Financial summary

The Reporting Entity

TEQ, constituted under the *Tourism and Events Queensland Act 2012*, is a statutory body within the meaning given in the *Financial Accountability Act 2009* and is controlled by the State of Queensland which is the ultimate parent.

The consolidated financial statements include the value of all revenues, expenses, assets, liabilities and equity of TEQ and its controlled entities, the Tourism and Events Queensland Employing Office and Gold Coast Events Management Ltd.

Separate financial statements for TEQ controlled entities, Tourism and Events Queensland Employing Office and Gold Coast Events Management Ltd, can be obtained by contacting TEQ.

Financial performance

Successful delivery of TEQ services requires management of costs within budget and value-for-money expenditure in accordance with the Queensland Procurement Policy.

For the 2015-16 financial year TEQ had consolidated income of $115.56 million, of which $101.90 million was grant funding by the State Government.

Total consolidated expenses for 2015-16 were $115.74 million, of which $89.49 million was invested in marketing, development, event funding and support and grants to regional tourism organisations. Consolidated grant payment expenses for 2015-16 totalled $39.33 million compared with $43.74 million for the prior year. This reduction reflects the re-allocation of budget between grant payments and marketing, development and events support expenses in line with TEQ's approved 2015-16 strategy and to align the allocation of event funding budgets with contractual milestones contained in event funding contracts.

Consolidated employee expenses were $18.64 million. The majority of employees work directly on marketing, development, research and events promotion and staging activities both in Australia and overseas.

The TEQ parent entity reported a deficit operating result of $0.66 million for the 2015-16 financial year. The deficit operating result does not represent an overspend of cash received (or receivable) by TEQ up to 30 June 2016 but rather represents the recognition of a one-off non-cash accounting entry relating to the impairment of an investment in a controlled entity that arose due to the planned utilisation of the entity's retained earnings.

The consolidated entity reported a deficit operating result of $0.19 million in 2015-16 due to timing differences where grant funding was received in a prior year but expended in the current financial year.

Where applicable, further detail has been disclosed in the notes accompanying the accounts.

Tourism and Events Queensland (Consolidated)	**2012-13* $M**	**2013-14 $M**	**2014-15 $M**	**2015-16 $M**
Grants and other contributions	74.98	100.43	101.95	101.90
Cooperative income	9.90	9.23	9.54	8.31
Total income	**89.46**	**114.21**	**118.91**	**115.56**
Marketing, development and events promotion and staging initiatives**	68.31	91.22	93.55	89.49
Employee and operations expenses (in Queensland and overseas)***	29.06	29.50	25.79	26.25
Total expenses	**97.37**	**120.71**	**119.34**	**115.74**
Marketing, development and events promotion and staging initiatives as a % of total income	76.4%	79.9%	78.7%	77.4%

**Includes expenses and revenues of the former Events Queensland Pty Ltd and controlled entities from 11 December 2012 only.*

*** Includes grants paid to regional tourism organisations and event funding instalments and excludes marketing, development and events promotion and staging employee expenses.*

**** The majority of employees work directly on marketing, development, research and events promotion and staging activities both in Australia and overseas.*

At 30 June 2016, total assets of the consolidated reporting entity were $12.24 million and total liabilities were $10.65 million. Equity of $1.59 million includes contributed equity relating to the transfer of the net assets of Events Queensland and its controlled entities that took place during 2012-13.

Tourism and Events Queensland Consolidated Financial Report

Introduction

These financial statements cover Tourism and Events Queensland ("the Corporation" or "TEQ") and its controlled entities. Information has been provided for the consolidated and parent entity.

The Corporation, constituted under the ***Tourism and Events Queensland Act 2012***, is a statutory body within the meaning given in the ***Financial Accountability Act 2009*** and is controlled by the State of Queensland which is the ultimate parent.

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

Level 10
30 Makerston Street
BRISBANE QLD 4000

A description of the Corporation's objectives and its principal activities is included in the notes to the financial statements.

Separate Statements have been prepared for the Corporation's controlled entities, the Tourism and Events Queensland Employing Office and Gold Coast Events Management Ltd. The Statements may be obtained on the Corporation's website www.teq.queensland.com or by contacting the Corporation.

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Tourism and Events Queensland
Statements of Comprehensive Income

for the year ended 30 June 2016

		Consolidated		Parent	
		2016	2015	**2016**	2015
	Notes	**$000**	$000	**$000**	$000
Income from Continuing Operations					
Grants and contributions	2	**101,895**	101,950	**101,895**	101,950
Cooperative income	2	**8,314**	9,539	**8,409**	9,626
Other revenue	2	**5,347**	7,420	**1,219**	2,245
Total Income from Continuing Operations		**115,556**	118,909	**111,523**	113,821
Expenses from Continuing Operations					
Marketing, development and events support expenses	3	**50,155**	49,809	**47,111**	45,996
Grant payments	4	**39,334**	43,743	**39,934**	43,923
Employee expenses	5,6	**18,642**	18,526	**17,247**	17,023
Depreciation	11	**412**	409	**409**	402
Impairment losses	20	**-**	-	**664**	-
Other expenses	7	**7,199**	6,855	**6,822**	6,477
Total Expenses from Continuing Operations		**115,742**	119,342	**112,187**	113,821
Operating Result from Continuing Operations	8	**(186)**	(433)	**(664)**	-
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		**(186)**	(433)	**(664)**	-

The accompanying notes form part of these Financial Statements.

Tourism and Events Queensland Statements of Financial Position

as at 30 June 2016

		Consolidated		Parent	
		2016	2015	**2016**	2015
	Notes	**$000**	$000	**$000**	$000
Current Assets					
Cash and cash equivalents		**7,581**	7,184	**4,026**	4,029
Receivables	9	**3,330**	4,233	**3,089**	4,015
Other financial assets	10	**42**	116	**42**	116
Prepayments		**280**	344	**88**	171
Total Current Assets		**11,233**	11,877	**7,245**	8,331
Non-Current Assets					
Property, plant and equipment	11	**1,008**	1,359	**1,005**	1,353
Other financial assets	10	**-**	81	**-**	81
Investments in controlled entities	20	**-**	-	**-**	664
Total Non-Current Assets		**1,008**	1,440	**1,005**	2,098
Total Assets		**12,241**	13,317	**8,250**	10,429
Current Liabilities					
Payables	12	**6,527**	7,802	**5,952**	7,495
Accrued employee benefits	13	**3,239**	2,818	**438**	373
Other current liabilities	14	**97**	38	**97**	38
Total Current Liabilities		**9,863**	10,658	**6,487**	7,906
Non-Current Liabilities					
Accrued employee benefits	13	**510**	512	**-**	-
Other provisions		**60**	57	**-**	-
Other non-current liabilities	14	**218**	314	**218**	314
Total Non-Current Liabilities		**788**	883	**218**	314
Total Liabilities		**10,651**	11,541	**6,705**	8,220
Net Assets		**1,590**	1,776	**1,545**	2,209
Equity					
Contributed equity		**12,908**	12,908	**12,908**	12,908
Accumulated deficit		**(11,318)**	(11,132)	**(11,363)**	(10,699)
Total Equity		**1,590**	1,776	**1,545**	2,209

The accompanying notes form part of these Financial Statements.

Tourism and Events Queensland Statements of Changes in Equity

for the year ended 30 June 2016

Consolidated

	Accumulated Deficit $000	Contributed Equity $000	TOTAL $000
Balance at 1 July 2014	(10,699)	12,908	**2,209**
Operating result from continuing operations	(433)	-	**(433)**
Other comprehensive income	-	-	**-**
Balance at 30 June 2015	(11,132)	12,908	**1,776**
Balance at 1 July 2015	(11,132)	12,908	**1,776**
Operating result from continuing operations	(186)	-	**(186)**
Other comprehensive income	-	-	**-**
Balance at 30 June 2016	(11,318)	12,908	**1,590**

Parent

	Accumulated Deficit $000	Contributed Equity $000	TOTAL $000
Balance at 1 July 2014	(10,699)	12,908	**2,209**
Operating result from continuing operations	-	-	**-**
Other comprehensive income	-	-	**-**
Balance at 30 June 2015	(10,699)	12,908	**2,209**
Balance at 1 July 2015	(10,699)	12,908	**2,209**
Operating result from continuing operations	(664)	-	**(664)**
Other comprehensive income	-	-	**-**
Balance at 30 June 2016	(11,363)	12,908	**1,545**

The accompanying notes form part of these Financial Statements.

