Financial statements

Contents

General information

These financial statements cover the Department of State Development, Infrastructure and Planning (the department).

The Department of State Development, Infrastructure and Planning is a Queensland Government department established under the Public Service Act 2008.

The department is controlled by the State of Queensland which is the ultimate parent.

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

Level 12, 100 George Street

Brisbane Queensland 4000

A description of the nature of the department's operations and its principal activities is included in the notes to the financial statements.

Amounts shown in these financial statements may not add to the correct sub-totals or totals due to rounding.

For information in relation to the department's financial statements please call +61 7 3224 6737, email finaccount@dsdip.qld.gov.au or visit the department's website www.dsdip.qld.gov.au

Department of State Development, Infrastructure and Planning
Statement of Comprehensive Income
for the period ended 30 June 2014

	Notes	2014 $'000	2013 $'000
Income from continuing operations			
Appropriation revenue for services	4	175,845	180,279
Land sales	5	142,145	84,371
User charges and fees	6	80,675	48,416
Grants and other contributions	7	1,810	2,316
Interest	8	5,862	7,984
Other revenue	9	15,297	381
Total revenue		421,634	323,747
Gains on disposal/remeasurement of assets	10	5,360	3,312
Total income from continuing operations		**426,994**	**327,059**
Expenses from continuing operations			
Employee expenses	11	98,723	99,646
Supplies and services	13	114,371	73,551
Grants and subsidies	14	22,837	26,986
Depreciation and amortisation	15	10,969	10,654
Impairment losses	16	8,251	1,530
Cost of land sales	5	88,678	57,760
Revaluation decrement	17	20,446	27,529
Finance/borrowing costs	18	11,622	7,796
Other expenses	19	20,085	31,281
Total expenses from continuing operations		**395,982**	**336,733**
Operating result from continuing operations before income tax equivalent expense		**31,012**	**(9,674)**
Income tax equivalent expense	29	(10,711)	(1,580)
Operating result from continuing operations after income tax equivalent expense		**20,301**	**(11,254)**
Other comprehensive income			
Items that will not be reclassified subsequently to operating result			
Increase/(decrease) in asset revaluation surplus	35	(2,914)	7,975
Total other comprehensive income		**(2,914)**	**7,975**
Total comprehensive income		**17,387**	**(3,279)**

The accompanying notes form part of these statements.

Department of State Development, Infrastructure and Planning
Statement of Financial Position
as at 30 June 2014

	Notes	2014 $'000	2013 $'000
Current assets			
Cash and cash equivalents	20	203,302	60,226
Receivables	21	14,883	72,469
Inventories	22	425,443	454,417
Other current assets	23	814	1,941
		644,442	589,053
Non-current assets classified as held for sale	24	59,957	20,154
Total current assets		704,399	609,207
Non-current assets			
Receivables	21	20,047	28,359
Intangible assets	25	6,422	6,814
Property, plant and equipment	26	617,811	745,518
Investment property	28	112,771	112,771
Deferred tax equivalent asset	29	8,193	8,999
Other non-current assets	23	11,433	12,035
Total non-current assets		776,677	914,496
Total assets		**1,481,076**	**1,523,703**
Current liabilities			
Payables	30	59,145	51,369
Interest-bearing liabilities	31	29,401	12,171
Accrued employee benefits	32	2,971	2,028
Income tax payable	29	21,834	10,305
Other current liabilities	33	44,996	31,335
Provisions	34	54,356	42,820
Total current liabilities		212,703	150,028
Non-current liabilities			
Interest-bearing liabilities	31	116,110	151,823
Deferred tax equivalent liability	29	78,307	82,312
Provisions	34	3,226	5,590
Total non-current liabilities		197,643	239,725
Total liabilities		**410,346**	**389,753**
Net assets		**1,070,730**	**1,133,950**
Equity			
Contributed equity		1,429,825	1,510,433
Accumulated deficit		(385,969)	(406,270)
Asset revaluation surplus	35	26,874	29,789
Total equity		**1,070,730**	**1,133,950**

The accompanying notes form part of these statements.

Department of State Development, Infrastructure and Planning
Statement of Changes in Equity
for the period ended 30 June 2014

	Notes	2014 $'000	2013 $'000
Contributed equity			
Balance as at 1 July		1,510,433	1,599,598
Transactions with owners as owners:			
- Appropriated equity injections		19,194	22,989
- Appropriated equity withdrawals		(101,763)	(32,146)
- Net appropriated equity injections (Note 4)	4	(82,569)	(9,157)
Non-appropriated equity injections		7,904	37,019
Non-appropriated equity withdrawals		(31,540)	(276,992)
Balance transferred to contributed equity on transfer of ULDA operations	36	-	162,893
Net assets transferred to other departments due to restructuring	36	-	1,114
Net assets transferred to/from other departments		25,598	(506)
Transferred from accumulated deficit on transfer of PSG operations		-	(3,536)
Balance as at 30 June		**1,429,825**	**1,510,433**
Accumulated surplus/(deficit)			
Balance as at 1 July		(406,270)	(398,553)
Balance transferred to contributed equity on transfer of PSG operations		-	3,536
Operating result from continuing operations after income tax equivalent expense		20,301	(11,254)
Balance as at 30 June		**(385,969)**	**(406,270)**
Asset revaluation surplus			
Balance as at 1 July		29,789	21,814
Increase/(decrease) in asset revaluation surplus		(2,914)	7,975
Balance as at 30 June	35	**26,874**	**29,789**

The accompanying notes form part of these statements.

Department of State Development, Infrastructure and Planning
Statement of Cash Flows
for the period ended 30 June 2014

	Notes	2014 $'000	2013 $'000
Cash flows from operating activities			
Inflows:			
Land sales		141,495	84,691
Service appropriation receipts		177,135	168,030
User charges and fees		98,411	52,261
Grants and other contributions		1,591	2,623
GST input tax credits received from Australian Taxation Office		19,225	17,748
GST collected from customers		21,588	6,999
Interest receipts		6,318	9,661
Recoveries from other departments		49,444	413
Other		16,486	1,385
Outflows:			
Employee expenses		(98,712)	(98,946)
Supplies and services		(196,698)	(139,710)
Grants and subsidies		(22,837)	(27,512)
GST paid to suppliers		(17,768)	(16,223)
GST remitted to Australian Taxation Office		(23,539)	(5,361)
Finance/borrowing costs		(11,622)	(7,796)
Other		(8,883)	(43,931)
Net cash provided by (used in) operating activities	38	**151,635**	**4,332**
Cash flows from investing activities			
Inflows:			
Sales of property, plant and equipment		84,975	31,397
Loans and advances redeemed		6,684	10,430
Outflows:			
Payments for property, plant and equipment		(15,543)	(9,717)
Payments for intangible assets		-	(750)
Payments for work in progress		(286)	(1,680)
Loans and advances provided		(445)	-
Net cash provided by (used in) investing activities		**75,385**	**29,680**
Cash flows from financing activities			
Inflows:			
Borrowings		80,951	3,512
Equity injections		27,895	61,140
Outflows:			
Equity withdrawals		(103,303)	(304,582)
Borrowing redemptions		(89,539)	(13,343)
Net cash provided by (used in) financing activities		**(83,996)**	**(253,273)**
Net increase/(decrease) in cash and cash equivalents		143,024	(219,261)
Cash and cash equivalents at beginning of financial year		60,226	281,203
Net cash and cash equivalents transferred as part of 2012 machinery-of-Government change		52	(1,716)
Cash and cash equivalents at end of financial year	20	**203,302**	**60,226**

The accompanying notes form part of these statements.

Department of State Development, Infrastructure and Planning
Statement of Comprehensive Income by Major Departmental Services and Commercial Business Unit
for the year ended 30 June 2014

	State Development [1]		Planning [1]		Major Projects Office [1]		Coordinator-General [1]		Economic Development Queensland [1] [3]	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**	**2014 $'000**	**2013 $'000**	**2014 $'000**	**2013 $'000**	**2014 $'000**	**2013 $'000**
Income from continuing operations [2]										
Appropriation revenue for services	65,241	66,545	40,112	28,170	46,645	51,026	23,847	34,538	-	-
Land sales	-	-	-	-	-	-	-	-	146,395	54,614
User charges and fees	2,301	1,695	1,014	720	42,273	13,341	10,558	9,519	25,862	18,329
Grants and other contributions	578	850	332	587	353	90	191	81	4,855	1,234
Interest	-	-	-	-	-	-	-	336	5,862	7,650
Other revenue	33	83	11	30	15,013	3	-	85	239	(4,731)
Total revenue	68,153	69,173	41,469	29,507	104,284	64,460	34,596	44,559	183,213	77,096
Gains on disposal/remeasurement of assets	-	-	-	-	3,561	703	284	158	399	2,450
Total income from continuing operations	**68,154**	**69,173**	**41,469**	**29,507**	**107,845**	**65,163**	**34,880**	**44,717**	**183,612**	**79,546**
Expenses from continuing operations [2]										
Employee expenses	40,303	42,941	24,613	20,808	10,055	12,539	18,005	19,774	5,747	2,462
Supplies and services	15,713	14,367	14,331	7,555	52,638	29,955	15,020	11,431	20,957	8,636
Grants and subsidies	10,082	10,831	1,189	315	14,901	6,943	1,115	9,747	50	-
Depreciation and amortisation	788	788	840	675	8,110	8,090	793	690	440	263
Impairment losses	-	-	-	-	7,661	-	169	-	421	293
Cost of land sales	-	-	-	-	-	-	-	-	89,971	44,121
Revaluation decrement	-	-	(26,000)	-	501	2,664	39,979	963	5,967	15,834
Finance/borrowing costs	-	-	-	-	5,432	5,862	-	-	6,190	1,933
Other expenses	580	706	224	1,153	3,611	9,648	296	475	15,375	9,855
Total expenses from continuing operations	**67,466**	**69,633**	**15,196**	**30,506**	**102,909**	**75,701**	**75,377**	**43,080**	**145,117**	**83,404**
Operating result from continuing operations before income tax equivalent	**687**	**(460)**	**26,274**	**(999)**	**4,936**	**(10,538)**	**(40,497)**	**1,637**	**38,495**	**(3,858)**
Income tax equivalent (expense)/benefit	-	-	-	-	-	-	-	-	(10,711)	1,214
Operating result from continuing operations after income tax equivalent	**687**	**(460)**	**26,274**	**(999)**	**4,936**	**(10,538)**	**(40,497)**	**1,637**	**27,784**	**(2,642)**
Other comprehensive income										
Items that will not be reclassified subsequently to operationg result										
Increase/(decrease) in asset revaluation surplus	-	-	-	-	(2,914)	7,975	-	-	-	-
Total other comprehensive income	**-**	**-**	**-**	**-**	**(2,914)**	**7,975**	**-**	**-**	**-**	**-**
Total comprehensive income	**687**	**(460)**	**26,274**	**(999)**	**2,022**	**(2,563)**	**(40,497)**	**1,637**	**27,784**	**(2,642)**
Income	24,698	21,928	10,738	9,534	6,980	6,197	11,275	10,011	-	-
Expenses	24,080	22,389	10,967	9,734	6,805	6,327	11,032	10,221	-	-

(1) *Refer to Note 3 for a description of major departmental services.*

(2) *The above corporate services income and expenses have been included in the respective departmental services.*

(3) *Economic Development Queensland was formed via the amalgamation of Property Services Group and Urban Land Development Authority* on 1 February 2013.

The accompanying notes form part of these statements.

Department of State Development, Infrastructure and Planning
Statement of Comprehensive Income by Major Departmental Services and Commercial Business Unit (continued)
for the year ended 30 June 2014

	Property Services Group (3)		Eliminations between Property Services Group (3), Economic Development Queensland(3) and DSDIP		General Non-Attributed (4)		Total	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**	**2014 $'000**	**2013 $'000**	**2014 $'000**	**2013 $'000**
Income from continuing operations (2)								
Appropriation revenue for services	-	-	-	-	-	-	175,845	180,279
Land sales	-	30,076	(4,250)	(319)	-	-	142,145	84,371
User charges and fees	-	9,023	(1,332)	(4,212)	-	-	80,675	48,416
Grants and other contributions	-	-	(4,500)	(526)	-	-	1,810	2,316
Interest	-	-	-	-	-	-	5,862	7,984
Other revenue	-	4,994	-	(83)	-	-	15,297	381
Total revenue	-	44,093	(10,082)	(5,140)	-	-	421,634	323,747
Gains on disposal/remeasurement of assets	-	-	-	-	1,116	-	5,360	3,312
Total income from continuing operations	**-**	**44,093**	**(10,082)**	**(5,140)**	**1,116**	**-**	**426,994**	**327,059**
Expenses from continuing operations (2)								
Employee expenses	-	1,122	-	-	-	-	98,723	99,646
Supplies and services	-	2,734	(4,289)	(1,127)	-	-	114,371	73,551
Grants and subsidies	-	(325)	(4,500)	(525)	-	-	22,837	26,986
Depreciation and amortisation	-	142	-	6	-	-	10,969	10,654
Impairment losses	-	(368)	-	-	-	1,605	8,251	1,530
Cost of land sales	-	13,646	(1,293)	(7)	-	-	88,678	57,760
Revaluation decrement	-	8,382	-	(314)	-	-	20,446	27,529
Finance/borrowing costs	-	-	-	-	-	-	11,622	7,796
Other expenses	-	9,445	-	-	-	-	20,085	31,282
Total expenses from continuing operations	**-**	**34,778**	**(10,082)**	**(1,967)**	**-**	**1,605**	**395,982**	**336,733**
Operating result from continuing operations before income tax equivalent	**-**	**9,315**	**-**	**(3,173)**	**1,116**	**(1,605)**	**31,012**	**(9,674)**
Income tax equivalent (expense)/benefit	-	(2,794)	-	-	-	-	(10,711)	(1,580)
Operating result from continuing operations after income tax equivalent	-	**6,521**	**-**	**(3,173)**	**1,116**	**(1,605)**	**20,301**	**(11,254)**
Other comprehensive income								
Items that will not be reclassified subsequently to operationg result								
Increase/(decrease) in asset revaluation surplus	-	-	-	-	-	-	(2,914)	7,975
Total other comprehensive income	**-**	**-**	**-**	-	-	-	**(2,914)**	**7,975**
	-							
Total comprehensive income	**-**	**6,521**	**-**	**(3,173)**	**1,116**	**(1,605)**	**17,387**	**(3,279)**
Income	-	-	-	-	-	-	53,691	47,670
Expenses	-	-	-	-	-	-	52,885	48,671

(1) Refer to Note 3 for a description of major departmental services.
(2) The above corporate services income and expenses have been included in the respective departmental services.
(3) Economic Development Queensland was formed via the amalgamation of Property Services Group and Urban Land Development Authority on 1 February 2013.
(4) General non-attributed relates to an Impairment loss and impairment reversal for services that transferred from DSDIP as a result of the 2012 machinery-of-Government changes
The accompanying notes form part of these statements.

