

2011–12

Queensland Future Growth Corporation
Annual Report

About this annual report

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


The *Queensland Future Growth Corporation Annual Report 2011-12* is an important part of our corporate governance framework. It ensures accountability to the Queensland Parliament and the community about the Corporation and the activities of the Fund.


The report details the performance, activities and financial position for the 2011-12 financial year and links with the Service Delivery Statement for 2011-12 and 2012-13. It also provides information on structure and corporate governance processes, and the proposed future direction of the Corporation.


The annual report has been tabled in Parliament and an electronic version is available online from the Queensland Treasury website: <http://www.treasury.qld.gov.au/office/knowledge/docs/future-growth-fund/index.shtml>

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Feedback

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

Translating and interpreting assistance

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

If you have difficulty understanding this annual report, please contact us on +61 7 3035 1933 between 9am-5pm, Monday to Friday (except public holidays). We will arrange an interpreter to effectively communicate the report to you.

20 September 2012

The Honourable Tim Nicholls MP
Treasurer and Minister for Trade
Level 9 Executive Building
100 George St
BRISBANE QLD 4000

Dear Treasurer

I am pleased to present the Annual Report 2011-2012 and financial statements for the Queensland Future Growth Corporation.

I certify that this Annual Report complies with:

- the prescribed requirements of the Financial Accountability Act 2009 and the Financial and Performance Management Standard 2009, and
- the detailed requirements set out in the Annual report requirements for Queensland Government agencies.

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

Yours sincerely

Helen Gluer
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 2011-12, the Fund provided \$200.860 million towards transport infrastructure, clean coal technology, climate change projects, Smart State projects, social housing stock and education infrastructure.

Helen Gluer
Under Treasurer

About us

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

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

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

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

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

Structure and corporate governance

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

In addition, it utilises Queensland Treasury and Trade's Audit Committee and Risk Management Committee and *Information and Communication Technology Strategic Plan* and *Asset Strategic Plan*. Additional information on the committees can be found at http://www.treasury.qld.gov.au/about/annual_report/index.shtml

Queensland Treasury and Trade 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 and Trade.

Our performance

Strategic business priorities

The Corporation supports the Government's objective to invest in better infrastructure by:

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

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

Actions/projects undertaken to achieve priorities

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

Performance statement

Service Standards	Target	Actual
Fund administered in accordance with government guidelines	100%	100%
Allocation of funds to projects within the intended scope of the Fund	100%	100%
Provision of funding in accordance with project cash flows	100%	Partial ¹

¹ The partial achievement of the 2011-12 target is due to the impact of machinery-of-Government changes creating a payable at year end.

Our activities

Operations

In 2011-12, funding was provided towards research and development projects, transport, clean coal technology, climate change, social housing stock and education infrastructure, including:

- infrastructure required for moving year 7 into secondary school
- the Northern Busway
- Innovation Building Fund recipients.

Queensland Future Growth Fund projects	2011-12 \$ million
Transport infrastructure ¹	77.209
Clean coal technology	0.527
Climate change projects	23.162
Smart State projects	33.862
Social housing stock	60.000
Educational Infrastructure	6.100
TOTAL	200.860

¹ Transport infrastructure includes the Mount Isa rail line project which had previously been re-allocated from commercial infrastructure.

In light of the Australian Government's introduction of a carbon tax on 1 July 2012, the Government decided to abolish many climate change programs to reduce duplication. Many of these programs were either in part, or wholly funded, from the Queensland Future Growth Fund. This means that the funding allocation from the Fund for commercial infrastructure, climate change, clean coal technology, water infrastructure and social housing has now been completed. This provides an opportunity for the Queensland Government to review the ongoing operations of the Corporation.

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 by:

- providing funding for transport projects
- contributing funds towards research and development projects, including the Innovation Building Fund
- continuing funding for education infrastructure associated with the transition of Year 7 into secondary school.

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

Related entities

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

The Corporation has a service level agreement with Queensland Treasury and Trade for the provision of administrative services.

Internal audit function

Due to the nature of the Corporation and its use of Queensland Treasury and Trade's infrastructure and policies, the internal audit function is covered within the Queensland Treasury and Trade audit plan. Additional information on Queensland Treasury and Trade's internal audit function can be found at http://www.treasury.qld.gov.au/about/annual_report/index.shtml

Risk management

Risk management is a core part of Queensland Treasury and Trade'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 and Trade's operations.

