100
Other	5,029	3,181	4,712	2,785
	<u>22,136</u>	<u>11,388</u>	<u>21,819</u>	<u>10,992</u>
21 Unearned revenue				
<i>Current</i>				
Unearned revenue *	356	1,288	356	67
Sub-lease on land **	331	325	..	..
	<u>687</u>	<u>1,613</u>	<u>356</u>	<u>67</u>
<i>Non-current</i>				
Sub-lease on land **	2,713	3,044	..	..
	<u>2,713</u>	<u>3,044</u>	<u>..</u>	<u>..</u>

*All surplus funds held by QTH have been returned to the State during 2015-16 (refer note 5).

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

	Consolidated Entity		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
22 Deferred tax liabilities				
Attributable to temporary differences:				
Financial assets at fair value - AZJ	37,404	42,513	..	..
Investments in subsidiaries - DBCTH	178	178	..	..
	<u>37,582</u>	<u>42,691</u>	<u>..</u>	<u>..</u>
23 Interest bearing liabilities				
Current loans with QTC				
Lease loan *	1,235	1,163	..	..
Novation loan *	7,657	7,862	..	..
	<u>8,892</u>	<u>9,025</u>	<u>..</u>	<u>..</u>
Interest bearing liabilities				
Non-current loans with QTC				
Lease loan *	108,439	109,674	..	..
Novation loan *	21,946	29,603	..	..
	<u>130,385</u>	<u>139,277</u>	<u>..</u>	<u>..</u>

* 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

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	Consolidated Entity		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
24 Reconciliation of operating surplus to net cash from operating activities				
Operating surplus/(deficit)	(66,237)	15,183	(3,757)	510
Impairment expense	69,508	11,898	143	..
Gain on shares - unrealised	17,027	(8,239)	..	..
Interest - loans and receivables	(12,703)	(12,959)	..	..
Loss on sale of property, plant and equipment	6	1	6	1
Dividend received	(13,841)	(10,216)	..	..
Decrease in amortisation of unearned income	(325)	(319)	..	..
Depreciation/amortisation expense	11,273	10,984	11,273	10,984
Change in assets and liabilities:				
(Increase)/decrease in appropriation receivable	..	700	..	700
(Increase)/decrease in GST input tax credits receivable	4,545	(4,283)	4,545	(4,283)
(Increase)/decrease in interdepartmental receivable	..	693	..	693
(Increase)/decrease in trade debtors	(4,771)	(2,451)	(5,741)	(2,375)
(Increase)/decrease in annual leave reimbursements	(1,142)	(56)	(1,142)	(56)
(Increase)/decrease in other assets	(445)	(176)	(445)	(176)
(Increase)/decrease in other debtors	..	2	..	2
Increase/(decrease) in interdepartmental payable	3,364	..	3,364	..
(Increase)/decrease in prepayments	(664)	1,213	(780)	1,111
Increase/(decrease) in trade creditors	4,473	108	4,473	108
Increase/(decrease) in accrued employee benefits	4,979	(5,513)	4,979	(5,513)
Increase/(decrease) in GST payable	(27)	23	(27)	23
Increase/(decrease) in other payables	2,206	132	2,990	206
Increase/(decrease) in unearned revenue	282	(1,621)	289	(59)
Increase/(decrease) in tax provision	124	(12,258)	..	31
Increase/(decrease) in deferred tax liability	(5,109)	2,472	..	..
Decrease in deferred tax asset	5,401	(694)	..	..
Adjustment to various assets and liabilities due to MoG (non-cash items)	(2,136)	..	(2,136)	..
Net cash provided by/(used in) operating activities	15,788	(15,376)	18,034	1,907

	Consolidated Entity		Parent Entity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'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	7,597	415	7,191	15
Later than one year and not later than five years	10,401	1,648	8,776	48
Later than five years	17,210	14,490	2,532	..
Total commitments	35,208	16,553	18,499	63

(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	2,421	20	2,421	20
Later than one year and not later than five years	6,004	44	6,004	44
Later than five years	..	..	..	..
Total commitments	8,425	64	8,425	64

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	73,581	29,559	73,581	29,559
Later than one year and not later than five years	114,456	11,458	114,456	11,458
Later than five years	21,204	..	21,204	..
Total commitments	209,241	41,017	209,241	41,017

(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	3,255	..	3,255	..
Later than one year and not later than five years	763	..	763	..
Later than five years	..	..	..	..
Total commitments	4,018	..	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.

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27 Controlled entities (continued)

QTH summarised financial statements:	2016 \$'000	2015 (restated) \$'000
Income Statement		
Revenues	18,581	42,734
Expenses	77,458	22,040
Income tax expense	3,603	6,021
Operating result for the year (after income tax)	(62,480)	14,673
Balance Sheet		
Total assets	582,488	680,603
Total liabilities	180,345	195,980
Net Assets	402,143	484,623

Name of Entity	Country of Incorporation	Shares Held No.	Carrying Value \$	Equity Holding	
				2016 %	2015 %
Queensland Treasury Holdings Pty Ltd	Australia				
Controlled Entities of QTH					
City North Infrastructure Pty Ltd *	Australia	3	-	100%	100%
Queensland Lottery Corporation Pty Ltd (QLC)	Australia	1	1	100%	100%
Queensland Airport Holdings (Cairns) Pty Ltd	Australia	2	2	100%	100%
Queensland Airport Holdings (Mackay) Pty Ltd	Australia	2	2	100%	100%
Network Infrastructure Company Pty Ltd **	Australia	2	2	100%	100%
Brisbane Port Holdings Pty Ltd (BPH)	Australia	2,314,152	16,414,358	100%	100%
DBCT Holdings Pty Ltd	Australia	2	6,017,190	100%	100%

* City North Infrastructure Pty Ltd has not been consolidated due to its immaterial status.