Department of State Development, Infrastructure and Planning
Statement of Assets and Liabilities by Major Departmental Services and Commercialised Business Unit
for the year ended 30 June 2014

	State Development [(1)]		Planning [(1)]		Major Projects Office [(1)]		Coordinator-General [(1)]	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**	**2014 $'000**	**2013 $'000**	**2014 $'000**	**2013 $'000**
Current assets								
Cash and cash equivalents	5	5	2	2	-	-	-	-
Receivables	2,163	2,344	862	473	130	517	2,065	7,585
Inventories	-	-	-	1,851	-	16,883	-	-
Other current assets	60	6	10	3	625	604	10	3
	2,228	2,355	874	2,329	756	18,004	2,075	7,588
Non-current assets classified as held for sale	-	-	26,000	-	8,524	3,660	25,434	16,494
Total current assets	**2,228**	**2,355**	**26,874**	**2,329**	**9,279**	**21,664**	**27,509**	**24,082**
Non-current assets								
Receivables	-	-	18,734	-	-	-	-	-
Intangible assets	21	221	1,857	2,144	10	17	4,524	4,412
Property, plant and equipment	2,196	2,914	4,323	3,902	322,928	409,265	59,437	112,114
Investment property	-	-	-	-	-	-	-	-
Deferred tax equivalent asset	-	-	-	-	-	-	-	-
Other non-current assets	-	-	-	-	11,433	12,035	-	-
Total non-current assets	**2,218**	**3,135**	**24,914**	**6,046**	**334,371**	**421,317**	**63,961**	**116,526**
Total assets	**4,446**	**5,490**	**51,788**	**8,375**	**343,650**	**442,981**	**91,470**	**140,608**
Current liabilities								
Payables	3,444	4,185	2,382	2,200	7,626	8,254	1,636	5,048
Interest-bearing liabilities	-	-	-	-	8,409	8,109	-	
Accrued employee benefits	1,157	777	781	324	279	221	493	380
Income tax payable	-	-	-	-	-	-	-	-
Other current liabilities	67	70	68	-	2,570	9	11,951	2,070
Provisions	-	-	-	-	-	-	18,272	21,455
Total current liabilities	**4,668**	**5,032**	**3,231**	**2,524**	**18,883**	**16,593**	**32,352**	**28,953**
Non-current liabilities								
Payables	-	-	-	-	-	-	-	-
Interest-bearing liabilities	-	-	-	-	80,106	88,536	-	-
Deferred tax equivalent liability	-	-	-	-	-	-	-	-
Provisions	-	-	-	-	-	-	3,226	5,590
Total non-current liabilities	**-**	**-**	**-**	**-**	**80,106**	**88,536**	**3,226**	**5,590**
Total liabilities	**4,668**	**5,032**	**3,231**	**2,524**	**98,989**	**105,129**	**35,577**	**34,543**

[(1)] Refer to note 3 for a description of major departmental services.

Please note the department has systems in place to allocate assets and liabilities to departmental services.

The accompanying notes form part of these statements.

Department of State Development, Infrastructure and Planning
Statement of Assets and Liabilities by Major Departmental Services and Commercialised Business Unit (continued)
for the year ended 30 June 2014

	Economic Development Queensland [1]		General-non-attributable [2]		Eliminations between Economic Development Queensland and DSDIP		Total	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Current assets								
Cash and cash equivalents	188,934	96,221	14,360	(36,004)	-	-	203,302	60,226
Receivables	9,663	17,930	-	48,102	-	(4,484)	14,883	72,469
Inventories	425,443	435,683	-	-	-	-	425,443	454,417
Other current assets	108	1,325	-	-	-	-	814	1,941
	624,148	551,159	14,360	12,098	-	(4,484)	644,442	589,053
Non-current assets classified as held for sale	-	-	-	-	-		59,957	20,154
Total current assets	**624,148**	**551,159**	**14,360**	**12,098**	**-**	**(4,484)**	**704,399**	**609,207**
Non-current assets								
Receivables	20,047	28,359	-	-	(18,734)	-	20,047	28,359
Intangible assets	10	20	-	-	-	-	6,422	6,814
Property, plant and equipment	228,928	217,323	-	-	-	-	617,811	745,518
Investment property	112,771	112,771	-	-	-	-	112,771	112,771
Deferred tax equivalent asset	8,193	8,999	-	-	-	-	8,193	8,999
Other non-current assets	-	1	-	-	-	-	11,433	12,035
Total non-current assets	**369,949**	**367,473**	**-**	**-**	**(18,734)**	**-**	**776,677**	**914,496**
Total assets	**994,098**	**918,632**	**14,360**	**12,098**	**(18,734)**	**(4,484)**	**1,481,076**	**1,523,703**
Current liabilities								
Payables	44,058	31,862	-	4,308	-	(4,484)	59,145	51,369
Interest-bearing liabilities	20,992	4,061	-	-	-	-	29,401	12,171
Accrued employee benefits	261	323	-	-	-	-	2,971	2,028
Income tax payable	21,834	10,305	-	-	-	-	21,834	10,305
Other current liabilities	30,341	29,185	-	-	-	-	44,996	31,335
Provisions	36,084	21,365	-	-	-	-	54,356	42,820
Total current liabilities	**153,570**	**97,101**	**-**	**4,308**	**-**	**(4,484)**	**212,703**	**150,028**
Non-current liabilities								
Payables	18,734	-	-	-	(18,734)	-	-	-
Interest-bearing liabilities	36,004	63,287	-	-	-	-	116,110	151,823
Deferred tax equivalent liability	78,307	82,312	-	-	-	-	78,307	82,312
Provisions	-	-	-	-	-	-	3,226	5,590
Total non-current liabilities	**133,045**	**145,599**	**-**	**-**	**(18,734)**	**-**	**197,643**	**239,725**
Total liabilities	**286,615**	**242,700**	**-**	**4,308**	**(18,734)**	**(4,484)**	**410,346**	**389,753**

(1) *Refer to note 3 for a description of major departmental services.*

(2) *General non-attributable relates to machinery-of-Government receivables and payables for services transferred out of the department.*

Please note the department has systems in place to allocate assets and liabilities to departmental services.

The accompanying notes form part of these statements.

1. Objectives and principal activities of the Department of State Development, Infrastructure and Planning (the department)

The department brings together the functions of the Coordinator-General, economic and regional development, major project delivery, government land management, infrastructure and planning into a strong central agency to grow the economy and champion the interests of business and industry for communities across Queensland. Our objectives include:

- Champion the interests of business and industry
- Fast track delivery of major resource, land and economic development projects
- Assist property and construction industries to grow and flourish through streamlined planning processes
- Re-empower local governments and their communities to plan for their futures
- Improve service delivery

2. Summary of significant accounting policies

(a) Statement of compliance

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

These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury and Trade's *Minimum Reporting Requirements* for the year ending 30 June 2014, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the department has applied those requirements applicable to not-for-profit entities, as the department is a not-for-profit entity. Except where stated, the historical cost convention is used.

(b) The reporting entity

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

The *Economic Development Act 2012* came into effect from 1 February 2013, repealing the *Industrial Development Act 1963* and the *Urban Land Development Authority Act 2007.* EDQ delivers a range of services under the *Economic Development Act 2012*.

The department has no controlled entities.

The major departmental services undertaken by the department are disclosed in note 3.

The department has 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%, refer note 2(w).

Except where otherwise stated the department employed consistent accounting policies in the preparation and presentation of these financial statements between the reporting period and prior year.

(c) Administered transactions and balances

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.

Administered transactions and balances are disclosed in note 45. These balances are not significant in comparison to the department's overall financial performance/financial position.

(c) Administered transactions and balances (continued)

On 4 February 2013, as a result of the *Administrative Arrangements Amendment Order (No.1) 2013,* the Queensland Reconstruction Authority was transferred from the Minister of State Development, Infrastructure and Planning to the Minister for Local Government, Community Recovery and Resilience. The authority is a statutory body under the *Queensland Reconstruction Authority Act 2011* and prepares separate financial statements.

(d) Appropriation revenue for services/administered revenue

Appropriations provided under the *Appropriation Act 2013* are recognised as revenue when received or when departmental services receivables are recognised after approval by Queensland Treasury and Trade.

Amounts appropriated to the department for transfer to other entities in accordance with legislative or other requirements are reported as 'administered' item appropriations.

(e) User charges and fees and Other revenue

User charges and fees and Other revenue controlled by the department are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. When the services have been performed and/or ownership of the goods has passed to the clients, the revenue is recognised by either raising invoices or accruals. User charges and fees and Other revenue are controlled by the department where they can be deployed for the achievement of departmental objectives.

(f) Interest Revenue

Interest revenue is recognised as it accrues.

(g) Grants and other contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year the department obtains control over them (control is generally obtained at the time of receipt). Where grants are received that are reciprocal in nature, revenue is progressively recognised as it is earned, according to the terms of the funding arrangements.

Contributed assets are recognised at their fair value. The accounting treatment for contributions of services is explained in note 2(ae).

(h) Special payments

Special payments include ex-gratia expenditure and other expenditure that the department is not contractually or legally obligated to make to other parties. In compliance with the *Financial and Performance Management Standard 2009*, the department maintains a register setting out details of all special payments greater than $5,000. The total of all special payments (including those of $5,000 or less) is disclosed separately within other expenses, refer to note 19. However, descriptions of the nature of special payments are only provided for special payments greater than $5,000.

(i) Cash and cash equivalents

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June 2014 as well as deposits at call with financial institutions.

(j) Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery that is the agreed purchase/contract price. Settlement of these amounts is required within 30 days from the invoice date.

(j) Receivables (continued)

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 2014. Increases in the allowance for impairment are based on loss events as disclosed in notes 21 and 43(c).

Loans and advances are recognised at the face value of the principal outstanding and finance leases are recognised at the value of the net investment of the lease agreement outstanding refer to note 2(v). Terms are as recorded in individual loan and lease agreements with the leases ranging from 10 to 30 years. On full repayment of finance leases, title for the relevant property is transferred to the purchaser.

Other debtors generally arise from transactions outside the usual operating activities of the department and are recognised at their assessed values. Terms are set based on the operations of the particular entities, no interest is charged and no security is obtained.

(k) Inventories

Land purchased for the purpose of resale is recognised at the lower of cost and net realisable value. Cost includes the cost of acquisition and development of the land to its existing condition, ready for sale. These costs are assigned to subdivided land lots on a weighted average basis when the lots are sold.

For residential land inventory net realisable value is determined on the basis of the department's normal selling pattern. Expenses associated with marketing, selling and distribution are deducted to determine net realisable value. For industrial land inventory the net realisable value is considered to be the market value or list price at which these assets are made available for sale. For industrial undeveloped land inventory, where a normal selling pattern is difficult to determine, the land values are assessed by an independent valuer on a sample basis. These values are monitored and assessed against the cost to ensure compliance with AASB 102 *Inventories*.

Revenue from the sale of land is recognised at the time of settlement when the risks and rewards of ownership have passed to the buyer and the department retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the units sold.

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

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

In accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations,* when an asset is classified as held for sale, its value is measured at the lower of the asset’s carrying amount and fair value less costs to sell. Any restatement of the asset’s value to fair value less costs to sell (in compliance with AASB 5) is a non-recurring valuation.

The assets are no longer amortised or depreciated upon being classified as held for sale.

(m) Assets under construction (work in progress)

Work in progress is recognised at cost. All costs relating to items of property, plant and equipment and intangible assets constructed in house are recorded as work in progress until completion of the project 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.

The department does not capitalise finance and borrowing costs.

(n) Acquisitions of assets

Actual cost is used for the initial recording of all non-current physical and intangible 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, including architects' fees and engineering design fees. However, any user training costs are expensed as incurred.

(n) Acquisitions of assets (continued)

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.*

(o) 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
• Buildings	$10,000
• Infrastructure	$10,000
• Major plant and equipment	$5,000
• Plant and equipment	$5,000
• Other (including heritage and cultural)	$5,000

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

(p) Intangible assets

Intangible assets with a cost or other value equal to or greater than $100,000 are recognised in the financial statements; items with a lesser value are expensed. Each intangible asset, less any anticipated residual value, is amortised over its estimated useful life to the department. The residual value is zero for all of the department's intangible assets.

It has been determined that there is not an active market for any of the department's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses where applicable.

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

Purchased software
The purchase cost of software has been capitalised and is being amortised on a straight-line basis over the period of the expected benefit to the department, refer to note 2(s).

Internally generated software
Expenditure on research activities relating to internally generated intangible assets is recognised as an expense in the period in which it is incurred. Costs associated with the development of computer software have been capitalised and are amortised on a straight-line basis over the period of expected benefit to the department, refer to note 2(s).

Easements
Easements are a purchased right of access held over land owned by parties external to the department. These easements exist to facilitate current and future industry development within infrastructure corridors. The Titles Office in the Department of Natural Resources and Mines register easements on survey plans.

The department holds numerous easements, however only reports as intangible assets those easements that individually meet the recognition threshold of $100,000. Each easement that does not meet this threshold is expensed.

