Annual Report 2010–11


Queensland Treasury

Queensland Government

16 September 2011

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

The Honourable Rachel Nolan MP
Minister for Finance, Natural Resources and the Arts
GPO Box 611
BRISBANE QLD 4000

Dear Ministers

I am pleased to present the Annual Report 2010-11 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

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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 in understanding the annual report, you can contact us on +61 7 3224 4877 between 9am-5pm, Monday to Friday (except for public holidays). We will arrange an interpreter to effectively communicate the report to you.

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About our annual report

The Queensland Treasury Annual Report 2010-11 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 2010–11 financial year.

It aligns with the Queensland Treasury Strategic Plan 2010-15, Service Delivery Statement 2010–11, and the Queensland Government's broad objectives for the community as outlined in *Toward 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/about/annual_report/**

Enquiries about this annual report can be directed to the Principal Consultant, Communication and Web Services, telephone 61 7 3035 3532, facsimile 61 7 3035 3103 or **annualreport@treasury.qld.gov.au.**

Under Treasurer's report

"2011-12 State Budget: **rebuilding Queensland,** increasing productivity, addressing cost of living pressures"

The effect of widespread damage throughout the State after a summer of floods and cyclones put significant pressure on a Budget already challenged by the effects of the Global Financial Crisis.

Meeting the costs of rebuilding Queensland was a major focus for the 2011-12 State Budget which also sought to:

- restore the State's fiscal position aiming for a return to surplus in 2015-16
- continue infrastructure and other economic reforms to increase productivity of the Queensland economy
- address cost of living pressures and raise living standards.

The 2011-12 State Budget maintained a $15 billion capital works program and introduced a number of initiatives:

- The Community Ambulance Cover levy will be abolished from 1 July.
- The $10,000 Queensland Building Boost grant is expected to stimulate the building industry with an injection of some $140 million.
- Changes to transfer duty effective from 1 August.

Strengthening the balance sheet, service delivery

The completion of the assets sale program delivered proceeds of $12.2 billion. The State's retained share of QR National worth $2.8 billion as at 30 June 2011 brought the total realisable value to $15 billion. Proceeds have been allocated to the reduction of debt and in the case of Abbot Point to meet the State's share of the 2010-11 natural disasters expenses. The asset divestment program is also avoiding future capital investment in the assets that have been sold.

"... a challenging year ahead: support for rebuilding, commitment to reform, **focus on return to surplus."**

On behalf of Queenslanders, we collected an estimated $1.313 billion in dividends and current tax equivalents from Government-owned corporations; allocated nearly $4 billion for capital improvements to ports, electricity and dam infrastructure; and managed $8.8 billion in revenue and grants to fund essential services for Queenslanders.

From 1 July 2011 responsibility for collecting an estimated $3.278 billion in royalty revenue will be transferred to the Office of State Revenue. This will necessitate the development of a further module for the Revenue Management System.

We have a direct interest in positioning the State's Government-owned corporations to respond to changes in their environment and the needs of Queenslanders. In 2011-12, we will work with the Government-owned electricity generators to implement the outcomes of the Genco Review, which will maximise the generators' economic lives and the jobs they support.

Photo courtesy of John Bowden

A dynamic national agenda

Treasury is the lead agency for Queensland in the National Partnership Agreement to Deliver a Seamless National Economy, and is also working closely with other jurisdictions on public hospital reform. A review of GST distribution, the October Tax Forum and National Occupational Licensing will present challenges and opportunities in the national reform space in the coming year.

We again supported the Australian Bureau of Statistics in preparing for the 2011 national Census in August. Queensland has a stake in the Census' outcomes: Census data is used by the Commonwealth Government to allocate resources and funding, and so accurate counts are critical.

In developing our own Census awareness campaign, our objective was to optimise Queensland's count, particularly that of residents of high-rise and gated communities, and Indigenous Queenslanders, who are historically undercounted in each Census.

The year ahead

We expect 2011-12 to be a challenging year with the need for Treasury to support the Government's rebuilding agenda and continue to build on major reforms with the implementation of the Genco Review, introduction of 2011-12 Budget revenue measures, responsibility for collection of royalty revenue, involvement in the October Tax Forum and the national reform agenda while maintaining focus on a return to surplus in 2015-16.

Gerard Bradley
Under Treasurer

2010-11 highlights

Despite a year characterised by economic and social challenges at home and abroad, our efforts in 2010-11 were rewarded with the following highlights:

Developed the 2011-12 State Budget, which included an estimate of $6.8 billion for the cost of the natural disasters, a $15 billion capital works program, the Queensland Building Boost grant and major changes to transfer duty.

Finalised the State Government's program of asset sales, which realised more than $15 billion in proceeds which will be used to retire State debt, fund Queensland's infrastructure program and support reconstruction.

Collected around $1.3 billion in dividends and current tax equivalents, and managed $8.8 billion in revenue and grants, for essential services for Queenslanders.

Supported flood-affected tax clients with a range of flexible payment and instalment options.

Allocated $3.934 billion for upgrades to the State's electricity distribution network, expansions to port facilities in Townsville and Gladstone and improvements to dams.

Began Queensland's commitment to the 2011 national Census of Population and Housing by developing a public awareness campaign to encourage Queenslanders to participate fully in the Census.

Produced population projections for Queensland.

The year ahead

Our sights will continue to be on reconstruction, growth and reform throughout 2011-12:

Develop the 2012-13 State Budget and monitor the 2011-12 Budget.

Implement reforms from the 2011-12 State Budget, including abolishing the Community Ambulance Cover levy, implementing the Queensland Building Boost grant, and changes to transfer duty.

Pursue our objectives in the national reform arena. Initiatives such as a review of GST distribution and the forthcoming Tax Forum are likely to have major implications for the states.

Implement the recommendations of the Genco Review, allowing Queensland's State-owned electricity generators to meet considerable challenges emerging in their market.

Collect a forecast $1.029 billion in dividends and current tax equivalents for critical capital projects, and manage a forecast $12.7 billion in revenue and grants with the addition of responsibility for collecting mining and petroleum royalties.

Extend Queensland's population projections to include demand for housing, and apply new survey frames to improve the Queensland Household Survey.

Our future direction

Our strategic plan for the coming year and beyond will drive our efforts to achieve a strong and prosperous Queensland as we pursue the following objectives:

Fiscal

Restore the State's financial position by meeting the Government's revised fiscal principles while managing the continuing effects of the global financial crisis, and the financial and economic challenges arising from State-wide natural disasters.

Economic

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 the Government's control.

Value for the community in service delivery

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.

Federal reform agenda

Manage our role in the Council of Australian Governments (COAG) reform agenda and the Commonwealth Grants Commission processes to deliver the best outcomes for Queensland.

Our capability

Maintain and build the capability of our people, our processes and our organisation to meet our challenges in an increasingly constrained resource environment.

Read our complete strategic plan for 2011-16 at **www.treasury.qld.gov.au/about/corporate-plans**

Our vision

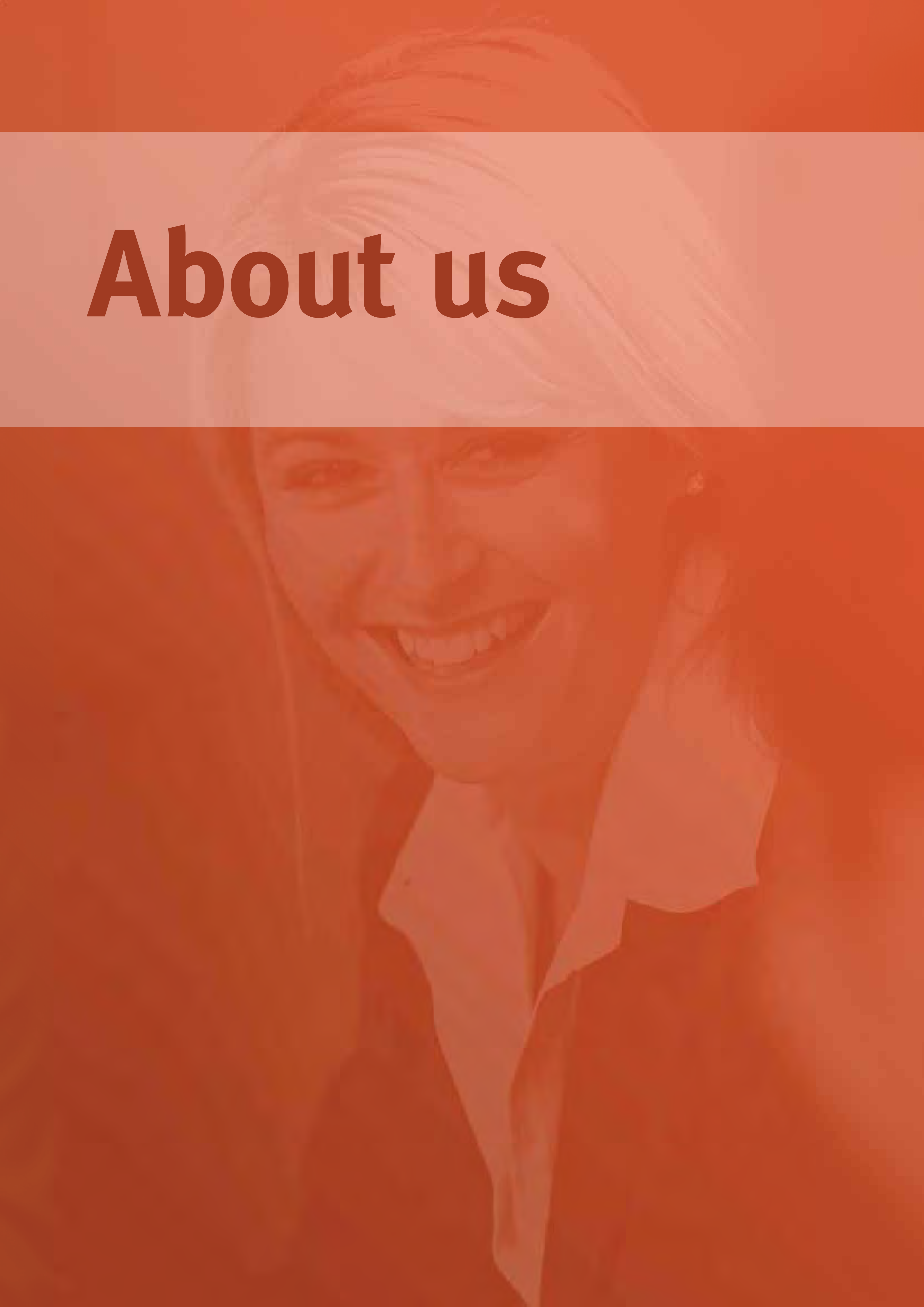
A strong and prosperous Queensland.

Our values

We value the following behaviours among our people:

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

About us



Who we are

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

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 2010-11, Treasury's 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 GOC sector to deliver market-like returns on the Government's investment while ensuring reliable and secure service delivery, and compliance with corporate governance guidelines and statutory requirements.

Delivering economic and statistical research to inform Government decision making

We provide 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.

Our organisation

Our structure (featured below as at 30 June 2011) is organised into portfolio offices, with each office delivering the services that help deliver a strong, green, smart, healthy and fair Queensland in line with the Queensland Government's priorities.

State Parliament

Treasurer and Minister for State Development and Trade

Minister for Finance, Natural Resources and The Arts

Under Treasurer

Associate Under Treasurer

Deputy Under Treasurer

Portfolio Offices

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 demographic research

Office of State Revenue
Managing State taxes and grants

Corporate Services
Corporate support and business development services

Statutory authority –
Motor Accident Insurance Commission

Stakeholders

Queensland Government agencies
Other levels of government
Business
Community

Delivering the Government's priorities

Treasury's services help deliver a strong, green, smart, healthy and fair 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		
Strong To create a diverse economy powered by bright ideas	For Queensland to be Australia's strongest economy by 2020, with infrastructure that anticipates growth.	Meeting the Government's revised fiscal principles while managing the continuing effects of the global financial crisis Continuing 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 the Government's control Ensuring 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 Managing our role in the national reform agenda to deliver the best outcomes for Queensland

… through our diverse portfolio offices and their services

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 demographic research

Office of State Revenue
Managing State taxes and grants

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 2011-12 State Budget, the *2009-10 Report on State Finances*, and the *2010-11 Mid Year Fiscal and Economic Review.*	Monitor the 2011-12 State Budget. Develop the 2012-13 State Budget, the 2010-11 Report on State Finances, and the 2011-12 Mid Year Fiscal and Economic Review.
Manage and coordinate Queensland Government's contribution to the Council of Australian Governments to ensure national reforms deliver the best outcomes for Queensland.	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. Participate in major national debates such as the October Tax Forum and the review of GST distribution.
Implement a smart regulatory environment that supports better economic, social and environmental outcomes for Queensland.	Extended the Regulatory Assessment Statement system to include regulatory proposals not requiring Cabinet consideration. Developed the regulatory case study template to improve and facilitate business and community engagement on areas of reform. Oversaw the Queensland *Regulatory Simplification Plan 2009-13,* including helping all agencies produce their plans.	Undertake a whole-of-Government review of the Regulatory Assessment Statement system to ensure it is improving Queensland's new regulations.

Financial summary

	2010-11	2009-10
State contribution	$75.30 M	$74.13 M
Other income	$131.42[1] M	$22.86 M
Full-time equivalent employees	283	299

[1] The increase is primarily due to one-off reimbursements of costs incurred by the Commercial Transactions Team.

Projected ratio of financial assets to liabilities

(excluding investments in public enterprises) at 30 June 2012, general Government sector

Analysis: Queensland's level of liquidity remains high and continues to be stronger than all other states.

Government owned corporations (GOCs) performance and governance

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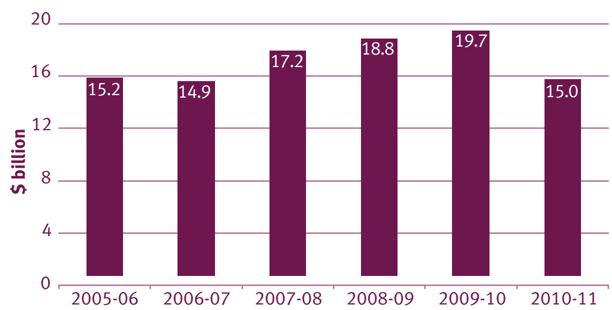
Strategy	Highlights	The year ahead
Actively work with GOCs to assist them in meeting their commercial performance and customer service objectives as agreed with shareholding Ministers through the Statements of Corporate Intent (SCI).	Collected an estimated $1.313 billion in dividends and current tax equivalents which can be directed to essential services such as healthcare and education and essential capital projects.	Collect a forecast $1.029 billion in dividends and current tax equivalents which can be directed to essential services such as healthcare, education and essential capital projects.
Finalise reviews of asset holdings and capital programs aimed at maximising the efficiency of each GOC's capital utilisation.	Allocated $3.934 billion for capital expenditure which delivered projects such as continued upgrades to the electricity distribution network, significant expansions to the port facilities in Townsville and Gladstone, and improvements in dam spillways and safety.	Allocate $4.982 billion for capital expenditure for projects including the continued expansion of port infrastructure to support the LNG industry in Gladstone, and to expand the passenger rail network in South East Queensland through Stage 1 of the Darra to Springfield project.
Increased scrutiny of investment proposals focussing on risks and financial returns to ensure only commercially viable projects which meet customer expectations are undertaken.	Oversaw two post-investment reviews of major GOC investments conducted by Queensland Treasury Corporation.	Conduct further post-investment reviews of major GOC investments.

Financial summary

	2010-11	2009-10
State contribution	$4.94 M	$5.59 M
Other income	$3.07[1] M	$0.35 M
Full-time equivalent employees	34	38

[1] The increase is due to reimbursements from Government-owned corporations for costs relating to the Genco Review project.

Net assets – Government owned corporation sector



Analysis: Net assets for GOCs have decreased from $19.7 billion in 2009-10 to $15 billion in 2010-11 (31.3%), largely due to long-term leases of the Port of Brisbane and Abbot Point Coal Terminal No. 1 and the privatisation of QR National as part of the Government's assets sale program.

Since 2005-06, net assets for the energy GOCs have increased by 17.1% ($1.6 billion) offset by a 26.8% ($1.6 billion) decrease in the net assets of the ports, rail and other GOCs (QIC Ltd and SunWater Ltd). The negative net asset growth for the port and other GOCs resulted from the sale of Cairns Airport Terminal in 2007-08, and the long-term leases of Port of Brisbane and Abbot Point Coal Terminal No. 1, and privatisation of QR National in 2010-11. Excluding asset sales and leases, the port and other GOCs have had generally positive growth in net assets from 2005-06 to 2010-11.

The focus remains on GOCs providing essential services to communities and returns to fund infrastructure and social service initiatives.

Economic and statistical research

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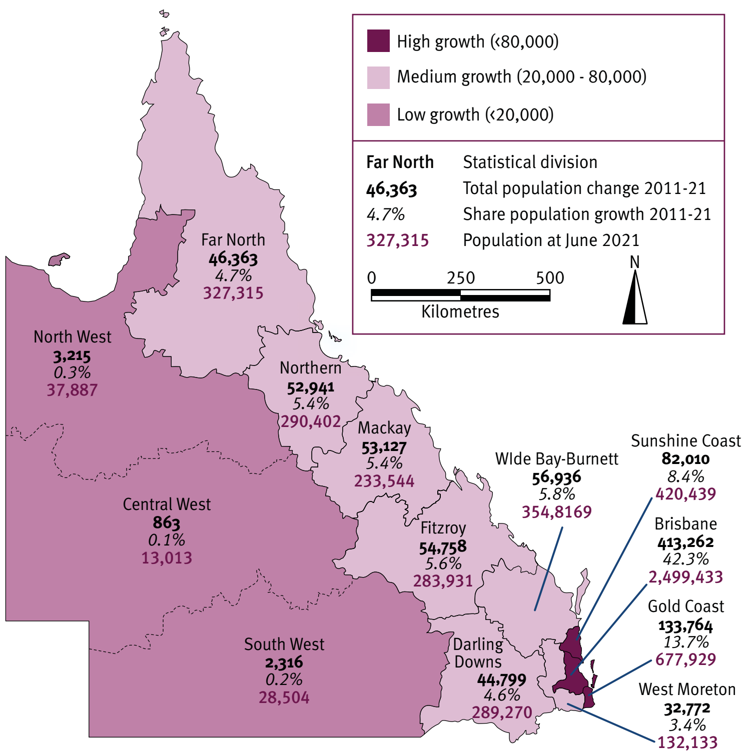
Strategy	Highlights	The year ahead
Providing data, information and analysis for population dynamics and forecasts, residential dwelling activities and urban land supply.	Produced Queensland population projections to 2031 for state, regional and local government area levels.	Extend projections to include demand for housing.
Coordinating the activities of key statistics providers to establish and maintain an integrated statistical service across governments.	Developed and began rolling out the 'Invisible' marketing campaign to encourage Queenslanders' participation in the national Census conducted by the Australian Bureau of Statistics.	Work with government agencies to help them apply the new Australian Statistical Geography Standard produced by the Australian Bureau of Statistics.
Enhancing and expanding official surveys and methodology capabilities.	Developed new household and business survey frames to enhance response rates and improve the quality of our research.	Use the new survey frames for the Queensland Household Survey, which gathers information on a wide range of topics and provides results at the regional level for essential policy development and planning.

Financial summary

	2010-11	2009-10
State contribution	$13.01 M	$12.38 M
Other income	$5.85 M	$6.25 M
Full-time equivalent employees	133	136

Analysis: The Queensland population is expected to grow by close to 1 million people during the next 10 years to 2021. Two-thirds of that growth is expected within South East Queensland. Brisbane Statistical Division (SD) is expected to grow by 413,300 people to almost 2.5 million. Outside South East Queensland, Darling Downs SD and the five coastal SDs (from Wide Bay-Burnett SD to Far North SD) will together account for most of the growth (308,900 people), each growing by more than 44,000.

Projected population change by statistical division, 2011-2021



Source: *Queensland Government population projections, 2011 edition, medium series. Available from www.oesr.qld.gov.au, for local government areas, statistical divisions and Queensland. Low and high series projections also available.*

Revenue management

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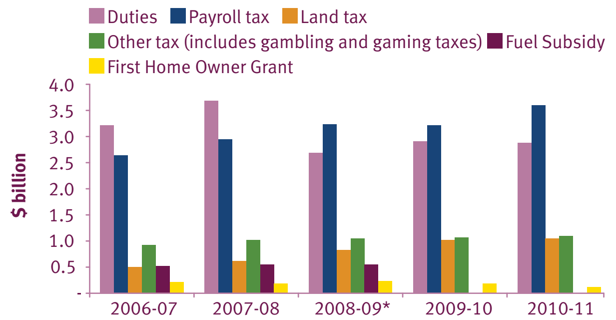
Strategy	Highlights	The year ahead
Position OSR as a leading e-business agency with excellent client support and firm and fair enforcement.	Introduced electronic registration for self assessors in payroll tax, insurance duty and transfer duty.	Introduce an online form for financial institutions and self assessors for the Queensland Building Boost grant, and implement an appropriate compliance protocol for this initiative.
	Extended time for payments without charging interest, provided instalment arrangements for payments and extended time for lodging documents, for clients affected by natural disasters.	Continue to assist clients experiencing hardship from the 2010-11 natural disasters.
	Supported extended payment for land tax with a new on-line form and a bPoint credit card payment facility.	
Provide responsive and ongoing legislation and revenue policy advice services to the State Government.	Managed $8.8 billion in revenue and grants to fund essential services for Queenslanders.	Manage a forecast $12.7 billion in revenue and grants with the addition of royalty revenue from the mining and petroleum sectors.
	Continued taxation administration reform with an extended payment period for land tax, land tax exemption for supported accommodation facilities, continuation of the 50 per cent land value cap, continuation of the payroll tax rebate for apprentices and trainees, and transfer duty exemption for Special Disability Trusts.	Implement 2011-12 State Budget initiatives – abolishing Community Ambulance Cover levy, implementing the Queensland Building Boost grant, revising the transfer duty rates structure, continuing the payroll tax rebate for apprentices and trainees for a further 12 months, continuing the 50 per cent land value cap, implementing a land holder model for land rich duty and transitioning royalties to monthly payments.
		Provide advice for the Commonwealth Government Tax Forum in October 2011.
Continually improve revenue and grant management systems to improve efficiency and functionality in service delivery.	Expanded Revenue Base Management (RBM) to accommodate land tax and grants.	Incorporate royalty revenue collection and payment of the Queensland Building Boost grant into the Revenue Management System.
		Include reporting and analysis for royalties in the RBM tool.

Financial summary

	2010-11	2009-10
State contribution	$67.98 M	$66.82 M
Other income	$4.85 M	$5.26 M
Full-time equivalent employees	445	466

Total revenue, grants and subsidies under management



Analysis: During 2010-11 revenue from payroll tax increased, while revenue from land tax and other taxes including gambling tax rose marginally. The continued weakness in the property market has resulted in a fall in First Home Owner Grant payments as well as a softening in duties revenue.

Our services

Treasury delivers four services. This section provides detailed reports on these services from our portfolio offices.

Financial and economic policy

Treasury Office's 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 advises and supports the Premier, the Treasurer and Minister for State Development and Trade, and the Minister for Finance, Natural Resources and The Arts on fiscal and economic policy; business regulation; and water and regulatory reform.

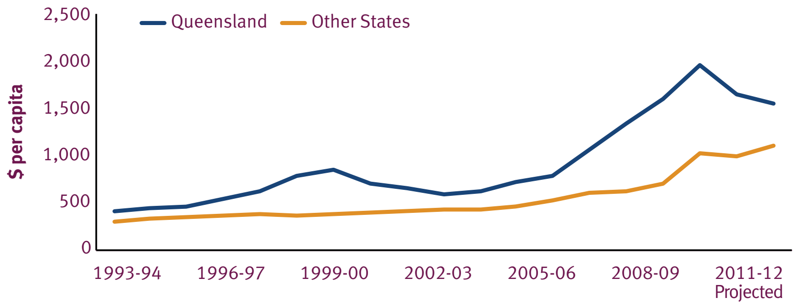
For all Government agencies and all levels of government we provide:

- fiscal policy
- policy and advice on financial management
- advice on accounting, budgetary matters, legislation and project evaluation
- advice on water entities
- advice and support on Queensland's regulation and reform agenda.

Structure

Under Treasurer	Gerard Bradley
Associate Under Treasurer	Tim Spencer
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	
Assistant Under Treasurer	Dennis Molloy
Director, Fiscal and Taxation Policy	Leigh Pickering
Macroeconomics Team	
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 Services Division	
Assistant Under Treasurer	Ken Sedgwick
Director, Economic and Structural Policy	Tania Homan
Director, Queensland Office for Regulatory Efficiency	Peter McKenna

General Government purchases of non-financial assets 1993-94 to 2011-12



Analysis: Queensland has traditionally funded new infrastructure at levels well beyond that of the other states. General Government purchases of non-financial assets per capita have far exceeded the average of the other states and territories for well over a decade.

Key issues in our environment

The natural disasters that struck Queensland in the summer of 2010-11 had a significant impact on the State's finances. Treasury has continued to provide economic and financial advice to Government to help support recovery and relief, while ensuring the long term sustainability of the State's financial position. The recovery task is expected to remain a priority for some years to come.

The 2011-12 Budget will deliver a significant reduction in the State's forecast borrowings relative to previous estimates, with the completion of the Government's asset sales program.

Vision

Our vision is for Queensland's long term fiscal and economic performance to lead Australia.

Mission

We strive for this by:

- providing leadership in financial and economic policy development
- advancing the performance of the Queensland economy to support growth and employment
- maintaining the integrity of the State's finances with reference to the *Charter of Fiscal Responsibility*
- promoting value-for-money service delivery which meets Queenslanders' needs.

Performance highlights

Service standards	Notes	2010-11 published annual target	2010-11 actual
Quarterly reports on financial position within six weeks of quarter end		4	3
Number of written pieces of portfolio resource allocation advice provided		1,600	1,565
Number of written pieces of economic and inter-governmental relations advice provided	1	450	490
Number of written pieces of fiscal, taxation policy and financial management advice provided		450	470
Number of written pieces of infrastructure policy advice provided	2	540	630
Adherence to fiscal objectives as described in the *Charter of Fiscal Responsibility*		Partial	Partial
Compliance with the Uniform Presentation Framework requirements and relevant Australian Accounting Standards for whole–of–Government financial reporting		100%	100%
Achievement of key milestones in the Budget process		100%	100%
Achievement of key milestones in the Report on State Finances process		100%	100%
Data provided to the Commonwealth Grants Commission and Australian Bureau of Statistics within agreed timeframes		100%	100%
Cost of portfolio resource allocation advice		$6.3M	$6.1M
Cost of economic and inter-governmental relations advice	3	$0.7M	$0.9M
Cost of fiscal, taxation policy and financial management advice		$5M	$4.7M
Cost of infrastructure policy advice	4	$4.2M	$3.4M

Variances

1 Increase due to additional correspondence relating to health reform, the Productivity Commission report on Disability Services and the review of a number of National Partnership Agreements.