Other mandatory reporting requirements

Other mandatory reporting requirements of the Corporation can be found on Queensland Treasury and Trade's website at http://www.treasury.qld.gov.au/about/annual_report/index.shtml

Foreword

Queensland Future Growth Corporation's Financial Statements are general purpose financial statements prepared in accordance with prescribed requirements including *Australian Accounting Standards* and the *Financial Reporting Requirements* issued by the Treasurer.

The Financial Statements comprise the following components:

- Statement of comprehensive Income
- Statement of financial position
- Statement of changes in equity
- Statement of cash flows
- Notes to and forming part of the financial statements
- Management Certificate
- Independent Auditor's Report.

Queensland Future Growth Corporation

Statement of Comprehensive Income

for the year ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
Income from continuing operations			
Interest revenue	3	28,165	45,997
Total income from continuing operations		28,165	45,997
Expenses from continuing operations			
Supplies and services	4	2	3
Other expenses	5	14	13
Total expenses from continuing operations		16	16
Operating result from continuing operations		28,149	45,981
Total comprehensive income		28,149	45,981

The accompanying notes form part of these statements.

Queensland Future Growth Corporation

Statement of Financial Position

as at 30 June 2012

	Notes	2012 \$'000	2011 \$'000
Current assets			
Cash and cash equivalents	6	600,708	752,422
Receivables	7	6,335	10,618
Total current assets		607,043	763,040
Total assets		607,043	763,040
Current liabilities			
Payables	8	16,726	13
Total current liabilities		16,726	13
Total liabilities		16,726	13
Net assets		590,316	763,027
Equity			
Accumulated surplus		418,755	390,606
Contributed equity		171,561	372,421
Total equity		590,316	763,027

The accompanying notes form part of these statements.

Queensland Future Growth Corporation

Statement of Changes in Equity

for the year ended 30 June 2012

	Notes	Accumulated surplus \$'000	Contributed equity \$'000	Total \$'000
Balance as at 1 July 2010		344,625	777,103	1,121,728
Operating result from continuing operations		45,981	-	45,981
<i>Transactions with owners as owners:</i>				
- Non-appropriated equity withdrawals	9	-	(404,682)	(404,682)
Balance as at 30 June 2011		390,606	372,421	763,027
Balance as at 1 July 2011		390,606	372,421	763,027
Operating result from continuing operations		28,149	-	28,149
<i>Transactions with owners as owners:</i>				
- Non-appropriated equity withdrawals	9	-	(200,860)	(200,860)
Balance as at 30 June 2012		418,755	171,561	590,316

The accompanying notes form part of these statements.

Queensland Future Growth Corporation

Statement of Cash Flows

for the year ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
Cash flows from operating activities			
Inflows:			
Interest received		32,449	46,422
Outflows:			
Other		(15)	(17)
Net cash provided by (used in) operating activities	10	32,434	46,405
Cash flows from financing activities			
Outflows:			
Non-appropriated equity withdrawals		(184,148)	(404,682)
Net cash provided by (used in) financing activities		(184,148)	(404,682)
Net increase (decrease) in cash and cash equivalents		(151,714)	(358,277)
Cash and cash equivalents at beginning of financial year		752,422	1,110,699
Cash and cash equivalents at end of financial year	6	600,708	752,422

The accompanying notes form part of these statements.

Queensland Future Growth Corporation

Notes to and forming part of the Financial Statements 2011-12

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 provides for initiatives and infrastructure for the benefit of Queensland. The Corporation operates from funds received from the proceeds of sale of certain Government assets.

2. Summary of significant accounting policies

(a) Basis of accounting

The Corporation's financial statements have been prepared as general purpose financial statements in accordance with section 42 of the Financial and Performance Management Standard 2009 and Australian Accounting Standards and Interpretations. In addition, the financial statements comply with the Treasurer's Minimum Reporting Requirements for the year ended 30 June 2012 and other authoritative pronouncements.

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

(b) Reporting entity

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

(c) Interest revenue

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

(d) Cash and cash equivalents

All funds are deposited into an at call facility with a commercial bank. For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June. The Corporation's bank account is included within the Government's offset arrangement.

(e) Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase contract price. Settlement of trade debtors is required within 30 days. The collectability of receivables is assessed periodically with provision being made for impairment.

Other debtors may arise from transactions outside the usual operating activities of the Corporation and are recognised at their assessed amounts.

