Image: Cook Medical facility, Eight Mile Plains

Financial statements

Department of State Development, Manufacturing, Infrastructure and Planning

Financial Statements for the year ended 30 June 2018

Contents

General information

The Department of State Development, Manufacturing, Infrastructure and Planning (the department) is a Queensland Government department established under the *Public Service Act 2008* and controlled by the State of Queensland, which is the ultimate parent.

The head office and principal place of business of the department is Level 38, 1 William Street, Brisbane QLD 4000.

A description of the nature of the department's operations and its principal activities is included in the notes to the financial statements.

For information in relation to the department's financial statements please call +61 7 3452 6930, email financedsdmip@dsdmip.qld.qov.au or visit the department's website www.dsdmip.qld.qov.au.

Department of State Development, Manufacturing, Infrastructure and Planning
Statement of Comprehensive Income for the year ended 30 June 2018

	Notes	2018 $'000	2017 $'000
Income			
Appropriation revenue	5	358,569	185,294
User charges and fees	6	79,917	175,379
Land sales		23,168	-
Interest		4,430	-
Grants and other contributions		3,080	2,060
Other revenue		260	1,081
Total revenue		469,423	363,815
Gains on disposal and remeasurement of assets	7	934	11,687
Total income		**470,357**	**375,502**
Expenses			
Supplies and services	8	194,742	211,128
Grants and contributions	9	128,536	65,075
Employee expenses	10	99,939	74,262
Revaluation decrement		35,072	637
Finance/borrowing costs		11,589	2,141
Cost of land sales	15	10,354	-
Depreciation and amortisation		1,896	1,859
Impairment losses		86	290
Land inventory written off	15	26	-
Other expenses	12	25,686	8,192
Total expenses		**507,926**	**363,583**
Operating result before income tax equivalent		**(37,569)**	**11,919**
Income tax equivalents		15,594	-
Operating result after income tax equivalent		**(21,975)**	**11,919**
Total other comprehensive income		**-**	**-**
Total comprehensive income		**(21,975)**	**11,919**

The accompanying notes form part of these financial statements.

Department of State Development, Manufacturing, Infrastructure and Planning
Statement of Financial Position as at 30 June 2018

	Notes	2018 $'000	2017 $'000
Current assets			
Cash and cash equivalents	13	196,728	9,568
Receivables	14	108,355	16,265
Land inventories	15	316,149	-
Prepayments		1,006	211
		622,238	26,044
Non-current assets classified as held for sale	16	2,842	8,231
Total current assets		625,080	34,274
Non-current assets			
Receivables	14	82,006	505
Property, plant and equipment	17	350,736	124,124
Investment property	18	250,575	-
Intangible assets	19	17,720	11,374
Deferred tax equivalent asset	20	23,777	-
Total non-current assets		724,814	136,002
Total assets		**1,349,893**	**170,277**
Current liabilities			
Payables	21	87,005	24,452
Interest-bearing liabilities	22	21,430	7,721
Accrued employee benefits		4,490	3,232
Provisions	23	53,383	3,914
Deferred tax equivalent liability	20	3,065	-
Other liabilities	24	36,082	17,045
Total current liabilities		205,455	56,364
Non-current liabilities			
Payables	21	25,622	-
Interest-bearing liabilities	22	102,173	57,856
Provisions	23	13,126	6,114
Deferred tax equivalent liability	20	80,378	-
Other liabilities	24	7,972	1,443
Total non-current liabilities		229,271	65,414
Total liabilities		**434,726**	**121,777**
Net assets		**915,168**	**48,500**
Equity			
Contributed equity		1,354,124	465,481
Accumulated deficit		(438,956)	(416,981)
Total equity		**915,168**	**48,500**

The accompanying notes form part of these financial statements.

Department of State Development, Manufacturing, Infrastructure and Planning
Statement of Changes in Equity for the year ended 30 June 2018

	Notes	Contributed equity $'000	Accumulated deficit $'000	Total $'000
Balance as at 1 July 2016		**476,319**	**(428,900)**	**47,418**
Operating result		-	11,919	11,919
Total comprehensive income for the year		-	11,919	11,919
Transactions with owners as owners:				
Appropriated equity withdrawals	5	(17,850)	-	(17,850)
Net transfers in from other Queensland Government entities		12	-	12
Non-appropriated equity injections		7,000	-	7,000
Net transactions with owners as owners		(10,838)	-	(10,838)
Balance as at 30 June 2017		**465,481**	**(416,981)**	**48,500**
Operating result		-	(21,975)	(21,975)
Total comprehensive income for the year		-	(21,975)	(21,975)
Transactions with owners as owners:				
Appropriated equity withdrawals	5	93,904	-	93,904
Net transfers in from other Queensland Government entities		(205)	-	(205)
Balance transferred through machinery-of-Government change		799,039	-	799,039
Non-appropriated equity injections		(4,096)	-	(4,096)
Net transactions with owners as owners		888,642	-	888,642
Balance as at 30 June 2018		**1,354,124**	**(438,956)**	**915,168**

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2018

	Notes	2018 $'000	2017 $'000
Cash flows from operating activities			
Inflows:			
Appropriation receipts		283,950	176,057
User charges and fees		65,143	153,046
Land sales		23,168	-
Grants and other contributions		2,546	1,829
GST input tax credits received from Australian Taxation Office		21,357	20,799
GST collected from customers		12,825	2,461
Interest receipts		3,222	-
Other inflows		586	1,086
Outflows:			
Supplies and services		(133,314)	(227,202)
Employee expenses		(99,426)	(73,757)
Grants and contributions		(114,430)	(65,075)
GST paid to suppliers		(22,228)	(20,665)
GST remitted to Australian Taxation Office		(10,740)	(2,428)
Finance/borrowing costs		(2,988)	(2,141)
Income tax equivalents		(331)	-
Other outflows		(2,992)	(6,068)
Net cash provided by/(used in) operating activities	25	**26,348**	**(42,059)**
Cash flows from investing activities			
Inflows:			
Sales of property, plant and equipment		10,981	21,876
Sales of intangible assets		-	340
Loans and advances redeemed		3,107	-
Outflows:			
Payments for property, plant and equipment		(51,579)	(4,827)
Payments for investment properties		(4,222)	-
Payments for intangible assets		(1,125)	(771)
Loans and advances made		(28,457)	-
Net cash provided by/(used in) investing activities		**(71,295)**	**16,618**
Cash flows from financing activities			
Inflows:			
Equity injections		87,351	19,042
Proceeds from borrowings		10,407	-
Outflows:			
Equity withdrawals		(1,500)	(29,318)
Borrowing redemptions		(12,018)	(7,434)
Net cash provided by/(used in) financing activities		**84,240**	**(17,710)**
Net increase/(decrease) in cash and cash equivalents		39,293	(43,151)
Increase in cash and cash equivalents from restructuring		147,867	-
Cash and cash equivalents at beginning of financial year		9,568	52,719
Cash and cash equivalents at end of financial year	13	**196,728**	**9,568**

The accompanying notes form part of these financial statements.

Department of State Development, Manufacturing, Infrastructure and Planning
Statement of Comprehensive Income by Major Departmental Services and Commercialised Business Unit for the year ended 30 June 2018

	Driving Enterprise Development, Economic Growth and Job Creation *		Assessing, Approving, Developing and Delivering Projects to Generate Jobs and Economic Growth *		Infrastructure Policy and Planning *		Better Planning for Queensland *	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Income								
Appropriation revenue	206,961	102,801	118,178	82,493	7,631	39,704	25,799	42,188
User charges and fees	2,151	2,963	83,711	172,416	77	162	2,013	4,358
Land sales	-	-	-	-	-	-	-	-
Interest	19	-	-	-	-	-	-	-
Grants and other contributions	2,699	1,958	69	103	8	8	37	274
Other revenue	53	291	53	790	4	44	59	166
Total revenue	**211,884**	**108,013**	**202,012**	**255,802**	**7,720**	**39,918**	**27,908**	**46,986**
Gains on disposal and remeasurement of assets	-	1	476	11,687	-	-	-	-
Total income	**211,884**	**108,014**	**202,488**	**267,489**	**7,720**	**39,918**	**27,908**	**46,986**
Expenses								
Supplies and services	25,564	24,018	95,966	187,110	3,628	25,720	8,312	15,468
Grants and contributions	127,869	60,802	70,371	4,273	7	2,091	705	1,678
Employee expenses	43,425	40,046	30,252	34,215	3,426	8,492	14,985	27,265
Revaluation decrement	-	-	(13,331)	637	-	-	-	-
Cost of land sales	82	-	1,740	2,141	-	-	-	-
Finance/borrowing costs	-	-	-	-	-	-	-	-
Impairment losses	392	655	535	1,204	12	20	942	393
Depreciation and amortisation	-	-	-	290	-	-	-	(83)
Land inventory written off	-	-	-	-	-	-	-	-
Other expenses	5,532	4,295	12,790	3,897	405	3,596	2,088	2,271
Total expenses	**202,864**	**129,817**	**198,322**	**233,766**	**7,478**	**39,919**	**27,033**	**46,992**
Operating result before income tax equivalent	**9,020**	**(21,803)**	**4,166**	**33,723**	**242**	**(1)**	**875**	**(6)**
Income tax equivalents	-	-	-	-	-	-	-	-
Operating result after income tax equivalent	**9,020**	**(21,803)**	**4,166**	**33,723**	**242**	**(1)**	**875**	**(6)**
Other comprehensive income								
Increase/(decrease) in asset revaluation surplus	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	**9,020**	**(21,803)**	**4,166**	**33,723**	**242**	**(1)**	**875**	**(6)**

* Refer to Note 2 of the financial statements for a description of major departmental services.

Comparative figures have been restated as a result of the machinery-of-Government as outlined in Note 3.

Department of State Development, Manufacturing, Infrastructure and Planning
Statement of Comprehensive Income by Major Departmental Services and Commercialised Business Unit for the year ended 30 June 2018

	Business and Economic Growth *		Inter-Service/Unit Eliminations		Total	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Income						
Appropriation revenue	-	-	-	-	358,569	267,186
User charges and fees	8,774	22,990	(16,809)	(874)	79,917	202,015
Land sales	23,168	65,211	-	-	23,168	65,211
Interest	4,411	7,360	-	-	4,430	7,360
Grants and other contributions	70,682	38,239	(70,415)	(37,504)	3,080	3,077
Other revenue	190	587	(99)	-	260	1,878
Total revenue	**107,224**	**134,387**	**(87,324)**	**(38,378)**	**469,423**	**546,728**
Gains on disposal and remeasurement of assets	458	143	-	-	934	11,830
Total income	**107,682**	**134,530**	**(87,324)**	**(38,378)**	**470,357**	**558,558**
Expenses						
Supplies and services	78,178	56,917	(16,907)	(874)	194,742	308,359
Grants and contributions	-	-	(70,415)	(37,504)	128,536	31,340
Employee expenses	7,853	13,933	(2)	-	99,939	123,952
Revaluation decrement	48,403	-	-	-	35,072	637
Cost of land sales	9,767	2,148	-	-	11,589	4,289
Finance/borrowing costs	10,354	38,546	-	-	10,354	38,546
Impairment losses	15	50	-	-	1,896	2,322
Depreciation and amortisation	86	274	-	-	86	481
Land inventory written off	26	13,389	-	-	26	13,389
Other expenses	4,872	20,376	-	-	25,686	34,435
Total expenses	**159,554**	**145,633**	**(87,324)**	**(38,378)**	**507,926**	**557,749**
Operating result before income tax equivalent	**(51,872)**	**(11,103)**	**-**	**-**	**(37,569)**	**809**
Income tax equivalents	15,594	(7,048)	-	-	15,594	(7,048)
Operating result after income tax equivalent	**(36,278)**	**(18,151)**	**-**	**-**	**(21,975)**	**(6,239)**
Other comprehensive income						
Increase/(decrease) in asset revaluation surplus	-	5,510	-	-	-	5,510
Total other comprehensive income	**-**	**5,510**	**-**	**-**	**-**	**5,510**
Total comprehensive income	**(36,278)**	**(12,641)**	**-**	**-**	**(21,975)**	**(729)**

* Refer to Note 2 of the financial statements for a description of major departmental services.

Comparative figures have been restated as a result of the machinery-of-Government as outlined in Note 3.