** Network Infrastructure Company Pty Ltd was registered on 15 June 2010 and has not traded.

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

Name of entity	Principal activities	Percentage ownership		Carrying amount	
		2016 %	2015 %	2016 \$'000	2015 \$'000
Property Exchange Australia Ltd*	Develop then operate the national e-Conveyancing system	4.84%	6.20%	6,833	6,833

*originally known as National e-Conveyancing Development Limited

29 Correction to prior period error for the QTH consolidated entity

A prior period adjustment has been recognised for the QTH controlled entity's carrying value of the licence fee receivable due to a calculation error relating to price growth. This has resulted in the carrying value being overstated by \$11.9 million in the 2015 financial statements. The carrying value has been reduced by a further \$69.4 million in 2016 (refer notes 11, 15 and Loans and Advances).

	Consolidated Entity			Parent Entity	
	2015 \$'000	adjustment \$'000	restated \$'000	2015 \$'000	adjustment \$'000
Correction of prior period error					
Balance 30 June 2015					
Licence fee receivable - Non current	116,039	(11,898)	104,141	..	..
Impairment expense	..	(11,898)	(11,898)	..	..
Profit before income tax	32,592	(11,898)	20,694	..	..
Income tax expense	(9,590)	(3,569)	(6,021)	..	..
Profit after income tax	23,002	(8,329)	14,673	..	..

30 Events occurring after balance date

Major activities – transfer Queensland Industrial Relations Commission (QIRC) from QT to DJAG.

This transfer will occur as a consequence of a MoG change with a possible effective date of 1 July 2016.

The following controlled assets and liabilities of QT will potentially transfer to DJAG once final MoG approval has been obtained:

		\$'000
Assets		
	Cash	670
	Receivables	153
	Other assets - current	16
	Property plant and equipment	481
	Intangibles	21
		<u>1,341</u>
Liabilities		
	Payables	61
	Accrued employee benefits	596
	Other liabilities - current	269
		<u>926</u>
Net assets		<u>415</u>

The decrease in net assets of \$0.415 million will be accounted for as a decrease in contributed equity to be disclosed in the Statement of Changes in Equity.

Total budgeted Output funding of \$8.536 million for 2016-17 will potentially transfer to DJAG, once final MoG approval has been obtained.

In addition, to the above decrease in net assets QIRC has no budgeted capital expenditure for the 2016-17 financial year and approximately 33.8 full time equivalents to be transferred as part of the MoG.

31 Financial instruments

(a) Categorisation of financial instruments

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

Category	Note	2016 \$'000	2015 \$'000
Financial assets			
Cash and cash equivalents	14	97,111	86,867
Receivables	15	57,663	115,290
Loans and advances*		51,709	52,880
Lease receivables	16	139,277	148,302
Other assets			
Other accrued revenue		1,897	1,452
Other financial assets	17		
Shares - AZJ		264,744	281,771
Shares held in unlisted company at cost		6,833	6,833
QIC investments, Business Development Fund		10,000	..
Total		<u>629,234</u>	<u>693,395</u>
Financial liabilities			
Payables	20	22,136	11,388
Tax liabilities		125	1
Interest bearing liabilities	23	139,277	148,302
Total		<u>161,538</u>	<u>159,691</u>

*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.

31 Financial instruments (continued)

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. All borrowings are mitigated by back to back arrangements on debt obligations.

Note	2016 payable in			Total Undiscounted Cash Flow \$'000	Carrying Amount \$'000
	< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000		
Financial liabilities					
Payables	20	22,136	..	..	22,136
Tax liabilities		125	..	..	125
Interest bearing liabilities	23	15,409	49,526	195,462	260,397
Total		37,670	49,526	195,462	282,658

Note	2015 payable in			Total Undiscounted Cash Flow \$'000	Carrying Amount \$'000
	< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000		
Financial liabilities					
Payables	20	11,388	..	..	11,388
Tax liabilities		1	..	..	1
Interest bearing liabilities	23	15,992	58,464	201,932	276,388
Total		27,381	58,464	201,932	287,777

(d) 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.

(e) 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:

31 Financial instruments (continued)

Financial instruments	Carrying amount	2016 Interest rate risk			
		-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

Financial instruments	Carrying amount	2015 Interest rate risk			
		-1%		1%	
		Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash*	64,327	(643)	(643)	643	643
Potential impact		(643)	(643)	643	643

* excludes fixed rate or non-interest bearing assets

Equities

Sensitivity analysis for equity instruments is based on a reasonable possible change in the ASX200 share price which is estimated at +/- 10% (2015: +/- 10%).

Financial instruments	Carrying amount	2016 Equities			
		-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

Financial instruments	Carrying amount	2015 Equities			
		-10%		10%	
		Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Other financial assets					
Shares - AZJ	281,771	(28,177)	(28,177)	28,177	28,177
Potential impact		(28,177)	(28,177)	28,177	28,177

(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.

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31 Financial instruments (continued)

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			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

Class	Classification according to fair value hierarchy			2015 Total Consolidated Carrying Amount
	Level 1	Level 2	Level 3	
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	22,542	64,325	..	86,867
Other financial assets				
Shares - AZJ	281,771	..	..	281,771
Total	304,313	64,325	..	368,638

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 2016.

The inputs used in the classification of Level 2 instruments for the QTC Cash Fund is measured at net realisable value.

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

	2016		2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$'000	\$'000	\$'000	\$'000
Financial asset				
Loans and advances	51,709	43,454	52,880	61,253
Total	51,709	43,454	52,880	61,253

For financial assets and financial liabilities shown in the above table, 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.

