

Queensland Future Growth Corporation

Annual Report

2009-10



About this annual report

The Queensland Future Growth Corporation is a statutory body established to administer the Queensland Future Growth Fund. The Fund has been created to provide funding for infrastructure and initiatives that will benefit the future economy and environmental sustainability of Queensland.

The *Queensland Future Growth Corporation Annual Report 2009-10* is an important part of our corporate governance framework. It ensures accountability to the Queensland Parliament and the community about the Corporation and the activities of the Fund.

The report details the performance, activities and financial position for the 2009-10 financial year and links with the Service Delivery Statement for 2009-10 and 2010-11. It also provides information on structure and corporate governance processes, and the proposed future direction of the Corporation.

The annual report will be tabled in Parliament and an electronic version is available online from the Queensland Treasury website www.treasury.qld.gov.au

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Feedback

We are committed to continually improving our annual report. To help us do this, we welcome your feedback. A feedback form is available with the electronic version of the report on our website at www.treasury.qld.gov.au

Translating and interpreting assistance

The Queensland Government is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds.

If you have difficulty understanding this annual report, please contact us on +61 7 3224 5908 between 9am-5pm, Monday to Friday (except public holidays). We will arrange an interpreter to communicate the report to you.

3 September 2010

The Honourable Andrew Fraser MP
Treasurer and Minister for Employment
and Economic Development
Level 9 Executive Building
100 George Street
BRISBANE QLD 4000

Dear Treasurer

I am pleased to present the *Queensland Future Growth Corporation Annual Report 2009-10*.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*
- the detailed requirements set out in the *Annual Report Requirements for Queensland Government Agencies*.

A checklist outlining compliance with the annual reporting requirements can be accessed from www.treasury.qld.gov.au

Yours sincerely

Gerard Bradley
Under Treasurer

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Introduction by the Under Treasurer

The Queensland Future Growth Corporation administers the Queensland Future Growth Fund which was established in 2006 with the net proceeds from the sale of the State's Government-owned energy corporations – Allgas Energy, Sun Retail, Sun Gas and PowerDirect Australia.

The Fund provides additional funding for a range of initiatives and infrastructure projects to support the State's future economic growth and environmental sustainability.

As this report outlines, in 2009-10, the Fund provided \$648.217 million towards transport and water infrastructure, clean coal technology, climate change projects, Smart State projects, commercial infrastructure and social housing stock.

Gerard Bradley
Under Treasurer

About us

The Queensland Future Growth Corporation and the Queensland Future Growth Fund were established under the *Future Growth Fund Act 2006* on 1 June 2006.

The Corporation has been created as a corporation sole under the *Future Growth Fund Act 2006* to administer the Fund. A corporation sole is essentially a corporation (company) that consists solely of a nominated office holder. In this case, the Under Treasurer of Queensland is the nominated office holder.

The Corporation has been established as a statutory body under both the *Financial Accountability Act 2009* and the *Statutory Bodies Financial Arrangements Act 1982*.

The objectives of the Fund, as set out in section 4 of the *Future Growth Fund Act 2006*, are to provide funding:

- a) for initiatives and infrastructure benefiting Queensland
- b) with the approval of the Treasurer, for things benefiting Queensland other than initiatives or infrastructure.

Structure

The Corporation has no employees. To ensure minimal administration and cost incurred in complying with legislative requirements, Queensland Treasury's existing systems and processes are used to record and prepare the Corporation's financial transactions and statements.

In addition, it utilises Queensland Treasury's Audit Committee and Risk Management Committee and *Information and Communication Technology Strategic Plan and Asset Strategic Plan*.

Corporate governance

Queensland Treasury is responsible for the Fund's management and reports to the Treasurer on policy issues. External reporting for the Corporation, including the Annual Report and Service Delivery Statement, is prepared by Queensland Treasury.

Our performance

Strategic business priorities

The Queensland Future Growth Fund supports initiatives and infrastructure that will benefit the sustainability and prosperity of Queensland's economy by:

- implementing strategies to secure water supply by providing funding for water infrastructure
- providing funding for infrastructure projects that support the State's growth, particularly in the areas of transport, housing and commercial infrastructure
- supplying funds to research and develop innovative technologies that address climate change and proactively advance the State's environmental sustainability.

The Fund directly contributes to the Government's *Toward Q2: strong ambition – creating a diverse economy powered by bright ideas*.