Tourism and Events Queensland Statements of Cash Flows

for the year ended 30 June 2016

	Notes	Consolidated		Parent	
		2016	2015	**2016**	2015
		$000	$000	**$000**	$000
Cash flows from operating activities					
Inflows:					
Grants and contributions from Government		**102,459**	115,301	**102,459**	115,301
Receipts from customers		**15,825**	18,914	**10,887**	13,473
GST input tax credits received from the ATO		**8,126**	8,828	**7,903**	8,539
Interest received		**242**	293	**197**	223
Outflows:					
Payments to suppliers and employees		**(124,902)**	(141,715)	**(120,486)**	(135,686)
GST remitted to ATO		**(1,408)**	(1,631)	**(1,018)**	(1,150)
Net cash provided by / (used in) operating activities	15	**342**	(10)	**(58)**	700
Cash flows from investing activities					
Inflows:					
Proceeds from forward contracts		**6,427**	6,963	**6,427**	6,963
Outflows:					
Payments for forward contracts		**(6,311)**	(6,963)	**(6,311)**	(6,963)
Payments for property, plant & equipment		**(61)**	(28)	**(61)**	(28)
Net cash provided by / (used in) investing activities		**55**	(28)	**55**	(28)
Net increase / (decrease) in cash and cash equivalents		**397**	(38)	**(3)**	672
Cash and cash equivalents at beginning of the year		**7,184**	7,222	**4,029**	3,357
Cash and cash equivalents at end of financial year		**7,581**	7,184	**4,026**	4,029

The accompanying notes form part of these Financial Statements.

Tourism and Events Queensland Notes to and forming part of the Financial Statements

for the year ended 30 June 2016

Objectives and Principal Activities of the Corporation

Tourism and Events Queensland's objective is to work collaboratively with public sector units and Queensland tourism industry participants to promote and market Queensland and to identify, attract, develop and promote major events for the State, to attract international and domestic travellers to travel to and within Queensland, to contribute to the Queensland economy, enhance the profile of Queensland and foster community pride in Queensland.

Note 1 – Summary of Significant Accounting Policies

(a) Statement of Compliance

The Corporation has prepared these financial statements in compliance with section 43 of the *Financial and Performance Management Standard 2009*. The financial statements comply with Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2015.

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

(b) Presentation

Currency and Rounding
Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest $1,000 or, where that amount is $500 or less, to zero, unless disclosure of the full amount is specifically required.

Comparatives
Comparative information reflects the audited 2014-15 financial statements except where restated to conform with changes in presentation for the current financial year.

Current/Non-Current Classification
Assets and liabilities are classified as either 'current' or 'non-current' in the Statements of Financial Position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the Corporation does not have an unconditional right to defer settlement to beyond 12 months after the reporting date.

All other assets and liabilities are classified as non-current.

(c) Authorisation of Financial Statements for Issue

The financial statements are authorised for issue by the Chairman, Chief Executive Officer and the Chief Financial Officer at the date of signing the Management Certificate.

(d) Basis of Measurement

Historical cost is used as the measurement basis in this financial report except for provisions expected to be settled 12 or more months after reporting date which are measured at their present value and other financial assets which are measured at fair value.

Historical Cost
Under historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of consideration given to acquire assets at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

Fair Value
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 (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique. Fair value is determined using one of the following three approaches:

- The market approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business.
- The cost approach reflects the amount that would be required currently to replace the service capacity of an asset. This method includes the current/depreciated replacement cost methodology.
- The income approach converts multiple future cash flows amounts to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

The Corporation's forward exchange contracts are valued using the 'market approach'.

Present Value
Present value represents the present discounted value of the future net cash inflows that the item is expected to generate (in respect of assets) or the present discounted value of the future net cash outflows expected to settle (in respect of liabilities) in the normal course of business.

(e) Foreign Currency Transactions

All transactions that are undertaken in a foreign currency are translated into Australian dollars. Foreign currency transactions are recorded on initial recognition in Australian dollars by applying to the foreign currency amount the spot exchange rate between the Australian dollar and the foreign currency at the date of the transaction.

Monetary assets and liabilities held in foreign currencies at balance date are retranslated into Australian dollars in the Statements of Financial Position at the closing rate.

Translation differences are taken to the Statements of Comprehensive Income in the financial year in which they arise.

(f) The Reporting Entity

The consolidated financial statements include all income, expenses, assets, liabilities and equity of the 'economic entity' comprising the Corporation and the entities it controls where these entities are material (refer to Note 20). All transactions and balances internal to the economic entity have been eliminated in full.

The parent entity financial statements (titled 'Parent') include all income, expenses, assets, liabilities and equity of the Corporation only.

(g) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Grants and Contributions
Grants and contributions are non-reciprocal in nature so do not require any goods or services to be provided in return. Corresponding revenue is recognised in the year in with the Corporation obtains control over the grant/contribution/donation (control is generally obtained at the time of receipt).

Cooperative Income
Cooperative income comprises revenue earned from industry partners as a contribution towards the cost of marketing and event activity. Cooperative income is recognised as revenue when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This occurs when the marketing or event activity is provided at which time the invoice is raised.

Sponsorship Revenue
Sponsorship revenue is recognised when the Corporation obtains control of the sponsorship money and it is probable that the economic benefits gained from the sponsorship will flow to the Corporation and the amount of the sponsorship can be measured reliably. If conditions are attached to the sponsorship which must be satisfied before it is eligible to receive the contribution, the recognition of the sponsorship as revenue will be deferred until those conditions are satisfied.

Registration Income
Registration fees revenue is recognised when the event takes place. Registration fees received in advance of an event are accounted for as unearned income in the Statements of Financial Position.

(h) Contra Income and Expenses

Contra benefits represent benefits derived by the Corporation and its controlled entities via the use of equipment and services free of charge pursuant to the terms and conditions of various commercial partnerships and sponsorship agreements. Contra benefits are recognised in the financial statements at their estimated fair market value at the time of consumption.

(i) Distinction between Grant Payments and Procurement

For a transaction to be classified as a marketing, development or event support expense in Note 3 or other expenses in Note 7, the value of goods or services received by the Corporation must be of approximately equal value to the value of the consideration exchanged for those goods or services. Where this is not the substance of the arrangement, the transaction is classified as a grant payment in Note 4.

(j) Cash and Cash Equivalents

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

(k) Property, Plant and Equipment

Recognition Thresholds
Items of property, plant and equipment, including leasehold improvements, with a historical cost or other value equal to or in excess of $5,000 in the year of acquisition are reported as Property, Plant and Equipment. Items with a lesser value are expensed in the year of acquisition.

Measurement
Plant and equipment is measured at historical cost in accordance with the Non-Current Asset Policies for the Queensland Public Sector (NCAP).

Property, plant and equipment is measured at historical cost. Historical cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting assets ready for use. The carrying amounts for such plant and equipment is not materially different from their fair value.

Depreciation Expense
Property, plant and equipment is depreciated on a straight line basis so as to allocate the net cost, less its estimated residual value, progressively over its estimated useful life to the Corporation.

Key Judgement: Straight line depreciation is used reflecting the progressive, and even, consumption of future economic benefits over their useful life to the Corporation and consolidated entity.

Key Estimate: For each class of depreciable asset the following useful lives are used:

	2016	2015
Leasehold Improvements	Lease term	Lease term
Property, Plant & Equipment:		
Computer equipment	3 - 10 years	3 - 10 years
Furniture, fixtures and fittings	6 - 12 years	6 - 12 years

Impairment
All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Corporation 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.

Tourism and Events Queensland Notes to and forming part of the Financial Statements

for the year ended 30 June 2016 *(continued)*

Note 1 – Summary of Significant Accounting Policies *(continued)*

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(l) 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 (i.e. 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.

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 Corporation include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the Corporation assets/liabilities 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.

All assets and liabilities of the Corporation 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 Corporation's valuations of assets or liabilities are eligible for categorisation into level 1 of the fair value hierarchy. There were no transfers of assets between fair value hierarchy levels during the period.

More specific fair value information about the Corporation's Financial Instruments is outlined in Note 1(o).

(m) Investments in controlled entities

All investments are initially recognised at cost, being the fair value of the consideration given.

After initial recognition, investments, which are classified as investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost less amounts provided to recognise diminution in values.

(n) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount i.e. agreed purchase/contract price, gross of all applicable trade and other discounts. Amounts owing are unsecured.

(o) Financial Instruments

Recognition
Financial assets and financial liabilities are recognised in the Statements of Financial Position when the Corporation becomes party to the contractual provisions of the financial instrument.

