

Queensland Future Growth Corporation

Annual Report

2008–09



Queensland
Government

About this annual report

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

The *Queensland Future Growth Corporation Annual Report 2008-09* is an important part of our corporate governance framework. It ensures accountability to the Queensland Parliament and the community about the Corporation and the activities of the Fund.

The report details the achievements, performance and financial position for the 2008-09 financial year and links with the Service Delivery Statement for 2008-09 and 2009-10. It also provides information on future direction and corporate governance processes.

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

Feedback

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


Translating and interpreting assistance


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


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

Contact us

Queensland Treasury

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21 October 2009

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



Dear Treasurer

I am pleased to present the *Queensland Future Growth Corporation Annual Report 2008-09*.

I certify that this annual report complies with:

- the prescribed requirements of the *Financial Administration and Audit Act 1977* and the *Financial Management Standard 1997*
- the detailed requirements set out in the *Annual Reporting Guidelines for Queensland Government Agencies*.

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

Yours sincerely

Gerard Bradley
Under Treasurer

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Introduction by the Under Treasurer

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

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

As this report outlines, in 2008-09, the Fund provided \$955.739 million towards transport and water infrastructure, clean coal technology, climate change projects, Smart State projects, port infrastructure and social housing stock.

An independent review of Queensland Government boards, committees and statutory authorities undertaken between July 2008 and March 2009 recommended the Corporation be wound up and the functions transferred to Queensland Treasury.

The Queensland Government's response to this review was released in April 2009. In the response, the Government stated that it did not support the review's recommendation. It will pursue the recommendation when the balance of the proceeds in the Fund is expended, currently planned for 2012-13.

Looking ahead, the Fund will continue to contribute to the delivery of key priorities that will benefit the future economy of Queensland.

Gerard Bradley
Under Treasurer

About us

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

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

The Corporation has been established as a statutory body under both the *Financial Administration and Audit Act 1977* and the *Statutory Bodies Financial Arrangements Act 1982*.

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

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

Structure

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

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

Corporate governance

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

Our performance

Strategic business priorities

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

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

By doing so, the Fund directly contributes to the Government's *Toward Q2: strong – creating a diverse economy powered by bright ideas*.

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

Actions/projects undertaken to achieve priorities

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

Output performance measures

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

Our activities

Operations

In 2008-09, funding was provided towards transport and water infrastructure, clean coal technology, climate change and Smart State projects, port infrastructure and social housing stock.

Queensland Future Growth Fund projects	2008-09 \$ million
Transport infrastructure	153.601
Water infrastructure	557.203
Clean coal technology	46.935
Climate change projects	3.000
Smart State projects	20.000
Port infrastructure	50.000
Social housing stock	125.000
TOTAL	955.739

Proposed forward operations

The Fund will continue to contribute to the delivery of key priorities, in accordance with its stated objectives, as set out in section 4 of the *Future Growth Fund Act 2006*.

It will achieve this by:

- allocating funding for the construction of infrastructure projects in the areas of water and transport
- providing funding for clean coal technology that will make a proactive and positive contribution to the science and technology of reducing carbon emissions
- providing funding for the Queensland Renewable Energy Fund and the Queensland Smart Energy Savings Fund to support climate change initiatives
- further contributing towards Smart State projects, specifically the Innovation Building Fund
- providing funding for commercial infrastructure with details on projects to be determined by future priorities and commercial negotiations
- allocating funding for the continuing expansion of the State's social housing stock.

Entities controlled by the agency

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

Information and communication technology/assets

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

Internal audit function

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

External scrutiny

An independent review of Queensland Government boards, committees and statutory authorities, conducted between July 2008 and March 2009, recommended the Corporation be wound up and the functions transferred to Queensland Treasury.

The Queensland Government responded to the review in April 2009. In its response, the Government stated that it did not support the review's recommendation. The Government indicated that it will pursue the review's recommendation when the balance of the proceeds in the Fund is expended. This is currently planned for 2012-13.

Risk management

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

Consultancy expenditure

No expenditure on consultancy was incurred in 2008-09.

Overseas travel

No overseas travel was undertaken in 2008-09.

Quality measures

- The Fund is administered in accordance with government guidelines – target reached.
- Allocation of funds to projects within the intended scope of the Fund – target reached.

Financial Statements

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Foreword

The Financial Statements of the Queensland Future Growth Corporation are general purpose financial reports prepared in accordance with prescribed requirements and having regard to the Minimum Reporting Requirements issued by the Treasurer.

