Annual Report 2009–2010

Queensland Treasury



Tomorrow's Queensland:
strong, green, smart, healthy and fair

Toward Q2 Tomorrow's Queensland

Queensland Government

20 September 2010

The Honourable Andrew Fraser MP
Treasurer and Minister for Employment
and Economic Development
GPO Box 611
BRISBANE QLD 4000

Dear Treasurer

I am pleased to present the Annual Report 2009-10 for Queensland Treasury.

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 at **www.treasury.qld.gov.au**

Yours sincerely

Gerard Bradley
Under Treasurer

About our annual report

The *Queensland Treasury Annual Report 2009-10* is an integral part of our corporate governance framework and is one of the main tools we use to ensure we are accountable to the Queensland Parliament and the community about our activities.

This report details our achievements, performance and financial position for the 2009–10 financial year. It aligns with the *Queensland Treasury Strategic Plan 2009-14, Service Delivery Statement 2009–10*, and the Queensland Government's broad objectives for the community as outlined in T*oward Q2: Tomorrow's Queensland*. It also provides information on our future direction, people management and corporate governance processes.

This report is available online:

www.treasury.qld.gov.au/annual-report

Enquiries about this annual report can be directed to the Principal Consultant, Communication and Web Services, telephone 61 7 3008 8142, facsimile 61 7 3224 2858 or email **annualreport@treasury.qld.gov.au**

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Under Treasurer's report

Over 2009-10, Treasury staff addressed a range of significant fiscal and economic challenges in response to the continuing impacts of the global financial crisis.

In the 2010-11 State Budget, we were able to report an improved position while incorporating a $17.1 billion capital program for Queensland's infrastructure needs. Economic growth is expected to have strengthened from 1.2 per cent in 2008-09 to 3 per cent in 2009-10.

A restructure of the State's balance sheet is one of the Government's key economic strategies and an important part of our economic plan to return the Budget to surplus in 2015-16 — a year earlier than expected.

Central to the Government's recovery strategy is the infrastructure reform and sale program. In 2009-10, detailed scoping studies were finalised determining the most appropriate sale model and expected sale timeline for each asset under the program. During the year the first divestment, the sale of a 99-year licence to operate Queensland's forestry plantations, was also finalised.

National reform was another major focus during 2009-10, most notably in health, taxation and Commonwealth-State financial relations. We provided advice on issues arising from the Australia's Future Tax System Review, and continued our contribution to the Commonwealth Grants Commission's review of the distribution of goods and services tax payments.

During the year, our contribution to the Council of Australian Governments (COAG) included a review of National Agreements, National Partnerships and Implementation Plans, and major health reforms.

Implementing these reforms will be a major and complex body of work. In this we will continue to partner with the Department of the Premier and Cabinet and other agencies such as Queensland Health.

In 2009-10 the final instalment of our revenue management system was completed. Business and individuals can now pay State taxes and apply for grants and subsidies online from one secure interface, with a take-up of almost 100% from duty self assessors achieved.

The Planning Information and Forecasting Unit (PIFU) joined Treasury from the Department of Infrastructure and Planning during the year, consolidating the Government's economic and demographic research capabilities. In 2009-10, PIFU provided a vital demographic knowledge base for the Queensland Government's 2010 Growth Management Summit.

During the year, Treasury administered some $25.33 billion of revenue and $4.299 billion of expenses on behalf of the State. As a Government agency, Treasury received $195.119 million in revenue and incurred $194.435 million in expenses.

Looking ahead, we expect 2010-11 to be another year where Treasury's expertise will be called upon to provide advice to the Government to meet its complex fiscal and economic challenges.

Gerard Bradley
Under Treasurer

2009-10 key achievements

- Developed the 2010-11 State Budget, including a $17.1 billion infrastructure program, and monitored and reviewed the 2009-10 State Budget.
- Oversaw Queensland's achievement of deregulation commitments under the National Partnership Agreement to Deliver a Seamless National Economy, including payroll tax harmonisation and standard business reporting.
- Finalised scoping studies to determine the sale structure and timing for the five assets and completed the $603 million sale of a 99-year licence to operate Queensland's forest plantations.
- Progressed a review of the preparedness of energy generator Government-owned corporations (GOCs) to respond to the challenges of carbon reduction measures and an increasingly competitive market.
- Collected $1.11 billion in dividends and current tax equivalents from GOCs to fund critical water, energy, ports and rail infrastructure projects.
- For the Queensland Growth Summit 2010, advised the State Government on demographic trends and the relationship between population growth and the economy.
- Conducted a study into demographic trends arising out of Queensland's mining and infrastructure boom.
- Via the Office of State Revenue, raised $8.4 billion in revenue which contributed to the provision of essential services.
- Continued taxation reform by implementing a range of initiatives, including a payroll tax rebate for apprentices and trainees and an increased payment period for land tax.
- Consolidated all grant and taxation streams into a single, integrated e-business system.

2010-11 key priorities

- Continue to support economic recovery as we frame the 2011-12 State Budget and monitor the 2010-11 Budget.
- Negotiate Queensland's position on National Partnership Agreement reform initiatives.
- Progress the Government's assets sale program.
- Collect a forecast $966 million in dividends and current tax equivalents.
- Work with GOCs as they implement their capital expenditure programs, budgeted for $6.142 billion, including electricity distribution network upgrades worth $2.189 billion.
- Produce population projections for Queensland to inform government, private and community planning, policy and resource allocation.
- Publish the Retail Price Index, a measurement of the relative price differences in basic household groceries and services across the State.
- Implement taxation reform initiatives from the 2010-11 State Budget, including a land tax exemption for supported accommodation facilities, a transfer duty exemption for Special Disability Trusts and the Regional First Home Owner Grant.
- Via the Office of State Revenue, raise a forecast $8.9 billion in revenue.

Our direction for 2010-11

In 2010-11, we will pursue the following objectives, outlined in the *Treasury Strategic Plan 2010-15*:

- Restore the State's financial position by meeting the Government's revised fiscal principles while managing the continuing effects of the global financial crisis.
- Continue structural, infrastructure and other reforms to raise the productivity of the Queensland economy and raise living standards in an environment where the relative strength of the economy is in part influenced by factors outside of the Government's control.
- Ensure Government resources achieve value for money, are directed to services that improve the quality of life of the community, and are delivered efficiently and equitably.
- Manage our role in the Council of Australian Governments' reform agenda and the Commonwealth Grants Commission review processes to deliver the best outcomes for Queensland.
- Maintain and build the capability of our people, our processes and our organisation to meet our challenges in an increasingly constrained resource environment.

Our vision

Treasury's vision is to improve the quality of life for all Queenslanders and contribute to the Government's key priorities for the community through its *Toward Q2: Tomorrow's Queensland* plan.

Our values

We value the following behaviours among our people:

- achievement and excellence
- trust and integrity
- innovation and learning
- teamwork.

Contents

About us

Who we are

The role of Queensland Treasury is to build the State's economic growth and ensure Government resources improve quality of life and achieve value-for-money for Queenslanders. We provide sound and timely advice to assist the Government to manage the State's finances in a sustainable way. Treasury also provides leadership in financial and economic management to the Queensland public sector.

We are responsible for three statutory authorities: the Motor Accident Insurance Commission, Queensland Treasury Corporation and the Queensland Future Growth Corporation. These authorities produce their own annual reports.

How we began

Queensland Treasury has no single legislative charter. It came into existence in 1859 with the separation of the Colony of Queensland from the Colony of New South Wales. The appointment of the first Colonial Treasurer, Mr Robert Ramsay Mackenzie, was gazetted on 15 December 1859.

What we do

In 2009-10, our diverse responsibilities and services included:

Managing a strong economy and financial position

Our fundamental role is to manage the State's finances, advance the performance of the Queensland economy, and provide policy, strategies and advice at a whole-of-Government level to promote value-for-money service delivery.

Managing Queensland's interests in Government-owned corporations

We manage the State's interest in the Government-owned corporations (GOCs) sector to maximise the Government's return on investment while ensuring reliable, efficient and secure service delivery; delivering market-like returns to shareholders; and adhering to corporate governance guidelines and statutory requirements.

Delivering economic and statistical research to inform Government decision making

Treasury provides the service of the Queensland Government's principal economic, statistical and social research agency. It provides statistical, economic and demographic services to improve planning, decision making, policy development, performance evaluation and resource allocation for Queensland.

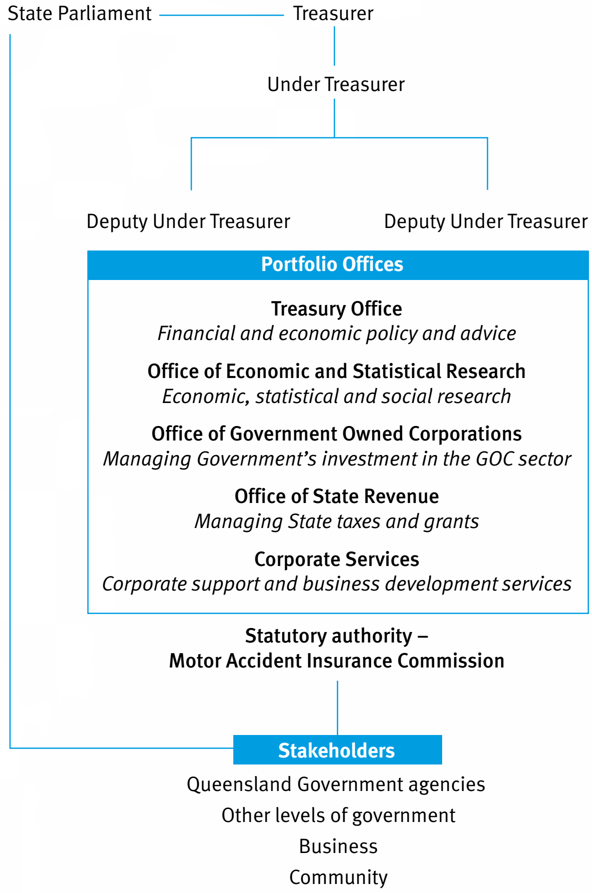
Delivering efficient and equitable State taxation

We manage Queensland's revenue base by delivering and administering simple, efficient and equitable revenue management services for State taxes and grant schemes.

To ensure we remain on track to deliver real benefits to Government and communities, our outputs are measured by specific performance indicators and are reported in the output sections of this report.

Our organisation

Our structure (featured below as at 30 June 2010) is organised into portfolio offices, with each office producing the outputs that help deliver contemporary, accountable and responsive government, economic success, growth in our cities and regions, and safer communities in line with the Queensland Government's priorities.



Changes in Treasury

On 1 August 2009, the Planning Information and Forecasting Unit from the Department of Infrastructure and Planning joined Treasury's Office of Economic and Statistical Research. By consolidating demographic activities, this move has enhanced the knowledge base available for Government policy and decision making.

About us

Delivering the Government's priorities

Treasury's outputs help deliver a strong, green, fair, smart and healthy Queensland in line with the Queensland Government's Toward Q2 plan.

We contribute to the Queensland Government's ambitions ...	... and targets for Queensland ...	... by ...
Strong		
Creating a diverse economy powered by bright ideas	Queensland is Australia's strongest economy, with infrastructure that anticipates growth. Increase by 50 per cent the proportion of Queensland businesses undertaking research and development or innovation.	Delivering financial and economic policy and advice to foster infrastructure development and whole-of-Government fiscal and economic strategies. Providing funding for initiatives and infrastructure that will benefit the sustainability and prosperity of Queensland's economy. Maximising the value of the Government's investment in Government-owned corporations. Advising the Treasurer on policies to promote economic efficiency and flexibility. Taking a targeted and proactive approach to financial and revenue management systems and practices, and developing people to support innovative business practices.

... through our diverse portfolio offices and their outputs

Treasury Office
Financial and economic policy and advice

Office of Government Owned Corporations
Managing Government's investment in the GOC sector

Office of Economic and Statistical Research
Economic, statistical and social research

Office of State Revenue
Managing State taxes and grants

Corporate Services
Corporate support and business development services

The year in review

Financial and economic policy

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Strategy	Highlights	The year ahead
Manage and coordinate the State Budget process and achieve a sound fiscal position.	Developed the 2010-11 State Budget, the *2008-09 Report on State Finances*, and the *2009-10 Mid Year Fiscal and Economic Review.*	Monitor the 2010-11 State Budget. Develop the 2011-12 State Budget, the 2009-10 Report on State Finances, and the 2010-11 Mid Year Fiscal and Economic Review.
Manage the processes associated with implementing the assets sale program.	Finalised scoping studies to determine the sale structure and timing for the five assets. Completed the $603 million sale of a 99-year licence to operate Queensland's forest plantations.	Progress the Government's assets sale program.
Manage and coordinate the Queensland Government's contribution to the Council of Australian Governments' (COAG) Business Regulation and Competition Working Group and other relevant national activities.	Coordinated and oversaw Queensland's commitments under the National Partnership Agreement to Deliver a Seamless National Economy.	Ensure Queensland delivers critical milestones under the agreement and continue to influence negotiations at a national level on Queensland's behalf.
Introduce a smart regulatory environment that supports better economic, social and environmental outcomes for Queensland.	Developed the *Queensland Regulatory Simplification Plan 2009-13*, and helped Queensland Government agencies develop their own plans which outline how agencies will review and reduce existing regulation. Released online tools inviting public feedback on reform initiatives. Introduced the Regulatory Assessment Statement (RAS) system to ensure regulation is developed reasonably and appropriately.	Continue supporting agencies to develop their own simplification plans. Continue working with business and community groups to drive responsive regulatory reform. Review effectiveness of compliance costing systems.

Financial summary

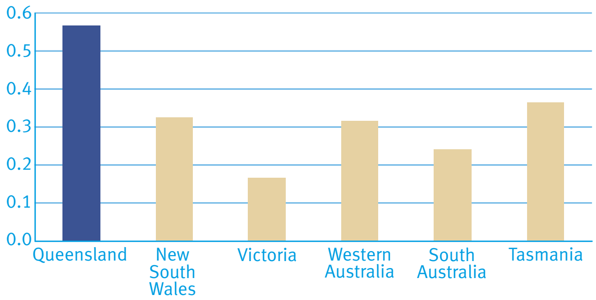
	2009-10	2008-09
State contribution	$74.13[1] M	$34.01 M
Other income	$22.86[2] M	$17.58 M
Full-time equivalent employees	299[1]	248

[1] Increase due to the commencement of the Commercial Transactions Team.

[2] Increase due to reimbursement of costs associated with the sale of Forestry Plantations Queensland. Partially offsetting this increase is the reimbursement of SEQ water implementation costs which occurred in 2008-09.

Projected ratio of financial assets to liabilities

(excluding investments in public enterprises)
at 30 June 2011 General Government sector



Analysis: Queensland has substantial holdings of financial assets, including assets set aside to meet future employee liabilities, relative to other states. This provides the State with a high level of liquidity, with Queensland having the highest ratio of financial assets (excluding investments in public enterprises) to liabilities of any state.

Government owned corporations (GOCs) performance and governance

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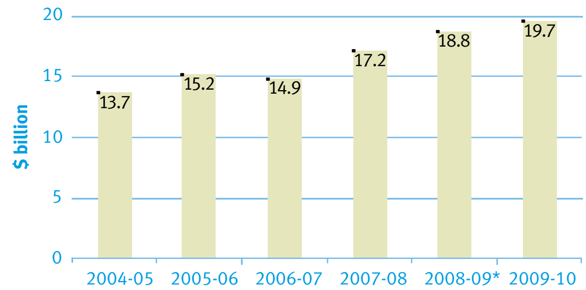
Strategy	Highlights	The year ahead
Actively work with GOCs to assist them in meeting their commercial performance and customer service objectives as agreed with shareholding Ministers through the Statements of Corporate Intent (SCI).	Collected $1.11 billion in dividends and tax equivalents from GOCs, which were then used for critical water, energy, ports and rail infrastructure projects and the community service obligations expected of the GOCs.	Collect $966 million in forecast dividends and current tax equivalents for essential capital projects.
	Established a new standard quarterly reporting regime for all GOCs to allow them to report effectively on progress towards SCI targets.	Assess quarterly reports on GOC performance, emerging risks and impacts, and mitigation strategies.
Undertake reviews of asset holdings and capital programs aimed at maximising the efficiency of each GOC's capital utilisation as set out in the *2008-09 Major Economic Statement Mid Year Fiscal and Economic Review.*	Conducted a review of the balance sheets of GOCs in accordance with the policy announced in the *2008-09 Major Economic Statement Mid Year Fiscal and Economic Review.*	The program will continue to be progressed in 2010-11.
	Conducted 14 capital structure reviews to establish GOCs' optimum capital requirements.	Continue reviews as part of the 2011-12 Budget process to ensure GOCs' debt/equity structures are appropriate to support approved capital expenditure plans.
	Supported GOCs with a net equity injection of $593 million on behalf of shareholding Ministers.	GOCs have budgeted $6.412 billion for capital expenditure, including electricity distribution network upgrades worth $2.189 billion.
Increased scrutiny of investment proposals focussing on risks and financial returns to ensure only commercially viable projects which meet customer requirements are undertaken.	Progressed the Genco Review which assessed the preparedness of generator GOCs to meet challenges such as carbon reduction measures and competition from larger retailers.	Finalise the Genco Review and implement any endorsed Government outcomes.
	Undertook reviews of a number of significant electricity and port GOC investment proposals.	Undertake post-investment reviews of the RG Tanna Coal Terminal project and the Kogan Creek power project to ensure forecast outcomes are achieved.

Financial summary

	2009-10	2008-09
State contribution	$5.59 M	$5.22 M
Other income	$0.35 M	$0.48 M
Full-time equivalent employees	38	37

Net assets – Government-owned corporations sector



Analysis: Net assets for all GOCs have increased from $18.8 billion in 2008-09 to $19.7 billion in 2009-10 ($928 million or 4.9 per cent increase). This is largely due to an increase in the net assets of the energy GOCs driven by significant investments in the distribution and transmission sectors and Tarong Energy's acquisition of the remaining half share of the Tarong North Power Station. In the five years from 2004-05 to 2009-10, net assets for the GOCs have increased by $6 billion, an overall growth of 43.8 per cent. Since 2004-05, net assets for the energy GOCs have increased by 22.8 per cent ($1.845 billion); QR by 67.8 per cent ($1.934 billion), and ports and other GOCs (QIC, SunWater, FPQ) by 81.7 per cent ($2.238 billion).

The consistent increase in net assets for the GOCs demonstrates continued investment in key sectors of the economy such as energy, transport and water. This significant investment is crucial to GOCs continuing to provide essential services to Queensland communities, while providing a return to the State to fund infrastructure and social services initiatives.

* The figure for 2008-09 printed in the 2008-09 Treasury Annual Report was 18.2 which was the estimated actual for net assets. The figure in this table represents the 2008-09 actual for net assets.

Economic and statistical research

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Strategy	Highlights	The year ahead
Support the development of Treasury's analytical capabilities to inform advice on economic reform issues.	Produced employment projections to inform Queensland Government policy making.	Continue to improve the methodology and database used to produce employment projections.
	Undertook economic modelling research for the Queensland Government Oil Vulnerability Strategy to assess the impact of a hypothetical rise in oil prices.	Use our modelling framework to examine other Queensland industries.
Provide a broad range of services to support stakeholders' evidence base for policy evaluation and performance	Conducted the Retail Price Survey to identify the relative difference in the cost of living across Queensland.	Complete the analysis for the Retail Price Survey and make the official index publicly available.
	Advised the Government on Queensland's demographic trends and the relationship between population growth and the economy for the Queensland Growth Summit 2010. The Summit explored how Queensland will manage the impacts of population growth in the future.	Produce the Queensland Government population projections for the State, statistical divisions and local government areas to inform government, private and community sector planning, policy and resource allocation.

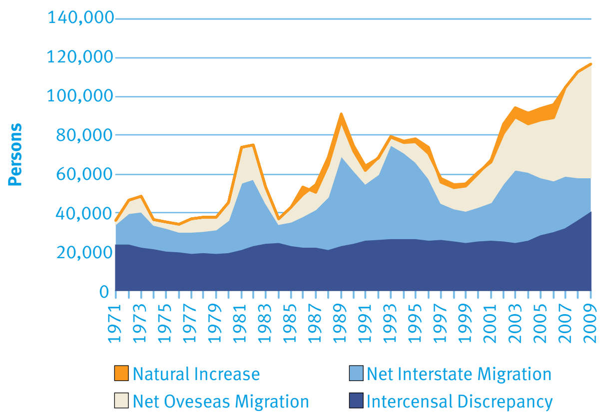
Financial summary

	2009-10	2008-09
State contribution	$12.38[1] M	$9.89 M
Other income	$6.25 M	$6.61 M
Full-time equivalent employees	136	113

[1] Increase due to the machinery-of-Government transfer of the Planning Information and Forecasting Unit from the Department of Infrastructure and Planning on 1 August 2009.

Components of population change

Queensland, years to June, 1971 to 2009



Analysis: Historically, interstate net migration has been the key component of population growth in periods of strong population growth, while natural increase and overseas migration has been the main source of the record population growth in Queensland in recent years.

Source: ABS Cat No. 3101.0

Revenue management

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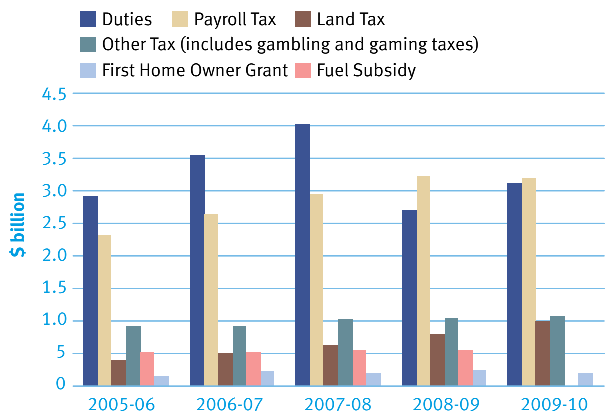
Strategy	Highlights	The year ahead
Expand e-business through client support, continued expansion of the self assessment regime, and firm and fair enforcement.	Supported clients through communication and information and the development of new tools such as interactive toolkits and public rulings.	Implement new systems to reduce administrative cost and compliance burden for clients. Continue to assist clients through interactive toolkits, public rulings and other information.
	Continued expanding the range of self assessed transactions and provided support and assistance to self assessors and other clients.	Continue to transition Commissioner assessed transactions to the self assessor model as appropriate.
	Increased the transfer duty concession threshold for first home buyers on vacant land purchases and abolished the Fuel Subsidy Scheme from 1 July 2009. Introduced a payroll tax rebate for apprentices and trainees and introduced an extended payment option for land tax from 1 July 2010.	Continue taxation administration reform by promoting the extended payment period for land tax, providing a land tax exemption for supported accommodation facilities, continuing the 50 per cent land value cap, providing a credit card payment option, continuing the payroll tax rebate for apprentices and trainees, providing a transfer duty exemption for Special Disability Trusts, implementing the Government's Regional First Home Owner Grant boost and capping the First Home Owner Grant.
Continuously improve the Revenue Management System (RMS) and leverage investment in RMS by developing grants administration capability.	Raised $8.4 billion in revenue which contributed to the provision of essential services.	Raise a forecast $8.9 billion in revenue (2010-11 State Budget forecast).
	Implemented RMS Release 3 which provides a single integrated e-business system that improves client service, compliance capability and transparency.	Undertake continuous improvement and leverage investment in RMS to provide more efficient services to clients and reduce administrative overheads.
	Commenced development of Revenue Base Management (RBM) Release 3 to improve revenue analytics capability, reporting and compliance functionality.	Expand RBM Release 3 to include land tax and grants.

Financial summary

	2009-10	2008-09
State contribution	$66.82 M	$64.99 M
Other income	$5.26 M	$5.69 M
Full-time equivalent employees	466	481

Total revenue, grants and subsidies under management



Analysis: During 2009-10 there was a moderate recovery in most taxes following the effects of the global financial crisis in 2008-09. In particular, duties (the most impacted revenue category for 2008-09) has recovered in line with expectations.

Output reports

Treasury delivers four outputs. This section provides a detailed assessment of our performance delivered by portfolio offices.

Financial and economic policy

Our fundamental role is to manage the State's finances, advance the performance of the Queensland economy, and provide policy, strategies and advice at a whole-of-Government level to promote value-for-money service delivery.

Our clients

Treasury Office develops and implements whole-of-Government fiscal policy for the Treasurer and Government. It also provides fiscal policy, financial management, budgetary, accounting, regulatory and project evaluation advice to Queensland Government agencies and statutory bodies. The Office also communicates and consults with Queensland business and the community about regulatory proposals and reform initiatives.

Structure

Under Treasurer	Gerard Bradley
Deputy Under Treasurer	Tim Spencer
Commercial Transactions Team	
Deputy Under Treasurer	Alex Beavers
Director, Financial Management	Sue Highland
Assistant Under Treasurer	John O'Connell
Director, Resources and Economic Development	Natalie Barber
Director, Transport, Infrastructure and Government Services	Drew Ellem
Assistant Under Treasurer	Dr Gary Ward
Intergovernmental Relations	
Macroeconomics Team	
Assistant Under Treasurer	Dennis Molloy
Fiscal and Taxation Policy	
Assistant Under Treasurer	Walter Ivessa
Director, Health and Community Services	Janelle Thurlby
Director, Education and Justice	Lynne Bulloch
Assistant Under Treasurer	Stuart Booker
Director, Commercial	Robert Fleming
Assistant Under Treasurer	Ken Sedgwick
Director, Economic and Structural Policy	Tania Homan
Director, Queensland Office for Regulatory Efficiency	Peter McKenna

Vision

To ensure growth in Queensland's long-term fiscal and economic performance.

Mission

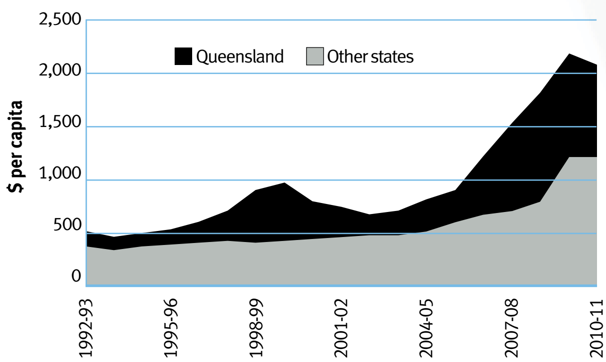
We strive to:

- ensure the ongoing strength of the economy and State's finances
- provide services and infrastructure to meet growth in the State
- assist the Government to create and support jobs.

Key issues facing the output

- Reflecting improvements in global economic conditions, Queensland's revenue outlook has improved since the 2009-10 Budget. Forecast operating deficits have moderated since the 2009-10 forecasts. However, the State's key revenue streams continue to be impacted by the legacy of the global financial crisis and continue to remain significantly below the level forecast in the 2008-09 Budget.
- Continue the management of the Government's infrastructure reform and strategic assets sale program.

General Government purchases of non-financial assets,
1992-93 to 2010-11



Analysis: For the General Government sector, capital spending is estimated at $8.335 billion in 2010-11.

In per capita terms, it is estimated that the Queensland Government's capital spending in the General Government sector will be around 72% above the average of the other states, at $1,820 per person. Among the states, Queensland has the highest capital expenditure per person in 2010-11, 7.7% above next highest Western Australia, which has also embarked on a substantial capital program in recent years.

Output performance highlights

Quantity	Notes	Target	Actual
Quarterly reports on financial position within 6 weeks of quarter end		4	4
Number of written pieces of portfolio resource allocation advice provided		1,600	1,575
Number of written pieces of economic and intergovernmental relations advice provided	1	450	495
Number of written pieces of fiscal, taxation policy and financial management advice provided	2	650	420
Number of written pieces of infrastructure policy advice provided		500	490
Quality	**Notes**	**Target**	**Actual**
Adherence to fiscal objectives as described in the Charter of Fiscal Responsibility		Partial	100%
Compliance with the Uniform Presentation Framework requirements and relevant Australian Accounting Standards for whole-of-Government financial reporting	3	100%	100%
Timeliness	**Notes**	**Target**	**Actual**
Achievement of key milestones in the budget process		100%	100%
Achievement of key milestones in the Report on State Finances process		100%	100%
Data provision to the Commonwealth Grants Commission and Australian Bureau of Statistics within agreed timeframes		100%	100%
Cost	**Notes**	**Target**	**Actual**
Cost of portfolio resource allocation advice	4	$6.47M	$5.99M
Cost of economic and intergovernmental relations advice	5	$0.89M	$0.76M
Cost of fiscal, taxation policy and financial management advice	6	$5.17M	$4.73M
Cost of infrastructure policy advice	7	$5.07M	$3.43M

Variances

1. *Increase is a result of additional requests for briefs on health reform and the Australia's Future Tax System review (Henry Tax Review).*
2. *Decrease due to fewer enquiries/submissions following the implementation of the Financial Accountability Act 2009, and the reduction in the number of departments following machinery-of-Government changes. This achieved efficiencies in notifications/advice on policy changes.*
3. *Treasury and QR Limited considered the carrying value of the rail network assets in the whole-of-Government financial report at 30 June 2008 to represent fair value. The Queensland Audit Office was unable to express an opinion on the reported written down value of these assets at 30 June 2008.*
4. *Reduction due to unanticipated staff vacancies.*
5. *Reduction reflects savings in employee-related costs due to the attrition of staff following the Commonwealth Grants Commission five-yearly review.*
6. *Reduction in various supplies and services including contractor and printing costs in line with organisational saving targets.*
7. *Reduction largely due to savings in staff-related costs following internal restructure.*

Goal

Manage the State's finances, advance the performance of the Queensland economy and provide policy, strategies and advice at a whole-of-Government level to promote value-for-money service delivery.