2 Increase in correspondence reflects the significant policy activity related to pricing, operations and structural reform within the SEQ water industry as well as electricity pricing, including in relation to the Queensland Competition Authority Review of Electricity Pricing and Tariff Structures.

3 Increase due to additional staff required to work on the Heads of Treasuries review of the National Agreements, National Partnership and Implementation Plans.

4 Reduction due to unanticipated staff vacancies and underspends in consultancies in 2010-11 for projects associated with the SEQ water reform.

Goal

Restore the State's financial position by meeting the Government's revised fiscal principles while managing the continuing effects of the global financial crisis.

Strategy

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

Economic and fiscal leadership drives recovery

Over the 2010-11 summer, widespread flooding and cyclones resulted in the State being disaster declared, and this caused business conditions in many sectors of the economy to deteriorate significantly. Reconstruction costs will have a major impact on an already challenging fiscal position.

Throughout this period we continued to provide sound economic and fiscal advice to help the Government manage rebuilding costs and support economic recovery.

During the year, we coordinated the 2011-12 State Budget which included a revised estimate of around $6.8 billion for the cost of the 2010-11 summer natural disasters. Despite this, Queensland's operating position is still on track to be in surplus in 2015-16. A $15 billion capital program in 2011-12 will support around 93,000 jobs and deliver essential infrastructure to the State.

The Budget also included the abolition of the Community Ambulance Cover levy to provide broadbased cost of living relief, initiatives to support the construction and tourism industries and changes to transfer duty.

Every year, as part of the Government's commitment to financial accountability, we produce a mid-year update on Queensland's fiscal and economic outlook. In 2010-11 this was particularly important as it provided some initial estimates of the impact of the 2010-11 summer flood and cyclone events.

We reported our evaluation of the State's financial operations and position in the *2009-10 Report on State Finances,* a critical component of the Government's fiscal transparency regime. Accountability and transparency in the State's finances will continue with regular reports on the State's financial operations and position, including the 2010-11 Report on State Finances and the 2011-12 Mid Year Fiscal and Economic Review.

Photo courtesy of Michael Marston

The natural disasters that devastated Queensland in 2010-11 will make their presence felt on the State's economy for some years to come.

Strategy

Manage and coordinate the Queensland Government's contribution to the Council of Australian Governments (COAG) to ensure national reforms deliver the best outcomes for Queensland.

Pursuing Queensland's interests in national reform

Our work with COAG in 2010-11 included developing the Heads of Treasuries' Review of National Agreements, National Partnerships and Implementation Plans. The review's final report was considered by COAG in February 2011. In the coming year, we will continue the reforms identified in the review, focussing on improving the clarity and transparency of COAG objectives and outcomes, and the quality of performance indicators used.

In 2011-12 we will actively work with our interstate and federal counterparts to influence reforms that will form part of the next COAG regulatory reform agenda. The associated intergovernmental reviews, reforms and large-scale debates – particularly a review of GST distribution and the October 2011 Tax Forum – are likely to have major financial implications for the states.

Securing SEQ's water supply

Treasury continued to play a leading role in reforms to South East Queensland's (SEQ) urban water sector. In December 2010, the Government announced a revised operating strategy for SEQ's key manufactured water assets to reflect the substantial improvement in water security. The Government also endorsed the further consolidation of the water grid industry structure through the establishment of a single supplier of bulk water into the grid.

Photo courtesy of Michael Marston

National occupational licensing will allow greater workforce mobility by harmonising the licenses required for a number of trades across Australia.

The merger of Seqwater and WaterSecure took effect on 1 July 2011. Treasury worked closely with the two authorities and other key stakeholders on the necessary legislation and due diligence to facilitate the reform. The merger will provide a more streamlined and cost-efficient method of delivering bulk water in SEQ.

Simplifying Australia's regulatory environment

Treasury oversees the State Government's commitment to the National Partnership Agreement to Deliver a Seamless National Economy (NPA). Since 2008, the NPA has worked to improve Australia's regulatory environment in 36 key areas, including health, product safety, a national construction code and food regulation.

We oversaw Queensland's achievement of its NPA commitments, including developing an approach for all State Government agencies to deliver national IT reforms. We also worked closely with federal, state and territory governments on options for public hospital reform.

2011-12 will be an important year in the national reform space. We will continue to oversee the Queensland Government's commitments under the NPA and ensure the Government continues to deliver critical agreement milestones. A priority will be to coordinate the policy, legislation, communication and information technology needed to implement the National Occupational Licensing System from 1 July 2012. National occupational licensing will allow greater workforce mobility by harmonising the work licences required for a number of trades across Australia.

Strategy

Support departments and statutory bodies by providing advice and policy on contemporary financial management and governance issues.

Choosing the right structure for service delivery

Treasury is responsible for the legislation and guidelines that help all State Government agencies improve their financial resource management. Strong financial management improves accountability, governance and internal controls and ultimately the sustainability of the services agencies deliver.

A key consideration for government is determining the optimum structure for service delivery. While most public services are delivered by Government departments, in some instances services may best be delivered through a company structure.

In 2010-11 we released the updated *Guidelines for the Formation, Acquisition and Post Approval Monitoring of Companies*. This document outlines the issues agencies need to consider when applying to create a company to deliver some of their services.

The guidelines now demand a stronger justification for creating a company, and introduces a process for recording transfers of ownership. These changes provide a more stringent application and management process, helping ensure agencies choose the optimum structure for service delivery.

We undertook a review of the current reporting practices of public sector companies, which resulted in the development of the policy *Company Financial Reporting in the Queensland Public Sector*.

The policy clarifies that, as with private sector companies, the management and/or board of each public sector company will use the principles in the *Corporations Act 2001* and other applicable requirements to determine the reporting practices appropriate to the company's individual circumstances. However, where public sector companies prepare financial statements, these statements must be tabled in Parliament and made publicly available.

In the year ahead, we will continue identifying emerging issues to develop policies for effective and efficient financial resource management. We will also continue working with agencies to help them meet their legislative obligations and further develop their internal financial controls.

Managing risk

In 2010-11, we commenced an extensive reinsurance pricing exercise, via the Queensland Government Insurance Fund (QGIF), to seek expressions of interest for the provision of insurance coverage for the State's property assets including coverage for the State's extensive road network and a casualty program for the State's liability risks. A project plan has been developed with QGIF's risk advisor and insurance broker, Aon Risk Services, with the aim of securing appropriate reinsurance quotations by September 2011.

Strategy

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

Smarter regulation pays off

The Queensland Government's regulatory reform agenda is reducing the amount of existing regulation and improving the quality of new regulation. The aim is to save businesses, individuals, Government agencies and communities money by reducing compliance efforts and creating a regulatory environment that fosters productivity, innovation and competitiveness.

Throughout 2010-11, we continued our work on the *Queensland Regulatory Simplification Plan 2009-13* by helping agencies review and reduce their existing regulation. Agency regulatory simplification plans are now available online for feedback. Together, these plans explain how the Government will reach its goal of reducing compliance costs to Queensland by $150 million per year by June 2013. In the year ahead, our work with agencies will continue as they implement their plans, reduce regulation and deliver further savings to Queenslanders.

Discovering the real impact of regulation

Queensland Government agencies use the Regulatory Assessment Statement (RAS) system to ensure that new regulation is developed in accordance with best practice regulatory principles to help prevent unnecessary burden on stakeholders. The system requires agencies to assess the impacts of different options for issues requiring Government intervention and identify the option that achieves the greatest community benefit.

In 2010-11, the scope of the RAS system was broadened to include all regulatory proposals, including those not requiring Cabinet consideration. This means that more regulation will now be subject to regulatory best practice principles and impact assessment.

In the year ahead, we will review the RAS system to gauge how well it is achieving its objectives and to identify improvements to strengthen the system.

We will also work closely with the Department of Employment, Economic Development and Innovation to establish a Queensland Business Commissioner to advise the Government on strategies to reduce unnecessary regulatory burden on the business sector.

In 2010-11 we developed a regulatory case study template to help businesses report their experiences with excessive regulation and tell us how it should be improved. These first-hand reports help agencies understand exactly how businesses are affected by regulation. Over the coming year we will continue identifying ways to strengthen communication between Government and the community to help improve regulation.

Resetting Queensland's balance sheet

Towards the end of the year, the Government completed its program of asset sales.

Photo courtesy of Stefan Jannides

The listing of 66 per cent of QR National was one of a number of successes in the Government's program of asset sales, which improved the strength of the State's balance sheet.

Over its two-year lifespan, the program realised more than $15 billion in proceeds from:

- the 99 year license for Forestry Plantations Queensland to Hancock Queensland Plantations (completed 30 June 2010, raising $613 million)
- the listing of 66 per cent of QR National Limited on the Australian Securities Exchange (ASX) (completed 22 November 2010, raising $4.6 billion)
- the sale of Port of Brisbane Pty Ltd and the 99 year lease of the Port of Brisbane to the QPort Holdings consortium (completed 30 November 2010, raising $2.095 billion)
- the transfer of Queensland Motorways Limited to QIC Limited to be held as an asset of the Queensland public sector defined benefit superannuation scheme (completed 31 May 2011, raising $3.088 billion)
- the 99 year lease of the Abbot Point X50 Coal Terminal to Mundra Port and Special Economic Zone Limited (completed 1 June 2011 raising $1.83 billion).

In addition to these proceeds, the market value of the State's retained holding (34 per cent) in QR National increased by approximately $689 million to $2.8 billion as at 30 June 2011, bringing total value for the program to over $15 billion.

These results exceeded expectations and will improve the strength of the State's balance sheet.

Over coming years, the proceeds will play an important role in funding the Government's infrastructure program, reducing State debt and encouraging private sector provision of infrastructure. More immediately, proceeds from the lease of Abbot Point were applied to the State's recovery after the 2010-11 natural disasters. By divesting the assets, the State will also avoid future capital investment in those assets.

Government owned corporations performance and governance

The Office of Government Owned Corporations (OGOC) manages the State's interest in the Government-owned corporation (GOC) sector to deliver market-like returns on the Government's investment while ensuring reliable, efficient and secure service delivery, and compliance with corporate governance guidelines and statutory requirements.

Our clients

We provide diverse services to a wide range of clients, encompassing shareholding Ministers, Government, business, and the GOC sector.

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 on strategic policy, governance, budgetary and fiscal issues affecting GOCs
- conducting structural reviews to ensure economic, reliable and efficient delivery of services
- ensuring GOCs are best positioned to provide essential infrastructure and services.

Structure

Under Treasurer	Gerard Bradley
Associate Under Treasurer	Tim Spencer
Deputy Under Treasurer	Alex Beavers
Executive Director	Adrian Noon
Deputy Executive Director	Pauline Elliott
Acting Deputy Executive Director	Bill Brett
Acting Deputy Executive Director	Stephen Hoult
Director, Transport, Resources and 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-like 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 in our environment

Ports are a critical link in the supply chain for the import and export of resources and commodities, and their development is a key component of our State's future economic performance. With Queensland's mining boom forecast to continue, many of our ports require major infrastructure developments to reach their capacity potential. We will need to work closely with GOCs on the planning and delivery of this infrastructure.

Market challenges such as generation oversupply, vertical integration of large energy retailers and the uncertainty of a climate change response have affected the financial performance of Queensland's energy generators. To ensure their economic sustainability, the recommendations of the Shareholder Review of Government Owned Corporation Generators (Genco Review) will be implemented on 1 July 2011. This will involve a redistribution of the State's generator assets under a two-generator model. We will be working closely with GOCs to ensure a quick transition and realisation of the benefits and efficiencies identified in the review.

Performance highlights

Service standards	Notes	2010-11 published annual target	2010-11 actual
Number of GOC Statements of Corporate Intent (SCI) completed	1	15	13
Number of performance monitoring reports completed		57	54
Percentage of SCIs received and reviewed within the scheduled timeframe		95%	100%
Cost of monitoring and governance per GOC	2	$0.3M	$0.4M

Variances

1 QR Limited continued to hold its rail freight assets until the float of these assets as QR National on 22 November 2010. QR Limited and new GOC, Queensland Rail Limited, were both required to submit an SCI for the 2010-11 year. Actual SCIs published for the 2010-11 year is 13, as GOC status of both QR National and Port of Brisbane Corporation Limited was revoked pursuant to their asset sales process.

2 The increase in costs per GOC is due to fixed costs being distributed across a lower number of GOCs. This is due to the amalgamation of Tarong Energy Corporation Limited and Stanwell Corporation Limited, and the 99-year lease of the assets held by Port of Brisbane Corporation Limited and the subsequent revocation of its GOC status.

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 (as of 1 July 2011, will cease to be a GOC and will then become a subsidiary of Stanwell Corporation Limited)

Funds management

- QIC Limited

Rail

- Queensland Rail Limited
- QR National (GOC status revoked on 21 September 2010 and IPO completed on 22 November 2010)

Water

- SunWater 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 (leased on a 99-year term as at 30 November 2010 and GOC status revoked on 16 December 2010).

Goal

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.

Strategy

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

GOCs plan for performance

Each year GOCs produce a Statement of Corporate Intent (SCI), a formal performance agreement between GOC boards and their shareholding Ministers which outlines objectives, strategies, expected financial performance, borrowings and project undertakings for the year ahead.

This agreement ensures operations remain commercially focussed on the Government's strategic objectives. SCIs must be finalised and submitted to shareholding Ministers before the start of the financial year. In 2010-11 all GOCs achieved this objective.

In 2010-11 each GOC was also required for the first time to publish a forecast report outlining their financial and non-financial performance targets for the coming year. They were also required to publish an interim report in December to detail their progress. These reports align with the SCIs and improve the transparency of GOCs' project intentions and performance targets.

In 2011-12 we will continue working with GOCs to ensure legislative timeframes are met and SCIs are agreed to by 30 June 2012. Each GOC will also be required to continue publishing their objectives and outcomes in forecast and interim reports. The new twice-yearly reporting system improves the monitoring framework for GOCs to keep stakeholders informed.

Dividends deliver for communities

An important performance target for GOCs is to maximise the commercial return to the owners of the business – the Queensland community.

In 2010-11 we worked closely with GOCs to improve their financial and operational efficiency and performance. We collected an estimated $1.313 billion in dividends and current tax equivalents from GOC operations, which can be directed to essential capital projects in service areas such as healthcare and education. Each year dividends are also used to deliver on community service obligations (CSOs) which support socially equitable access to public services.

For the 2011-12 year, we forecast that $1.029 billion will be collected in dividends and current tax equivalents to continue funding vital capital projects and essential services.

An estimated $1.313 billion in dividends and current tax equivalents from the State's GOCs is being directed to essential capital projects and healthcare and other vital services.

Photo courtesy of Michael Marston

Queensland Rail Limited was among the GOCs that benefited from a $352 million equity injection, used to deliver essential services to Queensland.

Strategy

Finalise reviews of asset holdings and capital programs aimed at maximising the efficiency of each GOC's capital utilisation.

Energy reform sustains sector

As part of the *2008-09 Major Economic Statement – Mid Year Fiscal and Economic Review,* the Government committed to the GOCs reviewing their asset holdings, focussing on the assets required for GOCs to maintain their core business. In reference to the energy GOCs, this resulted in the sale of Stanwell Corporation Limited's Mineral Development Licence 162 and its interest in the Emu Downs Wind Farm in 2010-11.

As also identified in the *2008-09 Major Economic Statement – Mid Year Fiscal and Economic Review,* the Genco Review was progressed, with the reform to be implemented on 1 July 2011.

The Genco Review examined the three existing generator businesses – CS Energy Limited, Stanwell Corporation Limited and Tarong Energy Corporation Limited – and their ability to meet the considerable challenges emerging in their market, including new competitors and the pending introduction of a carbon tax.

The Genco Review recommended restructuring the three existing generators into two from 1 July 2011 to optimise the Government's portfolio of generator assets, in order to maximise their economic lives and the jobs they support.

In 2011-12 we will assist in converting Tarong Energy Corporation Limited into a subsidiary of Stanwell Corporation Limited, and will work closely with Stanwell Corporation Limited and CS Energy Limited to ensure the benefits and efficiencies from the Genco Review are realised.

Implementing the review findings will involve ensuring energy generators phase out transition service arrangements, implement new systems and procedures, and pursue operational and maintenance synergies.

Strong finances build community infrastructure

Sound financial performance relies on maintaining a strong balance sheet. In 2010-11 we conducted 11 capital structure reviews to ensure GOCs' financial structures, particularly their debt-to-equity ratios, were appropriate. These reviews helped identify where additional equity may be warranted to deliver assets to Queensland.

In 2010-11 a $352 million net equity injection was allocated for GOCs including Queensland Rail Limited which purchased new rollingstock and upgraded the passenger rail network.

These reviews will continue throughout 2011-12 to ensure GOC structures are appropriate and support approved capital expenditure plans.

In 2010-11 we also reviewed GOCs' capital expenditure plans to ensure their decisions were accountable and costs were justified. We scrutinised proposed investments to ensure projects were commercially viable, provided community benefit and were able to be suitably financed within the GOCs' financial structures.

During the year, $3.934 billion was allocated for GOCs' capital expenditure which delivered enhancements such as the continued upgrades of the electricity distribution network, significant expansions to the port facilities in Townsville and Gladstone and improvements in dam spillways and safety.

In the year ahead we will continue monitoring GOCs' financial positions and capital programs to ensure they maintain their financial strength and pursue projects that will be of greatest benefit to the Queensland community.

For 2011-12, $4.982 billion has been allocated for capital expenditure for projects, including the continued expansion of port infrastructure to support the LNG industry in Gladstone, and to expand the passenger rail network in South East Queensland through Stage 1 of the Darra to Springfield project.

Strategy

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

Reviews maximise asset returns

We periodically review capital investments in GOCs to ensure satisfactory risk-return profiles on the State's investment.

In 2010-11, we oversaw the post-investment review of the RG Tanna Coal Terminal project undertaken by Queensland Treasury Corporation (QTC). This review focused on the project's financial management and construction, assessing how well the project was planned and managed, and how well it achieved its objectives. Reviews such as this provide useful information for other GOCs, helping them refine future management of significant projects.

In 2010-11 we also oversaw the first stage of the Kogan Creek Power Station post-investment review undertaken by QTC. QTC reviewed the financial aspects of the project to ensure the project met its business plan outcomes.

In 2011-12, we will undertake the second stage of the Kogan Creek Power Station post-investment review with CS Energy Limited, focussing on the plant's technical performance and ways to improve its reliability and efficiency.

Strategy

Monitor and assist in the negotiations for new enterprise bargaining agreements throughout the GOC sector.

Negotiating optimal work conditions

Every year we work with GOCs to help develop fair and effective enterprise bargaining frameworks and agreements, which are important parts of the GOCs' operations.
In 2010-11 we reviewed proposed frameworks and agreements across the sector, ensuring GOCs were maintaining equitable agreements that invested in their human capital.

In 2011-12 we will continue reviewing enterprise bargaining agreements and frameworks across the transport, energy and water GOC sectors. We will also implement a process for tracking and reporting on the progress of enterprise bargaining agreements and productivity achievements.

A post-investment review of the Kogan Creek power station will focus on improving the plant's reliability and efficiency.

Bringing Queenslanders cleaner energy

Photo courtesy of CS Energy

Queensland's energy GOCs are meeting the challenge of climate change. Clean energy projects such as the Callide Oxyfuel Project are bringing Queensland closer to reducing the State's carbon footprint by one-third by 2020.

The Callide Oxyfuel Project is a world-leading demonstration of how carbon capture and storage technology can be applied to an existing coal-fired power station to produce electricity with a low greenhouse gas and low emissions footprint.

Refurbishment of the Callide A Power Station was completed in early 2009 and the oxyfuel boiler retrofit in March 2011. Works on the oxygen and carbon dioxide capture plant are also well advanced and the complete demonstration plant is scheduled to be operational in early 2012.

The second stage of the project, the geological storage of carbon dioxide, is currently in the feasibility stage.

The Callide Oxyfuel Project team is evaluating options for undertaking carbon dioxide storage trials in a number of locations.

The final location will be selected once detailed assessments have been finalised.

The Callide Oxyfuel Project is a joint venture between CS Energy, the Australian Coal Association, Xstrata Coal, Schlumberger, and Japanese participants JPower, Mitsui and IHI Corporation. The project has also received financial support from the Australian, Queensland and Japanese governments.

This project moves Queensland closer to achieving one of its Toward Q2 targets of reducing the State's carbon footprint by one-third by 2020.

Photo courtesy of CS Energy

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 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
Associate Under Treasurer	Tim Spencer
Deputy Under Treasurer	Alex Beavers
Executive Director and Government Statistician	Dr Gary Ward
Director	Antony Skinner
Assistant Government Statistician (Demography and Planning)	Ross Barker
Assistant Government Statistician (Surveys)	Penny Marshall
Assistant Government Statistician (Business Services)	Sarah Sawyer
Assistant Government Statistician (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 in our environment

Public debate over Queensland's future population growth will continue to drive high demand for timely and quality State and regional statistics, including demographic and land supply information. This information is crucial for key State Government and community initiatives that meet the needs of our growing population.

Queensland's mining boom is forecast to continue, which is increasing demand for demographic information on non-resident workforces in mining regions to inform infrastructure needs.

Progression of the Queensland Government's long-term vision for Queensland the *Toward Q2: Tomorrow's Queensland* plan will continue to increase demand for surveys and other statistical analyses that contribute rigorous evidence for programs associated with the plan.

Finding new and meaningful ways to increase cross-sector collaboration will continue to be an important aspect of improving how statistics and other economic and social information is collected and delivered for the benefit of the community.

Performance highlights

Service standards	Notes	2010-11 published annual target	2010-11 actual
Responses to requests for information	1	5,600	4,896
Formal products and services delivered to Treasury Office	2	150	69
Formal products and services delivered to other Government agencies		400	404
Stakeholder and client satisfaction with outputs (rated satisfied or very satisfied)		95%	100%
Delivery of outputs within timeframes agreed with clients (excludes internet services)	3	90%	100%
Revenue from fee–for–service outputs		$4.9M	$5.1M

Variances

1 Decrease due to an increase in published statistical products, including new products in Queensland Regional Profiles, on Datahub and the Office of Economical and Statistical Research website, resulting in fewer requests for information.

2 Decrease due to Treasury Office seeking relatively fewer, but increasingly more complex services and advice.

3 All outputs were delivered within timeframes agreed with clients.

Goal

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.

Strategy

Supporting Treasury's analytical capabilities to inform advice on economic reform issues.

Improved labour projections aid policy development

Queensland's labour force is operating in a dynamic environment. Having been disrupted by recent natural disasters, employment is expected to rebound as the rebuilding effort gets underway, exports recover and business investment surges. These fluctuations increase the need for well-developed economic projections to guide responsive government policy.

In 2010-11 we improved the methodology and database used to produce employment projections by industry, occupation and region. These projections provided essential data used in Government planning to maintain Queensland's economic strength.

In the year ahead we will research ways to develop more specific regional employment projections and look at extending the timeframes of the projections.

Photo courtesy of Ray Cash Photography

Queensland's labour force is expected to rebound after the impact of the 2010-11 natural disasters. The Office of Economic and Statistical Research is developing more specific regional employment projections with longer time horizons.

Data analysis helps improve advice to enhance State's productivity

In 2010-11 we also developed multifactor productivity statistics, capturing historical data on Queensland's economic performance across a range of measures. By analysing what has happened and why, we can provide – with more certainty – advice on improving the State's future productivity. Improving productivity will boost economic output, creating sustainable employment growth and increasing our standard of living.

In 2011-12 we will research ways to provide more detail on various industry productivity statistics. More specific information will help identify opportunities for economic reform to continue improving our State's productivity.

Economic modelling drives Queensland's reform agenda

Through the Council of Australian Governments, state and territory governments and the Australian Government are discussing a range of reform options. In 2010-11 we used our economic modelling framework to understand how national reforms may impact a variety of key industries in the Queensland economy.

In the coming year we will continue using our economic modelling framework to provide advice essential for Queensland's negotiations on national reforms. This ensures our State representatives have evidence to advocate for Queensland's best interests.

Photo courtesy of iStockphoto

Making sure everyone in every household is counted on Census night – Tuesday 9 August 2011 – is essential if Queensland is to get its fair share of funding.

Strategy

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

National collaboration provides targeted community services

Every five years the Australian Bureau of Statistics (ABS) conducts the Census which is a key consideration for Commonwealth funding decisions.

To ensure Queensland receives its fair share of funding to deliver services across the State, in 2010-11 we developed and began rolling out an awareness campaign, encouraging all Queenslanders to participate in the Census on 9 August 2011. The campaign and its evaluation will be completed in 2011-12.

The ABS has released a new Australian Statistical Geography Standard which changes some of the boundaries used to report regional statistics. The new Standard is made up of smaller areas which will allow more regional-specific information to be captured.

In 2011-12 we will work with government agencies to help them apply the new standard, so they can make statistical comparisons across time series and continue tracking trends. Making this transition will help Government develop more accurate regional profiles to provide more targeted community services.

Strategy

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

Strong networks help identify State's research needs.

In 2010-11 we called on our strong partnerships with stakeholders across the Queensland Government to collate the State's statistical priorities. This collaborative process helped to identify areas of research that are most needed to underpin and improve State Government service delivery.

By maintaining a close working relationship with State Government agencies, we are able to help them get the information they need for policy development and evaluation.

In the coming year we will use our role as a central statistical agency to identify common data requirements across Queensland Government departments. Where information already exists, rather than conducting new surveys, we will use our secure environment to share datasets, improving research efficiency while strictly protecting privacy and confidentiality.

Projections guide regional planning in mining communities

The mining boom in Queensland is bringing projects, jobs and workers into many Queensland mining communities. A key consideration for Government is managing the service needs that come with this growth.

In 2010-11 we established the Resource Communities Research Program to better understand the impact of mobile workforces in mining communities. We monitored the population movements of non-resident workforces (those flying or driving in and out) in the Bowen, Surat and Galilee Basins. This information was used by public and private entities involved with planning and delivering services and infrastructure in these mining regions.

In 2011-12 we will extend the program to project future population movements and the possible demand impacts these temporary workforces will have on different mining communities. These projections will consider housing, jobs, and a range of community services. With Queensland's mining boom forecast to continue, this program provides invaluable information for regional planning.

Photo courtesy of Jesse Smith

Fast forward to 2031, and Queensland's population is expected to have grown to 6.1 million people. Future projections will be extended to include forecast demand for housing.

Strategy

Providing data, information and analysis for population growth, residential dwelling activities and urban land supply.

Population projections help Queensland to manage growth

Catering for Queensland's future requires an understanding of demographic, social and economic influences on our State's population growth. In 2010-11 we produced the Queensland Government population projections to 2031, at the State, regional and local government area levels. These projections inform planning, policy development and resource allocation by the government, private and community sectors.

In 2011-12 we will extend our projections to include demand for housing. This information will help policy makers and industry plan for the long-term housing needs of our growing population.

Strategy

Enhancing and expanding official surveys and methodology capabilities.

