

# 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.

TOURISM AND EVENTS QUEENSLAND (CONSOLIDATED)	2014-15 \$M	2015-16 \$M	2016-17 \$M	2017-18 \$M	2018-19 \$M
Grants and other contributions	102	101.9	107.7	119.7	127.0
Cooperative income	9.5	8.3	7.8	8.8	13.1
Other revenue	7.4	5.4	6.8	6.4	7.6
<b>Total income</b>	<b>118.9</b>	<b>115.6</b>	<b>122.2</b>	<b>134.9</b>	<b>147.7</b>
Marketing, development, events promotion and staging initiatives, and grant payments*	93.6	89.5	95.6	107.9	119.1
Employee and operations expenses (in Queensland and overseas)**	25.8	26.3	26.5	27.8	27.9
<b>Total expenses</b>	<b>119.3</b>	<b>115.7</b>	<b>122</b>	<b>135.7</b>	<b>147.0</b>
Marketing, development, events promotion and staging initiatives, and grant payments as a % of total income	78.7%	77.4%	78.2%	80%	80.6%

## Financial Performance Overview

### Financial Results 2018-19

The TEQ parent entity reported a break-even operating result for the 2018-19 financial year.

The consolidated entity reported an operating result of \$0.6 million in 2018-19 entirely due to the result of TEQ's controlled entity, Gold Coast Events Management Ltd. The controlled entity reported a profit due to the timing of recognition of income and expenditure associated with the 2019 Gold Coast Marathon, held on 6-7 July 2019.

### Revenue

For the 2018-19 financial year TEQ had a consolidated income of \$147.7 million, of which \$126.98 million was grant funding by the State Government.

TEQ's consolidated income increased by nine per cent to \$147.7 million (2017-18: \$134.9 million) primarily as a result of one-off special initiative funding of \$27.96 million (2017-18: \$19.2 million) relating to attracting new events and specific marketing campaign funding in addition to higher co-operative marketing and event income of \$13.1 million (2017-18: \$8.8 million) relating largely to cooperative marketing campaigns including scUber and the Gold Coast Family Campaign, Connecting with Asia programs, airline partnership campaigns as well as cooperative contributions towards new and one-off events delivered directly by TEQ during 2018-19.

### Expenditure

Total consolidated expenses for 2018-19 were \$147 million, of which \$119.1 million was invested in marketing, development, event funding and support, and grants to RTOs. Consolidated marketing, development and events support expenses for 2018-19 totalled \$74.1 million compared with \$59.9 million for the prior year. This increase reflects expenditure relating to additional one-off special initiative funding and additional cooperative income.

Consolidated employee expenses were \$20.7 million. The majority of employees work directly on marketing, development, research and events promotion and staging activities, both in Australia and overseas.

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

\*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 2019

## 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 Pauls 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 [teq.queensland.com](http://teq.queensland.com) or by contacting the Corporation.

## Table of Contents

Financial Statements	Statements of Comprehensive Income	Page 57
	Statements of Financial Position	Page 58
	Statements of Changes in Equity	Page 59
	Statements of Cash Flows (including Notes to the Statements of Cash Flows)	Page 60
Notes to the Financial Statements	Objectives and Principal Activities of the Corporation	Page 62
	Note 1 Summary of Significant Accounting Policies	Page 62
	Note 2 Revenue	Page 66
	Note 3 Marketing, Development and Events Support Expenses	Page 67
	Note 4 Grant Payments	Page 67
	Note 5 Employee Expenses	Page 68
	Note 6 Other Expenses	Page 70
	Note 7 Receivables	Page 71
	Note 8 Other Financial Assets	Page 72
	Note 9 Property, Plant and Equipment	Page 73
	Note 10 Payables	Page 75
	Note 11 Accrued Employee Benefits	Page 75
	Note 12 Other Liabilities	Page 76
	Note 13 Financial Instruments	Page 76
	Note 14 Financial Risk Management	Page 77
	Note 15 Fair Value Measurement	Page 78
	Note 16 Commitments and Contingencies	Page 79
	Note 17 Related Party Transactions	Page 80
	Note 18 Key Management Personnel (KMP) Disclosures	Page 81
	Note 19 Investments in Controlled Entities	Page 85
	Note 20 Events Occurring after Balance Date	Page 85
Note 21 Budgetary Reporting Disclosures	Page 86	
Certification	Management Certificate	Page 92
	Independent Auditor's Report	Page 93

# Statements of Comprehensive Income

For the year ended 30 June 2019

	NOTES	CONSOLIDATED		PARENT	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000
<b>Income from Continuing Operations</b>					
Grants and contributions	2	126,984	119,742	126,984	119,742
Cooperative income	2	13,049	8,776	13,049	8,908
Other revenue	2	7,627	6,367	2,571	1,717
<b>Total Income from Continuing Operations</b>		<b>147,660</b>	134,885	<b>142,604</b>	130,367
<b>Expenses from Continuing Operations</b>					
Marketing, development and events support expenses	3	74,078	59,928	71,386	56,178
Grant payments	4	45,066	47,988	45,485	48,638
Employee expenses	5	20,647	20,815	18,966	19,023
Depreciation	9	254	377	254	376
Other expenses	6	6,969	6,588	6,513	6,152
<b>Total Expenses from Continuing Operations</b>		<b>147,014</b>	135,696	<b>142,604</b>	130,367
<b>Operating Result from Continuing Operations</b>		<b>646</b>	(811)	-	-
<b>Other Comprehensive Income</b>		-	-	-	-
<b>Total Comprehensive Income</b>		<b>646</b>	(811)	-	-

The accompanying notes form part of these Financial Statements.