Strategy

Manage and coordinate the State Budget process and achieve a sound fiscal position.

Economic and financial leadership support Queensland's recovery

Although the downturn from the global financial crisis has been more moderate than anticipated, adverse economic and financial conditions continue to challenge Queensland's financial position. Treasury has continued to provide economic and financial advice to Government to help support a recovery in Queensland's finances.

In 2009-10 we coordinated the 2010-11 State Budget. This included a $17.1 billion infrastructure program supporting more than 100,000 jobs in the short term, and ensuring Queensland's sustainable growth in the longer term.

As the economy has recovered, Government revenues have improved. By following revised fiscal principles implemented in last year's Budget, including containing spending growth, Queensland has been able to strengthen its fiscal capacity. It is now anticipated Queensland's operating position will reach a surplus in 2015-16 – a year earlier than expected. The 2010-11 Budget will also deliver a significant reduction in the State's forecast borrowings relative to previous estimates.

In 2009-10 we also assessed the State's financial operations and position by preparing the *2008-09 Report on State Finances*. This report contributes to the clarity and transparency of Government financial statements.

We prepared the *2009-10 Mid Year Fiscal and Economic Review* to provide a 'between budgets' update on Queensland's fiscal and economic outlook. This report showed the first signs of a recovery, highlighting modest improvements in most economic and fiscal forecasts.

In 2010-11 we will continue to support economic recovery and consolidate Queensland's financial position by overseeing the existing Budget and framing the 2011-12 State Budget. We will report on the State's financial operations and position through documents such as the 2009-10 Report on State Finances and the 2010-11 Mid Year Fiscal and Economic Review.

Strategy

Manage the processes associated with implementing the assets sale program.

Infrastructure reforms commenced

In 2009-10, we finalised scoping studies for each asset and commenced the divestment of these assets. The $603 million sale of a 99-year licence to operate Forestry Plantations Queensland was the first divestment under the Government's infrastructure reform and sale program.

Preparations continued to divest the remaining four assets in accordance with the recommendations of detailed scoping studies. The divestment recommendations, which all remain subject to ongoing market conditions, are:

- A 99-year lease of the Port of Brisbane. Core port infrastructure and land will remain in Government ownership. The Port of Brisbane trade sale commenced in 2009-10 and is scheduled to be finalised in late 2010.
- A 99-year lease of the Abbot Point X50 Coal Terminal. The terminal infrastructure and land will remain in Government ownership. The trade sale is planned for 2011.
- A 40-50 year franchise to toll the Queensland Motorways Limited (QML) road network. The franchise will include road and bridge maintenance responsibilities. The road and bridge infrastructure will remain in Government ownership. The trade sale is planned for 2011.
- QR Limited's commercial freight operations and network support service will be sold by way of Initial Public Offering, planned for the fourth quarter of 2010. The new company, QR National, will have a 99-year lease over the central Queensland coal rail network, which will remain in Government ownership.

In 2009-10, we also advanced preparations to establish a new Government-owned corporation, Queensland Rail, to operate the State's public passenger services and Queensland's 8,000 kilometres of metropolitan and regional rail networks (excluding dedicated coal lines).

Strategy

Support departments and statutory bodies with the implementation of the requirements of the financial management legislation which commenced 1 July 2009.

New resources strengthen accountability and internal controls

By helping agencies develop more efficient and effective financial resource management, we improve Government accountability, governance and internal controls.

The *Financial Accountability Act 2009, Financial and Performance Management Standard 2009* and the *Financial Accountability Regulation 2009* introduced a new environment of accountability for Queensland's public sector.

In 2009-10 we helped departments and statutory bodies meet their obligations under the abovementioned legislation.

We developed and released the *Financial Accountability Handbook* and Financial Management Tools.

The handbook is an initial reference point for accountable officers and statutory bodies applying the Act, and the tools provide a number of templates that can be adapted. These resources help agencies maintain and review their internal financial controls and processes.

We also developed a policy position on the valuation of assets in price-regulated markets, an area of impact for some GOCs. This policy will be included in Treasury's *Non-Current Asset Policies for the Queensland Public Sector*, planned for release in late 2010 and providing additional guidance for departments, statutory bodies and GOCs in assessing fair value for assets. Read more about this policy on page 36.

To address the implications of implementing full cost recovery in funding for non-Government organisations, we released the draft Volume 6 – Grant management – of the Financial Accountability Handbook for comment. Once finalised, this publication will replace our 1997 publication *Guidelines for grant administration*. Read more about this issue on page 37.

Over the coming year, we will continue updating these resources to include emerging financial management practices and identified risk areas. We will also develop a Statutory Body Guide to provide more specific assistance to statutory bodies reviewing their internal controls and processes.

Strategy

Introduce smart regulatory environment that supports better economic, social and environmental outcomes for Queensland.

Savings from smarter regulation

The Government is undertaking a reform program to streamline existing regulation and simplify new regulation. The aim is to increase Queensland's competitiveness and productivity by reducing compliance efforts required of individuals, business, communities and Government.

In 2009-10 we strengthened ties with business and the community by creating a central online reference point for information on upcoming regulatory reviews and consultation. We will continue investigating opportunities for collaborations with business and community throughout 2010-11.

During the year, we developed the *Queensland Regulatory Simplification Plan 2009-13* which outlines how agencies will review and reduce existing regulation. We published agencies' simplification plans online to allow public feedback. Across Government these plans target around $150 million per annum in net savings by 2013 by reducing compliance costs on business and administrative cost to Government.

We reported $67 million in compliance and administrative savings to business, community and Government in the *2008-09 Smart Regulation Annual Report*. In 2010-11 we will continue supporting agencies to develop simplification plans, investigate opportunities for agencies to integrate regulatory reform in their strategic directions, and work with business and community groups to identify priority reform areas.

In 2009-10 we introduced the Regulatory Assessment Statement (RAS) system to ensure new regulations are developed reasonably and appropriately, and that their impact on business, community and government can be accurately assessed. The RAS system improves the rigour, transparency and accountability in assessing regulatory proposals, ensuring effective regulation.

We also developed the online Compliance Cost Calculator, providing greater transparency in how regulation cost impacts are measured.

Our work in training and advising agencies and stakeholders on the RAS system and calculator will progress throughout 2010-11, as we continue to review their effectiveness.

We will also work to improve cost-benefit analysis methodologies and tools used to calculate compliance costs. This will involve looking at how the economic, social, environmental and competition impacts of compliance are measured, and how agencies can improve the quality and reduce the cost of their analysis.

Regulatory reform – a national partnership

In December 2008, the federal, state and territory governments signed the National Partnership Agreement to Deliver a Seamless National Economy. This agreement has since guided reforms in 36 key areas to improve Australia's regulatory environment. Harmonising regulations accross the nation will reduce business costs currently incurred when complying with differing regulations across jurisdictions.

Treasury oversees the Queensland Government's commitment to this agreement through its contribution to the Council of Australian Governments (COAG) Business Regulation and Competition Working Groups.

In 2009-10 Treasury oversaw Queensland's achievement of several commitments including payroll tax harmonisation, a national system of trade measurement and standard business reporting.

Treasury also helped develop the Occupational Licensing National Law Bill which will remove inconsistencies between states and territories, allowing greater workforce mobility. These and other milestones are detailed in the first COAG Reform Council assessment report.

Looking to the year ahead, Treasury will continue driving the Government's commitments under the National Partnership Agreement. This means continuing to negotiate Queensland's position on the 36 reform areas and investigating opportunities for a whole-of-Government approach to national IT outcomes.

By working together at a national level, state and territory governments are building a competitive regulatory environment that supports innovation, productivity and economic growth.

Government owned corporations performance and governance

The Office of Government Owned Corporations (OGOC) manages the State's interest in the Government-owned corporations (GOC) sector to maximise the Government's return on investment while ensuring GOCs provide reliable, efficient and secure services; deliver market-like returns to shareholders; and adhere to corporate governance guidelines and statutory requirements.

Our clients

We provide diverse services to a wide range of clients, encompassing shareholding Ministers, Government, business and other sectors, such as funds management and water resources.

Our services to these clients include:

- providing critical analysis and assessment of GOC operations and investments, ensuring a rigorous, efficient and effective GOC governance regime
- developing strategic advice and medium-to-long-term policy objectives for individual GOCs and the sector as a whole, as well as advising GOCs of shareholding Ministers' requirements and decisions, and facilitating their implementation
- providing oversight, high-level advice and leadership in strategic policy, governance, budgetary and fiscal issues affecting Queensland GOCs
- conducting structural reviews to ensure an economic, reliable and efficient delivery of services
- ensuring GOCs are best positioned to provide essential infrastructure.

Structure

Under Treasurer	Gerard Bradley
Deputy Under Treasurer	Tim Spencer
Deputy Under Treasurer	Alex Beavers
Executive Director	Adrian Noon
Acting Deputy Executive Directors	Bill Brett Stephen Hoult
Director, Transport, Resources & Corporate	John Lawlor
Director, Strategic Advisory	Reg Prakash
Acting Director, Energy	Michael Mamczur

Vision

To provide high-level commercial, strategic and policy advice in relation to the Government's portfolio of GOCs.

Mission

To lead the management of the State's interest in its GOCs, with the aim of achieving market returns on that investment, while at the same time ensuring GOCs provide high-quality infrastructure and related services and meet appropriate corporate governance standards.

Key issues facing the output

Queensland's growing population has seen an acceleration in the demand for infrastructure, and the State's GOCs are driving large components of that infrastructure. This will bring the work of GOCs into greater focus and increase scrutiny of their governance and commercial arrangements.

A shareholder review is examining the preparedness of the GOC electricity generators to meet challenges such as carbon reduction measures and competition from large vertically-integrated retailers.

Output performance highlights

Quantity	Notes	Target	Actual
Number of GOC Statements of Corporate Intent (SCI) completed	1	16	14
Number of performance monitoring reports completed		64	61
Timeliness	**Notes**	**Target**	**Actual**
Percentage of SCIs received and reviewed within the scheduled timeframe		95%	95%
Cost	**Notes**	**Target**	**Actual**
Cost of monitoring and governance per GOC	2	$220,000	$250,000
Variances			

1 *Amalgamation of ports reduced the number of SCIs due by one. In addition, QIC substantially revised and resubmitted its SCI in late June and missed the formal sign-off date.*

2 *Although the number of GOCs has reduced, monitoring and compliance effort has increased.*

The 15 Government-owned corporations

Energy

- CS Energy Limited
- ENERGEX Limited
- Ergon Energy Corporation Limited
- Queensland Electricity Transmission Corporation Limited (Powerlink Queensland)
- Stanwell Corporation Limited
- Tarong Energy Corporation Limited

Funds management

- Queensland Investment Corporation Limited

Ports

- Far North Queensland Ports Corporation Limited
- Gladstone Ports Corporation Limited
- North Queensland Bulk Ports Corporation Limited
- Port of Townsville Limited
- Port of Brisbane Corporation Limited

Rail

- Queensland Rail Limited (from 1 July 2010)
- QR Limited

Water

- SunWater Limited

Goal

Manage the State's interest in the GOC sector to maximise the State's return on investment while ensuring reliable and secure service delivery.

Strategy

Actively work with GOCs to assist them in meeting their commercial performance and customer service objectives as agreed with shareholding Ministers through the Statements of Corporate Intent (SCI).

Optimum returns for essential services

Working with GOCs to monitor, report and improve their performance helps to protect the State's investment and optimise returns which are then reinvested in essential services. In 2009-10, we improved GOCs' performance monitoring by introducing sector-specific reports that capture emerging risks and ensure key financial and non-financial performance measures are reported consistently.

During the year, the State collected $1.11 billion in dividends and current tax equivalents from GOCs, which were then used to provide equity injections for critical water, energy, ports and rail infrastructure projects, as well as help fund the community service obligations (CSOs) expected of the GOCs. In the coming year, we forecast collecting $966 million in dividends and current tax equivalents for essential capital projects and CSOs. We will also continue monitoring the financial structures of GOCs to ensure debt-to-equity ratios remain appropriate.

Strengthened reporting, planning and governance

Sound planning and governance and rigorous reporting are key to ensuring GOCs achieve their strategic goals.

Each year, GOCs produce an SCI, a formal agreement with their shareholding Ministers which outlines objectives, strategies, expected financial performance, borrowings and project undertakings for the year ahead. SCIs help ensure that performance is commercially focussed, efficient and effective. A statutory document, the SCI is required to be finalised and submitted for shareholding Minsters' consideration before the start of the financial year. In 2009-10, all SCIs achieved this objective.

We also established a new standard quarterly reporting regime for all GOCs to allow them to report effectively on progress towards SCI targets. In 2010-11, quarterly reports will provide a valuable source of hard data on GOC performance, emerging risks and impacts, and mitigation strategies. In 2010-11, we will continue working with the GOCs to ensure GOCs report on their progress towards achieving SCI targets, and that all SCIs are finalised and agreed to by 30 June 2011.

Also in 2009-10, we implemented guidelines to provide guidance for GOCs to publish high-level non-financial and financial forecasts on their websites. Starting in July 2010, these forecasts will be published on GOCs' websites annually.

Looking forward to 2010-11, we will also finalise governance and performance monitoring arrangements for the newly created GOC Queensland Rail Limited.

Strategy

Undertake reviews of asset holdings and capital programs aimed at maximising the efficiency of each GOC's capital utilisation as set out in the *2008-09 Major Economic Statement – Mid Year Fiscal and Economic Review.*

Building for economic recovery

Queensland's record building program continued throughout 2009-10, playing a key role in economic recovery. GOC capital expenditure is a critical part of this program. We supported GOCs with a net equity injection of $593 million on behalf of shareholding Ministers. In 2010-11, GOCs have budgeted $6.412 billion for capital expenditure. This will include electricity distribution network upgrades worth $2.189 billion.

Focus on returns

In 2009-10, we progressed a review of the balance sheets of GOCs in accordance with the policy announced in the *2008-09 Major Economic Statement Mid Year Fiscal and Economic Review*. These GOCs include parts of QR Limited, Abbot Point Coal Terminal, Port of Brisbane Limited and Forestry Plantations Queensland.

We continued to oversight the governance functions of businesses associated with these assets and participated in separating parts of these corporations which will remain in State ownership. In particular, we had a key coordinating role in formating and establishing the new GOC Queensland Rail Limited, which owns and operates the passenger rail and non-coal network assets and services. Queensland Rail Limited will remain in Government ownership after QR Limited's freight and coal network operations are sold.

We also conducted 14 capital structure reviews to establish GOCs' optimum capital requirements. We will continue these reviews during 2010-11 as part of the 2011-12 Budget process to ensure GOCs' debt/equity structures are appropriate to support their approved capital expenditure plans.

Strategy

Verify all GOCs endeavour to meet the earnings before interest and tax (EBIT) savings target set in the *2008-09 Major Economic Statement – Mid Year Fiscal and Economic Review* and undertake other reviews as set out in the statement.

Committed to savings targets

The *2008-09 Major Economic Statement – Mid Year Fiscal and Economic Review* forecast specific savings targets for GOCs. The savings target of $61 million for 2009-10 is reflected in the financial outcomes of the GOCs.

During that time, we provided GOCs with capital expenditure monitoring programs to help them achieve on-budget results and monitored GOCs' reporting of actual savings compared to forecast savings.

In the coming year, GOCs are forecast to achieve savings of $89 million, and we will continue our ongoing communication with GOC Boards as we monitor progress towards the target. Review of capital programs will continue as a means of achieving best practice for capital decisions and cost management.

Strategy

Increased scrutiny of investment proposals focussing on risks and financial returns to ensure only commercially viable projects which meet customer requirements are undertaken.

GOC reviews

In 2009-10, we progressed a shareholder review (the Genco Review) of the preparedness of energy generator GOCs to meet challenges such as carbon reduction measures and competition from larger retailers. In the year ahead we will work with the energy generator GOCs to ensure their capital programs are consistent with the review's outcomes.

In addition, we reviewed GOCs' risk management strategies for a number of significant investment proposals, including:

- Powerlink Queensland's Stage 1 augmentation of the transmission connection between Bulli and South West Queensland
- Powerlink Queensland's $80 million Ruby substation to support gas industry processing operations
- Stanwell Corporation's further development of its coal reserves with Wesfarmers.

We also reviewed SunWater's proposed capital management strategy and approach to project development and timing, and the structure, capital works, income sources and cost base of the newly established GOC Queensland Rail.

Other significant reviews during the year included:

- Townsville Marine Industry Precinct
- Development of Berth 10 at Port of Townsville
- Agreements for development of Wiggins Island Coal Terminal
- Development of Abbot Point Coal Terminals.

These reviews will help ensure projects contribute to a trend of improving returns. A program of post-investment reviews will help determine actual operational results and develop best practice procedures for future investments.

Our program of reviews will continue throughout 2010-11, with:

- continuing work with ENERGEX and Ergon Energy to progress the joint workings program. This program aims to improve the financial and operational efficiency and performance of ENERGEX and Ergon Energy through developing and progressing initiatives for a joint approach to common business support activities
- ongoing assessment of significant current projects as well as reviews of Gladstone Ports Corporation developments to cater for proposed coal and LNG projects, additional coal terminals at Abbot Point, assessment for a potential coal export terminal at Dudgeon Point and land development strategies at the Port of Cairns
- continuing work with the coal industry proponents of the Wiggins Island Coal Terminal and Gladstone Ports Corporation to progress a range of activities under the Framework Deed aimed at achieving financial close.

Queensland Rail – a new era for passenger train services

The formation of Queensland Rail will herald a new era for Queensland's passenger train public transport services. For the first time in Queensland's history, the State will have a Government-owned corporation with a primary focus on providing passenger train services.

Queensland Rail will continue QR's focus on providing high quality, safe and reliable passenger train services, while continuing to manage and maintain the State's vast regional rail network.

The State Government embarking on a major program of passenger service improvements. Station upgrades, network expansions, new modern passenger trains, more services and better timetabling are all part of Queensland Rail's plans to deliver quality public transport for Queensland commuters.

The restructure of QR Limited and establishment of Queensland Rail was one of the State's largest ever corporate restructures. The restructure, which was overseen by Queensland Treasury, included the transfer of contracts, information technology systems and employees.

Image courtesy of Queensland Rail.

Queensland Rail's primary focus is to deliver high-quality passenger train services to Queensland commuters.

Economic and statistical research

The Office of Economic and Statistical Research is the Queensland Government's principal economic, statistical and social research agency. It provides statistical, economic and demographic services to improve planning, decision making, policy development, performance evaluation and resource allocation for Queensland.

Our clients

OESR provides services internally to Queensland Treasury and the Queensland public sector at large, and liaises and works with other jurisdictions.

We also provide 'public good' services, primarily statistics and other information, to the Queensland community.

Structure

Under Treasurer	Gerard Bradley
Deputy Under Treasurer	Tim Spencer
Deputy Under Treasurer	Alex Beavers
A/Government Statistician	Antony Skinner
Assistant Government Statistician (Demography and Planning)	Ross Barker
Assistant Government Statistician (Surveys)	Penny Marshall
Assistant Government Statistician (Information Products and Services)	Greg Pole
Assistant Government Statistician (Business Services)	Sarah Sawyer
A/Director (Economics)	Greg Watts

Vision

Supporting better decision making to advance Queensland.

Mission

To provide statistics and objective economic, demographic and statistical advice to support better decision making across the State.

Key issues facing the output

- Queensland's mining and infrastructure boom has created a number of demographic trends which demand assessment of their impact. Of particular importance is the need for enhancing demographic information on non-resident workforces in the mining industry which is resulting in significant infrastructure needs.
- More prominent public discourse on population and growth has increased demand for timely and high quality State and regional statistics and other demographic information, as communities and policymakers focus on strategies to meet the needs of our growing population.
- Similarly, the Queensland Government's *Toward Q2: Tomorrow's Queensland* plan — with its strong, green, smart, healthy and fair ambitions — is increasing demand for surveys and other statistical analyses.

  Experience is showing that cross-sector collaboration is necessary to improve how statistics and other economic and social information is collected and delivered for the benefit of the Government and community.

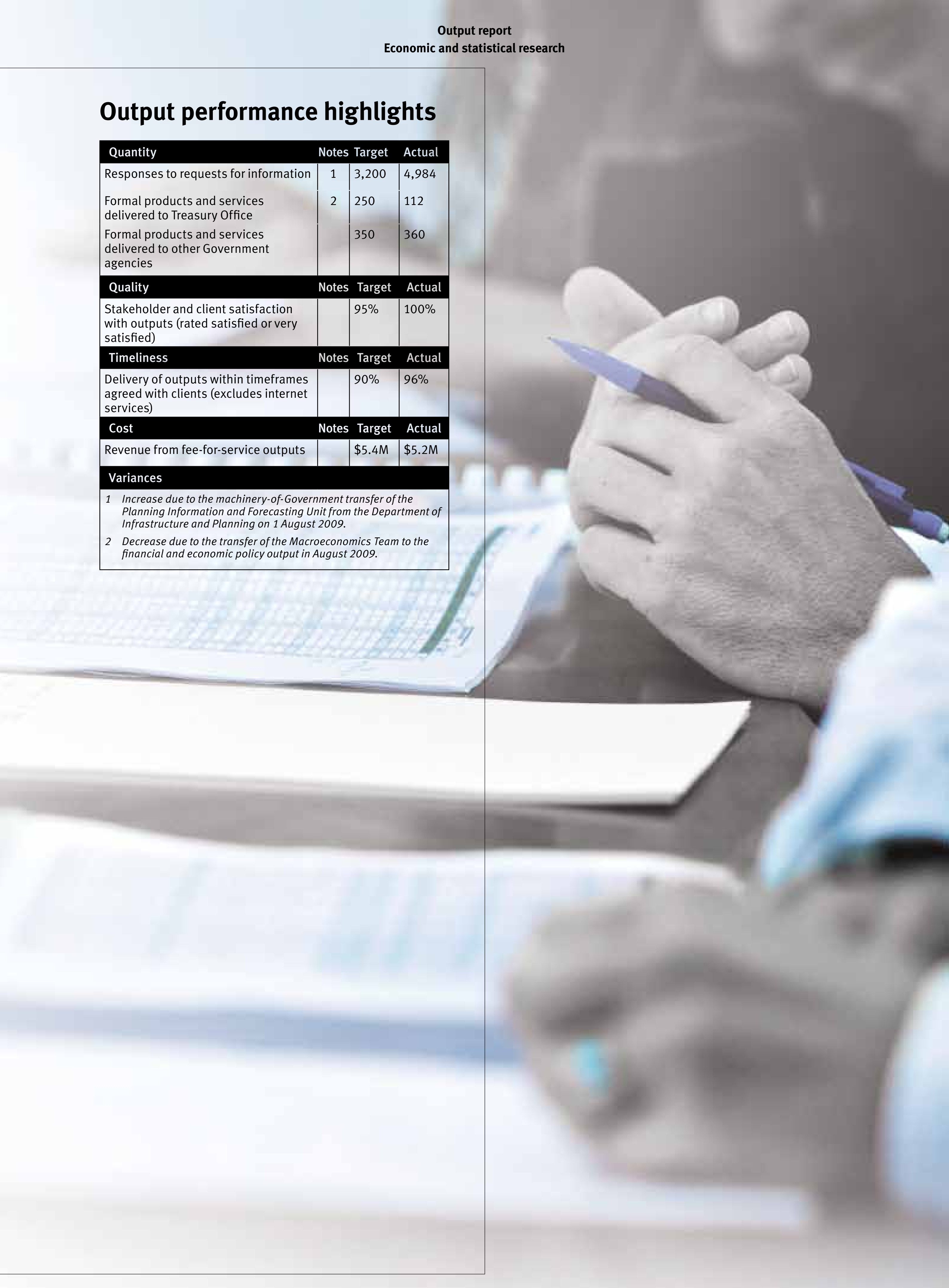
Output performance highlights

Quantity	Notes	Target	Actual
Responses to requests for information	1	3,200	4,984
Formal products and services delivered to Treasury Office	2	250	112
Formal products and services delivered to other Government agencies		350	360
Quality	**Notes**	**Target**	**Actual**
Stakeholder and client satisfaction with outputs (rated satisfied or very satisfied)		95%	100%
Timeliness	**Notes**	**Target**	**Actual**
Delivery of outputs within timeframes agreed with clients (excludes internet services)		90%	96%
Cost	**Notes**	**Target**	**Actual**
Revenue from fee-for-service outputs		$5.4M	$5.2M

Variances

1 *Increase due to the machinery-of-Government transfer of the Planning Information and Forecasting Unit from the Department of Infrastructure and Planning on 1 August 2009.*

2 *Decrease due to the transfer of the Macroeconomics Team to the financial and economic policy output in August 2009.*



Goal

Provide statistical, economic and demographic services to improve planning, decision making, policy development, performance evaluation and resource allocation for Queensland.

Strategy

Support the development of Treasury's analytical capabilities to inform advice on economic reform issues.

Analysis captures jobs recovery

In 2009-10 Queensland began its economic recovery earlier than expected, creating a dynamic environment for employment projections. We used our latest analytical capabilities to track labour movements and produce employment projections by industry, occupation and region.

In the coming year, we will continue to support Government economic policy by improving the methodology and database used to produce employment projections, ensuring the most precise information possible is available.

In 2009-10 we produced quarterly State accounts to measure the performance of various components of the Queensland economy and the State's performance with that of the rest of Australia. These accounts are used to derive estimates of productivity.

Our work will continue in 2010-11 as we develop a set of multifactor productivity accounts to measure Queensland's productivity. Understanding drivers of Queensland's economic growth will help the Government frame policies for the State's long-term prosperity.

In 2009-10 we contributed to the Queensland Government's Oil Vulnerability Strategy which is assessing the impact of a hypothetical rise in oil prices on Queensland's macroeconomy and industries.

In the coming year, we will again use our economic modelling framework to examine other industries, producing detailed descriptions of a variety of key industries that make up the Queensland economy.

Strategy

Coordinate the activities of key providers of statistics to establish and maintain an integrated statistical service across governments.

Making every Queenslander count

In 2009-10 we began developing strategies to promote the 2011 national Census of Population and Housing across Queensland.

The Census is undertaken by the Australian Government's Australian Bureau of Statistics every five years, and is a key resource used by governments and the community for planning, service delivery and research. It is therefore imperative that the Census accurately reflects the entire population.

Improving Queensland's Census count is a key statistical priority for Queensland in 2011. Over the coming year, we will roll out our campaign to encourage all Queenslanders to participate in the Census, working in close partnership with the Australian Bureau of Statistics.

Our work will help provide quality demographic statistics, and detailed, small-area information to support location-specific policy particularly for regional and remote Queensland.

Strategy

Provide a broad range of services to support stakeholders' evidence base for policy evaluation and performance.

Measuring mining's economic impact on regional communities

In 2009 the Planning and Information Forecasting Unit from the Department of Infrastructure and Planning joined Treasury's Office of Economic and Statistical Research. Consolidating our demographic expertise in this way has enhanced the knowledge base for Government policy and decision making.

Understanding the rising cost of living

In May 2010, we collected price data for a selected basket of retail goods and services in around 60 Queensland communities for the Retail Price Survey.

This survey is conducted every few years to officially measure the relative price differences in basic household groceries across Queensland.

We also used this opportunity to collect information for Queensland Health's 2010 Healthy Food Access Basket survey. This survey is similar to the Retail Price Survey, and records the cost and availability of basic food items, healthy food choices, and tobacco and takeaway food.

In early 2010-11, we will finish analysing the Retail Price Survey results and publish the Index of Retail Prices in Queensland Regional Centres May 2010.

This index will provide valuable data on cost of living comparisons between Brisbane and selected regional centres at one point in time and will be an important tool for use by State and local government agencies in their budgeting, forward planning and resource allocation.

In 2009-10 we aimed to better understand the impact of the mining and resource industries on Queensland communities through our Resource Communities Program which monitors population movements associated with the mining and gas industries. Our focus is on tracking non-resident workforces (those flying and driving in and out of their communities) across key mining areas.

In 2010-11 we will monitor and project non-resident workforces for all local government areas and localities in the Bowen, Surat and Galilee basins. We will be targeting research at determining the demand these workers create in these regions for services such as accommodation. This information will be used to inform and improve infrastructure and regional planning.

Managing Queensland's population boom

Population and growth were among the most significant topics on the public agenda in 2009-10.

During the year we provided advice on demographic trends and the relationship between population growth and the economy for the Queensland Growth Summit 2010. This advice was essential for forming sound policy on managing the impacts of population growth.

