



**Queensland
Government**
Treasury

Queensland **Future Growth** Corporation Annual Report 2006-07





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The Queensland Future Growth Corporation (the Corporation) has been established as a statutory body to administer the Queensland Future Growth Fund (the Fund). As the Corporation is a statutory body, it is required to comply with the *Financial Administration and Audit Act 1977* (FAA Act) and the *Financial Management Standard 1997* (FMS).

There are certain requirements under the FAA Act and the FMS that the Corporation is required to satisfy, including the preparation of audited financial statements and an Annual Report.

The *Queensland Future Growth Corporation Annual Report 2006–07* is an important part of our corporate governance framework and ensures accountability to the Queensland Parliament and the community about the Corporation and its Fund activities.

About this Annual Report

This report details achievements, performance and financial position for the 2006-07 financial year and links with the Ministerial Portfolio Statement for 2007–08 and the Queensland Government's priorities and outcomes. It also provides information on future direction and corporate governance processes.

This report is produced in accordance with the requirements detailed in the *Financial Administration and Audit Act 1977* and the *Financial Management Standard 1997*.

An electronic version of the report is available online from our website www.treasury.qld.gov.au



Introduction by the Under Treasurer

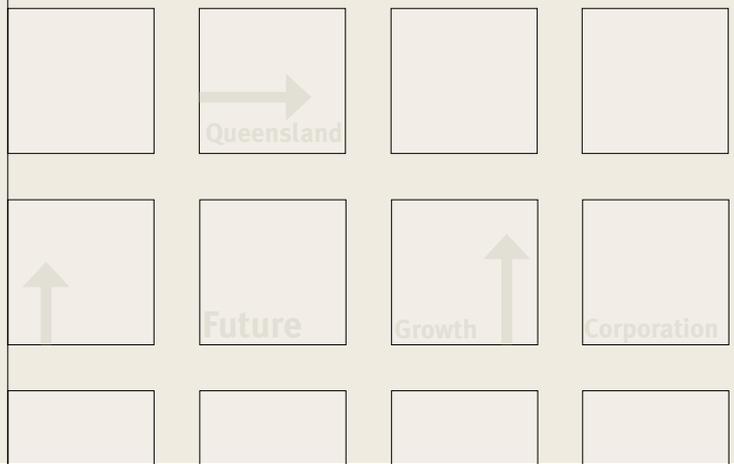
Following a comprehensive review of the State's energy Government owned corporations (GOCs), the sale of Allgas Energy, Sun Retail, Sun Gas and Powerdirect Australia concluded in 2006–07.

The sales generated \$3.1 billion in proceeds for the Queensland Future Growth Fund (the Fund) to provide additional funding for water, transport and commercial infrastructure, Smart State projects and technologies, climate

change, clean coal and social housing stock. During the year the proceeds from those sales were paid into the Fund.

The Queensland Future Growth Corporation has been established to administer that Fund.

Gerard Bradley





What is the Queensland Future Growth Corporation and Fund

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

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

About us

Structure

The Corporation has no employees. To ensure minimal administration and cost is incurred in complying with legislative requirements, Treasury Department's existing systems and processes are used where possible to record and prepare its financial transactions and statements. In addition, it utilises Treasury's Audit Committee and Risk Management Committee, and *Information and Communication Technology Plan* and *Asset Strategic Plan*.

Corporate governance

Treasury Department is responsible for the management of the Fund and reports to the Treasurer on policy issues. External reporting for the Corporation, including the Annual Report and Ministerial Portfolio Statement, is prepared by Treasury Department.



Strategic business priorities

During the year, the Queensland Government allocated proceeds from the sale of Allgas Energy, Sun Retail, Sun Gas and Powerdirect Australia to the Fund. The Fund will help finance Queensland’s growth through:

- \$1.5 billion for water and transport infrastructure
- \$600 million for commercial infrastructure
- \$100 million for Smart State projects and technologies, \$100 million for climate change and \$300 million for clean coal
- \$500 million for a major expansion of social housing stock.

