Financial statements for the year ended 30 June 2017

DEPARTMENT OF INFRASTRUCTURE, LOCAL GOVERNMENT AND PLANNING
Statement of Comprehensive Income for the year ended 30 June 2017

	Variance Note	Note	2017 Actual $'000	2017 Original Budget $'000	2017 Budget Variance $'000	2016 Actual $'000
Income from continuing operations						
Appropriation revenue	a.	2	438,442	340,030	98,412	206,204
Land sales	b.		65,211	73,863	(8,652)	89,635
User charges and fees		3	26,989	23,338	3,651	34,879
Grants and other contributions			1,362	1,958	(596)	3,526
Interest			7,772	5,399	2,373	7,312
Other revenue			1,356	5	1,351	3,107
Total revenue			**541,132**	**444,593**	**96,539**	**344,663**
Gains on disposal/remeasurement of assets			143	-	143	546
Total income from continuing operations			**541,275**	**444,593**	**96,682**	**345,209**
Expenses from continuing operations						
Employee expenses		4	63,965	61,087	2,878	53,837
Supplies and services	c.	7	107,589	127,350	(19,761)	72,493
Grants and subsidies	d.	8	244,260	201,970	42,290	130,489
Deferred appropriation payable (expense) to Consolidated Fund	e.		61,198	-	61,198	4,925
Depreciation and amortisation			2,483	477	2,006	2,337
Impairment losses			191	-	191	125
Cost of land sales	f.		38,546	48,392	(9,846)	64,111
Land inventory written off	g.		13,389	-	13,389	7,348
Finance/borrowing costs			2,148	2,169	(21)	2,578
Other expenses	h.	9	21,064	8,946	12,118	15,533
Total expenses from continuing operations			**554,833**	**450,391**	**104,442**	**353,776**
Operating result from continuing operations before income tax equivalent			**(13,558)**	**(5,798)**	**(7,760)**	**(8,567)**
Income tax equivalent (expense)/benefit	i.	14	(7,048)	(269)	(6,779)	6,407
Operating result from continuing operations after income tax equivalent			**(20,606)**	**(6,067)**	**(14,539)**	**(2,160)**
Other comprehensive income						
Items that will not be reclassified to operating result:						
Increase/(decrease) in asset revaluation surplus	j.	17	7,397	-	7,397	(240)
Total other comprehensive income			**7,397**	**-**	**7,397**	**(240)**
Total comprehensive income			**(13,209)**	**(6,067)**	**(7,142)**	**(2,400)**

The accompanying notes form part of these statements.

Explanations of major budget versus actual variances:

a. Appropriation revenue
The actual appropriation revenue received is higher than the budgeted figure by $98.412 million due to new funding received for the Works for Queensland program announced in January 2017 and the Indigenous Councils Critical Infrastructure Program. This increased revenue is offset by deferrals mainly due to the revised schedule of activities for Better Planning Queensland and Maturing the Infrastructure Pipeline Program as outlined in variance note (c) and changes in timing of grants and subsidies payments as outlined in variance note (d).

b. Land sales
This variance of $8.652 million substantially arises from the softening of the residential market in regional Queensland throughout the financial year which resulted in lower volumes of sales and revenues. As sales for 2016-17 were less than budgeted, the cost of sales incurred for residential projects were also less than budgeted as outlined in variance note (f).

c. Supplies and services
The supplies and services expenses are $19.761 million lower than the budgeted figure mainly due to:
- activities under the Better Planning for Queensland initiative rescheduled for 2017-18, including delivery of the innovation and improvement fund, finalisation of the South East Queensland Regional Plan and North Queensland Regional Plan
- the Maturing the Infrastructure Pipeline Program rapid assessment and early stage assessment activities being rescheduled for finalisation in the first quarter of 2017-18
- the rescheduling of development activity to better align with current market conditions.

d. Grants and subsidies
The grants and subsidies payments are $42.29 million higher than budgeted due to the new Works for Queensland program announced in January 2017, which delivered funding of $119.34 million to local governments in 2016-17. This increase is mainly offset by the revised scheduling of approved projects and the deferral of funding to 2017-18 for the Community Resilience Fund, Local Government Grants and Subsidies Program, Yeppoon and Rockhampton Revitalisation projects and the Royalties for the Regions Program.

e. Deferred appropriation payable (expense) to Consolidated Fund
The appropriation payable to Queensland Treasury at 30 June 2017 was $61.198 million. Of this cash received in 2016-17, $30 million was new funding for the Indigenous Councils Critical Infrastructure Program which will now commence early 2017-18. The remaining balance is mainly due to the rescheduling of local government claims for projects funded from the Local Government Grants and Subsidies Program, Community Resilience Fund, Royalties for the Regions Program and the Natural Disaster Resilience Program.

f. Cost of land sales
The overall decrease of $9.846 million relates substantially to lower than budgeted sales for residential projects as a result of the softening of the residential market in regional Queensland. As sales for 2016-17 were less than budgeted as outlined in variance note (b), cost of sales were also less than budgeted.

g. Land inventory written off
The unbudgeted write-down in the value of land inventory of $13.389 million was due to the softening of the regional Queensland residential and industrial land market. The write-down reflects prevailing market conditions following recent valuation reports and the biannual business case review.

h. Other expenses
The other expenses are higher than the budgeted figure by $12.118 million mainly due to the recognition of concessional loan discounts of $8.839 million relating to payments under the Catalyst Infrastructure Program and increased tax payments which are based on current levies and assessable land values.

i. Income tax equivalent (expense)/benefit
The variance of $6.779 million is mainly due to adjusting assessable income to include prior year grant funding upon confirmation of tax effect treatment by the National Taxation Equivalent Regime Administrator.

j. Increase/(decrease) in asset revaluation surplus
The variance of $7.397 million is due to an upward revaluation of land holdings of $5.510 million and infrastructure assets of $1.887 million as a result of the annual asset valuation process.

DEPARTMENT OF INFRASTRUCTURE, LOCAL GOVERNMENT AND PLANNING
Statement of Financial Position as at 30 June 2017

	Variance Note	Note	2017 Actual $'000	2017 Original Budget $'000	2017 Budget Variance $'000	2016 Actual $'000
Current assets						
Cash and cash equivalents	k.	20	267,562	116,949	150,613	228,433
Receivables		10	20,867	24,606	(3,739)	17,535
Land inventories	l.	11	305,495	337,667	(32,172)	307,789
Income tax receivable		14	-	-	-	546
Other assets			648	111	537	103
Total current assets			594,572	479,333	115,239	554,406
Non-current assets						
Receivables	m.	10	53,203	114,018	(60,815)	26,348
Property, plant and equipment	n.	12	257,641	326,223	(68,582)	254,918
Investment property	o.	13	259,933	237,830	22,103	245,078
Intangible assets			7,486	7,447	39	5,921
Deferred tax equivalent asset		14	3,122	2,466	656	508
Total non-current assets			581,385	687,984	(106,599)	532,773
Total assets			**1,175,957**	**1,167,317**	**8,640**	**1,087,179**
Current liabilities						
Payables	p.	15	139,705	31,314	108,391	53,401
Accrued employee benefits			2,857	1,620	1,237	2,216
Interest-bearing liabilities	q.	20	8,493	61,860	(53,367)	-
Income tax payable		14	6,659	269	6,390	-
Other current liabilities		16	12,037	16,353	(4,316)	11,064
Total current liabilities			169,751	111,416	58,335	66,681
Non-current liabilities						
Payables		15	-	12	(12)	-
Interest-bearing liabilities	r.	20	32,664	16,523	16,141	30,662
Deferred tax equivalent liability	s.	14	86,888	102,036	(15,148)	91,901
Other non-current liabilities		16	6,000	-	6,000	7,000
Total non-current liabilities			125,552	118,571	6,981	129,563
Total liabilities			**295,303**	**229,987**	**65,316**	**196,244**
Net assets			**880,654**	**937,330**	**(56,676)**	**890,935**
Equity						
Contributed equity			861,459	580,497	280,962	858,532
Accumulated surplus/(deficit)			(10,009)	334,352	(344,361)	10,596
Asset revaluation surplus		17	29,204	22,481	6,723	21,807
Total equity			**880,654**	**937,330**	**(56,676)**	**890,935**

The accompanying notes form part of these statements.

Explanations of major budget versus actual variances:

k. Cash and cash equivalents
Part of the variance of $150.613 million for cash and cash equivalents is due to $61.198 million in unspent appropriation received by the department as outlined in variance note (e). The remaining $89.415 million variance is due to factors outlined in the explanations of major variances for the Statement of Cash Flows, including:
- the rescheduling of the works program for development activity being realigned with the softening of the residential and industrial market in regional Queensland
- loans and advances provided under the Catalyst Infrastructure Program were lower than the budgeted figure as a result of commercial negotiations taking longer than anticipated
- increase in infrastructure contributions received.

l. Land inventories
The variance of $32.172 million in land inventories is due to the rescheduling of the works program that has been aligned with current market conditions mainly in urban renewal precincts, a write-down in the value of land inventory as outlined in variance note (g) and the reclassification to investment property as outlined in variance note (o).

m. Non-current receivables
The non-current receivables are $60.815 million below budget due to the delayed execution of priority development infrastructure and catalyst infrastructure loans and payment milestones not being met due to the rescheduled development activities by the infrastructure loan recipients.

n. Property, plant and equipment
The property, plant and equipment balance is $68.582 million lower than budgeted mainly due to:
- $28.541 million lower than budgeted opening balance
- the disposal of land under a lease earlier than anticipated totalling $24.197 million
- delays in expenditure for the Cherbourg Wastewater Infrastructure project of $9 million.

o. Investment property
The variance for investment property of $22.103 million arose from a higher opening balance of $7.245 million and the reclassification from land inventories as explained in the accounting policy disclosure in note 13.

p. Current payables
The current payables variance of $108.391 million is principally due to $61.198 million in appropriation due to be returned to Queensland Treasury in respect of unspent funds at 30 June 2017 as outlined in variance note (e). Also contributing to this variance is the higher than anticipated accrued expenses for development activities and infrastructure contributions held for development works.

q. Current interest-bearing liabilities
The current interest-bearing liabilities are $53.367 million lower than budget mainly due to:
- a partial debt repayment of residential project loans of $11.1 million
- lower catalyst infrastructure loans totalling $23.565 million following alignment to infrastructure delivery requirements
- the transfer of $15.027 million to non-current interest-bearing liabilities.

r. Non-current interest-bearing liabilities
The non-current interest-bearing liabilities are higher than budget mainly due to reclassification of $15.027 million from current interest-bearing liabilities.

s. Deferred tax equivalent liability
The variance of $15.148 million in deferred tax equivalent liabilities is due to a lower than budgeted opening balance by $10.135 million and the unbudgeted decrease of the tax liability on the sale of leased industrial land.