In the year ahead we will continue producing Queensland population projections to inform State and local government policy to support sustainable growth right around the State.

Queensland will also host the biennial Australian Population Association 2010 Conference in November, bringing together international and Australian demographers to present on a range of topical demographic issues.

Our population research is essential for government to understand the impact of policy decisions and how government can embrace the economic growth potential of a larger population while still protecting our valued Queensland lifestyle.

Strategy

Enhance and expand official surveys and methodology capabilities.

Improved data for better decision making

In 2009-10 we maintained our Quality Management System certification, ensuring clients continued receiving high quality survey and research services. We continued to identify and address areas for continuous improvement, conducting four internal audits and implementing 13 improvements identified by an external auditor.

In 2010-11 we will develop new household and business survey frames ensuring data used to conduct our research is up to date. Updated survey frames will enhance the response rates, representativeness and data quality of our research.


Researching the daily cost of living – from services to the supermarket – helps Government agencies budget, plan and allocate resources.

Revenue management

The Office of State Revenue (OSR) manages Queensland's revenue base by delivering and administering simple, efficient and equitable revenue management services for State taxes and grant schemes.

Our clients

OSR works with Queensland taxpayers, grant recipients, and their agents and professional advisors to help them meet their obligations and receive their entitlements. We also provide legislative and policy advice, revenue forecasting and trend analysis to the Queensland Government.

Structure

Under Treasurer	Gerard Bradley
Deputy Under Treasurer	Tim Spencer
Deputy Under Treasurer	Alex Beavers
Commissioner and Executive Director	David Smith
Deputy Commissioner	Allan Mason
Director, Policy and Legislation	Richard Jolly
Director, Investigations	Simon McKee
Deputy Commissioner	Martin Schwede
Director, Taxes	John Marken
Director, Client Management	David Elson
Deputy Commissioner	Tony Kulpa
Director, Business Development	Liam Cooke
Director, Corporate Capability	Liz Wells
Director, Governance	Wendy Joosen
Director, Strategy	Helen Wootton

Vision

First choice revenue managers.

Mission

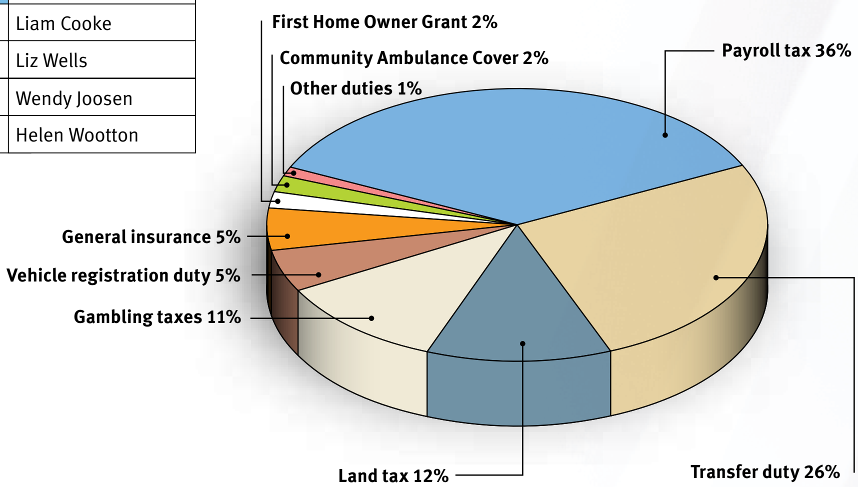
To deliver and administer simple, efficient and equitable revenue management services.

Key issues facing the output

Undertake modelling, education of taxpayers and system changes to support the Government's decision to introduce a land valuation system based on 'site value' in 2011-12, similar to that applying in other jurisdictions.

Providing rapid implementation of Budget changes to build on Queensland's recovery from the global financial crisis, including implementing an extended payment period for land tax, providing relief to Queenslanders through a land tax exemption, and continuing a land value cap and payroll tax rebate for apprentices and trainees.

Office of State Revenue administered revenue



Analysis: This shows the proportion each revenue line contributes to total revenue administered by OSR.

62 per cent of the total comes from two tax streams – payroll tax and transfer duty. Transfer duty is a volatile tax which is subject to market forces. Transfer duty comprised 37 per cent of total revenue before the global financial crisis but declined to represent only 26 per cent for 2009-10.

Output performance highlights

Quantity	Notes	Target	Actual
Amount of revenue, grants and subsidies administered		$8.4B	$8.8B
Number of amendment provisions including subordinate legislation developed	1	5	9
Number of First Home Owner Grant (FHOG) applications paid	2	31,400	27,924
Number of fuel subsidy payments	3	6,500	3,777
Quality	**Notes**	**Target**	**Actual**
Legislative amendment program and revenue policy advice within standards		90%	100%
Timeliness	**Notes**	**Target**	**Actual**
FHOG applications processed within service standards		95%	100%
Percentage of investigations performed within standards		90%	92%
Legislation program and deliverables within deadlines		90%	100%
Payment of fuel subsidy claims within standards		90%	100%
Policy advice, briefings and Ministerial correspondence within deadlines	4	90%	70%
Revenue collected within due dates		95%	95%
Client satisfaction with service provided		70%	71%
Cost	**Notes**	**Target**	**Actual**
Total revenue dollars administered per dollar expended – accrual		$148	$155

Variances

1. *Additional regulations were required to reflect changes to FHOG, and additional amendment provisions were developed to implement State Budget policy changes.*
2. *Reduction due to a decrease in the number of applications received following the removal of the First Home Owner Boost from 1 January 2010.*
3. *Reduction due to a decrease in the number of claims received during the finalisation of the Fuel Subsidy Scheme from 1 July 2009. No payments have been issued since November 2009.*
4. *Target not met due to delays from accessing archived information and performing detailed analysis and review in response to complex issues raised by clients.*

Goal

Deliver and administer simple, efficient and equitable revenue management services for State taxes, grants and subsidy schemes.

Strategy

Expand e-business through client support, continued expansion of the self assessment regime and firm and fair enforcement.

Committed to client support

We are committed to supporting clients and helping them meet their tax obligations and receive their entitlements through effective tools and targeted communication.

In 2009-10 we joined social networking site Twitter to provide clients with updates on new web tools, legislative changes and reminders of upcoming events.

We worked to strengthen our foothold as a leading e-business agency by introducing new business tools on the OSR website to simplify self assessment for clients. During 2009-10 we updated 87 existing public rulings and released 22 new public rulings to reflect new or revised legislation. These rulings help clarify potentially ambiguous or complex legislation, reducing the administrative and compliance burden for clients. We also introduced new interactive online toolkits to help self assessors complete transactions confidently and accurately.

In 2010-11 we will introduce additional channels of communication to assist clients to reduce administrative costs and compliance burden. We will also continue to help clients through interactive toolkits, public rulings and other information on the OSR website.

In recent years the need to provide extra support for clients affected by natural disasters has become increasingly necessary. In 2010-11 we will monitor our natural disaster response policy to ensure we provide adequate support and flexibility to help clients in times of need.

Self assessment brings greater flexibility, reduces burden

By expanding the range of self assessed transactions and providing enhanced support and assistance to self assessors, we reduced administrative burden, streamlined assessment processes and provided greater flexibility for clients. Examples of expanded self assessed transactions introduced in 2009-10 included some transactions relating to the *Family Law Act 1975*, the transfer of Queensland mortgages and some land transfers.

In the year ahead, we will continue to transition Commissioner-assessed transactions to the self assessor model as appropriate.

Delivering taxation reform for Queenslanders

The Queensland Government remains committed to ongoing reform of the Queensland tax system to make it fairer, simpler and more competitive.

By implementing the Government's tax reform agenda, we are providing relief to hard-working Queensland businesses and families, and laying the foundations to build our State's recovery from the global financial crisis.

In 2009-10 we implemented a range of State Budget initiatives, including:

- increasing the transfer duty concession threshold for first home buyers on vacant land purchases up to $250,000
- introducing a payroll tax rebate for apprentices and trainees
- increasing the land tax payment period from 30 to 90 days
- abolishing the Fuel Subsidy Scheme from 1 July 2009.

Queensland taxation reform will continue in 2010-11, with the implementation of the following State Budget initiatives:

- implementing the Government's Regional First Home Owner Grant boost for people building or buying newly constructed homes outside South East Queensland
- capping the First Home Owner Grant to homes valued at less than $750,000
- implementing an extended payment period for land tax
- providing relief through a land tax exemption for supported accommodation facilities
- continuing the 50 per cent land value cap
- continuing the payroll tax apprentices and trainee rebate
- providing a transfer duty exemption for Special Disability Trusts.

Strategy

Continuously improve the Revenue Management System (RMS) and leverage investment in RMS by developing grants administration capability.

Strong e-business focus

The Revenue Management System (RMS) offers Queensland taxpayers the convenience of paying taxes and applying for grants and subsidies online at any time via a secure e-business interface.

In 2009-10 we implemented the third and final instalment of RMS, bringing together all grants and taxation streams into a single integrated e-business system. The completion of the five-year RMS project brings improved compliance capability and greater transparency to whole-of-Government reporting.

A key indicator of the project's success is its adoption rates by clients – around 95 per cent of payroll tax self assessors lodge their annual returns electronically and more than 99 per cent of duty self assessors use RMS to lodge returns. This is a significant contribution to the Government's Toward Q2 target to achieve 50 per cent of Government service interactions online by 2012.

In the year ahead we will undertake continuous improvement and maintenance activities to ensure RMS continues to run at optimum capacity. We will also leverage investment in RMS to enable all Government revenue lines to take full advantage of the system's benefits and opportunities, including pursuing an integrated grants management system for Government agencies.

Ensuring Queenslanders pay their fair share

During the year we raised $8.4 billion in revenue which contributed to the provision of essential services. In 2010-11 we forecast raising $8.9 billion in revenue.

Our Revenue Base Management (RBM) tool helps us manage and administer Queensland's revenue base. This single, integrated system houses information, performs revenue and budget forecasting, identifies high-risk clients for tax investigations, and conducts revenue analytics and compliance activity.

By building revenue analytics and tax compliance functionalities into RBM in 2009-10, we have been able to enhance our revenue management capability to ensure Queensland taxpayers are meeting their obligations and paying their fair share of tax. Returns from the RBM project have exceeded forecasts, with the total revenue benefit to date in excess of $233 million.

In 2010-11 and beyond, we will continue to develop RBM Release 3, which will introduce land tax and grants into the system. This will enable us to provide the Government with accurate budget forecasts and advice to inform planning and funding of frontline services.

Online lodgement ticks all the boxes

As OSR's biggest user of online transfer duty transactions, Conveyancing Works Solicitors has welcomed the expanded range of transfer duty self assessed transactions and the additional support, information and tools now available for clients.

Extensive client consultation and collaboration spearheaded significant improvements to the OSRconnect online lodgement tool during 2009-10.

Conveyancing Works Solicitors' Chief Financial Officer Lorraine Hughes said she found the electronic funds transfer functionality in particular a huge improvement on our previous system.

"The new interactive form is intuitive and easy to use," Ms Hughes said.

Conveyancing Works Solicitors worked closely with OSR in the past year to ensure OSRconnect met user needs.

OSR's focus on building relationships with clients and gathering feedback is a core component of its client engagement program, designed to help Queensland taxpayers meet their obligations and receive their entitlements.

Conveyancing Works Solicitors welcomes the benefits OSRconnect has brought to its business. Here Conveyancing Works Chief Executive Officer Lee Bailie (right) talks with OSR Director of Client Management David Elson (left).

Our people

Attracting and retaining a strong and diverse workforce of skilled professionals – across a range of disciplines – enables us to deliver services that support sustainable financial and economic outcomes for Queensland.

Our strategy for a capable, healthy workforce

With changing demands in the Australian and Queensland labour market, the focus of our workforce strategy has continued to be on capability and performance management and maintaining a healthy workforce.

We provide access to professional development opportunities, flexible working arrangements, and a healthy and safe work environment to more than 1,000 employees.

In 2009-10, our main areas of development were:

- investing in the skills development of our leaders and staff in line with the whole-of-Government Capability and Leadership Framework
- providing innovative programs to promote health and wellbeing among our staff
- building our data analysis capability to identify and address emerging workforce issues.

Advancing careers through professional development

Treasury provides ample opportunities for staff at all levels to enrich their careers in the public service through a range of training and development initiatives. This means we can attract and retain the best possible people to help us achieve our objectives.

Treasury Leader-Manager Framework

In 2009-10, we implemented the Treasury Leader-Manager Framework with a particular emphasis on aligning Treasury's framework to the Queensland Public Service's Capability and Leadership Framework.

Treasury's Leader-Manager Framework focuses on building capability across five particular areas:

- identifying strategic direction/thinking
- achieving results
- building productive working relationships
- possessing personal drive and integrity
- communicating with influence.

In 2009-10, Treasury integrated the framework with its workforce performance and recruitment and selection activities.

We continued to deliver leadership audits to identify individuals and teams within Treasury for skills development and capability investment. These audits helped Treasury to develop strategies that provide staff, at all levels, with opportunities to develop successful careers with us.

A number of Treasury senior executives engaged in 360 degree feedback processes as part of their contract renewal process in 2009-10. This type of development activity gathers feedback about a person's performance from a range of sources around them – colleagues, associates, management – and helps their overall participation in the performance management and review processes.

We offered one Professional Excellence Program during 2009-10 for A05-A07 level staff. The program is developed for staff in supervisory positions and contains two components – leadership development and management development. The program also includes a specific management accountability module.

Supporting staff through further study

Treasury's multidisciplinary workforce ensures we have the skills at our disposal to meet our goals and objectives. Our people remain keen to increase their skills and advance their careers through further study. The Study and Research Assistance Scheme (SARAS) supports employees who are undertaking formal tertiary study or research projects through financial assistance and flexible leave arrangements.

During 2009-10, 31 staff took advantage of SARAS to pursue studies in disciplines such as commerce, accounting, information technology, law, applied finance and human resource management.

Generating opportunities for school and university leavers

We support the 'next generation' of our workforce with training programs for school and university students to provide them with experience in their chosen field and the public service in general.

In 2009-10, we welcomed six school-based office trainees as part of the Queensland Government's commitment to double the number of school-based apprenticeships and traineeships (SATs) across the sector.

The trainees completed their SATs over 12 months, combining one work day at a Treasury office with school studies and off-the-job training. The traineeships are targeted towards Year 10 and 11 students and provide the students with a Certificate III in Business when they successfully complete the program.

Indigenous cadetship

In January 2010, Treasury reinstated its commitment to the National Indigenous Cadetship Support Program by employing an Indigenous cadet who is currently studying a dual degree in economics and finance. Treasury intends to appoint a further three cadets in 2011. The Indigenous cadet program is a key strategy of Treasury's Indigenous Employment and Capability Strategy 2010-2012.

GRADStart

Our GRADStart recruitment program continued in 2009-10 with one program completed and another program commencing in February 2010.

GRADStart offers work experience and graduate employment for people completing their studies or who have recently graduated. It attracts applicants in key Treasury skill requirements such as accounting, economics, statistics, and financial and policy analysis.

We welcomed 15 graduates to Treasury in 2009-10, with 310 graduates employed since the program started in 1990. Graduates often view the program as a long-term career prospect with 63 per cent still employed either in Treasury or in the Queenzsland public sector since 1990.

The Vacation Employment program has also been successful in attracting current university students who go on to work in Treasury on a part-time or casual basis.

Our 2009-10 GRADStart intake included (from left) Christine Tozer, Nigel Tarr, Erin Matthews-Frederick and Joey Srinkapaibulaya.

Our workforce at a glance

The Treasury workforce changed significantly in size during 2009-10.

- The administration arm of QSuper (QSuper Limited) became a company in 2007. In 2009-10, all remaining public servants working for QSuper Limited were offered the opportunity to move to the company.
- The Planning and Information Forecasting Unit joined our Office of Economic and Statistical Research from the Department of Infrastructure and Planning.

At the end of 2009-10, our workforce included:

- 1,099 people[1], of whom 54.6 per cent are women
- 968.65 full-time equivalent staff [2]
- 159 staff employed under part-time arrangements
- 220 new employees [3]
- 52.7 per cent of women among new appointees.

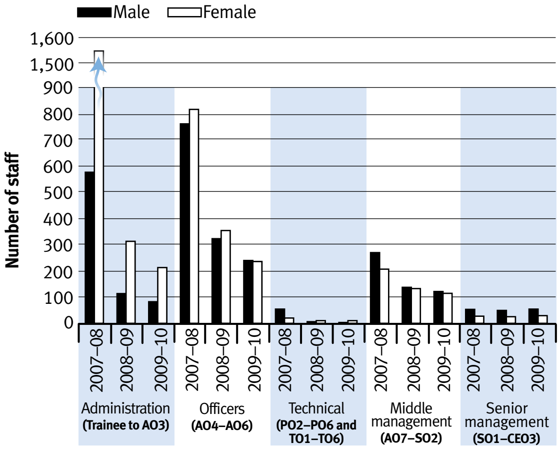
During 2009-10, 194 staff left the organisation[4].

1. Represents a 24.7% decrease on the same time in 2008-09. Decrease is largely due to the transfer of 386 staff to QSuper Limited. Figure includes employees on leave without pay or seconded to other Government agencies.
2. Full-time equivalent only includes employees active and paid at the end of the reporting period.
3. Based on the Minimum Obligatory Human Resource Information (MOHRI).
4. Does not include employees who transitioned to QSuper Ltd on 1 July 2010.

	Number	Percentage of workforce
Men	499	45.4
Women	600	54.6
Permanent retention (staying in Treasury) rate (1)	934	87.17
Permanent separation (leaving Treasury) rate (1)	80	8.57
Non-English speaking background	130	11.8
Aboriginal and Torres Strait Islanders	6	0.55
People with disability	80	7.28
Women in middle and upper management (AO7 – SO2)	114	48.5 [2]
Women in senior officer and senior executive service (SO1 – CEO)	29	34.9 [3]
Average annual earnings by men	$81,153	45.4
Average annual earnings by women	$62,738	54.6

1. Excludes separations associated with the transfer of 386 staff to QSuper Limited.
2. Percentage of total workforce at middle and upper management.
3. Percentage of total workforce at senior and senior executive service.

Total staff by gender and classification



Staffing for communication services

Communication of Government services is essential to keep the community informed on matters such as the State Budget, financial and economic policy, State asset sales, State taxation, statistical research and services, Government-owned corporations and motor accident insurance.

As at 30 June 2010, the department employed five full-time equivalent staff whose functions related to media and public relations.

Improving quality of life for families

Treasury understands that flexible work options help reduce absenteeism, turnover, and knowledge and skills loss. We are committed to helping employees balance work and family commitments through a range of flexible work arrangements and policies. These practices allow our people to meet work and family goals while allowing us to meet our business goals.

We help our people achieve balance between work, family and lifestyle by supporting part-time employment, telecommuting, extra leave for proportionate salary, job sharing, special leave without pay, accumulated (flexible) time and special responsibility leave for caring purposes.

In Treasury, managers and employees work together to ensure:

- employees are supported in balancing work and family responsibilities
- flexible work practices are available and implemented in a fair and reasonable way that considers business needs and outcomes
- requests for flexible work practices options are assessed and managed on a case-by-case basis and reviewed at regular intervals.

Treasury's Paid Parental Leave Policy provides eligible employees with 14 weeks paid parental leave and the ability to take up to two years parental leave. Our policy allows for an employee returning to work after parental leave to work on a part-time basis until their child is of school age.

Valuing the contribution of women

As women are the primary caregivers in many households, our work-life balance focus has the particular benefit of supporting women's career development.

In valuing the contribution women make to our business objectives, Treasury continues to be an active participant of the Smart Women Smart State Awards. We sponsored the awards ceremony for the fourth consecutive year in August 2009.

We also support women's career development by:

- encouraging participation in the Public Service Commission's Inspiring Women mentoring program for AO2-AO7 and equivalent levels
- offering a women-in-management program
- providing targeted professional development and training courses
- facilitating opportunities to act at a higher level
- offering job rotation and work shadowing
- encouraging and facilitating multi-skilling.

Reconciliation in Treasury

Queensland Treasury is committed to achieving reconciliation with Aboriginal and Torres Strait Islander people. In 2009-10, we made the following progress towards initiatives in the Queensland Government Reconciliation Action Plan.

Queensland Government action

The Government worked actively with Aboriginal and Torres Strait Islander people to achieve the Council of Australian Governments' national Closing the Gap targets and strategies in areas such as early childhood, schooling, housing, health and economic participation.

Treasury activity

- We began initial consultation with the Australian Indigenous Mentoring Experience to provide work experience opportunities for Indigenous high school students as part of Treasury's proposed Pathways Program.
- The Office of Economic and Statistical Research's Indigenous Statistics Team continued to coordinate and analyse Indigenous data for key Queensland Government reports, including the *Closing the Gap Report 2009-10*, and continued work to improve local community information. The team also provided advice on the first stage of Council of Australian Governments' Indigenous reform reports.

Queensland Government action

The Government incorporated relevant reconciliation actions in agencies' annual business plans and reported on the progress of the implementation of *The Queensland Government Reconciliation Action Plan 2009-2012* as part of agencies' annual reports.

Treasury activity

- *The Treasury Department Indigenous Employment and Capability Strategy 2010-2012* was approved by the Under Treasurer on 4 January 2010. The main objective of this strategy is to increase employment and learning opportunities for Indigenous people in Treasury.
- In May 2010, 24 employees attended Indigenous Cultural Awareness training. Further training programs are scheduled throughout the remainder of 2010.
- We supported the National Cadetship Support Program by appointing an Indigenous cadet in February 2010. We propose to recruit a further three cadets in 2010-11.

Supporting care commitments

Treasury supports the care commitments of staff by encouraging and promoting flexible working arrangements, including part-time employment, job sharing, telecommuting, phased retirement, flex-time and purchased recreation leave. Carers of Treasury staff with a disability are supported through on-site car parking facilities.

Human resource policies and procedures are readily available on the Treasury intranet and these are regularly promoted to staff. In addition, Treasury information is available in other formats by request or by contacting Treasury Corporate Services (page 112).

In 2010-11, we will actively promote the Carers Charter to staff to ensure the needs of carers are taken into account when making decisions, especially in relation to services. Information will be included in staff training, the Treasury intranet and other communication channels as appropriate.

Treasury has been involved in the consultation and development of the whole-of-Government 10 Year Plan for Supporting Queenslanders with a Disability. The needs of carers were considered as part of the development of Treasury's *Disability Service Plan 2009-10* and *Disability Service Plan 2010-11*.

Treasury's Complaints Management Policy and Guidelines provide for complaints to be made by carers (third parties) on behalf of the people they care for. Complaints can be made in a variety of formats including orally, in writing, or audio and audiovisual methods. The Complaints Management Guidelines provide a framework for the handling of complaints including communication with complainants.

A fair, safe and ethical environment

At Treasury, we value, actively support and promote a fair, safe and ethical work environment. We do this so our people understand their responsibilities, carry them out with respect and integrity, and deliver effective and efficient services to our clients.

Treasury's Code of Conduct is available to all staff on our departmental intranet site. In accordance with the *Public Sector Ethics Act 1994,* during 2009-10, all Treasury employees undertook mandatory online Code of Conduct training. This interactive training was updated in 2009 to reflect the Crime and Misconduct Commission's best practice guidelines.


Pictured from left to right - Alicia, Amy and Kevin

Our people in action – helping communities to recover

Treasury deployed seven staff members in 2010 to help communities impacted by disasters in south-east, north and western Queensland. Thirty-seven Treasury staff are registered for this community recovery service, which involves temporarily working in devastated communities with other agencies to provide information, services and financial assistance. Three Treasury staff members share their community recovery stories.

Alicia Lovi
Finance Officer,
Office of State Revenue,
Community recovery in Roma,
March 2010

Helping the community was an amazing experience – one in which I met wonderful people and gained memories that will last forever.

I was touched by how resilient the community was after such a devastating event, and also by their country hospitality. So many people had lost so much, yet they'd be asking us to check on their neighbour whose damage had been worse or offering us a cup of tea.

I've had my own share of life-changing events and this has had a massive impact on how I see the world. In Roma, I knew I had to keep an open mind and have my own resilience to deal with anything that came my way.

My advice to future volunteers? Jump in and be part of the community. All you need is the right motivation and a willingness to work hard!

Amy Law
Accountant,
Treasury Office
Community recovery in Mackay and Airlie Beach, April 2010

I wanted to get involved in something tangible, and community recovery was an opportunity to do just that.

I'm very fortunate to be working where I am. My work area supported my decision to join the community recovery register. They also readily released me for deployment. In fact, they have always supported my professional and personal development. Together, they managed my workload so I could focus on community recovery for six consecutive days.

The best thing about it was the opportunity to work with people from different disciplines and cultures. We were all so different, but we remained united and like-minded. It wasn't about us; we were there to help those who had been affected by a disaster.

It was a great feeling to do something worthwhile that was beyond my insular world. Next time, I will be more prepared – I will be taking my GPS!

Kevin Irwin
Finance Officer,
Office of State Revenue
Community recovery in Roma and St George, March 2010

Getting out of bed each morning was the only predictable thing during my time in Roma and St George.

I saw first-hand gutted and destroyed homes and workplaces. In some cases, I couldn't hide my shock – everything families owned and worked for was piled on the lawn.

A smile and a listening ear can make all the difference. But we weren't there to 'have a chat'. I was happy to do whatever was needed: making lunches, cleaning, visiting homes to assess eligibility and making calls. I also signed cheques for grants so families could buy necessities.

For us, the hard days would end and we could go to a clean, dry motel and then back to our normal lives. The people we were helping didn't have that luxury; they had to just keep going.

Many hands make light work, so the more people involved the lighter the workload.

Our standard for integrity and accountability

The Queensland Government is working hard to ensure that our system of integrity and accountability is the strongest and most stringent in the country.

Treasury, along with other Queensland Government departments, participated in a significant sector-wide review of integrity and accountability. The Queensland public contributed to this review and helped shape the development of a comprehensive suite of reforms to improve our practices. These reforms are based on a commitment to strong rules, strong culture, strong scrutiny and strong enforcement.

One of these reforms is a new single Code of Conduct for all Queensland Government departments and their employees. In 2010-11, all Treasury employees will participate in mandatory training on ethical decision making and the new whole-of-Government Code of Conduct.

To further support the Government's commitment to integrity and accountability reform, Treasury created an Ethics and Integrity Unit in 2009-10. This unit is responsible for implementing, managing and overseeing within Treasury:

- ethical decision making framework and education
- crime and misconduct reporting
- appropriate standards of contact between lobbyists and government representatives
- declaration of interests
- public interest disclosures
- performance management.

Whistleblower protection

Like all Queensland Government departments, under the *Whistleblowers Protection Act 1994*, Queensland Treasury must report to Parliament on the number of public interest disclosures received and verified.

No public interest disclosures were received by Treasury in 2009-10.

Voluntary early retirements, voluntary redundancies and retrenchments

During 2009-10, seven voluntary early retirements were taken to the value of $712,332.08, including incentive payments.

Six voluntary redundancies were taken with a severance value of $398,825.58, also including incentive payments.

There were no retrenchments in Treasury during 2009-10.

Promoting the safety and wellbeing of our people

Treasury continued its strong commitment to deliver workplace health and wellbeing programs in 2009-10. These programs are closely aligned to whole-of-Government initiatives such as Safer and Healthier Workplaces Framework, Healthy Lifestyle Program and the Zero Harm at Work philosophy.

In 2009-10, we focused on preventative health initiatives and solutions, which benefit staff in the short and longer term. The overall outcome has been an improved workplace health and safety management system and a workers' compensation experience better than the market average.

	Number of accepted workers compensation claims by injury year		
	2007-08	2008-09	2009-10
Statutory claims	32 [1]	14	9
Common law claims	0	0	0

[1] Includes QSuper and the former Office of Liquor, Gaming and Racing

Networks to promote workplace health and safety

During 2009-10, Treasury continued to develop partnerships with its own people and across the public sector to support our people and improve our health and wellbeing.

The Workplace Health and Safety (WHS) Committee worked to embed risk and quality measures into day-to-day Treasury activities. This ensured we complied with rigorous standards and policies, while enabling staff to work in a safe and effective manner. It also meant that a healthy workplace is 'business as usual' for Treasury.

We also continued our voluntary WHS network of representatives drawn from every Treasury portfolio office. In 2009-10, we trained our 22-strong network of WHS representatives to undertake ergonomic workstation assessments and hazard auditing programs. This network also supported the Workplace Health and Wellbeing Unit to undertake hazard risk monitoring during 2009's Safe Work Week. As a result, we identified and resolved a number of potential hazards before they became serious.

Treasury's Healthy Lifestyle Program

During the year, we promoted the benefits of physical activity, healthy eating and regular health checks to our people as part of our Healthy Lifestyle Program.

