

Queensland Future Growth Corporation Annual Report 2007-08



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About this Annual Report

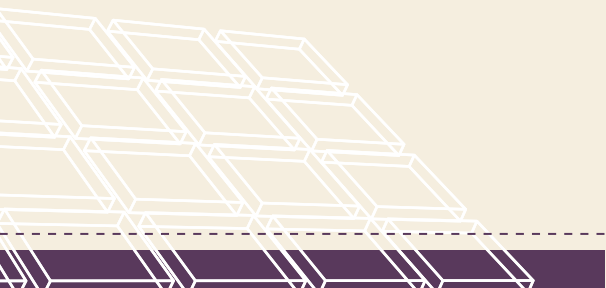
The Queensland Future Growth Corporation (the Corporation) is a statutory body established to administer the Queensland Future Growth Fund (the Fund). The Fund has been created to provide funding for infrastructure and initiatives that will benefit the future economy of Queensland.

The *Queensland Future Growth Corporation Annual Report 2007-08* 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.

The report details the achievements, performance and financial position for the 2007-08 financial year and links with the Service Delivery Statement for 2008-09. 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

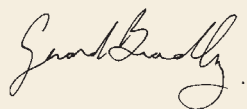
The Queensland Future Growth Fund (the Fund) was established in 2006 with the net proceeds from the sale of the State's Government-owned energy corporations – Allgas Energy, Sun Retail, Sun Gas and Powerdirect Australia. During 2007-08, the remaining proceeds from these sales were also paid into the Fund.

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

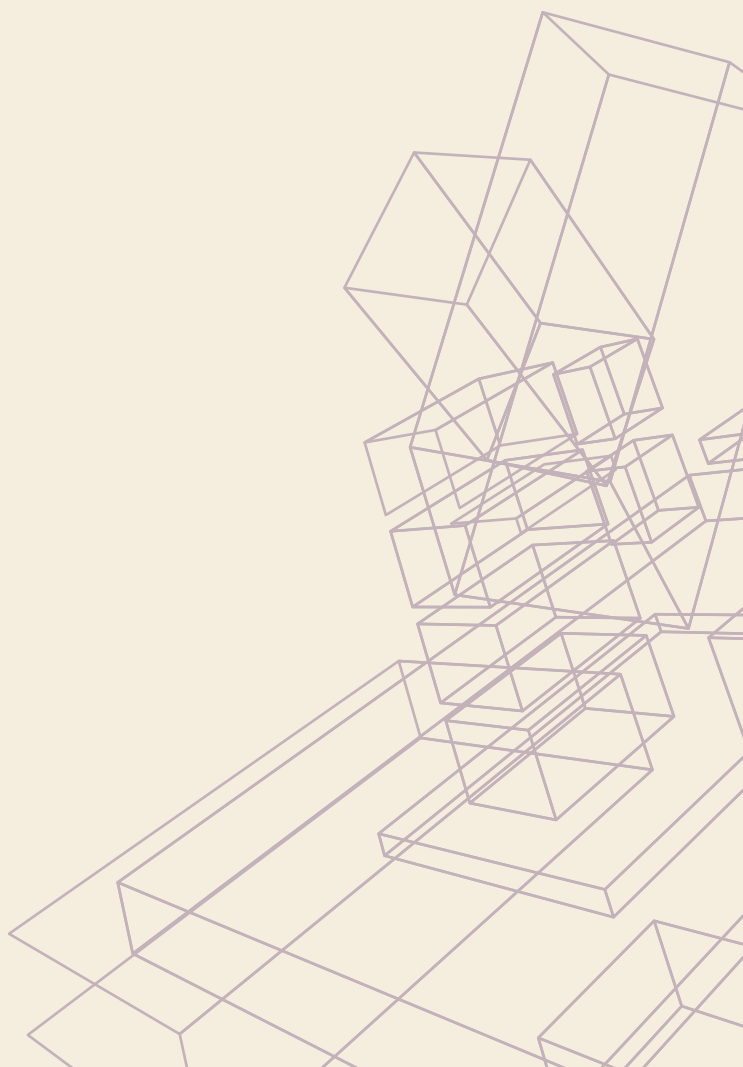
As this report outlines, in 2007-08, the Fund provided \$263.521 million towards transport infrastructure, social housing stock, clean coal technology and Smart State projects.