Easements acquired over land are recognised at cost and are considered to have an indefinite useful life. The easements are not amortised but are instead assessed annually for impairment.

(q) Revaluations of non-current physical assets and intangible assets

Land, buildings, infrastructure, major plant and equipment and heritage and cultural assets are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment,* AASB 13 *Fair Value Measurement* and Queensland Treasury and Trade'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 impairment losses where applicable.

In respect of these asset classes, the cost of items acquired during the financial year has been judged by management of the department to materially represent their fair value at the end of the reporting period.

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

Intangible assets are measured at their historical cost, unless there is an active market for the assets concerned (in which case they are measured at fair value).

Property, plant and equipment classes measured at fair value (refer above) are revalued on an annual basis either by appraisals undertaken by an independent professional valuer or internal expert, by the use of appropriate and relevant indices or by the income approach being calculated using the discounted cash flow of rental income. For financial reporting purposes, the revaluation process is overseen by the department's Chief Finance Officer, who determines the specific revaluation practices and procedures in conjunction with the asset managers. The Audit and Risk Management Committee (of which the department's Chief Finance Officer is a regular invited guest) reviews revaluation processes overseen by the Chief Finance Officer.

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

The fair values reported by the department are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs, refer to note 2(r).

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. The department ensures that the application of such indices results in a valid estimation of the assets' fair values at reporting date. The State Valuation Service (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 advice regarding 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.

Early in the reporting period, the department reviewed all fair value methodologies in light of the new principles in AASB 13 *Fair Value Measurement.* No changes in valuation methodologies were

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 class.

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

(q) Revaluations of non-current physical assets and intangible assets (continued)

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

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

(r) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (that is an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by the department include, but are not limited to, published sales data for land and buildings.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the department include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the department's assets and liabilities, records of recent construction costs (and/or estimates of such costs) for assets' characteristics and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities of the department for which fair value is measured or disclosed in the financial statements are 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 and liabilities;
- level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
- level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

None of the department's valuations of assets or liabilities are eligible for categorisation into level 1 of the fair value hierarchy. As 2013-14 is the first year of application of AASB 13 *Fair Value Measurement* by the department, there were no transfers of assets between fair value hierarchy levels during the period.

More specific fair value information about the department's property, plant and equipment and investment property is outlined in notes 26 and 28, respectively.

(s) Amortisation and depreciation of property, plant, equipment and intangible assets

Land, heritage and cultural assets and easements are not depreciated or amortised as they have an unlimited useful life. All other intangible assets of the department have finite useful lives and are amortised on a straight-line basis, refer note 2(p).

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the department.

(s) Amortisation and depreciation of property, plant, equipment and intangible assets (continued)

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

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.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the department.

The depreciable amount of leasehold improvements is allocated progressively over the estimated useful lives of the improvements or the unexpired period of the lease, whichever is the shorter. The unexpired period of a lease includes any option period where exercise of the option is probable.

For each class of depreciable and amortisable asset the following rates are used:

Asset class	Category	2014 Rate %	2013 Rate %
Buildings	Buildings and improvements	1.32-16.67%	1.25-25%
	Land improvements	2.44-16.67%	2.44-16.67%
Infrastructure	Water infrastructure	2.5-6.67%	1.25-4%
	Wharf and jetty structures	2-2.5%	1-10%
Major plant and equipment	Ship unloaders and loaders	2.5-6.67%	2.5-6.67%
	Jetty conveyors and transfer stations	2.5-6.67%	2-6.67%
	Sea water supply equipment	2.5-6.67%	2.86-10%
	Material handling equipment	3.33-6.67%	2-6.67%
	Caustic handling equipment	2.5-6.67%	2-6.67%
Plant and equipment	Computer equipment	10-33.33%	10-33.33%
	Motor vehicles	16.67%	16.67%
	Office equipment	4.36-33.33%	10-33.33%
	Leasehold improvements	2.5-27.27%	2.5-35.29%
	Plant and equipment	10-14.29%	10-14.29%
Intangible assets	Software purchased	15.58%	18.46%
	Software internally generated	20-35.29%	20-46.15%

(t) Impairment of non-current assets

All non-current physical assets and intangible assets 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.

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

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

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

(u) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost including transaction costs. Where investment property is acquired at no or nominal cost it is recognised at fair value. Investment property is subsequently carried at fair value, being revalued as at each reporting date. Fair value 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. If there is no active property market, alternative valuation methods are used, such as recent selling prices in less active markets, or discounted cash flow projections.

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. Investment property is not depreciated and is not tested for impairment.

Rental revenue from investment property is recognised as income on a periodic straight-line basis over the lease term.

(v) Leases

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

The Department of Natural Resources and Mines acts as an agent on behalf of the department in administering the finance and operating leases of the department's commercialised business unit (as lessor) in accordance with the *Land Act 1994*. The department has appointed local real estate agents to administer other rental properties.

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.

Where a non-current asset is subject to an operating lease, it is recorded according to the nature of the asset. Operating lease receipts are representative of the pattern in which benefits derived from the leased assets diminish and are recognised in the period in which they are earned.

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

Leaseback arrangements
Where an announcement of a major public infrastructure project causes large scale pre-purchase, and where there is a considerable time before vacant possession is required, the department will consider proposals to enter into leaseback or tenancy arrangements with the vendor until the property is required for the purpose for which it was purchased.

The department applies the whole-of-Government policy issued by the Department of Natural Resources and Mines where rent for the first three years of an initial tenancy is set at $1,000 per annum or market value, whichever is lower, but is not lower than the minimum amount of $500 per annum. For the balance of the initial term, if any, the rent shall be $500 per annum or the market rental, which ever is the greater. Where market rent is applied it will be subject to annual CPI increases during the currency of the lease.

(w) Jointly controlled operations

The department's interest in unincorporated jointly controlled operations is accounted for by recognising in its financial statements its share of the assets, classified according to the nature of the assets, liabilities it has incurred, its share of liabilities jointly incurred, its share of income and expenses of the joint venture and any expenses incurred in respect of its interest in the jointly controlled operations.

(x) Payables and Other liabilities

Trade creditors are recognised upon receipt of the goods and services at the contracted amount (net of any discounts) to be paid for the goods and services received. 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. Other liabilities are recognised as a liability in accordance with contract terms. Unearned revenue is recognised by identifying the portion of up front payment unearned as at 30 June 2014.

(y) Financial instruments

Recognition
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.

Classification
Financial instruments are classified and measured as:

- Cash and cash equivalents - held at fair value through the Statement of Comprehensive Income
- Receivables - held at amortised cost
- Payables - held at amortised cost
- Borrowings - held at amortised cost

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

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

All other disclosures relating to the measurement basis and financial risk management of financial instruments held by the department are included in note 43.

(z) Employee benefits

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

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

Wages, salaries and sick leave
Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at 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.

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

(z) Employee benefits (continued)

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

No provision for annual 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 prepared pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Long service leave
Under the Queensland Government’s Long Service Leave Scheme, a levy is made on the department to cover the cost of employees’ long service leave. Levies are expensed in the period in which they are paid or payable. Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears.

No provision for long service leave is recognised in the department's financial statements, the liability being held on a whole-of-Government basis and reported in those financial statements prepared pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

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

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-Government basis and reported in those financial statements prepared pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Key management personnel and remuneration
Key management personnel and remuneration disclosures are made in accordance with section 5 of the *Financial Reporting Requirements for Queensland Government Agencies* issued by Queensland Treasury and Trade. Refer to note 12 for the disclosures on key management personnel and remuneration.

(aa) Provisions

Provisions are recorded when the department has a present obligation, either legal or constructive, as a result of a past event. They are recognised at the amount expected at the reporting date for which the obligation will be settled in a future period. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using the appropriate discount rate.

(ab) Finance/Borrowing costs

Finance costs are recognised as an expense in the period in which they are incurred. Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings,
- ancillary administration charges, and
- debt neutrality fee applied in accordance with Queensland Treasury and Trade’s *Commercialisation of Government Business Activities in Queensland Policy Framework.*

No borrowing costs are capitalised into qualifying assets.

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

The department allocates revenues and expenses attributable to corporate services to major departmental services based on full-time equivalent employees. These are disclosed in the Statement of Comprehensive Income by Major Departmental Service and Commercialised Business Unit.

(ad) Insurance

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

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

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and expense.

(af) Contributed equity

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

(ag) Taxation

The department is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth Government taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only Commonwealth Government taxes accounted for by the department. As such, GST credits receivable from and payable to the Australian Taxation Office are recognised. Refer note 21.

As a State body, the department is exempt from Commonwealth income taxation. Pursuant to the National Tax Equivalents Regime, the commercialised business unit Economic Development Queensland is required to make payments to the Queensland Government, equivalent to the amount of any Commonwealth income tax for which an exemption is received.

The income tax equivalent expense (referred to as income tax) for the period is the tax payable on the current period's taxable income based on the national tax rate for each jurisdiction 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. The Balance Sheet approach recognises when there is a difference between the carrying value of an asset or liability and its tax base. The differences are recognised at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

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.

(ah) Issue of financial statements

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

(ai) Accounting estimates and judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions that may have a significant effect are outlined in notes 2(j), (k), (l), (q), (r), (s), (t), (u) and (aa). Any effect relating to estimates and assumptions is included in the figures reported in the following financial statement notes:

- depreciation and amortisation – note 15
- allowance for impairment of receivables – note 21
- valuation of non-current assets classified as held for sale – note 24
- valuation and impairment of property, plant and equipment – note 26
- valuation of investment property – note 28
- provisions – note 34
- contingencies – note 41

The Australian Government passed its *Clean Energy Act 2011* which resulted in the introduction of a price on carbon emissions made by Australian businesses from 1 July 2012.

From 1 July 2014, the government abolished the carbon tax. The withdrawal of the carbon pricing mechanism is not expected to have a significant impact on the department's critical accounting estimates, assumptions and management judgements.

(aj) Rounding and comparatives

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.

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

(ak) New and revised accounting standards

The department did not voluntarily change any of its accounting policies during 2013–14. The only Australian Accounting Standard changes applicable for the first time as from 2013-14 that have had a significant impact on the department's financial statements are those arising from AASB 13 *Fair Value Measurement*, as explained below.

AASB 13 *Fair Value Measurement* became effective from reporting periods beginning on or after 1 January 2013. AASB 13 sets out a new definition of 'fair value', as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements apply to all of the department's assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value. The impacts of AASB 13 relate to the fair value measurement methodologies used, and financial statement disclosures made in respect of such assets and liabilities.

The department reviewed its fair value methodologies (including instructions to valuers, data used and assumptions made) for all items of property, plant and equipment measured at fair value to determine whether those methodologies comply with AASB 13. To the extent that the previous methodologies were not in compliance with AASB 13, valuation methodologies were revised accordingly to be in line with AASB 13.

(ak) New and revised accounting standards (continued)

AASB 13 has required an increased amount of information to be disclosed in relation to fair value measurements for both assets and liabilities. For those fair value measurements of assets or liabilities that substantially are based on data that is not 'observable' (i.e. accessible outside the department), the amount of information disclosed has significantly increased. Note 2(r) explains some of the principles underpinning the additional fair value information disclosed. Most of this additional information is set out in note 26 Property Plant and Equipment.

A revised version of AASB 119 *Employee Benefits* became effective from reporting periods beginning on or after 1 January 2013.

As the department does not directly recognise any employee benefit liabilities, refer to note 2(z), the only implications for the department are the revised concept of 'termination benefits' and the revised recognition criteria for liabilities for termination benefits. If termination benefits meet the AASB 119 timeframe criterion for 'short-term employee benefits', they will be measured according to the AASB 119 requirements for 'short-term employee benefits'. Otherwise, termination benefits need to be measured according to the AASB 119 requirements for 'other long-term employee benefits'. Under the revised standard, the recognition and measurement of 'other long-term employee benefits' are accounted for using most of the requirements for defined benefit plans.

The revised AASB 119 includes changed criteria for accounting for employee benefits as 'short-term employee benefits'. However as the department is a member of the Queensland Government central schemes for annual leave and long service leave, this change in criteria has no impact on the department's financial statements as the employer liability is held by the central scheme. The revised AASB 119 also includes changed requirements for the measurement of employer liabilities/assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities/assets.

The department makes employer superannuation contributions only to the QSuper defined benefit plan, and the corresponding QSuper employer benefit obligation is held by the State. Therefore, those changes to AASB 119 will have no impact on the department.

AASB 1053 *Application of Tiers of Australian Accounting Standards* became effective from reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two Tiers of reporting requirements – Australian Accounting Standards (commonly referred to as 'Tier 1'), and the Australian Accounting Standards – Reduced Disclosure Requirements (commonly referred to as 'Tier 2').

Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between Tier 1 and Tier 2 requirements is that Tier 2 requires fewer disclosures than Tier 1.

Pursuant to AASB 1053, public sector entities like the department may adopt Tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of a regulator to require application of the Tier 1 requirements. In the case of the department, Queensland Treasury and Trade is the regulator. Queensland Treasury and Trade has advised that its policy decision is to require adoption of Tier 1 reporting by all Queensland Government departments (including the Department of State Development, Infrastructure and Planning) and statutory bodies that are consolidated into the whole-of-Government financial statements. Therefore, the release of AASB 1053 and associated amending standards will have no impact on the department.

The department is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from Queensland Treasury and Trade. Consequently, the department has not applied any Australian Accounting Standards or Interpretations that have been issued but are not yet effective. The department will apply these standards and interpretations in accordance with their respective commencement dates.

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

(ak) New and revised accounting standards (continued)

AASB 1055 *Budgetary Reporting* applies from reporting periods beginning on or after 1 July 2014. The department will need to include in its 2014-15 financial statements the original budgeted figures from the Income Statement, Balance Sheet, Statement of Changes in Equity, and Cash Flow Statement as published in the 2014-15 Queensland Government's Service Delivery Statements. The budgeted figures will need to be presented consistently with the corresponding financial statements (actuals), and will be accompanied by explanations of major variances between the actual amounts and the original budgeted figures.