# Statements of Financial Position

As at 30 June 2019

	NOTES	CONSOLIDATED		PARENT	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000
<b>Current Assets</b>					
Cash and cash equivalents		8,968	8,813	5,835	4,953
Receivables	7	5,245	4,530	5,038	4,462
Prepayments		1,575	731	1,226	523
Other current financial assets	8	17	39	17	39
<b>Total Current Assets</b>		<b>15,805</b>	14,113	<b>12,117</b>	9,977
<b>Non-Current Assets</b>					
Property, plant and equipment	9	1,860	158	1,860	158
Other non-current assts		146	-	146	-
Other non-current financial assets	8	15	-	15	-
<b>Total Non-Current Assets</b>		<b>2,021</b>	158	<b>2,021</b>	158
<b>Total Assets</b>		<b>17,826</b>	14,271	<b>14,138</b>	10,135
<b>Current Liabilities</b>					
Payables	10	8,718	8,902	8,908	8,086
Accrued employee benefits	11	3,856	3,894	553	504
Other current liabilities	12	416	-	416	-
Other current provisions		69	-	-	-
<b>Total Current Liabilities</b>		<b>13,059</b>	12,796	<b>9,877</b>	8,590
<b>Non-Current Liabilities</b>					
Accrued employee benefits	11	434	412	-	-
Other non-current liabilities	12	2,715	-	2,715	-
Other non-current provisions		-	91	-	-
<b>Total Non-Current Liabilities</b>		<b>3,149</b>	503	<b>2,715</b>	-
<b>Total Liabilities</b>		<b>16,208</b>	13,299	<b>12,592</b>	8,590
<b>Net Assets</b>		<b>1,618</b>	972	<b>1,545</b>	1,545
<b>Equity</b>					
Contributed equity		12,908	12,908	12,908	12,908
Accumulated deficit		(11,290)	(11,936)	(11,363)	(11,363)
<b>Total Equity</b>		<b>1,618</b>	972	<b>1,545</b>	1,545

The accompanying notes form part of these Financial Statements.

# Statements of Changes in Equity

For the year ended 30 June 2019

CONSOLIDATED			
	ACCUMULATED DEFICIT	CONTRIBUTED EQUITY	TOTAL
	\$000	\$000	\$000
<b>Balance at 1 July 2017</b>	(11,125)	12,908	<b>1,783</b>
Operating result from continuing operations	(811)	-	<b>(811)</b>
Other comprehensive income	-	-	-
<b>Balance at 30 June 2018</b>	(11,936)	12,908	<b>972</b>
<b>Balance at 1 July 2018</b>	(11,936)	12,908	<b>972</b>
Operating result from continuing operations	646	-	<b>646</b>
Other comprehensive income	-	-	-
<b>Balance at 30 June 2019</b>	(11,290)	12,908	<b>1,618</b>

PARENT			
	ACCUMULATED DEFICIT	CONTRIBUTED EQUITY	TOTAL
	\$000	\$000	\$000
<b>Balance at 1 July 2017</b>	(11,363)	12,908	<b>1,545</b>
Operating result from continuing operations	-	-	-
Other comprehensive income	-	-	-
<b>Balance at 30 June 2018</b>	(11,363)	12,908	<b>1,545</b>
<b>Balance at 1 July 2018</b>	(11,363)	12,908	<b>1,545</b>
Operating result from continuing operations	-	-	-
Other comprehensive income	-	-	-
<b>Balance at 30 June 2019</b>	(11,363)	12,908	<b>1,545</b>

The accompanying notes form part of these Financial Statements.

# Statements of Cash Flows

For the year ended 30 June 2019

	CONSOLIDATED		PARENT	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
<b>Cash flows from operating activities</b>				
<i>Inflows:</i>				
Grants and contributions from Queensland Government	125,029	118,706	125,029	118,706
Receipts from customers	22,200	13,555	16,892	9,006
GST input tax credits received	9,867	8,536	9,337	8,059
Interest received	288	339	248	305
<i>Outflows:</i>				
Payments to suppliers and employees	(151,702)	(139,116)	(145,475)	(134,777)
GST remitted	(3,572)	(2,925)	(3,194)	(2,633)
<b>Net cash provided by / (used in) operating activities</b>	<b>2,110</b>	<b>(905)</b>	<b>2,837</b>	<b>(1,334)</b>
<b>Cash flows from investing activities</b>				
<i>Inflows:</i>				
Proceeds from forward contracts	5,815	6,167	5,815	6,167
<i>Outflows:</i>				
Payments for forward contracts	(5,814)	(6,167)	(5,814)	(6,167)
Payments for property, plant and equipment	(1,956)	(120)	(1,956)	(120)
<b>Net cash provided by / (used in) investing activities</b>	<b>(1,955)</b>	<b>(120)</b>	<b>(1,955)</b>	<b>(120)</b>
Net increase / (decrease) in cash and cash equivalents	155	(1,025)	882	(1,454)
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>8,813</b>	9,838	<b>4,953</b>	6,407
<b>Cash and cash equivalents at the end of the financial year</b>	<b>8,968</b>	8,813	<b>5,835</b>	4,953

The accompanying notes form part of these Financial Statements.

# Statements of Cash Flows

For the year ended 30 June 2019

## Notes to the Statements of Cash Flows

### Reconciliation of Operating Result to Net Cash from Operating Activities

	CONSOLIDATED		PARENT	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
<b>Operating surplus / (deficit)</b>	<b>646</b>	(811)	-	-
<b>Non-cash items included in operating result</b>				
Depreciation expense	254	377	254	376
Loss on disposal of non-current assets	-	164	-	164
Unrealised (gain) / loss on foreign exchange	5	(41)	5	(41)
Doubtful debts	1	2	1	2
<b>Changes in assets and liabilities</b>				
(Increase) / decrease in receivables	(715)	(2,812)	(576)	(2,917)
(Increase) / decrease in prepayments	(844)	(216)	(703)	(177)
(Increase) / decrease in non-current assets	(146)	-	(146)	-
Increase / (decrease) in payables	(184)	2,320	822	1,441
Increase / (decrease) in accrued employee benefits	(16)	319	49	36
Increase / (decrease) in other liabilities	3,131	(60)	3,131	(60)
Increase / (decrease) in other provisions	(22)	(147)	-	(158)
<b>Net Cash provided by (used in) Operating Activities</b>	<b>2,110</b>	(905)	<b>2,837</b>	(1,334)



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

For the year ended 30 June 2019

## Objectives and Principal Activities of the Corporation

The Corporation's objectives are to attract visitors to Queensland, generating overnight visitor expenditure; contribute to the Queensland economy; enhance the profile of Queensland; and foster community pride in Queensland.

These objectives are delivered through: marketing and promoting tourism in Queensland; tourism experience and destination development; and working to identify, attract and promote major events.

### 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 2018.

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 2017-18 financial statements except where restated for a prior year error.

##### *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 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 balance date.