DEPARTMENT OF INFRASTRUCTURE, LOCAL GOVERNMENT AND PLANNING
Statement of Changes in Equity for the year ended 30 June 2017

	Contributed Equity $'000	Accumulated Surplus $'000	Asset Revaluation Surplus $'000	Total $'000
Balance as at 1 July 2015	**862,476**	**12,756**	**22,047**	**897,279**
Operating result from continuing operations	-	(2,160)	-	(2,160)
Other comprehensive income				
Increase/(decrease) in asset revaluation surplus	-	-	(240)	(240)
				-
Total comprehensive income for the year	-	(2,160)	(240)	(2,400)
Transactions with owners as owners:				
Appropriated equity injections (note 2)	15,487	-	-	15,487
Appropriated equity withdrawals (note 2)	(1,473)	-	-	(1,473)
Net transfers out from other Queensland Government entities	(36)	-	-	(36)
Non-appropriated equity withdrawals	(17,921)	-	-	(17,921)
Net transactions with owners as owners	(3,943)	-	-	(3,943)
Balance as at 30 June 2016	**858,532**	**10,596**	**21,807**	**890,935**
Operating result from continuing operations	-	(20,605)	-	(20,605)
Other comprehensive income				
Increase/(decrease) in asset revaluation surplus	-	-	7,397	7,397
Total comprehensive income for the year	-	(20,605)	7,397	(13,208)
Transactions with owners as owners:				
Appropriated equity injections (note 2)	17,689	-	-	17,689
Appropriated equity withdrawals (note 2)	(1,473)	-	-	(1,473)
Net transfers out from other Queensland Government entities	(2,078)	-	-	(2,078)
Non-appropriated equity withdrawals	(11,211)	-	-	(11,211)
Net transactions with owners as owners	2,927	-	-	2,927
Balance as at 30 June 2017	**861,459**	**(10,009)**	**29,204**	**880,654**

The accompanying notes form part of these statements.

DEPARTMENT OF INFRASTRUCTURE, LOCAL GOVERNMENT AND PLANNING
Statement of Cash Flows for the year ended 30 June 2017

	Variance Note	2017 Actual $'000	2017 Original Budget $'000	2017 Budget Variance $'000	2016 Actual $'000
Cash flows from operating activities					
Inflows:					
Appropriation receipts	t.	433,517	340,030	93,487	193,050
Land sales	u.	62,687	73,863	(11,176)	86,487
User charges and fees	v.	34,216	22,964	11,252	27,115
Grants and other contributions		1,041	1,958	(917)	3,163
GST input tax credits received from ATO		13,031	-	13,031	8,994
GST collected from customers		9,712	-	9,712	6,731
Interest		7,392	4,987	2,405	6,806
Other	w.	28,329	5	28,324	22,651
Outflows:					
Employee expenses		(63,826)	(61,087)	(2,739)	(53,158)
Supplies and services	x.	(171,933)	(203,423)	31,490	(100,801)
Grants and subsidies	y.	(244,731)	(194,954)	(49,777)	(134,001)
GST paid to suppliers		(14,435)	-	(14,435)	(8,800)
GST remitted to ATO		(8,783)	-	(8,783)	(7,604)
Finance/borrowing costs		(2,148)	(2,169)	21	(2,578)
Income tax equivalents	z.	(9,833)	-	(9,833)	(6,391)
Land tax, rates and stamp duty	aa.	(12,431)	(1,177)	(11,254)	(15,963)
Other		(403)	(6,216)	5,813	(436)
Net cash provided by (used in) operating activities		**61,400**	**(25,219)**	**86,621**	**25,265**
Cash flows from investing activities					
Inflows:					
Sales of property, plant and equipment	ab.	18,480	8,202	10,278	13,921
Loans and advances redeemed		5,623	1,853	3,770	6,498
Outflows:					
Payments for property, plant and equipment	ac.	(21,052)	(55,299)	34,247	(15,704)
Payments for intangible assets		(1,903)	-	(1,903)	(2,536)
Loans and advances provided	ad.	(38,920)	(94,568)	55,648	(4,553)
Net cash provided by (used in) investing activities		**(37,772)**	**(139,812)**	**102,040**	**(2,373)**
Cash flows from financing activities					
Inflows:					
Proceeds from borrowings	ae.	20,102	61,927	(41,825)	9,403
Equity injections	af.	17,689	80,487	(62,798)	15,487
Outflows:					
Equity withdrawals	ag.	(12,684)	(34,584)	21,900	(19,394)
Borrowing redemptions	ah.	(9,606)	(20,605)	10,999	(24,657)
Net cash provided by (used in) financing activities		**15,501**	**87,225**	**(71,724)**	**(19,161)**
Net increase/(decrease) in cash and cash equivalents		39,129	(77,806)	116,935	3,731
Cash and cash equivalents - opening balance		228,433	194,755	33,678	224,702
Cash and cash equivalents - closing balance		**267,562**	**116,949**	**150,613**	**228,433**

The accompanying notes form part of these statements.

Explanations of major budget versus actual variances:

t. Appropriation receipts
The actual appropriation receipts are higher than the budgeted figure by $93.487 million as outlined in variance note (a).

u. Land sales
This variance of $11.176 million substantially arises from the softening of the residential market in regional Queensland throughout the financial year which resulted in lower volumes of sales and revenues.

v. User charges and fees
The variance of $11.252 million is mainly due to the reimbursement of costs for the Bundaberg Gas Pipeline project.

w. Other inflows
The variance of $28.324 million is higher than the budgeted figure due to increased infrastructure receipts.

x. Supplies and services
The variance of $31.49 million in cash outflows for supplies and services is outlined in variance note (c) and is due to lower than budgeted expenditure in urban renewal precincts.

y. Grants and subsidies
The grants and subsidies are $49.777 million higher than the budgeted figure due to the new Works for Queensland program announced in January 2017 and offset by the rescheduling of approved projects under various capital grant programs as outlined in variance note (d).

z. Income tax equivalents
The variance in the outflows for income tax equivalents is outlined in variance note (i).

aa. Land tax, rates and stamp duty
$5.945 million of the variance is due to tax equivalents being classified in other outflows for budgetary purposes and the actual tax payments being based on current levies and assessable land values.

ab. Sales of property, plant and equipment
The variance of $10.278 million is due to higher than budgeted sale of land previously leased.

ac. Payments for property, plant and equipment
The cash outflows for property, plant and equipment were $34.247 million lower than the budgeted figure mainly due to:
- delays in expenditure of $15.375 million for the Cherbourg Wastewater Infrastructure and Palm Island Wastewater Infrastructure projects
- $13.179 million from the reclassification of outflows to supplies and services.

ad. Loans and advances provided
The loans and advances provided were $55.648 million lower than the budgeted figure mainly due to delayed execution of catalyst loans. These loans were delayed due to commercial negotiations taking longer than anticipated and revised construction programs.

ae. Proceeds from borrowings
The proceeds from borrowings were lower than the budgeted figure by $41.825 million and are mainly attributed to catalyst infrastructure funding not yet accessed due to commercial negotiations taking longer than anticipated and lower development spend in accordance with revised development activity that has been aligned with current market demand.

af. Equity injections
The equity injections are lower than budgeted funding by $62.798 million mainly due to:
- $46.254 million for revised schedules in relation to project delivery and delayed execution of priority development loan agreements due to commercial negotiations taking longer than anticipated and revised construction programs by the loan recipients
- rescheduling of $15.375 million expenditure for the Cherbourg Wastewater Infrastructure and Palm Island Wastewater Infrastructure projects.

ag. Equity withdrawals
The equity withdrawals were lower than the budgeted amount by $21.9 million mainly due to funding under the Priority Development Infrastructure program no longer being required by the approved recipient.

ah. Borrowing redemptions
The borrowing redemptions were lower than the budgeted amount by $10.999 million due to an overall lower level of forecast debt in line with the revised development activity and lower sales, which has resulted in lower loan repayments.

Reconciliation of operating result to net cash provided by operating activities	**2017 $'000**	**2016 $'000**
Operating surplus/(deficit)	(20,606)	(2,160)
Non-cash items:		
Depreciation and amortisation expense	2,483	2,337
Impairment losses	172	121
Transfer of non-current physical assets to local governments	-	4,658
Net loss on disposal of property, plant and equipment and intangible assets	544	6
Net gain on disposal of property, plant and equipment	(118)	(513)
Net loss on disposal of investment property	-	1,195
Loss on revaluation of investment property	-	1,238
Impairment loss reversals - receivables	(26)	(33)
Notional interest	(412)	(453)
Loss on discounted loans advanced at concessional rates	8,839	-
Other non-cash items	(50)	-
Change in assets and liabilities:		
(Increase)/decrease in trade receivables	(661)	(5,845)
(Increase)/decrease in ALCS and LSL reimbursement receivables	(360)	335
(Increase)/decrease in deferred tax	(1,412)	(19,704)
(Increase)/decrease in inventories	(13,892)	43,579
(Increase)/decrease in other assets	(545)	135
Increase/(decrease) in other liabilities	1,351	349
Increase/(decrease) in deferred appropriation revenue payable	56,273	(8,229)
Increase/(decrease) in other payables	2,597	8,452
Increase/(decrease) in accrued employee benefits	639	259
(Increase)/decrease in GST input tax credits receivable	(476)	(679)
Increase/(decrease) in unearned revenue	(1,634)	(4,710)
Increase/(decrease) in provisions	28,693	4,928
Net cash provided by operating activities	**61,400**	**25,265**

Non-cash investing and financing activities

There are no reportable non-cash investing and financing activities for the reporting period ending 30 June 2017.

DEPARTMENT OF INFRASTRUCTURE, LOCAL GOVERNMENT AND PLANNING
Statement of Comprehensive Income by Major Departmental Services and Commercialised Business Unit for the year ended 30 June 2017

	Local Government [(1)]		Funding Programs and Community Initiatives [(2)]		Better Planning for Queensland		Infrastructure Policy and Planning [(3)]	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Income from continuing operations								
Appropriation revenue	10,680	9,942	345,870	150,509	42,188	38,273	39,704	7,482
Land sales	-	-	-	-	-	-	-	-
User charges and fees	228	121	125	16	4,358	3,869	162	8
Grants and other contributions	6	16	339	684	274	689	8	6
Interest	-	-	412	463	-	-	-	-
Other revenue	79	109	480	2,550	166	35	44	-
Total revenue	10,993	10,188	347,226	154,222	46,986	42,866	39,918	7,496
Gains on disposal/remeasurement of assets	-	-	-	-	-	-	-	-
Total income from continuing operations	**10,993**	**10,188**	**347,226**	**154,222**	**46,986**	**42,866**	**39,918**	**7,496**
Expenses from continuing operations								
Employee expenses	7,539	5,098	6,736	6,022	27,265	25,329	8,492	3,917
Supplies and services	2,994	3,648	7,364	5,910	15,468	14,030	25,720	2,989
Grants and subsidies	40	398	277,955	144,153	1,678	76	2,091	212
Deferred appropriation payable (expense) to Consolidated Fund	342	945	55,535	891	1,855	2,741	3,466	348
Depreciation and amortisation	17	28	2,003	1,861	393	381	20	11
Impairment losses		-		-	(83)	6	-	-
Cost of land sales	-	-	-	-		-	-	-
Land inventory written off	-	-	-	-		-	-	-
Finance/borrowing costs	-	-	-	-		-	-	-
Other expenses	68	71	73	313	416	309	130	25
Total expenses from continuing operations	**11,000**	**10,189**	**349,666**	**159,151**	**46,992**	**42,872**	**39,919**	**7,502**
Operating result from continuing operations before income tax equivalent	**(7)**	**(1)**	**(2,440)**	**(4,929)**	**(6)**	**(6)**	**(1)**	**(6)**
Income tax equivalent (expense)/benefit	-	-	-	-	-	-	-	-
Operating result from continuing operations after income tax equivalent	**(7)**	**(1)**	**(2,440)**	**(4,929)**	**(6)**	**(6)**	**(1)**	**(6)**
Other comprehensive income								
Items that will not be reclassified to operating result:								
Increase/(decrease) in asset revaluation surplus	-	-	1,887	1,956	-	-	-	-
Total comprehensive income	**(7)**	**(1)**	**(553)**	**(2,973)**	**(6)**	**(6)**	**(1)**	**(6)**

[(1)] Local Government was renamed from Capacity Building and Governance and Statutory Services.
[(2)] Funding Programs and Community Initiatives was renamed from Community Recovery and Resilience and Local Government and Community Funding.
[(3)] Infrastructure Policy and Planning was renamed from Leading Infrastructure Policy, Planning and Assessment for Queensland.