In addition, the department will need to include the original budgeted information for major classes of administered income and expenses, and major classes of administered assets and liabilities. This budgeted information will need to be presented consistently with the corresponding administered information (actuals) and will be accompanied by explanations of major variances between the actual amounts and the budgeted financial information.

The following new and revised standards apply as from reporting periods beginning on or after 1 January 2014:

- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 127 *(revised) Separate Financial Statements*
- AASB 128 *(revised) Investments in Associates and Joint Ventures*
- AASB 2011 -7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17],* and
- AASB 2013-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities - Control and Structured Entities*

AASB 10 redefines and clarifies the concept of control of another entity, and is the basis for determining which entities should be consolidated into an entity's financial statements. AASB 2013-8 applies the various principles in AASB 10 for determining whether a not-for-profit entity controls another entity. The department assessed the nature of its relationships and determined no control exists with other entities. Therefore, once the AASB finalises its not-for-profit amendments to AASB 10, the department will need to reassess the nature of its relationships with other entities, including entities that are not currently consolidated.

AASB 11 deals with the concept of joint control and sets out new principles for determining the type of joint arrangement that exists, which in turn dictates the accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement.

Subject to any not-for-profit amendments that are made to AASB 11, the department will need to assess the nature of any arrangements with other entities to determine whether a joint arrangement exists in terms of AASB 11. If a joint arrangement does exist, the department will need to follow the relevant accounting treatment specified in either AASB 11 or the revised AASB 128, depending on the nature of the joint arrangement. It has been assessed that the Woodlands Andergrove joint arrangement, which is disclosed in note 37, is a "joint operation" and there will be no change to the current accounting treatment under AASB 11.

AASB 9 *Financial Instruments* (December 2010) and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038* and *Interpretations 2, 5, 10, 12, 19 & 127]* become effective from reporting periods beginning on or after 1 January 2017. The main impacts of these standards on the department are that they will change the requirements for the classification, measurement and disclosures associated with the department's financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model with the objective to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ak) New and revised accounting standards (continued)

The department has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the department's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the department enters into, it is not expected that any of the department's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2017–18 financial statements, all of the department's financial assets are expected to be required to be measured at fair value, and classified accordingly (instead of the measurement classifications presently used in notes 2(y) and 43). The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. In the case of the department's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value.

The department will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2017-18. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2017-18 financial statements to explain the impact of adopting AASB 9. Assuming no change in the types of financial instruments that the department enters into, the department does not anticipate any significant disclosure impacts.

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

3. Major departmental services

State Development
State Development develops economic and infrastructure policies and plans, and facilitates industry development, regional development and investment projects.

Planning
Planning is reforming the State’s planning framework to empower local governments and their communities and facilitate economic development.

Planning also includes the Government Land and Asset Management function, which strategically manages the Government’s land portfolio to ensure maximum utilisation and economic community outcomes.

Major Projects Office
The Major Projects Office facilitates, manages and delivers high priority infrastructure and projects.

Coordinator-General
The Coordinator-General delivers large scale projects under the *State Development and Public Works Organisation Act 1971.*

Economic Development Queensland
Economic Development Queensland (EDQ) delivers land solutions to facilitate economic development including planning and development of residential, urban and industrial development projects.

		2014	2013
		$'000	$'000
4.	**Reconciliation of payments from consolidated fund to appropriation revenue for services recognised in Statement of Comprehensive Income**		
	Budgeted appropriation revenue for services	289,140	358,734
	Transfers to other headings - Administered	(18,124)	-
	Lapsed appropriation revenue for services	(93,881)	(190,704)
	Total appropriated revenue for services receipts	**177,135**	**168,030**
	Less: opening balance of appropriation revenue for receivable	(574)	(1,474)
	Plus: closing balance of appropriation revenue receivable	-	574
	Plus: opening balance of appropriation revenue payable	-	13,149
	Net appropriation revenue	**176,561**	**180,279**
	Less: Deferred appropriation refundable to QTT expense	(716)	-
	Appropriation revenue for services recognised in Statement of Comprehensive Income	**175,845**	**180,279**
	Reconciliation of payments from consolidated fund to equity adjustment recognised in Contributed equity		
	Budgeted equity adjustment appropriation	101,879	200
	Lapsed equity adjustment appropriation	(183,651)	(10,154)
	Total equity adjustment receipts (payments)	**(81,772)**	**(9,954)**
	Plus: closing balance of equity adjustment receivable	-	797
	Less: opening balance of equity adjustment receivable	(797)	-
	Equity adjustment recognised in Contributed equity	**(82,569)**	**(9,157)**
5.	**Land sales**		
	Land sales	142,145	84,371
	Total	**142,145**	**84,371**
	Cost of land sales	88,678	57,760
	Total	**88,678**	**57,760**
6.	**User charges and fees**		
	Fee for service *	68,509	39,572
	Sale of goods	6,825	4,195
	Property income	5,157	4,331
	Other fees	184	318
	Total user charges and fees	**80,675**	**48,416**

* Includes recovery of costs for Commonwealth Games venues of $36.878 million (2012-13: $7.472 million)

		2014	2013
7.	**Grants and other contributions**		
	Grants	855	1,670
	Contributions	736	426
	Goods and services received below fair value	218	220
	Total grants and other contributions	**1,810**	**2,316**
8.	**Interest**		
	Queensland Treasury Corporation	2,167	-
	Finance leases	2,241	2,770
	Bank interest	1,455	5,214
	Total interest	**5,862**	**7,984**
9.	**Other revenue**		
	Revenue from transfers of government property *	13,918	70
	Tender documents revenue	1,091	-
	Sundry revenue	288	311
	Total other revenue	**15,297**	**381**

* In 2013-14 refers to Agreement to dedicated road with the Department of Transport and Main Roads.

		2014	2013
10.	**Gains on disposal/remeasurement of assets**		
	Gain on sale of property, plant and equipment	2,772	2,558
	Reversal of revaluation decrement	1,111	754
	Reversal of impairment loss on receivables	1,477	-
	Total gains	**5,360**	**3,312**

Refer also to note 26 Property, Plant and Equipment.

11. Employee expenses

	2014 $'000	2013 $'000
Employee benefits		
Salaries and wages	71,426	66,166
Employer superannuation contributions (1)	9,994	9,120
Annual leave levy (1)	8,683	7,462
Long service leave levy (1)	1,628	1,182
Other employee benefits	933	10,559
Employee related expenses		
Workers compensation premium (2)	395	426
Payroll tax (2)	4,488	4,030
Other employee related expenses	1,176	701
Total employee expenses	**98,723**	**99,646**

(1) Refer to Note 2(z).

(2) Cost of workers' compensation insurance and payroll tax are a consequence of employing employees, but are not counted in employees' total remuneration package. They are not employee benefits, but rather employee related expenses.

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

	2014	2013
Number of employees:	883	848

12. Key management personnel and remuneration expenses

(a) Key management personnel

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2013–14. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Responsibilities	Current incumbents	
		Contract classification and appointment authority	**Date appointed/ established to position (Date resigned/ceased from position)**
Director-General	The Director-General is responsible for the efficient, effective and economic administration of the agency and to drive the economic development of Queensland.	CEO / s92 *Public Service Act 2008*	Appointed to role on 28 March 2012.
Coordinator-General	The Coordinator-General is responsible for facilitating and regulating major development projects in Queensland.	CEO Equivalent - s4 *State Development and Public Works Act 1971*	Appointed on 3 April 2012.
Deputy Director-General - State Development	The Deputy Director-General, State Development is responsible for attracting and retaining economic activity and infrastructure policy development for the State.	SES4 / *Public Service Act 2008*	Appointed on 20 June 2011.
Deputy Director-General - Planning and Property (previously Planning only)	The Deputy Director-General, Planning and Property is responsible for the development and implementation of the State planning framework for local governments and industry by leading planning policy and reform, local planning and regional planning. Responsibility for managing the Government's land portfolio to ensure maximum utilisation and economic community outcomes that was previously held by the Deputy Director-General, Government Land and Asset Management transferred to the renamed position from 17 January 2014.	CEO / s122 *Public Service Act 2008*	Appointed 4 February 2013. Role renamed 17 January 2014.
Deputy Director-General - Major Projects Office	The Deputy Director-General, Major Projects Office is responsible for the timely facilitation and delivery of infrastructure to industry and the community.	CEO / s122 *Public Service Act 2008*	Appointed 8 April 2013.
Deputy Director-General - Government Land and Asset Management	The Deputy Director-General, Government Land and Asset Management was responsible for managing the Government's land portfolio to ensure maximum utilisation and economic community outcomes. These responsibilities were transferred to the renamed position Deputy Director-General, Planning and Property from 17 January 2014.	CEO / s122 *Public Service Act 2008*	Appointed 1 February 2013. Role ceased 17 January 2014.
Deputy Director-General - Regional Services	The Deputy Director-General, Regional Services is responsible for the delivery of an integrated suite of business, industry, regional development and planning services on behalf of, or in partnership with a range of Queensland Government departments.	SES4 / *Public Service Act 2008*	Appointed 1 May 2012.
Chief Operating Officer (formerly Deputy Director-General - Strategy and Governance)	The Chief Operating Officer is responsible for providing business, corporate policy, governance and risk management services to this department and the Department of Local Government, Community Recovery and Resilience.	SES4 / *Public Service Act 2008*	Appointed 17 December 2013.
General Manager - Economic Development Queensland	The General Manager, Economic Development Queensland is responsible for the planning and development of residential, urban and industrial development projects.	SES4 / s122 *Public Service Act 2008*	Appointed 1 February 2013 Incumbent resigned 16 May 2014.

12. Key management personnel and remuneration expenses (continued)

(b) Remuneration expenses

Remuneration policy for the department's key management personnel is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008.* The remuneration and other terms of employment for the key management personnel are specified in employment contracts. The contracts may provide for other benefits including a motor vehicle allowance, and for the chief executive officer (CEO), may provide for the provision of At Risk Component payments.

For the 2013-14 year, remuneration of key management personnel increased by 2.2% (2012-13: 2.2%) in accordance with Government policy.

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

Remuneration expenses for key management personnel 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 the employee occupied the specified position.
  - performance payments recognised as an expense during the year.
  - non-monetary benefits consisting of provision of vehicle and car parking benefits together with fringe benefits tax applicable to the benefit.
- Long-term employee benefits include amounts expensed in respect of long service leave entitlements earned.
- Post-employment benefits including amounts expensed in respect of employer superannuation benefits.
- Termination benefits are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

1 July 2013 to 30 June 2014

Position	Period in Position	Short-Term Employee Expenses		Long-Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
		Monetary Expenses $ '000	Non-Monetary Benefits $ '000	$ '000	$ '000	$ '000	$ '000
Director-General		455	26	11	56	-	548
Coordinator-General		487	33	8	61	-	589
Deputy Director-General - State Development	01/07/2013 - 19/03/2014	143	27	3	17	-	190
Acting Deputy Director-General - State Development	19/03/2014 -30/06/2014	58	-	2	6	-	66
Deputy Director-General - Planning and Property		336	-	8	37	-	380
Deputy Director-General - Major Projects Office		333	-	7	36	-	376
Deputy Director-General - Government Land and Asset Management	01/07/2013 - 17/01/2014	160	-	4	14	-	178
Deputy Director-General - Regional Services		236	-	6	26	-	267
Chief Operating Officer		217	24	4	25	-	269
General Manager - Economic Development Queensland	01/07/2013 - 16/05/2014	210	21	-	22	-	252
Acting General Manager - Economic Development Queensland	19/05/2014 - 30/06/2014	49	-	1	4	-	54
Total		**2,683**	**130**	**54**	**302**	**-**	**3,170**

12. Key management personnel and remuneration expenses (continued)

(b) Remuneration expenses

1 July 2012 to 30 June 2013

Position	Period in Position	Short-Term Employee Expenses		Long-Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
		Monetary Expenses $ '000	Non-Monetary Benefits $ '000	$ '000	$ '000	$ '000	$ '000
Director-General		415	23	10	50	-	498
Coordinator-General		465	28	11	74	-	578
Deputy Director-General - State Development		190	26	5	24	-	245
Chief Executive Officer - Growth Management Queensland	01/07/2012 - 03/08/2012	27	-	-	3	152	182
Acting Deputy Director-General - Planning and Property	01/07/2012 - 02/12/2012	160	-	3	13	-	176
Acting Deputy Director-General - Planning	03/12/2012 - 01/02/2013	38	-	1	4	-	43
Deputy Director-General - Planning	04/02/2013 - 30/06/2013	132	-	3	14	-	149
Acting Deputy Director-General - Major Projects Office	01/07/2012 - 07/04/2013	147	20	4	18	-	189
Deputy Director-General - Major Projects Office	08/04/2013 - 30/06/2013	77	-	2	6	-	85
Deputy Director-General - Government Land and Asset Management	04/02/2013 - 30/06/2013	118	-	2	10	-	130
Deputy Director-General - Regional Services		235	-	5	25	-	265
Acting Deputy Director-General - Strategy and Governance		199	19	4	21	-	243
General Manager - Economic Development Queensland	01/02/2013 - 30/06/2013	97	1	2	10	-	110
Total		**2,300**	**117**	**52**	**272**	**152**	**2,893**

The above amounts may include situations where a Senior Executive has acted in a position which can result in an increase to the annual remuneration amount payable. There may also be instances where no amount is paid to Senior Executive for a period of time within the financial year which may result in a decrease to the annual remuneration amounts.

(c) Performance Payments

The remuneration package for the Director-General includes a potential performance payment of up to a maximum of $75,385. Eligibility for such a performance payment is conditional on the achievement of objectives that are documented in that position's performance agreement.

