
QUEENSLAND TREASURY HOLDINGS PTY LTD

ACN 011 027 295

CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

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DIRECTORS' REPORT

The directors present their report together with the consolidated financial report of Queensland Treasury Holdings Pty Ltd for the year ended 30 June 2015 made in accordance with a resolution of the directors.

DIRECTORS

The names of the directors of Queensland Treasury Holdings Pty Ltd (QTH) in office during or since the end of the financial year are:

Current directors	Appointed	Resigned
G Bradley (Chairman)	10 August 2012	
P Noble	17 March 2011	
J Frazer	17 March 2011	
K Millman	17 May 2012	
L Gordon	10 August 2012	22 August 2014
M Curtis	26 August 2014	

No directors held any interest in shares or options of QTH or its controlled entities.

PRINCIPAL ACTIVITIES

The principal activity of the consolidated entity for the year ended 30 June 2015 was to act as a corporate vehicle through which the Queensland Government holds assets of strategic importance to the State. QTH holds residual State assets resulting from past State privatisation transactions and other State interests including the State Government's shares retained in Aurizon Holdings Ltd (formerly QR National Ltd).

QTH holds a controlling interest in the following entities:

- Brisbane Port Holdings Pty Ltd
- City North Infrastructure Pty Ltd
- DBCT Holdings Pty Ltd
- Queensland Airport Holdings (Cairns) Pty Ltd
- Queensland Airport Holdings (Mackay) Pty Ltd
- Queensland Lottery Corporation Pty Ltd
- Network Infrastructure Company Pty Ltd (dormant)

There were no significant changes in the nature of the activities undertaken by the consolidated entity during the financial year.

REVIEW AND RESULTS OF OPERATIONS

During the financial year, QTH maintained its asset holdings through its controlled entities as well as retaining its shareholding in Aurizon Holdings Ltd (Aurizon). QTH continued the project and contract management responsibilities on behalf of the State for the Airport Link, Northern Busway (Windsor to Kedron) and Airport Roundabout Upgrade projects. These project responsibilities and the related funding were transferred to QTH from CNI, which is in the process of winding down. From 1 July 2015, the ongoing project responsibilities have been transferred to the Department of Transport and Main Roads.

The profit after tax of the consolidated entity for the financial year was \$23.0 million (2014: \$94.9 million).

The Consolidated Financial Statements include profits from the following entities:

- Brisbane Port Holdings Pty Ltd: \$ 417 000
- DBCT Holdings Pty Ltd: \$ 207 000
- Queensland Airport Holdings (Cairns) Pty Ltd: nil
- Queensland Airport Holdings (Mackay) Pty Ltd: nil
- Queensland Lottery Corporation Pty Ltd: \$20 000
- Queensland Treasury Holdings Pty Ltd: \$ 22 357 000

DIVIDENDS

No dividends were declared to the State during the year (2014: \$260 000 000). Subsequent to the end of financial year, the directors declared a dividend of \$10 000 000 to be paid to the State in 2015-16.

EVENTS SUBSEQUENT TO BALANCE DATE

Other than the dividend declared and the return of surplus funds relating to QTH's CNI project management activities which are discussed below, there are no other matters or circumstances which have arisen that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

LIKELY FUTURE DEVELOPMENTS AND EXPECTED RESULTS

As at 30 June 2015, QTH retained a residual shareholding in Aurizon Holdings Ltd after reducing its holding during the prior year below that of a substantial shareholder.

During the year, QTH continued to perform the project management responsibilities taken over from CNI in 2013 for the contract close phase of the Airport Link, Northern Busway, and Airport Roundabout. As all expenditure for these responsibilities is matched with grant funding provided by the State, this does not have a significant financial impact on QTH. From 1 July 2015, these responsibilities have been transferred to the Department of Transport and Main Roads. CNI has finalised its remaining operations during 2014-15 and is expected to be deregistered during 2015-16, with any surplus funds to be returned to the State.

Other than as mentioned above, there are no known matters or circumstances which are likely to significantly affect the operations or results of the consolidated entity in the future.

PERFORMANCE IN RELATION TO ENVIRONMENTAL LEGISLATION

The consolidated entity's operations, through its subsidiaries, are subject to various environmental regulations under both Commonwealth and State legislation, although responsibility for environmental matters generally resides with third party lessees. The Board is not aware of any significant breaches of environmental regulations during or since the end of the financial year which would impact on the consolidated entity.

DIRECTORS REMUNERATION

Remuneration was paid to independent directors of the consolidated entity during the financial year. No remuneration is paid to directors who are employees of the Queensland Government or employees of its related bodies (2014: nil).

Details of the nature and amount of each major element of the remuneration of the directors are as follows:

	Base Salary 2015 \$	Super 2015 \$	Total 2015 \$	Base Salary 2014 \$	Super 2014 \$	Total 2014 \$
G Bradley	15 213	1 445	16 658	15 213	1 407	16 620
I Munro*	3 563	338	3 901	5 071	469	5 540
Total	18 776	1 783	20 559	20 284	1 876	22 160

* Director fees were not paid from October 2014 to February 2015 while the Director was undertaking a position with the State of Queensland.

