

2014

ANNUAL REPORT

2015



Queensland
Government

The Honourable Curtis Pitt MP
Treasurer,
Minister for Employment and Industrial Relations
Minister for Aboriginal and Torres Strait Islander Partnerships
GPO Box 611
BRISBANE Qld 4001

Dear Treasurer

I am pleased to present the Annual Report 2014-2015 and financial statements 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*.

Significant changes to the department during the year included:

- the transfer of the business and skilled migration function of Trade and Investment Queensland to our organisation to provide increased status and focus to this area
- Treasury assuming responsibility for the government's employment policy initiatives.

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

Yours sincerely



Jim Murphy
Under Treasurer

Contents

Letter of compliance	Inside front cover
Under Treasurer's report	1
Highlights	2
About us	4
Managing our organisation	6
Our people	10
Service reports	
Fiscal	16
Economic	20
Commercial services	24
Revenue management	28
Financial summary	32
Financial statements	37
Appendices	
Management committees	103
External scrutiny	105
Publications	106
Statutory bodies	106
Information management	106
Legislation	107
Glossary	108
Contact us	111



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About our annual report

The Queensland Treasury Annual Report 2014-15 is an integral part of our corporate governance framework and 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 2014-15 financial year. It aligns with the Queensland Government's objectives for the community, the Queensland Treasury Strategic Plan 2014-18, and the department's Service Delivery Statement 2014-15. It also provides information on our future direction, people management and corporate governance processes.

Find our report online

This report is available online:

<https://www.treasury.qld.gov.au/publications-resources/>

For enquiries about this annual report, contact the Principal Communications Officer, Strategic Communications
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annualreport@treasury.qld.gov.au

Under Treasurer's report



My commencement with Queensland Treasury in June 2015 came at the end of a year of substantial change with our new State Government attaining office following the January 2015 election. Throughout this period we remained focused on implementing and refining our strategic plan. As a result we have made substantial progress towards our strategic priorities – to strengthen our economy, invest in our communities, and empower our people. This in turn has delivered tangible

outcomes contributing to the Queensland Government's objectives for the community.

Creating an environment for fiscal strength and economic growth has been at the forefront of our efforts in 2014-15. Treasury completed the Review of State Finances recommending enhanced fiscal principles and informing the government's Debt Action Plan. We developed the 2015-16 State Budget, which has forecast a \$1.2 billion operating surplus for 2015-16 and General Government debt is forecast to be \$75 billion lower in 2017-18 than projected in the 2014-15 Mid-Year Fiscal and Economic Review. I commend our Fiscal Group for leading this work, which will make a real improvement to the quality of life for Queenslanders.

Treasury is also taking a lead role in supporting the government's priority to create jobs for Queenslanders. Our Economics Group has taken responsibility for employment policy and established the Employment Policy Unit. This unit will support the Queensland Government's Working Queensland jobs plan and coordinate further policy development and programs across government. We will also focus on maximising workforce participation and improving employment outcomes for disadvantaged groups. Importantly, we will deliver the government's Employment Policy Framework which will ensure sound economic rationale underpins our employment policies and programs.

Treasury will continue to ensure maximum value for money for Queensland's infrastructure investments with the transformation of our Commercial Group (formerly Projects Queensland) following the establishment of Building Queensland. Commercial Group will work closely with Building Queensland in the early stages of project assessment to optimise opportunities for private financing and innovative private sector engagement. In 2014-15 we also established guidelines for market-led proposals as an outcome of the Project Assessment Framework review. This reflects our commitment to strengthening our economy through attracting private investment.

In addition to the improvements to our procurement practices, our Commercial Group remained focused on delivery and collaboration

as evidenced by two significant announcements in July 2015. The government awarded the \$1.6 billion Toowoomba Second Range Crossing to Nexus, and selected Destination Brisbane Consortium as the preferred proponent ahead of contractual close for the \$2 billion Queen's Wharf Brisbane resort development. Both projects will bring substantial benefits to Queensland businesses and communities.

Key to the delivery of services and infrastructure for Queenslanders is a secure and well-managed revenue base. In 2014-15 the Office of State Revenue (OSR) managed \$12.9 billion in revenue and grants. As part of its continued focus on improving compliance and recovery processes OSR introduced a royalty penalty amnesty period to promote voluntary disclosures of understated liabilities, and established the Penalty Debt Management Council to enhance management of revenue from fines and penalties. In the year ahead OSR will continue to apply its risk-based revenue management expertise to ensure the integrity of our state's revenue.

In the year ahead we will see more significant personnel changes with the retirement of Deputy Under Treasurer Fiscal Group John O'Connell, following 23 years of outstanding service to Treasury and 20 years with the Commonwealth Government prior to that. In addition, the Office of Industrial Relations (formerly the Office of Fair and Safe Work Queensland) joined Treasury on 1 July 2015, strengthening our focus on the government's commitment to productive and fair Queensland workplaces.

Since joining Treasury I have observed some common threads which drive Treasury's people, including a commitment to excellence and a strong desire for collaboration across government, industry and communities. Above all, Treasury's people are dedicated to Queensland.

I am grateful to Treasury's people for delivering these significant achievements in 2014-15 and I look forward to delivering more for Queenslanders in the year ahead.

Jim Murphy
Under Treasurer

HIGHLIGHTS

In 2014-15
Queensland
Treasury remained
focused on
delivering
prosperity for
Queenslanders
through fiscal
strength and
economic growth,
investing in our
community and
empowering our
people.

Strengthening our economy



Developed the 2015-16 State Budget, forecasting a \$1.2 billion surplus for 2015-16 and significant debt reduction



Established the Employment Policy Unit to support the government's Working Queensland program



Established the Queensland Productivity Commission to help improve living standards for Queenslanders



Established guidelines for market-led project proposals



Completed the Review of State Finances recommending enhanced fiscal principles and informing the government's Debt Action Plan



Managed procurement for major state infrastructure including the Toowoomba Second Range Crossing, Herston Quarter Redevelopment, Queen's Wharf Brisbane and 1 William Street



Welcomed the Office of Industrial Relations from the Department of Justice and Attorney-General

RIGHTS

Supporting our community



Introduced a land tax exemption for people who acquire a new home during a financial year but don't complete the sale of their old home by 30 June



Completed procurement for projects with substantial community and business benefits including Queensland Schools, Government Wireless Network and New Generation Rollingstock (trains)



Managed \$12.9 billion in revenue and grants supporting the services and infrastructure Queenslanders need



Administered the Great Start Grant with 6,093 grants worth \$91.4 million paid in 2014-15¹



Introduced a royalty penalty amnesty to promote voluntary disclosures of understated liabilities



Through the Government Banking Unit, helped agencies improve payment offerings for customers



Established the Penalty Debt Management Council to enhance management of revenue from fines and penalties

Empowering our people



Welcomed another 19 graduates into our highly regarded GRADStart program



Established the innovative Employee Exchange Program to transfer knowledge between the public and private sectors



Established the Great Leaders Program combining emerging neuroscience and management research to advance Treasury's next generation of leaders

¹ As at 30/7/2015

ABOUT US

Our vision

Strengthening Queensland's economy to improve prosperity for Queenslanders for generations to come.

Our values

Our highly skilled and capable people deliver on this vision by practising the public service values of:

- customers first
- ideas into action
- unleash potential
- be courageous
- empower people.

Who we are

Queensland Treasury is the government's expert on state finances and the economy. We aim to improve quality of life for Queenslanders by stimulating and strengthening the economy to create jobs and improve frontline services. We do this by:

- supporting an economic climate for growth, investment and jobs
- managing the state's budget to maximise services and minimise costs
- making sure taxpayer dollars are spent in the best possible way
- providing economic and financial advice across government to support investment in essential services for Queenslanders.

Key areas of responsibility

Fiscal

We provide 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 government's fiscal strategy and drive the State Budget to ensure responsible fiscal management.

Economic

We provide policy advice, statistical, economic and demographic research and analysis across government, and manage the state's shareholding interest in the government-owned corporations (GOC) sector. We also manage intergovernmental fiscal relations and advise on microeconomic, productivity and competition reform.

Commercial

We lead the procurement stage of privately financed major public infrastructure and service projects on behalf of Queensland Government agencies. Commercial Group does this by undertaking best-practice procurement processes which reduce project development time and costs, and by partnering with the private sector to invest in the state's infrastructure.

Revenue management

Treasury administers a revenue base of \$12.9 billion by delivering simple, efficient and equitable revenue management services for

state taxes, royalty revenue and revenue from fines and penalties (penalty debts).

Statutory bodies

We are responsible for four statutory bodies: the Motor Accident Insurance Commission, Nominal Defendant, Queensland Treasury Corporation and the Queensland Competition Authority. These authorities produce their own annual reports.

Our clients

Treasury's diverse portfolio is reflected in a broad range of clients: from the Premier and the Treasurer for whom we provide high-level fiscal, economic, commercial advice and support; government agencies with whom we partner to meet their infrastructure and procurement needs; the business and the non-government sectors; through to first homebuyers and fine debtors. We also invest heavily in relationships with business, industry, academia and other key stakeholders to influence policy agendas for maximum value to the economy.

How we began

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

Our first fiscal challenge

Treasury faced its first major fiscal challenge soon after its establishment. When Governor Bowen first opened the coffers, he found just seven-and-a-half-pence. As reported in *The North Australian, Ipswich and General Advertiser* in December 1859, "Some burglar broke open the room in... the Treasury Office and stole a cash-box which only contained seven pence in coppers. The man is a fool as well as a rogue, or he would have waited a better time, until some revenue was collected." Thankfully, the revenues of the new colony had recovered by the end of 1860 by some £178,589.



Changes for Treasury

Following the January 2015 Queensland election, the Honourable Curtis Pitt MP became Treasurer, Minister for Employment and Industrial Relations and Minister for Aboriginal and Torres Strait Islander Partnerships. This created opportunities for us to collaborate with the government's employment policy and industrial relations functions.

Our Economics Group took responsibility for employment policy in February 2015, and assumed responsibility for business and skilled migration policy from Trade and Investment Queensland.

The Office of Industrial Relations formally joined us from the Department of Justice and Attorney-General on 1 July 2015, allowing it to continue its commitment to the government's priorities through Workplace Health and Safety Queensland, the Electrical Safety Office, the Workers' Compensation Regulator, Industrial Relations Policy and Regulation and Public Sector Industrial Relations.

To respond to a key election commitment, in early 2015 Treasury laid the groundwork to establish the Queensland Productivity Commission. The commission's charter is to drive economic growth and lift productivity and living standards by advising on complex economic and regulatory issues. Its first task is to conduct a public inquiry into electricity prices in Queensland. Over time, the commission will become a statutory body under its own legislation. Read more on pages 22 and 23.

In early 2015 we helped establish Building Queensland to provide independent advice on infrastructure priorities so that the government can invest in value-for-money projects for long-term benefits. Our Commercial Group (formerly Projects Queensland) will work with Building Queensland, providing commercial advice to assess opportunities for financing and innovative private sector engagement. Read more about Building Queensland and Commercial Group on pages 24 to 27.

Coaching leads to great leaders

Access to an executive coach through the Great Leaders Program has been a game changer for Teresa Guiney.

The Acting Director of the Office of State Revenue Payroll Tax Division is one of seven Queensland Treasury employees reaping the benefits from the leadership development program.

While already a high performer, the one-to-one coaching has helped Teresa refine her performance through a focus on capabilities and development needs unique to her.

"The experience has been tailored to my individual needs and enabled me to really focus on my development," she said.

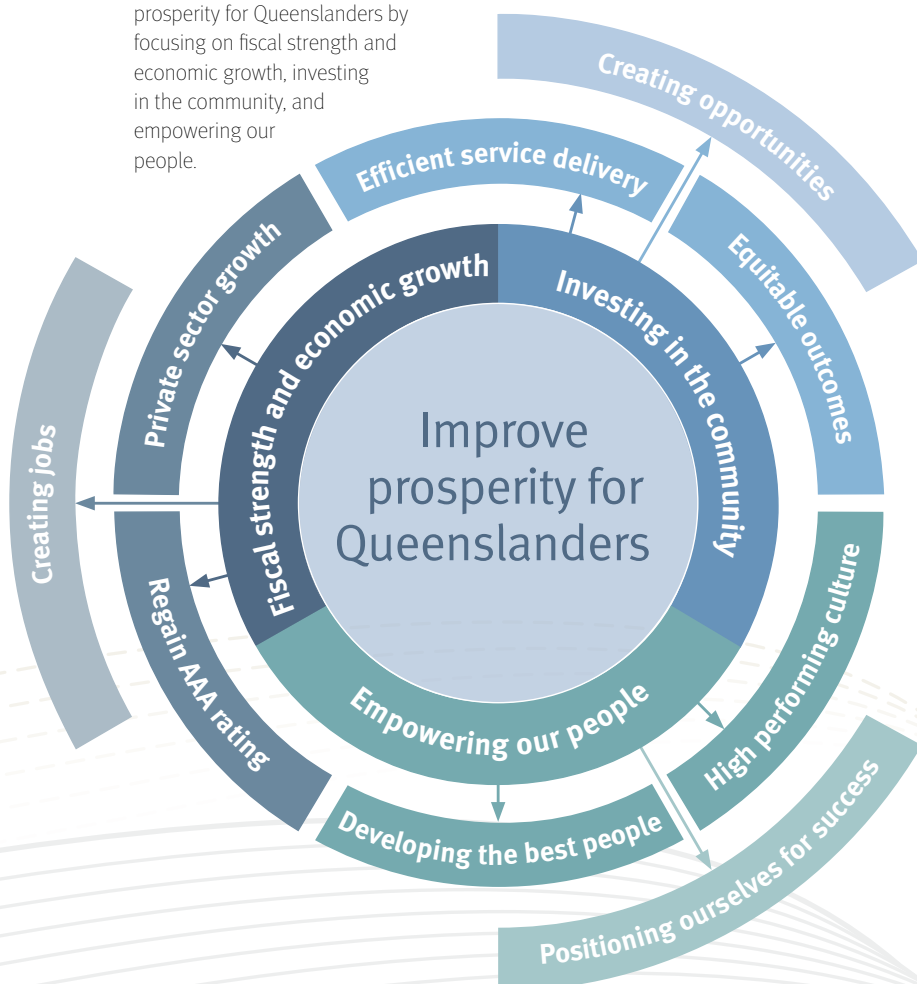
The Great Leaders Program has been developed in partnership with QUT. In addition to coaching, it includes 360 degree surveys and access to MindGym sessions, which draw on emerging neuroscience insights to enhance leadership of self and others.



MANAGING OUR ORGA

Our Strategic Plan 2014-18

Our five-year Strategic Plan – reviewed every year – sets our future directions and key priorities. It outlines how we are improving prosperity for Queenslanders by focusing on fiscal strength and economic growth, investing in the community, and empowering our people.



Our fiscal strategy

Our fiscal strategy outlines the five fiscal principles on which the Treasurer reports to State Parliament:

1	Target ongoing reductions in Queensland's relative debt burden, as measured by the General Government debt to revenue ratio.
2	Target a net operating surplus that ensures any new capital investment is funded primarily through recurrent revenues rather than borrowing.
3	Manage the capital program to ensure a consistent flow of works to support jobs and the economy and reduce the risk of backlogs emerging.
4	Maintain competitive taxation by ensuring that General Government sector own-source revenue remains at or below 8.5% of gross state product, on average, over the forward estimates.
5	Target full funding of long term liabilities such as superannuation and WorkCover Queensland in accordance with actuarial advice.

G ANISATION

Each year's State Budget, mid-year review and end-of-year outcomes report outlines the government's achievements against these fiscal principles. We take a lead role in strengthening financial accountability in government by working directly with agencies to meet their obligations under the *Financial Accountability Act 2009*. As part of the State Budget, our Service Delivery Statement outlines our funding, performance measures and objectives for the coming financial year.

Our performance is monitored externally through the Parliamentary Estimates Committee process, held after each year's State Budget. We are accountable to the Treasurer who reports on our performance against our Service Delivery Statement through the Estimates Committee. We monitor our performance in line with the government's Performance Management Framework. This framework establishes how performance data should be used to identify and address risks and opportunities for agencies, government and the community.

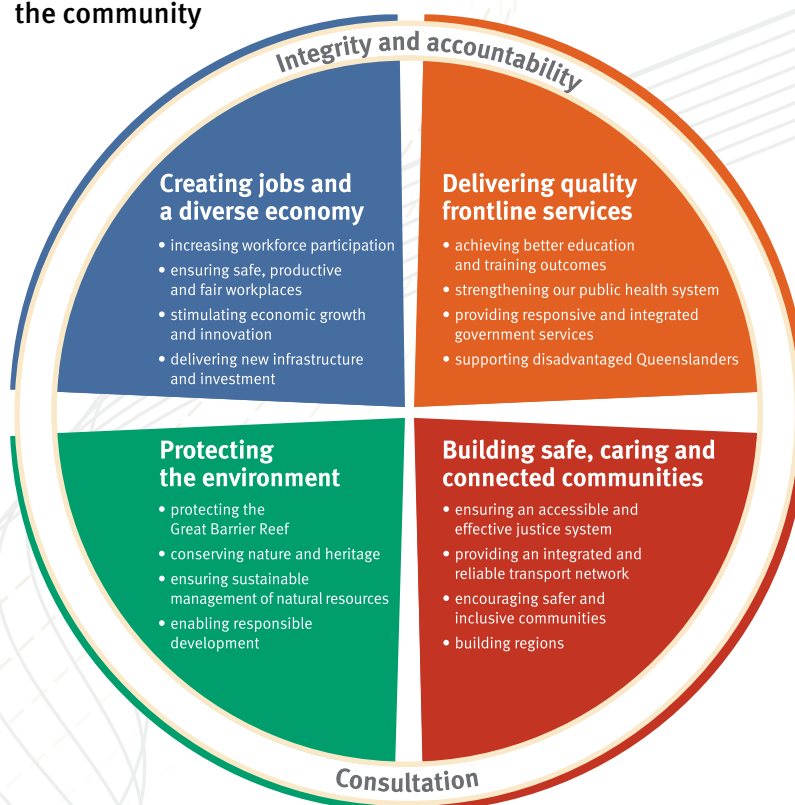
Strong governance

Underpinning our commitment to these endeavours are strong corporate governance practices, in:

- leadership and planning
- internal and external accountability mechanisms
- audit and risk management
- corporate support
- rigorous financial controls.

These functions are driven by a number of management committees. Read more on pages 103 and 104.

Government's objectives for the community



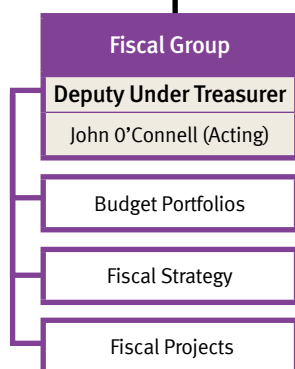
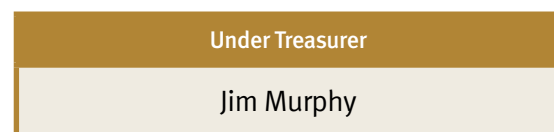
In 2014-15 we directly supported two of the government's four objectives for the community through the creation of jobs and a diverse economy and the delivery of quality frontline services:

Creating jobs and a diverse economy	Delivering quality frontline services
<ul style="list-style-type: none"> • Stimulating the economy through attracting private investment • Shaping policy and informing key industry decisions • Balancing the budget and reducing debt • Improving efficiency and productivity • Achieving strong commercial outcomes for Queensland • Fostering strong business and community partnerships 	<ul style="list-style-type: none"> • Managing the State Budget to maximise services and minimise costs • Providing expert economic and financial advice across agencies • Maintaining and improving the integrity of the state's revenue base through risk-based revenue management expertise • Delivering financial services to the community and managing grants

Leading Treasury

Our Executive Management Team (EMT) applies a strategic, cross-divisional perspective to the department's key priorities. The members of the EMT are:

- Under Treasurer
- Deputy Under Treasurers – Fiscal Group and Economics Group
- Chief Operating Officer
- Executive Director, Commercial Group (formerly Projects Queensland)
- Commissioner of State Revenue
- Executive Director, Office of the Under Treasurer
- Director, Office of the Under Treasurer.



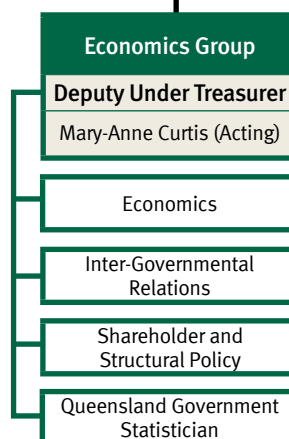
Alex Beavers, Deputy Under Treasurer (Fiscal)¹

Alex Beavers was appointed Deputy Under Treasurer in June 2009. Prior to this appointment, Alex was Deputy Director-General of Policy in the Department of the Premier and Cabinet. He led the State Government's policy coordination processes and managed policy advice to the Premier. Alex was previously an Assistant Under Treasurer with responsibility for state fiscal strategy and taxation policy. He has held various roles in Treasury over the past 15 years.



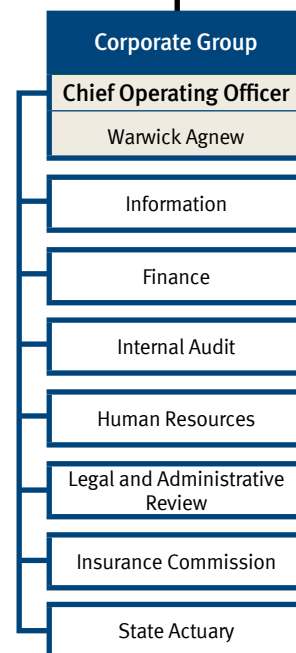
John O'Connell, Acting Deputy Under Treasurer (Fiscal)

John O'Connell commenced acting as Deputy Under Treasurer, Fiscal Group, in January 2015. He joined Treasury in 1992 and was permanently appointed an Assistant Under Treasurer in December 2006. Before joining Treasury, John had a 20-year career with the Commonwealth Government in Brisbane. He has a degree in economics from the University of Queensland, focusing on public finance, economic policy and government administration.



Mary-Anne Curtis, Acting Deputy Under Treasurer (Economics)

Mary-Anne Curtis took up the position of Acting Deputy Under Treasurer in July 2014. Prior to her appointment, Mary-Anne fulfilled the role of Acting Executive Director, Projects Queensland. She was part of the establishment of Projects Queensland as a standalone unit of Treasury in 2012 and previously spent more than a decade working on the state's major commercial transactions.



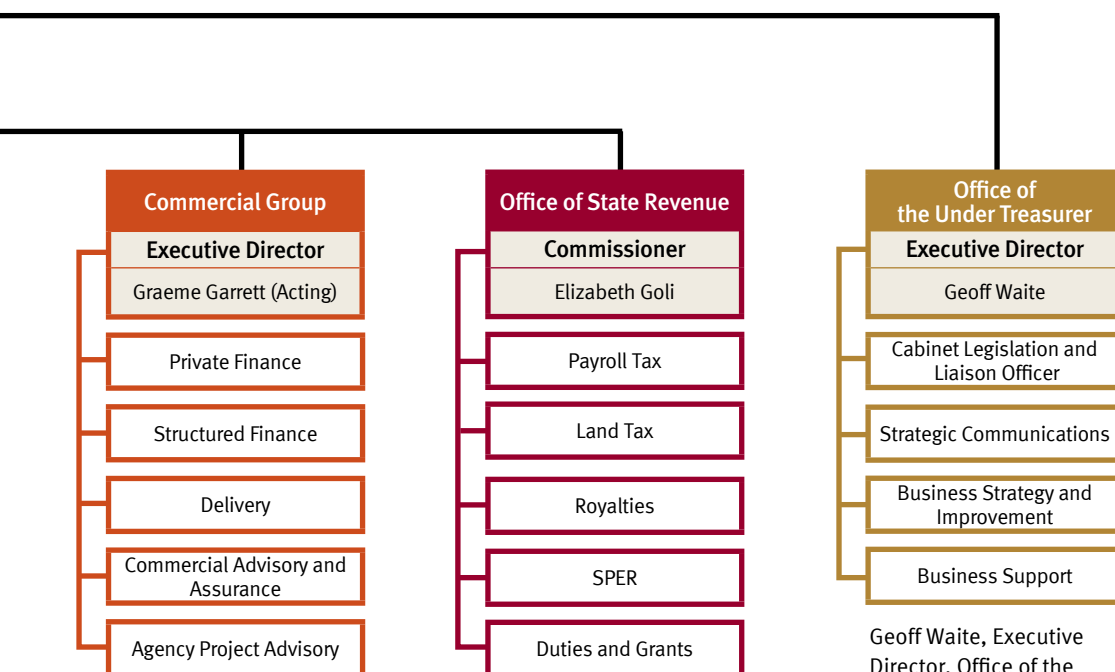
Warwick Agnew, Chief Operating Officer

Warwick Agnew was appointed Treasury's first Chief Operating Officer in June 2014. Prior to his appointment, Warwick was the Executive Manager, Property and Asset Services at Transfield Services. He has also held senior leadership roles in Treasury, Queensland Treasury Corporation and Macquarie Capital. Throughout his career, he has gained valuable experience in social and economic infrastructure projects, financial and commercial procurement, and corporate finance advisory services.



This Queensland Treasury organisation chart was current as at 30 June 2015

¹ John O'Connell acted in the role of Deputy Under Treasurer (Fiscal) while Alex Beavers took leave in 2015



**Graeme Garrett, Acting
Executive Director,
Commercial Group**

Graeme Garrett was appointed Acting Executive Director of Commercial Group (formerly Projects Queensland) in May 2015. Prior to this, Graeme was Director, Operations and a foundation Director of Projects Queensland. In these roles, he provided governance and strategic direction for some of the state's major infrastructure and service delivery projects. Originally a solicitor, Graeme undertook various roles with Queensland Treasury Corporation including General Counsel and General Manager Corporate Services.



**Elizabeth Goli,
Commissioner of State
Revenue**

Elizabeth Goli was appointed Commissioner of State Revenue in February 2014. She was previously Senior Assistant Commissioner, Indirect Tax at the Australian Taxation Office in Brisbane, and has held senior and executive leadership roles in tax administration. Elizabeth has international tax experience with the Organisation for Economic Cooperation and Development in Paris. She worked in the Office of State Revenue from 1997 to 2001 in a leading role rewriting Queensland's duties legislation.



**Geoff Waite, Executive
Director, Office of the
Under Treasurer**

Geoff first joined Treasury in 1984 to work on Commonwealth/state employment programs. He also worked in budget portfolio roles until his appointment as Director of Finance in 1995. He followed this with executive roles in corporate services, Budget Division and the Office of Government-Owned Corporations. After running his own business, Geoff returned to Treasury in 2012 and worked on several internal reviews before heading up the Office of the Under Treasurer.



**Jim Murphy,
Under Treasurer**

Jim Murphy became Under Treasurer in June 2015. Formerly a senior executive with ANZ, Jim is a highly regarded senior executive and respected government leader. He was Deputy Secretary in the Federal Treasury for more than a decade and also held a number of senior executive positions in the Commonwealth Departments of Treasury, Attorney-General and Finance. His career includes a role as an advisor with the International Monetary Fund in Washington DC, and for a short period he was Chief of Staff in the Office of the Prime Minister. Jim received a Public Service Medal for his strategic economic advice that formed the government's response to the global financial crisis.



Treasury answers the call for G20 volunteers

Queensland Treasury's Kim Lory nominated to be a G20 volunteer and was one of only 600 selected.

Kim's role was to ensure those hundreds of volunteers understood and were confident in their important roles.

"My job was to ensure that everything went smoothly for the volunteers and to solve any issues that came up – we checked whether volunteers received their meals, were dressed correctly and gained the correct access to buildings," Kim explained.

She met many foreign delegates, including President Putin from Russia, South Africa's President Zuma, Chinese President Xi Jinping and Australian Prime Minister Tony Abbott, and had the unique privilege of attending Barack Obama's speech.



Turning innovative ideas into reality

Using web-based mapping technology from Google Earth and Queensland Data Globe (provided by Department of Natural Resources and Mines) with Queensland Government asset data, insurance officer Shane Griffin developed an asset geo-coding tool for the Queensland Government Insurance Fund (QGIF) to identify government assets with pin-point accuracy.

Part of Queensland Treasury, QGIF is a self-insurance scheme for government agencies and eligible statutory authorities.

Shane said the geo-coding tool offered dynamic maps of government assets throughout the state.

"The maps enable QGIF to better understand where an agency's asset, such as a state school, is located and how it may be impacted by a natural disaster or flooding," Shane explained.



OUR PEOPLE

Empowering our people

We recognise our people are our greatest strength and, as such, 'empowering our people' is one of three priorities in Treasury's Strategic Plan.

Key to achieving this strategic priority has been the continued rollout of our Workforce Plan in 2014-15. This has included a range of innovative and engaging initiatives to attract, retain and further develop our people, including our Great Leaders Program and Employee Exchange Program.

At the heart of these initiatives is our Great People framework, which sets the standards we expect of our staff across key capabilities including Great Thinking, Great with People, and Great Delivery. This system demonstrates key attributes for roles at all levels of the organisation, emphasising the ability to think with clarity, make evidence-based decisions, engage effectively with colleagues and key stakeholders and deliver on commitments and priorities.

Great people, great capability

Supporting achievement and development

The Great People Framework capabilities – Great Thinking, Great with People, and Great Delivery – form the basis of our achievement and development planning process which, in its current form, is now in the second year of implementation. Approximately 90 per cent of Queensland Treasury employees have an Achievement and Development Plan in place. Through this process managers and employees discuss and agree on goals and identify development priorities which may be addressed through on-the-job learning, coaching and mentoring or formal training. Our online Learning Calendar is regularly updated with training available to develop core skills including leadership, coaching and communication. There is also a range of technical skills development options available.