DEPARTMENT OF INFRASTRUCTURE, LOCAL GOVERNMENT AND PLANNING

Statement of Comprehensive Income by Major Departmental Services and Commercialised Business Unit for the year ended 30 June 2017

	Business and Economic Growth		Inter-service/unit eliminations		Total	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**	**2017 $'000**	**2016 $'000**
Income from continuing operations						
Appropriation revenue	-	-	-	-	438,442	206,204
Land sales	65,211	89,635	-	-	65,211	89,635
User charges and fees	22,990	30,979	(874)	(114)	26,989	34,879
Grants and other contributions	38,239	18,084	(37,504)	(15,953)	1,362	3,526
Interest	7,360	6,849	-	-	7,772	7,312
Other revenue	587	413	-	-	1,356	3,107
Total revenue	134,387	145,960	(38,378)	(16,067)	541,132	344,663
Gains on disposal/remeasurement of assets	143	546	-	-	143	546
Total income from continuing operations	**134,530**	**146,506**	**(38,378)**	**(16,067)**	**541,275**	**345,209**
Expenses from continuing operations						
Employee expenses	13,933	13,471	-	-	63,965	53,837
Supplies and services	56,917	46,029	(874)	(114)	107,589	72,493
Grants and subsidies	-	1,603	(37,504)	(15,953)	244,260	130,489
Deferred appropriation payable (expense) to Consolidated Fund	-	-	-	-	61,198	4,925
Depreciation and amortisation	50	55	-	-	2,483	2,337
Impairment losses	274	119	-	-	191	125
Cost of land sales	38,546	64,111	-	-	38,546	64,111
Land inventory written off	13,389	7,348	-	-	13,389	7,348
Finance/borrowing costs	2,148	2,578	-	-	2,148	2,578
Other expenses	20,376	14,815	-	-	21,064	15,533
Total expenses from continuing operations	**145,633**	**150,132**	**(38,378)**	**(16,067)**	**554,833**	**353,776**
Operating result from continuing operations before income tax equivalent	**(11,103)**	**(3,625)**	**-**	**-**	**(13,558)**	**(8,567)**
Income tax equivalent (expense)/benefit	(7,048)	6,407	-	-	(7,048)	6,407
Operating result from continuing operations after income tax equivalent	**(18,151)**	**2,782**	**-**	**-**	**(20,606)**	**(2,160)**
Other comprehensive income						
Items that will not be reclassified to operating result:						
Increase/(decrease) in asset revaluation surplus	5,510	(2,196)	-	-	7,397	(240)
Total comprehensive income	**(12,641)**	**586**	**-**	**-**	**(13,209)**	**(2,400)**

DEPARTMENT OF INFRASTRUCTURE, LOCAL GOVERNMENT AND PLANNING
Statement of Assets and Liabilities by Major Departmental Services and Commercialised Business Unit for the year ended 30 June 2017

	Local Government [(1)]		Funding Programs and Community Initiatives [(2)]		Better Planning for Queensland		Infrastructure Policy and Planning [(3)]	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current assets								
Cash and cash equivalents	1,931	7,024	69,674	5,035	7,843	20,401	5,338	2,589
Receivables	501	208	1,638	1,311	1,204	711	5,287	337
Land inventories	-	-	-	-	-	-	-	-
Income tax receivable	-	-	-	-	-	-	-	-
Other assets	60	-	54	-	223	-	71	-
Total current assets	**2,492**	**7,232**	**71,366**	**6,346**	**9,270**	**21,112**	**10,696**	**2,926**
Non-current assets								
Receivables	-	-	5,144	5,835	19,524	19,524	-	-
Property, plant and equipment	55	85	47,706	44,777	206	2,378	65	31
Investment property	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	7,486	5,921	-	-
Deferred tax equivalent asset	-	-	-	-	-	-	-	-
Total non-current assets	**55**	**85**	**52,850**	**50,612**	**27,216**	**27,823**	**65**	**31**
Total assets	**2,547**	**7,317**	**124,216**	**56,958**	**36,486**	**48,934**	**10,761**	**2,957**
Current liabilities								
Payables	685	1,519	58,651	3,557	5,239	4,478	5,229	554
Accrued employee benefits	328	338	295	243	1,223	981	386	125
Interest-bearing liabilities	-	-	-	-	-	-	-	-
Income tax payable	-	-	-	-	-	-	-	-
Other current liabilities	172	-	156	-	642	1,262	203	-
Total current liabilities	**1,185**	**1,857**	**59,102**	**3,800**	**7,104**	**6,721**	**5,818**	**679**
Non-current liabilities								
Payables	-	-	-	-	-	-	-	-
Interest-bearing liabilities	-	-	-	-	-	-	-	-
Deferred tax equivalent liability	-	-	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-	-	-	-
Total non-current liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total liabilities	**1,185**	**1,857**	**59,102**	**3,800**	**7,104**	**6,721**	**5,818**	**679**

(1) Local Government was renamed from Capacity Building and Governance and Statutory Services.
(2) Funding Programs and Community Initiatives was renamed from Community Recovery and Resilience and Local Government and Community Funding.
(3) Infrastructure Policy and Planning was renamed from Leading Infrastructure Policy, Planning and Assessment for Queensland.

DEPARTMENT OF INFRASTRUCTURE, LOCAL GOVERNMENT AND PLANNING
Statement of Assets and Liabilities by Major Departmental Services and Commercialised Business Unit for the year ended 30 June 2017

	Business and Economic Growth		Inter-service/unit eliminations		Total	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Current assets						
Cash and cash equivalents	182,776	193,384	-	-	267,562	228,433
Receivables	12,237	14,968	-	-	20,867	17,535
Land inventories	305,495	307,789	-	-	305,495	307,789
Income tax receivable	-	546	-	-	-	546
Other assets	240	103	-	-	648	103
Total current assets	**500,748**	**516,790**	**-**	**-**	**594,572**	**554,406**
Non-current assets						
Receivables	48,058	20,513	(19,524)	(19,524)	53,203	26,348
Property, plant and equipment	209,609	207,647	-	-	257,641	254,918
Investment property	259,933	245,078	-	-	259,933	245,078
Intangible assets	-	-	-	-	7,486	5,921
Deferred tax equivalent asset	3,122	508	-	-	3,122	508
Total non-current assets	**520,722**	**473,746**	**(19,524)**	**(19,524)**	**581,385**	**532,773**
Total assets	**1,021,470**	**990,536**	**(19,524)**	**(19,524)**	**1,175,957**	**1,087,179**
Current liabilities						
Payables	69,901	43,293	-	-	139,705	53,401
Accrued employee benefits	625	529	-	-	2,857	2,216
Interest-bearing liabilities	8,493	-	-	-	8,493	-
Income tax payable	6,659	-	-	-	6,659	-
Other current liabilities	10,864	9,802	-	-	12,037	11,064
Total current liabilities	**96,542**	**53,624**	**-**	**-**	**169,751**	**66,681**
Non-current liabilities						
Payables	19,524	19,524	(19,524)	(19,524)	-	-
Interest-bearing liabilities	32,664	30,662	-	-	32,664	30,662
Deferred tax equivalent liability	86,888	91,901	-	-	86,888	91,901
Other non-current liabilities	6,000	7,000	-	-	6,000	7,000
Total non-current liabilities	**145,076**	**149,087**	**(19,524)**	**(19,524)**	**125,552**	**129,563**
Total liabilities	**241,618**	**202,711**	**(19,524)**	**(19,524)**	**295,303**	**196,244**

General information

The Department of Infrastructure, Local Government and Planning is a Queensland Government department established under the *Public Service Act 2008* and controlled by the State of Queensland, which is the ultimate parent.

The head office and principal place of business of the department is:

Level 39
1 William Street
Brisbane Queensland 4000

For information in relation to the department's financial statements, email info@dilgp.qld.gov.au or visit the department's website www.dilgp.qld.gov.au.

Compliance with prescribed requirements

The department has prepared these financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009* . The financial statements comply with Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2016.

The department is a not-for-profit entity and these general purpose financial statements are prepared on an accrual basis (except for the Statement of Cash Flow which is prepared on a cash basis) in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities.

The historical cost convention is used unless fair value is stated as the measurement basis. New accounting standards applied for the first time in these financial statements are outlined in note 25.

Presentation

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest $1,000 or where the amount is $500 or less, to zero, unless disclosure of the full amount is specifically required. Amounts shown in these financial statements may not add to the correct sub-totals or totals due to rounding.

Comparative information reflects the audited 2015-16 financial statements and has been restated, where necessary, to be consistent with disclosures in the current reporting period.

Authorisation of financial statements for issue

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

The reporting entity

The financial statements include all income, expenses, assets, liabilities and equity of the department, including the department’s commercialised business unit Economic Development Queensland (EDQ).

The department shares an interest in a jointly controlled operation, Woodlands Andergrove, in partnership with the Mackay Regional Council to develop and sell land lots located at Bedford Road, Andergrove in Mackay. In accordance with the partnership agreement, the department’s interest in the joint venture is 50% which is not material and therefore not disclosed in the notes to the financial statements.

The department also shares an interest in a jointly controlled operation, Toondah Harbour, in partnership with the Redland City Council to facilitate the efficient and effective development of project land located at the Toondah Harbour Priority Development Area, Cleveland. In accordance with the joint venture agreement, the department’s interest in the joint venture is 50%. EDQ's share of transactions and balances from this agreement are not considered to be material for the 2016-17 financial year.

On 7 April 2016, the Queensland Government announced it would establish a delivery authority that would lead the development, procurement and delivery of the Cross River Rail project. It was agreed that the administering department for the delivery authority, pursuant to section 18 of the *Financial Accountability Act 2009,* would be the Department of Infrastructure, Local Government and Planning. The initial transition of the Cross River Rail project from the Department of Transport and Main Roads to the department took effect on 1 October 2016. The Cross River Rail project operated under the department until 13 April 2017. On 14 April 2017, the Cross River Rail Delivery Authority (CRRDA) was established in accordance with the *Cross River Rail Delivery Authority Act 2016* .

Major departmental services

The reporting entity consists of five major departmental services including EDQ as a commercialised business unit:

Local Government
Provide a legislative framework for local governments to enhance their capability and decision making processes.

Funding Programs and Community Initiatives
Administer the department’s local government and community funding programs to maximise program objectives and assist local governments to provide vital infrastructure and services in their communities.
Build community preparedness and resilience for natural disasters and emergency events.

Better Planning for Queensland
Deliver a streamlined planning framework that supports investment, jobs and community participation.

Infrastructure Policy and Planning
Deliver quality infrastructure policy, planning and prioritisation in Queensland.

Business and Economic Growth
Initiates a range of development projects to drive economic growth, facilitate renewal and generate ongoing employment opportunities, consistent with the Queensland Government’s economic development agenda.

1. Objectives and principal activities of the department

The department has a vision for great cities, vibrant urban places, thriving towns and communities and for places where Queenslanders can participate fully in the economy and become active citizens within their communities.

The department contributes to the Queensland Government's objectives for the community by driving initiatives that promote new employment opportunities within a growing and vibrant economy, supporting safe and connected communities by ensuring planning directly improves the environment and delivering practical and timely advice and services through collaborative working relationships, particularly with the local government sector.