32 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 2016

	Variance Notes	Adjusted Budget 2016 \$'000	Actual 2016 \$'000	Variance \$'000	Variance % of budget
Income from continuing operations					
Revenue					
Appropriation revenue		220,326	210,194	(10,132)	(5)
User charges	1	18,894	29,072	10,178	54
Grants and other contributions		91,020	91,391	371	..
Other revenue	2	1,124	1,367	243	22
Total income from continuing operations		331,364	332,024	660	
Expenses from continuing operations					
Employee expenses		199,969	192,484	(7,485)	(4)
Supplies and services	3	105,710	111,595	5,885	6
Grants and subsidies	4	5,647	4,185	(1,462)	(26)
Depreciation and amortisation		11,738	11,273	(465)	(4)
Impairment expense			143	143	..
Other expenses	5	8,300	16,095	7,795	94
Total expenses from continuing operations		331,364	335,775	4,411	1
Losses					
Loss on sale/disposal of property, plant and equipment		..	6	6	..
Operating result from continuing operations		..	(3,757)	(3,757)	..
Operating result for the year		..	(3,757)	(3,757)	..
Total comprehensive income		..	(3,757)	(3,757)	..

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 (\$5.899M) including the Herston Site Redevelopment, Toowoomba Second Range Crossing and Logan Enhancement Project. Also contributing is additional survey revenue of \$1.959M for the Queensland Government Statistician's Office, \$1.397M in greater than anticipated electrical licencing charges for the OIR and \$0.750M in unbudgeted revenue primarily for the reimbursement of corporate costs for the 1 William Street project
2. The increase is primarily due to cost recoveries from QTC (\$0.359M) and unbudgeted fines and forfeiture revenue for OIR (\$0.065M). These are partially offset by legal cost recoveries from OIR being less than anticipated (\$0.187M)
3. The increase primarily relates to costs associated with projects managed by the Commercial Group (\$5.770M), including the Herston Site Redevelopment, Toowoomba Second Range Crossing and Logan Enhancement Project
4. The decrease primarily relates to \$0.9M in Readiness Fund grant payments for the Social Benefit Bonds pilots being deferred from 2015-16 to 2016-17. Also contributing is \$0.614M underspend in Healthy Workers Initiatives grants in OIR
5. The increase is mainly due to higher than anticipated promotional costs of \$5.708M in OIR for advertising campaigns including "Getting Back", "One safety switch may not be enough" and "Stay safe up there, switch off down here". Also contributing is higher than anticipated audit fees (predominantly other audit fees) (\$0.538M), portable and attractive equipment (\$0.256M) and bank charges (\$0.173M)

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32 Budget vs actual comparison (continued)

Statement of Financial Position
as at 30 June 2016

	Variance Notes	Adjusted Budget 2016 \$'000	Actual 2016 \$'000	Variance \$'000	Variance % of Budget
Current assets					
Cash and cash equivalents		38,345	37,910	(435)	(1)
Receivables	1	7,020	13,514	6,494	93
Other assets		4,684	4,725	41	1
Total current assets		50,049	56,149	6,100	12
Non-current assets					
Other financial assets		16,832	16,833	1	..
Intangible assets	2	2,518	8,481	5,963	237
Property, plant and equipment	3	8,421	3,017	(5,404)	(64)
Total non-current assets		27,771	28,331	560	2
Total assets		77,820	84,480	6,660	9
Current liabilities					
Payables	4	8,601	21,819	13,218	154
Accrued employee benefits	5	6,584	7,788	1,204	18
Unearned revenue	6	245	356	111	45
Total current liabilities		15,430	29,963	14,533	94
Net assets		62,390	54,517	(7,873)	(13)
Equity					
Accumulated surplus	7	24,033	20,502	(3,531)	(15)
Contributed equity	8	38,357	34,015	(4,342)	(11)
Total equity		62,390	54,517	(7,873)	(13)

Explanations of major variances

1. The increase is primarily due to funding of \$7.089M to be received from Workcover Queensland to Workplace Health and Safety Queensland and Workers' Compensation Regulator
2. The increase reflects capital expenditure for S/4 HANA Finance Solution (\$4.151M) and Revenue Management Platform Infrastructure (\$1.386M)
3. The decrease is mainly attributable to a revised methodology for procuring ICT for SPER. Instead of investing in a capital system, SPER will implement ICT Software as a Service solution to support the modernisation of its business
4. The increase is mainly due to \$4.512M unbudgeted payable to the DJAG relating to OIR and appropriation payable (\$3.163M). Also contributing is higher than anticipated accrued expenses across the department, mainly for corporate projects and SPER
5. The increase is mainly due to higher than anticipated accrued wages and salaries (\$0.821M). Also contributing is unbudgeted jurisprudential allowances payable to members of the Industrial Court and Commission (\$0.609M)
6. The increase is mainly due to higher than anticipated amount of advance payments being received for works performed by the Government Statistician's Office
7. The decrease mainly relates to using retained earnings to fund the "Getting Back", "One safety switch may not be enough" and "Stay safe up there, switch off down here" campaigns in OIR
8. The decrease is mainly attributable to a revised methodology for procuring ICT for SPER. Instead of investing in a capital system, SPER will implement ICT Software as a Service solution to support the modernisation of its business (refer Note 3)