The Financial Statements comprise the following components:

- Income Statement
- Balance Sheet
- Statement of Changes in Equity
- Statement of Cash Flows
- Notes to and forming part of the Financial Statements



Queensland Future Growth Corporation Income Statement

For the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
Income			
Revenues			
Investment income	3	137,917	179,324
Gains			
Amortised gain on purchase of investments	4	471	528
Total income		138,388	179,852
Expenses			
Supplies and services	5	3	3
Other expenses	6	2,348	2,227
Total expenses		2,351	2,230
Operating surplus/(deficit)		136,037	177,622

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

Queensland Future Growth Corporation Balance Sheet

As at 30 June 2009

	Notes	2009 \$'000	2008 \$'000
Current assets			
Cash	7	1,568,094	2,284,751
Investments	8	150,994	277,362
Total current assets		1,719,088	2,562,113
Total assets		1,719,088	2,562,113
Current liabilities			
Payables	9	19	6
Other liabilities	10	..	23,336
Total current liabilities		19	23,342
Total liabilities		19	23,342
Net assets		1,719,069	2,538,771
Equity			
Retained surplus/(deficit)		293,749	157,712
Contributed equity		1,425,320	2,381,059
Total equity		1,719,069	2,538,771

This Balance Sheet should be read in conjunction with the accompanying notes.

Queensland Future Growth Corporation Statement Of Changes In Equity

For the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
Retained surplus			
Balance 1 July		157,712	(19,910)
Operating surplus/(deficit)		136,037	177,622
Balance 30 June		<u>293,749</u>	<u>157,712</u>
Contributed equity			
Balance 1 July		2,381,059	1,670,398
Non-appropriated equity injection		..	974,182
Non-appropriated equity withdrawal	11	(955,739)	(263,521)
Balance 30 June		<u>1,425,320</u>	<u>2,381,059</u>

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

Queensland Future Growth Corporation Cash Flow Statement

For the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Interest received		139,757	176,584
Other		..	2,210
<i>Outflows:</i>			
Other		(2,339)	(2,224)
Net cash from operating activities	12	137,418	176,570
Cash flows from investing activities			
<i>Inflows:</i>			
Proceeds from sale of investments		125,000	25,000
Net cash from investing activities		125,000	25,000
Cash flows from financing activities			
<i>Inflows:</i>			
Non-appropriated equity injections		..	974,182
<i>Outflows:</i>			
Non-appropriated equity withdrawals		(979,075)	(240,185)
Net cash from financing activities		(979,075)	733,997
Net increase/(decrease) in cash held		(716,657)	935,567
Cash at beginning of financial year		2,284,751	1,349,184
Cash at end of financial year	7	1,568,094	2,284,751

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

Queensland Future Growth Corporation

Notes to and forming part of the Financial Statements

For the year ended 30 June 2009

1. Objectives of the Corporation

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

2. Summary of significant accounting policies

(a) Basis of accounting

These financial statements have been prepared as general purpose financial statements in accordance with Australian Accounting Standards and other applicable standards. The statements have also been prepared having regard to the Treasurer's Minimum Reporting Requirements for the year ended 30 June 2009 and other authoritative pronouncements.

Except where stated, the historical cost convention is used.

(b) Reporting Entity

The Corporation is established as a statutory body under both the *Financial Administration and Audit Act 1977* and the *Statutory Bodies Financial Arrangements Act 1982*. The Corporation has no employees or plant and equipment and has adopted the policies and financial management principles of the Treasury Department.

(c) Cash and Cash equivalents

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

(d) Receivables

The Corporation has no trade or other debtors at 30 June. Other debtors arise from transactions outside the usual operating activities of the Corporation and are recognised at nominal amounts. Settlement of these amounts is required within 30 days. The collectability of receivables is assessed periodically with provision being made for impairment.

(e) Other Financial Assets

The fixed rate deposits held with the Queensland Treasury Corporation are held at a fixed interest rate for a fixed term. They are categorised as held to maturity investments and are carried at amortised cost using the effective interest method. Interest income is allocated over the fixed term using the effective interest method. Funds have been lodged for a two month term.

Maturity Date	Fixed interest rate %
24 August 2009	6.92
24 August 2009	6.92
27 August 2009	6.84

The Corporation does not enter transactions for speculative purposes nor for hedging and holds no financial assets classified at fair value through profit and loss.

(f) Payables

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

Queensland Future Growth Corporation

Notes to and forming part of the Financial Statements

For the year ended 30 June 2009

2. Summary of significant accounting policies (continued)

(g) Taxation

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

(h) Issuance of Financial Statements

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

(i) Judgement and Assumptions

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

(j) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required. Sub totals and totals may not add due to rounding, but the overall discrepancy is not greater than two.

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

(k) Events occurring after balance date

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

(l) New and Revised Accounting Standards

The Corporation did not voluntarily change any of its accounting policies during 2008-09.