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 notes:

- Depreciation – Note 9
- Accrued Employee Benefits – Note 11

# Tourism and Events Queensland

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2019

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

The Corporation applied AASB 9 *Financial Instruments* for the first time in 2018-19. Comparative information for 2017-18 has not been restated and continue to be reported under AASB 139 *Financial Instruments: Recognition and Measurement*. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

#### *Classification and measurement*

These standards have been applied as at 1 July 2018. The main impact of these standards are changes to the requirements for the classification, measurement, impairment and disclosures associated with the Corporation's financial assets.

Under AASB 9, debt instruments are categorised into one of three measurement bases – amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification is based on two criteria:

- whether the financial asset's contractual cash flows represent 'solely payments of principal and interest'; and
- the Corporation's business model for managing the assets.

The Corporation's debt instruments comprise of receivables disclosed in Note 7. As at 30 June 2018 (under AASB 139) receivables were measured at amortised cost. These receivables are held for collection of contractual cash flows that are

solely payments of principal. As such, they continue to be measured at amortised cost beginning 1 July 2018.

#### *Impairment*

AASB 9 requires the loss allowance to be measured using a forward-looking expected credit loss approach, replacing AASB 139's incurred loss approach. AASB 9 also requires a loss allowance to be recognised for all debt instruments other than those held at fair value through profit or loss.

Application of the AASB 9 impairment requirements to the opening balance of the Corporation's receivables as at 1 July 2018 did not result in a change to the opening balance of receivables. The Corporation recognised an allowance for impairment loss of \$2,640 at 30 June 2019 (refer to Note 7).

No Australian Accounting Standards have been early adopted for 2018-19.

Other than AASB 9, which is detailed above, no accounting standards that apply to the Corporation for the first time in 2018-19 have any material impact on the financial statements.

### (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

The transition date for both AASB 15 and AASB 1058 is 1 July 2019. Consequently, these standards will

first apply to the Corporation when preparing the financial statements for 2019-20. The Corporation has reviewed the impact of AASB 15 and AASB 1058 and identified that it has three key categories of revenue contracts: base grant, special initiative grant and co-operative marketing and events contracts.

The Corporation has concluded that it does not currently have any revenue contracts with a material impact for the period after 1 July 2019. The Corporation expects that the timing of revenue recognition under the new standard, applying the sufficiently specific performance obligation and enforceability criterions, will not differ to the timing under the Corporation's existing policy (refer to Note 2). The Corporation will monitor the impact of any such contracts subsequently entered into before the new standards take effect.

#### 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*

Under AASB 16, the majority of operating leases (as defined by the current AASB 117) will be reported on the Statements of Financial Position as right-of-use assets and lease liabilities.

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 effective 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 Statements 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. In accordance with Queensland Treasury's policy, the Corporation will apply the 'cumulative approach', and will not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of contributed equity at the date of initial application (if there is a difference between the right-of-use asset and lease liability recognised at that date).

#### *Outcome of review as lessee*

The Corporation has completed its review of the impact of adoption of AASB 16 on the Statements of Financial Position and Statements of Comprehensive Income and has identified the following major impacts which are outlined below.

During the 2018-19 financial year, the Corporation held an operating lease under AASB 117 with the Department of Housing and Public Works (DHPW) for non-specialised, commercial office accommodation through the Queensland Government Accommodation Office (QGAO). The total value of cash lease payments made by the Corporation in 2018-19 under this agreement was \$0.47 million (GST inclusive).

The Corporation has been advised by Queensland Treasury and DHPW that, effective 1 July 2019, amendments to the framework agreements that govern QGAO will result in the above arrangements being exempt from lease accounting under AASB 16. This is due to DHPW having substantive substitution rights over the non-specialised, commercial office accommodation and residential premises assets used within these arrangements. From 2019-20 onwards, costs for these services will continue to be expensed as other expenses when incurred.

The Corporation has also been advised by Queensland Treasury and DHPW that, effective 1 July 2019, motor vehicles provided under DHPW's QFleet program will be exempt from lease accounting under AASB 16. This is due to DHPW holding substantive substitution rights for vehicles provided under the scheme. From 2019-20 onward, costs for these services will continue to be expensed as other expenses when incurred.

The Corporation's remaining leases comprise those for international source market office accommodation.

The Corporation has quantified the transitional impact on the Statements of Financial Position and Statements of Comprehensive Income of all qualifying lease arrangements that will be recognised on-balance sheet under AASB 16, as follows:

Statements of Financial Position impact on 1 July 2019:

- \$906,857 increase in lease liabilities
- \$906,857 increase in right-of-use assets

Statements of Comprehensive Income impact expected for the 2019-20 financial year, as compared to the current AASB 117:

- \$479,052 increase in depreciation expense
- \$8,309 increase in interest expense
- \$482,259 decrease in other expenses
- This results in a net increase of \$5,102 in total expenses.

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.

# Tourism and Events Queensland

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2019

NOTE 2 – REVENUE	CONSOLIDATED		PARENT	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
<b>Grants and Contributions</b>				
Department of Innovation, Tourism Industry Development and the Commonwealth Games	125,799	119,732	125,799	119,732
Department of Environment and Science	1,000	-	1,000	-
Department of the Premier and Cabinet	100	-	100	-
Department of State Development, Manufacturing, Infrastructure and Planning	75	-	75	-
Department of Education	10	10	10	10
	<b>125,984</b>	119,742	<b>126,984</b>	119,742
<b>Cooperative Income</b>				
Cooperative marketing income	10,906	7,817	10,906	7,949
Cooperative event income	2,143	959	2,143	959
	<b>13,049</b>	8,776	<b>13,049</b>	8,908
<b>Other Revenue</b>				
Registration income	3,837	2,756	-	-
Event sponsorship income	927	1,079	-	-
Interest	296	344	256	310
Rent received	-	215	-	215
Other	2,567	1,973	2,315	1,192
	<b>7,627</b>	6,367	<b>2,571</b>	1,717

### 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.

	CONSOLIDATED		PARENT	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
<b>NOTE 3 – MARKETING, DEVELOPMENT AND EVENTS SUPPORT EXPENSES</b>				
Domestic, international and global marketing activity	59,065	52,784	59,065	52,784
Event staging and event marketing, assessment and support activity	13,387	5,729	10,695	1,979
Research activity	1,626	1,415	1,626	1,415
	<b>74,078</b>	59,928	<b>71,386</b>	56,178

The above figures do not include the salaries and wages of marketing, development, research or event staging and promotion staff (refer to Note 5) or event funding grant payments (refer to Note 4).