(f) Payables

Trade creditors are recognised upon receipt of goods and services at the contracted amount.

Queensland Future Growth Corporation

Notes to and forming part of the Financial Statements 2011-12

2. Summary of significant accounting policies (continued)

(g) Financial instruments

Recognition

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

Classification

Financial instruments are classified and measured as follows:

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

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

All other disclosures relating to the measurement and financial risk management of financial instruments held by the Corporation are included in Note 11.

(h) Contributed Equity

Non-reciprocal transfers of assets between the Corporation (statutory body) and the State of Queensland are accounted for as contributions for owners against Contributed Equity and are referred to as non-appropriated equity adjustments in accordance with Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

(i) Taxation

The Corporation is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of goods and services tax (GST). As such, GST payable to and GST credits receivable from the Australian Taxation Office (ATO) are recognised and accrued where applicable.

(j) Issuance of financial statements

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

(k) Judgement and assumptions

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

(l) Rounding and comparatives

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

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

Notes to and forming part of the Financial Statements 2011-12

2. Summary of significant accounting policies (continued)

(m) New and revised Accounting Standards

The Corporation did not voluntarily change any of its accounting policies during 2011-12.

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 Queensland Treasury and Trade. 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 2011-12

	2012 \$'000	2011 \$'000
3. Interest revenue		
Interest	28,165	45,997
	<u>28,165</u>	<u>45,997</u>
4. Supplies and services		
Printing	2	3
	<u>2</u>	<u>3</u>
5. Other expenses		
Audit fees	7	7
Administration charges - other	7	6
	<u>14</u>	<u>13</u>
Total Queensland Future Growth Corporation external audit fees relating to the 2011-12 financial year are estimated to be \$7,200 (2011: \$7,300)		
6. Cash and cash equivalents		
Cash at bank	600,708	752,422
	<u>600,708</u>	<u>752,422</u>
7. Receivables		
Interest receivable	6,335	10,618
	<u>6,335</u>	<u>10,618</u>
8. Payables		
Non-appropriated equity withdrawal payable*	16,712	..
Accrued audit fees	7	7
Accrued expenses	7	6
	<u>16,726</u>	<u>13</u>

*Non-appropriated equity withdrawal payable of \$16.712M to Consolidated Fund (CF) via Treasury Administered to offset CF's appropriation payable to the Department of Science, Information Technology, Innovation and the Arts (DSITIA) for costs it has incurred on QFGF projects.

Queensland Future Growth Corporation

Notes to and forming part of the Financial Statements 2011-12

	2012	2011
	\$'000	\$'000
9. Non-appropriated equity withdrawals		
Projects funded by Queensland Future Growth Fund		
Clean coal technology	(527)	(16,368)
Transport infrastructure	(77,209)	(20,823)
Smart State projects	(33,862)	(48,987)
Social housing stock	(60,000)	(90,000)
Water infrastructure	..	(164,124)
Climate change projects	(23,162)	(38,380)
Life Sciences Partnership Fund	..	(26,000)
Education infrastructure	(6,100)	..
	<u>(200,860)</u>	<u>(404,682)</u>
10. Reconciliation of Operating Surplus to Net Cash from Operating Activities		
Operating surplus/(deficit)	28,149	45,981
Change in assets and liabilities:		
(Increase)/decrease in accounts receivable	4,284	425
Increase/(decrease) in accounts payable	<u>1</u>	<u>(1)</u>
Net cash from operating activities	<u>32,434</u>	<u>46,405</u>

11. Events occurring after balance date

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

Queensland Future Growth Corporation

Notes to and forming part of the Financial Statements 2011-12

12. Financial instruments

(a) Categorisation of financial instruments

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

Category	Note	2012 \$'000	2011 \$'000
Financial assets			
Cash and cash equivalents	6	600,708	752,422
Receivables	7	6,335	10,618
Total		607,043	763,040
Financial liabilities			
Payables	8	16,726	13
Total		16,726	13

(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 and Trade.

(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.