The program included a range of practical activities, events and corporate benefits, including:

- gym corporate membership (in association with FitnessFirst)
- corporate games
- cycling – ride to work days
- health expo – corporate partnerships with MBF and Fitness First
- corporate health fund membership with MBF and Medibank Private
- flu vaccinations (including H1N1)
- ergonomic workstation assessments
- employee assistance programs
- blood pressure checks in the Know Your Numbers campaign
- healthy recipe web page
- executive health assessments
- lunch-time sessions on health and wellness.

Managing our organisation

Corporate governance offers the controls and structures our organisation needs to achieve our objectives. These allow us to allocate resources efficiently, make sound decisions and remain accountable to the Government and the people of Queensland.

Planning and resourcing

Treasury's corporate governance framework starts with Toward Q2, the Government's plan to build and maintain a strong, green, smart, healthy and fair Queensland. From the Q2 priorities and community and stakeholder needs, Treasury establishes its strategic plan. This five-year plan, revised annually, outlines how we will help the Government provide the services our growing State needs. Read more about Treasury's role in the Q2 ambitions in Delivering the Government's priorities on page 6. Read Treasury's Strategic Plan for the coming year and beyond at www.treasury.qld.gov.au/about

From each year's strategic plan, each Treasury portfolio office develops its own plan, detailing its business and capability priorities and performance measures for the years ahead. The capability priorities detail the resources, competencies and infrastructure each office needs to deliver Treasury's outputs and services.

This planning structure guides Treasury in allocating resources to our business priorities. Each year, a Service Delivery Statement is prepared as part of the State Budget process to detail our budget, performance and future objectives. Read about the most recent State Budget at www.budget.qld.gov.au

Monitoring performance

Along with all other agencies, we base our decisions on planning, resource management and performance on the Queensland Government's financial management framework.

For Queensland

Although most indicators agree that recovery was well underway during 2009-10, the economic climate has remained challenging. The Government's focus remains on returning the budget to surplus and sustaining jobs. With lead responsibility for economic and financial policy advice to the Government, Treasury plays a critical role in achieving this objective through fiscal principles outlined in the *Charter of Fiscal Responsibility*. These principles are centred around fiscal sustainability, a competitive tax regime and managing the State's balance sheet.

Each budget, mid-year review and end-of-year outcomes report will detail the Government's achievements against these principles. Read more about the *Charter of Fiscal Responsibility* at www.treasury.qld.gov.au

For our organisation

Our performance is monitored externally through the Parliamentary Estimates Committee process, generally held directly after each year's State Budget. Treasury is accountable to the Treasurer who reports on our performance against our Service Delivery Statement through the Estimates Committee.

Internally, our performance is monitored closely by our Portfolio Management Group (PMG) and the newly established Resource Governance Committee (RGC). Monthly finance reports are provided to these committees.

RGC was established in 2009-10 to strengthen our ability to manage resources effectively. This committee:

- provides advice and direction on the management of our budget
- monitors Treasury's use of financial, workforce, IT, communication and information resources
- approves submissions and proposals for corporate service initiatives.

The committee is chaired by Under Treasurer Gerard Bradley who is supported by members Deputy Under Treasurer Alex Beavers, Executive Director, Office of State Revenue David Smith and Executive Director, Corporate Services Chris Turnbull.

Along with all other agencies, we are in the process of aligning our performance monitoring with the Government's Performance Management Framework. This framework is improving how performance information is used to identify and address risks and opportunities for agencies, Government and the community.

Leading Treasury

Accountable to the Treasurer as Treasury's chief executive, Under Treasurer Gerard Bradley sets the direction for Treasury, supported by Deputy Under Treasurers Tim Spencer and Alex Beavers, the Portfolio Management Group, committees and portfolio office executive management teams. Read more about Treasury's structure, origins and recent changes in our organisation in About us on pages 4 and 5.

The Portfolio Management Group, comprising the Under Treasurer, Deputy Under Treasurers, Assistant Under Treasurers and the heads of each portfolio office, drives Treasury's direction and performance. Its main role is corporate governance and developing our capability priorities, which support our corporate planning process.

The group also determines operational policy and strategies to identify and manage key areas of risk and department-wide issues. In turn, each portfolio office in Treasury has its own executive management team which sets the strategic direction for its office.

Our leadership team

Name	Position	Portfolio responsibilities
Gerard Bradley	Under Treasurer	• Executive leadership and strategic direction of Treasury • Whole-of-Government financial management
Alex Beavers	Deputy Under Treasurer	
Tim Spencer	Deputy Under Treasurer	
John O'Connell	Assistant Under Treasurer	• Resources and economic development • Transport, infrastructure and government services
Dennis Molloy	Assistant Under Treasurer	• Fiscal and taxation policy
Gary Ward	Assistant Under Treasurer	• Inter-Governmental relations • Macroeconomics
Walter Ivessa	Assistant Under Treasurer	• Health and community services • Education and justice
Ian Munro	Assistant Under Treasurer	• Commercial advisor
Stuart Booker	Assistant Under Treasurer	• Commercial advisor
Ken Sedgwick	Assistant Under Treasurer	• Economic and structural policy • Queensland Office for Regulatory Efficiency
Antony Skinner	Acting Assistant Under Treasurer	• Office of Economic and Statistical Research • Acting Government Statistician[1]
John Hand[2]	Insurance Commissioner	• Queensland Compulsory Third Party scheme • Queensland Government Insurance Fund • General advice to Government on insurance matters
Adrian Noon	Executive Director	• Office of Government Owned Corporations
David Smith	Executive Director	• Office of State Revenue
Chris Turnbull	Executive Director	• Corporate services for Treasury
Keith Millman	Commercial Counsel	• Legal advice on behalf of Treasury and the Queensland Government

[1] In March 2010, Assistant Under Treasurer Dr Peter Crossman left Queensland Treasury after 20 years, the last 11 of which he served as Government Statistician.

[2] In August 2010, Insurance Commissioner John Hand left Queensland Treasury after 17 years, the last 3 of which he served as Insurance Commissioner.

Audit Committee

Audit Committee charter

The Queensland Treasury Audit Committee has observed the terms of its charter which is prepared largely on the basis of the *Audit Committee Guidelines – Improving Accountability and Performance*. The committee's charter sets out its responsibilities, which encompass but are not limited to:

- considering audit and audit-related findings
- assessing and enhancing Treasury's corporate governance processes including its systems of internal control and the internal audit function
- evaluating the quality and facilitating the practical discharge of the internal audit function, particularly in respect of planning, monitoring and reporting
- overseeing and appraising Treasury's financial and operational reporting processes through the internal audit function.

Role

The Audit Committee acts as an advisory service to the accountable officer – the Under Treasurer or his delegate – to assist in the effective discharge of responsibilities prescribed in the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009* and other relevant legislation and prescribed requirements.

2009-10 members

- Alex Beavers, Deputy Under Treasurer (Chair)
- Gerard Bradley, Under Treasurer
- John Hand, Insurance Commissioner
- Gary Ward, Assistant Under Treasurer, Treasury Office
- Martin Schwede, Deputy Commissioner, Office of State Revenue
- Neil Castles, General Manager, Credit and Procurement Risk, Queensland Treasury Corporation.

The Queensland Audit Office; Internal Audit; the Executive Director, Corporate Services; and Director, Office of the Under Treasurer have standing invitations to attend committee meetings.

Achievements

In 2009-10, the Audit Committee met five times and considered a range of matters concerning Treasury's finances and internal audit projects, including:

- reviewing the 2008-09 financial statements
- reviewing, approving and ongoing monitoring of the internal audit plan for 2009-10
- reviewing the Report on State Finances
- reviewing procedures for the new annual assurance statement from the Chief Finance Officer
- reviewing Queensland Audit Office reports to Parliament as they relate to Treasury
- providing feedback on and considering issues raised by internal audit reports
- monitoring activities of other related committees in the Treasury portfolio
- monitoring external audit activities.

Internal Audit

Internal Audit supports the Audit Committee by regularly evaluating Treasury's financial and operational systems, reporting processes and activities. It provides an independent, objective assurance and consulting service, which is consistent with relevant audit and ethical standards and has due regard to Treasury's *Audit Committee Guidelines – Improving Accountability and Performance*. In 2009-10, internal audit services were primarily provided by Treasury's Internal Audit unit, although external providers were engaged where appropriate.

Internal Audit has observed the terms of its charter which is prepared in keeping with the *Financial Accountability Act 2009* and other relevant legislation. As stated in the charter, Internal Audit has independent status. Internal Audit is also independent of the Queensland Audit Office (QAO), though liaises with QAO where the Director, Internal Audit, considers it appropriate.

In accordance with the *Financial and Performance Management Standard 2009*, Internal Audit prepares a strategic audit plan and an annual audit plan in consultation with all portfolio offices, executive management, the Risk Management Committee and the QAO. The risk assessment methodology used in preparing the 2009-10 audit plan was based on the 2004 risk assessment standard AS/NZS 4360 and the Queensland Treasury Risk Management Framework. The plan is endorsed by the Audit Committee and approved by the accountable officer. Internal Audit provides written reports on all audits and reviews conducted to both the accountable officer and the Audit Committee. Progress against the annual audit plan is reviewed regularly by the Audit Committee to ensure the effective, efficient and economic operation of the function.

In 2009-10, Internal Audit completed more than 5,700 hours of audit work in Treasury with 22 audits finalised including verification of the 2008-09 financial statements, cash management, suspense account/general ledger accounts, employee entitlements and write-off arrangements.

Risk management

In Treasury's corporate governance framework, risk management is integrated into all business activities and systems across the portfolio, including strategic and business planning, staff responsibility and other decision-making processes.

The aim of risk management in Treasury is to contribute effectively to service delivery through our objectives and strategic directions.

All staff in Treasury are responsible for managing risk. Project management within Treasury includes identifying risks and developing solutions to mitigate and manage those risks.

Risk Management Committee

The Risk Management Committee assists the Under Treasurer and Treasury's Portfolio Management Group by:

- determining Treasury's risk management strategy and monitoring its implementation
- identifying and prioritising portfolio risk at a strategic level
- overseeing risk management policy and processes
- monitoring risk management in business planning and reporting
- ensuring significant risks are managed effectively and efficiently.

2009-10 members

- Alex Beavers, Deputy Under Treasurer (Chair)
- John O'Connell, Assistant Under Treasurer, Treasury Office
- Lynne Bulloch, Director Education and Justice Branch, Treasury Office
- Tony Kulpa, Deputy Commissioner, Office of State Revenue

The Director, Office of the Under Treasurer; the Executive Director, Corporate Services; and the Queensland Treasury Corporation's Credit and Risk Manager have standing invitations to attend committee meetings.

In 2009-10, the committee met twice to consider a variety of matters, including:

- focused review of outstanding audit recommendations
- detailed review of reports referred by the Audit Committee
- internet publishing of the gifts and benefits register
- Queensland Audit Office report to Parliament on agency risk
- new risk standard AS/NZS ISO 31000:2009 Risk Management – Principles and guidelines.

External scrutiny

External audits and reviews help us improve our and other agencies' performance and meet our commitments to the Government's key priorities for communities.

During 2009-10, recommendations for Treasury were included in reviews by Queensland's Auditor-General and the Public Accounts and Public Works Committee. The recommendations relate to Treasury in the context of its roles in developing and implementing whole-of-Government policy on planning and performance management, financial management and governance for public sector entities.

Auditor-General report No.6 for 2009

Providing the information required to make good regulation

The report recommended that:

- central agencies review their guidance materials to align them with the principles of best practice regulation
- Treasury work with the Department of the Premier and Cabinet to develop a training framework for policy officers whose role it is to develop regulations.

In response to these recommendations, Treasury has issued the Regulatory Assessment System Guidelines which outline the procedures and processes policy officers should follow when they develop regulations for the Queensland Government. Read more about best practice regulation on page 15.

Auditor-General report No.7 for 2009

Follow-up on Government-owned corporation (GOC) and budget sector performance measurement and reporting

The Auditor-General recommended that Treasury develop a corporate governance policy for GOCs and a suitable format for publishing GOC corporate objectives, performance indicators and other information.

In response to this recommendation, Treasury's Office of Government Owned Corporations has implemented a requirement for GOCs to publish Forecast Reports, the first of which were published on GOC websites for the 2010-11 financial year. The information includes earnings before interest and tax, a production or throughput measure, major projects and market environment. Read more about Treasury's role in GOC performance and governance on pages 16 to 19.

Auditor-General report No.8 for 2009

Results of audits at 31 October 2009

The report noted that there was no specific guidance in the accounting standards or in Treasury's non-current asset policies relating to the accounting for and valuation of assets held by Queensland public sector entities operating in price-regulated markets. Consequently there was no consistent approach across these entities as to how fair value was assessed.

In February 2010, Treasury prepared a draft discussion paper on valuation methodologies of assets used in price-regulated markets in consultation with GOCs and other interested parties. Treasury will incorporate the principles outlined in the discussion paper as part of its next update of the non-current asset policies planned for late 2010.

Auditor-General report No. 1 for 2010

Audit of A1 Grand Prix agreements

The Auditor-General made recommendations relating to the Queensland Government's involvement in all major events, including governance, due diligence and contractual arrangements.

These recommendations will ensure all future major events have:

- a governance structure that enables effective government oversight
- documented processes for due diligence that ensure adequate analysis of key features in contract agreements is undertaken
- contractual arrangements contain formal commitments, guarantees and progressive performance targets to allow for early termination of arrangements where non-performance is identified.

Treasury will advise and assist the Queensland Government in its consideration of the Auditor-General's report and any implementation actions that may arise.

Auditor-General report No. 2 for 2010

Covers follow-up on Report to Parliament No. 6 for 2007 – Beyond agency risk

The purpose of this report was to follow up on the implementation of this report's recommendations for addressing agency risk (the result of a cross-sector audit of all departments' governance arrangements). The Queensland Audit Office advised that there has been good progress in improving governance arrangements across the departments.

Auditor-General report No. 7 for 2010

Information systems' governance and control, including the Queensland Health Implementation of Continuity Project

This report included a recommendation that the roles and responsibilities of Accountable Officers involved in the Shared Service Initiative be reviewed to reinforce the ultimate responsibility of Accountable Officers for all expenditure by their departments, and that the agreed responsibilities should be clarified in either the Financial Accountability Act or the Financial and Performance Management Standard. This issue is the subject of further discussions with the Auditor-General.

Public Accounts and Public Works Committee report No. 2

Review of Auditor-General's Report No. 2 for 2007 – Results of performance management systems audits of funding to non-government organisations

The report included examination of the effects of non-government organisations failing to recover full costs (direct and overhead costs) from contractual arrangements with the Queensland Government. Failure to recover full costs can mean that non-Government organisations pay for overhead costs with funds intended for service provision. Ultimately, the failure to cover overhead costs may lead to organisations shrinking or collapsing.

The report recommended that Treasury investigate the implications of implementing full cost recovery in funding for non-Government organisations under a 'shopping' type arrangement. In June 2010, Treasury released the draft Volume 6 – Grant Management – of the *Financial Accountability Handbook* for comment. Now finalised, it will replace Treasury's April 1997 publication Guidelines for Grant Administration.

Public Accounts and Public Works Committee report No. 3

Review of Auditor-General reports – April to December 2009

The Review of Auditor-General Reports (April - December 2009) included consideration of GOCs publishing high-level non-financial and financial targets on their websites before the start of each financial year. This issue was addressed by the Office of Government Owned Corporations through Forecast Reports (see Auditor-General report No.7 for 2009 on page 36.

Managing our information resources

Our records are our corporate memory, documenting our actions, decisions and communication and providing the foundation of government accountability. Managing these valuable assets responsibly through sound information management and recordkeeping practices allows us to make quality decisions and recommendations for Government on behalf of the community.

Treasury's recordkeeping practices:

- are an integral part of our business activities
- enable our people to efficiently identify, capture and retain records
- comply with the *Public Records Act 2002*.

In 2009-10, Treasury maintained its commitment to excellence in recordkeeping by:

- supporting the implementation of an electronic records management system
- building staff awareness about good records management practices with training programs and information sessions
- monitoring and reporting on the use of recordkeeping systems and procedures
- commencing a document retention and disposal schedule for 2010
- conducting a staff survey measuring compliance and identifying training requirements. The survey revealed further scope for building staff capability in recordkeeping and that our staff were keen to develop their skills and knowledge.

Minimising our environmental footprint

Treasury is committed to conserving energy and minimising waste in and around our workplaces – where we work and how we work.

This year, we finalised our ClimateSmart Management Plan, which addresses all of our water, waste and energy management responsibilities and ensures we meet and exceed, wherever possible, legislative requirements. A review process aids continuous improvement in our climate smart management practices. We aim to foster an organisational culture that goes beyond compliance and achieves a 'business as usual' approach to minimising our environmental footprint.

The plan provides guidance on:

- waste management and recycling practices
- energy reduction and associated emissions
- water conservation
- vehicle and fuel efficiency
- purchasing guidelines
- ecologically sustainable building design.

Treasury is committed to contributing to the national target of a 60 per cent reduction in greenhouse gas emissions by 2050.

Environmental sustainability on the road

We use the GVG Greenhouse Rating as the benchmark when selecting our vehicles. Under QFleet's ClimateSmart Policy, the minimum greenhouse rating for passenger vehicles is 5.5. All Treasury vehicles are compliant with a rating of 5.5 or above and this has helped reduce our carbon emissions.

At the bowser, we choose E-10 ethanol-blended fuel whenever possible.

Greenhouse gas emissions

Queensland Treasury supports the Queensland Government's *Toward Q2 – Tomorrow's Queensland* target to cut Queenslanders' greenhouse gas emissions by one-third by 2020. This includes implementing the Government's environmental and climate change strategies, such as *ClimateQ: toward a greener Queensland*.

Six gases have been identified under the Kyoto Protocol as the main greenhouse gas emissions that need to be reduced:

- carbon dioxide
- hydrofluorocarbons
- methane
- nitrous oxides
- perfluorocarbons
- sulphur hexafluoride.

As part of standard emission measurement practices these gases are mainly reported as carbon dioxide equivalent emissions (CO2-e).

The Queensland Government has established minimum greenhouse gas emissions reporting requirements for departments covering their main greenhouse gas emitting business activities: namely those linked to vehicle use, electricity consumption and air travel. These activities are sources of direct and indirect greenhouse gas emissions.

Comprehensive reporting of greenhouse gas emissions is sometimes limited due to the complexity of departments' operational boundaries within the public sector, especially where shared services providers are used.

While the best available data has been used, in some instances estimates are reported due to the limitation of data collection processes or systems. For example, in Government-owned office buildings with multiple government agency tenants where electricity usage cannot be solely attributed to any one agency, the electricity usage by the tenanted agencies may be proportioned based on the floor area they occupy.

Any attempted comparison of emission levels between reporting periods must first ensure that all the relevant parameters are exactly the same and have not been affected by changes such as: differences in the configuration and make-up of the department's building portfolio; changes to building functionality and/or occupancy levels; or changes to the emissions conversion factors used (which can vary each year as published in the Australian Government's National Greenhouse Accounts Factors Workbook).

Queensland Treasury greenhouse gas emissions 2009-10

Activity	Gross greenhouse gas emissions (tonnes CO2)	Less emission offsets (tonnes CO2)	NET greenhouse gas emissions (tonnes CO2)	Notes
Vehicle usage				
QFleet leased vehicles	122	16	106	1
Hired vehicles	15	15		2
Electricity consumption				
Sourced through a third party	2387	81	2306	3
Air travel				
Domestic air travel – commercial airlines	111	111		4
International air travel – commercial airlines				4

Notes

1. Emissions figure *aggregated using National Greenhouse Emissions Reporting (NGER) guidelines* – represents emissions for four primary fuel types: unleaded petrol, diesel, liquefied petroleum gas (LPG) and E10. Emissions shown are estimates based on actual kilometres travelled and available fuel consumption records. Emission offsets figure relates to purchased national Greenhouse Friendly™ certified carbon offsets for vehicles that did not comply with the minimum Greenhouse Vehicle Guide (GVG) ratings.
2. Hire car vehicle emissions attributable to Avis Australia vehicles booked under Standing Offer Arrangement managed by Queensland Government Chief Procurement Office calculated by Avis Australia. Emission offsets figure relates to purchased national Greenhouse Friendly™ certified carbon offsets.
3. Emissions figure based on emissions associated with electricity use in leased spaces where electricity is not directly purchased by tenant department from an energy retailer eg. where electricity costs form part of lease charges.

   This figure includes estimated consumption (where specific details aren't available) and actual electricity records received from Government and private sector landlords. Incomplete electricity consumption records have been apportioned and/or extrapolated where necessary. For example, in those major government office buildings owned by the Department of Public Works and which do not have separate electricity sub-metering for tenants, electricity consumption and associated emissions have been apportioned 45 per cent to landlord and 55 per cent to tenants – in line with industry practice and historical benchmarking.

   Emission offsets figure includes GreenPower accredited renewable energy procured through Ecofund by Department of Public Works on behalf of each department.
4. Air travel includes all flights recorded by Queensland Government Chief Procurement Office (QGCPO) during period 1 April 2009 to 31 March 2010, specifically:
   - international air travel on commercial airlines
   - domestic air travel on commercial airlines.

   For all air travel the following methodology is used:
   - QGCPO calculates kilometres flown from data provided.
   - Kilometre figure is divided by 100 and multiplied by an industry average number of litres of fuel burnt per passenger per 100 kilometres.
   - A factor of 5 has been used for all air travel (sourced from International Civil Aviation Organisation).
   - This method gives the average litres of fuel burnt for a flight, per passenger. This figure subsequently converted from litres into kilograms and then from kilograms into tonnes, before being multiplied by 3.157 (which represents the amount of CO2 tonnes produced by burning one tonne of aviation fuel sourced from the International Civil Aviation Organisation).
   - Emission offsets figure for air travel relates to purchased national Greenhouse Friendly™ certified carbon offsets.

Financial position in detail

Financial position in detail

This financial summary provides an overview of our financial performance for 2009-10.

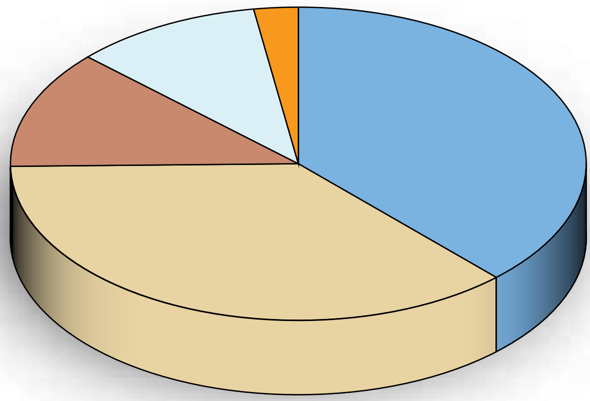
Treasury's financial statements fall into two categories:

- **administered**, which report on the funds Treasury administers on behalf of the Queensland Government in its role as the State's financial manager, and
- **controlled**, which disclose the revenue, expenses, assets and liabilities used to conduct Treasury Department business.

2009-10 Statement of Assurance

The *Financial Accountability Act 2009* requires each department's Chief Finance Officer to provide an annual Statement of Assurance to their accountable officer (Chief Executive). This statement includes assurances of the efficiency, effectiveness and economy of the department's financial operations and governance. Treasury's 2009-10 Statement of Assurance satisfied all requirements of section 57 of the *Financial Performance and Management Standard 2009*, and has been provided to the Under Treasurer. It indicated no deficiencies or breakdowns in internal controls which would impact adversely on the department's financial governance or financial statements for the year.

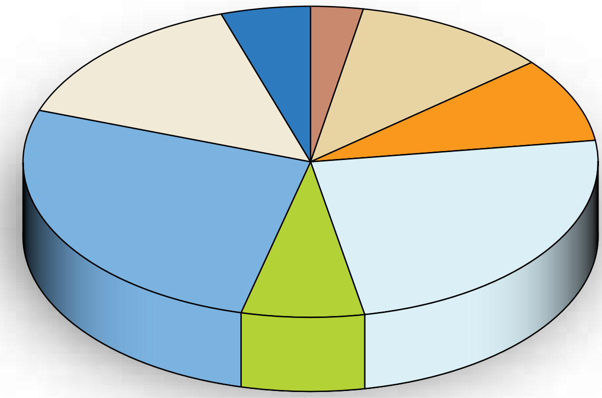
State taxes, fees, fines and levies 2009-10



Payroll tax $3.211B
Duties $3.115B
Land tax $1.034B
Gaming taxes $894.699M
Other taxes, fees, fines and levies $210.389M

During 2009-10 there was a slight recovery in most taxes following the effects of the global financial crisis in 2008-09.

Total administered expenses by category 2009-10



Supplies and services $126.545M
Grants and subsidies $473.973M
Benefit payments $379.485M
Superannuation benefit payments $1.04B
Long service leave reimbursements $296.872M
Annual Leave Central Scheme $1.139B
Borrowing costs $627.428M
All other expenses $216.381M

Superannuation benefit payments of $1.04 billion and Annual Leave Central Scheme costs of $1.139 billion were the largest components of the $4.3 billion of expenses Treasury administered on behalf of the State.

Treasury Department Administered Summary of Statement of Comprehensive Income
for the year ended 30 June 2010

	Treasury Department Actual 2008-09 $'000	Treasury Department Actual 2009-10 $'000
Revenues		
Commonwealth grants	10,546,097	16,716,906
Taxes, fees, fines and levies	7,920,546	8,465,293
Royalties, property income and other territorial revenue	136,993	123,018
Interest	7,019	11,456
Administered item revenue	4,332,238	4,248,650
Other	11,875	13,283
Total revenues	22,954,768	29,578,606
Expenses		
Employee expenses	6,106	4,674
Supplies and services	176,288	126,545
Grants and subsidies	801,999	473,973
Benefit payments	434,844	379,485
Interest	18,166	38,143
Superannuation benefit payments	900,000	1,040,000
Long service leave reimbursements	274,507	296,872
Annual Leave Central Scheme claims paid	1,180,093	1,138,730
Borrowing costs	414,326	627,428
Other	168,843	173,564
Total expenses	4,375,172	4,299,414
Net surplus before transfers to government	18,579,596	25,279,192
Transfers of administered revenue to Government	18,603,358	25,323,430
Net surplus/(deficit)	(23,762)	(44,238)

The increase in Commonwealth grants is due to Treasury receiving Australian Government specific purpose and national partnership payments for the full year during 2009-10 on behalf of other Queensland Government departments following the introduction of new funding arrangements in January 2009, as well as additional Australian Goverment economic stimulus grants received in 2009-10.

In 2009-10 an increase in taxation revenue is primarily due to higher transfer duties relating to increased property market activity and increased land tax reflecting the impact of three-year averaging, which has restrained growth in land tax liabilities in previous years.

Administered item revenue represents appropriation received from the Consolidated Fund to fund administered expenses. The administered item revenue has decreased due to lower administered expenses (refer below).

The decrease is mainly due to a reduction in GST administration costs. Also contributing is the cessation of fees paid to QIC for administration of the State's long-term investment as these assets were transferred to QTC.

The decrease in grants mainly relates to the abolition of the Queensland Fuel Subsidy Scheme from 1 July 2009.

The decrease in benefit payments is primarily related to the expiry of the Australian Government First Home Owner Boost.

Increased interest expense in 2009-10 reflects higher cash balances in eligible government entity accounts under the Cash Management Incentive Regime.

The increase in the State's share of superannuation beneficiary payments is in line with the State Actuary's funding recommendations.

The increase in borrowing costs is a result of the increased level of State borrowings in support of the Government's capital works program.

Queensland Treasury administered revenue

	2008-09	2009-10
Commonwealth funding as a percentage of total revenues	46%	57%
State funding as a percentage of total revenues	19%	14%
Funding from external sources as a percentage of total revenues	35%	29%

Treasury Department Controlled
Summary of Statement of Comprehensive Income
for the year ended 30 June 2010

	Treasury Department 2008-09 $'000	Treasury Department 2009-10 $'000
Revenues		
Output revenue	132,394	160,116
User charges	84,441	34,576
Grants and other contributions	436	299
Other	676	98
Gains		-
Gain on sale of property, plant and equipment	32	30
Total income	217,979	195,119
Expenses		
Employee expenses	132,486	90,588
Supplies and services	58,577	86,673
Grants and subsidies	5,303	1,945
Depreciation and amortisation	12,297	10,306
Other	9,174	4,923
Total expenses	217,837	194,435
Net surplus	142	684

The increase is mainly due to the commencement of the Commercial Transactions Team (CTT). Partially offsetting this is the machinery-of-Government transfer of the Office of Liquor, Gaming and Racing (OLGR) to the Department of Employment, Economic Development and Innovation (DEEDI) in 2008-09.

The decrease is mainly due to OLGR being transferred to DEEDI. Contributing to this is the cessation of revenue from QSuper due to the transfer of Treasury staff to QSuper who were previously contracted to provide superannuation services to QSuper Limited.

The decrease is mainly due to OLGR being transferred to DEEDI. Contributing to this is the transfer of Treasury staff to QSuper who were previously contracted to provide superannuation services to QSuper Limited.

The increase is primarily due to the commencement of CTT including costs for services provided by commercial, legal, accounting, tax and other technical advisors. Partially offsetting this is the completion of the Airports Transaction Project in 2008-09 and OLGR being transferred to DEEDI.