#### 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.

	CONSOLIDATED		PARENT	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
<b>NOTE 4 – GRANT PAYMENTS</b>				
Event funding grant payments	38,066	40,988	38,485	41,638
Regional Tourism Organisation grant payments	7,000	7,000	7,000	7,000
	<b>45,066</b>	47,988	<b>45,485</b>	48,638

The above figures do not include event staging and event marketing, assessment and support activity costs. During 2018-19 the Corporation directly delivered new and one-off events, including SportAccord and Curiosity. Event costs, excluding salaries and wages, relating to the staging and marketing of those events are included in Note 3 - Event staging and event marketing, assessment and support activity.

# Tourism and Events Queensland

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2019

	CONSOLIDATED		PARENT	
<b>NOTE 5 – EMPLOYEE EXPENSES</b>	<b>2019</b>	2018	<b>2019</b>	2018
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
<b>Employee Benefits</b>				
Wages and salaries	<b>16,204</b>	16,390	<b>2,504</b>	2,095
Annual leave expense	<b>1,422</b>	1,456	<b>170</b>	182
Long service leave expense	<b>353</b>	330	<b>9</b>	14
Employer superannuation contributions	<b>1,639</b>	1,634	<b>50</b>	50
Employing office	-	-	<b>16,056</b>	16,537
<b>Employee Related Expenses</b>				
Workers compensation	<b>60</b>	69	<b>7</b>	6
Payroll tax	<b>815</b>	820	<b>23</b>	23
Other employee related expenses	<b>154</b>	116	<b>147</b>	116
	<b>20,647</b>	20,815	<b>18,966</b>	19,023
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>No.</b>	No.	<b>No.</b>	No.
Full-Time Equivalent Employees	<b>156</b>	146	<b>20</b>	20

## 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.

Employee benefits disclosed as current liabilities represent those employee benefits which the Corporation does not have an unconditional right to defer access to beyond 12 months of the reporting date.

All other employee benefits are classified as non-current liabilities. Non-current employee benefits have been measured at the present value of the estimated future cash outflows to be made for those benefits. These cash flows are discounted using the interest rates attached to government guaranteed securities, which have terms to maturity approximating the terms of the related liability.

### *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*.



# Tourism and Events Queensland

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2019

NOTE 6 – OTHER EXPENSES	CONSOLIDATED		PARENT	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Lease expenses	1,898	2,080	1,789	1,935
Telephone, fax and postage	165	180	158	168
Information technology costs	2,199	1,402	2,151	1,368
Contractors and consultants' fees	827	656	823	654
Travel and accommodation expenses	108	92	93	74
Printing, stationery and office consumables	175	144	137	120
Staff training	293	357	280	342
Rates, Electricity and other charges	48	52	48	52
Impairment losses	1	2	1	2
Insurance and legal fees	244	249	193	243
External audit fees*	123	120	98	96
Fringe Benefits Tax	46	47	44	44
Repairs and maintenance	94	49	73	49
Bank fees and charges	151	136	81	83
Subscriptions	52	27	48	24
Entertainment	22	15	22	15
Loss on foreign exchange – realised	81	237	81	237
Loss on disposal of fixed assets	-	164	-	167
Other	443	579	393	482
	<b>6,969</b>	6,588	<b>6,513</b>	6,152

\*Total external audit fees quoted by the Queensland Audit Office relating to the 2018-19 financial year (both the Corporation and its controlled entities), are \$122,600 exclusive of GST (2018: \$119,925).

### Accounting Policy – Operating Leases

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. Lease incentives received on entering into operating leases are recognised as liabilities and amortised on a straight-line basis over the life of the lease. 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 9 years. The Corporation has no option to purchase the leased item at the conclusion of the lease although some of the Corporation's leases provide 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 annual inflation escalation clauses on which future year rentals are determined.

NOTE 7 – RECEIVABLES	CONSOLIDATED		PARENT	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Trade debtors	1,451	1,296	1,216	1,229
LESS: Allowance for impairment loss	3	2	3	2
	<b>1,448</b>	1,294	<b>1,213</b>	1,227
Grant receivable	1,399	1,374	1,399	1,374
GST receivable	2,176	1,834	2,176	1,834
GST payable	(545)	(264)	(517)	(264)
Accrued revenue	286	146	286	146
Other receivables	481	146	481	145
	<b>3,797</b>	3,236	<b>3,825</b>	3,235
	<b>5,245</b>	4,530	<b>5,038</b>	4,462

### 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.

### Accounting policy – Impairment of Receivables

The loss allowance for trade debtors reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information. Economic changes impacting the Corporation's debtors, and relevant industry data form part of the Corporation's impairment assessment.

The Corporation's other receivables are from Queensland Government agencies. No loss allowance is recorded for these receivables on the basis of materiality. Refer to Note 14 for the Corporation's credit risk management policies.

Where the Corporation has no reasonable expectation of recovering an amount owed by a debtor, the debt is written-off by directly reducing the receivable against the loss allowance. This occurs when the debt is over 90 days past due and the Corporation has ceased enforcement activity. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

The amount of impairment losses recognised for receivables is disclosed in Note 6.

### 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. No collateral is held as security and there are no other credit enhancements relating to the Corporation's receivables.

The Corporation uses a simplified provision matrix to measure the expected credit losses on trade and other debtors. Loss rates are calculated separately for groupings of customers with similar loss patterns. The Corporation has determined there are three material groupings for measuring expected credit losses based on the nature of the revenue reflecting the different customer profiles for these revenue streams.

The calculations reflect historical observed default rates calculated using credit losses experienced on past revenue transactions during the last five years preceding 30 June 2019 for each group. The historical default rates are then adjusted by reasonable and supportable forward-looking information for expected changes in macroeconomic indicators that affect the future recovery of those receivables. For the Corporation's current groupings of customers, historical observed default rates are the best estimate of forward-looking expected default rates.