Developing future leaders

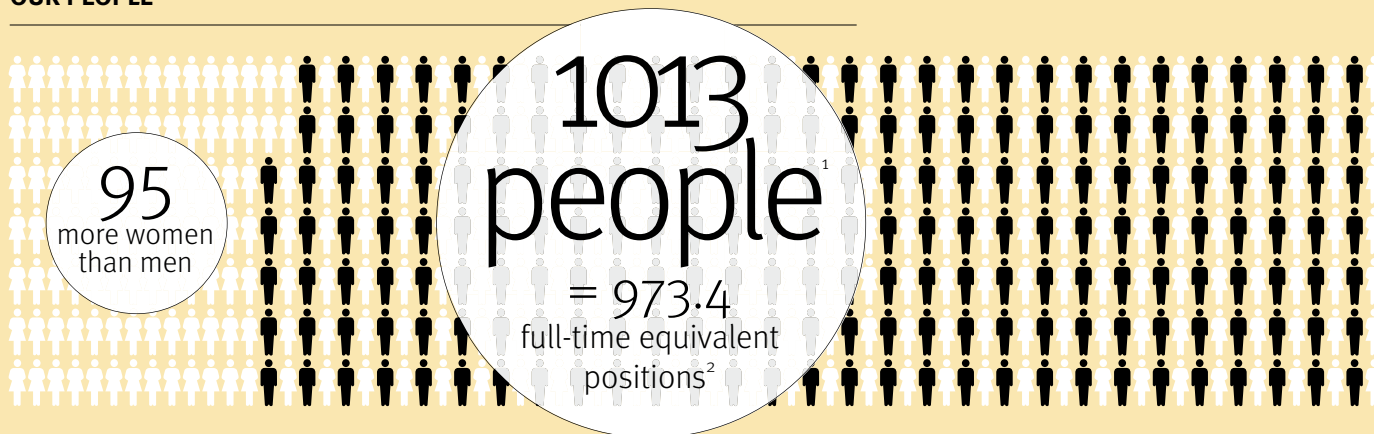
In 2014-15 we launched the Great Leaders Program and welcomed seven employees in the first intake. This flagship initiative provides

the opportunity for our emerging leaders to complete a personalised program of professional development. QUT has partnered with Treasury to deliver the program, including MindGym workshops. MindGym draws on neuroscience and leadership research to help participants enhance their productivity, decision-making, conflict resolution and engagement skills. Upon completing the 12-month program, our Great Leaders will have strengthened the skills they need to advance their careers and ultimately lead Treasury to deliver our strategic priorities.

GRADStart and scholarships

Cultivating great leaders starts with programs that attract, develop and retain great people. Our long-running GRADStart program welcomed another 19 graduates in 2014-15. Each graduate has commenced their Treasury career with an Achievement and Development Plan aligned to our Great People Framework.

To further strengthen our pipeline of future talent we awarded two scholarships to high-performing students in their second-last year of study. These students have now commenced 12-week paid work placements within Treasury, giving them valuable on-the-job learning experiences.



Balancing work and family

Our Flexible Work Practices Guideline exists to support employees to balance work and family commitments. The guideline encourages discussions and agreements between managers and employees that allow employees to take ownership of work and family commitments. Flexible work options include job sharing, part-time employment, phased retirement, telecommuting and leave arrangements.

Meeting high standards

Our values

Our Great People capabilities are complemented by the public service values. These values support our ambition to build a high performing, impartial and productive workforce that puts customers – the people of Queensland – first. Our values are:

- Customers first
- Ideas into action
- Unleash potential
- Be courageous
- Empower people.

Our Workforce Plan aims to develop a workplace culture aligned to the public service values and conducive to ethical conduct and decision making.

Our ethical standards

The sector wide *Code of Conduct for the Queensland Public Service* also guides our behaviour. It is based on the public sector ethics principles outlined in the *Public Sector Ethics Act 1994*:

- integrity and impartiality
- promoting the public good
- commitment to the system of government
- accountability and transparency.

We align our business practices and governance with the Code of Conduct and embed it through training for new starters via induction and for existing staff via refresher training biennially, most recently in February 2014.

Improvements to our Code of Conduct implementation in 2014-15 included:

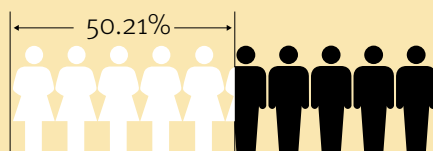
- new tools for employees to identify and manage conflicts of interest including new intranet content and updated human resources (HR) delegations
- updates to the Public Interest and Disclosure (PID) Policy and Management Plan to reflect best practice, changes to the Crime and Corruption Commission and the transfer of PID oversight to the Ombudsman.

Ethical conduct is also promoted in specific activities such as liaison with the Crime and Corruption Commission when required, declarations of interests by senior officers, reporting on contact with lobbyists, and HR case consultation for managers to deal fairly and decisively with conduct concerns where required. Ethical standards are further reinforced through employees' Achievement and Development Plans aligned to our Great People capability system.

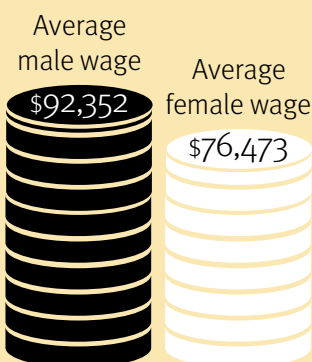
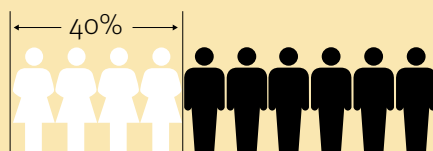
Redundancies and retrenchments

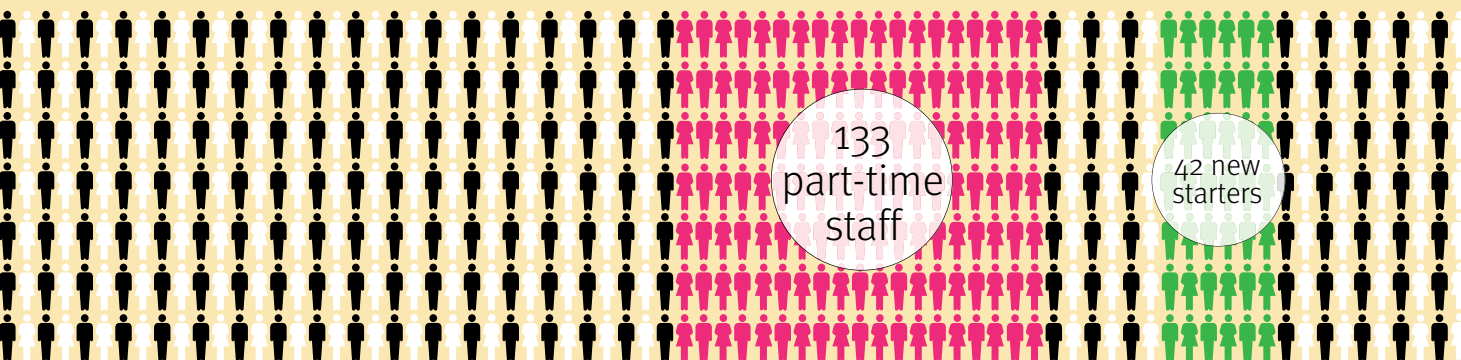
During 2014-15, nine employees accepted redundancy packages at a total cost of \$492,000. Employees who did not accept an offer of a redundancy were offered case management for a set period of time, where reasonable attempts were made to find alternative employment placements. At the conclusion of this period, and where it was deemed that continued attempts of ongoing placement were no longer appropriate, one employee yet to be placed was terminated in November 2014 and paid a retrenchment package at a cost of \$51,000. (Figures quoted do not include employees who accepted voluntary redundancies in 2013-14 but received final payment in 2014-15.)

119 women in middle and upper management (AO7–AO8 levels)³



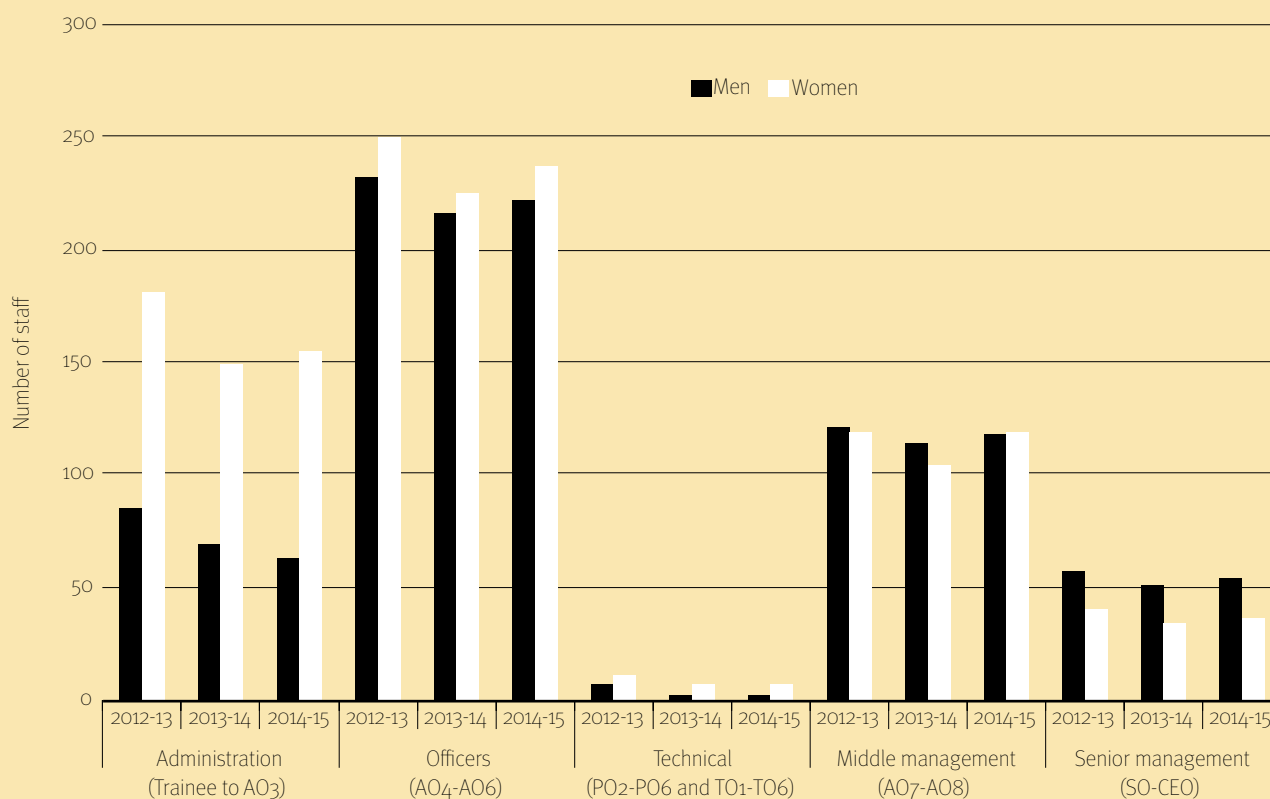
36 women in senior officer and senior executive service (SO–CEO levels)⁴





Workforce composition	Number	Percentage of workforce
Men	459	45.31%
Women	554	54.69%
Aboriginal and Torres Strait Islanders	8	0.79%
Non-English speaking background	172	16.98%
People with disability	22	2.17%
Women in middle and upper management (AO7–AO8 levels) ⁽³⁾	119	50.21%
Women in senior officer and senior executive service (SO–CEO levels) ⁽⁴⁾	36	40.00%
Permanent Separation Rate		8.79%
Average annual earnings by men (proportional salary)		\$92,352.00
Average annual earnings by women (proportional salary)		\$76,473.00

Total staff by gender and classification



Data relates to the final pay period 2014-2015:

1. Headcount includes staff in Motor Accident Insurance Commission and Nominal Defendant.
2. Represents employees active and paid in the final pay of 2014-2015 financial year. Full-time equivalent includes staff in Motor Accident Insurance Commission and Nominal Defendant.
3. Represents 11.75% of total workforce
4. Represents 3.55% of total workforce

Data does not include Office of Industrial Relations, which joined Treasury from 1 July 2015.

Community recovery

Treasury employees have a tradition of lending a hand during natural disasters, most recently during 2014-15 with Tropical Cyclone Marcia in central Queensland.

Treasury Analyst Helen James, who worked in Biloela and Rockhampton following Cyclone Marcia, has been in the Community Recovery Ready Reserve since 2008.

"Each deployment has been different, and extremely rewarding," Helen explained.

"In community recovery, you have a very prescribed role — but I've found my main job has been to listen to people, find out their needs and direct them to where they can get help.

"In Biloela, the community was extremely active. As they dealt with the immediate consequences of the disaster, members of the community provided them with three meals a day and did their laundry — it was great to see.

"Community recovery provides an opportunity to be on the frontline and to make a positive difference for people."

The Community Recovery Ready Reserve is organised through the Department of Communities, Child Safety and Disability Services. Participants may perform activities such as on-the-spot financial assistance, team leadership, outreach visits to homes or admin work to keep centres operating.



Left: Community Recovery ready reservist, Treasury Analyst Helen James, finds being on the frontline 'extremely rewarding'.

Below: Tom Edmestone, who lost the whole top storey of his home after tropical cyclone Marcia passed through Yeppoon, Queensland.

Bottom: Building damage on Stanley Street in Rockhampton, Queensland, the morning after Cyclone Marcia passed through.



Photo by Scott Radford-Chisholm / NewsPix



Photo by Jack Tran / NewsPix



Graduates build our pool of talent

Treasury's GRADStart program has a track record of attracting high calibre graduates and launching them into successful careers.

In February 2015 Queensland Treasury congratulated the graduates of the 2014 program and welcomed another 19 new graduates beginning their careers at Treasury.

Advertising for the program regularly attracts in excess of 1,000 expressions of interest, followed up with more than 500 applicants in a highly competitive field. A rigorous selection process narrows this pool to a select group of the best graduates.

Above: Chief Operating Officer Warwick Agnew (far left), A/Deputy Under Treasurer John O'Connell (far right) and OSR Commissioner Elizabeth Goli (fourth from right) welcome our 2015 graduates.

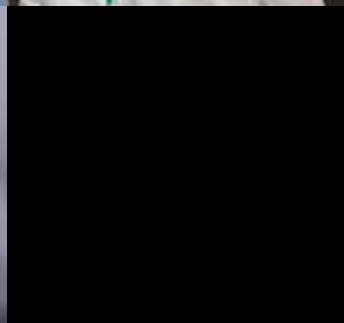
Meet our graduates

Right: Stephanie Smith (left) and Jennifer Roberts

Below: Stuart Norvill and Belinda McEniery

Bottom left: GRADStart scholarship holders Tom Forster and Elina Lane

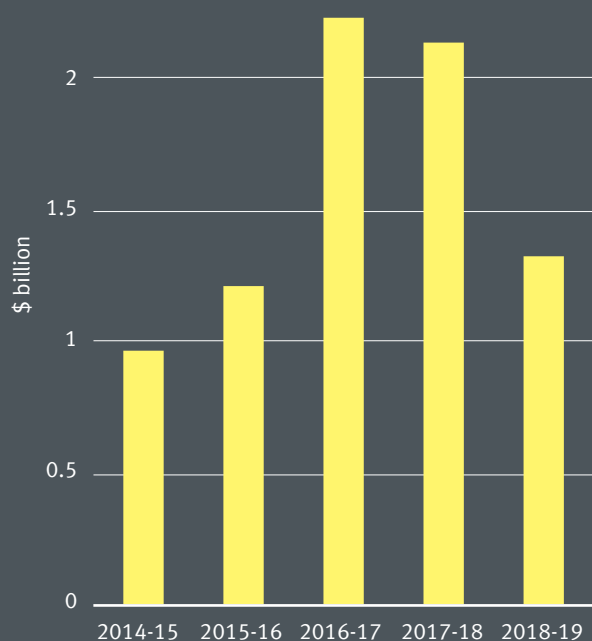
Bottom right: 2015 graduate Timothy Varday



SERVICE REPORTS

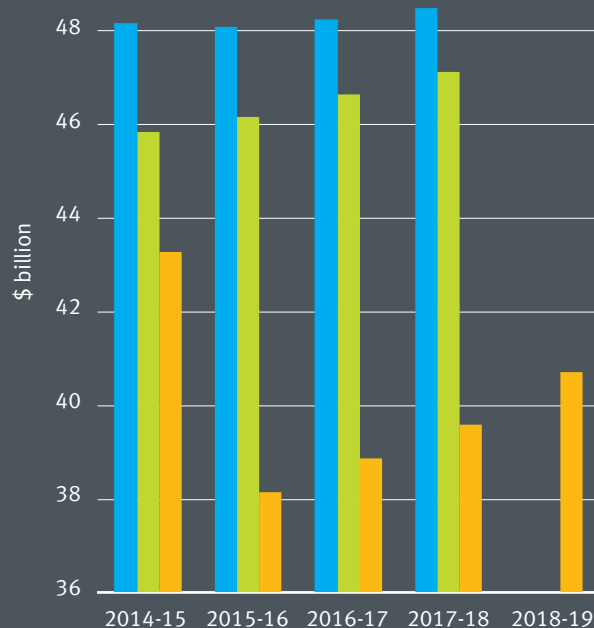
State Budget 2015-16 – a good story for Queensland

The 2015-16 State Budget, one of our top priorities during the year, tells a good story for Queensland. Through our expert financial, economic and commercial advice, we were able to outline a plan to reduce debt and deliver operating surpluses across the forward estimates.



Net operating balance

General Government sector operating surpluses are projected in each year of the forward estimates. The net operating surplus in 2014-15 is only the second since 2008-09 with the operating surplus in 2015-16 forecast to be the largest since 2006-07.



■ 2014-15 Budget
■ 2014-15 MYFER
■ 2015-16 Budget

General Government borrowings

General Government debt, which incorporates the impact of the Debt Action Plan, as well as all other budget movements, is expected to fall from \$43.268 billion in 2014-15 to \$39.532 billion in 2017-18.

This is \$7.5 billion lower than the projection for 2017-18 at the time of the 2014-15 Mid Year Fiscal and Economic Review (MYFER) and \$8.9 billion lower than projected in the 2014-15 Budget.

FISCAL

We provide 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 government's fiscal strategy and drive the State Budget toward net operating surpluses across the forward estimates.

Key issues in our environment

In the short-to-medium term, the following environmental factors will influence the government's ability to achieve its objectives of creating jobs and a diverse economy:

- Ongoing costs of repairs to infrastructure damaged by natural disasters over the last few years.
- Historically low revenue growth.
- The possibility of changes to federal government funding resulting from the Australian Government's White Paper processes on reform of the federation and taxation, and potential impacts on federal financial relations. Read more about this issue in the Economics report on page 20.

The *Review of State Finances* announced with the 2015-16 State Budget recommended that the government adopt enhanced fiscal principles and identified opportunities to reduce the state's General Government debt. Implementing the review's findings will provide an opportunity to drive the achievement of the government's fiscal strategy and manage debt. Read more on page 18.

Performance indicators

Our Fiscal Group has introduced new measures in line with the current government's fiscal principles to replace the now-discontinued measures relating to the former government's fiscal principles. Reporting against these new measures will begin in 2015-16.

Financial summary - Fiscal Group	2014-15	2013-14
State contribution	\$78.62M	\$37.49M
Other income	\$0.60M	\$0.33M
Full-time equivalent employees	154	129

Increase mainly relates to funding provided for costs incurred in relation to the former government's preparatory and due diligence activities for transactions associated with the state's income-generating activities.

FISCAL

Strategy

Pursue economic growth and responsible fiscal management

Focus on fiscal strategy

In our role as the government's expert on state finances and the economy, we developed the 2015-16 State Budget to support the government's commitments to revitalise the economy and frontline services. The budget is supported by the government's fiscal principles. Read more about these on page 7.

The 2015-16 State Budget projects net operating surpluses across the forward estimates supported by expenses growth averaging 4.1 per cent offset by revenue growth of 4.3 per cent. The government's election commitments are funded by savings and reprioritisations that contribute a net budget improvement across the forward estimates. General Government debt is forecast to be \$75 billion lower in 2017-18 than projected in the *2014-15 Mid-Year Fiscal and Economic Review*.

As part of the annual budget cycle during 2014-15, we continued monitoring and reporting on the state's position by publishing the *2013-14 Report on State Finances* and the *2014-15 Mid-Year Fiscal and Economic Review*.

In the year ahead, we will continue to monitor the state's finances to ensure efficient year-round decision making, implement the government's debt reduction strategies and manage ongoing fiscal pressures. We will also coordinate and deliver the 2016-17 State Budget, *2014-15 Report on State Finances* and *2015-16 Mid-Year Fiscal and Economic Review*.

Learn more about the State Budget at www.budget.qld.gov.au

Reviewing Queensland's finances, tackling debt

Our economic, fiscal and public policy experts enabled the government to meet a key election commitment by undertaking a review of the state's finances.

The review was instrumental in addressing Queensland's debt. Tabled with the 2015-16 State Budget, the *Review of State Finances* reported on:

- the state's current fiscal position
- the sustainability of the state's fiscal position
- the reliability of the current forward estimates
- policies and actions required to support implementation of the government's fiscal principles.

The review recommended the adoption of revised fiscal principles and informed the development of the government's Debt Action Plan.

The Debt Action Plan outlines how General Government debt will be reduced without selling government-owned businesses, increasing taxes or cutting services. The plan's measures will reduce General Government debt by approximately \$75 billion in 2015-16, with further reductions across the forward estimates resulting in a reduction of \$9.6 billion in 2017-18, compared to the level of debt if these measures weren't taken.

Read the *Review of State Finances* at www.treasury.qld.gov.au, and the Debt Action Plan at www.budget.qld.gov.au.

Strategy

Take a lead role in high-priority infrastructure and service delivery projects

Government banking in step with client needs

Following the comprehensive procurement process for new banking contracts during our work in streamlining government banking in 2013-14, we began working with other agencies so they and their customers could make the most of better, more innovative and more cost effective banking and payment services.

This project has a strong focus on improving our customers' experience. By increasing our electronic payment offerings we are providing customers a consistent range of payment channels across agencies. Streamlining processes is also assisting agencies to get the best value for money from the contracts.

During the year, the Government Banking Unit worked with agencies to implement this significant and positive change to their business processes. The team helps agencies select and implement the most appropriate products from the service providers:

- Commonwealth Bank of Australia – transactional banking and corporate purchasing card services
- American Express – corporate purchasing card services for travel bookings
- Australia Post – agency revenue collection services
- emmerchants – pre-paid cards.

The team also ensures that this program is supported by strong governance frameworks and appropriate controls.

Ultimately, streamlining our processes and implementing a range of innovative electronic products and services will result in:

- reduced costs
- fewer risks
- a more consistent experience for customers.

This is an ongoing body of work for us, and from this point our clients will increasingly notice their transactions with government are more in step with contemporary commercial practice. Read about the Office of State Revenue's new banking practices on pages 29 and 30.

Modelling prepares for disability insurance scheme

Treasury and the Department of Communities have worked together throughout 2014-15 to ensure Queensland is well prepared for the National Disability Insurance Scheme (NDIS) implementation.

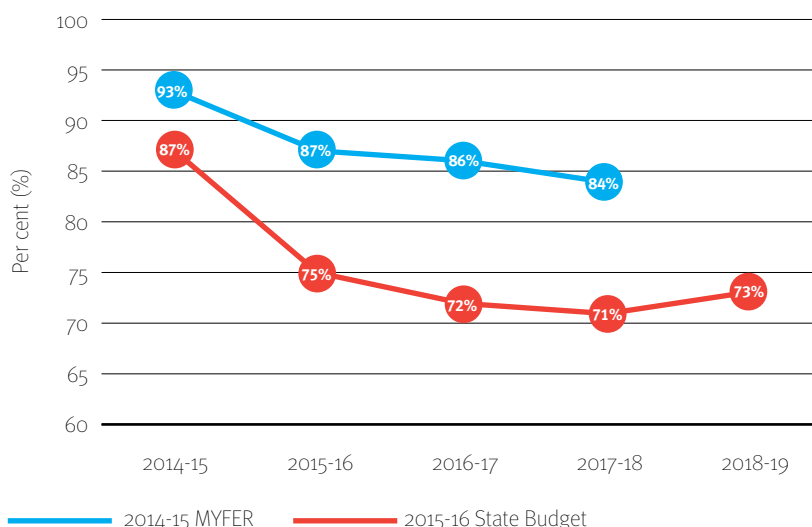
The NDIS is a reform program aimed at better supporting Australians with a disability, as well as their families and carers. The NDIS represents a major shift in the way governments provide services to people with a disability and is a significant national reform program involving state and territory governments as well as the Commonwealth Government.

Treasury has taken the lead on funding and governance issues. This involves detailed modelling of scheme transition by Treasury officers Sam Migheli, Maryanne Kelly and Bernice Manickam (pictured). The extensive modelling has been instrumental in guiding negotiations with the Commonwealth and will help Queensland achieve a better NDIS outcome.

The team's work on NDIS typifies Treasury's approach to working – leading the policy agenda across government, partnering with agencies, embracing new ideas and undertaking activities that add significant value.



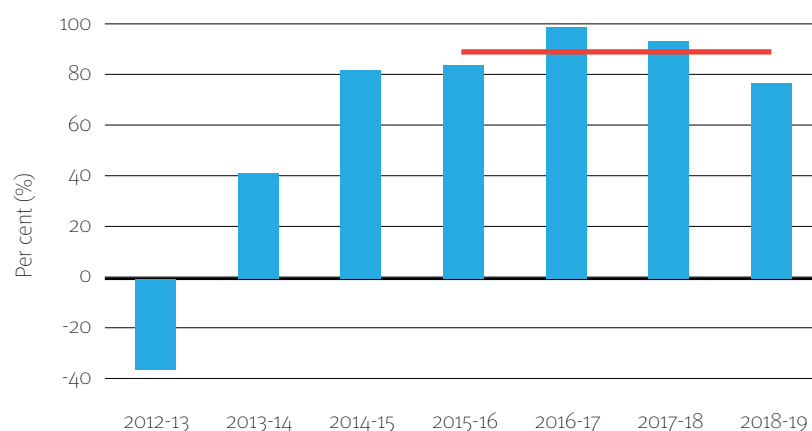
General Government debt to revenue ratio



Source: 2014-15 Mid-Year Fiscal and Economic Review, 2015-16 State Budget (Queensland)

Analysis: The 2015-16 State Budget was strongly focussed on reducing General Government debt. Queensland's debt-to-revenue ratio is forecast to fall substantially in 2015-16 as a result of the Debt Action Plan with the improvement maintained across the forward estimates.

General Government net operating cashflow as a proportion of capital expenditure



Source: Budget Strategy and Outlook, 2015-16 State Budget (Queensland)

Analysis: A key fiscal principle of the government is to target a net operating surplus that ensures any new capital investment is funded primarily through recurrent revenues rather than borrowing. An average of 88% of capital purchases are funded from net operating cashflows across the period 2015-16 to 2018-19, fluctuating between 77% and 99%.

ECONOMIC

We provide policy advice, statistical, economic and demographic research and analysis across government, and manage the state's shareholding interest in the government-owned corporations (GOC) sector. We also manage intergovernmental fiscal relations and advise on microeconomic, productivity and competition reform.

Key issues in our environment

A more subdued global outlook, with sharp declines in world commodity prices, has flowed through to the Queensland economy. Any further deterioration in external economic conditions will impact on potential policy options.

The 2015-16 Commonwealth Budget did not provide Queensland with funding certainty for a number of key service priorities. The Queensland Government will need to carefully manage future service delivery responsibilities in the face of such uncertainty.

Key performance indicators

	2014-15 Published Annual Target	2014-15 Actual
Service standards		
Stakeholder and customer satisfaction with Queensland Government Statistician outputs (rated satisfied or very satisfied)	95%	100%

Source: 2014-15 Service Delivery Statements

Strategy

Provide the best policy advice and advocate for the best policy outcomes

Federal funding – why it matters

Nearly half of Queensland's revenue – around \$23 billion – comes from the Commonwealth Government. An important role for Treasury is to use our influence in the Commonwealth-state sphere to maximise our state's ongoing share of Commonwealth grants and to minimise conditions on how it is spent.

During 2014-15, we continued to advocate for Queensland in the Commonwealth Grants Commission's 2015 Methodology Review for the distribution of goods and services tax (GST). The review's final report recommended that Queensland's share of GST be increased by \$556 million – a very pleasing result.

In the year ahead, we will continue to play a lead role in advising our government on the Australian Government's White Papers on tax reform and reform of the federation. Both will influence the course of Commonwealth-state roles, responsibilities, revenues and financial arrangements. One issue of concern is potential reforms to GST distribution, which may impact Queensland's ability to fund our service delivery responsibilities. We will work productively with the Australian Government and other states on key national challenges.

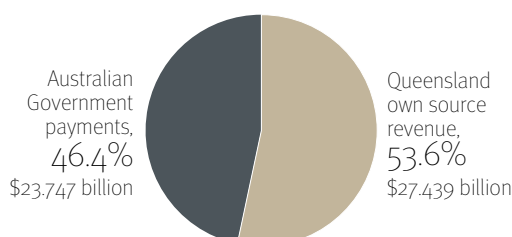
Understanding Queensland

Through our Queensland Government Statistician's Office (QGSO), agencies have access to the best possible data and advice, allowing them to fully consider the implications of their policies, and to get the most out of available funding.

In 2014-15, QGSO planned the data collection for the latest Index of Retail Prices in Queensland Regional Centres. This survey, conducted every few years, measures the relative price differences of a basket of goods and services across Queensland. It allows the government to compare the cost of living between Brisbane and selected regional centres.

We also progressed the Queensland Government Population Projections 2015 edition. State and small region projections will incorporate more recent demographic trends and up-to-date planning information. Government, business and community sectors will use this data to inform infrastructure and service delivery planning decisions.

Federal funding plays a critical role in Queensland's economy



Sources: Commonwealth Budget 2015-16 Paper No. 3 and Queensland Treasury estimates.

Financial summary - Economics Group	2014-15	2013-14
State contribution	\$18.56M	\$19.65M
Other income	\$4.68M	\$4.64M
Full-time equivalent employees	146	147

Monitoring and optimising performance

To help ensure taxpayer dollars are spent in the best possible way, in November 2014 we released the Queensland Government Program Evaluation Guidelines. Agencies are using these guidelines to assess the appropriateness and value for money of programs to influence decisions on resource allocation. The guidelines advocate 'evaluation thinking' – making evaluation part of a program from inception, so the program can stay on track to deliver solid outcomes.

In the coming year, we will enhance the range of online resources and tools to improve the reach and usability of the guidelines among agencies.

A healthy return for Queenslanders

Queensland's government-owned corporations (GOCs) and statutory bodies provide essential services and a healthy return on the state's investment. Our job is to make the most of this contribution through rigorous governance.

We are responsible for overseeing the governance of 11 GOCs and two statutory authorities in the energy, water, transport and funds management sectors: SunWater Limited, QIC Limited, Energex Ltd, Ergon Energy Corporation Ltd, Powerlink Queensland, Stanwell Corporation Ltd, and CS Energy Ltd, Ports North, Gladstone Ports Corporation Limited, North Queensland Bulk Ports Corporation Limited, Port of Townsville Limited, Queensland Rail and Seqwater.

We manage the government's relationship with these bodies, balancing the government's financial interest with the community's need for services.

In 2014-15, we worked with GOCs to help maximise their performance and returns

through improved commercial focus and better management of capital and operating expenses. Each year, we manage negotiations between GOC boards and shareholding Ministers to develop their Statements of Corporate Intent. These plans detail each GOC's objectives, strategies, expected financial performance, borrowings and proposed projects for the year ahead.

