

Financial performance

Chief Finance Officer statement

In overseeing the financial activities of the Department of State Development, Manufacturing, Infrastructure and Planning, I assert that I have fulfilled the responsibilities of Chief Finance Officer listed in section 77 of the *Financial Accountability Act 2009* including:

- financial resource management, including the establishment, maintenance and review of financial internal controls
- budget management
- preparation of financial information, including annual financial statements to facilitate the discharge of the department's statutory reporting obligations
- provision of advice on the effectiveness of accounting and financial management information systems and financial controls in meeting the department's requirements
- provision of advice concerning the financial implications of, and financial risks to, the department's current and projected services, and
- development of strategic options for the department's future financial management and capability.

I have provided a statement to the accountable officer confirming that the financial internal controls of the department are operating efficiently, effectively and economically as required by section 77 of the *Financial Accountability Act 2009*.

Alison Mohr
Chief Finance Officer

Summary of financial performance

This section provides an overview of the financial statements of the department for the 2017–18 financial year, which are provided in detail at the 'financial statements' section of this report.

Understanding the financial statements

The 2017 MoG changes resulted in transfer of functions in and out of the department effective 1 January 2018.

The transfer in of MoG functions has resulted in increased revenue and expenses in the Statement of Comprehensive Income during 2017–18 and increased assets, liabilities and equity in the Statement of Financial Position as at 30 June 2018.

A comparison of the 2017–18 results with the 2016–17 results were considered and accepted by the department's Audit and Risk Management Committee at the August 2018 meeting.

Analysis—operating result

	2018 \$'000	2017 \$'000	Variance \$'000
Total income	470,357	375,502	94,855
Total expenses	(507,926)	(363,583)	(144,343)
Operating result before income tax equivalent	(37,569)	11,919	(49,488)
Income tax equivalents	15,594	-	15,594
Total comprehensive income	(21,975)	11,919	(33,894)

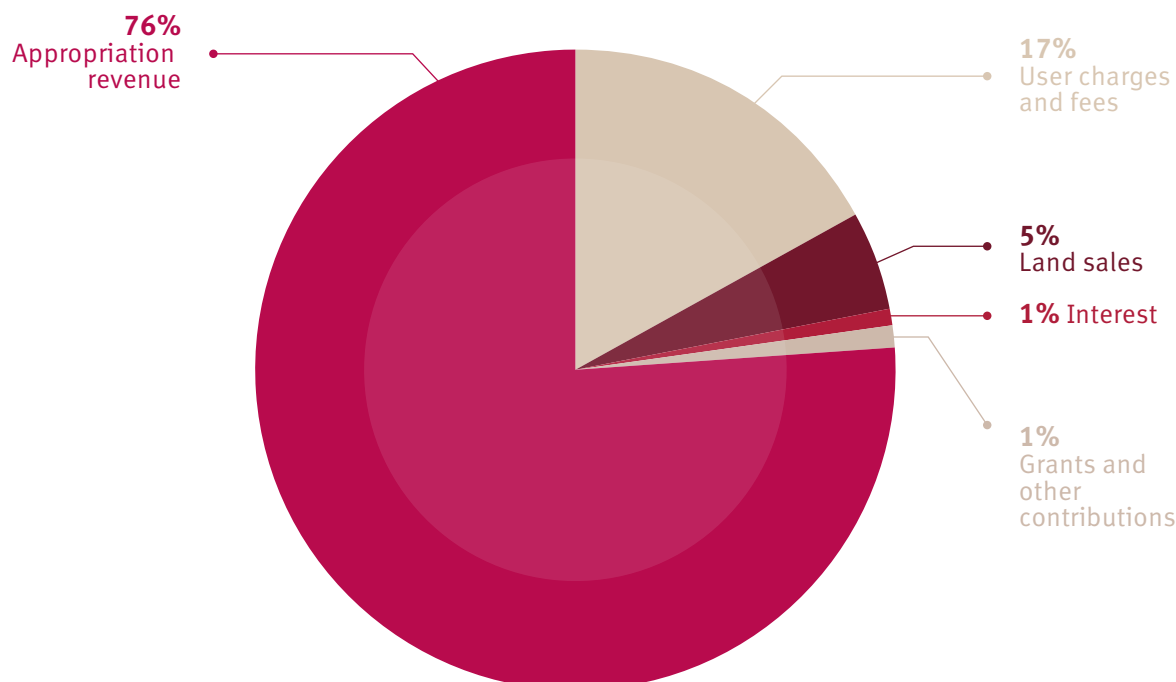
The operating result is attributable to revaluation decrements (see expenses above) with the most significant asset value adjustment resulting from the conclusion of the Gold Coast Commonwealth Games and pending transfer of control of the Commonwealth Games Village site to third parties. This transfer is in accordance with agreements entered into prior to site development and represents fulfilment of a contractual obligation of the State.