Classification
Financial instruments are classified and measured as follows:

- Cash and cash equivalents – held at fair value through profit or loss
- Receivables – held at amortised cost
- Other Financial Assets - Forward exchange contracts receivable – held at fair value through profit or loss
- Payables – held at amortised cost
- Other Financial Liabilities – Forward exchange contracts payable – held at fair value through profit or loss

Derivative Financial Instruments
The Corporation uses derivative financial instruments such as foreign currency contracts to hedge its risk associated with foreign currency fluctuations for general commitments in several of its international offices. Derivative financial instruments are not held for speculative purposes.

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-valued at the reporting date in line with market fluctuations. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

The Corporation's derivative financial instruments do not qualify for hedge accounting. Any gains or losses arising from changes in fair value are taken directly to net profit or loss for the year.

All other disclosures relating to the measurement and financial risk management of financial instruments held by the Corporation are included in Note 17.

(p) Employee Benefits

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

Payroll tax and workers' compensation insurance are a consequence of employing employees and 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 Statements of Financial Position at the current salary rates.

As the Corporation 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 each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Annual Leave and Long Service Leave
Liabilities arising in respect of annual leave and long service leave that are expected to be settled within 12 months are measured at their nominal values.

Liabilities for annual leave and long service leave benefits that are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to government guaranteed securities, which have terms to maturity approximating the terms of the related liability, are used.

Superannuation
The Corporation and its controlled entities contribute to QSuper, the superannuation scheme for Queensland Government employees, and other superannuation funds. Contributions meet or exceed the requirements of the Superannuation Guarantee Levy and are expensed in the period in which they are paid or payable.

Those employer superannuation contributions that are paid to QSuper are paid at rates determined by the Treasurer on the advice of the State Actuary. The Corporation'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 pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Key Executive Management Personnel and Remuneration
Key executive management personnel and remuneration disclosures are made in accordance with section 5 of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury. Refer to Note 6 for the disclosures on key executive management personnel and remuneration.

(q) 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.

Where a non-current physical asset is acquired by means of a finance lease, the asset is recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The lease liability is recognised at the same amount.

Lease payments are allocated between the principal component of the lease liability and the interest expense.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred on a straight line basis. Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

Operating leases are entered into as a means of acquiring access to office accommodation and storage facilities. Lease terms extend over a period of 1 to 5 years. The Corporation has no option to purchase the leased item at the conclusion of the lease although the lease provides for a right of renewal at which time the lease terms are renegotiated.

Operating lease rental expenses comprises the minimum lease payments payable under operating lease contracts. Lease payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined.

(r) Provisions

Provisions are recorded when the Corporation has a present obligation, either legal or constructive as a result of a past event. They

Tourism and Events Queensland Notes to and forming part of the Financial Statements

for the year ended 30 June 2016 *(continued)*

Note 1 – Summary of Significant Accounting Policies *(continued)*

are recognised at the amount expected at reporting date to settle the obligation 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 an appropriate discount rate.

(s) Taxation

The Corporation is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

The Corporation's controlled entities are exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997* and are exempt from Commonwealth taxation with the exception of FBT and GST.

GST credits receivable from and GST payable to the ATO, are recognised (refer to Note 9).

(t) Contributed Equity

Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities are adjusted to Contributed Equity in accordance with *Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

(u) Accounting Estimates and Judgement

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

Estimates and assumptions that have a potential significant effect are outlined in the following financial statement note:

Accrued Employee Benefits – Note 13

Provisions for Marathon Race Time and Record Jackpots
The Corporation estimates the provision for Race Jackpots based on the total outstanding Gold Coast Airport Marathon race jackpots available for the relevant accounting period.

(v) First Year Application of New Accounting Standards or Change in Accounting Policy

The Corporation did not voluntarily change any of its accounting policies during 2015-16.

Two Australian Accounting Standards have been early adopted for the 2015-16 year as required by Queensland Treasury. These are:

AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative:
	Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]
AASB 2015-7	Amendments to Australian Accounting Standards – Fair Value Disclosures for Not-for-Profit Public Sector Entities [AASB 13]

The adoption of these two new accounting standards has no material impact on this financial report.

No new Australian Accounting Standards effective for the first time in 2015-16 had any material impact on this financial report.

(w) Future Impact of Accounting Standards Not Yet Effective

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

AASB 15 Revenue from Contracts with Customers
This Standard will become effective from reporting periods beginning on or after 1 January 2018 and contains much more detailed requirements for the accounting for certain types of revenue from cooperative partners. Depending on the specific contractual terms, the new requirements may potentially result in a change to the timing of revenue from cooperative activities, such that some revenue may need to be deferred to a later reporting period to the extent that the Corporation has received cash but has not met its associated obligations (such amounts would be reported as a liability (unearned revenue)). The Corporation is yet to complete its analysis of current cooperative arrangements, but at this stage does not expect a significant impact on its present accounting practices.

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

The Corporation 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 Corporation's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the Corporation enters into, all of the Corporation's financial assets are expected to be required to be measured at fair value (instead of the measurement classifications presently used in Note 17). In the case of the Corporation's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value. Changes in the fair value of those assets will be reflected in the Corporation's operating result.

Another impact of AASB 9 relates to calculating impairment losses for the Corporation's receivables. Assuming no substantial change in the nature of the Corporation's receivables, as they don't include a significant financing component, impairment losses will be determined according to the amount of lifetime expected credit losses. On initial adoption of AASB 9, the Corporation will need to determine the expected credit losses for its receivables by comparing the credit risk at that time to the credit risk that existed when those receivables were initially recognised.

The Corporation will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2018-19. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2018-19 financial statements to explain the impact of adopting AASB 9. Assuming no change in the types of financial instruments that the Corporation enters into, the most likely ongoing disclosure impacts are expected to relate to the credit risk of financial assets subject to impairment.

AASB 16 Leases

This Standard will become effective for reporting periods beginning on or after 1 January 2019. When applied, the standard supersedes AASB 117 Leases, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases – Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Impact for Lessees

Unlike AASB 117 Leases, AASB 16 introduces a single lease accounting model for lessees. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

In effect, the majority of operating leases (as defined by the current AASB 117) will be reported on the Statements of Financial Position under AASB 16. There will be a significant increase in assets and liabilities for agencies that lease assets. The impact on the reported assets and liabilities would be largely in proportion to the scale of the Corporation's leasing activities.

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the commencement date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed in the Statement of Comprehensive Income. They will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will also be recognised as an expense.

AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. If a lessee chooses to apply the 'cumulative approach', it does not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application. The Corporation will await further guidance from Queensland Treasury on the transitional accounting method to be applied.

The Corporation has not yet quantified the impact on the Statement of Comprehensive Income or the Statements of Financial Position of applying AASB 16 to its current operating leases, including the extent of additional disclosure required.

Tourism and Events Queensland Notes to and forming part of the Financial Statements

for the year ended 30 June 2016 *(continued)*

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$000	$000	**$000**	$000
Note 2 – Revenue				
Grants and Contributions				
Department of Tourism, Major Events, Small Business and the Commonwealth Games	**101,642**	101,950	**101,642**	101,950
Department of the Premier and Cabinet	**245**	-	**245**	-
Department of Education and Training	**8**	-	**8**	-
	101,895	101,950	**101,895**	101,950
Cooperative Income				
Cooperative marketing income	**7,384**	8,407	**7,479**	8,494
Cooperative event income	**930**	1,132	**930**	1,132
	8,314	9,539	**8,409**	9,626
Other Revenue				
Registration income	**2,328**	3,328	**-**	-
Net gain on foreign exchange	**-**	677	**-**	677
Interest	**242**	293	**197**	223
Rent received	**43**	26	**43**	26
Other	**2,734**	3,096	**979**	1,319
	5,347	7,420	**1,219**	2,245

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$000	$000	**$000**	$000
Note 3 – Marketing, Development and Events Support Expenses				
Domestic marketing activity	**24,867**	25,088	**24,867**	25,088
International marketing activity	**16,777**	15,451	**16,777**	15,451
Event staging and event marketing, assessment and support activity	**6,972**	8,133	**3,928**	4,320
Research activity	**1,539**	1,137	**1,539**	1,137
	50,155	49,809	**47,111**	45,996

These figures do not include the salaries and wages of marketing, development, research or event staging and promotion staff or event funding grant payments.