Improved data, improved planning

In 2010-11 we developed new household and business survey frames ensuring the data used to conduct our research was up to date. The new survey frames will enhance response rates and improve the quality of our research.

In the year ahead we will use the new frames to conduct the Queensland Household Survey on behalf of a number of Queensland Government agencies. The survey gathers information on a wide range of topics and the results are collated at a State and regional level. This survey conducts specific research for government agencies and is a vital part of policy development and planning.

Making every Queenslander count

Census data are used to allocate Commonwealth funding and to assist planning for service delivery. This makes it important for Census data to accurately count Queensland's entire population.

Yet in every Census, a significant portion of our population is not counted, particularly Indigenous Queenslanders and people living in high-rise and gated communities.

To reduce Queensland's undercount in the 2011 Census (9 August) we assisted the ABS with a range of information and resources to help them with the planning process. We also worked closely with the ABS to develop new data collection methods to improve response rates in remote Indigenous communities.

We also carried out State-wide research to understand Queenslanders' attitudes towards the Census, including for the first time people living in high-rise and gated communities.

Our research helped inform the creation of a marketing campaign encouraging Queenslanders to become 'visible' by participating in the Census. We also promoted the online Census option which may provide a more convenient way for many Queenslanders to participate.

The marketing campaign was targeted at increasing participation in the Census. This will hopefully provide higher quality Census data for Queensland, including on Indigenous communities, and ensure a fairer allocation of Commonwealth funding to provide better services for our State.

In the year ahead we will evaluate the campaign and identify new ways to provide Census information to benefit the Queensland community.

Photo courtesy of Michael Marston

Indigenous Queenslanders were undercounted by around 18,000 people in the 2006 Census. For Census 2011, we will partner with the Australian Bureau of Statistics to reduce this undercount.

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, 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
Associate Under Treasurer	Tim Spencer
Deputy Under Treasurer	Alex Beavers
Commissioner and Executive Director	David Smith
Deputy Commissioner	Allan Mason
Director, Business Revenue	Helen Wootton
Director, Policy and Legislation	Melinda Kross
Director, Royalties	Simon McKee
Deputy Commissioner	Martin Schwede
Director, Client Management	David Elson
Director, Land Revenue	John Marken
Director, Governance	Wendy Joosen
Deputy Commissioner	Tony Kulpa
Director, Business Development	Liam Cooke
Director, Collections and Analysis	Liz Wells
Director, Investigations	Richard Jolly

Vision

Excellence

Mission

We manage revenue, through our committed, professional people:

- to link the Government and the community
- to support the Government's social and fiscal responsibilities
- to help members of the community meet their obligations and receive their entitlements.

Key issues in our environment

The impacts of natural disasters will continue to be felt for some time to come. OSR will need to continue to provide flexible options to support and assist affected clients and to build Queensland's recovery.

Initiatives introduced in the 2011-12 State Budget – particularly the Queensland Building Boost grant – will demand rapid implementation, including new systems and processes to ensure seamless and efficient administration.

The Commonwealth Government's Tax Forum is intended to examine the opportunity for substantial tax reform, and may have significant impacts over time for revenue in all states and territories. A key focus for us in 2011-12 will be to examine the forum's outcomes and understand the implications for State taxes.

From 1 July 2011 responsibility for collecting royalties from the mining and petroleum sectors will be transferred to our business, necessitating a further module to be added to the Revenue Management System.

Performance highlights

Service standards	Notes	2010-11 published annual target	2010-11 actual
Amount of revenue, grants and subsidies administered		$9B	$8.8B
Number of First Home Owner Grant (FHOG) applications paid	1	23,570	15,926
FHOG applications processed within service standards		95%	100%
Percentage of investigations performed within standards		90%	95%
Percentage of lodgements and payments received electronically	2	70%	80%
Average overdue debt as a percentage of total revenue collected	3	3%	2%
Client satisfaction with service provided		70%	71%
Legislation program, revenue policy advice, briefings and ministerial correspondence within deadline	4	90%	61%
Total revenue dollars administered per dollar expended – accrual		$154	$154

Variances

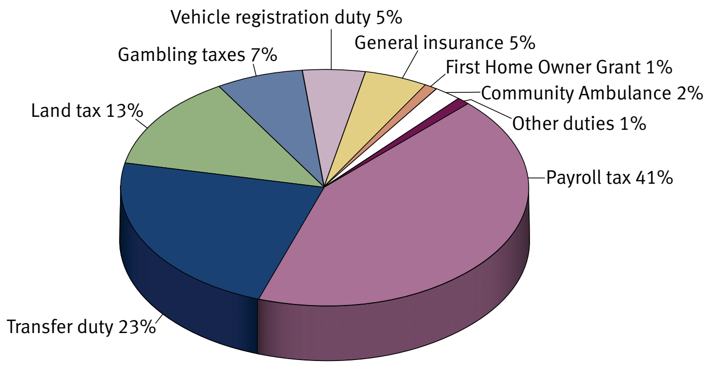
1 Decrease due to a greater than expected reduction in FHOG applications following the finalisation of the Australian Government-funded First Home Owner Boost payments, tighter lending conditions in the housing market and the impact of natural disasters.

2 Increase reflects general trend in many business sectors towards e-business.

3 Better than expected outcome due mainly to timing of assessments and associated debt recovery action.

4 Decrease due to delays in accessing archived information and performing detailed analysis in response to complex issues raised by clients. Additionally, the office experienced a high workload in the latter part of the year due to the state revenue changes announced in the 2011-12 State Budget.

Office of State Revenue administered revenue, 2010-11



Analysis: The proportion each revenue line contributes to total revenue administered by OSR. In 2011-12, royalty revenue is expected to contribute an additional $3.278 billion to OSR's revenues.

Goal

Ensure Government resources achieve value for money, are directed to services that improve quality of life for the community, and are delivered efficiently and equitably.

Strategy

Position OSR as a leading e-business agency with excellent client support and firm and fair enforcement.

A fair go for clients

Our clients are business people, employers, families and workers, and they shared the devastation to their homes and businesses from the floods and Cyclone Yasi in 2010-11. We helped our clients by extending time for payments without charging interest, providing instalment arrangements for payments and extending time for lodging returns and other documents.

Despite extended deadlines for payments due in January, we found that most taxpayers paid within the original deadlines.

Client education gets it right from the start

In less traumatic times, our interactive toolkits, public rulings, client education materials and e-business tools are designed to reduce the administrative cost and compliance burden to clients. Around 96 per cent of our duties and payroll tax transactions are set up to be done electronically. Of those, 99 per cent are in fact done online. In 2010-11, $6.6 billion – 77 per cent of total payments received by OSR – was received electronically.

Many of our clients had their homes, businesses and lives literally turned upside down by the floods and Cyclone Yasi. Our support for disaster-affected clients will continue in the coming year.

During the year, we added webinars to our range of client education and communication materials. We also introduced e-registration for self assessors in payroll tax, insurance duty and transfer duty. Clients purchasing land or a home can use our on-line eligibility testers to determine whether they can receive a transfer duty concession, land tax exemption or First Home Owner Grant.

An extended payment option for land tax was supported by a new on-line form and a bPoint credit card payment facility.

Budget initiatives, Building Boost up and running

The 2011-12 State Budget heralded a new range of revenue and grant measures, including:

- removing the transfer duty concession for people buying their principal place of residence
- revising the transfer duty rates structure
- continuing the payroll tax rebate for apprentices and trainees
- continuing the 50 per cent land value cap
- implementing a land holder model for land rich duty
- transferring responsibility for royalty collection to OSR and transitioning royalties to monthly payments.

One of the ‘biggest ticket’ items announced in the Budget was the Queensland Building Boost grant (from 1 August 2011) for people building or buying a new home or investment property, for which we will introduce an online form for financial institutions and self assessors. This grant is expected to stimulate Queensland’s building industry and inject an additional $140 million into the State’s economy.

We also began to help electricity retailers prepare for the abolition of the Community Ambulance Cover levy from 1 July 2011.

A key aspect of managing these initiatives over the coming year will be oriented towards ensuring appropriate client education and communication.

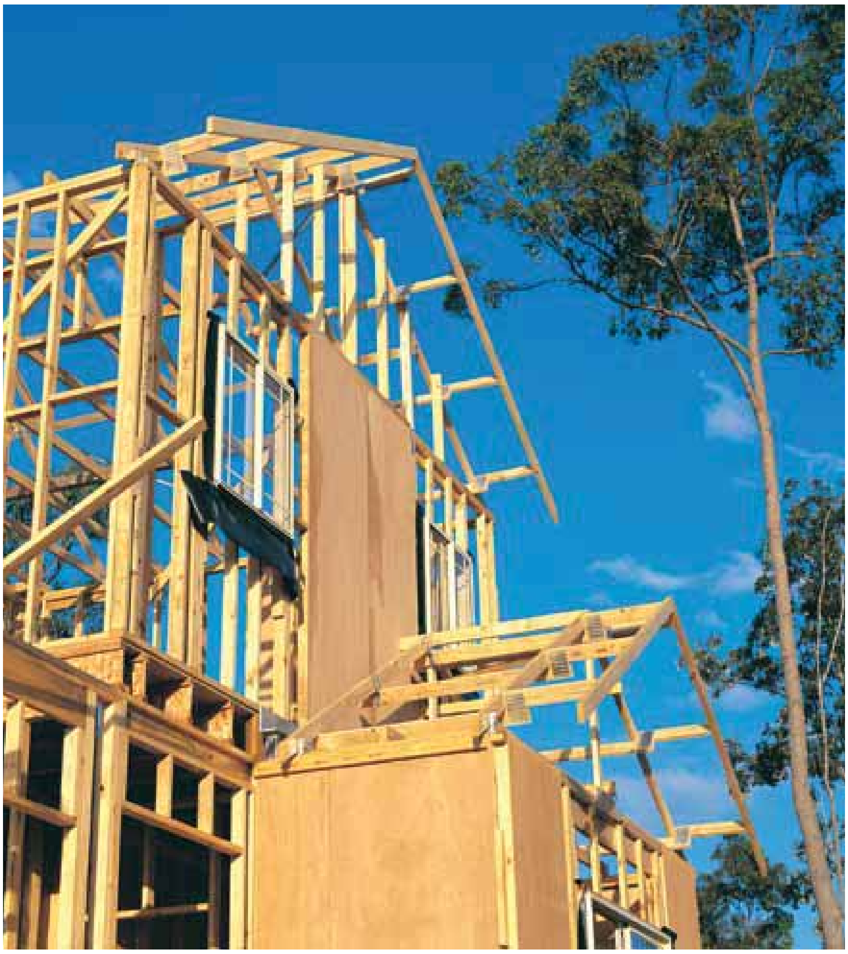
Land – a major revenue source

Clients with land-related transactions – such as land tax, transfer duty, and from 1 August the Queensland Building Boost grant – account for around 80 per cent of OSR’s clients. Of OSR’s total administered revenue and grants of $8.8 billion in 2010-11, over 35 per cent, or $3.1 billion, was land related.

During the year, we established a Land Management Compliance Unit to focus on this important revenue source, in particular client compliance, support and education. This team targets its efforts at preventing non-compliance or addressing clients’ non-compliance as soon as possible after it occurs. Alerting clients earlier means they can pay sooner and incur much less interest and penalties.

New single point of service in Cairns

In March 2011, we transferred our counter services in Cairns to the newly opened Queensland Government Service Centre. This single, whole-of-Government service point allows clients to deal with several Government transactions at the one counter, without needing to know the specific agency to approach.



The $10,000 Queensland Building Boost grant is expected to inject an additional $140 million into the State’s economy, and will be a major focus for OSR’s client education programs in 2011-12.

Strategy

Provide responsive and ongoing legislation and revenue policy advice services to the State Government.

Continuing tax reform

In 2010-11, we raised $8.7 billion from duties and taxes, which will fund essential services for Queenslanders. Revenue in the year ahead is forecast to be $12.4 billion with the transition of royalty revenue to our office.

Queenslanders enjoy one of the most competitive tax regimes in Australia, with below-average per capita tax.

As part of the State Government’s taxation reform program, in 2010-11 we implemented an extended payment period for land tax, a land tax exemption for supported accommodation facilities, and a transfer duty exemption for Special Disability Trusts.

On 4 and 5 October 2011, the Commonwealth Government will host the Tax Forum to progress the national tax reform agenda which began with the Australia’s Future Tax System review (the Henry Review). We will play a key role in providing information and advice on the impact or flow-on effect from any policy or administrative recommendations emanating from the forum.

Strategy

Continually improve revenue and grant management systems to improve efficiency and functionality in service delivery.

Strengthening Queensland's revenue base

The collection of royalties from the mining sector enables some of the proceeds of the extraction of non-renewable resources to be returned to the community. From 1 July 2011, responsibility for collecting royalty revenue from the mining (coal, base and precious metals, bauxite, mineral sands and other minerals) and petroleum sectors was transferred from the Department of Employment, Economic Development and Innovation to the Office of State Revenue.

To accommodate this new revenue line, we will develop a royalties module for our Revenue Management System (RMS) to allow companies to pay royalties and lodge documents electronically. Royalty revenue for 2011-12 is forecast to be $3.278 billion.

The new Queensland Building Boost grant will also be accommodated into RMS, allowing electronic payments to grant recipients.

Our Revenue Base Management tool (RBM) again proved its value in strengthening Queensland's revenue base with business intelligence, reporting, analysis and forecasting.

RBM supports our client education programs by providing data on segments such as industry division, statistical division, and age and size of business, so that we can identify and target specific sectors which would benefit from our targeted education and compliance campaigns.

During the year, RBM Release 3 incorporated land tax and grants into its forecasting, analytics and compliance capabilities. In 2011-12 and beyond, our focus will again be to improve and leverage the Government's investment in these tools to reduce administrative overheads and provide better services to clients and the people of Queensland.

Photo courtesy of SAP Australia Pty Ltd

OSR's award-winning Revenue Base Management tool provides the Government with the information it needs to understand and forecast Queensland's revenue base and plan service delivery. Here, SAP Australia and New Zealand CEO Tim Ebbeck (left) congratulates OSR Director, Business Development Liam Cooke.

Forecasting Queensland's revenue base

A strong revenue base is essential for sustainable economic growth and to fund essential services for Queenslanders. It needs to be approached from a number of perspectives, including business intelligence, compliance, client education, and systems.

Over recent years, OSR's Revenue Base Management (RBM) system has been developed to provide the Government with the information it needs to understand and forecast the revenue base and plan service delivery. RBM's total revenue benefit to Queensland is $260 million, an increase of $27 million from 2009-10.

RBM also allows OSR to deliver targeted education campaigns for our clients, and in 2011-12 a royalties module will be added to accommodate reporting and analysis for royalty collections.

In 2010, RBM was named winner of the 2010 National SAP Customer Award for Excellence for Best Business Intelligence solution.

SAP's Australian customer base provided a highly competitive field, yet RBM's aligned IT and business strategy, revenue analytic and forecasting tools, operational reports and compliance capability were stand-out features. For the Queensland economy, this means a stronger revenue base and greater certainty of forecasting.

Our people

We invest in strategies that build the capability of our people so that we can meet our organisational objectives and contribute to the Government's ambitions for Queensland.

Building a strong, capable workforce

Our workforce strategy identifies trends in our workforce and organisational management. We then develop strategies to build capabilities that align with whole-of-Government and organisational strategic direction such as the *State of the Service Report 2010* and *Treasury Strategic Plan 2010-15*.

Our priority areas for improving our organisation are:

- Improving the effectiveness of our recruitment activities
- Identifying key occupations and developing strategies to keep employees in these groups
- Continuing GradSTART, our graduate recruitment and development program. We welcomed 14 graduates into Treasury in 2011.
- Increasing the availability of staff by reducing turnover and unscheduled absences
- Implementing whole-of-Government workforce reforms in ways that benefit our business objectives
- Increasing Aboriginal and Torres Strait Islander representation in our workforce.

Getting people on board and up and running

We provide regular support to our business areas to assist them with their recruitment processes. In late 2010, we engaged the Shared Service Agency to train all our staff in changes to the recruitment and selection processes from the new Recruitment and Selection Directive issued by the Public Service Commissioner.

The training was undertaken to enhance the effectiveness of our recruitment and selection processes.

During the year, the Office of State Revenue established a recruitment and selection panel pool to oversee all merit-based recruitment exercises. Comprising AO5 to senior executive level staff, the pool undertook intensive training in industry-standard recruitment and selection practices. The pool established operating guidelines and performance criteria that focus on consistency and transparency in all recruitment exercises. It has also streamlined processes to ensure candidates are communicated with on a timely basis and outcomes are delivered within one month of a position closing.

The time taken to fill positions is always a challenge, as our business areas seek to get people on board and 'up and running' as quickly as possible. In late 2010-11, we began a project to identify trends and patterns of behaviour in recruitment and selection, analyse the reasons for excessive time taken to fill vacancies, and design strategies and tools to overcome these issues.

Photo courtesy of John Bowden

Deputy Under Treasurer Alex Beavers welcomes Treasury's 2010 graduates.

Changes ahead

In 2011-12, Treasury, like other public sector agencies, will experience change to its workforce from the State Government's Voluntary Separation Program.
Our focus will be on assessing the impact of potential separations, ensuring that our offices remain equipped to deliver on their business objectives and managing workloads among our staff.

Continuous education

Treasury values its multidisciplinary workforce, many of whom continue to advance their careers and personal development through further study.

We target respected education programs, such as those offered by the Australia and New Zealand School of Government, to help build our team of quality leaders. The Public Sector Management Program, hosted by the Public Service Commission, is a nationally accredited Graduate Certificate level program targeting policy business acumen, public accountability and leadership. Four Treasury staff enrolled in this program during 2010-11.

We also support our people to attend programs offered by the Department of Education and Training's Inspiring Women Mentoring Program and Certificate IV programs in Government and Training and Assessment.

The Study and Research Assistance Scheme (SARAS) supports employees undertaking formal tertiary study or research projects through financial assistance and flexible leave arrangements.

During 2010-11 we used SARAS to support 30 staff in disciplines including commerce, accounting, information technology, law, applied finance and human resource management.

Managing, improving, rewarding performance

Our performance management culture links employees' work with the goals of their work area, Treasury's organisational goals, and the employee's own personal and career aspirations. We use our performance framework to give direction, opportunities for improvement and motivation.

When people first join us, as well as establishing a work program, goals and objectives with their management, they undergo an online induction program covering:

- an overview of our organisation
- the code of conduct and other employee relations training
- pay and conditions, entitlements and learning and development
- workplace health and safety
- how information and resources are managed within Treasury
- our IT systems.

Treasury's Leader-Manager framework is aligned to the whole-of-Government Sector Capability and Leadership Framework. The framework provides resources (targeted to classification levels) to help staff and managers:

- identify potential development areas for individuals
- assess individual performance
- assist with some recruitment and selection activities, such as role description development.

Our intranet site places tools, resources, and information at managers' and employees' fingertips so they can have quality discussions about performance and future development.

Multi-source feedback is available to senior executive service staff who, as well as engaging in executive performance agreement development, also participate in a 360 degree feedback process for performance review when their contracts are renewed.

Recognition for a job well done

We encourage staff to nominate colleagues for external professional awards programs. The Institute of Public Administration Australia (IPAA) Awards, Premier's Awards and the Australia Day Awards were all promoted throughout the year. We also recognise staff who have reached significant milestones in their careers, such as 25 and 40 years of service. Our teams also host their own internal reward and recognition programs.

Consultation in our workplaces

The State Government Departments Certified Agreement 2009 (the core agreement) provides for a consultative framework in which each agency covered by the agreement establishes an Agency Consultative Committee. This committee is a critical element of commitments given in the core agreement.

The Treasury Consultative Committee (TCC) is the peak consultative body for employee representatives and management to discuss strategic organisational matters of policy and industrial issues that impact on Treasury, such as:

- organisational change and restructuring
- workload management
- training
- balancing work, life and family
- climate change and workplace sustainability
- union encouragement
- workforce data
- organisational matters such as review of, changes to or introduction of new workforce management policies.

Made up of management and employee representatives, the TCC meets every six weeks and publishes its minutes on the Treasury intranet.

Our workforce at a glance

The Treasury workforce changed minimally in size during 2010-11. At the end of the year, our workforce included:

- 1,009 people [1]
- 944.51 full-time equivalent staff [2]
- 142 part-time staff
- A slight decrease in the representation of women to 52.33 per cent
- 134 new employees and 138 staff who left the organisation
- 54.1 per cent of women among new appointees.

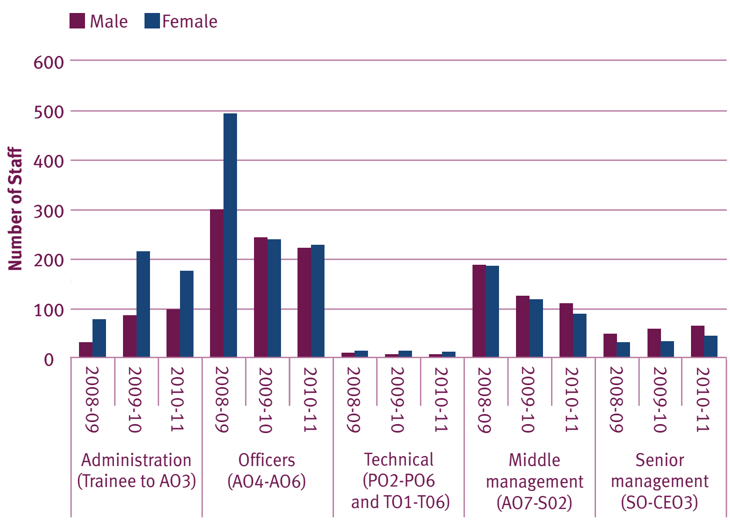
[1] *Represents a 2.47% decrease on the same time 2009-10. Excludes employees on interchange with the Queensland Reconstruction Authority.*

[2] *Full-time equivalent only includes employees active and paid at the end of the reporting period, and also includes the Motor Accident Insurance Commission.*

	Number	Percentage of workforce
Men	481	47.67
Women	528	52.33
Permanent retention rate*	744	85.32
Permanent separation rate*	86	10.26
Aboriginal and Torres Strait Islanders	12	1.19
Non-English speaking background	136	13.45
People with disability	68	6.73
Women in middle and upper management (AO7–SO2 levels)	84	8.33
Women in senior officer and senior executive service (SO–CEO levels)	40	3.96
Average annual earnings by men	$83,515	47.67
Average annual earnings by women	$65,615	52.33

**Excludes separations associated with QSuper*

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 2011, the department employed 3.2 full-time equivalent staff whose functions relate to media, public affairs and/or communications.

Voluntary early retirements and voluntary redundancies

There were no voluntary early retirements or retrenchments in Treasury during 2010-11.

Seven voluntary redundancies were taken with a severance/incentive value of $359,255.82.

Read about the Government's Voluntary Separation Program in 'Changes ahead' on page 41.

Our people support communities in disaster recovery

More than 60 Treasury employees rolled up their sleeves and joined the community recovery effort after widespread flooding and Tropical Cyclone Yasi devastated Queensland over the 2010-11 summer.

Photo courtesy of Hugh O'Brien

Our people were among around 7,000 public servants who left their workplaces, homes and families to join in the recovery effort in disaster-affected communities around Queensland.

Treasury united with other Government agencies to provide hands-on assistance in Cairns, Emerald, Chinchilla, St George, Biloela, Brisbane, Bundaberg, Goondiwindi, Ipswich and Rockhampton. Our people helped disaster victims and their families by undertaking duties such as writing cheques for relief grants, distributing information about financial assistance and support services, and conducting site assessments of flood-affected homes.

A number of our staff also volunteered their time to help the State Emergency Service and the Australian Red Cross. We brought along our buckets, brooms and gloves for the massive clean-up effort throughout the State.

Some of our employees were significantly affected by the flooding. As each person's experience was different, our Workforce Management team managed their needs on a case-by-case basis. Special leave arrangements, information on financial assistance and counselling were offered to affected staff members. The team also coordinated a relief bulletin board that enabled staff to donate needed goods and services to colleagues affected by the disasters.

In our workplaces, we promoted the Premier's Flood Appeal and established a Treasury bank account for staff donations raised through workplace morning teas and raffles.

Our strategy for a healthy workforce

Zero Harm at Work

In 2010 the Under Treasurer signed Treasury to the Zero Harm at Work Leadership Program which confirms and strengthens our commitment to building a positive safety culture and continuously improving our safe and healthy workplace. Zero Harm at Work was founded on the principle that effectively managing health, safety and wellness is essential to operating a successful business.

Through Zero Harm, we focussed strongly on preventative ergonomics across our organisation. This program has continued to deliver positive results such as fewer musculoskeletal injuries and a reduced statutory claims experience. Our voluntary workplace health and safety network was instrumental in monitoring hazard risk and conducting preventative workstation assessments to support Zero Harm.

	Number of accepted workers compensation claims per injury year		
	2008-09	2009-10	2010-11
Statutory claims	27*	12*	14**
Common law claims	0	0	0

* *Includes QSuper and the former Officer of Liquor, Gaming and Racing*

** *10 claims resulted from journey or recess incidents, and two claims resulted from arrangements external to our organisation.*

Watching out for healthy lifestyles

Our healthy lifestyle program aligns to whole-of-Government targets and initiatives to support a healthier workforce across the sector. Across Treasury, our people made good use of activities and programs such as:

- heart health checks such as cholesterol and blood pressure monitoring
- skin checks
- executive health assessments
- annual flu vaccinations
- Weight Watchers at Work
- work-related driver training workshops
- mental health wellbeing workshops
- annual corporate games, cycling to work and the Bridge to Brisbane event
- Treasury's Employee Assistance Program, which provides personal counselling and support to employees and their immediate family members.

Helping our people balance work and family life

We help our employees balance work and family commitments with a range of flexible work arrangements and policies. These practices allow our people to meet our business goals while still being there for their families. This flexibility also makes good business sense, by reducing absenteeism, staff turnover and knowledge and skills loss.

Supporting carers

Treasury values the contribution carers make to Queensland communities, and we support the carers in our workforce in achieving work-life balance.

During 2010-11, we reviewed our Corporate Policy Management Model and Business Rules to ensure that we consider the needs of diverse groups – including carers – when we draft and review corporate policy.

Our people have access to flexible leave and work practices and a range of information and services that will help them as carers. Treasury's carers intranet page refers carers to services such as Carers Australia and Centrelink's Grandparent Advisors service. We also support the Carer's Charter and use our intranet to raise awareness of the *Carers (Reconciliation) Act 2008*. Carers Week 2010 (17-23 October 2010) was promoted throughout Treasury's Charlotte Street building via our e-message screens, an important communication medium that reaches a significant number of Treasury employees.

Treasury's own carers rooms in the Brisbane CBD provide a comfortable, well-equipped environment with full network and internet access so that staff can care for their dependents at work if the need arises.

In the coming year, we will support the whole-of-Government 10 Year Plan for Supporting Queenslanders with a Disability by continuing to highlight the needs of carers and implementing our own Disability Service Plan.