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

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

Queensland Future Growth Corporation

Notes to and forming part of the Financial Statements

For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
3. Investment income		
Interest on QTC investments	137,917	179,324
	<u>137,917</u>	<u>179,324</u>
4. Gain on purchase of investments		
Amortised gain on purchase of QTC fixed term deposits	471	528
	<u>471</u>	<u>528</u>
5. Supplies and services		
Printing	3	3
	<u>3</u>	<u>3</u>
6. Other expenses		
Administration charges on QTC investments	2,328	2,215
Audit fees	7	12
Administration charges - other	13	..
	<u>2,348</u>	<u>2,227</u>
Total external audit fees relating to the 2008-09 financial year are estimated to be \$6,700 (2008: \$6,000)		
7. Cash		
QTC Cash Fund	1,568,094	2,284,751
	<u>1,568,094</u>	<u>2,284,751</u>
Money held in the QTC Cash Fund earned interest between 3.27% to 8.49% in 2009 (2008: 6.48% to 8.37%)		
8. Investments		
<i>Current</i>		
QTC fixed term deposits	150,994	277,362
	<u>150,994</u>	<u>277,362</u>

Queensland Future Growth Corporation

Notes to and forming part of the Financial Statements

For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
9. Payables		
<i>Current</i>		
Accrued audit fees	7	6
Accrued expenses	12	..
	<u>19</u>	<u>6</u>
10. Other liabilities		
<i>Current</i>		
Non-appropriated equity withdrawal payable	..	23,336
	<u>..</u>	<u>23,336</u>
11. Non-appropriated equity withdrawals		
<i>Projects funded by Queensland Future Growth Fund</i>		
Clean coal technology	(46,935)	(22,444)
Transport infrastructure	(153,601)	(149,247)
Smart State projects	(20,000)	(6,830)
Social housing stock	(125,000)	(85,000)
Water infrastructure	(557,203)	..
Climate change projects	(3,000)	..
Port infrastructure	(50,000)	..
	<u>(955,739)</u>	<u>(263,521)</u>
12. Reconciliation of operating surplus to net cash from operating activities		
Operating surplus/(deficit)	136,037	177,622
Non-cash items:		
Accrued interest on investments	1,839	(2,740)
Amortised (premium)/loss on investments	(471)	(528)
Change in assets and liabilities:		
(Increase)/decrease in accounts receivable	..	2,210
Increase/(decrease) in accounts payable	13	6
Net cash provided from operating activities	<u>137,418</u>	<u>176,570</u>

Queensland Future Growth Corporation

Notes to and forming part of the Financial Statements

For the year ended 30 June 2009

13. Financial instruments

(a) Categorisation of Financial Instruments

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

Category	Note	2009 \$'000	2008 \$'000
Financial Assets			
Cash and cash equivalents	7	1,568,094	2,284,751
Held-to-maturity investment:			
QTC fixed term deposits	8	150,994	277,362
Total		1,719,088	2,562,113
Financial Liabilities			
Payables	9	19	6
Other liabilities	10	..	23,336
Total		19	23,342

(b) Financial Risk Management

The Corporation's activities expose it to a variety of financial risks - interest rate risk, credit risk, liquidity risk and market risk. Financial risk management is implemented pursuant to Corporation policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the Corporation. All financial risk is managed by Queensland Treasury Corporation.

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

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

(c) Credit Risk Exposure

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

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

Queensland Future Growth Corporation

Notes to and forming part of the Financial Statements

For the year ended 30 June 2009

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

Maximum Exposure to Credit Risk		2009	2008
Category	Note	\$'000	\$'000
Financial Assets			
Cash and cash equivalents	7	1,568,094	2,284,751
Held-to-maturity investment:			
QTC fixed term deposits	8	150,994	277,362
Total		1,719,088	2,562,113

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

The Corporation manages credit risk by ensuring that it invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

No financial assets and financial liabilities have been offset and presented net in the Balance Sheet.

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

2009 Financial Assets Past Due But Not Impaired

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

2008 Financial Assets Past Due But Not Impaired

	Not Overdue \$'000	Less than 30 Days \$'000	30-60 Days \$'000	61-90 Days \$'000	Overdue More than 90 Days \$'000	Total \$'000	Total Financial Assets \$'000
Financial Assets							
Held-to-maturity investment	277,362	..	..	..	..	..	277,362
Total	277,362	..	..	..	..	..	277,362

(d) Liquidity Risk

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

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

Queensland Future Growth Corporation

Notes to and forming part of the Financial Statements

For the year ended 30 June 2009

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

	Note	2009 Payable in			Total
		<1 year \$'000	1 - 5 years \$'000	> 5 years \$'000	\$'000
Financial Liabilities					
Payables	9	19	..	..	19
Total		19	..	..	19

	Note	2008 Payable in			Total
		<1 year \$'000	1 - 5 years \$'000	> 5 years \$'000	\$'000
Financial Liabilities					
Payables	9	6	..	..	6
Other liabilities	10	23,336	..	..	23,336
Total		23,342	..	..	23,342

(e) Market Risk

The Corporation does not trade in foreign currency and is not exposed to commodity price changes. The Corporation is exposed to interest rate risk through its cash deposited in the QTC Cash Fund account. Held-to-maturity investments are at fixed rates over a fixed term. The Corporation does not undertake any hedging in relation to interest rate risks.