32 Budget vs actual comparison (continued)

Statement of Cash Flows
for the year ended 30 June 2016

	Variance Notes	Adjusted Budget 2016 \$'000	Actual 2016 \$'000	Variance \$'000	Variance % of Budget
Cash flows from operating activities					
<i>Inflows</i>					
Appropriation revenue receipts		220,326	211,257	(9,069)	(4)
User charges	1	18,894	27,989	9,095	48
Grants and other contributions		91,020	91,391	371	..
GST input tax credits from Australian Taxation Office (ATO)	2	..	11,518	11,518	..
Other	3	1,124	1,289	165	15
<i>Outflows</i>					
Employee expenses		(199,969)	(190,215)	9,754	(5)
Supplies and services		(105,776)	(111,994)	(6,218)	6
Grants and contributions	4	(5,647)	(4,185)	1,462	(26)
GST remitted to ATO	5	..	(1,940)	(1,940)	..
Other	6	(8,300)	(17,076)	(8,776)	106
Net cash provided by/(used in) operating activities		11,672	18,034	6,362	55
Cash flows from investing activities					
<i>Outflows</i>					
Payments for property, plant and equipment	7	(7,022)	(193)	6,829	(97)
Acquisition of investments		(10,000)	(10,000)	..	..
Payments for intangibles	8	..	(6,830)	(6,830)	..
Net cash provided by/(used in) investing activities		(17,022)	(17,023)	(1)	..
Cash flows from financing activities					
<i>Inflows</i>					
Equity injections	9	15,500	11,511	(3,989)	(26)
<i>Outflows</i>					
Equity withdrawals		(11,038)	(11,671)	(633)	6
Net cash provided by/(used in) financing activities		4,462	(160)	(4,622)	(104)
Net increase/(decrease) in cash and cash equivalents		(888)	851	1,739	(196)
Cash and cash equivalents at beginning of financial year		22,244	22,540	296	1
Cash transfers due to machinery of Government change	10	16,989	14,519	(2,470)	(15)
Cash and cash equivalents at end of financial year		38,345	37,910	(435)	(1)

Explanations of major variances

1. Refer to Income Statement
2. The variance is due to the amount of Input tax credits paid by the ATO for supplier invoices processed which was not budgeted for
3. Refer to Income Statement
4. Refer to Income Statement
5. The variance is due to the amount of GST paid to the ATO for customer invoices processed which was not budgeted for
6. Refer to Income Statement
7. Refer to Income Statement
8. Refer to Income Statement
9. The decrease is mainly attributable to a revised methodology for procuring ICT for SPER. Instead of investing in a capital system, SPER will implement ICT Software as a Service solution to support the modernisation of its business
10. The variance reflects the machinery of Government change to transfer the QPC for its establishment as a statutory body effective 1 December 2015

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2016
\$'000

2015
\$'000

33 Grants and other contributions

Administered on behalf of the whole of Government		
GST revenue grant	13,121,976	11,815,628
<i>Specific purpose - recurrent</i>		
- Schools	1,279,221	1,122,080
- Skills and workforce development	292,355	288,339
- Disability services	289,165	279,955
- Affordable housing	265,955	262,340
National Partnership Payments - recurrent project	559,825	673,197
National Partnership Payments - recurrent facilitation	..	16,690
National Partnership Payments - capital project	1,263,333	2,299,499
Other	42	4
	<u>17,071,872</u>	<u>16,757,732</u>

34 Taxes

Administered on behalf of the whole of Government		
<i>Taxes</i>		
Casino tax	101,425	94,444
Gaming machine tax	677,471	647,279
Gold Lotto	223,949	204,971
Golden Casket	34,965	35,788
Keno tax	21,212	20,973
Land tax	1,010,203	978,261
Payroll tax	3,751,927	3,866,025
Duties	4,356,020	4,420,733
Wagering tax	10,464	13,617
Other taxes	562	711
	<u>10,188,198</u>	<u>10,282,802</u>
<i>Other duties</i>		
Other duties	(11,624)	27,594
	<u>(11,624)</u>	<u>27,594</u>
<i>Levies</i>		
Health Services levy	67,997	59,643
	<u>67,997</u>	<u>59,643</u>
	<u>10,244,571</u>	<u>10,370,039</u>

Queensland Treasury 2016 \$'000	Queensland Treasury 2015 \$'000
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35 Royalties

Administered on behalf of the whole of Government		
Mining royalties	2,092,754	2,007,474
Dividends *	195	1,506
	<u>2,092,949</u>	<u>2,008,980</u>
* represents dividend receipts from the HIH/FAI liquidators		

36 Finance income

Administered on behalf of the whole of Government		
Interest from investments	106,810	7,483
Interest from loans	1,366	1,912
Interest from trust funds *	18,784	21,349
	<u>126,960</u>	<u>30,744</u>
* interest collected from Trust Funds under the <i>Property Occupations and Motor Dealers and Chattel Auctioneers Act 2014</i>		

37 Administered item revenue

Administered on behalf of the whole of Government		
Budgeted administered item appropriation and equity	13,061,402	6,507,357
Transfer (to)/from other departments	..	(6,417)
Transfer (to)/from other heading	14,308	(19,561)
Lapsed appropriation	..	(121,396)
Unforeseen expenditure	296,985	..
Total administered item receipts	<u>13,372,695</u>	<u>6,359,983</u>
Plus closing balance of administered item receivable	108,491	(97,110)
Less opening balance of administered item receivable	97,110	(70,056)
Net appropriation revenue	<u>13,578,296</u>	<u>6,192,817</u>
Plus deferred appropriation expense payable to Consolidated Fund	..	97,110
Total administered appropriation revenue recognised in the Statement of Comprehensive Income	<u>13,578,296</u>	<u>6,289,927</u>
This is represented by:		
Administered item revenue recognised in Statement of Comprehensive Income	5,972,731	6,289,927
Equity adjustment recognised in equity withdrawal	7,605,565	..
	<u>13,578,296</u>	<u>6,289,927</u>

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	2016	2015
	\$'000	\$'000

38 Other revenue

Administered on behalf of the whole of Government		
Proceeds of crime from the Public Trustee	7,458	9,640
SPER Fines	315,884	300,440
Competitive neutrality fees	200,877	231,671
Miscellaneous receipts	24,829	25,234
	<u>549,048</u>	<u>566,985</u>

39 Supplies and services

Administered on behalf of the whole of Government		
GST administration expense remitted to the Commonwealth	134,968	136,761
Administration fees	928	840
Reinsurance expense	25,455	26,795
Other	4,014	3,942
	<u>165,365</u>	<u>168,338</u>

40 Impairment losses

Administered on behalf of the whole of Government		
Impairment losses on trade receivables	(58,237)	51,395
Impairment losses on trade receivables - SPER	40,221	67,213
Bad debts written off *	28,122	44,460
	<u>10,106</u>	<u>163,068</u>

* 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.