Our efforts continue to pay off. In 2014-15, the GOCs and Queensland Rail returned an estimated \$2.28 billion in dividends and tax equivalents, contributing to services for communities. In 2015-16, that figure is forecast to be \$2.32 billion.

With the proceeds from regearing the electricity network businesses and increasing their dividend payout ratios from 80 per cent to 100 per cent of net profit after tax, announced as part of the Government's Debt Action Plan, \$4.1 billion will be remitted to the General Government sector across the forward estimates.

Running for Queensland communities

The appeal of fitness and fundraising saw 15 Queensland Treasury employees join the PwC Cool Night Classic in October 2014.

The event raised close to \$50,000 for the Royal Brisbane and Women's Hospital Foundation and Youngcare.

This was the largest contingent of Queensland Treasury employees in recent memory and included, from left, Treasury Analyst Grace Gowen, Assistant Under Treasurer Economics Division Peter Johnson and Senior Treasury Analyst Wendy Freedman (pictured).



ECONOMIC

Strategy

Contribute to the development of employment policies and programs

Job creation

Creating jobs and a diverse economy became the government's top priority on attaining office in early 2015. To make this happen, the government designed Working Queensland, a program to boost Queensland's productivity through skills development, fostering emerging and innovative industries and supporting investment in infrastructure. It will also include the Business Development Fund, to turn smart ideas into commercial reality.

The objectives behind Working Queensland were an ideal match with our 'big picture' understanding and expertise in strengthening the economy. In 2014-15, we responded by establishing an Employment Policy Unit to take the lead with employment programs and policy across government. This team will monitor and report on Queensland's labour market conditions and outlook. Our inhouse experts will provide coordinated policy advice on labour market issues and work with agencies in designing and implementing employment programs. Our priority will be to ensure that policy development translates into outcomes-

driven programs that get Queenslanders back to work.

In the year ahead, we will begin engaging with key labour market stakeholders to identify areas of priority. We particularly need to engage with groups traditionally disadvantaged in employment, such as youth, long-term unemployed, Aboriginal and Torres Strait Islander people, older workers and people with a disability. Our whole of economy perspective will help ensure that all sectors served by a healthy labour market – business, industry, communities and jobseekers – are involved and engaged.

We will also deliver the government's Employment Policy Framework. This structure will ensure that employment policies and programs are supported by sound economic rationale. It will be accompanied by a framework for evaluating the effectiveness of employment programs, to ensure that the government's commitment to this objective delivers returns in the form of real job creation.

Strategy

Drive productivity improvements

Economic growth and living standards

In recent years, we have researched the factors behind productivity, a key influence on living standards and employment prospects. We expanded our work in productivity in 2014-15 by establishing the independent Queensland Productivity Commission (QPC).

Soon to be a statutory body, QPC will advise the government on complex economic and regulatory issues and propose policy reforms, to drive growth, lift productivity, and improve living standards for Queenslanders. As regulatory reform and competitive neutrality are also closely linked to productivity, the commission assumed those functions from the Queensland Competition Authority (QCA).

In 2015-16 QPC will conduct public inquiries into electricity pricing and a fair price for solar energy. These inquiries will involve comprehensive examination of issues and public consultation.

Impact of the Commonwealth Grants Commission 2015 Methodology Review on states' GST shares



Source: Commonwealth Grants Commission

Analysis: The Commonwealth Grants Commission recommended that Queensland's share of GST revenue be increased by \$556 million in 2015-16. The increase to Queensland's GST share does not represent a windfall, but reflects high natural disaster relief and recovery expenses and a relative weakening in Queensland's mining royalties.

Addressing the statistical divide

Queensland Treasury's Jenny Bopp was among a range of respected industry professionals to address the annual State Library of Queensland cross-sector literacy forum in June 2015, which included a focus on digital literacy.

The Queensland Government Statistician's Office (QGSO) Principal Statistician and Team Leader spoke about the 'digital divide' between those who can access and use digital media, and those who cannot.

"A whole body of research has been done about the digital divide in Queensland and it shows that socio-economically disadvantaged people have less access to tools and are, therefore, less likely to feel digitally competent," Jenny explained

Similarly many people find it difficult to know what statistical information is available to them. QGSO is helping to make it easier for people to find and use statistics through a range of user-friendly tools and information on its website – www.qgso.qld.gov.au – including the Queensland population counter, which shows the current population.

Securing sustainable energy and water

In the coming year, we will lead, with the Department of Energy and Water Supply, implementation of accepted recommendations from the electricity and solar energy pricing inquiry, and continue to support QPC's establishment as a statutory body.

Also in the competition space, we managed the Queensland Government response to the Australian Government's Competition Policy Review, whose final report was delivered in early 2015. The purpose of the review was to ensure competition continues to drive productivity improvements and that current laws operate as intended for all businesses. In the year ahead, we will manage Queensland involvement in the implementation of the review's recommendations,

Maintaining sustainable energy and water supplies for the future is a concern for governments worldwide. It is important that these industries are structured – and priced – to keep on delivering.

In 2014-15 our Shareholder and Structural Policy team represented the government's position as part of the QCA's review of bulk water prices for South East Queensland, analysed the QCA review's final report, and advised the government on the acceptance of the QCA's recommendations.

We also contributed to biofuel development forums across the state.

Sustainability and efficiency of energy and water supply is a long-term prospect for us. In 2015-16 and beyond, we will continue to support more efficient industries and reduce long-term pressure on price.



COMMERCIAL SERVICES

We aim to enhance the infrastructure delivery capability of the Queensland Government to make sure public needs are met while optimising value for money for government expenditure.

Commercial Group:

- aims to achieve greater value for money from the government's infrastructure and service delivery program
- manages procurement of all privately financed major public infrastructure and service projects
- provides governance oversight to the delivery of privately financed major public projects
- provides commercial advice to government for infrastructure projects

- acts as a one-stop-shop for private sector proponents seeking to submit market-led proposals for infrastructure projects
- manages the Project Assessment Framework and Market-Led Proposals Guidelines.

Key issues in our environment

Two key changes in our environment are the recent establishment of Building Queensland and the forthcoming release of the State Infrastructure Plan.

With Building Queensland's role being to provide independent advice on infrastructure priorities, our focus will be on working closely with them in the early assessment and business case development stages of projects to assess opportunities for private financing and innovative private sector engagement in infrastructure proposals. Read more about Building Queensland on page 5.

The State Infrastructure Plan, scheduled for release in early 2016, will provide a coordinated and integrated approach to infrastructure planning, prioritisation, funding

Strategy

Lead procurement of high-priority infrastructure and service delivery projects

While our work in infrastructure assessment and procurement has lasting impacts on Queensland's urban landscape, it also stimulates the economy to create jobs. During the year, we transitioned a number of major Queensland projects to other agencies to oversee project delivery and contract management, including:

- Queensland Schools public private partnership (Department of Education and Training)
- Government Wireless Network Project (South East Queensland) (Department of Science, Information Technology and Innovation)
- New Generation Rollingstock (Department of Transport and Main Roads).

Commercial Group also applied its expertise to a number of other high profile Queensland projects.

Toowoomba Second Range Crossing

The \$1.6 billion Toowoomba Second Range Crossing (TSRC) project is a 41 kilometre proposed bypass route to the north of Toowoomba from the Warrego Highway at Helidon in the east to the Gore Highway at Athol in the west, via Charlton. It will provide safer and more efficient passenger and freight movements on this important link in the National Land Transport Network, and significantly improve the liveability and connectedness of Toowoomba and surrounding communities.

2014-15 saw significant progress in this groundbreaking project. Treasury's Commercial Group led a multi-phased competitive bid process to select a preferred proponent to finance, build, operate and maintain TSRC under an availability based private public partnership contract. The contract will provide for 25 years of operations and maintenance after construction is completed.

The TSRC procurement process began in June 2014 with the expression of interest released to the market. Three shortlisted consortia – Rangelink, Nexus and RangeConnect – were invited to provide detailed proposals by February 2015. Following an evaluation of bids, the government announced Nexus as the preferred proponent on 3 July 2015.

The government awarded the contract to Nexus in mid-August 2015 with construction of TSRC to commence in late 2015. Project delivery and contract management will be managed by the Department of Transport and Main Roads with final delivery of Toowoomba Second Range Crossing expected by late 2018.

Financial summary - Commercial services	2014-15	2013-14
State contribution	\$5.77M	\$9.73M
Other income	\$10.18M	\$10.17M
Full-time equivalent employees	34	20

Decrease mainly reflects funding provided in 2013-14 for the construction and facilities management services for a package of ten new schools.

Increase reflects additional resources required to manage the number of projects.

and delivery. Based on robust planning and a focus on value for money, the plan will ensure better use of existing assets and better allocation of new investment. This plan will steer our operations over the short to medium term.

Read more about Building Queensland and the State Infrastructure Plan in the Department of Infrastructure, Local Government and Planning 2015-16 Annual Report.

Key performance indicators

	2014-15 Published Annual Target	2014-15 Actual
Service standards Percentage of key project milestones met	85%	100%

Source: 2014-15 Service Delivery Statements.



Toowoomba Second Range Crossing viaduct and open-cut design solution

COMMERCIAL SERVICES

Strategy

Lead Treasury's contribution to high-priority infrastructure and service delivery projects

Integrated resort developments – growth, investment, innovation

We seek out innovative opportunities to deliver the infrastructure Queensland needs in partnership with the private sector. Our objective is to minimise risk and cost to government while maximising outcomes for Queensland. A case in point is integrated resort developments (IRDs), a prime example of which is Queen's Wharf Brisbane.

IRDs combine a number of entertainment, accommodation, event and commercial options within the one site. Globally, they have achieved success in boosting economies through increased tourism and construction.

Queen's Wharf Brisbane is an IRD planned for the precinct bounded by the Brisbane River and Alice, George and Queen Streets. This multi-billion dollar project will create

a hub that will connect the signature elements of Brisbane's CBD: the Botanic Gardens, Queen Street Mall, the Cultural Precinct, South Bank, the Parliamentary Precinct and the river.

Overall management of procurement rests with the Department of State Development, but our Commercial Group led the financial and commercial aspects and assisted with the legal aspects of the procurement process during 2014-15.

Between October 2014 and July 2015, we undertook extensive evaluation of the financial and commercial aspects of the bids and assisted with the commercial negotiations, and on 20 July 2015, Destination Brisbane Consortium was announced as the preferred proponent for this exciting project.

Brisbane's newest landmark at 1 William Street will be integrated into this precinct. By mid 2015, the tower was over 50 per cent complete and external glazing and internal fitout were well underway. Construction and fitout will be completed in mid to late 2016. Commercial Group will continue to oversee construction and manage the state's tenancy in the coming year.

Work in the IRD space will continue in the coming year under the leadership of the Department of State Development. Commercial Group continues to assist with the financial, commercial and legal aspects of these projects.



Destination Brisbane Consortium illustration of the Queen's Wharf development

Herston Quarter redevelopment

When the Royal Children's Hospital was relocated from Herston to the new Lady Cilento Children's Hospital at South Brisbane in late 2014, the Herston site became available for redevelopment. The intention for Herston Quarter is to establish a vibrant and integrated mixed-use precinct that complements the existing world-class biomedical health and knowledge facilities within the Herston Health Precinct.

To drive this objective, we conducted a competitive bid process from November 2014. Three shortlisted proponents – Australand with Unity Health, Lend Lease with Trinity Health, and Stockland – were announced in mid 2015. Shortlisted proponents will be required to provide detailed plans on their vision for the Herston Quarter in early 2016 for evaluation.



Artist impression of the redeveloped Herston Quarter

Strategy

Provide the best policy advice targeted to facilitating private sector investment in Queensland, and advocate for best policy outcomes

On track for value for money

We help agencies make the best decisions for Queenslanders by providing frameworks and guidelines for them to work within, and by providing commercial advice on projects early in the decision-making process.

Our Project Assessment Framework (PAF) provides a rigorous approach to ensuring the Queensland community receives maximum benefit from the government's investments by assessing significant projects over their lifecycle to ensure value for money in delivery.

PAF keeps major projects on track with a common approach to assessing them at critical stages of their lifecycle, from the initial assessment of the service required through to delivery. This is particularly important as the government makes increasing use of innovative procurement and delivery strategies and private sector involvement. PAF's application is not limited to infrastructure projects or privately financed projects.

Recently the government reviewed PAF and introduced dedicated guidelines for assessing market-led proposals. A market-led proposal (MLP) occurs when private proponents directly approach government seeking support for the delivery of a product or a service. This may result in the government choosing to contract directly with that party, undertaking a competitive tender process or declining to progress the proposal.

The review introduced a staged process for assessing MLPs to provide greater detail on the government's processes, reduce costs for proponents and provide greater clarity on how proposals can meet the criteria required for the government to accept the proposal.

These improvements, announced in mid July 2015, are making it easier for the private sector to submit proposals which can capture economic uplift and job opportunities for Queensland.

With growing awareness of the government's willingness to work with the private sector on Queensland projects, we expect to receive an increase in proposals via the MLP portal on Treasury's website in 2015-16. Commercial Group's role is to manage the MLPs and support an assessment panel, comprised of representatives from key government agencies.

In 2015-16, the Commercial Group will continue to implement a robust government agency and private sector engagement plan to ensure consistent application of PAF and guidelines for the assessment of MLPs.

REVENUE MANAGEMENT

We administer a revenue base of \$12.9 billion by delivering simple, efficient and equitable revenue management services for state taxes, royalty revenue and revenue from fines and penalties (penalty debts).

Key issues in our environment

Queensland's economic growth is forecast to improve by 2.5 per cent in 2015-16. This growth is underpinned by an increase in dwelling investments, a stable business sector, increase in liquefied natural gas (LNG) production volumes and the flow-on effect to supporting markets, as well as a depreciating exchange rate.

We expect revenue from taxation to increase by 1.7 per cent from 2014-15. Transfer duties and land taxes are anticipated to rise because of modest growth in property price and land valuations, while payroll tax revenue remains steady. Several extraordinarily large business transactions also contributed to an increase in transfer duty revenues.

Royalty revenue is also forecast to increase due to a modest recovery in commodity prices. This will combine with growth in export volumes, particularly as royalties from the first LNG projects begin to be received.

However, economic pressures on business and private finances may impact negatively on forecast revenue and debt recovery. Regulating agencies (Queensland Police Service, Department of Transport and Main Roads and Electoral Commission Queensland) are also expected to increase their use of fines as a sanction of choice.

Key performance indicators

	Notes	2014-15 Published Annual Target	2014-15 Actual
Service standards			
Total revenue dollars administered per dollar expended – accrual	1	\$202	\$192
Average overdue debt as a percentage of total revenue collected	2	2%	15%
SPER clearance rate (finalisations/ lodgements)	3	88%	62%
SPER percentage of debt pool under compliance		64%	70%

Variance notes

1 The decrease is due to a significant decrease in State revenue, in particular royalties revenue.

2 The increase is due to business improvements in the management of debts, resulting in more timely collection and finalisation of debt cases.

3 The SPER clearance rate has been negatively impacted by the large increase in tolling debt referrals from the Department of Transport and Main Roads (DTMR). A SPER year-to-date average clearance rate of 86% is achieved when this increased DTMR tolling debt volume is excluded.

Source: 2014-15 Service Delivery Statements

Strategy

Deliver an efficient state revenue system

Securing Queensland's revenue base

A secure, well-managed revenue base helps finance the services and infrastructure Queenslanders need.

In 2014-15 we managed \$12.9 billion in revenue and grants. E-business and electronic funds transfer continued to play a key role in securing this revenue base through streamlined collections, particularly from self-assessors and payroll tax clients. Any business registering for payroll tax in Queensland with an annual liability of less than \$20,000 can now lodge and pay their returns half-yearly instead of monthly. Over 7,000 clients took up this initiative in 2014-15, and more are expected in the year ahead.

We also ran an e-alert campaign to encourage payroll tax clients to claim their fixed periodic deduction progressively throughout the year. For the Office of State Revenue (OSR), this has reduced the number and size of refunds at annual return time. For clients, it means better cashflow through access to funds throughout the year, rather than paying additional tax and receiving a refund.

In the coming year, we will:

- manage a forecast \$12.9 billion in revenue and grants
- continue to implement the government's one-stop-shop agenda for seamless and easy-to-access services to the public as part of our 'customer first' approach
- continue implementing risk-based revenue management to encourage taxpayer compliance and ensure resources are appropriately allocated according to risk.

Keeping an eye on penalty debt

Through the State Penalties Enforcement Registry (SPER), we are responsible for collecting and enforcing unpaid fines and court orders in Queensland. It is our job to recover or manage this debt on behalf of Queensland taxpayers.

In partnership with the Department of Justice and Attorney-General, the Department of Transport and Main Roads, the Electoral Commission Queensland and the Public Safety Business Agency, we created the Penalty Debt Management Council to improve penalty debt management across government. We also collaborated specifically with the Electoral Commission Queensland to improve failure-to-vote fine collection processes. The council will report annually to government on the performance of penalty debt management to enable improvements to be identified and implemented. The first report will be prepared by December 2015.

Financial summary - Office of State Revenue	2014-15	2013-14
State contribution	\$112.43M	\$110.87M
Other income	\$3.33M	\$2.59M
Full-time equivalent employees	601	587

Strategy

Provide the best policy advice and advocate for the best policy outcomes

Regulatory support for budget initiatives, job creation

Each year OSR plays a lead role in implementing revenue initiatives from the State Budget, and supporting these initiatives with strong regulatory frameworks. In 2014-15, this included a royalty penalty amnesty, under which resource (mining) permit holders may be able to avoid a penalty if they have understated their liability.

Other budget initiatives we supported included:

- a payroll tax exemption for government departments (excluding commercialised business units) and hospital and health services to reduce administration costs and the shifting of funds for taxes paid within the state
- a new land tax exemption for eligible people who acquire a new home during a financial year but don't complete the sale of their old home by 30 June
- an expansion of the category of people eligible for a duty concession for family primary production businesses transferred as gifts.

With the passing of the *Payroll Tax Rebate, Revenue and Other Legislation Amendment Act 2015*, the government met another election commitment aimed at jobs growth and building a highly skilled workforce. This Act provides for employers who hire apprentices and trainees a payroll tax rebate of 25 per cent on their wages in addition to their wages being exempt from payroll tax up to 30 June 2018. The rebate will be used as an offset against payroll tax payable on the wages of other employees. This legislation also provided for:

- electronic conveyancing for the transfer duty component of property transactions
- amendments to ensure Queensland's revenue laws remained current and appropriate for taxpayers.

In the coming year, we expect to:

- develop a revenue bill to support the government's priorities and further align revenue laws to their intended operation
- begin rewriting the mining and petroleum royalty legislation to ensure it reflects the current environment in that sector.

Strategy

Drive productivity improvements

Our success in revenue management has been built on using technology to offer the services our clients need in more efficient ways. Our focus is always on making it easier for business to meet their obligations.

Expanding education through technology

In 2014-15, we improved our information technology capabilities to help our payroll tax clients with education and compliance campaigns.

This enabled us to introduce business intelligence software for revenue risk identification to increase efficiency in our compliance programs. New business intelligence capability was also developed to inform strategies to improve penalty debt and debtor management.

In the year ahead, we will:

- continue to educate payroll tax clients about their payroll tax obligations, particularly expanding businesses that may not have had a previous year's liability
- continue developing early warning interventions to raise our clients' awareness of their obligations for the new payroll tax rebates for apprentices' and trainees' wages
- integrate new web-based applications with our business intelligence systems for more efficient compliance.

Better banking

We have been able to reduce our reliance on incoming and outgoing cheques using the Commonwealth Bank's wholesale lockbox product and payables direct solution. This has allowed us to:

- free up processing staff for more value-adding activities
- reduce costs associated with printing cheques, and eliminate the need for manual handling
- reduce the security risk associated with storing blank cheques.

REVENUE MANAGEMENT

Strategy

Foster strong business and community relationships

Knowing our clients is important. We work hard on our relationship management practices to ensure our clients understand the law and their specific rights and obligations.

We have established relationships with business, industry and professional associations through the:

- Taxation Consultative Committee
- Property Consultative Committee
- Resource Consultative Committee.

Mining royalties

Mining, petroleum and now LNG royalties are an important source of revenue for Queensland, amounting to over \$2 billion each year.

In 2014-15, we undertook broad consultation on royalty administration and established the Resource Consultative Committee (RCC) and inter-jurisdictional Royalty Administration Committee (RAC). The RCC, comprising OSR, Queensland Resources Council and Australian Petroleum Production and Exploration Association, will help us improve resource revenue administration.

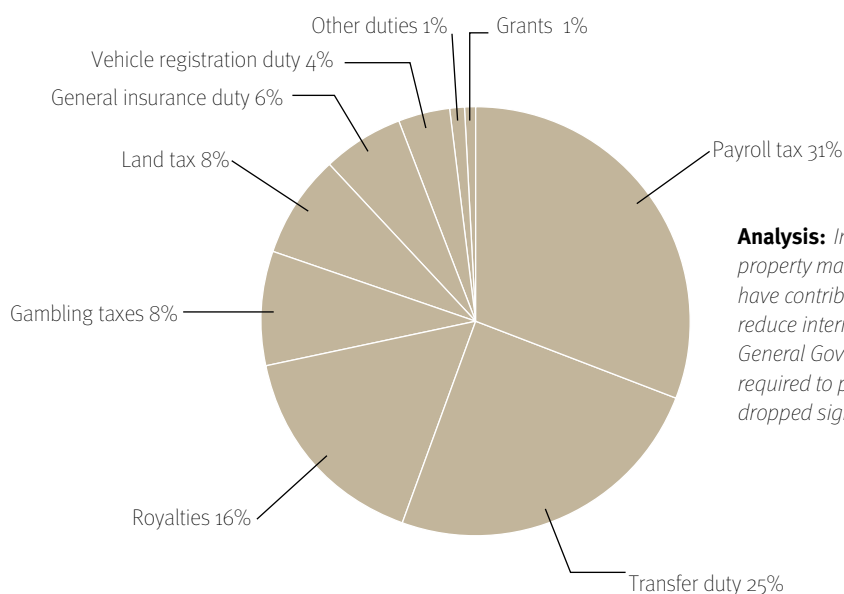
We also participated in the inter-jurisdictional Royalty Administration Committee (RAC). RAC will see us work with our counterparts in the Northern Territory and New South Wales to solve common issues.

In the coming year we will provide greater clarity and certainty for industry by delivering a Royalty Revenue Ruling System.

Penalty debt

Government bodies are a significant source of the State Penalty Enforcement Registry (SPER) debt referrals. During the year, we established a cross-government penalty debt management council and built relationships with stakeholders such as the Local Government Association of Queensland and regional councils. This will allow us to investigate how we can deliver our penalty debt management services more effectively.

Office of State Revenue administered revenue
2014-15



Analysis: Improved conditions in the residential property market and large commercial transactions have contributed to strong growth in transfer duties. To reduce internal government red tape, from 1 July 2014, General Government Sector departments were no longer required to pay payroll tax. Therefore, payroll tax has dropped significantly since last year.

Exchanging public and private sector expertise

A strong focus on clients and securing talented staff are two priorities KPMG and Queensland Treasury share, according to Employee Exchange Program participant Jim Marning.

The KPMG Corporate Tax Senior Consultant gained these insights and more during a six-month secondment with Queensland Treasury's Office of State Revenue (OSR) Payroll Tax team.

The secondment was part of an innovative program to develop public and private sector expertise through employee exchanges.

While Jim learned the ropes in the public sector, OSR employee Paul Gifford took up a secondment within KPMG as Advisory Risk Consulting Manager.

Both exchange participants are advocates of the program.

"I will bring back to Treasury a broader set of experiences and a solutions focus," Paul said. "My experiences will help me question if there is a better way of approaching an issue and work more collaboratively across different areas of Treasury."

Jim also reiterated the value of gaining insights from a different organisation. "I think our organisations can continue to learn from each other and adopt best practices related to clients and systems and processes."

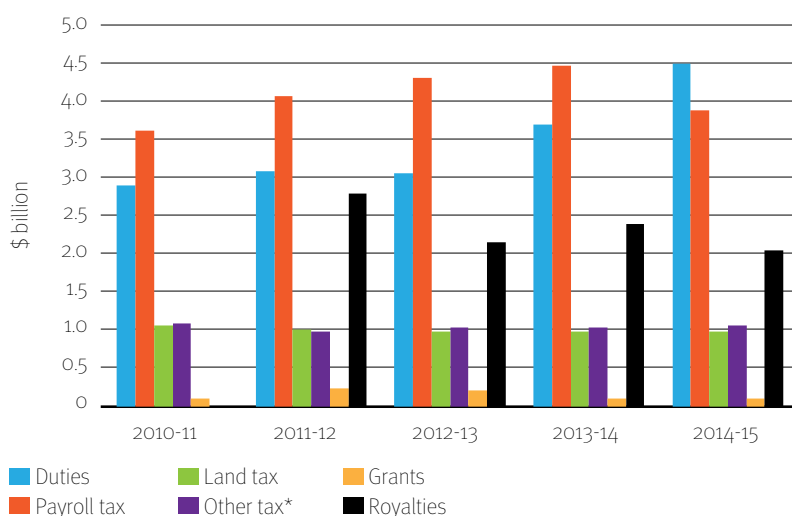
State taxes

Throughout the year, we continued delivering education to payroll tax clients and the solicitors and accountants who act for them. In the coming year, we will establish stakeholder forums to connect with our land tax clients.

Grants for first homebuyers

In 2014-15, we again took our Great Start Grant campaign to the Brisbane Home Show and the EKKA, where we were able to help first homebuyers and other potential clients with information about the grant and our other services. In 2014-15 some 6,093 grants worth \$91.4 million were paid to Queenslanders¹.

Total revenue administered by Office of State Revenue
2010-11 to 2014-15



Analysis: Payroll tax, transfer duty and royalties represent 75% of revenue administered by the Office of State Revenue, followed by gambling taxes (8%) and land tax (7%).



Treasury HR program manager Greg Martini (left) congratulates KPMG's Jim Marning (right) and OSR's Paul Gifford on their Employee Exchange Program assignment.

OUR FINANCIAL POSITION EXPLAINED

Queensland Treasury's financial statements fall into two categories:

Administered
the funds we administer on behalf of the government

Controlled
the revenue, expenses, assets and liabilities we use to conduct our business as a department.

Analysis

In 2014-15, Queensland Treasury administered \$29.81 billion of revenue and \$6.32 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 grants and other contributions of \$16.76 billion, followed by state taxes of \$10.37 billion.

The main component of Commonwealth grant revenue was Queensland's share of the GST. Other Commonwealth revenue includes funding for National Partnership Payments and Natural Disaster Relief and Recovery funding arrangements.

We administered a number of grants on behalf of the State in 2014-15 including the Great Start Grant and the Queensland Building Boost Grant.

Our controlled revenue consists principally of parliamentary appropriations. In 2014-15, revenue allocated to services was \$217.37 million (compared with \$193.34 million in 2013-14).

Administered

Queensland Government Insurance Fund

The Queensland Government Insurance Fund (QGIF), administered by Treasury, is a self-insurance arrangement into which government agencies pay premiums to meet the cost of claims and to build reserves to cover the cost of future potential liabilities.

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

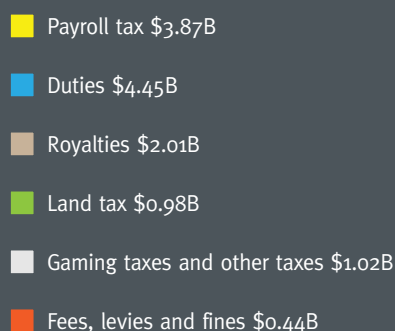
The liability balance at 30 June 2015 was \$902.8 million (net of estimated property reinsurance recovery of \$5.1 million), compared to \$897 million at 30 June 2014. Investments to sufficiently cover the government's outstanding claims liabilities are held by the Queensland Treasury Corporation within its long term assets. The fund reinsurance program has been in place since 1 November 2011 and is subject to annual renewal.

QGIF claims liabilities and associated investment balances are reported in the government's annual Report on State Finances.

Queensland Government Insurance Fund Financial summary

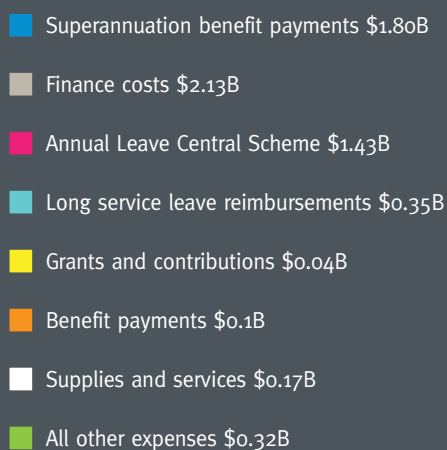
	30 June 2015 \$M	30 June 2014 \$M
Assets under investment	1,524.7	1,361.5
Provision for future liabilities	902.8	897.0
Premiums collected	181.3	182.4
Net claims paid	120.9	112.1
Fund operating expenses	4.9	4.3
Reinsurance expense	26.8	28.1

Royalties, state taxes, fees, levies and fines 2014-15



Administered revenue collected by Office of State Revenue decreased 0.08 per cent to \$12.761 billion in 2014-15.

Total administered expenses by category 2014-15



The department administers \$6.322 billion of expenses on behalf of the State, with the major components being: superannuation benefit payments of \$1.8 billion, finance costs of \$2.13 billion and Annual Leave Central Scheme costs of \$1.43 billion.

Queensland Treasury administered revenue

	2014-15	2013-14
Commonwealth funding as a percentage of total revenues	47%	45%
State funding as a percentage of total revenues	17%	18%
Funding from external sources as a percentage of total revenues	36%	37%

Administered

Queensland Treasury

Administered Statement of Comprehensive Income for the year ended 30 June 2015

Income from continuing operations

Revenue

	Treasury Department Actual 2013-14 \$'000	Treasury Department Actual 2014-15 \$'000
Grants and other contributions	16,081,106	16,757,732
Taxes	10,176,482	10,370,039
User charges and fees	48,949	76,974
Royalties	2,346,587	2,008,980
Finance income	23,380	30,744
Administered item revenue	6,535,318	6,179,537
Other revenue	512,015	566,985

Total income from continuing operations

35,723,837	35,990,991
------------	------------

Expenses

Supplies and services	175,781	168,338
Impairment losses	67,407	163,068
Grants and subsidies	42,763	38,538
Benefit payments	100,374	97,406
Finance cost	2,014,301	2,125,447
Superannuation benefit payments	2,176,000	1,798,151
Long service leave reimbursements	405,886	350,626
Annual Leave Central Scheme claims paid	1,439,450	1,426,786
Other expenses	137,573	146,151
Losses on financial instruments at fair value	16,900	7,483

Total expenses from continuing operations

6,576,435	6,321,994
-----------	-----------

Operating result for the year before transfers to government

29,147,402	29,668,997
------------	------------

Transfers of administered comprehensive income to government

29,147,402	29,668,997
------------	------------

Total administered comprehensive income

-	-
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Increase is largely attributable to growth in GST funding due to a review of GST relativities. This is partially offset by a reduction in National Partnership agreements in Education expiring in 2013-14, ceased concessions for Pensioners and Senior Card Holders and funding for the 2018 Commonwealth Games in 2013-14.