Strategic business priorities	Highlights	The year ahead
1. To administer the Fund in accordance with established guidelines	Developed guidelines for the administration of the Fund	Treasury will 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 first General Purpose Financial Statements were certified without qualification by the Auditor-General	Continued monitoring and review of administrative procedures established with regard to the Corporation and the Fund

Our performance

Actions/Projects undertaken to achieve priorities

Action/Project	Relevant Strategic Business Priority	Timeframe
Preparation of audited financial statements and Annual Report for the Fund	1, 2	Annual
Continue to manage and review the financial systems, practices and internal controls	1, 2	Ongoing
Maintain the delegation of procurement, expenditure and administrative functions to appropriately qualified public service employees	1, 2	Ongoing
Reinjection of interest earnings on the Fund balance	1	Ongoing

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%





Availability of Annual Report

The Annual Report will be tabled in Parliament and be available on the Treasury internet site.

Consultancy expenditure

Expenditure on professional and technical consultancies for the 2006–07 financial year was \$19,987,455.99.

Entities controlled by the agency

No entities are controlled by the Corporation. Agencies receiving funding are required to record these activities within their Ministerial Portfolio Statements and Annual Reports.

ICT/Assets

The Corporation is covered by the Information and Communication Technology (ICT) Strategic Plan and Asset Strategic Plan prepared by 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 Treasury's infrastructure and policies, it is covered within the Treasury audit plan.

Our activities

Operations

Proceeds from the sale of ENERGEX's electricity and gas retail businesses, the Allgas distribution network and the competitive parts of Ergon Energy's electricity retail business (including Ergon Energy's subsidiary, Powerdirect) have amounted to over \$3 billion. With all sales now complete, these proceeds are being allocated to the Fund, less stamp duty and associated sales costs. The following agreements have been finalised for the retail assets:

- Allgas distribution business to the APA Group for \$514.5 million
- Sun Retail electricity retailing business to Origin Energy for \$1.217 billion
- Sun Gas energy retailing business to AGL Energy for \$71.3 million
- Powerdirect Australia to AGL Energy for \$1.226 billion.

In 2006–07, \$1.7 billion was transferred into the Fund, with the remainder to occur early in 2007–08. The Fund will also benefit from the reinjection of interest earnings on the Fund balance.

This funding will be used for initiatives that will benefit the future economy of Queensland, specifically:

- Implementing strategies to ensure security of water supply by providing finance for critical water infrastructure



- Supplying funds for the research and development of innovative technologies to mitigate the effects of climate change. In this way, the Fund will proactively advance the State’s environmental sustainability whilst supporting Queensland’s industries and enhancing economic wellbeing
- Providing funding for future projects to ensure that Queensland’s infrastructure supports the State’s rate of growth.

Overseas travel

No overseas travel has been undertaken.

Proposed forward operations

The Queensland Future Growth Corporation Operational Plan 2007–08 identifies the initiatives that will be delivered in 2007-08 for the Corporation to realise its objectives.

The remainder of retail asset energy sale proceeds are to be transferred to the Fund in 2007-08. Communication will be undertaken with recipient agencies about the guidelines and to acquire cashflow information about the infrastructure projects in order to provide a source of funds as required. Funds will be used in accordance with stated objectives.

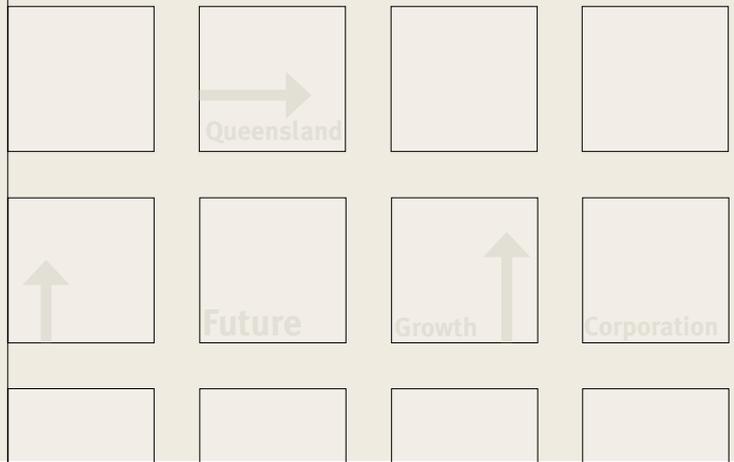
Our activities

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.