2. Appropriation revenue

Reconciliation of payments from Consolidated Fund to appropriation revenue recognised in operating result

	Note	2017 $'000	2016 $'000
Budgeted appropriation revenue		340,030	302,837
Transfers from Department of Housing and Public Works		-	202
Lapsed appropriation revenue		-	(109,989)
Unforeseen expenditure [1]		93,487	-
Total appropriation receipts (cash)		**433,517**	**193,050**
Plus: opening balance of deferred appropriation payable to Consolidated Fund		4,925	13,154
Less: closing balance of deferred appropriation payable to Consolidated Fund	15	(61,198)	(4,925)
Net appropriation revenue		**377,244**	**201,279**
Plus: deferred appropriation payable to Consolidated Fund (expense)		61,198	4,925
Appropriation revenue recognised in Statement of Comprehensive Income		**438,442**	**206,204**

Reconciliation of payments from Consolidated Fund to equity adjustment recognised in Contributed equity

	2017 $'000	2016 $'000
Budgeted equity adjustment appropriation	79,014	36,550
Lapsed equity adjustment appropriation	(62,798)	(22,536)
Equity adjustment recognised in contributed equity	**16,216**	**14,014**

[1] Unforeseen expenditure mainly relates to additional funding approved by the Queensland Government's Cabinet Budget Review Committee after the commencement of the *Appropriation Act 2016*. Refer to variance note (a).

Accounting policy - Appropriation revenue

Appropriations provided under the *Appropriation Act 2016* are recognised as revenue when received. Amounts appropriated to the department for transfer to other entities in accordance with legislative or other requirements are reported as administered item appropriations (refer note 22).

3. User charges and fees

	2017 $'000	2016 $'000
Professional services [1]	13,145	19,385
Property income [1]	13,661	15,200
Other	183	294
Total user charges and fees	**26,989**	**34,879**

[1] $2.31 million in the 2016 comparative year has been reclassified from professional services to property income to reflect the true revenue source.

Accounting policy - User charges and fees

User charges and fees are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This occurs upon delivery of the goods to the customer or completion of the requested services at which time the invoice is raised. Accrued revenue is recognised if the revenue has been earned but not yet invoiced.

Refer to note 21 for additional information in relation to property income and operating lease income.

4. Employee expenses

	2017 $'000	2016 $'000
Employee benefits		
Salaries and wages	48,525	41,204
Employer superannuation contributions	6,469	5,329
Annual leave levy	5,137	4,328
Long service leave levy	1,049	935
Termination benefits	215	211
Other employee benefits	607	480
Employee related expenses		
Other employee related expenses	1,963	1,350
Total employee expenses	**63,965**	**53,837**
Full-time equivalent employees:	514	450

Accounting policy - Employee expenses

Salaries, wages and sick leave

Salaries and wages due but unpaid at reporting date are recognised in the Statement of Financial Position at current salary rates. As the department expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts. Prior history indicates that on average, sick leave taken in the 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. Sick leave is non-vesting, therefore an expense is recognised for this leave as it is taken.

Annual leave and long service leave

Under the Queensland Government's Annual Leave Central Scheme (ALCS) and Long Service Leave Scheme, the department is required to pay a levy to cover the cost of employees' annual leave (including leave loading and on-costs) and long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for leave are claimed from the schemes quarterly in arrears. No provision for leave is 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.

Superannuation

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland Government’s QSuper defined benefit plan as determined by the employee’s conditions of employment.

Defined Contribution Plans - Contributions are made to eligible complying superannuation funds based on the rates specified in the relevant Enterprise Bargaining Agreement or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee’s service each pay period.

Defined Benefit Plan - 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. The amount of contributions for defined benefit plan obligations is based upon the rates determined by the Treasurer on the advice of the State Actuary. Contributions are paid by the department at the specified rate following completion of the employee’s service each pay period. The department’s obligations are limited to those contributions paid.

Workers' compensation premiums

Workers' compensation insurance is not counted in an employee's total remuneration package. It is not an employee benefit and is included under employee related expenses.

Key management personnel and remuneration

Key management personnel and remuneration disclosures are made in accordance with section 3C of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury and are detailed in note 5.

5. Key management personnel disclosures

(a) Details of key management personnel (KMP)

As from 2016-17, the department's responsible Ministers are identified as part of the department's KMP, consistent with additional guidance included in the revised version of AASB 124 Related Party Disclosures.

The department's responsible Ministers' titles are:

- Deputy Premier, Minister for Transport and Minister for Infrastructure and Planning
- Minister for Local Government and Minister for Aboriginal and Torres Strait Islander Partnerships.

The following details for non-Ministerial KMP reflect those departmental positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2016-17 and 2015-16. Further information about these positions can be found in the body of the Annual Report under the section relating to the Executive Leadership Team.

Position	Position responsibility
Director-General	Providing visionary, values-based leadership and management to the department and its portfolio agencies.
Deputy Director-General (Local Government and Regional Services)	Promoting and supporting a sustainable local government sector and driving the relationship between local governments and the state.
Deputy Director-General (Strategy, Governance and Engagement)	Delivery of responsive and robust strategy, policy, business and governance services.
Deputy Director-General (Planning)	Delivering the legislative framework and overarching policy for land use planning and development assessment.
General Manager (Economic Development Queensland)	Identifying, planning, facilitating and delivering property development and infrastructure projects across Queensland.
Deputy Director-General (Infrastructure Policy and Planning)	Driving the department's whole-of-government leadership role in infrastructure policy, planning and coordination, including delivery of the State Infrastructure Plan.
Executive Director - South Bank	Managing the department's obligations and relationship with South Bank Corporation and managing the state's role under the South Bank and Roma Street Parklands funding and management arrangements with Brisbane City Council.
Queensland Government Architect	Providing whole-of-government leadership and strategic advice in relation to the built environment, urban design, procurement and heritage issues.

(b) Remuneration expenses

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook.
The department does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements as from 2016-17, which are published as part of Queensland Treasury's Report on State Finances.

Remuneration policy for the department's other KMP is set annually by the Queensland Public Service Commission as provided for under the *Public Service Act 2008* . Individual remuneration and other terms of employment (including motor vehicle entitlements) are specified in employment contracts. For the 2016-17 year, remuneration of KMP increased by 2.5% (2015-16: 2.5%) in accordance with government policy.

Remuneration expenses for KMP comprise the following components:

- Short-term employee expenses which include:
  - salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied a KMP position
  - performance payments recognised as an expense during the year
  - non-monetary benefits consisting of provision of car parking together with fringe benefits tax applicable to the benefit.
- Long-term employee benefits include amounts expensed in respect of long service leave entitlement earned.
- Post-employment expenses include amounts expensed in respect of employer superannuation obligations.
- Termination benefits include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

5. Key management personnel disclosures (continued)

(b) Remuneration expenses (continued)

The following disclosures focus on the expenses incurred by the department attributable to non-Ministerial KMP during the respective reporting periods. The amounts disclosed are determined on the same basis as expenses recognised in the Statement of Comprehensive Income.

2017

Position	Short-term employee expenses		Long-term employee expenses	Post - employment expenses	Termination benefits	Total expenses
	Monetary expenses $'000	Non - monetary expenses $'000	$'000	$'000	$'000	$'000
Director-General	371	8	7	47	-	433
Deputy Director-General (Local Government and Regional Services) - former acting (4/7 - 7/10/16)	56	-	1	5	-	62
Deputy Director-General (Local Government and Regional Services) - former (to 27/1/17)	70	3	1	9	-	83
Deputy Director-General (Local Government and Regional Services) - acting (30/1 - 19/4/17)	51	2	1	4	-	58
Deputy Director-General (Local Government and Regional Services) - acting (from 20/4/17)	39	1	1	3	-	44
Deputy Director-General (Strategy, Governance and Engagement)	221	8	4	21	-	254
Deputy Director-General (Planning) - former (to 7/6/17)	286	5	6	25	-	322
General Manager (Economic Development Queensland)	357	8	7	40	-	412
Deputy Director-General (Infrastructure Policy and Planning)	222	8	4	27	-	261
Executive Director - South Bank	138	8	3	15	-	164
Queensland Government Architect	204	8	4	22	-	238

2016

Position	Short-term employee expenses		Long-term employee expenses	Post - employment expenses	Termination benefits	Total expenses
	Monetary expenses $'000	Non - monetary expenses $'000	$'000	$'000	$'000	$'000
Director-General - current (from 12/11/15)	240	2	5	29	-	276
Director-General - former (to 3/7/15)	4	1	-	-	180	185
Director-General - acting (to 12/11/15)	138	1	3	12	-	154
Deputy Director-General (Local Government and Regional Services) - current (from 13/11/15)	137	-	3	17	-	157
Deputy Director-General (Local Government and Regional Services) - acting (to 12/11/15)	50	2	1	5	-	58
Deputy Director-General (Strategy, Governance and Engagement) - current (to 11/3/16)	177	-	3	17	-	197
Deputy Director-General (Strategy, Governance and Engagement) - acting (from 14/3/16)	60	3	1	4	-	68
Deputy Director-General (Planning) - current (from 25/1/16)	133	-	3	10	-	146
Deputy Director-General (Planning) - former (to 22/1/16)	165	1	3	16	-	185
General Manager (Economic Development Queensland) - current (from 31/8/15)	228	-	4	23	-	255
Deputy Director-General (Infrastructure Policy and Planning) - current (from 27/4/15)	255	7	4	27	-	293
Chief Executive Officer - Building Queensland (to 2/12/15)	174	4	3	19	-	200
Executive Director - South Bank	151	9	3	15	-	178
Queensland Government Architect (from 8/12/15)	127	1	2	13	-	143

(c) Performance payments

No remuneration packages for KMP provide for any performance or bonus payments.

6. Related party transactions

(a) Transactions with people/entities related to KMP

There are no disclosures for the year ending 30 June 2017.

(b) Transactions with other Queensland Government-controlled entities

The department's primary ongoing sources of funding from government for its services are appropriation revenue (note 2) and equity injections (note 2), both of which are provided in cash via Queensland Treasury.

The department holds a number of service level and partnering agreements with other Queensland Government controlled entities, including:

• The Department of State Development provides the department with corporate services relating to Ethics and Integrity, Information Management and Technology, Facilities Management and Internal Audit.

• The Department of Science, Information Technology and Innovation provides the department with corporate business services and technology solutions to support finance and human resources transactions.

The department has borrowings with Queensland Treasury Corporation (QTC) to facilitate projects managed by EDQ (refer to note 20).

Approximately 63% of all administered grants provided by the department are forwarded onto local governments to deliver services to their communities (refer to note 22).

	2017 $'000	2016 $'000
7. Supplies and services		
Consultants and contractors	83,897	51,157
Property and building expenses	9,710	7,065
Computer/information technology expenses	3,649	3,079
Shared service provider fee	4,889	6,928
Marketing and public relations expenses	3,929	2,890
Other	1,515	1,374
Total supplies and services	**107,589**	**72,493**

	2017 $'000	2016 $'000
8. Grants and subsidies		
Transfer of non-current physical assets to local governments	-	4,658
Local governments	240,312	123,069
Charities and community groups	2,510	2,005
Queensland Government departments	530	-
Contributions	291	663
Other	617	93
Total grants and subsidies	**244,260**	**130,489**

Accounting policy - Grants and subsidies

Grants and subsidies are in accordance with the funding agreement between the department and the recipient and are non-reciprocal. Grants are treated as an expense when the recipient can control the use of the resources or when the department's obligation for a transfer arises.