41 Finance cost

Administered on behalf of the whole of Government		
Interest paid by Treasury Offset Bank Account on trust and bank balances	2,411	4,019
Interest on loans – Commonwealth Government	1,402	2,116
Unwind concessional loan discount - Commonwealth borrowings	2,479	(1,556)
Interest on loans – QTC	1,981,355	2,081,379
Interest - other	14,804	15,539
Market Value Realisation charge on repayment of QTC borrowings	55	..
Concessional loan discount - NDRRA loans *	68	(552)
Administration fees	25,529	24,502
	<u>2,028,103</u>	<u>2,125,447</u>

* represents the discount on initial recognition of NDRRA loans

2016
\$'000

2015
\$'000

42 Other expenses

Administered on behalf of the whole of Government		
Queensland Government Insurance Fund claims and concessions	142,527	128,688
Ex-gratia payments *	1,474	512
Other	17,924	114,061
	<u>161,925</u>	<u>243,261</u>

* 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.

43 Cash and cash equivalents

Administered on behalf of the whole of Government		
Cash at bank	<u>(2,137,018)</u>	<u>(2,561,883)</u>
Comprised of:		
Whole of Government Treasury Offset arrangement *	(5,640,936)	(2,658,470)
Other administered bank accounts	3,503,918	96,587
	<u>(2,137,018)</u>	<u>(2,561,883)</u>

* 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 Working Capital Facility is used for short term borrowings. The market value of the borrowings in the QTC Working Capital Facility at 30 June 2016 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 2.30% and 2.05% (2015: between 2.55% to 2.05%) along with an administration margin of 0.10% (2015: 0.10%).

44 Receivables

Administered on behalf of the whole of Government		
Current		
Trade debtors	1,328,506	1,089,322
Less allowance for impairment	(463,629)	(481,558)
	<u>864,877</u>	<u>607,764</u>
Competitive neutrality fees	52,503	58,014
Other debtors	1,040	3,811
	<u>53,543</u>	<u>61,825</u>
	<u>918,420</u>	<u>669,589</u>
Non-current		
Other debtors	1,828	2,131
	<u>1,828</u>	<u>2,131</u>
	<u>920,248</u>	<u>671,720</u>

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	2016	2015
	\$'000	\$'000
44 Continued - Ageing of past due but not impaired Receivables		

Administered on behalf of the whole of Government		
Overdue		
Less than 30 days	32,763	33,622
30 to 60 days	39,031	37,643
61 to 90 days	40,481	17,790
Greater than 90 days	623,656	417,880
Total overdue	735,931	506,935

Administered on behalf of the whole of Government	2016			2015		
	Gross Receivables* \$'000	Allowance for impairment \$'000	Carrying amount \$'000	Gross Receivables* \$'000	Allowance for impairment \$'000	Carrying amount \$'000
Not due/overdue						
Not yet due	725	(725)	..	..	..	..
Less than 30 days	528	(528)	..	523	(523)	..
30 to 60 days	418	(418)	..	6,953	(6,953)	..
61 to 90 days	343	(343)	..	6,398	(6,398)	..
Greater than 90 days	461,615	(461,615)	..	467,684	(467,684)	..
Total overdue	463,629	(463,629)	..	481,558	(481,558)	..

* gross receivables should be those receivables that have been individually impaired and not the total gross receivables in note 44 above

Movements in allowance for impairment of impaired receivables		
Balance at 1 July		481,558
OIR Opening Balance		87
Amounts written off during the year		(28,121)
Amounts recovered during the year		..
Increase/(decrease) recognised in Statement of Comprehensive Income		10,106
Balance at 30 June		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.

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

An allowance for impairment for tax collections is calculated based on the status of the debtor (solvent or insolvent) and the age of the debt. SPER debts are impaired based on historic collection 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 determines that an amount owing by such a debtor does become uncollectible (after an appropriate range of debt recovery actions have been taken), that amount is recognised as a bad debt expense and written-off directly against Receivables. In other cases where a debt becomes uncollectible but the uncollectible amount exceeds the amount already allowed for impairment of that debt, the excess is recognised directly as a bad debt expense and written off directly against Receivables.

Impairment loss expense for the current year regarding the department's receivables is \$10.106 million. The decrease of \$152.962 million is primarily due to \$57.852 million in an impairment loss recognised in 2014-15 for an assessment in relation to duties. As a result of a court decision favouring the client the assessment was partly derecognised and the associated impairment loss of \$57.852 million taken up in 2014-15 was reversed in 2015-16. Also contributing is a reduction of \$26.929 million in impairment losses recognised by SPER.