Risk management

Risk management is a core part of 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 Treasury’s operations.



Queensland Future Growth Corporation
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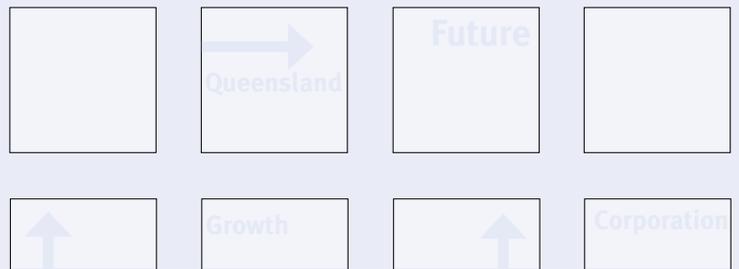


Foreword

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
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Queensland Future Growth Corporation Income Statement

For the year ended 30 June 2007

	Notes	2007 \$'000
Income		
Revenues		
Investment income	3	2,160
Gains		
Amortised Gain on purchase of investments	4	2
Total income		<u>2,162</u>
Expenses		
Supplies and Services	5	19,987
Other expenses	6	2,085
Total expenses		<u>22,072</u>
Operating surplus/(deficit)		<u>(19,910)</u>

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

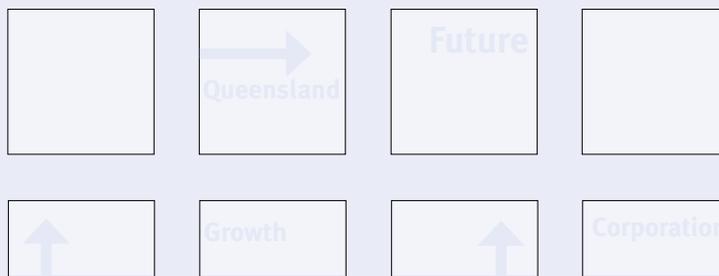


**Queensland Future Growth Corporation
Balance Sheet**

As at 30 June 2007

	Notes	2007 \$'000
Current assets		
Cash	7	1,349,184
Receivables	8	2,210
Investments	9	149,542
Total current assets		1,500,936
Non-current assets		
Investments	9	149,552
Total non-current assets		149,552
Total assets		1,650,488
Net assets		1,650,488
Equity		
Retained surplus/(deficit)		(19,910)
Contributed equity		1,670,398
Total equity		1,650,488

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



Queensland Future Growth Corporation
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Queensland Future Growth Corporation Statement of Changes in Equity

For the year ended 30 June 2007

	Notes	2007 \$'000
Retained surplus		
Balance 1 July		..
Operating surplus/(deficit)		(19,910)
Balance 30 June		<u>(19,910)</u>
Contributed equity		
Balance 1 July		..
Appropriated equity injections		..
Appropriated equity withdrawals		..
Non-appropriated equity injection		1,700,000
Non-appropriated equity withdrawal*		(29,602)
Balance 30 June		<u>1,670,398</u>

*Relates to funding provided to ZeroGen for clean coal technology

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 2007

	Notes	2007 \$'000
Cash flows from operating activities		
<i>Inflows:</i>		
Interest received		2,066
Other		..
<i>Outflows:</i>		
Consultancy expenses		21,986
Other		2,290
Net cash provided by/(used in) operating activities	10	(22,210)
Cash flows from investing activities		
<i>Inflows:</i>		
Proceeds from sale of investments		..
<i>Outflows:</i>		
Payments for investments		298,998
Net cash provided by/(used in) investing activities		(298,998)
Cash flows from financing activities		
<i>Inflows:</i>		
Non-appropriated equity injections		1,700,000
<i>Outflows:</i>		
Non-appropriated equity withdrawals		29,608
Net cash provided by/(used in) financing activities		1,670,392
Net increase/(decrease) in cash held		1,349,184
Cash at beginning of financial year		..
Cash at end of financial year	7	1,349,184

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 2007

1. Objectives of the Corporation

The Queensland Future Growth Corporation was established on 1 June 2006 under the *Future Growth Fund Act 2006* to administer the Queensland Future Growth Fund. The Fund will provide for initiatives and infrastructure for the benefit of Queensland. The Corporation has been established by investing the proceeds from the sale of ENERGEN's electricity and gas retail businesses, the Allgas distribution network and the competitive parts of Ergon Energy's electricity retail business, including Ergon Energy's subsidiary, Powerdirect.