Looking forward, the net proceeds from the disposal of Mackay Airport, Cairns Airport and the Government's stake in Brisbane Airport will be transferred into the Fund, to fund the re-development of the Mackay, Cairns and Mt Isa Base hospitals and other regional infrastructure.

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



Gerard Bradley
Under Treasurer



About us

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.

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, where possible, to record and prepare its financial transactions and statements. In addition, it utilises Queensland Treasury's Audit Committee and Risk Management Committee and *Information and Communication Technology Plan* and *Asset Strategic Plan*.

Corporate governance

Queensland Treasury 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 Service Delivery Statement, is prepared by Queensland Treasury.

Our performance

Strategic business priorities

The Queensland Future Growth Fund (the Fund) finances initiatives that will benefit the future economy of Queensland, specifically:

- implementing strategies to secure water supply and provide finance for critical water infrastructure
- supplying funds to research and develop innovative technologies that address climate change. In doing this, the Fund proactively contributes to the State's environmental sustainability and supports Queensland industries. This also enhances the State's economic wellbeing
- providing funding for future infrastructure related projects that support the State's growth.

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	Queensland 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 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 strategic business priorities

- Preparation of audited financial statements and the Annual Report for the Corporation
- Continue to manage and review the financial systems, practices and internal controls
- Maintain the delegation of procurement, expenditure and administrative functions to appropriately qualified public service employees
- Re-injection of interest earnings on the Fund balance
- Ensure 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

Availability of Annual Report

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

Consultancy expenditure

No expenditure on consultancy has been incurred in 2007–08.

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.

ICT/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.

Operations

In 2007–08, the remaining proceeds from the sale of Allgas Energy, Sun Retail, Sun Gas and Powerdirect were invested into the Fund. The Fund also benefits from the re-injection of interest earnings on the Fund balance.

In 2007–08, funding was contributed to transport infrastructure, social housing stock, clean coal technology and Smart State projects.

Queensland Future Growth Fund projects	2007-08 \$ million
Transport infrastructure	149.247
Social housing stock	85.000
Clean coal technology	22.444
Smart State projects	6.830

Our activities

Overseas travel

No overseas travel has been undertaken.

Proposed forward operations

The Fund will continue to deliver the following key priorities in accordance with the stated objectives of the Fund, as set out in section 4 of the *Future Growth Fund Act 2006*:

- continue construction of vital infrastructure projects in the areas of water, transport and roads
- provide funding for clean coal technology that will make a proactive and positive contribution to the science and technology of reducing greenhouse gas emissions
- provide funding for the Renewable Energy Fund and the Queensland Smart Energy Savings Fund to combat the effects of climate change
- contribute further to the Innovation Building Fund to capitalise on previous investment in research and development infrastructure and to further develop in areas of comparative advantage
- provide funding for commercial infrastructure with details on projects to be determined by future priorities and commercial negotiations
- continue to provide funding to the Department of Housing for a major expansion of the State's social housing stock.