Public service CEOs have part of their total remuneration package placed “at risk” and paid only if they meet or exceed the agreed performance standards. The chief executive performance evaluation process comprises:

- reporting on end of year achievement and self-assessment by each chief executive against their performance agreement/intended outcomes;
- analysis by the Commission Chief Executive (Public Service Commission), the Under Treasurer (Queensland Treasury and Trade) and the Director-General (Department of the Premier and Cabinet) of relevant performance data;
- a rigorous, independent and objective assessment of CEOs performance at the end of each financial year using, amongst other things, information provided from the above two steps. This performance assessment is undertaken by a Chief Executive Performance Evaluation Committee (CEPEC);
- recommendations from the CEPEC to the Premier; and
- the Premier’s ultimate discretion regarding whether the CEO will be paid an At Risk Component payment and, if so, how much.

As at the date of management certification of these financial statements, the eligibility to a performance payment for the Director-General in respect of the 2013-14 financial year had not yet been confirmed. With respect to the process to determine eligibility, recommendations are yet to be made by the Chief Executive Performance Evaluation Committee to the Premier. Therefore, any performance payment approved will be reported as an expense within 2014-15.

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

Position	Date Paid	Basis for payment
Director-General	13/11/2013	Consistent with the above mentioned timeframe and process, this payment relates to the achievement of performance criteria during 2012-13. In accordance with the terms of the performance agreement for this position, it was determined that a payment of $48,244 be awarded.

No performance payments were paid or payable to other key management personal in the 2012-13 financial year.

The aggregate performance payments expensed in respect of all key management personnel are as follows:

	2014	2013
	$'000	$'000
Key Management Personnel	48	-

	2014 $'000	2013 $'000
13. Supplies and services		
Consultants and contractors *	69,471	23,934
Property and building expenses	16,542	14,285
Project development costs	1,452	12,987
Transport	1,601	1,778
Travel and hospitality	1,481	1,067
Computer/information technology	5,315	4,853
Telecommunications	1,242	1,325
Shared service provider fee	3,350	3,589
Marketing and public relations	5,826	3,177
Agent's commissions	3,684	1,738
Other	4,408	4,818
Total supplies and services	**114,371**	**73,551**

* Includes expenditure for Commonwealth Games venues of $36.07 million (2012-13: $7.28 million)

	2014 $'000	2013 $'000
14. Grants and subsidies		
Grants:		
Queensland and local government	14,222	7,084
Industry	6,853	18,003
Universities	-	20
Contributions	1,762	1,879
Total grants and subsidies	**22,837**	**26,986**
15. Depreciation and amortisation		
Depreciation and amortisation were incurred in respect of:		
Buildings	2,077	2,554
Infrastructure	2,426	2,025
Major plant and equipment	3,985	3,955
Plant and equipment	1,885	1,691
Software purchased	10	27
Software internally generated	587	402
Total depreciation and amortisation	**10,969**	**10,654**
16. Impairment losses		
Land	7,661	-
Trade receivables	590	1,530
Total impairment losses	**8,251**	**1,530**
17. Revaluation decrement		
Buildings	-	32
Land	20,446	17,614
Land inventory written down	-	9,883
Total revaluation decrements	**20,446**	**27,529**

The asset revaluation surplus represents the net effect of upward and downward valuations of assets to fair value. The decrement, not being a reversal of a previous revaluation increment in respect of the same class of assets, has been recognised as an expense in the Statement of Comprehensive Income.

	2014 $'000	2013 $'000
18. Finance/borrowing costs		
Interest	11,297	7,274
Administration costs	324	522
Total finance/borrowing costs	**11,622**	**7,796**

The department does not capitalise finance/borrowing costs. Interest on loans are capitalised by controlled entities but expensed on consolidation.

	2014 $'000	2013 $'000
19. Other expenses		
External audit fees (1)	254	383
Insurance premiums - QGIF	249	141
Insurance premiums - general (2)	33	12
Transfer of non-current physical assets to local councils	286	7,448
Net losses from disposal of property, plant and equipment	3,955	3,081
Net losses from disposal of intangible assets	239	797
Sponsorships	337	86
Special payments:		
Ex-gratia payments (3)	382	-
Taxes - land, rates and stamp duty	14,107	16,935
Donations and gifts	21	2,209
Other	222	189
Total other expenses	**20,085**	**31,281**

(1) Total audit fees paid to the Queensland Audit Office relating to the 2013-14 financial year statements are estimated at $317,000 (2012-13: $275,000). There are no non- audit services included in this amount.

(2) The Under Treasurer's approval has been obtained for entering into insurance contracts.

(3) The department made ex-gratia payments to affected landholders after the Queensland Government and Surat Basin Rail Joint Venture reached a mutual agreement to end an exclusive mandate to develop a rail line from the proposed Wandoan thermal coal mine to Banana.
The payments were made in recognition of the inconvenience and disruption to the landholders for dealing with uncertainty for up to seven years.

	2014 $'000	2013 $'000
20. Cash and cash equivalents		
Cash at bank	203,294	60,217
Imprest accounts	8	9
Total cash and cash equivalents	**203,302**	**60,226**

Departmental bank accounts, excluding EDQ which operates on a commercial basis, refer to note 2(b), are grouped within the whole-of-Government set-off arrangement with the Queensland Treasury Corporation and do not earn interest on surplus funds. Interest earned on the aggregate set-off arrangement balance accrues to the Consolidated Fund.

The Under Treasurer has approved an overdraft limit of $50 million for the department's controlled and 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.

	2014 $'000	2013 $'000
21. Receivables		
Current		
Trade debtors	8,225	66,061
Less: allowance for impairment loss	(861)	(3,034)
	7,364	63,027
Loans and advances receivable	926	903
GST input tax credits receivable	1,320	2,734
GST payable	(2,542)	(4,451)
	(1,223)	(1,717)
Appropriation revenue for services receivable	-	574
Equity injection receivable	-	797
Annual leave reimbursements	1,750	710
Long service leave reimbursements	288	188
Finance lease debtors	4,941	5,954
Operating lease debtors	618	1,312
Interest receivable	206	663
Other	11	58
Total current receivables	**14,883**	**72,469**
Non-current		
Trade debtors	-	3,818
Loans and advances receivable	3,658	5,062
Finance lease debtors	16,389	19,479
Total non-current receivables	**20,047**	**28,359**

Refer to note 43(c) Financial Instruments (Credit risk exposure) for an analysis of movements in the allowance for impairment loss.

	2014 $'000	2013 $'000
22. Inventories		
Land held for sale	425,443	454,417
Total inventories	**425,443**	**454,417**
23. Other assets		
Current		
Prepayments	805	783
Security deposits	-	1,158
Other	8	-
Total other current assets	**814**	**1,941**
Non-current		
Prepayments	11,433	12,035
Total other non-current assets	**11,433**	**12,035**
24. Non-current assets classified as held for sale		
Land	57,982	18,899
Buildings	1,975	1,255
Total non-current assets classified as held for sale	**59,957**	**20,154**

	Land $'000	Buildings $'000	Total $'000
Mary Valley properties	6,549	1,975	8,524
Townsville Eastern Access Corridor	10,467	-	10,467
Brisbane CBD	26,000	-	26,000
South East Queensland Water Grid project	14,966	-	14,966
	57,982	**1,975**	**59,957**

Note 2(l) explains the accounting treatment and measurement of non-current assets held for sale. For fair value information, refer to note 27 and 2(r).

	2014 $'000	2013 $'000
25. Intangible assets		
Software purchased		
At cost	150	150
Less: accumulated amortisation	(140)	(130)
Total software purchased	**10**	**20**
Software internally generated		
At cost	7,260	6,262
Less: accumulated amortisation	(2,693)	(2,465)
Less: accumulated impairment losses	(3,053)	(3,053)
Total software internally generated	**1,514**	**744**
Software work in progress		
At cost	**433**	**1,745**
Easements		
At cost	**4,466**	**4,304**
Total intangible assets	**6,422**	**6,814**

25. Intangible assets (continued)

Intangible assets reconciliation

	Notes	Software purchased		Software internally		Work in progress		Easements		Total	
		2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Carrying amount at 1 July		20	47	745	1,205	1,745	741	4,304	9,208	6,814	11,201
Prior year machinery-of-Government adjustments		-	-	-	(58)	-	-	-	-	-	(58)
Acquisitions		-	-	-	-	283	1,004	452	750	735	1,754
Disposals		-	-	(239)	-	-	-	(291)	(5,836)	(530)	(5,836)
Transfers from property, plant and equipment		-	-	-	-	-	-	-	182	-	182
Transfers between asset classes		-	-	1,595	-	(1,595)	-	-	-	-	-
Amortisation [(1)]	15	(10)	(27)	(587)	(402)	-	-	-	-	(597)	(429)
Carrying amount at 30 June		**10**	**20**	**1,514**	**745**	**433**	**1,745**	**4,466**	**4,304**	**6,422**	**6,814**

[(1)] Amortisation of intangible assets is included in the line item 'Depreciation and amortisation' in the Statement of Comprehensive Income. All intangible assets of the department, excluding easements and goodwill, have finite useful lives and are amortised on a straight-line basis (refer note 2(s)).

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

	2014 $'000	2013 $'000
26. Property, plant and equipment		
Non-current		
Land		
At fair value	395,233	478,036
At cost	-	8,861
Less: accumulated impairment losses	(7,661)	-
Total land	**387,572**	**486,897**
Buildings		
At fair value	45,382	60,070
Less: accumulated depreciation	(20,817)	(17,887)
Less: accumulated impairment losses	(497)	(497)
Total buildings	**24,068**	**41,686**
Heritage and cultural assets		
At fair value	3,698	3,698
Less: accumulated impairment losses	(2,908)	(2,908)
Total heritage and cultural assets	**790**	**790**
Infrastructure		
At fair value	111,160	113,599
Less: accumulated depreciation	(20,380)	(18,485)
Total infrastructure	**90,780**	**95,114**
Major plant and equipment		
At fair value	148,082	149,820
Less: accumulated depreciation	(41,556)	(38,191)
Total major plant and equipment	**106,526**	**111,629**
Plant and equipment		
At cost	14,706	15,748
Less: accumulated depreciation	(7,020)	(6,369)
Less: accumulated impairment losses	(800)	(800)
Total plant and equipment	**6,886**	**8,579**
Capital work in progress		
At cost	1,189	824
Total capital work in progress	**1,189**	**824**
Total property, plant and equipment	**617,811**	**745,519**
Property, plant and equipment		
At cost	15,895	16,571
At fair value	703,555	814,084
Less: accumulated depreciation	(89,773)	(80,932)
Less: accumulated impairment losses	(11,866)	(4,205)
Total non-current property, plant and equipment	**617,811**	**745,518**
Fully impaired/depreciated assets still in use		
Buildings [1]	500	100
Infrastructure [1]	-	500
Plant and equipment [1]	603	624
Easements- intangibles [1]	-	115
Total fully depreciated assets	**1,103**	**1,339**

[1] The department has buildings, infrastructure and plant and equipment assets with an original cost of $1.103 million that have a written down value of zero that are still being used in the provision of services.

26. Property, plant and equipment (continued)

Property, plant and equipment reconciliation

	Notes	Land		Buildings		Heritage and cultural assets		Infrastructure		Major plant and equipment		Plant and equipment		Capital work in progress		Total	
		2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**	**2014 $'000**	**2013 $'000**	**2014 $'000**	**2013 $'000**	**2014 $'000**	**2013 $'000**	**2014 $'000**	**2013 $'000**	**2014 $'000**	**2013 $'000**	**2014 $'000**	**2013 $'000**
Carrying amount at 1 July		486,897	526,391	41,686	47,410	790	1,003	95,114	93,398	111,629	111,321	8,580	8,621	824	8,153	745,518	796,297
Prior year machinery-of-Government adjustments		-	-	-	-	-	-	-	-	-	-	-	1,009	-	(25)	-	984
Acquisitions through machinery-of-Government change		-	7,691	-	164	-	-	-	-	-	-	-	412	-	-	-	8,267
Acquisitions		6,336	8,426	238	446	-	-	-	126	-	-	27	369	7,904	676	14,506	10,041
Disposals		(14,037)	(21,464)	(7,720)	(3,259)	-	-	-	-	-	-	(21)	(952)	-	-	(21,778)	(25,675)
Assets reclassified as held for sale	24	(88,439)	(2,405)	(16,516)	(1,255)	-	-	-	-	-	-	-	-	-	-	(104,955)	(3,660)
Transfers to/from other Queensland Government entities		25,704	-	(99)	-	-	-	-	-	-	-	(7)	-	-	-	25,598	-
Transfer		(781)	(14,142)	7,444	7,460	-	(298)	(113)	(12)	-	-	193	812	(7,539)	(7,979)	(795)	(14,160)
Donations		-	-	-	(7,448)	-	-	-	-	-	-	-	-	-	-	-	(7,448)
Revaluations prior to machinery-of-Government change		-	15	-	-	-	-	-	-	-	-	-	-	-	-	-	15
Gain on reversal of revaluation decrement	10	-	-	1,111	754	-	-	-	-	-	-	-	-	-	-	1,111	754
Revaluation increments/decrement	35	-	-	-	-	-	85	(1,795)	3,628	(1,120)	4,262	-	-	-	-	(2,914)	7,975
Revaluation decrements	17	(20,446)	(17,614)	-	(32)	-	-	-	-	-	-	-	-	-	-	(20,446)	(17,646)
Impairment recognised in operating surplus/(deficit)	16	(7,661)	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,661)	-
Depreciation	15	-	-	(2,077)	(2,554)	-	-	(2,426)	(2,024)	(3,985)	(3,955)	(1,885)	(1,691)	-	-	(10,372)	(10,225)
Carrying amount at 30 June		**387,572**	**486,897**	**24,068**	**41,686**	**790**	**790**	**90,780**	**95,114**	**106,525**	**111,629**	**6,888**	**8,580**	**1,189**	**824**	**617,810**	**745,518**

27. Fair value

The department has financial assets and liabilities which are not measured at fair value. These include Trade receivable and Payables, Interest bearing liabilities and Loans receivable.

The department also has land and building assets measured at fair value on a non-recurring basis as a result of being classified as assets Held for sale. A description of the valuation techniques and the inputs used to determine the fair value of this land is included below.