The decrease is mainly due to a reduction in grants administered by OLGR which was transferred to DEEDI.

The decrease is primarily due to OLGR being transferred to DEEDI.

The decrease is mainly due to OLGR being transferred to DEEDI.

Treasury Department Controlled Summary of Statement of Financial Position
as at 30 June 2010

	Treasury Department 2008-09 $'000	Treasury Department 2009-10 $'000
Assets		
Cash	28,530	(680)
Receivables	16,657	34,150
Property, plant and equipment	13,012	11,797
Intangibles	44,528	43,756
Other	2,987	3,015
Total assets	105,714	92,038
Liabilities		
Payables	22,686	21,689
Accrued employee benefits	13,251	2,310
Other	187	238
Total liabilities	36,124	24,237
Net assets	69,590	67,801
Total equity	69,590	67,801

The decrease is primarily due to the department incurring costs on behalf OLGR, with funds recovered in arrears. Additionally the Commercial Transactions Team recovers costs from the sale of assets. Current debtors relate to the sale of Forestry Plantations Queensland which occurred on 30 June 2010. The department's cash balance was further decreased due to the administrative issues surrounding the Annual Leave Central Scheme (ALCS) being resolved, resulting in a reduction in accrued employee benefits.

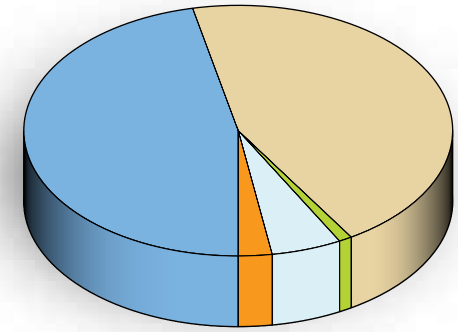
The increase is mainly due to the anticipated reimbursement for costs associated with the sale of Forestry Plantations Queensland.

The decrease is due principally to a reduced annual leave payable to ALCS. Last financial year the payment process was delayed due to administrative issues.

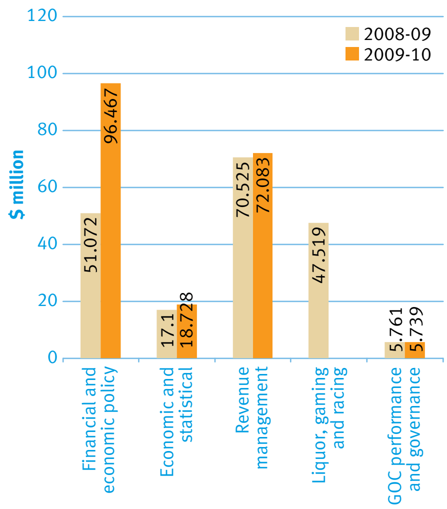
Queensland Treasury controlled key financial performance indicators

	2008-09 Actual	2009-10 Actual
Net cost of services funded by appropriation ($M)	$132.25	$159.43
State funding as a percentage of total revenues	61%	82%
Fixed assets employed ($'000)	$57,540	$55,553
Net assets ($'000)	$69,590	$67,801

Total expenses by category 2009-10



Total expenses by output



Treasury's controlled accounts also include costs associated with Treasury's coordination of the Government's infrastructure reform and assets sale program.

The following tables show the 2009-10 proceeds and Treasury's Commercial Transactions Team costs reported by expense category and dissected across each of the relevant assets.

Whole-of-Government proceeds from asset sales
2009-10 financial year

Proceeds from the sale of Forestry Plantations Queensland	
Sold 30 June 2010	$603 million

Commercial transaction costs breakdown of expenditure
2009-10 financial year

Expenses	Forestry Plantations Queensland	Queensland Motorways Limited	Port of Brisbane	Queensland Rail	Abbot Point Coal Terminal
	($'000)	($'000)	($'000)	($'000)	($'000)
Employee expenses	1,065	863	1,316	1,454	22
Legal, accounting, commercial and technical advisors	15,836	2,970	7,347	19,843	1,679
Supplies, services and sundry	1,114	618	659	1,055	164
Total expenses	**18,015**	**4,451**	**9,322**	**22,352**	**1,865**

Analysis and evaluation of administered and controlled financial statements

In 2009-10, Treasury administered $25.33 billion of revenue and $4.299 billion of expenses on behalf of the State. This excludes administered item revenue which is appropriation revenue received from the Consolidated Fund to meet administered expenses. The largest single source of administered revenue was Commonwealth grants of $16.717 billion, followed by State taxes, fees, fines and levies of $8.465 billion.

State taxes, fees, fines and levies comprised principally payroll tax and duties of $6.33 billion. Taxes were also collected from gaming operators comprising mainly gaming machine tax of $517.2 million.

The main component of Commonwealth revenues was Queensland's share of goods and services tax. Other Commonwealth revenue included National Agreement funding for health, education, skills and workforce development, housing and disability services, and National Partnership Agreements for health, education, housing and infrastructure.

Treasury administered a number of grants on behalf of the State in 2009-10 including the First Home Owner Grant ($379.5 million), comprised of the State Government's First Home Owner Grant and the Commonwealth Government's First Home Owner Boost.

Treasury's controlled revenues consist principally of Parliamentary appropriations. In 2009-10 revenue allocated to outputs was $160.12 million (2008-09 $132.39 million). The increase in output revenue is due predominantly to the commencement of the Commercial Transactions Team. Partially offsetting this is the machinery-of-Government transfer of the Office of Liquor, Gaming and Racing to the Department of Employment, Economic Development and Innovation in 2008-09.

Financial statements

Treasury Department

Foreword

Queensland Treasury 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:
- Statements of Comprehensive Income
- Statements of Financial Position
- Statements of Changes in Equity
- Statements of Cash Flows
- Statements of Comprehensive Income by outputs/major activities
- Statements of Assets and Liabilities by outputs/major activities
- Notes to and Forming Part of the Financial Statements.

Within the above components, the financial statements have been aggregated into the following disclosures (refer Note 2(b) and 2(c) for full details of this aggregation):

1. Controlled

(a) Treasury Department (as an entity in its own right and to which the remainder of this annual report refers) – column headed 'Treasury Department'; and

(b) Consolidated (Treasury Department and its controlled entity Queensland Treasury Holdings Pty Ltd (QTH) and its subsidiaries).

2. Administered on behalf of the whole-of-Government – column headed 'Treasury Department'.

In addition, the department administered transactions and balances in a trust or fiduciary capacity. These are identified in Note 60.

The Treasury Department and QTH are controlled by the State of Queensland which is the ultimate parent entity.

Statement of Comprehensive Income

for the year ended 30 June 2010

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Income from continuing operations					
Revenue					
Output revenue	4	160,116	132,394	160,116	132,394
User charges	5	34,576	84,441	34,576	84,441
Grants and other contributions	6	299	436	299	436
Share of surplus/(deficit) of equity accounted joint venture investments	30	178	(231)	..	..
Other revenue	7	1,140	1,987	98	676
Lease income	8	552	74	..	..
Gains					
Gain on acquisition/sale of property, plant, equipment and investments	9	30	226	30	32
Total income from continuing operations		196,891	219,327	195,119	217,979
Expenses from continuing operations					
Employee expenses	10	90,588	132,486	90,588	132,486
Supplies and services	11	86,673	58,577	86,673	58,577
Depreciation and amortisation	12	10,306	12,297	10,306	12,297
Grants and subsidies	13	1,945	5,303	1,945	5,303
Software licences		629	519	629	519
Borrowing costs	14	..	141	..	141
Other expenses	15	4,382	8,592	4,294	8,514
Total expenses from continuing operations		194,523	217,915	194,435	217,837
Income tax expense	16	22	35	..	..
Operating result from continuing operations		2,346	1,377	684	142
Total comprehensive income		2,346	1,377	684	142

The accompanying notes form part of these statements.

Statement of Financial Position

as at 30 June 2010

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Current assets					
Cash and cash equivalents	17	24,799	53,079	(680)	28,530
Receivables	18	34,150	16,657	34,150	16,657
Other	19	3,023	2,987	3,015	2,987
Total current assets		61,972	72,723	36,485	48,174
Non-current assets					
Investments in jointly controlled entities	30	2,415	2,237	..	..
Intangible assets	20	43,756	44,528	43,756	44,528
Property, plant and equipment	21	66,461	67,676	11,797	13,012
Total non-current assets		112,632	114,441	55,553	57,540
Total assets		174,604	187,164	92,038	105,714
Current liabilities					
Payables	22	21,705	22,698	21,689	22,686
Accrued employee benefits	23	2,310	13,251	2,310	13,251
Tax liabilities		6	3	..	..
Unearned revenue	24	790	739	238	187
Total current liabilities		24,811	36,691	24,237	36,124
Non-current liabilities					
Unearned revenue	24	53,291	53,844	..	..
Total non-current liabilities		53,291	53,844	..	..
Total liabilities		78,102	90,535	24,237	36,124
Net assets		96,502	96,629	67,801	69,590
Equity					
Accumulated surplus		63,289	61,228	34,588	34,189
Contributed equity	2(ae)	33,213	35,401	33,213	35,401
Total equity		96,502	96,629	67,801	69,590

The accompanying notes form part of these statements.

Statement of Changes in Equity

for the year ended 30 June 2010

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Accumulated surplus					
Balance 1 July		61,228	59,851	34,189	34,047
Operating result from continuing operations		2,346	1,377	684	142
Prior year adjustments internal eliminations		(285)	..	(285)	..
Balance 30 June		63,289	61,228	34,588	34,189
Contributed equity					
Balance 1 July		35,401	218,449	35,401	32,875
Transactions with owners as owners:					
Appropriated equity injections	4	5,660	22,639	5,660	22,639
Appropriated equity withdrawals	4	(8,051)	(8,733)	(8,051)	(8,733)
Non-appropriated equity injections		..	103	..	103
Net assets transferred to QTH		1,554,274	..	..	..
QTH net asset disposal through lease arrangement		(1,554,274)	..	..	..
Leasehold improvements transferred under office accomodation program		160	..	160	..
Net assets transferred – machinery-of-Government (MoG) Planning and Information Forecasting Unit from the Department of Infrastructure and Planning	3	43	..	43	..
Net assets transferred – MoG change Department of Public Works *	3	..	(185,574)	..	..
Net assets transferred – MoG change liquor, gaming and racing outputs	3	..	(11,515)	..	(11,515)
Employee benefits transferred (to)/from other departments		..	32	..	32
Balance 30 June		33,213	35,401	33,213	35,401
Total equity		96,502	96,629	67,801	69,590

The accompanying notes form part of these statements.

*** The net assets transferred differs from Note 3 by $0.444 million representing consolidation eliminations in equity.**

Statement of Cash Flows

for the year ended 30 June 2010

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Cash flows from operating activities					
Inflows:					
Output receipts		152,862	133,897	152,862	133,897
User charges		17,995	94,685	17,995	94,685
Grants and other contributions		..	20,642	..	20,642
GST input tax credits from Australian Taxation Office (ATO)		8,606	10,103	8,604	10,102
Interest received		1,061	1,754	19	443
Other		105	1,232	105	1,232
Outflows:					
Employee expenses		(93,569)	(139,438)	(93,569)	(139,438)
Supplies and services		(96,470)	(79,308)	(96,378)	(79,229)
Grants and subsidies		(1,945)	(6,478)	(1,945)	(6,478)
Borrowing costs		..	(140)	..	(140)
GST remitted to ATO		(1,799)	(4,448)	(1,797)	(4,447)
Income tax equivalents		(20)	(825)	..	..
Other		(4,614)	(9,725)	(4,614)	(9,725)
Net cash provided by/(used in) operating activities	26	(17,788)	21,951	(18,718)	21,544
Cash flows from investing activities					
Inflows:					
Sales of property, plant and equipment		34	27	34	27
Sale of investments		..	185	..	..
Outflows:					
Payments for property, plant and equipment		(1,870)	(4,572)	(1,870)	(4,572)
Payments for intangibles		(6,265)	(22,425)	(6,265)	(22,425)
Net cash provided by/(used in) investing activities		(8,101)	(26,785)	(8,101)	(26,970)
Cash flows from financing activities					
Inflows:					
Equity injections		5,660	21,894	5,660	21,894
Borrowings		..	1,226	..	1,226
Outflows:					
Borrowing redemptions		..	(344)	..	(344)
Equity withdrawals		(8,051)	(9,196)	(8,051)	(9,196)
Net cash provided by/(used in) financing activities		(2,391)	13,580	(2,391)	13,580
Net increase/(decrease) in cash and cash equivalents		(28,280)	8,746	(29,210)	8,154
Cash and cash equivalents at beginning of financial year		53,079	125,736	28,530	20,376
Cash transfers due to MoG change		..	(81,403)	..	..
Cash and cash equivalents at end of financial year	17	24,799	53,079	(680)	28,530

The accompanying notes form part of these statements.

Statement of Comprehensive Income by outputs/major activities

for the year ended 30 June 2010

	Financial and economic policy *		Economic and statistical research *		Revenue management *		Liquor, gaming and racing *		GOC performance and governance *		General – not attributed **		Inter-output/ activity eliminations		Treasury Department	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Income from continuing operations*																
Revenue																
Output revenue	74,126	34,008	12,382	9,892	66,822	64,986	..	16,696	5,591	5,223	1,195	1,589	..	..	160,116	132,394
User charges	22,735	17,364	6,197	6,525	5,042	5,228	..	30,154	333	453	3,778	29,300	(3,509)	(4,583)	34,576	84,441
Grants and other contributions	85	..	43	..	147	436	..	..	12	..	12	..	..	..	299	436
Other revenue	43	216	11	69	38	25	..	296	3	28	3	42	..	..	98	676
Gains																
Gain on sale of property, plant and equipment	1	2	1	11	28	..	..	19	..	..	..	..	..	..	30	32
Total income from continuing operations	96,990	51,590	18,634	16,497	72,077	70,675	..	47,165	5,939	5,704	4,988	30,931	(3,509)	(4,583)	195,119	217,979
Expenses from continuing operations*																
Employee expenses	33,160	27,007	12,094	10,784	38,520	36,735	..	24,988	4,404	4,427	2,457	28,748	(47)	(203)	90,588	132,486
Supplies and services	59,906	21,273	5,564	5,572	21,496	22,404	..	11,035	1,092	1,146	2,063	1,107	(3,448)	(3,960)	86,673	58,577
Depreciation and amortisation	921	835	455	352	8,712	9,082	..	1,803	111	89	107	136	..	..	10,306	12,297
Grants and subsidies	280	214	(1)	58	1,666	23	..	5,406	..	2	..	345	..	(745)	1,945	5,303
Other expenses	2,200	1,743	616	334	1,689	2,281	..	4,287	132	97	300	476	(14)	(44)	4,923	9,174
Total expenses from continuing operations	96,467	51,072	18,728	17,100	72,083	70,525	..	47,519	5,739	5,761	4,927	30,812	(3,509)	(4,952)	194,435	217,837
Total comprehensive income	523	518	(94)	(603)	(6)	150	..	(354)	200	(57)	61	119	..	369	684	142

* Details of the allocation of corporate support income and expenses are provided in Note 25.

** 2010 Includes corporate support allocated to Motor Accident Insurance Commission, Nominal Defendant and Office of Liquor, Gaming and Racing.

Statement of Assets and Liabilities by output/major activities

as at 30 June 2010

	Financial and economic policy*		Economic and statistical research*		Revenue management*		GOC performance and governance*		Liquor, gaming and racing*		General - not attributed**		Inter-output/ activity eliminations		Treasury Department	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Current assets																
Cash and cash equivalents	(7,429)	6,881	(2,155)	(2,271)	(6,781)	(394)	(431)	(372)	..	..	16,116	24,686	..	..	(680)	28,530
Receivables	27,346	2,777	1,243	2,273	1,404	3,471	108	301	..	..	4,049	7,549	..	286	34,150	16,657
Other	786	103	139	80	1,407	1,698	60	..	..	..	623	1,106	..	..	3,015	2,987
Total current assets	20,703	9,761	(773)	82	(3,970)	4,775	(263)	(71)	..	..	20,788	33,341	..	286	36,485	48,174
Non-current assets																
Intangible assets	514	167	..	..	41,490	42,390	..	..	..	..	1,752	1,971	..	..	43,756	44,528
Property, plant and equipment	183	220	224	186	1,868	2,359	2	5	..	..	9,520	10,242	..	..	11,797	13,012
Total non-current assets	697	387	224	186	43,358	44,749	2	5	..	..	11,272	12,213	..	..	55,553	57,540
Total assets	21,400	10,148	(549)	268	39,388	49,524	(261)	(66)	..	..	32,060	45,554	..	286	92,038	105,714
Current liabilities																
Payables	14,493	1,556	307	164	1,658	7,672	41	41	..	..	5,190	13,253	..	..	21,689	22,686
Accrued employee benefits	849	2,697	240	1,069	741	4,042	211	611	..	..	269	4,832	..	..	2,310	13,251
Other	..	..	238	187	..	..	..	..	..	..	..	..	..	..	238	187
Total current liabilities	15,342	4,253	785	1,420	2,399	11,714	252	652	..	..	5,459	18,085	..	..	24,237	36,124
Total non-current liabilities	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Total liabilities	15,342	4,253	785	1,420	2,399	11,714	252	652	..	..	5,459	18,085	..	..	24,237	36,124
Net assets	6,058	5,895	(1,334)	(1,152)	36,989	37,810	(513)	(718)	..	..	26,601	27,469	..	286	67,801	69,590

*The department has systems in place to allocate assets and liabilities by output/major activity.

** Includes assets and liabilities associated with corporate support functions.

Administered Statement of Comprehensive Income

for the year ended 30 June 2010

	Notes	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Income and expenses administered on behalf of the whole-of-Government			
Income from continuing operations			
Revenue			
Commonwealth grants	34	16,716,906	10,546,097
Taxes, fees, fines and levies	35	8,465,293	7,920,546
Royalties, property income and other territorial revenue	36	123,018	136,993
Interest	37	11,456	7,019
Administered item revenue	38	4,248,650	4,332,238
Other revenue	39	13,283	11,875
Total income from continuing operations		29,578,606	22,954,768
Expenses from continuing operations			
Employee expenses	40	4,674	6,106
Supplies and services	41	126,545	176,288
Impairment losses	42	37,641	31,767
Grants and subsidies	43	473,973	801,999
Benefit payments	44	379,485	434,844
Interest	45	38,143	18,166
Superannuation benefit payments		1,040,000	900,000
Long service leave reimbursements		296,872	274,507
Annual Leave Central Scheme claims paid		1,138,730	1,180,093
Borrowing costs	46	627,428	414,326
Other	47	135,923	137,076
Total expenses from continuing operations		4,299,414	4,375,172
Operating result from continuing operations before transfers to Government		25,279,192	18,579,596
Transfers of administered comprehensive income to Government		25,323,430	18,603,358
Total administered comprehensive income	48	(44,238)	(23,762)

The accompanying notes form part of these statements.

Administered Statement of Financial Position

as at 30 June 2010

	Notes	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Assets and liabilities administered on behalf of the whole-of-Government			
Current assets			
Cash and cash equivalents	49	1,336,441	408,766
Receivables	50	450,803	514,427
Accrued taxes, fees and fines		212,955	250,906
Other	51	26,770	35,676
Total current assets		2,026,969	1,209,775
Non-current assets			
Receivables	50	142,363	154,603
Total non-current assets		142,363	154,603
Total administered assets		2,169,332	1,364,378
Current liabilities			
Payables	52	504,363	391,600
Transfer to Government payable		283,679	273,747
Interest-bearing liabilities	53	10,475	10,063
Other	54	31,086	16,812
Total current liabilities		829,603	692,222
Non-current liabilities			
Interest-bearing liabilities	53	12,875,578	7,674,178
Total non-current liabilities		12,875,578	7,674,178
Total administered liabilities		13,705,181	8,366,400
Administered net assets		(11,535,849)	(7,002,022)
Equity			
Accumulated surplus		18,302	62,540
Contributed equity	2 (ae)	(11,554,151)	(7,064,562)
Total administered equity		(11,535,849)	(7,002,022)

The accompanying notes form part of these statements.

Administered Statement of Changes in Equity

for the year ended 30 June 2010

	Notes	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Equity administered on behalf of the whole-of-Government			
Accumulated surplus			
Balance 1 July		62,540	86,302
Total administered comprehensive income		(44,238)	(23,762)
Prior year adjustments		..	..
Balance 30 June		18,302	62,540
Contributed equity			
Balance 1 July		(7,064,562)	96,128
Equity injections	38	164,814	557,203
Equity withdrawals	38	(648,337)	(955,989)
Non-appropriated equity injections		648,217	955,748
Non-appropriated equity withdrawals		(4,654,283)	(7,700,219)
Net assets transferred – MoG change liquor, gaming and racing	3	..	(17,431)
Other transfers		..	(2)
Balance 30 June		(11,554,151)	(7,064,562)
Total administered equity		(11,535,849)	(7,002,022)

The accompanying notes form part of these statements.

Administered Statement of Cash Flows

for the year ended 30 June 2010

	Notes	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Cash flows administered on behalf of the whole-of-Government			
Cash flows from operating activities			
Inflows:			
Administered item receipts		4,273,893	4,057,358
Grants and other contributions		16,819,039	10,570,078
Taxes, fees and fines		8,428,476	7,947,049
Royalties, property income and other territorial revenues		131,806	122,235
Interest		11,613	6,908
GST input tax credits from ATO		4,310	6,845
Other		16,138	3,474
Outflows:			
Transfers to Government		(25,189,537)	(18,638,315)
Grants and subsidies		(845,958)	(1,176,189)
Interest paid to departments		(25,027)	(22,245)
Borrowing costs		(620,145)	(65,208)
Supplies and services		(127,887)	(214,972)
GST remitted to ATO		(10,382)	(9,690)
Superannuation benefit payments		(1,040,000)	(900,000)
Long service leave reimbursements		(288,472)	(272,858)
Annual leave reimbursements		(1,207,730)	(885,093)
Other		(122,387)	(198,261)
Net cash provided by/(used in) operating activities	55	207,750	331,116
Cash flows from investing activities			
Inflows:			
Loans and advances		8,650	15,627
Outflows:			
Loans and advances made		(2,389)	(5,415)
Net cash provided by/(used in) investing activities		6,261	10,212
Cash flows from financing activities			
Inflows:			
Equity injections		813,031	1,812,178
Borrowings		4,761,877	3,775,518
Outflows:			
Borrowing redemptions		(8,093)	(381,233)
Equity withdrawals		(4,853,151)	(8,952,124)
Net cash provided by/(used in) financing activities		713,664	(3,745,661)
Net increase/(decrease) in cash and cash equivalents		927,675	(3,404,333)
Administered cash and cash equivalents at beginning of financial year		408,766	3,813,099
Administered cash and cash equivalents at end of financial year	49	1,336,441	408,766

The accompanying notes form part of these statements.

Administered Statement of Comprehensive Income by outputs/major activities

for the year ended 30 June 2010

	Financial and economic policy		Revenue management		Liquor, gaming and racing		Community Investment Fund		Other *		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Income and expenses administered on behalf of the whole-of-Government												
Income from continuing operations												
Revenue												
Commonwealth grants	16,728,040	10,546,097	..	..	..	..	..	..	(11,134)	..	16,716,906	10,546,097
Taxes, fees and fines	..	9	8,458,751	7,883,570	..	23,028	6,526	13,902	16	37	8,465,293	7,920,546
Royalties, property income and other territorial revenue	122,750	133,762	..	..	..	3,185	..	..	268	46	123,018	136,993
Interest	..	..	547	461	..	594	..	310	10,909	5,654	11,456	7,019
Administered item revenue	192,888	176,832	671,531	1,052,753	..	34,338	102,524	43,828	3,281,707	3,024,487	4,248,650	4,332,238
Other	1,773	1,066	..	..	..	461	..	..	11,510	10,348	13,283	11,875
Total income from continuing operations	17,045,451	10,857,766	9,130,829	8,936,784	..	61,606	109,050	58,040	3,293,276	3,040,572	29,578,606	22,954,768
Expenses from continuing operations												
Employee expenses	(223)	(105)	..	..	..	215	..	..	4,897	5,996	4,674	6,106
Supplies and services	113,960	126,715	2,152	5,024	..	1,340	..	22,105	10,433	21,104	126,545	176,288
Grants and subsidies	79,150	48,742	237,209	564,719	..	28,690	153,288	68,735	4,326	91,113	473,973	801,999
Benefit payments	2	..	379,483	434,844	..	..	..	..	..	..	379,485	434,844
Interest	..	..	..	..	..	..	..	..	38,143	18,166	38,143	18,166
Superannuation benefit payments	..	..	..	..	..	..	..	..	1,040,000	900,000	1,040,000	900,000
Long service leave reimbursements	..	..	..	..	..	..	..	..	296,872	274,507	296,872	274,507
Annual Leave Central Scheme payments	..	..	..	..	..	..	..	..	1,138,730	1,180,093	1,138,730	1,180,093
Borrowing costs	..	..	600	..	..	..	..	..	626,828	414,326	627,428	414,326
Other	..	1,480	52,088	48,168	..	15	..	..	121,476	119,180	173,564	168,843
Total expenses from continuing operations	192,889	176,832	671,532	1,052,755	..	30,260	153,288	90,840	3,281,705	3,024,485	4,299,414	4,375,172
Operating result from continuing operations before transfers to Government	16,852,562	10,680,934	8,459,297	7,884,029	..	31,346	(44,238)	(32,800)	11,571	16,087	25,279,192	18,579,596
Transfers of administered comprehensive income to Government	16,852,562	10,680,934	8,459,297	7,884,029	..	22,308	..	..	11,571	16,087	25,323,430	18,603,358
Total administered comprehensive income	..	..	..	..	..	9,038	(44,238)	(32,800)	..	..	(44,238)	(23,762)

* Includes corporate services, superannuation, whole-of-Government offset account and central schemes (insurance, annual leave and long service leave).

Administered Statement of Assets and Liabilities by outputs/major activities

as at 30 June 2010

	Financial and economic policy*		Revenue management*		Liquor, gaming and racing*		Community Investment Fund **		Other ***		Total	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Assets and liabilities administered on behalf of the whole-of-Government												
Current assets												
Cash and cash equivalents	(384,923)	(380,115)	94,357	(53,071)	..	..	24,056	56,850	1,602,951	785,102	1,336,441	408,766
Receivables	253,566	294,189	182,198	197,151	..	..	..	..	15,039	23,087	450,803	514,427
Accrued taxes, fees and fines	..	..	212,955	250,906	..	..	..	..	..	..	212,955	250,906
Other	26,770	35,676	..	..	..	..	..	..	..	..	26,770	35,676
Total current assets	(104,587)	(50,250)	489,510	394,986	..	..	24,056	56,850	1,617,990	808,189	2,026,969	1,209,775
Non-current assets												
Receivables	380	500	..	..	..	..	..	..	141,983	154,103	142,363	154,603
Total non-current assets	380	500	..	..	..	..	..	..	141,983	154,103	142,363	154,603
Total administered assets	(104,207)	(49,750)	489,510	394,986	..	..	24,056	56,850	1,759,973	962,292	2,169,332	1,364,378
Current liabilities												
Payables	106,806	8,528	747	3,540	..	..	11,444	..	385,366	379,532	504,363	391,600
Transfer to Government payable	(151,830)	786	472,443	376,281	..	..	..	..	(36,934)	(103,320)	283,679	273,747
Interest-bearing liabilities	..	..	..	..	..	..	..	..	10,475	10,063	10,475	10,063
Other	..	..	15,877	14,720	..	..	..	..	15,209	2,092	31,086	16,812
Total current liabilities	(45,024)	9,314	489,067	394,541	..	..	11,444	..	374,116	288,367	829,603	692,222
Non-current liabilities												
Interest-bearing liabilities	..	..	..	..	..	..	..	..	12,875,578	7,674,178	12,875,578	7,674,178
Total non-current liabilities	..	..	..	..	..	..	..	..	12,875,578	7,674,178	12,875,578	7,674,178
Total administered liabilities	(45,024)	9,314	489,067	394,541	..	..	11,444	..	13,249,694	7,962,545	13,705,181	8,366,400
Net administered assets	(59,183)	(59,064)	443	445	..	..	12,612	56,850	(11,489,721)	(7,000,253)	(11,535,849)	(7,002,022)

* The department has systems in place to allocate assets and liabilities by output/major activity.

** On 26 March 2009 the assets and liabilities of the liquor, gaming and racing outputs were transferred to the Department of Employment, Economic Development and Innovation (Refer Note 3). The assets and liabilities of the Community Investment Fund remained part of the Treasury Department and have been disclosed separately in the above table.

*** Includes corporate services, superannuation, whole-of-Government offset account and central schemes (insurance, annual leave and long service leave).

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2010

Contents

1 Objectives of the department

Treasury provides economic and financial policy advice to the Queensland Government to enhance our State's financial position and economic performance. The department also takes a lead role in assisting the Government to be accountable and transparent in delivering services to the community.