2016
\$'000

2015
\$'000

45 Other current assets

Administered on behalf of the whole of Government		
Current		
Accrued revenue	13,796	6,288
Prepayments	8,332	8,710
	<u>22,128</u>	<u>14,998</u>

46 Payables

Administered on behalf of the whole of Government		
Current		
GST input tax credits receivable	(333)	(213)
GST payable	4	13,961
Net GST payable	<u>(329)</u>	<u>13,748</u>
Trade creditors	700	17,480
Other creditors	698	4,895
	<u>1,069</u>	<u>36,123</u>

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	2016 \$'000	2015 \$'000
47 Other liabilities		

Administered on behalf of the whole of Government		
Unearned revenue	35,383	41,761
Insurance premiums on-pass to State	20	1,500
	<u>35,403</u>	<u>43,261</u>

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

Administered on behalf of the whole of Government		
Administered comprehensive income	..	..
Non cash finance cost adjustments	(4,890)	3,062
QTC market value realisation charges	(55)	..
Interest expense on QTC loans	2,061	1,492
Interest revenue on ancillary setoff	..	746
Change in assets and liabilities:		
(Increase)/decrease in GST input tax credits receivable	(120)	(48)
(Increase)/decrease in trade and other receivables	(248,832)	(68,337)
(Increase)/decrease in other assets	(6,828)	(5,613)
(Increase)/decrease in administered appropriation receivable	(205,601)	167,166
(Increase)/decrease in other financial assets	..	7,483
Increase/(decrease) in trade and other payables	(20,978)	(2,863)
Increase/(decrease) in GST payable	(13,958)	1,414
Increase/(decrease) in transfers to Government payable	370,415	(31,190)
Increase/(decrease) in other liabilities	(7,859)	(125,187)
Net cash provided by/(used in) operating activities	<u>(136,645)</u>	<u>(51,875)</u>

49 Contingencies

Administered on behalf of the whole of Government

Litigation in progress

As at 30 June 2016, the following cases were filed in the courts:

	Cases	Estimated Amount \$'000
Supreme Court	13	245,537
Civil and Administrative Tribunal	7	5,644
Total	<u>20</u>	<u>251,181</u>

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.

In addition to the above the Office of State Revenue was considering 4 objections relating to the Queensland Building Boost and First Home Owners Grants schemes with a potential liability to the Department of \$48,125.

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	2016 \$'000	2015 \$'000
Financial assets			
Cash and cash equivalents	43	(2,137,018)	(2,561,883)
Receivables	44	920,248	671,720
Administered item revenue receivable		108,491	(97,110)
Loans and advances*		123,656	147,797
Other current assets			
Other accrued revenue		13,796	6,288
Total		(970,827)	(1,833,188)
Financial liabilities			
Payables	46	1,069	36,123
Transfer to Government payable		1,062,688	692,273
QTC borrowings**		33,026,233	40,053,989
Interest bearing liabilities held at amortised cost***		72,417	88,270
Other liabilities			
Insurance premium on-pass to State	47	20	1,500
Total		34,162,427	40,872,155

* Natural Disaster Relief and Recovery Arrangements loans are carried at amortised cost. 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 2015-16 year the interest rate was 1.38% (2015: 1.92%), which was calculated as 50% of the 10-year Treasury bond rate, averaged over the three-month period between April to June 2015.

** Interest is charged on the whole of Government borrowing with QTC at rates of between 3.64% and 4.82% (2015: between 2.22% and 5.21%) along with an administration margin at rates between 0.055% and 0.099% (2015: between 0.055% and 0.099%) which is accrued and paid quarterly to QTC.

***Interest is charged on NDRRA loans at a predetermined rate and recognised as an expense as it accrues. The Commonwealth Attorney-General's Department – Emergency Management Australia determines the annual interest rate to be applied to the NDRRA loans. In the 2015-16 year the interest rate was 1.38% (2015: 1.92%) which was calculated as 50% of the 10-year Treasury bond rate, averaged over the three-month period between April to June 2015.

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50 Financial instruments (continued)

(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.

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.

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 Resource Governance Committee 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 and Government Debt Pools.

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						
	Notes	2016 payable in			Total Undiscounted Cash Flow \$'000	Carrying Amount \$'000
		< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000		
Financial liabilities						
Payables	46	1,069	..	..	1,069	1,069
Transfer to Government payable		1,062,688	..	..	1,062,688	1,062,688
Interest Bearing Liabilities - Commonwealth borrowings		13,363	48,429	21,193	82,986	78,762
Interest Bearing Liabilities - QTC borrowings		1,500,953	6,007,945	34,793,177	42,302,075	33,026,233
Other liabilities						
Insurance premium on-pass to State	47	20	..	..	20	20
Total		2,578,093	6,056,374	34,814,370	43,448,838	34,168,772

Administered on behalf of the whole of Government						
	Notes	2015 payable in			Total Undiscounted Cash Flow \$'000	Carrying Amount \$'000
		< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000		
Financial liabilities						
Payables	46	36,123	..	..	36,123	36,123
Transfer to Government payable		692,273	..	..	692,273	692,273
Interest Bearing Liabilities - Commonwealth borrowings		19,966	51,229	32,700	103,895	97,094
Interest Bearing Liabilities - QTC borrowings		1,966,048	7,847,979	39,676,608	49,490,635	40,053,989
Other liabilities						
Insurance premium on-pass to State	47	1,500	..	..	1,500	1,500
Total		2,715,910	7,899,208	39,709,308	50,324,426	40,880,979

(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.

50 Financial instruments (continued)

(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.