Department of State Development, Manufacturing, Infrastructure and Planning
Statement of Assets and Liabilities by Major Departmental Services and Commercialised Business Unit as at 30 June 2018

	Driving Enterprise Development, Economic Growth and Job Creation *		Assessing, Approving, Developing and Delivering Projects to Generate Jobs and Economic Growth *		Infrastructure Policy and Planning *		Better Planning for Queensland *	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Current assets								
Cash and cash equivalents	10,024	5,309	32,200	4,259	747	5,338	3,627	7,843
Receivables	25,568	8,535	49,333	7,730	2,191	5,287	10,679	1,204
Land inventories	-	-	-	-	-	-	-	-
Prepayments	272	137	79	74	2	71	419	223
	35,864	13,980	81,612	12,064	2,940	10,696	14,725	9,270
Non-current assets classified as held for sale	-	-	2,842	8,231	-	-	-	-
Total current assets	**35,864**	**13,980**	**84,455**	**20,294**	**2,940**	**10,696**	**14,724**	**9,270**
Non-current assets								
Receivables	1,557	-	-	505	-	-	19,524	19,524
Property, plant and equipment	345	693	184,632	123,430	26	65	125	206
Investment property	-	-	-	-	-	-	-	-
Intangible assets	1,585	995	10,417	10,379	-	-	5,718	7,486
Deferred tax equivalent asset	-	-	-	-	-	-	-	-
Total non-current assets	**3,487**	**1,687**	**195,049**	**134,313**	**26**	**65**	**25,365**	**27,216**
Total assets	**39,351**	**15,667**	**279,504**	**154,607**	**2,966**	**10,761**	**40,091**	**36,486**
Current liabilities								
Payables	7,630	10,719	29,200	13,733	2,945	5,229	24,758	5,239
Interest-bearing liabilities	-	-	7,936	7,721	-	-	-	-
Accrued employee benefits	960	1,765	1,143	1,467	316	386	1,446	1,223
Provisions	-	-	30,002	3,914	-	-	-	-
Income tax payable	-	-	-	-	-	-	-	-
Deferred tax equivalent liability	-	-	-	-	-	-	-	-
Other liabilities	12	14	25,938	17,030	1	203	351	642
Total current liabilities	**8,602**	**12,498**	**94,219**	**43,866**	**3,261**	**5,818**	**26,556**	**7,104**
Non-current liabilities								
Payables	6,663	-	4,579	-	497	-	2,411	-
Interest-bearing liabilities	-	-	49,992	57,856	-	-	-	-
Provisions	-	-	-	6,114	-	-	-	-
Deferred tax equivalent liability	-	-	-	-	-	-	-	-
Other liabilities	1,399	801	962	642	104	-	506	-
Total non-current liabilities	**8,063**	**801**	**55,533**	**64,613**	**601**	**-**	**2,918**	**-**
Total liabilities	**16,665**	**13,299**	**149,752**	**108,479**	**3,862**	**5,818**	**29,474**	**7,104**

* Refer to Note 2 of the financial statements for a description of major departmental services.

Comparative figures have been restated as a result of the machinery-of-Government as outlined in Note 3.

Department of State Development, Manufacturing, Infrastructure and Planning
Statement of Assets and Liabilities by Major Departmental Services and Commercialised Business Unit as at 30 June 2018

	Business and Economic Growth *		Inter-Service/Unit Eliminations		Total	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Current assets						
Cash and cash equivalents	150,129	182,776	-	-	196,728	205,525
Receivables	60,611	12,237	(40,028)	-	108,355	34,993
Land inventories	316,149	305,495	-	-	316,149	305,495
Prepayments	234	240	-	-	1,006	745
	527,123	500,748	(40,028)	-	622,238	546,758
Non-current assets classified as held for sale	-	-	-	-	2,842	8,231
Total current assets	**527,123**	**500,748**	**(40,028)**	**-**	**625,080**	**554,988**
Non-current assets						
Receivables	94,599	48,058	(33,674)	(19,524)	82,006	48,563
Property, plant and equipment	165,608	209,609	-	-	350,736	334,004
Investment property	250,575	259,933	-	-	250,575	259,933
Intangible assets	-	-	-	-	17,720	18,860
Deferred tax equivalent asset	23,777	3,122	-	-	23,777	3,122
Total non-current assets	**534,560**	**520,722**	**(33,674)**	**(19,524)**	**724,814**	**664,481**
Total assets	**1,061,683**	**1,021,470**	**(73,702)**	**(19,524)**	**1,349,893**	**1,219,470**
Current liabilities						
Payables	62,501	69,901	(40,028)	-	87,005	104,821
Interest-bearing liabilities	13,494	8,493	-	-	21,430	16,214
Accrued employee benefits	625	625	-	-	4,490	5,466
Provisions	23,381	-	-	-	53,383	3,914
Income tax payable	-	6,659	-	-	-	6,659
Deferred tax equivalent liability	3,065	-	-	-	3,065	-
Other liabilities	9,779	10,864	-	-	36,082	28,754
Total current liabilities	**112,845**	**96,542**	**(40,028)**	**-**	**205,455**	**165,828**
Non-current liabilities						
Payables	45,146	19,524	(33,674)	(19,524)	25,622	-
Interest-bearing liabilities	52,181	32,664	-	-	102,173	90,520
Provisions	13,126	-	-	-	13,126	6,114
Deferred tax equivalent liability	80,378	86,888	-	-	80,378	86,888
Other liabilities	5,000	6,000	-	-	7,972	7,443
Total non-current liabilities	**195,831**	**145,076**	**(33,674)**	**(19,524)**	**229,271**	**190,966**
Total liabilities	**308,676**	**241,618**	**(73,702)**	**(19,524)**	**434,726**	**356,793**

* Refer to Note 2 of the financial statements for a description of major departmental services.

Comparative figures have been restated as a result of the machinery-of-Government as outlined in Note 3.

Preparation information

Departmental objectives and activities

Performance for the year

Operating assets and liabilities

Other notes

1. Basis of financial statement preparation

Compliance with prescribed requirements

The Department of State Development, Manufacturing, Infrastructure and Planning (the department) has prepared these financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009*. The financial statements comply with Queensland Treasury's *Minimum Reporting Requirements* for reporting periods beginning on or after 1 July 2017.

The department is a not-for-profit entity and these general purpose financial statements are prepared on an accrual basis (except for the Statement of Cash Flows which is prepared on a cash basis) in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities.

New accounting standards applied for the first time in these financial statements are outlined in Note 34.

Presentation

Currency and rounding: Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest $1,000 or where the amount is $500 or less, to zero, unless disclosure of the full amount is specifically required. Amounts shown in these financial statements may not add to the correct sub-totals or totals due to rounding.

Comparatives: Comparative information reflects the audited 2016–17 financial statements.

Current/Non-current classification: Assets and liabilities are classified as either ‘current’ or ‘non-current’ in the Statement of Financial Position and associated notes. Assets are classified as ‘current’ where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as ‘current’ when they are due to be settled within 12 months after the reporting date, or the department does not have an unconditional right to defer settlement to beyond 12 months after the reporting date. All other assets and liabilities are classified as non-current.

Authorisation of financial statements for issue

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

Basis of measurement

Unless otherwise stated, the historical cost convention is used as the basis of establishing fair value.

The reporting entity

The financial statements include all income, expenses, assets, liabilities and equity of the department, except for those functions transferred through machinery-of-Government changes as outlined in Note 3. Balances relating to the department's commercialised business unit (CBU), Economic Development Queensland (EDQ), are included from 1 January 2018.

The department shares an interest in a jointly controlled operation, Woodlands Andergrove, in partnership with the Mackay Regional Council to develop and sell land lots located at Bedford Road, Andergrove in Mackay. In accordance with the partnership agreement, the department’s interest in the joint venture is 50% which is not material and therefore not disclosed in the notes to the financial statements.

The department also shares an interest in a jointly controlled operation, Toondah Harbour, in partnership with the Redland City Council to facilitate the efficient and effective development of project land located at the Toondah Harbour Priority Development Area, Cleveland. In accordance with the joint venture agreement, the department’s interest in the joint venture is 50%. The department's share of transactions and balances from this agreement are not considered to be material for the 2017–18 financial year.

2. Department objectives

The department brings together the functions of the Coordinator-General; manufacturing and industry development; regional economic development; major projects and property; industry partnerships; planning; infrastructure, policy and planning and EDQ. Our objectives are to attract investment, grow manufacturing and priority industry sectors, advance communities and regions, facilitate the delivery of strategic infrastructure projects and support the creation of places to live, work and play.

The identity and purpose of the major departmental services undertaken by the department during the year are as follows:

Driving Enterprise Development, Economic Growth and Job Creation

This service area's objective is to deliver policies, projects and programs that drive enterprise development, economic growth and job creation consistent with the government's economic development and job creation agenda. The service area drives the expansion of Queensland's economic growth as benchmarked against the global economy and comparable jurisdictions.

Assessing, Approving, Developing and Delivering Projects to Generate Jobs and Economic Growth

This service area's objective is to facilitates the timely planning and delivery of projects that drive economic growth and provide job creation opportunities. It provides tailored regulation, advisory, facilitation and delivery services, to support increased economic activity. It is contributing to the government's objectives for the community of create jobs in a strong economy, protect the Great Barrier Reef and be a responsive Government.

Infrastructure Policy and Planning

This service area's objective is to lead the Queensland Government’s efforts in developing and coordinating policy, planning and prioritisation of infrastructure activities. This includes coordinating infrastructure policy, and contributing to national infrastructure agendas and whole-of-state infrastructure planning. The service area is responsible for delivering an Infrastructure Program coordination function across government. It delivers reform initiatives that will improve the way infrastructure planning is coordinated, and strengthen integration with regional land-use and economic planning. The service area is responsible for ensuring infrastructure is prioritised on the basis that it provides a clear economic or service delivery benefit and will deliver the best possible value for money to Queenslanders on infrastructure investment.

Better Planning for Queensland

This service area's objective is to drive the effectiveness of Queensland’s planning system by ensuring accessible and transparent requirements and efficiency of state assessment functions.

Business and Economic Growth

This CBU's objective is to initiate a range of development projects to drive economic growth, facilitate renewal and generate ongoing employment opportunities, consistent with the Queensland Government’s economic development agenda.

3. Machinery-of-Government changes

As a result of *Public Service Departmental Arrangements Order (No.3) 2017* on 12 December 2017, the Department of State Development was renamed the Department of State Development, Manufacturing, Infrastructure and Planning. Under this notice, the following functions were transferred in and out of the department effective 1 January 2018:

- Planning; Infrastructure, Policy and Planning; and Economic Development Queensland (EDQ) functions were transferred in from the former Department of Infrastructure, Local Government and Planning (DILGP). EDQ is a Commercialised Business Unit (CBU) and incorporates joint ventures outlined in Note 1.
- Market Led Proposal Services was transferred in from Queensland Treasury.
- Special Projects Unit was transferred out to the Department of Innovation, Tourism Industry Development (DITID) and the Commonwealth Games.
- Priority Ports Master Planning was transferred out to Department of Transport and Main Roads (DTMR).

The responsibility of forwarding administered appropriation revenue of $220.292 million to the Queensland Reconstruction Authority, South Bank and Roma Street Parklands and Building Queensland has been allocated to the department from the former DILGP. Refer to Note 32 for further information.

The assets and liabilities transferred as a result of the machinery-of-Government (moG), effective from 1 January 2018, are outlined below. Please note that the Market Led Proposals Service and Priority Ports Master Planning did not have balance sheet balances to transfer at 1 January 2018.

	Transferred in		Transferred out	Net total
	Economic Development Queensland	Planning and Infrastructure	Special Projects Unit	
	$'000	$'000	$'000	$'000
Current assets				
Cash and cash equivalents	142,650	5,217	-	147,867
Receivables	30,903	-	-	30,903
Land inventories	311,527	-	-	311,527
Prepayments	407	187	-	594
Total current assets	485,487	5,404	-	490,891
Non-current assets				
Receivables	54,119	19,524	-	73,643
Property, plant and equipment	202,069		165	201,904
Investment property	260,618	-	-	260,618
Intangible assets	-	6,602	-	6,602
Deferred tax equivalent asset	2,942	-	-	2,942
Total non-current assets	519,748	26,126	165	545,709
Total assets	**1,005,235**	**31,530**	**165**	**1,036,600**
Current liabilities				
Payables	8,272	-	-	8,272
Interest-bearing liabilities	8,973	-	-	8,973
Provisions	50,707	-	-	50,707
Deferred tax equivalent liability	(517)	-	-	(517)
Other liabilities	13,098	2,788	-	15,886
Total current liabilities	80,533	2,788	-	83,321
Non-current liabilities				
Payables	19,524	-	-	19,524
Interest-bearing liabilities	55,664	-	-	55,664
Other liabilities	79,050	-	-	79,050
Total non-current liabilities	154,238	-	-	154,238
Total liabilities	**234,771**	**2,788**	**-**	**237,559**
Net assets	**770,464**	**28,742**	**165**	**799,041**

The net increase in assets of $799.041 million has been accounted for as an increase in contributed equity as disclosed in the Statement of Changes in Equity.

As part of the machinery-of-Government changes, budgeted appropriation revenue of $90.820 million was reallocated to the department from the former DILGP and Queensland Treasury. In addition, budgeted appropriation revenue of $14.917 million was reallocated from the department to DITID and the Commonwealth Games and DTMR.