	2017 $'000	2016 $'000
9. Other expenses		
Land tax, rates and stamp duty	10,373	11,412
Loss on discounted loans advanced at concessional interest rates (note 10)	8,839	-
External audit fees (1)	357	142
Insurance premiums (2)	218	207
Net losses from disposal of property, plant and equipment	544	1,201
Loss on revaluation of investment property	-	1,238
Sponsorships	209	173
Special payments:		
Ex-gratia payments - payments to former Core Agreement employees	-	11
Other	524	1,149
Total other expenses	**21,064**	**15,533**

(1) Total audit fees payable to the Queensland Audit Office relating to the 2016-17 financial year statements are quoted to be $214,000 (2015-16: $205,000). Additional audit fees of $45,260 were paid to KPMG for the review of the development assessment system.

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

10. Receivables

	2017 $'000	2016 $'000
Current		
Trade debtors [(1)]	9,734	8,714
Less: allowance for impairment loss	(1,261)	(1,255)
	8,473	7,459
GST input tax credits receivable	305	-
GST payable	-	(171)
	305	(171)
Loans and advances receivable	5,729	3,676
Finance lease debtors (note 21)	4,202	4,414
Operating lease debtors	919	1,256
Other	1,239	902
Total current receivables	**20,867**	**17,535**
Non-current		
Loans and advances receivable [(2)]	37,493	11,956
Finance lease debtors (note 21)	15,710	14,393
Total non-current receivables	**53,203**	**26,348**

[(1)] $5.391 million relates to transactions that the department processed on behalf of CRRDA following its establishment on 14 April 2017. These costs are recoverable.

[(2)] $19.877 million of the non-current loans and advances receivable is associated with loans to facilitate catalyst infrastructure. Part of this loan is funded through borrowings with QTC.

Accounting policy - Receivables

The collectability of receivables is assessed periodically with an allowance being made for impairment. All known bad debts were written off as at 30 June 2017. Trade debtors are recognised at the amounts due at the time of sale or service delivery being the agreed purchase/contract price. Settlement of these amounts is required within 30 days from the invoice date.

Loans and advances are measured at fair value and amortised over the life of the loan using the effective interest method. Where loans and advances are provided at concessional below market interest rates, they are considered to have a fair value less than the actual amount lent. Any additional amount lent above the fair value is initially recognised as a loss in the Statement of Comprehensive Income and then notional interest income is recognised over the term of the loan. There is no impairment allowance for loans and advances as no repayments were past due as at 30 June 2017.

11. Land inventories

	2017	2016
Land held for sale	305,495	307,789
Total land inventories	**305,495**	**307,789**
Land inventories reconciliation		
Carrying amount at 1 July	307,789	348,999
Acquisition and development costs	65,433	27,837
Cost of land sales	(38,546)	(64,111)
Transfer between asset classes	(15,792)	2,413
Land inventory written off	(13,389)	(7,348)
Carrying amount at 30 June	**305,495**	**307,789**

Land inventories

The department holds land inventories to facilitate development of industrial and residential projects.

Key judgement : Industrial land inventory is independently valued every 12 months by an external certified valuer with a market review undertaken by management six months after this time. These values are monitored and assessed against the cost base to ensure compliance with AASB 102 Inventories. Where values have moved lower, the asset value is written down to the net realisable value and an expense is recorded in the Statement of Comprehensive Income.

Key estimates : Residential and urban land inventory balances are assessed on a biannual basis immediately following the relevant project business case reviews. The project business case reviews are project specific with management assessment of market based comparability of revenue and costs to determine the recoverability of inventory balances. The internal business case review process ensures the appropriate level of due diligence is in line with management assumptions. A cost of goods sold adjustment is made to the Statement of Comprehensive Income at this time, if required, to ensure the recoverability of inventory balances will be realised. Where the net realisable value (NRV) of a project is below the current carrying value of inventory and future development costs, an NRV adjustment is recognised as a reduction to the value of inventory and as an expense in the Statement of Comprehensive Income.

Accounting policy - Land inventories

Land held for the purpose of resale is recognised at the lower of cost and NRV in accordance with AASB 102 Inventories. Land cost includes the cost of acquisition and development of the land to its existing condition, ready for sale.

Cost of land sales

Industrial inventory sales apply a cost of goods sold allocation based on actual cost (land acquisition and development cost).

Key judgement : Residential and urban land inventory sales apply a cost of goods sold methodology that allocates a cost value to the land sold based on an estimated gross profit percentage for the life of the project. This percentage is calculated from the business case reviews which are performed biannually on a project-by-project basis. This includes judgement in determining the future sales revenue, future development costs and timing of future cash flows for the project. Key inputs used for these forecasts are validated by management using relevant industry experts and/or observable market information. A cost of goods sold review is also completed at the time of the business case review and an assessment of the rate is undertaken to ensure the recoverability of inventory balances will be realised.

12. Property, plant and equipment

a) Closing balances and reconciliation of carrying amount

30 June 2017	Land	Buildings	Heritage and cultural assets	Infrastructure	Plant and equipment	Capital work in progress	Total
	2017	2017	2017	2017	2017	2017	2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Gross	153,119	2,271	-	84,467	784	59,315	299,956
Less: Accumulated depreciation	-	(1,898)	-	(40,010)	(407)	-	(42,315)
Less: Accumulated impairment losses	-	-	-	-	-	-	-
Carrying amount at 30 June	**153,119**	**373**	**-**	**44,457**	**377**	**59,315**	**257,641**
Represented by movements in carrying amount:							
Carrying amount at 1 July 2016	168,507	398	-	44,560	2,562	38,892	254,918
Acquisitions (including upgrades)	937	44	-	-	67	20,029	21,078
Disposals	(24,197)	(22)	-	-	(67)	-	(24,287)
Transfer out to other Queensland Government entities	-	-	-	-	(2,078)		(2,078)
Transfer to/from inventory	-	-	-	-	-	394	394
Net revaluation increment/(decrement)	7,872	-	-	1,887	-	-	9,759
Depreciation expense	-	(47)	-	(1,990)	(107)	-	(2,144)
Carrying amount at 30 June	**153,119**	**373**	**-**	**44,457**	**377**	**59,315**	**257,641**

12. Property, plant and equipment (continued)

a) Closing balances and reconciliation of carrying amount (continued)

30 June 2016	Land	Buildings	Heritage and cultural assets	Infrastructure	Plant and equipment	Capital work in progress	Total
	2016	2016	2016	2016	2016	2016	2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Gross	168,507	2,301	-	80,930	4,621	38,892	295,251
Less: Accumulated depreciation	-	(1,903)	-	(36,370)	(1,260)	-	(39,533)
Less: Accumulated impairment losses	-	-	-	-	(799)	-	(799)
Carrying amount at 30 June	**168,507**	**398**	**-**	**44,560**	**2,562**	**38,892**	**254,919**
Represented by movements in carrying amount:							
Carrying amount at 1 July 2015	185,178	25	790	44,447	2,719	28,066	261,225
Acquisitions (including upgrades)	-	-	-	-	9	13,945	13,954
Disposals	(13,408)	-	-	-	(13)	-	(13,421)
Disposals through donation/below fair value	-	-	-	(3,195)	-	-	(3,195)
Transfer to/from inventory	(726)	-	(790)	-	-	-	(1,516)
Transfer to/from investment property	600	416	-	-	-	76	1,092
Transfers between asset classes	-	-	-	3,195	-	(3,195)	-
Net revaluation increment/(decrement)	(3,137)	-	-	1,956	-	-	(1,181)
Depreciation expense	-	(43)	-	(1,843)	(153)	-	(2,039)
Carrying amount at 30 June	**168,507**	**398**	**-**	**44,560**	**2,562**	**38,892**	**254,919**

12. Property, plant and equipment (continued)

b) Fair value measurement

Land

The department holds land throughout Queensland. These properties are held for various purposes including future economic development opportunities, to meet a specific community or economic need or for rezoning.

Key judgement: Land has been comprehensively valued as at 30 June 2017 by State Valuation Services (SVS), a certified valuer. Fair value for land was determined through specific appraisal with reference to observable prices in an active market or recent market transactions using direct comparison to the sales history of similar properties based on location, area, access and typography. Consideration was given to various inputs including legal restrictions, zoning regulations and the intended use of the assets. Due to the use of market observable prices from similar assets, land has been categorised as level 2 in accordance with the fair value hierarchy.

Buildings

The department holds various non-residential properties and is lessor to rental agreements on various properties.

Key judgement: Due to the department's current strategy for these buildings and zoning regulations, the fair value of the buildings was determined using the discounted cash flow approach, calculated by determining the present value of future cash flows. The Queensland Treasury Corporation's zero coupon rates were used to calculate the present value. These properties were determined to be level 3 in accordance with the fair value hierarchy as the calculation includes contract specific inputs that are not observable in the market place.

Infrastructure

The department holds water infrastructure assets such as reservoirs, treatment facilities and distribution systems over six managed sites located on the mainland of Far North Queensland. These assets are operated and maintained by a utility solutions company under contract with the department for the benefit of the local governments. The department has recommenced discussions with Northern Peninsula Area Regional Council regarding the proposed transfer of the water supply system and its operations to council. In December 2016, the department and council signed a memorandum of understanding that will direct the transfer process on or before 30 June 2019.

Key judgement: A comprehensive valuation was performed in 2015 by a certified valuer with technical expertise in relation to infrastructure assets, engaged by SVS on behalf of the department. Due to the specialised nature of the assets and lack of observable market data, the most relevant basis of valuation was determined to be current replacement cost.

For 2017, the department applied the valuer's recommended Building Price Index (BPI) of 286 as at 30 June 2017, representing a 4.38% increase from the BPI of 274 at the same date in 2016. The BPI is a market based index, compiled and reviewed to reflect current construction market trends. Sourced through analysis of recent tender results it enables moderation of estimates to account for market trends. Key drivers underpinning the forecast include a continuing low Australian dollar, labour and wages increases, limitations of supply to particular subcontract areas, increased demand in geographical localities and increasing contractor margins. These drivers were assessed by Northern Region office of Local Government and Regional Services Group and were found to be a fair representation of the current market conditions in the Northern Peninsula area. As a result, the BPI has been considered as robust, valid and appropriate in determining the infrastructure assets' fair value at reporting date.

Due to the use of significant unobservable inputs, in particular the replacement cost, conditions ratings, remaining useful life, and associated risk adjusted discounts to each of these factors, these asset valuations have been categorised as level 3 in accordance with fair value hierarchy.

Categorisation of assets measured at fair value

	Level 2		Level 3	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Land	153,119	168,507	-	-
Buildings - income approach	-	-	373	398
Infrastructure	-	-	44,457	44,560
Total	**153,119**	**168,507**	**44,830**	**44,958**

Transfers between levels

There were no transfers between levels within the same class for recurring fair value measurements. The department's policy is to recognise transfers into and out of fair value hierarchy levels at the same class as at the end of the reporting period.

Level 3 fair value measurement - reconciliation

	Buildings	Infrastructure
	$'000	$'000
Carrying amount at 1 July 2016	398	44,560
Acquisition	44	-
Depreciation	(46)	(1,990)
Retirement	(23)	-
Revaluation increments/(decrements) recognised in other comprehensive income	-	1,887
Carrying amount at 30 June 2017	**373**	**44,457**

Valuation processes

The department's valuation policies and procedures are overseen by the Audit and Risk Management Committee and approved by the Chief Finance Officer. They are reviewed annually taking into consideration an analysis of movement in fair value and other relevant information.