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$000	$000	**$000**	$000
Note 4 – Grant Payments				
Event funding	**32,267**	36,835	**32,867**	37,015
Regional Tourism Organisation grant payments	**7,067**	6,908	**7,067**	6,908
	39,334	43,743	**39,934**	43,923

Note 5 – Employee Expenses

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$000	$000	**$000**	$000
Employee Benefits				
Wages and salaries	**14,408**	14,377	**1,656**	1,640
Annual leave	**1,415**	1,312	**178**	144
Long service leave	**321**	345	**13**	9
Employer superannuation contributions	**1,549**	1,486	**47**	57
Employing office	**-**	-	**15,204**	14,949
Employee Related Expenses				
Workers compensation	**89**	68	**10**	10
Payroll tax	**743**	748	**22**	24
Other employee related expenses	**117**	190	**117**	190
	18,642	18,526	**17,247**	17,023

	2016	2015	**2016**	2015
	No.	No.	**No.**	No.
Full-Time Equivalent Employees:	**150**	142	**16**	14

Tourism and Events Queensland Notes to and forming part of the Financial Statements

for the year ended 30 June 2016 *(continued)*

Note 6 – 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 Corporation during 2015-16 and 2014-15. Further information on these positions can be found in the body of the Annual Report under the section relating to Corporate Governance.

Position	Responsibilities	Current Incumbents	
		Appointment Authority	**Date Appointed to Position (date resigned if applicable)**
Chief Executive Officer (CEO)	The function of the CEO is to ensure the efficient and effective administration and operation of the Corporation in accordance with the Board's priorities.	Governor in Council	19 December 2013
Group Executive Global Marketing (GEGM)	The GEGM leads the marketing group to develop and deliver global consumer-driven destination marketing, targeting a balanced portfolio of markets, in line with the destination tourism framework and *2020 Strategic Marketing Plan*.	Board	25 October 2004
Group Executive Corporate Services (GECS)	The GECS is responsible for leading the Corporation's operational, strategic and financial activities. The GECS is also the Chief Financial Officer and is responsible for managing the financial risks of the Corporation in addition to financial planning, record keeping and financial reporting to the CEO and Board.	Board	19 October 2015
Group Executive Corporate Affairs (GECA)	The GECA is responsible for leading the Corporation's corporate affairs and corporate communications to strategically enhance the Corporation's relationships with key stakeholders.	Board	11 December 2012
Group Executive Events (GEE)	The GEE is responsible for delivering a world-class calendar of events for Queensland, guided by the Events Strategy 2020, and optimising the value of Queensland's event calendar by leveraging the competitive advantage provided by Queensland's destinations.	Board	18 September 2013
Group Executive Destinations and Global Partnerships (GEDGP)	The GEDGP is responsible for holistic strategic global partnerships and international operations. The GEDGP also leads relationships between the Corporation and the Regional Tourism Organisations, DTESB and QTIC to deliver strategies and plans under the destination tourism planning framework.	Board	11 June 2014

(b) Remuneration Expenses

Remuneration policy for the Corporation's executive is set by the Board's Audit and Remuneration Committee. The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts.

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

Remuneration for executives comprise of the following components:

- Short term employee expenses which include:
  - Base salary, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee was a key management person; and
  - Non-monetary benefits – provision of benefits together with fringe benefits tax applicable to the benefit.
- Long term employee expenses include amounts expensed in respect of long service leave entitlements earned.
- Post-employment expenses include amounts expensed in respect of employer superannuation obligations.
- 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.
- Performance bonuses are not paid under the contracts in place.

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

1 July 2015 – 30 June 2016

Position (date appointed/resigned if applicable)	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
Chief Executive Officer	275	11	8	55	-	**349**
Group Executive Global Marketing	224	28	7	23	-	**282**
Group Executive Corporate Services (from 19 October 2015)	153	7	-	24	-	**184**
Group Executive Corporate Affairs	171	29	-	16	-	**216**
Group Executive Events	255	-	-	33	-	**288**
Group Executive Destinations and Global Partnerships	235	-	-	35	-	**270**

1 July 2014 – 30 June 2015

Position (date appointed/resigned if applicable)	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
Chief Executive Officer	274	9	8	50	-	**341**
Group Executive Marketing	221	24	7	22	-	**274**
Group Executive Operations (to 29 May 2015)	200	-	-	23	61	**284**
Group Executive Corporate Affairs	165	22	-	15	-	**202**
Group Executive Events	235	-	-	33	-	**268**
Group Executive Partnerships	219	-	-	38	-	**257**
Director Finance/CFO (to 27 February 2015)	69	-	-	8	-	**77**
Director Finance/CFO (from 14 August 2014)	122	-	-	35	-	**157**

Tourism and Events Queensland Notes to and forming part of the Financial Statements

for the year ended 30 June 2016 *(continued)*

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$000	$000	**$000**	$000
Note 7 – Other Expenses				
Lease expenses	**2,085**	1,991	**1,914**	1,835
Telephone, fax and postage	**273**	305	**261**	294
Computer charges	**1,408**	1,702	**1,386**	1,682
Contractors and consultants fees	**1,083**	1,066	**1,083**	1,066
Travel and accommodation expenses	**131**	105	**117**	92
Printing, stationery and office consumables	**173**	231	**152**	205
Staff training	**343**	365	**342**	362
Rates, electricity and other charges	**39**	45	**39**	45
Bad and doubtful debts	**12**	14	**12**	14
Insurance and legal fees	**179**	221	**171**	214
External audit fees*	**109**	107	**91**	89
Fringe Benefits Tax	**58**	56	**55**	53
Repairs and maintenance	**39**	69	**39**	69
Bank fees and charges	**116**	124	**70**	58
Subscriptions	**59**	44	**57**	42
Entertainment	**18**	6	**18**	6
Loss on foreign exchange - realised	**228**	-	**228**	-
Loss on disposal of fixed assets	**-**	-	**-**	-
Other	**846**	404	**787**	351
	7,199	6,855	**6,822**	6,477

* Total audit fees quoted by the Queensland Audit Office relating to the 2015-16 financial year, relating to both the Corporation and its controlled entities, are $114,450 exclusive of GST (2015: $111,850). There are no non-audit services included in this amount.

Note 8 – Operating Result from Continuing Operations

The deficit operating result from continuing operations for the parent entity is due to the recognition of an impairment on investments (see Note 20).

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$000	$000	**$000**	$000
Note 9 – Receivables				
Trade debtors	**631**	706	**390**	488
Less: Allowance for impairment loss	**-**	(14)	**-**	(14)
	631	692	**390**	474
Grant receivable	**942**	1,506	**942**	1,506
GST receivable	**1,413**	1,952	**1,413**	1,952
GST payable	**(112)**	(86)	**(112)**	(86)
Accrued revenue	**129**	17	**129**	17
Other receivables	**327**	152	**327**	152
	2,699	3,541	**2,699**	3,541
	3,330	4,233	**3,089**	4,015

Refer to Note 17(c) Financial Instruments (Credit Risk Exposure) for an analysis of movements in the allowance for impairment loss.

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$000	$000	**$000**	$000
Note 10 – Other Financial Assets				
Current				
Forward exchange contracts receivable	**1,018**	1,762	**1,018**	1,762
Forward exchange contracts payable	**(976)**	(1,646)	**(976)**	(1,646)
	42	116	**42**	116
Non-Current				
Forward exchange contracts receivable	**-**	1,057	**-**	1,057
Forward exchange contracts payable	**-**	(976)	**-**	(976)
	-	81	**-**	81
	42	197	**42**	197

The Corporation intends to realise the receivable and settle the liability relating to forward exchange contracts simultaneously therefore the receivable and payable are offset and the net amount presented in the Statements of Financial Position.

Tourism and Events Queensland Notes to and forming part of the Financial Statements

for the year ended 30 June 2016 *(continued)*

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$000	$000	**$000**	$000
Note 11 – Property, Plant and Equipment				
Leasehold improvements				
At cost	**1,764**	1,748	**1,764**	1,748
Less: Accumulated depreciation	**(821)**	(425)	**(821)**	(425)
	943	1,323	**943**	1,323
Plant and equipment				
At cost	**812**	809	**689**	686
Less: Accumulated depreciation	**(747)**	(773)	**(627)**	(656)
	65	36	**62**	30
Total Property, plant and equipment				
At cost	**2,576**	2,557	**2,453**	2,434
Less: Accumulated depreciation	**(1,568)**	(1,198)	**(1,448)**	(1,081)
	1,008	1,359	**1,005**	1,353

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

Consolidated						
	Leasehold improvements		**Plant and equipment**		**Total**	
	2016	2015	**2016**	2015	**2016**	2015
	$000	$000	**$000**	$000	**$000**	$000
Carrying Amount at 1 July	**1,323**	1,718	**36**	23	**1,359**	1,741
Additions	**16**	-	**45**	28	**61**	28
Depreciation expense	**(396)**	(394)	**(16)**	(15)	**(412)**	(409)
Foreign currency translation	**-**	(1)	**-**	-	**-**	(1)
Carrying amount at 30 June	**943**	1,323	**65**	36	**1,008**	1,359

Parent						
	Leasehold improvements		**Plant and equipment**		**Total**	
	2016	2015	**2016**	2015	**2016**	2015
	$000	$000	**$000**	$000	**$000**	$000
Carrying Amount at 1 July	**1,323**	1,718	**30**	10	**1,353**	1,728
Additions	**16**	-	**45**	28	**61**	28
Depreciation expense	**(396)**	(394)	**(13)**	(8)	**(409)**	(402)
Foreign currency translation	**-**	(1)	**-**	-	**-**	(1)
Carrying amount at 30 June	**943**	1,323	**62**	30	**1,005**	1,353

Note 12 – Payables

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$000	$000	**$000**	$000
Trade creditors	**516**	1,645	**3,533**	4,154
Accrued expenses	**2,581**	2,707	**2,097**	2,448
Unearned revenue	**2,940**	2,673	**204**	260
Other creditors	**490**	777	**118**	633
	6,527	7,802	**5,952**	7,495

The Corporation has a MasterCard credit facility with Westpac to a limit of $1,500,000 (2015: $1,500,000). At 30 June 2016, the Corporation had utilised approximately $23,007 of this facility (2015: $17,782).

