

## EAROPH Australia Forum 15<sup>th</sup> March, 2014

How much have you invested in Australia? How much do you, as a citizen of Australia, or your state and a resident in your local government own? What is it exactly that you are asking your elected members of Parliament to manage on your behalf?

There are the services we use – public services for all of us. There are the private services the public sector contributes to making them affordable for all of us. And there is the stock of assets that our forebears have built for us, or we have inherited when we became citizens of this country.

So what does citizenship and residency bestow on us?

Collectively, we own and ask our representatives and the public service to manage on our behalf, the assets and liabilities that are recorded in the financial statements of our governments: The Commonwealth of Australia, The State of Queensland, and the City of Brisbane. Ever wondered what you, as a resident of Brisbane, living in Queensland and a citizen of Australia have a share in?

First, let us get the mathematical and financial definitions out of the way. First, what exactly is one billion? It is a thousand million a billion, same as the Americans. It used to be a million, million, but the US dominance of financial markets means most countries now use 1,000 million to mean 1 billion. Second, what is the public sector? It consists of government departments, and agencies or statutory authorities, public non-financial corporations and public financial corporations and their controlled entities. The definition is the same all over the world as it accords with the General Finance Statistics, and the System of National Accounts published by the United Nations.

So, given the financial statements of the Commonwealth, State of Queensland and Brisbane City Council report our total assets and liabilities, what do we own?

### Commonwealth

The total assets of the Commonwealth, consolidated from all government departments and agencies funded from taxes, public non-financial corporations providing goods and services paid for by fees and charges, and all public financial institutions, including the Reserve Bank of Australia, were, as at 30 June 2012 \$390.6b. Now assuming this value was still owned in September 2012, when the population estimates were released, each and every one of us: man, woman, child, and other residents own **\$17,142** in Commonwealth assets. \$390,600,000,000 in assets and 22,785,500 people.

Now, against that we have incurred liabilities: \$646.8b. Now that is **\$(28,386)** per person. So, each of us is in debt to someone or other at the Commonwealth level to the tune of **\$(11,244)**. Our Commonwealth Government appears not to be a going concern.

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Let us not pause there for long, but remember to carry forward a net burden on each of us of **\$(11,244)**.

### State of Queensland

I also own a stake in the State of Queensland. The total assets of the State of Queensland, consolidated from all government departments and statutory authorities funded from Commonwealth payments and taxes, all public non-financial corporations and all public financial corporations, including Queensland Treasury Corporation, were, as at 30 June 2012, valued at: \$299.748b. With a population of 4,584,600 that means each Queensland has a stake in **\$65,381.49** of public assets: Schools, hospitals, electricity generators, national parks, roads etc.

Against these assets, we owe \$137.79b or **\$(30,054.97)** each. The means, we have a net worth invested in the Queensland State Sector of **\$35,326.52**.

*Off-setting* that against the Commonwealth negative net worth, it means we have a net investment in the Commonwealth and Queensland of **\$24,082.52** each.

### City of Brisbane

And I live in Brisbane, so also have a share of its assets and liabilities. As at the 30 June 2012, the City of Brisbane assets were worth \$21.2b. Our latest statistics for the population of Brisbane are as at 30 June 2011 when there were 1,079,392 people living within the City Council area. That means each of us owns **\$19,640.69** in assets.

Against that were liabilities of \$2.296b or we owe for our local government about **\$(2,127.12)** each.

That gives us a net investment, each, in the Brisbane City Council's consolidated entity of **\$17,513.57** each.

### Consolidated

Adding that investment to our net investment in the Commonwealth and State of Queensland of **\$24,082.52**, we get a total investment in all our levels of government, each, of **\$41,596.10**.

Total Investment in the public sector of Australia per capita is \$41,596.10. If you live with a partner, and have two children living at home, then your household has an investment of \$166,384.40. And that is the same regardless of your individual wealth or status. Each of us, by dint of being born in Australia, or being accepted as residents of Australia, is responsible for collectively managing a total asset base of \$711.548b. Assets and Liabilities are spread differently with more people to carry the Commonwealth's net loss than the Brisbane City Council's net worth.

Jurisdiction	Assets	Liabilities	Net Worth	Population	Per Capita
Commonwealth	\$390.6b	\$646.8b	-\$256.2b	22,785,500	\$(11,243.99)
State of Queensland	\$299.748b	\$137.79b	\$161.958b	4,584,600	\$35,326.53
City of Brisbane	<u>\$ 21.2b</u>	<u>\$ 2.296b</u>	<u>\$18.904b</u>	1,079,392	<u>\$17,513.56</u>
TOTAL	\$711.548b	\$786.886			\$41,596.10

**Australian Government balance sheet**  
as at 30 June 2012

	Note	2012 \$m	2011 \$m
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	33B	4,641	5,427
Advances paid	17	27,422	22,373
Other receivables and accrued revenue	17	39,386	38,257
Investments, loans and placements	18	166,602	162,788
Equity investments	19	30,142	32,873
<i>Total financial assets</i>		<i>268,193</i>	<i>261,718</i>
<b>Non-financial assets</b>			
Land	20	9,155	9,192
Buildings	20	25,445	24,449
Plant, equipment and infrastructure	20	58,987	55,829
Intangibles	21	6,736	5,329
Investment property	20	377	655
Inventories	22	7,460	6,987
Biological assets	23	37	104
Heritage and cultural assets	20	10,433	9,746
Assets held for sale	23	198	269
Other non-financial assets	23	3,557	2,770
<i>Total non-financial assets</i>		<i>122,385</i>	<i>115,330</i>
<b>Total assets</b>	24	<b>390,578</b>	<b>377,048</b>
<b>Liabilities</b>			
<b>Interest bearing liabilities</b>			
Overdrafts	33B	60	-
Deposits held	25	3,013	4,902
Government securities	26	268,198	201,298
Loans	27	7,615	7,601
Other borrowing	28	1,089	757
Other interest bearing liabilities	29	7,717	7,429
<i>Total interest bearing liabilities</i>		<i>287,692</i>	<i>221,987</i>
<b>Provisions and payables</b>			
Superannuation liability	30	235,840	145,201
Other employee liabilities	30	16,961	13,803
Suppliers payable	31	6,364	6,785
Personal benefits payable	31	5,386	6,461
Subsidies payable	31	2,392	1,823
Grants payable	31	3,012	3,346
Australian currency on issue	31	53,595	50,059
Other payables	31	5,447	5,853
Other provisions	31	30,148	24,867
<i>Total provisions and payables</i>		<i>359,145</i>	<i>258,198</i>
<b>Total liabilities</b>		<b>646,837</b>	<b>480,185</b>
<b>Net worth</b>			
Accumulated results		(301,184)	(146,637)
Reserves		44,925	43,500
Minority interests		-	-
<b>Net worth</b>		<b>(256,259)</b>	<b>(103,137)</b>
Current liabilities		84,757	88,640
Non-current liabilities		562,080	391,545
<b>Total liabilities by maturity</b>		<b>646,837</b>	<b>480,185</b>
Current assets		209,898	211,851
Non-current assets		180,680	165,197
<b>Total assets by maturity</b>		<b>390,578</b>	<b>377,048</b>