Income

Total income for the year ended 30 June 2018 is \$470.36 million. The 2018 appropriation revenue increased by \$173.28 million predominantly due to transactions relating to MoG changes and additional funding received for projects (including Building our Regions, Royalties for Region, Made in Queensland and the Advance Queensland Industry Attraction Fund).

The department's significant income categories are appropriation revenue and user charges and fees.

Figure 2: Income by category for the year ended 30 June 2018



Expenses

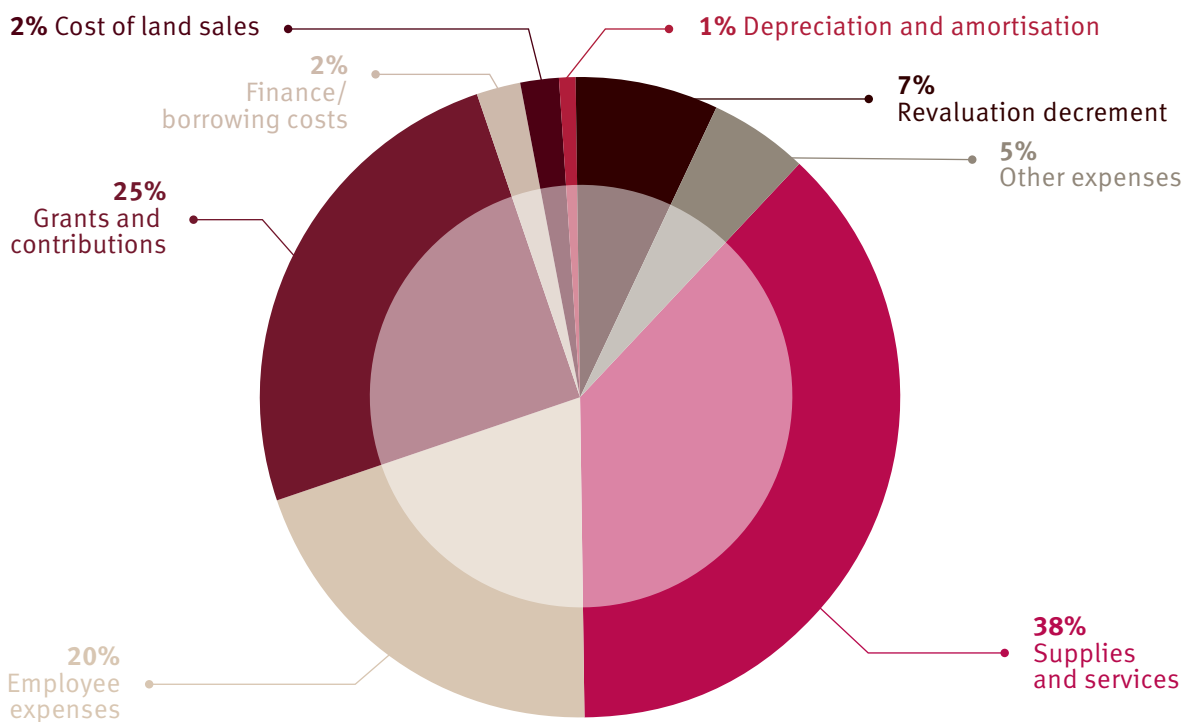
Total expenses for the year ended 30 June 2018 are \$507.93 million. The 2018 total is an increase of \$144.34 million from 2017, predominantly due to:

- increases in supplies and services, employee expenses, cost of land sales associated with MoG changes
- additional grant activity, particularly for the Building our Regions, Royalties for the Regions, Made in Queensland and the Advance Queensland Industry Attraction Fund programs.

This increase is partially offset due to the winding down of Commonwealth Games venues and village projects activity, following the finalisation of the event.

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

Figure 3: Expenses by category for the year ended 30 June 2018



Statement of financial position—Assets and liabilities

	2018 \$'000	2017 \$'000	Variance \$'000
Total current assets	625,080	34,274	590,806
Total non-current assets	724,814	136,002	588,812
Total assets	1,349,893	170,277	1,179,616
Total current liabilities	205,455	56,364	149,091
Total non-current liabilities	229,271	65,414	163,857
Total liabilities	434,726	121,777	312,949
Total equity	915,168	48,500	866,668

Total assets as at 30 June 2018 are \$1,349.89 million. The 2018 total is an increase of \$1,179.62 million from 2017 is predominantly due to the recognition of land inventory, property, plant and equipment, investment property and deferred tax assets of EDQ transferred into the department due to MoG changes.

Total liabilities as at 30 June 2018 are \$434.73 million. The 2018 total is an increase of \$312.95 million from 2017 predominantly due to the recognition of liabilities for project related contractual obligations, deferred tax liabilities and QTC interest-bearing liabilities of EDQ transferred into the department due to MoG changes.