The information below categorises fair value measurements as either level 2 or level 3 in accordance with AASB 13 *Fair Value Measurement.* The department does not have any assets or liabilities measured at fair value which meet the criteria for categorisation as level 1.

The fair values of assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. If all significant inputs required to fair value an asset are observable, the asset is included in level 2. If one or more of the significant inputs is based on unobservable market data, the asset is included in level 3. This is the case for the department's infrastructure assets, which are of a specialist nature for which there is no active market for similar or identical assets. In addition the department's Mary Valley encumbered land and buildings and Coordinator-General resumed land, recorded in the Non-current assets classified as held for sale class are also included in level 3. These assets are valued using a combination of observable and unobservable inputs.

As stated in note 2(q) and in accordance with Queensland Treasury and Trade's *Non-Current Asset Policy for the Queensland Public Sector* a specific appraisal is performed on all assets at least once every five years.

Trade receivables and payables

The carrying amounts of Trade receivables and Trade payables are assumed to approximate their fair values due to their short-term nature.

Interest bearing liabilities

The department holds debt payable to the Queensland Treasury Corporation as described in note 31. The interest on these facilities is at the prevailing market rate. As such the carrying value is assumed to approximate market value.

Loans receivable

The department has loans receivable from the Commonwealth Scientific and Industrial Research Organisation (CSIRO) disclosed in note 21. Notional interest is absorbed by the State based on the Queensland Treasury Corporation's floating Debt Pool Rate. The carrying value is assumed to approximate market value.

Non-current assets classified as held for sale

Held for sale assets consist of assets that management has determined are available for immediate sale in their present condition and their sale is probable. These assets are measured at the lower of the assets' carrying amounts and their fair values less costs to sell. Such assets are no longer amortised or depreciated upon being classified as held for sale.

Upon determination of the asset transfer to the Held for sale class a market valuation is undertaken. Determination of fair value is based on comparing selling prices to similar type assets (i.e. comparable properties in the same area, location and size) in an active market. The Held for sale class consists of Mary Valley properties, properties resumed by the Coordinator-General and other properties owned by the department that are held for sale.

The Coordinator-General facilitates infrastructure projects that underpin Queensland's economic development. Land is resumed by the Coordinator-General under the *State Development and Public Works Organisation Act 1971*- the *Acquisition of Land Act 1967* sets out the acquisition process. Compulsory acquired land recorded in Non-current assets held for sale class, consists of land acquired for water and interconnector pipelines, recycled water and access corridors.

The Coordinator-General determines the compensation amount paid to land owners, based on a market valuation, as described above plus other compensation amounts where appropriate. The land is recorded in the Held for sale class until all land required for the relevant critical infrastructure asset is resumed, after which the land is transferred at compensation cost to relevant entities. These entities progress the critical infrastructure projects as agreed with the Coordinator-General.

These valuations are categorised as level 3, in accordance with the fair value hierarchy as stated in note 2(r) due to the significant impact of other compensation agreements in addition to the market valuations. These valuations are considered non-recurrent.

Mary Valley properties

The Mary Valley Economic Development Strategy was introduced in July 2012 following large scale land acquisition related to the proposed Traveston Crossing Dam project. The strategy objective is to maximise economic development opportunities across the whole of the Mary Valley, revitalising the Valley by providing a sound investment platform and restoring community stability. The divestment program is aligned to support economic development by ensuring economic units and other properties are presented to market as soon as possible.

As part of the strategy, the following targeted economic development and divestment packages are currently being actioned:
- At 30 June 2014 there were 33 vacant properties in the held for sale class.
- A tenant Purchase Scheme provides an opportunity for sitting tenants to purchase the property in which they reside.
- Investigations into economic development opportunities continue for agriculture, horticulture, tourism and other commercial enterprises.

Management undertook an assessment of the Mary Valley properties and determined that a combination of both based indexation methods and an income based approach be used to obtain the fair value of these properties.

Consistent with the 2012-13 valuation approach, fair values of Mary Valley properties in 2013-14 were determined by Taylor Byrne, certified valuers using historical sales information on comparable property sales in the Gympie Regional Council area. Property sales were considered which transacted in the open market including residential, rural residential, small rural and large rural land categories, to allow an index to be derived and applied to the properties based on sales by category.

In relation to the portion of properties that were encumbered by long-term leases, the fair value also included an income based approach by discounting the income stream and deferment of the capital value until the expiry of the lease. Management has applied a discount rate ranging between 5% and 10% driven by specific risk characteristics of each property. The higher the risk associated with the property, the higher the discount rate applied. Properties are generally leased below the market rate; therefore, there is little risk of not obtaining income. The deferment of capital value was assessed by means of calculating the present value of the land area encumbered, over the remaining lease term. Unencumbered land is added to the present value of income and deferred capital value calculated above to determine the total property value, before apportioning to land and buildings. There were no changes to the valuation technique from the prior year.

The last specific appraisals were performed in the 2010-11 financial year. Properties valued under the market approach have been classified as level 2 in accordance with the fair value hierarchy as stated in note 2(r). Encumbered properties valued under the income approach have been classified as level 3, in accordance with the fair value hierarchy as stated in note 2(r) as these utilise unobservable inputs such as contractual cash flows and risk adjusted discount rates that significantly impact on the valuation.

27. Fair value (continued)

Infrastructure and major plant and equipment

Infrastructure and major plant and equipment assets located at the Gladstone Port and Jetty were appraised as at 30 June 2014 by AssetVal Pty Ltd, a certified valuer. Due to the specialised nature of the assets and lack of observable market data the basis of valuation is depreciated replacement cost.

Depreciated replacement cost reflects the current cost that would be required to replace the service capacity of the asset as it currently exists. This is reflective of the cost that would be incurred by a market participant to acquire or construct a substitute asset adjusted for comparable utility and obsolescence.

The current replacement cost of the assets was determined using several valuation techniques, namely direct correspondence with suppliers to get a direct quoted price for an asset, and using relevant publicly available inflationary indices applied to historical cost. The replacement cost includes all direct and indirect costs associated with building a piece of infrastructure or major plant and equipment including material, plant hire, labour, transport design, commissioning, management, administration, preliminary studies and contingency. Due to the significant individual value of the ship loader and unloader, and the ability of suppliers to be able to quote a replacement cost, this was the most accurate method available to determine the cost of the items. The replacement cost used in the fair value calculations is directly quoted by the suppliers. As most of the other assets are of a unique nature in design, in combination with the relatively young age, the most appropriate method available to determine the replacement cost is the indexation of historical information. This may be the original construction cost, or it may be other available relevant information such as the cost of the extension to the wharf or construction costs of other similar or relevant projects.

Relevant indices include:

- Producer Price Indices, Output of the Construction Industries;
- Producer Price Indices, Output of the Manufacturing Industries;
- Producer Price Indices, Input to the Coal Mining Industries;
- Producer Price Indices, Output of the Professional, Scientific and Technical Services Industries; and
- Average Diesel Terminal Gate Prices

Due to the use of significant unobservable inputs, in particular the replacement cost, useful life, remaining life and in some cases, residual value. These valuations are categorised as level 3 in accordance with the fair value hierarchy as stated in note 2(r). There were no changes to the valuation techniques from the prior year.

Land (except Mary Valley)

The department holds land property throughout various Queensland regions. These properties are held for various purposes and include:

- Future economic development opportunities
- Held to meet a specific community or economic need
- Purchased for re-zoning purposes

For those properties subject to revaluation by indexation, the most recent specific appraisal were performed in the 2011-12 financial year by the State Valuation Service, a certified valuers, with assets located in certain regions appraised in the current period. 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. For some land assets, consideration was given to current zoning regulations that resulted in adverse adjustments to the land values. An indexation method was applied to properties where a specific appraisal was not performed. The index was derived from historical market information on comparable property sales.

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 as stated in note 2(r).

During the period, management identified contamination and flooding on certain properties. As a result certain clean-up costs and adjustments have been included in the valuation of these properties resulting in impairment to the value of approximately of $7.7 million. Due to significant unobservable inputs used to calculate impairment, these valuations were categorised as level 3 in accordance with the fair value hierarchy as stated in note 2(r).

Buildings

The department holds various residential and non-residential properties, including cultural and heritage building assets.

Specific appraisals of buildings were performed for certain regions in the current year. The remainder of the buildings in the portfolio were revalued using discounted cash flow on income with the oldest specific appraisals of these properties being performed in 2009-10.

Fair value for buildings 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. The department is also lessor to rental agreements on various properties. Due to current zoning regulations the valuation of some buildings are not considered to reflect the highest and best use of the land and building property as a whole. As such these properties have been valued using the income approach by discounting the cash flow from contractual lease payments. The cash flows are discounted at a rate consistent with the Queensland Treasury Corporation's zero coupon rate. There were no changes to the valuation techniques from the prior year.

Buildings valued with the use of market observable prices from similar assets (i.e. comparable properties in the same area, location and size) are categorised as level 2 in accordance with the fair value hierarchy as stated in note 2(r). Those properties valued using the income approach are included in level 3 in accordance with the fair value hierarchy as stated in note 2(r), as these include contract specific inputs that are not observable in the market place.

Heritage buildings were impaired in the 2011-12 financial year, due to structural issues. Our current period assessment has determined no changes in the impaired values of these properties.

Investment property

The department holds certain land and building property assets for the purpose of earning rentals and/or capital appreciation. The value of these assets is initially recognised at cost including transaction costs for arm's length transactions or at fair value where the assets were acquired for nominal consideration.

Determination of fair value is based on comparing selling prices to similar type assets (i.e. comparable properties in the same area, location and size) in an active market. If there is no active market, alternative valuation methods are used, such as sale prices in less active markets or income approach is used. There were no changes to the valuation technique from the prior year.

Specific appraisals were performed for both the land and buildings at 30 June 2012 and land again as at 30 June2014. The appraisals were performed by the State Valuation Service, certified valuers, no movement in fair value was identified for land in the 2013-14 year.

The values assigned to the land and buildings at Northshore Hamilton were based on their listed Brisbane City Council zoning (primarily port or industrial use) and do not reflect the potential higher use under the existing development scheme for this precinct.

These properties are valued with the use of market observable prices from similar assets and are categorised as level 2 in accordance with the fair value hierarchy as stated in note 2(r) .

27. Fair value (continued)

The table below presents the department's assets and liabilities measured and recognised at fair value at 30 June 2014. Comparative information has not been provided as allowed by the transitional provisions of AASB 13 *Fair Value Measurement.*

	Level 1	Level 2	Level 3
Recurring Fair Value Measurements	**$'000**	**$'000**	**$'000**
Mary Valley land unencumbered	-	76,465	-
Mary Valley land encumbered	-	-	18,056
Mary Valley buildings unencumbered	-	16,365	-
Mary Valley buildings encumbered	-	-	3,095
Land	-	291,851	1,200
Buildings market approach	-	1,908	-
Buildings income approach	-	-	2,700
Infrastructure	-	-	90,780
Major plant & equipment	-	-	106,526
Investment property land	-	108,620	-
Investment property buildings	-	4,151	-
Total recurring	-	**499,360**	**222,357**
Non-recurring Fair Value Measurements			
Coordinator-General land Held for sale	-	-	25,434
Other assets Held for sale	-	34,524	-
Total non-recurring	-	**34,524**	**25,434**
Total	-	**533,883**	**247,791**

Transfers between levels

There were no transfers between level 1 and 2 or level 2 and 3 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.

Transfers occurred between land and building class for Mary Valley encumbered properties from level 3 to Non-current assets classified as held for sale class, level 2, during the 2013-14 financial year. The following table presents changes in level 3 for the period ended 2014.

Fair value measurement using significant unobservable inputs (Level 3)

	Land	Buildings	Infrastructure	Major plant & equipment
	$'000	**$'000**	**$'000**	**$'000**
Opening balance 30 June 2013	**27,257**	**6,364**	**95,114**	**111,630**
Acquisitions	2,011	110	-	-
Depreciation		(540)	(2,426)	(3,985)
Impairment of assets	(7,661)	-	-	-
Reclassification to Held for sale	(3,112)	(598)	-	-
Transfers between asset classes	-	-	(113)	-
Revaluation increments/(decrements) recognised in operating result	761	459	(1,795)	(1,120)
Closing balance 30 June 2014	**19,256**	**5,795**	**90,780**	**106,526**

There were no gains/ (losses) in operating results including unrealised gains/(losses) for assets still held at the end of the reporting period.

Level 3 valuation inputs and relationship to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Description	Significant Unobservable Input	Range or inputs	Relationship of unobservable input to fair value
Infrastructure and major plant and equipment	Replacement Cost	10% increase or decrease	$19.7 million movement in fair value
	Useful life	10% increase or decrease	$3.8 million movement in fair value
	Remaining useful life	Increase or decrease by 1 year	$6.2 million movement in fair value
	Residual value factor	0% - 20%	An increase in the residual value factor results in an increase in fair value
Land	Contamination clean-up	Any increase in clean-up costs will have a decrease in the fair value recorded on the underlying assets	
Land - Mary Valley encumbered properties	Contractual cash flows	Unique to each property	An increase in cash flows results in an increase in fair value
	Discount rate	5% - 10%	An increase in the discount rate results in a decrease in fair value
Buildings valued under the income approach	Lease cash flows	Contractually determined on an individual property basis	An increase in contractual cash flows results in an increase in fair value and vice versa
	Discount rate	3% to 6%	A higher discount rate results in a decrease in fair value

Valuation processes

The department's valuation policies and procedures are overseen by the Audit and Risk and Management Committee and set out by the Chief Finance Officer. They are reviewed annually taking into consideration an analysis of movement in fair value and other relevant information. The department's current policy for the valuation of Property, plant and equipment is set out in note 2(q).

	2014 $'000	2013 $'000
28. Investment property		
Land	108,620	108,620
Buildings	4,151	4,151
Total	**112,771**	**112,771**

No contingent rentals were recognised during the current reporting period.