Strategic business priorities	Highlights	The year ahead
1. To administer the Fund in accordance with established guidelines	The fund allocations were closely monitored to ensure compliance with the guidelines	Continue to work with agencies to allocate the funds according to Government priorities
2. To ensure governance and compliance with all relevant government policies	The Corporation's General Purpose Financial Statements were certified without qualification by the Auditor-General	Continue to monitor and review the administrative procedures established with regard to the Corporation and the Fund

Actions/projects undertaken to achieve priorities

- Prepared audited financial statements and annual report for the Corporation.
- Continued to manage and review the financial systems, practices and internal controls.
- Maintained the delegation of procurement, expenditure and administrative functions to appropriately qualified public service employees.
- Re-injected interest earnings on the Fund balance.
- Ensured appropriate allocation of funds to agencies.

Performance statement

Performance measure	Target	Actual
a) Fund administered in accordance with government guidelines	100%	100%
b) Allocation of funds to projects within the intended scope of the Fund	100%	100%
c) Provision of funding in accordance with project cash flows	100%	100%

Our activities

Operations

In 2009-10, funding was provided towards transport and water infrastructure, clean coal technology, climate change and Smart State projects, commercial infrastructure and social housing stock.

Queensland Future Growth Fund projects	2009–10 \$ million
Transport infrastructure	125.595
Water infrastructure	278.673
Clean coal technology	16.671
Climate change projects	15.601
Smart State projects	0.670
Commercial infrastructure	71.007
Social housing stock	140.000
TOTAL	648.217

Proposed forward operations

The Fund will continue to contribute to the delivery of key priorities, in accordance with its stated objectives, as set out in section 4 of the *Future Growth Fund Act 2006*. In 2010-11, an amount of \$362.6 million is expected to be allocated across a range of social and economic infrastructure projects.

The Fund will continue to benefit from the re-injection of interest earnings on the Fund balance.

Entities controlled by the agency

No entities are controlled by the Corporation. Agencies receiving funding are required to record these activities within their Service Delivery Statements and annual reports.

Information and communication technology/assets

The Corporation is covered by the *Information and Communication Technology (ICT) Strategic Plan* and *Asset Strategic Plan* prepared by Queensland Treasury as it holds no ICT resources or assets of the type listed in the Asset Plan Guidelines.

Internal audit function

Due to the nature of the Corporation and its use of Queensland Treasury's infrastructure and policies, it is covered within the Treasury audit plan.

Risk management

Risk management is a core part of Queensland Treasury's corporate governance framework. It involves having the appropriate checks and balances in place to support our processes and systems. On a regular basis, senior management identifies business risks to ensure appropriate processes have been introduced to manage all risks associated with Queensland Treasury's operations.

Consultancy expenditure

No expenditure on consultancy was incurred in 2009-10.

Overseas travel

No overseas travel was undertaken in 2009-10.

Quality measures

The Corporation has a number of quality measures as listed in our performance statement table on page five. All targets for quality measures were met in 2009-10.

Foreword

Queensland Future Growth Corporation'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:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows
- Notes to and forming part of the Financial Statements.



Queensland Future Growth Corporation

Statement of Comprehensive Income

For the year ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
Income from Continuing Operations			
Revenue			
Interest income	3	51,589	137,917
Gains			
Amortised gain on purchase of investments	4	..	471
Total Income from Continuing Operations		51,589	138,388
Expenses from Continuing Operations			
Supplies and services	5	3	3
Other expenses	6	710	2,348
Total Expenses from Continuing Operations		713	2,351
Operating Result from Continuing Operations		50,876	136,037
Total Comprehensive Income		50,876	136,037

This Statement Of Comprehensive Income should be read in conjunction with the accompanying notes.

Queensland Future Growth Corporation Statement of Financial Position

As at 30 June 2010

	Notes	2010 \$'000	2009 \$'000
Current Assets			
Cash and cash equivalents	7	1,110,699	1,568,094
Receivables	8	11,043	..
Investments	9	..	150,994
Total Current Assets		1,121,742	1,719,088
Total Assets		1,121,742	1,719,088
Current Liabilities			
Payables	10	14	19
Total Current Liabilities		14	19
Total Liabilities		14	19
Net Assets		1,121,728	1,719,069
Equity			
Contributed equity		777,103	1,425,320
Accumulated surplus		344,625	293,749
Total Equity		1,121,728	1,719,069

This Statement of Financial Position should be read in conjunction with the accompanying notes.