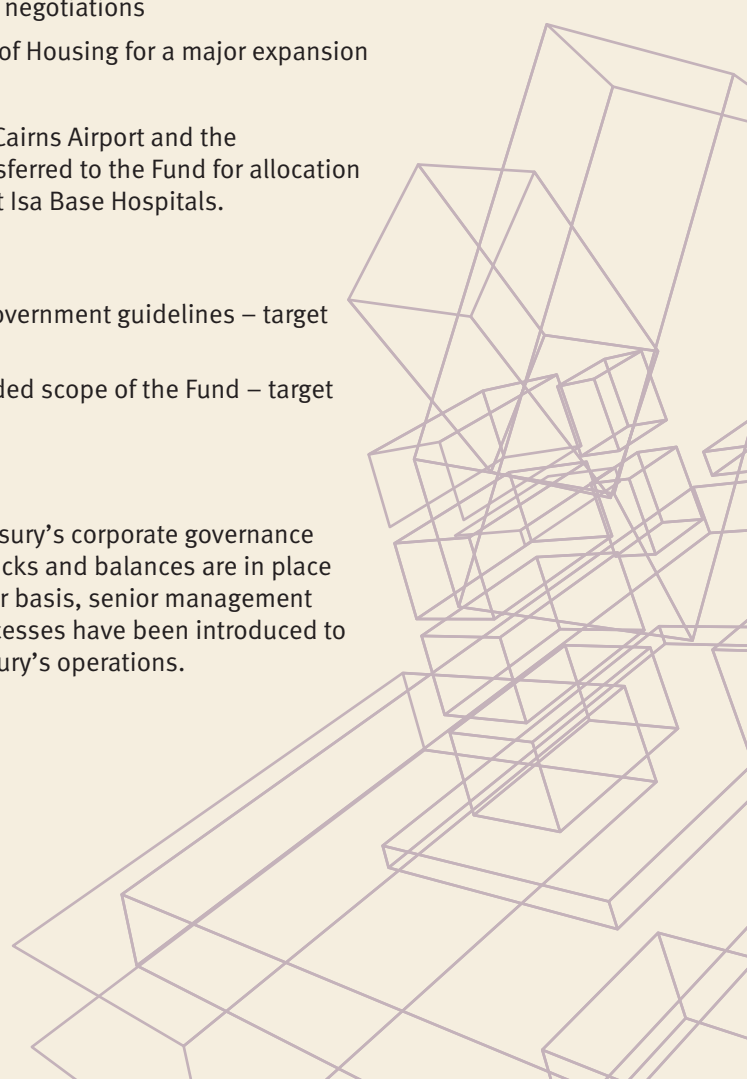
Net proceeds from the disposal of Mackay Airport, Cairns Airport and the Government's stake in Brisbane Airport will be transferred to the Fund for allocation to the re-development of the Mackay, Cairns and Mt Isa Base Hospitals.

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 Queensland Treasury's corporate governance framework. It requires ensuring the appropriate checks and balances are 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.



Financial Statements

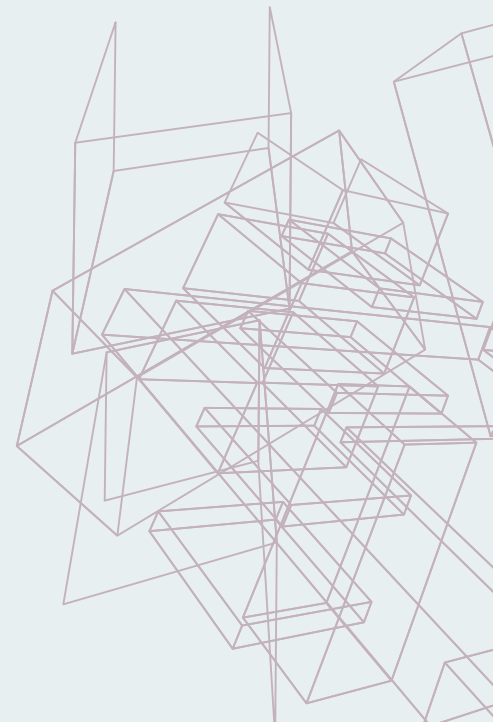
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Foreword

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 2008

	Notes	2008 \$'000	2007 \$'000
Income			
Revenues			
Investment income	3	179,324	2,160
Gains			
Amortised gain on purchase of investments	4	528	2
Total income		<u>179,852</u>	<u>2,162</u>
Expenses			
Supplies and services	5	3	19,987
Other expenses	6	2,227	2,085
Total expenses		<u>2,231</u>	<u>22,072</u>
Operating surplus/(deficit)		<u>177,622</u>	<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 2008