Tourism and Events Queensland
Notes to and forming part of the Financial Statements

for the year ended 30 June 2016 *(continued)*

Note 13 – Accrued Employee Benefits	Consolidated		Parent	
	2016	2015	**2016**	2015
	$000	$000	**$000**	$000
Current				
Annual leave	**1,522**	1,438	**260**	212
Long service leave	**1,407**	1,265	**170**	157
Wages outstanding	**310**	115	**8**	4
	3,239	2,818	**438**	373
Non-Current				
Long service leave	**510**	512	**-**	-
	510	512	**-**	-
	3,749	3,330	**438**	373

Movements in accrued employee benefits	**Consolidated**		
	Current		**Non-current**
	Annual leave	**Long service leave**	**Long service leave**
	$000	**$000**	**$000**
Opening balance at 1 July 2015	1,438	1,265	512
Increase/(decrease) in provision	1,449	323	(2)
Reductions in provision as a result of payments	(1,365)	(181)	-
Closing balance at 30 June 2016	1,522	1,407	510

	Parent		
	Current		**Non-current**
	Annual leave	**Long service leave**	**Long service leave**
	$000	**$000**	**$000**
Opening balance at 1 July 2015	212	157	-
Increase/(decrease) in provision	186	13	-
Reductions in provision as a result of payments	(138)	-	-
Closing balance at 30 June 2016	260	170	-

Note 14 – Other Liabilities

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$000	$000	**$000**	$000
Current				
Lease incentive	**31**	31	**31**	31
Rent payable liability	**66**	7	**66**	7
	97	38	**97**	38
Non-Current				
Lease incentive	**42**	73	**42**	73
Rent payable liability	**176**	241	**176**	241
	218	314	**218**	314
	315	352	**315**	352

Note 15 – Reconciliation of Operating Result to Net Cash from Operating Activities

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$000	$000	**$000**	$000
Cash from Operating Activities				
Operating deficit	**(186)**	(433)	**(664)**	-
Depreciation and amortisation expense	**412**	409	**409**	402
Allowance for impairment – receivables	**-**	3	**-**	3
Loss on disposal of non-current assets	**-**	-	**-**	-
Unrealised (gain) / loss on foreign exchange	**39**	(197)	**39**	(197)
Impairment of investments	**-**	-	**664**	-
Changes in assets and liabilities:				
(Increase) / decrease in receivables	**903**	14,211	**926**	14,190
(Increase) / decrease in prepayments	**64**	(45)	**83**	(120)
Increase / (decrease) in payables	**(1,272)**	(14,052)	**(1,543)**	(13,642)
Increase / (decrease) in accrued employee benefits	**419**	75	**65**	45
Increase / (decrease) in other liabilities	**(37)**	19	**(37)**	19
Net cash (used in) / provided by operating activities	**342**	(10)	**(58)**	700

Tourism and Events Queensland Notes to and forming part of the Financial Statements

for the year ended 30 June 2016 *(continued)*

Note 16 – Commitments for Expenditure

Lease Expenditure Commitments

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$000	$000	**$000**	$000
Non-Cancellable Operating Lease				
Commitments under operating leases at reporting date (inclusive of non-recoverable GST input tax credits) are payable:				
Not later than one year	**1,685**	1,699	**1,575**	1,627
Later than one year but not later than five years	**2,357**	3,537	**2,008**	3,537
	4,042	5,236	**3,583**	5,164

Operating leases are entered into as a means of acquiring access to office accommodation and storage facilities. Lease payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined.

Expenditure Commitments

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

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$000	$000	**$000**	$000
Payable:				
Not later than one year	**28,656**	29,782	**28,481**	29,218
Later than one year but not later than five years	**24,249**	37,845	**24,179**	37,845
Later than five years	**3,034**	6,416	**3,034**	6,416
	55,939	74,043	**55,694**	73,479

Note 17 – Financial Instruments

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

		Consolidated		Parent	
		2016	2015	**2016**	2015
Category	**Note**	**$000**	$000	**$000**	$000
Financial Assets					
Cash and cash equivalents		**7,581**	7,184	**4,026**	4,029
Receivables	9	**3,330**	4,233	**3,089**	4,015
Other financial assets – Forward exchange contracts receivable	10	**42**	197	**42**	197
Total		**10,953**	11,614	**7,157**	8,241
Financial Liabilities					
Payables	12	**6,527**	7,802	**5,952**	7,495
Total		**6,527**	7,802	**5,952**	7,495

Financial assets and financial liabilities are presented separately from each other except for forward exchange contracts receivable and payable where offsetting has been applied. Refer to Note 10 Other Financial Assets for details of the gross forward exchange contracts receivable and payable.

(b) Financial Risk Management

The Corporation's activities expose it to a variety of financial risks – credit risk, foreign exchange risk, and liquidity risk. Financial risk management is implemented pursuant to Government and Corporation policy covering specific areas such as mitigating foreign exchange risk and use of derivative financial instruments. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the Corporation.

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

Risk Exposure	**Measurement Method**
Credit risk	Ageing analysis, earnings at risk
Foreign exchange risk	Foreign exchange sensitivity analysis
Liquidity risk	Cash flow management

Tourism and Events Queensland Notes to and forming part of the Financial Statements

for the year ended 30 June 2016 *(continued)*

Note 17 – Financial Instruments *(continued)*

(c) Credit Risk

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

The Corporation aims to reduce the exposure to credit default by ensuring it invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an on-going basis.

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

		Consolidated		Parent	
Maximum Exposure to Credit Risk		**2016**	2015	**2016**	2015
Category	**Note**	**$000**	$000	**$000**	$000
Financial Assets					
Receivables	9	**3,330**	4,233	**3,089**	4,015
		3,330	4,233	**3,089**	4,015

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the gross carrying amount inclusive of any allowance for impairment. The method for calculating any allowance for impairment is based on the age of the financial instrument. Any party with an outstanding obligation greater than 60 days and where there is objective evidence the Corporation will not be able to collect amounts due are included in the allowance for impairment, with the exception of grant monies from Queensland Government departments.

No significant concentration of credit risk has been identified as exposure is spread over a large number of counterparties and customers. No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

The following tables represent the Corporation's financial assets including those that are not overdue and those that are past due but not impaired and those that are impaired:

Consolidated

Financial Assets as at 30 June 2016	**Not Overdue $000**	**Less than 30 Days $000**	**30 to 60 Days $000**	**61 to 90 Days $000**	**More than 90 Days $000**	**Total $000**
Receivables (not impaired)	2,939	184	207	-	-	3,330
Receivables (impaired)	-	-	-	-	-	-
Allowance for impairment	-	-	-	-	-	-
	2,939	**184**	**207**	**-**	**-**	**3,330**

Financial Assets as at 30 June 2015	**Not Overdue $000**	**Less than 30 Days $000**	**30 to 60 Days $000**	**61 to 90 Days $000**	**More than 90 Days $000**	**Total $000**
Receivables (not impaired)	3,821	197	211	3	1	4,233
Receivables (impaired)	-	-	-	9	5	14
Allowance for impairment	-	-	-	(9)	(5)	(14)
	3,821	**197**	**211**	**3**	**1**	**4,233**