INDEMNIFICATION OF OFFICERS AND AUDITORS

The consolidated entity has not, during the financial year, in respect of any person who is or has been an officer or auditor of the consolidated entity or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings, and
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

The State has entered into deeds indemnifying all company officers for certain liabilities which they may incur by reason of acting as an officer of the consolidated entity.

The auditor of QTH and its controlled entities for the year ended 30 June 2015 is the Auditor-General of Queensland.

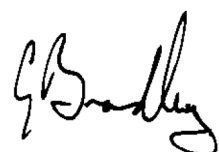
AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 6.

ROUNDING OF AMOUNTS

QTH is a kind of entity referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors.



G Bradley
Chairman

04 August 2015

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Queensland Treasury Holdings Pty Ltd

This audit independence declaration has been provided pursuant to s 307C of the *Corporations Act 2001*.

Independence Declaration

As lead auditor for the audit of Queensland Treasury Holdings Pty Ltd for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been –

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



M KEANE CA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Notes	2015 \$000	2014 \$000
Income			
Interest revenue	3	22 348	31 728
Net gain on investments held at fair value through profit or loss	4	8 239	134 029
Dividends received		10 216	21 051
Grant revenue	5	1 562	2 510
Amortisation of unearned revenue	6	319	310
Other income		50	48
Total Income		42 734	189 676
Expenses			
Interest expense	7	7 395	33 144
Other financing costs	8	191	1 966
Project management - CNI		1 562	2 510
Operating leases		356	347
Impairment expense	9	-	13 945
Administration expenses	10	638	1 434
Total Expenses		10 142	53 346
Profit before income tax		32 592	136 330
Income tax expense	11	9 590	41 411
Profit after income tax		23 002	94 919
Total comprehensive income attributable to equity holders of Queensland Treasury Holdings Pty Ltd		23 002	94 919

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

As at 30 June 2015

	Notes	2015 \$000	2014 \$000
Current Assets			
Cash and cash equivalents	12	64 327	67 394
Lease receivables	13	9 025	9 217
Investments at fair value through profit or loss	15	281 771	273 532
Loans and receivables	16	4 355	3 871
Current tax asset		191	-
Other assets		453	480
Total Current Assets		360 122	354 494
Non-Current Assets			
Loans and receivables	16	164 564	156 089
Lease receivables	13	139 277	148 303
Deferred tax asset	17	24 969	27 844
Total Non-Current Assets		328 810	332 236
TOTAL ASSETS		688 932	686 730
Current Liabilities			
Payables		396	475
Interest bearing liabilities	18	9 025	9 217
Deferred revenue	19	1 546	2 037
Tax liabilities		1	12 095
Total Current Liabilities		10 968	23 824
Non-Current Liabilities			
Interest bearing liabilities	18	139 277	148 303
Deferred revenue	19	3 044	4 434
Deferred tax liabilities	20	42 691	40 219
Total Non-Current Liabilities		185 012	192 956
TOTAL LIABILITIES		195 980	216 780
NET ASSETS		492 952	469 950
Equity			
Contributed equity	25	94 413	94 413
Retained profits		398 539	375 537
TOTAL SHAREHOLDERS' EQUITY		492 952	469 950

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

		Contributed Equity	Retained Profits	Total Equity
	Notes	\$000	\$000	\$000
Balance at 1 July 2013		94 413	540 618	635 031
Profit for the year after income tax		-	94 919	94 919
Dividends paid	21	-	(260 000)	(260 000)
Balance at 30 June 2014		94 413	375 537	469 950
Balance at 1 July 2014		94 413	375 537	469 950
Profit for the year after income tax		-	23 002	23 002
Balance at 30 June 2015		94 413	398 539	492 952

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	Notes	2015 \$000	2014 \$000
Cash flows from operating activities			
Payments to suppliers		(2 792)	(6 061)
Receipts from customers		50	578
Receipt of government grant		-	5 281
Interest received		9 392	18 388
Interest paid		(7 395)	(33 340)
Income tax paid		(16 529)	(234 036)
GST received from ATO		2 613	317
GST paid to ATO		(2 622)	(558)
Net cash used in operating activities	22	(17 283)	(249 431)
Cash flows from investing activities			
Proceeds from investments		4 000	651 191
Dividends received		10 216	21 051
Novation payments received		8 101	8 890
Lease payments received		1 116	1 065
Net cash provided by investing activities		23 433	682 197
Cash flows from financing activities			
Proceeds from borrowings		-	25 479
Repayment of borrowings		(9 217)	(177 307)
Dividend paid		-	(260 000)
Net cash used in financing activities		(9 217)	(411 828)
Net (decrease)/increase in cash and cash equivalents held		(3 067)	20 938
Cash and cash equivalents at beginning of financial year		67 394	46 456
Cash and cash equivalents at end of financial year	12	64 327	67 394

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to and forming part of the financial statements for the year ended 30 June 2015

1. General information

Queensland Treasury Holdings Pty Ltd (QTH) is a company incorporated and domiciled in Brisbane, Australia. QTH's registered office is Level 6, 123 Albert Street, Brisbane.