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 Equivalents to International Financial Reporting Standards (AEIFRS) 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 2007 and other authoritative pronouncements.

Except where stated, the historical cost convention is used.

(b) Reporting Entity

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 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 market value of the QTC Cash Fund at 30 June is represented by its book value which is also its net realisable value. The funds are available the same day. The QTC Cash Fund is an asset management portfolio that invests with a wide variety of high credit rating counterparties. The deposits with the QTC Cash Fund are capital guaranteed.

(d) Receivables

The Corporation at 30 June does not have trade debtors. Other debtors generally arise from transactions outside the usual operating activities of the Corporation and are recognised at nominal amounts. Settlement of these amounts is within 30 days. The collectability of receivables is assessed periodically with provision being made for impairment. There was no impairment of debts as at 30 June 2007.



Queensland Future Growth Corporation
Notes to and forming part of the Financial Statements
For the year ended 30 June 2007

2. Summary of significant accounting policies (continued)

(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 terms of two to 18 months.

Maturity Date	Average interest rate %
27 August 2007	5.758
25 February 2008	5.783
27 August 2008	5.609
25 February 2009	5.693

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

(f) 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 to GST and GST credits receivable from/payable to the Australian Taxation Office (ATO) are recognised and accrued where applicable.

(g) Issuance of Financial Statements

The financial statements are authorised for issue by the Under Treasurer and Director of Finance at the date of signing the Management Certificate.

(h) Judgement and Assumptions

The Corporation has made no judgements or assessments which may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

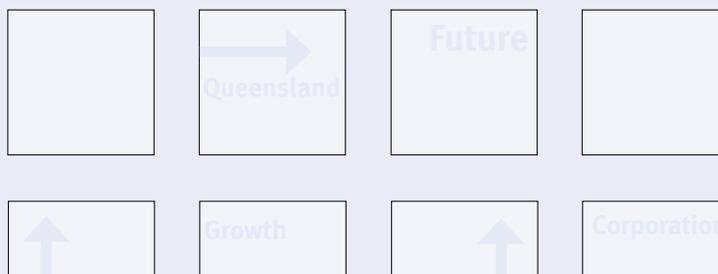
(i) Rounding and Comparatives

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.

As no transactions occurred in the 2005–06 financial year for the Corporation, no comparatives are available.

(j) Events occurring after balance date

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



Queensland Future Growth Corporation
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Queensland Future Growth Corporation
Notes to and forming part of the Financial Statements
For the year ended 30 June 2007

2. Summary of significant accounting policies (continued)

(k) New and Revised Accounting Standards

Disclosure is required when initial application of an Australian Accounting Standard has an effect on the current period or any prior period, would have such an effect, except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods.

In the current year, the Corporation had adopted all of the new and revised Standards and Interpretations that are relevant to its operations and effective for the 2006–07 reporting period.

Disclosure is also required when a new Australian Accounting Standard, which has been issued but is not yet effective, has not been applied.

The Corporation cannot early adopt a new accounting standard ahead of the specified commencement date unless approval is obtained from Treasury. No standards have been early adopted in 2006–07. Consequently, the Corporation has not applied the other Australian Accounting Standards and Australian Accounting Standards Board (AASB) and Urgent Issues Group (UIG) Interpretations that have been issued but are not effective. These will be applied from their operative date.