	Notes	2008 \$'000	2007 \$'000
Current assets			
Cash	7	2,284,751	1,349,184
Receivables	8	..	2,210
Investments	9	277,362	149,542
Total current assets		2,562,113	1,500,936
Non-current assets			
Investments	9	..	149,552
Total non-current assets		..	149,552
Total assets		2,562,113	1,650,488
Current liabilities			
Payables	10	6	..
Other liabilities	11	23,336	..
Total current liabilities		23,342	..
Total liabilities		23,342	..
Net assets		2,538,771	1,650,488
Equity			
Retained surplus/(deficit)		157,712	(19,910)
Contributed equity		2,381,059	1,670,398
Total equity		2,538,771	1,650,488

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 2008

	Notes	2008 \$'000	2007 \$'000
Retained surplus			
Balance 1 July		(19,910)	..
Operating surplus/(deficit)		177,622	(19,910)
Balance 30 June		<u>157,712</u>	<u>(19,910)</u>
Contributed equity			
Balance 1 July		1,670,398	..
Non-appropriated equity injection		974,182	1,700,000
Non-appropriated equity withdrawal	12	(263,521)	(29,602)
Balance 30 June		<u>2,381,059</u>	<u>1,670,398</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 2008

	Notes	2008 \$'000	2007 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Interest received		176,584	2,066
Other		2,210	..
<i>Outflows:</i>			
Consultancy expenses		..	21,986
Other		2,225	2,290
Net cash from operating activities	13	176,569	(22,210)
Cash flows from investing activities			
<i>Inflows:</i>			
Proceeds from sale of investments		25,000	..
<i>Outflows:</i>			
Payments for investments		..	298,998
Net cash from investing activities		25,000	(298,998)
Cash flows from financing activities			
<i>Inflows:</i>			
Non-appropriated equity injections		974,182	1,700,000
<i>Outflows:</i>			
Non-appropriated equity withdrawals		240,185	29,608
Net cash from financing activities		733,997	1,670,392
Net increase/(decrease) in cash held		935,567	1,349,184
Cash at beginning of financial year		1,349,184	..
Cash at end of financial year	7	2,284,751	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 2008

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 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 Equivalents to International Financial Reporting Standards (AIFRS) 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 2008 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 generally 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 2008.

(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 between two and twenty months.

Maturity Date	Fixed interest rate %
25 August 2008	5.492
25 August 2008	5.725
27 August 2008	6.783
25 February 2009	7.860
27 February 2009	5.625
27 February 2009	5.760

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.

Queensland Future Growth Corporation Notes to and forming part of the Financial Statements For the year ended 30 June 2008

2. Summary of significant accounting policies (continued)

(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.

(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 Director of Finance at the date of signing the Management Certificate.

(i) 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.

(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

No Australian accounting standards and interpretations issued or amended and applicable for the first time in the 2007-08 financial year have an effect on the Corporation. Also, the Corporation has not voluntarily changed any of its accounting policies.

The Corporation is not permitted to early adopt a new 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.

All Australian accounting standards and interpretations with future commencement dates are either not applicable to the Corporation, or have 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 2008