Increase is predominantly due to an increase in the collection of stamp duties, and gaming machine and casino taxes by the Office of State Revenue.

Increase is largely due to the collection of fees by the State Penalties Enforcement Registry (SPER).

Decrease predominantly reflects a reduction in mining royalties collected by the Office of State Revenue.

Administered item revenue is received from Consolidated Fund to fund administered expenses. Material variances in administered expenses are outlined below.

Increase is primarily due to a rise in fines and infringements collected by SPER.

Increase is predominantly due to an increase in the provision for impairment for transfer duties and SPER infringements.

Increase is due to the provision of government services and the State's capital program funding requirements.

Decrease reflects higher than average state share of benefit payments made during 2013-14.

Decrease is a result of higher than average long service leave claims in 2013-14.

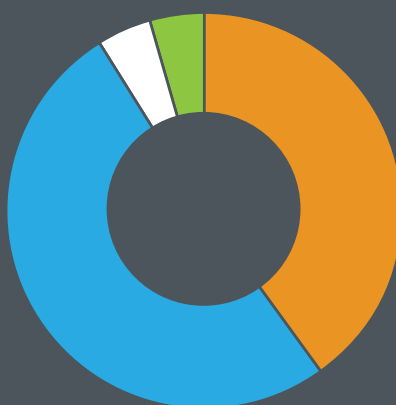
Decrease relates to the de-recognition of the forward swap contract to hedge the interest rate exposure risk associated with the Sunshine Coast University Hospital project. This contract was transferred to the Government Debt Pool.

Represents revenues collected on behalf of Queensland Government which are transferred to Consolidated Fund. Material variances in administered revenue are outlined above.

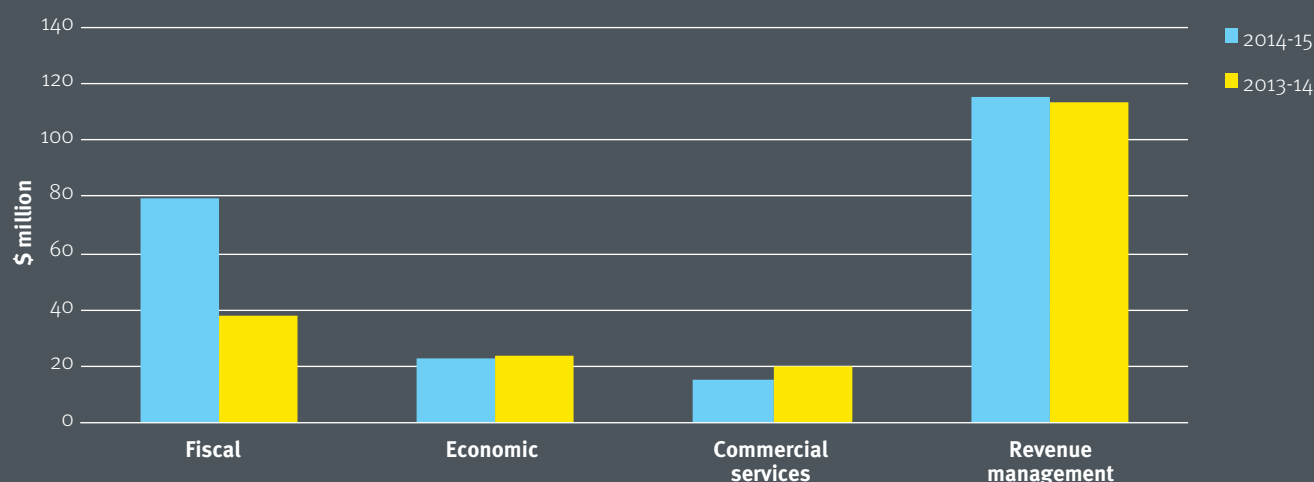
Controlled

Total expenses by category 2014-15

- Employee expenses \$94.18M
- Supplies and services \$119.69M
- Depreciation and amortisation \$10.98M
- Other \$9.82M



Total expenses by service



Machinery of Government (MoG) transfer of Trade and Investment Queensland (TIQ) to a statutory body occurred in 2013-14.

Queensland Treasury controlled key financial performance indicators

	2014-15 actual	2013-14 actual
Net cost of services funded by appropriation (\$M)	\$216.86	\$193.07
State funding as a % of total revenue	92%	92%
Fixed assets employed (\$'000)	\$10,420	\$21,405
Net assets (\$'000)	\$40,573	\$45,406

Controlled

Queensland Treasury and controlled entity Statement of Comprehensive Income for the year ended 30 June 2015

	Treasury Department Actual 2013-14 \$'000	Treasury Department Actual 2014-15 \$'000
Income from continuing operations		
Revenue		
Appropriation revenue	193,340	217,370
User charges	18,820	17,141
Grants and other contributions	452	253
Other revenue	705	427
Gains		
Gain/(loss) on sale/disposal of property, plant and equipment	-2,050	-1
Total income from continuing operations	211,267	235,190
Expenses from continuing operations		
Employee expenses	101,844	94,181
Supplies and services	77,400	119,692
Depreciation and amortisation	10,791	10,984
Impairment expense	92	-4
Other expenses	20,865	9,827
Total expenses from continuing operations	210,992	234,680
Operating result from continuing operations	275	510
Operating result for the year	275	510
Total comprehensive income	275	510

Increase mainly relates to funding provided for costs incurred in relation to preparatory and due diligence activities for transactions associated with the State's income generating activities, and funding relating to improvements to State Penalties Enforcement Registry (SPER).

Decrease is predominantly due to the MoG transfer of Trade and Investment Qld to a statutory body in 2013-2014 reflecting performance payments for Tradestart initiative and Asia Pacific Summit sponsorships.

Decrease is predominantly due to a reduction in recoupment of office space sub leases in the MoG transfer of Trade and Investment Qld to a Statutory Body in 2013-14.

Increase is due to the write down of leasehold improvements following the sale of 33 Charlotte Street in 2013-14.

Decrease primarily relates to the MoG transfer of Trade and Investment Qld to a statutory body in 2013-14 and the cessation of payroll tax obligations by departments effective 1 July 2014.

Increase is predominately due to payments to Qld Treasury Corporation (QTC) for costs incurred in relation to the former government's preparatory and due diligence activities for transactions associated with the state's income generating assets.

Decrease is mainly due to reduced promotional costs associated with the Strong Choices, Best Place to do Business and Great Start Grant campaigns.

Queensland Treasury and controlled entity Statement of Financial Position as at 30 June 2015

	Treasury Department Actual 2013-14 \$'000	Treasury Department Actual 2014-15 \$'000
Assets		
Cash	25,976	22,540
Receivables	6,035	11,148
Other	3,432	3,500
Financial assets	6,833	6,833
Intangible assets	18,477	8,942
Property, plant and equipment	2,928	1,478
Total assets	63,681	54,441
Liabilities		
Payables	15,453	10,992
Accrued employee benefits	2,786	2,809
Unearned revenue	36	67
Total liabilities	18,275	13,868
Net assets	45,406	40,573
Total equity	45,406	40,573

Decrease predominantly relates to a GST receivable from the Australian Taxation Office (ATO) for project related payments to QTC.

Increase in receivables is largely attributable to a GST receivable from the ATO for one off payment to QTC for the former government's preparatory and due diligence activities for transactions associated with the state's income generating assets.

Decrease is due to the amortisation of software licences and systems including SPER and the Revenue Management System used by the Office of State Revenue.

Decrease is largely attributable to depreciation on leasehold improvements and general plant and equipment.

Decrease is predominantly due to a payable relating to the Strong Choices campaign.

Decrease is mainly attributable to equity withdrawals to return funding for amortisation on the Revenue Management System and SPER system to the Consolidated Fund.

FINANCIAL STATEMENTS

Contents	Page No.
Foreword	38
Statement of Comprehensive Income	39
Statement of Financial Position	40
Statement of Changes in Equity	41
Statement of Cash Flows	42
Statement of Comprehensive Income by Major Departmental Services	43
Statement of Assets and Liabilities by Major Departmental Services	44
Administered Statement of Comprehensive Income	45
Administered Statement of Financial Position	46
Administered Statement of Changes in Equity	47
Administered Statement of Cash Flows	48
Administered Statement of Comprehensive Income by Major Departmental Services	49
Administered Statement of Assets and Liabilities by Major Departmental Services	50
Notes To and Forming Part of the Financial Statements	51-100
Management Certificate	101
Independent Auditor's Report	102

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 'Parent Entity'
 - (b) Consolidated (Queensland Treasury and its controlled entity Queensland Treasury Holdings Pty Ltd (QTH) and its subsidiaries) - column headed 'Consolidated Entity'.
2. Administered on behalf of the whole of government – shaded statements and notes.

In addition, the department administers transactions and balances in a trust or fiduciary capacity. These are identified in notes 64-66.

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
BRISBANE QLD 4000

Queensland Treasury and controlled entity
Statement of Comprehensive Income
for the year ended 30 June 2015

		Consolidated Entity		Parent Entity	
		2015	2014	2015	2014
	Notes	\$'000	\$'000	\$'000	\$'000
Income from continuing operations					
Revenue					
Appropriation revenue	3	217,370	193,340	217,370	193,340
User charges	4	17,141	18,820	17,141	18,820
Grants and other contributions	5	1,815	2,962	253	452
Interest revenue	6	22,348	31,728	..	..
Other revenue		477	753	427	705
Amortisation of unearned revenue		319	310	..	..
Dividends received		10,216	21,051	..	..
Gains					
Gain/(loss) on sale/disposal of property, plant and equipment		(1)	(2,050)	(1)	(2,050)
Fair value gain/(loss) on investments	7	8,239	134,029	..	..
Total income from continuing operations		277,924	400,943	235,190	211,267
Expenses from continuing operations					
Employee expenses	8	94,181	101,844	94,181	101,844
Supplies and services	9	119,748	78,221	119,692	77,400
Depreciation and amortisation	10	10,984	10,791	10,984	10,791
Borrowing costs	11	7,395	33,144	..	..
Other financing costs	12	191	1,966	..	..
Operating leases		356	347	..	..
Impairment expense	13	(4)	14,037	(4)	92
Other expenses	14	11,971	23,988	9,827	20,865
Total expenses from continuing operations		244,822	264,338	234,680	210,992
Income tax expense	15	9,590	41,411	..	..
Operating result from continuing operations		23,512	95,194	510	275
Operating result for the year		23,512	95,194	510	275
Total comprehensive income		23,512	95,194	510	275

The accompanying notes form part of these statements.

Queensland Treasury and controlled entity
Statement of Financial Position
as at 30 June 2015

	Notes	Consolidated Entity		Parent Entity	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Current assets					
Cash and cash equivalents	16	86,867	93,370	22,540	25,976
Receivables	17	11,148	6,035	11,148	6,035
Lease receivables	18	9,025	9,217	..	..
Loans and advances	20	4,355	3,871	..	..
Tax asset		191	..	..	..
Other assets		3,953	3,912	3,500	3,432
Other financial assets	19	281,771	273,532	..	..
Total current assets		397,310	389,937	37,188	35,443
Non-current assets					
Other financial assets	19	6,833	6,833	6,833	6,833
Receivables	17	116,039	106,459	..	..
Lease receivables	18	139,277	148,303	..	..
Loans and advances	20	48,525	49,630	..	..
Intangible assets	21	8,942	18,477	8,942	18,477
Property, plant and equipment		1,478	2,928	1,478	2,928
Deferred tax asset	22	24,969	27,844	..	..
Total non-current assets		346,063	360,474	17,253	28,238
Total assets		743,373	750,411	54,441	63,681
Current liabilities					
Payables	23	11,388	15,928	10,992	15,453
Accrued employee benefits		2,809	2,786	2,809	2,786
Unearned revenue	24	1,613	2,073	67	36
Tax liabilities		1	12,095	..	..
Interest bearing liabilities	27	9,025	9,217	..	..
Total current liabilities		24,836	42,099	13,868	18,275
Non-current liabilities					
Unearned revenue	24	3,044	4,434	..	..
Deferred tax liabilities	25	42,691	40,219	..	..
Interest bearing liabilities	27	139,277	148,303	..	..
Total non-current liabilities		185,012	192,956	..	..
Total liabilities		209,848	235,055	13,868	18,275
Net assets		533,525	515,356	40,573	45,406
Equity					
Accumulated surplus		422,795	399,283	24,256	23,746
Contributed equity		110,730	116,073	16,317	21,660
Total equity		533,525	515,356	40,573	45,406

The accompanying notes form part of these statements.

Queensland Treasury and controlled entity
Statement of Changes in Equity
for the year ended 30 June 2015

		Consolidated Entity		Parent Entity	
		2015	2014	2015	2014
	Notes	\$'000	\$'000	\$'000	\$'000
Accumulated surplus					
Balance 1 July		399,283	580,022	23,746	39,404
Operating result from continuing operations		23,512	95,194	510	275
Dividend paid	26	..	(260,000)	..	..
Reclassification to contributed equity		..	(15,933)	..	(15,933)
Balance 30 June		422,795	399,283	24,256	23,746
Contributed equity					
Balance 1 July		116,073	110,495	21,660	16,082
Transactions with owners as owners:					
Appropriated equity withdrawals	3	(5,343)	(8,167)	(5,343)	(8,167)
Reclassification from accumulated surplus		..	15,933	..	15,933
Net assets transferred - machinery of Government, Trade and Investment Queensland forming a statutory body		..	(2,188)	..	(2,188)
Balance 30 June		110,730	116,073	16,317	21,660
Total equity					
		533,525	515,356	40,573	45,406

The accompanying notes form part of these statements.

FINANCIAL STATEMENTS

Queensland Treasury and controlled entity
Statement of Cash Flows
for the year ended 30 June 2015

		Consolidated Entity		Parent Entity	
	Notes	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash flows from operating activities					
<i>Inflows</i>					
Appropriation revenue receipts		218,070	192,774	218,070	192,774
User charges		17,212	19,798	17,162	19,220
Grants and other contributions		253	5,733	253	452
GST input tax credits from Australian Taxation Office (ATO)		11,753	9,734	9,140	9,417
Interest received		9,392	18,388	..	..
Other		427	686	427	686
<i>Outflows</i>					
Employee expenses		(96,091)	(101,432)	(96,091)	(101,432)
Supplies and services		(138,670)	(87,841)	(135,878)	(81,780)
Grants and contributions		..	..	..	..
Interest paid		(7,395)	(33,340)	..	..
GST remitted to ATO		(4,011)	(2,615)	(1,389)	(2,057)
Income tax paid		(16,529)	(234,036)	..	..
Other		(9,787)	(21,180)	(9,787)	(21,180)
Net cash provided by/(used in) operating activities	28	(15,376)	(233,331)	1,907	16,100
Cash flows from investing activities					
<i>Inflows</i>					
Sales of property, plant and equipment		..	13	..	13
Lease payments received		1,116	1,065	..	..
Proceeds from investments		4,000	651,191	..	..
Novation payments received		8,101	8,890	..	..
Dividends received		10,216	21,051	..	..
<i>Outflows</i>					
Payments for property, plant and equipment		..	(414)	..	(414)
Payments for intangibles		..	(1,062)	..	(1,062)
Net cash provided by/(used in) investing activities		23,433	680,734	..	(1,463)
Cash flows from financing activities					
<i>Inflows</i>					
Equity injections		..	..	..	..
Borrowings		..	25,479	..	..
<i>Outflows</i>					
Repayment of borrowings		(9,217)	(177,307)	..	..
Dividend paid		..	(260,000)	..	..
Equity withdrawals		(5,343)	(8,168)	(5,343)	(8,168)
Net cash provided by/(used in) financing activities		(14,560)	(419,996)	(5,343)	(8,168)
Net increase/(decrease) in cash and cash equivalents		(6,503)	27,407	(3,436)	6,469
Cash and cash equivalents at beginning of financial year		93,370	72,083	25,976	25,627
Cash transfers due to machinery of Government change		..	(6,120)	..	(6,120)
Cash and cash equivalents at end of financial year	16	86,867	93,370	22,540	25,976

The accompanying notes form part of these statements.

Queensland Treasury and controlled entity
Statement of Comprehensive Income by Major Departmental Services
for the year ended 30 June 2015

	Fiscal		Economic		Commercial Services		Revenue Management		Trade and Investment		General – not attributed**		Inter-service/activity eliminations		Queensland Treasury	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from continuing operations *																
Revenue																
Appropriation revenue	78,618	37,490	18,560	19,654	5,772	9,728	112,432	110,869	..	13,069	1,988	2,530	..	..	217,370	193,340
User charges	550	576	4,639	4,949	10,166	10,204	2,769	3,326	..	835	122	166	(1,105)	(1,236)	17,141	18,820
Grants and other contributions	39	28	38	33	9	4	156	131	..	245	11	11	..	..	253	452
Other revenue	8	3	7	3	2	1	408	422	..	275	2	1	..	..	427	705
Gains																
Gain/(loss) on sale/disposal of property, plant and equipment	..	(278)	..	(342)	..	(42)	(1)	(1,293)	..	13	..	(108)	..	..	(1)	(2,050)
Total income from continuing operations	79,215	37,819	23,244	24,297	15,949	19,895	115,764	113,455	..	14,437	2,123	2,600	(1,105)	(1,236)	235,190	211,267
Expenses from continuing operations *																
Employee expenses	18,723	16,362	15,999	16,616	3,784	3,464	54,888	55,285	..	9,052	827	1,067	(40)	(2)	94,181	101,844
Supplies and services	55,281	9,837	6,386	6,677	11,588	14,391	46,404	41,690	..	4,685	1,094	1,330	(1,061)	(1,210)	119,692	77,400
Depreciation and amortisation	268	239	260	327	50	35	10,345	10,059	..	56	61	75	..	..	10,984	10,791
Impairment expense	(1)	(1)	(3)	95	..	..	..	(2)	..	..	..	..	..	..	(4)	92
Other expenses	4,871	11,350	529	468	190	1,996	4,102	6,306	..	644	139	125	(4)	(24)	9,827	20,865
Total expenses from continuing operations	79,142	37,787	23,171	24,183	15,612	19,886	115,739	113,338	..	14,437	2,121	2,597	(1,105)	(1,236)	234,680	210,992
Total comprehensive income	73	32	73	114	337	9	25	117	..	..	2	3	..	..	510	275

* Allocation of income and expenses to corporate services (disclosure only):

Income	3,952	3,461	3,499	3,760	868	578	14,461	15,050	..	..	1,063	1,361	..	..	23,843	24,210
Expenses	3,951	3,458	3,497	3,757	868	578	14,456	15,039	..	..	1,062	1,360	..	..	23,834	24,192

** 2015 and 2014 include corporate support allocated to Motor Accident Insurance Commission, Nominal Defendant.

Queensland Treasury and controlled entity
Statement of Assets and Liabilities by Major Departmental Services
as at 30 June 2015

	Fiscat*		Economic*		Commercial Services*		Revenue Management*		General – not attributed**		Queensland Treasury	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Current assets												
Cash and cash equivalents	2,468	12,178	136	(23)	(3,244)	(267)	(75)	(5,222)	23,255	19,310	22,540	25,976
Receivables	4,728	413	621	656	3,324	1,441	1,409	1,487	1,066	2,038	11,148	6,035
Other assets	64	50	399	325	1,011	937	1,141	1,146	885	974	3,500	3,432
Total current assets	7,260	12,641	1,156	958	1,091	2,111	2,475	(2,589)	25,206	22,322	37,188	35,443
Non-current assets												
Other financial assets	..	..	..	..	..	..	6,833	6,833	..	..	6,833	6,833
Intangible assets	8	12	53	66	..	..	8,856	18,256	25	143	8,942	18,477
Property, plant and equipment	40	116	25	70	..	17	56	125	1,357	2,600	1,478	2,928
Total non-current assets	48	128	78	136	..	17	15,745	25,214	1,382	2,743	17,253	28,238
Total assets	7,308	12,769	1,234	1,094	1,091	2,128	18,220	22,625	26,588	25,065	54,441	63,681
Current liabilities												
Payables	645	6,209	499	425	1,048	2,411	3,959	4,237	4,841	2,171	10,992	15,453
Accrued employee benefits	503	470	409	410	45	54	1,261	1,162	591	690	2,809	2,786
Unearned revenue	..	..	32	36	..	..	35	..	..	..	67	36
Total current liabilities	1,148	6,679	940	871	1,093	2,465	5,255	5,399	5,432	2,861	13,868	18,275
Total liabilities	1,148	6,679	940	871	1,093	2,465	5,255	5,399	5,432	2,861	13,868	18,275
Net assets	6,160	6,090	294	223	(2)	(337)	12,965	17,226	21,156	22,204	40,573	45,406

* The department has systems in place to allocate assets and liabilities by Major Departmental Service

** Includes assets and liabilities associated with corporate support functions

Queensland Treasury
Administered Statement of Comprehensive Income
for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Income and expenses administered on behalf of the whole of Government			
Income from continuing operations			
Revenue			
Grants and other contributions	36	16,757,732	16,081,106
Taxes	37	10,370,039	10,176,482
User charges and fees	38	76,974	48,949
Royalties	39	2,008,980	2,346,587
Finance income	40	30,744	23,380
Administered item revenue	41	6,179,537	6,535,318
Other revenue	42	566,985	512,015
Total income from continuing operations		35,990,991	35,723,837
Expenses from continuing operations			
Supplies and services	43	168,338	175,781
Impairment losses	44	163,068	67,407
Grants and subsidies	45	38,538	42,763
Benefit payments	46	97,406	100,374
Finance cost	47	2,125,447	2,014,301
Superannuation benefit payments		1,798,151	2,176,000
Long service leave reimbursements		350,626	405,886
Annual Leave Central Scheme claims paid		1,426,786	1,439,450
Other expenses	48	146,151	137,573
Losses			
Losses on financial instruments at fair value		7,483	16,900
Total expenses from continuing operations		6,321,994	6,576,435
Operating result from continuing operations before transfers to Government		29,668,997	29,147,402
Operating result from discontinued operations		..	..
Operating result for the year before transfers to Government		29,668,997	29,147,402
Transfers of administered comprehensive income to Government		29,668,997	29,147,402
Total administered comprehensive income		..	..

The accompanying notes form part of these statements.

Queensland Treasury
Administered Statement of Financial Position
as at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Assets and liabilities administered on behalf of the whole of Government			
Current assets			
Cash and cash equivalents	49	(2,561,883)	(2,142,691)
Receivables	50	669,589	600,483
Administered item revenue receivable		290,355	470,801
Loans and advances	51	29,270	15,594
Other current assets	52	14,998	9,145
Total current assets		(1,557,671)	(1,046,668)
Non-current assets			
Receivables	50	2,131	19,971
Loans and advances	51	118,527	151,058
Other financial assets	53	..	7,483
Total non-current assets		120,658	178,512
Total administered assets		(1,437,013)	(868,156)
Current liabilities			
Payables	54	423,588	438,365
Transfer to Government payable		692,273	723,463
Financial liabilities held at amortised cost	56	17,777	9,689
Other liabilities	57	43,261	168,448
Total current liabilities		1,176,899	1,339,965
Non-current liabilities			
QTC borrowings	55	40,053,989	38,447,463
Financial liabilities held at amortised cost	56	70,493	94,163
Total non-current liabilities		40,124,482	38,541,626
Total administered liabilities		41,301,381	39,881,591
Administered net assets		(42,738,394)	(40,749,747)
Equity			
Accumulated surplus		4,065	5,795
Net equity withdrawal	2 (u)	(42,742,459)	(40,755,542)
Total administered equity		(42,738,394)	(40,749,747)

The accompanying notes form part of these statements.

Queensland Treasury and Trade
Administered Statement of Changes in Equity
for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Equity administered on behalf of the whole of Government			
Accumulated surplus			
Balance 1 July		5,795	5,795
Accumulated surplus prior year adjustments		(1,730)	..
Balance 30 June		<u>4,065</u>	<u>5,795</u>
Net equity withdrawal			
Balance 1 July		(40,755,542)	(34,788,694)
Equity injections		..	11,795
Equity withdrawals		..	(17,111)
Non-appropriated equity injections	
Non-appropriated equity withdrawals		(1,986,917)	(5,961,532)
Balance 30 June		<u>(42,742,459)</u>	<u>(40,755,542)</u>
Total administered equity		<u>(42,738,394)</u>	<u>(40,749,747)</u>

The accompanying notes form part of these statements.

Queensland Treasury
Administered Statement of Cash Flows
for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Cash flows administered on behalf of the whole of Government			
Cash flows from operating activities			
<i>Inflows</i>			
Administered item receipts		6,359,983	6,679,433
Grants and other contributions		16,757,954	16,081,805
Taxes		10,314,845	10,238,966
Royalties/User charges and fees		1,932,148	2,340,151
Finance income		29,975	35,949
GST input tax credits from ATO		4,574	4,485
Other		584,571	526,033
<i>Outflows</i>			
Transfers to Government		(29,700,186)	(29,944,875)
Grants and subsidies/Benefit payments		(129,869)	(148,506)
Finance costs		(2,128,598)	(1,998,076)
Supplies and services		(147,963)	(152,051)
GST remitted to ATO		(18,496)	(16,748)
Superannuation benefit payments		(1,798,151)	(2,176,000)
Long service leave reimbursements		(368,007)	(428,645)
Annual leave reimbursements		(1,422,685)	(1,439,450)
Other		(321,970)	(262,657)
Net cash provided by/(used in) operating activities	58	(51,875)	(660,186)
Cash flows from investing activities			
<i>Inflows</i>			
Loans and advances		16,082	16,082
<i>Outflows</i>			
Loans and advances made		(1,345)	(20,183)
Net cash provided by/(used in) investing activities		14,737	(4,101)
Cash flows from financing activities			
<i>Inflows</i>			
Equity injections		..	11,795
Borrowings		2,658,807	5,966,065
<i>Outflows</i>			
Borrowing redemptions		(1,053,944)	(2,395,382)
Equity withdrawals		(1,986,917)	(5,978,640)
Net cash provided by/(used in) financing activities		(382,054)	(2,396,162)
Net increase/(decrease) in cash and cash equivalents		(419,192)	(3,060,449)
Administered cash and cash equivalents at beginning of financial year		(2,142,691)	917,758
Administered cash and cash equivalents at end of financial year	49	(2,561,883)	(2,142,691)

The accompanying notes form part of these statements.

Queensland Treasury
Administered Statement of Comprehensive Income by Major Departmental Services
for the year ended 30 June 2015

	Fiscal		Revenue Management		Other *		Inter-service/activity eliminations		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Income and expenses administered on behalf of the whole of Government										
Income from continuing operations										
Revenue										
Grants and other contributions	16,757,732	16,060,922							16,757,732	16,081,106
Taxes			10,396,779	10,220,659			(26,740)	(44,177)	10,370,039	10,176,482
User charges and fees			76,974	48,949					76,974	48,949
Royalties			2,007,474	2,346,479	1,506	108			2,008,980	2,346,587
Finance income			21,349	19,204	23,418	14,883	(14,023)	(10,707)	30,744	23,380
Administered item revenue	144,534	156,579	130,185	150,414	5,904,818	6,228,325			6,179,537	6,535,318
Other revenue	238,201	236,578	306,328	242,284	22,456	33,153			566,985	512,015
Total income from continuing operations	17,140,467	16,454,079	12,939,089	13,027,989	5,952,198	6,296,653	(40,763)	(54,884)	35,990,991	35,723,837
Expenses from continuing operations										
Supplies and services	136,761	142,848	4,691	4,476	26,886	28,457			168,338	175,781
Impairment losses			163,068	67,386		21			163,068	67,407
Grants and subsidies	7,275	9,264	1,024	45,092	30,239	32,584		(44,177)	38,538	42,763
Benefit payments			97,406	100,374					97,406	100,374
Finance cost			324	473	2,139,146	2,024,535	(14,023)	(10,707)	2,125,447	2,014,301
Superannuation benefit payments					1,798,151	2,176,000			1,798,151	2,176,000
Long service leave reimbursements					350,626	405,886			350,626	405,886
Annual Leave Central Scheme claims paid					1,426,786	1,439,450			1,426,786	1,439,450
Other expenses	498	4,467	26,740		145,653	133,106	(26,740)		146,151	137,573
Losses										
losses on financial instruments at fair value	7,483	16,900							7,483	16,900
Total expenses from continuing operations	152,017	173,479	293,253	217,801	5,917,487	6,240,039	(40,763)	(54,884)	6,321,994	6,576,435
Operating result from continuing operations before transfers to Government										
	16,988,450	16,280,600	12,645,836	12,810,188	34,711	56,614			29,668,997	29,090,788
Transfers of administered comprehensive income to Government										
	16,988,450	16,280,600	12,645,836	12,810,188	34,711	56,614			29,668,997	29,090,788
Total administered comprehensive income										

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

Queensland Treasury
Administered Statement of Assets and Liabilities by Major Departmental Services
as at 30 June 2015

	Fiscal*		Revenue Management*		Other**		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Assets and liabilities administered on behalf of the whole of Government								
Current assets								
Cash and cash equivalents								
Receivables	(536,531)	(527,146)	43,478	115,505	(2,068,830)	(1,731,050)	(2,561,883)	(2,142,691)
Administered item revenue receivable	58,014	56,704	587,824	540,253	23,751	3,526	669,589	600,483
Loans and advances	410,751	403,002	24,930	..	(145,326)	67,799	290,355	470,801
Other current assets	..	..	..	..	29,270	15,594	29,270	15,594
Total current assets	1,309	1,264	934	(3)	12,755	7,884	14,998	9,145
Non-current assets								
Receivables								
Loans and advances	..	..	..	..	2,131	19,971	2,131	19,971
Other financial assets	..	..	..	..	118,527	151,058	118,527	151,058
Total non-current assets	..	7,483	..	..	..	..	..	7,483
Total administered assets	..	7,483	..	..	120,658	171,029	120,658	178,512
Current liabilities								
Payables								
Transfer to Government payable	..	..	17,185	20,374	406,403	417,991	423,588	438,365
Financial liabilities held at amortised cost	42,540	50,304	597,775	571,487	51,958	101,672	692,273	723,463
Other liabilities	..	..	..	..	17,777	9,689	17,777	9,689
Total current liabilities	..	..	41,761	63,448	1,500	105,000	43,261	168,448
Non-current liabilities								
QTC borrowings	42,540	50,304	656,721	655,309	477,638	634,352	1,176,899	1,339,965
Financial liabilities held at amortised cost	..	..	..	..	40,053,989	38,447,463	40,053,989	38,447,463
Total non-current liabilities	..	..	..	..	70,493	94,163	70,493	94,163
Total administered liabilities	..	..	..	..	40,124,482	38,541,626	40,124,482	38,541,626
Administered net assets	42,540	50,304	656,721	655,309	40,602,120	39,175,978	41,301,381	39,881,591
	(108,997)	(108,997)	445	446	(42,629,842)	(40,641,196)	(42,738,394)	(40,749,747)

* The department has systems in place to allocate assets and liabilities by Major Departmental Service

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

**Queensland Treasury
Notes To and Forming Part of the Financial Statements 2014-15**

Contents	Page No.
Notes to the Financial Statements	
1. Objectives of the department	53
2. Summary of significant accounting policies	53-58
Controlled note numbers	
3. Reconciliation of payments from Consolidated Fund to service revenue recognised in the Statement of Comprehensive Income	59
Reconciliation of payments from Consolidated Fund to appropriated equity adjustments recognised in contributed equity	59
4. User charges	59
5. Grants and other contributions	59
6. Interest revenue	59
7. Fair value gain/(loss) on investments	60
8. Employee expenses	60-63
9. Supplies and services	64
10. Depreciation and amortisation	64
11. Borrowing costs	64
12. Other financing costs	64
13. Impairment expense	64
14. Other expenses	65
15. Income tax expense	65
16. Cash and cash equivalents	65
17. Receivables	66
18. Lease receivables	66-67
19. Other financial assets	68
20. Loans and advances	68
21. Intangible assets	68-69
22. Deferred tax asset	70
23. Payables	70
24. Unearned revenue	70
25. Deferred tax liabilities	71
26. Dividend paid	71
27. Interest bearing liabilities	71
28. Reconciliation of operating surplus to net cash from operating activities	72
29. Commitments for expenditure	73
30. Contingencies	73
31. Controlled entities	73-74
32. Investments in entities which are not controlled entities or associated companies	74
33. Events occurring after balance date	74
34. Financial instruments	75-78
35. Budget vs actual comparison	79-81

Contents (continued)	Page No.
Administered note numbers	
36. Grants and other contributions	82
37. Taxes	82
38. User charges and fees	82
39. Royalties	83
40. Finance income	83
41. Administered item revenue	83
42. Other revenue	84
43. Supplies and services	84
44. Impairment losses	84
45. Grants and subsidies	85
46. Benefit payments	85
47. Finance cost	85
48. Other expenses	86
49. Cash and cash equivalents	86
50. Receivables	87
51. Loans and advances	87
52. Other current assets	88
53. Other financial assets	88
54. Payables	88
55. QTC borrowings	89
56. Financial liabilities held at amortised cost	89
57. Other liabilities	90
58. Reconciliation of administered comprehensive income to net cash from operating activities	90
59. Contingencies	90
60. Events occurring after balance date	91
61. Financial instruments	91-96
62. Adjustment to comparatives – administered	97
63. Budget vs actual comparison	98-99
Trust Balances note numbers	
64. Transfer payments	100
65. Agency transactions	100
66. Queensland Government E-merchant program	100

Queensland Treasury
Notes To and Forming Part of the Financial Statements 2014-15**1 Objectives of the department**

As a core agency of the Queensland Government, Queensland Treasury manages the State's finances responsibly in line with the government's fiscal principles to deliver better services for Queenslanders and advance the State's economy to support growth, investment and employment.