Supporting women's career development

Photo courtesy of Jason Henry - jason@lime.net.au

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

The development and career progression of women continued to be a focus for Treasury during 2010 11. Approximately 20 per cent of Treasury's female workforce attended development on coaching and mentoring, supervisory skills and Certificate IV level competency training.

We also supported women employees to attend the Department of Education and Training's Inspiring Women Mentoring Program.

International Women's Day (8 March) was celebrated with guest speakers from women's service and advocacy group Zonta International and Department of Communities Director-General Ms Linda Apelt.

Reconciliation in Treasury

Treasury is committed to achieving reconciliation with Aboriginal and Torres Strait Islander people. In 2010-11, we made the following progress towards initiatives in the *Queensland Government Reconciliation Action Plan 2009-12*:

Queensland Government action

The Queensland Government will work actively with Aboriginal and Torres Strait Islander peoples to achieve the Council of Australian Governments national Closing the Gap targets and strategies, including in the key areas of early childhood, schooling, housing, health and economic participation.

Treasury activity

In keeping with its core business, Treasury has focussed on closing the gap in economic participation of Aboriginal and Torres Strait Islander people through participation in Project 2800. Project 2800 is the State Government's contribution to the Australian Employment Covenant, a commitment to providing 2,800 Indigenous employment opportunities across the Queensland public sector by June 2013. As a result of our recruitment programs in the past year, the percentage of employees identifying as either an Aboriginal person or a Torres Strait Islander has increased from 0.55% in June 2010 to 1.19% in June 2011.

Indigenous Australians traditionally experience significant undercounts in the national Census of Population and Housing. As Census data are used to allocate Commonwealth funding and plan service delivery, this has serious implications for Indigenous communities. In 2011, Treasury will support the Australian Bureau of Statistics in encouraging Indigenous Australians to participate fully in the Census. Read more about Treasury's work with Census on page 33.

Queensland Government action

All Queensland Government agencies will incorporate relevant reconciliation actions in their annual business plans and report on the progress of the implementation of the Queensland Government Reconciliation Action Plan as part of their annual reports.

Treasury activity

- Treasury's intranet has a dedicated page providing staff with information, policies, protocols and guidelines specific to Aboriginal and Torres Strait Islander people. Protocols for welcome to country and acknowledging traditional owners and elders are also available and are practised by staff as appropriate.
- During the year, 79 staff attended Indigenous Cultural Awareness training.
- Treasury employed three Indigenous university students through cadetships with our organisation.
- NAIDOC Week was recognised throughout our organisation.

Photo courtesy of Vicki Yen

In 2011, Treasury worked with the Australian Bureau of Statistics to address the serious undercounts experienced by Indigenous communities in the national Census.

Managing our organisation

Our corporate governance practices are designed to help us build the State's economic growth and ensure Government resources improve quality of life and achieve value for money for Queenslanders. Our systems, processes and management structures allow us to make decisions, manage resources and review our performance in a transparent, accountable and ethical way.

Responding to a challenging year

Although most sectors had reason to expect positive outcomes from 2010-11, an unexpected summer of natural disasters at home and abroad had devastating consequences for Queensland – economically, financially and socially.

With our charter of managing the State's finances, we needed to operate in a manner that allowed us to respond to these challenges while maintaining focus on the performance of the Queensland economy.

Planning and resourcing

Our corporate governance framework starts with Toward Q2, the Government's plan to achieve a strong, green, smart, healthy and fair Queensland. Treasury's particular contribution to these ambitions is in creating a diverse economy powered by bright ideas. Our target is for Queensland to be Australia's strongest economy by 2020, with infrastructure that anticipates growth.

Our foundation for achieving this is a set of principles outlined in the *Charter of Fiscal Responsibility*: fiscal sustainability, a competitive tax regime and managing the State's balance sheet.

Each year's State Budget, mid-year review and end-of-year outcomes report outlines the Government's achievements against these principles.

This sets the direction for our five-year strategic plan, which commits us to meeting specific objectives in the fiscal, economic, service delivery, federal reform and capability arenas. Each of our service areas is responsible for particular strategies relating to their line of business. Read more about our role in realising the Government's Q2 ambitions on page 9.

Read Treasury's Strategic Plan for the coming year and beyond at **www.treasury.qld.gov.au/about/corporate-plans/**

From our strategic plan, each Treasury portfolio office develops its own plan for the years ahead. They set business and capability priorities and allocate the resources and infrastructure they need to meet Treasury's objectives.

Linking our strategic and business planning framework to the State Budget, each year a Service Delivery Statement details our budget, performance and future objectives. Read about the most recent State Budget and our Service Delivery Statement at **www.budget.qld.gov.au.**

Monitoring performance

For Queensland

Along with all other agencies, we base our decisions on planning, resource management and performance on the Queensland Government's financial management framework. In recent years, Treasury has undertaken considerable work to strengthen financial accountability within Government by developing the Financial Accountability Act and working directly with agencies to meet their obligations.

For our organisation

Our performance is monitored externally through the Parliamentary Estimates Committee process, generally held after each year's State Budget. Treasury is accountable to the Treasurer and the Minister for Finance who report on our performance against our Service Delivery Statement through the Estimates Committee. We also prepare quarterly performance reports for the Government.

We monitor our performance in line with the Government's Performance Management Framework. This framework establishes how performance information should be used to identify and address risks and opportunities for agencies, Government and the community.

Internally, our performance is monitored by our Portfolio Management Group, and monthly finance reports are provided to the Under Treasurer.

Resource governance

Our Resource Governance Committee strengthens our ability to manage resources by:

- providing advice and direction on the management of our own budget
- monitoring Treasury's use of financial, workforce, IT, communication and information resources
- approving proposals for corporate service initiatives.

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

Information governance

How well we manage our information resources has a direct impact on our ability to deliver services.
The Information Steering Committee (ISC) provides direction for Treasury's information management and ICT resources and activities – right to information, document and records management, use of ICT facilities and devices, and many other areas – by:

- applying a business focus to planning and decision making
- supporting the Resource Governance Committee
- monitoring Treasury's application of Queensland Government Information Standard 2 - ICT Resources Strategic Planning (IS2), particularly IS2's Principle 3, which relates to:
  - the use of ICT resources and the sustainability of strategic objectives at agency and whole-of-Government levels
  - governance arrangements and accountability, leadership, direction, risk management and transparency of operations
  - the alignment of an agency's work program with its ICT resources strategic plan.

Chaired by Corporate Services Executive Director Chris Turnbull, ISC members are:

- Helen Harris, Manager, Corporate Solutions (Secretariat)
- Dr Gary Ward, Executive Director, Office of Economic and Statistical Research
- Neil Singleton, Insurance Commissioner
- Tony Kulpa, Deputy Commissioner, Office of State Revenue
- Jan Dalton, Director, Information and Communication Technology
- Drew Ellem, Director, Transport, Infrastructure and Government Services Branch
- Karen Hampson, Director, Client Services Branch
- Terry Beitz, Executive Director, Public Sector ICT Development Office.

In 2010-11, ISC worked to build Treasury information management capability by:

- implementing a remote access efficient kiosk environment
- developing a roadmap for records management
- replacing all data communications switching equipment in Treasury's Brisbane CBD offices
- implementing VOIP technology using TIPT (Telstra Internet Protocol Telephony) solution
- virtualisation of Treasury's corporate applications environment
- developing Treasury's ICT Strategic Plan
- planning the implementation of Microsoft Windows 7 and Office 2010.

Leading Treasury

Accountable to the Treasurer and Minister for State Development and Trade, and the Minister for Finance, Natural Resources and the Arts, Treasury's chief executive, Under Treasurer Gerard Bradley sets the direction for Treasury, supported by Associate Under Treasurer Tim Spencer, Deputy Under Treasurer Alex Beavers, the Portfolio Management Group, associated committees and portfolio office executive management teams. Read more about Treasury's structure and responsibilities in About us on pages 7 and 8.

The Portfolio Management Group, comprising the Under Treasurer, Associate and 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 the 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. Each of our portfolio offices has its own executive management team which sets the strategic direction for their office.

Our executive team

Name	Position	Portfolio responsibilities
Gerard Bradley	Under Treasurer	Executive leadership and strategic direction of Treasury
Tim Spencer	Associate Under Treasurer	
Alex Beavers	Deputy Under Treasurer	
Dr Gary Ward	Executive Director and Government Statistician	Office of Economic and Statistical Research
Adrian Noon	Executive Director	Office of Government Owned Corporations
David Smith	Executive Director and Commissioner	Office of State Revenue
Chris Turnbull	Executive Director	Corporate services for Treasury
Neil Singleton	Insurance Commissioner	• Queensland Compulsory Third Party insurance scheme • Queensland Government Insurance Fund • General advice to Government on insurance matters

Our leadership team

Name	Position	Portfolio responsibilities
Walter Ivessa	Assistant Under Treasurer	• Health and community services • Education and justice
John O'Connell	Assistant Under Treasurer	• Resources and economic development • Transport, infrastructure and government services
Ian Munro	Assistant Under Treasurer	• Commercial advisor • Commercial and financial management
Dr Gary Ward	Assistant Under Treasurer	• Inter-governmental relations
Ken Sedgwick	Assistant Under Treasurer	• Economic and structural policy • Queensland Office for Regulatory Efficiency
Keith Millman	Commercial Counsel	Legal advice on behalf of Treasury and the Queensland Government
Charles Harrison	State Actuary	Actuarial advice to the Queensland Government on QSuper, judges' and Governor's pension schemes, Long Service Leave Central Scheme, Queensland Government Insurance Fund and the Nominal Defendant Fund

The year ahead – sector-wide governance

From 2011-12, our contribution to the broader public sector governance agenda will increase, particularly in the following areas:

- IT consolidation – an increasingly standardised IT operating environment, with whole-of-Government platforms for data storage and email
- Procurement – new requirements designed to increase transparency and accountability in Government purchasing
- Communication technology – common platforms for telephone services and online collaboration tools
- A whole-of-Government approach to ethics and integrity
- Enhancements to the Financial Accountability Act.

These initiatives will bring with them changes to business practices, expectations to achieve cost savings and other targets, and greater demands on our resource managers. Strong corporate governance will become even more critical as we commit to these initiatives along with our core service delivery objectives.

Photo courtesy of iStockphoto

Our ethical environment

We value, actively support and promote an 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.

Until December 2010, our own Code of Conduct was available to all staff on our intranet and all Treasury employees undertook mandatory online Code of Conduct training. This interactive training reflected Crime and Misconduct Commission (CMC) best practice guidelines.

From 1 January 2011, Treasury adopted the new sector-wide Code of Conduct for the Queensland Public Service. We communicated the new code to all staff via email and other internal communication channels. It too is available to staff on the intranet.

Throughout much of 2011, our Workforce Management team will have collaborated with several other Queensland public sector agencies to develop an online training package to support the new code.

This training package includes a module on ethical decision making, which all staff will be required to complete annually. The package also includes ethics principles and values, and provides information and case studies which help staff apply the code. The training will be tailored for all levels of Treasury staff up to senior officer level and will ensure everyone in Treasury understands the high standard of ethical behaviour expected of them.

We will roll out this training in the latter half of 2011. In addition, face-to-face training with Treasury's senior executives and other staff is being developed for delivery from September 2011.

Our standard for integrity and accountability

The Queensland Government is working hard to ensure that its system of integrity and accountability is the strongest and most stringent in the country. Following Treasury's participation in a significant sector-wide review of integrity and accountability, we introduced a number of key reforms based on our commitment to strong rules, strong culture, strong scrutiny and strong enforcement:

- Adherence to appropriate standards of contact between lobbyists and Government representatives, including a register of all contact between lobbyists and Treasury staff
- Adherence to new declaration of interests legislation, including the requirement for all senior executives to declare relevant interests

- Adherence to new public interest disclosure legislation, and the communication of these requirements to Treasury staff
- Development of ethical decision-making training resources
- Improved reporting and communication of crime and misconduct.

Building Integrity

In 2010-11, Treasury established a project team with the CMC to implement the Building Integrity Program across Treasury. Building Integrity complements the public sector's broader integrity and accountability reform agenda. This program, with a strong preventative focus, involves building and improving systems across organisations to help managers deal with less serious misconduct matters.

As part of Building Integrity, Treasury staff participated in an online survey in early 2011 to gauge our people's perceptions about misconduct, ethics and how these issues are managed in the workplace. We also worked with the CMC to evaluate our current policies and resources related to misconduct prevention and response. We will use this information to develop Treasury's Integrity Framework and to inform future recommendations about how we can prevent and deal with misconduct.

Whistleblower protection and public interest disclosures

Like all public sector agencies, under the *Whistleblowers Protection Act 1994* we need to report to Parliament on the number of public interest disclosures we received and verified. For the period 1 July to 31 December 2010, we received no public interest disclosures.

With the repeal of the Whistleblowers Protection Act and the introduction of the *Public Interest Disclosure Act 2010* (PID Act) on 1 January 2011, the way agencies publicly report public interest disclosures has changed.

From 1 January 2011 we are no longer required to report public interest disclosures in our annual report. Under section 61 of the PID Act, the Public Service Commission is now responsible for overseeing public interest disclosures and preparing an annual report on the operation of that Act. From that date we are required to report information about public interest disclosures to the commission. The commission will prepare an annual report on the operations of the PID Act and the information provided by agencies. That annual report will be made publicly available after the end of each financial year.

Photo courtesy of Michael Marston

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. This scrutiny is particularly important to our role in developing and implementing whole-of-Government policy on planning and performance management, financial management and governance for public sector entities.

During 2010-11, recommendations for Treasury were included in reviews by Queensland's Auditor-General and the former Public Accounts and Public Works Committee (PAPWC). (It should be noted that, while PAPWC recommendations may be directed to the Minister, all responses to Parliamentary Committee recommendations must be approved by Cabinet and thus become responses from the Government.)

Auditor-General of Queensland Report to Parliament No. 13 for 2010

Results of Audits at 31 October 2010

The report recommended that public sector companies table their financial reports in Parliament. In 2010-11, Treasury reviewed the current reporting practices of public sector companies, which resulted in the policy *Company Financial Reporting in the Queensland Public Sector*. The policy clarifies that the management and/or board of each public sector company will use the *Corporations Act 2001* and other applicable requirements to determine appropriate reporting requirements. However, where public sector companies prepare financial statements, these must be tabled in Parliament and made publicly available.

Read more about public sector companies on page 20.

The report also noted that discussions had been initiated with the Public Service Commission and Treasury to expand the minimum reporting requirements set in the Financial Reporting Requirements for senior executive appointments. New reporting requirements for executive remuneration have been included in the Financial Reporting Requirements in May 2011 for reporting periods ending on or after 30 June 2011.

Auditor-General of Queensland Report to Parliament No. 5 for 2011

Results of audits at 31 May 2011

Treasury was included as part of three 'emphasis of area audits' by the Queensland Audit Office. No recommendations for Treasury were made by the Auditor-General. However, the report highlighted issues in the relationship between agencies and the Shared Service Agency (SSA). In 2011-12, Treasury will continue to work with the agency to ensure a clear delineation of roles and responsibilities between our department and Queensland Shared Services (formerly Shared Service Agency and CorpTech).

Public Accounts and Public Works Committee report No. 7 for 2011

Inquiry to formally review the Report of the 2010 Strategic Review of the Queensland Audit Office

The report recommended the Treasurer enact amendments to include the 'value for money' principle in the *Financial Accountability Act 2009*, rather than in the *Financial and Performance Management Standard 2009*. The Government supports these recommendations and a Bill to amend the Financial Accountability Act will be introduced to Parliament in due course.

The report also recommended the Treasurer consult with the Auditor-General about setting audit fees to enable the inclusion of contracted audit overhead costs to be spread across all audit clients.

The Government has noted this recommendation, with the understanding that allocation of audit overhead costs is primarily a matter for consideration by the Auditor-General. The Treasurer's involvement in the setting of audit fees relates to approving charge-out rates for auditors rather than the allocation of audit overhead costs.

Photo courtesy of Jason Henry · jason@lime.net.au

Public Accounts and Public Works Committee Report No. 8 for 2011

Review of Auditor-General's Reports – January 2010 to December 2010

It was recommended that the Treasurer ensure that the Auditor-General's suggestions in regard to Chief Finance Officer (CFO) statements be included as a topic for discussion at future CFO forums. The Auditor-General's suggestions were discussed at the CFO meeting held in May 2011 and further discussions will take place at future CFO meetings as required.

Another recommendation for the Treasurer's consideration was to investigate and implement whatever additional mechanisms were required to ensure that loss and fraud were reported to the Auditor-General as required under the *Financial and Performance Management Standard 2009*. Treasury will continue to promote the legislative requirements to agencies at any relevant forums, though the reporting of non-compliance by the Auditor-General would be the strongest reinforcement.

Public Accounts and Public Works Committee report No. 10 for 2011

Enhancing accountability through annual reporting

The report included recommendations for Treasury to enhance accountability in annual reporting by:

- preparing a readers' guide to explain the overall accountability framework, including the budget, acquittal and accountability processes
- including a requirement in the Company Financial Reporting Policy that the reporting entity status be reviewed on an annual basis.

In 2011-12, the Government will develop responses to these recommendations and submit them to Cabinet for approval.

Photo courtesy of Jason Henry - jason@lime.net.au

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 Queensland Treasury 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,* other relevant legislation and prescribed requirements.

2010-11 members

- Alex Beavers, Deputy Under Treasurer (Chair)
- Gerard Bradley, Under Treasurer
- Tim Spencer, Associate Under Treasurer
- Neil Singleton, Insurance Commissioner
- Dr Gary Ward, Assistant Under Treasurer, Treasury Office
- Martin Schwede, Deputy Commissioner, Office of State Revenue
- Don Licastro, Director, Corporate Solutions, Operations, 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 2010-11, the Audit Committee met four times and considered a range of matters concerning Treasury's finances and internal audit projects, including:

- reviewing the 2009-10 financial statements for Treasury, Queensland Future Growth Fund, Motor Accident Insurance Commission and Nominal Defendant
- reviewing, approving and ongoing monitoring of the internal audit plan for 2010-11
- reviewing the *Report on State Finances*
- reviewing Queensland Audit Office reports to Parliament as they relate to Treasury
- providing feedback on and considering issues raised by internal audit reports
- providing feedback on and considering issues raised by the Queensland Audit Office including performance management systems' performance audit recommendations
- monitoring activities of other related committees in the Treasury portfolio.

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 2010-11, internal audit services were provided by Treasury's Internal Audit unit.

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), although it 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 Queensland Audit Office. The risk assessment methodology used in preparing the 2010-11 audit plan was based on the 2009 risk assessment standard AS/NZS ISO 31000 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 function operates effectively, efficiently and economically.

In 2010-11, Internal Audit completed over 6,628 hours of audit work in Treasury with eight audit tasks finalised including verification of the 2009-10 financial statements, land tax review, objections processes review and fuel subsidy closure review.

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.

2010-11 members

- Alex Beavers, Deputy Under Treasurer (Chair)
- Tim Spencer, Associate Under Treasurer
- 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 and the Executive Director, Corporate Services have standing invitations to attend committee meetings.

In 2010-11, the committee met four times to consider a variety of matters, including:

- input into the annual internal audit planning
- review of crisis management following recent flood events
- machinery of government changes
- contract disclosure requirements.

Photo courtesy of iStockphoto

Document and records management

Our records allow us to make quality decisions and recommendations for the Government on behalf of the community. These valuable assets are our corporate memory, documenting our actions, decisions and communication while providing the foundation of government accountability.

Throughout the year, we responsibly managed our records through sound information management and recordkeeping practices that comply with the *Public Records Act 2002*, Information Standard 40: recordkeeping and Information Standard 31: retention and disposal of public records. Our people efficiently identified, captured, retained and, where necessary, disposed of records as an integral part of their daily work activities.

In 2010 -11, Treasury maintained its commitment to excellence in recordkeeping by:

- migrating records from a legacy recordkeeping system to the one electronic records management system
- developing a roadmap for the electronic system
- building staff awareness about good record management practices with training programs and information sessions
- undertaking a review of archival storage
- monitoring and reporting on the use of recordkeeping systems and procedures.

Managing our environmental footprint

Treasury is committed to conserving energy and minimising waste in and around our workplaces. We aim to foster an organisational culture that goes beyond compliance and achieves a 'business as usual' approach to minimising our environmental footprint.

To help Treasury reduce its greenhouse gas emissions, we developed a Climate Smart staff information guide in 2010-11 to identify simple activities to implement in the workplace.

We have also updated the Strategic Waste Management Plan and the Strategic Energy Management Plan to address all of Treasury's water, waste and energy management responsibilities and ensure we meet and exceed, wherever possible, legislative requirements. A review process aids continuous improvement in our climate smart management practices.

Our environmental plans provide 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

Treasury uses 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 minimise our carbon emissions. At the bowser, we choose E-10 ethanol-blended fuel whenever possible.

Greenhouse gas emissions

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

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 both direct and indirect greenhouse gas emissions, which are reported as carbon dioxide equivalent emissions.

It should be noted that comprehensive reporting of greenhouse gas emissions by departments is sometimes limited due to the complexity of their operational boundaries within the public sector, especially in situations where internal government shared service providers are used. Due to data availability limitations and timing constraints the twelve-month reporting period from 1 April 2010 to 31 March 2011 has been applied.

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

Importantly, any attempted comparison of emission levels with those of previous 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*).

The following table outlines the emissions relating to Treasury for the period 1 April 2010 to 31 March 2011.

Activity	Gross greenhouse gas emissions (tonnes of CO2)	Less emission offsets (tonnes of CO2)	Net greenhouse gas emissions (tonnes of CO2)	Explanatory notes
Vehicle usage				
• QFleet and department owned vehicles	148	55	93	1
• Hired vehicles	15	15	-	2
Electricity consumption				
• Government-owned buildings	1,948	-	1,948	3
• Leased privately-owned buildings	308		308	4
Air travel				
• Domestic air travel on commercial airlines	98	98	-	5
• International air travel on commercial airlines	5	5	-	5

1. Emissions figures calculated using combination of two methodologies:
   - QFleet supplied data for 1 April to 30 June 2010 emissions calculated using contracted kilometres-travelled methodology (used in previous years).
   - For 1 July 2010 to 31 March 2011 Queensland Government Chief Procurement Office (QGCPO) provided departments with available actual fuel data to enable calculation of emissions using National Greenhouse Emissions Reporting methodology.

   All emissions reported represent emissions associated with four fuel types: unleaded petrol, diesel, liquefied petroleum gas and E10. Emissions offsets purchased by QFleet up to 30 June 2010 relate to national Greenhouse Friendly™ certified carbon offsets for vehicles that did not comply with minimum Green Vehicle Guide greenhouse ratings. Emissions offsetting by Treasury since 1 July 2010 relates to Queensland Government's commitment to offset 50 per cent of vehicle emissions from 2010.
2. Hire car emissions calculated by Avis Australia and are attributable to their vehicles booked under Standing Offer Arrangement managed by QGCPO. Emission offsets figure relates to purchased national Greenhouse Friendly™ certified carbon offsets.
3. These emissions calculated using available building-related electricity consumption records for 1 April 2010 to 31 March 2011. Emissions reported are limited to those linked to electricity consumed by Treasury in buildings we own or in space we lease in other Government buildings. Incomplete electricity consumption records were apportioned or extrapolated where necessary, e.g., in those Government office buildings without separate electricity sub-metering for departmental tenants, consumption and associated emissions were apportioned 45 per cent to landlord and 55 per cent to tenants – in line with historical benchmarking. Emissions calculated by converting relevant electricity consumption using Scope 2 conversion factor of 0.89 kg CO2-e/kWh as published in Australian Government's *National Greenhouse Accounts Factors Workbook (July 2011)*.
4. These emissions figures based on available building-related electricity consumption for 1 April 2010 to 31 March 2011. Emissions reported are limited to those linked to electricity consumed by Treasury in non-Government owned buildings. Electricity usage calculated or estimated using actual electricity records or lease charges from landlords. Incomplete electricity consumption records were apportioned or extrapolated where necessary.
5. Air travel includes all flights recorded by QGCPO for period 1 April 2010 to 31 March 2011: international travel on commercial airlines and domestic travel on commercial airlines.

   Emissions calculated by QGCPO using kilometres flown from data from relevant commercial airline and applying methodology based on International Civil Aviation Organisation criteria. This methodology uses averaged consumption of fuel per passenger for flights converted into tonnes of CO2.

   Emission offsets for air travel relates to purchased national Greenhouse Friendly™ certified offsets.

Financial summary

Financial summary

This financial summary provides an overview of our financial performance for 2010-11.

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.

2010-11 Statement of Assurance

As required by the *Financial Accountability Act 2009*, our Chief Finance Officer provided a statement to our Accountable Officer, the Under Treasurer, assuring him of the efficiency, effectiveness and economy of our financial operations and governance. This statement indicated no deficiencies or breakdowns in internal controls which would impact adversely on our financial statements or governance for the year.

Analysis and evaluation

In 2010–11, Treasury administered $25.9 billion of revenue and $4.4 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 $16.96 billion, followed by State taxes, fees, fines and levies of $8.6 billion.

State taxes, fees, fines and levies comprised principally payroll tax and duties of $6.5 billion.

Taxes were also collected from gaming operators comprising mainly gaming machine tax of $550.2 million.

The main component of Commonwealth revenues was Queensland's share of the goods and services tax (GST). 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.

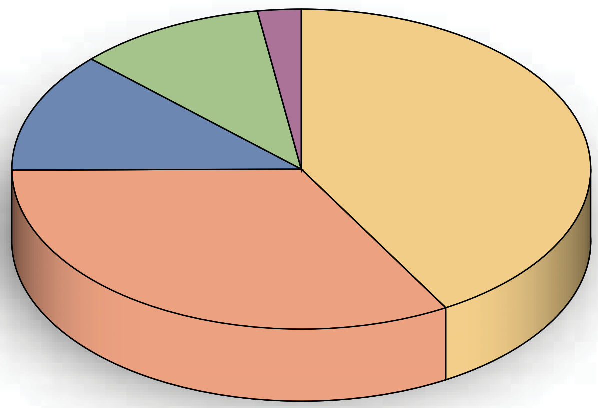
Treasury administered a number of grants on behalf of the State in 2010–11 including the First Home Owners Grant ($123.8 million).

Treasury's controlled revenues consist principally of Parliamentary appropriations. In 2010–11 revenue allocated to services was $162.676 million (compared with $160.116 million in 2009–10).

Queensland Treasury ensures it has appropriate policies, processes and systems to ensure it operates within its budget, achieves value for money and minimises its costs and risks in relation to its liabilities.

Administered

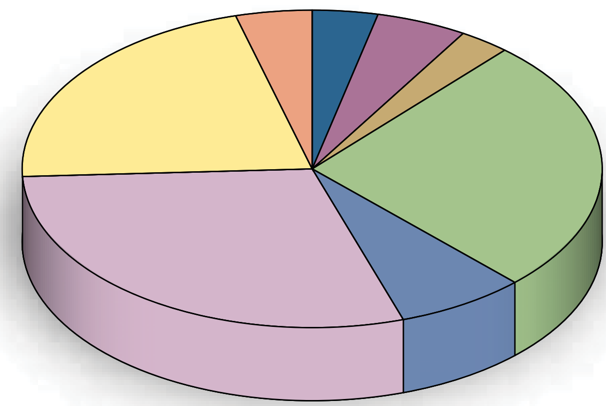
State taxes, fees, fines and levies 2010-11



- Payroll tax $3.599B
- Duties $2.868B
- Land tax $1.051B
- Gaming taxes $0.906B
- Other taxes, fees, fines and levies $0.21B

During 2010-11 most taxes continued to increase slightly with the exception of duties which was impacted by the slowing down in the property market and large one-off amounts in 2009-10.