Queensland Future Growth Corporation Statement Of Changes In Equity

For the year ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
Accumulated Surplus			
Balance as at 1 July		293,749	157,712
Operating Result from Continuing Operations		50,876	136,037
Balance as at 30 June		344,625	293,749
 Contributed Equity			
Balance as at 1 July		1,425,320	2,381,059
Non-appropriated equity injection		..	..
Non-appropriated equity withdrawal	11	(648,217)	(955,739)
Balance as at 30 June		777,103	1,425,320

This Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Queensland Future Growth Corporation Statement of Cash Flows

For the year ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
Cash flows from operating activities			
Inflows:			
Interest received		41,540	139,757
Outflows:			
Other		(718)	(2,339)
Net cash provided by (used in) operating activities	12	<u>40,822</u>	<u>137,418</u>
Cash flows from investing activities			
Inflows:			
Proceeds from sale of investments		150,000	125,000
Net cash provided by (used in) investing activities		<u>150,000</u>	<u>125,000</u>
Cash flows from financing activities			
Inflows:			
Non-appropriated equity injections		..	..
Outflows:			
Non-appropriated equity withdrawals		(648,217)	(979,075)
Net cash provided by (used in) financing activities		<u>(648,217)</u>	<u>(979,075)</u>
Net increase (decrease) in cash and cash equivalents		(457,395)	(716,657)
Cash and cash equivalents at beginning of financial year		1,568,094	2,284,751
Cash and cash equivalents at end of financial year	7	<u>1,110,699</u>	<u>1,568,094</u>

This Statement of Cash Flows should be read in conjunction with the accompanying notes.

Queensland Future Growth Corporation

Notes to and forming part of the Financial Statements

For the year ended 30 June 2010

1. Objectives of the Corporation

The Queensland Future Growth Corporation was established on 1 June 2006 under the *Future Growth Fund Act 2006* to administer the Queensland Future Growth Fund. The Fund will provide for initiatives and infrastructure for the benefit of Queensland. The Corporation operates from funds received on the investment of the proceeds from the sale of certain Government assets.

2. Summary of significant accounting policies

(a) Basis of accounting

The Corporation's financial statements have been prepared as general purpose financial statements in accordance with section 42 of the *Financial and Performance Management Standard 2009* and Australian Accounting Standards and Interpretations. In addition, the financial statements comply with the Treasurer's Minimum Reporting Requirements for the year ended 30 June 2010 and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the Corporation has applied those requirements applicable to not-for-profit entities, as the Corporation is a not-for-profit entity. Except where stated, the financial statements have been prepared in accordance with the historical cost convention.

(b) Reporting Entity

The Corporation is established as a statutory body under both the *Financial Accountability Act 2009* and the *Statutory Bodies Financial Arrangements Act 1982*. The Corporation has no employees or plant and equipment and has adopted the policies and financial management principles of the Treasury Department.

(c) Interest Revenue

Interest earned on the Corporation's bank account is recognised in the Statement of Comprehensive Income when earned.

(d) Cash and Cash Equivalents

The Corporation's only cash asset at 30 June 2009 was cash invested in the Queensland Treasury Corporation's (QTC) Cash Fund. The book value of the QTC Cash Fund at 30 June 2009 was representative of its market value which was also its net realisable value. The QTC Cash Fund was an asset management portfolio that invested with a wide variety of high credit rating counterparties and had a high level of liquidity. The deposits with the QTC Cash Fund were capital guaranteed.

During 2009-10, all funds in the QTC Cash Fund were transferred to an at call facility with a commercial bank. For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June.

(e) Receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery. Other debtors may arise from transactions outside the usual operating activities of the Corporation and are recognised at their assessed amounts. Settlement of these amounts is required within 30 days. The collectability of receivables is assessed periodically with provision being made for impairment.

Queensland Future Growth Corporation

Notes to and forming part of the Financial Statements

For the year ended 30 June 2010

2. Summary of significant accounting policies (continued)

(f) Other Financial Assets

Fixed rate deposits held with the Queensland Treasury Corporation (QTC) as at 30 June 2009 matured on the 24 and 27 August 2009 and the funds were deposited into the Corporation's QTC Cash Fund. These fixed rate deposits were held at a fixed interest rate for a fixed term. They were categorised as held to maturity investments and were carried at amortised cost using the effective interest method. Interest income was allocated over the fixed term using the effective interest method.