With a continuing focus on supporting and delivering the government's policy priorities, Queensland Treasury makes a direct contribution to each of the Queensland Government's objectives for the community:

- Creating jobs and a diverse economy
- Delivering quality frontline services
- Protecting the environment
- Building safe, caring and connected communities.

Details on Queensland Treasury's departmental service areas can be viewed in the department's Service Delivery Statement at <http://www.budget.qld.gov.au/budget-papers/documents/bp5-qt-2015-16.pdf>.

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 2015 and other authoritative pronouncements.

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

The consolidated financial statements include the value of all revenues, expenses, assets, liabilities and equity of the department and the entities that it controls. Details of the department's controlled entities are disclosed in note 31.

The department as an economic entity consists of the parent entity together with QTH and Queensland Trade and Investment Office Pty Ltd as controlled entities (Qld Trade and Investment Office Pty Ltd for the 2014 comparative). In order to provide enhanced disclosure, the department has adopted the principles outlined in Australian Accounting Standard AASB 10 *Consolidated Financial Statements* and AASB 12 *Disclosure of Interests in Other Entities*. This approach is considered appropriate as it reflects the relationship between the department's core business activities and those of its controlled entities. In the process of reporting on the department as a single economic entity, all transactions and balances internal to the economic entity have been eliminated in full.

(c) Administered transactions and balances

The department administers, but does not control, certain resources on behalf of the government such as the collection of state taxes, royalties 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.

Administered revenue is recognised when one or more of the following events are satisfied:

- the underlying transaction or event which gives rise to the right to collect the revenue occurs and can be measured reliably
- the assessment is raised by the self-assessor (a person who lodges transactions online)
- the assessment is issued as a result of Commissioner-assessed transactions or following compliance activities such as reviews and audits.

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 settlement account held by the third party Cuscal.

As the department performs only a custodial role in respect of these transactions and balances, they are not recognised in the financial statements. 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.

(f) User charges and fees

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.

(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 generally obtained at the time of receipt). Where grants are received that are reciprocal in nature, revenue is progressively recognised as it is earned, according to the terms of the funding agreements.

(h) Foreign currency transactions

The department and its controlled entities' financial statements are presented in Australian dollars, which is its functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

(i) Cash and cash equivalents

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.

(j) 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.

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.

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

Property, plant and equipment assets are depreciated on a straight-line basis so as to allocate the net cost 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.

2 Summary of significant accounting policies (continued)

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

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	16.6% - 50%
– Furniture and office amenities	20%
– Office equipment	10% - 50%
– Leasehold improvements	7.14% - 33.33%
Intangibles	
– Internally generated software	7.14% - 20%
– Purchased software/licences	12.5% - 25%

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

Queensland Treasury currently holds plant and equipment with a written down value of zero that has an original cost of \$7.267million. Also Queensland Treasury has no temporary idle plant and equipment and no plant and equipment recorded at cost with materially different fair values.

(l) 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.

An impairment loss is recognised immediately in the Statement of Comprehensive Income.

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.

(m) Other financial assets

The department 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.

Investments in unlisted equity instruments that do not have a quoted market price in an active market are measured at cost.

(n) 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.

(o) 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:

2 Summary of significant accounting policies (continued)

Financial assets at fair value through profit or loss – held at fair value

1. Other financial assets

2. Receivables and loans – held at amortised cost

- Receivables
- Lease receivables
- Loans and advances
- Other assets

3. Financial liabilities – held at amortised cost

- Payables
- Tax liabilities
- Interest bearing liabilities
- Other liabilities

4. Equity instrument – held at cost

- Shares held in unlisted company at cost

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

(p) Employee benefits

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

Workers' compensation insurance is not counted in an employee's total remuneration package as employee benefits and is 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.

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

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*.

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.

2 Summary of significant accounting policies (continued)

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits 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*.

(q) Taxation

Queensland Treasury is a State body as defined under the *Income Tax Assessment Act 1936* and is 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.

Under the NTER, payments are made to the State Treasurer equivalent to the amount of Commonwealth income tax.

The QTH controlled entity falls under the Taxation of Financial Arrangements (TOFA) legislation and applies the default realisation and accrual methods.

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

The department allocates revenues and expenses attributable to corporate services to its controlled departmental services in the Statement of Comprehensive Income based on the average usage patterns of the services' key drivers of costs.

(s) 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.

(t) 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.

(u) Net equity withdrawal

The net equity withdrawal in the department's Administered Statement of Financial Position primarily represents whole of government borrowings on-forwarded to the Consolidated Fund.

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.

(v) Issuance of financial statements

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

(w) Accounting estimates and judgements

Estimates and assumptions that have a potential significant effect are outlined in notes 10 (Depreciation and amortisation), 30 and 59 (Contingencies), 51 (Loans and advances), 55 (QTC borrowings) and 56 (Financial liabilities held at amortised cost). Further, the matters covered in each of those notes (except for Depreciation and Amortisation) necessarily involve estimation uncertainty with the potential to materially impact on the carrying amount of the department's assets and liabilities in the next reporting period. Reference should be made to the respective notes for more information.

2 Summary of significant accounting policies (continued)**(x) New and revised accounting policies and standards**

The department did not voluntarily change any of its accounting policies during 2014-15. Queensland Treasury adopted AASB 1055 *Budgetary Reporting* standard required for the first time in 2014-15.

AASB 1055 became effective from reporting periods beginning on or after 1 July 2014. The department has included in these financial statements a comprehensive new note 'Budget vs Actual Comparison' (note 35 and 63), with explanations of major variances, in respect of the department's Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows and explanations of major variances, in respect of the department's major classes of administered income, expenses, assets and liabilities.

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards with future commencement dates will be predominantly in AASB 9 *Financial Instruments* and AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 December 2014*.

AASB 9 *Financial Instruments* and AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* will become effective from reporting periods beginning on or after 1 January 2018. The main impacts of these standards on the department are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the department's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

At this stage assuming no change in the types of transactions the department enters into, all the financial assets are expected to be measured at fair value as required in the standard (instead of the measurement classifications presently used in Note 2(o), 34 and 61). In the case of the department's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value. Changes in the fair value of those assets will be reflected in the department's operating result.

A significant impact of the new measurement requirements on Queensland Treasury is that "Loans and advances" in the administered accounts and "Licence fee receivable" in the controlled accounts will need to be measured at fair value. The department is not yet able to reliably estimate what the fair value of this investment will be at the date of initial application of AASB 9. The difference between the carrying amount of this investment and its initial fair value will be recognised as an adjustment to the balance of Accumulated Surplus on initial application of AASB 9. AASB 9 allows an entity to make an irrevocable election at the date of initial recognition to present in 'other comprehensive income' subsequent changes in the fair value of such an asset.

FINANCIAL STATEMENTS

Queensland Treasury

Notes To and Forming Part of the Financial Statements 2014-15

	Consolidated Entity		Parent Entity	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
3 Reconciliation of payments from Consolidated Fund to service revenue recognised in the Statement of Comprehensive Income				
Budgeted appropriation revenue	193,009	213,938	193,009	213,938
Transfer (to)/from other heading	25,061	(21,164)	25,061	(21,164)
Total appropriation receipts	218,070	192,774	218,070	192,774
Plus closing balance of appropriation receivable	..	700	..	700
Less opening balance of appropriation receivable	(700)	(134)	(700)	(134)
Appropriation revenue recognised in Statement of Comprehensive Income	217,370	193,340	217,370	193,340
Reconciliation of payments from Consolidated Fund to appropriated equity adjustments recognised in contributed equity				
Budgeted equity adjustment appropriation	157	2,933	157	2,933
Transfer (to)/from other heading	(5,500)	(11,100)	(5,500)	(11,100)
Total equity adjustment receipts	(5,343)	(8,167)	(5,343)	(8,167)
Appropriated equity adjustment recognised in contributed equity	(5,343)	(8,167)	(5,343)	(8,167)
4 User charges				
Sale of goods	..	18	..	18
Sale of services	17,141	18,802	17,141	18,802
	17,141	18,820	17,141	18,820
5 Grants and other contributions				
Resources received below fair value	253	207	253	207
Grant revenue *	1,562	2,510	..	..
Other	..	245	..	245
	1,815	2,962	253	452
* The QTH controlled entity undertook project management responsibilities on behalf of the State of Queensland for the Airport Link, Northern Busway (Windsor to Kedron) and Airport Roundabout Upgrade projects, which were previously undertaken by City North Infrastructure (CNI). From 1 July 2015, these activities have been transferred to the Department of Transport and Main Roads. Any surplus grant funding is expected to be returned to the State during 2015-16. An amount of \$1.2 million remains as deferred revenue at 30 June 2015 (refer note 24).				
6 Interest revenue				
Interest - QTC	1,994	10,528	..	..
Interest - lease receivables *	7,395	7,860	..	..
Interest - loans and receivables **	12,959	13,340	..	..
	22,348	31,728	..	..

* Relates to interest recognised on Lease receivables by Dalrymple Bay Coal Terminal Holdings (DBCTH) Pty Ltd (refer note 18).

** Relates to interest recognised on financial assets acquired from Brisbane Port Holdings Pty Ltd (BPH) following the long-term lease of the Port of Brisbane (refer note 17 and 20).

FINANCIAL STATEMENTS

Queensland Treasury

Notes To and Forming Part of the Financial Statements 2014-15

	Consolidated Entity		Parent Entity	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
7 Fair value gain/(loss) on investments				
Gain on shares - unrealised *	8,239	45,040	..	..
Gain/(loss) on shares - realised **	..	88,984	..	..
Bonus shares refunded/(provided)	..	5	..	..
	8,239	134,029	..	..

* Relates to the market movement on remaining shares held in Aurizon Holdings Ltd (AZI) (formerly QR National Limited) recorded at fair value (recognised at the closing listed market price of \$5.13 per share (2014: \$4.98 per share)).

** During the financial year the QTH controlled entity did not sell any shares in AZI. In the prior financial year QTH sold 134,304,485 shares in AZI.

8 Employee expenses

Employee benefits

Salaries and wages	72,881	74,928	72,881	74,928
Employer superannuation contributions	9,638	10,016	9,638	10,016
Long service leave levy	1,688	1,695	1,688	1,695
Parental leave expense	466	349	466	349
Annual leave levy	8,153	8,951	8,153	8,951
Other employee benefits	215	469	215	469

Employee related expenses *

Workers' compensation premium	120	214	120	214
Payroll tax	30	4,438	30	4,438
Other employee related expenses	990	784	990	784
	94,181	101,844	94,181	101,844

* Employment expenses not included in employees total remuneration package

The number of employees as at 30 June, including both full-time employees and part-time employees, measured on a full-time equivalent basis (reflecting Minimum Obligatory Human Resource Information (MOHRI)) is:

Number of employees:	942	892	942	892
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(a) Key Management Personnel

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2014-15. 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 (End date of position)

Under Treasurer:

The former Under Treasurer commenced leave on 8 May 2015 and ceased as Under Treasurer on 8 June 2015. Relieving arrangements were established until the commencement of the new Under Treasurer on 9 June 2015. (a)

Under Treasurer	Responsible for executive leadership, strategic direction of the department and whole of government financial management	CEO; Governor in Council under s92 of the Public Service Act 2008	09-Jun-15 (b)
Under Treasurer (ceased)	Responsible for executive leadership, strategic direction of the department and whole of government financial management	CEO; Governor in Council under s92 of the Public Service Act 2008	18-Nov-13 (8-Jun-15) (c)

FINANCIAL STATEMENTS

Queensland Treasury Notes To and Forming Part of the Financial Statements 2014-15

8 Employee expenses (continued) Key management personnel and remuneration

Position	Responsibilities	Current Incumbents	
		Contract classification and appointment authority	Date appointed to position (End date of position)

Deputy Under Treasurer, Fiscal Group:

The incumbent Deputy Under Treasurer took a period of leave from 19 January 2015 and upon return led a review of the state's finances for the government. Relieving arrangements were put in place from this time. (a)

Deputy Under Treasurer	Responsible for executive leadership, strategic direction of the department and whole of government financial management and the Fiscal Group (d)	CEO; Public Service Commission Chief Executive under s121 of the <i>Public Service Act 2008</i>	27-Jun-12
Acting Deputy Under Treasurer	Responsible for executive leadership, strategic direction of the department and whole of government financial management and the Fiscal Group	CEO; Relieving in accordance with Directive 4/11, Higher Duties, issued under section 54 of the <i>Public Service Act 2008</i> . In accordance with Directive 4/11 and Queensland Treasury's HR Delegations, relieving was approved by the Under Treasurer.	19-Jan-15 (7-May-15) and 1-Jun-15 (e)

Deputy Under Treasurer, Economics Group:

The former Deputy Under Treasurer ceased on 18 July 2014, with the acting Deputy Under Treasurer commencing duty on 7 July 2014. (a)

Acting Deputy Under Treasurer	Responsible for the Economics Group	SES4; Relieving in accordance with Directive 4/11, Higher Duties, and Directive 3/14, Senior Executive Service – Employment Conditions, issued under sections 54 and 53 of the <i>Public Service Act 2008</i> . In accordance with Directives 4/11 and 3/14 and Queensland Treasury's HR Delegations, relieving was approved by the Under Treasurer.	7-Jul-14
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Executive Director, Commercial Group (formerly Projects Queensland):

The former Executive Director ceased on 4 July 2014. A new Executive Director was appointed on 7 July 2014. This Executive Director commenced a secondment to Building Queensland on 20 April 2015 and relieving arrangements were put in place from this time. (a)

Acting Executive Director	Responsible for Commercial Group	Under an interchange arrangement from QTC in accordance with s184 of the <i>Public Service Act 2008</i> (f)	20-Apr-15
Executive Director (currently on secondment)	Responsible for the former Projects Queensland division	CEO; Under Treasurer under s121 and s122 of the <i>Public Service Act 2008</i> and Directive 16/08, section 8.2.4	7-Jul-14 (17-Apr-15) (g)

Commissioner, Office of State Revenue:

No change in the position holder this year.

Commissioner	Responsible for the Office of State Revenue	CEO; Under Treasurer under s119, s121(2) and s122 of the <i>Public Service Act 2008</i>	10-Feb-14
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Chief Operating Officer, Corporate Group:

No change in the position holder this year.

Chief Operating Officer	Responsible for the Corporate Group	CEO; Under Treasurer under s119, s121(2) and s122 of the <i>Public Service Act 2008</i>	02-Jun-14
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(a) Some positions have been excluded from the table on the basis of being immaterial in relation to time in the role and dollar value

(b) The Under Treasurer acted in this role from 1 June to 8 June 2015, approved by the Treasurer under s94(1) of the *Public Service Act 2008*

(c) The Under Treasurer commenced leave on 8 May 2015 and ceased as Under Treasurer on 8 June 2015

(d) From 19 January 2015 the Deputy Under Treasurer took a period of leave and upon return led a review of the state's finances for the government. Relieving arrangements were put in place from this time

(e) The Deputy Under Treasurer relieved in this position for two separate periods; from 19 Jan 2015 to 7 May 2015 and from 1 June 2015

(f) The Acting Executive Director is remunerated by QTC

(g) The Executive Director commenced a secondment to Building Queensland on 20 April 2015

Queensland Treasury
Notes To and Forming Part of the Financial Statements 2014-15
8 Employee expenses (continued)
(b) Remuneration

The following disclosures focus on the expenses incurred by the department during the respective reporting periods that are attributable to key management positions. The amounts disclosed below reflect expenses recognised in the Statement of Comprehensive Income.

The mutually agreed terms for the separating Under Treasurer considered all of the contract's relevant clauses. The payment for the Under Treasurer's separation was determined prior to 30 June 2015 and is included in the below expenses for 2014-15.

1 July 2014 - 30 June 2015

Position *	Short Term Employee Benefits				Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base	Performance Payment	Vehicle Allowance (cash) & Movement in Annual Leave	Non-Monetary Benefits	\$'000	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000				
Under Treasurer	48	..	4	..	1	6	..	59
Under Treasurer (ceased)	580	43	48	..	13	62	259	1,005
Deputy Under Treasurer	280	..	23	..	6	35	..	344
Acting Deputy Under Treasurer	85	..	17	..	2	9	..	113
Acting Deputy Under Treasurer	195	..	29	..	4	25	..	253
Acting Executive Director **	..	..	..	..	..	..	..	..
Executive Director (currently on secondment)	272	..	46	..	6	34	..	358
Commissioner	245	..	46	..	6	31	..	328
Chief Operating Officer	244	..	38	..	5	31	..	318
Total Remuneration	1,949	43	251	..	43	233	259	2,778

* Some positions have been excluded from the table on the basis of being immaterial in relation to time in the role and dollar value

** The Acting Executive Director is remunerated by QTC

8 Employee expenses (continued)

1 July 2013 - 30 June 2014

Position	Short Term Employee Benefits				Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base	Performance Payment	Vehicle Allowance (cash) & Movement in Annual Leave	Non-Monetary Benefits				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Under Treasurer (ceased)	197	58	24	8	6	25	..	318
Under Treasurer	317	..	43	..	8	40	..	408
Deputy Under Treasurer	274	..	19	16	6	34	..	349
Deputy Under Treasurer (ceased)	27	..	2	4	1	3	..	37
Deputy Under Treasurer	168	..	31	..	4	17	..	220
Executive Director (ceased)	171	..	..	2	..	..	..	173
Executive Director	116	..	15	..	3	10	..	144
Commissioner (ceased)	115	..	27	..	3	14	..	159
Commissioner	93	..	18	..	2	12	..	125
Executive Director (ceased)	146	..	18	16	3	18	..	201
Chief Operating Officer	19	..	4	..	..	2	..	25
Managing Director (ceased)	111	..	5	14	3	14	..	147
Total Remuneration	1,754	58	206	60	39	189	..	2,306

(c) Performance payments

The remuneration package for the former Under Treasurer under the previous government included a potential At Risk Component payment up to a maximum of \$87,438 (pro-rata) (2014: \$43,200 pro-rata). Eligibility for such a performance payment in respect of 2013-14 was conditional on the achievement of objectives that are documented in that position's performance agreement.

The total remuneration package for the former Under Treasurer included a portion that was "at risk" and paid only if they met or exceeded the agreed performance standards. The performance evaluation process comprised:

- reporting on end of year achievement and self-assessment by the Under Treasurer against their performance agreement/intended outcomes
- a rigorous, independent and objective assessment of the Under Treasurer's performance at the end of the financial year, culminating in recommendations to the Premier, and
- the Premier's ultimate discretion regarding whether the Under Treasurer was paid an At Risk Component payment and, if so, how much.

No At Risk Component payment was made for 2014-15 in accordance with the government's commitment to discontinue such payments.

The basis for performance payments expensed in the 2014-15 financial year is set out below:

Position	Basis for payment	Date Paid	Amount
(Former) Under Treasurer	Consistent with the abovementioned timeframe and process, this payment relates to the achievement of performance criteria during 2013-14. The payment made was determined in accordance with the terms of the performance agreement for this position.	17-Oct-14	\$43,200

The basis for performance payments expensed in the 2013-14 financial year is set out below:

Position	Basis for payment	Date Paid	Amount
(Former) Under Treasurer	Consistent with the abovementioned timeframe and process, this payment relates to the achievement of performance criteria during 2012-13. The payment made was determined in accordance with the terms of the performance agreement for this position.	29-Nov-13	\$58,300

FINANCIAL STATEMENTS

Queensland Treasury

Notes To and Forming Part of the Financial Statements 2014-15

		Consolidated Entity		Parent Entity	
		2015	2014	2015	2014
		\$'000	\$'000	\$'000	\$'000
9	Supplies and services				
	Consultants and contractors	75,805	31,955	75,805	31,955
	Supplies and consumables	5,634	5,784	5,634	5,784
	Repairs and maintenance	4,747	4,840	4,747	4,840
	Travel	356	921	356	921
	Accommodation	12,038	14,854	12,038	14,854
	State Penalties Enforcement Registry (SPER) call centre fees	9,498	8,631	9,498	8,631
	Computer related charges	3,612	3,386	3,612	3,386
	Legal and professional fees	1,684	1,824	1,628	1,003
	Other	6,374	6,026	6,374	6,026
		<u>119,748</u>	<u>78,221</u>	<u>119,692</u>	<u>77,400</u>
10	Depreciation and amortisation				
	Depreciation and amortisation incurred in respect of:				
	Property, plant and equipment	1,450	1,461	1,450	1,461
	Intangibles	9,534	9,330	9,534	9,330
		<u>10,984</u>	<u>10,791</u>	<u>10,984</u>	<u>10,791</u>
11	Borrowing costs				
	Interest - BPH receivables	..	25,284	..	..
	Interest - DBCTH leases	7,395	7,860	..	..
		<u>7,395</u>	<u>33,144</u>	<u>..</u>	<u>..</u>
	Represents interest paid on borrowings from QTC for the financing of the above arrangements.				
12	Other financing costs				
	Brokerage and settlement fees	128	1,449	..	..
	Management fee - QTC loans	..	196	..	..
	Management fee - QTC Cash Fund	63	321	..	..
		<u>191</u>	<u>1,966</u>	<u>..</u>	<u>..</u>
13	Impairment expense				
	Impairment losses on receivables *	(4)	13,941	(4)	(4)
	Impairment losses on Intangibles	..	96	..	96
		<u>(4)</u>	<u>14,037</u>	<u>(4)</u>	<u>92</u>

* The carrying value of the licence fee receivable is reviewed annually and tested for impairment, incorporating current projections of trade volumes and price growth. The balance was written down in the prior financial year to \$106.5 million. Refer note 6 and note 17.

FINANCIAL STATEMENTS

Queensland Treasury

Notes To and Forming Part of the Financial Statements 2014-15

	Consolidated Entity		Parent Entity	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
14 Other expenses				
Audit fees – Auditor-General	820	889	782	845
Other audit fees	846	794	846	794
Company secretariat and accounting services - QTC	379	404	..	..
Project management - CNI	1,562	2,510	..	..
Operating lease rentals	142	292	142	292
Advertising and promotions	3,766	13,375	3,766	13,375
Minor assets < \$5,000	1,737	868	1,737	868
Bank charges	1,686	1,610	1,686	1,610
Other	1,033	3,246	868	3,081
	11,971	23,988	9,827	20,865
15 Income tax expense				
Current tax comprises:				
Current tax on profit for the year	4,243	56,435	..	..
Adjustment - Loyalty Bonus Shares	..	6,163	..	..
	4,243	62,598	..	..
Deferred tax comprises:				
Decrease/(increase) in deferred tax asset	2,875	30,169	..	..
(Decrease)/increase in deferred tax liability	2,472	(51,356)	..	..
	5,347	(21,187)	..	..
Income tax expense/(benefit)	9,590	41,411	..	..
Numerical reconciliation of income tax expense to prima facie tax payable:				
Profit/(loss) before income tax expense	32,592	136,330	..	..
Less (profit)/loss of non taxable entities	(624)	(601)	..	..
Profit/(loss) before income tax expense from taxable entities	31,968	135,729	..	..
Tax at the Australian tax rate of 30%	9,590	40,718	..	..
Adjustment for current tax of prior periods	..	..	..	..
Non-deductible cost base of Loyalty Bonus Shares	..	6,163	..	..
Tax offsets for franked dividends - AZJ	..	(5,470)	..	..
Income tax expense/(benefit)	9,590	41,411	..	..
16 Cash and cash equivalents				
Cash at bank	22,530	25,970	22,528	25,964
QTC Cash Fund	64,325	67,388	..	..
Imprest accounts	12	12	12	12
Cash and cash equivalents at the end of financial year	86,867	93,370	22,540	25,976

FINANCIAL STATEMENTS

Queensland Treasury

Notes To and Forming Part of the Financial Statements 2014-15

		Consolidated Entity		Parent Entity	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
17	Receivables				
	<i>Current</i>				
	Trade debtors	4,832	2,465	4,832	2,465
	Less allowance for impairment	..	(8)	..	(8)
		<u>4,832</u>	<u>2,457</u>	<u>4,832</u>	<u>2,457</u>
	GST input tax credits receivable	5,237	954	5,237	954
	GST payable	(441)	(235)	(441)	(235)
	Net GST receivable	<u>4,796</u>	<u>719</u>	<u>4,796</u>	<u>719</u>
	Interdepartmental receivable	..	693	..	693
	Departmental service revenue receivable	..	700	..	700
	Annual leave reimbursements	1,520	1,464	1,520	1,464
	Other debtors	..	2	..	2
		<u>1,520</u>	<u>2,859</u>	<u>1,520</u>	<u>2,859</u>
	Total Current	<u>11,148</u>	<u>6,035</u>	<u>11,148</u>	<u>6,035</u>
	<i>Non-current</i>				
	Licence fee receivable *	116,039	106,459	..	..
	Total Non-current	<u>116,039</u>	<u>106,459</u>	<u>..</u>	<u>..</u>
* The licence fee receivable has been estimated based on projected trade volume and price growth and is discounted at a rate of 9%. The licence fee was written down in the prior financial year to its recoverable amount (refer note 13).					
18	Lease receivables				
	<i>Current</i>				
	Lease receivable	1,163	1,116	..	..
	Novation receivable	7,862	8,101	..	..
		<u>9,025</u>	<u>9,217</u>	<u>..</u>	<u>..</u>
	<i>Non-current</i>				
	Lease receivable	109,674	110,838	..	..
	Novation receivable	29,603	37,465	..	..
		<u>139,277</u>	<u>148,303</u>	<u>..</u>	<u>..</u>
	Total				
	Lease receivable	110,837	111,954	..	..
	Novation receivable	37,465	45,566	..	..
		<u>148,302</u>	<u>157,520</u>	<u>..</u>	<u>..</u>

	Consolidated Entity		Parent Entity	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
18 Lease receivables (continued)				
<i>Finance leases</i>				
Minimum lease payments				
- Not later than one year	6,471	6,471	..	..
- Later than one year and not later than five years	25,882	25,882	..	..
- Later than five years	201,932	208,403	..	..
Minimum lease commitments receivable at balance date *	234,285	240,756	..	..
Less future finance charges	(123,448)	(128,802)	..	..
Total lease receivable	110,837	111,954	..	..
Present value of minimum lease payments				
- Not later than one year	6,281	6,281	..	..
- Later than one year and not later than five years	22,328	22,328	..	..
- Later than five years	82,228	83,345	..	..
	110,837	111,954	..	..
* These lease commitments receivable represent payments due from the primary lessee under the Plant lease, On-shore sub-lease, Off-shore sub-sub-lease and Road sub-sub-lease. The terms of the Plant lease and On-shore sub-lease are 50 years each, with options to renew for a further 49 years, while the Off-shore sub-sub-lease and Road sub-sub-lease terms are 99 years each. There are no guaranteed residuals for any of the leases.				
Novation receivable - operating lease				
Minimum lease payments				
- Not later than one year	9,521	10,143	..	..
- Later than one year and not later than five years	32,582	34,728	..	..
- Later than five years	..	7,375	..	..
Minimum novation payments receivable at balance date *	42,103	52,246	..	..
Less: future finance charges	(4,638)	(6,680)	..	..
Total novation receivable	37,465	45,566	..	..
Present value of minimum lease payments				
- Not later than one year	9,243	9,847	..	..
- Later than one year and not later than five years	28,222	30,079	..	..
- Later than five years	..	5,640	..	..
	37,465	45,566	..	..

* The novation receivable represents payments owing to North Queensland Bulk Ports Corporation Limited from DBCT Management Pty Ltd which has been novated to DBCT Holdings Pty Ltd. The novation payments to be made are set out in the Framework Agreement, with the final payment to be made on 30 June 2020.