Parent

Financial Assets as at 30 June 2016	**Not Overdue $000**	**Less than 30 Days $000**	**30 to 60 Days $000**	**61 to 90 Days $000**	**More than 90 Days $000**	**Total $000**
Receivables (not impaired)	2,699	184	206	-	-	3,089
Receivables (impaired)	-	-	-	-	-	-
Allowance for impairment	-	-	-	-	-	-
	2,699	**184**	**206**	**-**	**-**	**3,089**

Financial Assets as at 30 June 2015	**Not Overdue $000**	**Less than 30 Days $000**	**30 to 60 Days $000**	**61 to 90 Days $000**	**More than 90 Days $000**	**Total $000**
Receivables (not impaired)	3,609	197	205	3	1	4,015
Receivables (impaired)	-	-	-	9	5	14
Allowance for impairment	-	-	-	(9)	(5)	(14)
	3,609	**197**	**205**	**3**	**1**	**4,015**

Movements in Allowance for Impairment

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$000	$000	**$000**	$000
Balance at beginning of year	**14**	11	**14**	11
Amounts recovered during the year	**(14)**	(11)	**(14)**	(11)
Increase in allowance	**-**	14	**-**	14
Balance at end of year	**-**	14	**-**	14

Tourism and Events Queensland Notes to and forming part of the Financial Statements

for the year ended 30 June 2016 *(continued)*

Note 17 – Financial Instruments *(continued)*

(d) Foreign Exchange Risk

Foreign exchange risk arises when future transactions are denominated in non-Australian currency.

The Corporation operates nationally and internationally and is exposed to foreign exchange risk arising from currency exposures to the Euro, British Pound, US Dollar, Hong Kong Dollar, Japanese Yen, New Zealand Dollar, Singapore Dollar, Taiwan Dollar, Indian Rupee and South-Korean Won. The Corporation enters into forward foreign exchange contracts where available under which it is obliged to receive foreign currency at set exchange rates and pay a predetermined amount of Australian Dollars.

The Corporation's risk management policy is to hedge between 50% and 100% of committed and forecast purchases denominated in foreign currency where settlement is within 12 months and up to 100% of committed purchases denominated in foreign currency where settlement is greater than 12 months.

The fair value of forward exchange contracts held at 30 June 2016 is made up of the following (totalled per currency):

Currency	Contract Amount Financial Asset (Gross) $A 000	Contract Amount Financial Liability (Gross) $A 000	Contract Amount Financial Asset (Net) $A 000
Great British Pounds	295	309	(14)
Euro	338	348	(10)
US Dollar	385	319	66
	1,018	**976**	**42**

The Corporation intends to realise the receivable and settle the liability relating to forward exchange contracts simultaneously therefore the receivable and payable are offset and the net amount presented in the Statements of Financial Position.

The following exchange rate sensitivity analysis depicts the outcome to profit and loss if exchange rates change by +/- 1% from the year-end rates applicable to the Corporation's financial assets and liabilities:

	Exchange Rate Risk									
	Carrying Amount		-1% Profit		-1% Equity		+1% Profit		+1% Equity	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	$000	$000	**$000**	$000	**$000**	$000	**$000**	$000	**$000**	$000
Forward exchange contracts receivable	**42**	197	-	(2)	-	(2)	-	2	-	2

(e) Liquidity Risk

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

The Corporation manages its exposure to liquidity risk by ensuring sufficient funds are available to meet employee and supplier obligations at all times. This is achieved by ensuring minimum levels of cash are held within the various bank accounts to match the expected duration of the various employee and supplier liabilities. All payables are payable within one year.

(f) Fair Value

The forward exchange contracts used for hedging have been classified as Level 2 financial instruments.

The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximate their carrying amounts.

The fair value of other monetary financial assets and financial liabilities is based on market prices where a market exists, or is determined by discounting expected future cash flows by the current interest rate for financial assets and liabilities with similar risk profiles.

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

Tourism and Events Queensland Notes to and forming part of the Financial Statements

for the year ended 30 June 2016 *(continued)*

Note 18 – Related Party Disclosures

Transactions with Board members and Board member related entities

In the ordinary course of business conducted under normal terms and conditions, Tourism and Events Queensland has dealt with the following Board members and Board member related entities.

(a) Mr Bob East is a Director of Tourism Australia and the Transport and Tourism Forum and is the Chief Executive Officer of and holds shares in the Mantra Group. Net transactions between the Corporation and Tourism Australia during the year totalled a net payment of $1,033,522 (GST inclusive). Transactions included receipts and payments relating to co-operative marketing campaigns and events activity and joint rental tenancy payments. Net transactions between the Corporation and the Transport and Tourism Forum during the year totalled $30,250 (GST inclusive) relating to a membership fee. Net transactions between the Corporation and the Mantra Group during the year totalled a net payment of $57,087 (GST inclusive). Transactions related to payments for accommodation and receipts for stand-alone advertising booked through the Corporation's co-operative marketing services provider.

(b) Ms Julieanne Alroe is the Chief Executive Officer and Managing Director of Brisbane Airport Corporation Pty Ltd. Transactions between the Corporation and Brisbane Airport Corporation during the year totalled a net receipt of $345,240 (GST inclusive) relating to co-operative marketing campaign and event activities.

(c) Mr Paul Donovan is the Executive General Manager Business Development and Marketing for Queensland Airports Limited (owner and operator of the Gold Coast Airport) and Chairman of Gold Coast Tourism. Net transactions between the Corporation and Queensland Airports Limited/Gold Coast Airport Ltd during the year totalled a net receipt of $260,818 (GST inclusive). Transactions related to events sponsorship payments and receipts and receipts for registration fees. Net transactions between the Corporation and Gold Coast Tourism during the year totalled a net receipt of $815,350 (GST inclusive). Transactions included RTO Core Grant payments, RTO Contestable Grant payments, Business Events Bureau funding, payments for staff secondment and receipts relating to stand-alone advertising booked through the Corporation's co-operative marketing services provider and co-operative marketing and airline campaigns.

(d) Mr Gary Smith is the Chairman of the Flight Centre Travel Group Ltd and Tourism Leisure Corporation Pty Ltd (which holds interests in a number of businesses including Kingfisher Bay Resort, Eurong Beach Resort and Fraser Explorer Tours). Net transactions between the Corporation and the Flight Centre Travel Group for the year totalled a net payment of $1,049,964 (GST inclusive). Transactions primarily related to strategic partnership joint marketing activities. Net transactions between the Corporation and Kingfisher Bay Resort for the year totalled a net receipt of $2,580 (GST inclusive). Transactions related to payments for accommodation and receipts for event registrations.

(e) Professor Judith McLean is the Queensland Performing Arts Centre's Scholar in Residence. Net transactions between the Corporation and the Queensland Performing Arts Trust for the year totalled a net payment of $59,052 (GST inclusive) relating primarily to an event funding instalment.

(f) Ms Anna Guillan is a Director of Tourism Australia and Regional Director Sales and Marketing Australia & New Zealand Kerzner International (managers of One&Only Hayman Island owned by Mulpha Australia). Net transactions between the Corporation and Tourism Australia for the year totalled a net payment of $1,033,522 (GST inclusive). Transactions included receipts and payments relating to co-operative marketing campaigns and events activity and joint rental tenancy payments. Net transactions between the Corporation and the Mulpha Group for the year totalled a net payment of $6,756 (GST inclusive). Transactions related to payments for accommodation and receipts for event registrations.

(g) Ms Karen Hanna-Miller was a Director of TPD Media and a Director of Media Potential during the 2015-16 financial year. Net transactions between the Corporation and TPD Media during the year totalled a net payment of $226,511 (GST inclusive) for content production costs. Net transactions between the Corporation and Media Potential during the year totalled a net payment of $5,500 (GST inclusive) relating to media training services.

Transactions with Controlled Entities

In the ordinary course of business conducted under normal terms and conditions, Tourism and Events Queensland dealt with the Tourism and Events Queensland Employing Office and Gold Coast Events Management Ltd.

The parent entity provided funding to:

- Gold Coast Events Management Ltd for the operation and management of the Gold Coast Airport Marathon and Pan Pacific Masters Games in the amount of $660,000 (GST inclusive) for the year ended 30 June 2016; and
- Tourism and Events Queensland Employing Office for the provision of employment services in the amount of $15,203,898 for the year ended 30 June 2016.

The parent entity recognised co-operative marketing income of $136,251 (GST inclusive) from Gold Coast Events Management Ltd for the year ended 30 June 2016 relating to joint marketing campaigns.

Note 19 – Board Remuneration

The role of the Board is to provide strategic direction and effective governance over the Corporation's affairs to ensure it discharges its legislated responsibilities while regarding the interests of all stakeholders including the tourism industry, employees, suppliers and local communities. Further information on the Board can be found in the body of the Annual Report under the section relating to Corporate Governance.