4. Budget to actual comparison

Statement of Comprehensive Income

	Variance notes	Adjusted Budget 2018 $'000	Actual 2018 $'000	Variance $'000
Income from continuing operations				
Appropriation revenue	**(a)**	399,027	358,569	(40,458)
User charges and fees	**(b)**	89,500	79,917	(9,583)
Land sales	**(c)**	50,111	23,168	(26,943)
Interest		223	4,430	4,207
Grants and other contributions		1,729	3,080	1,351
Other revenue		-	260	260
Total revenue		540,590	469,423	(71,166)
Gains on disposal and remeasurement of assets		-	934	934
Total income from continuing operations		**540,590**	**470,357**	**(70,232)**
Expenses from continuing operations				
Supplies and services	**(d)**	243,353	194,742	(48,611)
Grants and contributions	**(e)**	157,903	128,536	(29,367)
Employee expenses		98,881	99,939	1,058
Revaluation decrement	**(f)**	-	35,072	35,072
Finance/borrowing costs		4,509	11,589	7,080
Cost of land sales	**(g)**	40,525	10,354	(30,171)
Depreciation and amortisation		1,859	1,896	37
Impairment losses		-	86	86
Land inventory written off		-	26	26
Other expenses	**(h)**	4,719	25,686	20,967
Total expenses from continuing operations		**551,749**	**507,926**	**(43,823)**
Operating result from continuing operations before income tax equivalent		**(11,159)**	**(37,569)**	**(26,409)**
Income tax equivalents	**(i)**	-	15,594	15,594
Operating result from continuing operations after income tax equivalent		**(11,159)**	**(21,975)**	**(10,815)**
Total comprehensive income		**(11,159)**	**(21,975)**	**(10,815)**

The accompanying notes form part of these financial statements.

Explanations of major variances

(a) The decrease in Appropriation revenue of $40.458 million is primarily due to:
- the transferring of project and program expenditure of $114.528 million to future years. This includes the Maturing the Infrastructure Pipeline Program and Planning Reform initiatives which were extended due to the 2017 State Election; the North Stradbroke Island Economic Transition Strategy extending negotiations with co-funding stakeholders to complement the Queensland Government contribution; and the Building our Regions grant program which deferred funding from 2017–18 to future years due to severe weather conditions and council prioritisation,
- offset by an increase of $54.127 million for EDQ project costs for contractual obligations, of which $16.596 million has been recognised as trade payables, $36.507 recognised as provisions and $1.024 million represents the discounted component of the provision, and
- an increase of $20.967 million for other expenses (refer note h).

(b) The decrease in User charges of $9.583 million is primarily due to lower than budgeted user charges relating to major construction project recoveries.

(c) The decrease in Land sales of $26.943 million is due to lower than budgeted sales for residential projects as a result of the softening of the residential market in regional Queensland and updated timings of new projects from longer than expected project timeframes.

(d) The decrease in Supplies and services of $48.611 million is primarily due to:
- the transferring of expenditure to future years of $102.738 million for projects and programs including Maturing the Infrastructure Pipeline Program, Planning Reform initiative and the North Stradbroke Island Economic Strategy (refer note a),
- offset by an increase of $54.127 million relating to EDQ program expenditure (refer note a).

(e) The decrease in Grants and contributions payments of $29.367 million is primarily due to deferred funding from 2017–18 to future years for the Building our Regions grant program (refer note a).

(f) The increase in Revaluation decrement of $35.072 million primarily relates to the write down of $48.403 million on specific EDQ land sites, upon utilisation of the assets economic benefit. This increase is partially offset by increments for comprehensive land revaluations of $13.700 million, predominantly for land held within declared State Development Areas.

(g) The decrease in Cost of sales of $30.171 million is due to reduced land sales for EDQ (refer note c).

(h) The increase in Other expenses of $20.967 million is primarily due to:
- other expenses recognised for appropriation payable of $11.105 million resulting from the transferring of departmental projects and initiatives funding from 2017–18 to future years, and
- a payment of $9.082 million that was made to a proponent for services in relation to the proposed Integrated Resort Development for the Gold Coast Spit following the State's decision to terminate the proposal.

(i) The variance in Income tax equivalents is due to the recognition of tax benefits resulting from the operating loss determined in accordance with the National Tax Equivalent Regime.

	Variance notes	Adjusted Budget 2018 $'000	Actual 2018 $'000	Variance $'000
4. Budget to actual comparison (continued)				
Statement of Financial Position				
Current assets				
Cash and cash equivalents	(a)	75,457	196,728	121,271
Receivables	(b)	43,417	108,355	64,938
Land inventories	(c)	423,910	316,149	(107,761)
Prepayments		776	1,006	230
		543,560	622,238	78,678
Non-current assets classified as held for sale		10,005	2,842	(7,163)
Total current assets		553,565	625,080	71,515
Non-current assets				
Receivables	(d)	145,463	82,006	(63,457)
Property, plant and equipment	(e)	378,373	350,736	(27,637)
Investment property		245,078	250,575	5,497
Intangible assets		20,031	17,720	(2,311)
Deferred tax equivalent asset		2,323	23,777	21,454
Prepayments		9,219	-	(9,219)
Total non-current assets		800,487	724,814	(75,673)
Total assets		**1,354,052**	**1,349,893**	**(4,158)**
Current liabilities				
Payables	(f)	64,265	87,005	22,740
Interest-bearing liabilities	(g)	60,452	21,430	(39,022)
Accrued employee benefits		3,341	4,490	1,149
Provisions	(h)	30,000	53,383	23,383
Deferred tax equivalent liability		-	3,065	3,065
Other liabilities	(i)	14,315	36,082	21,767
Total current liabilities		172,373	205,455	33,082
Non-current liabilities				
Payables		-	25,622	25,622
Interest-bearing liabilities	(j)	125,391	102,173	(23,218)
Provisions	(k)	3,352	13,126	9,774
Deferred tax equivalent liability		88,761	80,378	(8,383)
Other liabilities		140	7,972	7,832
Total non-current liabilities		217,644	229,271	11,627
Total liabilities		**390,017**	**434,726**	**44,709**
Net assets / Total equity		**964,035**	**915,168**	**(48,867)**

The accompanying notes form part of these financial statements.

Explanations of major variances

(a) The increase in Cash and cash equivalents of $121.271 million predominantly relates to EDQ's cash balance for development projects of $102.117 million and unbudgeted deposits received from proponents for future land acquisitions.

(b) The increase in Current receivables of $64.938 million primarily relates to unbudgeted appropriation receivable of $54.127 million for expenditure brought forward in relation to EDQ project costs, contractual obligations, and an equity injection receivable of $7.960 million from Queensland Treasury for construction costs.

(c) The decrease in Land inventories of $107.761 million is mainly due to the:
- reprioritisation of projects and programs and lower development expenditure as a result of a revised schedule of development activity,
- the value of inventory decreased due to the increase in Cost of goods sold, caused by the softening of the regional residential and industrial land market to reflect prevailing market conditions following biannual business case reviews and valuation reports, and
- transfer from inventory to property, plant and equipment for development and management costs related to investment property,
- offset by an adjustment from work in progress to land inventories.

(d) The decrease in Non-current receivables of $63.457 million is primarily due to a revised funding forecast for the Catalyst Infrastructure Program and Catalyst loans.

(e) The decrease in Property, plant and equipment of $27.637 million predominantly relates to the revaluation decrement on property, including EDQ properties.

(f) The increase in Current payables of $22.740 million predominantly relates to an additional $16.596m in relation to EDQ contractual obligations and $25.239 million for EDQ infrastructure contributions.

(g) The decrease in Current interest bearing liabilities of $39.022 million is primarily due to budgeted deposits received from proponents for future land acquisitions classified as other current liabilities (refer note i) and lower drawdown of debt related to development projects and the Catalyst infrastructure loans for EDQ.

(h) The increase in Current provisions of $23.383 million is primarily due to contractual commitments resulting from projects and programs managed by EDQ.

(i) The increase in Current other liabilities of $21.767 million is primarily due to budgeted deposits received from proponents for future land acquisitions originally budgeted against interest-bearing liabilities, but reassessed during the year as other liabilities (refer note g).

(j) The increase in Non-current payables of $25.622 million is for the addition of EDQ infrastructure contributions.

(k) The decrease in Non-current interest-bearing liabilities of $23.218 million due to a lower drawdown of debt related to development projects and the Catalyst infrastructure loans.

	Variance notes	Adjusted Budget 2018 $'000	Actual 2018 $'000	Variance $'000
4. Budget to actual comparison (continued)				
Statement of Cash Flows				
Cash flows from operating activities				
Inflows:				
Appropriation receipts	**(a)**	395,251	283,950	(111,301)
User charges and fees	**(b)**	88,931	65,143	(23,788)
Land sales	**(c)**	50,111	23,168	(26,943)
Grants and other contributions		1,519	2,546	1,027
GST input tax credits received from Australian Taxation Office		18,894	21,357	2,463
GST collected from customers		5,025	12,825	7,800
Interest receipts		212	3,222	3,010
Other inflows		6,824	586	(6,238)
Outflows:				
Supplies and services	**(d)**	(340,391)	(133,314)	207,077
Employee expenses		(98,648)	(99,426)	(778)
Grants and contributions	**(e)**	(157,903)	(114,430)	43,473
GST paid to suppliers		(18,277)	(22,228)	(3,951)
GST remitted to Australian Taxation Office		(4,977)	(10,740)	(5,763)
Finance/borrowing costs		(4,509)	(2,988)	1,521
Income tax equivalents		(6,201)	(331)	5,870
Other outflows		(3,758)	(2,992)	766
Net cash provided by/(used in) operating activities		**(67,897)**	**26,348**	**94,245**
Cash flows from investing activities				
Inflows:				
Sales of property, plant and equipment		14,024	10,981	(3,043)
Loans and advances redeemed		3,559	3,107	(452)
Outflows:				
Payments for property, plant and equipment	**(f)**	(68,307)	(51,579)	16,728
Payments for investment properties		-	(4,222)	(4,222)
Payments for intangible assets		-	(1,125)	(1,125)
Loans and advances made	**(g)**	(57,988)	(28,457)	29,531
Net cash provided by/(used in) investing activities		**(108,712)**	**(71,295)**	**37,417**
Cash flows from financing activities				
Inflows:				
Equity injections	**(h)**	104,055	87,351	(16,704)
Security deposits received		-	-	-
Proceeds from borrowings	**(i)**	53,505	10,407	(43,098)
Outflows:				
Equity withdrawals	**(j)**	(16,146)	(1,500)	14,646
Borrowing redemptions	**(k)**	(33,196)	(12,018)	21,178
Net cash provided by/(used in) financing activities		**108,218**	**84,240**	**(23,978)**
Net increase/(decrease) in cash and cash equivalents		(68,391)	39,293	107,684
Increase in cash and cash equivalents from restructuring		128,207	147,867	19,660
Cash and cash equivalents at beginning of financial year		15,641	9,568	(6,073)
Cash and cash equivalents at end of financial year		**75,457**	**196,728**	**121,271**

The accompanying notes form part of these financial statements.

Explanations of major variances

(a) The decrease in Appropriation revenue of $111.301 million is due to realigned appropriations (refer Note 5). This includes the Maturing the Infrastructure Pipeline Program and Planning Reform initiatives which were extended due to the 2017 State Election; the North Stradbroke Island Economic Transition Strategy extending negotiations with co-funding stakeholders to complement the Queensland Government contribution; and the Building our Regions grant program which deferred funding from 2017–18 to future years due to severe weather conditions and council prioritisation.

(b) The decrease in User charges of $23.788 million is due to lower than budgeted User charges relating to major construction project recoveries.

(c) The decrease in Land sales of $26.943 million is due to lower than budgeted sales for residential projects as a result of the softening of the residential market in regional Queensland and updated timing of new projects due to longer than expected project timeframes.

(d) The decrease in Supplies and services of $207.077 million is primarily due to the transferring of expenditure to future years for projects and programs including Maturing the Infrastructure Pipeline Program, Planning Reform and the North Stradbroke Island Economic Strategy (refer note a), and updated timing of new EDQ projects due to longer than expected project timeframes.

(e) The decrease in Grants and contributions payments of $43.473 million is primarily due to deferred funding from 2017–18 to future years for the Building our Regions grant program (refer note a).

(f) The decrease in payments for Property, plant and equipment of $16.728 million is due to realignment of costs to operating expenditure, a contingency saving and updated project milestones.

(g) The decrease in Loans and advances provided of $29.531 million is due to the Catalyst Infrastructure Program execution of contracts as a result of longer than expected project timeframes.

(h) The decrease in Equity injections of $16.704 million is due to less than forecast funding required from Queensland Treasury to fund EDQ activities of $10.235 million and equity injection receivable at 30 June 2018.

(i) The decrease in Proceeds from borrowings of $43.098 million is due to updated timing of Catalyst infrastructure loans following alignment to infrastructure delivery requirements.

(j) The decrease in Equity withdrawals of $14.646 million relates to forecast sale of land at the Salisbury Plains Industrial Precinct and planned sale of Mary Valley land deferred from 2017–18 to a future year, and equity withdrawal payable at 30 June 2018.