FINANCIAL STATEMENTS

Queensland Treasury

Notes To and Forming Part of the Financial Statements 2014-15

		Consolidated Entity		Parent Entity	
		2015	2014	2015	2014
		\$'000	\$'000	\$'000	\$'000
19	Other financial assets				
	<i>Current</i>				
	Shares - AZJ *	281,771	273,532	..	..
		<u>281,771</u>	<u>273,532</u>	<u>..</u>	<u>..</u>
	<i>Non-current</i>				
	Shares held in unlisted company at cost	6,833	6,833	6,833	6,833
		<u>6,833</u>	<u>6,833</u>	<u>6,833</u>	<u>6,833</u>
	* The QTH controlled entity holds 54,926,186 (2014: 54,926,186) shares in AZJ, purchased at the institutional price of \$2.55 per share. The shares are market valued based on the closing listed share price of \$5.13 per share (2014: \$4.98).				
20	Loans and advances				
	<i>Current</i>				
	Loan receivable	4,355	3,871	..	..
		<u>4,355</u>	<u>3,871</u>	<u>..</u>	<u>..</u>
	<i>Non-current</i>				
	Loan receivable	48,525	49,630	..	..
		<u>48,525</u>	<u>49,630</u>	<u>..</u>	<u>..</u>
	The loan receivable is discounted at 6.55% and includes the rights to fixed annual payments up to 31 December 2025.				
21	Intangible assets				
	<i>Non-current</i>				
	Internally generated software				
	– at cost	82,775	82,748	82,775	82,748
	– accumulated amortisation	(71,814)	(63,111)	(71,814)	(63,111)
	– accumulated impairment loss	(3,828)	(3,828)	(3,828)	(3,828)
		<u>7,133</u>	<u>15,809</u>	<u>7,133</u>	<u>15,809</u>
	Other software/licences				
	– at cost	10,371	10,371	10,371	10,371
	– accumulated amortisation	(8,562)	(7,730)	(8,562)	(7,730)
		<u>1,809</u>	<u>2,641</u>	<u>1,809</u>	<u>2,641</u>
	Total intangibles				
	– net book value	<u>8,942</u>	<u>18,477</u>	<u>8,942</u>	<u>18,477</u>

Queensland Treasury
Notes To and Forming Part of the Financial Statements 2014-15

21 Intangible assets (continued)

Reconciliation

	Internally generated software		Other software/licences		Software works in progress		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Carrying amount at 1 July	15,808	23,872	2,641	2,860	27	109	18,476	26,841
Acquisitions	..	..	..	549	..	513	..	1,062
Impairment losses recognised in operating surplus/deficit	..	(96)	..	..	..	..	..	(96)
Assets transferred between asset classes	27	595	..	..	(27)	(595)	..	..
Amortisation *	(8,702)	(8,562)	(832)	(768)	..	..	(9,534)	(9,330)
Carrying amount at 30 June	7,133	15,809	1,809	2,641	..	27	8,942	18,477

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

Queensland Treasury has intangibles which are fully amortised and still in use that had an original cost of \$6.889 million.

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

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

FINANCIAL STATEMENTS

Queensland Treasury

Notes To and Forming Part of the Financial Statements 2014-15

		Consolidated Entity		Parent Entity	
		2015	2014	2015	2014
		\$'000	\$'000	\$'000	\$'000
22	Deferred tax asset				
	The balance comprises temporary differences attributable to:				
	Long term receivable - BPH	1,563	4,438	..	..
	Reduction in subsidiary carrying value	23,400	23,400	..	..
	Accruals	6	6	..	..
		<u>24,969</u>	<u>27,844</u>	<u>..</u>	<u>..</u>
23	Payables				
	<i>Current</i>				
	Trade creditors	4,959	10,576	4,959	10,472
	Interdepartmental payable	1,148	37	1,148	37
	Other	5,281	5,315	4,885	4,944
		<u>11,388</u>	<u>15,928</u>	<u>10,992</u>	<u>15,453</u>
24	Unearned revenue				
	<i>Current</i>				
	Unearned revenue *	1,288	1,752	67	36
	Sub-lease on land **	325	321	..	..
		<u>1,613</u>	<u>2,073</u>	<u>67</u>	<u>36</u>
	<i>Non-current</i>				
	Unearned revenue *	..	1,067	..	..
	Sub-lease on land **	3,044	3,367	..	..
		<u>3,044</u>	<u>4,434</u>	<u>..</u>	<u>..</u>

* An amount of \$5.281 million was recognised in 2013-14 relating to the CNI project management expenses incurred during the period upon the fulfilment of any conditions or obligations attached to them. All surplus funds held by QTH are expected to be returned to the State during 2015-16 (refer note 5).

** The QTH controlled entity, through DBCTH, has deferred revenue resulting from an upfront payment on a long-term lease arrangement.

FINANCIAL STATEMENTS

Queensland Treasury

Notes to and forming part of the Financial Statements 2014-15

	Consolidated Entity		Parent Entity	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
25 Deferred tax liabilities				
Attributable to temporary differences:				
Financial assets at fair value - AZJ	42,513	40,042	..	..
Investments in subsidiaries - DBCTH	178	177	..	..
	<u>42,691</u>	<u>40,219</u>	<u>..</u>	<u>..</u>
26 Dividend paid				
Total dividend paid - Type A shareholders	..	260,000	..	..
	<u>..</u>	<u>260,000</u>	<u>..</u>	<u>..</u>
27 Interest bearing liabilities				
Current loans with QTC				
Lease loan *	1,163	1,116	..	..
Novation loan *	7,862	8,101	..	..
	<u>9,025</u>	<u>9,217</u>	<u>..</u>	<u>..</u>
Interest bearing liabilities				
Non-current loans with QTC				
Lease loan *	109,674	110,838	..	..
Novation loan *	29,603	37,465	..	..
	<u>139,277</u>	<u>148,303</u>	<u>..</u>	<u>..</u>

* The long-term Lease Loan and Novation Loan from QTC, is for a period of 50 and 20 years, respectively for each loan, unless terminated earlier. Interest on the loans is fixed at 4.8% per annum, calculated on the daily balance and payable in arrears on each date rent is payable. A first ranking registered fixed and floating charge has been granted by DBCTH in favour of QTC over all the assets and undertakings of DBCTH.

FINANCIAL STATEMENTS

Queensland Treasury

Notes to and forming part of the Financial Statements 2014-15

	Consolidated Entity		Parent Entity	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
28 Reconciliation of operating surplus to net cash from operating activities				
Operating surplus/(deficit)	23,512	95,194	510	275
Impairment expense	..	14,041	..	96
Gain on shares - unrealised	(8,239)	(45,045)	..	..
Gain on shares - realised	..	(88,984)	..	..
Interest - loans and receivables	(12,959)	(13,340)	..	..
Loss on sale of property, plant and equipment	1	2,063	1	2,063
Gain on sale of property, plant and equipment	..	(12)	..	(12)
Dividend received	(10,216)	(21,051)	..	..
Decrease in amortisation of unearned income	(319)	(310)	..	..
Gain - QIC Growth Fund	..	..	..	..
Interest - QIC Growth Fund	..	..	..	..
Depreciation/amortisation expense	10,984	10,791	10,984	10,791
Disposal of property, plant and equipment	..	(1)	..	(1)
Change in assets and liabilities:				
(Increase)/decrease in appropriation receivable	700	(566)	700	(566)
(Increase)/decrease in GST input tax credits receivable	(4,283)	(41)	(4,283)	(41)
(Increase)/decrease in interdepartmental receivable	693	2,487	693	2,487
(Increase)/decrease in trade debtors	(2,451)	(462)	(2,375)	(626)
(Increase)/decrease in annual leave reimbursements	(56)	319	(56)	319
(Increase)/decrease in other assets	(176)	2,479	(176)	2,479
(Increase)/decrease in other debtors	2	29	2	29
Increase/(decrease) in interdepartmental payable	..	(5,363)	..	(5,363)
(Increase)/decrease in prepayments	1,213	351	1,111	249
Increase/(decrease) in trade creditors	108	1,087	108	1,087
Increase/(decrease) in accrued employee benefits	(5,513)	(348)	(5,513)	(348)
Increase/(decrease) in GST payable	23	(110)	23	(110)
Increase/(decrease) in other payables	132	380	206	356
Increase/(decrease) in unearned revenue	(1,621)	1,413	(59)	(1,358)
Increase/(decrease) in tax provision	(12,258)	(171,440)	31	..
Increase/(decrease) in deferred tax liability	2,472	(51,356)	..	..
Decrease in deferred tax asset	2,875	30,170	..	..
Adjustment to various assets and liabilities due to MoG	..	4,294	..	4,294
Net cash provided by/(used in) operating activities	(15,376)	(233,331)	1,907	16,100

FINANCIAL STATEMENTS

Queensland Treasury

Notes to and forming part of the Financial Statements 2014-15

	Consolidated Entity		Parent Entity	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000

29 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:

Not later than one year	415	1,627	15	1,233
Later than one year and not later than five years	1,648	1,635	48	59
Later than five years	14,490	14,677	..	..
Total commitments	16,553	17,939	63	1,292

(b) Operating expenditure commitments

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

Not later than one year	29,559	29,424	29,559	29,424
Later than one year and not later than five years	11,458	30,069	11,458	30,069
Later than five years	..	..	..	..
Total commitments	41,017	59,493	41,017	59,493

30 Contingencies

SEQ Water Irrigation Prices

Applications for judicial review brought by Mid Brisbane River Irrigators could result in the department incurring legal costs. Negotiations are currently underway to settle the matter and a decision is pending at reporting date.

Environmental obligations

The QTH controlled 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 QTH controlled entity.

Land tax

Under the Port of Brisbane Share Sale 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.

31 Controlled entities

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. The QTH controlled entity is audited by the Auditor-General of Queensland.

Name of Entity	Country of Incorporation	Shares Held No.	Carrying Value \$	Equity Holding	
				2015 %	2014 %
Queensland Treasury Holdings Pty Ltd (QTH)	Australia				
Controlled Entities of QTH					
City North Infrastructure Pty Ltd (CNI) *	Australia	3	-	100%	50%
Queensland Lottery Corporation Pty Ltd (QLC)	Australia	1	1	100%	100%
Queensland Airport Holdings (Cairns) Pty Ltd	Australia	2	2	100%	100%
Queensland Airport Holdings (Mackay) Pty Ltd	Australia	2	2	100%	100%
Network Infrastructure Company Pty Ltd **	Australia	2	2	100%	100%
Brisbane Port Holdings Pty Ltd (BPH)	Australia	2,314,152	16,414,358	100%	100%
DBCT Holdings Pty Ltd (DBCT)	Australia	2	6,017,190	100%	100%

* City North Infrastructure Pty Ltd (CNI) has not been consolidated due to its immaterial status.

** Network Infrastructure Company Pty Ltd was registered on 15 June 2010 and has not traded.

FINANCIAL STATEMENTS

Queensland Treasury

Notes to and forming part of the Financial Statements 2014-15

31 Controlled entities (continued)

For the 2013-14 comparative, Queensland Trade and Investment Office Pty Ltd existed to support the activities of the department's Trade and Investment Queensland overseas offices. All issued shares are held by the Shareholding Minister on behalf of the Queensland Government. The Queensland Auditor-General audits the company.

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

Name of entity	Principal activities	Percentage ownership		Carrying amount	
		2015	2014	2015	2014
		%	%	\$'000	\$'000

Property Exchange Australia Ltd *	Develop then operate the national e-Conveyancing system	6.20%	6.37%	6,833	6,833
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* Originally known as National e-Conveyancing Development Limited.

33 Events occurring after balance date

Major activities – transfer of Fair and Safe Work Queensland from the Department of Justice and Attorney-General (DJAG) to Queensland Treasury forming the Office of Industrial Relations.

This transfer will occur as a consequence of a machinery of government change with effect from 1 July 2015.

The following controlled assets and liabilities of DJAG will be transferred to QT:

	\$'000
Assets	
Cash	12,355
Receivables	5,698
Other assets - current	586
Property plant and equipment	
	2,951
Intangibles	1,476
	<u>23,066</u>
Liabilities	
Payables	3,119
Accrued employee benefits	2,458
Other liabilities - current	573
	<u>6,150</u>
Net assets	<u>16,916</u>

The increase in net assets of \$16.916 million will be accounted for as an increase in the contributed equity to be disclosed in the Statement of Changes in Equity.

Appropriation revenue of \$26.991 million for 2015-16 will be transferred to Queensland Treasury with approval for additional funding of \$0.642 million for the establishment of the Industrial Relations Unit (operational for the 2015-16 financial year).

In addition to the above increase in net assets, the Office of Industrial Relations is committed to approximately \$1.773 million for capital expenditure in the 2015-16 financial year.

The QTH controlled entity's project management responsibilities undertaken on behalf of the State of Queensland for the Airport Link, Northern Busway (Windsor to Kedron) and Airport Roundabout Upgrade projects, have been transferred to the Department of Transport and Main Roads from 1 July 2015. An amount of \$1.2 million remains as deferred revenue at 30 June 2015 and is expected to be returned to the State during 2015-16. This is not expected to have a financial effect on the performance of QTH as expenditure for these responsibilities has been offset by the recognition of grant revenue.

Subsequent to the end of financial year, the QTH consolidated entity declared a dividend of \$10.0 million to be paid to the State in 2015-16.

34 Financial instruments
(a) Categorisation of financial instruments

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

Category	Note	2015 \$'000	2014 \$'000
Financial assets			
Cash and cash equivalents	16	86,867	93,370
Receivables	17	127,187	112,494
Loans and advances	20	52,880	53,501
Lease receivables	18	148,302	157,520
Other assets			
Other accrued revenue		1,452	1,276
Other financial assets	19		
Shares - AZJ		281,771	273,532
Shares held in unlisted company at cost		6,833	6,833
Total		705,292	698,526
Financial liabilities			
Payables	23	11,388	15,928
Tax liabilities		1	12,095
Interest bearing liabilities	27	148,302	157,520
Total		159,691	185,543

(b) Financial risk management

The consolidated entity's activities expose it to a variety of financial risks – interest rate risk, credit risk, liquidity risk and market risk.

Financial risk management is implemented pursuant to government and Queensland Treasury policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the department.

The department and its controlled entities manage exposure to these financial risks through advice and consultation with QTC primarily in relation to borrowing activities. Risk management parameters are reviewed regularly to reflect changes in market conditions and changes to the department and its controlled entities' activities.

(c) Credit risk exposure

Credit risk exposure refers to the situation where the department and its controlled entities 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 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.

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

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 impairments.

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

The QTH controlled entity is exposed to credit risk in relation to the receivables arrangements entered into with BPH. BPH has assigned its rights to QTH to receive money payable to it by the Port Manager, Port of Brisbane Pty Ltd (PBPL). An upfront payment of \$50.5 million 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 privatisation of the Brisbane Port operations. A further amount of \$121.2 million was paid in return for BPH's rights to future licence fees from PBPL. In the current financial year, an amount of \$4.0 million was received against the loan with the loan repayable via fixed annual payments to 2025. Repayments against the licence fee primarily commence in 2016 for a period of 35 years. In the 2012-13 and 2013-14 financial year, an impairment expense was recognised against the licence fee receivable due to expectations of lower price growth affecting these cashflows (refer notes 17 and 13).

The QTH controlled entity is also exposed to credit risk primarily through its investments in the QTC Cash Fund. The QTC Cash Fund is an asset management portfolio that invests with a wide variety of high credit rated counterparties. Deposits with the QTC Cash fund are capital guaranteed.

The allowance for impairment reflects the occurrence of loss events. The most readily identifiable loss event is where a debtor is overdue in paying a debt to the department and its controlled entities, according to the due date (normally terms of 30 days). Economic changes impacting debtors, and relevant industry data, also form part of the documented risk analysis.

If no loss events have arisen in respect of a particular debtor or group of debtors, no allowance for impairment is made in respect of that debt/group of debtors. If the department and its controlled entities determine that an amount owing by such a debtor does become uncollectible (after an appropriate range of debt recovery actions), that amount is recognised as a bad debt expense and written-off directly against Receivables.

Impairment loss expense for the Parent Entity transactions is immaterial and therefore not disclosed in the credit risk exposure table below.

FINANCIAL STATEMENTS

Queensland Treasury Notes to and forming part of the Financial Statements 2014-15

34 Financial instruments (continued)

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

*2015 Financial assets past due but not impaired **

	Overdue				Total overdue \$'000
	Less than 30 days \$'000	30-60 days \$'000	61-90 days \$'000	More than 90 days \$'000	
Financial assets					
Receivables	221	109	106	39	475
Total	221	109	106	39	475

* 2015 individually impaired financial assets are not disclosed as considered immaterial

*2014 Financial assets past due but not impaired **

	Overdue				Total overdue \$'000
	Less than 30 days \$'000	30-60 days \$'000	61-90 days \$'000	More than 90 days \$'000	
Financial assets					
Receivables	239	385	..	52	676
Total	239	385	..	52	676

* 2014 individually impaired financial assets are not disclosed as considered immaterial

(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. The QTH controlled entity is exposed to liquidity risk through the normal course of business.

The department and its controlled entity manage liquidity risk by ensuring that it 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 QTH controlled entity is exposed to liquidity risk through its borrowings with QTC, however this is mitigated by back to back arrangements on debt obligations.

The following table sets out the liquidity risk in relation to financial liabilities held by the department and its controlled entity. It represents the remaining contractual cash flows (principal and interest) of financial liabilities at the end of the reporting period. All borrowings are mitigated by back to back arrangements on debt obligations.

				Total	Carrying Amount	
				Undiscounted		
				Cash Flow		
		2015 payable in				
		< 1 year	1 - 5 years	> 5 years		
Note		\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities						
Payables	23	11,388	..	..	11,388	11,388
Tax liabilities		1	..	..	1	1
Interest bearing liabilities	27	15,992	58,464	201,932	276,388	148,302
Total		27,381	58,464	201,932	287,777	159,691

				Total	Carrying Amount	
		2014 payable in			Undiscounted	
		< 1 year	1 - 5 years	> 5 years	Cash Flow	
Note		\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities						
Payables	23	15,928	..	..	15,928	15,928
Tax liabilities		12,095	..	..	12,095	12,095
Interest bearing liabilities	27	16,613	60,610	215,779	293,002	157,520
Total		44,636	60,610	215,779	321,025	185,543

FINANCIAL STATEMENTS

Queensland Treasury

Notes to and forming part of the Financial Statements 2014-15

34 Financial instruments (continued)

(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 department and its controlled entities 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.

Interest rate risk

The QTH controlled entity is exposed to interest rate risk through its investments and borrowings which are primarily held with QTC. Excess cash is held in the QTC Cash Fund which is capital guaranteed. Interest rate risk on borrowings is minimised by managing borrowings to a benchmark duration which takes into account the cashflows associated with the loans.

(f) Sensitivity analysis

Interest rates

Sensitivity to interest rate movements is shown for variable financial assets and liabilities based on the carrying amount at reporting date. The following interest rate sensitivity analysis depicts the effect that a reasonably possible change in interest rates (assumed to be 1%) would have on the operating result and equity, based on the carrying values at the end of the reporting period:

Financial instruments	Carrying amount	2015 Interest rate risk			
		-1%		1%	
		Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash *	64,327	(643)	(643)	643	643
Potential impact		(643)	(643)	643	643

* excludes fixed rate or non-interest bearing assets

Financial instruments	Carrying amount	2014 Interest rate risk			
		-1%		1%	
		Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash *	67,394	(674)	(674)	674	674
Potential impact		(674)	(674)	674	674

* excludes fixed rate or non-interest bearing assets

Equities

Sensitivity analysis for equity instruments is based on a reasonable possible change in the ASX200 share price which is estimated at +/- 10% (2014: +/- 10%).

Financial instruments	Carrying amount	2015 Equities			
		-10%		10%	
		Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Other financial assets					
Shares - AZJ	281,771	(28,177)	(28,177)	28,177	28,177
Potential impact		(28,177)	(28,177)	28,177	28,177

Financial instruments	Carrying amount	2014 Equities			
		-10%		10%	
		Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Other financial assets					
Shares - AZJ	273,532	(27,353)	(27,353)	27,353	27,353
Potential impact		(27,353)	(27,353)	27,353	27,353

FINANCIAL STATEMENTS

Queensland Treasury Notes to and forming part of the Financial Statements 2014-15

34 Financial instruments (continued)

(g) Fair value

Fair value hierarchy

Financial instruments measured at fair value have been classified in accordance with the hierarchy described in AASB 13 *Fair Value Measurement*. The fair value hierarchy is categorised into three levels based on the observability of the inputs to fair valuation techniques:

- Level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities
- Level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within Level 1) that are observable, either directly or indirectly
- Level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

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

Class	Classification according to fair value hierarchy			2015 Total Consolidated Carrying Amount \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets				
Cash and cash equivalents	22,542	64,325	..	86,867
Other financial assets				
Shares - AZJ	281,771	..	..	281,771
Total	304,313	64,325	..	368,638

Class	Classification according to fair value hierarchy			2014 Total Consolidated Carrying Amount \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets				
Cash and cash equivalents	25,982	67,388	..	93,370
Other financial assets				-
Shares - AZJ	273,532	..	..	273,532
Total	299,514	67,388	..	366,902

Classification of instruments into fair value hierarchy levels is reviewed annually, and any transfers are deemed to occur at the end of the reporting period. There were no transfers between Level 1 and Level 2 and no transfers into or out of Level 3 during the year ended 30 June 2015.

The inputs used in the classification of Level 2 instruments at fair value are as follows:

- QTC Cash Fund is measured at net realisable value.

The fair values of financial assets and liabilities not carried at fair value at balance date are as follows:

	2015		2014	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
Financial asset				
Loans and advances	52,880	61,253	53,501	60,874
Total	52,880	61,253	53,501	60,874

For financial assets and financial liabilities shown in the above table, fair values have been based on the following:

- Loans and advances are discounted to present value using a discount rate taking into account the entity specific risks and using valuation techniques.

FINANCIAL STATEMENTS

Queensland Treasury Notes to and forming part of the Financial Statements 2014-15

35 Budget vs actual comparison

NB. A budget vs actual comparison, and explanations of major variances, has not been included for the Statement of Changes in Equity, as major variances relating to that statement have been addressed in explanations of major variances for other statements.

Statement of Comprehensive Income for the year ended 30 June 2015

		Original Budget	Actual		
	Variance Notes	2015 \$'000	2015 \$'000	Variance \$'000	Variance % of budget
Income from continuing operations					
Revenue					
Appropriation revenue	1	193,009	217,370	24,361	13
User charges	2	6,290	17,141	10,851	173
Grants and other contributions		..	253	253	..
Other revenue		457	427	(30)	(7)
Gains					
Gain/(loss) on sale/disposal of property, plant and equipment		..	(1)	(1)	..
Total income from continuing operations		199,756	235,190	35,434	18
Expenses from continuing operations					
Employee expenses	3	101,250	94,181	(7,069)	(7)
Supplies and services	4	78,416	119,692	41,276	53
Depreciation and amortisation	5	12,979	10,984	(1,995)	(15)
Impairment expense		..	(4)	(4)	..
Other expenses	6	7,111	9,827	2,716	38
Total expenses from continuing operations		199,756	234,680	34,924	17
Operating result from continuing operations		..	510	510	100
Operating result for the year		..	510	510	100
Total comprehensive income		..	510	510	100

Explanations of major variances

1. The increase primarily relates to \$43.601M in funding provided to compensate Queensland Treasury Corporation (QTC) for costs incurred in relation to the former Government's preparatory and due diligence activities for transactions associated with the State's income-generating assets. This is partially offset by \$23.1M in funding carried over to future years for departmental projects.
2. The increase is primarily driven by the volume and values of reimbursable projects managed by the Commercial Group unknown during budget development including the Toowoomba Second Range Crossing.
3. The decrease is mainly due to delays in filling vacancies, primarily within the Office of State Revenue (\$4.4M) with positions being filled by temporary agency staff in the interim. Also contributing are vacancies across Fiscal, Economics and Commercial Group.
4. The variance primarily relates to \$43.597M paid to QTC to compensate for costs incurred in relation to the former Government's preparatory and due diligence activities for transactions associated with the State's income-generating assets. Also contributing are costs associated with projects managed by the Commercial Group (\$9.9M) including the Toowoomba Second Range Crossing, QLD Correctional Services and the Herston Health Precinct. These are partially offset by lower than expected consultancies associated with the former Government's Strong Choices campaign (\$3.3M), lower State Penalties Enforcement Registry (SPER) expenses (\$3.7M) primarily as a result of a delay in activities associated with improvements to the SPER, along with lower than anticipated accommodation costs (\$1.9M).
5. The decrease is mainly due to a delay in incurring capital expenditure associated with improvements to support the SPER system to 2015-16.
6. The increase reflects an increase in promotional costs associated with the former Government's Strong Choices campaign (\$1.3M) and costs associated with the rolling out of laptops across the Department (\$0.9M).

FINANCIAL STATEMENTS

Queensland Treasury Notes to and forming part of the Financial Statements 2014-15

35 Budget vs actual comparison (continued)

Statement of Financial Position as at 30 June 2015

		Original Budget 2015 \$'000	Actual 2015 \$'000	Variance \$'000	Variance % of Budget
	Variance Notes				
Current assets					
Cash and cash equivalents	7	20,138	22,540	2,402	12
Receivables	8	4,968	11,148	6,180	124
Other assets	9	2,382	3,500	1,118	47
Total current assets		27,488	37,188	9,700	35
Non-current assets					
Other financial assets		6,832	6,833	1	..
Intangible assets		9,282	8,942	(340)	(4)
Property, plant and equipment	10	7,609	1,478	(6,131)	(81)
Total non-current assets		23,723	17,253	(6,470)	(27)
Total assets		51,211	54,441	3,230	6
Current liabilities					
Payables	11	3,123	10,992	7,869	252
Accrued employee benefits	12	2,306	2,809	503	22
Unearned revenue	13	494	67	(427)	(86)
Total current liabilities		5,923	13,868	7,945	134
Net assets		45,288	40,573	(4,715)	(10)
Equity					
Accumulated surplus	14	39,691	24,256	(15,435)	(39)
Contributed equity	15	5,597	16,317	10,720	192
Total equity		45,288	40,573	(4,715)	(10)

Explanations of major variances

7. This variance is substantially due to the factors outlined in the explanations of major variances in the Statement of Cash Flows.

8. The increase reflects a rise in Goods and Services Tax (GST) receivable, primarily driven by \$4M in GST for expenditure incurred to reimburse QTC's costs relating to the former Government's preparatory and due diligence activities for transactions associated with the State's income-generating assets, along with a reimbursement receivable for costs related to the Toowoomba Second Range Crossing project (\$3.1M).

9. The increase is primarily driven by higher than expected accrued revenue as result of \$1M in estimated reimbursements for costs incurred for projects managed by Commercial Group including the Toowoomba Second Range Crossing.

10. The decrease is primarily due to capital expenditure to support improvements to the SPER system being delayed to 2015-16.

11. The variance is attributable to higher than expected accrued expenses in the Office of State Revenue primarily relating to SPER (\$3.3M) and in Commercial Group for project related expenses (\$0.9M). Also contributing is an unbudgeted payable to the Department of Justice and Attorney-General relating to Office of Liquor and Gaming Regulation (\$1.1M) and appropriation payable to Consolidated Fund (\$2.1M).

12. The increase is primarily driven by estimated salaries and wages and Annual Leave Central Scheme levy payable for two working days at 30 June 2015.

13. The decrease is attributable to lower than anticipated amount of advance payments being received for works performed by the Government Statistician's Office.

14. The decrease relates to a reclassification to Contributed Equity of \$15.93M.

15. The variance is attributable to reclassification from Accumulated Surplus of \$15.93M (refer note 14). This is partially offset by \$5.5M in equity injection for capital expenditure associated with improvements to SPER system being delayed to 2015-16.

FINANCIAL STATEMENTS

Queensland Treasury Notes to and forming part of the Financial Statements 2014-15

35 Budget vs actual comparison (continued)

Statement of Cash Flows for the year ended 30 June 2015

	Variance Notes	Original Budget 2015 \$'000	Actual 2015 \$'000	Variance \$'000	Variance % of Budget
Cash flows from operating activities					
<i>Inflows</i>					
Appropriation revenue receipts	1	193,009	218,070	25,061	13
User charges	2	6,290	17,162	10,872	173
Grants and other contributions		..	253	253	..
GST input tax credits from Australian Taxation Office (ATO)	16	..	9,140	9,140	..
Other		457	427	(30)	(7)
<i>Outflows</i>					
Employee expenses	3	(101,250)	(96,091)	5,159	(5)
Supplies and services	4	(78,482)	(135,878)	(57,396)	73
GST remitted to ATO	17	..	(1,389)	(1,389)	..
Other	6	(7,111)	(9,787)	(2,676)	38
Net cash provided by/(used in) operating activities		12,913	1,907	(11,006)	(85)
Cash flows from investing activities					
<i>Outflows</i>					
Payments for property, plant and equipment	10	(6,620)	..	6,620	(100)
Net cash provided by/(used in) investing activities		(6,620)	..	6,620	(100)
Cash flows from financing activities					
<i>Inflows</i>					
Equity injections	18	5,500	..	(5,500)	(100)
<i>Outflows</i>					
Equity withdrawals		(5,343)	(5,343)	..	..
Net cash provided by/(used in) financing activities		157	(5,343)	(5,500)	(3,503)
Net increase/(decrease) in cash and cash equivalents		6,450	(3,436)	(9,886)	(153)
Cash and cash equivalents at beginning of financial year		13,688	25,976	12,288	90
Cash and cash equivalents at end of financial year		20,138	22,540	2,402	12

Explanations of major variances

16. The variance is due to the amount of Input tax credits paid by the Australian Taxation Office (ATO) (for supplier invoices processed) which was not budgeted for.
17. The variance is due to the amount of GST paid to the ATO (for customer invoices processed) which was not budgeted for.
18. The variance is a result of an equity injection for capital expenditure to support improvements to the SPER system being delayed to 2015-16.