12. Property, plant and equipment (continued)

Accounting policy - Property, plant and equipment

Recognition thresholds for property, plant and equipment

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

Land	$1
Infrastructure	$10,000
Buildings	$10,000
Plant and equipment	$5,000
Other	$5,000

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

The department has a comprehensive annual maintenance program for its infrastructure assets. Expenditure is only capitalised if it increases the service potential or useful life of the existing asset. Maintenance expenditure that merely restores original service potential is expensed.

Fair value measurement hierarchy

All property, plant and equipment is categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

Level 1 - represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets
Level 2 - represents fair value measurements that are substantially derived from inputs that are observable, either directly or indirectly
Level 3 - represents fair value measurements that are substantially derived from unobservable inputs.

Acquisition of assets

Actual cost is used for the initial recording of all non-current asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, such as architects' fees and engineering design fees.

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

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

Assets under construction

Work in progress is recognised at cost. All costs relating to items of property, plant and equipment are recorded as work in progress until construction is complete using all direct and indirect costs, where the latter are reliably attributable. Work in progress performed under external contracts is recorded using the invoice amount supplied by the contractor.

Measurement of property, plant and equipment

Land, buildings and infrastructure assets are measured at fair value as required by Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses where applicable. With respect to these asset classes, the cost of items acquired during the financial year have been judged by management to materially represent their fair value at the end of the reporting period.

Plant and equipment is measured at cost in accordance with Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector. The carrying amounts for such plant and equipment at cost should not materially differ from their fair value.

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

Revaluation of property, plant and equipment measured at fair value

Land, buildings and infrastructure assets are measured at fair value. They are revalued on an annual basis, either by appraisals undertaken by an independent professional valuer, internal expert or by the use of appropriate and relevant indices. For financial reporting purposes, the revaluation process is overseen by the Chief Finance Officer who determines the specific revaluation practices and procedures in conjunction with the asset managers.

Specific appraisals using an independent professional valuer or internal expert are undertaken at least once every five years. However, if a particular asset class experiences significant and volatile changes in fair value (that is, where indicators suggest that the value of the asset class may have changed by 20% or more since the previous reporting period), it is subject to revaluation in the reporting period, where practicable, regardless of the timing of previous such method of revaluation.

The fair values reported by the department are based on appropriate valuation techniques that maximise the use of available significant and relevant observable inputs and minimise the use of unobservable inputs.

Where assets have not been specifically appraised in the reporting period, their previous valuations are materially kept up-to-date via the application of relevant indices, such as the BPI. Where indices are used in the revaluation process, the department ensures that the application of such indices would result in a valid estimation of the asset’s fair value at reporting date. SVS supplies the indices used for the various types of assets. Such indices are either publicly available or are derived from market information available to SVS. SVS provides assurance of their robustness, validity and appropriateness for application to the relevant assets. In some cases, indices used are also tested for reasonableness by applying the indices to a sample of assets, comparing the results to similar assets that have been valued by an independent professional valuer or internal expert and analysing the trend of changes in values over time. Through this process, which is undertaken annually, management assesses and confirms the relevance and suitability of indices provided by SVS based on the department’s circumstances.

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

12. Property, plant and equipment (continued)

On revaluation:

- For assets revalued using a cost valuation approach (e.g. current replacement cost) - accumulated depreciation is adjusted to equal the difference between the gross amount and carrying amount, after taking into account accumulated impairment losses. This is generally referred to as the 'gross method'. This applies to the department's infrastructure assets.

- For assets revalued using a market or income valuation approach (including items valued under the discounted cash flow technique) - accumulated depreciation and accumulated impairment losses are eliminated against the gross amount of the asset prior to restating for the revaluation. This is generally referred to as the 'net method'. This applies to the department's land and building assets.

Depreciation of property, plant and equipment

Land is not depreciated as it has an indefinite useful life. Buildings, infrastructure and plant and equipment have finite useful lives and are depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset progressively over its estimated useful life to the department.

Assets under construction (work in progress) are not depreciated until construction is complete and the asset is put to use or is ready for its intended use, whichever is the earlier. These assets are then reclassified to the relevant class within property, plant and equipment.

Key judgement : Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.
Assessments of remaining useful lives of depreciable assets are performed annually.

Key estimates : For each class of depreciable assets the following depreciation rates are used:

Class	2017 Rate %	2016 Rate %
Buildings	2.50 - 10.00%	2.50 - 10.00%
Infrastructure	1.25 - 20.00%	1.25 - 20.00%
Plant and equipment	2.51 - 25.00%	2.50 - 20.00%

Impairment of non-current assets

Key judgement: Assets measured at cost are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, 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 in the Statement of Comprehensive Income.

For assets measured at fair value, the impairment loss is treated as a revaluation decrease and offset against the asset revaluation surplus of the relevant class to the extent available. Where no asset revaluation surplus is available in respect of the class of asset, the loss is expensed in the Statement of Comprehensive Income as a revaluation decrement.

13. Investment property

	2017 $'000	2016 $'000
Land - at fair value	255,708	240,853
Buildings - at fair value	4,225	4,225
Total investment property	**259,933**	**245,078**

Part of the investment property portfolio is leased based on 1 to 5 year non-cancellable operating lease arrangements.

The future minimum lease payments receivable under non-cancellable operating leases classified as investment property are:

	2017 $'000	2016 $'000
- Not later than one year	469	121
- Later than one year and not later than five years	5,144	2,575
	5,613	**2,696**

Reconciliation of movement in investment property

	2017 Land $'000	2016 Land $'000	2017 Buildings $'000	2016 Buildings $'000
Carrying amount at 1 July	240,853	241,890	4,225	4,225
Net loss on revaluation through profit and loss	-	(1,238)	-	-
Reclassification between investment property and buildings	-	(450)	-	-
Reclassification between investment property and land	-	(600)	-	-
Transfer from inventories	14,855	2,736	-	-
Disposals	-	(1,485)	-	-
Carrying amount at 30 June	**255,708**	**240,853**	**4,225**	**4,225**

Rental income from investment property is recognised as income on a periodic straight-line basis over the term of the lease. Rental income recognised in the operating result is $3.885 million (2015-16: $3.883 million). Direct operating expenses primarily for repairs and maintenance on property that did not generate rental income for the period were nil (2015-16: nil). Direct operating expenses primarily for repairs and maintenance on property that did generate rental income for the period were $1.049 million (2015-16: $0.293 million).

There are no restrictions on the realisability of investment property and the remittance of income and proceeds of disposal.

Key judgement: For all investment property SVS provided a market update on the market movement over the past 12 months. The advice was that there had been minimal market movement and no change in the fair value of investment property was recorded.

Buildings were valued using the discounted cash flow method incorporating consumer price index (CPI) rates and forecast rental cash flows over lease terms. The carrying value was substantiated by the discounted cash flow calculation indicating no change to fair value.

These properties are valued using market observable prices from similar assets and are categorised as level 2 in accordance with the fair value hierarchy.

Accounting policy - Investment property

Investment property is property held for capital appreciation and/or to earn rental returns. It is initially recognised at cost including development costs. Where investment property is acquired at no or minimal cost, it is recognised at fair value. Investment property is subsequently carried at fair value, being subject to valuations on an annual basis where significant market movements have occurred. The valuation method is based on selling prices in an active property market adjusted, if necessary, to reflect the nature, location or condition of the specific investment property.

Transfers from inventory includes the initial recognition of common costs of improvement to inventory in accordance with AASB 102 para 10 and 15, which are subsequently transferred to investment property in accordance with AASB 140 on a relative cost basis.

Gains or losses arising from changes in the fair value of investment property are included in the operating result for the period in which they arise.

In determining the investment land values the following factors are considered:
• the highest and best use given the legal and zoning restrictions and any other restrictions outside the control of the department
• the probability of any of the restrictions being changed in the future.

14. Income tax equivalents

	2017 $'000	2016 $'000
(a) Income tax equivalent expense/(benefit)		
Current tax	6,659	(546)
Deferred tax	(9,989)	(5,861)
Under/(over) provision in previous years	10,378	-
Balance as at 30 June	**7,048**	**(6,407)**
(b) Numeric reconciliation of income tax equivalent expense to prima facie tax payable		
Loss before tax	11,103	3,624
Tax expense/(benefit) at the Australian tax rate of 30% (2015-16: 30%)	(3,331)	(1,087)
Tax effect of amounts which are not deductible (assessable) in calculating taxable income:		
Entertainment expense	1	1
Under/(over) provision in previous years	10,378	-
Grants revenue	-	(5,321)
Income tax equivalent expense/(benefit)	**7,048**	**(6,407)**
(c) Non-current assets - deferred tax equivalent asset		
The balance comprises temporary differences attributable to:		
Allowance for doubtful debts	204	178
Written down value of other capitalised expenses	106	120
Building accumulated depreciation	176	210
Concessional loan discount	2,636	-
Balance as at 30 June	**3,122**	**508**
(d) Current liabilities - income tax payable/(receivable)		
Balance at the beginning of the year	(546)	6,391
Income tax equivalent paid	(9,832)	(6,391)
Recognised in operating result	6,659	(546)
Under/(over) provision in previous years	10,378	-
Balance as at 30 June	**6,659**	**(546)**
(e) Non-current liabilities - deferred tax equivalent liabilities		
The balance comprises temporary differences attributable to:		
Land revaluations	29,783	33,659
Inventories	4,497	6,031
Investment property	53,875	53,874
Deferred fee income	(1,267)	(1,663)
Balance as at 30 June	**86,888**	**91,901**

The comparative for income tax payable has changed due to events disclosed in note 23.

Accounting policy - Income tax equivalents

The department is a state body as defined under the *Income Tax Assessment Act 1936* and is exempt from Australian Government taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). As such, input tax credits receivable from and GST payable to the Australian Taxation Office are recognised. From 1 July 2014 all Queensland Government departments were exempted from payroll tax. This exemption is not extended to commercial business units, such as EDQ.

Pursuant to the National Tax Equivalents Regime, the department's commercialised business unit EDQ is required to make payments to the Queensland Government equivalent to the amount of any Australian Government income tax for which an exemption is received.

The income tax equivalent benefit for the period is the tax payable on the current period's taxable income based on the national tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

AASB 112 Income Taxes uses a 'balance sheet approach' of calculating income tax balances. This approach recognises the difference between the carrying value of an asset or liability and its tax base. The differences are recognised at the tax rate expected to be applied when the assets are recovered or liabilities settled.

If applicable, deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

15. Payables

	2017 $'000	2016 $'000
Current		
Trade creditors	65,231	34,131
Taxes - land, rates and stamp duty payable [1]	11,441	12,431
Grants payable	1,734	1,556
Deferred appropriation payable to Consolidated Fund	61,198	4,925
Other	101	358
Total current payables	**139,705**	**53,401**

[1] EDQ is required under the Queensland Treasury Commercialisation of Government Business Activities in Queensland Policy Framework to recognise tax equivalents for stamp duty, land tax and local government rates. Calculation and recognition of tax equivalents ensures EDQ is not advantaged relative to its private sector counterparts. Payments are required to be made to the Queensland Government's Consolidated Fund and are determined on a self-assessment basis giving proper regard to current rates and charges applicable.

Accounting policy - Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the contracted amount (net of any discounts). Amounts owing are unsecured and are generally settled on 30-day terms unless otherwise specified by the creditor. Payables of a capital nature are settled within 12 months.

16. Other liabilities

	2017 $'000	2016 $'000
Current		
Unearned revenue	4,320	5,954
Security deposits	5,127	1,509
Deposits held	1,417	2,339
Other	1,173	1,262
Total current other liabilities	**12,037**	**11,064**
Non-current		
Security deposits	6,000	7,000
Total non-current other liabilities	**6,000**	**7,000**

Accounting policy - Other liabilities

Other liabilities are recognised as a liability in accordance with contract terms.