The consolidated financial statements of QTH as at and for the year ended 30 June 2015 comprise QTH and its subsidiaries (the consolidated entity). QTH is a for-profit entity and primarily acts as a corporate vehicle through which the Queensland Government invests in and manages assets of strategic importance to the State. QTH is owned by the State of Queensland through a 60% ownership by the Under Treasurer as trustee for the State of Queensland and a 40% ownership by Queensland Treasury Corporation (QTC).

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. All accounting policies have been consistently applied to all the years presented.

(a) Basis of preparation

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The consolidated financial statements were authorised for issue by the Board of Directors on 04 August 2015.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, as modified by fair value measurement in valuing financial assets at fair value through profit or loss and amortised cost in valuing long term financial assets and financial liabilities.

Functional and presentation currency

The financial statements are presented in Australian dollars, which is the consolidated entity's functional currency.

QTH is of a kind of entity referred to in ASIC Class Order 98/100 dated July 1998 and in accordance with that Class Order, all financial information has been rounded to the nearest thousand dollars, unless otherwise stated.

Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

Use of estimates and judgements

The preparation of the financial statements requires the use of certain critical accounting estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are shown below:

Loans and receivables

The consolidated entity carries long term loans and receivables at amortised cost. In 2011, QTH paid an amount of \$121 million for licence fees receivable from Port of Brisbane Pty Ltd (PBPL). The licence fee is based on a revenue sharing arrangement whereby Brisbane Port Holdings Pty Ltd (BPH) will receive a percentage of revenue above a hurdle amount from PBPL for a period of 35 years. QTH made an upfront payment to BPH for the rights to these cash flows using funds provided from QTC. The upfront payment was based on assumed volume growth for the Port of Brisbane using macroeconomic forecasts combined with analysis of local market and supply chain constraints.

Notes to and forming part of the financial statements for the year ended 30 June 2015

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

The licence fee which is payable up to 2050 has been discounted at 9% which takes into account the risks and uncertainties. Due to risks and uncertainties around the revenue forecasts, this exposes QTH to volatility over future revenues and therefore the valuation of the investment. At each balance date the receivable is reviewed for impairment, incorporating current projections of trade volumes and price growth and where the carrying value of the receivable is not supported by these forecasts an impairment is recognised (refer note 9 and 16).

Deferred revenue

The consolidated entity, through DBCTH has deferred revenue resulting from an upfront payment on a long-term lease arrangement. The deferred revenue is amortised in proportion to the relevant lease payments (refer note 19). The consolidated entity also has deferred revenue relating to moneys transferred to fund CNIs project management expenditure.

(b) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by QTH except for CNI which has been deemed immaterial. Control exists when the consolidated entity has the power to direct the current activities of the entity, exposure to variable returns and the ability to use such power to affect those returns.

Subsidiaries are entities controlled by the consolidated entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. On obtaining control, the identified assets and liabilities are recognised at their acquisition date fair value.

Intra-consolidated entity balances and transactions are eliminated in preparing the consolidated financial statements.

(c) Cash and cash equivalents

Cash at bank and short term deposits are stated at net realisable value.

(d) Investments and other financial assets

QTH classifies its investments on initial recognition based on the purpose for which the investments were acquired. On initial recognition, financial assets are measured at fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the asset.

Investments at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets either held for trading or managed and evaluated on a fair value basis. Assets are classified as current if they are expected to be realised within twelve months, otherwise they are classified as non-current.

Unrealised gains and losses on financial assets at fair value through profit or loss are brought to account in the Consolidated Statement of Comprehensive Income.

Notes to and forming part of the financial statements for the year ended 30 June 2015

2. Summary of significant accounting policies (continued)

(d) Investments and other financial assets (continued)

Loans and receivables

Loan receivables and licence fee receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They 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. Loan receivables and licence fee receivables are subsequently carried at amortised cost using the effective interest rate method.

(e) Leases

Leases are classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(f) Impairment

The carrying amounts of the consolidated entity's assets are reviewed at each balance date to determine whether there is objective evidence of impairment. If any such indication exists, the asset's carrying amount is written down to the asset's estimated recoverable amount. In assessing recoverable value, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset. Impairment losses are recorded in the Consolidated Statement of Comprehensive Income.

(g) Payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year which at 30 June are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(h) Interest bearing liabilities

Interest bearing liabilities are recognised initially at fair value, net of transaction costs incurred with subsequent measurement at amortised cost using the effective interest rate method. Interest and fees payable are recognised in the period in which they are incurred.

(i) Deferred revenue

Leases

Revenue received in advance on operating leases is deferred and amortised in proportion to the lease payments.

Government grants

Government grants are initially recognised as deferred revenue due to the reciprocal nature of the conditions associated with them. Subsequent to initial recognition, the timing of grant revenue recognition will depend on the fulfilment of any conditions or obligations attached to the grant.

(j) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the consolidated entity and the revenue can be reliably measured.

Interest revenue

Interest revenue is recognised using the effective interest rate method and is recognised on a proportional basis taking into account the interest rates applicable.

Notes to and forming part of the financial statements for the year ended 30 June 2015

2. Summary of significant accounting policies (continued)

(j) Revenue (continued)

Dividends

Dividends are recognised as revenue when the right to receive payment is established. Dividends received relate to interim and final dividends on Aurizon Holdings Ltd (AZJ) shares.