Total administered expenses by category 2010-11



- Annual Leave Central Scheme $1.279B
- Superannuation benefit payments $1.14B
- Borrowing costs $0.939B
- Long service leave reimbursements $0.315B
- Grants and subsidies $0.221B
- All other expenses $0.185B
- Supplies and services $0.159B
- Benefit payments $0.124B

Superannuation benefit payments of $1.14B and Annual Leave Central Scheme costs of $1.279B were the largest components of the $4.363 billion of expenses Treasury administered on behalf of the State.

Queensland Government Insurance Fund

The Queensland Government Insurance Fund (QGIF) is an administrative arrangement in Queensland Treasury. The fund operates as a self-insurance arrangement into which Government agencies pay premiums to meet the cost of claims and future insurable liabilities. QGIF aims to improve the management of insurable risks through identifying, providing for, and funding, the Queensland Government's insurable liabilities.

Claims are paid out of Queensland Treasury's Administered accounts, while the actuarial assessed provision for future claims is held at the whole-of-Government level.

The liability balance at 30 June 2011 is $772 million. Investments to sufficiently cover the Government's outstanding claims liabilities are held by the Queensland Treasury Corporation within its long term assets.

QGIF claim liabilities and associated investment balances are reported in the annual *Report on State Finances* of the Queensland Government.

The financial summary table below provides a snapshot at 30 June 2011 of the Queensland Government Insurance Fund.

Queensland Government Insurance Fund financial summary	$M
Assets under investment	884.5
Provision for future liabilities	772.3
Premiums collected in 2010-11	113.8
Claims paid in 2010-11	85.5
Fund operating expenses in 2010-11	3.6

Treasury Department Administered Summary Statement of Comprehensive Income

for the year ended 30 June 2011

	Treasury Department Actual 2009-10 $'000	Treasury Department Actual 2010-11 $'000
Revenues		
Commonwealth grants	16,716,906	16,962,976
Taxes, fees, fines and levies	8,465,293	8,633,590
Royalties, property income and other territorial revenue	123,018	225,051
Interest	11,456	31,575
Administered item revenue	4,248,650	4,355,785
Other revenue	13,283	42,378
Total revenues	29,578,606	30,251,355
Expenses		
Employee expenses	4,674	5,022
Supplies and services	126,545	159,299
Impairment losses	52,088	13,337
Grants and contributions	473,973	221,212
Benefit payments	379,485	123,780
Interest	38,143	62,412
Superannuation benefit payments	1,040,000	1,140,000
Long service leave reimbursements	296,872	315,471
Annual Leave Central Scheme	1,138,730	1,279,235
Borrowing costs	627,428	938,959
Other	121,476	104,724
Total expenses	4,299,414	4,363,451
Net surplus before transfers to Government	25,279,192	25,887,904
Transfers of administered revenue to Government	25,323,430	25,893,627
Net surplus/(deficit)	(44,238)	(5,723)

The increase in royalties, property income and other territorial revenue mainly relates to competitive neutrality fees, primarily an increase in the credit margins paid by Government-owned corporations (GOCs) on Queensland Treasury Corporation borrowings, reflecting movements in commercial bond markets. Credit margins are applied to GOCs to ensure they do not experience significant advantages or disadvantages by virtue of their Government ownership.

The increase in interest revenue mainly relates to interest collected on trust funds.

The increase in other revenue is due mainly to moneys held in the Treasurer's Unclaimed Monies Fund (TUMF) being remitted to the Consolidated Fund following the closure of TUMF. These moneys are still available to claimants on evidence of rightful ownership. With the closure of TUMF, all public and private sector unclaimed moneys are now required to be deposited to the Public Trust Office Unclaimed Moneys Fund pursuant to the *Public Trustee Act 1978*.

The increase in supplies and services is mainly in GST administration fees to enable enhanced compliance activities within the Australian Tax Office.

The decrease in impairment losses is mainly due to the impact of the global financial crisis in 2009-10 on the prior year figures.

The decrease primarily reflects some one-off duty payments in 2009-10 in relation to major corporate transactions, including the Queensland Ports Restructure.

The decrease in benefit payments is primarily related to the expiry of the Australian Government First Home Owner's Boost and a decrease in First Home Owner Grant payments resulting from lower than expected housing market activity.

Increased interest expense in 2010-11 reflects higher cash balances in eligible Government entity accounts under the Cash Management Incentive Regime.

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

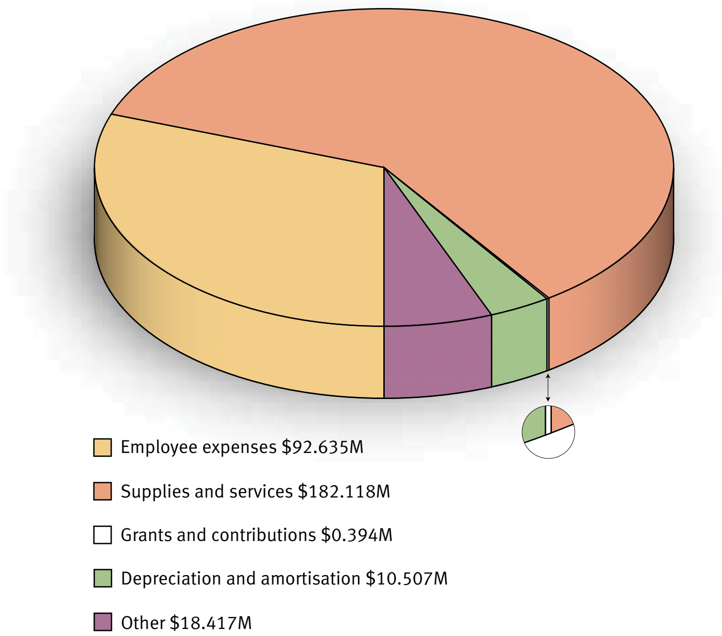
The decrease in other expenses mainly relates to Queensland Government insurance claims.

Queensland Treasury administered revenue

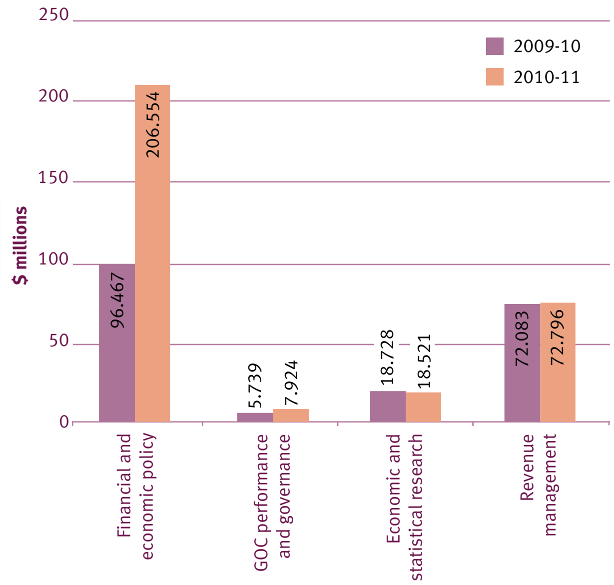
	2009-10	2010-11
Commonwealth funding as a percentage of total revenues	57%	56%
State funding as a percentage of total revenues	14%	14%
Funding from external sources as a percentage of total revenues	29%	30%

Controlled

Total expenses by category 2010-11



Total expenses by service



Financial and economic policy includes the costs related to the Commercial Transactions Team.

Queensland Treasury controlled key financial performance indicators

	2009-10 Actual	2010-11 Actual
Net cost of services funded by appropriation ($ M)	$159.43	$162.02
State funding as a % of total revenues	82%	53%
Fixed assets employed ($'000)	$55,553	$46,722
Net assets ($'000)	$67,801	$59,894

Whole-of-Government proceeds from asset sales

	Proceeds from sale of assets
Forestry Plantations Queensland Sold 30 June 2010	$0.613 billion
Port of Brisbane Sold 30 November 2010	$2.095 billion
QR National Listed on ASX 22 November 2010	$7.410 billion*
Queensland Motorways Limited Sold 31 May 2011	$3.088 billion
Abbot Point Coal Terminal Sold 1 June 2011	$1.829 billion
Total	$15.035 billion

*Includes value of State's retained 34% holding as at 30 June 2011

Commercial transactions costs breakdown of actual expenditure 2010-11 only

2010-11 financial year

Expenses	Forestry Plantations Qld	Queensland Motorways Ltd	Port of Brisbane	QR National	Abbot Point Coal Terminal
	($'000)	($'000)	($'000)	($'000)	($'000)
Total expenses	2,264	14,463	15,055	116,087	12,645

Treasury Department Controlled Summary Statement of Comprehensive Income

for the year ended 30 June 2011

	Treasury Department Actual 2009-10 $'000	Treasury Department Actual 2010-11 $'000
Revenues		
Departmental services revenue	160,116	162,676
User charges	34,576	140,592
Grants and other contributions	299	734
Other revenue	98	699
Gains		
Gain on sale of property, plant and equipment	30	24
Total income	195,119	304,725
Expenses		
Employee expenses	90,588	92,635
Supplies and services	87,302	182,118
Grants and contributions	1,945	394
Depreciation and amortisation	10,306	10,507
Other expenses	4,294	18,417
Total expenses	194,435	304,071
Net surplus	684	654

The increase is mainly due to the one-off reimbursement of costs incurred by the Commercial Transactions Team (CTT).

The increase is mainly due to the receipt of goods below fair value from other Government agencies.

The increase reflects the reimbursement of Office of State Revenue's legal costs from a successful court case.

The increase is primarily due to CTT including costs for services provided by commercial, legal, accounting, tax and other technical advisers. Travel, rental accomodation, contractors and motor vehicle costs were all reduced in 2010-11.

The decrease is mainly due to a one-off contribution towards the establishment of a national e-conveyancing body in 2009-10.

The increase is mainly due to advertising of the QR Limited public share offer and audit fees related to CTT.

Treasury Department Controlled Summary Statement of Financial Position

as at 30 June 2011

	Treasury Department Actual 2009-10 $'000	Treasury Department Actual 2010-11 $'000
Assets		
Cash	-680	10,111
Receivables	15,377	23,257
Property, plant and equipment	11,797	10,245
Intangibles	43,756	36,477
Other	21,788	3,736
Total assets	92,038	83,826
Liabilities		
Payables	21,689	17,795
Accrued employee benefits	2,310	2,241
Other	238	3,896
Total liabilities	24,237	23,932
Net assets	67,801	59,894
Total equity	67,801	59,894

The increase is due to a return to normal levels following higher than usual accrued revenue at 30 June 2010.

The increase is mainly related to movements associated with the CTT and amounts owed for long service leave reimbursements.

The decrease relates to amortisation on systems, primarily the Revenue Management System.

The decrease is due to a return to normal levels following accrued revenue in relation to the Forestry Plantations Queensland sale at 30 June 2010.

The decrease mainly relates to the CTT with the majority of work surrounding the sales process being finalised in 2010-11.

The increase is due to a larger unearned revenue balance at 30 June 2011 for funds received in 2010-11 to cover costs that will be incurred in 2011-12.

Financial statements

Queensland Treasury

Foreword

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

The Financial Statements comprise the following components:

- Statements of Comprehensive Income
- Statements of Financial Position
- Statements of Changes in Equity
- Statements of Cash Flows
- Statements of Comprehensive Income by Major Departmental Services
- Statements of Assets and Liabilities by Major Departmental Services
- Notes To and Forming Part of the Financial Statements.

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

1. Controlled

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

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

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

In addition, the department administers transactions and balances in a trust or fiduciary capacity. These are identified in note 71.

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

The head office and principal place of business of Queensland Treasury is:

Executive Building
100 George Street
GPO Box 611
Brisbane QLD 4001

Statement of Comprehensive Income
for the year ended 30 June 2011

	Notes	Consolidated 2011 $'000	Consolidated 2010 $'000	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Income from continuing operations					
Revenue					
Departmental service revenue	4	162,676	160,116	162,676	160,116
User charges	5	140,592	34,576	140,592	34,576
Grants and other contributions	6	734	299	734	299
Share of surplus/(deficit) of equity accounted joint venture investments	39	594	178	..	..
Interest revenue	7	9,358	1,042	..	..
Other revenue	8	709	98	699	98
Lease income	9	2,863	552	..	..
Gains					
Gain on sale of property, plant and equipment	10	24	30	24	30
Gain on financial assets at fair value	11	688,537	..	..	..
Gain on revaluation to investment property	12	11,599	..	..	..
Total income from continuing operations		1,017,686	196,891	304,725	195,119
Expenses from continuing operations					
Employee expenses	13	92,635	90,588	92,635	90,588
Supplies and services	14	182,118	87,302	182,118	87,302
Depreciation and amortisation	15	10,507	10,306	10,507	10,306
Grants and contributions	16	394	1,945	394	1,945
Borrowing costs	17	69,900	..	..	..
Other expenses	18	19,832	4,382	18,417	4,294
Total expenses from continuing operations		375,386	194,523	304,071	194,435
Income tax expense	19	187,977	22	..	..
Operating result from continuing operations		454,323	2,346	654	684
Total comprehensive income		454,323	2,346	654	684

The accompanying notes form part of these statements.

Statement of Financial Position
as at 30 June 2011

	Notes	Consolidated 2011 $'000	Consolidated 2010 $'000	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Current assets					
Cash and cash equivalents	20	146,752	24,799	10,111	(680)
Receivables	21	23,339	15,377	23,257	15,377
Prepaid tax	22	1,613	..	..	..
Other	23	4,108	21,796	3,736	21,788
Total current assets		175,812	61,972	37,104	36,485
Non-current assets					
Financial assets at fair value through profit or loss	24	2,803,922	..	..	..
Loans and receivables	25	179,564	..	..	..
Investments in jointly controlled entities	39	3,009	2,415	..	..
Intangible assets	26	36,477	43,756	36,477	43,756
Property, plant and equipment	27	10,245	11,797	10,245	11,797
Investment property	41	1,034,514	54,664	..	..
Deferred tax asset	28	20,964	..	..	..
Total non-current assets		4,088,695	112,632	46,722	55,553
Total assets		4,264,507	174,604	83,826	92,038
Current liabilities					
Payables	29	35,384	21,705	17,795	21,689
Accrued employee benefits	30	2,241	2,310	2,241	2,310
Tax liabilities		7	6	..	..
Unearned revenue	31	14,173	790	3,841	238
Total current liabilities		51,805	24,811	23,877	24,237
Non-current liabilities					
Deferred tax liabilities	32	208,902	..	..	..
Financial liabilities	33	2,358,170	..	..	..
Unearned revenue	31	1,005,559	53,291	55	..
Total non-current liabilities		3,572,631	53,291	55	..
Total liabilities		3,624,436	78,102	23,932	24,237
Net assets		640,071	96,502	59,894	67,801
Equity					
Accumulated surplus		517,612	63,289	35,242	34,588
Contributed equity	2(ae)	122,459	33,213	24,652	33,213
Total equity		640,071	96,502	59,894	67,801

The accompanying notes form part of these statements.

Statement of Changes in Equity
for the year ended 30 June 2011

	Notes	Consolidated 2011 $'000	Consolidated 2010 $'000	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Accumulated surplus					
Balance 1 July		63,289	61,228	34,588	34,189
Operating result from continuing operations		454,323	2,346	654	684
Prior year adjustments internal eliminations		..	(285)	..	(285)
Balance 30 June		517,612	63,289	35,242	34,588
Contributed equity					
Balance 1 July		33,213	35,401	33,213	35,401
Transactions with owners as owners:					
Appropriated equity injections	4	380	5,660	380	5,660
Appropriated equity withdrawals	4	(8,941)	(8,051)	(8,941)	(8,051)
Net assets transferred to QTH - Brisbane Port Holdings Pty Ltd	38	97,807	..	..	..
Net assets transferred to QTH - QR Network Pty Ltd		211,447	1,554,274	..	..
QTH net asset disposal through lease arrangement		(211,447)	(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
Balance 30 June		122,459	33,213	24,652	33,213
Total equity		640,071	96,502	59,894	67,801

The accompanying notes form part of these statements.

Statement of Cash Flows
for the year ended 30 June 2011

	Notes	Consolidated 2011 $'000	Consolidated 2010 $'000	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Cash flows from operating activities					
Inflows:					
Departmental service receipts		170,430	152,862	170,430	152,862
User charges		149,911	17,995	149,911	17,995
Grants and other contributions		..	..	..	..
GST input tax credits from Australian Taxation Office (ATO)		18,553	8,606	18,549	8,604
Interest received		1,508	1,061	..	19
Other		831	105	831	105
Outflows:					
Employee expenses		(92,672)	(93,569)	(92,672)	(93,569)
Supplies and services		(199,738)	(96,470)	(199,648)	(96,378)
Grants and contributions		(394)	(1,945)	(394)	(1,945)
GST remitted to ATO		(6,965)	(1,799)	(6,965)	(1,797)
Income tax equivalents		(38)	(20)	..	..
Other		(19,024)	(4,614)	(19,024)	(4,614)
Net cash provided by/(used in) operating activities	34	22,402	(17,788)	21,018	(18,718)
Cash flows from investing activities					
Inflows:					
Sales of property, plant and equipment		25	34	25	34
Acquisition of subsidiary net of cash acquired		109,778	..	..	..
Outflows:					
Payments for property, plant and equipment		(1,617)	(1,870)	(1,617)	(1,870)
Acquisition of investments		(2,287,146)	..	..	..
Payments for intangibles		(72)	(6,265)	(72)	(6,265)
Net cash provided by/(used in) investing activities		(2,179,032)	(8,101)	(1,664)	(8,101)
Cash flows from financing activities					
Inflows:					
Equity injections		379	5,660	379	5,660
Borrowings		2,287,146	..	..	..
Outflows:					
Equity withdrawals		(8,942)	(8,051)	(8,942)	(8,051)
Net cash provided by/(used in) financing activities		2,278,583	(2,391)	(8,563)	(2,391)
Net increase/(decrease) in cash and cash equivalents		121,953	(28,280)	10,791	(29,210)
Cash and cash equivalents at beginning of financial year		24,799	53,079	(680)	28,530
Cash transfers due to MoG change		..	..	..	..
Cash and cash equivalents at end of financial year	20	146,752	24,799	10,111	(680)

The accompanying notes form part of these statements.

Statement of Comprehensive Income by Major Departmental Services
for the year ended 30 June 2011

	Financial and economic policy#		Economic and statistical research#		Revenue management#		GOC performance and governance#		General – not attributed**		Inter-output/ activity eliminations		Queensland Treasury	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Income from continuing operations*														
Revenue														
Departmental service revenue	75,304	74,126	13,009	12,382	67,984	66,822	4,935	5,591	1,444	1,195	..	..	162,676	160,116
User charges	131,309	22,735	5,774	6,197	3,614	5,042	3,055	333	753	3,778	(3,913)	(3,509)	140,592	34,576
Grants and other contributions	74	85	37	43	602	147	10	12	11	12	..	..	734	299
Other revenue	34	43	32	11	625	38	4	3	4	3	..	..	699	98
Gains														
Gain on sale of property, plant and equipment	7	1	4	1	11	28	1	..	1	..	..	..	24	30
Total income from continuing operations	206,728	96,990	18,856	18,634	72,836	72,077	8,005	5,939	2,213	4,988	(3,913)	(3,509)	304,725	195,119
Expenses from continuing operations*														
Employee expenses	33,650	33,160	12,559	12,094	40,364	38,520	5,046	4,404	1,018	2,457	(2)	(47)	92,635	90,588
Supplies and services	155,143	60,083	5,194	5,689	22,003	21,779	2,672	1,116	1,001	2,083	(3,895)	(3,448)	182,118	87,302
Depreciation and amortisation	824	921	426	455	9,046	8,712	100	111	111	107	..	..	10,507	10,306
Grants and contributions	394	280	..	(1)	..	1,666	..	..	..	..	..	..	394	1,945
Other expenses	16,543	2,023	342	491	1,383	1,406	106	108	59	280	(16)	(14)	18,417	4,294
Total expenses from continuing opertions	206,554	96,467	18,521	18,728	72,796	72,083	7,924	5,739	2,189	4,927	(3,913)	(3,509)	304,071	194,435
Total comprehensive income	174	523	335	(94)	40	(6)	81	200	24	61	..	..	654	684
*** Allocation of income and expenses to corporate services (disclosure only):**														
Income	9,486	8,982	3,658	3,977	12,577	13,574	1,045	1,135	2,154	4,933	..	..	28,920	32,601
Expenses	9,467	9,018	3,649	3,997	12,544	13,626	1,042	1,142	2,131	4,873	..	..	28,833	32,656

 # refer to note 3

*** * 2011 Includes corporate support allocated to Motor Accident Insurance Commission, Nominal Defendant and Office of Liquor and Gaming Regulation**

Statement of Assets and Liabilities by Major Departmental Services
as at 30 June 2011

	Financial and economic policy*		Economic and statistical research*		Revenue management*		GOC performance and governance*		General – not attributed**		Queensland Treasury	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Current assets												
Cash and cash equivalents	333	(7,429)	(1,702)	(2,155)	(4,798)	(6,781)	(1,364)	(431)	17,642	16,116	10,111	(680)
Receivables	18,250	9,298	2,115	1,223	1,034	1,147	1,046	108	812	3,601	23,257	15,377
Other	181	18,835	230	159	1,334	1,665	550	60	1,441	1,069	3,736	21,788
Total current assets	18,764	20,704	643	(773)	(2,430)	(3,969)	232	(263)	19,895	20,786	37,104	36,485
Non-current assets												
Intangible assets	485	514	..	..	34,588	41,490	..	..	1,404	1,752	36,477	43,756
Property, plant and equipment	220	183	191	224	1,546	1,868	..	2	8,288	9,520	10,245	11,797
Total non-current assets	705	697	191	224	36,134	43,358	..	2	9,692	11,272	46,722	55,553
Total assets	19,469	21,401	834	(549)	33,704	39,389	232	(261)	29,587	32,058	83,826	92,038
Current liabilities												
Payables	12,250	14,493	328	307	1,240	1,658	461	41	3,516	5,190	17,795	21,689
Accrued employee benefits	819	849	245	240	710	741	123	211	344	269	2,241	2,310
Other	2,578	..	1,125	238	..	..	83	..	55	..	3,841	238
Total current liabilities	15,647	15,342	1,698	785	1,950	2,399	667	252	3,915	5,459	23,877	24,237
Non-current liabilities												
Other	..	..	..	..	..	..	..	..	55	..	55	..
Total non-current liabilities	..	..	..	..	..	..	..	..	55	..	55	..
Total liabilities	15,647	15,342	1,698	785	1,950	2,399	667	252	3,970	5,459	23,932	24,237
Net assets	3,822	6,059	(864)	(1,334)	31,754	36,990	(435)	(513)	25,617	26,599	59,894	67,801

* The department has systems in place to allocate assets and liabilities by departmental service.
** Includes assets and liabilities associated with corporate support functions.

Administered Statement of Comprehensive Income
for the year ended 30 June 2011

	Notes	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Income and expenses administered on behalf of the whole of Government			
Income from continuing operations			
Revenue			
Commonwealth grants	44	16,962,976	16,716,906
Taxes, fees, fines and levies	45	8,633,590	8,465,293
Royalties, property income and other territorial revenue	46	225,051	123,018
Interest	47	31,575	11,456
Administered item revenue	48	4,355,785	4,248,650
Other revenue	49	42,378	13,283
Total income from continuing operations		30,251,355	29,578,606
Expenses from continuing operations			
Employee expenses	50	5,022	4,674
Supplies and services	51	159,299	126,545
Impairment losses	52	13,337	52,088
Grants and contributions	53	221,212	473,973
Benefit payments	54	123,780	379,485
Interest	55	62,412	38,143
Superannuation benefit payments		1,140,000	1,040,000
Long service leave reimbursements		315,471	296,872
Annual Leave Central Scheme claims paid		1,279,235	1,138,730
Borrowing costs	56	938,959	627,428
Other	57	104,724	121,476
Total expenses from continuing operations		4,363,451	4,299,414
Operating result from continuing operations before transfers to Government		25,887,904	25,279,192
Transfers of administered comprehensive income to Government		25,893,627	25,323,430
Total administered comprehensive income	58	(5,723)	(44,238)

The accompanying notes form part of these statements.

Administered Statement of Financial Position
as at 30 June 2011

	Notes	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Assets and liabilities administered on behalf of the whole of Government			
Current assets			
Cash and cash equivalents	59	3,009,114	1,336,441
Receivables	60	578,336	442,602
Accrued taxes, fees and fines		292,849	212,955
Other	61	53,604	34,971
Total current assets		3,933,903	2,026,969
Non-current assets			
Receivables	60	100,252	142,363
Total non-current assets		100,252	142,363
Total administered assets		4,034,155	2,169,332
Current liabilities			
Payables	62	439,225	504,363
Transfer to Government payable		951,491	283,679
Interest-bearing liabilities	63	8,761	10,475
Other	64	149,545	31,086
Total current liabilities		1,549,022	829,603
Non-current liabilities			
Interest-bearing liabilities	63	20,332,475	12,875,578
Total non-current liabilities		20,332,475	12,875,578
Total administered liabilities		21,881,497	13,705,181
Administered net assets		(17,847,342)	(11,535,849)
Equity			
Accumulated surplus		12,579	18,302
Contributed equity	2 (ae)	(17,859,921)	(11,554,151)
Total administered equity		(17,847,342)	(11,535,849)

The accompanying notes form part of these statements.

Administered Statement of Changes in Equity
for the year ended 30 June 2011

	Notes	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Equity administered on behalf of the whole of Government			
Accumulated surplus			
Balance 1 July		18,302	62,540
Total administered comprehensive income		(5,723)	(44,238)
Balance 30 June		12,579	18,302
Contributed equity			
Balance 1 July		(11,554,151)	(7,064,562)
Equity injections	48	7,476,283	164,814
Equity withdrawals	48	(534,900)	(648,337)
Non-appropriated equity injections		404,682	648,217
Non-appropriated equity withdrawals		(13,651,835)	(4,654,283)
Balance 30 June		(17,859,921)	(11,554,151)
Total administered equity		(17,847,342)	(11,535,849)

The accompanying notes form part of these statements.