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

	2014 $'000	2013 $'000
Not later than one year	1,464	1,282
Later than one year and not later than five years	1,928	2,628
Greater than five years	-	185
Total	**3,392**	**4,095**

Investment property reconciliation

	Land		Buildings	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Carrying amount at 1 July	108,620	-	4,151	
Transfer due to machinery-of-Government change	-	108,240	-	4,151
Transfer from inventory	-	380	-	-
Carrying amount at 30 June	**108,620**	**108,620**	**4,151**	**4,151**

Rental income from investment property of $2.27million (2012-13: $630,000) is recognised in the Statement of Comprehensive Income.

Direct operating expenses primarily for repairs and maintenance on property that did not generate rental income for the period were $280,000 (2012-13:$270,000).

Direct operating expenses primarily for repairs and maintenance on property that did generate rental income for the period were $820,000 (2012-13:$90,000).

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

The department does not have any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

For fair value information, refer to note 27 and note 2(r).

	2014 $'000	2013 $'000
29. Income tax equivalent		
(a) Income tax expense		
Current tax	(13,909)	(7,925)
Deferred tax	3,198	6,345
Balance as at 30 June	**(10,711)**	**(1,580)**
(b) Numeric reconciliation of income tax equivalent expense to prima facie tax payable		
Profit before income tax expense	38,494	5,463
Tax expense at the Australian tax rate of 30% (2012-13: 30%)	11,548	1,639
Tax effect of amounts which are not deducible (assessable) in calculating taxable income:		
Prior year interest	-	304
Entertainment	-	1
Other	(838)	(364)
Income tax equivalent expense	**10,711**	**1,580**
(c) Deferred tax equivalent asset		
Non-current assets - deferred tax equivalent asset		
The balance comprises temporary differences attributed to:		
Annual leave payable	-	71
Allowance for impairment loss	203	429
Accrued expenses	-	11
Accrued audit fees	-	9
Long services leave payable	-	15
Written down value of other capitalised expenses	169	1,090
Building accumulated depreciation	376	497
Building accumulated impairment/devaluation	-	(174)
Capital asset impairment	3,994	3,994
Deferred fee income	3,452	3,057
Balance as at 30 June	**8,193**	**8,999**
(d) Income tax payable		
Current liabilities - income tax payable		
Balance at the beginning of the year	10,305	18,844
Transfer through restructure	-	2,379
Income tax equivalent paid	(2,379)	(19,530)
Expensed to comprehensive income	13,909	7,925
Prior period adjustment	-	686
Balance as at 30 June	**21,834**	**10,305**

	2014 $'000	2013 $'000
29. Income tax equivalent (continued)		
(e) Deferred tax equivalent liability		
Non-current liabilities - Deferred tax equivalent liabilities		
The balance comprises temporary differences attributable to:		
Accrued revenue	11	12
Land revaluations	45,765	51,853
Inventories	8,858	9,135
Investment property, plant and equipment	23,673	21,312
Net deferred tax equivalent liabilities	**78,307**	**82,312**

30. Payables

	2014 $'000	2013 $'000
Current		
Trade creditors	26,108	47,057
Taxes, fees and fines payable	402	325
Accrued expenses	1,902	3,979
Appropriation revenue payable	716	-
Equity withdrawal payable	30,000	-
Other	17	8
Total current payables	**59,145**	**51,369**

31. Interest-bearing liabilities

	2014 $'000	2013 $'000
Current		
Queensland Treasury Corporation borrowings	29,401	12,171
Total interest-bearing liabilities	**29,401**	**12,171**
Non-current		
Queensland Treasury Corporation borrowings	116,110	151,823
Total interest-bearing liabilities	**116,110**	**151,823**

No assets have been pledged as security for any liabilities.

All borrowings are in Australian dollars. No interest has been capitalised during the current or comparative reporting period. Repayment dates vary from June 2014 to October 2027. For one loan, principal and interest repayments were made quarterly in arrears at the rate of 5.84% for all other loans, repayments are based on the timing of receipts from land sales, rates ranging from 2.92% to 5.11%.

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.
There have been no defaults or breaches of the loan agreement during the reporting period.

32. Accrued employee benefits

	2014 $'000	2013 $'000
Current		
Salaries and wages outstanding	348	-
Annual leave levy payable	2,201	1,698
Long service leave levy payable	422	330
Total current accrued employee benefits	**2,971**	**2,028**

The rise in accrued employee benefits was due to the overall increase in employee full time equivalent numbers.
In addition, there was an accrual of one day for wages and salaries in 2013-14, where there was no accrual required for the 2012-13 financial year.

33. Other liabilities

	2014 $'000	2013 $'000
Current		
Unearned revenue	14,284	13,093
Deposits held	26,788	15,010
Loan	3,200	3,200
Security deposits	35	32
Tendering deposits	500	-
Other	189	-
Total current other liabilities	**44,996**	**31,335**

34. Provisions

	2014 $'000	2013 $'000
Current		
Land acquisition claims	18,272	21,455
Taxes – land, rates and stamp duty	36,084	21,365
Total current provisions	**54,356**	**42,820**
Non-current		
Land acquisition claims	3,226	5,590
Total non-current provisions	**3,226**	**5,590**

Movements in provisions

	2014 $'000	2013 $'000
Land acquisition claims		
Current		
Balance at 1 July	21,455	33,860
Additional provision recognised	1,677	5,329
Restatement of provision	2,148	(8,893)
Reduction in provision as a result of payments	(8,483)	(4,617)
Reclassification from non-current provision	1,475	(4,224)
Balance as at 30 June	**18,272**	**21,455**

	2014 $'000	2013 $'000
34. Provisions (continued)		
Non-current		
Balance at 1 July	5,590	-
Additional provision recognised	201	1,402
Restatement of provision	1,119	(36)
Reduction in provision as a result of payments	(2,210)	-
Reclassification from non-current provision	(1,475)	4,224
Balance as at 30 June	**3,226**	**5,590**
Taxes – land, rates and stamp duty		
Current		
Balance at 1 July	21,365	16,180
Transfer through machinery-of-Government	-	3,375
Additional provision recognised	20,243	17,990
Reduction in provision as a result of payments	(5,524)	(16,180)
Balance as at 30 June	**36,084**	**21,365**

Provision for land acquisition claims

The department acquires land through compulsory acquisition in accordance with the *Acquisition of Land Act 1967* using the Coordinator-General's powers as contained in the *State Development and Public Works Organisation Act 1971*. Compensation is payable for land acquired in accordance with this legislation when agreement is reached between the land owner and the Coordinator-General through the execution of a Section 15 Compensation Agreement. Prior to the execution of the section 15 Compensation Agreement the department recognises a provision to account for compensation it expects to pay for all land resumptions.

Provision for taxes

Economic Development Queensland is required under the Queensland Treasury and Trade's *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 Economic Development Queensland 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.

35. Asset revaluation surplus

	Infrastructure $'000	Major plant and equipment $'000	Heritage and cultural assets $'000	Total $'000
Balance as at 1 July 2012	15,324	6,490	-	21,814
Revaluation increments	3,628	4,262	85	7,975
Revaluation decrements	-	-	-	-
Balance as at 30 June 2013	**18,952**	**10,752**	**85**	**29,789**
Balance as at 1 July 2013	18,952	10,752	85	29,789
Revaluation increments	-	-	-	-
Revaluation decrements	(1,795)	(1,120)	-	(2,914)
Balance as at 30 June 2014	**17,157**	**9,633**	**85**	**26,874**

36. Restructuring of administrative arrangements

There was no restructuring of administrative arrangements in 2013-14.

	Transferred in		Transferred Out					Net Total
	Urban Land Development Authority [1]	**Local Government, Community Recovery and Resilience [2]**	**Agriculture, Fisheries and Forestry [2]**	**Natural Resources and Mines [2]**	**Tourism, Major Events, Small Business and the Commonwealth Games [2]**	**Education, Training and Employment [2]**	**Queensland Treasury and Trade [2]**	
	2013	**2013**	**2013**	**2013**	**2013**	**2013**	**2013**	
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Current assets								
Cash and cash equivalents	1,726	-	-	-	-	-	62	1,664
Receivables	20,601	-	-	-	-	-	-	20,601
Inventories	65,304	-	-	-	-	-	-	65,304
Other assets	197	-	-	-	-	-	-	197
Total current assets	**87,828**	**-**	**-**	**-**	**-**	**-**	**62**	**87,766**
Non-current assets								
Inventories	111,906	-	-	-	-	-	-	111,906
Property, plant and equipment	8,267	(41)	1,032	(7)	2	1	-	7,198
Intangible assets	-	17	-	-	-	-	-	17
Investment property	112,391	-	-	-	-	-	-	112,391
Deferred tax	8,508	-	-	-	-	-	-	8,508
Total non-current assets	**241,072**	**(24)**	**1,032**	**(7)**	**2**	**1**	**-**	**240,020**
Total assets	**328,900**	**(24)**	**1,032**	**(7)**	**2**	**1**	**62**	**327,786**
Current liabilities								
Payables	46,622	-	-	-	-	-	-	46,622
Accrued employee benefits	882	-	-	-	-	-	-	882
Interest-bearing liabilities	9,520	-	-	-	-	-	-	9,520
Provisions	5,755	-	-	-	-	-	-	5,755
Total current liabilities	**62,779**	**-**	**-**	**-**	**-**	**-**	**-**	**62,779**
Non-current liabilities								
Payables	5,785	-	-	-	-	-	-	5,785
Interest-bearing liabilities	67,375	-	-	-	-	-	-	67,375
Deferred tax	30,068	-	-	-	-	-	-	30,068
Total non-current liabilities	**103,228**	**-**	**-**	**-**	**-**	**-**	**-**	**103,228**
Total liabilities	**166,007**	**-**	**-**	**-**	**-**	**-**	**-**	**166,007**
Net assets	**162,893**	**(24)**	**1,032**	**(7)**	**2**	**1**	**62**	**161,779**

[1] As a result of the creation of the *Economic Development Act 2012* the former Urban Land Development Authority was abolished and became part of the department as a commercialised business unit, effective from 1 February 2013. Economic Development Queensland combines the former commercialised Property Services Group and former statutory authority the Urban Land Development Authority. The net assets

[2] During 2012-13 an analysis of the prior period machinery-of-Government was undertaken and some adjustments were identified and are detailed above.

37. Jointly controlled operations

The department holds a 50% interest in a jointly controlled operation, Woodlands Andergrove, with Mackay Regional Council to develop residential land within the Andergrove Priority Development Area. These transactions form part of the revenues and expenses listed in the Statement of Comprehensive Income as required by AASB 131 *Interests in Joint Ventures* .

The department's interest in the operation is included in the Statement of Financial Position under the following classifications:

	2014 $'000	2013 $'000
Cash	211	2,381
Receivables	301	262
Inventories	3,694	2,840
Payables	(568)	(2,391)
Net assets	**3,638**	**3,092**

38. Reconciliation of operating result to net cash from operating activities

Operating surplus/(deficit)	20,301	(11,254)
Non-cash items:		
Depreciation and amortisation expense	10,969	10,654
Net losses on disposal of property, plant and equipment and intangible assets	1,421	519
Impairment losses	8,251	1,530
Impairment loss reversals- receivables	(1,477)	
Revaluation decrements	20,446	27,529
Reversal of revaluation decrement	(1,111)	(754)
Income tax equivalent expense/(benefit)	23,050	11,180
Non-current assets transferred out	286	7,448
Other non-cash items	7	802
Change in assets and liabilities:		
(Increase)/decrease in appropriation revenue for services receivable	574	900
(Increase)/decrease in trade receivables	64,859	(3,219)
(Increase)/decrease in inventories	10,232	-
(Increase)/decrease in other assets	1,824	6,676
Increase/(decrease) in payables	(19,511)	(14,783)
Increase/(decrease) in accrued employee benefits	947	(71)
Increase/(decrease) in other liabilities	14,702	(27,392)
Increase/(decrease) in unearned revenue	1,907	(1,780)
Increase/(decrease) in provisions	(5,548)	(6,815)
(Increase)/decrease in GST input tax credits receivable	(526)	3,194
Increase/(decrease) in GST payable	32	(32)
Net cash from operating activities	**151,635**	**4,332**

39. Non-cash financing and investing activities

Assets and liabilities received or donated/transferred by the department and recognised as revenues and expenses, are set out in notes 7 and 19 respectively.

Assets and liabilities received or transferred by the department as a result of machinery-of-Government changes as described in notes 2(b), (n) and (af) are set out in note 36.

40. Commitments for expenditure

(a) Non-cancellable operating lease

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

. Not later than one year	10,495	9,975
. Later than one year and not later than five years	15,060	21,501
. Later than five years	5,147	3,772
Total non-cancellable operating lease commitments	**30,702**	**35,248**

The department has non-cancellable operating leases relating to office accommodation, storage facilities and car park space. Lease payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined. Where it is reasonably certain that the renewal options will be exercised, the lease commitment includes the extended option period.

(b) Capital expenditure commitments

Material classes of capital expenditure commitments inclusive of anticipated GST, contracted for at the reporting date but not recognised in the accounts are payable as follows:

	2014 $'000	2013 $'000
Capital works in progress	1,546	1,327
Land inventory	39,771	72,621
	41,317	**73,948**
. Not later than one year	37,748	61,218
. Later than one year and not later than five years	3,208	7,294
. Later than five years	361	5,436
Total capital expenditure commitments	**41,317**	**73,948**

40. Commitments for expenditure (continued)

(c) Grants and subsidies expenditure commitments

Grants and subsidies commitments inclusive of anticipated GST, committed to be provided at the reporting date, but not recognised in the accounts are payable as follows:

	2014 $'000	2013 $'000
Payable		
. Not later than one year	13,429	35,723
. Later than one year and not later than five years	8,682	14,748
. Later than five years	251	313
Total grants and subsidies expenditure commitments	**22,362**	**50,784**

(d) Other expenditure commitments

Other expenditure commitments inclusive of anticipated GST, committed to be provided at reporting date, but not recognised in the accounts are payable as follows:

Payable:		
. Not later than one year	23,759	13,768
. Later than one year and not later than five years	-	180
Total other expenditure commitments	**23,759**	**13,948**

41. Contingencies

(a) Guarantees and undertakings

The department holds bank guarantees in relation to Queensland Investment Incentive Scheme (QIIS) grants and other financial support provided to private sector proponents.