(g) Payables

Trade creditors are recognised upon receipt of goods and services at the contracted amount to be paid for the goods and services received.

(h) Financial instruments

Recognition

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

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents – held at fair value through profit or loss
- Receivables – held at amortised cost
- Payables – held at amortised cost

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

All other disclosures relating to the measurement and financial risk management of financial instruments held by the Corporation are included in Note 13.

(i) Taxation

The Corporation is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth income tax. The Corporation is liable for GST and GST credits receivable from/payable to the Australian Taxation Office (ATO) are recognised and accrued where applicable.

(j) Issuance of Financial Statements

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

(k) Judgement and Assumptions

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

Queensland Future Growth Corporation

Notes to and forming part of the Financial Statements

For the year ended 30 June 2010

2. Summary of significant accounting policies (continued)

(l) 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. Sub totals and totals may not add due to rounding, but the overall discrepancy is not greater than two.

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

(m) Events occurring after balance date

There were no events occurring after balance date that would affect the financial statements of the Corporation.

(n) New and Revised Accounting Standards

The Corporation did not voluntarily change any of its accounting policies during 2009-10.

The Corporation is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from the Treasury Department. Consequently, the Corporation has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. The Corporation will apply these standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, all new or amended Australian accounting standards and interpretations with future commencement dates were either not applicable to the Corporation or had no material impact on the Corporation.

Queensland Future Growth Corporation
Notes to and forming part of the Financial Statements
For the year ended 30 June 2010

	2010 \$'000	2009 \$'000
3. Interest income		
Interest on bank account	26,241	..
Interest on QTC investments	25,348	137,917
	<u>51,589</u>	<u>137,917</u>
4. Gain on purchase of investments		
Amortised gain on purchase of QTC fixed term deposits	..	471
	<u>..</u>	<u>471</u>
5. Supplies and services		
Printing	3	3
	<u>3</u>	<u>3</u>
6. Other expenses		
Administration charges on QTC investments	692	2,328
Audit fees	7	7
Administration charges - other	11	13
	<u>710</u>	<u>2,348</u>

Total external audit fees relating to the 2009-10 financial year are estimated to be \$7,100 (2009: \$6,700)

7. Cash		
Cash at Bank	1,110,699	..
QTC Cash Fund	..	1,568,094
	<u>1,110,699</u>	<u>1,568,094</u>

Money held in the QTC Cash Fund earned interest between 3.36% to 4% in 2010 (2009: 3.27% to 8.49%)

8. Receivables		
Current		
Interest on bank account	11,043	..
	<u>11,043</u>	<u>..</u>
9. Investments		
Current		
QTC fixed term deposits	..	150,994
	<u>..</u>	<u>150,994</u>

Queensland Future Growth Corporation
Notes to and forming part of the Financial Statements
For the year ended 30 June 2010

	2010 \$'000	2009 \$'000
10. Payables		
Current		
Accrued audit fees	7	7
Accrued expenses	7	12
	14	19
11. Non-appropriated equity withdrawals		
Projects funded by Queensland Future Growth Fund		
Clean coal technology	(16,671)	(46,935)
Transport infrastructure	(125,595)	(153,601)
Smart State projects	(670)	(20,000)
Social housing stock	(140,000)	(125,000)
Water infrastructure	(278,673)	(557,203)
Climate change projects	(15,601)	(3,000)
Port infrastructure	(71,007)	(50,000)
	(648,217)	(955,739)
12. Reconciliation of Operating Surplus to Net Cash from Operating Activities		
Operating surplus/(deficit)	50,876	136,037
Non-cash items:		
Accrued interest on investments	994	1,839
Amortised (premium)/loss on investments	..	(471)
Change in assets and liabilities:		
(Increase)/decrease in accounts receivable	(11,043)	..
Increase/(decrease) in accounts payable	(5)	13
	40,822	137,418

Queensland Future Growth Corporation

Notes to and forming part of the Financial Statements

For the year ended 30 June 2010

13. Financial instruments

(a) Categorisation of Financial Instruments

The Corporation has the following categories of financial assets and financial liabilities:

Category	Note	2010 \$'000	2009 \$'000
Financial Assets			
Cash and cash equivalents	7	1,110,699	1,568,094
Receivables	8	11,043	..
Held-to-maturity investment:			
QTC fixed term deposits	9	..	150,994
Total		<u>1,121,742</u>	<u>1,719,088</u>
Financial Liabilities			
Payables	10	14	19
Total		<u>14</u>	<u>19</u>

(b) Financial Risk Management

The Corporation'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 Corporation policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the Corporation. All financial risk is managed by Queensland Treasury.