Administered Statement of Cash Flows
for the year ended 30 June 2011

	Notes	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Cash flows administered on behalf of the whole of Government			
Cash flows from operating activities			
Inflows:			
Administered item receipts		4,364,021	4,273,893
Grants and other contributions		16,962,983	16,819,039
Taxes, fees and fines		8,451,000	8,428,476
Royalties, property income and other territorial revenues		203,782	131,806
Interest		29,360	11,613
GST input tax credits from ATO		2,562	4,310
Other		38,425	16,138
Outflows:			
Transfers to Government		(25,225,797)	(25,189,537)
Grants and contributions		(331,207)	(845,958)
Interest paid to departments		(47,726)	(25,027)
Borrowing costs		(932,458)	(620,145)
Supplies and services		(267,307)	(127,887)
GST remitted to ATO		(11,409)	(10,382)
Superannuation benefit payments		(1,140,000)	(1,040,000)
Long service leave reimbursements		(308,275)	(288,472)
Annual leave reimbursements		(1,243,896)	(1,207,730)
Other		(130,248)	(122,387)
Net cash provided by/(used in) operating activities	65	413,810	207,750
Cash flows from investing activities			
Inflows:			
Loans and advances		63,887	8,650
Outflows:			
Loans and advances made		(15,488)	(2,389)
Net cash provided by/(used in) investing activities		48,399	6,261
Cash flows from financing activities			
Inflows:			
Equity injections		7,880,965	813,031
Borrowings		8,437,729	4,761,877
Outflows:			
Borrowing redemptions		(7,187,050)	(8,093)
Equity withdrawals		(7,921,180)	(4,853,151)
Net cash provided by/(used in) financing activities		1,210,464	713,664
Net increase/(decrease) in cash and cash equivalents		1,672,673	927,675
Administered cash and cash equivalents at beginning of financial year		1,336,441	408,766
Administered cash and cash equivalents at end of financial year	59	3,009,114	1,336,441

The accompanying notes form part of these statements.

Administered Statement of Comprehensive Income by Major Departmental Services
for the year ended 30 June 2011

	Financial and economic policy		Revenue management		Other*		Queensland Treasury	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Income and expenses administered on behalf of the whole of Government								
Income from continuing operations								
Revenue								
Commonwealth grants	16,962,976	16,728,040	..	..	..	(11,134)	16,962,976	16,716,906
Taxes, fees and fines	..	..	8,631,405	8,458,751	2,185	6,542	8,633,590	8,465,293
Royalties, property income and other territorial revenue	224,933	122,750	..	..	118	268	225,051	123,018
Interest	..	..	25,716	547	5,859	10,909	31,575	11,456
Administered item revenue	170,754	192,888	148,751	671,531	4,036,280	3,384,231	4,355,785	4,248,650
Other	2,703	1,773	(6)	..	39,681	11,510	42,378	13,283
Total income from continuing operations	17,361,366	17,045,451	8,805,866	9,130,829	4,084,123	3,402,326	30,251,355	29,578,606
Expenses from continuing operations								
Employee expenses	(35)	(223)	..	..	5,057	4,897	5,022	4,674
Supplies and services	136,294	113,960	6,710	2,152	16,295	10,433	159,299	126,545
Impairment loss	..	..	13,337	52,088	..	..	13,337	52,088
Grants and contributions	34,494	79,150	4,704	237,209	182,014	157,614	221,212	473,973
Benefit payments	..	2	123,780	379,483	..	..	123,780	379,485
Interest	..	..	..	..	62,412	38,143	62,412	38,143
Superannuation benefit payments	..	..	..	..	1,140,000	1,040,000	1,140,000	1,040,000
Long service leave reimbursements	..	..	..	..	315,471	296,872	315,471	296,872
Annual Leave Central Scheme payments	..	..	..	..	1,279,235	1,138,730	1,279,235	1,138,730
Borrowing costs	..	..	221	600	938,738	626,828	938,959	627,428
Other	..	..	..	..	104,724	121,476	104,724	121,476
Total expenses from continuing operations	170,753	192,889	148,752	671,532	4,043,946	3,434,993	4,363,451	4,299,414
Operating result from continuing operations before transfers to Government	17,190,613	16,852,562	8,657,114	8,459,297	40,177	(32,667)	25,887,904	25,279,192
Transfers of administered comprehensive income to Government	17,190,613	16,852,562	8,657,114	8,459,297	45,900	11,571	25,893,627	25,323,430
Total administered comprehensive income	..	..	..	..	(5,723)	(44,238)	(5,723)	(44,238)

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

Administered Statement of Assets and Liabilities by Major Departmental Services
as at 30 June 2011

	Financial and economic policy*		Revenue management*		Other **		Queensland Treasury	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Assets and liabilities administered on behalf of the whole of Government								
Current assets								
Cash and cash equivalents	(26,374)	(384,923)	83,082	94,357	2,952,406	1,627,007	3,009,114	1,336,441
Receivables	222,038	245,483	325,096	182,198	31,202	14,921	578,336	442,602
Accrued taxes, fees and fines	..	..	292,849	212,955	..	..	292,849	212,955
Other	48,802	34,853	..	..	4,802	118	53,604	34,971
Total current assets	244,466	(104,587)	701,027	489,510	2,988,410	1,642,046	3,933,903	2,026,969
Non-current assets	170	380	..	..	100,082	141,983	100,252	142,363
Receivables	170	380	..	..	100,082	141,983	100,252	142,363
Total non-current assets								
Total administered assets	244,636	(104,207)	701,027	489,510	3,088,492	1,784,029	4,034,155	2,169,332
Current liabilities								
Payables	6,751	106,806	731	747	431,743	396,810	439,225	504,363
Transfer to Government payable	227,280	(151,830)	684,421	472,443	39,790	(36,934)	951,491	283,679
Interest-bearing liabilities	..	..	..	..	8,761	10,475	8,761	10,475
Other	119,430	..	15,429	15,877	14,686	15,209	149,545	31,086
Total current liabilities	353,461	(45,024)	700,581	489,067	494,980	385,560	1,549,022	829,603
Non-current liabilities								
Interest-bearing liabilities	..	..	..	..	20,332,475	12,875,578	20,332,475	12,875,578
Total non-current liabilities	..	..	..	..	20,332,475	12,875,578	20,332,475	12,875,578
Total administered liabilities	353,461	(45,024)	700,581	489,067	20,827,455	13,261,138	21,881,497	13,705,181
Net administered assets	(108,825)	(59,183)	446	443	(17,738,963)	(11,477,109)	(17,847,342)	(11,535,849)

* The department has systems in place to allocate assets and liabilities by departmental service.

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

Contents

1 Objectives of the Department

Queensland 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. The department is structured to help the Government meet its fiscal objectives as required in the *Charter of Fiscal Responsibility*.

The department contributes to the Government's *Toward Q2: Tomorrow's Queensland Strong Ambition - Creating a diverse economy powered by bright ideas* - and the 2020 target of *Queensland being Australia's strongest economy, with infrastructure that anticipates growth* by building the State's economic growth and ensuring that the Government's resources improve the quality of life and achieve value for money for Queenslanders.

The departmental services 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

Queensland Treasury 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, 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 2011 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 entity. 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 38.

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 ICT Innovation 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 71. 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) Departmental service 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 45. 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 43 and note 70. 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.

Loans and receivables are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets.

2 Summary of significant accounting policies (continued)

(j) 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 twelve 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.

(k) 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.

(l) 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.*

(m) 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.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property.

All land held which is subject to an operating lease has been transferred to investment property.

(n) Investment property

Investment property consists of land held to earn rental income or for capital appreciation. Where investment property is subject to a lease, all buildings and infrastructure associated with the finance lease are derecognised. Land held which is subject to an operating lease continues to be recognised.

Land is shown at fair value which is not depreciated as it has an indefinite useful life. Revaluations are undertaken with sufficient regularity to ensure the carrying amount of an asset does not differ materially from that which would be determined using fair value at reporting date. A comprehensive revaluation is conducted at least once every three to five years in line with Queensland Government guidelines.

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 eleven 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 assets 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	8.3%
Intangibles	
– Internally generated software	9.09% - 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 which is not depreciated as it has an indefinite useful life 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 this asset class, 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 re-valued 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 its re-valued amount. When the asset is measured at a re-valued amount, the 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 re-valued 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 36.

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.

2 Summary of significant accounting policies (continued)

(u) Financial assets

The consolidated entity classifies its investments based on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Financial assets at fair value through profit or loss are financial assets either held for trading or for which fair value is more representative of the nature of the assets. Unrealised gains and losses are brought to account in the Statement of Comprehensive Income.

At initial recognition, financial assets are measured at fair value including, in the case of financial assets that are not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Comprehensive Income.

(v) Interest-bearing liabilities

Loans payable are recognised at amortised cost. Interest on the Queensland Treasury Corporation (QTC) Floating Rate Debt Pool and Government Debt Pool is accrued and paid to QTC each quarter.

Interest on other client specific pool loans is capitalised.

The fair value of these loans is disclosed in note 70.

(w) 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
- Financial assets at fair value through profit or loss
- Loans and advances – 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, and 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 expects to defer settlement until at least 12 months after reporting date.

The consolidated entity does not enter transactions for speculative purposes, nor for hedging.

All disclosures relating to the measurement basis and financial risk management of financial instruments held by the consolidated entity are included in notes 43.

2 Summary of significant accounting policies (continued)

(x) 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*.

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*.

Key executive management personnel and remuneration

Key executive management personnel and remuneration disclosures are made in accordance with the section 5 Addendum (issued in May 2011) to the *Financial Reporting Requirements for Queensland Government Agencies* issued by Queensland Treasury. Refer to note 13 for the disclosures on key executive management personnel and remuneration.

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*.

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 Queensland Treasury from time to time.

No borrowing costs are capitalised into qualifying assets.

(z) Taxation

The Queensland Treasury 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.

The consolidated entity was not included within the National Tax Equivalents Regime (NTER) which is intended to promote competitive neutrality through a uniform application of Commonwealth income tax laws. Accordingly, no income tax expense or liability has been recognised up to and including the financial year ended 30 June 2010. From 1 July 2010, following the recent asset sales under the Renewing Queensland Plan, the consolidated entity has expanded its activities resulting in certain entities being registered under the NTER.

Within the consolidated entity QTH falls under the Taxation of Financial Arrangements (TOFA) which were introduced for financial years beginning 1 July 2010. TOFA legislation applies to certain financial arrangements of an entity within the scope of TOFA. QTH applies the default realisation and accrual methods allowed under TOFA which defers tax payable on gains and losses to income years when realised.

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 entities in the NTER. Deferred income tax liabilities are recognised for all taxable temporary differences arising from prepayments of expenditure. 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.

(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 services in the Statement of Comprehensive Income by services/major activities based on the average usage patterns of the services' key drivers of costs.

(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.

2 Summary of significant accounting policies (continued)

(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 Financial Officer at the date of signing the Management Certificate.

(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 note 68 Contingencies.

(ah) New and revised accounting policies and standards

On 1 July 2010, the consolidated entity changed its accounting policy with respect to the classification of property plant and equipment. Where assets are held to earn rental income or for capital appreciation these assets have been reclassified as investment property. These changes have been applied retrospectively. There was no change to the financial position of the company as these assets were previously measured at fair value.

Only one amendment to an Australian accounting standard applicable for the first time for 2010-11 was relevant to the department, as explained below.

AASB 2009 – 5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* included certain amendments to AASB 117 *Leases* that revised the criteria for classifying leases involving land and buildings. Consequently, the department was required to reassess the classification of the land elements of all unexpired leases the department had entered into as at 1 July 2010, on the basis of information existing at the inception of the relevant leases. The outcome of the department's reassessment was that no reclassification from an operating lease to a finance lease was necessary.

The department is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from the Queensland Treasury (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, significant impacts of new or amended Australian accounting standards with future commencement dates are as set out below.

AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation* 13] becomes effective from reporting periods beginning on or after 1 January 2011. The department will then need to make changes to its disclosures about credit risk on financial instruments in notes 43(c) and 70(c). No longer will the department need to disclose amounts that best represent an entity's maximum exposure to credit risk where the carrying amount of the instruments reflects this. If the department holds collateral or other credit enhancements in respect of any financial instrument, it will need to disclose - by class of instrument - the financial extent to which those arrangements mitigate the credit risk. There will be no need to disclose the carrying amount of financial assets for which the terms have been renegotiated, which would otherwise be past due or impaired.

Also, for those financial assets that are either past due but not impaired, or have been individually impaired, there will be no need to separately disclose details about any associated collateral or other credit enhancements held by the department.

AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* and amendments made to AASB 7 *Financial Instruments: Disclosures* introduce additional disclosures in respect of risk exposures arising out of transferred financial assets such as repurchase agreements or trade receivables where the entity has continuing involvement in the asset. This is a disclosure standard which is not expected to have a material impact on the financial statements.
The standard is effective for annual periods beginning on or after 1 July 2011.

2 Summary of significant accounting policies (continued)

AASB 9 *Financial Instruments* (December 2010) and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]* 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.

AASB 1053 *Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129, & 1052]* apply to reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two tiers of reporting requirements – Australian Accounting Standards (commonly referred to as “tier 1”), and Australian Accounting Standards – Reduced Disclosure Requirements (commonly referred to as “tier 2”).

Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between the tier 1 and tier 2 requirements is that tier 2 requires fewer disclosures than tier 1. AASB 2010-2 sets out the details of which disclosures in standards and interpretations are not required under tier 2 reporting.

Pursuant to AASB 1053, public sector entities like Queensland Treasury may adopt tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of a regulator to require application of the tier 1 requirements. In the case of the department, Treasury (the Financial Management Branch) is the regulator and management have advised that its policy decision is to require all departments to adopt tier 1 reporting requirements. In compliance with management’s policy which prohibits the early adoption of new or revised accounting standards unless approval is granted, the department has not early adopted AASB 1053.

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 Departmental services

The identity and purpose of each major service 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 payroll tax, land tax and gambling taxes), duties 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 Queensland Treasury.

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 Queensland Treasury:

		$'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 Queensland Treasury.

	Consolidated 2011 $'000	Consolidated 2010 $'000	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
4 Reconciliation of payments from Consolidated Fund to Service revenue recognised in the Statement of Comprehensive Income				
Budgeted departmental service appropriation	263,084	131,572	263,084	131,572
Transfer (to)/from other departments	..	1,992	..	1,992
Transfer (to)/from other heading	(92,654)	..	(92,654)	..
Unforeseen expenditure	..	19,298	..	19,298
Total Departmental service receipts	170,430	152,862	170,430	152,862
Less opening balance of Departmental service appropriation receivable	(7,754)	(500)	(7,754)	(500)
Plus closing balance of Departmental service appropriation receivable	..	7,754	..	7,754
Departmental service revenue recognised in Statement of Comprehensive Income	162,676	160,116	162,676	160,116
Reconciliation of payments from Consolidated Fund to appropriated equity adjustments recognised in contributed equity				
Budgeted equity adjustment appropriation	(9,094)	(3,095)	(9,094)	(3,095)
Transfer (to)/from other heading	533	..	533	..
Unforeseen expenditure	..	704	..	704
Total equity adjustment receipts	(8,561)	(2,391)	(8,561)	(2,391)
Appropriated equity adjustment recognised in contributed equity	(8,561)	(2,391)	(8,561)	(2,391)
5 User charges				
Sale of goods	73	95	73	95
Sale of services	140,519	34,481	140,519	34,481
	140,592	34,576	140,592	34,576
6 Grants and other contributions				
Resources received below fair value	734	299	734	299
	734	299	734	299
7 Interest revenue				
Interest	1,555	1,042	..	..
Interest recognised on loans and receivables *	7,803	..	..	..
	9,358	1,042	..	..

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

* Relates to interest recognised on financial assets acquired from Brisbane Port Holdings Pty Ltd (BPH) on sale of the Port of Brisbane (refer note 25).

	Consolidated 2011 $'000	Consolidated 2010 $'000	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
8 Other revenue				
Other	709	98	699	98
	709	98	699	98
9 Lease income				
Lease income - BPH	2,311	..	..	..
Lease income - QAHC	389	389	..	..
Lease income - QAHM	163	163	..	..
	2,863	552	..	..
10 Gain on sale of property, plant and equipment	24	30	24	30
Gain on sale of property, plant and equipment	24	30	24	30
11 Gain on financial assets at fair value				
Fair value gain on investments *	688,537	..	..	..
	688,537	..	..	..

* Relates to shares held in QR National Limited recorded at fair value.

	Consolidated 2011 $'000	Consolidated 2010 $'000	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
12 Net fair value adjustment to investment property				
Net gain on fair value of investment property**	11,599	..	..	..
	11,599	..	..	..

** Relates to the fair value movement of Investment Property held for the Mackay and Cairns Airports (QAHM $21.126 million gain; QAHC $9.527 million loss).

	Consolidated 2011 $'000	Consolidated 2010 $'000	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
13 Employee expenses				
Employee benefits				
Salaries and wages	67,185	65,742	67,185	65,742
Employer superannuation contributions	8,910	8,787	8,910	8,787
Long service leave levy	1,595	1,307	1,595	1,307
Parental leave expense	528	673	528	673
Annual leave levy	8,554	8,284	8,554	8,284
Other employee benefits	635	653	635	653
Employee related expenses *				
Workers' compensation premium	248	235	248	235
Payroll tax	4,067	4,047	4,067	4,047
Other employee related expenses	913	860	913	860
	92,635	90,588	92,635	90,588

* 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:	906	939	906	939

13 Employee expenses (continued)

Key executive management personnel and remuneration

(a) Key Executive Management Personnel

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the agency during 2010-11. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities	Current Incumbents	
		Contract classification and appointment authority	Date appointed to position
Under Treasurer	Responsible for executive leadership, strategic direction of Treasury and whole-of-Government financial management	CEO1; Governor in Council under s47 of the *Public Service Act 1996*	10-Aug-98
Associate Under Treasurer	Responsible for executive leadership, strategic direction of Treasury and whole-of-Government financial management	s122 contract; Public Service Commission Chief Executive and Under Treasurer under s122 of the *Public Service Act 2008* and Directive 16/08	29-Mar-11
Deputy Under Treasurer	Responsible for executive leadership, strategic direction of Treasury and whole-of-Government financial management	SES4; Public Service Commission Chief Executive under s115 of the *Public Service Act 2008*	7-Apr-11
Executive Director*	Responsible for the Office of Economic and Statistical Research	SES3; Public Service Commission Chief Executive under s115 of the *Public Service Act 2008*	22-Sep-10
Executive Director	Responsible for the Office of Government Owned Corporations	SES3; Governor in Council under s60(1) of the *Public Service Act 1996*	22-Mar-07
Executive Director	Responsible for the Office of State Revenue	SES3; Governor in Council under s79(1) of the *Public Service Act 1996*	1-Mar-07
Executive Director	Responsible for Corporate Services for Treasury	SES2; Governor in Council under s60(1) of the *Public Service Act 1996*	24-Jun-02

* The Executive Director, Office of Economic and Statistical Research also holds the title of Assistant Under Treasurer and Government Statistician

13 Employee expenses (continued)

(b) Remuneration

Remuneration for the agency's key executive management personnel is approved by the Premier for chief executive officers and equivalent levels and the Public Service Commission Chief Executive for SES and equivalent level officers, with the support of the Premier and in accordance with the *Public Service Act 2008*. The remuneration and other terms of employment for the key executive management personnel are specified in contracts of employment, directives and Government policy. The contracts provide the superannuable salary and benefits including superannuation.

For the 2010-11 year, remuneration of key executive management personnel increased by 2.5% in accordance with the Queensland Government Wages Policy.

Remuneration packages for key executive management personnel disclosed in the table below comprises the following components:

- Short term employee benefits which include:
  - Base – consisting of base salary (equates to 52 weeks salary and leave loading)
  - Vehicle allowance (cash) and movement in annual leave includes a car allowance (where no vehicle or one of a lesser value is taken) and the movement in annual leave entitlements during the financial year
  - Non-monetary benefits – consisting of the option of the private use component of a Government owned motor vehicle together with fringe benefits tax applicable to the benefit.
- Long term employee benefits representing the movement of long service leave entitlements.
- Post employment benefits include superannuation contributions.
- Termination provisions are specified within individual contracts of employment. Contracts of employment provide for notice periods, service and separation payments and a repayment clause. No reason needs to be given for a contract termination.

(Amounts disclosed equal the amount expensed in the Statement of Comprehensive Income).

13 Employee expenses (continued)

Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post employment benefits.

1 July 2010 - 30 June 2011

Position	Short Term Employee Benefits			Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base $'000	Vehicle Allowance (cash) & Movement in Annual Leave $'000	Non-Monetary Benefits $'000	$'000	$'000	$'000	$'000
Under Treasurer	478	4	7	16	61	..	**566**
Associate Under Treasurer	256	12	22	8	32	..	**330**
Deputy Under Treasurer	192	3	21	7	24	..	**247**
Executive Director	175	8	23	6	22	..	**234**
Executive Director	175	8	25	5	22	..	**235**
Executive Director	175	15	21	(19)	22	..	**214**
Executive Director	148	8	21	(3)	19	..	**193**
Total Remuneration	**1,599**	**58**	**140**	**20**	**202**	**..**	**2,019**

Consistent with the flexibility provided in the first year of the introduction of new reporting policies, Treasury has not included the comparative data for 2009-10. This reflects the complexity in retrospectively calculating movements in accrual balances for prior periods. Senior executives listed in the table who occupy like for like positions received base increases in line with the Government's remuneration policy of 2.5%.

	Consolidated 2011 $'000	Consolidated 2010 $'000	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
14 Supplies and services				
Consultants and contractors	130,714	57,278	130,714	57,278
Supplies and consumables	4,108	3,080	4,108	3,080
Repairs and maintenance	4,562	4,906	4,562	4,906
Travel	556	665	556	665
Accommodation	13,154	13,540	13,154	13,540
Computer related charges	1,252	1,022	1,252	1,022
Brokerage and underwriting fees	16,526	63	16,526	63
Other	11,246	6,748	11,246	6,748
	182,118	87,302	182,118	87,302
15 Depreciation and amortisation				
Depreciation and amortisation incurred in respect of:				
Leasehold improvements	1,424	1,604	1,424	1,604
Plant and equipment	1,689	1,629	1,689	1,629
Intangibles	7,394	7,073	7,394	7,073
	10,507	10,306	10,507	10,306
16 Grants and contributions				
Contributions to Council of Australian Government reforms	249	1,800	249	1,800
Other	145	145	145	145
	394	1,945	394	1,945
17 Borrowing costs				
Interest	69,900	..	..	..
	69,900	..	..	..
18 Other expenses				
Audit fees – Auditor-General *	1,344	998	1,291	972
Impairment losses on trade receivables	32	(4)	32	(4)
Operating lease rentals	477	727	477	727
Advertising and promotions	14,791	1,051	14,791	1,051
Minor assets < $5,000	638	1,044	638	1,044
Management fees - QTC	1,157	25	..	..
Other	1,393	541	1,188	504
	19,832	4,382	18,417	4,294

* Total Queensland Treasury external audit fees relating to the 2010-11 financial year are estimated to be $1,075,270 (2010: $918,197). There are no non-audit services included in this amount.

	Consolidated 2011 $'000	Consolidated 2010 $'000	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000

19 Income tax expense

	Consolidated 2011 $'000	Consolidated 2010 $'000	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Current tax	39	22	..	..
Deferred tax*	187,938	..	..	..
Income tax expense	187,977	22	..	..
Numerical reconciliation of income tax expense to prima facie tax payable:				
Profit from continuing operations before income tax expense:	641,646	1,684		..
Less: Profit of non taxable entities	(12,745)	(1,610)		..
Profit from continuing operations before income tax expense	628,901	74	..	..
Tax at the Australian tax rate of 30%	188,670	22	..	..
Tax effect of non deductible / (taxable) amounts:				
Non-assessable gain on 99-year operating lease	(693)	..	..	..
Income tax expense	187,977	22	..	..

*(refer notes 28 and 32)

20 Cash and cash equivalents

	Consolidated 2011 $'000	Consolidated 2010 $'000	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Cash at bank	146,741	24,790	10,100	(689)
Imprest accounts	11	9	11	9
	146,752	24,799	10,111	(680)

	Consolidated 2011 $'000	Consolidated 2010 $'000	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
21 Receivables				
Current				
Trade debtors	21,883	4,707	21,801	4,707
Less allowance for impairment	(24)	..	(24)	..
	21,859	4,707	21,777	4,707
GST input tax credits receivable	..	1,436	..	1,436
GST payable	..	(66)	..	(66)
Net GST receivable	..	1,370	..	1,370
Departmental service revenue receivable	..	7,754	..	7,754
Annual leave reimbursements	1,477	1,546	1,477	1,546
Other debtors	3	..	3	..
	1,480	9,300	1,480	9,300
	23,339	15,377	23,257	15,377
Movements in the provision for impairment				
Balance at 1 July	..	8	..	8
Amounts written off during the year	..	(4)	..	(4)
Increase/(decrease) recognised in Statement of Comprehensive Income	24	(4)	24	(4)
Balance at 30 June	24	..	24	..
22 Prepaid tax				
Tax prepaid- BPH	1,613	..	..	..
	1,613	..	..	..
23 Other assets				
Current				
Prepayments	2,993	2,996	2,621	2,988
Other accrued revenue *	1,104	18,773	1,104	18,773
Non-current assets held for sale	11	27	11	27
	4,108	21,796	3,736	21,788

* Other accrued revenue, consisting of amounts owing, but not yet invoiced was previously incorporated with trade debtors. Prior year comparatives have been restated.

	Consolidated 2011 $'000	Consolidated 2010 $'000	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000

24 Financial asset at fair value through profit or loss

Shares held at fair value	2,803,922	..	..	..
	2,803,922	..	..	..

QTH holds 829,600,000 shares in QR National Limited (QRN), purchased at the institutional price of $2.55 per share. The shares are market valued based on the closing share price. The investment is subject to an escrow agreement which expires in 2012 following the release of QRN's financial result to the Australian Stock Exchange.

25 Loans and receivables

Non-current

Loans and receivables	179,564	..	..	..
	179,564	..	..	..

As part of the sale of the Port of Brisbane by the State, QTH received a project direction, dated 2 December 2010, made pursuant to the *Infrastructure Investment (Asset Restructuring Disposal) Act 2009 (Qld)*. Under this project direction, QTH purchased the rights of BPH (formerly Port of Brisbane Corporation Limited) to receive all moneys owing (whether or not due and payable) under agreements with the Port Manager. QTC provided loans to QTH to fund the purchase of the receivables to the value of $171 million. The State of Queensland has provided a guarantee to QTH for any shortfall of moneys payable under the loan arrangements (refer note 33).