Unearned revenue represents the portion of land sale contracts paid in advance. Once the title has passed to the purchaser, unearned revenue is reduced and revenue is recognised.

Security deposits are held to secure the performance of developers' obligations under development management agreements. Deposits are released as these contractual obligations are satisfied.

17. Asset revaluation surplus

	Land $'000	Infrastructure $'000	Total $'000
Balance 1 July 2015	17,870	4,177	22,047
Revaluation increments/(decrements) [1]	(2,196)	1,956	(240)
Balance as at 30 June 2016	**15,674**	**6,133**	**21,807**
Balance 1 July 2016	15,674	6,133	21,807
Revaluation increments/(decrements) [1]	5,510	1,887	7,397
Balance as at 30 June 2017	**21,184**	**8,020**	**29,204**

[1] The revaluation increments/(decrements) are net of tax.

Accounting policy - Asset revaluation surplus

The asset revaluation surplus represents the net effect of upwards and downwards revaluations of assets to fair value.

18. Commitments

	2017	2016
(a) Non-cancellable operating lease commitments	**$'000**	**$'000**
Commitments under operating leases at reporting date (inclusive of non-recoverable GST input tax credits) are payable as follows:		
- Not later than one year	4,884	582
- Later than one year and not later than five years	16,799	105
- Later than five years	50,312	-
	71,995	**687**

The department has entered into a new 15-year occupancy agreement for accommodation with Department of Housing and Public Works.

Operating leases are entered into as a means of acquiring access to office accommodation and car park space. Lease payments are fixed but with an annual escalation clause. Where it is reasonably certain that the renewal options will be exercised, the lease commitment includes the extended option period. No operating leases contain restrictions on financing or other leasing activities.

For 2016-17 $5.012 million (2015-16: $4.478 million) was recognised by the department as an expense in the Statement of Comprehensive Income in respect of operating leases.

(b) Capital expenditure commitments

Infrastructure capital commitments (inclusive of non-recoverable GST input tax credits) contracted for at reporting date but not recognised in the accounts are payable as follows:

	2017	2016
- Not later than one year	74,532	46,008
- Later than one year and not later than five years	33,728	35,011
- Later than five years	227	-
	108,487	**81,019**

(c) Grants and subsidies expenditure commitments

As at 30 June 2017, approval has been given to various grantees in accordance with formal agreements to pay the following grants and subsidies (inclusive of non-recoverable GST input tax credits) provided certain criteria are met:

	2017	2016
- Not later than one year	282,549	83,102
- Later than one year and not later than five years	107,918	22,489
	390,467	**105,591**

The above commitments for grants and subsidies expenditure are allocated to the following categories:

	2017	2016
- Charities and community groups	14,278	10
- Local governments	376,189	105,581
	390,467	**105,591**

(d) Other expenditure commitments

Other expenditure committed at the end of the period, but not recognised in the accounts, are as follows:

	2017	2016
- Not later than one year	77,080	18,048
- Later than one year and not later than five years	66,459	58,603
- Later than five years	6,002	53,693
	149,540	**130,344**

The department has various agreements relating to the development of the Commonwealth Games Village. The Minister for Economic Development Queensland holds the legal agreements with the Village project developer and investor and is ultimately responsible for executing these agreements. The agreements result in capital and recurrent commitments of approximately $128.167 million relevant to the Commonwealth Games Village.

19. Contingencies

(a) Financial guarantees and associated risk

Bank guarantees are mainly held for financial security against non-conformance of contracts across the department. The total value of bank guarantees held for these projects as at 30 June 2017 is $53.047 million (2015-16: $22.724 million).

At 30 June 2017, the department provided financial guarantees of $0.263 million (2015-16: $0.414 million) to provide security over the contractual performance obligations for electrical and stormwater augmentation works.

Key judgement : No contract performance breaches have occurred and the department does not expect that the guarantees will be called upon. Consequently, the probability of default is considered remote and no provision for losses has been recognised in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

(b) Litigation in progress

At 30 June 2017, the number of cases filed in the courts relating to the department were as follows:

	2017	2016
- Supreme Court	1	1
- District Court	20	11
	21	**12**

Out of the 21 cases for litigation, one District Court case with an estimated settlement amount of $0.162 million is likely to be paid by the department.

20. Financial risk disclosures

Financial instrument categories

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the department becomes party to the contractual provisions of the financial instrument. The department has the following categories of financial assets and financial liabilities:

	2017 $'000	2016 $'000
Financial assets		
Cash and cash equivalents	267,562	228,433
Loans and receivables at amortised cost - comprising:		
Receivables (note 10)	74,070	43,883
Total financial assets	**341,632**	**272,316**

Cash and cash equivalents includes the department's bank funds and QTC investments.

The Under Treasurer has approved an overdraft limit of $30 million for the department's controlled bank account. There is no overdraft interest charged on this facility. This facility was undrawn at 30 June and is available for use in the next reporting period.

Accounting policy - Cash and cash equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June 2017 as well as deposits at call with financial institutions.

Departmental bank accounts, excluding EDQ which operates on a commercial basis, are grouped within the whole-of-government set-off arrangement with Queensland Treasury and do not earn interest on surplus funds. Interest earned on the aggregate set-off arrangement balance accrues to the Consolidated Fund.

	2017 $'000	2016 $'000
Financial liabilities		
Financial liabilities at amortised cost - comprising:		
Payables (note 15)	139,705	53,401
Interest-bearing liabilities - QTC borrowings	41,157	30,662
Total financial liabilities	**180,862**	**84,063**

No assets have been pledged as security for any liabilities. There have been no defaults or breaches of the loan agreement during the reporting period.

All interest-bearing borrowings are with QTC and are in Australian dollars. QTC debt facilities are utilised to manage cash flow and facilitate development works across some of the residential and catalyst infrastructure projects. A drawdown from the QTC loan occurs when development costs are incurred and the loan repayments are made progressively in line with sales. Interest expense and administration charges on borrowings are expensed and no interest has been capitalised during the current or comparative reporting period. Final repayment dates vary from February 2020 to June 2031. Interest rates on borrowings range from 2.01% to 3.05%. A competitive neutrality fund provision is applied each month to these loans to recognise the benefits derived by the department.

As it is the intention of the department to hold its borrowings for the full term, no fair value adjustment is made to the carrying value of the borrowings.

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

Accounting policy - Interest-bearing liabilities

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

Any borrowing costs are added to the carrying amount of the borrowing to the extent they are not settled in the period in which they arise.

20. Financial risk disclosures (continued)

Financial risk management

(a) Risk exposure

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

All financial risk is managed under policies approved by the department which relate to financial arrangements as required by Queensland Treasury.

The department's activities expose it to a variety of financial risks as set out in the following table:

Risk exposure	Definition	Exposure
Credit risk	Credit risk exposure refers to the situation where the department may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.	The department is exposed to credit risk in respect of its receivables (note 10). The maximum exposure to credit risk in relation to loans is the gross carrying amount of those assets before allowing for any fair value adjustments or provisions for impairment.
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 department is exposed to liquidity risk in respect to its payables (note 15) and borrowings from QTC for capital works.
Market risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.	The department does not trade in foreign currency and is not materially exposed to commodity price changes or other market prices. The department is exposed to interest rate risk through its finance leases (note 21), borrowings from QTC and cash deposited in interest-bearing accounts.

(b) Risk measurement and management strategies

The department measures risk exposure using a variety of methods as follows:

Risk exposure	Measurement method	Risk management strategies
Credit risk	Ageing analysis, earnings at risk	The method of managing credit risk for loans and advances is by way of credit assessment procedures, documented loan agreements, regular monitoring and reporting of repayments and project progress meetings with borrowers. The risk of loss from the loans undertaken is primarily reduced by the nature and extent of the security taken. The credit risk for all other receivables is managed through the use of a credit management policy. This policy aims to reduce the exposure to credit default by ensuring that the department invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.
Liquidity risk	Sensitivity analysis	The department manages liquidity risk through the use of a cash management policy. This policy aims to reduce the exposure to liquidity risk by ensuring the department has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.
Market risk	Interest rate sensitivity analysis	The department does not undertake any hedging in relation to interest risk and manages its risk as per the department's risk management policy.

Maximum credit risk exposure

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowances for impairment.

The allowance for impairment reflects the occurrence of loss events. The most readily identifiable loss event is where a debtor, lessee or group of debtors is overdue in paying a debt to the department according to the due date (normally terms of 30 days). The method for calculating any allowance for impairment is based on objective evidence that the department will not be able to collect a receivable, including financial difficulty of the debtor, default of payments and ageing of the debt.

If no loss events have arisen in respect of a particular debtor, lessee or group of debtors, no allowance for impairment is made in respect of that debtor, lessee or group of debtors. If the department determines that an amount owing by such a debtor or lessee 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. 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 as a bad debt and written off directly against receivables.

20. Financial risk disclosures (continued)

Movement in the allowance for impairment loss	**2017 $'000**	**2016 $'000**
Balance at 1 July	1,255	1,166
Increase in allowance recognised in operating result	6	88
Balance at 30 June	**1,261**	**1,255**

Liquidity risk - contractual maturity of financial liabilities

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.

	2017 payable in			
Financial liabilities	**< 1 year $'000**	**1 - 5 years $'000**	**> 5 years $'000**	**Total $'000**
Payables	139,705	-	-	139,705
Interest-bearing liabilities - QTC borrowings [1]	994	24,247	22,556	47,797
Total	**140,699**	**24,247**	**22,556**	**187,502**

	2016 payable in			
Financial liabilities	**< 1 year $'000**	**1 - 5 years $'000**	**> 5 years $'000**	**Total $'000**
Payables	53,401	-	-	53,401
Interest-bearing liabilities - QTC borrowings [1]	-	25,519	10,722	36,241
Total	**53,401**	**25,519**	**10,722**	**89,642**

[1] The undiscounted cash flows in this table represents the minimum liability payable to QTC which is different to the amounts in the current and non-current interest-bearing liabilities in the Statement of Financial Position which are based on forecast repayments.

Interest rate sensitivity analysis

With all other variables held constant, the outcome on net income if interest rates changed by +/-1 percent from the year end rates applicable to the department's financial assets and financial liabilities that are subject to floating rates, is that the department's surplus and equity would increase/(decrease) by $2.175 million (2015-16: $1.65 million).

21. Leases - as lessor

The Department of Natural Resources and Mines acts as an agent on behalf of the department in administering the finance and operating leases in accordance with the *Land Act 1994* . These leases are recognised in the financial statements.

(a) Finance leases

There are currently 19 freehold leases that are set over a 10-year term, one 15-year lease and one 30-year lease. At reporting date, more than 42% of leases are due to expire within the next five years.

The interest rate implicit in the free holding leases is 6.8%.