The above statement should be read in conjunction with the accompanying notes.

**Balance Sheet for Queensland  
as at 30 June 2012**

	Notes	General Government Sector		Total State Sector	
		2012 \$M	2011 \$M	2012 \$M	2011 \$M
<b>Assets</b>					
<b>Financial Assets</b>					
Cash and deposits	25	865	635	1,529	1,359
Receivables and loans					
Receivables	26	4,087	4,483	5,174	5,123
Advances paid	26	687	594	932	865
Loans paid	26	115	128	7,445	5,888
Securities other than shares	27	34,124	33,224	52,336	53,402
Shares and other equity investments					
Investments in public sector entities	28	21,602	22,405	-	-
Investments in other entities	28	8	5	2,806	2,818
Investments accounted for using equity method	28	140	112	259	210
<b>Total Financial Assets</b>		<b>61,628</b>	<b>61,585</b>	<b>70,480</b>	<b>69,665</b>
<b>Non-Financial Assets</b>					
Inventories	31	738	678	1,246	1,194
Assets held for sale	32	145	198	149	371
Investment properties	33	188	251	500	553
Biological assets	34	11	9	11	10
Property, plant and equipment	37	174,278	170,990	225,664	220,006
Intangibles	38	846	872	1,172	1,139
Deferred tax asset		5,449	5,090	-	-
Other non-financial assets	35	290	283	525	469
<b>Total Non-Financial Assets</b>		<b>181,945</b>	<b>178,372</b>	<b>229,267</b>	<b>223,743</b>
<b>Total Assets</b>		<b>243,573</b>	<b>239,957</b>	<b>299,748</b>	<b>293,408</b>
<b>Liabilities</b>					
Payables	39	3,888	3,851	5,090	4,785
Employee benefit obligations					
Superannuation liability	40	30,626	25,236	30,856	25,159
Other employee benefits	40	5,096	4,632	5,952	5,400
Deposits held	41	1	1	3,403	3,557
Borrowings and advances					
Advances received	42	425	444	425	444
Borrowings	42	29,513	24,593	1,126	884
Securities and derivatives	43	-	-	84,802	73,686
Deferred tax liability		1,335	1,328	-	-
Provisions	45	1,451	1,281	5,150	5,196
Other liabilities	46	584	717	987	1,341
<b>Total Liabilities</b>		<b>72,920</b>	<b>62,082</b>	<b>137,790</b>	<b>120,453</b>
<b>Net Assets</b>		<b>170,653</b>	<b>177,875</b>	<b>161,958</b>	<b>172,956</b>
<b>Net Worth</b>					
Accumulated surplus/(deficit)		82,995	89,222	76,192	86,809
Reserves		87,658	88,653	85,765	86,147
<b>Total Net Worth</b>		<b>170,653</b>	<b>177,875</b>	<b>161,958</b>	<b>172,956</b>
<b>KEY FISCAL AGGREGATES</b>					
Net Financial Worth		(11,292)	(497)	(67,310)	(50,787)
Net Financial Liabilities		32,894	22,902	67,310	50,787
Net Debt		(5,851)	(9,542)	27,514	17,057

*This Balance Sheet should be read in conjunction with the accompanying notes. Note 2 provides disaggregated information in relation to the components of the net assets.*

## Statements of Financial Position

As at 30 June 2012	Note	Consolidated		Council	
		2012 \$000	2011 \$000	2012 \$000	2011 \$000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	5.	426,211	351,168	380,367	299,481
Trade and other receivables	6.(a)	86,747	86,906	84,929	85,494
Inventories	7.	14,212	14,286	14,212	14,286
Other	9.	71,839	70,270	71,839	70,270
		<u>599,009</u>	<u>522,630</u>	<u>551,347</u>	<u>469,531</u>
<b>Non-current assets</b>					
Receivables	6.(b)	1,241,282	1,241,282	1,241,282	1,241,282
Other financial assets	10.	46,050	85,320	167,407	167,961
Investment in associate	10.(d)	2,298,398	2,215,692	2,158,143	2,158,143
Property, plant and equipment	11.(a)	17,046,123	17,129,286	16,908,816	17,050,616
Intangible assets	12.	11,459	14,830	11,459	14,830
Defined benefit plan	24.(b)(iii)	-	4,306	-	4,306
		<u>20,643,312</u>	<u>20,690,716</u>	<u>20,487,107</u>	<u>20,637,138</u>
<b>Total Assets</b>	2.(c)	<u>21,242,321</u>	<u>21,213,346</u>	<u>21,038,454</u>	<u>21,106,669</u>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	13.	459,319	484,735	456,012	484,323
Other financial liabilities	14.(a)	33,291	26,306	33,291	26,306
Derivative financial instruments	8.	2,359	70	2,359	70
Provisions	15.	120,609	112,233	120,609	112,233
Other	16.	25,100	24,406	25,148	24,210
		<u>640,678</u>	<u>647,750</u>	<u>637,419</u>	<u>647,142</u>
<b>Non-current liabilities</b>					
Other financial liabilities	14.(a)	1,623,911	1,159,429	1,623,911	1,159,429
Provisions	15.	28,574	22,185	28,574	22,185
Defined benefit plan	24.(b)(iii)	2,918	-	2,918	-
Other	16.	792	800	4,590	800
		<u>1,656,195</u>	<u>1,182,414</u>	<u>1,659,993</u>	<u>1,182,414</u>
<b>Total Liabilities</b>		<u>2,296,873</u>	<u>1,830,164</u>	<u>2,297,412</u>	<u>1,829,556</u>
<b>Net Community Assets</b>		<u>18,945,448</u>	<u>19,383,182</u>	<u>18,741,042</u>	<u>19,277,113</u>
<b>Community Equity</b>					
Capital	17.	8,889,505	8,790,376	8,750,350	8,733,358
Asset revaluation surplus	18.	9,592,463	10,205,272	9,555,335	10,187,464
Fair value reserve	19.	(4,189)	(2,266)	(4,189)	(2,266)
Other reserves	20.	425,813	355,583	425,813	355,583
Accumulated surplus		41,856	34,217	13,733	2,973
<b>Total Community Equity</b>		<u>18,945,448</u>	<u>19,383,182</u>	<u>18,741,042</u>	<u>19,277,113</u>

The above Statements of Financial Position should be read in conjunction with the notes to and forming part of the financial Statements set out on the attached pages.

## **Notes:**

### **Commonwealth of Australia**

#### **1.6 The reporting entity and basis of consolidation**

For the purposes of this financial report, the Australian Government means the Executive (consisting principally of the Ministers and their departments), the legislature (that is, the Parliament) and the judiciary (that is, the courts). Where the 'Australian Government' is referred to throughout this report it is intended to also

mean the 'Commonwealth of Australia'. For the purposes of this financial report, the Australian Government reporting entity (referred to as the reporting entity) includes Australian Government Departments of State, Parliamentary Departments, prescribed agencies, Commonwealth authorities, Commonwealth companies limited by shares and Commonwealth companies limited by guarantee in which the Australian Government holds a controlling interest.

The CFS includes the balances of assets and liabilities held at the end of the financial year, and the income and expenses during the year of the Australian Government and its controlled entities.

In the process of reporting the Australian Government as a single economic entity, all material transactions and balances between government controlled entities are eliminated. Where circumstances arise and their effect is considered material, dissimilar accounting policies are amended to ensure consistent policies are adopted in

this consolidated financial report. Where control of an entity is obtained during a financial year, results are included in the consolidated operating statement and consolidated cash flow statement from the date on which control commenced. Where control of an entity ceases during a financial year, results are included for that part of the year for which control existed.

For the purposes of this financial report, the control of another entity by the Australian Government complies with the requirements under AASB 127 Consolidated and Separate Financial Statements.

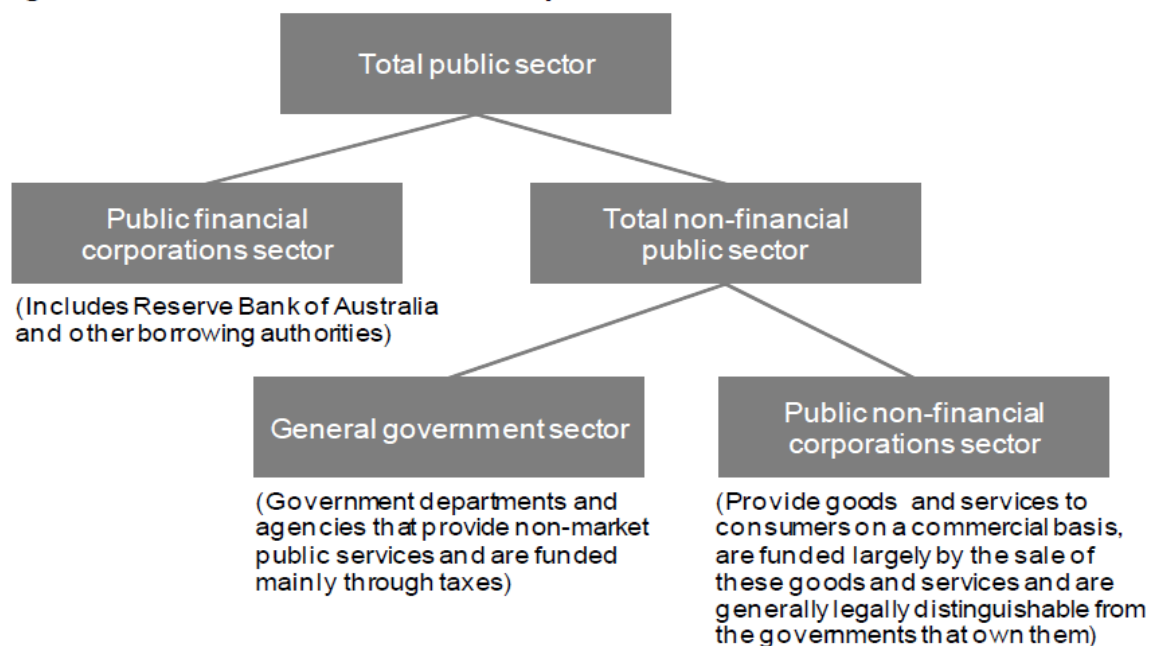
The existence of control in the context of this consolidated financial report does not in any way indicate that there is necessarily control over the manner in which statutory/professional functions are performed by an entity.

A detailed list of entities controlled by the Australian Government is provided in Note 44.

The Australian National University has not been consolidated in this financial report, but the value of total net assets has been recognised as an investment. Similarly, the total value of net assets of other entities, in which the Australian Government holds a share of the assets, but which it does not significantly influence, have also been recognised as an investment. Details of those entities are included in Note 44.

## Total Commonwealth Public Sector

**Figure 1: Institutional structure of the public sector**



## Balance sheet

	2011-12	2010-11	Change
	\$b	\$b	\$b
Financial assets	268.2	261.7	6.5
Non-financial assets	122.4	115.3	7.1
<b>Total assets</b>	<b>390.6</b>	<b>377.0</b>	<b>13.5</b>
Interest bearing liabilities	287.7	222.0	65.7
Provisions and payables	359.1	258.2	100.9
<b>Total liabilities</b>	<b>646.8</b>	<b>480.2</b>	<b>166.7</b>
<b>Net worth</b>	<b>(256.3)</b>	<b>(103.1)</b>	<b>(153.1)</b>

**Note 44: List of Australian Government reporting entities  
Agriculture, Fisheries and Forestry Portfolio**

*General government*

Australian Fisheries Management Authority  
Australian Pesticides and Veterinary Medicines Authority  
Cotton Research and Development Corporation  
Department of Agriculture, Fisheries and Forestry  
Fisheries Research and Development Corporation  
Grains Research and Development Corporation  
Grape and Wine Research and Development Corporation  
Rural Industries Research and Development Corporation  
Sugar Research and Development Corporation  
Wheat Exports Australia  
Wine Australia Corporation

**Attorney-General's Portfolio**

*General government*

Administrative Appeals Tribunal  
Attorney-General's Department  
Australian Commission for Law Enforcement Integrity  
Australian Crime Commission  
Australian Customs and Border Protection Service  
Australian Federal Police  
Australian Human Rights Commission  
Australian Institute of Criminology  
Australian Law Reform Commission  
Australian Security Intelligence Organisation  
Australian Transaction Reports and Analysis Centre  
Crimtrac Agency  
Family Court of Australia  
Federal Court of Australia  
Federal Magistrates Court of Australia  
High Court of Australia  
Insolvency and Trustee Service Australia  
National Native Title Tribunal  
Office of Parliamentary Counsel  
Office of the Australian Information Commissioner  
Office of the Director of Public Prosecutions  
*Public non-financial corporations*  
Australian Government Solicitor

**Broadband Communications and the Digital Economy Portfolio**

*General government*

Australian Broadcasting Corporation  
Australian Communications and Media Authority  
Department of Broadband, Communications and the Digital Economy  
Special Broadcasting Service Corporation  
*Public non-financial corporations*

Australian Postal Corporation  
NBN Co Limited

**Climate Change and Energy Efficiency Portfolio**

*General government*

Clean Energy Regulator  
Department of Climate Change and Energy Efficiency  
Low Carbon Australia Limited (company limited by guarantee)  
Office of the Renewable Energy Regulator

**Defence Portfolio**

*General government*

AAF Company (company limited by guarantee)  
Army and Air Force Canteen Service  
Australian Military Forces Relief Trust Fund  
Australian Strategic Policy Institute Limited (company limited by guarantee)

Australian War Memorial  
Defence Housing Australia  
Defence Materiel Organisation  
Department of Defence  
Department of Veterans' Affairs  
Royal Australian Air Force Veterans' Residences Trust Fund  
Royal Australian Air Force Welfare Recreation Company  
Royal Australian Air Force Welfare Trust Fund  
Royal Australian Navy Central Canteens Board  
Royal Australian Navy Relief Trust Fund

### **Education, Employment and Workplace Relations Portfolio**

#### *General government*

Australian Curriculum, Assessment and Reporting Authority  
Australian Institute for Teaching and School Leadership Limited (company limited by guarantee)  
Comcare

Department of Education, Employment and Workplace Relations

Fair Work Australia

Office of the Australian Building and Construction Commissioner

Office of the Fair Work Building Industry Inspectorate

Office of the Fair Work Ombudsman

Safe Work Australia

Seafarers Safety, Rehabilitation and Compensation Authority (Seacare Authority)

#### *Public financial corporations*

Coal Mining Industry (Long Service Leave Funding) Corporation

### **Families, Housing, Community Services and Indigenous Affairs Portfolio**

#### *General government*

Aboriginal Hostels Limited (company limited by guarantee)

Anindilyakwa Land Council

Australian Institute of Family Studies

Central Land Council

Department of Families, Housing, Community Services and Indigenous Affairs

Equal Opportunity for Women in the Workplace Agency

Indigenous Business Australia

Indigenous Land Corporation

Northern Land Council

Outback Stores Pty Ltd

Tiwi Land Council

Torres Strait Regional Authority

Wreck Bay Aboriginal Community Council

#### **Public non-financial corporations**

Voyages Indigenous Tourism Australia Pty Ltd

### **Finance and Deregulation Portfolio**

#### *General government*

Australian Electoral Commission

Commonwealth Superannuation Corporation

ComSuper

Department of Finance and Deregulation

Future Fund Management Agency

#### *Public financial corporations*

Medibank Private Limited

#### **Public non-financial corporations**

Albury-Wodonga Development Corporation

ASC Pty Ltd

Australian River Co. Limited

### **Foreign Affairs and Trade Portfolio**

#### *General government*

Australian Agency for International Development (AusAID)

Australian Centre for International Agricultural Research

Australian Secret Intelligence Service

Australian Trade Commission  
Department of Foreign Affairs and Trade  
Export Finance and Insurance Corporation National Interest Account  
Public financial corporations  
Export Finance and Insurance Corporation

### **Health and Ageing Portfolio**

#### *General government*

Aged Care Standards and Accreditation Agency Ltd (company limited by guarantee)  
Australian Commission on Safety and Quality in Health Care  
Australian Institute of Health and Welfare  
Australian National Preventive Health Agency  
Australian Organ and Tissue Donation and Transportation Authority  
Australian Radiation Protection and Nuclear Safety Agency  
Cancer Australia  
Department of Health and Ageing  
Food Standards Australia New Zealand  
General Practice Education and Training Limited (company limited by guarantee)  
Health Workforce Australia  
Independent Hospital Pricing Authority  
National Blood Authority  
National Health and Medical Research Council  
National Health Performance Authority  
Private Health Insurance Administration Council  
Private Health Insurance Ombudsman  
Professional Services Review Scheme

### **Human Services Portfolio**

#### *General government*

Department of Human Services  
*Public non-financial corporations*  
Australian Hearing Services (Australian Hearing)

### **Immigration and Citizenship Portfolio**

#### *General government*

Department of Immigration and Citizenship  
Migration Review Tribunal and Refugee Review Tribunal

### **Industry, Innovation, Science, Research and Tertiary Education Portfolio**

#### *General government*

Australian Institute of Aboriginal and Torres Strait Islander Studies  
Australian Institute of Marine Science  
Australian Learning and Teaching Council Limited  
Australian Nuclear Science and Technology Organisation  
Australian Research Council  
Australian Skills Quality Authority (National Vocational Education and Training Regulator)  
Commonwealth Scientific and Industrial Research Organisation  
Department of Industry, Innovation, Science, Research and Tertiary Education  
IIF Investments Pty Limited  
IP Australia  
Tertiary Education Quality and Standards Agency

### **Infrastructure and Transport Portfolio**

#### *General government*

Australian Maritime Safety Authority  
Australian Transport Safety Bureau  
Civil Aviation Safety Authority  
Department of Infrastructure and Transport  
National Transport Commission

#### *Public non-financial corporations*

Airservices Australia  
Australian Rail Track Corporation Limited

### **Parliamentary Departments**

#### *General government*

Department of Parliamentary Services  
Department of the House of Representatives  
Department of the Senate  
Parliamentary Budget Office

**Prime Minister and Cabinet Portfolio**

*General government*

Australian National Audit Office  
Australian Public Service Commission  
Department of the Prime Minister and Cabinet  
National Australia Day Council Limited (company limited by guarantee)  
National Mental Health Commission  
Office of National Assessments  
Office of the Commonwealth Ombudsman  
Office of the Inspector-General of Intelligence and Security  
Office of the Official Secretary to the Governor-General

**Regional Australia, Local Government, Arts and Sport Portfolio**

*General government*

Australia Business and Arts Foundation (company limited by guarantee)  
Australia Council  
Australian Film, Television and Radio School  
Australian National Maritime Museum  
Australian Sports Anti-Doping Authority  
Australian Sports Commission  
Australian Sports Foundation Limited (company limited by guarantee)  
Bundanon Trust (company limited by guarantee)  
Department of Regional Australia, Local Government, Arts and Sport  
National Archives of Australia  
National Capital Authority  
National Film and Sound Archive Australia  
National Gallery of Australia  
National Library of Australia  
National Museum of Australia  
Old Parliament House  
Screen Australia

**Resources, Energy and Tourism Portfolio**

*General government*

Australian Solar Institute Limited  
Department of Resources, Energy and Tourism  
Geoscience Australia  
National Offshore Petroleum Safety and Environmental Management Authority  
Tourism Australia

**Sustainability, Environment, Water, Population and Communities Portfolio**

*General government*

Bureau of Meteorology  
Department of Sustainability, Environment, Water, Population and Communities  
Director of National Parks  
Great Barrier Reef Marine Park Authority  
Murray-Darling Basin Authority  
National Water Commission  
Sydney Harbour Federation Trust

**Treasury Portfolio**

*General government*

Australian Bureau of Statistics  
Australian Competition and Consumer Commission  
Australian Office of Financial Management  
Australian Prudential Regulation Authority  
Australian Securities and Investments Commission  
Australian Taxation Office  
Commonwealth Grants Commission  
Corporations and Markets Advisory Committee

Department of the Treasury  
Inspector-General of Taxation  
National Competition Council  
Office of the Auditing and Assurance Standards Board  
Office of the Australian Accounting Standards Board  
Productivity Commission  
Royal Australian Mint  
Public financial corporations  
Australian Reinsurance Pool Corporation  
Reserve Bank of Australia

**Other investments**

Advance Polymetrik  
Australian National University  
Ceramic Fuel Cells  
Clarity Pharmaceuticals Pty Ltd  
Crace Developments Pty Ltd  
HIH Claims Support Limited  
Law Courts Ltd  
Murray-Darling Freshwater Research Centre  
NEPC Service Corporation  
PSMA Australia Limited  
Snowy Hydro Limited  
Yarra Community Housing

**Entity changes during 2011-12**

**Entities no longer consolidated**

Australian Learning and Teaching Council Limited (abolished 1 January 2012)  
Centrelink (abolished 1 July 2011)  
Criminology Research Council (abolished 1 July 2011)  
Interim Independent Hospital Pricing Authority (abolished 1 September 2011)  
Medicare (abolished 1 July 2011)  
National Breast and Ovarian Cancer Centre (abolished 1 July 2011)  
Office of the Renewable Energy Regulator (abolished 2 April 2012)  
OzCar (abolished 30 June 2011)

**Entities newly controlled/established in 2011-12**

Clean Energy Regulator (2 April 2012)  
Independent Hospital Pricing Authority (15 December 2011)  
National Health Funding Body (25 June 2012)  
National Health Performance Authority (15 December 2011)  
National Mental Health Commission (1 January 2012)  
Parliamentary Budget Office (15 February 2012)  
Tertiary Education Quality and Standards Agency (1 July 2012)

**Entities with name changes**

Department of Industry, Innovation, Science, Research and Tertiary Education  
(previously Department of Innovation, Industry, Science and Research)  
Department of Regional Australia, Local Government, Arts and Sport (previously  
Department of Regional Australia, Regional Development and Local Government)  
National Offshore Petroleum Safety and Environmental Management Authority  
(previously National Offshore Petroleum Safety Authority)  
Office of the Fair Work Building Industry Inspectorate (previously Office of the  
Australian Building and Construction Commissioner)

**Why Negative Net Worth?**

The Commonwealth general government sector has historically recorded negative net worth. This difference primarily reflects the significant funding provided by the Commonwealth to the States for capital works, with the resultant assets recorded in the States' balance sheets.

## Total Queensland State Sector:

### State Financial (Total State) Sector

The Total State Sector includes all State Government departments and statutory authorities, public non-financial corporations, public financial corporations and their controlled entities. All material inter-entity and intra-entity transactions and balances have been eliminated to the extent practicable:

- The net operating balance was a deficit of \$2.058 billion for 2011-12;
- The Total State Sector cash deficit was \$8.54 billion for 2011-12 after allowing for purchases of non-financial assets of \$12.048 billion;
- The Total State Sector fiscal deficit was \$9.004 billion; and
- The Total State Sector net worth was \$161.958 billion and reflects the effect of market value adjustments on borrowings and superannuation liabilities as a result of lower bond yields.

#### **(b) The Government Reporting Entity**

The Queensland Government economic entity (Total State) includes all State Government departments, other General Government entities, Public Non-financial Corporations, Public Financial Corporations and their controlled entities. Refer Note 55 for a full list of controlled entities included in each sector.

Under AASB 1049, the preparation of the GGS financial report does not require full application of AASB 127 Consolidated and Separate Financial Statements and AASB 139 Financial Instruments: Recognition and Measurement. The GGS includes the value of all material assets, liabilities, equities, revenue and expenses of entities controlled by the GGS of Queensland. Assets, liabilities, revenue, expenses and cash flows of government controlled entities that are in the Public Non-financial Corporations Sector and the Public Financial Corporations Sector are not separately recognised in the GGS. Instead, the GGS recognises an asset, being the controlling equity investment in those entities and recognises an increment or decrement relating to changes in the carrying amount of that asset, measured in accordance with AASB 1049. See Note 1(q) for further information on valuation of investments in public sector entities.

Where control of an entity is obtained during the financial year, its results are included in the Operating Statement from the date control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control existed.

Only those agencies considered material by virtue of the size of their financial transactions and/or resources managed are consolidated for the purposes of this report.

In the process of reporting the Government of Queensland as a single economic entity, all material inter-entity and intra-entity transactions and balances have been eliminated to the extent practicable.

The ABS GFS Manual provides the basis upon which GFS information contained in the financial report is prepared. In particular, notes disclosing key fiscal aggregates of net worth, net operating balance, total change in net worth, net lending/(borrowing) and cash surplus/(deficit) determined using the principles and rules in the ABS GFS Manual are included in the financial report, together with a reconciliation of those key fiscal aggregates to the corresponding key fiscal aggregates determined in accordance with AASB 1049.

### Acquisition

Items of property, plant and equipment with a cost or other value greater than the asset recognition threshold of the agency are initially capitalised and recorded at cost. The Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector* mandates asset recognition thresholds for departments and not-for-profit statutory bodies as follows:

Asset class	Asset recognition threshold
Land	\$1 (all land)
Buildings	\$10,000
Infrastructure	\$10,000
Plant & equipment	\$5,000
Major plant & equipment	An amount greater than or equal to \$5,000, the exact amount of which is at the agency's discretion.
Leased assets (finance leases)	The threshold for the class to which the asset would belong if it were not subject to a finance lease.
Heritage & cultural assets	\$5,000
Work in progress	n/a
Library reference collections	\$1,000,000

Asset recognition thresholds for other entities do not exceed the thresholds above.

### (y) Assets not recognised

The following assets are not recognised in the Balance Sheet:

#### *Quarries*

The value of quarry resources held by the Department of Natural Resource and Mines is not included in the financial statements as it is not practical to determine the surrounding reserves available for extraction. Revenue from extraction of quarry materials is recognised when a return of material extracted is lodged.

#### *Railway corridor land*

Under the Transport Infrastructure Act 1994, railway corridor land was rendered State land under the control of the Department of Natural Resource and Mines which for reporting purposes recorded the land at nil value. This land is on-leased to Queensland Rail Limited via the Department of Transport and Main Roads at no cost.

#### *Library collections*

Purchases for common use collections are expensed as they are incurred, except for the State Library's Library Collection. Purchases for this collection are capitalised and held at fair value in accordance with Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector and Queensland Treasury's Accounting for Library Collections Policy, except for certain heritage assets whose value cannot be reliably measured.

#### *Native forests and biological assets*

Disclosures are outlined in Note 1(v).

#### **Biological assets**

Biological assets are recognised at net market value which is the amount that could be expected to be received from the disposal of the asset in an active and liquid market, after deducting costs expected to be incurred in realising the proceeds of such a disposal.

Biological assets held by the State and recognised in the Balance Sheet include:

- livestock; and
- plants (comprising timber plantations, sugarcane, grain and cotton crops).

Biological assets such as tree seed orchards, vines and nursery seedlings have been assessed in accordance with AASB 141 Agriculture, found not to be material and accordingly not been recognised.

#### *User funded assets*

Certain wharf facilities, bulk sugar terminals, bulk molasses terminals, bulk grain terminals and grain loading facilities have been constructed on land controlled by Queensland port corporations. These assets are not included in the Balance Sheet as users of the assets have either fully or partially funded these facilities and they are either not considered to be controlled by the corporations or no income will flow from the facilities.

#### *Heritage assets*

Certain heritage assets, including artefacts, memorabilia and other historical objects held by agencies, have not been valued or included in the Balance Sheet because of the unique nature of the items and the difficulty in determining a reliable value.

### **Reporting Entities**

#### *State of Queensland Administrative Units*

Department of the Premier and Cabinet

Public Service Commission

Department of State Development, Infrastructure and Planning

Queensland Reconstruction Authority

Queensland Treasury and Trade

Queensland Health

Department of Education, Training and Employment

Skills Queensland

Department of Justice and Attorney-General

Public Trust Office

Department of Transport and Main Roads

TransLink Transit Authority

Department of Housing and Public Works

Queensland Police Service

Department of Community Safety

Department of Agriculture, Fisheries and Forestry

Department of Environment and Heritage Protection

Department of Natural Resources and Mines

Department of Energy and Water Supply

Department of Local Government

Department of Communities, Child Safety and Disability Services

Department of Science, Information Technology, Innovation and the Arts

Department of National Parks, Recreation, Sport and Racing

Department of Tourism, Major Events, Small Business and the Commonwealth Games

Department of Aboriginal and Torres Strait Islander and Multicultural Affairs

#### Authorities

- Prostitution Licensing Authority
- Queensland Building Services Authority
- Queensland Competition Authority
- Queensland Reconstruction Authority
- QRAA (formerly known as the Queensland Rural Adjustment Authority)
- Queensland Studies Authority
- Residential Tenancies Authority
- Safe Food Production Queensland
- Skills Queensland

- TransLink Transit Authority
- Urban Land Development Authority
- Wet Tropics Management Authority

#### Commissions

- Office of the Information Commissioner
- Anti-Discrimination Commission Queensland
- Commission for Children and Young People and Child Guardian
- Crime and Misconduct Commission
- Electoral Commission of Queensland
- Health Quality and Complaints Commission
- Integrity Commissioner
- Queensland Law Reform Commission
- Legal Services Commission
- Motor Accident Insurance Commission
- Public Service Commission
- Queensland Industrial Relations Commission
- Queensland Local Government Grants Commission
- Queensland Water Commission

#### Boards

- Board of Architects of Queensland
- Board of Professional Engineers of Queensland
- Gladstone Area Water Board
- Medical Board of Qld (the board's functions are now part of AHPRA)
- Health Practitioner Registration Boards
- Townsville/Thuringowa Water Supply Board
- Valuers Registration Board of Queensland

### **Government-owned corporations**

We own 12 corporations in the energy, transport, funds management and natural resource industries. Their total value is estimated at over \$51 billion.

#### Energy

- CS Energy Ltd
- Energex Ltd
- Ergon Energy Corporation Ltd
- Powerlink Queensland
- Stanwell Corporation Ltd

#### Transport

- Far North Queensland Ports Corporation Ltd
- Gladstone Ports Corporation Ltd
- North Queensland Bulk Ports Corporation Ltd

- Port of Townsville Ltd
- Queensland Rail Ltd  
Funds management
- Queensland Investment Corporation Ltd

### Natural resources

- SunWater Ltd

#### Queensland Government bodies

- Legal Aid Queensland
- Princess Alexandra Hospital Research and Development Foundation
- Public Trustee
- Queensland Art Gallery
- Queensland College of Teachers
- Q-COMP
- Tourism and Events Queensland
- Queensland Institute of Medical Research
- QLeave
- Queensland Museum
- Queensland Ombudsman
- Queensland Performing Arts Centre
- Queensland Theatre Company
- Queensland Treasury Corporation
- Sciencentre
- South Bank Corporation
- State Library of Queensland
- Tourism Queensland
- Trade and Investment Queensland
- WorkCover Queensland  
Registers
- Register of Appointees to Queensland Government Bodies
- Register of Nominees to Queensland Government Bodies

# Brisbane City Council

## Consolidation

The consolidated financial statements include the value of all assets, liabilities, equity, revenues and expenses of Council and the entities that it controls, where these entities are material by size or nature. **The Group as an economic entity consists of Council as the parent entity together with City of Brisbane Investment Corporation Pty Ltd (CBIC), as a controlled entity.**

In the process of reporting on the Group as a single economic entity, all transactions and balances internal to the economic entity have been eliminated.

Investments in other 100% controlled entities have not been consolidated due to the immaterial size and nature of these entities compared with the parent entity. Refer note 10.(a) Investments in 100% Controlled Entities.

Participation rights in the Central SEQ Distributor Retailer Authority (refer note 10.(d)) are accounted for in the consolidated balances using the equity method to reflect Council's significant influence on the Authority. In the prior year, the Authority was equity accounted in Council's balances.

The initial value of the participating rights on 1 July 2010 was estimated using a regulatory asset base (RAB) valuation and by applying a ratio agreed by the participating Councils and the Authority (refer note 10.(d)). The value at year end includes the parent entity's share of the Authority's profit and other comprehensive income at 30 June 2012, after adjustments to align the accounting policies with those of the parent entity.

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

### 10.(a) Investments in 100% Controlled Entities at Cost

	Consolidated		Council	
	2012	2011	2012	2011
	\$	\$	\$	\$
Brisbane Powerhouse Pty Ltd	300,001	300,001	300,001	300,001
City of Brisbane Investment Corporation Pty Ltd (CBIC)	-	-	135,138,512	135,138,512
Trade Coast Land Pty Ltd	2	2	2	2
City Super Pty Ltd	2	2	2	2
Nuffield Pty Ltd	2	2	2	2
Brisbane Marketing Pty Ltd	1	1	1	1
Brisbane Green Heart CitySmart Pty Ltd (formerly Brisbane Bitumen Pty Ltd)	1	1	1	1
Riverfestival Brisbane Pty Ltd (dormant)	1	1	1	1
Museum of Brisbane Pty Ltd (formerly ourbrisbane.com Pty Ltd) (dormant)	1	1	1	1
Brisbane Tolling Pty Ltd (formerly brisbane.com Pty Ltd) (dormant)	1	1	1	1
	<u>300,012</u>	<u>300,012</u>	<u>135,438,524</u>	<u>135,438,524</u>

Museum of Brisbane Pty Ltd and Brisbane Tolling Pty Ltd did not trade during the year.

Brisbane Powerhouse Pty Ltd and Museum of Brisbane act as trustees for the Brisbane Powerhouse Foundation and the Museum of Brisbane Trust respectively.

Council also controls City of Brisbane Arts and Environment Ltd. The company, which is limited by guarantee, acts as trustee for the Brisbane Arts Trust and Brisbane Environment Trust.

**10.(b) Investments In Other Entities at Cost**

Major Brisbane Festivals Pty Ltd	50	1	1	1	1
Brisbane Housing Company Ltd	33	1	1	1	1
Brisbane City Enterprises Pty Ltd	20	152,000	152,000	152,000	152,000
Brisbane Bus Build Pty Ltd	50	1,000	1,000	1,000	1,000
SEQ Regional Recreational Facilities Pty Ltd	12.5	509,000	509,000	509,000	509,000
		<u>662,002</u>	<u>662,002</u>	<u>662,002</u>	<u>662,002</u>

Equity accounting has not been applied to the above companies because Council does not have control or significant influence over their financial or operating policies through voting rights or board membership, and the companies' transactions are not material.

**10.(c) Other Investments at Market Value**

Units held in Queensland Investment Corporation managed fund		31,306,732	31,860,381	31,306,732	31,860,381
Units held in Australian Unity Investments Platypus Australian Equities Trust		-	32,351,292	-	-
Units held in All Star IAM Australian Share Fund Institutional		13,781,345	20,145,961	-	-
		<u>45,088,077</u>	<u>84,357,634</u>	<u>31,306,732</u>	<u>31,860,381</u>

**10.(d) Participation Rights-Central SEQ Distributor-Retailer Authority**

Opening balance at 1 July 2011		2,215,691,840	2,158,142,840	2,158,142,840	2,158,142,840
Plus 85% share of Income (less distributions)		82,706,000	57,549,000	-	-
Closing balance at end of year	10.(d)(v)	<u>2,298,397,840</u>	<u>2,215,691,840</u>	<u>2,158,142,840</u>	<u>2,158,142,840</u>

**(I) Background**

The *South East Queensland Water (Distribution and Retail Restructuring) Act 2009* (the Act) established a statutory body called the Central SEQ Distributor-Retailer Authority (the Authority) on 3 November 2009 to deliver water and wastewater services to customers within the local government areas of the five participating Councils: Brisbane, Ipswich, Somerset, Lockyer and Scenic Rim.

On 1 July 2010, the Authority acquired legislative power to begin trading, using the business name Queensland Urban Utilities.

Under the Act, governance arrangements for the Authority are established in a Participation Agreement. The Agreement provides for participation rights to be held by the participating Councils, with Brisbane City Council holding approximately 85% of these rights.

The Authority's Board is comprised of independent directors. No individual Council has the ability to dominate the Authority's decision making to obtain greater benefit from its activities than any other participant.

Class of Asset Consolidated	At Fair Value				Useful Life Range	
	At Cost or Valuation \$000	Accumulated Depreciation \$000	2012 Written Down Value \$000	2011 Written Down Value \$000	Lower	Upper
<b>Land</b>	4,076,395	-	4,076,395	4,496,510	indefinite	
<b>Buildings</b>						
Buildings	853,700	(284,823)	568,877	528,629	7	100
Site improvements	28,650	(12,445)	16,205	18,355	9	59
Buildings - plant and equipment	15,873	(8,876)	6,997	7,598	9	60
	<u>898,223</u>	<u>(306,144)</u>	<u>592,079</u>	<u>554,582</u>		
<b>Plant and Equipment</b>						
Fleet vehicles	82,802	(31,736)	51,066	55,186	3	10
Fleet machinery	28,329	(14,713)	13,616	13,208	4	15
Buses	281,842	(222,763)	59,079	75,890	20	22
Computer and communications equipment	29,861	(20,571)	9,290	10,095	3	20
Bus refuelling station-leased	4,400	(2,265)	2,135	2,323	20	20
Ferries	30,250	(18,023)	12,227	4,723	15	26
Other	209,929	(111,315)	98,614	93,636	5	60
	<u>667,413</u>	<u>(421,386)</u>	<u>246,027</u>	<u>255,061</u>		
<b>Infrastructure</b>						
Roads network	9,756,125	(2,008,622)	7,747,503	8,006,134	12	120
Drainage network	3,039,020	(880,884)	2,158,136	2,132,474	50	100
Flood mitigation network	211,949	(93,679)	118,270	96,602	20	100
Wharves, piers and jetties	85,929	(26,694)	59,235	76,664	20	50
Parks	284,367	(135,304)	149,063	157,996	6	100
Other	348,963	(197,615)	151,348	144,211	10	80
	<u>13,726,353</u>	<u>(3,342,798)</u>	<u>10,383,555</u>	<u>10,614,081</u>		
<b>Other Assets</b>						
Heritage collection	20,192	-	20,192	19,417	indefinite	
Sportsfields, pools and ancillary assets	118,032	(40,449)	77,583	81,468	10	89
	<u>138,224</u>	<u>(40,449)</u>	<u>97,775</u>	<u>100,885</u>		
Capital Work In Progress	1,650,292	-	1,650,292	1,108,167	-	-
	<u>1,650,292</u>	<u>-</u>	<u>1,650,292</u>	<u>1,108,167</u>		
<b>Total</b>	<u>21,156,900</u>	<u>(4,110,777)</u>	<u>17,046,123</u>	<u>17,129,286</u>		

The estimated useful lives of assets are reviewed annually and are substantially within the ranges outlined above.

Other infrastructure includes traffic control network, bikeways and Rochedale Landfill.

#### Property, Plant and Equipment (continued)

##### (iv) Valuation

Property, plant and equipment assets, including leased assets, are valued at fair value, except for certain land (see below). Fair value is current replacement cost less depreciation. Property, plant and equipment is assessed for impairment (refer note 1.(k)).

Assets within each class of property, plant and equipment carried at fair value are subject to ongoing review and revalued as necessary, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. Acquisitions after the date of valuation are carried at acquisition cost that materially equates to fair value.

Land identified as possibly being contaminated is valued on the basis of existing use, because a value based on an alternative use cannot be economically and reliably

measured. Some land held for specific purposes, such as flood mitigation land, is recorded at cost less impairment where market values cannot be economically and reliably measured.

Valuation of trees and other vegetation is materially captured in the valuation of the underlying land. Council does not determine a financial value for the intrinsic, cultural, scientific or aesthetic significance of individual or groups of trees.

Details of valuers and methods of valuation for each property, plant and equipment asset class are disclosed in note 11.

Contingent liabilities, contingent assets and risks – not included