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

Category	Note	2012 \$'000	2011 \$'000
Financial assets			
Cash and cash equivalents	6	600,708	752,422
Receivables	7	6,335	10,618
Total		607,043	763,040

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

Queensland Future Growth Corporation

Notes to and forming part of the Financial Statements 2011-12

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

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

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

2012 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							
Receivables	6,335	..	..	..	..	..	6,335
Total	6,335	..	..	..	..	..	6,335

2011 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							
Receivables	10,618	..	..	..	..	..	10,618
Total	10,618	..	..	..	..	..	10,618

(d) Liquidity risk

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

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

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

		2012 Payable in			Total
		<1 year	1 - 5 years	> 5 years	
	Note	\$'000	\$'000	\$'000	\$'000
Financial liabilities					
Payables	8	16,726	..	..	16,726
Total		16,726	..	..	16,726

Queensland Future Growth Corporation

Notes to and forming part of the Financial Statements 2011-12

	Note	2011 Payable in			Total \$'000
		<1 year \$'000	1 - 5 years \$'000	> 5 years \$'000	
Financial liabilities					
Payables	8	13	..	..	13
Total		13	..	..	13

(e) Market risk

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

(f) Interest rate sensitivity analysis

The following interest rate sensitivity analysis depicts the outcome to profit and loss if interest rates would change by +/- 1% from the year end rates applicable to the Corporation's financial assets. With all other variables held constant, the Corporation would have a surplus and equity increase/(decrease) of \$6,007,000 (2011: \$7,524,000). This is attributable to the Corporation's exposure to variable interest rates on its at call facility with a commercial bank.

Financial instruments	Carrying amount \$'000	2012 Interest rate risk			
		-1%		1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Cash and cash equivalents	600,708	(6,007)	(6,007)	6,007	6,007
Overall effect on profit and equity		(6,007)	(6,007)	6,007	6,007

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

Financial instruments	Carrying amount \$'000	2011 Interest rate risk			
		-1%		1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Cash and cash equivalents	752,422	(7,524)	(7,524)	7,524	7,524
Overall effect on profit and equity		(7,524)	(7,524)	7,524	7,524

(g) Fair value

The Corporation does not recognise any financial assets or financial liabilities at fair value.

The fair value of trade receivables and payables is assumed to approximate the value of the original transaction, less any provision for impairment.

Certificate of the Queensland Future Growth Corporation

These general purpose financial statements have been prepared pursuant to section 62 (1) of the *Financial Accountability Act 2009*, relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62 (1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- (b) the statements have been drawn up so as to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Queensland Future Growth Corporation for the financial year ended 30 June 2012 and of the financial position of the statutory body as at the end of that year.

D ANSON CPA, BBus
Chief Financial Officer

30 August 2012

H GLUER MBA, BCom, FCPA, FAICD
Under Treasurer

30 August 2012

Independent Auditor's Report

To the Under Treasurer of Queensland

Report on the Financial Report

I have audited the accompanying financial report of Queensland Future Growth Corporation, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. This Under Treasurer's responsibility also includes such internal control as the Under Treasurer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the *Australian Auditing Standards*. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about 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 the risks of material misstatement of 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 of the financial report that gives a true and fair view 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 controls, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used 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 all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

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

Auditor's Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents 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 2011 to 30 June 2012 and of the financial position as at the end of that year.

Matters Relating to the Electronic Presentation of the Audited Financial Report

The auditor's report relates to the financial report of Queensland Future Growth Corporation for the year ended 30 June 2012. Where the financial report is included on Queensland Treasury and Trade's website, the Under Treasurer is responsible for the integrity of Queensland Treasury and Trade's website and I have not been engaged to report on the integrity of Queensland Treasury and Trade's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

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



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

Queensland Audit Office
Brisbane

Glossary

Annual Report Requirements for Queensland Government Agencies	Sets out the reporting requirements and standards for Queensland Government departments, agencies and statutory bodies for their annual reports
Financial Accountability Act 2009	Sets out the principles to be observed by all Queensland public sector agencies in relation to financial management
Financial and Performance Management Standard 2009	Provides a framework for departments and statutory bodies to develop and implement systems, practices and controls for their efficient, effective and economic, financial and performance management. The Standard requires accountable officers and statutory bodies to adopt a proactive approach in monitoring the appropriateness of the systems, operations and overall financial position and performance of the department or statutory body.
Future Growth Fund Act 2006	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.
Service Delivery Statement (SDS)	Budget papers prepared on a portfolio basis by agencies. The SDS set out the priorities, plans and financial statements of agencies.
<i>Statutory Bodies Financial Arrangements Act 1982</i>	Provides for the efficient and effective management of the powers of Statutory Bodies to enter into financial arrangements.

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