# Tourism and Events Queensland

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2019

NOTE 8 – OTHER FINANCIAL ASSETS	CONSOLIDATED		PARENT	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
<b>Current</b>				
Forward exchange contract receivable	1,471	1,093	1,471	1,093
Forward exchange contract payable	(1,454)	(1,054)	(1,454)	(1,054)
	17	39	17	39
<b>Non-Current</b>				
Forward exchange contract receivable	2,520	-	2,520	-
Forward exchange contract payable	(2,505)	-	(2,505)	-
	15	-	15	-
	32	39	32	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.

	CONSOLIDATED		PARENT	
NOTE 9 – PROPERTY, PLANT AND EQUIPMENT	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Plant and equipment – at cost*	3,300	1,246	3,247	1,193
Less: Accumulated depreciation	(1,440)	(1,208)	(1,387)	(1,155)
	<b>1,860</b>	38	<b>1,860</b>	38
Works in Progress – at cost	-	120	-	120
	<b>1,860</b>	158	<b>1,860</b>	158

\* Plant and equipment includes leasehold improvements of \$2,075,550 (2018: \$nil).

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	PLANT AND EQUIPMENT	WORK IN PROGRESS	TOTAL
	\$000	\$000	\$000
Carrying amount at 1 July 2017	579	-	579
Additions	-	120	120
Disposals	(164)	-	(164)
Depreciation expense	(377)	-	(377)
<b>Carrying amount at 30 June 2018</b>	<b>38</b>	<b>120</b>	<b>158</b>
Carrying amount at 1 July 2018	38	120	158
Additions	1,956	-	1,956
Disposals	-	-	-
Transfers	120	(120)	-
Depreciation expense	(254)	-	(254)
<b>Carrying amount at 30 June 2019</b>	<b>1,860</b>	<b>-</b>	<b>1,860</b>

# Tourism and Events Queensland

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2019

PARENT	PLANT AND EQUIPMENT	WORK IN PROGRESS	TOTAL
	\$000	\$000	\$000
Carrying amount at 1 July 2017	578	-	578
Additions	-	120	120
Disposals	(164)	-	(164)
Depreciation expense	(376)	-	(376)
<b>Carrying amount at 30 June 2018</b>	<b>38</b>	<b>120</b>	<b>158</b>
Carrying amount at 1 July 2018	38	120	158
Additions	1,956	-	1,956
Disposals	-	-	-
Transfers	120	(120)	-
Depreciation expense	(254)	-	(254)
<b>Carrying amount at 30 June 2019</b>	<b>1,860</b>	<b>-</b>	<b>1,860</b>

### 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

Property, plant and equipment is measured at historical cost in accordance with Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector. 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.

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

For 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:

Property, Plant and Equipment:	2019	2018
Leasehold improvements	Lease term: 8.6 years	Lease term: 6 years
Computer equipment	3 - 10 years	3 - 10 years
Furniture, fixtures and fittings	6 - 12 years	6 - 12 years

### Impairment

All property, plant and equipment 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.

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 through income.

	CONSOLIDATED		PARENT	
NOTE 10 – PAYABLES	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Trade creditors	1,470	601	4,565	3,686
Accrued expenses	3,750	2,879	3,510	2,113
Unearned revenue	3,044	2,725	352	69
Other creditors	454	2,697	481	2,218
	8,718	8,902	8,908	8,086

The Corporation has a MasterCard credit facility with Westpac to a limit of \$1,500,000 (2018: \$1,500,000). At 30 June 2019, the Corporation had utilised approximately \$11,000 of this facility (2018: \$33,954).

### 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	2019 \$000	2018 \$000	2019 \$000	2018 \$000
<b>Current</b>				
Annual leave	1,834	1,684	328	296
Long service leave	1,748	1,677	213	204
Wages outstanding	274	533	12	4
	3,856	3,894	553	504
<b>Non-Current</b>	434	412	-	-
Long service leave	434	412	-	-
	4,290	4,306	553	504

### Accounting Policy – Accrued Employee Benefits

Note 5 details the accounting policies for accrued employee benefits.

# Tourism and Events Queensland

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2019

	CONSOLIDATED		PARENT	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
<b>NOTE 12 – OTHER LIABILITIES</b>				
<b>Current</b>				
Lease incentive	416	-	416	-
	416	-	416	-
<b>Non-Current</b>				
Lease incentive	2,715	-	2,715	-
	2,715	-	2,715	-
	3,131	-	3,131	-

### Accounting Policy – Lease Incentives

Note 6 details the accounting policies for lease incentives.

### 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: held at amortised cost;
- 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	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000
GBP	-	300	-	289	-	11
EUR	2,088	373	2,096	360	(8)	13
USD	1,903	420	1,863	405	40	15
SGD	-	-	-	-	-	-
HKD	-	-	-	-	-	-
JPY	-	-	-	-	-	-
NZD	-	-	-	-	-	-
	3,991	1,093	3,959	1,054	32	39



# Tourism and Events Queensland

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2019

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 (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	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Not later than one year	1,688	1,125	1,599	1,020
Later than one year but less than 5 years	4,871	3,808	4,867	3,728
Greater than 5 years	3,380	3,506	3,380	3,506
	<b>9,939</b>	8,439	<b>9,846</b>	8,254

Operating leases are entered into as a means of acquiring access to office accommodation and storage facilities. Lease payments are generally fixed, but with annual inflation escalation clauses on which future year 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	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Not later than one year	34,401	30,964	34,401	30,935
Later than one year but less than 5 years	37,341	41,530	37,111	41,530
Greater than 5 years	250	1,275	250	1,275
	<b>71,992</b>	73,769	<b>71,762</b>	73,740

### Contingencies

As at 30 June 2019, potential payments in accordance with contractual commitments totalled a maximum of \$11.8 million (2018: \$8.6 million) payable over six years.

# Tourism and Events Queensland

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2019

### NOTE 17 – RELATED PARTY TRANSACTIONS

#### *Transactions with other Queensland Government-controlled entities*

The Corporation's primary ongoing source of funding for delivery of its objectives is grants and contributions from the Queensland Government (refer to Note 2). The grants and contributions are provided in cash from Queensland Treasury through the Department of Innovation, Tourism Industry Development and the Commonwealth Games.

In March 2018, the Corporation entered into an operating lease with the Department of Housing and Public Works (DHPW) for non-specialised, commercial office accommodation through the Queensland Government Accommodation Office (QGAO) with a commencement date of 1 July 2018. Note 6 outlines the accounting policies and method for recognising this lease. The total value of cash lease payments made by the Corporation in 2018-19 under this agreement was \$0.47 million (GST inclusive).