The department is predominantly funded by parliamentary appropriations. Its structure consists of Treasury Office and three portfolio offices, allowing for a streamlined approach to dealing with policy and service delivery issues. Treasury is structured to help the Government meet its community objectives as outlined in *Toward Q2: Tomorrow's Queensland* and its fiscal objectives as required in the *Charter of Fiscal Responsibility*.

The department's outputs are:

- financial and economic policy
- Government owned corporation performance and governance
- economic and statistical research
- revenue management.

2 Summary of significant accounting policies

The significant policies, which have been adopted in the preparation of these financial statements, are as follows:

(a) Statement of compliance

Treasury Department has prepared these financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements. The financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with the Treasurer's Minimum Reporting Requirements for the year ended 30 June 2010 and other authoritative pronouncements.

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

The accrual basis of accounting has been adopted for both controlled transactions and balances, and those administered by the department on a whole-of-Government basis.

(b) The reporting entity and principles of consolidation

The consolidated financial statements include the value of all revenues, expenses, assets, liabilities and equity of the department and the entity that it controls. Details of the department's controlled entity are disclosed in Note 29.

The department as an economic entity consists of the parent entity together with QTH as a controlled entity. In order to provide enhanced disclosure, the department has adopted the principles outlined in Australian Accounting Standard AASB 127 *Consolidated and Separate Financial Statements*. This approach is considered appropriate as it reflects the relationship between the department's core business activities and those of its controlled entity. In the process of reporting the department as a single economic entity, all transactions with the entity controlled by the department have been eliminated (where material).

Where control of an entity is obtained during the financial year, its results are included in the consolidated Statement of Comprehensive Income from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year in which control existed.

(c) Administered transactions and balances

Those revenues, expenses, assets and liabilities under the discretionary control of the department are classified as controlled transactions or balances.

The department administers, but does not control, certain resources on behalf of the Government such as the collection of State taxes, fees and levies. In doing so, it has responsibility and is accountable for administering related transactions and items, but does not have the discretion to deploy the resources for the achievement of the department's objectives.

Transactions and balances relating to administered resources are not recognised as controlled revenues, expenses, assets or liabilities, but are disclosed separately as administered transactions and balances in the shaded administered statements and associated notes.

2 Summary of significant accounting policies (continued)

(d) Trust transactions and balances

The department administers certain transactions and balances in a trust or fiduciary capacity such as the Treasurer's Unclaimed Monies Fund and Treasurer of Queensland Accounts.

As the department performs only a custodial role in respect of these transactions and balances, they are not recognised in the financial statements, but are disclosed in Note 60. While these transactions and balances are in the care of the department, they are subject to the department's normal system of internal control and external audit by the Auditor-General.

(e) Output revenue/administered item revenue

Appropriations provided under the Annual Appropriation Act are recognised as revenue when received or when approved as an accrual at year end.

Amounts appropriated to the department for transfer to other entities in accordance with legislation or other requirements are not controlled by the department and such amounts are reported as administered item appropriations.

(f) User charges, taxes, fees, fines and levies

User charges and fees controlled by the department are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This involves either invoicing for related goods/services and/or the recognition of accrued revenue. User charges and fees are controlled by the department where they can be deployed for the achievement of departmental objectives.

Taxes, fees, fines and levies collected but not controlled by the department are reported as administered revenue and are disclosed in Note 35. Taxes are recognised when the underlying transaction or event which gives rise to the right to collect the revenue occurs and can be measured reliably. Taxation revenue also includes interest, penalties and relevant fees.

Revenue from self assessed taxes such as payroll tax and certain duties is recognised when raised by the self assessor. Other revenues are recognised when assessments are issued as a result of Commissioner assessed transactions or following compliance activities such as reviews and audits.

Other departmental fees and fines are recognised when the payment is received.

(g) Grants and other contributions

Grants, donations, gifts and other contributions that are non-reciprocal in nature are recognised as revenue in the year in which the department obtains control over them. Control is obtained upon their receipt. Where grants are received that are reciprocal in nature, revenue is accrued over the term of the funding arrangements.

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

(h) Cash and cash equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions. Cash assets include investments with short periods to maturity that are readily convertible to cash on hand at the department's option and that are subject to a low risk of changes in value.

(i) 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 generally required within 30 days. The collectability of receivables is assessed periodically with provision made for impairment. All known bad debts were written-off as at 30 June. Increases in the provision for impairment are based on loss events as disclosed in Note 33 and Note 59. A financial asset is impaired if objective evidence indicates a loss event has occurred after the initial recognition, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Loans and advances are brought to account at amortised cost.

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

2 Summary of significant accounting policies (continued)

(j) Other financial assets

Investments designated as available for sale financial assets which do not have a quoted market price in an active market and where fair value cannot be reliably measured, are measured at cost. Increases in the provision for impairment are based on loss events as disclosed in Note 33 and Note 59. A financial asset is impaired if objective evidence indicates a loss event has occurred after the initial recognition, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

(k) Non-current assets classified as held for sale

Non-current assets held for sale consist of those assets which management has determined are available for immediate sale in their present condition, and their sale is highly probable within the next 12 months.

These assets are measured at the lower of the assets' carrying amounts and their fair values less costs to sell. The assets are not depreciated.

(l) Investments in jointly controlled entities

Investments in jointly controlled entities are accounted for using the equity method.

Under the equity method of accounting, the share of the profits or losses of the joint venture entity is recognised in the Statement of Comprehensive Income.

Investments in joint venture entities are carried at the lower of the equity accounted amount and recoverable amount.

(m) Acquisition of assets

Actual cost is used for the initial recording of all non-current physical and intangible acquisitions of assets controlled and administered by the department. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all costs incurred in getting the assets ready for use, including architects' fees and engineering design fees where applicable. However, any training costs are expensed as incurred.

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

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from another Queensland Government entity, are recognised at their fair value at date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

(n) Property, plant and equipment

Items of property, plant and equipment with a cost or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

Land	$1
Plant and equipment	$5,000

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

Items or components which form an integral part of an asset are recognised as a single asset (functional asset). The recognition threshold is applied to the aggregate cost of each functional asset.

2 Summary of significant accounting policies (continued)

(o) Intangibles

Intangible assets with a cost or other value equal to or greater than $100,000 are recognised in the financial statements. Items with a lesser value are expensed.

The department's principal intangible assets are internally generated software, purchased software and software development in progress.

It has been determined that there is no active market for any of the department's intangible assets. As such, these are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

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

Purchased software is amortised on a straight-line basis over its estimated useful life to the department of three to eleven years, with zero residual value.

Costs associated with the development of computer software have been capitalised to the extent that future economic benefits are more rather than less likely to eventuate and are amortised on a straight line basis over the period of the expected benefit to the department, which varies from three to ten years with zero residual value.

Software licences are expensed due to the changing nature of software except where the amounts are of significant value and the department expects to receive benefits over three or more years. In this instance, the software is capitalised as an intangible asset and amortised over the period in which the related benefits are expected to be realised with zero residual value.

Expenditure on research activities relating to internally generated intangible assets is recognised as an expense in the period in which it is incurred.

(p) Amortisation and depreciation of intangibles, property, plant and equipment

Land is not depreciated as it has an unlimited useful life.

All intangible assets of the department have finite useful lives and are amortised on a straight line basis.

Property, plant and equipment are depreciated on a straight-line basis so as to allocate the net cost or re-valued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the department. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

Assets under construction (work-in-progress) are not depreciated/amortised until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes within property, plant and equipment or intangibles.

The cost (or other value) of leasehold improvements is depreciated over the estimated useful lives of the improvements or the unexpired period of the lease, whichever is shorter.

Where assets have separately identifiable components that are subject to replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly. Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the department.

For each class of depreciable asset, the following depreciation/amortisation rates were used:

Class	Depreciation/amortisation rates
Plant and equipment	
– IT and communications	20% - 33.3%
– Furniture and office amenities	10%
– Office equipment	20%
Leasehold improvements	
– Leasehold improvements	8.3%
Intangibles	
– Internally generated software	10.0% - 33%
– Purchased software/licences	9.09% - 33.3%

2 Summary of significant accounting policies (continued)

(q) Revaluations of non-current physical assets

Land is measured at fair value in accordance with AASB 116 *Property, Plant and Equipment* and Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector*. In respect of these asset classes, the cost of items acquired during the financial year has been judged by management of the department to materially represent their fair value at the end of the reporting period.

Plant and equipment is measured at cost in accordance with Treasury's *Non-Current Asset Policies*.

Non-current physical assets measured at fair value are comprehensively revalued at least once every five years with interim valuations, using appropriate indices, being otherwise performed on an annual basis where there has been a material variation in the index.

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

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Materiality concepts under AASB 1031 *Materiality* are considered in determining whether the difference between the carrying amount and the fair value of an asset is material.

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

(r) Impairment of non-current assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis for each class of asset. If an indicator of possible impairment exists, for example, redundant legislation leading to system obsolescence, the department determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Statement of Comprehensive Income unless the asset is carried at revalued amount. When the asset is measured at a revalued amount, impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of the impairment loss is recognised as income unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Refer to note 2(q).

(s) Leases

The department has entered into a number of operating leases whereby the lessor effectively retains substantially the entire risks and benefits incidental to ownership. Non-cancellable operating lease commitments are disclosed under Note 28.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are expensed in the periods in which they are incurred.

(t) Payables

Trade creditors are recognised upon receipt of goods and services at the contracted amount to be paid for the goods and services received. Amounts owing are generally settled on 30 day terms.

(u) Interest-bearing liabilities

Loans payable are recognised at amortised cost, with interest being expensed as it accrues. Interest on the Queensland Treasury Corporation (QTC) Floating Rate Debt Pool is capitalised and interest on the Government Debt Pool is paid to QTC each quarter.

The fair value of these loans is disclosed in Note 59.

2 Summary of significant accounting policies (continued)

(v) Financial instruments

Recognition

Financial assets and financial liabilities are recognised in the Statements of Financial Position when the department becomes 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 and loss
- Receivables – held at amortised cost
- Loans and advances – held at amortised cost
- Held to maturity investment – held at amortised cost
- Payables – held at amortised cost
- Borrowings – held at amortised cost.

Borrowings are initially recognised at fair value, plus any transaction costs directly attributable to the borrowings, then subsequently held at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument (or, when appropriate, a shorter period) to the net carrying amount of that instrument.

Any borrowing costs are added to the carrying amount of the borrowing to the extent they are not settled in the period in which they arise. Borrowings are classified as non-current liabilities to the extent that the department has an unconditional right to defer settlement until at least 12 months after reporting date.

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

All disclosures relating to the measurement basis and financial risk management of financial instruments held by the department are included in Notes 33 and 59.

(w) Employee benefits

Employer superannuation contributions, annual leave levies and long service leave levies are regarded as employee benefits.

Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

Wages, salaries and sick leave

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. For those entitlements not expected to be paid within 12 months, the liabilities are classified as non-current liabilities and recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity after projecting the remuneration rates expected to apply at the time of likely settlement.

History indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Annual leave

The Queensland Government's Annual Leave Central Scheme (ALCS) became operational on 30 June 2008 for departments, commercialised business units and shared service providers. Under this scheme, a levy is made on the department to cover the cost of employees' annual leave (including leave loading and on-costs). The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave are claimed from the scheme quarterly in arrears.

Effective from 30 June 2008, no provision for annual leave has been recognised in the department's financial statements as the liability is held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole-of-Government and General Government Sector Financial Reporting*.

2 Summary of significant accounting policies (continued)

Long service leave

Under the Queensland Government's long service leave scheme, a levy is made on the department to cover the cost of employees' long service leave. Levies are expensed in the period in which they are paid or payable.

Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears. Therefore, no provision for long service leave is recognised in the department's financial statements, the liability being held on a whole-of-Government basis and reported in those financial statements prepared pursuant to AASB 1049 *Whole-of-Government and General Government Sector Financial Reporting*.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. The department's obligation is limited to its contribution to QSuper.

No liability is recognised for accruing superannuation benefits in these financial statements, the liability being held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole-of-Government and General Government Sector Financial Reporting*.

Executive remuneration

The executive remuneration disclosures in the employee expenses note (Note 10) in the financial statements include:

- the aggregate remuneration of all senior executive officers (including Chief Executive Officer) whose remuneration for the financial year is $100,000 or more, and
- the number of senior executives whose total remuneration for the financial year falls within each successive $20,000 band, commencing at $100,000.

The remuneration disclosed includes all direct and indirect remuneration relating to the 2009-10 financial year. For this purpose, remuneration includes:

- salaries
- accrued leave (that is, the increase/decrease in the amount of annual and long service leave owed to an executive, inclusive of any increase in the value of leave balances as a result of salary rate increases or the like)
- accrued superannuation (being the value of all employer superannuation contributions during the financial year, both paid and payable as at 30 June)
- car parking benefits and the cost of motor vehicles, such as lease payments, fuel costs, registration/insurance and repairs/maintenance incurred by the agency during the financial year, both paid and payable as at 30 June, net of any amounts subsequently reimbursed by the executives
- allowances (which are included in remuneration agreements of executives, such as airfares or other travel costs paid to/for executives whose homes are situated in a location other than the location they work in)
- fringe benefits tax included in remuneration agreements.

The disclosures apply to all senior executives appointed under the *Public Service Act 2008* and classified SES1 and above with remuneration above $100,000 in the financial year. 'Remuneration' means any money, consideration or benefit, but excludes amounts:

- paid to an executive by the department or its subsidiary where the person worked during the financial year wholly or mainly outside Australia during the time the person was so employed, or
- in payment or reimbursement of out of pocket expenses incurred for the benefit of the department or any of its subsidiaries.
- In addition, separate disclosure of separation and redundancy/termination benefit payments is included where applicable.

(x) Fuel subsidy payments

The Fuel Subsidy Scheme was abolished on 1 July 2009. Fuel subsidy payments were paid to registered clients upon receipt of a claim in accordance with the requirements of the *Fuel Subsidy Act 1997*. The department performed subsequent compliance investigations for a sample of clients to assess the validity of payments made, with any recoveries of overpayments being credited to the fuel subsidy expenditure account.

2 Summary of significant accounting policies (continued)

(y) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred.

Borrowing costs include:

- interest on bank overdrafts and short-term and long-term borrowings
- amortisation of discounts or premiums relating to borrowings
- ancillary administration charges
- performance dividends on QTC Borrowings. QTC collects performance dividends on the amount drawn down in accordance with rates set by Treasury Department from time to time.

(z) Taxation

The Treasury Department and its controlled entity are State bodies as defined under the *Income Tax Assessment Act 1936* and are exempt from Commonwealth taxation with the exception of fringe benefits tax (FBT) and goods and services tax (GST). As such, FBT and GST credits receivable from/payable to the Australian Taxation Office (ATO) are recognised and accrued.

Queensland Lottery Corporation Pty Ltd (QLC), a controlled entity of QTH, is subject to the National Tax Equivalents Regime (NTER). Under the NTER, QLC is required to make payments to the State Treasurer equivalent to the amount of Commonwealth income tax (refer to note 16).

In calculating the income tax equivalent expense, tax effect accounting principles are adopted for income received and expenses paid in relation to the activities of QLC. Deferred income tax liabilities are recognised for all taxable temporary differences arising from prepayments of expenditure of QLC. Deferred tax assets are recognised where it is probable that future taxable income will be available against which the temporary differences can be utilised.

(aa) Services received free of charge or for nominal value

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and as an expense. Examples of such services provided include archival services provided by Queensland State Archives and the office accommodation program provided by Department of Public Works.

(ab) Allocation of revenues and expenses from ordinary activities of corporate services

The department allocates revenues and expenses attributable to corporate services to its controlled outputs in the Statement of Comprehensive Income by outputs/major activities based on the average usage patterns of the outputs' key drivers of costs. Further details are provided at Note 25.

(ac) Insurance

The department's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund with premiums paid on a risk assessment basis. In addition, the department pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(ad) 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.

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

(ae) Contributed equity

The negative contributed equity position reported in the department's Administered Statement of Financial Position primarily represents whole-of-Government borrowings on-forwarded to the Consolidated Fund to inject into other departments to satisfy their capital requirements.

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland state public sector entities as a result of machinery-of-Government changes are adjusted to 'Contributed equity' in accordance with Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*. Appropriations for equity adjustments are similarly designated.

(af) Issuance of financial statements

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

2 Summary of significant accounting policies (continued)

(ag) Judgements 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.

Estimates and assumptions that have a potential significant effect are outlined in the following financial statement note:

Contingencies – note 58.

(ah) New and revised accounting standards

The department did not voluntarily change any of its accounting policies during 2009-10. Those new and amended Australian accounting standards that were applicable for the first time in the 2009-10 financial year and that had a significant impact on the department's financial statements are as follows.

Treasury Department complied with the revised AASB 101 *Presentation of Financial Statements* as from 2009-10. This revised standard does not have any measurement or recognition implications. Pursuant to the change of terminology used in the revised AASB 101, the Balance Sheet is now renamed as the Statement of Financial Position, and the Cash Flow Statement has now been renamed as Statement of Cash Flows. The former Income Statement has been replaced by a Statement of Comprehensive Income.

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

At the date of authorisation of the financial report, the only significant impacts of new or amended Australian accounting standards with future commencement dates are as set out below.

AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvement Project* effective for financial periods beginning 1 January 2010 amends terminology in a number of standards which is not expected to impact the financial statements. Amendments to AASB 117 *Leases*, removed prior guidance which effectively prohibited the classification of leases over land as a finance lease. Management does not expect the change to have any impact on existing leases.

AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from* AASB 9 [*AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12*] become effective from reporting periods beginning on or after 1 January 2013. The main impacts of these standards are that they will change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at either amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial application of AASB 9, the department will re-assess the measurement of its financial assets against the new classification and measurement requirements, based on the facts and circumstances that exist at that date.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the department, or have no material impact on the department.

3 Outputs of the department

The identity and purpose of each major output undertaken by the department during the year is summarised below.

Financial and economic policy

Treasury Office provides policies, strategies and advice at a whole-of-Government level to promote value-for-money service delivery, manage the State's finances in accordance with the *Charter of Fiscal Responsibility* and advance the performance of the Queensland economy to support growth and employment.

Government-owned corporations performance and governance

The Office of Government Owned Corporations (OGOC) provides advice and support to shareholding Ministers in administering the Government's shareholding in GOCs, which operate on the basis of competitive neutrality. This includes taking a strategic approach to policy development for GOCs, monitoring performance and ensuring compliance with relevant legislation.

Economic and statistical research

The Office of Economic and Statistical Research (OESR) is responsible for providing whole-of-Government statistical, economic and demographic services including statistics, modelling and data management. OESR provide timely and comprehensive advice to the Treasurer and other key stakeholders on policies to promote economic efficiency and flexibility.

Revenue management

The Office of State Revenue (OSR) delivers and administers revenue management services for Queensland taxes (comprising duties, payroll tax, land tax, Community Ambulance Cover levy and gambling taxes) and grants. OSR also conduct revenue compliance and debt recovery activities and provide legislative and policy advice to the Queensland Government to help maintain and improve the State's revenue system.

Major activities of the department 2009-10

Major activities – transfer of Planning and Information Forecasting Unit (PIFU) from the Department of Infrastructure and Planning (DIP) to Treasury Department.

This transfer occurred as a consequence of a machinery-of-Government change with effect from 1 August 2009.

The following controlled assets and liabilities of PIFU were transferred from DIP to Treasury Department:

		$'000
Assets		
	Cash	13
	Prepayments	4
	Property, plant and equipment	26
		43
Liabilities		..
Net assets		43

The increase in net assets of $43,000 has been accounted for as an increase in contributed equity as disclosed in the Statement of Changes in Equity.

Appropriation revenue of $2.058 million for 2009-10 was also transferred to Treasury Department.

3 Outputs of the department (continued)

Major activities of the department 2008-09

Major activities– transfer of CorpTech to the Department of Public Works

CorpTech was transferred to the Department of Public Works as a consequence of a machinery-of-Government change with effect from 1 July 2008.

The following assets and liabilities of CorpTech were transferred to the Department of Public Works:

		$'000
Assets		
	Cash	81,403
	Receivables	26,776
	Property, plant and equipment	1,554
	Intangible assets *	143,253
	Other	3,168
		256,154
		$'000
Liabilities		
	Payables	28,086
	Accrued employee benefits	759
	Other	42,179
		71,024
Net assets		185,130

* Adjustments to the amount of intangible assets were required post MoG sign off due to a restatement of work in progress for the 2006-07 and 2007-08 financial years.

The decrease in net assets of $185.130 million has been accounted for as a decrease in contributed equity as disclosed in the Statement of Changes in Equity.

Major activities – transfer of Office of Liquor, Gaming and Racing (OLGR) to the Department of Employment, Economic Development and Innovation (DEEDI).

The Office of Liquor, Gaming and Racing (OLGR) was transferred to the Department of Employment, Economic Development and Innovation (DEEDI) as a consequence of a machinery-of-Government change with effect from 26 March 2009.

The following controlled assets and liabilities of OLGR were transferred to DEEDI:

		$'000
Assets		
	Cash	10,384
	Receivables	3,152
	Other current assets	302
	Property, plant and equipment	11,258
	Intangible assets	2,420
		27,516
Liabilities		
	Payables	12,567
	Interest bearing liabilities	3,245
	Accrued employee entitlements	184
	Other	5
		16,001
Net assets		11,515

3 Outputs of the department (continued)

The decrease in net controlled assets of $11.515 million has been accounted for as a decrease in contributed equity as disclosed in the Statement of Changes in Equity.

Controlled appropriation revenue of $1.391 million was transferred to DEEDI.

The following administered assets and liabilities of OLGR were transferred to DEEDI:

		$'000
Assets		
	Cash	22,032
	Receivables	2,616
	Other assets*	96,882
		121,530
Liabilities		
	Payables	8,444
	Accrued employee entitlements	13
	Other	95,642
		104,099
Net assets		17,431

* Adjustments to the amount of other assets were required post MoG sign off to reflect a prepayment to the Consolidated Fund for Unearned Revenue in relation to casino rentals.

No administered appropriation revenue was transferred to DEEDI.

Major activities – administrative transfer of the operations of the Queensland Spatial Information Office (QSIO), the Cooperative Research Centre for Spatial Information (CRC-SI) and the Government Information Licensing Framework (GILF) to the Department of Environment and Resource Management (DERM)

Each of these operational groups was located within the Office of Economic and Statistical Research (OESR), a portfolio office of Treasury Department.

As a result of this change, the following controlled assets and liabilities were transferred from Treasury Department to the (now) Department of Environment and Resource Management (DERM) effective 27 February 2009:

		$'000
Assets		
	Cash	216
	Prepayment	19
		235
Liabilities		
	Unearned revenue	235
		235
Net assets		..

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2010

	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000

4 Reconciliation of payments from Consolidated Fund to output revenue recognised in the Statement of Comprehensive Income

	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Budgeted output appropriation	131,572	159,637	131,572	159,637
Transfer (to)/from other departments	1,992	(575)	1,992	(575)
Transfer (to)/from other heading	..	(25,165)	..	(25,165)
Unforeseen expenditure	19,298	..	19,298	..
Total output receipts	152,862	133,897	152,862	133,897
Less opening balance of output appropriation receivable	(500)	(2,003)	(500)	(2,003)
Plus closing balance of output appropriation receivable	7,754	500	7,754	500
Output revenue recognised in Statement of Comprehensive Income	160,116	132,394	160,116	132,394

Reconciliation of payments from Consolidated Fund to appropriated equity adjustments recognised in contributed equity

	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Budgeted equity adjustment appropriation	(3,095)	14,192	(3,095)	14,192
Transfer (to)/from other departments	..	(261)	..	(261)
Transfer (to)/from other heading	..	(838)	..	(838)
Unforeseen expenditure	704	..	704	..
Total equity adjustment receipts	(2,391)	13,093	(2,391)	13,093
Plus opening balance of equity injection receivable	..	813	..	813
Appropriated equity adjustment recognised in contributed equity	(2,391)	13,906	(2,391)	13,906

5 User charges

	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Sale of goods	95	24,544	95	24,544
Sale of services	34,481	59,897	34,481	59,897
	34,576	84,441	34,576	84,441

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2010

	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000
6 Grants and other contributions				
Resources received below fair value	299	436	299	436
	299	436	299	436
7 Other revenue				
Interest revenue	1,042	1,654	..	343
Other	98	333	98	333
	1,140	1,987	98	676

Interest is recognised in the Statement of Comprehensive Income when earned.

8 Lease income

	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Lease income – QAHCPL	389	52	..	..
Lease income – QAHMPL	163	22	..	..
	552	74	..	..

Lease income represents deferred revenue recognised on land leased to Queensland Airport Holdings (Cairns) Pty Ltd (QAHCPL) and Queensland Airport Holdings (Mackay) Pty Ltd (QAHMPL).

9 Gain on acquisition/sale of property, plant, equipment and investments

	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Gain on sale of property, plant and equipment	30	32	30	32
Gain on acquisition of shares *	..	194	..	..
	30	226	30	32

* Relates to the fair value of net assets acquired on acquisition of QAHCPL and QAHMPL.

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2010

	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000
10 Employee expenses				
Employee benefits				
Salaries and wages	65,742	96,734	65,742	96,734
Employer superannuation contributions	8,787	13,041	8,787	13,041
Long service leave levy	1,307	1,885	1,307	1,885
Parental leave expense	673	889	673	889
Annual leave levy	8,284	11,776	8,284	11,776
Other employee benefits	653	749	653	749
Employee related expenses *				
Workers' compensation premium	235	305	235	305
Payroll tax	4,047	5,983	4,047	5,983
Other employee related expenses	860	1,124	860	1,124
	90,588	132,486	90,588	132,486

* Employment expenses not included in employees' total remuneration package

The number of employees including full-time employees and part-time employees measured on a full-time equivalent basis is:	939	1,393	939	1,393

***** Executive remuneration***

The number of senior executives who received or were due to receive total remuneration of $100,000 or more:

	Number	Number	Number	Number
$100,000 to $119,999	2	..	2	..
$120,000 to $139,999	1	2	1	2
$140,000 to $159,999	1	5	1	5
$160,000 to $179,999	9	8	9	8
$180,000 to $199,999	9	6	9	6
$200,000 to $219,999	2	6	2	6
$220,000 to $239,999	6	1	6	1
$240,000 to $259,999	..	1	..	1
$260,000 to $279,999	..	1	..	1
$280,000 to $299,999	1	..	1	..
$360,000 to $379,999	1	..	1	..
$540,000 to $559,999	..	1	..	1
$560,000 to $579,999	1	..	1	..
	33	31	33	31

The total remuneration of executives shown above** ($'000)	6,762	6,106	6,762	6,106

** The executive remuneration disclosed includes all direct and indirect remuneration relating to the 2009-10 financial year including salary, superannuation, the movement in leave accruals and fringe benefits tax where applicable. This amount will therefore differ from advertised executive remuneration packages which do not include the latter items.

The total separation and redundancy/termination benefit payments to executives shown above are as follows ($'000):

	192	..	192	..

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2010

	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000

11 Supplies and services

Consultants and contractors	57,278	23,789	57,278	23,789
Supplies and consumables	3,080	4,335	3,080	4,335
Repairs and maintenance	4,906	4,632	4,906	4,632
Travel	665	1,185	665	1,185
Accommodation	13,540	13,382	13,540	13,382
Computer charges	393	437	393	437
Other	6,811	10,817	6,811	10,817
	86,673	58,577	86,673	58,577

12 Depreciation and amortisation

Depreciation and amortisation incurred in respect of:				
Buildings and structures	..	76	..	76
Leasehold improvements	1,604	1,522	1,604	1,522
Plant and equipment	1,629	3,028	1,629	3,028
Intangibles	7,073	7,671	7,073	7,671
	10,306	12,297	10,306	12,297

13 Grants and subsidies

Gambling research	..	2,988	..	2,988
Training track subsidy scheme	..	2,000	..	2,000
Contributions to Council of Australian Government reforms	1,800	..	1,800	..
Other	145	315	145	315
	1,945	5,303	1,945	5,303

14 Borrowing costs

Interest	..	141	..	141

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2010

	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000

15 Other expenses

	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Audit fees – Auditor-General *	998	873	972	865
Audit fees – internal **	..	740	..	740
Bad debts written off	4	7	4	7
Impairment losses on trade receivables	(8)	(23)	(8)	(23)
Special and ex-gratia payments	..	651	..	651
Operating lease rentals	727	670	727	670
Advertising and promotions	1,051	2,549	1,051	2,549
Minor assets < $5,000	1,044	1,289	1,044	1,289
Other	566	1,836	504	1,766
	4,382	8,592	4,294	8,514

* Total Treasury Department external audit fees relating to the 2009-10 financial year are estimated to be $918,197 (2009: $819,508). There are no non-audit services included in this amount.

** In 2008-09 Treasury Department had an outsourced internal audit function. This transitioned into the department from 1 July 2009.

16 Income tax expense

	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Current tax	22	35	..	..
	22	35	..	..
Numerical reconciliation of income tax expense to prima facie tax payable:				
Profit from continuing operations before income tax expense:	1,684	1,270	..	..
Less: Profit of non taxable entities	(1,610)	(1,153)	..	..
Profit from continuing operations before income tax expense: Taxable entity (Qld Lottery Corporation)	74	117	..	..
Tax at the Australian tax rate of 30%	22	35	..	..
Income tax expense	22	35	..	..