The Corporation measures risk exposure using a variety of methods as follows -

Risk Exposure	Measurement Method
Credit risk	Ageing analysis, earnings at risk
Liquidity risk	Cash flow analysis
Market risk	Interest Rate sensitivity analysis

(c) Credit Risk Exposure

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

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provision for impairment.



Queensland Future Growth Corporation Notes to and forming part of the Financial Statements For the year ended 30 June 2010

The following table represents the Corporation's maximum exposure to credit risk based on contractual amounts net of any allowances:

Category	Maximum Exposure to Credit Risk Note	2010 \$'000	2009 \$'000
Financial Assets			
Cash and cash equivalents	7	1,110,699	1,568,094
Receivables	8	11,043	..
Held-to-maturity investment:			
QTC fixed term deposits	9	..	150,994
Total		<u>1,121,742</u>	<u>1,719,088</u>

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

The Corporation manages credit risk by ensuring that it invests in secure assets and monitors all funds owed on a timely basis. 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.

No financial assets of the Corporation are considered to be impaired as disclosed in the following tables:

2010 Financial Assets Past Due But Not Impaired

	Not Overdue	Less than					Total Financial Assets \$'000	Overdue More than 90 Days \$'000
		30 Days \$'000	30-60 Days \$'000	61-90 Days \$'000	90 Days \$'000			
Financial Assets								
Receivables		11,043	..	..	..	..	..	11,043
Held-to-maturity investment	
Total		<u>11,043</u>	<u>..</u>	<u>..</u>	<u>..</u>	<u>..</u>	<u>..</u>	<u>11,043</u>

2009 Financial Assets Past Due But Not Impaired

	Not Overdue	Less than					Total Financial Assets \$'000	Overdue More than 90 Days \$'000
		30 Days \$'000	30-60 Days \$'000	61-90 Days \$'000	90 Days \$'000			
Financial Assets								
Held-to-maturity investment		150,994	..	..	..	..	..	150,994
Total		<u>150,994</u>	<u>..</u>	<u>..</u>	<u>..</u>	<u>..</u>	<u>..</u>	<u>150,994</u>

Queensland Future Growth Corporation

Notes to and forming part of the Financial Statements

For the year ended 30 June 2010

(d) Liquidity Risk

Liquidity risk refers to the situation where the Corporation may encounter difficulty in meeting obligations associated with financial liabilities.

The Corporation is exposed to liquidity risk in respect of its payables. The Corporation manages liquidity risk by ensuring it has sufficient funds available to meet obligations as they fall due.

The following table sets out the liquidity risk of financial liabilities held by the Corporation based on cash flows relating to repayment of the amounts outstanding at balance date.

Note	2010 Payable in			Total \$'000
	<1 year \$'000	1 - 5 years \$'000	> 5 years \$'000	
Financial Liabilities				
Payables	10	14	..	14
Total		14	..	14
<hr/>				
Note	2009 Payable in			Total \$'000
	<1 year \$'000	1 - 5 years \$'000	> 5 years \$'000	
Financial Liabilities				
Payables	10	19	..	19
Total		19	..	19

(e) Market Risk

The Corporation does not trade in foreign currency and is not exposed to commodity price changes. The Corporation is exposed to interest rate risk through its cash deposited in an at call facility with a commercial bank. Held-to-maturity investments are at fixed rates over a fixed term. The Corporation does not undertake any hedging in relation to interest rate risks.

(f) Interest Rate Sensitivity Analysis

The following interest rate sensitivity analysis depicts the outcome to profit and loss if interest rates would change by +/- 1% from the year end rates applicable to the Corporation's financial assets. With all other variables held constant, the Corporation would have a surplus and equity increase/(decrease) of \$11,107,000 (2009: \$15,681,000). This is attributable to the Corporation's exposure to variable interest rates on its at call facility with a commercial bank.