During 2018-19 the Corporation also received special initiative grants and contributions from the Department of Environment and Science of \$1,100,000 (GST inclusive), the Department of the Premier and Cabinet of \$110,000 (GST inclusive), the Department of State Development, Manufacturing, Infrastructure and Planning of \$82,500 (GST inclusive), and the Department of Education of \$11,000 (GST inclusive).

#### *Transactions with the Minister and Minister related entities*

The Honourable Kate Jones MP is the Minister for Innovation, Tourism Industry Development and the Commonwealth Games. Grants from the Department of Innovation, Tourism Industry Development and the Commonwealth Games 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.

- Karen Hanna-Miller is the Executive Producer, Edge Studio (part of the Cutting Edge Group). Net transactions between the Corporation and Cutting Edge Post Pty Ltd for the year totalled a net payment of \$300,241 (GST inclusive). Transactions related to post production services.
- Dr Sarah Kelly is a Board member of Gold Coast Events Management Ltd. Net transactions between the Corporation and Gold Coast Events Management Ltd for the year totalled a net payment of \$713,520 (GST inclusive).
- Brenda LaPorte is Vice President of Athletics Australia and Deputy Chair of the Sunshine Coast Events Board (established by the Sunshine Coast Regional Council). Net transactions between the Corporation and Athletics Australia for the year totalled a net payment of \$5,500 (GST inclusive). Transactions related to insurance policy expenditure. Net transactions between the Corporation and the Sunshine Coast Regional Council for the year totalled a net payment of \$262,900 (GST inclusive). Transactions related to event funding instalments.

- Chris Mills is the Chief Executive Officer of Queensland Airports Limited (owns and operates Gold Coast, Townsville, Mount Isa and Longreach Airports) and is a Board Member of the Tourism and Transport Forum Australia. Net transactions between the Corporation and Gold Coast Airport for the year totalled a net payment of \$60,736 (GST inclusive). Transactions primarily related to joint marketing activities and event sponsorship. Net transactions between the Corporation and the Tourism and Transport Forum Australia for the year totalled a net payment of \$31,763 (GST inclusive). Transactions related to membership subscriptions.
- Johnathan Thurston is an employee of Nine Entertainment Co. Net transactions between the Corporation and Nine Network Australia Pty Ltd (a division of Nine Entertainment Co.) for the year totalled a net payment of \$1,083,923 (GST inclusive). Transactions related to event funding instalments. Net transactions between the Corporation and one80 DIGITALPOST (independent production arm of Nine entertainment Co.) and NBN Television (owned by Nine Entertainment Co.) for the year totalled net payments of \$81,906 (GST inclusive) and \$1,184 (GST inclusive) respectively. Transactions related to television production and advertising expenditure.
- Damien Walker is the Director-General of the Department of Innovation, Tourism Industry Development and the Commonwealth Games.

#### *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 Marathon, Pan Pacific Masters Games and SportAccord Sports Festival in the amount of \$713,520 (GST inclusive) for the year ended 30 June 2019 (2018: \$715,000); and
- Tourism and Events Queensland Employing Office for the provision of employment services in the amount of \$16,055,611 for the year ended 30 June 2019 (2018: \$16,536,723).

## NOTE 18 – KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES

The Corporation's responsible Minister is identified as part of the Corporation's KMP, consistent with additional guidance included in the revised version of AASB 124 *Related Party Disclosures*. That Minister is the Honourable Kate Jones MP, Minister for Innovation, Tourism Industry Development and 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
Deputy Chair*	James Dixon***
Board Member*	Karen Hanna-Miller***
Board Member*	Nancy Bamaga^
Board Member*	Dr Sarah Kelly^
Board Member*	Brenda LaPorte^
Board Member*	Chris Mills^
Board Member*	Johnathan Thurston^
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*

\*\*\* Re-appointed 3 August 2018

^ Appointed 3 August 2018

# Tourism and Events Queensland

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2019

### Executive Management

The following details for non-ministerial, non-board member KMP reflect those positions that had authority and responsibility for planning, directing and controlling the activities of the Corporation during 2018-19 and 2017-18. 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 <i>Tourism and Events Queensland Act 2012</i> , the Board's priorities and the Corporation's strategic plan and budget.
Group Executive Marketing**	Leading the marketing group to ensure the ongoing development and implementation of the Global Marketing Strategy 2025; identify, showcase and support the development of the Queensland Experience Framework, Hero Experiences and Best of Queensland Program; and develop conversion focused consumer marketing activity that delivers increased overnight visitor expenditure for industry.
Group Executive Corporate Services**	Leading the Corporation's delivery of operational, strategic, people, research and financial activities.  The Group Executive Corporate Services is also the Chief Financial Officer and Board Secretary and is responsible for managing the Corporation's financial activities including reporting and financial planning.
Group Executive Corporate Affairs**	Leading the Corporation's media, corporate communications, ministerial and government relations activities to ensure effective relationships with key stakeholders.
Group Executive Events**	Leading the delivery of 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 unique event experiences.
Group Executive Partnerships**	Lead the Corporation's strategic global and aviation partnerships and international source market operations including engagement with trade and industry. The Group Executive Partnerships also works in partnership with Regional Tourism Organisations and industry to deliver destination priorities and leads cross-Government projects in partnership with DITID, State, Local and relevant Federal Government agencies.