(k) Income tax

From 1 July 2010, QTH expanded its activities resulting in QTH being registered under the National Tax Equivalents Regime (NTER). Under the NTER, payments are made to the State Treasurer equivalent to the amount of Commonwealth income tax. QTH falls under the Taxation of Financial Arrangements (TOFA) legislation and applies the default realisation and accrual methods.

(l) Dividends

Provisions are made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(m) New accounting standards and interpretations

A number of new and amended accounting standards became effective for annual reporting periods commencing on 1 July 2014. The adoption of these standards or interpretations did not have a significant impact on the financial statements or the performance of QTH.

Impact of standards issued but not yet adopted

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The effective date for the standard has changed and is now not applicable until 1 July 2018, however the standard is available for early adoption. QTH has not early adopted AASB 9. The licence fee receivable is currently carried at amortised cost however under AASB 9 only those investments held within a business model where the objective is to collect contractual cash flows that represent payments of principal and interest are measured at amortised cost. All other financial assets are measured at fair value. As the licence fee receivable does not meet the above criteria, it will be reclassified as a financial asset at fair value through profit or loss. While this will change disclosures, it is not expected to have a material effect on the financial statements or the performance of the group.

Other than as noted above, the adoption of various Australian Accounting Standards and Interpretations on issue but not yet effective is not expected to have a material financial impact on the consolidated entity. However, the pronouncements may result in changes to how information is currently disclosed in the financial statements.

Notes to and forming part of the financial statements for the year ended 30 June 2015

	2015	2014
	\$000	\$000
3. Interest revenue		
Interest – QTC	1 994	10 528
Interest – lease receivables ⁽¹⁾	7 395	7 860
Interest – loan and receivables ⁽²⁾	12 959	13 340
	22 348	31 728

⁽¹⁾ Relates to interest recognised on Lease receivables by Dalrymple Bay Coal Terminal (DBCTH) (refer note 13).

⁽²⁾ 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 16).

4. Net gain on investments at fair value through profit or loss

Gain on shares - unrealised ⁽¹⁾	8 239	45 040
Gain on shares - realised ⁽²⁾	-	88 984
Bonus shares refunded	-	5
	8 239	134 029

⁽¹⁾ Relates to the market movement on shares held in AZJ (formerly QR National Limited) recorded at fair value (recognised at the closing listed market price of \$5.13/share (2014: \$4.98/share)).

⁽²⁾ No shares were sold during the financial year. In the prior financial year, QTH sold 134 304 485 shares.

5. Grant revenue

Government grant revenue	1 562	2 510
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QTH 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 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 19).

6. Amortisation of unearned revenue

Amortisation of unearned revenue	319	310
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Amortisation of the upfront payment on the leasing arrangements for DBCTH, entered into between DBCTH and the original lessee. The upfront payment was deferred and is amortised in accordance with the related lease payments.

7. Interest expense

Interest – BPH receivables	-	25 284
Interest – DBCTH leases	7 395	7 860
	7 395	33 144

Represents interest paid on borrowings from QTC for the financing of the above arrangements.

Notes to and forming part of the financial statements for the year ended 30 June 2015

	2015	2014
	\$000	\$000
8. Other financing costs		
Brokerage and settlement fees	128	1 449
Management fee – QTC Loans	-	196
Management fee – QTC Cash Fund	63	321
	191	1 966
9. Impairment expense		
Impairment expense	-	13 945
<p>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 3 and note 16).</p>		
10. Administration expenses		
Audit fees	38	44
Company secretariat and accounting services - QTC	379	404
Directors fees	21	22
Insurance	104	104
Legal and professional fees	56	821
Other expenses	40	39
	638	1 434
11. 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 in deferred tax asset	2 875	30 169
Increase/(decrease) in deferred tax liability	2 472	(51 356)
	5 347	(21 187)
Income tax expense	9 590	41 411
Numerical reconciliation of income tax expense to prima facie tax payable:		
Profit before income tax expense	32 592	136 330
Less: (profit) of non-taxable entities	(624)	(601)
Profit 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 on franked dividends - AZJ	-	(5 470)
Income tax expense	9 590	41 411

Notes to and forming part of the financial statements for the year ended 30 June 2015

	2015	2014
	\$000	\$000
12. Cash and cash equivalents		
Cash at bank	2	6
Cash Fund - QTC	64 325	67 388
	64 327	67 394
13. Lease receivables		
Current		
Lease receivable	1 163	1 116
Novation receivable	7 862	8 101
	9 025	9 217
Non-Current		
Lease receivable	109 674	110 838
Novation receivable	29 603	37 465
	139 277	148 303
Total		
Lease receivable	110 837	111 954
Novation receivable	37 465	45 566
	148 302	157 520
Lease receivable		
<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 ⁽¹⁾	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

- ⁽¹⁾ 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.

Notes to and forming part of the financial statements for the year ended 30 June 2015

	2015 \$000	2014 \$000
13. Lease receivables (continued)		
Novation receivable		
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 ⁽²⁾	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

⁽²⁾ 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.

14. Lease commitments

Lease expenditure commitments

Operating leases:

Minimum lease payments		
- Not later than one year	400	394
- Later than one year and not later than five years	1 600	1 576
- Later than five years	14 490	14 677
Aggregate lease expenditure contracted for at balance date	16 490	16 647

These commitments represent payments due for lease and sub-lease arrangements. The payments have not been discounted and exclude any future escalations for CPI increases or projected outgoings which are provided for under the terms of each lease.