	Current Incumbents		
Position	**Name**	**Appointment Authority**	**Date Appointed to Position (date ceased to hold office)**
Chairman	Bob East	Governor in Council	3 August 2015
Deputy Chairman	Julieanne Alroe	Governor in Council	1 November 2011 3 August 2015 (reappointed)
Board Member	Paul Donovan	Governor in Council	10 August 2012 3 August 2015 (reappointed)
Board Member	Gary Smith	Governor in Council	20 December 2012 3 August 2015 (reappointed)
Board Member	Dr Judith McLean	Governor in Council	20 December 2012 3 August 2015 (reappointed)
Board Member	Anna Guillan	Governor in Council	20 December 2012 3 August 2015 (reappointed)
Board Member	Karen Hanna-Miller	Governor in Council	3 August 2015
Board Member	Michael Healy	Governor in Council	3 August 2015
Board Member	Director-General Tourism, Major Events, Small Business and the Commonwealth Games	Permanent member under *Tourism and Events Queensland Act 2012*	
Board Member	James Corvan	Governor in Council	10 August 2012 (ceased on 2 August 2015)
Board Member	Libby Marshall	Governor in Council	10 August 2012 (ceased on 2 August 2015)
Board Member	Garth Prowd OAM	Governor in Council	10 August 2012 (ceased on 2 August 2015)
Board Member	Liz Ward	Governor in Council	10 August 2012 (ceased on 2 August 2015)
Board Member	Ian Gillespie	Governor in Council	10 August 2012 (ceased on 2 August 2015)
Board Member	Alan Smith	Governor in Council	20 December 2012 (ceased on 2 August 2015)

Tourism and Events Queensland Notes to and forming part of the Financial Statements

for the year ended 30 June 2016 *(continued)*

Note 19 – Board Remuneration *(continued)*

Remuneration policy for the Corporation's Board is set by the Governor in Council as provided for under the *Tourism and Events Queensland Act 2012*. Remuneration for Board members comprises the following components:

- Short term employee expenses which include board member fees and mileage allowance
- Post-employment expenses which include superannuation contributions

1 July 2015 – 30 June 2016				
Position	**Name**	**Short Term Employee Expenses $000**	**Post- Employment Expenses $000**	**Total Expenses $000**
Chairman	Bob East	32	3	35
Deputy Chairman	Julieanne Alroe	10	1	11
Board member	Paul Donovan	10	1	11
Board member	Gary Smith	10	1	11
Board member	Dr Judith McLean	-	11	11
Board member	Anna Guillan	10	1	11
Board member	Karen Hanna-Miller	9	1	10
Board member	Michael Healy	9	1	10
Board member	Director-General	-	-	-
Board member	James Corvan	1	-	1
Board member	Libby Marshall	1	-	1
Board member	Garth Prowd OAM	1	-	1
Board member	Liz Ward	1	-	1
Board member	Ian Gillespie	1	-	1
Board member	Alan Smith	1	-	1

1 July 2014 – 30 June 2015				
Position	**Name**	**Short Term Employee Expenses $000**	**Post- Employment Expenses $000**	**Total Expenses $000**
Chairman	Stephen Gregg	73	6	79
Deputy Chairman	Julieanne Alroe	10	1	11
Board member	Paul Donovan	10	1	11
Board member	Gary Smith	10	1	11
Board member	Dr Judith McLean	10	1	11
Board member	Anna Guillan	10	1	11
Board member	Director-General	-	-	-
Board member	Phillip Di Bella	6	1	7
Board member	James Corvan	10	1	11
Board member	Libby Marshall	10	1	11
Board member	Garth Prowd OAM	10	1	11
Board member	Liz Ward	10	1	11
Board member	Ian Gillespie	10	1	11
Board member	Alan Smith	10	1	11

Tourism and Events Queensland Notes to and forming part of the Financial Statements

for the year ended 30 June 2016 *(continued)*

Note 20 – Investments in Controlled Entities

The Corporation's investment in controlled entities comprises the following:

Directly Controlled Entity	**2016 $000**	**2015 $000**
Tourism and Events Queensland Employing Office	-	-
Gold Coast Events Management Ltd	-	664
Total investment in directly controlled entities	**-**	**664**

Reconciliation of investment in controlled entities

	2016 $000	**2015 $000**
Opening balance at 1 July	**664**	664
Additions	**-**	-
Impairment losses	**(664)**	-
Closing balance at 30 June	**-**	**664**

Fair value of the Corporation's investment in Gold Coast Events Management Ltd represents net assets at balance date. The Corporation recognised an impairment loss via the Statement of Comprehensive Income.

The following entities are controlled entities of the Corporation:

Name of Directly Controlled Entity	**% Interest in Entity & Basis for Control**	**Purpose & Principal Activities of Entity**	**Total Assets**		**Total Liabilities**		**Total Revenue**		**Operating Result**	
			2016 $000	2015 $000	**2016 $000**	2015 $000	**2016 $000**	2015 $000	**2016 $000**	2015 $000
Tourism and Events Queensland Employing Office	100% The Tourism and Events Queensland Employing Office is established as a Statutory Body under the *Tourism and Events Queensland Act 2012*	The Tourism and Events Queensland Employing Office's objective is to provide employment services to the Corporation.	**3,134**	2,756	**3,134**	2,756	**15,204**	14,949	**-**	-
Gold Coast Events Management Ltd	The Corporation is the sole member of the company limited by guarantee	Gold Coast Events Management Ltd trades as Events Management Queensland and operates the Gold Coast Airport Marathon and the Pan Pacific Masters Games.	**3,990**	3,552	**3,946**	3,321	**4,728**	5,354	**(187)**	(433)

Controlled Entities Comprising the Economic Entity

The consolidated financial statements of the economic entity comprise the transactions and balances of the Corporation and the directly controlled entities listed above.

The auditor for the Corporation and all controlled entities is the Auditor-General of Queensland.

Note 21 – Contingencies

As at 30 June 2016, potential payments in accordance with contractual commitments totalled a maximum of $2.3 million payable over five years.

Note 22 – Events Occurring after Balance Date

There were no events that occurred after balance date which would materially affect the financial statements or disclosures.

Note 23 – Budget vs Actual Comparison

This note discloses the Corporation's original published budgeted figures for 2015-16 compared to actual results, with explanations of major variances, in respect of the Corporation's Statements of Comprehensive Income, Statements of Financial Position and Statements of Cash Flows.

Budget to Actual Comparison - Statement of Comprehensive Income

		Parent			
		Original Budget	**Actual**		
	Variance	**2016**	**2016**	**Variance**	**Variance**
	Notes	**$000**	**$000**	**$000**	**% of Budget**
Income from Continuing Operations					
Grants and other contributions		101,978	101,895	(83)	0%
Cooperative income	1	10,000	8,409	(1,591)	(16)%
Other revenue	2	600	1,219	619	103%
Total Income from Continuing Operations		**112,578**	**111,523**	**(1,055)**	**(1)%**
Expenses from Continuing Operations					
Marketing, development and events support expenses	3	44,384	47,111	2,727	6%
Grant payments	3	44,055	39,934	(4,121)	(9)%
Employee expenses		17,407	17,247	(160)	(1)%
Depreciation and amortisation		400	409	9	2%
Impairment losses	4	-	664	664	100%
Other expenses	5	6,332	6,822	490	8%
Total Expenses from Continuing Operations		**112,578**	**112,187**	**(391)**	**0%**
Operating Result from Continuing Operations		**-**	**(664)**	**(664)**	**-**
Other Comprehensive Income		**-**	**-**	**-**	**-**
Total Comprehensive Income		**-**	**-**	**-**	**-**

The parent entity's Original Budget for Expenses from Continuing Operations has been reclassified to align with the classification of line items of the corresponding actual financial statements of the parent entity.