At the date of authorisation of the financial report, the following Standards and Interpretations had been issued/revised but were not yet effective:

Title	Operative for reporting periods beginning on/after
<i>AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards</i>	1 January 2008
<i>AASB 2: Share-based Payment</i>	1 March 2007
<i>AASB 8: Operating Segments</i>	1 January 2009
<i>AASB 101: Presentation of Financial Statements</i>	1 January 2007
<i>AASB 114: Segment Reporting</i>	1 January 2007
<i>AASB 117: Leases</i>	8 February 2007
<i>AASB 118: Revenue</i>	28 February 2007
<i>AASB 120: Accounting for Government Grants and Disclosure of Government Assistance</i>	28 February 2007
<i>AASB 121: The Effects of Changes in Foreign Exchange Rates</i>	28 February 2007
<i>AASB 127: Consolidated and Separate Financial Statements</i>	28 February 2007
<i>AASB 131: Interest in Joint Ventures</i>	28 February 2007
<i>AASB 132: Financial Instruments: Presentation</i>	1 January 2007
<i>AASB 133: Earnings per Share</i>	1 January 2007
<i>AASB 139: Financial Instruments: Recognition and Measurement</i>	28 February 2007



Queensland Future Growth Corporation
Notes to and forming part of the Financial Statements
For the year ended 30 June 2007

2. Summary of significant accounting policies (continued)

Title	Operative for reporting periods beginning on/after
AASB 1048: <i>Interpretation and Application of Standards</i>	31 March 2007
AASB 1049: <i>Financial Reporting of General Government Sectors by Governments</i>	1 July 2008
AASB 2007-1: <i>Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]</i>	1 March 2007
AASB 2007-2: <i>Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]</i>	28 February 2007 1 January 2008
AASB 2007-3: <i>Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]</i>	1 January 2009
AASB 2007-4: <i>Amendments to Australian Accounting Standards arising from ED 151 and other Amendments [AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023, & 1038]</i>	1 July 2007
AASB 2007-5: <i>Amendments to Australian Accounting Standards - Inventories Held for Distribution by Not-for-Profit Entities [AASB 102]</i>	1 July 2007
AASB 2007-6: <i>Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]</i>	1 January 2009
AASB 2007-7: <i>Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]</i>	1 July 2007
Interpretation 4: <i>Determining whether an Arrangement contains a Lease [revised]</i>	1 January 2008
Interpretation 10: <i>Interim Financial Reporting and Impairment</i>	1 November 2006
Interpretation 11: <i>AASB 2 – Group and Treasury Share Transactions</i>	1 March 2007
Interpretation 12: <i>Service Concession Arrangements</i>	1 January 2008
Interpretation 129: <i>Disclosure – Service Concession Arrangements [revised]</i>	1 January 2008

It is anticipated that the above Standards and Interpretations are either not applicable to the Corporation or adoption of them in future periods will have no material financial impact on the Corporation's financial statements.



Queensland Future Growth Corporation
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Queensland Future Growth Corporation
Notes to and forming part of the Financial Statements
For the year ended 30 June 2007

	2007 \$'000
3. Investment Income	
Interest on QTC investments	2,160
	<u>2,160</u>
4. Gain on purchase of investments	
Amortised gain on purchase of QTC Fixed Term Deposits	2
	<u>2</u>
5. Supplies and Services	
Consultancy for sale of energy assets	19,987
	<u>19,987</u>
6. Other Expenses	
Administration charges on QTC investments	33
Project costs for sale of energy assets	2,052
	<u>2,085</u>
Total external audit fees relating to the 2006-07 financial year are estimated to be \$5,500	
7. Cash	
QTC Cash Fund	1,349,184
	<u>1,349,184</u>
8. Receivables	
GST input tax credits receivable	2,204
Non-appropriated equity injection receivable	6
	<u>2,210</u>
9. Investments	
<i>Current</i>	
QTC fixed term deposits	149,542
	<u>149,542</u>
<i>Non-current</i>	
QTC fixed term deposits	149,552
	<u>149,552</u>

Queensland Future Growth Corporation
Annual Report 2006–07



Queensland Future Growth Corporation
Notes to and forming part of the Financial Statements
For the year ended 30 June 2007

	2007 \$'000
10. Reconciliation of operating surplus to net cash provided by/(used in) operating activities	
Operating surplus/(deficit)	(19,910)
Non-cash items:	
Accrued interest on investments	(94)
Amortised premium on investments	(2)
Change in assets and liabilities:	
(Increase)/decrease in accounts receivable	(2,204)
Net cash provided by/(used in) operating activities	<u>(22,210)</u>

11. Financial instruments

(a) **Categorisation of Financial Instruments**

The Corporation has categorised its financial instruments held as:

Financial Assets	Category
QTC Cash Fund	Cash
Receivables	Loans and receivables (at nominal value)
QTC Fixed Term Deposits	Held to maturity investments

The Corporation has no financial liabilities.