(k) The decrease in Borrowing redemptions of $21.178 million is due to an overall lower level of forecast debt in line with the revised EDQ development activity and lower sales, which has resulted in lower loan repayments.

	Notes	2018 $'000	2017 $'000
5. Reconciliation of payments from consolidated fund to appropriation revenue recognised in Statement of Comprehensive Income			
Budgeted appropriation receipts		319,348	310,513
Redistribution of government business		75,903	-
Lapsed appropriation receipts		(111,301)	(134,456)
Total appropriation receipts (cash)		**283,950**	**176,057**
Plus: Opening balance of deferred appropriation payable to Consolidated Fund		10,449	12,870
Plus: Closing balance of deferred appropriation receivable/(payable) to Consolidated Fund	14	53,065	(10,449)
Net appropriation receipts		**347,464**	**178,478**
Plus: Deferred appropriation payable to Consolidated Fund (expense)	12	11,105	6,816
Appropriation revenue recognised in Statement of Comprehensive Income		**358,569**	**185,294**
Reconciliation of payments from consolidated fund to equity adjustment recognised in Contributed equity			
Budgeted equity adjustment appropriation		43,193	6,355
Redistribution of government business		48,683	-
Lapsed equity adjustment appropriation		(6,025)	(23,631)
Total equity adjustment payments		**85,851**	**(17,276)**
Plus: Opening balance of equity adjustment payable/(receivable)	14	93	(481)
Plus: Closing balance of equity adjustment receivable/(payable)	14, 21	7,960	(93)
Equity adjustment recognised in Contributed equity		**93,904**	**(17,850)**

Accounting policy
Appropriation revenue
Appropriations provided under the *Appropriation Act 2016* are recognised as revenue when received or when departmental service receivables are recognised after approval by Queensland Treasury.

Amounts appropriated to the department for transfer to other entities in accordance with legislative or other requirements are reported as 'administered' items in Note 33.

	2018 $'000	2017 $'000
6. User charges and fees		
Fee for service *	71,593	174,350
Property income	7,902	784
Other fees	422	245
Total user charges and fees	**79,917**	**175,379**

* Includes recovery of construction costs for Commonwealth Games venues and village of $47.706 million (2017: $157.251 million)

Accounting policy
User charges and fees are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This occurs upon delivery of the goods to the customer or completion of the requested services at which time the invoice is raised. Accrued revenue is recognised if the revenue has been earned but not yet invoiced.

	2018 $'000	2017 $'000
7. Gains on disposal and remeasurement of assets		
Revaluation increment of land reversing previous revaluation decrement in profit or loss	-	7,808
Gain on sale of property, plant and equipment	739	3,879
Reversal of impairment loss on receivables	195	-
Total gains	**934**	**11,687**

Accounting policy
Gains arising from changes in the fair value of investment property are included in the operating result for the period in which they arise.

A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

	2018 $'000	2017 $'000
8. Supplies and services		
Consultants and contractors *	140,302	161,253
Other project costs *	21,956	27,556
Property and building expenses	16,668	10,168
Information technology and computer equipment	7,479	5,173
Shared service provider fee	2,520	2,089
Travel and hospitality	1,519	1,432
Transport	1,232	896
Marketing and public relations	1,383	794
Other	1,683	1,766
Total supplies and services	**194,742**	**211,128**

* Includes expenditure for the construction and other costs of Commonwealth Games venues and village of $46.044 million (2017: $155.229 million).

Accounting policy
Distinction between grants and procurement
For a transaction to be classified as supplies and services, the value of goods or services received by the department must be of approximately equal value of the consideration exchanged for those goods or services. Where this is not the substance of the arrangement, the transaction is classified as a grant in Note 9.

Operating lease rentals
Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred. Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

	2018 $'000	2017 $'000
9. Grants and contributions		
Grants:		
Queensland and local government	113,328	57,411
Industry	14,699	7,553
Universities	200	-
Commonwealth agencies	100	-
Contributions	209	112
Total grants and contributions	**128,536**	**65,075**

Accounting policy
Grants and contributions are recognised in accordance with the relevant funding agreement between the department and the recipient and are non-reciprocal. Grants are treated as an expense when the recipient can control the use of the resources or when the department's obligation for a transfer arises at that time.

	2018 $'000	2017 $'000
10. Employee expenses		
Employee benefits		
Salaries and wages	74,225	55,762
Employer superannuation contributions	10,370	7,632
Annual leave levy	8,097	6,116
Sick leave	2,613	1,757
Long service leave levy	1,619	1,239
Other employee benefits	857	434
	97,782	**72,939**
Employee related expenses		
Payroll tax	364	-
Workers' compensation premium	102	130
Other employee related expenses	1,690	1,192
Total employee expenses	**99,939**	**74,262**
Full time equivalent employees:	958	593

Accounting policy
Salaries and wages
Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates. As the department expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

Sick leave
Prior 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 and long service leave
Under the Queensland Government's Annual Leave Central and Long Service Leave schemes, the department is required to pay a levy to cover the cost of employees' annual leave (including leave loading and on-costs) and long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for leave are claimed from the schemes, quarterly in arrears.

No provision for annual leave or long service leave is 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*.

Superannuation
Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland Government's QSuper defined benefit plans, as determined by the employee's conditions of employment. Accumulation plan contributions are made to eligible complying superannuation funds based on the rates specified in the relevant EBA or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

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*. The amount of contributions for defined benefit plan obligations is based upon the rates determined on the advice of the State Actuary. Contributions are paid by the department at the specified rate following completion of the employee's service each pay period. The department's obligations are limited to those contributions paid.

Workers' compensation premiums
The department pays premiums to WorkCover Queensland in respect of its obligations for employee compensation. Workers' compensation insurance is a consequence of employing employees, but is not counted in an employee's total remuneration package. It is not employee benefits and is recognised separately as employee related expenses.

11. Key management personnel (KMP) disclosures

Details of key management personnel

As from 2016–17, the department's responsible minister is identified as part of the department's KMP, consistent with additional guidance included in AASB 124 *Related Party Disclosures* . The department's ministers during the financial year are the Minister for State Development and Natural Resources and Mines (until 12 December 2017) and the Minister for State Development, Manufacturing, Infrastructure and Planning (from 13 December 2017).

The following details for non-ministerial KMP reflect those departmental positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2017–18 and 2016–17. Further information on these positions can be found in the body of the annual report under the section relating to Governance.

Position	Position responsibility
Director-General	The accountable officer is responsible for directing the overall efficient, effective and economical administration of the department and is financially responsible for the performance of the department.
Coordinator-General	Responsible for planning, delivering and coordinating large-scale infrastructure projects, while ensuring environmental impacts are properly managed.
Assistant Coordinator-General	Assists the Coordinator-General in planning, delivering and coordinating large-scale infrastructure projects while ensuring environmental impacts are properly managed.
Deputy Director-General, Business Solutions and Partnerships	Responsible for providing business and corporate services support to the department.
Deputy Director-General, Manufacturing and Industry Development	Responsible for leading industry attraction and facilitation; developing priority, new and emerging industries; and providing expert commercial and economic analysis of projects and programs to measure and promote productivity.
Deputy Director-General, Planning	Responsible for managing planning legislation, an ongoing process of planning reform, regional planning, managing the State Assessment & Referral Agency, planning policy and strategy development and advice on planning matters.
Deputy Director-General, Infrastructure Policy and Planning	Responsible for the infrastructure planning and prioritisation agenda including implementing the State Infrastructure Plan and overseeing infrastructure portfolio performance across government.
Deputy Director-General, Regional Economic Development	Responsible for providing integrated suite of business, industry and regional development services throughout the state, focusing on regional economic growth to support regional employment.
Deputy Director-General, Industry Partnerships	Responsible for working across government to facilitate private sector projects and major defence industry projects.
Deputy Director-General, Major Projects and Property	Responsible for facilitating, developing and delivering projects and property solutions to achieve economic development and social outcomes across Queensland.
General Manager, Economic Development Queensland	Responsible for identifying, planning, facilitating and delivering property development and infrastructure projects across Queensland.
Project Chief Executive	Responsible for the delivery of integrated resort developments in Queensland.

KMP remuneration policies

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The department does not bear any cost of remuneration of the Minister. The majority of ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by the Ministerial Services Branch within the Department of the Premier and Cabinet. As all ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements as from 2017–18, which are published as part of Queensland Treasury's Report on State Finances.

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

Remuneration expenses for KMP comprise the following components:

- Short-term employee expenses include salaries, allowances, and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied a KMP position.
- Long-term employee expenses include amounts expensed in respect of long service leave entitlements earned.
- Post-employment expenses include amounts expensed in respect of employer superannuation obligations.
- Termination benefits include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual leave and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

The remuneration packages for all KMP do not provide for any non-monetary benefits, or for any performance or bonus payments.

KMP remuneration expense

The following disclosures focus on the expenses incurred by the department attributable to non-ministerial KMP during the respective reporting periods. The amounts disclosed are determined on the same basis as expenses recognised in the Statement of Comprehensive Income.

11. Key management personnel (KMP) disclosures (continued)

2017–18

Position	Short-term employee expenses $'000	Long-term employee expenses $'000	Post-employment expenses $'000	Termination benefits $'000	Total expenses $'000
Director-General (to 02/04/2018)	236	5	29	153	422
Director-General (from 09/04/2018)	129	2	15	-	146
Coordinator-General	589	12	65	-	666
Assistant Coordinator-General	218	5	25	-	248
Deputy Director-General, Business Solutions and Partnerships	261	5	28	-	294
Deputy Director-General, Manufacturing and Industry Development*	223	5	28	-	256
Deputy Director-General, Planning (from 01/01/ 2018)**	149	3	16	-	168
Deputy Director-General, Infrastructure Policy and Planning (from 01/01/ 2018)**	136	3	15	-	153
Deputy Director-General, Regional Economic Development (to 07/01/2018)	114	2	10	-	127
Deputy Director-General, Regional Economic Development (from 10/01/2018)	123	2	10	-	135
Deputy Director-General, Industry Partnerships	245	5	26	-	276
Deputy Director-General, Major Projects and Property (to 11/09/2017)	49	1	4	-	54
Deputy Director-General, Major Projects and Property (from 12/09/2017)	195	4	21	-	219
General Manager, Economic Development Queensland (from 01/01/2018) **	97	2	14	-	113
Project Chief Executive (until 31/12/2017)**	179	4	34	-	218
Total	**2,941**	**60**	**342**	**153**	**3,496**

* Changed position name from Economic and Industry Development on 1 March 2018.
** Position was transferred as a result of the machinery-of-Government changes as outlined in Note 3.

2016–17

Position	Short-term employee expenses $'000	Long-term employee expenses $'000	Post-employment expenses $'000	Total expenses $'000
Director-General	312	6	38	356
Coordinator-General	569	11	64	644
Assistant Coordinator-General (from 15/02/2017)	90	2	9	101
Deputy Director-General, Business Solutions and Partnerships*	244	5	26	274
Deputy Director-General, Economic and Industry Development	242	5	26	272
Deputy Director-General, Regional Economic Development (to 16/06/2017)	224	4	26	255
Deputy Director-General, Industry Partnerships (from 08/05/2017)	36	1	2	39
Deputy Director-General, Major Projects and Property (Acting, from 13/04/2017)	42	1	3	46
Deputy Director-General, Major Projects and Property (to 12/04/2017)**	193	3	20	216
Project Chief Executive	350	7	41	397
Total	**2,301**	**44**	**254**	**2,599**

* Acting from 9 November 2015 to 21 August 2016
** Acting from 23 November 2015 to 21 August 2016

	Notes	2018 $'000	2017 $'000
12. Other expenses			
Deferred appropriation payable to Consolidated Fund	5	11,105	6,816
Special payments:			
Ex-gratia payments *		9,082	-
Taxes—land, rates and stamp duty		3,401	-
Sponsorships		295	53
External audit fee **		250	207
Insurance premiums—QGIF		153	95
Insurance premiums—other		86	-
Losses from disposal of property, plant and equipment		24	606
Losses from disposal of intangible assets		-	136
Donations and gifts		-	2
Other		1,290	278
Total other expenses		**25,686**	**8,192**

* A payment of $9.082 million made to a proponent for services in relation to the proposed Integrated Resort Development for the Gold Coast Spit following the State's decision to terminate the proposal.
** Total audit fees quoted by the Queensland Audit Office relating to the 2017–18 financial statements are $250,000 (2017: $207,000).

Accounting policy
Special payments
Special payments include ex-gratia expenditure and other expenditure that the department is not contractually or legally obligated to make to other parties. In compliance with the *Financial and Performance Management Standard 2009*, the department maintains a register setting out details of all special payments greater than $5,000.

	Notes	2018 $'000	2017 $'000
13. Cash and cash equivalents			
Cash at bank		21,592	9,568
Deposits at call—QTC		175,135	-
Total cash and cash equivalents		**196,728**	**9,568**

Payables and receivables of $18.439 million relating to the machinery-of-Government activities outlined in Note 3 have been offset against cash in accordance with Queensland Treasury guidelines.