26 Intangibles

Non-current

Internally generated software				
– at cost	69,606	68,290	69,606	68,290
– accumulated amortisation	(29,830)	(22,463)	(29,830)	(22,463)
– accumulated impairment loss	(3,380)	(3,380)	(3,380)	(3,380)
	36,396	42,447	36,396	42,447
Other software/licences				
– at cost	11,160	11,302	11,160	11,302
– accumulated amortisation	(11,079)	(11,193)	(11,079)	(11,193)
	81	109	81	109
Work in progress				
– at cost	..	1,200	..	1,200
	..	1,200	..	1,200
Total intangibles				
– net book value	36,477	43,756	36,477	43,756

26 Intangibles (continued)

	Internally generated software		Other software/ licences		Software works in progress		Total	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Reconciliation								
Carrying amount at 1 July	42,447	23,214	109	217	1,200	21,097	43,756	44,528
Acquisitions	116	..	..	..	..	6,301	116	6,301
Disposals	..	..		..	..	..	..	..
Acquisitions through restructuring	..	..	..	..	..	..	..	..
Consolidated assets transferred (to)/from other departments	..	..	..	..	..	..	..	..
Assets transferred between asset classes	1,200	26,198	..	..	(1,200)	(26,198)	..	..
Amortisation*	(7,367)	(6,965)	(28)	(108)	..	..	(7,395)	(7,073)
Carrying amount at 30 June	36,396	42,447	81	109	..	1,200	36,477	43,756

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

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

All intangible assets of the department have finite useful lives and are amortised on a straight line basis (note 2(o)). 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.

27 Property, plant and equipment

	Consolidated 2011 $'000	Consolidated 2010 $'000	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Non-current				
Plant and equipment				
– at cost	33,432	35,169	33,432	35,169
– accumulated depreciation	(23,731)	(23,372)	(23,731)	(23,372)
	9,701	11,797	9,701	11,797
Capital works in progress				
– at cost	544	..	544	..
Total property, plant and equipment				
– net book value	10,245	11,797	10,245	11,797

27 Property, plant and equipment (continued)

	Land		Buildings		Plant and equipment		Network infrastructure		Capital works in progress		Consolidated Total	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011* $'000	2010* $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Reconciliation												
Carrying amount at 1 July	..	..	..	..	11,797	12,877	..	..	..	135	11,797	13,012
Acquisitions	..	..	..	..	1,029	1,870	..	..	544	..	1,573	1,870
Acquisitions via equity transfer	..	..	..	..	..	..	211,447	1,554,274	..	..	211,447	1,554,274
Acquisitions through restructuring	..	..	..	..	..	26	..	..	..	..	..	26
Disposals	..	..	..	..	(12)	(25)	(211,447)	(1,554,274)	..	(3)	(211,459)	(1,554,302)
Assets transferred (to)/from other departments	..	..	..	..	..	166	..	..	..	..	..	166
Consolidated assets transferred (to)/ from other departments	..	..	..	..	..	..	..	..	..	..	..	..
Assets transferred between asset classes	..	..	..	..	..	132	..	..	..	(132)	..	..
Depreciation	..	..	..	..	(3,113)	(3,249)	..	..	..	..	(3,113)	(3,249)
Carrying amount at 30 June	..	..	..	..	9,701	11,797	..	..	544	..	10,245	11,797

Queensland Treasury currently holds plant and equipment with a written down value of zero that had an original cost of $10.27 million. Assets with a gross value of approximately $3.84 million (37%) are expected to be replaced in the 2011-12 financial year.

Queensland Treasury 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 (QR Network) to QTH which were subsequently leased back to QR Network under a 99 year lease arrangement. The transfer consisted of QR Network'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. Additional infrastructure assets were also transfered to QR Network under Transfer Notice dated 26 August 2010, which included an amount of $1.307 million for infrastructure assets incorrectly identified in the initial transfer.

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.

	Consolidated 2011 $'000	Consolidated 2010 $'000	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
28 Deferred tax asset				
The balance comprises temporary differences attributable to:				
Tax benefit on current year loss	20,955	..	..	..
Accruals	9	..	..	..
	20,964	..	..	..
29 Payables				
Current				
GST input tax credits receivable	(1,622)	..	(1,622)	..
GST payable	8,817	..	8,817	..
Net GST payable	7,195	..	7,195	..
Trade creditors	21,503	13,122	3,914	13,106
Interdepartmental payable	1,986	3,906	1,986	3,906
Other	4,700	4,677	4,700	4,677
	35,384	21,705	17,795	21,689
30 Accrued employee benefits				
Accrued salaries and wages	192	309	192	309
Annual leave levy payable	2,019	1,979	2,019	1,979
Other	30	22	30	22
	2,241	2,310	2,241	2,310
31 Unearned revenue *				
Current				
Unearned revenue	14,173	790	3,841	238
	14,173	790	3,841	238
Non-current				
Unearned revenue	1,005,559	53,291	55	..
	1,005,559	53,291	55	..

* The unearned revenue for QTH represents the lease rentals received in advance on land held by QAHM, QAHC and BPH. The leases are for terms of 99 years (refer note 41).

	Consolidated 2011 $'000	Consolidated 2010 $'000	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
32 Deferred tax liabilities				
Attributable to temporary differences	2,341	..	..	..
Receivables	206,561	..	..	..
Financial assets at fair value	208,902	..	..	..
33 Financial liabilities				
Borrowings secured by a fixed and floating charge				
Other related parties				
Loan QTC – shares in QRN *	2,180,210	..	..	..
Loan QTC – BPH receivables **	177,960	..	..	..
	2,358,170	..	..	..

* QTH holds 829,600,000 shares in QR National Limited, purchased at the institutional price of $2.55 per share. The purchase was funded by a loan from QTC.

** QTH has purchased the rights to future cashflows from BPH. This purchase was funded by a loan from QTC.

The QTC loans are recorded at amortised cost value being the carrying value of the balance outstanding at balance date. QTC prices the loans with reference to notional financial instruments and manages interest rate risk arising in connection with the facility. For floating rate instruments, interest is calculated daily based on the market value of the loan at a rate determined by QTC as being the cost of funds with respect to the relevant portfolio of notional financial instruments. Interest and fees on the facility are charged quarterly and capitalised. Under Deeds of Guarantee, dated 7 December 2010, all repayments under the loan facilities with QTC are guaranteed by the State of Queensland. In the event QTH is unable to pay any amount pursuant to the loans when due, the State can be called upon to meet any shortfall.

	Consolidated 2011 $'000	Consolidated 2010 $'000	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000

34 Reconciliation of operating surplus to net cash from operating activities

	Consolidated 2011 $'000	Consolidated 2010 $'000	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Operating surplus/(deficit)	454,323	2,346	654	684
Add/(subtract) items classified as investing/financing activities:				
Disposal of property, plant and equipment	11	35	11	35
Change in fair value of investment property	(11,599)	..	..	..
Change in fair value of financial asset	(688,537)	..	..	..
Interest and fees capitalised on loans	71,034	..	..	..
Non-cash items:				
Depreciation/amortisation expense	10,508	10,306	10,508	10,306
Gain on sale of property, plant, equipment and investments	(8)	(30)	(8)	(30)
Loss on sale of property, plant and equipment	..	..	..	..
Prior year adjustments internal eliminations	..	(286)	..	(286)
Change in assets and liabilities:				
(Increase)/decrease in appropriation receivable	7,754	(7,254)	7,754	(7,254)
(Increase)/decrease in GST input tax credits receivable	1,370	(742)	1,370	(742)
(Increase)/decrease in interest receivable	2	19	2	19
(Increase)/decrease in receivables	(19,951)	(9,040)	(12,078)	(9,040)
(Increase)/decrease in other assets	12,740	..	12,740	..
(Increase)/decrease in prepayments	424	(17)	367	(9)
Increase/(decrease) in accounts payable	1,364	(13,033)	1,213	(13,037)
Increase/(decrease) in employee benefits	(69)	(10,941)	(69)	(10,941)
Increase/(decrease) in GST payable	7,195	(516)	7,195	(516)
Increase/(decrease) in other liabilities	3,662	54	3,661	51
Increase/(decrease) in deferred tax liability	208,902	..	..	..
Increase/(decrease) in deferred tax asset	(20,964)	..	..	..
Increase/(decrease) in unearned revenue	(2,863)	(553)	..	..
Increase/(decrease) in accrued expenses	(12,302)	12,042	(12,302)	12,042
Equity accounted share of surplus in associates	(594)	(178)	..	..
Net cash from operating activities	22,402	(17,788)	21,018	(18,718)

35 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 2011 $'000	Consolidated 2010 $'000	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000

36 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 2011 $'000	Consolidated 2010 $'000	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Not later than one year	869	1,837	869	1,575
Later than one year and not later than five years	901	172	901	..
Later than five years	..	..	..	..
Total commitments	1,770	2,009	1,770	1,575
Input tax credits anticipated	161	183	161	143

* for share of jointly controlled entity commitments (refer note 39).

Operating leases are entered into as a means of acquiring access to office accommodation. Payments are generally fixed with agreements containing inflation escalation clauses from which contingent rentals are determined. Purchase options do not exist in relation to operating leases however renewal options do. Operating leases may contain restrictions on financing or other leasing activies.

(b) Operating expenditure commitments

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

	Consolidated 2011 $'000	Consolidated 2010 $'000	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Not later than one year	3,252	8,479	3,252	8,479
Later than one year and not later than five years	1,373	2,413	1,373	2,413
Later than five years	..	..	..	..
Total commitments	4,625	10,892	4,625	10,892
Input tax credits anticipated	421	779	421	779

37 Contingencies

Retail investors in the QR National Share Offer may be entitled to receive loyalty bonus shares provided shares allocated under the Retail Offer are held continuously in the same registered name until 7 December 2011. The entitlement for Queensland Retail Investors, is 1 Loyalty Bonus Share for each 15 shares allocated up to a maximum of 675 Loyalty Bonus Shares. For non-Queensland Retail Investors the entitlement reduces to 1 Loyalty Bonus Share for each 20 Shares allocated under up to a maximum of 500 Loyalty Bonus Shares. Based on the number of shares outstanding at 30 June 2011 to which the bonus would apply, were the shares to be held by the same registered holder until 7 December 2011, the maximum liability to the consolidated entity would be $30.3 million.

The consolidated entity has exposure to claims made against it through its subsidiaries and associated companies in relation to any pre-existing contamination of land assets. At balance date, there have been no claims made against the consolidated entity.

Under the Port of Brisbane Share Sales and Purchase Agreement, the State has agreed to pay to the Port Lessee, any portion of the Port Lessee's land tax liability in years the land tax assessment for the leased area exceeds the estimated land tax assessment. The obligations are subject to certain conditions, including the lessee pursuing any objection available to it in relation to an assessment, and are limited to assessment years up to and including 30 June 2025.

38 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.	Carrying Value $'000	Equity Holding	
				2011	2010
Parent Entity					
Queensland Treasury Holdings Pty Ltd (QTH)					
Controlled Entities of QTH					
Queensland Lottery Corporation Pty Ltd (QLC)	Australia	1	..	100%	100%
Queensland Airport Holdings (Cairns) Pty Ltd	Australia	2	126	100%	100%
Queensland Airport Holdings (Mackay) Pty Ltd	Australia	2	68	100%	100%
Network Infrastructure Company Pty Ltd *	Australia	2	..	100%	100%
Brisbane Port Holdings Pty Ltd (BPH)**	Australia	2,314,152	97,807	100%	..

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

** All shares in Brisbane Port Holdings Pty Ltd were transferred to QTH on 5 April 2011.

39 Investment in jointly controlled entity

QTH holds an investment in Dalrymple Bay Coal Terminal Holdings (DBCTH) 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		2011	2010	2011 $'000	2010 $'000	2011 $'000	2010 $'000
DBCT Holdings Pty Ltd	Coal terminal	50%	50%	3,009	2,415	..	..

As at 30 June 2011, the investment in DBCT Holdings Pty Ltd is equity accounted with a carrying value of $3.009 million in the consolidated accounts.

For details on post balance date events relating to investments in jointly controlled entity (refer note 42).

	Consolidated	
	2011	2010
Summary of financial information of jointly controlled entity:	$'000	$'000
Assets	218,388	241,468
Liabilities	212,371	236,638
Operating surplus/(deficit)	1,187	356

39 Investment in jointly controlled entity (continued)

Share of the jointly controlled entity result and retained surplus for the period ended 30 June 2011, including movements in the carrying amount of the investment, consists of:

	Consolidated	
	2011	2010
	$'000	$'000
Accumulated surplus/(deficit) attributed to jointly controlled entity:		
Share of surplus before income tax expense/revenue	594	178
Share of surplus after related income tax expense/revenue	594	178
Accumulated surplus/(deficit) attributable to jointly controlled entity at the beginning of the financial year	2415	2,237
Dividends declared	..	..
Share of surplus after related income tax expense/revenue	594	178
Accumulated surplus/(deficit) attributable to jointly controlled entity at the end of the financial year	3,009	2,415

Share of jointly controlled entity commitments

As at 30 June 2011, the controlled entity's share of operating lease expenditure commitments was $8.161 million (2010: $7.778 million).

Lease expenditure commitments

	Consolidated	
	2011	2010
Operating leases:	$'000	$'000
Minimum lease payments		
- Not later than one year	180	171
- Later than one year and not later than five years	717	682
- Later than five years	7,264	6,925
Aggregate lease expenditure contracted for at balance date	8,161	7,778

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

Name of entity	Principal activities	Percentage ownership		Carrying amount	
		2011	2010	2011	2010
		%	%	$'000	$'000
City North Infrastructure Pty Ltd*	Manages the procurement of the Airport Link and part of the Northern Busway	50%	33%	..	..
Queensland Motorways Limited**	Owns and operates toll roads and bridge infrastructure in south-east Queensland	..	..	..	..

* On 30 June 2011, a share restructure and issue of new shares resulted in the consolidated entity obtaining a 50% shareholding in City North Infrastructure (CNI) with the remaining 50% being held by the Department of Transport and Main Roads. The consolidated entity does not have control or significant influence over CNI and as such the results have not been consolidated.

** On 6 December 2010, all shares in Queensland Motorways Limited (QML) were transferred to the consolidated entity which were held in Trust on behalf of the State. No beneficial interest was transferred to the consolidated entity and as such QML's results have not been consolidated. These shares were transferred back to the State of Queensland on 27 May 2011 (2010: 2 of a total of 187,523 ordinary shares).

	Consolidated 2011 $'000	Consolidated 2010 $'000	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000

41 Investment property

Non-current				
Land				
Land (at fair value) - QAHM	16,114	16,114	..	..
Fair value adjustment	21,126	..	..	..
	37,240	16,114	..	..
Land (at fair value) - QAHC	38,550	38,550	..	..
Fair value adjustment	(9,527)	..	..	..
	29,023	38,550	..	..
Land at fair value BPH	968,251	..	..	..
Fair value adjustment	..	..	..	..
	1,034,514	54,664	..	..

Investment property consists of freehold land leased to third parties under long term arrangements. The rights to use the assets have been leased for 99 years with expiry dates ranging from December 2107 to November 2110. All buildings and other infrastructure have been treated as finance leases and derecognised in accordance with accounting policies. Only the component relating to land has not been derecognised due to the continuation of risks and rewards.

Valuations on investment property are conducted on a regular basis to ensure the carrying value does not differ materially from the fair value. The valuation assessed the fair value of land held in accordance with the fair value methodology under Australian Accounting Standards, being the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. At 30 June 2011, an independent valuation was carried out for all land held by QAHC and QAHM.

The valuation for QAHC was undertaken by Asset Val Pty Ltd. The fair value adjustment of ($9.527 million), takes into account relevant market information and economic factors including the effects on the region following the Global Financial Crisis, combined with the high Australian dollar and recent weather events which has continued to affect tourism in the region.

The fair value adjustment of $21.126 million for QAHM was undertaken by APV Valuers and Asset Management as at 30 June 2011. The valuation takes into account that Mackay Airport covers a very large portion of land within close proximity to the central business district of Mackay and as such multiple types of development surround the property including residential and commercial holdings.

The land held by BPH was valued by AssetVal Pty Ltd as at 31 March 2010. The valuation was conducted on a fair value basis using the direct comparison method of valuation. The Directors are of the opinion that the current book value represents the fair value of these assets at 30 June 2011.

The income received from the long term leases of investment property (land) for the above companies has been deferred and is recognised on a straight line basis over the lease term.

42 Events occurring after balance date

From 1 July 2011 a machinery-of-Government change will take effect to transfer staff performing the Royalty collection function from the Department of Employment, Economic Development and Innovation.

On 1 July 2011, the share in DBCTH held by Transport Holdings Queensland Pty Ltd was transferred to the consolidated entity, such that DBCTH is now wholly owned by the consolidated entity.

The department is participating in the Queensland Government's Voluntary Separation Program. The ultimate decision as to whether eligible department employees are to be offered a Voluntary Separation Package (VSP), the timing of the offer and the separation rests wholly with the department.

In summary, offers of VSPs to eligible employees in accordance with the Queensland Government's Voluntary Separation Program are calculated based on an employee's substantive appointed level, the separation date and their years of service as follows:

- a base payment of 30 weeks' pay.
- a separation payment of three weeks' pay for each completed year of service, with a pro rata payment for an incomplete year of service, up to a maximum of 60 weeks.
- the base payment for part-time employees will be adjusted to reflect the proportion of full-time hours worked by the employee as at separation date.
- the separation payment for part-time employees will be calculated on three weeks' full-time pay per year of full-time equivalent service, with a pro-rata payment for an incomplete year of full time equivalent service, to a maximum of 60 weeks.
- employees whose previous employment has been recognised (under the Recognition of Previous Service and Employment Directive) for the purposes of calculating long service entitlement are entitled to a VSP based on previously recognised and current periods of employment.
- employees whose previous employment has been recognised (under the Recognition of Previous Service and Employment Directive) for the purpose of calculating long service leave entitlement and who have received a redundancy or similar package from their previous employer will be entitled to a VSP based on their current period of employment.

Subsequent to 30 June 2011 and as at the date upon which these financial statements were authorised for issue, the Under Treasurer has made 89 formal offers of VSPs to eligible department employees in accordance with the terms specified in the Queensland Public Service Commission's Voluntary Separation Program Handbook. Forty-two employees had accepted the formal offers to the value of $4.838 million, this obligation will be settled by the department in the 2011-12 financial year. A number of offers are still being considered and the final cost is therefore unknown.

Other than as mentioned above, there are no known events occurring after the reporting date which will materially affect the consolidated entity's financial outcome reported for the 2010-11 financial year.

43 Financial instruments

(a) *Categorisation of financial instruments*

The consolidated entity has the following categories of financial assets and financial liabilites:

Category	Note	2011 $'000	2010 $'000
Financial assets			
Cash and cash equivalents	20	146,752	24,799
Receivables and Loans	21/25	202,903	15,377
Other accrued revenue	23	1,104	18,773
Financial assets at fair value through profit or loss	24	2,803,922	..
Total		3,154,681	58,949
Financial liabilities			
Payables	29	35,384	21,705
Financial liabilities - QTC borrowings	33	2,358,170	..
Total		2,393,554	21,705

43 Financial instruments (continued)

(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.

The consolidated entity's activities expose it to a variety of financial risks; market risk (including price and interest rate risk), liquidity risk and credit risk. The consolidated entity manages its exposure to these financial risks through advice and consultation with QTC primarily in relation to its borrowing activities. Risk management parameters are reviewed regularly to reflect changes in market conditions and changes to the consolidated entity's activities.

(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.

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.

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.

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.

The consolidated entity is exposed to credit risk in relation to the receivables arrangements entered into with BPH. BPH has assigned its rights to the consolidated entity to receive money owed or payable to it by the Port Manager, Port of Brisbane Pty Ltd (PBPL). An upfront payment of $50,511,095 was made to BPH for the rights to payments under a loan arrangement entered into between BPH and QPH Hold Trust as part of the sale of the Brisbane Port operations. The transaction transfers all rights and benefits of the cashflows, including the credit risk to the consolidated entity. A further amount of $121,249,852 was paid in return for BPH's rights to future licence fees from PBPL. The risks and benefits under this arrangement have also been transferred to QTH.

In the event there is a shortfall in the receipt of cashflows from PBPL, there is a guarantee from the State to enable it to meet its debt obligations backing these arrangements.

The consolidated entity is also exposed to credit risk through its investments in the QTC Cash Fund and the QTC Working Capital Facility. The QTC Cash Fund is an asset management portfolio that invests with a wide variety of high credit rating counterparties. Deposits with the QTC Cash Fund are capital guaranteed. Working Capital Facility deposits have a duration of one day and all investments are required to have a minimum credit rating of "A-", therefore the likelihood of a credit failure is remote. The remainder of cash is held with the Commonwealth Bank under the Whole of Government Cash Management facility.

43 Financial instruments (continued)

(c) Credit risk exposure (continued)

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

2011 Financial assets past due but not impaired

	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	21,568	2,815	14	89	24,486
Total	21,568	2,815	14	89	24,486

2010 Financial assets past due but not impaired

	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	2,172	262	224	926	3,584
Total	2,172	262	224	926	3,584

2011 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	..	..	..	24	24
Allowance for impairment	..	..	..	(24)	(24)
Carrying amount	..	..	..	..	..

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	..	..	..	..	..
Allowance for impairment	..	..	..	..	..
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 $24,000 for the current year (2010: $0).

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.

43 Financial instruments (continued)

(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.

The consolidated entity is exposed to liquidity risk in the normal course of business and through its borrowings from Queensland Treasury Corporation however this is mitigated by back to back arrangements whereby the entity's debt obligations relating to the Port loans are matched by the receipt of cash flows from receivables purchased from Brisbane Port Holdings Pty Ltd (BPH). Interest on the QRN share loan is capitalised. In addition there are guarantees from the State Government in the event a shortfall occurs (refer notes 25 & 33).

The following table analyses the financial liabilities held by the consolidated entity into relevant maturity periods based on the remaining period at reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows, except for payables which are shown at their carrying value.

		2011 payable in			Total
		‹ 1 year	1 - 5 years	› 5 years	
	Note	$'000	$'000	$'000	$'000
Financial liabilities					
Payables	29	35,384	..	..	35,384
QTC borrowings		2,500	2,350,382	241,642	2,594,524
Total		37,884	2,350,382	241,642	2,629,908

		2010 payable in			Total
		‹ 1 year	1 - 5 years	› 5 years	
	Note	$'000	$'000	$'000	$'000
Financial liabilities					
Payables	29	21,705	..	..	21,705
Total		21,705	..	..	21,705

(e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange, interest rates and equity prices will affect the consolidated entity's income or value of its holdings of financial instruments. The objective is to manage and control market risk exposure within acceptable parameters, while optimising return within desired frameworks. Queensland Treasury has no exposure to foreign exchange.

i) Price risk

Equity price risk arises from movements in the share price of the QR National Limited shares. The investment exposure of these shares is monitored based on market data.

ii) Interest rate risk

Interest rate exposure relating to QTC borrowings is minimised by managing to a benchmark duration, which takes into account the cashflows associated with the loans. The Board approves the interest rate risk management parameters including the target modified duration in consultation with QTC.

The consolidated entity is also exposed to interest rate risk on its financial assets through its investment in the QTC Cash Fund, the QTC Working Capital Facility and cash held with the Commonwealth Bank. The balances held in these accounts are used to meet the short term cash requirements of the consolidated entity.

43 Financial instruments (continued)

(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 $0.515 million (2010:$0.25 million) which is attributable to the department's exposure to variable interest rates on its cash balances.

		2011 Interest rate risk			
	Carrying	-1%		1%	
Financial instruments	amount	Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000
Cash*	51,536	(515)	(515)	515	515
Potential impact		(515)	(515)	515	515

*excludes fixed rate or non interest bearing assets

		2010 Interest rate risk			
	Carrying	-1%		1%	
Financial instruments	amount	Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000
Cash	24,799	(248)	(248)	248	248
Potential impact		(248)	(248)	248	248

QTC borrowings include both floating rate and loans that are fixed in nature. The interest rate sensitivity of the floating rate loan is based on a modified duration of six years and includes the effect of periodic rebalancing over the year. No interest rate sensitivity has been calculated for fixed rate loans. In relation to the QRN share loan, the loan is structured to approximate a fixed rate loan by allowing it's duration to decay. There is negligible impact on interest costs from changes in interest rates structured in this manner.

		2011 Interest rate risk			
	Carrying	-15%		15%	
Financial instruments**	amount	Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000
Shares	2,803,922	(420,588)	(420,588)	420,588	420,588
Potential impact		(420,588)	(420,588)	420,588	420,588

** Sensitivity analysis for equity instruments is based on a reasonable possible change in the ASX 200 share price which is estimated at +/- 15%

(g) Fair value

All financial instruments measured at fair value have been classified in accordance with the hierarchy described in AASB 7: *Financial Instruments: Disclosures*. The fair value hierarchy reflects the significance of the inputs used to determine the valuation of these instruments.

Level 1 fair value measurements are those derived directly from quoted market prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 fair value measurements are those using inputs other than quoted prices included within level 1 that are observable directly or indirectly from the market data.

Level 3 fair value measurements are those derived from unobservable inputs or observable inputs to which significant adjustments have been applied.

The principal inputs used to determine the valuation of financial instruments are discussed below:

Cash at bank, QTC Cash Fund & QTC Working Capital Facility are based on the current redemption value of the account.

Shares are based on the closing price listed on the Australian Securities Exchange.

Loans and receivables when short term in nature, are based on the carrying value. When recovery is deferred the receivable is discounted to present value using a discount rate taking into account any associated entity specific risks, and using valuation techniques.

43 Financial instruments (continued)

(g) Fair value (continued)

According to the above hierarchy, the fair values of each class of asset/liability recognised at fair value are as follows:

Class	Classification according to fair value hierarchy Level 1 $'000	Level 2 $'000	Level 3 $'000	2011 Total Consolidated Carrying Amount* $'000
Financial assets				
Cash at bank	119,995	..	..	119,995
QTC cash fund and working capital facility	..	26,746	..	26,746
Loans and receivables	..	52,365	127,199	179,564
Shares	2,803,922	..	..	2,803,922
Total	**2,923,917**	**79,111**	**127,199**	**3,130,227**

* no comparative data available for 2010

The fair values of assets and liabilities have been based on the following:

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

Cash and cash equivalents are held at fair value.

Financial assets at fair value through profit or loss include shares valued using the quoted bid price at reporting date.

The fair value of receivables when short term in nature, is based on the carrying value. For loans and receivables where recovery is deferred, the receivable is discounted to present value using a discount rate taking into account the entity specific risks, and using valuation techniques.

The fair value of QTC Loans is based on the QTC quoted market value of the debt outstanding at balance date.

	2011 Carrying Amount $'000	2011 Fair Value $'000	2010 Carrying Amount $'000	2010 Fair Value $'000
Financial liabilities				
Financial liabilities at amortised cost:				
Financial liabilities	2,358,170	2,368,603	..	..
Total	2,358,170	2,368,603	..	..