FINANCIAL STATEMENTS

Queensland Treasury Notes to and forming part of the Financial Statements 2014-15

	2015 \$'000	2014 \$'000
36 Grants and other contributions		
Administered on behalf of the whole of government		
GST revenue grant	11,815,628	10,896,028
Specific purpose - recurrent		
- First Home Owner Boost	4	49
- Healthcare	..	41,462
- Schools	1,122,080	971,901
- Skills and workforce development	288,339	281,467
- Disability services	279,955	268,566
- Affordable housing	262,340	256,627
National Partnership Payments - recurrent project	673,197	1,012,310
National Partnership Payments - recurrent facilitation	16,690	1,758
National Partnership Payments - recurrent reward	..	46,000
National Partnership Payments - capital project	2,299,499	2,284,754
Grant revenue from Qld Reconstruction Authority	..	20,184
	16,757,732	16,081,106

37 Taxes

Administered on behalf of the whole of government		
Taxes		
Casino tax	94,444	82,969
Gaming machine tax	647,279	607,845
Gold Lotto	204,971	204,919
Golden Casket	35,788	34,766
Keno tax	20,973	21,734
Land tax	978,261	987,230
Payroll tax	3,866,025	4,461,522
Duties	4,420,733	3,683,895
Wagering tax	13,617	39,910
Other taxes	711	805
	10,282,802	10,125,595
Other duties		
Other duties	27,594	(167)
	27,594	(167)
Levies		
Community Ambulance Cover levy *	..	58
Health Services levy	59,643	50,996
	59,643	51,054
	10,370,039	10,176,482

* From 1 July 2011 the Community Ambulance Cover levy (CAC) has been abolished.

38 User charges and fees

Administered on behalf of the whole of government		
Fees		
SPER admin fees	72,725	45,029
Other fees	4,249	3,920
	76,974	48,949
	76,974	48,949

FINANCIAL STATEMENTS

Queensland Treasury Notes to and forming part of the Financial Statements 2014-15

	Queensland Treasury 2015 \$'000	Queensland Treasury 2014 \$'000
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39 Royalties

Administered on behalf of the whole of government		
Mining royalties	2,007,474	2,346,479
Dividends *	1,506	108
	<u>2,008,980</u>	<u>2,346,587</u>
* represents dividend receipts from the HIH/FAI liquidators		

40 Finance income

Administered on behalf of the whole of government		
Interest from investments	7,483	3,575
Interest from loans	1,912	601
Interest from trust funds *	21,349	19,204
	<u>30,744</u>	<u>23,380</u>
* interest collected from Trust Funds under the <i>Property Agent and Motor Dealers Act 2000</i>		

41 Administered item revenue

Administered on behalf of the whole of government		
Budgeted administered item appropriation and equity	6,507,357	6,381,839
Transfer (to)/from other heading	(25,978)	32,264
Lapsed appropriation	(121,396)	..
Unforeseen expenditure	..	265,265
Total administered item receipts	<u>6,359,983</u>	<u>6,679,368</u>
Plus closing balance of administered item receivable	290,355	470,801
Less opening balance of administered item receivable	(470,801)	(614,916)
Plus opening balance of equity withdrawal payable	..	(5,251)
Total administered appropriation	<u>6,179,537</u>	<u>6,530,002</u>
This is represented by:		
Administered item revenue recognised in Statement of Comprehensive Income	<u>6,179,537</u>	<u>6,535,318</u>
Equity adjustment recognised in equity withdrawal	..	(5,316)
	<u>6,179,537</u>	<u>6,530,002</u>

FINANCIAL STATEMENTS

Queensland Treasury Notes to and forming part of the Financial Statements 2014-15

	2015	2014
	\$'000	\$'000

42 Other revenue

Administered on behalf of the whole of government		
Proceeds of crime from the Public Trustee	11,951	8,203
Return of funds - re-appropriation for Office of Racing	..	9,852
Unclaimed money from Public Trustee	..	3,071
QGIF excess recovery	5,881	4,484
SPER Fines	300,440	238,199
Competitive neutrality fees	231,671	230,298
Credit margin *	1,719	2,205
Land tax equivalent receipts	1,210	1,395
Unwind concessional loan discount - NDRRA loans	(2,937)	2,871
Concessional loan discount - Commonwealth borrowings **	(633)	1,631
Miscellaneous receipts	17,683	9,806
	<u>566,985</u>	<u>512,015</u>
* credit margin charged on QFleet borrowings returned to the State		
** represents the premium on initial recognition of Commonwealth borrowings		

43 Supplies and services

Administered on behalf of the whole of government		
GST administration expense remitted to the Commonwealth	136,761	142,849
Administration fees	840	785
Reinsurance expense	26,795	28,150
Other	3,942	3,997
	<u>168,338</u>	<u>175,781</u>

44 Impairment losses

Administered on behalf of the whole of government		
Impairment losses on trade receivables	51,395	(19,553)
Impairment losses on trade receivables - SPER	67,213	28,892
Bad debts written off *	44,460	58,068
	<u>163,068</u>	<u>67,407</u>

* Debt Write Off Guidelines 1/2013, enables the Registrar to write off bad debts in all circumstances in which it is unlikely the debts could be recovered cost effectively.

FINANCIAL STATEMENTS

Queensland Treasury Notes to and forming part of the Financial Statements 2014-15

2015
\$'000

2014
\$'000

45 Grants and subsidies

Administered on behalf of the whole of government		
Qld Competition Authority	7,200	7,200
Natural Disaster Relief and Recovery Arrangement (NDRRA) payments	147	2,064
Grant to Qld Reconstruction Authority	..	20,184
Trade and Investment Qld grant	30,091	12,400
Other	1,099	915
	<u>38,538</u>	<u>42,763</u>

46 Benefit payments

Administered on behalf of the whole of government		
First Home Owner Payments *	406	2,454
Queensland Building Boost Grant **	5,530	23,400
Great Start Grant *	91,470	74,520
	<u>97,406</u>	<u>100,374</u>

* The First Home Owner Grant (FHOG) is a \$7000 grant for first time home buyers (never owned a home in Australia before) and could be for either a new or established house. The Great Start Grant was a Queensland Government initiative which started in September 2012 and allowed for a \$15,000 grant for first time home buyers, but is only available for new homes and is administered under the *First Home Owner Grant Act 2000*.

** The \$10,000 Queensland Building Boost Grant (QBBG) was for a person or corporation buying or building a new home in Queensland for a value less than \$600,000 (house and land). The eligibility period for the QBBG closed on 30 April 2012, and the period to claim the QBBG ended on 31 August 2012.

47 Finance cost

Administered on behalf of the whole of government		
Interest paid by Treasury Offset Bank Account on trust and bank balances	4,019	4,087
Interest on loans – Commonwealth Government	2,116	978
Unwind concessional loan discount - Commonwealth borrowings	(1,556)	1,936
Interest on loans – QTC	2,081,379	1,956,184
Interest - other	15,539	12,185
Market Value Realisation charge on repayment of QTC borrowings	..	13,704
Concessional loan discount - NDRRA loans *	(552)	3,283
Administration fees	24,502	21,944
	<u>2,125,447</u>	<u>2,014,301</u>

* represents the discount on initial recognition of NDRRA loans

	2015	2014
	\$'000	\$'000

48 Other expenses

Administered on behalf of the whole of government		
Queensland Government Insurance Fund claims and concessions	128,688	117,182
Ex-gratia payments *	512	3,785
Other	16,951	16,606
	<u>146,151</u>	<u>137,573</u>
* A portion of dividends and tax equivalent payments received by the State under the National Tax Equivalents Regime are paid to local governments via ex-gratia payments from Treasury Administered.		

49 Cash and cash equivalents

Administered on behalf of the whole of government		
Cash at bank	<u>(2,561,883)</u>	<u>(2,142,691)</u>
Comprised of:		
Whole of Government Treasury Offset arrangement *	(2,658,470)	(2,273,464)
Other administered bank accounts	96,587	130,773
	<u>(2,561,883)</u>	<u>(2,142,691)</u>

* 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.

* In addition, Queensland Treasury has established another setoff arrangement with the CBA to maximise interest earned on surplus cash balances held by departmental bank accounts that do not fall within the whole of government offset arrangement.

* 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 2015 is represented by its book value (as notified by QTC). Interest is calculated daily based on the Reserve Bank's official cash rate. Interest is charged at rates between 2.55% and 2.05% (2014: between 2.8% to 2.5%) along with an administration margin of 0.10% (2014: 0.10%).

	2015	2014
	\$'000	\$'000

50 Receivables

Administered on behalf of the whole of government		
Current		
Trade debtors	1,089,322	903,688
Less allowance for impairment	(481,558)	(362,951)
	<u>607,764</u>	<u>540,737</u>
Competitive neutrality fees	58,014	56,704
Other debtors	3,811	3,042
	<u>61,825</u>	<u>59,746</u>
	<u>669,589</u>	<u>600,483</u>
Non-current		
Other debtors	2,131	19,971
	<u>2,131</u>	<u>19,971</u>
	<u>671,720</u>	<u>620,454</u>

51 Loans and advances

Administered on behalf of the whole of government		
Current		
Loans and advances *	29,270	15,594
	<u>29,270</u>	<u>15,594</u>
Non-current		
Loans and advances *	139,456	167,871
Less concessional loan discount and unwind	(20,929)	(16,813)
	<u>118,527</u>	<u>151,058</u>
	<u>147,797</u>	<u>166,652</u>

* 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 2014-15 year the interest rate was 1.92% (2014: 1.67%), which was calculated as 50% of the 10-year Treasury bond rate, averaged over the three-month period between April to June 2015.

FINANCIAL STATEMENTS

Queensland Treasury
Notes to and forming part of the Financial Statements 2014-15

	2015	2014
	\$'000	\$'000

52 Other current assets

Administered on behalf of the whole of government		
<i>Current</i>		
Other accrued revenue	6,288	(150)
Prepayments	8,710	9,295
	<u>14,998</u>	<u>9,145</u>

53 Other financial assets

Administered on behalf of the whole of government		
<i>Non-Current</i>		
Derivative financial instrument *	..	7,483
	<u>..</u>	<u>7,483</u>

* The purpose of entering into the forward starting swap contract was to hedge the economic risk (at a whole of government level) that may arise from a floating rate borrowing that Queensland Health is expected to enter into in November 2016. In 2014-15 the interest rate swap instrument was transferred from the existing separate derivate arrangement to the Government Debt Pool (GDP) enabling central management of the State's interest rate risk on a total portfolio basis.

54 Payables

Administered on behalf of the whole of government		
<i>Current</i>		
GST input tax credits receivable	(213)	(165)
GST payable	13,961	12,547
Net GST payable	<u>13,748</u>	<u>12,382</u>
Trade creditors	17,480	2,152
Payable to central schemes	387,465	400,745
Other creditors	4,895	23,086
	<u>423,588</u>	<u>438,365</u>

FINANCIAL STATEMENTS

Queensland Treasury Notes to and forming part of the Financial Statements 2014-15

	2015 \$'000	2014 \$'000
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55 QTC borrowings

Administered on behalf of the whole of government		
<i>Non-current</i>		
QTC borrowings *	40,053,989	38,447,463
	<u>40,053,989</u>	<u>38,447,463</u>

56 Financial liabilities held at amortised cost

Administered on behalf of the whole of government		
<i>Current</i>		
Commonwealth borrowings**	17,777	9,689
	<u>17,777</u>	<u>9,689</u>
<i>Non-current</i>		
Commonwealth borrowings**	79,317	102,064
Less concessional loan discount and unwind	(8,824)	(7,901)
	<u>70,493</u>	<u>94,163</u>

* Interest is charged on the whole of government borrowing with QTC at rates of between 2.22% and 5.21% (2014: between 2.56% and 5.19%) along with an administration margin at rates between 0.055% and 0.099% (2014: between 0.05% and 0.09%) which is accrued and paid quarterly to QTC. Interest is charged on the Stadium loans with QTC at fixed rates (including administration fees) between 3.89% and 6.70% which is accrued and paid quarterly to QTC. In February 2014, the Stadium loans were paid out and consolidated into the whole of government debt.

** 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. Interest is charged on the Commonwealth Backlog Sewerage loans at rates between 9.05% and 10.40%. The Commonwealth Attorney-General's Department – Emergency Management Australia determines the annual interest rate to be applied to the NDRRA loans. In the 2014-15 year the interest rate was 1.92% (2014: 1.67%) which was calculated as 50% of the 10-year Treasury bond rate, averaged over the three-month period between April to June 2014.

FINANCIAL STATEMENTS

Queensland Treasury
Notes to and forming part of the Financial Statements 2014-15

	2015 \$'000	2014 \$'000
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57 Other liabilities

Administered on behalf of the whole of government		
Unearned revenue	41,761	63,448
Insurance premiums on-pass to State	1,500	105,000
	<u>43,261</u>	<u>168,448</u>

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

Administered on behalf of the whole of government		
Administered comprehensive income	..	..
Non cash amortised cost adjustments	(1,977)	..
QTC market value realisation charges	..	13,886
Interest expense on QTC loans	1,492	4,417
Interest revenue on ancillary setoff	746	262
Change in assets and liabilities:		
(Increase)/decrease in GST input tax credits receivable	(48)	50
(Increase)/decrease in trade and other receivables	(68,337)	(5,352)
(Increase)/decrease in other assets	(5,613)	18,207
(Increase)/decrease in administered appropriation receivable	180,446	144,114
(Increase)/decrease in other financial assets	7,483	16,900
Increase/(decrease) NDRRA Concessional Loan Premium	4,116	412
Increase/(decrease) NDRRA Concessional Loan Discount	923	306
Increase/(decrease) in trade and other payables	(2,863)	(15,461)
Increase/(decrease) in payables to central schemes	(13,280)	(22,759)
Increase/(decrease) in GST payable	1,414	1,548
Increase/(decrease) in transfers to Government payable	(31,190)	(797,935)
Increase/(decrease) in other liabilities	(125,187)	(18,781)
Net cash provided by/(used in) operating activities	<u>(51,875)</u>	<u>(660,186)</u>

59 Contingencies

Administered on behalf of the whole of government

Litigation in progress

As at 30 June 2015, the following cases were filed in the courts:

	Cases	Estimated Amount \$'000
Supreme Court	12	39,605
Civil and Administrative Tribunal	8	823
Total	20	40,428

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.

In addition to the above, the Office of State Revenue was considering 4 objections relating to the Queensland Building Boost Grant and the First Home Owner Grant Scheme with a potential liability to the Department of \$48,125.

FINANCIAL STATEMENTS

Queensland Treasury Notes to and forming part of the Financial Statements 2014-15

60 Events occurring after balance date

Major activities – transfer of Fair and Safe Work Queensland from the Department of Justice and Attorney-General (DJAG) to Queensland Treasury forming the Office of Industrial Relations.

This transfer will occur as a consequence of a machinery of government change with effect from 1 July 2015.

The following administered assets and liabilities of DJAG will be transferred to QT:

		\$'000
Assets		
	Cash	14
	Receivables	4,682
		<u>4,696</u>
Liabilities		
	Payables	4,692
	Other liabilities - current	4
		<u>4,696</u>
Net assets		<u><u>..</u></u>

All anticipated administered revenue of \$46.208 million for 2015-16 will be transferred to government less anticipated administered expenses of \$0.021 million, resulting in a net anticipated transfer of \$46.187 million.

One of the major initiatives of the government in the 2015/16 Budget (tabled on the 14 July 2015) was a Debt Action Plan designed to reduce General Government Sector debt through the re-gearing of its network businesses, the drawdown of assets held to meet Long Service Leave liabilities and a temporary suspension of the investment of defined benefit employer contributions. Under the Debt Action Plan it is anticipated that approximately \$5.4 billion of Queensland Treasury's debt outstanding at 30 June 2015 will be repaid in 2015/16.

61 Financial instruments

(a) Categorisation of financial instruments

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

Administered on behalf of the whole of government			
Category	Notes	2015 \$'000	2014 \$'000
Financial assets			
Cash and cash equivalents	49	(2,561,883)	(2,142,691)
Receivables	50	671,720	620,454
Administered item revenue receivable		290,355	470,801
Loans and advances	51	147,797	166,652
Other accrued revenue	52	6,288	(150)
Other financial assets	53	..	7,483
Total		<u>(1,445,723)</u>	<u>(877,451)</u>
Financial liabilities			
Payables	54	423,588	438,365
Transfer to Government payable		692,273	723,463
QTC borrowings	55	40,053,989	38,447,463
Financial liabilities held at amortised cost	56	88,270	103,852
Insurance premium on-pass to State	57	1,500	105,000
Total		<u>41,259,620</u>	<u>39,818,143</u>

61 Financial instruments (continued)
(b) Financial risk management

The department's activities expose it to a variety of financial risks – interest rate risk, credit risk, liquidity risk and market risk.

The management of financial risks are integral to Queensland Treasury's overall governance framework. The department has adopted various strategies for the mitigation of each risk category, including active monitoring by the Fiscal Strategy Division 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 QTC (borrowings and short term investments).

The department's internal financial reporting framework and oversight by the Resource Governance Committee also contribute to the effective management of financial risks.

(c) Credit risk exposure

The department manages credit risk through the use of a credit management strategy. This strategy focuses on the prompt collection of revenues due and payable to the department and follow up of outstanding fees and charges within specified timeframes. Exposure to credit risk is monitored on an ongoing basis.

In the 2012-13 financial year the department entered into a single forward starting swap contract, which is an over-the-counter ("OTC") derivative financial instrument. The notional value of the underlying swap contract is \$488.507 million. As part of this transaction, the department has also executed a Credit Support Annex with the counterparty of the single forward starting swap contract. Under this agreement, margins are transferred to/from QTC (the 'counterparty') in line with fair value changes in the value of the derivative financial instrument.

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

An allowance for impairment for tax collections is calculated based on the status of the debtor (solvent or insolvent) and the age of the debt. SPER debts are impaired based on historic collection analysis.

If no loss events have arisen in respect of a particular debtor or group of debtors, no allowance for impairment is made in respect of that debt/group of debtors. If the department determines that an amount owing by such a debtor does become uncollectible (after an appropriate range of debt recovery actions have been taken), that amount is recognised as a bad debt expense and written-off directly against Receivables. In other cases where a debt becomes uncollectible but the uncollectible amount exceeds the amount already allowed for impairment of that debt, the excess is recognised directly as a bad debt expense and written off directly against Receivables.

Impairment loss expense for the current year regarding the department's receivables is \$163.068 million. This is a decrease of \$95.661 million from 2014 and is predominantly due to a write back to the impairment provision in 2013-14 for bad debts written off in relation to taxes.

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					
2015 Financial assets past due but not impaired					
	Less than 30 days	30-60 days	Overdue	More than 90 days	Total overdue
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets					
Receivables	33,622	37,643	17,790	417,880	506,935
Total	33,622	37,643	17,790	417,880	506,935

61 Financial instruments (continued)

(c) Credit risk exposure (continued)

Administered on behalf of the whole of government					
<i>2014 Financial assets past due but not impaired</i>					
			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	22,730	11,424	4,992	379,395	418,541
Total	22,730	11,424	4,992	379,395	418,541

Administered on behalf of the whole of government					
<i>2015 Individually impaired financial assets</i>					
			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	523	6,953	6,398	467,684	481,558
Allowance for impairment	(523)	(6,953)	(6,398)	(467,684)	(481,558)
Carrying Amount	..	..	..	..	..

Administered on behalf of the whole of government					
<i>2014 Individually impaired financial assets</i>					
			Overdue		
	Less than 30 days	30-60 days	61-90 days	More than 90 days	Total overdue
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets					
Receivables	1,642	399	771	360,139	362,951
Allowance for impairment	(1,642)	(399)	(771)	(360,139)	(362,951)
Carrying Amount	..	..	..	..	..

2015	2014
\$'000	\$'000

Movements in allowance for impairment		
Balance at 1 July	362,951	350,966
Write back to provision from prior years	..	2,645
Amounts written off during the year	(44,460)	(58,067)
Increase/(decrease) recognised in Statement of Comprehensive Income	163,068	67,407
Balance at 30 June	481,558	362,951

61 Financial instruments (continued)
(d) Liquidity risk

The department is exposed to liquidity risk in respect of its payables, Commonwealth borrowings, borrowings from QTC 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 the liabilities at reporting date. The undiscounted cash flows in these tables differ from the amounts included in the Statement of Financial Position that are based on amortised cost.

QTC borrowings are interest only with no fixed repayment date for the principal component. For the purposes of completing the maturity analysis, the principal component of these loans has been included in the more than five year time band with no interest payment assumed in this time band.

Administered on behalf of the whole of government						
		2015 payable in			Total	Carrying Amount \$'000
		< 1 year	1 - 5 years	> 5 years	Undiscounted Cash Flow	
Notes		\$'000	\$'000	\$'000	\$'000	
Financial liabilities						
Payables	55	423,588	..	..	423,588	423,588
Transfer to Government payable		692,273	..	..	692,273	692,273
Commonwealth borrowings	57	19,966	51,229	32,700	103,895	97,094
QTC borrowings	56	1,966,048	7,847,979	39,676,608	49,490,635	40,053,989
Other liabilities	58					
Insurance premium on-pass to State		1,500	..	..	1,500	1,500
Total		3,103,375	7,899,208	39,709,308	50,711,891	41,268,444

Administered on behalf of the whole of government						
		2014 payable in			Total	
		< 1 year	1 - 5 years	> 5 years	Undiscounted	Carrying
Notes		\$'000	\$'000	\$'000	Cash Flow	Amount
		\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities						
Payables	55	438,365	..	..	438,365	438,365
Transfer to Government payable		723,463	..	..	723,463	723,463
Commonwealth borrowings	57	10,992	56,947	51,309	119,248	111,753
QTC borrowings	56	2,498,423	7,380,028	33,404,865	43,283,316	38,447,463
Other liabilities	58					
Insurance premium on-pass to State		105,000	..	..	105,000	105,000
Total		3,776,243	7,436,975	33,456,174	44,669,392	39,826,044

(e) Market risk

While Queensland Treasury (administered) does not trade in foreign currency, royalties revenue received is impacted by changes in the Australian dollar exchange rate and commodity prices. The department is exposed to interest rate risk through its borrowings, loans and advances and cash deposited in interest bearing accounts.

(f) Interest rate sensitivity analysis

The following interest rate sensitivity analysis depicts the outcome on comprehensive income if interest rates were to change by +/- 1% from the year end rates applicable to the department's financial assets and liabilities. This is mainly attributable to the department's exposure to variable interest rates on its borrowings from QTC, the Commonwealth and cash holdings.

61 Financial instruments (continued)

Administered on behalf of the whole of government					
Financial instruments	Carrying amount	2015 Interest rate risk			
		-1%		1%	
		Transfer to government	Equity	Increase in appropriation revenue	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash	(2,658,470)	26,585	26,585	(26,585)	(26,585)
Receivables					
Loans and advances	96,048	(960)	(960)	960	960
Other financial assets	..	..	..	..	..
Interest Bearing Liabilities					
Commonwealth borrowings	96,048	960	960	(960)	(960)
QTC borrowings - GDP	40,043,989	31,698	31,698	(29,590)	(29,590)
Potential Impact		58,283	58,283	(56,175)	(56,175)

Administered on behalf of the whole of government					
Financial instruments	Carrying amount	2014 Interest rate risk			
		-1%		1%	
		Transfer to government	Equity	Increase in appropriation revenue	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash	(2,273,464)	22,735	22,735	(22,735)	(22,735)
Receivables					
Loans and advances	108,749	(1,087)	(1,087)	1,087	1,087
Other financial assets	7,483	(75)	(75)	75	75
Interest Bearing Liabilities					
Commonwealth borrowings	108,749	1,087	1,087	(1,087)	(1,087)
QTC borrowings - GDP	38,447,463	29,747	29,747	(27,534)	(27,534)
Potential Impact		52,407	52,407	(50,194)	(50,194)

(g) Fair value
Fair value hierarchy

Financial instruments measured at fair value have been classified in accordance with the hierarchy described in *AASB 13 Fair Value Measurement*. The fair value hierarchy is categorised into three levels based on the observability of the inputs to fair valuation techniques:

- Level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities
- Level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within Level 1) that are observable, either directly or indirectly
- Level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

According to the above hierarchy, the fair values of each class of financial instrument carried at fair value are as follows:

FINANCIAL STATEMENTS

Queensland Treasury

Notes to and forming part of the Financial Statements 2014-15

61 Financial instruments (continued)

(g) Fair value (continued)

Class	Classification according to fair value hierarchy			2015 Total Carrying Amount \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets				
Cash and cash equivalent				
Other administered bank accounts	96,587	..	..	96,587
Whole of Government Treasury Offset Arrangement	(2,658,470)	..	..	(2,658,470)
Other Financial Assets	..	..	..	..
Total	(2,561,883)	..	..	(2,561,883)

Class	Classification according to fair value hierarchy			2014 Total Carrying Amount \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets				
Cash and cash equivalent				
Other administered bank accounts	130,773	..	..	130,773
Whole of Government Treasury Offset Arrangement	(2,273,464)	..	..	(2,273,464)
QTC working capital facility	..	..	..	..
Other Financial Assets	..	7,483	..	7,483
Total	(2,142,691)	7,483	..	(2,135,208)

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

The fair value of trade receivables, administered item revenue receivable, other accrued revenue, other assets, payables, transfer to government payable and other liabilities 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 (QTC). 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				
	2015		2014	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets				
Receivables				
Loans and advances	168,726	156,186	183,937	164,427
	<u>168,726</u>	<u>156,186</u>	<u>183,937</u>	<u>164,427</u>
Financial liabilities				
Commonwealth borrowings	97,094	94,069	111,753	103,796
QTC borrowings	40,053,989	43,604,583	38,447,463	41,481,922
Total	<u>40,151,083</u>	<u>43,698,652</u>	<u>38,559,216</u>	<u>41,585,718</u>

Queensland Treasury
Notes to and forming part of the Financial Statements 2014-15

62 Adjustment to comparatives – administered

- (a) The revenue and expense items detailed below were primarily eliminated in the Queensland State Government accounts and from 2014-15 are eliminated at the departmental level. In accordance with AASB10 *Consolidated Statements* these items are internal transactions of the Queensland Treasury Department and the comparative has been restated accordingly.

	30 June 2014 \$'000	Increase / (decrease) \$'000	30 June 2014 (restated) \$'000
Administered Statement of Comprehensive Income (Extract*)			
Revenue			
Taxes	10,220,659	(44,177)	10,176,482
Finance income	14,282	(10,707)	3,575
Expenses from continuing operations			
Other expenses	181,750	(44,177)	137,573
Finance cost	2,025,008	(10,707)	2,014,301
Operating result for the year before transfers to government	8,028,183	..	8,028,183
Transfers of administered comprehensive income to government	29,147,402	..	29,147,402
Total administered comprehensive income	..	..	..

* Amounts stated represent extracts from the Treasury Administered Financial Statements and therefore may not add to the corresponding totals in this restatement

FINANCIAL STATEMENTS

Queensland Treasury

Notes to and forming part of the Financial Statements 2014-15

63 Budget vs actual comparison

NB. A budget vs actual comparison, and explanations of major variances, has not been included for the Statement of Changes in Equity, as major variances relating to that statement have been addressed in explanations of major variances for other statements.

Administered Statement of Comprehensive Income

for the year ended 30 June 2015

Income and expenses administered on behalf of the whole of government	Variance Notes	Original Budget	Actual	Variance	Variance
		2015 \$'000	2015 \$'000	\$'000	% of Budget
Income from continuing operations					
Revenue					
Grants and other contributions		17,745,680	16,757,732	(987,948)	(6)
Taxes		10,190,004	10,370,039	180,035	2
User charges and fees	1	46,004	76,974	30,970	67
Royalties	2	2,644,712	2,008,980	(635,732)	(24)
Finance income	3	25,969	30,744	4,775	18
Administered item revenue		6,507,357	6,179,537	(327,820)	(5)
Other revenue	4	485,026	566,985	81,959	17
Total income from continuing operations		37,644,752	35,990,991	(1,653,761)	(4)
Expenses from continuing operations					
Supplies and services		172,091	168,338	(3,753)	(2)
Impairment losses	5	74,014	163,068	89,054	120
Grants and subsidies	6	46,567	38,538	(8,029)	(17)
Benefit payments	7	80,000	97,406	17,406	22
Finance cost		2,167,170	2,125,447	(41,723)	(2)
Superannuation benefit payments		1,920,952	1,798,151	(122,801)	(6)
Long service leave reimbursements	8	425,810	350,626	(75,184)	(18)
Annual leave central scheme claims paid		1,413,250	1,426,786	13,536	1
Other expenses	9	207,503	146,151	(61,352)	(30)
Losses					
Losses on financial instruments at fair value	10	..	7,483	7,483	100
Total expenses from continuing operations		6,507,357	6,321,994	(185,363)	(3)
Operating result from continuing operations before transfers to government		31,137,395	29,668,997	(1,468,398)	(5)
Operating result from discontinued operations		..	..	..	..
Operating result for the year before transfers to government		31,137,395	29,668,997	(1,468,398)	(5)
Transfers of administered comprehensive income to government		31,137,395	29,668,997	(1,468,398)	(5)
Total administered comprehensive income		..	..	..	..

Explanations of major variances

1. The increase relates to a higher than anticipated collection of fees by the State Penalty and Enforcement Registry (SPER) driven by higher than anticipated unpaid tolling infringement referrals by Department of Transport and Main Roads.
2. The decrease reflects a reduction in mining royalties collected due to lower coal prices on coal royalties and oil prices on petroleum royalties.
3. The increase primarily relates to earnings on Treasurer's Cash Balance Investments (\$4.586M) which were not budgeted for.
4. The increase is primarily due to higher than expected unpaid fines and other monetary penalties referred to SPER which are recognised as revenue.
5. The increase is mainly due to higher than anticipated impairments and write-offs of receivables for transfer duties and SPER infringements.
6. The decrease reflects a change to the accounting treatment (no end of year accrual due to immateriality) of grants that the department pays to Queensland Reconstruction Authority (QRA) relating to Natural Disaster Relief and Recovery Arrangements (NDRRA) loans.
7. The increase is primarily due to higher than anticipated Great Start Grants being paid.
8. The variance is due to an over accrual for long service leave payments at 30 June 2014 of \$19M and lower than forecast reimbursements during 2014-15 due to less leave taken than anticipated.
9. The variance largely reflects lower than anticipated Queensland Government Insurance Fund claims and a decision to internally eliminate the Office of State Revenue special payments and corresponding tax revenue in the 2014-15 Actual.
10. The \$7.483M represents the unrealised loss on the forward starting swap to hedge the interest rate exposure risk associated with the Sunshine Coast University Hospital project, transferred to the Government Debt Pool during 2014-15, that was not anticipated.