Administered on behalf of the whole of Government					
2016 Interest rate risk					
Financial instruments	Carrying amount	-1%		1%	
		Transfer to Government	Equity	Increase in appropriation revenue	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					
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)

Administered on behalf of the whole of Government					
2015 Interest rate risk					
Financial instruments	Carrying amount	-1%		1%	
		Transfer to Government	Equity	Increase in appropriation revenue	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash	(2,658,470)	26,585	26,585	(26,585)	(26,585)
Receivables					
Loans and advances	96,048	(960)	(960)	960	960
Interest Bearing Liabilities					
Interest Bearing Liabilities -Commonwealth borrowings	96,048	960	960	(960)	(960)
QTC borrowings - Fixed Rate Debt Pool	..	..	..	..	..
QTC borrowings - General Debt Pool (floating rate)	40,043,989	31,698	31,698	(29,590)	(29,590)
Potential Impact		58,283	58,283	(56,175)	(56,175)

(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:

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50 Financial instruments (continued)

(f) Fair value (continued)

Class	Classification according to fair value hierarchy			2016 Total Carrying Amount \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'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)

Class	Classification according to fair value hierarchy			2015 Total Carrying Amount \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets				
Cash and cash equivalent				
Other administered bank accounts	96,587	..	..	96,587
Whole of Government Treasury Offset Arrangement	(2,658,470)	..	..	(2,658,470)
Total	(2,561,883)	-	..	(2,561,883)

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				
<i>Fair value</i>				
	2016		2015	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets				
Receivables				
Loans and advances	139,463	134,796	168,726	160,594
	<u>139,463</u>	<u>134,796</u>	<u>168,726</u>	<u>160,594</u>
Financial liabilities				
Interest Bearing Liabilities - Commonwealth borrowings	78,762	78,013	97,094	96,509
QTC borrowings	33,026,233	38,148,497	40,053,989	43,604,583
Total	<u>33,104,995</u>	<u>38,226,510</u>	<u>40,151,083</u>	<u>43,701,092</u>

51 Adjustment to comparatives – administered

The fourth quarter accrual for the Annual Leave Central Scheme and Long Service Leave WoG schemes will no longer be recognised in QT administered, as the Parent Entity records levies receivable and claims payable to/from member agencies and the duplication at the departmental level of the AL and LSL claim payments do not eliminate at WoG.

	30 June 2015 \$'000	Increase / (decrease) \$'000	30 June 2015 (restated) \$'000	1 July 2014 \$'000	Increase / (decrease) \$'000	1 July 2014 (restated) \$'000
Statement of Financial Position (Extract*)						
Assets						
Current						
Administered item revenue receivable	290,355	(387,465)	(97,110)	470,801	(400,745)	70,056
Liabilities						
Current						
Payables	423,588	(387,465)	36,123	438,365	(400,745)	37,620
			
Administered net assets	(133,233)	..	133,233	32,436	..	32,436
Accumulated surplus	4,065	..	4,065	5,795	..	5,795
Net equity withdrawal	(42,742,459)	..	(42,742,459)	(40,755,542)	..	(40,755,542)
Administered equity	(42,738,394)	..	(42,738,394)	(40,749,747)	..	(40,749,747)
Statement of Comprehensive Income (Extract*)						
Revenue						
Administered item revenue	6,179,537	110,390	6,289,927			
Expenses from continuing operations						
Long service leave reimbursements	350,626	17,382	368,008			
Annual leave central scheme claims paid	1,426,786	(4,102)	1,422,684			
Other Expenses	16,951	97,110	114,061			
Operating result from continuing operations before transfers to Government	4,385,174	..	4,385,174			
Total administered comprehensive income	..	..	..

* Amounts stated represent extracts from the QT administered financial statements and therefore may not add to the corresponding totals in this restatement

52 Budget vs actual comparison

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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 2016

Income and expenses administered on behalf of the whole of Government	Variance Notes	Adjusted Budget	Actual	Variance \$'000	Variance % of Budget
		2016 \$'000	2016 \$'000		
Income from continuing operations					
Revenue					
Grants and other contributions		18,227,400	17,071,872	(1,155,528)	(6)
Taxes		10,576,397	10,244,571	(331,826)	(3)
User charges and fees	1	64,932	135,332	70,400	108
Royalties		2,222,046	2,092,949	(129,097)	(6)
Finance income	2	25,764	126,960	101,196	393
Administered item revenue		6,139,437	5,972,731	(166,706)	(3)
Other revenue		580,732	549,048	(31,684)	(5)
Total income from continuing operations		37,836,708	36,193,463	(1,643,245)	(4)
Expenses from continuing operations					
Supplies and services		158,521	165,365	6,844	4
Impairment losses	3	166,394	10,106	(156,288)	(94)
Grants and subsidies	4	11,217	8,514	(2,703)	(24)
Benefit payments		91,800	95,762	3,962	4
Finance cost		1,904,076	2,028,103	124,027	7
Superannuation benefit payments	5	1,929,837	1,580,244	(349,593)	(18)
Long service leave reimbursements	6	426,608	363,482	(63,126)	(15)
Annual leave central scheme claims paid		1,441,497	1,554,535	113,038	8
Other expenses		175,881	161,925	(13,956)	(8)
Total expenses from continuing operations		6,305,831	5,968,036	(337,795)	(5)
Operating result from continuing operations before transfers to Government		31,530,877	30,225,427	(1,305,450)	(4)
Operating result from discontinued operations		..	..	..	..
Operating result for the year before transfers to Government		31,530,877	30,225,427	(1,305,450)	(4)
Transfers of administered comprehensive income to Government		31,530,877	30,225,427	(1,305,450)	(4)
Total administered comprehensive income		..	..	..	..

Explanations of major variances

1. The increase reflects increased SPER fee income due to increased volume of debt referrals (\$21.310M).
2. The increase is a result of increased balances held in working capital funds during the year as part of the Government's Enhanced Debt Action Plan (\$104.679M).
3. The decrease is mainly due to lower than anticipated impairments in SPER (\$93.308M) and the reversal of impairment loss recognised in 2014-15 as a result of a court decision favouring the client in a tax related matter (\$57.852M).
4. The decrease reflects lower than anticipated payroll tax rebates to the Film Industry.
5. The decrease reflects lower than anticipated State's share of the superannuation beneficiary payments.
6. The decrease is due to lower than anticipated Long Service Leave payments to QSuper Ltd.

52 Budget vs actual comparison (continued)

Administered Statement of Financial Position
as at 30 June 2016

Assets and liabilities administered on behalf of the whole of Government	Variance Notes	Adjusted Budget	Actual	Variance	Variance
		2016 \$'000	2016 \$'000	\$'000	% of Budget
Current assets					
Cash and cash equivalents		(2,276,648)	(2,137,018)	139,630	(6)
Receivables	1	607,610	918,420	310,810	51
Administered item revenue receivable	2	..	108,491	108,491	100
Loans and advances	3	6,986	20,854	13,868	199
Other current assets	4	11,171	22,128	10,957	98
Total current assets		(1,650,881)	(1,067,125)	583,756	(35)
Non-current assets					
Receivables	5	2,131	1,828	(303)	100
Loans and advances	6	142,899	102,802	(40,097)	(28)
Total non-current assets		145,030	104,630	(40,400)	(28)
Total assets		(1,505,851)	(962,495)	543,356	(36)
Current liabilities					
Payables	7	26,941	1,069	(25,872)	(96)
Transfer to Government payable	8	594,059	1,062,688	468,629	79
Interest bearing liabilities	9	9,483	6,989	(2,494)	..
Other liabilities	10	62,788	35,403	(27,385)	(44)
Total current liabilities		693,271	1,106,149	412,878	60
Non-current liabilities					
QTC borrowings		34,600,461	33,026,233	(1,574,228)	(5)
Interest Bearing Liabilities	11	103,164	65,428	(37,736)	(37)
Total non-current liabilities		34,703,625	33,091,661	(1,611,964)	(5)
Total liabilities		35,396,896	34,197,810	(1,199,086)	(3)
Net assets		(36,902,747)	(35,160,305)	1,742,442	(5)

Explanations of major variances

1. The increase is mainly due to higher than expected taxes, fees and fines receivable and mining royalties receivable.
2. The increase is primarily due to higher than anticipated Annual Leave Central Scheme payments to QSuper Ltd (\$91.694M), partially offset by lower than anticipated Long Service Leave Central Scheme payments to QSuper Ltd (\$13.451M).
3. The increase represents the re-classification of the State and Commonwealth NDRRA loans from non-current to current due to loans for the prior 3 years becoming repayable for the first time in 2015-16, which was unknown at the time when the 2015-16 budget was developed.
4. The increase is primarily due to unbudgeted grant receivable from the Queensland Reconstruction Authority relating to NDRRA events.
5. The decrease reflects movements in loan provided to Springfield Lakes residential development.
6. The decrease is predominately due to State and Commonwealth NDRRA loans for the prior 3 years becoming repayable for the first time in 2015-16.
7. The decrease is predominately due to lower than anticipated GST Payable, interest payable and other accrued expenses.
8. The increase reflects higher than expected administered revenue earned but yet to be transferred to Consolidated Fund at year end.
9. The decrease represents the re-classification of the commonwealth NDRRA loans from non-current to current due to loans for the prior 3 years becoming repayable for the first time in 2015-16.
10. The decrease reflects a lower than anticipated amount of unearned revenue for payroll tax and duties.
11. The decrease predominately due to Commonwealth NDRRA loans for the prior 3 years becoming repayable for the first time in 2015-16.

53 Transfer payments

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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 2015-16 totalled \$2.264 billion (2014-15: \$2.166 billion):

- Department of Education and Training (non-government schools, \$2.240 billion)
- Department of Agriculture and Fisheries (plant disease and eradication, \$24.431 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 2015-16 financial year the total value of grants paid was \$241.373 million (2014-15: \$258.151 million). The decrease in 2015-16 is due to fewer grants being approved for disbursement by the respective state agencies responsible for grants.

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 \$0.534 million including interest earned for the year, \$51,527.66 (2014-15: \$24,565.62), 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.

	2016	2015
	\$'000	\$'000
Opening balance	15,943	14,688
Collections:		
Cash receipts	41,060	40,431
Debtor overpayments	1,603	..
Cash not receipted	1,007	..
Cash not banked	(12)	..
Other	(6)	..
Distributions to principals	(44,925)	(39,176)
Balance 30 June	14,670	15,943

(b)

	Total revenue		Total expenses		Net Surplus/(deficit)		Total current assets		Total current liabilities		Net assets	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
District Industrial Inspectors' Collection Accounts												
<i>Industrial Relations Act 1999 s 358</i>												
Holds recovered wages owed to employees until funds are cleared before forwarding on to workers	10	..	9	..	1	..	14	..	14	..	..	..
In-scope electrical Equipment (Registration Fees) Fund												
<i>Electrical Safety Act 2002 s 204A</i>												
holds money collected from the registration of electrical equipment and make payments to participating jurisdictions for electrical safety services	1,383	..	13	..	1,370	..	3,225	..	..	..	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 2016 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

30 August 2016



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

30 August 2016

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of Queensland Treasury

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Report on the Financial Report

I have audited the accompanying financial report of Queensland Treasury, which comprise the controlled and administered statement of financial position and controlled and administered statement of assets and liabilities by major departmental services as at 30 June 2016, the controlled and administered statement of comprehensive income, controlled statement of changes in equity, controlled and administered statement of cash flows and controlled and administered statement of comprehensive income by major departmental services for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificates given by the Under Treasurer and Chief Finance Officer.

Accountable Officer's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

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

Opinion

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

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

Other Matters - Electronic Presentation of the Audited Financial Report

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


A M GREAVES FCA FCPA
Auditor-General of Queensland



Queensland Audit Office
Brisbane