15. Investments at fair value through profit or loss

Shares– AZJ ⁽¹⁾	281 771	273 532
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⁽¹⁾ QTH 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 per share).

Notes to and forming part of the financial statements for the year ended 30 June 2015

	2015	2014
	\$000	\$000
16. Loans and receivables		
Current		
Loan receivable	4 355	3 871
Non-Current		
Loan receivable	48 525	49 630
Licence fee receivable	116 039	106 459
	164 564	156 089
Total	168 919	159 960

The loan receivable is discounted at 6.55% and includes the rights to fixed annual payments up to 31 December 2025. 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 9).

17. Deferred tax asset

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
	24 969	27 844

18. Interest bearing liabilities

Current loans with QTC

Lease loan ⁽¹⁾	1 163	1 116
Novation loan ⁽²⁾	7 862	8 101
	9 025	9 217

Non-Current loans with QTC

Lease loan ⁽¹⁾	109 674	110 838
Novation loan ⁽²⁾	29 603	37 465
	139 277	148 303

Total	148 302	157 520
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⁽¹⁾ The long-term Lease Loan from QTC, a related party, is for a period of 50 years, unless terminated earlier. Interest on the loan 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.

⁽²⁾ The long-term Novation Loan from QTC is for a period of 20 years, unless terminated earlier. Interest on the loan 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.

Notes to and forming part of the financial statements for the year ended 30 June 2015

	2015	2014
	\$000	\$000
19. Deferred revenue		
Current		
Government grant ⁽¹⁾	1 221	1 716
Sub-lease on land ⁽²⁾	325	321
	1 546	2 037
Non-Current		
Government grant ⁽¹⁾	-	1 067
Sub-lease on land ⁽²⁾	3 044	3 367
	3 044	4 434
Total	4 590	6 471
⁽¹⁾ An amount of \$5 280 909 has been recognised in 2013-14 relating to the 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.		
⁽²⁾ The consolidated entity, through DBCTH, has deferred revenue resulting from an upfront payment on a long-term lease arrangement.		
20. Deferred tax liabilities		
Attributable to temporary differences:		
Financial assets at fair value - AZJ	42 513	40 041
Investments in subsidiaries - DBCTH	178	178
	42 691	40 219
21. Dividends paid		
Dividend paid - Type A shareholders	-	260 000
Dividend per share	-	43 333

Notes to and forming part of the financial statements for the year ended 30 June 2015

	2015 \$000	2014 \$000
22. Reconciliation of profit after income tax to net cash flows from operating activities		
Profit after income tax	23 002	94 919
Adjustments for:		
Gain on shares - unrealised	(8 239)	(45 045)
Gain on shares - realised	-	(88 984)
Amortisation of unearned income	(319)	(310)
Interest – loans and receivables	(12 959)	(13 340)
Dividend received	(10 216)	(21 051)
Impairment expense	-	13 945
Changes in assets and liabilities:		
Decrease in prepayments	102	102
(Increase)/decrease in other receivables	(76)	164
(Decrease) /increase in payables	(74)	24
(Decrease)/increase in deferred revenue - grant	(1 562)	2 771
Decrease in tax provision	(12 289)	(171 440)
Increase/(decrease) in deferred tax liability	2 472	(51 356)
Decrease in deferred tax asset	2 875	30 170
Net cash used in operating activities	(17 283)	(249 431)

23. Financial risk management

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

(a) Market risk

Market risk is the risk that changes in market prices, such as equity prices and interest rates, will affect the consolidated entity's income or value of its holdings of financial instruments. The objective is to manage and control market risk exposure within acceptable parameters, while optimising return within desired frameworks.

i) Price risk

Equity price risk arises from movements in the share price of the Aurizon Holdings Ltd shares. The Board monitors the investment exposure based on market data and consults with the State regarding retention of the holding.

Notes to and forming part of the financial statements for the year ended 30 June 2015

23. Financial risk management (continued)

(a) Market risk (continued)

ii. Interest rate risk

QTH is exposed to interest rate risk through the QTC Cash Fund which is capital guaranteed. All other financial assets and financial liabilities are fixed in nature.

At reporting date, the interest rate profile for interest-bearing financial instruments is as follows:

	2015	2014
	\$000	\$000
Fixed rate or non-interest bearing instruments		
Financial assets – loans and receivables	168 919	159 960
Financial assets – lease receivables	148 302	157 520
Financial liabilities - QTC loans	(148 302)	(157 520)
	168 919	159 960
Floating rate instruments		
Financial assets - cash	64 327	67 394
	64 327	67 394

iii) Sensitivity analysis

Interest rates

Sensitivity to interest rate movements has been calculated for variable financial assets and liabilities on the carrying values at reporting date based on the reasonable possible change in interest rates (assumed to be 1%) would have on the profit and equity.

No interest rate sensitivity has been calculated for the fixed rate instruments due to their nature. The interest rate sensitivity for floating rate assets held primarily in the QTC Cash Fund assuming interest rates change by $\pm 1\%$ would be \$643 000 (2014: \$674 000).