17 Cash and cash equivalents

	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Cash at bank	24,790	53,068	(689)	28,519
Imprest accounts	9	11	9	11
	24,799	53,079	(680)	28,530

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2010

	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000

18 Receivables

	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Current				
Trade debtors	22,869	3,570	22,869	3,570
Less provision for impairment	..	(8)	..	(8)
	22,869	3,562	22,869	3,562
GST input tax credits receivable	1,436	694	1,436	694
GST payable	(66)	(583)	(66)	(583)
Net GST receivable	1,370	111	1,370	111
Appropriation receivable	7,754	500	7,754	500
Annual leave reimbursements	1,546	9,512	1,546	9,512
Other debtors	611	2,972	611	2,972
	9,911	12,984	9,911	12,984
	34,150	16,657	34,150	16,657
Movements in the provision for impairment				
Balance at 1 July	8	31	8	31
Increase/(decrease) recognised in Statement of Comprehensive Income	(8)	(23)	(8)	(23)
Balance at 30 June	..	8	..	8

19 Other Assets

	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Current				
Prepayments	2,996	2,978	2,988	2,978
Non-current assets held for sale	27	9	27	9
	3,023	2,987	3,015	2,987

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2010

	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000

20 Intangibles

	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Non-current				
Internally generated software				
– at cost	68,290	43,164	68,290	43,164
– accumulated amortisation	(22,463)	(16,570)	(22,463)	(16,570)
– accumulated impairment loss	(3,380)	(3,380)	(3,380)	(3,380)
	42,447	23,214	42,447	23,214
Other software/licences				
– at cost	11,302	11,302	11,302	11,302
– accumulated amortisation	(11,193)	(11,085)	(11,193)	(11,085)
	109	217	109	217
Work in progress				
– at cost	1,200	21,097	1,200	21,097
	1,200	21,097	1,200	21,097
Total intangibles				
– net book value	43,756	44,528	43,756	44,528

Reconciliation	Internally generated software		Other software/ licences		Software works in progress		Total	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Carrying amount at 1 July	23,214	123,802	217	8,677	21,097	43,171	44,528	175,650
Acquisitions	..	931	..	163	6,301	21,127	6,301	22,221
Disposals	..	..	..	..	..	..	..	..
Acquisitions through restructuring	..	(2,272)	..	..	..	(147)	..	(2,419)
Consolidated assets transferred (to)/from other departments	..	(93,972)	..	(8,436)	..	(40,845)	..	(143,253)
Assets transferred between asset classes	26,198	2,209	..	..	(26,198)	(2,209)	..	..
Amortisation*	(6,965)	(7,484)	(108)	(187)	..	..	(7,073)	(7,671)
Carrying amount at 30 June	42,447	23,214	109	217	1,200	21,097	43,756	44,528

* Amortisation of intangibles is included in the line item 'Depreciation and amortisation' in the Statement of Comprehensive Income.

The department still uses intangibles with a written down value of zero that had an original cost of $11.4 million.

The tridata system which is fully amortised and still in use had an original cost of $5.45 million.

The land tax system which is fully amortised and still in use for historical data had an original cost of $3.17 million.

All intangible assets of the department have finite useful lives and are amortised on a straight line basis (Note 2(p)). The department has no significant unrecognised intangibles.

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

21 Property, plant and equipment

	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Non-current				
Land				
– at fair value*	54,664	54,664	..	..
	54,664	54,664	..	..
Buildings				
– at valuation	..	..	..	..
– accumulated depreciation	..	..	..	..
	..	..	..	..
Plant and equipment				
– at cost	17,757	17,215	17,757	17,215
– accumulated depreciation	(13,578)	(13,192)	(13,578)	(13,192)
	4,179	4,023	4,179	4,023
Leasehold improvements				
– at cost	17,412	16,981	17,412	16,981
– accumulated depreciation	(9,794)	(8,127)	(9,794)	(8,127)
	7,618	8,854	7,618	8,854
Capital works in progress				
– at cost	..	135	..	135
Total property, plant and equipment				
– net book value	66,461	67,676	11,797	13,012

* Land is held by Queensland Airport Holdings (Cairns) Pty Ltd (QAHCPL) and Queensland Airport Holdings (Mackay) Pty Ltd (QAHMPL). The rights to the land have been leased under a 99-year arrangement with the revenue received upfront (refer note 24). The income received in relation to the land component has been deferred and is recognised on a straight line basis over the lease term.

The fair value of the land is based on the transaction price at 1 October 2008, being the date the assets were transferred to QAHCPL and QAHMPL under the *Queensland Airport Assets (Restructuring and Disposal) Act 2008*.

The Directors are of the opinion that the current book value represents the fair value of these assets at 30 June 2010.

21 Property, plant and equipment (continued)

Reconciliation	Land		Buildings		Plant and equipment		Network infrastructure		Capital works in progress		Total	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010* $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Carrying amount at 1 July	54,664	4,400	..	3,175	12,877	19,005	..	..	135	39	67,676	26,619
Acquisitions	..	54,664	..	..	1,870	4,049	..	..	..	119	1,870	58,832
Acquisitions via equity transfer	..	..	..	..	..	..	1,554,274	..	..	..	1,554,274	..
Acquisitions through restructuring	..	..	..	..	26	..	..	..	..	..	26	..
Disposals	..	..	..	..	(25)	(253)	(1,554,274)	..	(3)	..	(1,554,302)	(253)
Assets transferred (to)/from other departments	..	(4,400)	..	(3,098)	166	(3,835)	..	..	..	..	166	(11,333)
Consolidated assets transferred (to)/from other departments	..	..	..	..	..	(1,552)	..	..	..	..	..	(1,552)
Assets transferred between asset classes	..	..	..	..	132	13	..	..	(132)	(23)	..	(10)
Depreciation	..	..	..	(77)	(3,249)	(4,550)	..	..	..	..	(3,249)	(4,627)
Carrying amount at 30 June	54,664	54,664	..	..	11,797	12,877	..	..	..	135	66,461	67,676

Treasury Department still uses plant and equipment with a written down value of zero that had an original cost of $11.2 million.

Assets with a gross value of approximately $3.6 million (16%) are expected to be replaced in the 2010-11 financial year.

Treasury Department has no temporarily idle plant and equipment and no plant and equipment recorded at cost with materially different fair values.

* On 30 June 2010, the Queensland Government transferred certain assets from QR Network Pty Ltd (QRN) to QTH which were subsequently leased back to QRN under a 99-year lease arrangement. The transfer consisted of QRN's right, title and interest in, and obligations and liabilities pursuant to, the Central Queensland Coal Network Infrastructure lease. These assets were transferred at book value under the direction of the Treasurer of Queensland.

The lessee must manage, operate, repair and maintain the infrastructure and is responsible for indemnifying the lessor for any loss incurred to the extent of the law. The lessee has the right to possess and use the infrastructure during the lease term and the right on expiry to either remove the infrastructure or to have paid to it the fair market value.

Consideration for the lease is based on a notional rental of $1 per annum but only if demanded in writing. It is currently not expected that QTH would call on this payment and therefore no recognition of the lease receivable amount is included in these financial statements.

The original transfer included land with a book value of $1.224 million which will be transferred back to QRN via a Queensland Government Transfer Notice in 2010-11 with the rights to the lease reassigned.

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2010

	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000

22 Payables

	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Current				
Trade creditors	13,122	8,181	13,106	8,169
Interdepartmental payable	3,906	11,824	3,906	11,824
Other	4,677	2,693	4,677	2,693
	21,705	22,698	21,689	22,686

23 Accrued employee benefits

	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Accrued salaries and wages	309	2,981	309	2,981
Annual leave levy payable	1,979	10,212	1,979	10,212
Other	22	58	22	58
	2,310	13,251	2,310	13,251

24 Unearned revenue *

	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Current				
Unearned revenue	790	739	238	187
	790	739	238	187
Non-current				
Unearned revenue	53,291	53,844	..	..
	53,291	53,844	..	..

* The deferred revenue for QTH represents the lease rentals received in advance on land held by QAHCPL and QAHMPL. The leases are for a term of 99 years.

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2010

25 Corporate support allocation across Treasury Department

The following table provides details of the corporate support revenue and expenses provided to individual outputs which have been allocated on a 'gross allocation' basis (that is, before inter-output/departmental trading). The department allocates corporate service overheads to its controlled outputs based on the average usage patterns of the output's key drivers of costs.

	Financial and economic policy		Economic and statistical research		Revenue management		Liquor, gaming and racing *		GOC performance and governance		General – not attributed **		Total corporate support	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Income														
Revenue														
Output revenue	7,222	5,830	3,110	2,326	10,594	10,348	:	6,162	890	709	1,195	1,511	23,011	26,886
User charges	2,055	2,363	1,013	935	3,485	4,214	:	1,998	286	290	3,778	438	10,617	10,238
Grants and other contributions	86	:	43	:	147	:	:	:	12	:	12	:	300	:
Other	24	211	11	69	38	405	:	132	3	28	3	37	79	882
Gains														
Gain on sale of property, plant and equipment	1	:	1	:	2	:	:	:	:	:	:	:	4	:
Total income	9,388	8,404	4,178	3,330	14,266	14,967	:	8,292	1,191	1,027	4,988	1,986	34,011	38,006
Expenses														
Employee expenses	5,075	3,917	2,085	1,445	7,063	7,199	:	4,148	601	496	2,457	701	17,281	17,906
Supplies and services	2,931	3,031	1,426	1,201	4,899	5,403	:	3,128	403	372	2,063	552	11,722	13,687
Depreciation and amortisation	793	695	381	274	1,304	1,243	:	701	108	86	107	126	2,693	3,125
Grants and subsidies	(1)	:	(1)	:	(2)	:	:	:	:	:	:	:	(4)	:
Other	621	516	304	172	1,044	979	:	449	86	65	300	467	2,355	2,648
Total expenses	9,419	8,159	4,195	3,092	14,308	14,824	:	8,426	1,198	1,019	4,927	1,846	34,047	37,366

* The operations and net assets of the Office of Liquor, Gaming and Racing (OLGR) were transferred from Treasury to the newly formed Department of Employment, Economic Development and Innovation 26 March 2009. Therefore, only comparative figures are included in the above table for OLGR.

** 2010 includes corporate support allocated to Motor Accident Insurance Commission, Nominal Defendant and OLGR.

	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000

26 Reconciliation of operating surplus to net cash from operating activities

	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Operating surplus/(deficit)	2,346	1,377	684	142
Add/(substract) items classified as investing/financing activities:				
Proceeds on disposal of property, plant and equipment	35	5	35	5
Assets written back	..	(28)	..	(28)
Gain on acquisition of shares	..	(194)	..	..
Proceeds from sale of investments	..	(185)	..	..
Non-cash items:				
Depreciation/amortisation expense	10,306	13,174	10,306	13,174
Gain on sale of property, plant, equipment and investments	(30)	..	(30)	..
Loss on sale of property, plant and equipment	..	115	..	115
Prior year adjustments internal eliminations	(286)	..	(286)	..
Change in assets and liabilities:				
(Increase)/decrease in appropriation receivable	(7,254)	1,503	(7,254)	1,503
(Increase)/decrease in GST input tax credits receivable	(742)	11	(742)	11
(Increase)/decrease in interest receivable	19	10	19	10
(Increase)/decrease in accounts receivable	(9,040)	(9,869)	(9,040)	(10,055)
(Increase)/decrease in other assets	..	427	..	427
(Increase)/decrease in prepayments	(17)	(1,720)	(9)	(1,720)
Increase/(decrease) in accounts payable	(13,033)	15,511	(13,037)	15,513
Increase/(decrease) in employee benefits	(10,941)	13,140	(10,941)	13,140
Increase/(decrease) in GST payable	(516)	283	(516)	283
Increase/(decrease) in other liabilities	54	(1,244)	51	(454)
Increase/(decrease) in deferred revenue	(553)	(74)	..	..
Increase/(decrease) in accrued expenses	12,042	(10,522)	12,042	(10,522)
Equity accounted share of surplus in associates	(178)	231	..	..
Net cash from operating activities	(17,788)	21,951	(18,718)	21,544

27 Non-cash financing and investing activities

Assets and liabilities received by or transferred to the department as a result of machinery-of-Government changes are set out in note 3.

	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000

28 Commitments for expenditure

(a) Non-cancellable operating lease commitments

Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:

	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Not later than one year	2,008	2,618	1,837	2,452
Later than one year and not later than five years	854	2,370	172	1,708
Later than five years	6,925	6,884	..	..
Total commitments	9,787	11,872	2,009	4,160
Input tax credits anticipated	183	378	183	378

Operating leases are entered into as a means of acquiring access to office accommodation and motor vehicles. These operating leases are primarily held with the Department of Public Works for office accommodation and QFleet for motor vehicles. Payments are generally fixed with agreements containing inflation escalation clauses from which contingent rentals are determined. No renewal or purchase options exist in relation to operating leases and no operating leases contain restrictions on financing or other leasing activies.

(b) Capital expenditure commitments

Treasury has no material capital expenditure commitments.

(c) Operating expenditure commitments

Material operating expenditure commitments inclusive of GST contracted for but not recognised in the financial statements are payable as follows:

	Consolidated 2010 $'000	Consolidated 2009 $'000	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Not later than one year	8,479	15,413	8,479	15,413
Later than one year and not later than five years	2,413	383	2,413	383
Later than five years	..	2,744	..	2,744
Total commitments	10,892	18,540	10,892	18,540
Input tax credits anticipated	779	1,685	779	1,685

29 Controlled entity

Queensland Treasury Holdings Pty Ltd (QTH) is controlled by the department and its revenues, expenses, assets, liabilities and equity have been included within these financial statements. The Under Treasurer, as Trustee for the Treasurer of Queensland, holds a 60% beneficial interest in QTH, which comprises ownership of "A" class capital. The remaining 40% interest is held by the Queensland Treasury Corporation (QTC) for and on behalf of the Under Treasurer as the corporation sole of QTC. QTH acts as a corporate vehicle through which the Queensland Government invests in assets of strategic importance to the State. QTH is audited by the Auditor-General of Queensland.

Name of Entity	Country of Incorporation	Shares Held No.	Equity Holding 2010	Equity Holding 2009
Parent Entity				
Queensland Treasury Holdings Pty Ltd (QTH)				
Controlled Entities of QTH				
Queensland Lottery Corporation Pty Ltd	Australia	2	100%	100%
Queensland Airport Holdings (Mackay) Pty Ltd	Australia	2	100%	100%
Queensland Airport Holdings (Cairns) Pty Ltd	Australia	2	100%	100%
Network Infrastructure Company Pty Ltd *	Australia	2	100%	..

* Network Infrastructure Company Pty Ltd was registered on 15 June 2010 and did not trade during the financial year.

30 Investment in jointly controlled entity

QTH holds an investment in Dalrymple Bay Coal Terminal (DBCT) Holdings Pty Ltd which comprises ownership of ordinary share capital. The balance date of the jointly controlled entity is 30 June. Details of this investment are set out below:

Name of company	Principal activity	Ownership interest		Carrying amount		Dividend received/receivable	
Unlisted		2010	2009	2010 $'000	2009 $'000	2010 $'000	2009 $'000
DBCT Holdings Pty Ltd	Coal terminal	50%	50%	2,415	2,237	..	..

As at 30 June 2010, the investment in DBCT Holdings Pty Ltd is equity accounted with a carrying value of $2.415 million in the consolidated accounts.

	Consolidated	
Summary of financial information of jointly controlled entity:	2010 $'000	2009 $'000
Assets	241,468	268,935
Liabilities	236,638	264,461
Operating surplus/(deficit)	356	(461)

Share of the jointly controlled entity result and retained surplus for the period ended 30 June 2010, including movements in the carrying amount of the investment, consists of:

	Consolidated	
Accumulated surplus/(deficit) attributed to jointly controlled entity:	2010 $'000	2009 $'000
Share of surplus before income tax expense/revenue	178	(231)
Share of surplus after related income tax expense/revenue	178	(231)
Accumulated surplus/(deficit) attributable to jointly controlled entity at the beginning of the financial year	2,237	2,468
Dividends declared	..	..
Share of surplus after related income tax expense/revenue	178	(231)
Accumulated surplus/(deficit) attributable to jointly controlled entity at the end of the financial year	2,415	2,237

31 Investments in entities which are not controlled entities or associated companies

Name of entity	Principal activities	Percentage ownership		Carrying amount	
		2010 %	2009 %	2010 $'000	2009 $'000
City North Infrastructure Pty Ltd	Manages the procurement of the Airport Link and part of the Northern Busway	33%	33%	..	..
Queensland Motorways Limited*	Owns and operates toll roads and bridge infrastructure in south-east Queensland	..	..	..	..

* QTH holds an interest in Queensland Motorways Limited (2 of a total of 187,523 ordinary shares), (2009: 2 of a total of 177,466 ordinary shares).

32 Events occurring after balance date

QTH received land relating to the QRN asset transfer which is required to be transferred back to QRN under a Queensland Government Transfer Notice and the rights reassigned under an amendment to the infrastructure lease. The transfer of the land which has a book value of $1.224 million will be adjusted through equity in the 2010-11 year.

There are no known events occurring after the reporting date which will materially affect the financial outcome reported for the 2009-10 financial year.

33 Financial instruments

(a) Categorisation of financial instruments

Treasury Department has the following categories of financial assets and financial liabilites:

Category	Note	2010 $'000	2009 $'000
Financial assets			
Cash and cash equivalents	17	24,799	53,079
Receivables	18	34,150	16,657
Total		58,949	69,736
Financial liabilities			
Payables	22	21,705	22,698
Total		21,705	22,698

(b) Financial risk management

The management of financial risk is integral to Treasury's overall governance framework. Risk exposures include credit risk, market risk, including investment volatility and liquidity risk.

Credit risk (receivables) is managed pursuant to internal Treasury policies. These focus on the prompt collection of revenues due and payable to the department and follow-up of outstanding fees and charges within specified timeframes. Any write-offs require high level approval.

33 Financial instruments (continued)

(c) *Credit risk exposure*

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

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets net of any provisions for impairment as indicated in the notes to the Statement of Financial Position.

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

Maximum exposure to credit risk

Category	Note	2010 $'000	2009 $'000
Financial assets			
Cash and cash equivalents	17	24,799	53,079
Receivables	18	34,150	16,657
Total		58,949	69,736

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

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

Ageing of past due but not impaired as well as impaired financial assets are disclosed in the following tables:

2010 Financial assets past due but not impaired

	Overdue				
	Less than 30 days $'000	30-60 days $'000	61-90 days $'000	More than 90 days $'000	Total overdue $'000
Financial assets					
Receivables	2,172	262	224	926	3,584
Total	2,172	262	224	926	3,584

2009 Financial assets past due but not impaired

	Overdue				
	Less than 30 days $'000	30-60 days $'000	61-90 days $'000	More than 90 days $'000	Total overdue $'000
Financial assets					
Receivables	646	142	325	264	1,377
Total	646	142	325	264	1,377

33 Financial instruments (continued)

(c) Credit risk exposure (continued)

2010 Individually impaired financial assets

	Overdue				
	Less than 30 days $'000	30-60 days $'000	61-90 days $'000	More than 90 days $'000	Total overdue $'000
Financial assets					
Receivables	..	..	..	..	..
Provision for impairment	..	..	..	..	..
Carrying amount	..	..	..	..	..

2009 Individually impaired financial assets

	Overdue				
	Less than 30 days $'000	30-60 days $'000	61-90 days $'000	More than 90 days $'000	Total overdue $'000
Financial assets					
Receivables	..	..	..	8	8
Provision for impairment	..	..	..	..	..
Carrying amount	..	..	..	8	8

The method for calculating any provisional impairment is based on past experience, current and expected changes in economic conditions and changes to clients' financial positions.

The recognised impairment loss is $8,000 for the current year (2009: $23,000).

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

(d) Liquidity risk

Liquidity risk refers to the situation where the department may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Queensland Treasury manages liquidity risk by ensuring that the department has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

33 Financial instruments (continued)

(d) Liquidity risk (continued)

The following table sets out the liquidity risk of financial liabilities held by the department. It represents the contractual maturity of financial liabilities, calculated based on cash flows relating to the liabilities at reporting date.

		2010 payable in			Total
		< 1 year	1 - 5 years	> 5 years	
	Note	$'000	$'000	$'000	$'000
Financial liabilities					
Payables	22	21,705	..	..	21,705
Total		21,705	..	..	21,705

		2009 payable in			Total
		< 1 year	1 - 5 years	> 5 years	
	Note	$'000	$'000	$'000	$'000
Financial liabilities					
Payables	22	22,698	..	..	22,698
Total		22,698	..	..	22,698

(e) Market risk

Queensland Treasury does not trade in foreign currency and is not exposed to commodity price changes. The department is exposed to interest rate risk through its cash deposited in interest bearing accounts. Queensland Treasury does not undertake any hedging in relation to interest risk.

(f) Interest rate sensitivity analysis

The following interest rate sensitivity analysis is based on depicting the outcome to the surplus if interest rates were to change by +/- 1% from the year end rates applicable to Queensland Treasury's financial assets and liabilities. Queensland Treasury would have a surplus/deficit and equity increase/decrease of $0.25 million (2009:$0.53 million) which is attributable to the department's exposure to variable interest rates on its cash balances.

		2010 Interest rate risk			
		-1%		1%	
Financial instruments	Carrying amount	Surplus	Equity	Surplus	Equity
	$'000	$'000	$'000	$'000	$'000
Cash	24,799	(248)	(248)	248	248
Overall effect on surplus and equity		(248)	(248)	248	248

		2009 Interest rate risk			
		-1%		1%	
Financial instruments	Carrying amount	Surplus	Equity	Surplus	Equity
	$'000	$'000	$'000	$'000	$'000
Cash	53,079	(531)	(531)	531	531
Overall effect on surplus and equity		(531)	(531)	531	531

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2010

33 Financial instruments (continued)

(g) Fair value

Queensland Treasury 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.

34 Commonwealth grants

	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Administered on behalf of the whole-of-Government		
GST revenue grant	8,089,881	7,946,067
Specific purpose – recurrent		
- First Home Owner Grant	175,543	196,052
- Healthcare	2,206,394	97,895
- Schools	640,035	233,603
- Skills and workforce development	255,038	102,287
- Disability services	171,734	65,710
- Affordable housing	234,526	94,291
National Partnership Payments – recurrent project	1,009,079	847,821
National Partnership Payments – recurrent facilitation	19,453	26,805
National Partnership Payments – capital project	3,891,256	527,000
National Partnership Payments – capital facilitation	16,493	408,566
Enhancement of marine safety in Queensland waters	7,474	..
	16,716,906	10,546,097

35 Taxes, fees, fines and levies

	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Administered on behalf of the whole-of-Government		
Taxes		
Casino tax	81,930	57,807
Gaming machine tax	517,212	548,039
Gold Lotto	194,937	167,754
Golden Casket	42,003	43,671
Keno tax	18,826	18,640
Land tax	1,033,579	839,371
Payroll tax	3,211,205	3,237,357
Duties	3,115,421	2,738,605
Wagering tax	38,928	39,714
Other taxes	863	912
	8,254,904	7,691,870
Fees		
Licences	..	16,116
Other fees	10,656	18,808
	10,656	34,924
Fines		
Penalties	11,615	9,772
	11,615	9,772
Levies		
Community benefit levies	..	4,336
Community Ambulance Cover levy	155,424	139,930
Health Services levy	32,694	39,714
	188,118	183,980
	8,465,293	7,920,546

36 Royalties, property income and other territorial revenue

	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Administered on behalf of the whole-of-Government		
Competitive neutrality fees	106,122	131,178
Credit margin	14,185	2,104
Dividends	268	46
Rent	..	3,185
Land tax equivalent receipts	2,443	480
	123,018	136,993

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2010

	Treasury Department 2010 $'000	Treasury Department 2009 $'000

37 Interest revenue

Administered on behalf of the whole-of-Government		
Interest from investments	9,613	4,846
Interest from loans	1,264	1,663
Interest charged on departmental bank overdrafts	32	49
Interest on late payments	547	461
	11,456	7,019

38 Administered item revenue

Administered on behalf of the whole-of-Government		
Budgeted administered item appropriation and equity	3,594,410	1,856,691
Transfer (to)/from other heading	..	26,003
Unforeseen expenditure	195,960	1,755,256
Total administered item receipts	3,790,370	3,637,950
Plus closing balance of administered item receivable	245,733	270,976
Less opening balance of administered item receivable	(270,976)	(2,182)
Plus opening balance of equity withdrawal payable	..	23,336
Plus opening balance of unearned appropriation	..	3,372
Total administered appropriation	3,765,127	3,933,452
This is represented by:		
Administered item revenue recognised in Statement of Comprehensive Income	4,248,650	4,332,238
Equity adjustment recognised in contributed equity	(483,523)	(398,786)
	3,765,127	3,933,452

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2010

	Treasury Department 2010 $'000	Treasury Department 2009 $'000

39 Other revenue

Administered on behalf of the whole-of-Government		
Miscellaneous receipts	13,283	11,875
	13,283	11,875

40 Employee expenses

Administered on behalf of the whole-of-Government		
Salaries and wages	..	163
Superannuation related to above salaries and wages	..	23
Superannuation	4,898	5,996
FBT expense	31,386	32,016
FBT recovery	(31,610)	(32,121)
Other	..	29
	4,674	6,106

41 Supplies and services

Administered on behalf of the whole-of-Government		
GST administration expense remitted to the Commonwealth	113,959	126,714
Management fees	3,522	16,560
Administration fees	5,913	30,031
Other	3,151	2,983
	126,545	176,288

42 Impairment losses

Administered on behalf of the whole-of-Government		
Impairment losses on trade debtors	37,641	31,767
	37,641	31,767

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2010

	Treasury Department 2010 $'000	Treasury Department 2009 $'000

43 Grants and subsidies

Administered on behalf of the whole-of-Government		
Non-capital		
SEQ Water Grid Manager	52,391	..
Community Investment Fund	111,447	70,355
Fuel Subsidy Scheme	11,338	555,864
Payments for duties relief	233,204	47,278
Other	20,710	37,963
Capital		
Payments for on-passing (capital)	3,042	63,469
Community Investment Fund	33,541	27,070
Other	8,300	..
	473,973	801,999

44 Benefit payments

Administered on behalf of the whole-of-Government		
First Home Owner Grants	379,485	434,844
	379,485	434,844

45 Interest expense

Administered on behalf of the whole-of-Government		
Interest paid by Treasury Investment Suspense Account on trust and bank balances	38,143	18,166
	38,143	18,166

46 Borrowing costs

Administered on behalf of the whole-of-Government		
Interest on loans – QTC	625,239	396,017
Market Value Realisation charge on repayment of 15 Year Debt Pool – Gold Coast Desalination Plant Account	..	15,614
Interest on loans – Commonwealth Government	2,189	2,695
	627,428	414,326

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2010

	Treasury Department 2010 $'000	Treasury Department 2009 $'000

47 Other expenses

Administered on behalf of the whole-of-Government		
Bad debts	14,447	16,401
Queensland Government Insurance Fund claims and concessions	110,040	107,628
Other	11,436	13,047
	135,923	137,076

48 Total administered comprehensive income

The total comprehensive income resulting from administered transactions represents the movement in the Community Investment Fund.

49 Cash

Administered on behalf of the whole-of-Government		
Cash at bank	1,336,441	408,766
Whole-of-Government Treasury Offset arrangement*	634,245	(47,631)
Other administered bank accounts	702,196	456,397
	1,336,441	408,766

* The whole-of-Government Treasury offset arrangement incorporates the Treasury Offset Bank Account which is an overdraft facility as required under section 49 (1) of the *Financial Accountability Act 2009* and a Queensland Treasury Corporation (QTC) Working Capital Facility. This overdraft facility is part of an offset arrangement with other departmental bank accounts and is taken into account in determining the interest earned on the whole-of-Government position. Cash at bank is an aggregate of all Treasury administered bank accounts including the Treasury Offset Bank Account. Overdraft facilities are stated at cost plus capitalised interest.

QTC Working Capital Facility is used for short term borrowings. The market value of the borrowings in the QTC Working Capital Facility at 30 June 2010 is represented by its book value, which is also its net realisable value (as notified by QTC). Interest is calculated daily based on the Reserve Bank's official cash rate. At 30 June 2010 the rate was 4.5% (2009: 3%).