	2008 \$'000	2007 \$'000
3. Investment income		
Interest on QTC investments	179,324	2,160
	<u>179,324</u>	<u>2,160</u>
4. Gain on purchase of investments		
Amortised gain on purchase of QTC fixed term deposits	528	2
	<u>528</u>	<u>2</u>
5. Supplies and services		
Consultancy for sale of energy assets	..	19,987
Printing	3	..
	<u>3</u>	<u>19,987</u>
6. Other expenses		
Administration charges on QTC investments	2,215	33
Audit fees	12	..
Project costs for sale of energy assets	..	2,052
	<u>2,227</u>	<u>2,085</u>
Total external audit fees relating to the 2007-08 financial year are estimated to be \$6,000 (2007:\$6,200)		
7. Cash		
QTC Cash Fund	2,284,751	1,349,184
	<u>2,284,751</u>	<u>1,349,184</u>
Money held in the QTC Cash Fund earned interest at between 6.48% to 8.37% in 2008 (2007: 6.63%)		
8. Receivables		
GST input tax credits receivable	..	2,204
Non-appropriated equity injection receivable	..	6
	<u>..</u>	<u>2,210</u>
9. Investments		
<i>Current</i>		
QTC fixed term deposits	277,362	149,542
	<u>277,362</u>	<u>149,542</u>
<i>Non-current</i>		
QTC fixed term deposits	..	149,552
	<u>..</u>	<u>149,552</u>

Queensland Future Growth Corporation
Notes to and forming part of the Financial Statements
For the year ended 30 June 2008

	2008 \$'000	2007 \$'000
10. Payables		
<i>Current</i>		
Accrued audit fees	6	..
	<u>6</u>	<u>..</u>
11. Other liabilities		
<i>Current</i>		
Non-appropriated equity withdrawal payable	23,336	..
	<u>23,336</u>	<u>..</u>
12. Non-appropriated equity withdrawals		
<i>Projects funded by the Queensland Future Growth Fund</i>		
Clean coal technology	(22,444)	(29,602)
Transport infrastructure	(149,247)	..
Smart State projects	(6,830)	..
Social housing stock	(85,000)	..
	<u>(263,521)</u>	<u>(29,602)</u>
13. Reconciliation of operating surplus to net cash from operating activities		
Operating surplus/(deficit)	177,622	(19,910)
Non-cash items:		
Accrued interest on investments	(2,740)	(94)
Amortised (premium)/loss on investments	(528)	(2)
Change in assets and liabilities:		
(Increase)/decrease in accounts receivable	2,210	(2,204)
Increase/(decrease) in accounts payable	6	..
Net cash provided from operating activities	<u>176,569</u>	<u>(22,210)</u>

Queensland Future Growth Corporation Notes to and forming part of the Financial Statements For the year ended 30 June 2008

14. Financial instruments

(a) Categorisation of financial instruments

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

Category	Note	2008 \$'000	2007 \$'000
Financial assets			
Cash and cash equivalents	7	2,284,751	1,349,184
Receivables	8	..	2,210
Held-to-maturity investment:			
QTC fixed term deposits	9	277,362	299,094
Total		<u>2,562,113</u>	<u>1,650,488</u>
Financial liabilities			
Payables	10	6	..
Other liabilities	11	23,336	..
Total		<u>23,342</u>	<u>..</u>

(b) Credit risk exposure

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 Corporations's maximum exposure to credit risk based on contractual amounts net of any allowances:

Maximum Exposure to Credit Risk Category	Note	2008 \$'000	2007 \$'000
Financial Assets			
Cash and cash equivalents	7	2,284,751	1,349,184
Receivables	8	..	2,210
Held-to-maturity investment:			
QTC fixed term deposits	9	277,362	299,094
Total		<u>2,562,113</u>	<u>1,650,488</u>

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.

Queensland Future Growth Corporation Notes to and forming part of the Financial Statements For the year ended 30 June 2008

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

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							
Receivables	..	..	..	..	..	..	..
Held-to-maturity investment	277,362	..	..	..	..	..	277,362
Total	277,362	..	..	..	..	..	277,362

2007 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	2,210	..	..	..	..	..	2,210
Held-to-maturity investment	299,094	..	..	..	..	..	299,094
Total	301,304	..	..	..	..	..	301,304

(c) Liquidity Risk

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.

	Note	2008 Payable in			Total
		<1 year \$'000	1 - 5 years \$'000	>5 years \$'000	\$'000
Financial liabilities					
Payables	10	6	..	..	6
Other liabilities	11	23,336	..	..	23,336
Total		23,342	..	..	23,342

(d) 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.