(b) **Credit Risk Exposure**

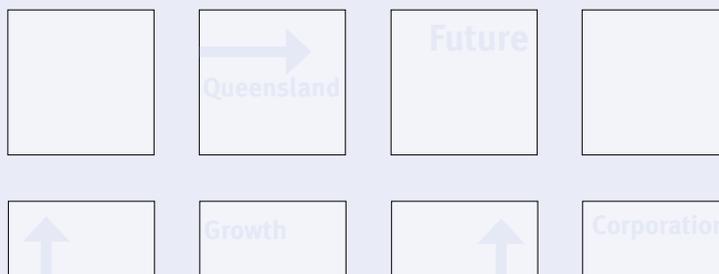
The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provisions for impairment as indicated in the Balance Sheet. To reduce exposure to credit default the Corporation manages credit risk by ensuring it invests in secure assets, monitors all funds owed on a timely basis and has sufficient funds available to meet obligations at all times. Exposure to credit risk is monitored on a regular basis.

(c) **Past due or impaired**

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

(d) **Liquidity Risk**

To reduce the exposure to liquidity risk, the Corporation ensures it has sufficient funds available to meet its obligations by holding all its cash in an investment that is readily convertible to cash on hand at the Corporation's option and is subject to a low risk of changes in value.



Queensland Future Growth Corporation
Annual Report 2006–07



Queensland Future Growth Corporation
Notes to and forming part of the Financial Statements
For the year ended 30 June 2007

Financial instruments	Floating rate	Contractual repricing/maturity date			Non-interest-bearing	Total	Weighted average rate
		1 year or less	1 to 5 years	Over 5 years			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Financial assets							
Cash	1,349,184					1,349,184	6.53%
Receivables					2,210	2,210	#
Investments		149,542	149,552			299,094	5.71%
Total financial instruments	1,349,184	149,542	149,552	0	2,210	1,650,488	

#No rate applicable

(f) Fair Value

The fair value of the Corporation's financial assets are determined as follows:

The fair value of the QTC Cash Fund and the non-interest bearing receivables approximate their carrying amounts and are not disclosed separately below.

The fair value of the QTC Fixed Term Deposits is 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:

Financial instruments	Carrying Amount	Fair Value
	2007	2007
Financial assets	\$'000	\$'000
Financial assets at Investments	299,094	298,998
Total	299,094	298,998

Queensland Future Growth Corporation
Annual Report 2006–07



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 2007 and of the financial position as at the end of that year.

R KEELER CA
Chief Financial Officer
14 September 2007

G BRADLEY CPA, FCA
Under Treasurer
14 September 2007



Queensland Future Growth Corporation
Annual Report 2006–07



Independent Auditor's Report

To the Under Treasurer of Queensland

Matters Relating to the Electronic Presentation of the Audited Financial Report

The audit report relates to the financial report of the Queensland Future Growth Corporation for the financial year ended 30 June 2007 included on Treasury's web site. The Under Treasurer is responsible for the integrity of the Queensland Treasury web site. We have not been engaged to report on the integrity of the Queensland Treasury web site. The audit 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 Queensland Treasury, to confirm the information included in the audited financial report presented on this web site.

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 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended 30 June 2007, a summary of significant accounting policies, other explanatory notes and certificates given by the Under Treasurer as the corporation sole, 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 is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with 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.

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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 Financial Administration and Audit Act 1977 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 section 46G of the *Financial Administration and Audit Act 1977* –

- (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 2006 to 30 June 2007 and of the financial position as at the end of that year.

N P JACKSON FCPA
Assistant Auditor-General
Queensland Audit Office
(as Delegate of the Auditor-General of Queensland)
Brisbane



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We welcome your 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: www.treasury.qld.gov.au

Additional copies of the Queensland Future Growth Corporation Annual Report can be obtained by phoning + 61 7 3227 6940.

Our contact details

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