FINANCIAL STATEMENTS

Queensland Treasury Notes to and forming part of the Financial Statements 2014-15

63 Budget vs actual comparison (continued)

Administered Statement of Financial Position
as at 30 June 2015

Assets and liabilities administered on behalf of the whole of government		Original Budget 2015 \$'000	Actual 2015 \$'000	Variance \$'000	Variance % of Budget
	Variance Notes				
Current assets					
Cash and cash equivalents	11	127,714	(2,561,883)	(2,689,597)	(2,106)
Receivables	12	747,513	669,589	(77,924)	(10)
Administered item revenue receivable	13	..	290,355	290,355	100
Loans and advances		30,746	29,270	(1,476)	(5)
Other current assets	14	10,606	14,998	4,392	41
Total current assets		916,579	(1,557,671)	(2,474,250)	(270)
Non-current assets					
Receivables		2,371	2,131	(240)	100
Loans and advances		128,598	118,527	(10,071)	(8)
Other financial assets	15	24,383	..	(24,383)	(100)
Total non-current assets		155,352	120,658	(34,694)	(22)
Total assets		1,071,931	(1,437,013)	(2,508,944)	(234)
Current liabilities					
Payables	16	20,500	423,588	403,088	1,966
Transfer to government payable	17	778,104	692,273	(85,831)	(11)
Interest bearing liabilities		..	..	..	..
Financial liabilities held at amortised cost	18	9,409	17,777	8,368	89
Other liabilities	19	23,096	43,261	20,165	87
Total current liabilities		831,109	1,176,899	345,790	42
Non-current liabilities					
QTC borrowings	20	44,953,236	40,053,989	(4,899,247)	(11)
Financial liabilities held at amortised cost	21	104,803	70,493	(34,310)	(33)
Total non-current liabilities		45,058,039	40,124,482	(4,933,557)	(11)
Total liabilities		45,889,148	41,301,381	(4,587,767)	(10)
Net assets		(44,817,217)	(42,738,394)	2,078,823	(5)
Equity					
Accumulated surplus	22	5,797	4,065	(1,732)	(30)
Net equity withdrawal		(44,823,014)	(42,742,459)	2,080,555	(5)
Total administered equity		(44,817,217)	(42,738,394)	2,078,823	(5)

Explanations of major variances

11. The variance mainly represents the Treasury Offset Account with an increase in departmental and Consolidated Fund (CF) surpluses under the whole of government offset arrangements.

12. The decrease is mainly due to higher than expected impairments and write-offs of receivables for transfer duties and SPER infringements.

13. The increase is due to cash appropriation only being provided to Treasury when actual payments to QSuper for long service leave (LSL) and Annual Leave Central Scheme (ALCS) reimbursements are made and as such funding for the end of year accrued payments for LSL and ALCS reimbursements are raised as appropriation receivable at Treasury level (\$387.465M). These are partially offset by a decrease in receivables as a result of lower than budgeted administered expenses funded by appropriation.

14. The increase is primarily driven by \$4.554M in unbudgeted grant receivable from the QRA relating to NDRRA events.

15. The variance to nil represents the transfer of the forward starting swap to hedge the interest rate exposure risk associated with the Sunshine Coast University Hospital during 2014-15, transferred to the Government Debt Pool, that was not anticipated.

16. The increase is predominantly driven by the estimated costs for the last quarter claims for ALCS and LSL (\$387.465M).

17. The decrease reflects lower than expected administered revenue earned but yet to be transferred to CF at year end.

18. The increase is attributable to the higher than anticipated borrowings from the Commonwealth due to contributions received in 2014-15 for 3 prior years under the NDRRA arrangements.

19. The increase is primarily driven by a higher amount of unearned revenue for royalties, payroll tax and duties than anticipated.

20. The decrease in QTC borrowings primarily relates to the lower opening stock of borrowings at 30 June 2014 and lower capital purchases in 2014-15.

21. The decrease is attributable to the higher than anticipated classification of current borrowings from the Commonwealth due to contributions received in 2014-15 for 3 prior years under the NDRRA arrangements. Refer note 18 also.

22. The reduction is due to an adjustment in amortised costs that was not anticipated.

64 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 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 disability services
- 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 (from 2013-14 these payments no longer pass through state treasuries as they are now paid directly by the Commonwealth to departments).

Amounts received from the Commonwealth for direct payments to the following entities in 2014-15 totalled \$2.166 billion (2013-14: \$1.971 billion), comprising:

- Department of Education and Training (non-government schools, \$2.134 billion)
- Department of Communities, Child Safety and Disability Services (specialist disability services, \$17.57 million changed roles and responsibilities adjustment, \$8.397 million)
- Department of Infrastructure Local Government and Planning (national insurance affordability initiative, \$5.02 million)
- Department of Agriculture and Fisheries (plant disease and eradication, \$0.942 million).

65 Agency transactions

- (a) Queensland Treasury currently acts as an agent and processes grant payments on behalf of a number of Queensland Government departments. These transactions do not form part of Queensland Treasury's accounts and are instead reported by the various departments. For the 2014-15 financial year the total value of grants paid was \$258.151 million (2013-14: \$156.710 million). The increase in 2014-15 is due to a higher number of grants and larger grant payments.
- (b) Queensland Treasury also acts as an agent in the collection and distribution of unpaid infringement fines and court ordered monetary amounts for various external parties including local government bodies, universities and individuals.

	2015 \$'000	2014 \$'000
Opening balance	14,688	12,127
Collections	40,431	39,404
Distributions to principals	(39,176)	(36,843)
Balance 30 June *	15,943	14,688

* The closing balance is recorded in the administered cash balance with a corresponding payable to third parties (refer to notes 49 and 54).

66 Queensland Government E-merchant program

Queensland Treasury acts as a custodian over the settlement account (held by the third party, Cuscal) for the Queensland Government's pre-paid debit card program. At reporting date the balance in the account is \$3.010 million (2013-14: \$0.228 million) (including interest earned for the year, \$24,565.62 (2013-14: \$7,597.52)), which represents unspent funds advanced by agencies.

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 Queensland Treasury for the financial year ended 30 June 2015 and of the financial position of the department at the end of that year.

The assertions in this certificate are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



D. Brooks BComm, FCPA
Chief Finance Officer

28 August 2015



J. Murphy BA, LLB, Master of Public Law
Under Treasurer

28 August 2015

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of 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 major departmental services as at 30 June 2015, the statements of comprehensive income, statements of changes in equity, statements of cash flows and statements of comprehensive income by major departmental services 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 Chief Finance Officer of the department and 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal 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 be removed only 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

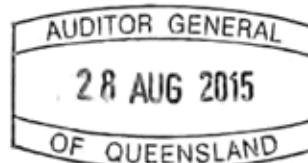
In accordance with s.40 of the *Auditor-General Act 2009* –

- (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 the Queensland Treasury and the consolidated entity for the financial year 1 July 2014 to 30 June 2015 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

A M GREAVES FCA FCPA
Auditor-General of Queensland



Queensland Audit Office
Brisbane

Management committees

Executive Management Team sub-committees strengthen governance in specific accountabilities and functions of Treasury's business.

Resource Governance Committee

Representation

Under Treasurer (Chair)

Executive Director, Office of the Under Treasurer

Deputy Under Treasurer – Fiscal Group

Deputy Under Treasurer – Economics Group

Commissioner – Office of State Revenue

Executive Director – Commercial Group

Chief Operating Officer – Corporate Group

Chief Finance Officer – Corporate Group

Terms of reference

Functions and responsibilities:

The primary role of the Resource Governance Committee (RGC) is to monitor the use of Treasury's financial resources and provide advice and direction on corporate governance and resource management. The RGC will also approve submissions and proposals with resource implications.

Specifically the RGC will achieve this by:

- Providing advice and direction on issues relating to the management of Treasury's own budget
- Monitoring Treasury's operating position, capital expenditure and administered revenue and expenditure
- Reviewing workforce data and providing direction on identified risks, issues and trends
- Reviewing and approving compliance driven reports, strategies, frameworks and plans relating to financial management functions required by a whole-of-government mandate
- Reviewing and approving financial management policies and guidelines
- Reviewing and approving proposals to implement new financial systems, processes and tools
- Monitoring fee-for-service arrangements with the financial service providers
- Assisting the Under Treasurer and Chief Finance Officer discharging duties specified by the *Financial Accountability Act 2009*.

Information Steering Committee

Representation

Information Branch

Motor Accident Insurance Commission

Office of State Revenue

Fiscal Strategy Division

Government Statistician's Office

Terms of reference

Treasury's information technology and information management programs offer great scope for innovation in our business practices. Our Information Steering Committee supports this vital function by:

- leading corporate information management and information and communication technology strategic planning
- gaining maximum benefit from major projects by reviewing and monitoring their progress
- identifying and addressing risks to productivity and service delivery
- developing and implementing ICT policies, architectures and investment proposals
- ensuring Treasury is up to speed with emerging trends and technologies.

Workforce Capability Performance Committee

Representation

Under Treasurer

Deputy Under Treasurers

Human Resources Branch

Chief Operating Officer

Budget Portfolios Division

Office of State Revenue

Terms of reference

The Workforce Capability Performance Committee's (WCAP) role is to ensure that Treasury has an engaged workforce that delivers and shapes our business. WCAP does this chiefly by:

- prioritising workforce improvement initiatives
- ensuring the Workforce Plan delivers the desired outcomes
- approving all major plans and authorising any major departures from the strategy
- ensuring that required resources are committed for the delivery of the Workforce Plan
- finding solutions to conflicts between the Workforce Strategy and our business activities.

Business Productivity Review Steering Committee

Representation

Chief Operating Officer

Fiscal Group

Economics Group

Office of State Revenue

Budget Portfolios Division

State Development Unit, Budget Portfolios Division

Fiscal Strategy Division

Fiscal Reform Division

Shareholder and Structural Policy Division

Terms of reference

Our staff have taken significant ownership of a project to improve business processes to allow more time for value-adding initiatives. The Business Productivity Review Steering Committee carries through on this work by:

- fostering collaboration across divisions to maximise ownership of outcomes
- ensuring business productivity outcomes align with Treasury's Strategic Plan
- making decisions on threshold or significant project issues
- helping Treasury build its internal capability to drive continuous improvement across our organisation
- advising on how risks to productivity improvements, such as capability, capacity, change management and stakeholder management, can be addressed.

Audit and Risk Management

Our Audit and Risk Management Committee advises our accountable officer – Under Treasurer Jim Murphy – to help him meet his responsibilities under the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009* and other prescribed requirements.

Representation

In 2014-15, the Audit and Risk Management Committee members were:

Alex Beavers, Deputy Under Treasurer (chair)

Jim Murphy, Under Treasurer

Mary-Anne Curtis, Deputy Under Treasurer

Neil Singleton, Insurance Commissioner

Martin Schwede, Deputy Commissioner, Office of State Revenue

Don Licastro, General Manager Finance, Queensland Treasury Corporation.

Standing invitations:

Warwick Agnew, Chief Operating Officer

Debbie Brooks, Chief Finance Officer

Queensland Audit Office (QAO)

Internal Audit

Terms of reference

The Audit and Risk Management Committee's roles and responsibilities include:

- consideration of audit outcomes and related findings
- assessing and enhancing Treasury's corporate governance processes, including internal controls and the internal audit function
- evaluating and facilitating internal audit functions, particularly in planning, monitoring and reporting
- overseeing and appraising our financial and operational reporting processes
- reviewing our risk management, control and compliance framework and strategies
- considering our external accountability responsibilities and integrity framework.

In 2014-15, the committee fulfilled its responsibilities in accordance with the charter.

Achievements

The committee met five times during the year and followed an approved annual work plan. The committee had oversight of the:

- 2014-15 internal audit plan

- 2013-14 financial statements for Queensland Treasury, Motor Accident Insurance Commission and Nominal Defendant
- QAO reports to Parliament as they related to Treasury
- issues raised by Queensland Audit Office including recommendations from performance audits
- issues raised by Internal Audit
- activities of other related committees in Treasury.

Risk management

Everyone in Treasury is responsible for managing risk and risk management is integrated into all of our business activities and systems. During the year we continued to enhance our risk management capabilities and conducted a program of workshops and stakeholder engagement activities.

The function facilitates a reporting process where it works with business areas to update their respective risk registers and consolidates a quarterly risk management report. The report is presented to the Executive Management Team and provides a snapshot of risks across business areas, risk rating changes and an overview of current and emerging risks and opportunities.

Internal audit

Internal Audit supports the Audit and Risk Management Committee and our organisation more broadly by evaluating Treasury's financial and operational systems, reporting processes and activities. PwC provides an independent and objective assurance service and operates in accordance with our Internal Audit Charter, incorporating key internal audit and ethical standards. Although independent of Queensland Audit Office (QAO), Internal Audit liaises with QAO regularly to ensure appropriate assurance services are provided to Treasury.

In 2014-15, Internal Audit delivered a program of work for Treasury's three-year internal audit plan which was approved by the Audit and Risk Management Committee in June 2014. This plan is aligned to our key risk areas, operations, and strategic objectives. The plan included the delivery of a suite of reviews over the year and drew upon specialist expertise as needed.

External scrutiny

External audits and reviews aid transparency in government and help us improve our performance and that of other agencies. This is critical if we are to meet the government's and communities' expectations of accountability and value-for-money service delivery.

Auditor-General Report to Parliament

No 1 for 2014-15 Results of audit: Internal control systems 2013-14

Tabled on 11 July 2014

The report summarises the results of evaluations of the systems of financial controls and of selective testing of controls that operated within the 21 government departments during the 2013-14 financial year.

In addition to the results of audits of internal control systems, the report also includes evaluations of the effectiveness of delegation of financial responsibility in all 21 departments and compared this to five other public sector agencies. Queensland Audit Office also examined the risk assessment processes used by accountable officers to manage their financial risks.

Recommendations

The report's recommendations related to the dual responsibilities assigned to our Chief Finance Officer (CFO). The report stressed that apart from the perceived and actual independence of the CFO and Head of Internal Audit (HIA), it is not clear that one officer can effectively fulfil both HIA responsibilities.

Our response

In 2012-13, our internal audit function was outsourced to PwC and our CFO was nominated as the HIA. The appointment had due regard to the requirements for the appointee to be a public service employee, or other employee of the State, with professional membership of accountancy or internal audit bodies. The CFO was in the best position to ensure that the function operated at an appropriate level in our organisation.

We recognise concerns about the independence of the two functions. The Financial Accountability Handbook prescribes that where the same officer does undertake both roles, the following should occur to maintain an appropriate level of independence:

- Reports from the outsourced internal audit function should be submitted direct to the accountable officer and the internal audit provider should be given the opportunity to communicate directly with the accountable officer without the HIA in attendance.

- At least one meeting per year should be held between the internal audit function and the audit committee.

We have met both conditions and have documented this in the Internal Audit Charter and the Audit and Risk Management Committee Charter.

The Financial Accountability Act 2009 was recently amended as part of the Payroll Tax Rebate, Revenue and Other Legislation Amendment Bill 2015 to state that an accountable officer now has the flexibility to appoint a non-public service employee – such as the lead manager from the outsourced firm – as HIA. Departments that choose this option must still obtain the Treasurer's approval and the HIA must have the relevant qualifications.

Auditor-General Report to Parliament

No. 7 for 2014-15 Queensland State Government Financial Statements 2013-14

Tabled on 9 December 2014

The State of Queensland obtains its revenues through taxation, royalties, sales of goods and services and by payments from the Australian Government. With those revenues, the Queensland Government pays for the operations of the state; provides community services including health, community safety and education; and builds state infrastructure.

Each year, the state prepares consolidated financial statements of the Government of Queensland (state government financial statements) which are accrual financial statements reporting how much the state has earned; what it cost to operate; and, together with the values of its assets, how it managed its liabilities. From this, a user of the statements can discern whether the state is spending more than it receives; how well it has managed its assets and liabilities; and what reserves it has to meet its future obligations.

The Auditor-General audits the consolidated financial statements, which report on the performance and position of both the total state sector (TSS) and of the General Government sector (GGS).

Recommendations

There were no specific recommendations for Queensland Treasury. An unqualified audit opinion on the state government financial statements was issued. The state met the legislative timeframes for completion of financial statements and the quality of the supporting work papers for audit purposes were of a high standard.

Our response

No response was required from Queensland Treasury. Queensland Treasury did provide comments regarding the state's financial sustainability and noted that the Government publishes a full suite of financial statements at three intervals (Budget, Mid-Year Fiscal and Economic Review and Report on State Finances), allowing interested parties the opportunity to calculate the state's financial sustainability using their own set of preferred metrics.

Queensland Treasury did acknowledge that the measures selected by QAO remain different from both the government's fiscal principles and the measures used by rating agencies and stated that it would be preferable to use a consistent set of measures of the state's financial performance. Queensland Treasury did acknowledge that QAO has replaced its previous net financial liability to revenue ratio measure with grow borrowings to operating revenue.

Auditor-General Report to Parliament

No. 14 for 2014-15 Follow up audit: Tourism industry growth and development

Tabled on 5 May 2015

This report follows up the progress and effectiveness of the Department of Tourism, Major Events and the Commonwealth Games, Tourism Queensland and Events Queensland Pty Ltd in implementing 12 audit recommendations made in our Report 3: 2012-13 tourism industry growth and development. The 2012 report assessed whether Queensland's tourism development framework effectively met the government's growth agenda.

Recommendations

There were no specific recommendations for Queensland Treasury.

Our response

As the report related to Tourism and Events Queensland (TEQ), Treasury was not required to respond. However, we did collaborate with Department of the Premier and Cabinet and Department of Tourism, Major Events, Small Business and the Commonwealth Games to develop an efficiency measure for the 2015-16 Service Delivery Statement, as part of the State Budget.

All Queensland Audit Office reports tabled during the 2014-15 year are available at www.qao.qld.gov.au

Publications

We produce a range of publications, guidelines, and other useful resources about:

- each year's State Budget
- financial and economic policy
- government-owned corporations
- economic, statistical and demographic research
- infrastructure projects
- state revenue, including land tax, payroll tax and duties
- the Great Start Grant for first homebuyers
- advice on paying infringement notices and fines.

Many of these are available through www.treasury.qld.gov.au or by contacting Queensland Treasury.

Statutory bodies

Transactions and achievements for the following statutory bodies and entities are accounted for in their own annual reports.

Statutory body	Legislative basis
Motor Accident Insurance Commission Manages Queensland's compulsory third party scheme.	<i>Motor Accident Insurance Act 1994</i>
Nominal Defendant Compensates people injured by unidentified and/or uninsured vehicles.	<i>Motor Accident Insurance Act 1994</i>
Queensland Competition Authority Promotes competitive markets, productivity and better regulation.	<i>Queensland Competition Authority Act 1997</i>
Queensland Treasury Corporation Queensland Government's central financing authority.	<i>Queensland Treasury Corporation Act 1988</i>

The Treasurer, Minister for Employment and Industrial Relations and Minister for Aboriginal and Torres Strait Islander Partnerships is a joint Minister – with the Minister for Energy and Water Supply – for the Queensland Bulk Water Supply Authority (trading as Seqwater), which is established under the *South East Queensland Water (Restructuring) Act 2007*.

Managing our information wisely

Our information resources are valuable assets. They are our corporate memory, documenting our actions, decisions and communication so we can be accountable to the community.

Throughout the year, we responsibly managed our information in compliance with the *Public Records Act 2002*, Information Standard 40: recordkeeping and Information Standard 31: retention and disposal of public records. In particular, our people spent significant time and resources managing our information in preparation for our move to 1 William Street in 2016. In the new building, desk and storage space will be at a minimum, so our people will need to make the shift from managing paper to managing information digitally. We have begun this journey by:

- delivering a 'paper-lite' program to help reduce the dependency on paper documents
- providing all staff with secure laptops and upgrading our existing information systems, to allow full mobility and compliance with 1 William Street's technology requirements
- rolling out a new enterprise content management system to provide more modern collaboration tools and replace our ageing electronic documents and records management system
- closing network drives for data storage to remove legacy storage and reduce cost
- building staff awareness about good information management practices through training programs and information sessions
- continuing to transfer permanent records to Queensland State Archives
- monitoring and reporting on the use of our systems, procedures and security
- developing and embedding automatic retention and disposal processes into our information systems.

Legislation administered by Treasury

Aboriginal Land Act 1991 (Part 18 to the extent that it is relevant to royalties)	Fuel Subsidy Repeal Act 2009	State Penalties Enforcement Act 1999 (except to the extent administered by Attorney-General and Minister for Justice and Minister for Training and Skills)
Airport Assets (Restructuring and Disposal) Act 2008	Gaming Machine Act 1991 (s 322(a))	Statistical Returns Act 1896
Alcan Queensland Pty Limited Agreement Act 1965 (to the extent that it is relevant to royalties)	Geothermal Energy Act 2010 (to the extent that it is relevant to royalties)	Statutory Authorities (Superannuation Arrangements) Act 1994
Appropriation Act 2013	Government Owned Corporations Act 1993	Statutory Bodies Financial Arrangements Act 1982
Appropriation Act 2014	GST and Related Matters Act 2000	Superannuation (Public Employees Portability) Act 1985
Appropriation Act (No 2) 2008	Infrastructure Investment (Asset Restructuring and Disposal) Act 2009	Superannuation (State Public Sector) Act 1990
Appropriation Act (No 2) 2013	Judges (Pensions and Long Leave) Act 1957 (s17)	Taxation Administration Act 2001
Appropriation Act (No 2) 2014	Land Tax Act 2010	Thiess Peabody Coal Pty Ltd Agreement Act 1962 (to the extent that it is relevant to royalties)
Appropriation (Parliament) Act 2013	Mineral Resources Act 1989 (to the extent that it is relevant to royalties)	Thiess Peabody Mitsui Coal Pty Ltd Agreements Act 1965 (to the extent that it is relevant to royalties)
Appropriation (Parliament) Act 2014	Motor Accident Insurance Act 1994	Torres Strait Islander Land Act 1991 (Part 13 to the extent that it is relevant to royalties)
Appropriation (Parliament) Act (No 2) 2008	Mount Isa Mines Limited Agreement Act 1985 (to the extent that it is relevant to royalties)	Trans-Tasman Mutual Recognition (Queensland) Act 2003
Appropriation (Parliament) Act (No 2) 2014	Mutual Recognition (Queensland) Act 1992	
Brisbane Trades Hall Management Act 1984	Occupational Licensing National Law (Queensland) Act 2010	
Building Boost Grant Act 2011	Offshore Minerals Act 1998 (to the extent that it is relevant to royalties)	
Central Queensland Coal Associates Agreement Act 1968 (to the extent that it is relevant to royalties) (Sch pt V)	Payroll Tax Act 1971	
Commonwealth Aluminium Corporation Pty Limited Agreement Act 1957 (to the extent that it is relevant to royalties)	Petroleum Act 1923 (to the extent that it is relevant to royalties)	
Commonwealth Places (Mirror Taxes Administration) Act 1999	Petroleum and Gas (Production and Safety) Act 2004 (to the extent that it is relevant to royalties)	
Community Ambulance Cover Levy Repeal Act 2011	Petroleum (Submerged Lands) Act 1982 (to the extent that it is relevant to royalties)	
Competition Policy Reform (Queensland) Act 1996	Public Officers' Superannuation Benefits Recovery Act 1988	
Dalrymple Bay Coal Terminal (Long-Term Lease) Act 2001	Queensland Competition Authority Act 1997	
Duties Act 2001	Queensland Investment Corporation Act 1991	
Financial Accountability Act 2009	Queensland Nickel Agreement Act 1970 (all financial and related matters) (to the extent that it is relevant to royalties)	
Financial Agreement Act 1994	Queensland Treasury Corporation Act 1988	
Financial Intermediaries Act 1996	South East Queensland Water (Restructuring) Act 2007 (including as a responsible Minister for the purposes of Chapter 2 of the Act)	
Financial Sector Reform (Queensland) Act 1999	State Financial Institutions and Metway Merger Facilitation Act 1996	
First Home Owner Grant Act 2000		
Fossicking Act 1994 (to the extent that it is relevant to royalties)		

Index

1 William Street	26	Contact us	111	Government Wireless Network	24
About us	4-5	Corporate governance	6-9, 103-104	Graduate recruitment	11, 15
Changes for Treasury	5	CS Energy Ltd	21	Grants and grant administration	28-33
Clients	4	Debt Action Plan	16, 18-19	Great Leaders Program	5, 11
How we began	4	Debt collection/recovery	28-31	Great People Framework	11
Key areas of responsibility	4	Debt reduction	16, 18-19	Great Start Grant	31
Meeting the government's objectives	7	Digital literacy	23	GST	20, 22
Our first fiscal challenge	4	Disability, National Disability Insurance Scheme	19	Herston Quarter redevelopment	27
Vision and values	4, 12	Dividends from GOCs	21	Highlights	2-3
Who we are	4	Document and records management	106	How we began	4
Appendices	103-109	Duties	28-31	Index of retail prices	20
External scrutiny	105	e-business	28-31	Information/records management	106
Glossary	110	e-conveyancing	29	Infrastructure	24-27
Information management	106	Economic service/Group	20-23	Integrated resort developments	26
Legislation	107	Electricity pricing	5, 22-23	Internal Audit	104
Management committees	103-104	Employee Exchange Program	31	Interpreting, translating	Inside front cover
Publications	106	Employment and jobs	5, 22	Jobs and employment	5, 22
Statutory bodies	106	Energex Ltd	21	Key performance indicators	17, 20, 25, 29
Audit and risk management	104	Energy, including sustainability	21, 22, 23	Land tax	28-31
Banking services	18, 29	Ergon Energy Corporation Ltd	21	Languages other than English, reporting	Open Data Portal
Biographies, senior management	8-9	Ethics	12	Leading Treasury	8
Budget, Federal/Commonwealth	20	Executive management, biographies	8-9	Legislation	107
Building Queensland	5, 24-25	External audits/scrutiny	105	Letter of compliance	inside front cover
Capability (workforce)	11	Federal/Commonwealth funding	20	Machinery of Government changes (Changes for Treasury)	5
Changes for Treasury (machinery of government)	5	Financial statements	37-102	Management committees	103-104
Client education	28-31	Financial summary	32-36	Managing our organisation	7-9
Clients	4	Fines – revenue	28-31	Governance frameworks	6-7
Code of Conduct	12	Fiscal principles, strategy	7	Leading Treasury	8-9
Commercial advice	24-27	Fiscal service/Group	16-19	Organisational chart	8-9
Commercial services/Group	24-27	Foreword	1	Priorities for the community	7
Committees (management)	103-104	From the Under Treasurer	1	Strategic Plan	6
Commonwealth/federal funding	20	G20	10	Market-led proposals	27
Commonwealth Grants Commission	20, 22	Gladstone Ports Corporation Ltd	21	Mid Year Fiscal and Economic Review	16, 18
Community recovery	14	Glossary	110	Migration, business and skilled	5
Competition policy	20-23	Governance, corporate	6-9, 103-104	Multicultural (cultural diversity)	13, Open Data portal
Competition Authority, Queensland	22-23	Government-owned corporations	21		
Consultancies	Open Data portal	Government objectives for community	7		

Multicultural (languages other than English)	13, Open Data portal	Queensland Competition Authority	22, 23	Workforce demographics	12-13
National Disability Insurance Scheme	19	Queensland Government Insurance Fund	33	Workforce planning, performance	11-12
Natural disasters	14, 22	Queensland Rail	21	Working Queensland	22
New Generation Rollingstock	24	Queensland Schools	24	Work/life balance	12
North Qld Bulk Ports Corporation Ltd	21	Queen's Wharf Brisbane	26		
Office of Industrial Relations	5	Records	106		
Open Data portal¹		Redundancies, separations	12		
Consultancies	Open Data portal	Report on State Finances	18		
Language services	Open Data portal	Resource Consultative Committee	30		
Overseas travel	Open Data portal	Retail prices, index	20		
Organisational chart	8-9	Revenue management service	28-31		
Our financial position explained	32-36	Review of State Finances	17, 18		
Our people	10-15	Risk management	104		
Employee development	11	Royalties	28-31		
Graduate recruitment	11, 15	Royalty Administration Committee	30		
Our workforce at a glance	12-13	Seqwater	21		
Profiles	5, 10, 14, 15, 19, 21, 23, 31	SPER	28		
Our services	16-31	Stanwell Corporation Ltd	21		
Commercial services	24-27	State Budget	7, 16-19, 29		
Economic	20-23	State Infrastructure Plan	24		
Fiscal	16-19	State Penalties Enforcement Registry (SPER)	28		
Revenue management	28-31	Statistical research	20-23		
Payroll tax	28-31	Statutory bodies	4, 106, 109		
Penalties – revenue	28, 30	Strategic Plan	6		
Penalty Debt Management Council	28	SunWater Ltd	21		
Population projections	20	Sustainability – energy, water	21, 22, 23		
Port of Townsville Ltd	21	Taxation Consultative Committee	30		
Ports North	21	Taxes (state)	28-31		
Powerlink Qld	21	Toowoomba Second Range Crossing	24-25		
Productivity Commission, Qld	5, 22, 23	Trade and Investment Queensland	5		
Program Evaluation Guidelines	21	Transfer duty	28-31		
Project Assessment Framework	27	Translating, interpreting	Inside front cover		
Projects Queensland <i>see</i> Commercial Group		Under Treasurer's foreword	1		
Property Consultative Committee	30	Vision and values	4, 12		
Publications	106	Water, including sustainability	21, 23		
Public availability	Inside front cover	White Papers (Australian Government)	20		
QIC Ltd	21				

¹ Open Data information is published online at www.data.qld.gov.au

Glossary

Commonwealth Grants Commission

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

Duties

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

Enterprise content management (ECM)

A system covering all aspects of how an organisation manages its information — document management, web content management, search, collaboration, records management, workflow management, capture and scanning. ECM aims to make the management of corporate information easier through unifying search, storage, security, version control, process routing, and retention.

Land tax

State tax on freehold land, assessed on the taxable value of an owner's total land holdings.

Machinery of government

Usually refers to changes to government departments or agencies, often after an election. Can involve creating or abolishing departments or moving functions from one department to another.

Nominal Defendant

A statutory body that compensates people injured by unidentified and/or uninsured vehicles.

Payroll tax

State tax paid if a company pays more than \$1.1 million per year in taxable wages. From 1 July 2015 the threshold will rise to \$1.2 million and will continue to increase by \$100,000 each year until it reaches \$1.6 million on 1 July 2019.

Productivity

The measure of how efficiently an economy uses its resources (such as labour and capital) to produce outputs (good and services). Productivity growth reflects the extent to which additional output is generated in an economy from managing the resources or inputs more effectively. As a result, increased productivity is a key factor in driving long-term economic growth, which in turn results in greater prosperity and improvements in living standards.

Project proponent

In the context of major infrastructure, a proponent is one who puts forward a proposition or proposal.

Queensland Competition Authority

Independent statutory authority created out of a national approach to competition policy.

Provides independent, objective appraisal of issues such as significant government business activities which compete with the private sector, government-owned monopolies and privately owned water monopolies, and accessibility of essential infrastructure. Now includes the Office of Best Practice Regulation.

Queensland Productivity Commission

Body established in 2015 to drive economic growth and lift productivity and living standards by advising on complex economic and regulatory issues.

Royalties

Royalties are payments to the owners of a resource for the right to sell, dispose of or use that resource. In the context of Treasury's revenue management service area, these resources are usually from petroleum, coal and other mining activities.

State Penalties Enforcement Registry (SPER)

State Penalties Enforcement Registry. Part of the Office of State Revenue, SPER is responsible for collecting and enforcing unpaid infringement notice fines, court ordered monetary fines and offender recovery orders issued in Queensland.

Contact us

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Statutory bodies

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