Equities

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

	Profit or loss		Equity	
	\$000	\$000	\$000	\$000
	10%	10%	10%	10%
	increase	decrease	increase	decrease
30 June 2015				
Shares – AZJ	28 177	(28 177)	28 177	(28 177)
30 June 2014				
Shares – AZJ	27 353	(27 353)	27 353	(27 353)

(b) Liquidity risk

Liquidity risk is the risk that the consolidated entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The consolidated entity is exposed to liquidity risk through the normal course of business.

Notes to and forming part of the financial statements for the year ended 30 June 2015

23. Financial risk management (continued)

(b) Liquidity risk (continued)

The following table sets out the liquidity risk in relation to financial liabilities held by the consolidated 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.

Contractual payments	0 to 1 year \$000	1 to 5 years \$000	Over 5 years \$000	Total contractual cash flows \$000	Carrying amount \$000
As at 30 June 2015					
Payables	396	-	-	396	396
Tax liabilities	1	-	-	1	1
Interest-bearing liabilities					
– Lease and novation loan	15 992	58 464	201 932	276 388	148 302
	16 389	58 464	201 932	276 785	148 699
As at 30 June 2014					
Payables	475	-	-	475	475
Tax liabilities	12 095	-	-	12 095	12 095
Interest-bearing liabilities					
– Lease and novation loan	16 613	60 610	215 779	293 002	157 520
	29 183	60 610	215 779	305 572	170 090

(c) Credit risk

Credit risk is the risk of financial loss in the event a counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit exposure.

QTH 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 2013 and 2014 financial years, an impairment expense was recognised against the licence fee receivable due to expectations of lower price growth affecting these cash flows (refer note 9).

The consolidated entity is also exposed to credit risk 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.

Notes to and forming part of the financial statements for the year ended 30 June 2015

23. Financial risk management (continued)

(d) Fair values of assets and liabilities

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

	2015 Carrying value \$000	2015 Fair value \$000	2014 Carrying value \$000	2014 Fair value \$000
Financial assets				
Loan receivable	52 880	61 253	53 501	60 874
Licence fee receivable	116 039	116 039	106 459	106 459
	168 919	177 292	159 960	167 333
Financial liabilities				
Interest bearing liabilities - QTC	148 302	148 302	157 520	157 520
	148 302	148 302	157 520	157 520

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

- Loan receivables and licence fee receivables, are discounted to present value using a discount rate taking into account the entity specific risks and using valuation techniques.
- Interest bearing liabilities with QTC are based on the QTC market value of the debt outstanding at balance date.

Except as detailed above, the carrying value of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

24. 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 – quoted prices (unadjusted) in active markets that can be accessed at measurement date for identical assets and liabilities.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to and forming part of the financial statements for the year ended 30 June 2015

24. Fair value hierarchy (continued)

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

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
30 June 2015				
Financial assets recorded at fair value				
Cash at bank	2	-	-	2
QTC Cash Fund	-	64 325	-	64 325
Shares - AZJ	281 771	-	-	281 771
Financial assets where fair value is disclosed				
Loan receivable	-	52 880	-	52 880
Licence fee receivable	-	-	116 039	116 039
	281 773	117 205	116 039	515 017
30 June 2014				
Financial assets recorded at fair value				
Cash at bank	6	-	-	6
QTC Cash Fund	-	67 388	-	67 388
Shares - AZJ	273 532	-	-	273 532
Financial assets where fair value is disclosed				
Loan receivable	-	53 501	-	53 501
Licence fee receivable	-	-	106 459	106 459
	273 538	120 889	106 459	500 886

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; and
- Loan receivable is measured at the discounted present value of future cash flows.

The inputs used in the classification of Level 3 instruments where fair value is disclosed:

- Licence fee receivable cash flows are discounted at 9% per annum using projections of trade revenue and price growth inflated at the Consumer Price Index.

Notes to and forming part of the financial statements for the year ended 30 June 2015

	2015	2014
	\$	\$
25. Contributed equity		
(a) Issued and paid up capital		
6 "A" class shares	6	6
4 "B" class shares	4	4
	<u>10</u>	<u>10</u>
Contribution by owners – transfer of BPH	94 412 958	94 412 958
Total contributed equity	<u>94 412 968</u>	<u>94 412 968</u>

(b) No movement has occurred in the number of shares on issue or in contributed equity.

26. Remuneration of auditor

Amount paid or payable to the Auditor-General of Queensland for:

Audit of accounts	<u>38 360</u>	<u>40 300</u>
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27. Related party transactions

(a) Ultimate controlling entity

The immediate controlling entity and ultimate Australian controlling entity during the year was the Under Treasurer of Queensland who held a 60% interest and 76% of the voting rights as Trustee for the State of Queensland. A further 40% beneficial interest and 24% of the voting rights is held through QTC which is a Corporation Sole constituted by the Under Treasurer.

(b) Key management personnel

Key management personnel are defined as those persons having authority and responsibility for the planning, directing and controlling of activities of QTH, being members of the Board of directors.

(c) Compensation - directors

Income was paid to independent directors of the consolidated entity during the financial year being those directors who are not employees of the Queensland Government or an associated body.