Queensland Future Growth Corporation

Notes to and forming part of the Financial Statements

For the year ended 30 June 2008

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 \$22,848,000 (2007: \$13,492,000). This is attributable to the Corporation's exposure to variable interest rates on its QTC Cash Fund.

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

The Corporation's sensitivity to interest has increased in the current period due to an increase in cash balances.

Financial Instruments	Carrying Amount \$'000	2007 Interest rate risk			
		-1%		1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Cash and cash equivalents	1,349,184	(13,492)	(13,492)	13,492	13,492
Overall effect on profit and equity		(13,492)	(13,492)	13,492	13,492

Fair Value

The carrying amount of cash, cash equivalents and receivables 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:

	2008		2007	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
Financial Assets				
Financial assets at amortised cost:				
QTC fixed term deposits	277,362	275,200	299,094	298,998
	<u>277,362</u>	<u>275,200</u>	<u>299,094</u>	<u>298,998</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 2008 and of the financial position as at the end of that year.



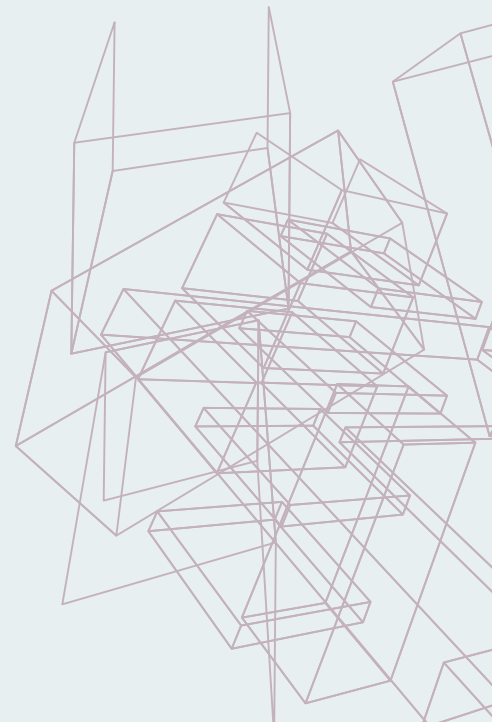
R KEELER CA
Chief Financial Officer

15 August 2008



G BRADLEY CPA, FCA
Under Treasurer

15 August 2008



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 2008 included on Treasury's web site. The Under Treasurer is responsible for the integrity of the Queensland Treasury web site. I 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 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended 30 June 2008, 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.

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.

Queensland Future Growth Corporation
Annual Report 2007–08

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

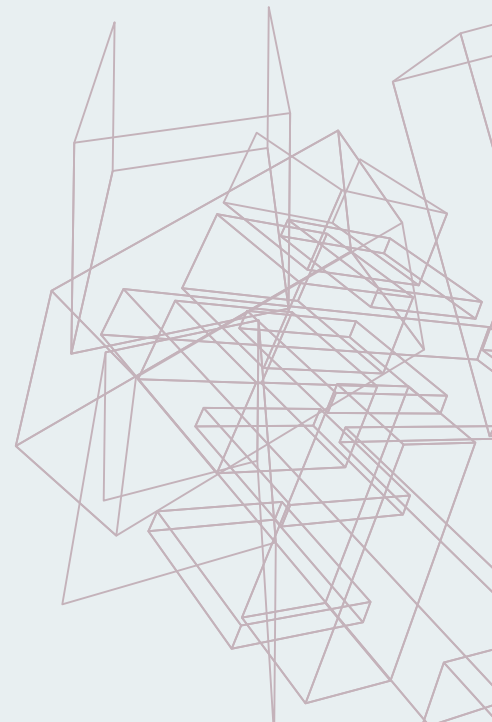
- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so 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 2007 to 30 June 2008 and of the financial position as at the end of that year.



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



Queensland Audit Office
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 3224 5575.

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