\* Appointment authority – Governor in Council

\*\* Appointment authority – TEQ Board

## (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, 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 non-Ministerial KMP. 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	
		2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Chair	Brett Godfrey	35	27	3	3	38	30
Chair	Bob East*	-	7	-	1	-	8
Deputy Chair	James Dixon***	10	10	1	1	11	11
Board Member	Julianne Alroe**	1	10	-	1	1	11
Board Member	Karen Hanna-Miller***	10	10	1	1	11	11
Board Member	Nancy Bamaga^	9	-	1	-	10	-
Board Member	Dr Sarah Kelly^	9	-	1	-	10	-
Board Member	Brenda LaPorte^	12	-	1	-	13	-
Board Member	Chris Mills^	9	-	1	-	10	-
Board Member	Johnathan Thurston^	9	-	1	-	10	-
Board Member	Gary Smith**	1	10	-	1	1	11
Board Member	Anna Guillan**	1	10	-	1	1	11
Board Member	Paul Donovan**	1	10	-	1	1	11
Board Member	Professor Judith McLean**	1	10	-	1	1	11
Board Member	Director-General	-	-	-	-	-	-
<b>TOTAL REMUNERATION</b>		<b>108</b>	<b>104</b>	<b>10</b>	<b>11</b>	<b>118</b>	<b>115</b>

\* Resigned 5 September 2017 \*\* Term ended 2 August 2018 \*\*\* Re-appointed 3 August 2018 ^ Appointed 3 August 2018

# Tourism and Events Queensland

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2019

### 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 expended in respect of long service leave entitlements earned.
- Post-employment expenses include amounts expended 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									
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Chief Executive Officer	338	321	-	3	9	9	40	40	-	-	387	373
Group Executive Marketing	280	272	-	-	7	7	26	25	-	-	313	304
Group Executive Corporate Services	261	263	2	2	7	7	30	29	-	-	300	301
Group Executive Corporate Affairs*	186	18	9	8	9	-	18	2	-	-	222	28
Group Executive Events	295	282	-	-	8	7	20	28	-	-	323	317
Group Executive Partnerships	261	255	-	-	7	7	24	24	-	-	292	286
<b>TOTAL REMUNERATION</b>	<b>1,621</b>	<b>1,411</b>	<b>11</b>	<b>13</b>	<b>47</b>	<b>37</b>	<b>158</b>	<b>148</b>	<b>-</b>	<b>-</b>	<b>1,837</b>	<b>1,609</b>

\* On secondment from 31 July 2017 – 13 July 2018 and 29 April 2019 – 30 January 2020.

## 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 LIABILITIES		TOTAL REVENUE		OPERATING RESULT	
			2019	2018	2019	2018	2019	2018	2019	2018
			\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Tourism and Events Queensland Employing Office	100% - The Tourism and Events Queensland Employing Office is established as a Statutory Body under the <i>Tourism and Events Queensland Act 2012</i>	The Tourism and Events Queensland Employing Office's objective is to provide employment services to the Corporation.	3,381	3,501	3,381	3,501	16,056	16,537	-	-
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.	3,717	4,136	3,644	4,709	6,006	5,301	646	(811)

### *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

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



# Tourism and Events Queensland

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2019

### NOTE 21 – BUDGETARY REPORTING DISCLOSURES

This note discloses the Corporation's original budget figures presented to Parliament for 2018-19 compared to actual financial 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
		2019	2019	2019
VARIANCE NOTE		\$000	\$000	\$000
<b>Income from Continuing Operations</b>				
Grants and contributions	1	131,258	126,984	4,274
Cooperative income	2	10,000	13,049	(3,049)
Other revenue	3	600	2,571	(1,971)
<b>Total Income from Continuing Operations</b>		<b>141,858</b>	<b>142,604</b>	<b>(746)</b>
<b>Expenses from Continuing Operations</b>				
Marketing, development and events support expenses	4	54,755	71,386	(16,631)
Grant payments	5	59,810	45,485	14,325
Employee expenses	6	20,696	18,966	1,730
Depreciation		200	254	(54)
Other expenses		6,397	6,513	(116)
<b>Total Expenses from Continuing Operations</b>		<b>141,858</b>	<b>142,604</b>	<b>(746)</b>
<b>Operating Result from Continuing Operations</b>		-	-	-
<b>Other Comprehensive Income</b>		-	-	-
<b>Total Comprehensive Income</b>		-	-	-

#### *Explanation of Major Variances - Statement of Comprehensive Income*

1. The decrease relates largely to the reprofile of grant funding drawdowns from the State Government between financial years to align with requirements to fund contracted program activities (net reduction against 2018-19 Original Budget of \$3.5 million). In addition the Corporation realigned special initiative grant funding from the State Government from 2018-19 to 2019-20 (\$4.4 million) which was partly offset by new special initiative grant funding received from the State Government during 2018-19 (\$3.6 million).
2. The increase reflects additional cooperative marketing and event income from industry and other partners relating to jointly managed marketing campaigns and events activities during 2018-19. The increase relates largely to cooperative marketing campaigns including scUber and the Gold Coast Family Campaign, Connecting with Asia programs, airline partnership campaigns in addition to contributions towards new and one-off events delivered directly by the Corporation during 2018-19.
3. The increase is primarily made up of funds returned to the Corporation during 2018-19 in accordance with contractual requirements (\$1.5 million) and additional media rebates (\$0.2 million). The returned funds were reallocated to relevant program activities in-line with the original conditions of the related funding. The additional media rebates arose largely due to the scUber cooperative marketing campaign delivered in the last quarter of 2018-19.
4. The increase primarily reflects new special initiative grant funding received from the State Government during 2018-19 (\$3.6 million) and the Corporation's direct delivery of new and one-off events in 2018-19 (rather than through Event funding grant payments to an event proponent). As a result of the direct delivery of these events, expenses relating to these events are recorded as Marketing, development and events support expenses as opposed to Grant payments. This increase is partially offset by the reprofile of expenditure between financial years in line with contracted program activities (net reduction of \$3.5 million) in addition to the realignment of special initiative expenditure (\$4.4 million).
5. The decrease primarily reflects the Corporation's direct delivery of new and one-off events in 2018-19 (rather than through Event funding grant payments to an event proponent). As a result of the direct delivery of these events, expenses relating to these events are recorded as Marketing, development and events support expenses as opposed to Grant payments.
6. The decrease relates largely to vacancies throughout the financial year. Some vacancies were filled temporarily through the use of contractors. The cost of contractors are recorded as Other expenses.