44 Commonwealth grants

	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Administered on behalf of the whole of Government		
GST revenue grant	8,411,724	8,089,881
Specific purpose - recurrent		
- First Home Owner Boost	19,155	175,543
- Healthcare	2,381,927	2,206,394
- Schools	704,283	640,035
- Skills and workforce development	261,553	255,038
- Disability services	201,564	171,734
- Affordable housing	240,059	234,526
National Partnership Payments - recurrent project	3,109,044	1,009,079
National Partnership Payments - recurrent facilitation	93,432	19,453
National Partnership Payments - recurrent reward	69,666	..
National Partnership Payments - capital project	1,470,569	3,891,256
National Partnership Payments - capital facilitation	..	16,493
Enhancement of marine safety in Queensland waters	..	7,474
	16,962,976	16,716,906

45 Taxes, fees, fines and levies

	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Administered on behalf of the whole of Government		
Taxes		
Casino tax	79,944	81,930
Gaming machine tax	550,223	517,212
Gold Lotto	175,270	194,937
Golden Casket	40,048	42,003
Keno tax	19,843	18,826
Land tax	1,051,387	1,033,579
Payroll tax	3,598,604	3,211,205
Duties	2,868,309	3,115,421
Wagering tax	39,554	38,928
Other taxes	792	863
	8,423,974	8,254,904
Fees		
Other fees	4,392	10,656
	4,392	10,656
Fines		
Penalties	13,609	11,615
	13,609	11,615
Levies		
Community Ambulance Cover levy *	151,945	155,424
Health Services levy	39,670	32,694
	191,615	188,118
	8,633,590	8,465,293

* refer to note 69

46 Royalties, property income and other territorial revenue

	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Administered on behalf of the whole of Government		
Competitive neutrality fees	218,909	106,122
Credit margin	4,564	14,185
Dividends	118	268
Land tax equivalent receipts	1,460	2,443
	225,051	123,018

47 Interest revenue

	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Administered on behalf of the whole of Government		
Interest from investments	4,511	9,613
Interest from loans	1,348	1,264
Interest from trust funds	25,716	..
Interest charged on departmental bank overdrafts	..	32
Interest on late payments	..	547
	31,575	11,456

48 Administered item revenue

	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Administered on behalf of the whole of Government		
Budgeted administered item appropriation and equity	4,446,878	3,594,410
Transfer (to)/from other heading	92,123	..
Unforeseen expenditure	6,846,978	195,960
Total administered item receipts	11,385,979	3,790,370
Plus closing balance of administered item receivable	237,498	245,733
Less opening balance of administered item receivable	(245,733)	(270,976)
Less closing balance of equity withdrawal payable	(80,576)	..
Total administered appropriation	11,297,168	3,765,127
This is represented by:		
Administered item revenue recognised in Statement of Comprehensive Income	4,355,785	4,248,650
Equity adjustment recognised in contributed equity	6,941,383	(483,523)
	11,297,168	3,765,127

49 Other revenue

	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Administered on behalf of the whole of Government		
Grant revenue from Qld Reconstruction Authority	15,604	..
Miscellaneous receipts	26,774	13,283
	42,378	13,283

50 Employee expenses

	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Administered on behalf of the whole of Government		
Superannuation	5,058	4,898
FBT expense	21,883	31,386
FBT recovery	(21,919)	(31,610)
Other	..	..
	5,022	4,674

51 Supplies and services

	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Administered on behalf of the whole of Government		
GST administration expense remitted to the Commonwealth	136,295	113,959
Management fees	5,974	3,522
Administration fees	13,460	5,913
Other	3,570	3,151
	159,299	126,545

52 Impairment losses

	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Administered on behalf of the whole of Government		
Impairment losses on trade receivables	13,337	52,088
	13,337	52,088

53 Grants and contributions

	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Administered on behalf of the whole of Government		
Non-capital		
SEQ Water Grid Manager	24,915	52,391
Community Investment Fund	111,284	111,447
Fuel Subsidy Scheme	(20)	11,338
Payments for duties relief	3,740	233,204
Natural Disaster Relief and Recovery Assistance (NDRRA) payments	20,357	8,179
Other	10,562	12,531
Capital		
Payments for on-passing (capital)	13,273	3,042
Community Investment Fund	19,797	33,541
Other	17,304	8,300
	221,212	473,973

54 Benefit payments

	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Administered on behalf of the whole of Government		
First Home Owner Payments	123,780	379,485
	123,780	379,485

55 Interest expense

	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Administered on behalf of the whole of Government		
Interest paid by Treasury Investment Suspense Account on trust and bank balances	62,412	38,143
	62,412	38,143

56 Borrowing costs

	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Administered on behalf of the whole of Government		
Interest on loans – Commonwealth Government	2,156	2,189
Interest on loans – QTC	940,960	624,313
Interest - Other	308	926
Market Value Realisation charge on repayment of QTC Borrowings	(4,465)	..
	938,959	627,428

57 Other expenses

	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Administered on behalf of the whole of Government		
Queensland Government Insurance Fund claims and concessions	90,823	110,040
Other	13,901	11,436
	104,724	121,476

58 Total administered comprehensive income

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

59 Cash

	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Administered on behalf of the whole of Government		
Cash at bank	3,009,114	1,336,441
Comprised of:		
Whole of Government Treasury Offset arrangement*	749,173	634,245
Other administered bank accounts	2,259,941	702,196
	3,009,114	1,336,441

* 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 Treasury administered bank accounts including the Treasury Offset Bank Account. Overdraft facilities are stated at cost plus capitalised interest.

The 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 2011 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 2011 the rate was 4.75% (2010: 4.5%).

60 Receivables

	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Administered on behalf of the whole of Government		
Current		
Trade debtors	381,056	275,729
Less allowance for impairment	(55,121)	(95,334)
	325,935	180,395
Loans and advances *	14,903	16,475
	14,903	16,475
Administered item revenue receivable	237,498	245,732
	237,498	245,732
	578,336	442,602
Non-current		
Loans and advances *	97,407	139,510
	97,407	139,510
Other debtors	2,845	2,853
	2,845	2,853
	100,252	142,363
Movements in the provision for impairment		
Balance at 1 July	95,334	57,693
Amounts written off during the year	(54,192)	(14,446)
Amounts recovered during the year	643	..
Increase/(decrease) recognised in Statement of Comprehensive Income	13,337	52,087
Balance at 30 June	55,122	95,334

* Natural Disaster Relief and Recovery Arrangements (NDRRA) loans are carried at amortised cost. 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 2010-11 year the interest rate was 2.77% (2010: 2.56%) which was calculated as 50% of the 10-year Treasury bond rate, averaged over the three-month period between April and June 2010.

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

61 Other current assets

	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Administered on behalf of the whole of Government		
Current		
Other accrued revenue	53,604	34,971
	53,604	34,971

62 Payables

	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Administered on behalf of the whole of Government		
Current		
GST input tax credits receivable	(334)	(180)
GST payable	8,965	7,601
Net GST payable	8,631	7,421
Trade creditors	82,026	17,811
Payable to central schemes	337,936	295,400
Insurance premiums on-pass to State	3,878	67,215
Repayment of GST to Commonwealth	..	91,000
Other creditors	6,754	25,516
	439,225	504,363

63 Interest-bearing liabilities

	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Administered on behalf of the whole of Government		
Current		
Commonwealth borrowings #	8,761	10,475
	8,761	10,475
Non-current		
Commonwealth borrowings #	43,845	48,250
QTC Borrowings *	20,288,630	12,827,328
	20,332,475	12,875,578

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 2010-11 year the interest rate was 2.77% (2010: 2.56%) which was calculated as 50% of the 10-year Treasury bond rate, averaged over the three-month period between April and June 2010.

* 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 3.63% and 6.37% (2010: between 6.11% and 7.42%) and is accrued and paid quarterly to QTC.

64 Other liabilities

	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Administered on behalf of the whole of Government		
Unearned revenue	134,859	15,877
Sundry liabilities	14,686	15,209
	149,545	31,086

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

	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Administered on behalf of the whole of Government		
Administered comprehensive income	(5,723)	(44,238)
Add/(subtract) items classified as investing/financing activities:		
Interest revenue on loans	..	34
Commonwealth NDRRA borrowing	(2,979)	(129)
Interest Expense on QTC loans	17,789	7,283
Change in assets and liabilities:		
(Increase)/decrease in GST input tax credits receivable	1,210	52
(Increase)/decrease in trade and other receivables	(164,173)	44,583
(Increase)/decrease in other assets	(79,894)	37,951
(Increase)/decrease in administered appropriation receivable	8,234	25,244
Increase/(decrease) in trade and other payables	(28,466)	128,370
Increase/(decrease) in GST payable	..	(1,332)
Increase/(decrease) in transfers to Government payable	667,812	9,932
Net cash provided by/(used in) operating activities	413,810	207,750

66 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-reciprocal transfer of borrowings in accordance with AASB 1004 *Contributions*.

On 19 November 2010, $4.388 billion of debt associated with QR Limited was transferred to Treasury Administered. The transfer was deemed to be a contribution/distribution by/from the owners and was adjusted against QR Limited's and Treasury Administered's contributed equity as a non-reciprocal transfer of borrowings in accordance with AASB 1004 *Contributions*.

On 30 May 2011, $961.774 million of debt associated with The Gateway Bridge Company Limited ($865.168 million), Logan Motorway Company Limited ($67.501 million) and Queensland Motorways Management Propriety Limited ($29.105 million) was transferred to Treasury Administered. The transfer was deemed to be a contribution/distribution by/from the owners and was adjusted against Queensland Motorways Limited's and Treasury Administered's contributed equity as a non-reciprocal transfer of borrowings in accordance with AASB 1004 *Contributions*.

On 31 May 2011, $914.953 million of Ports Corporation of Queensland Limited Abbot Point Debt was transferred to Treasury Administered. The transfer was deemed to be a contribution/distribution by/from the owners and was adjusted against Ports Corporation of Queensland Limited's and Treasury Administered's contributed equity as a non-reciprocal transfer of borrowings in accordance with AASB 1004 *Contributions*.

67 Commitments for expenditure

	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
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:		
Not later than one year	164,714	156,863
Later than one year and not later than five years	412,742	433,965
Later than five years	..	..
Total commitments	577,456	590,828

68 Contingencies

Administered on behalf of the whole of Government

Litigation in progress

As at 30 June 2011 the following cases were filed in the courts:

	Cases
Supreme Court	8
Civil and Administrative Tribunal	4
Magistrates Court	0
Total	12

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 Queensland Treasury's financial statements.

An estimate of the liability and/or potential revenue foregone should the outcomes of the abovementioned cases prove unfavourable for Queensland Treasury is $21.815 million.

In addition to the above, as at 30 June 2011, the Office of State Revenue was considering 232 objections relating to duties, payroll tax, land tax, Community Ambulance Cover and the First Home Owner Grant scheme.

69 Events occurring after balance date

From 1 July 2011 a machinery-of-Government change will take effect to transfer the Royalty collection function from the Department of Employment, Economic Development and Innovation to Queensland Treasury. The royalty collection is estimated to be $3.278 billion of administered revenue to the department in 2011-12.

From 1 July 2011 the Community Ambulance Cover levy (CAC) will be abolished.

70 Financial instruments

(a) *Categorisation of financial instruments*

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

Administered on behalf of the whole of Government

Category	Notes	2011 $'000	2010 $'000
Financial assets			
Cash and cash equivalents	59	3,009,114	1,336,441
Receivables	60	678,588	584,965
Accrued taxes, fees and fines		292,849	212,954
Other current assets	61	53,604	34,971
Total		4,034,155	2,169,331
Financial liabilities			
Payables		1,390,716	788,042
Commonwealth borrowings	63	52,606	58,725
QTC borrowings	63	20,288,630	12,827,328
Sundry liabilities	64	14,686	15,209
Total		21,746,638	13,689,304

(b) *Financial risk management*

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

Queensland 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).

Queensland Treasury's internal financial reporting framework and oversight by the department's Resource Governance and Risk Management committees also contribute to the effective management of the department's financial risks.

70 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.

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.

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.

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

2011 Financial assets past due but not impaired

	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	30,875	16,835	10,789	108,181	166,680
Total	30,875	16,835	10,789	108,181	166,680

Administered on behalf of the whole of Government

2010 Financial assets past due but not impaired

	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	9,927	5,633	11,566	83,696	110,822
Total	9,927	5,633	11,566	83,696	110,822

70 Financial instruments (continued)

(c) Credit risk exposure (continued)

Administered on behalf of the whole of Government

2011 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	927	654	2,609	50,931	55,121
Allowance for impairment	(927)	(654)	(2,609)	(50,931)	(55,121)
Carrying Amount	..	..	..	..	..

Administered on behalf of the whole of Government

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	1,497	2,763	980	90,093	95,333
Allowance for impairment	(1,497)	(2,763)	(980)	(90,093)	(95,333)
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 $40.855 million for the current year (2010: $37.641 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.

70 Financial instruments (continued)

(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.

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

		2011 payable in			Total
		< 1 year	1 - 5 years	> 5 years	
	Notes	$'000	$'000	$'000	$'000
Financial liabilities					
Payables		1,390,716	..	..	1,390,716
Sundry liabilities	64	14,686	..	..	14,686
Commonwealth borrowings		10,501	36,962	5,143	52,606
QTC borrowings		3,132,153	4,521,122	18,130,418	25,783,693
Total		4,548,056	4,558,084	18,135,561	27,241,701

Administered on behalf of the whole of Government

		2010 payable in			Total
		< 1 year	1 - 5 years	> 5 years	
	Notes	$'000	$'000	$'000	$'000
Financial liabilities					
Payables		788,042	..	..	788,042
Sundry liabilities	64	15,209	..	..	15,209
Commonwealth borrowings		7,858	37,079	13,787	58,724
QTC borrowings		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

(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 $5.545 million (2010:$ 5.969 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.

70 Financial instruments (continued)

(f) Interest rate sensitivity analysis (continued)

Administered on behalf of the whole of Government

Financial instruments	Carrying amount	2011 Interest rate risk -1% Profit	-1% Equity	1% Profit	1% Equity
	$'000	$'000	$'000	$'000	$'000
Cash	3,009,114	(30,091)	(30,091)	30,091	30,091
Commonwealth borrowings	52,606	526	526	(526)	(526)
QTC borrowings - FRDP	1,946,629	19,466	19,466	(19,466)	(19,466)
QTC borrowings - GDP*	18,342,000	15,644	15,644	(15,644)	(15,644)
Potential Impact		5,545	5,545	(5,545)	(5,545)

Administered on behalf of the whole of Government

Financial instruments	Carrying amount	2010 Interest rate risk -1% Profit	-1% Equity	1% Profit	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)
Potential Impact		5,969	5,969	(5,969)	(5,969)

* QTC borrowing GDP includes a portion of fixed rate loans which are not affected by movements in interest rates.

70 Financial instruments (continued)

(g) *Fair value*

Queensland Treasury does not recognise any financial assets or financial liabilities at fair value other than for cash and cash equivalents on its Statement of Financial Position.

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

	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	$'000	$'000	$'000	$'000
Financial assets				
Receivables	678,588	623,440	584,965	594,705
	678,588	623,440	584,965	594,705
Financial liabilities				
Commonwealth borrowings	52,606	51,868	58,724	54,293
QTC borrowings	20,288,629	20,728,024	12,827,328	13,201,788
Total	20,341,235	20,779,892	12,886,052	13,256,081

71 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.

Name	Description
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 SEQ Bulk Water authorities. General Rates Equivalents are then forwarded to local authorities.
Services Provision Fund	Microsoft provided an amount equal to 6 percent 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.
QR National Refund Account	Queensland Treasury as the supply facilitator for the sale of QR National managed the bank accounts associated with the 'Initial Public Offering' (IPO). The Department holds the remaining account in trust for the State of Queensland and does not have any control over the funds. Net proceeds including interest to date were recorded in the Consolidated Fund for the State of Queensland. The current balance of funds represents un-presented refund cheques and associated interest.
ICT Innovation Fund	The ICT Innovation Fund provides funding for the identification and implementation of innovative ways for the Queensland Government to do business through early engagement of ICT-enabled projects, including feasibility studies, pilot projects and proofs of concept.

The Queensland Auditor –General performed the audit of the department's trust transactions for 2010-11.

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

71 Trust transactions and balances (continued)

	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Expenses and revenue administered on behalf of other entities		
Administered revenues		
Interest income	208	49
Tax equivalent receipts	2,953	2,945
Unclaimed monies	970	4,470
Services Provision Fund revenue	..	7,200
Total administered revenues	4,131	14,664
Administered expenses		
Transfers to other government entities	13,123	3,816
Administration charges	1	1
Claims and settlements	201	372
Special payments	2,953	2,945
Services Provision Fund claims	2,130	2,943
Interest expense	114	342
Total administered expenses	18,522	10,419
Net surplus/(deficit)	(14,391)	4,245

71 Trust transactions and balances (continued)

	Queensland Treasury 2011 $'000	Queensland Treasury 2010 $'000
Assets and liabilities administered on behalf of other entities		
Administered current assets		
Cash at bank		
QR National	132	..
Local Government General Rates Equivalents Regime	3	230
Services Provision Fund	4,491	6,621
Treasurer of Queensland Deposits	1,537	1,200
Treasurer's Unclaimed Monies Fund*	1	12,355
Total	6,164	20,406
Investments		
Government and other bonds	185	425
Total	185	425
Total administered assets	6,349	20,831
Other Creditors		
Accrued expenses other	..	(226)
Other deposits held	(9)	(8)
Total	(9)	(234)
Total administered liabilities	(9)	(234)
Net assets	6,340	20,597

* From 1 July 2010 responsibility for administering the Treasurer's Unclaimed Money's Fund transferred to the Public Trustee.

72 Transfer payments

Payments under the Intergovernmental Agreement on Federal Financial Relations 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.

While most of these payments are receipted and paid out to departments via appropriation funding, some payments are passed on directly to the relevant entities. These payments occur where:

- The payment is ultimately for a third party – for example, non-Government schools and local governments
- The payment is a reimbursement of expenditure incurred by the State after invoicing the Commonwealth or
- The agreement with the Commonwealth requires the payment to be paid into an interest bearing account held by the final recipient of the funding.

Amounts received from the Commonwealth for direct payments to the following entities in 2010-11 totalled $1.982 billion (2009-10 totalled $2.095 billion):

- Department of Community Safety
- Department of the Premier and Cabinet
- Department of Local Government and Planning
- Department of Employment, Economic Development and Innovation
- Department of Education and Training
- Department of Environment and Resource Management
- Queensland Rural Adjustment Authority

73 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 2010-11 financial year the total value of grants paid was $44.156 million (2009-10 totalled $1.083 million).

CERTIFICATE OF QUEENSLAND TREASURY

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 Queensland Treasury for the financial year ended 30 June 2011 and of the financial position of the department at the end of that year.

D ANSON CPA	G BRADLEY CPA, FCA
Chief Financial Officer	Under Treasurer
31 August 2011	31 August 2011

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Queensland Treasury

Report on the Financial Report

I have audited the accompanying financial report of Queensland Treasury, which comprises the statements of financial position and statements of assets and liabilities by service/major activities as at 30 June 2011, the statements of comprehensive income, statements of changes in equity, statements of cash flows and statements of comprehensive income by service/major activities for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certificates given by the Under Treasurer and the 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 of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Accountable Officer's responsibility also includes such internal control as the Accountable Officer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinion

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

(a) I have received all the information and explanations which I have required; and

(b) in my opinion –

  (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and

  (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of Queensland Treasury and the consolidated entity for the financial year 1 July 2010 to 30 June 2011 and of the financial position as at the end of that year.

Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Queensland Treasury and the consolidated entity for the year ended 30 June 2011. Where the financial report is included on the Queensland Treasury's website, the Accountable Officer is responsible for the integrity of Queensland Treasury's website and I have not been engaged to report on the integrity of Queensland Treasury's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

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

AUDITOR GENERAL
31 AUG 2011
OF QUEENSLAND

G G POOLE FCPA
Auditor-General of Queensland

Queensland Audit Office
Brisbane

Appendices

Overseas travel

Name of officer and position	Destination	Reason for travel	Agency cost	Contribution from other agencies or sources
Gerard Bradley, Under Treasurer	Japan (March 2011)	Queensland Treasury Corporation (QTC) Overseas Investor Relations Program - briefing sessions and presentation to potential investor groups and merchant banks.	NIL	$10,368 (QTC)
Alex Beavers, Deputy Under Treasurer	Hong Kong, Singapore, Japan & USA (October 2010)	QTC Overseas Investor Relations Program - briefing sessions and presentation to potential investor groups and merchant banks.	$4,710	$19,288 (QTC)

Consultancies

Actual expenditure - end of financial year

Consultancies	
Consultants - communications	652,560
Consultants - finance/accounting	10,891,962
Consultants - human resource management	50,079
Consultants - professional and technical	92,951,887
Consultants - legal	16,703,436
Consultants	**121,249,924**

Statutory authorities

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	*Queensland Competition Authority Act 1997*

The Minister for Finance, Natural Resources and The Arts 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 (trading as Seqwater): responsibility shared with the Minister for Energy and Water Utilities
- Queensland Bulk Water Transport Authority (trading as LinkWater): responsibility shared with the Minister for Energy and Water Utilities
- Queensland Manufactured Water Authority (trading as WaterSecure): responsibility shared with the Minister for Energy and Water Utilities
- SEQ Water Grid Manager: responsibility shared with the Minister for Energy and Water Utilities.

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, payroll 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 144).

Treasury legislation

Airport Assets (Restructuring and Disposal) Act 2008

Anzac Square Development Project Act 1982

Appropriation Act 2008

Appropriation Act 2009

Appropriation Act 2010

Appropriation Act (No. 2) 2008

Appropriation (Parliament) Act 2008

Appropriation (Parliament) Act 2009

Appropriation (Parliament) Act 2010

Appropriation (Parliament) Act (No. 2) 2008

Brisbane Markets Act 2002

Brisbane Trades Hall Management Act 1984

Central Queensland Coal Associates Agreement Act 1968 (Sch pt V)

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

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

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 2010

Liquor Act 1992 (ss 219(2), 219(3) and 220(3))

Motor Accident Insurance Act 1994

Mutual Recognition (Queensland) Act 1992

Occupational Licensing National Law (Queensland) Act 2010

Payroll Tax Act 1971

Public Officers' Superannuation Benefits Recovery Act 1988

Queensland Competition Authority Act 1997

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 the Act)

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

Trans-Tasman Mutual Recognition (Queensland) Act 2003

Glossary

Building Boost Grant, Queensland

A $10,000 grant available from 1 August 2011 to 31 January 2012 to any person or corporation buying or building a new home to live in, or to rent out for investment purposes, for homes valued at less than $600,000.

Commonwealth Grants Commission

An independent statutory body that recommends how revenues raised from the goods and services tax should be distributed to the states and territories.

Council of Australian Governments (COAG)

Australia's peak intergovernmental forum, comprising the Prime Minister, state premiers, territory chief ministers and the President of the Australian Local Government Association.

Duties

A State tax on certain transactions including transfer of property, vehicle registration, insurance contracts and other acquisitions.

Economic modelling

Application of a formal logical and quantitative framework for analysing economic issues, projections or policy options.

Government-owned corporation

Government-owned trading enterprises which conduct activities and provide services in a commercially orientated environment.

Land rich duty

A State tax on corporations that are considered rich in land holdings: their Queensland land holdings are valued at $1 million or more, or the value of all their land holdings, wherever they are, represent 60 per cent or more of the value of all their property.

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.

Payroll tax

A State tax that needs to be paid if a company pays more than $1 million per year in taxable wages.

Public interest disclosure

In a public sector environment, a public interest disclosure occurs when someone speaks out about wrongdoing in the workplace, such as bullying, harassment, official misconduct, misuse of public funds, or a danger to health and safety.

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 Statements

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.

VOIP

Voice over internet protocol – a technology that allows telephone calls to be made over the Internet.

Webinar

A seminar transmitted over the internet which, unlike a webcast, allows participants to give, receive and discuss information.

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Contact us

Queensland Treasury – principal place of business

Executive Building
100 George Street
GPO Box 611
BRISBANE QLD 4001 Australia

Phone: +61 7 3224 5908

Executive Services

Office of the Under Treasurer
Phone +61 7 3224 4643

Cabinet Legislation and Liaison Officer
Phone +61 7 3224 4074

Legal Services Unit
Phone +61 7 3224 4601

Treasury Office
Phone +61 7 3224 5908

Motor Accident Insurance Commission

Phone: +61 7 3227 8088

Address: Level 9
33 Charlotte Street
BRISBANE QLD 4000

Email: **maic@maic.qld.gov.au**

Web: **www.maic.qld.gov.au**

Office of Economic and Statistical Research

Phone: +61 7 3224 5326

Address: Level 8
33 Charlotte Street
BRISBANE QLD 4000

Email: **oesr@treasury.qld.gov.au**

Web: **www.oesr.qld.gov.au**

Office of Government Owned Corporations

Phone: +61 7 3224 8967

Address: Executive Building
Level 8,100 George Street
BRISBANE QLD 4000

Email: **info@ogoc.qld.gov.au**

Web: **www.ogoc.qld.gov.au**

Office of State Revenue

Phone: (in Australia) 1300 300 734

Address: PO Box 15931
CITY EAST 4002

Email: **clientcontactcentre@osr.treasury.qld.gov.au**

Web: **www.osr.qld.gov.au**

Corporate Services

Phone: +61 7 3035 3101

Address: Level 3
33 Charlotte Street
BRISBANE QLD 4000

Queensland Treasury Corporation

Phone: +61 7 3842 4600

Address: Level 14, 61 Mary Street
BRISBANE QLD 4000

Email: **qtc@qtc.com.au**

Web: **www.qtc.qld.gov.au**

Feedback

Help us improve our annual report by sharing your feedback with us.

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 online 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 with complaints promptly and professionally.

About our cover

Back cover, left to right

Treasury's work with the Australian Bureau of Statistics on the 2011 Census will help address the serious undercount of Indigenous Australians in past censuses.

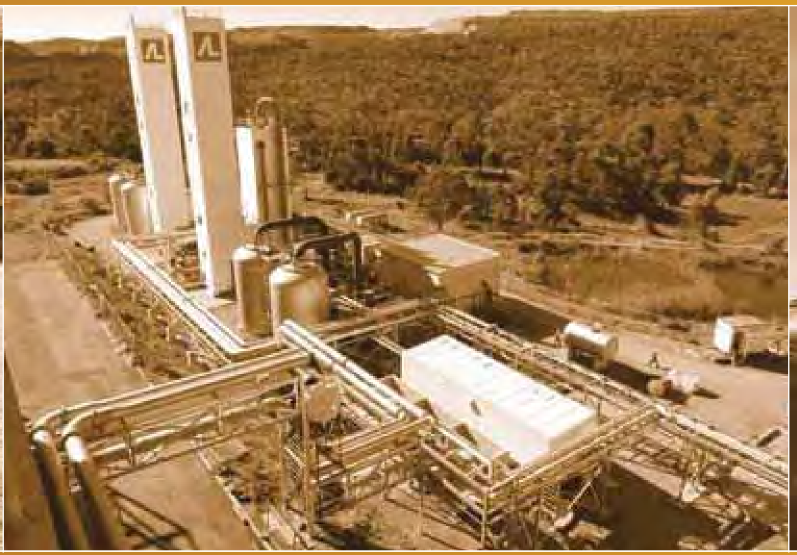
Queensland's energy GOCs are meeting the challenge of climate change through projects such as the Callide Oxyfuel project.

Front cover, left to right

The listing of 66 per cent of QR National was part of the Government's program of asset sales which strengthened Queensland's balance sheet.

The $10,000 Queensland Building Boost grant is expected to inject an additional $140 million into the State's economy.

Treasury coordinated the 2011-12 State Budget, which included a revised estimate of around $6.8 billion for the cost of the 2010-11 natural disasters.



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