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2010

50 Receivables

	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Administered on behalf of the whole-of-Government		
Current		
Trade debtors	283,812	174,995
Less provision for impairment	(95,334)	(57,692)
	188,478	117,303
Loans and advances *	16,475	17,245
	16,475	17,245
Administered item receivable	245,732	270,976
Other debtors	118	108,903
	245,850	379,879
	450,803	514,427
Non-current		
Loans and advances *	139,510	151,736
	139,510	151,736
Other debtors	2,853	2,867
	2,853	2,867
	142,363	154,603
Movements in the provision for impairment		
Balance at 1 July	57,693	25,645
Amounts written off during the year	(14,446)	(16,407)
Amounts recovered during the year	..	282
Increase/(decrease) recognised in Statement of Comprehensive Income	52,087	48,173
Balance at 30 June	95,334	57,693

* Natural Disaster Relief and Recovery Arrangements (NDRRA) loans are carried at amortised cost. Interest is recognised as revenue as it accrues. Repayments are received yearly in arrears. The Commonwealth Attorney-General's Department – Emergency Management Australia determines the annual interest rate to be applied to the loans. In the 2009-10 year the interest rate was 2.56% (2009: 3.21%) which was calculated as 50% of the 10-year Treasury bond rate, averaged over the three-month period between April and June 2009.

The Queensland Stadium Authority loan is repayable yearly in arrears and interest is charged at a fixed rate of 0.50%.

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2010

	Treasury Department 2010 $'000	Treasury Department 2009 $'000

51 Other current assets

Administered on behalf of the whole-of-Government		
Current		
Other accrued revenue	26,770	35,676
	26,770	35,676

52 Payables

Administered on behalf of the whole-of-Government		
Current		
GST input tax credits receivable	(180)	(231)
GST payable	7,601	8,933
Net GST payable	7,421	8,702
Trade creditors	17,811	3,644
Payable to central schemes	295,400	356,951
Insurance premiums on-pass to State	67,215	2,052
Repayment of GST to Commonwealth	91,000	..
Other creditors	25,516	20,251
	504,363	391,600

53 Interest-bearing liabilities

Administered on behalf of the whole-of-Government		
Current		
Commonwealth borrowings #	10,475	10,063
	10,475	10,063
Non-current		
Commonwealth borrowings #	48,250	56,736
QTC Borrowings *	12,827,328	7,617,442
	12,875,578	7,674,178

* QTC borrowings will be used to fund a range of infrastructure necessary to support the economic and social development of Queensland. Interest is charged on QTC Borrowings at rates of between 6.11% and 7.42% (2009: between 6.9% and 10.76%) and charged as an expense as it accrues, as reflected in note 46.

\# Interest is charged on Commonwealth Backlog Sewerage and Natural Disaster Relief and Recovery Arrangements (NDRRA) loans at a predetermined rate and recognised as an expense as it accrues. The Commonwealth Attorney-General's Department – Emergency Management Australia determines the annual interest rate to be applied to the loans. In the 2009-10 year the interest rate was 2.56% (2009 : 3.21%) which was calculated as 50% of the 10-year Treasury bond rate, averaged over the three-month period between April and June 2009.

Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2010

54 Other liabilities

	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Administered on behalf of the whole-of-Government		
Unearned revenue	15,877	14,720
Sundry liabilities	15,209	2,092
	31,086	16,812

55 Reconciliation of administered comprehensive income to net cash from operating activities

	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Administered on behalf of the whole-of-Government		
Administered Comprehensive Income	(44,238)	(23,761)
Add/(subtract) items classified as investing/financing activities:		
Interest revenue on loans	34	(356)
Commonwealth NDRRA borrowing	(129)	37,566
Non-cash items:		
Interest Expense on QTC loans	7,283	333,501
Change in assets and liabilities:		
(Increase)/decrease in GST input tax credits receivable	52	(45)
(Increase)/decrease in trade and other receivables	44,583	(7,838)
(Increase)/decrease in other assets	37,951	8,943
(Increase)/decrease in prepayments	..	37,456
(Increase)/decrease in administered appropriation receivable	25,244	(283,090)
Increase/(decrease) in provisions	..	(3)
Increase/(decrease) in trade and other payables	128,370	259,443
Increase/(decrease) in GST payable	(1,332)	1,785
Increase/(decrease) in transfers to Government payable	9,932	(32,485)
Net cash from operating activities	207,750	331,116

	Treasury Department 2010 $'000	Treasury Department 2009 $'000

56 Non-cash financing and investing activities

On 30 June 2010 $449.469 million of debt associated with the Traveston Crossing Dam project was transferred from the Coordinator-General to Treasury Administered. The transfer was deemed to be a contribution/distribution by/from the owners and was adjusted against the Coordinator-General's and Treasury Administered's contributed equity as a non-reciprical transfer of borrowings in accordance with AASB 1004 *Contributions*.

57 Commitments for expenditure

Administered on behalf of the whole-of-Government

Grant expenditure commitments

Future grant commitments not provided for in the financial statements are payable as follows:

	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Not later than one year	156,863	130,981
Later than one year and not later than five years	433,965	358,961
Later than five years	..	..
Total commitments	590,828	489,942
Input tax credits anticipated	..	50

58 Contingencies

Administered on behalf of the whole-of-Government

Litigation in progress

As at 30 June 2010 the following cases were filed in the courts:

Cases	
Supreme Court	5
Civil and Administrative Tribunal	4
Magistrates Court	1
Total	10

These cases relate to revenue collected by the Office of State Revenue. The department's legal advisers and management believe there is insufficient information available to determine the outcome of the abovementioned cases. Accordingly, no provision has been taken up in the department's financial statements.

An estimate of the liability and/or potential revenue foregone should the outcomes of the abovementioned cases prove unfavourable for the department is $30.795 million.

In addition to the above, as at 30 June 2010, the Office of State Revenue was considering 176 objections relating to duties, payroll tax, land tax, Community Ambulance Cover and the First Home Owner Grant scheme.

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2010

59 Financial instruments

(a) Categorisation of financial instruments

Treasury Department has the following categories of financial assets and financial liabilites:

Administered on behalf of the whole-of-Government

Category	Notes	2010 $'000	2009 $'000
Financial assets			
Cash and cash equivalents	49	1,336,441	408,766
Receivables	50	593,166	669,030
Accrued taxes, fees and fines		212,954	250,906
Other accrued revenue	51	26,770	35,676
Total		2,169,331	1,364,378
Financial liabilities			
Payables		788,042	665,347
Commonwealth borrowings	53	58,725	66,799
QTC borrowings	53	12,827,328	7,617,442
Sundry liabilities	54	15,209	2,092
Total		13,689,304	8,351,680

(b) Financial risk management

The management of financial risk is integral to Treasury's overall governance framework. Risk exposures include credit risk, market risk, including investment volatility and liquidity risk.

Treasury has adopted various strategies for the mitigation of each risk category, including active monitoring by the Fiscal and Taxation Policy Branch of borrowings by the State on behalf of the whole-of-Government.

It is assisted in the discharge of these responsibilities through the provision of professional advice and assistance by the Queensland Treasury Corporation (borrowings and short term investments).

Credit risk (receivables) is managed pursuant to internal Treasury policies. These focus on the prompt collection of revenues due and payable to the department (and to the Consolidated Fund) and follow-up of outstanding fees and charges within specified timeframes. Any write-offs require high level approval.

Treasury's internal financial reporting framework and oversight by the department's Risk Management Committee also contribute to the effective management of the department's financial risks.

59 Financial instruments (continued)

(c) *Credit risk exposure*

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

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets net of any provisions for impairment as indicated in the notes to the Statement of Financial Position.

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

Administered on behalf of the whole-of-Government

Maximum exposure to credit risk Category	Notes	2010 $'000	2009 $'000
Financial assets			
Cash and cash equivalents	49	1,336,441	408,766
Receivables	50	593,166	669,030
Accrued taxes, fees and fines		212,954	250,906
Other accrued revenue	51	26,770	35,676
Total		2,169,331	1,364,378

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

To reduce exposure to credit default, the department manages credit risk by ensuring it monitors all funds owed on a timely basis. Exposure to credit risk is monitored on a regular basis.

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

Ageing of past due but not impaired as well as impaired financial assets are disclosed in the following tables:

Administered on behalf of the whole-of-Government

2010 Financial assets past due but not impaired

	Overdue				
	Less than 30 days $'000	30-60 days $'000	61-90 days $'000	More than 90 days $'000	Total overdue $'000
Financial assets					
Receivables	9,927	5,633	11,566	83,696	110,822
Total	9,927	5,633	11,566	83,696	110,822

Administered on behalf of the whole-of-Government

2009 Financial assets past due but not impaired

	Overdue				
	Less than 30 days $'000	30-60 days $'000	61-90 days $'000	More than 90 days $'000	Total overdue $'000
Financial assets					
Receivables	8,916	11,126	7,159	57,372	84,573
Total	8,916	11,126	7,159	57,372	84,573

59 Financial instruments (continued)

(c) Credit risk exposure (continued)

Administered on behalf of the whole-of-Government

2010 Individually impaired financial assets

			Overdue		
	Less than 30 days	30-60 days	61-90 days	More than 90 days	Total overdue
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets					
Receivables	1,497	2,763	980	90,093	95,333
Provision for impairment	(1,497)	(2,763)	(980)	(90,093)	(95,333)
Carrying Amount	..	..	..	..	..

Administered on behalf of the whole-of-Government

2009 Individually impaired financial assets

			Overdue		
	Less than 30 days	30-60 days	61-90 days	More than 90 days	Total overdue
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets					
Receivables	631	915	1,502	54,645	57,693
Provision for impairment	(631)	(915)	(1,502)	(54,645)	(57,693)
Carrying Amount	..	..	..	..	..

The method for calculating any provisional impairment is based on past experience, current and expected changes in economic conditions and changes to clients' financial positions.

The recognised impairment loss is $37.641 million for the current year (2009: $31.766 million).

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

(d) Liquidity risk

Liquidity risk refers to the situation where the department may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Queensland Treasury is exposed to liquidity risk in respect of its payables, Commonwealth borrowings and borrowings from Queensland Treasury Corporation for the Floating Rate and Government Debt Pools.

59 Financial instruments (continued)

(d) *Liquidity risk (continued)*

The following table sets out the liquidity risk of financial liabilities held by the department. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to liabilities at reporting date.

Administered on behalf of the whole-of-Government

	Notes	2010 payable in < 1 year $'000	1 - 5 years $'000	> 5 years $'000	Total $'000
Financial liabilities					
Payables		788,042	..	..	788,042
Sundry liabilities	54	15,209	..	..	15,209
Commonwealth borrowings	53	7,858	37,079	13,787	58,724
QTC borrowings	53	1,493,961	3,038,540	11,863,968	16,396,469
Total		2,305,070	3,075,619	11,877,755	17,258,444

Administered on behalf of the whole-of-Government

	Notes	2009 payable in < 1 year $'000	1 - 5 years $'000	> 5 years $'000	Total $'000
Financial liabilities					
Payables		665,347	..	..	665,347
Sundry liabilities	54	2,093	..	..	2,093
Commonwealth borrowings	53	10,056	36,873	19,870	66,799
QTC borrowings	53	..	..	10,283,457	10,283,457
Total		677,496	36,873	10,303,327	11,017,696

(e) *Market risk*

Queensland Treasury does not trade in foreign currency and is not exposed to commodity price changes. The department is exposed to interest rate risk through its borrowings and cash deposited in interest bearing accounts. Queensland Treasury does not undertake any hedging in relation to interest risk.

(f) *Interest rate sensitivity analysis*

The following interest rate sensitivity analysis depicts the outcome to the deficit if interest rates were to change by +/- 1% from the year end rates applicable to Queensland Treasury's financial assets and liabilities. Queensland Treasury would have a surplus/deficit and equity increase/decrease of $5.949 million (2009: $3.869 million). This is mainly attributable to the department's exposure to variable interest rates on its borrowings from QTC and the Commonwealth and on its decreased cash holdings.

59 Financial instruments (continued)

(d) Interest rate sensitivity analysis (continued)

Administered on behalf of the whole-of-Government

Financial instruments	Carrying amount	2010 Interest rate risk -1% Surplus	-1% Equity	1% Surplus	1% Equity
	$'000	$'000	$'000	$'000	$'000
Cash	1,336,441	(13,364)	(13,364)	13,364	13,364
Commonwealth borrowings	58,724	587	587	(587)	(587)
QTC borrowings – FRDP	716,438	7,164	7,164	(7,164)	(7,164)
QTC borrowings – GDP	12,110,889	11,582	11,582	(11,582)	(11,582)
Overall effect on deficit and equity		5,969	5,969	(5,969)	(5,969)

Administered on behalf of the whole-of-Government

Financial instruments	Carrying amount	2009 Interest rate risk -1% Surplus	-1% Equity	1% Surplus	1% Equity
	$'000	$'000	$'000	$'000	$'000
Cash	408,766	(4,088)	(4,088)	4,088	4,088
Commonwealth borrowings	66,799	668	668	(668)	(668)
QTC borrowings – FRDP	547	5	5	(5)	(5)
QTC borrowings – GDP	7,616,895	7,284	7,284	(7,284)	(7,284)
Overall effect on deficit and equity		3,869	3,869	(3,869)	(3,869)

(g) Fair value

Queensland Treasury does not recognise any financial assets or financial liabilities at fair value.

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

The fair value of monetary financial assets and financial liabilities, other than QTC borrowings, is based on market prices where a market exists, or is determined by discounting expected future cash flows by the current interest rate for financial assets and liabilities with similar risk profiles.

The fair value of borrowings is notified by the Queensland Treasury Corporation. It is calculated using discounted cash flow analysis and the effective interest rate and is disclosed below:

Administered on behalf of the whole-of-Government

Fair value

	2010 Carrying amount	2010 Fair value	2009 Carrying amount	2009 Fair value
	$'000	$'000	$'000	$'000
Financial assets				
Receivables	593,166	594,705	669,030	672,997
	593,166	594,705	669,030	672,997
Financial liabilities				
Commonwealth borrowings	58,724	54,293	66,799	64,482
QTC borrowings	12,827,328	13,201,788	7,617,442	7,693,099
Total	12,886,052	13,256,081	7,684,241	7,757,581

60 Trust transactions and balances

As the department performs only a custodial role in respect of these transactions and balances they are not recognised in the financial statements but are shown here for disclosure purposes.

Fund name	Description	Audit arrangements
Local Government General Rates Equivalent Regime	The Local Government General Rates Equivalent Regime collects general rates equivalents on port land in commercial use by government owned concerns and is then forwarded to local authorities.	Auditor-General of Queensland
Services Provision Fund	Microsoft provides an amount equal to 6 per cent of total purchases made by government agencies into the Government Information Technology Committee Services Provision Fund (GITC SPF) each year. The GITC SPF is used to fund Queensland Government projects that meet certain criteria.	Auditor-General of Queensland
Treasurer's Unclaimed Monies Fund	Records unclaimed monies received at the Treasury Department from departments and payment of monies subsequently claimed in accordance with section 97 of the *Financial Accountability Act 2009*.	Auditor-General of Queensland

Funds listed below are held by 'The corporation sole of the Treasurer of Queensland' as constituted under section 53 of the *Financial Accountability Act 2009* on behalf of the bodies which do not have the power to invest in their own right or who are required to lodge security or other deposits.

Fund name	Audit arrangements
Friendly Societies	Auditor-General of Queensland
Security Deposits	Auditor-General of Queensland
Public Sector Management Program	Auditor-General of Queensland
Queensland Health, Residents and Patients' Trusts	Auditor-General of Queensland
Trust Company Security Deposits	Auditor-General of Queensland

	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Expenses and revenue administered on behalf of other entities		
Administered revenues		
Interest income	49	65
Tax equivalent receipts	2,945	1,575
Unclaimed monies	4,470	4,912
Services Provision Fund revenue	7,200	624
Total administered revenues	14,664	7,176
Administered expenses		
Transfers to other government entities	3,816	3,279
Administration charges	1	1
Claims and settlements	372	246
Special payments	2,945	1,364
Services Provision Fund claims	2,943	4,696
Interest expense	342	41
Total administered expenses	10,419	9,627
Net surplus/(deficit)	4,245	(2,451)

60 Trust transactions and balances (continued)

	Treasury Department 2010 $'000	Treasury Department 2009 $'000
Assets and liabilities administered on behalf of other entities		
Administered current assets		
Cash at bank		
Local Government General Rates Equivalents Regime	230	339
Services Provision Fund	6,621	2,550
Treasurer of Queensland Deposits	1,200	1,217
Treasurer's Unclaimed Monies Fund	12,355	12,075
Total	20,406	16,181
Investments		
Government and other bonds	425	803
Total	425	803
Total administered assets	20,831	16,984
Trade creditors	..	(188)
Other creditors		
Accrued expenses other	(226)	..
Other deposits held	(8)	(5)
Total	(234)	(5)
Total administered liabilities	(234)	(193)
Net assets	20,597	16,791

61 Transfer payments

Payments under the Intergovernmental Agreement on Federal Financial Relations are made from the relevant Commonwealth Government agency to the relevant state or territory agency. Under the agreement, all payments are made from the Commonwealth Treasury to the state and territory Treasuries. These payments represent Specific Purpose Payments, National Partnership Payments and general revenue assistance.

The agreement specifies that "where a payment to a state or territory includes a nominated amount in respect of a third party – for example, non-Government schools and local governments – that state or territory will on-forward that payment to the third party in a timely manner".

Queensland Treasury has no discretion as to the amount or timing of the amounts to on-pass and therefore acts as an agent in respect of such payments to third parties. Subsequently, these amounts are not receipted but are on-passed directly to the relevant department for payment to the third party. Amounts received from the Commonwealth for on-passing to third parties in 2009-10 totalled $2,095 million (2008-09 totalled $267.415 million) to the following entities:

- Department of Community Safety
- Department of the Premier and Cabinet
- Department of Infrastructure and Planning
- Department of Employment, Economic Development and Innovation
- Department of Education and Training
- Queensland Rural Adjustment Authority.

62 Agency arrangements

Queensland Treasury currently acts as an agent and processes a number of grant payments on behalf of the Department of Employment, Economic Development and Innovation (DEEDI). These transactions do not form part of Treasury's accounts and are reported by DEEDI.

For the 2009-10 financial year the total value of grants paid was $1.083 million.

QUEENSLAND TREASURY'S CONSOLIDATED FINANCIAL STATEMENTS

CERTIFICATE OF THE TREASURY DEPARTMENT

These consolidated general purpose financial statements have been prepared pursuant to section 62(1) (a) of the *Financial Accountability Act 2009* (the Act), 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 to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Treasury Department for the financial year ended 30 June 2010 and of the financial position of the department at the end of that year.

D ANSON CPA
A/Chief Finance Officer

25 August 2010

G BRADLEY CPA, FCA
Under Treasurer

25 August 2010

QAO
CERTIFIED
STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Treasury Department

Matters Relating to the Electronic Presentation of the Audited Financial Report

The auditors report relates to the financial report of the Treasury Department for the financial year ended 30 June 2010 included on the Treasury Department's web site. The Accountable Officer is responsible for the integrity of the Treasury Department's web site. I have not been engaged to report on the integrity of the Treasury Department's web site. The auditor's report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from the Treasury Department, to confirm the information included in the audited financial report presented on this 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 Treasury Department, which comprises the statements of financial position and statements of assets and liabilities by outputs/major activities as at 30 June 2010, and the statements of comprehensive income, statements of changes in equity, statements of cash flows and statements of comprehensive income by outputs/major activities for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the certificates given by the Under Treasurer and the Acting Chief Financial Officer of the consolidated entity comprising the Department and the entities it controlled at the year's end or from time to time during the financial year.

Accountable Officer's Responsibility for the Financial Report

The Accountable Officer is responsible for the preparation and fair presentation of the financial report 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 (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 of 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 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 Accountable Officer, as well as evaluating the overall presentation of the financial report and 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 respect of the establishment and keeping of accounts have been complied with in all material respects; and
  - (i) 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 Treasury Department and the consolidated entity for the financial year 1 July 2009 to 30 June 2010 and of the financial position as at the end of that year.

G G POOLE FCPA
Auditor General of Queensland

Queensland Audit Office
Brisbane

AUDITOR GENERAL
31 AUG 2010
OF QUEENSLAND

Overseas travel

Name of officer and position	Destination	Reason for travel	Agency cost	Contribution from other agencies or sources
Gerard Bradley, Under Treasurer	USA, UK, China and Japan (September/ October 2009)	Queensland Treasury Corporation (QTC) Overseas Roadshow –presentations to potential investor groups and merchant bankers.	$7,639	$16,393 (QTC)
Gregory Tonks, Principal Treasury Analyst Trevor Dann, Principal Treasury Analyst	New Zealand (November 2009)	2009 Australasian Treasury Officers Conference – agenda based on reviewing recurrent operating expenditure and developing an effective capital program in a challenging financial environment.	$4,206	NIL
Alex Beavers, Deputy Under Treasurer	New Zealand (January 2010)	Queensland Treasury Corporation (QTC) Overseas Investor Relations Program – briefing sessions and presentations to potential investor groups and merchant banks.	$654	$1,410 (QTC)
	Japan (June 2010)	Queensland Treasury Corporation (QTC) Overseas Roadshow –presentations to potential investor groups and merchant bankers.	$1,011	$6,998 (QTC)

Consultancies

Actual expenditure – end of financial year (Period 13, 2010)

Consultancies	
Communications	$1,135,906
Finance and accounting	$15,818,732
Human resource management	$79,735
Professional and technical	$13,055,006
Legal	$18,659,153

Publications

Queensland Treasury produces a range of publications, guidelines, forms and other documents on topics such as:

- each year's State Budget
- State financial reports
- economic policy and governance
- public sector financial reporting
- economic and statistical research, including *Queensland Economic Review* and the Queensland State Accounts
- Government-owned corporations
- state revenue, including land tax, pay roll tax and duties
- grants for first homebuyers.

Many of these publications are available online through the Treasury website **www.treasury.qld.gov.au** or by contacting the relevant Treasury portfolio office (see page 112).

Statutory responsibilities

Transactions for the following statutory authorities and entities are accounted for in their own annual reports.

Statutory authority	Legislative basis under which the body was established
Motor Accident Insurance Commission	*Motor Accident Insurance Act 1994*
Nominal Defendant	*Motor Accident Insurance Act 1994*
Queensland Competition Authority (jointly administered by the Treasurer and the Premier)	*Queensland Competition Authority Act 1997*

The Treasurer is a joint Minister for the following entities which were established under the *South East Queensland Water (Restructuring) Act 2007*:

- Queensland Bulk Water Supply Authority: responsibility shared with the Minister for Natural Resources, Mines and Energy and Minister for Trade.
- Queensland Bulk Water Transport Authority: responsibility shared with the Minister for Natural Resources, Mines and Energy and Minister for Trade.
- Queensland Manufactured Water Authority: responsibility shared with the Minister for Natural Resources, Mines and Energy and Minister for Trade.
- SEQ Water Grid Manager: responsibility shared with the Minister for Natural Resources, Mines and Energy and Minister for Trade.

Treasury legislation

Advance Bank Integration Act 1997

Airport Assets (Restructuring and Disposal) Act 2008

Anzac Square Development Project Act 1982

Appropriation Act 2006

Appropriation Act 2007

Appropriation Act 2008

Appropriation Act 2009

Appropriation Act (No. 2) 2006

Appropriation Act (No. 2) 2008

Appropriation (Parliament) Act 2006

Appropriation (Parliament) Act 2007

Appropriation (Parliament) Act 2008

Appropriation (Parliament) Act 2009

Appropriation (Parliament) Act (No. 2) 2006

Appropriation (Parliament) Act (No. 2) 2008

Bank Integration (Bank of Queensland) Act 1993

Bank Merger (Bank SA and Advance Bank) Act 1996

Bank of New Zealand (Transfer of Undertaking) Act 1997

Brisbane Markets Act 2002

Brisbane Trades Hall Management Act 1984

Central Queensland Coal Associates Agreement Act 1968 (Sch pt V)

Challenge Bank (Transfer of Undertaking) Act 1996

Commonwealth and State Statistical Agreement Act 1958

Commonwealth Places (Mirror Taxes Administration) Act 1999

Commonwealth Savings Bank of Australia Agreement Act 1966

Community Ambulance Cover Act 2003

Competition Policy Reform (Queensland) Act 1996

Dalrymple Bay Coal Terminal (Long-Term Lease) Act 2001

Debits Tax Repeal Act 2005

Duties Act 2001

Energy Assets (Restructuring and Disposal) Act 2006

Family Security Friendly Society (Distribution of Moneys) Act 1991

Financial Accountability Act 2009

Financial Agreement Act 1994

Financial Intermediaries Act 1996

Financial Sector Reform (Queensland) Act 1999

First Home Owner Grant Act 2000

Forestry Act 1959 (to the extent that it is relevant to State plantation forests)

Forestry Plantations Queensland Act 2006 (jointly administered with the Minister for Primary Industries, Fisheries and Rural and Regional Queensland)

Fuel Subsidy Repeal Act 2009

Future Growth Fund Act 2006

Gaming Machine Act 1991 (ss 314(1), 314(3) and 322(5))

Government Inscribed Stock Act 1920

Government Loan Act 1986

Government Loans Redemption and Conversion Act 1923

Government Owned Corporations Act 1993

Government Stock Act 1912

GST and Related Matters Act 2000

Infrastructure Investment (Asset Restructuring and Disposal) Act 2009

Judges (Pensions and Long Leave) Act 1957 (s17)

Land Tax Act 1915

Liquor Act 1992 (ss 219(2), 219(3) and 220(3))

Motor Accident Insurance Act 1994

Mutual Recognition (Queensland) Act 1992

New Tax System Price Exploitation Code (Queensland) Act 1999

Payroll Tax Act 1971

Petroleum Products Subsidy Act 1965

Public Officers' Superannuation Benefits Recovery Act 1988

Queensland Competition Authority Act 1997 (jointly administered with the Premier and Minister for the Arts)

Queensland Investment Corporation Act 1991

Queensland Nickel Agreement Act 1970 (all financial and related matters)

Queensland Treasury Corporation Act 1988

South East Queensland Water (Restructuring) Act 2007 (including as a Responsible Minister for the purposes of Chapter 2 of this Act)

State Bank of South Australia (Transfer of Undertaking) Act 1994

State Financial Institutions and Metway Merger Facilitation Act 1996

Statistical Returns Act 1896

Statutory Authorities (Superannuation Arrangements) Act 1994

Statutory Bodies Financial Arrangements Act 1982

Superannuation (Public Employees Portability) Act 1985

Superannuation (State Public Sector) Act 1990

Taxation Administration Act 2001

Tobacco Products (Licensing) Act 1988

Trans-Tasman Mutual Recognition (Queensland) Act 2003

Glossary

Base-load coal fired power station
A production facility that uses coal (a non-renewable source) to meet a region's continuous energy demand, and produce energy at a constant rate, usually at a low cost relative to other production facilities available to the system.

Council of Australian Governments (COAG)
The peak intergovernmental forum in Australia comprising the Prime Minister, state premiers, territory chief ministers and the President of the Australian Local Government Association.

Economic modelling
Application of a formal logical and quantitative framework for analysing economic issues, projections or policy options.

First Home Owner Grant
A Federal Government grant administered in Queensland by Queensland Treasury which is designed to reduce the cost of purchasing a first home. The Regional First Home Owner Grant is an additional $4,000 for first homebuyers in areas outside South East Queensland.

Government-owned corporation
Government-owned trading enterprises which conduct activities and provide services in a commercially orientated environment.

Land tax
A State tax on freehold land assessed on the taxable value of an owner's total land holdings.

Motor Accident Insurance Commission
A statutory authority responsible for the ongoing management of Queensland's compulsory third party scheme.

OSRconnect
The Office of State Revenue's revenue management system which enables clients to self assess and pay taxes online.

Payroll tax
A State tax that needs to be paid if a company pays more than $1 million per year in taxable wages.

Queensland Future Growth Corporation
A statutory body that administers the Queensland Future Growth Fund, which provides funding for initiatives, infrastructure and other projects which benefit Queensland.

Queensland Treasury Corporation
Queensland's central financing authority and provider of corporate treasury services. QTC provides cost-effective debt funding, financial and risk management services, and short- to medium-term investment facilities to Queensland's public sector organisations.

Service Delivery Statement
Budget Papers prepared on a portfolio basis by individual agencies reporting to each Minister and the Speaker and which set out the priorities, plans and financial statements of those agencies.

Toward Q2: Tomorrow's Queensland
The Government's plan to build and maintain a strong, smart, green, healthy and fair Queensland that addresses current and future challenges for Queensland.

Vertically integrated retailer
One that controls all stages of production – from raw materials to final product.

Index

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Executive Services

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Legal Services Unit
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Treasury Office
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Feedback

Help us improve our annual report by sharing your feedback with us.

Contact us and tell us what you think by:

Email: annualreport@treasury.qld.gov.au

Mail: Communication and Web Services
Queensland Treasury
GPO Box 611
BRISBANE QLD 4001

Online: Using our feedback form, available with our annual report at www.treasury.qld.gov.au

Complaints

While we try to minimise the number of complaints we receive, sound management and analysis of complaints enables us to improve the services we deliver to clients.

To achieve this, and to support an initiative of the Queensland Ombudsman, we have implemented systems and guidelines and continue to train our people to deal with complaints promptly and professionally.

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 the annual report, you can contact us on +61 7 3224 4877 between 9am-5pm, Monday to Friday (except public holidays). We will arrange an interpreter to effectively communicate the report to you.

Queensland Treasury
Annual Report 20**09**–20**10**
www.treasury.qld.gov.au