# Tourism and Events Queensland

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2019

### 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		2019	2019	2019
		\$000	\$000	\$000
<b>Current Assets</b>				
Cash and cash equivalents		6,303	5,835	468
Receivables	1	2,714	5,038	(2,324)
Prepayments	3	352	1,226	(874)
Other current financial assets	2	-	17	(17)
<b>Total Current Assets</b>		<b>9,369</b>	<b>12,117</b>	<b>(2,748)</b>
<b>Non-Current Assets</b>				
Property, plant and equipment	4	179	1,860	(1,681)
Other non-current assets		22	146	(124)
Other non-current financial assets	2	-	15	(15)
<b>Total Non-Current Assets</b>		<b>201</b>	<b>2,021</b>	<b>(1,820)</b>
<b>Total Assets</b>		<b>9,570</b>	<b>14,138</b>	<b>(4,568)</b>
<b>Current Liabilities</b>				
Payables	5	7,371	8,908	(1,537)
Accrued employee benefits		553	553	-
Other current liabilities	6	41	416	(375)
<b>Total Current Liabilities</b>		<b>7,965</b>	<b>9,877</b>	<b>(1,912)</b>
<b>Non-Current Liabilities</b>				
Accrued employee benefits		-	-	-
Other provisions		-	-	-
Other non-current liabilities	6	60	2,715	(2,655)
<b>Total Non-Current Liabilities</b>		<b>60</b>	<b>2,715</b>	<b>(2,655)</b>
<b>Total Liabilities</b>		<b>8,025</b>	<b>12,592</b>	<b>(4,567)</b>
<b>Net Assets</b>		<b>1,545</b>	<b>1,545</b>	<b>-</b>
<b>Equity</b>				
Contributed equity		12,908	12,908	-
Accumulated deficit		(11,363)	(11,363)	-
<b>Total Equity</b>		<b>1,545</b>	<b>1,545</b>	<b>-</b>

#### *Explanation of Major Variances - Statement of Financial Position*

1. The increase primarily relates to accrued revenues relating to media incentives and strategic partnership income (\$1.4 million).
2. 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 increase relates to movements in the forward exchange rates for the contracts on hand.
3. The increase primarily relates to prepayments for subscriptions and retainer fees contractually payable in advance.
4. The increase relates to lease incentive funded leasehold improvement assets recognised in relation to the Corporation's office relocation during 2018-19 (\$2.1 million).
5. The increase primarily relates to a marginal increase in accrued expenses (\$0.8 million) largely as a result of significant marketing campaign activity undertaken in June where invoices were still to be received at 30 June 2019.
6. The increase relates to the recognition of a lease incentive liability relating to the Corporation's operating lease with DHPW for non-specialised, commercial office accommodation through the QGAO (total liability at 30 June 2019: \$3.1 million). This liability is largely offset by the recognition of a related lease incentive asset and leasehold improvement assets.

# Tourism and Events Queensland

## Notes to and forming part of the Financial Statements

For the year ended 30 June 2019

### Statement of Cash Flows

		PARENT		
		ORIGINAL BUDGET	ACTUAL	VARIANCE
		2019	2019	2019
		\$000	\$000	\$000
	VARIANCE NOTE			
<b>Cash flows from operating activities</b>				
<i>Inflows:</i>				
Revenue from Queensland Government received	1	131,258	125,029	6,229
Receipts from customers	2	10,190	13,698	(3,508)
Interest received		200	248	(48)
<i>Outflows:</i>				
Payments to suppliers and employees	3	(141,500)	(136,138)	(5,362)
<b>Net cash provided by / (used in) operating activities</b>		<b>148</b>	<b>2,837</b>	<b>(2,689)</b>
<b>Cash flows from investing activities</b>				
<i>Inflows:</i>				
Proceeds from forward contracts	4	-	5,815	(5,815)
<i>Outflows:</i>				
Payments for forward contracts	4	-	(5,814)	5,814
Payments for property, plant and equipment	5	(100)	(1,956)	1,856
<b>Net cash provided by / (used in) investing activities</b>		<b>(100)</b>	<b>(1,955)</b>	<b>1,855</b>
Net increase / (decrease) in cash and cash equivalents		<b>48</b>	<b>882</b>	<b>(834)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>6,255</b>	<b>4,953</b>	<b>1,302</b>
<b>Cash and cash equivalents at the end of the financial year</b>		<b>6,303</b>	<b>5,835</b>	<b>468</b>

#### *Explanation of Major Variances – Statement of Cash Flows*

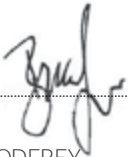
1. The decrease relates largely to the reprofile of grant funding drawdowns from the State Government between financial years to align with requirements to fund contracted program activities (net reduction against 2018-19 Original Budget of \$35 million) in addition to the realignment of special initiative grant funding from the State Government from 2018-19 to 2019-20 (\$4.4 million) partly offset by new special initiative grant funding received from the State Government during 2018-19 (\$3.6 million).
2. The increase primarily reflects additional cooperative marketing and event income from industry and other partners relating to jointly managed marketing campaigns and events activities during 2018-19. The increase relates largely to cooperative marketing campaigns including scUber and the Gold Coast Family Campaign, Connecting with Asia programs, airline partnership campaigns in addition to contributions towards new and one-off events delivered directly by the Corporation during 2018-19.
3. The decrease relates largely to the timing of contracted program activities in addition to the realignment of special initiative grant funding from the State Government from 2018-19 to 2019-20. The realignment of funding was partly offset by activity relating to new special initiative grant funding received from the State Government during 2018-19.
4. Payments and proceeds for forward exchange contracts were netted off in the 2019 year budget cashflow.
5. The increase relates to lease incentive funded leasehold improvement assets recognized in relation to the Corporation's office relocation during 2018-19 (\$2.1 million).

# Management Certificate

## Tourism and Events Queensland and Its Controlled Entities

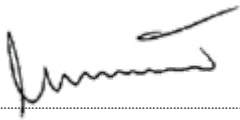
These general purpose consolidated financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1)(b) 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 2019 and of the financial position of the Corporation as at the end of that year; and
- (iii) we acknowledge responsibility under section 8 and section 15 of the *Financial and Performance Management Standard 2009* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



B GODFREY  
Chair

DATE: 27/8/2019



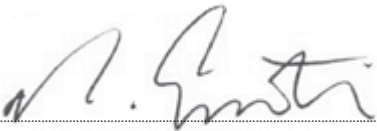
C MILLS  
Board Member

DATE: 27/8/2019



L CODDINGTON BBus(HosMgt) GAICD  
Chief Executive Officer

DATE: 27/8/2019



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

DATE: 27/8/2019

# Independent Auditor's Report

---



## 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 2019, 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 2019, 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 2019:

- 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.



29 August 2019

Melissa Fletcher  
as delegate of the Auditor-General

Queensland Audit Office  
Brisbane