Tourism and Events Queensland Notes to and forming part of the Financial Statements

for the year ended 30 June 2016 *(continued)*

Note 23 – Budget vs Actual Comparison *(continued)*

Budget to Actual Comparison – Statement of Financial Position

		Parent			
		Original Budget	Actual		Variance
	Variance	2016	2016	Variance	% of Budget
	Notes	$000	$000	$000	$000
Current Assets					
Cash and cash equivalents	6	7,533	4,026	(3,507)	(47)%
Receivables		3,002	3,089	87	3%
Other financial assets	7	-	42	42	100%
Other current assets	8	57	88	31	54%
Total Current Assets		**10,592**	**7,245**	**(3,347)**	**(32)%**
Non-Current Assets					
Property, plant and equipment	9	1,623	1,005	(618)	(38%)
Other financial assets		-	-	-	100%
Investments	10	664	-	(664)	100%
Total Non-Current Assets		**2,287**	**1,005**	**(1,282)**	**(56)%**
Total Assets		**12,879**	**8,250**	**(4,629)**	**(36%)**
Current Liabilities					
Payables and other current liabilities	6	9,930	6,049	(3,881)	(39)%
Accrued employee benefits		438	438	-	0%
Total Current Liabilities		**10,368**	**6,487**	**(3,881)**	**(37%)**
Non-Current Liabilities					
Other non-current liabilities	11	302	218	(84)	(28)%
Total Non-Current Liabilities		**302**	**218**	**(84)**	**(28)%**
Total Liabilities		**10,670**	**6,705**	**(3,965)**	**(37)%**
Net Assets		**2,209**	**1,545**	**(664)**	**(30)%**
Equity					
Contributed equity		12,908	12,908	-	0%
Accumulated deficit		(10,699)	(11,363)	(664)	6%
Total Equity		**2,209**	**1,545**	**(664)**	**(30)%**

The parent entity's Original Budget for Payables and Accrued employee benefits has been reclassified to align with the classification of line items of the corresponding actual financial statements of the parent entity.

Budget to Actual Comparison - Statement of Cash Flows

		Parent			
		Original Budget	Actual		Variance
	Variance	2016	2016	Variance	% of Budget
	Notes	$000	$000	$000	$000
Cash flows from operating activities					
Inflows:					
Revenue from Government received		101,978	102,459	481	0%
Receipts from customers	12	10,590	9,869	(721)	(7)%
Interest received		200	197	(3)	(2)%
Outflows:					
Payments to suppliers and employees		(112,170)	(112,583)	(413)	0%
Net cash flows used in operating activities		**598**	**(58)**	**(656)**	**(110)%**
Cash flows from investing activities					
Inflows:					
Proceeds from forward contracts	13	-	6,427	6,427	100%
Outflows:					
Payments for forward contracts	13	-	(6,311)	(6,311)	100%
Payments for property, plant & equipment	9	(300)	(61)	239	(80)%
Net cash flows (used in) / provided by investing activities		**(300)**	**(55)**	**355**	**(118)%**
Net (decrease) / increase in cash and cash equivalents		**298**	**(3)**	**(301)**	**(101)%**
Cash and cash equivalents at beginning of the year		7,235	4,029	(3,206)	(44)%
Cash and cash equivalents at end of financial year		**7,533**	**4,026**	**(3,507)**	**(47)%**

Tourism and Events Queensland Notes to and forming part of the Financial Statements

for the year ended 30 June 2016 *(continued)*

Note 23 – Budget vs Actual Comparison *(continued)*

Explanations of Major Variances

Statement of Comprehensive Income

1. The decrease reflects slightly lower than expected revenues directed through the Corporation's accounts by industry and other partners in jointly managed marketing campaigns and event activity during 2015-16 ($1.6 million). Where appropriate and cost effective, partner contributions are expended directly by the partner on joint activities rather than directed through the Corporation's accounts.

2. The increase is primarily made up of unbudgeted returned event funding ($0.25 million) and slightly higher than budgeted media rebates ($0.21 million). Event funding instalments are refunded when necessitated by contractual conditions. Return of such funding cannot be anticipated and is therefore not budgeted. Media rebate income received is directly linked to spend on media with relevant suppliers. The Corporation's spend on media as a proportion of total campaign budgets was slightly higher than budgeted resulting in higher than budgeted media rebate income during 2015-16.

3. The increase in marketing, development and events support expenses and decrease in grant payment expenses primarily reflects the re-allocation of budget between the two categories of spend in line with the Corporation's approved 2015-16 strategy. The 2016 year Budget reflected a similar allocation of budget between the two categories of spend as in the prior year. The Corporation's 2015-16 strategy subsequently re-directed $4.1 million of major and destination event funding to marketing activities when compared with the prior year primarily to align the allocation of event funding with contractual milestones contained in event funding contracts. The increase in marketing, development and events support expenses as a result of this re-allocation of activity was partially offset by a reduction in spend due to lower than budgeted cooperative income ($1.6 million).

4. The increase is due to the unbudgeted impairment of the Corporation's investment in Gold Coast Events Management Ltd ($0.664 million). The impairment reflects the Corporation's strategy to limit funds held as retained earnings in the controlled entity. The 2016 year Budget did not reflect this impairment as the reduction in net asset value of the investment was not known until after the approval of the Budget.

5. The increase primarily reflects costs associated with a refresh of information technology equipment in accordance with the Corporation's information technology equipment replacement program ($0.4 million). The refresh was originally planned for early in the 2017 year Budget however the program was brought forward to June 2016.

Statement of Financial Position

6. The decrease reflects the earlier receipt of invoices relating to activity completed in the final quarter of the financial year than originally forecast in the 2016 year Budget. The 2016 year Budget for closing cash and cash equivalents and trade and other payables included an assumption around the timing of receipt of invoices for activity completed in the final quarter of the financial year. The earlier receipt of these invoices resulted in associated payments being processed before 30 June and a lower closing cash and cash equivalents and trade and other payables balance when compared against the 2016 year Budget.

7. Other financial assets represents the Corporation's net forward exchange contracts receivable. The closing net receivable is represented by the revaluation of the contracts on hand at balance date in line with market fluctuations in current forward exchange rates for contracts with similar maturity profiles. The closing balance reflects the net gain or loss over the term of the contract to balance date. The increase is due to the unbudgeted net gain on revaluation of forward exchange contracts on hand at balance date over the term of the contract ($0.43 million). The Corporation realised a net gain on revaluation of these contracts at 30 June 3015 ($0.81 million) which was offset by a net loss on revaluation of these contracts at 30 June 2016 ($0.38 million). The impact of the revaluation cannot be reliably forecast at the time of Budget approval.

8. The increase is due to a prepayment for information technology related services where the contract required payment in advance of the receipt of services ($0.02 million). Whilst the service costs were budgeted, the 2016 year Budget did not forecast the prepayment of the expenses as required by the contract.

9. The reduction is due to lower than budgeted purchases of property, plant and equipment. The value of some items of property, plant and equipment originally budgeted as capital purchases were below the Corporation's asset recognition threshold and were expensed on acquisition.

10. The reduction is due to the unbudgeted impairment of the Corporation's investment in Gold Coast Events Management Ltd ($0.664 million) and reflects the Corporation's strategy to limit funds held as retained earnings in the controlled entity. The 2016 year Budget did not reflect this reduction as the reduction in net asset value of the investment was not known until after the approval of the Budget.

11. The decrease is due to the annual adjustment to rent payable liability to recognise lease straight lining.

Statement of Cash Flows

12. The decrease reflects slightly lower than expected revenues directed through the Corporation's accounts by industry and other partners in jointly managed marketing campaigns and event activity during 2015-16.

13. Payments and proceeds for forward exchange contracts were net off in 2016 year Budget cashflow. The impact of foreign currency translation on proceeds cannot be reliably forecast at the time of Budget approval.

Management Certificate Tourism and Events Queensland and Its Controlled Entities

These general purpose consolidated financial statements have been prepared pursuant to section 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 section 62(1)(b) of the Act we certify that in our opinion:

(i) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects;

(ii) the consolidated financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Tourism and Events Queensland for the year ended 30 June 2016 and of the financial position of the Corporation as at the end of that year; and

(iii) 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.

.... DATE: 23/08/2016

B EAST
Chairman

.... DATE: 23/08/2016

L CODDINGTON BBus(HosMgt) GAICD
Chief Executive Officer

.... DATE: 23/08/2016

N ELLIOTT BCom FCPA MAICD
Group Executive Corporate Services

Independent auditor's report

To the Board of Tourism and Events Queensland

Report on the Financial Report

I have audited the accompanying financial report of Tourism and Events Queensland, which comprises the statements of financial position as at 30 June 2016, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Chairman, Chief Executive Officer and Group Executive Corporate Services of the entity and the consolidated entity comprising Tourism and Events Queensland and the entities it controlled at the year's end or from time to time during the financial year.

The Board's Responsibility for the Financial Report

The Board of Tourism and Events Queensland is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Board's responsibility also includes such internal control as the Board determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

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

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

(b) in my opinion –

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

(ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of Tourism and Events Queensland and the consolidated entity for the financial year 1 July 2015 to 30 June 2016 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

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

QUEENSLAND
3 1 AUG 2016
AUDIT OFFICE

R W HODSON CPA
As Delegate of the Auditor General of Queensland

Queensland Audit Office
Brisbane