	2015	2014
	\$	\$
Independent directors		
Short-term employee benefits	18 776	20 284
Post-employment benefits	1 783	1 876
	<u>20 559</u>	<u>22 160</u>

(d) Compensation - other officers

QTH does not employ any other officers. All administration is out-sourced to QTC, a related party. QTC charges a fee for these services (refer note 27(e)).

Notes to and forming part of the financial statements for the year ended 30 June 2015

27. Related party transactions (continued)

(e) Other related party transactions

During the year, the following transactions were undertaken between the consolidated entity and related parties. All transactions were at normal commercial terms and conditions unless otherwise stated.

- Funds invested with the QTC Cash Fund as at 30 June 2015 totalled \$64.3 million (2014: \$67.4 million) and interest revenue net of management fees received during the year totalled \$1.9 million (2014: \$10.2 million).
- The balance of loans outstanding to QTC as at 30 June 2015 was \$148.3 million (2014: \$157.5 million) with interest expense and fees totalling \$7.4 million (2014: \$33.3 million) capitalised against these loans.
- QTC provides company secretariat and accounting services to the consolidated entity. A fee of \$378 535 (2014: \$404 084) was charged for these services.

28. Investments in controlled entities

Name of Entity	Country of Incorporation	Shares held No.	Carrying value \$
Parent Entity			
Queensland Treasury Holdings Pty Ltd (QTH)	Australia		
Controlled Entities – 100% Equity Holding			
Brisbane Port Holdings Pty Ltd (BPH)	Australia	2 314 152	16 414 358
City North Infrastructure Pty Ltd (CNI) ⁽¹⁾	Australia	3	-
DBCT Holdings Pty Ltd (DBCTH)	Australia	2	6 017 190
Queensland Lottery Corporation Pty Ltd (QLC)	Australia	1	1
Queensland Airport Holdings (Cairns) Pty Ltd (QAHC)	Australia	2	2
Queensland Airport Holdings (Mackay) Pty Ltd (QAHM)	Australia	2	2
Network Infrastructure Company Pty Ltd ⁽²⁾	Australia	2	2

⁽¹⁾ City North Infrastructure Pty Ltd has not been consolidated due to its immaterial status.

⁽²⁾ Network Infrastructure Company Pty Ltd was registered on 15 June 2010 and has not traded.

Notes to and forming part of the financial statements for the year ended 30 June 2015

28. Investments in controlled entities (continued)

Summarised financial information of the parent entity is as follows:

Queensland Treasury Holdings Pty Ltd

The individual financial statements for the parent entity show the following aggregate amounts:

	2015	2014
	\$000	\$000
Income Statement		
Revenues	33 963	180 436
Expenses	(2 024)	(44 736)
Profit before income tax	31 939	135 700
Income tax expense	(9 582)	(41 402)
Profit after income tax	22 357	94 298
 Balance Sheet		
Current assets	341 990	336 693
Non-current assets	189 533	183 933
Total assets	531 523	520 626
Current liabilities	(1 194)	(14 058)
Non-current liabilities	(42 691)	(41 287)
Total liabilities	(43 885)	(55 345)
Net assets	487 638	465 281
 Contributed equity	94 413	94 413
Retained earnings	393 225	370 868
Total shareholders' equity	487 638	465 281

QTH has not entered into any guarantees or contingent liabilities in relation to the debts of its subsidiaries, nor does it have any contractual commitments for the purchase of property, plant or equipment at balance date.

Summarised financial information of controlled entities is as follows:

Brisbane Port Holdings Pty Ltd

Brisbane Port Holdings Pty Ltd (BPH), formerly Port of Brisbane Corporation Limited, holds land zoned for use as port facilities on behalf of the State Government following the privatisation of the Port of Brisbane operations in 2010.

	2015	2014
	\$000	\$000
Income Statement		
Revenues	594	585
Expenses	(177)	(196)
Profit for the year	417	389

Notes to and forming part of the financial statements for the year ended 30 June 2015

28. Investments in controlled entities (continued)

Balance Sheet

Current assets	18 042	17 626
Total assets	18 042	17 626
Current liabilities	(26)	(27)
Total liabilities	(26)	(27)
Net assets	18 016	17 599

City North Infrastructure Pty Ltd

City North Infrastructure Pty Ltd (CNI) was incorporated on 22 December 2006. CNI was established to manage the procurement of the Airport Link, Northern Busway (Windsor to Kedron) and Airport Roundabout Upgrade projects. In 2013, the State transferred the project and contract management responsibilities undertaken by CNI to QTH, with CNI's remaining activities being the finalisation of administrative and corporate matters, and the retention of records of the company. At 30 June 2015, CNI's position showed net assets of \$646 000, primarily representing the cash holdings of the company. Subject to finalisation of the administrative and corporate matters, it is expected that any surplus cash held by CNI will be transferred to the State in 2015-16.

CNI has not been consolidated into the results of QTH in the current financial year as the effect was considered immaterial.

DBCT Holdings Pty Ltd

DBCT Holdings Pty Ltd (DBCTH) was incorporated on 22 May 2001. DBCTH acts as a corporate vehicle through which the Queensland Government owns and leases the assets comprising the Dalrymple Bay Coal Terminal located at Mackay, Queensland.