Interest Rate Sensitivity Analysis

The following interest rate sensitivity analysis depicts the outcome to profit and loss if interest rates would change by +/- 1% from the year end rates applicable to the Corporation's financial assets. With all other variables held constant, the Corporation would have a surplus and equity increase/(decrease) of \$15,681,000 (2008: \$22,848,000). This is attributable to the Corporation's exposure to variable interest rates on its QTC Cash Fund.

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

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

Queensland Future Growth Corporation

Notes to and forming part of the Financial Statements

For the year ended 30 June 2009

Financial Instruments	Carrying Amount \$'000	2008 Interest rate risk			
		-1%		1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Cash and cash equivalents	2,284,751	(22,848)	(22,848)	22,848	22,848
Overall effect on profit and equity		(22,848)	(22,848)	22,848	22,848

Fair Value

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

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

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

	2009		2008	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
Financial Assets				
Financial assets at amortised cost:				
QTC fixed term deposits	150,994	151,840	277,362	275,200
	<u>150,994</u>	<u>151,840</u>	<u>277,362</u>	<u>275,200</u>

Certificate of the Queensland Future Growth Corporation

The foregoing general purpose financial statements have been prepared pursuant to Section 46F (1) of the *Financial Administration and Audit Act 1977*, and other prescribed requirements. In accordance with Section 46F (3) of the Act we certify that in our opinion:

- (a) the financial statements and notes to and forming part thereof are in the form required by the Treasurer and are in agreement with the accounts and records of the Queensland Future Growth Corporation; and
- (b) in our opinion:
 - (i) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
 - (ii) the statements have been drawn up so as to present a true and fair view, in accordance with prescribed accounting standards, of the statutory body's transactions for the financial year ended 30 June 2009 and of the financial position as at the end of that year.

T BROOME CA
Chief Financial Officer

14 August 2009

G BRADLEY CPA, FCA
Under Treasurer

14 August 2009

Independent Auditor's Report

To the Under Treasurer of Queensland

Matters Relating to the Electronic Presentation of the Audited Financial Report

The auditor's report relates to the financial report of the Queensland Future Growth Corporation for the financial year ended 30 June 2009 included on the Treasury Department's website. The Under Treasurer is responsible for the integrity of the Treasury Department's website. I have not been engaged to report on the integrity of the Treasury Department's website. The auditor's report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from the Treasury Department to confirm the information included in the audited financial report presented on this website.

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

Report on the Financial Report

I have audited the accompanying financial report of the Queensland Future Growth Corporation which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificates given by the Under Treasurer and the Chief Financial Officer.

The Under Treasurer's Responsibility for the Financial Report

The Under Treasurer is responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the *Financial Administration and Audit Act 1977* and the *Financial Management Standard 1997*, including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility to express an opinion on the financial report based on the audit is prescribed in the *Auditor-General Act 2009*. This Act, including transitional provisions, came into operation on 1 July 2009 and replaces the previous requirements contained in the *Financial Administration and Audit Act 1977*.

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

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

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

Independence

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

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

Auditor's Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Queensland Future Growth Corporation for the financial year 1 July 2008 to 30 June 2009 and of the financial position as at the end of that year.

MICHAEL O'GRADY
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane

Glossary

<i>Annual Reporting Guidelines for Queensland Government Agencies</i>	Sets out the reporting requirements and standards for Queensland Government departments, Agencies and Statutory Bodies for their annual reports
<i>Financial Administration and Audit Act 1977</i>	Sets out the principles to be observed by all Queensland public sector agencies in relation to financial management
<i>Financial Management Standard 1997</i>	Provides detailed governance policy to be observed by all public sector agencies. The Standard relates to agencies' financial management, internal controls, risk management strategies, operational planning, user charging, resource management and annual reports.
<i>Future Growth Fund Act 2006</i>	Establishes the Queensland Future Growth Fund and the Queensland Future Growth Corporation to administer the Fund. The Act also outlines the objectives and administration of the Fund and the function of the Corporation.
<i>Information and Communication Technology (ICT)</i>	An umbrella term that includes any communication device or application as well as the various services and applications associated with them.
<i>Service Delivery Statement (SDS)</i>	Budget papers prepared on a portfolio basis by agencies. The SDS set out the priorities, plans and financial statements of agencies.
<i>Statutory Bodies Financial Arrangements Act 1982</i>	Provides for the efficient and effective management of the powers of Statutory Bodies to enter into financial arrangements.