Accounting policy
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 as well as deposits at call with financial institutions.

The department's operational cash at bank accounts are grouped within the whole-of-government set-off arrangement with Queensland Treasury where interest earned on the aggregate set-off arrangement balance accrues to the Consolidated Fund.

Interest earned on QTC accounts is remitted to the proponents to which the balance relates, as the interest is earned, except for the EDQ QTC account where interest is retained by the CBU.

	Notes	2018 $'000	2017 $'000
14. Receivables			
Current			
Trade debtors		23,097	10,221
Less: Allowance for impairment loss		(569)	-
		22,529	10,221
Appropriation revenue for services receivable	5	53,065	-
Reimbursements		9,263	3,384
Equity injection receivable	5	7,960	-
Loans and advances receivable *		7,415	-
Finance lease debtors		3,821	-
Annual leave reimbursements		1,432	999
GST receivable		1,346	1,400
Operating lease debtors		839	-
Long service leave reimbursements		401	232
Interest receivable		266	-
Other		19	29
Total current receivables		**108,355**	**16,265**
Non-current			
Loans and advances receivable *		68,701	-
Finance lease debtors		13,306	-
Reimbursements		-	505
Total non-current receivables		**82,006**	**505**

* $4.158 million of the current loans and advances and $38.731 million of the non-current loans and advances receivable is associated with loans to facilitate Catalyst infrastructure that are partially funded through borrowings with QTC.

Accounting policy
Receivables are measured at amortised cost which approximates their fair value at reporting date.

Trade debtors are recognised at the amounts due at the time of sale or service delivery being the agreed purchase/contract price. Standard settlement terms require these amounts to be paid within 30 days from the invoice date.

Other debtors generally arise from transactions outside the usual operating activities of the department and are recognised at their assessed values. Terms are set based on the operations of the particular entities.

Loans and advances are measured at fair value and amortised over the life of the loan using the effective interest method. Where loans and advances are provided at concessional below market interest rates, they are considered to have a fair value less than the actual amount lent. Any additional amount lent above the fair value is initially recognised as a loss in the Statement of Comprehensive Income as finance/borrowing costs and then notional interest income is recognised over the term of the loan. The loss on loans issued at greater than fair value on initial recognition is $9.474 million (2017: Nil).

Credit risk exposure of receivables
The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets inclusive of any allowance for impairment.

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

Credit risk management strategies are detailed in Note 30.

Impairment of receivables
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, according to the due date (normally terms of 30 days). Economic changes impacting the department's debtors and relevant industry data are also considered in assessing impairment.

14. Receivables (continued)

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), 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 as a bad debt expense and written-off directly against Receivables.

The collectability of receivables is assessed periodically with an allowance being made for impairment. The department has $0.699 million impaired receivables as at 30 June 2018. All known bad debts were written-off as at 30 June 2018.

	2018 $'000	2017 $'000
15. Land inventories		
Current		
Land held for resale	316,149	-
Total current land inventories	**316,149**	**-**
Land inventories reconciliation		
Carrying amount at 1 July	-	-
Transfer due to machinery-of-Government	311,527	-
Acquisition and development costs	19,533	-
Cost of land sales	(10,354)	-
Transfer between asset classes	(4,532)	-
Land inventory written off	(26)	-
Carrying amount at 30 June	**316,149**	**-**

The department holds land inventories to facilitate development of industrial and residential projects.

Accounting policy
Land inventories
Land held for the purpose of resale is recognised at the lower of cost and net realisable value (NRV) in accordance with AASB 102 *Inventories*. Land cost includes the cost of acquisition and development of the land to its existing condition, ready for sale.

Key judgement
Industrial land inventory is independently valued every 12 months by an external certified valuer with a market review undertaken by management six months after this time. These values are monitored and assessed against the cost base to ensure compliance with AASB 102 *Inventories*. Where values have moved lower, the asset value is written down to the net realisable value and an expense is recorded in the Statement of Comprehensive Income.

Key estimate
Residential and urban land inventory balances are assessed on a biannual basis immediately following the relevant project business case reviews. The project business case reviews are project specific with management assessment of market based comparability of revenue and costs to determine the recoverability of inventory balances. The internal business case review process ensures the appropriate level of due diligence is in line with management assumptions. A cost of goods sold adjustment is made to the Statement of Comprehensive Income at this time, if required, to ensure the recoverability of inventory balances will be realised. Where the NRV of a project is below the current carrying value of inventory and future development costs, an NRV adjustment is recognised as a reduction to the value of inventory and as an expense in the Statement of Comprehensive Income.

Cost of land sales
Industrial inventory sales apply a cost of goods sold allocation based on actual cost (land acquisition and development cost).

Key judgement
Residential and urban land inventory sales apply a cost of goods sold methodology that allocates a cost value to the land sold based on an estimated gross profit percentage for the life of the project. This percentage is calculated from the business case reviews which are performed biannually on a project-by-project basis. This includes judgement in determining the future sales revenue, future development costs and timing of future cash flows for the project. Key inputs used for these forecasts are validated by management using relevant industry experts and/or observable market information. A cost of goods sold review is also completed at the time of the business case review and an assessment of the rate is undertaken to ensure the recoverability of inventory balances will be realised.

	2018 $'000	2017 $'000
16. Non-current assets classified as held for sale		
Land	1,643	6,394
Buildings	1,199	1,353
Other intangibles	-	484
Total non-current assets classified as held for sale	**2,842**	**8,231**

Land and buildings classified as held for sale are Mary Valley and Narangba properties. Upon determination of the asset transfer to the held for sale class, market valuation is undertaken by a professional valuer. Determination of fair value is based on comparing selling prices to similar type assets in an active market. These valuations are categorised as Level 2 in the fair value hierarchy. Non-current assets classified as held for sale are contracted to be sold within the next twelve months.

Accounting policy
Non-current assets held for sale consist of those assets that management has determined are available for immediate sale in their present condition, for which their sale is highly probable within the next twelve months.

Under AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, when an asset is classified as held for sale, its value is measured at the lower of the asset's carrying amount and fair value less costs to sell. Any restatement of the asset's value to fair value less costs to sell is a non-recurring valuation. Such assets are no longer depreciated upon being classified as held for sale.

17. Property, plant and equipment

Closing balances and reconciliation of carrying amount

	Land		Buildings		Plant and Equipment		Capital Work in Progress		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Gross	278,866	115,906	18,113	2,652	3,275	3,299	54,024	4,195	354,278	126,052
Less: Accumulated depreciation	-	-	(1,332)	(220)	(2,210)	(1,709)	-	-	(3,543)	(1,929)
Carrying amount at 30 June	**278,866**	**115,906**	**16,781**	**2,432**	**1,065**	**1,590**	**54,024**	**4,195**	**350,736**	**124,124**
Represented by movements in carrying amount:										
Carrying amount at 1 July	115,906	118,988	2,432	5,295	1,590	2,507	4,195	347	124,124	127,137
Acquisitions	374	548	538	407	30	325	50,034	4,158	50,976	5,438
Cost adjustment of accrued asset acquisition	(1,832)	(553)	-	-	-	-	-	-	(1,832)	(553)
Acquisitions through machinery-of-Government change	201,828	-	241	-	-	-	-	-	202,069	-
Disposals	(2,630)	(1)	-	(39)	(7)	(525)	-	-	(2,637)	(565)
Disposal through machinery-of-Government change	-	-	-	-	(166)	-	-	-	(166)	-
Assets reclassified as held for sale	-	(10,884)	-	(1,908)	-	-	-	-	-	(12,792)
Transfers between asset classes	133	-	(3)	-	74	310	(205)	(310)	-	-
Transfers from investment property	-	-	14,265	-	-	-	-	-	14,265	-
Transfers to inventory	(210)	-	-	-	-	-	-	-	(210)	-
Revaluation increments/(decrements) recognised in operating deficit	(34,704)	7,808	(369)	(637)	-	-	-	-	(35,072)	7,172
Depreciation	-	-	(325)	(687)	(455)	(1,026)	-	-	(780)	(1,713)
Carrying amount at 30 June	**278,866**	**115,906**	**16,781**	**2,432**	**1,065**	**1,590**	**54,024**	**4,195**	**350,736**	**124,124**

17. Property, plant and equipment (continued)

Land

The department holds land throughout Queensland for various purposes including future economic development opportunities, a specific community or economic need, or for rezoning purposes.

State Valuation Services (SVS) were engaged to undertake comprehensive revaluations as at 30 June 2018. The rates applied to each lot to derive the valuation were dependant on the underlying land use type (ie. industrial, transport corridor, buffer/environmental management). Where the land held was within a State Development Area (SDA) at reporting date, identification of land use type was determined in consultation with the SDA team who administer the *State Development and Public Works Organisation Act (1971)* .

Fair value was determined through direct comparison with the sales history of similar properties based on location, area, access and topography. SVS also considered the characteristics of the asset, any restrictions and highest and best use in the assessment of the fair value.

Buildings

Buildings were revalued using either the income approach, market approach or depreciated replacement cost valuation methods depending on their use, with an effective valuation date of 30 June 2018.

For 2017–18, buildings under the market approach valuation were assessed by SVS who recommended the use of the Cordell Housing Price Index. This index is specific to Queensland house price movements (observable market data) and was considered the most appropriate index to use for residential housing specific to Queensland properties. For building improvements, SVS recommended the use of QTC OESR Implicit Price Deflator as this is the most appropriate for these particular assets.

The department is a lessor to rental agreements on various properties. Due to the department's current strategy for these buildings and zoning regulations, the fair value is determined using the income approach, calculated using the present value of future cash flows. The QTC zero coupon rates are used to calculate the present value.

Categorisation of assets measured at fair value

	Level 2 $'000		Level 3 $'000		Total $'000	
Recurring fair value measurements	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Land	278,866	115,906	-	-	278,866	115,906
Buildings	1,642	1,712	15,139	720	16,781	2,432
Total recurring	**280,508**	**117,618**	**15,139**	**720**	**295,647**	**118,338**

None of the department’s valuations of assets are eligible for categorisation into Level 1 of the fair value hierarchy.

Accounting policy

Recognition thresholds for property, plant and equipment

Items of property, plant and equipment with a historical cost or other value equal to or exceeding the following thresholds in the year of acquisition are reported as Property, plant and equipment in the following classes:

- Land $1
- Buildings $10,000
- Plant and equipment $5,000

Items with a lesser value are expensed in the year of acquisition.

Expenditure on property, plant and equipment is capitalised where it is probable that the expenditure will produce future service potential for the department. Subsequent expenditure is only added to an asset’s carrying amount if it increases the service potential or useful life of that asset. Maintenance expenditure that merely restores original service potential (lost through ordinary wear and tear) is expensed.

Acquisitions of assets

Historical cost is used for the initial recording of all property, plant and equipment acquisitions. Historical cost is determined as the value given as consideration and costs incidental to the acquisition (such as architects' fees and engineering design fees), plus all other costs incurred in getting the assets ready for use.

Where assets are received free of charge from another Queensland Government entity (whether as a result of a machinery-of-Government change or other involuntary transfer), the acquisition cost is recognised as the carrying amount in the books of the transferor immediately prior to the transfer.

Assets acquired at no cost or for nominal consideration, other than from another Queensland Government entity, are recognised at their fair value at the date of acquisition.

Measurement of property, plant and equipment

Land and buildings are measured at fair value as required by Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation. The cost of items acquired during the financial year has been judged by management to materially represent their fair value at the end of the reporting period.

Plant and equipment is measured at historical cost in accordance with the Non-Current Asset Policies. The carrying amounts for such plant and equipment are not materially different from their fair value.

Work in progress is recognised at cost. All costs relating to items of property, plant and equipment constructed in house are recorded as work in progress until completion of the project using all direct and indirect costs, where the latter are reliably attributable. Work in progress performed under external contracts is recorded using the invoice amount supplied by the contractor.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

Revaluation of property plant and equipment measured at fair value

Property, plant and equipment classes measured at fair value are assessed on an annual basis either by appraisals undertaken by an independent professional valuer or by use of appropriate and relevant indices. For financial reporting purposes, the revaluation process is overseen by the Chief Finance Officer, who determines the specific revaluation practices and procedures in conjunction with the asset managers.

17. Property, plant and equipment (continued)

Revaluations using an independent professional valuer are undertaken at least once every five years. However, if a particular asset class experiences significant and volatile changes in fair value, that class is subject to specific appraisal in the reporting period, where practicable, regardless of the timing of the last specific appraisal.

The fair values reported by the department are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs.

Where assets have not been specifically appraised in the reporting period, their previous valuations are materially kept up-to-date via the application of relevant indices. The department ensures that the application of such indices results in a valid estimation of the assets' fair values at reporting date. An independent professional valuer supplies the indices used for the various types of assets. Such indices are either publicly available, or are derived from market information available to the valuer. The valuer provides assurance of their robustness, validity and appropriateness for application to the relevant assets. Indices used are also tested for reasonableness by performing a benchmarking exercise with publicly available relevant indices. Through this process, which is undertaken annually, management assesses and confirms the relevance and suitability of indices provided by the valuer based on the department's own particular circumstances.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that class.

For assets revalued using a market or income-based valuation approach, accumulated depreciation is eliminated against the gross amount of the asset prior to restating for the revaluation. This is generally referred to as the 'net method'.

Impairment of non-current assets

All non-current physical assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the department determines the asset's recoverable amount. Recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost. Where the carrying amount of the asset exceeds the recoverable amount, an impairment loss is recorded.

Depreciation of property, plant and equipment

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less any estimated residual value, progressively over its estimated useful life to the department. Land is not depreciated as it has an unlimited useful life to the department.

Key judgement

Straight line depreciation is used as that is consistent with the even consumption of service potential of these assets over their useful life to the department.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the department.

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements or the unexpired period of the lease, whichever is the shorter. The unexpired period of a lease includes any option period where exercise of the option is probable.

Assets under construction (work in progress) are not depreciated until construction is complete and the asset is first put to use or is ready for its intended use, whichever is earlier. These assets are then reclassified to the relevant class within property, plant and equipment.

For the department's depreciable assets, the estimated amount to be received on disposal at the end of their useful life (residual value) is determined to be zero.

Key estimate

Depreciation rates are assessed annually and the following rates apply for each class of depreciable asset:

Asset class and category	**2018 Rate %**	**2017 Rate %**
Buildings	1.67% - 16.67%	1.67% - 16.67%
Plant and equipment	9.09% - 33.33%	9.09% - 33.33%

	2018 $'000	**2017 $'000**
18. Investment property		
Land and buildings—at fair value	250,575	-
Total investment property	**250,575**	**-**
Reconciliation of movement in investment property		
Carrying amount at 1 July	-	-
Acquisitions	4,222	-
Transfer due to machinery-of-Government change	260,618	-
Reclassification between investment property and buildings	(14,265)	-
Carrying amount at 30 June	**250,575**	**-**

Part of the investment property portfolio is leased based on 1 to 5 year non-cancellable operating lease arrangements. The future minimum lease payments receivable under non-cancellable operating leases classified as investment property are:

- Not later than 1 year	2,698	-
- Later than 1 year and not later than 5 years	3,661	-
	6,359	**-**

Rental income from investment property is recognised as income on a periodic straight-line basis over the term of the lease. Rental income recognised in the operating result is $2.117 million.

Direct operating expenses primarily for repairs and maintenance on property that generated rental income for the period were $0.882 million. There were no direct operating expenses on property that did not generate rental income.

There are no restrictions on the realisability of investment property and the remittance of income and proceeds of disposal.

18. Investment property (continued)

Accounting policy

Investment property is property held for capital appreciation and/or to earn rental returns. It is initially recognised at cost including development costs. Where investment property is acquired at no or minimal cost, it is recognised at fair value. Investment property is subsequently carried at fair value, being subject to valuations on an annual basis where significant market movements have occurred. The valuation method is based on selling prices in an active property market adjusted, if necessary, to reflect the nature, location or condition of the specific investment property.

Transfers from inventory includes the initial recognition of common costs of improvement to inventory in accordance with AASB 102 *Inventories* para 10 and 15, which are subsequently transferred to investment property in accordance with AASB 140 *Investment Property* on a relative cost basis.

Gains or losses arising from changes in the fair value of investment property are included in the operating result for the period in which they arise.

Key judgement

In determining the investment land values the following factors are considered:
- the highest and best use given the legal and zoning restrictions and any other restrictions outside the control of the department, and
- the probability of any of the restrictions being changed in the future.

For all investment properties SVS provided a market update on the market movement over the past 12 months. The advice was that there had been minimal market movement and no change in the fair value of investment property was recorded.

Buildings were valued using the discounted cash flow method incorporating consumer price index (CPI) rates and forecast rental cash flows over lease terms. The carrying value was substantiated by the discounted cash flow calculation indicating no change to fair value.

These properties are valued using market observable prices from similar assets and are categorised as level 2 in accordance with the fair value hierarchy.

19. Intangible assets

Closing balances and reconciliation of carrying amount

2018	**Software purchased $'000**	**Software internally generated $'000**	**Other intangibles $'000**	**Work in progress $'000**	**Total $'000**
Gross	150	10,972	10,417	-	21,539
Less: Accumulated amortisation	(150)	(3,669)	-	-	(3,819)
Carrying amount at 30 June	-	7,303	10,417	-	17,720
Represented by movements in carrying amount:					
Carrying amount at 1 July	-	717	10,379	278	11,374
Acquisitions	-	-	243	822	1,065
Disposals	-	-	(205)	-	(205)
Amortisation	-	(1,116)	-	-	(1,116)
Acquisition through machinery-of-Government change	-	6,602	-	-	6,602
Transfers between asset classes	-	1,100	-	(1,100)	-
Carrying amount at 30 June	**-**	**7,303**	**10,417**	**-**	**17,720**

2017	**Software internally generated $'000**	**Other intangibles $'000**	**Work in progress $'000**	**Total $'000**
Gross	1,130	10,379	278	11,787
Less: Accumulated amortisation	(413)	-	-	(413)
Carrying amount at 30 June	717	10,379	278	11,374
Represented by movements in carrying amount:				
Carrying amount at 1 July	863	11,027	-	11,890
Acquisitions	-	587	278	865
Disposals	-	(476)	-	(476)
Impairment losses recognised in Statement of Comprehensive Income	-	(276)	-	(276)
Transfer to held for sale asset class	-	(484)	-	(484)
Amortisation	(146)	-	-	(146)
Carrying amount at 30 June	**717**	**10,379**	**278**	**11,374**

All intangible assets have been tested for impairment.

Accounting policy

Recognition and measurement of intangibles

Intangible assets of the department comprise software purchased, software internally generated, and easements. Intangible assets with a cost or value equal to or greater than $100,000 (including network assets) are recognised in the financial statements. Items with lesser value are expensed.

Network assets include items with an individual value of less than $100,000 which are capitalised if collectively they exceed the recognition threshold. A network asset is a chain of interconnected but dissimilar assets connected for the provision of the one simultaneous service, such as easements.

There is no active market for any of the department's intangible assets. As such, the assets are recognised and carried at historical cost less accumulated amortisation and accumulated impairment losses.

Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred. Costs associated with the internal development of computer software are capitalised and amortised under the amortisation policy below.

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

Amortisation expense

Software has finite useful life and is amortised on a straight-line basis over the period of the expected benefit to the department, which is six years. Other intangible assets (easements) are not amortised as they have indefinite useful lives.

	Notes	2018 $'000	2017 $'000
20. Income tax equivalents			
(a) Income tax equivalent expense/(benefit)			
Current tax		3,914	-
Deferred tax		(19,508)	-
Balance as at 30 June		**(15,594)**	**-**
(b) Numeric reconciliation of income tax equivalent expense to prima facie tax payable			
Loss before tax		51,980	-
Tax expense/(benefit) at the Australian tax rate of 30%		(15,594)	-
Tax effect of amounts which are not deductible (assessable) in calculating taxable income:			
Entertainment expense		(1)	-
Income tax equivalent expense/(benefit)		**(15,594)**	**-**
(c) Non-current assets—deferred tax equivalent asset			
The balance comprises temporary differences attributable to:			
Allowance for doubtful debts		237	-
Accrued expenses		15,931	-
Written down value of other capitalised expenses		118	-
Building accumulated depreciation		132	-
Building accumulated impairment/devaluation		41	-
Concessional loan discount		7,319	-
Balance as at 30 June		**23,777**	**-**
(d) Current liabilities—income tax payable/(receivable)			
Balance at the beginning of the year		6,659	-
Income tax equivalent paid		(7,576)	-
Recognised in operating result		4,040	-
Under/(over) provision in previous years		(58)	-
Balance as at 30 June		**3,065**	**-**
(e) Non-current liabilities—deferred tax equivalent liabilities			
The balance comprises temporary differences attributable to:			
Land revaluations		15,693	-
Inventories		3,730	-
Investment property		46,036	-
Grants receivable		16,238	-
Deferred fee income		(1,319)	-
Balance as at 30 June		**80,378**	**-**

Accounting policy

The department is a state body as defined under the *Income Tax Assessment Act 1936* and is exempt from Australian Government taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). As such, input tax credits receivable from and GST payable to the Australian Taxation Office are recognised. From 1 July 2014 all Queensland Government departments were exempted from payroll tax. This exemption is not extended to commercial business units, such as EDQ.

Pursuant to the National Tax Equivalents Regime, the department's commercialised business unit EDQ is required to make payments to the Queensland Government equivalent to the amount of any Australian Government income tax for which an exemption is received.

The income tax equivalent benefit for the period is the tax payable on the current period's taxable income based on the national tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

AASB 112 *Income Taxes* uses a 'balance sheet approach' of calculating income tax balances. This approach recognises the difference between the carrying value of an asset or liability and its tax base. The differences are recognised at the tax rate expected to be applied when the assets are recovered or liabilities settled.

If applicable, deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

	Notes	2018 $'000	2017 $'000
21. Payables			
Current			
Trade creditors		68,057	13,836
Taxes, fines and fees payable		10,127	-
Grants payable		4,186	-
Equity withdrawal payable		4,148	93
Interest payable		152	-
Fringe benefits tax		75	57
Deferred appropriation payable to Consolidated Fund	5	-	10,449
Other		260	18
Total current payables		**87,005**	**24,452**

	2018 $'000	2017 $'000
21. Payables (continued)		
Non-current		
Trade creditors	25,622	-
Total non-current payables	**25,622**	**-**
Total payables	**112,627**	**24,452**

Accounting policy

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount (i.e. agreed purchase/contract price), gross of applicable trade and other discounts. Amounts owing are unsecured.

Trade creditors relating to infrastructure charges payable are based on projected growth and network modelling undertaken for water, sewer, transport, parks, community facilities and stormwater networks in Priority Development Areas, with consideration given to the development capacity provided by the development schemes. Payments expected 12 months after the reporting date are recognised as non-current.

EDQ is required under the Queensland Treasury Commercialisation of Government Business Activities in Queensland Policy Framework to recognise tax equivalents for stamp duty, land tax and local government rates. Calculation and recognition of tax equivalents ensures EDQ is not advantaged relative to its private sector counterparts. Payments are required to be made to the Queensland Government's Consolidated Fund and are determined on a self-assessment basis giving proper regard to current rates and charges applicable.

	2018 $'000	2017 $'000
22. Interest-bearing liabilities		
Current		
QTC borrowings	21,430	7,721
Total current interest-bearing liabilities	**21,430**	**7,721**
Non-current		
QTC borrowings	102,173	57,856
Total non-current interest-bearing liabilities	**102,173**	**57,856**
Total interest-bearing liabilities	**123,603**	**65,577**

Interest-bearing liabilities comprise borrowings with QTC. Final repayment dates vary from February 2020 to September 2032, with a fixed interest rate range of 2.29% to 3.35% per annum. There have been no defaults or breaches of the loan agreement during the 2018 or 2017 financial years. No assets have been pledged as security for any borrowings.

EDQ utilise debt facilities to manage cash flow and facilitate development works for residential and catalyst infrastructure projects. A drawdown from the QTC loan occurs when development costs are incurred. Loan repayments are made progressively in line with sales and receipts.

Accounting Policy

Borrowings are initially recognised at fair value, plus any transaction costs directly attributable to the borrowings, 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.

Any borrowing costs are added to the carrying amount of the borrowing to the extent they are not settled in the period in which they arise.

The department does not enter into transactions for speculative purposes, nor for hedging. No financial liabilities are measured at fair value through profit or loss.

	2018 $'000	2017 $'000
23. Provisions		
Current		
Land acquisition claims	30,002	3,914
Other provision	23,381	-
Total current provisions	**53,383**	**3,914**
Non-current		
Land acquisition claims	-	6,114
Other provision	13,126	-
Total non-current provisions	**13,126**	**6,114**
Movements in provisions		
Land acquisition claims		
Current		
Balance at 1 July	3,914	10,972
Additional provision recognised	46,466	1,159
Restatement of provision	(287)	(7,187)
Reduction in provision as a result of payments	(24,525)	(4,016)
Reclassification from non-current provision	4,435	2,987
Balance as at 30 June	**30,002**	**3,914**
Non-current		
Balance at 1 July	6,114	3,352
Additional provision recognised	120	150
Restatement of provision	(1,800)	5,600
Reclassification to current provision	(4,435)	(2,987)
Balance as at 30 June	**-**	**6,114**

23. Provisions (continued)

Accounting policy

Provisions are recorded when the department has a present obligation, either legal or constructive, as a result of a past event. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using the appropriate discount rate.

Key estimates

The department acquires land through compulsory acquisition in accordance with the *Acquisition of Land Act 1967* using the Coordinator-General's powers as contained in the *State Development and Public Works Organisation Act 1971* . The department pays compensation for land acquired in accordance with this legislation when an agreement is reached between the land owner and the Coordinator-General through the execution of a section 15 Compensation Agreement. Prior to the execution of a section 15 Compensation Agreement, the department recognises a provision to account for the compensation it expects to pay for all land resumptions.

The department has an obligation to fund costs associated with the conversion of specific buildings into residential units and income support. The initial estimate less costs recognised as payables has been recognised as a provision. Where settlement of the obligation is expected after 12 or more months the provision is discounted to present value using a rate that reflects current market assessments and risks specific to the liability.

	2018 $'000	2017 $'000
24. Other liabilities		
Current		
Deposits held	24,355	12,551
Security deposits	2,256	-
Unearned revenue	8,747	3,617
Other	723	876
Total current other liabilities	**36,082**	**17,045**
Non-current		
Security deposits	5,000	-
Other	2,972	1,443
Total non-current other liabilities	**7,972**	**1,443**

Accounting policy

Other liabilities are recognised in accordance with contract terms. Unearned revenue is recognised by identifying the portion of up-front payment unearned as at 30 June.

Security deposits are held to secure the performance of developers' obligations under development management agreements and held as security interest as required under these agreements. Deposits are released when contractual obligations are satisfied.

	2018 $'000	2017 $'000
25. Reconciliation of operating result to net cash from operating activities		
Operating surplus	(21,975)	11,919
Non-cash items:		
Depreciation and amortisation expense	1,896	1,859
Net gain on disposal of property, plant and equipment and intangible assets	(715)	(3,137)
Impairment loss reversals—receivables	(195)	-
Impairment losses	86	290
Revaluation decrement	35,072	637
Revaluation increment	-	(7,808)
Notional Interest	(967)	-
Loss on discounted loans advanced at concessional rates	9,711	-
Other non-cash items	1,234	(141)
Change in assets and liabilities:		
(Increase)/decrease in appropriation revenue receivable	(53,065)	-
(Increase)/decrease in receivables	(64,208)	(5,385)
(Increase)/decrease in inventories	(5,887)	-
(Increase)/decrease in deferred tax	(15,925)	-
(Increase)/decrease in prepayments	(201)	27
Increase/(decrease) in payables	74,388	(18,664)
Increase/(decrease) in accrued employee benefits	642	421
Increase/(decrease) in other liabilities	4,680	(17,780)
Increase/(decrease) in provisions	61,776	(4,295)
Net cash from operating activities	**26,348**	**(42,059)**

26. Changes in liabilities arising from financing activities

2018		Non-cash changes			Cash flows		
	Closing balance 2017 $'000	**Transfers due to machinery-of-Government $'000**	**New leases acquired $'000**	**Other $'000**	**Cash received $'000**	**Cash repayments $'000**	**Closing balance 2018 $'000**
Borrowings	65,577	64,637	-	(5,000)	10,407	(12,018)	**123,603**
Total	**65,577**	**64,637**	**-**	**(5,000)**	**10,407**	**(12,018)**	**123,603**

	2018 $'000	2017 $'000

27. Commitments for expenditure
Non-cancellable operating lease
Commitments under operating leases at reporting date (inclusive of non-recoverable GST input tax credits) are payable:

	2018 $'000	2017 $'000
- Not later than 1 year	13,336	9,193
- Later than 1 year and not later than 5 years	70,534	45,381
- Later than 5 years	140,132	91,872
Total non-cancellable operating lease commitments	**224,002**	**146,446**

The department has non-cancellable operating leases relating to office accommodation, storage facilities and car park spaces. Lease payments are fixed but have inflation escalation clauses on which contingent rentals are determined. Where it is reasonably certain that the renewal options will be exercised, the lease commitment includes the extended option period.

For 2017–18 $9.062 million (2017: $6.141 million) was recognised by the department as an expense in the Statement of Comprehensive Income in respect of operating leases.

Accounting policy
Operating lease rentals
Operating leases are recognised on a straight line basis over the period of the lease term.

Capital expenditure commitments
Commitments for capital expenditure at reporting date (inclusive of non-recoverable GST input tax credits) are payable:

Capital works in progress	2018 $'000	2017 $'000
- Not later than 1 year	245,310	50,536
- Later than 1 year and not later than 5 years	112,300	152,176
- Later than 5 years	19,222	-
Total capital expenditure commitments	**376,832**	**202,712**

The department has capital expenditure commitments for the construction of North Queensland Stadium and the Catalyst Infrastructure Program.

Grants and contributions expenditure commitments
Grants and contributions commitments at reporting date (inclusive of non-recoverable GST input tax credits) are payable:

	2018 $'000	2017 $'000
- Not later than 1 year	41,090	11,504
- Later than 1 year and not later than 5 years	39,081	6,231
- Later than 5 years	1,100	300
Total grants and contributions expenditure commitments	**81,271**	**18,035**

Other expenditure commitments
Other expenditure commitments at reporting date (inclusive of non-recoverable GST input tax credits) are payable:

	2018 $'000	2017 $'000
- Not later than 1 year	48,127	79,322
- Later than 1 year and not later than 5 years	4,437	1,673
- Later than 5 years	1,545	-
Total other expenditure commitments	**54,110**	**80,994**

The department holds approximately $12.907 million of commitments for the Commonwealth Games Village project. The Minister for Economic Development Queensland holds the legal agreements with the Village developer and investor and is ultimately responsible for executing these agreements.

28. Contingencies
Guarantees and undertakings
The department holds bank guarantees in relation to the Advance Queensland Industry Attraction Fund (AQIAF) for financial security against non-conformance of grant agreements. The total value of bank guarantees for two grants within AQIAF as at 30 June 2018 is $2.036 million (2017: Nil).

EDQ holds bank guarantees in relation to development projects for financial security against non-conformance of contracts. The total value of bank guarantees held by EDQ is $75.316 million.

EDQ is obliged to provide critical sewerage infrastructure for a priority development area and the expected value of this infrastructure delivery is $68.2 million. Contractual agreements are expected to be finalised in 2018–19.

Other bank guarantees and bonds are held for financial support provided on projects across the department. The total value of bank guarantees and bonds held for these projects as at 30 June 2018 is $33.437 million ($31.204 million as at 30 June 2017).

At 30 June 2018, a total of $11.000 million in cash is held by the department as security under the *State Development and Public Works Organisation Act 1971*, to ensure liability to the state is minimised should proponents fail to perform their contractual obligations. Interest is accrued on cash balances held and will be paid out when the security deposit is returned. At reporting date, it is not possible to determine the extent or timing of any potential financial effect of this responsibility.

Litigation in progress
There are three claims for costs through the Queensland Government Insurance Fund (QGIF). Under QGIF, the department would be able to claim back the amounts paid for claims, less a $10,000 deduction.

Other matters relate to land resumptions before the Land Court. However, it is not possible to determine the probable outcome of claims against the department, or any financial effect.

Native title claims over departmental land
At 30 June 2018, native title continues to exist over certain land parcels owned by the department. Native title determination applications have been registered in the Federal Court of Australia but not all applications have been determined by the Court. At reporting date, it is not possible to make an estimate of any probable outcome of these claims or any financial effect.

29. Events occurring after balance date

As a result of *Public Service Departmental Arrangements Order (No.3) 2018* on 16 August 2018 the Construction Project Delivery and Office of the Chief Architect functions will be transferred to Department of Housing and Public Works effective 1 September 2018. This will include a transfer of other expenditure commitments disclosed in Note 27, work in progress disclosed in Note 17 and contingencies disclosed in Note 28.

30. Financial instruments

Financial instrument categories

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the department becomes party to the contractual provisions of the financial instrument. The department has the following categories of financial assets and financial liabilities:

	Notes	2018 $'000	2017 $'000
Financial assets			
Cash and cash equivalents		196,728	9,568
Loans and receivables at amortised cost—comprising:			
Receivables	14	190,361	16,770
Total financial assets		**387,089**	**26,338**
Financial liabilities			
Financial liabilities measured at amortised cost—comprising:			
Payables	21	112,627	24,452
Interest-bearing liabilities	22	123,603	65,577
Total financial liabilities		**236,230**	**90,029**

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

Financial risk management

(a) Risk exposure

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

All financial risk is managed under policies approved by the department which relate to financial arrangements as required by Queensland Treasury. The department's activities expose it to a variety of financial risks as set out in the following table:

Risk exposure	Definition	Exposure
Credit risk	Credit risk exposure refers to the situation where the department may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.	The department is exposed to credit risk in respect of its receivables in Note 14.
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 department is exposed to liquidity risk in respect of its payables in Note 21 and borrowing from QTC in Note 22.
Market risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.	The department is not materially exposed to changes in commodity prices, foreign currency or other price risk. The department is exposed to interest rate risk through its borrowing from QTC and cash deposited in interest bearing accounts.

(b) Risk measurement and management strategies

The department measures risk exposure using a variety of methods as follows:

Risk exposure	Measurement method	Risk management strategies
Credit risk	Ageing analysis	The department manages credit risk through the use of a credit management policy articulated in the department's Financial Management Practice Manual. This policy aims to reduce the exposure to credit default by assessing whether the customer has the ability and willingness to pay amounts owing to the department in an approved timeframe. The department monitors all funds owed on a monthly basis. Exposure to credit risk is monitored on an ongoing basis.
Liquidity risk	Sensitivity analysis	The department manages liquidity risk through the use of an Under Treasurer approved overdraft limit on the department's controlled bank account. This overdraft limit reduces the exposure to liquidity risk by ensuring the department 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 in the department's bank account to match the expected duration of the various employee and supplier liabilities.
Market risk	Interest rate sensitivity analysis	The department does not undertake any hedging in relation to interest rate risk and manages its risk as per the department's derivative management policy articulated in the departments' Financial Management Practice Manual.

30. Financial instruments (continued)

Liquidity risk—Contractual maturity of financial liabilities

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 the reporting date. The undiscounted cash flows in these tables differ from the amounts included in the Statement of Financial Position that is based on discounted cash flows.

Financial liabilities	**2018 payable in**			
2018	**< 1 year $'000**	**1–5 years $'000**	**> 5 years $'000**	**Total $'000**
Payables	87,005	16,668	8,954	112,627
Interest-bearing liabilities	11,522	72,011	57,337	140,870
Total	**98,527**	**88,679**	**66,291**	**253,497**

	2017 payable in			
2017	**< 1 year $'000**	**1–5 years $'000**	**> 5 years $'000**	**Total $'000**
Payables	24,452	-	-	24,452
Interest-bearing liabilities	9,482	37,927	26,075	73,484
Total	**33,934**	**37,927**	**26,075**	**97,936**

Fair value measurement

The department does not recognise any financial assets or financial liabilities at fair value other than cash and cash equivalents. The classification of these financial assets in the fair value hierarchy is as follows:

	Level 1		**Level 2**		**Total**	
Financial assets recorded at fair value	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Cash at bank	21,592	9,568	-	-	21,592	9,568
Deposits at call—QTC	-	-	175,136	-	175,136	-
Total recurring	**21,592**	**9,568**	**175,136**	**-**	**196,728**	**9,568**

The above level 2 financial assets above are measured at net realisable value.

Fair value disclosures for financial liabilities measured at amortised cost

With the exception of QTC borrowings, the carrying amount of financial liabilities measured at amortised cost approximates their fair value at reporting date.

The fair value of borrowings is notified by the QTC and is calculated using discounted cash flow analysis and the effective interest rate. They are categorised as level three fair values with the fair value hierarchy.

	2018		**2017**	
Financial liabilities at amortised cost:	**Carrying amount $'000**	**Fair value $'000**	**Carrying amount $'000**	**Fair value $'000**
QTC borrowings	123,603	123,942	65,577	66,197
Total	**123,603**	**123,942**	**65,577**	**66,197**

Except as detailed above, the carrying value of financial assets and financial liabilities approximate their fair value.

Interest rate sensitivity analysis

The following interest rate sensitivity analysis is based on a report similar to that provided to management, depicting the outcome on net income if interest rates would change by +/- 1% from the year end rates as applied to the department's variable rate financial assets and financial liabilities. With all other variables held constant, the department would have a surplus and equity increase/(decrease) of $1.419 million (2017: Nil). There were no financial assets or financial liabilities subject to floating rates).

2018 Interest rate risk		**-1%**		**+1%**	
Financial instruments*	**Carrying amount $'000**	**Operating result $'000**	**Equity $'000**	**Operating result $'000**	**Equity $'000**
Cash and cash equivalents	149,824	(1,498)	(1,498)	1,498	1,498
Loans and advances	19,977	(200)	(200)	200	200
QTC borrowings	27,880	279	279	(279)	(279)
Potential impact on		**(1,419)**	**(1,419)**	**1,419**	**1,419**

* Excludes fixed rate or non-interest bearing financial assets and financial liabilities.

31. Related party transactions

Transactions with other Queensland Government—controlled entities

The department’s primary ongoing sources of funding from the government for services is appropriation revenue and equity injections, both of which are provided in cash via Queensland Treasury are disclosed in Note 5.