DBCTH was 50% owned by QTH until 1 July 2011 when the remaining 50% of shares were transferred to QTH from Queensland Transport Holdings Pty Ltd at no consideration. The net fair value of assets transferred at this date was \$3.009 million with DBCTH fully consolidated into the results of QTH since this date.

	2015	2014
	\$000	\$000
Income Statement		
Revenues	8 089	8 563
Expenses	(7 882)	(8 350)
Profit for the year	207	213
Balance Sheet		
Current assets	19 595	19 893
Non current assets	139 277	148 303
Total assets	158 872	168 196
Current liabilities	(9 549)	(9 730)
Non current liabilities	(142 321)	(151 671)
Total liabilities	(151 870)	(161 401)
Net assets	7 002	6 795

Notes to and forming part of the financial statements for the year ended 30 June 2015

28. Investments in controlled entities (continued)

**Queensland Airport Holdings (Mackay) Pty Ltd (QAHM) and
Queensland Airport Holdings (Cairns) Pty Ltd (QAHC)**

The principal activity of Queensland Airport Holdings (Mackay) Pty Ltd (QAHM) and Queensland Airport Holdings (Cairns) Pty Ltd (QAHC) is to hold airport land and buildings on behalf of the State, following the divestment of the Mackay and Cairns airport assets. Both entities were established to act as a lessor for the airport assets with a lease established for the land, buildings and infrastructure providing the rights to use these assets under 99 year lease arrangements. The leases expire in December 2107 and January 2108 respectively and have been classified as finance leases as they effectively transfer the risks and rewards associated with the assets to the lessee. As such, the assets have been derecognised. All funds were received upfront and repatriated to the State Consolidated Fund in 2009.

Queensland Lottery Corporation Pty Ltd

Queensland Lottery Corporation Pty Ltd (QLC) was formed following the privatisation of Golden Casket Lottery Corporation (GCLC) in April 2007. QLC holds the Queensland Lottery Licence brands and trademarks on behalf of the State Government which are licensed to Tattersall's Ltd through GCLC.

	2015	2014
	\$000	\$000
Income Statement		
Revenues	89	92
Expenses	(61)	(64)
Profit before income tax	28	28
Income tax expense	(9)	(8)
Profit after tax	19	20
Balance Sheet		
Current assets	2 736	2 716
Total assets	2 736	2 716
Current liabilities	(9)	(9)
Total liabilities	(9)	(9)
Net assets	2 727	2 707

29. Other arrangements

Network infrastructure assets

During 2010, the Queensland Government transferred certain assets from Aurizon Network Pty Ltd (formerly QR Network Pty Ltd) to QTH which were subsequently leased back to Aurizon Network under a 99 year lease arrangement.

The transfers consisted of Aurizon Network's right, title and interest in, and obligations and liabilities pursuant to, the Central Queensland Coal Network Infrastructure. These assets were transferred at book value under the direction of the Treasurer. Immediately following this transfer, QTH entered into a 99 year lease in relation to these network infrastructure assets to lease the rights back to Aurizon Network.

Notes to and forming part of the financial statements for the year ended 30 June 2015

29. Other arrangements (continued)

Network infrastructure assets

The lessee must manage, operate, repair and maintain the infrastructure and is responsible to indemnify the lessor for any loss incurred to the extent of the law. At the completion of the lease term the assets may be surrendered to the lessor at the option of the lessor for the fair market value or the lease extended for a further 99 years.

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

Property Leases

The consolidated entity has interests in crown leasehold and freehold land leased to third parties under long term lease arrangements. The rights to use the assets have been leased to third parties for 99 years with expiry dates ranging from December 2107 to November 2110. All the risks and rewards associated with the land during the lease term have been transferred to the lessee despite there being no transfer of title. Therefore all land subject to long term finance leases have been derecognised in these accounts. It is considered that accounting for land as a finance lease is consistent with the economic position of the transaction.

30. Contingent liabilities

(a) Environmental obligations

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

(b) 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. Events subsequent to balance date

QTH'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 directors declared a dividend of \$10 000 000 to be paid to the State in 2015-16.

Other than mentioned above, there are no matters or circumstances which have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future years.

DIRECTORS' DECLARATION

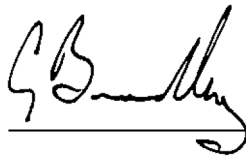
The Directors of Queensland Treasury Holdings Pty Ltd declare that:

The financial statements and associated notes as set out on pages 7 to 32 are in accordance with the *Corporations Act 2001*, including:

- a. complying with the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
- b. give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date.

In the directors' opinion there are reasonable grounds to believe that the Company and the consolidated entity will be able to meet any obligations or liabilities as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



G Bradley
Chairman

04 August 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of Queensland Treasury Holdings Pty Ltd

Report on the Financial Report

I have audited the accompanying financial report of Queensland Treasury Holdings Pty Ltd, which comprises the consolidated balance sheet as at 30 June 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the directors determine 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 company'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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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.

In conducting the audit, the independence requirements of the *Corporations Act 2001* have been complied with. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Queensland Treasury Holdings Pty Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In my opinion, the financial report of Queensland Treasury Holdings Pty Ltd is in accordance with the *Corporations Act 2001*, including –

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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.



M KEANE CA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane