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 2017–18 financial year TEQ had a consolidated income of $134.9 million, of which $119.7 million was grant funding by the State Government.

Total consolidated expenses for 2017–18 were $135.7 million, of which $107.9 million was invested in marketing, development, event funding and support, and grants to RTOs. Consolidated grant payment expenses for 2017–18 totalled $48 million compared with $43.2 million for the prior year. This increase reflects the grant payments relating to additional major sporting events.

Consolidated employee expenses were $20.8 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 break-even operating result for the 2017–18 financial year.

The consolidated entity reported a deficit operating result of $0.8 million in 2017–18 entirely due to the deficit result of TEQ's controlled entity. The controlled entity reported a deficit result due to the timing of recognition of income associated with the 2018 Gold Coast Marathon, held on 30 June and 1 July 2018.

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

TOURISM AND EVENTS QUEENSLAND (CONSOLIDATED)	2013-14 $M	2014-15 $M	2015-16 $M	2016-17 $M	2017–18 $M
Grants and other contributions	100.4	102	101.9	107.7	119.7
Cooperative income	9.2	9.5	8.3	7.8	8.8
Other revenue	4.6	7.4	5.4	6.8	6.4
Total income	**114.2**	**118.9**	**115.6**	**122.2**	**134.9**
Marketing, development and events promotion and staging initiatives*	91.2	93.6	89.5	95.6	107.9
Employee and operations expenses (in Queensland and overseas)**	29.5	25.8	26.3	26.5	27.8
Total expenses	**120.7**	**119.3**	**115.7**	**122**	**135.7**
Marketing, development and events promotion and staging initiatives as a % of total income	79.9%	78.7%	77.4%	78.2%	80%

At 30 June 2018, total assets of the consolidated reporting entity were $14.3 million and total liabilities were $13.3 million. Equity of $0.97 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.

*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.

Consolidated Financial Report

For the year ended 30 June 2018

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 8, 515 St Paul's Terrace
Fortitude Valley QLD 4006 Australia

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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Statements of Comprehensive Income

For the year ended 30 June 2018

	NOTES	CONSOLIDATED		PARENT	
		2018	2017	**2018**	2017
		$000	$000	**$000**	$000
Income from Continuing Operations					
Grants and contributions	2	**119,742**	107,667	**119,742**	107,667
Cooperative income	2	**8,776**	7,762	**8,908**	7,898
Other revenue	2	**6,367**	6,768	**1,717**	1,078
Total Income from Continuing Operations		**134,885**	122,197	**130,367**	116,643
Expenses from Continuing Operations					
Marketing, development and events support expenses	3	**59,928**	52,391	**56,178**	48,489
Grant payments	4	**47,988**	43,165	**48,638**	43,765
Employee expenses	5	**20,815**	19,766	**19,023**	18,153
Depreciation	9	**377**	412	**376**	410
Other expenses	6	**6,588**	6,270	**6,152**	5,826
Total Expenses from Continuing Operations		**135,696**	122,004	**130,367**	116,643
Operating Result from Continuing Operations		**(811)**	193	**-**	-
Other Comprehensive Income		**-**	-	**-**	-
Total Comprehensive Income		**(811)**	193	**-**	-

The accompanying notes form part of these Financial Statements.

Statements of Financial Position

As at 30 June 2018

	NOTES	CONSOLIDATED		PARENT	
		2018	2017	**2018**	2017
		$000	$000	**$000**	$000
Current Assets					
Cash and cash equivalents		**8,813**	9,838	**4,953**	6,407
Receivables	7	**4,530**	1,718	**4,462**	1,545
Other financial assets	8	**39**	-	**39**	-
Other current assets		**731**	515	**523**	346
Total Current Assets		**14,113**	12,071	**9,977**	8,298
Non-Current Assets					
Property, plant and equipment	9	**158**	579	**158**	578
Total Non-Current Assets		**158**	579	**158**	578
Total Assets		**14,271**	12,650	**10,135**	8,876
Current Liabilities					
Payables	10	**8,902**	6,582	**8,086**	6,645
Accrued employee benefits	11	**3,894**	3,452	**504**	468
Other current liabilities	12	**-**	158	**-**	158
Total Current Liabilities		**12,796**	10,192	**8,590**	7,271
Non-Current Liabilities					
Accrued employee benefits	11	**412**	535	**-**	-
Other provisions		**91**	80	**-**	-
Other non-current liabilities	12	**-**	60	**-**	60
Total Non-Current Liabilities		**503**	675	**-**	60
Total Liabilities		**13,299**	10,867	**8,590**	7,331
Net Assets		**972**	1,783	**1,545**	1,545
Equity					
Contributed equity		**12,908**	12,908	**12,908**	12,908
Accumulated deficit		**(11,936)**	(11,125)	**(11,363)**	(11,363)
Total Equity		**972**	1,783	**1,545**	1,545

The accompanying notes form part of these Financial Statements.

Statements of Changes in Equity

For the year ended 30 June 2018

CONSOLIDATED			
	ACCUMULATED DEFICIT	CONTRIBUTED EQUITY	TOTAL
	$000	$000	**$000**
Balance at 1 July 2016	(11,318)	12,908	**1,590**
Operating result from continuing operations	193	-	**193**
Other comprehensive income	-	-	**-**
Balance at 30 June 2017	(11,125)	12,908	**1,783**
Balance at 1 July 2017	(11,125)	12,908	**1,783**
Operating result from continuing operations	(811)	-	**(811)**
Other comprehensive income	-	-	**-**
Balance at 30 June 2018	(11,936)	12,908	**972**

PARENT			
	ACCUMULATED DEFICIT	CONTRIBUTED EQUITY	TOTAL
	$000	$000	**$000**
Balance at 1 July 2016	(11,363)	12,908	**1,545**
Operating result from continuing operations	-	-	**-**
Other comprehensive income	-	-	**-**
Balance at 30 June 2017	(11,363)	12,908	**1,545**
Balance at 1 July 2017	(11,363)	12,908	**1,545**
Operating result from continuing operations	-	-	**-**
Other comprehensive income	-	-	**-**
Balance at 30 June 2018	(11,363)	12,908	**1,545**

The accompanying notes form part of these Financial Statements.

Statements of Cash Flows

For the year ended 30 June 2018

	CONSOLIDATED		PARENT	
	2018	2017	**2018**	2017
	$000	$000	**$000**	$000
Cash flows from operating activities				
Inflows:				
Grants and contributions from Government	**118,706**	108,271	**118,706**	108,271
Receipts from customers	**13,555**	16,852	**9,006**	10,981
GST input tax credits received from the ATO	**8,536**	8,397	**8,059**	8,073
Interest received	**339**	206	**305**	152
Outflows:				
Payments to suppliers and employees	**(139,116)**	(129,837)	**(134,777)**	(123,982)
GST remitted to ATO	**(2,925)**	(1,674)	**(2,633)**	(1,156)
Net cash provided by / (used in) operating activities	**(905)**	2,215	**(1,334)**	2,339
Cash flows from investing activities				
Inflows:				
Proceeds from forward contracts	**6,167**	7,308	**6,167**	7,308
Outflows:				
Payments for forward contracts	**(6,167)**	(7,266)	**(6,167)**	(7,266)
Payments for property, plant and equipment	**(120)**	-	**(120)**	-
Net cash provided by / (used in) investing activities	**(120)**	42	**(120)**	42
Net increase / (decrease) in cash and cash equivalents	**(1,025)**	2,257	**(1,454)**	2,381
Cash and cash equivalents at the beginning of the financial year	**9,838**	7,581	**6,407**	4,026
Cash and cash equivalents at the end of the financial year	**8,813**	9,838	**4,953**	6,407

The accompanying notes form part of these Financial Statements.

Statements of Cash Flows

For the year ended 30 June 2018

Notes to the Statements of Cash Flows

Reconciliation of Operating Result to Net Cash from Operating Activities

	CONSOLIDATED		PARENT	
	2018	2017	**2018**	2017
	$000	$000	**$000**	$000
Operating surplus / (deficit)	**(811)**	193	**-**	-
Depreciation expense	**377**	412	**376**	410
Loss on disposal of non-current assets	**164**	17	**164**	17
Unrealised (gain) / loss on foreign exchange	**(41)**	-	**(41)**	-
Doubtful Debts	**2**	-	**2**	-
Changes in assets and liabilities				
(Increase) / decrease in receivables	**(2,812)**	1,612	**(2,917)**	1,544
(Increase) / decrease in other current assets	**(216)**	(235)	**(177)**	(258)
Increase / (decrease) in payables	**2,320**	55	**1,441**	693
Increase / (decrease) in accrued employee benefits	**319**	238	**36**	30
Increase / (decrease) in other provisions	**(147)**	20	**(158)**	-
Increase / (decrease) in other liabilities	**(60)**	(97)	**(60)**	(97)
Net Cash provided by (used in) Operating Activities	**(905)**	2,215	**(1,334)**	2,339

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

For the year ended 30 June 2018

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 2017.

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 2016-17 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 Board Chair, a Board Member, the Chief Executive Officer and the Group Executive Corporate Services and 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.

Where fair value is used, the fair value approach is disclosed.

Refer to Note 15 for further detail about fair value measurement.

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, the Tourism and Events Queensland Employing Office and Gold Coast Events Management Ltd (refer to Note 19). 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) Provisions

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

(h) 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 7).

(i) 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*.

(j) 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 potentially have a significant effect are outlined in the following financial statement note:

- Accrued Employee Benefits – Note 11

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

The Corporation did not voluntarily change any of its accounting policies during 2017–18.

No new Australian Accounting Standards have been adopted or early adopted for the first time during 2017–18.

No new Australian Accounting Standards effective for the first time in 2017–18 had any material impact on this financial report.

(l) 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 effective dates are set out below:

AASB 1058 Income of Not-for-Profit Entities and *AASB 15 Revenue from Contracts with Customers*

These standards will first apply to the Corporation from its financial statements for 2019-20.

Contracted revenue (excluding grants and contributions received from the State Government) received by the Corporation during 2017–18 totalled $8.8 million (refer to Note 2).

The impact of the standard on recognition of revenue relating to these contracts is not expected to have a material impact for the period from 1 July 2018. The Corporation will monitor the impact of any such contracts subsequently entered into before the new standards take effect.

A range of new disclosures will also be required by the new standards in respect of the Corporation's revenue.

AASB 9 Financial Instruments and *AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* These standards will first apply to the Corporation from its financial statements for 2018-19 with a 1 July 2018 date of transition. 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 reviewed the impact of AASB 9 on the classification and measurement of its financial assets. The following summarises the estimated impact (or ranges of estimates) of how AASB 9 will change the categorisation and valuation of the Corporation's financial assets:

- There will be no change to either the classification or valuation of cash and cash equivalents.

- Receivables will continue to be classified and measured at amortised cost, however, new impairment requirements will result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. The Corporation will be adopting the simplified approach under AASB 9 and measure lifetime expected credit losses on all receivables using a provision matrix approach as a practical expedient to measure the impairment provision. Applying this approach, the Corporation has estimated that there will be no impact on the opening provision for impairment for receivables on 1 July 2018 as the Corporation has not incurred credit losses within the period used in the provision matrix calculation.

- Payables will continue to be measured at amortised cost. The Corporation does not expect a material change in the reported value of payables or other financial liabilities.

These changed amounts will form the opening balance of those items on the date AASB 9 is adopted. However, the Corporation will not restate comparative figures for financial instruments on adopting AASB 9 as from 2018-19. Aside from a number of one-off disclosures in the 2018-19 financial statements to explain the impact of adopting AASB 9, a number of new or changed disclosure requirements will apply from that time. 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 first apply to the Corporation from its financial statements for 2019-20. 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's leases primarily comprise an internal-to-Government lease for office accommodation through the Queensland Government Accommodation Office in addition to international source market office accommodation leases.

Considering the operation and impact of internal-to-Government leases across the whole-of-Government, the Corporation is currently awaiting formal guidance from Queensland Treasury as to whether that arrangement should be accounted for on-balance sheet under AASB 16.

In the event the internal-to-Government arrangement is to be accounted for on-balance sheet, the Corporation estimates a right-of-use asset and lease liability on transition of approximately $6.5 million for internal-to-Government and other office accommodation leases. If the internal-to-Government arrangements are not accounted for on-balance sheet, the Corporation estimates a right-of-use asset and lease liability on transition of approximately $0.5 million.

All other Australian accounting standards and interpretations with future effective dates are either not applicable to the Corporation's activities or have no material impact on the Corporation.

For the year ended 30 June 2018

	CONSOLIDATED		PARENT	
NOTE 2 — REVENUE	**2018**	2017	**2018**	2017
	$000	$000	**$000**	$000
Grants and Contributions				
Department of Innovation, Tourism Industry Development and the Commonwealth Games	**119,732**	107,594	**119,732**	107,594
Department of the Premier and Cabinet	**-**	65	**-**	65
Department of Education	**10**	8	**10**	8
	119,742	107,667	**119,742**	107,667
Cooperative Income				
Cooperative marketing income	**7,817**	7,026	**7,949**	7,162
Cooperative event income	**959**	736	**959**	736
	8,776	7,762	**8,908**	7,898
Other Revenue				
Registration income	**2,756**	3,702	**-**	-
Event sponsorhip income	**1,079**	1,443	**-**	-
Interest	**344**	205	**310**	152
Rent received	**215**	174	**215**	174
Other	**1,973**	1,244	**1,192**	752
	6,367	6,768	**1,717**	1,078

Accounting Policy - Revenue

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 directly to the Corporation in return. Corresponding revenue is recognised in the year in which 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.

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.

NOTE 3 — MARKETING, DEVELOPMENT AND EVENTS SUPPORT EXPENSES	CONSOLIDATED		PARENT	
	2018	2017	**2018**	2017
	$000	$000	**$000**	$000
Domestic marketing activity	**23,801**	27,538	**23,801**	27,538
International marketing activity	**28,983**	16,515	**28,983**	16,515
Event staging and event marketing, assessment and support activity	**5,729**	6,990	**1,979**	3,088
Research activity	**1,415**	1,348	**1,415**	1,348
	59,928	52,391	**56,178**	48,489

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

Accounting Policy - Distinction between Grant Payments and Procurement

For a transaction to be classified as a marketing, development or event support expense in this note or other expenses in Note 6, 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.

NOTE 4 — GRANT PAYMENTS	CONSOLIDATED		PARENT	
	2018	2017	**2018**	2017
	$000	$000	**$000**	$000
Event funding	**40,988**	36,165	**41,638**	36,765
Regional Tourism Organisation grant payments	**7,000**	7,000	**7,000**	7,000
	47,988	43,165	**48,638**	43,765

	CONSOLIDATED		PARENT	
NOTE 5 – EMPLOYEE EXPENSES	**2018**	2017	**2018**	2017
	$000	$000	**$000**	$000
Employee Benefits				
Wages and salaries	**16,390**	15,314	**2,095**	2,055
Annual leave expense	**1,456**	1,461	**182**	151
Long service leave expense	**330**	420	**14**	20
Employer superannuation contributions	**1,634**	1,600	**50**	49
Employing office	**-**	-	**16,537**	15,736
Employee Related Expenses				
Workers compensation	**69**	66	**6**	6
Payroll tax	**820**	790	**23**	21
Other employee related expenses	**116**	115	**116**	115
	20,815	19,766	**19,023**	18,153
	2018	2017	**2018**	2017
	No.	No.	**No.**	No.
Full-Time Equivalent Employees	**146**	157	**20**	19

Accounting Policy – Employee Expenses

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*.

	CONSOLIDATED		PARENT	
NOTE 6 — OTHER EXPENSES	**2018 $000**	2017 $000	**2018 $000**	2017 $000
Lease expenses	**2,080**	2,167	**1,935**	2,003
Telephone, fax and postage	**180**	226	**168**	206
Computer charges	**1,402**	1,147	**1,368**	1,107
Contractors and consultants' fees	**656**	610	**654**	610
Travel and accommodation expenses	**92**	92	**74**	74
Printing, stationery and office consumables	**144**	148	**120**	125
Staff training	**357**	242	**342**	241
Rates, electricity and other charges	**52**	46	**52**	46
Bad and doubtful debts	**2**	3	**2**	3
Insurance and legal fees	**249**	159	**243**	150
External audit fees*	**120**	117	**96**	94
Fringe benefits tax	**47**	80	**44**	77
Repairs and maintenance	**49**	55	**49**	55
Bank fees and charges	**136**	130	**83**	69
Subscriptions	**27**	60	**24**	58
Entertainment	**15**	19	**15**	19
Loss on foreign exchange – realised	**237**	424	**237**	424
Loss on disposal of fixed assets	**164**	17	**164**	17
Other	**579**	528	**482**	448
	6,588	6,270	**6,152**	5,826

*Total external audit fees quoted by the Queensland Audit Office relating to the 2017–18 financial year (both the Corporation and its controlled entities), are $119,925 exclusive of GST (2017: $117,000).

Accounting Policy – Operating Lease Rentals

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.

Disclosure — Operating Leases

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 8 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.

	CONSOLIDATED		PARENT	
NOTE 7 — RECEIVABLES	**2018**	2017	**2018**	2017
	$000	$000	**$000**	$000
Trade debtors	**1,296**	427	**1,229**	254
LESS: Allowance for impairment loss	**2**	-	**2**	-
	1,294	427	**1,227**	254
Grant receivable	**1,374**	338	**1,374**	338
GST receivable	**1,834**	1,223	**1,834**	1,223
GST payable	**(264)**	(572)	**(264)**	(572)
Accrued revenue	**146**	54	**146**	54
Other receivables	**146**	248	**145**	248
	3,236	1,291	**3,235**	1,291
	4,530	1,718	**4,462**	1,545

Accounting Policy – Receivables

Receivables are measured at amortised cost which approximates their fair value at reporting date. Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date.

Disclosure - Credit Risk Exposure of Receivables

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets inclusive of any provisions for impairment.

No collateral is held as security and no credit enhancements relate to receivables held by the Corporation. Receivables fall into one of the following categories when assessing collectability:

- within terms and expected to be fully collectible
- within terms but impaired
- past due but not impaired
- past due and impaired.

NOTE 8 — OTHER FINANCIAL ASSETS	CONSOLIDATED 2018 $000	2017 $000	PARENT 2018 $000	2017 $000
Current				
Forward exchange contract receivable	**1,093**	6,206	**1,093**	6,206
Forward exchange contract payable	**(1,054)**	(6,206)	**(1,054)**	(6,206)
	39	-	**39**	-
Non-Current				
Forward exchange contract receivable	**-**	1,054	**-**	1,054
Forward exchange contract payable	**-**	(1,054)	**-**	(1,054)
	-	-	**-**	-
	39	-	**39**	-

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.

Accounting Policy – Other Financial Assets

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 recognised at fair value using the market approach. 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 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.

For the year ended 30 June 2018

NOTE 9 — PROPERTY, PLANT AND EQUIPMENT	CONSOLIDATED 2018 $000	CONSOLIDATED 2017 $000	PARENT 2018 $000	PARENT 2017 $000
Leasehold improvements — at cost	**-**	1,740	**-**	1,740
Less: Accumulated depreciation	**-**	(1,212)	**-**	(1,212)
	-	528	**-**	528
Plant and equipment — at cost	**339**	402	**317**	338
Less: Accumulated depreciation	**(301)**	(351)	**(279)**	(288)
	38	51	**38**	50
Works in Progress — at cost	**120**	-	**120**	-
Total Property, plant and equipment — at cost	**459**	2,142	**437**	2,078
Less: Accumulated depreciation	**(301)**	(1,563)	**(279)**	(1,500)
	158	579	**158**	578

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 $000	PLANT AND EQUIPMENT $000	WORK IN PROGRESS $000	TOTAL $000
Carrying amount at 1 July 2016	943	65	-	1,008
Additions	-	-	-	-
Disposals	(17)	-	-	(17)
Depreciation expense	(398)	(14)	-	(412)
Carrying amount at 30 June 2017	**528**	**51**	**-**	**579**
Carrying amount at 1 July 2017	528	51	-	579
Additions	-	-	120	120
Disposals	(164)	-	-	(164)
Depreciation expense	(364)	(13)	-	(377)
Carrying amount at 30 June 2018	**-**	**38**	**120**	**158**

PARENT	LEASEHOLD IMPROVEMENTS	PLANT AND EQUIPMENT	WORK IN PROGRESS	TOTAL
	$000	$000	$000	$000
Carrying amount at 1 July 2016	943	62	-	1,005
Additions	-	-	-	-
Disposals	(17)	-	-	(17)
Depreciation expense	(398)	(12)	-	(410)
Carrying amount at 30 June 2017	**528**	**50**	**-**	**578**
Carrying amount at 1 July 2017	528	50	-	578
Additions	-	-	120	120
Disposals	(164)	-	-	(164)
Depreciation expense	(364)	(12)	-	(376)
Carrying amount at 30 June 2018	**-**	**38**	**120**	**158**

Accounting Policy - 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.

For the Corporation's depreciable assets, the estimated amount to be received on disposal at the end of their useful life (residual value) is determined to be zero.

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

	2018	2017
Leasehold Improvements	Remaining lease term	Remaining lease term
Property, Plant and 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.

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.

	CONSOLIDATED		PARENT	
NOTE 10 — PAYABLES	**2018**	2017	**2018**	2017
	$000	$000	**$000**	$000
Trade creditors	**601**	452	**3,686**	3,434
Accrued expenses	**2,879**	3,604	**2,113**	3,058
Unearned revenue	**2,725**	2,249	**69**	41
Other creditors	**2,697**	277	**2,218**	112
	8,902	6,582	**8,086**	6,645

The Corporation has a MasterCard credit facility with Westpac to a limit of $1,500,000 (2017: $1,500,000). At 30 June 2018, the Corporation had utilised approximately $33,954 of this facility (2017: $17,245).

Accounting Policy - 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.

	CONSOLIDATED		PARENT	
NOTE 11 — ACCRUED EMPLOYEE BENEFITS	**2018**	2017	**2018**	2017
	$000	$000	**$000**	$000
Current				
Annual leave	**1,684**	1,634	**296**	264
Long service leave	**1,677**	1,503	**204**	190
Wages outstanding	**533**	315	**4**	14
	3,894	3,452	**504**	468
Non-Current	**412**	535	**-**	-
Long service leave	**412**	535	**-**	-
	4,306	3,987	**504**	468

Accounting Policy – Accrued Employee Benefits

Note 5 details the accounting policies for accrued employee benefits.

NOTE 12 — OTHER LIABILITIES	CONSOLIDATED 2018 $000	2017 $000	PARENT 2018 $000	2017 $000
Current				
Lease incentive	-	31	-	31
Rent payable liability	-	127	-	127
	-	158	-	158
Non-Current				
Lease incentive	-	10	-	10
Rent payable liability	-	50	-	50
	-	60	-	60
	-	218	-	218

NOTE 13 — 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;
- Receivables: held at amortised cost (refer to note 7);
- Other Financial Assets: Forward exchange contracts receivable/ payable held at fair value through profit or loss (refer to note 8); and
- Payables: held at amortised cost (refer to note 10).

All other disclosures relating to the measurement and financial risk management of financial instruments held by the Corporation are included in note 14.

NOTE 14 — FINANCIAL RISK MANAGEMENT

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's activities expose it to a variety of financial risks – foreign exchange risk, credit risk and liquidity risk. The Corporation measures risk exposure using a variety of methods as follows:

RISK EXPOSURE	MEASUREMENT METHOD
Foreign exchange risk	Foreign exchange sensitivity analysis
Credit risk	Ageing analysis, earnings at risk
Liquidity risk	Cash flow management

(a) 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 foreign currency. 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 foreign exchange 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 following table summarises the fair value of forward exchange contracts held at balance date by currency, stated in Australian dollars:

CURRENCY	FINANCIAL ASSET		FINANCIAL LIABILITY		NET EXPOSURE	
	2018 $000	2017 $000	**2018 $000**	2017 $000	**2018 $000**	2017 $000
GBP	**300**	1,194	**289**	1,194	**11**	-
EUR	**373**	1,566	**360**	1,566	**13**	-
USD	**420**	1,194	**405**	1,194	**15**	-
SGD	**-**	895	**-**	895	**-**	-
HKD	**-**	955	**-**	955	**-**	-
JPY	**-**	860	**-**	860	**-**	-
NZD	**-**	596	**-**	896	**-**	-
	1,093	7,260	**1,054**	7,260	**39**	-

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.

(b) 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. The Corporation is exposed to credit risk in respect of its receivables, please refer to note 7. Exposure to credit risk is monitored on an on-going basis.

(c) 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 that the Corporation has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts to match the expected duration of the various employee and supplier liabilities.

NOTE 15 — FAIR VALUE MEASUREMENT

Accounting Policies and Inputs for Fair Values

What is 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.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued.

Fair Value Measurement Hierarchy
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.

The Corporation's forward exchange contracts have been classified as Level 2 financial instruments.

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.

NOTE 16 — COMMITMENTS AND CONTINGENCIES

Non-Cancellable Operating Lease Commitments

Commitments under operating leases at reporting date (inclusive of non-recoverable GST input tax credits) are payable:

	CONSOLIDATED		PARENT	
	2018	2017	**2018**	2017
	$000	$000	**$000**	$000
Not later than one year	**1,125**	1,813	**1,020**	1,709
Later than one year but less than 5 years	**3,808**	768	**3,728**	582
Greater than 5 years	**3,506**	-	**3,506**	-
	8,439	2,581	**8,254**	2,291

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 payable:

	CONSOLIDATED		PARENT	
	2018	2017	**2018**	2017
	$000	$000	**$000**	$000
Not later than one year	**30,964**	26,737	**30,935**	26,662
Later than one year but less than 5 years	**41,530**	33,583	**41,530**	33,579
Greater than 5 years	**1,275**	30	**1,275**	30
	73,769	60,350	**73,740**	60,271

Contingencies

As at 30 June 2018, potential payments in accordance with contractual commitments totalled a maximum of $8.6 million (2017: $8.6 million) payable over five years.

NOTE 17 – RELATED PARTY TRANSACTIONS

Transactions with the Minister and Minister related entities
The Honourable Kate Jones MP is the Minister for Innovation and Tourism Industry Development and Minister for the Commonwealth Games. Grants from the Department to the Corporation are disclosed in Note 2.

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

- Julieanne Alroe was the Chief Executive Officer and Managing Director of Brisbane Airport Corporation Pty Ltd during the 2017–18 financial year. Transactions between the Corporation and Brisbane Airport Corporation during the year totalled a net payment of $1,910,503 (GST inclusive) relating to co-operative airline marketing campaigns.

- James Dixon is a member of the Queensland Tourism Industry Council (QTIC)'s Transformation Consultative Committee. Net transactions between the Corporation and QTIC during the 2017–18 financial year totalled a net payment of $594,940 (GST inclusive) relating to partnership agreements and sponsorship.

- Paul Donovan is Chairman of Gold Coast Tourism. Net transactions between the Corporation and Gold Coast Tourism during the year totalled a net payment of $2,091,759 (GST inclusive). Transactions included Tourism Network funding, 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 airline campaigns.

- Anna Guillan is the Deputy Chair of TA. Net transactions between the Corporation and TA for the year totalled a net receipt of $288,815 (GST inclusive). Transactions included receipts and payments relating to co-operative airline and marketing campaigns and events activity in addition to joint rental tenancy payments.

- Karen Hanna Miller is Executive Producer, Edge Studio (part of the Cutting Edge Group). Net transactions between the Corporation and Cutting Edge Pty Ltd for the year totalled a net payment of $330,100 (GST inclusive). Transactions related to post production services.

- 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 $601,967 (GST inclusive) relating primarily to event funding instalments.

- Gary Smith is the Chairman of the Flight Centre Travel Group Ltd and Tourism Leisure Corporation Pty Ltd (which held interests in a number of businesses including Kingfisher Bay Resort, Eurong Beach Resort and Fraser Explorer Tours during the year). Net transactions between the Corporation and the Flight Centre Travel Group for the year totalled a net payment of $1,096,007 (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 $6,875 (GST inclusive) relating to receipts for marketing initiatives.

- Damien Walker is a Board Member of the Gold Coast 2018 Commonwealth Games Corporation (GOLDOC). Net transactions between the Corporation and GOLDOC totalled a net payment of $594,425 (GST Inclusive). Transactions primarily related to event marketing agreements.

Transactions with Controlled Entities
In the ordinary course of business conducted under normal terms and conditions, the Corporation 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 $715,000 (GST inclusive) for the year ended 30 June 2018; and

- Tourism and Events Queensland Employing Office for the provision of employment services in the amount of $16,536,723 for the year ended 30 June 2018 (2017: $15,736,957).

The parent entity recognised co-operative marketing income of $145,854 (GST inclusive) from Gold Coast Events Management Ltd for the year ended 30 June 2018 relating to joint marketing campaigns.

NOTE 18 — KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES

As from 2017–18, the Corporation's responsible Minister is identified as part of the key management personnel, consistent with additional guidance included in the revised version of AASB 124 *Related Party Disclosures.* The Minister is the Honourable Kate Jones MP, Minister for Innovation and Tourism Industry Development and Minister for the Commonwealth Games.

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.

(a) Details of Key Management Personnel

Board Members

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.

POSITION	NAME
Chair*	Brett Godfrey, appointed 14 September 2017
Deputy Chair*	Julieanne Alroe
Board Member*	James Dixon
Board Member*	Paul Donovan
Board Member*	Anna Guillan
Board Member*	Karen Hanna-Miller
Board Member*	Professor Judith McLean
Board Member*	Gary Smith
Board Member**	Director-General – Innovation, Tourism Industry Development and the Commonwealth Games

* Appointment authority – Governor in Council

** Appointment Authority – Permanent member under *Tourism and Events Queensland Act 2012*

Executive Management

The following details for non-ministerial, non-board member key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the Corporation during 2017–18 and 2016-17. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

POSITION	RESPONSIBILITIES
Chief Executive Officer*	Overall efficient, effective and economical administration and operation of the Corporation in accordance with the Board's priorities.
Group Executive Global Marketing**	Leading 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*.
Group Executive Corporate Services**	Leading the Corporation's operational, strategic and financial activities. The Group Executive Corporate Services 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
Group Executive Corporate Affairs**	Leading the Corporation's corporate affairs and corporate communications to strategically enhance the Corporation's relationships with key stakeholders.
Group Executive Events**	Responsible for delivering a world-class calendar of events for Queensland, guided by the Events Strategy 2025, and optimising the value of Queensland's event calendar by leveraging the competitive advantage provided by Queensland's destinations.
Group Executive Destinations and Global Partnerships**	Responsible for holistic strategic global partnerships and international operations. The Group Executive Destinations and Global Partnerships also leads relationships between the Corporation and the Regional Tourism Organisations, DITID and QTIC to deliver strategies and plans under the destination tourism planning framework.

* Appointment authority – Governor in Council
** Appointment Authority – Board of Directors

(b) KMP Remuneration Policies and Expenses

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The Corporation does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by the Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements as from 2017-18, which are published as part of Queensland Treasury's Report on State Finances.

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 Statements of Comprehensive Income.

Board Members
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.

POSITION	NAME	SHORT-TERM EMPLOYEE BENEFITS		POST-EMPLOYMENT BENEFITS		TOTAL	
		2018 $000	2017 $000	**2018 $000**	2017 $000	**2018 $000**	2017 $000
Chair	Bob East*	7	35	1	3	8	38
Chair	Brett Godfrey**	27	-	3	-	30	-
Deputy Chair	Julieanne Alroe	10	10	1	1	11	11
Board Member	James Dixon***	10	-	1	-	11	-
Board Member	Paul Donovan	10	10	1	1	11	11
Board Member	Anna Guillan	10	10	1	1	11	11
Board Member	Karen Hanna-Miller	10	10	1	1	11	11
Board Member	Professor Judith McLean	10	10	1	1	11	11
Board Member	Gary Smith	10	10	1	1	11	11
Board Member	Director-General	-	-	-	-	-	-
Board Member	Michael Healy****	-	7	-	1	-	8
	TOTAL REMUNERATION	**104**	**102**	**11**	**10**	**115**	**112**

* Resigned 5 September 2017 ** Appointed 14 September 2017 *** Appointed 8 June 2017 **** Resigned 21 March 2017

Executive Management

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.

Remuneration for executives comprise of the following components:

- Short-term employee expenses which include:

  (i) 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 KMP; and

  (ii) 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.

POSITION	SHORT-TERM EMPLOYEE BENEFITS				LONG-TERM EMPLOYEE EXPENSES		POST-EMPLOYMENT BENEFITS		TERMINATION BENEFITS		TOTAL	
	MONETARY EXPENSES		NON-MONETARY EXPENSES									
	2018 $000	2017 **$000**	**2018 $000**	2017 **$000**	**2018 $000**	2017 **$000**	**2018 $000**	2017 **$000**	**2018 $000**	2017 **$000**	**2018 $000**	2017 **$000**
Chief Executive Officer	321	319	3	6	9	9	40	38	-	-	373	372
Group Executive Global Marketing*	-	232	-	6	-	(33)	-	18	-	200	-	423
Group Executive Global Marketing**	272	-	-	-	7	-	25	-	-	-	304	-
Group Executive Corporate Services	263	240	2	10	7	7	29	26		-	301	283
Group Executive Corporate Affairs***	18	184	8	33	-	6	2	17	-	-	28	240
Group Executive Events	282	275	-	-	7	7	28	28	-	-	317	310
Group Executive Destinations and Global Partnerships	255	252	-	-	7	7	24	23	-	-	286	282
TOTAL REMUNERATION	**1,411**	**1,502**	**13**	**55**	**37**	**3**	**148**	**150**	**-**	**200**	**1,609**	**1,910**

* Resigned 20 March 2017 ** Appointed 03 July 2017 *** 01 July to 30 July 2017 (on secondment from 31 July 2017 – 13 July 2018)

For the year ended 30 June 2018

NOTE 19 — INVESTMENTS IN CONTROLLED ENTITIES

The following entities are controlled by the Corporation:

NAME OF DIRECTLY CONTROLLED ENTITY	% INTEREST IN ENTITY & BASIS FOR CONTROL	PURPOSE & PRINCIPAL ACTIVITIES OF ENTITY	TOTAL ASSETS		TOTAL LIABILITES		TOTAL REVENUE		OPERATING RESULT	
			2018 $000	2017 $000	**2018 $000**	2017 $000	**2018 $000**	2017 $000	**2018 $000**	2017 $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.	3,270	3,274	3,270	3,274	16,537	15,736	-	-
Gold Coast Events Management Ltd	100% - 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.	4,136	3,774	4,709	3,536	5,301	6,289	(811)	193

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 20 — EVENTS OCCURRING AFTER BALANCE DATE

Effective 3 August 2018, the Governor in Council appointed five new Board Members and re-appointed two existing Board Members to the Corporation's Board:

POSITION	NAME	APPOINTMENT AUTHORITY	DATE APPOINTED TO POSITION (date reappointed if applicable)
Chair	Brett Godfrey	Governor in Council	14 September 2017
Deputy Chair	James Dixon	Governor in Council	8 June 2017 (3 August 2018)
Board Member	Karen Hanna-Miller	Governor in Council	3 August 2015 (3 August 2018)
Board Member	Nancy Bamaga	Governor in Council	3 August 2018
Board Member	Dr Sarah Kelly	Governor in Council	3 August 2018
Board Member	Brenda LaPorte	Governor in Council	3 August 2018
Board Member	Chris Mills	Governor in Council	3 August 2018
Board Member	Johnathan Thurston	Governor in Council	3 August 2018
Board Member	Director-General — Innovation, Tourism Industry Development and the Commonwealth Games	Permanent member under the *Tourism and Events Queensland Act 2012*	

NOTE 21 — BUDGET VS ACTUAL COMPARISON

This note discloses the Corporation's original published budgeted figures for 2017-18 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.

Statement of 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.

		PARENT		
		ORIGINAL BUDGET	ACTUAL	VARIANCE
	VARIANCE NOTE	2018 $000	2018 $000	2018 $000
Income from Continuing Operations				
Grants and contributions	1	**109,192**	119,742	10,550
Cooperative income	2	**10,000**	8,908	(1,092)
Other revenue	3	**600**	1,717	1,117
Total Income from Continuing Operations		**119,792**	**130,367**	**10,575**
Expenses from Continuing Operations				
Marketing, development and events support expenses	4	**47,536**	56,178	8,642
Grant payments	4	**46,265**	48,638	2,373
Employee expenses		**19,987**	19,023	(964)
Depreciation		**400**	376	(24)
Other expenses	5	**5,604**	6,152	548
Total Expenses from Continuing Operations		**119,792**	**130,367**	**10,575**
Operating Result from Continuing Operations		**-**	-	-
Other Comprehensive Income		**-**	-	-
Total Comprehensive Income		**-**	-	-

Explanation of Major Variances – Statement of Comprehensive Income

1. The increase is primarily due to additional funding received from the State Government during 2017–18 under the Advance Queensland: Connecting with Asia Strategy ($7.4 million) and the Attracting Aviation Investment Fund ($2.7 million).

2. The decrease reflects lower than expected revenues directed through the Corporation's accounts by industry and other partners in jointly managed marketing campaigns and event activity during 2017–18 ($1.09 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 in order to benefit from the buying power of partners and resultant efficiencies in administration.

3. The increase is primarily made up of unbudgeted event contract revenues ($0.35 million), additional media rebates ($0.12 million) and sundry income ($0.63 million). The event contract revenues relate to contracted requirements to reimburse funding where event outcomes meet set criteria. The media rebate increase relates to additional marketing activity around key campaigns and the sundry income primarily relates to tax refunds from international offices and monies for sublet of a portion of the Corporation's leased office area.

4. The increase primarily reflects additional spend on marketing activities as a result of funding received under the Advance Queensland: Connecting with Asia Strategy ($7.4 million) and the Attracting Aviation Investment Fund ($2.7 million) in addition to the reallocation of spend between marketing expenses and grant payments in line with approved programs.

5. The increase primarily relates to operational expenditure as part of the Advance Queensland: Connecting with Asia Strategy ($0.22 million).

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

For the year ended 30 June 2018

Statement of Financial Position

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.

		PARENT		
		ORIGINAL BUDGET	ACTUAL	VARIANCE
	VARIANCE NOTE	2018 $000	2018 $000	2018 $000
Current Assets				
Cash and cash equivalents	1	**4,322**	4,953	631
Receivables	2	**3,421**	4,462	1,041
Other financial assets	3	**100**	39	(61)
Other current assets	4	**94**	523	429
Total Current Assets		**7,937**	**9,977**	**2,040**
Non-Current Assets				
Property, plant and equipment	5	**355**	158	(197)
Total Non-Current Assets		**355**	**158**	**(197)**
Total Assets		**8,292**	**10,135**	**1,843**
Current Liabilities				
Payables	6	**5,822**	8,086	2,264
Accrued employee benefits		**504**	504	-
Other current liabilities	5	**204**	-	(204)
Total Current Liabilities		**6,530**	**8,590**	**2,060**
Non-Current Liabilities				
Accrued employee benefits		**-**	-	-
Other provisions		**-**	-	-
Other non-current liabilities	5	**217**	-	(217)
Total Non-Current Liabilities		**217**	**-**	**(217)**
Total Liabilities		**6,747**	**8,590**	**1,843**
Net Assets		**1,545**	**1,545**	**-**
Equity				
Contributed equity		**12,908**	12,908	-
Accumulated deficit		**(11,363)**	(11,363)	-
Total Equity		**1,545**	**1,545**	**-**

Explanation of Major Variances – Statement of Financial Position

1. The increase in cash and cash equivalents primarily relates to a contractual payable at 30 June 2018 ($1.83 million) that was not forecast in the budget offset by a higher closing receivables balance relating to media incentives and strategic partnership activity ($1 million).

2. The increase is due to accrued revenues relating to media incentives and strategic partnership income ($1 million).

3. 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 decrease relates to differences between the budget and actual forward exchange rates for the contracts on hand.

4. The increase primarily relates to prepayments for an event funding contract ($0.2 million) and media agency fees payable in advance ($0.15 million).

5. The decrease relates to the write down of leasehold improvement assets and lease incentive liabilities as a result of intended office relocation and associated commitments to terminate existing and enter into new lease arrangements.

6. The increase primarily relates to a contractual payable at 30 June 2018 ($1.83 million).

Statement of Cash Flows

		PARENT		
		ORIGINAL BUDGET	ACTUAL	VARIANCE
	VARIANCE NOTE	2018 $000	2018 $000	2018 $000
Cash flows from operating activities				
Inflows:				
Revenue from Government received	1	**109,192**	118,706	9,514
Receipts from customers	2	**9,990**	9,006	(984)
Interest received	3	**200**	305	105
Outflows:				
Payments to suppliers and employees	4	**(119,434)**	(129,351)	(9,917)
Net cash provided by / (used in) operating activities		**(52)**	**(1,334)**	**(1,282)**
Cash flows from investing activities				
Inflows:				
Proceeds from forward contracts	5	**-**	6,167	6,167
Outflows:				
Payments for forward contracts	5	**-**	(6,167)	(6,167)
Payments for property, plant and equipment		**(100)**	(120)	(20)
Net cash provided by / (used in) investing activities		**(100)**	**(120)**	**(20)**
Net increase / (decrease) in cash and cash equivalents		**(152)**	**(1,545)**	**(1,302)**
Cash and cash equivalents at the beginning of the financial year		**4,474**	6,407	1,933
Cash and cash equivalents at the end of the financial year		**4,322**	**4,953**	**631**

Explanation of Major Variances – Statement of Cash Flows

1. The increase is primarily due to additional funding received from the State Government during 2017–18 under the Advance Queensland: Connecting with Asia Strategy ($7.4 million) and the Attracting Aviation Investment Fund ($2.7 million).

2. The decrease reflects lower than expected revenues directed through the Corporation's accounts by industry and other partners in jointly managed marketing campaigns and event activity during 2017–18 ($1.09 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 in order to benefit from the buying power of partners and resultant efficiencies in administration.

3. The increase relates to a change in the frequency of government grant funding draw downs to achieve operational efficiencies.

4. The increase primarily reflects additional spend on marketing activities as a result of funding received under the Advance Queensland: Connecting with Asia Strategy ($7.4 million) and the Attracting Aviation Investment Fund ($2.7 million) in addition to the reallocation of spend between marketing expenses and grant payments in line with approved programs.

5. Payments and proceeds for forward exchange contracts were netted off in the 2018 year budget cashflow.

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 2018 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: 27/8/2018

B GODFREY
Chair

DATE: 27/8/2018

D WALKER
Board Member

DATE: 27/8/2018

L CODDINGTON BBus(HosMgt) GAICD
Chief Executive Officer

DATE: 27/8/2018

N ELLIOTT BCom FCPA GAICD
Group Executive Corporate Services and Chief Financial Officer

Independent Auditor's Report

To the Board of Tourism and Events Queensland

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Tourism and Events Queensland (the parent) and its controlled entities (the group).

In my opinion, the financial report:

a) gives a true and fair view of the parent's and group's financial position as at 30 June 2018, and their financial performance and cash flows for the year then ended

b) complies with the *Financial Accountability Act 2009,* the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

The financial report comprises the statements of financial position as at 30 June 2018, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards,* which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the parent and group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards.*

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

Responsibilities of the Entity for the Financial Report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009,* the Financial and Performance Management Standard 2009 and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Board is also responsible for assessing the parent's and group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the parent or group or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the parent's and group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.

- Conclude on the appropriateness of the parent's and group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent's or group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the parent or group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009,* for the year ended 30 June 2018:

a) I received all the information and explanations I required.

b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

George

31 August 2018

NICK GEORGE CPA
(as Delegate of the Auditor General)

Queensland Audit Office
Brisbane