All QIIS funds are underwritten by performance undertakings and in the case of cash grants, secured by bank guarantees or equivalent securities from the grantee for the full term of the agreement.

The total value of bank guarantees held for 13 QIIS projects as at 30 June 2014 is $7.43 million (2012-13 was 16 projects and $25.965 million).

Other bank guarantees are held for financial support provided on projects across DSDIP and EDQ.

The total value of bank guarantees held for these projects as at 30 June 2014 is $28.155 million (2012-13 was $46.593 million).

EDQ has also granted an indemnity for up to $6 million in favour of City of Gold Coast relating to works being carried out or caused to be carried out as part of the Commonwealth Games Village.

(b) Litigation in progress

At 30 June 2014, the department has one claim before the Supreme Court. It is not possible to make a reliable estimate of the final amount payable, if any, in respect of the litigation before the courts at this time. However, if the department is unsuccessful, any awarding of costs will be subject to recovery from the proponent.

There is one claim for costs through the Queensland Government Insurance Fund (QGIF). Under QGIF, the department would be able to claim back the amount paid for successful claims, less a $10,000 deduction.

Other matters relate to land resumptions before the Land Court, however it is not possible to determine the probable outcome of claims against the department, or any financial effect.

(c) Native title claims over departmental land

At 30 June 2014, native title still exists over land owned by the Minister for Economic Development Queensland. Native Title claims have been lodged and registered in the Federal Court of Australia but these claims have not yet been determined by the Court. At reporting date it is not possible to make an estimate of any probable outcome of these claims, or any financial effect.

(d) Contract performance guarantees

At 30 June 2014, EDQ had provided financial guarantees totalling $1.066 million to Ergon Energy Corporation Ltd, Energex Ltd and Brisbane City Council to provide security for the performance of obligations under contracts for electrical works in Oonoonba, Andergrove, Clinton, Brisbane, Roma, Fitzgibbon, Bauman Way, Tannum Sands and Moranbah. Together with the above, EDQ has also provided a financial guarantee of $25,000 to Gladstone Regional Council as construction security for earthworks on Harvey Road.

42. Events occurring after balance date

There are no material events occurring after 30 June 2014 to report.

43. Financial instruments

(a) Categorisation of financial instruments

The department has the following categories of financial assets and financial liabilities:

Category	Notes	2014 $'000	2013 $'000
Financial assets			
Cash and cash equivalents	20	203,302	60,226
Receivables	21	34,930	100,828
Total financial assets		**238,232**	**161,054**
Financial liabilities			
Financial liabilities measured at amortised cost:			
Payables	30	59,145	51,369
Interest-bearing liabilities	31	145,511	163,993
Other liabilities - loans	33	3,200	3,200
Total financial liabilities		**207,857**	**218,562**

43. Financial instruments (continued)

(b) Financial risk management

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

Financial risk management is implemented pursuant to Queensland Government and departmental policy. 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 and Trade. The department measures risk exposure using a variety of methods as follows:

Risk exposure	Measurement method
Credit risk	Ageing analysis, earnings at risk
Liquidity risk	Sensitivity analysis
Market risk	Interest rate sensitivity analysis

(c) Credit risk exposure

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

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

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

Maximum exposure to credit risk

Category	Note	2014 $'000	2013 $'000
Financial assets			
Queensland Treasury Corporation - Cash funds	20	117,101	-
Total financial assets		**117,101**	**-**

Financial assets

The carrying amount of receivables represents the maximum exposure to credit risk. As such receivables are not included in the above disclosure.

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

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

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

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/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 directly as a bad debt and written-off directly against receivables.

Impairment loss expense for the current year regarding the department's receivables is $590,000 and an impairment loss reversal of $1.477 million.

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

2014 financial assets past due but not impaired

	Overdue				
	Less than 30 days $'000	30 - 60 days $'000	61-90 days $'000	More than 90 days $'000	Total overdue $'000
Receivables	1,038	309	6	925	2,278
Total	**1,038**	**309**	**6**	**925**	**2,278**

2013 financial assets past due but not impaired

	Overdue				
	Less than 30 days $'000	30 - 60 days $'000	61-90 days $'000	More than 90 days $'000	Total overdue $'000
Receivables	911	821	383	2,171	4,286
Total	**911**	**821**	**383**	**2,171**	**4,286**

2014 individually impaired financial assets

	Overdue				
	Less than 30 days $'000	30 - 60 days $'000	61-90 days $'000	More than 90 days $'000	Total overdue $'000
Receivables	-	-	-	873	873
Allowance for impairment	-	-	-	(861)	(861)
Carrying Amount	**-**	**-**	**-**	**12**	**12**

2013 individually impaired financial assets

	Overdue				
	Less than 30 days $'000	30 - 60 days $'000	61-90 days $'000	More than 90 days $'000	Total overdue $'000
Receivables	252	777	-	2,005	3,034
Allowance for impairment	(252)	(777)	-	(2,005)	(3,034)
Carrying Amount	**-**	**-**	**-**	**-**	**-**

43. Financial instruments (continued)

Movements in allowance for impairment	**2014 $'000**	**2013 $'000**
Balance at 1 July	(3,034)	(1,505)
Allowance transferred to receivables	1,287	-
(Increase)/decrease in allowance recognised in operating result	887	(1,530)
Balance at 30 June	**(860)**	**(3,034)**

(d) Liquidity risk

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

The department is exposed to liquidity risk in respect of its payables and borrowings from Queensland Treasury Corporation for capital works. The borrowings are based on the Queensland Government's gazetted fixed rates.

The department manages liquidity risk through the use of a liquidity management strategy. This strategy 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 to match the expected duration of the various employee and supplier 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 the reporting date.

2014	**Notes**	**2014 payable in**			
		< 1 year $'000	**1 - 5 years $'000**	**> 5 years $'000**	**Total $'000**
Payables	30	59,145	-	-	59,145
Interest-bearing liabilities	31	29,401	59,058	57,051	145,511
Other liabilities - loans	33	3,200	-	-	3,200
Total		**91,747**	**59,058**	**57,051**	**207,856**

2013		**2013 payable in**			
		< 1 year $'000	**1 - 5 years $'000**	**> 5 years $'000**	**Total $'000**
Payables	30	51,369	-	-	51,369
Interest-bearing liabilities	31	12,171	81,853	69,970	163,994
Other liabilities - loans	33	3,200	-	-	3,200
Total		**66,740**	**81,853**	**69,970**	**218,563**

(e) Market risk

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

(f) Interest rate sensitivity analysis

The following interest rate sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to operating result if interest rates would change by +/- 1% from the year-end rates applicable to the department's financial assets and liabilities. With all other variables held constant, the department would have a profit and equity increase/decrease of $1.465 million (2012-13: $71,000). This is mainly attributable to the department's exposure to variable interest rates on its borrowings from Queensland Treasury Corporation and cash funds that are held in interest bearing bank accounts.

Financial instruments		**2014 interest rate risk**			
		- 1 %		**+ 1 %**	
	Carrying amount $'000	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**
Assets					
Cash [(1)]	203,302	(2,033)	(2,033)	2,033	2,033
Loan and advances receivable [(2)]	250	(2)	(2)	2	2
Liabilities					
Queensland Treasury Corporation borrowings [(3)]	56,966	570	570	(570)	(570)
Potential impact		**(1,465)**	**(1,465)**	**1,465**	**1,465**

		2013 interest rate risk			
		- 1 %		**+ 1 %**	
	Carrying amount $'000	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**
Assets					
Cash [(1)]	60,228	(602)	(602)	602	602
Liabilities					
Queensland Treasury Corporation borrowings [(3)]	67,348	673	673	(673)	(673)
Potential impact		**71**	**71**	**(71)**	**(71)**

[(1)] Economic Development Queensland (EDQ) holds cash in interest bearing accounts.
[(2)] EDQ holds a catalyst loan subject to floating interest rate.
[(3)] Only the borrowings held by EDQ from Queensland Treasury Corporation are at variable rates.

43. Financial instruments (continued)

(g) Fair value

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

The fair value of borrowings is notified by Queensland Treasury Corporation. It is calculated using discounted cash flow analysis and the effective interest rate (refer note 31) and is disclosed below.

	2014 Carrying amount	2014 Fair Value	2013 Carrying amount	2013 Fair Value
	$'000	$'000	$'000	$'000
Financial liabilities at amortised cost				
Interest-bearing liabilities	145,511	147,906	163,993	169,790
Total	**145,511**	**147,906**	**163,993**	**169,790**

44. Leases - as lessor

The Department of Natural Resources and Mines acts as an agent on behalf of Economic Development Queensland in administering the finance and operating leases of Economic Development Queensland in accordance with the *Land Act 1994.* These leases are recognised in the financial statements in accordance with note 2(v).

(a) Finance leases

Free holding 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.

There are currently 32 freehold leases that are set over a 10 year term and one 30 year lease. At the reporting date, more than 55% of the leases are due to expire within the next five years.

The interest rate implicit in the free holding leases is 8.00% except for several older leases which are interest-free.

Future 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	
	2014	2013	2014	2013
	$ '000	$ '000	$ '000	$ '000
Not later than one year	4,839	5,871	4,941	5,954
Later than one year and not later than five years	15,536	18,875	12,811	14,510
Later than five years	7,066	8,930	3,578	4,969
Total minimum future lease receivables	27,441	33,676	21,330	25,433
Less unearned finance interest revenue	6,111	8,243	-	-
Present value of total minimum future lease receivables	**21,330**	**25,433**	**21,330**	**25,433**

	2014	2013
Included in note 20 of these financial statements as:		
Current finance lease debtors	4,941	5,954
Non-current finance lease debtors	16,389	19,479
Carrying amount at 30 June	**21,330**	**25,433**

(b) Operating leases

Minimum future lease payments receivable under the operating leases are as follows:

	Minimum future lease payments receivable	
	2014	2013
	$ '000	$ '000
Not later than one year	11,900	13,219
Later than one year and not later than five years	53,922	68,168
Later than five years	215,240	392,888
Total minimum future lease receivables	**281,062**	**474,275**

Commercial and industrial properties (Economic Development Queensland)

Fixed term leases and ongoing perpetual leases are issued for commercial and industrial use. 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 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.
In calculating minimum future lease receivables, it is assumed that perpetual leases will continue for a further 15 years.

Mary Valley properties

The department has honoured all existing lease and rental agreements upon purchase of Mary Valley properties from Queensland Water Infrastructure Pty Ltd. Lease terms range from periodic leases to leases with expiry up to 31 December 2035.

45. Schedule of administered items

	Notes	Major Project Office [1]		State Development [1]		General Non-Attributed [2]		Total	
		2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Administered Revenues									
Appropriation revenue *	45(a)	25,649	589,314	2,500	-	-	-	28,149	589,314
Other revenue		9,419	-	-	-	-	-	9,419	-
Total Administered Revenues		**35,068**	**589,314**	**2,500**	-	-	-	**37,568**	**589,314**
Administered Expenses									
Grants and subsidies *	45(b)	25,649	589,314	2,500	-	-	-	28,149	589,314
Transfers of administered revenue to Government		9,419	-	-	-	-	-	9,419	-
Total Administered Expenses		**35,068**	**589,314**	**2,500**	-	-	-	**37,568**	**589,314**
Operating Surplus/(Deficit)		-	-	-	-	-	-	-	-
Administered Assets									
Current									
Cash		-	-	-	-	-	1,631	-	1,631
Receivables	45(c)	1,797	-	-	-	-	-	1,797	-
Total Current Assets		**1,797**	-	-	-	-	**1,631**	**1,797**	**1,631**
Total Assets		**1,797**	-	-	-	-	**1,631**	**1,797**	**1,631**
Administered Liabilities									
Current									
Bank overdraft		1,797	-	-	-	-	-	1,797	-
Payables	45(d)	-	-	-	-	-	1,631	-	1,631
Total Current Liabilities		**1,797**	-	-	-	-	**1,631**	**1,797**	**1,631**
Net Administered Assets		-	-	-	-	-	-	-	-
Administered Equity									
Contributed equity		9,212	9,212	-	-	-	-	9,212	9,212
Accumulated surplus/deficit		(9,212)	(9,212)	-	-	-	-	(9,212)	(9,212)
Total Administered Equity		-	-	-	-	-	-	-	-

[1] Refer to note 3 for a description of major departmental services.
[2] General Non-attributed amounts are recovery of funds owing to the Department of Science, Information Technology, Innovation and the Arts.

45. Schedule of administered items

	2014 $ '000	2013 $ '000
(a) Reconciliation of payments from Consolidated Fund to administered revenue		
Budgeted administered item appropriation	10,025	2,375,424
Budgeted administered equity adjustment appropriation	-	15,000
Transfers (to)/from other departments	-	(1,776,085)
Transfers from other headings - controlled	18,124	-
Lapsed appropriation	-	(10,025)
Administered revenue recognised	**28,149**	**604,314**
This is represented by:		
Administered item revenue recognised in the Statement of Comprehensive Income	28,149	589,314
Appropriated equity adjustment recognised in Contributed equity	-	15,000
Total	**28,149**	**604,314**
(b) Grants and subsidies		
Statutory authorities	2,500	589,314
Local government	25,649	-
Total grants and subsidies	**28,149**	**589,314**
(c) Receivables		
Current		
Trade debtors	1,902	-
GST payable	(105)	-
Total current receivables	**1,797**	**-**
(d) Payables		
Current		
Trade creditors	-	1,631
Total current payables	**-**	**1,631**

Certificate of the Department of State Development, Infrastructure and Planning

These general purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with 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 2014 and of the financial position of the department at the end of that year; and

(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.

Michael McKee FCPA

Chief Finance Officer

Date 29/8/14

David Edwards

Director-General

Date 29/8/14.

QAO certified statements