Minimum lease payments receivable under the free holding leases, together with their present value, are as follows:

	Minimum future lease payments receivable		Present value of minimum future lease payments receivable	
	2017	2016	2017	2016
	$ '000	$ '000	$ '000	$ '000
Not later than one year	4,500	4,010	4,202	4,413
Later than one year and not later than five years	12,107	11,856	9,810	9,640
Later than five years	10,019	10,070	5,900	4,753
Total minimum future lease receivables	26,626	25,936	19,912	18,806
Less: unearned finance interest revenue	(6,714)	(7,130)	-	-
Present value of total minimum future lease receivables	**19,912**	**18,806**	**19,912**	**18,806**

	2017	2016
	$'000	$'000
Included in note 10 of these financial statements as:		
Current finance lease debtors	4,202	4,413
Non-current finance lease debtors	15,710	14,393
Carrying amount at 30 June	**19,912**	**18,806**

(b) Operating leases

Minimum lease payments receivable under operating leases are as follows:

	2017	2016
Not later than one year	6,639	8,604
Later than one year and not later than five years	29,678	37,219
Later than five years	110,031	135,020
Total minimum future lease receivables	**146,348**	**180,843**

Commercial and industrial properties

Fixed term leases and ongoing perpetual leases are issued for commercial and industrial use of land by a lease. An annual rent is payable on 1 September each year and is based on the unimproved value of the land multiplied by the rental category percentage rate of 7%. The Department of Natural Resources and Mines annually assesses the unimproved value, therefore rent is variable unless otherwise fixed in the conditions of the lease.

Upon expiry of the lease the lessee loses the right to possession of the land and any improvements located thereon unless otherwise stated in the conditions of the lease. The lease may be cancelled after giving reasonable notice to the lessee if the lessee is in breach of the conditions of the lease including failure to comply with statutory requirements or failure to pay rent by a due date. The lessee may voluntarily surrender the lease, provided rents have been paid in full.

Key judgement : In calculating minimum future lease receivables, it is assumed that perpetual leases will continue for a further 15 years.

Accounting policy - Leases

A distinction is made in the financial statements between finance and operating leases. Finance leases effectively transfer from the lessor to the lessee, all risks and benefits incidental to ownership whilst in operating leases the lessor retains the risks and benefits.

Freehold leases of land are issued to persons who elect to pay the purchase price for the land by annual instalments over the term of the lease. Freehold title transfers to the lessee when the purchase price is fully paid. The leases can be paid out at any time during their term without penalty. However, penalty interest is charged for any late payment.

Where a non-current physical asset is sold by means of a finance lease, the resulting finance lease is recorded as receivable at an amount equal to the net investment of the lease agreement. Lease income from finance leases is recognised at a constant periodic rate of return on the net investment in the lease.

22. Administered activities

Schedule of administered items

	Variance Note	Note	Funding Programs and Community Initiatives - Actual [1]		Infrastructure Policy and Planning - Actual		Actual		Original Budget	Budget Variance
			2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2017 $'000
Administered income										
Appropriation revenue	(2)	a)	1,115,868	515,523	22,146	6,256	1,138,014	521,779	877,379	260,635
Grants and other contributions	(2)	b)	689,929	225,421	-	-	689,929	225,421	450,094	239,835
User charges and fees		c)	405	375	-	-	405	375	444	(39)
Other revenue			10,869	10,251	-	-	10,869	10,251	11,119	(250)
Total administered income			**1,817,071**	**751,570**	**22,146**	**6,256**	**1,839,217**	**757,826**	**1,339,036**	**500,181**
Administered expenses										
Grants and subsidies	(2)	d)	1,123,063	515,454	22,146	6,256	1,145,209	521,710	877,379	267,830
Transfers of administered revenue to government	(2)		693,969	236,047	-	-	693,969	236,047	461,657	232,312
Other expenses		a)	39	69	-	-	39	69	-	39
Total administered expenses			**1,817,071**	**751,570**	**22,146**	**6,256**	**1,839,217**	**757,826**	**1,339,036**	**500,181**
Operating surplus/(deficit)			**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Administered assets										
Current										
Cash			47	1,016	-	-	47	1,016	15	32
Receivables			1	-	-	-	1	-	-	1
Total current assets			**48**	**1,016**	**-**	**-**	**48**	**1,016**	**15**	**33**
Non-current										
Land		e)	98	98	-	-	98	98	98	-
Total non-current assets			**98**	**98**	**-**	**-**	**98**	**98**	**98**	**-**
Total assets			**146**	**1,114**	**-**	**-**	**146**	**1,114**	**113**	**33**
Administered liabilities										
Current										
Payables			8	162	-	-	8	162	15	(7)
Payables to government		a)	40	854	-	-	40	854	-	40
Total current liabilities			**48**	**1,016**	**-**	**-**	**48**	**1,016**	**15**	**33**
Net administered assets			**98**	**98**	**-**	**-**	**98**	**98**	**98**	**-**

[1] Funding Programs and Community Initiatives was renamed from Community Recovery and Resilience and Local Government and Community Funding.

Explanations of major variances - administered activities:

[2] The actual figure is higher than the budgeted amount due to the advance funding for Financial Assistance Grants of $232.64 million in June 2017 that applies to 2017-18.

22. Administered activities (continued)

	2017 $'000	2016 $'000
a) Reconciliation of payments from Consolidated Fund to administered income		
Budgeted appropriation	877,379	1,151,569
Transfers to other departments	(8,423)	-
Lapsed appropriation revenue	-	(404,977)
Unforeseen expenditure	268,990	-
Total administered receipts	**1,137,946**	**746,592**
Less: opening balance of appropriation revenue receivable	-	(224,813)
Plus: closing balance of appropriation revenue receivable	-	-
Plus: opening balance of appropriation revenue payable to Consolidated Fund	69	-
Less: closing balance of deferred appropriation payable	(40)	(69)
Net appropriation revenue	**1,137,975**	**521,710**
Plus: deferred appropriation payable (expense)	39	69
Administered revenue recognised	**1,138,014**	**521,779**
b) Grants and other contributions		
Commonwealth	689,929	225,421
Total grants and other contributions	**689,929**	**225,421**
c) User charges and fees		
Administered fees and levies were received from the following entities:		
Levy - Queensland Government entities [1]	405	375
Total user charges and fees	**405**	**375**

[1] Kuranda Skyrail levy is collected by Queensland Rail and forwarded to the department.

	2017 $'000	2016 $'000
d) Grants and subsidies		
Administered grants and subsidies were made to the following entities:		
Local governments	719,156	253,687
Queensland Reconstruction Authority	378,636	231,196
Trade and Investment Queensland	25,271	30,571
Cross River Rail Delivery Authority	14,092	-
Building Queensland	8,054	6,256
Total grants and subsidies	**1,145,209**	**521,710**
e) Land fair value measurement		
Land - Northern Peninsula Area Regional Council	98	98
Total land fair value measurement	**98**	**98**

Land

The department as trustee for the State of Queensland holds seven parcels of deed of grant in trust land located in the remote Northern Peninsula Area Regional Council. The department has constructed infrastructure assets on these land assets for use by Far North Queensland Indigenous communities.

Fair value for land is determined by establishing its market value by reference to observable prices in an active market or recent market transactions using direct comparison to the sales history of similar properties based on location, area, access and typography. In the absence of a full valuation an indexation valuation using market sales of similar type assets is performed.

Key judgement : Due to the use of market observable prices from similar assets, land has been categorised as level 2 in accordance with accounting policies.

f) Commitments

As at 30 June 2017, a signed funding agreement is in place to pay grants and subsidies (inclusive of non-recoverable GST input tax credits) to a local government for operational works:

	2017	2016
- Not later than one year	24,536	-
	24,536	**-**

Accounting policy - Administered activities

The department administers, but does not control, certain resources on behalf of the Queensland Government. 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.

Major administered revenues include appropriations and grants received from the Australian and the Queensland Government that are forwarded onto local governments and other Queensland government bodies.

The Acting Under Treasurer has approved an overdraft limit of $350 million for the department's administered bank account. There is no overdraft interest charged on this facility. This facility was undrawn at 30 June and is available for use in the next reporting period.

Accounting policies applicable to administered items are consistent with the equivalent policies for controlled items, unless stated otherwise.

23. Prior period adjustments

Following the National Taxation Equivalent Regime Administrator's confirmation in 2016-17, a prior year adjustment was required for the taxation treatment of grant income. This affected the tax obligations for the financial years ending 30 June 2013 to 30 June 2016 which resulted in an adjustment of $10.378 million to the income tax payable balance as at 1 July 2016. In 2016-17, the revised balance of $9.832 million was remitted to Queensland Treasury.

Prior year adjustment - income tax payable/(receivable)	2017 $'000
Balance at the beginning of the year	(546)
Under/(over) provision in previous years	10,378
Adjusted balance at the beginning of the year	9,832
Income tax equivalent paid	(9,832)
Income tax payable 2016-17	6,659
Balance as at 30 June (1)	**6,659**

(1) Balance as disclosed in note 14(d).

24. Events occurring after the reporting date

There are no material events occurring after 30 June 2017 to report.

25. Summary of other significant accounting policies

Changes in accounting policy
The department did not voluntarily change any of its accounting policies during 2016-17.

Accounting standards early adopted
No Australian Accounting Standards have been adopted early for 2016-17.

Accounting standards applied for the first time

a) AASB 124 Related Party Disclosures
The only Australian Accounting Standard that became effective for the first time in 2016-17 is AASB 124 Related Party Disclosures. This standard requires note disclosures about relationships between a parent entity and its controlled entities, KMP remuneration expenses and other related party transactions, but does not impact on financial statement line items. As Queensland Treasury already required disclosure of KMP remuneration expenses in prior years, there was minimal impact for the department’s disclosures compared to 2015-16 (refer to note 5). However, the standard has resulted in the department’s responsible Ministers being identified as part of the department’s KMP as from 2016-17. There are no related party disclosures for 2016-17. No comparative information about related party transactions is required in respect of 2015-16.

Future impact of accounting standards not yet effective

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards issued, but with future commencement dates, are set out below:

a) AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
As from the financial statements for 2017-18, the department may be required to disclose a reconciliation of liabilities arising from financing activities pertaining to QTC borrowings. This disclosure will include both cash flows and non-cash changes between the opening and closing balance.

b) AASB 16 Leases
This standard will first apply to the department's 2019-20 financial statements and will replace the current lease accounting standards.

Impact for lessees:
Under the new requirements, lessees will be required to recognise a right-of-use asset (representing the right to use the underlying leased asset) and a liability (representing the obligation to make future lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value. Therefore, the majority of operating leases will be reported on the Statement of Financial Position under AASB 16. The right-of-use asset will be recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to an amortisation expense.
The department holds a number of leases for office accommodation and will await further guidance from Queensland Treasury on the transitional accounting treatment to be applied.

Impact for lessors:
Lessor accounting under AASB 16 remains largely unchanged from current lease standards. For finance leases, the lessor recognises a receivable equal to the net investment in the lease. Lease receipts from operating leases will continue to be recognised as income.

c) AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)
This standard will first apply to the department's 2018-19 financial statements. 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.

The department is still assessing the effect on measurement of its financial assets against the new AASB 9 classification and measurement requirements. Assuming no change in the types of transactions the department enters into, some financial assets may be measured at fair value as required in the standard. In the case of the department's current receivables, the carrying amount is expected to be a reasonable approximation of fair value due to their short-term nature. Changes in the fair value of those assets will be reflected in the department's operating result.

The department will not need to restate comparative figures for financial instruments on adopting AASB 9 from 2018-19. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2018-19 financial statements to explain the impact of adopting AASB 9.

d) AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers
These standards will first apply to the department's 2019-20 financial statements. The new requirements may result in a change to the timing of revenue recognition of the department such that some revenue may need to be deferred to a later reporting period to the extent that the department has received cash but has not met its associated obligations. To date no impact has been identified.

These general purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), section 42 of the Financial and Performance Management Standard 2009 and other prescribed requirements. In accordance with s.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

(b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the department for the financial year ended 30 June 2017 and of the financial position of the department as at 30 June 2017

(c) these assertions 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.

S Summers

Stephanie Summers CPA

Chief Finance Officer

Date: 29/08/2017

Frankie Carroll

Director-General

Date: 29/8/17