Financial Instruments	Carrying Amount \$'000	2010 Interest rate risk			
		-1%		1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Cash and cash equivalents	1,110,699	(11,107)	(11,107)	11,107	11,107
Overall effect on profit and equity		(11,107)	(11,107)	11,107	11,107

Queensland Future Growth Corporation

Notes to and forming part of the Financial Statements

For the year ended 30 June 2010

The Corporation's sensitivity to interest has decreased in the current period due to a decrease in cash balances.

Financial Instruments	Carrying Amount \$'000	2009 Interest rate risk			
		-1%		1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Cash and cash equivalents	1,568,094	(15,681)	(15,681)	15,681	15,681
Overall effect on profit and equity		(15,681)	(15,681)	15,681	15,681

(g) Fair Value

The fair value of financial assets and liabilities must be estimated for recognition and measurement and for note disclosure purposes.

The carrying amount of cash and cash equivalents and receivables approximate their fair value and are not disclosed separately below.

The fair value of the QTC fixed term deposits are their market value at balance date as advised by QTC. The carrying amount and fair value of the fixed term deposits held at balance date are given below:

	2010		2009	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
	Financial Assets			
Financial assets at amortised cost:				
QTC fixed term deposits	150,994	151,840
	150,994	151,840

Certificate of the Queensland Future Growth Corporation

These general purpose financial statements have been prepared pursuant to section 62 (1) of the *Financial Accountability Act 2009*, 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 so as to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Queensland Future Growth Corporation for the financial year ended 30 June 2010 and of the financial position of the statutory body as at the end of that year.

D ANSON CPA
A/Chief Finance Officer

25 August 2010

G BRADLEY CPA, FCA
Under Treasurer

25 August 2010



Independent Auditor's Report

To the Under Treasurer of Queensland

Matters Relating to the Electronic Presentation of the Audited Financial Report

The auditor's report relates to the financial report of the Queensland Future Growth Corporation, for the financial year ended 30 June 2010, included on Treasury Department's website. The Under Treasurer is responsible for the integrity of the Treasury Department's website. I have not been engaged to report on the integrity of the Treasury Department's website. The auditor's report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from the Treasury Department, to confirm the information included in the audited financial report presented on this website.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

Report on the Financial Report

I have audited the accompanying financial report of the Queensland Future Growth Corporation which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Under Treasurer and the Acting Chief Financial Officer.

The Under Treasurer's Responsibility for the Financial Report

The Under Treasurer is responsible for the preparation and fair presentation of the financial report 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 (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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*. These auditing standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance 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 risks of material misstatement in 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 and fair presentation of the financial report 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 and the reasonableness of accounting estimates made by the Under Treasurer, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements as 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.

Auditor's 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 only be removed 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.

Auditor's 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 –
 - (iii) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (iv) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Queensland Future Growth Corporation for the financial year 1 July 2009 to 30 June 2010 and of the financial position as at the end of that year.

P SHIPPERLEY FCPA
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane



Glossary

<i>Annual Report Requirements for Queensland Government Agencies</i>	Sets out the reporting requirements and standards for Queensland Government departments, Agencies and Statutory Bodies for their annual reports.
<i>Financial Accountability Act 2009</i>	Sets out the principles to be observed by all Queensland public sector agencies in relation to financial management.
<i>Financial and Performance Management Standard 2009</i>	Provides a framework for departments and statutory bodies to develop and implement systems, practices and controls for their efficient, effective and economic, financial and performance management. The Standard requires accountable officers and statutory bodies to adopt a proactive approach in monitoring the appropriateness of the systems, operations and overall financial position and performance of the department or statutory body.
<i>Future Growth Fund Act 2006</i>	Establishes the Queensland Future Growth Fund and the Queensland Future Growth Corporation to administer the Fund. The Act also outlines the objectives and administration of the Fund and the function of the Corporation.
<i>Information and Communication Technology (ICT)</i>	An umbrella term that includes any communication device or application as well as the various services and applications associated with them.
<i>Service Delivery Statement (SDS)</i>	Budget papers prepared on a portfolio basis by agencies. The SDS set out the priorities, plans and financial statements of agencies.
<i>Statutory Bodies Financial Arrangements Act 1982</i>	Provides for the efficient and effective management of the powers of Statutory Bodies to enter into financial arrangements.





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