The machinery-of-Government transfers of assets and liabilities from Queensland Treasury and the former Department of Infrastructure, Local Government and Planning and transfers of assets and liabilities to Department of Innovation, Tourism Industry Development and the Commonwealth Games and Department of Transport and Main Roads during 2017–18 is disclosed in Note 3.

The department is responsible for project management and infrastructure delivery of major projects including Commonwealth Games venues and village on behalf of Department of Innovation, Tourism Industry Development and the Commonwealth Games; Queensland State Netball Centre on behalf of Stadiums Queensland; Counter Terrorism and Community Safety Centre on behalf of Public Safety Business Agency; and Murray-Darling Basin Regional Economic Diversification Program on behalf of Department of Natural Resources and Mines. Costs incurred by the department are recovered via fee for service and disclosed in Note 6.

The department provides certain corporate services to Department of Local Government, Racing and Multicultural Affairs under a service level agreement. Corporate services costs incurred by the department are recovered via fee for service and disclosed in Note 6.

The department has borrowings from Queensland Treasury Corporation (QTC), and Note 22 and Note 30 outlines the key terms and conditions of the borrowings. The department has deposits with QTC as disclosed in Note 13 and Note 30.

The department has leases with the Department of Housing and Public Works for commercial office accommodation, storage facilities and car park spaces. Property and building expenses incurred are disclosed in Note 8 and straight line lease liabilities of major leases are disclosed at Note 24.

The department engages Queensland Shared Services and CITEC for the provision of technology and business services under a service level agreement. Shared service provider fees incurred are disclosed in Note 8.

The department is a member of the Annual Leave Central Scheme (ALCS) and Long Service Leave Scheme (LSLS) which is administered by Queensland Treasury. Annual leave levy and long service leave levy expense is disclosed in Note 10.

The department holds deposits from the Department of Transport and Main Roads for the Townsville Eastern Access Rail Corridor project. Deposits are disclosed in Note 24.

EDQ has entered into an agreement with the Department of Transport and Main Roads to facilitate development in Priority Development Areas by providing funding for key infrastructure projects.

The department provides administered revenue to Gasfields Commission, Queensland Reconstruction Authority, Building Queensland and South Bank Corporation as disclosed in Note 33.

The department receives contributions from Queensland Treasury for the Back to Work program and North Stradbroke Island Workers Assistance Scheme as disclosed in grants and other contributions as disclosed on the income statement.

Transactions with people and entities related to KMP

The department has no transactions with people and entities related to its key management personnel during the financial year.

32. Agency transactions and balances

The department continued to process transactions on behalf of the functions transferred as part of the machinery-of-Government changes disclosed in Note 3. These transactions do not form part of department's accounts and are instead reported by departments receiving the transferred functions. The total value of transactions processed by the department on behalf of transferred functions is $5.794 million.

At 30 June 2018 a total of $11.000 million (2017: nil) of third-party deposits was held by the department in an agency capacity under the *State Development and Public Works Organisation Act 1971* . These funds are received and held on behalf of proponents, with the department having no discretion over these funds. Consequently, these balances are not recognised in the financial statements but are disclosed for information purposes. Although deposits held are not controlled by the department, agency activities are included in the audit performed annually by the Auditor-General of Queensland.

33. Schedule of administered items

	Gasfields Commission		Queensland Reconstruction Authority *		Building Queensland *	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Administered revenue						
Appropriation revenue	2,500	2,500	204,840	-	1,771	-
User charges and fees	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total administered revenue	**2,500**	**2,500**	**204,840**	**-**	**1,771**	**-**
Administered expenses						
Grants and contributions	2,500	2,500	204,840	-	1,771	-
Transfers of administered revenue to government	-	-	-	-	-	-
Total administered expenses	**2,500**	**2,500**	**204,840**	**-**	**1,771**	**-**
Operating surplus/(deficit)	**-**	**-**	**-**	**-**	**-**	**-**
Administered assets						
Current						
Cash	-	-	1,739	-	-	-
Total current assets	**-**	**-**	**1,739**	**-**	**-**	**-**
Total administered assets	**-**	**-**	**1,739**	**-**	**-**	**-**
Administered liabilities						
Current						
Payables	-	-	1,739	-	-	-
Total current liabilities	**-**	**-**	**1,739**	**-**	**-**	**-**
Net administered assets	**-**	**-**	**-**	**-**	**-**	**-**

	State Assessment and Referral Agency *		South Bank Corporation *		Total	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Administered revenue						
Appropriation revenue	-	-	13,681	-	222,792	2,500
User charges and fees	3,180	-	-	-	3,180	-
Other revenue	-	-	6,106	-	6,106	-
Total administered revenue	**3,180**	**-**	**19,787**	**-**	**232,079**	**2,500**
Administered expenses						
Grants and contributions	-	-	13,681	-	222,792	2,500
Transfers of administered revenue to government	3,180	-	6,106	-	9,286	-
Total administered expenses	**3,180**	**-**	**19,787**	**-**	**232,079**	**2,500**
Operating surplus/(deficit)	**-**	**-**	**-**	**-**	**-**	**-**
Administered assets						
Current						
Cash	-	-	202	-	1,941	-
Total current assets	**-**	**-**	**202**	**-**	**1,941**	**-**
Total administered assets	**-**	**-**	**202**	**-**	**1,941**	**-**
Administered liabilities						
Current						
Payables	-	-	202	-	1,941	-
Total current liabilities	**-**	**-**	**202**	**-**	**1,941**	**-**
Net administered assets	**-**	**-**	**-**	**-**	**-**	**-**

* As part of the machinery-of-Government changes, the responsibility of forwarding administered appropriation revenue of $220.292 million to the Queensland Reconstruction Authority, Building Queensland, South Bank Corporation, and State Assessment and Referral Agency has been allocated to the department from the former DILGP. Refer to Note 3 for further information.

	2018 $'000	2017 $'000
33. Schedule of administered items (continued)		
Reconciliation of payments from Consolidated Fund to administered revenue		
Budgeted appropriation	2,500	2,500
Transfers from other departments—redistribution of public business	315,446	-
Lapsed administered appropriation	(95,154)	-
Administered revenue recognised in Statement of Comprehensive Income	**222,792**	**2,500**
This is represented by grants and contributions to:		
Statutory authorities	222,792	2,500
Total grants and contributions	**222,792**	**2,500**

Budget to actual comparison	**Variance notes**	**Budget 2018 $'000**	**Actual 2018 $'000**	**Variance $'000**
Administered revenue				
Appropriation revenue	**(a)**	317,946	222,792	(95,154)
User charges and fees		3,700	3,180	(520)
Other revenue		5,293	6,106	813
Total administered revenue		**326,939**	**232,079**	**(94,860)**
Administered expenses				
Grants and contributions	**(b)**	317,946	222,792	(95,154)
Transfers of administered revenue to government		8,993	9,286	293
Total administered expenses		**326,939**	**232,079**	**(94,860)**
Operating surplus/(deficit)				
Administered assets				
Current				
Cash		1,739	1,941	202
Total current assets		**1,739**	**1,941**	**202**
Total administered assets		**1,739**	**1,941**	**202**
Administered liabilities				
Current				
Payables	**(c)**	-	1,941	1,941
Total current liabilities		**-**	**1,941**	**1,941**
Net administered assets		**1,739**	**-**	**(1,739)**

Explanations of major variances

(a) Actual Appropriation revenue at 30 June 2018 is $95.154 million lower than budgeted primarily due to funding deferred to outyears for the Queensland Reconstruction Authority (QRA) as a result of the QRA utilising prior year operating surplus through cash reserves to fund Natural Disaster Relief and Recovery Arrangements (NDRRA) grants in 2017–18.

(b) Grants and contributions expense at 30 June 2018 is $95.154 million lower than budgeted due to funding for the QRA as a result of utilising prior year operating surplus through cash reserves to fund NDRRA grants in 2017–18, and revised estimates associated with NDRRA.

(c) Payables at 30 June 2018 is higher than budget due to a cash balance of $1.739 million received from the former DILGP during the machinery-of-Government changes, which is yet to be transferred to QRA.

Accounting policy

The department administers, but does not control, certain activities on behalf of the Queensland Government. In doing so, it has responsibility for administering those activities (and related transactions and balances) efficiently and effectively, but does not have the discretion to deploy those resources for the achievement of the department's own objectives.

Major administered revenue includes appropriations and grants received from the Australian and the Queensland Government that are forwarded onto local governments and other Queensland government bodies.

Accounting policies applicable to administered items are consistent with the equivalent policies for controlled items, unless stated otherwise.

34. Summary of other significant accounting policies

Accounting standards applied for the first time

AASB 2016-2 *Amendments to Australian Accounting Standards—Disclosure Initiative: Amendments to AASB 107* requires the disclosure of information that will allow users to understand changes in liabilities arising from financing activities. Additional disclosure has been added to the notes to the Statement of Cash Flows section. No comparative information is required in respect of 2016–17.

Future impact of accounting standards not yet effective

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

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

These standards will first apply to the department from its financial statements for 2019–20.

The department has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts. Potential future impacts identifiable at the date of this report are as follows:

- Special purpose grants received to construct non-financial assets controlled by the department will be recognised as a liability, and subsequently recognised progressively as revenue as the department satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront.
- Under the new standards, other grants presently recognised as revenue upfront may be eligible to be recognised as revenue progressively as the associated performance obligations are satisfied, but only if the associated performance obligations are enforceable and sufficiently specific. The department has commenced evaluating its grant arrangements as to whether revenue from those grants could be deferred under the new requirements—however no conclusion on the potential impact, if any, has been determined at the present time.
- Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral and continue to be recognised as revenue as soon as they are controlled. The department receives several grants for which there are no sufficiently specific performance obligations—these grants are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.
- Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of the department's goods and services 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 performance obligations (such amounts would be reported as a liability in the meantime). The department is yet to complete its analysis of existing arrangements for the sale of its goods and services and the impact, if any, on revenue recognition has not yet been determined.
- A range of new disclosures will also be required by the new standards in respect of the department's revenue.

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

These standards will first apply to the department's financial statements for 2018–19. 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.

The department has commenced reviewing the impact of AASB 9 and has identified the following:

- There will be no change to the classification or valuation of cash and cash equivalents.
- Trade receivables will continue to be classified and measured at amortised cost on the basis that the carrying amount is expected to be a reasonable approximation of fair value due to their short-term nature. However, new impairment requirements will result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. The department will be adopting the simplified approach under AASB 9 and measure lifetime expected credit losses on all trade receivables. An interim review of the nature of the department's portfolio of trade receivables has found that department can use a provision matrix approach as a practical expedient to measure the impairment provision.
- The department provides interest free repayable risk capital under its Biofutures Industry Development Fund and loans to facilitate Catalyst infrastructure. The department recognises notional loan interest. These loans meet the Solely Payment of Principal and Interest (SPPI) test under AASB 9 as they constitute a basic lending arrangement. As such, these loans will continue to be categorised as amortised cost. Similar to trade receivables, new impairment requirements will result in a provision being applied to all loans and advances receivables.
- All financial liabilities will continue to be measured at amortised cost. The department does not expect a material change in the reported value of financial liabilities.
- A number of one-off disclosures may be required in the 2018–19 financial statements to explain the impact of adopting AASB 9.

AASB 16 *Leases*

This standard will first apply to the department's financial statements for 2019–20. When applied, the standard supersedes AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases—Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Under the new standards, lessees will be required to recognise a right-of-use asset (representing the right to use the underlying leased asset) and a liability (representing the obligation to make future lease payments) for all leases with a term of more than 12 months and an asset value of above $10,000. Under this standard, the majority of operating leases will now be reported on the Statement of Financial Position. The right-of-use asset will be recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense.

The department has commenced analysing its existing operating lease commitments disclosed in Note 27 by type of lessor and type of lease to estimate the expected impacts on transition based on information available at 30 June 2018.

The department's operating lease commitments comprise arrangements with other Queensland Government agencies as lessor (i.e. internal-to-Government leases) and with lessors external to Government. These leases are primarily for office accommodation, storage facilities and car park spaces.

Internal-to-Government

At 30 June 2018, the department has operating lease commitments of $198.863 million and annual lease payments of $8.359 million per year under Internal-to-Government arrangements. 'Considering their operations and impact across the whole-of Government, the department is currently awaiting formal guidance from Queensland Treasury as to whether the internal-to-Government arrangements should be accounted for on-balance sheet under AASB 16.

External-to-Government

The department estimates, based on the current operating lease commitments totalling $0.446 million, a right-of-use asset (an corresponding lease liability) would be recognised in the balance sheet on transition. This commitment amount is after applying the short-term lease exemption available under AASB 16.

Certificate of the Department of State Development

These general purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), section 42 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with s.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 financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the department for the financial year ended 30 June 2018 and of the financial position of the department at the end of that year; and

(c) these assertions 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.

Alison Mohr

Alison Mohr CPA

Chief Finance Officer

Date: 28 August 2018

RHunter

Rachel Hunter

Director-General

Date: 28 August 2018