Annual Report for the period ended 30 June 2009

Volume 2 of 2

Department of Transport and Main Roads

Queensland Government

Contents

Financial statements for the reporting period 27 March 2009 to 30 June 2009

Foreword

These are the first financial statements of the Department of Transport and Main Roads.

The Department of Transport and Main Roads is a Queensland Government department established under the *Public Service Act 2008* and *Departmental Arrangements Notice (No.2) 2009* dated 26 March 2009. The department is controlled by the State of Queensland which is the ultimate parent. The principal address of the department is:

Capital Hill Building
85 George Street
Brisbane Qld 4000

The Department of Transport and Main Roads' financial statements contain the following:

- Statement of comprehensive income
- Statement of financial position
- Statement of changes in equity
- Statement of cash flows
- Statement of comprehensive income by outputs/major activities
- Statement of assets and liabilities by outputs/major activities
- Notes to and forming part of the financial statements
- Management certificate.

Within the above components, the financial statements have been aggregated into the following disclosures. (Refer to Note 3(b) for details of this aggregation):

(a) Department of Transport and Main Roads, as an entity in its own right - column headed "Parent"
(b) Department of Transport and Main Roads and its controlled entities as listed in Note 43(a) - column headed "Consolidated".

A description of the nature of the department's operations and its principal activities is disclosed in Note 2.

For information in relation to the Department of Transport and Main Roads' financial report, please contact:

- Manager (Financial Reporting) on 07 3834 2675 or
- email Director (Financial Reporting) at *mr.d.accadmin@transportandmainroads.qld.gov.au* ; or
- visit the Department of Transport and Main Roads website at: http://www.transportandmainroads.qld.gov.au

Statement of comprehensive income for the reporting period 27 March 2009 to 30 June 2009

	Notes	Consolidated 2009 $'000	Parent 2009 $'000
Income from continuing operations			
Revenue			
Output revenue	4	1,242,826	1,242,826
User charges	5	147,276	101,708
Grants and other contributions	6	35,257	35,707
Revenue from controlled entities	7	-	5,071
Other revenue	8	16,264	16,190
Gains			
Gain on sale of property, plant and equipment	9	105	113
Total income from continuing operations		1,441,728	1,401,615
Expenses from continuing operations			
Employee expenses	10	127,814	121,433
Supplies and services	11	252,153	237,287
Grants and subsidies	12	139,549	139,992
Queensland Rail service costs	13	190,888	190,888
Depreciation and amortisation	14	225,264	217,981
Decommissioned infrastructure assets	15	81,645	81,645
Revaluation decrement	16	441,118	441,118
Impairment losses	17	5,499	5,203
Finance/borrowing costs	18	54,533	19,249
Goods and services provided at below fair value	19	809	809
Other	20	6,996	6,885
Total expenses from continuing operations		1,526,268	1,462,490
Share of profits in joint venture	49	2,804	2,804
Operating result from continuing operations before income tax equivalent expense		(81,736)	(58,071)
Income tax equivalent expense	36	2,212	2,194
Operating result from continuing operations after income tax equivalent expense		**(83,948)**	**(60,265)**
Other comprehensive income			
Increase (decrease) in asset revaluation reserve	35	4,251	-
Total other comprehensive income		**4,251**	**-**
Total comprehensive income (deficit)		**(79,697)**	**(60,265)**

The accompanying notes form part of these statements.

Statement of financial position as at 30 June 2009

	Notes	Consolidated 2009 $'000	Parent 2009 $'000
Current assets			
Cash	21	272,251	148,916
Receivables	22	379,757	373,718
Inventories	23	22,683	21,524
Prepayments	24	18,676	18,030
		693,367	562,188
Non-current assets classified as held for sale	25	10	10
Total current assets		693,377	562,198
Non-current assets			
Prepayments	24	1,391	1,391
Other financial assets	26	-	188,121
Intangible assets	27	140,823	94,651
Property, plant and equipment	28	2,653,461	2,606,330
Infrastructure assets	29	46,509,979	43,316,554
Total non-current assets		49,305,654	46,207,047
Total assets		**49,999,031**	**46,769,245**
Current liabilities			
Payables	30	1,064,979	984,076
Interest bearing liabilities	31	78,765	78,765
Accrued employee benefits	32	45,840	40,938
Current tax liabilities		4,633	4,539
Provisions	33	1,100	1,100
Other	34	8,088	8,264
Total current liabilities		1,203,405	1,117,682
Non-current liabilities			
Interest bearing liabilities	31	3,461,481	1,043,698
Accrued employee benefits	32	6,843	5,845
Deferred tax liabilities	36	1,124	1,272
Total non-current liabilities		3,469,448	1,050,815
Total liabilities		**4,672,853**	**2,168,497**
Net assets		**45,326,178**	**44,600,748**
Equity			
Contributed equity		45,388,219	44,661,013
Retained surpluses		(66,292)	(60,265)
Asset revaluation reserve	35	4,251	-
Total equity		**45,326,178**	**44,600,748**

The accompanying notes form part of these statements.

Statement of changes in equity for the reporting period 27 March 2009 to 30 June 2009

	Consolidated	Parent
	2009	**2009**
	$'000	**$'000**
Contributed equity		
Balance 27 March	-	-
Transactions with owners as owners:		
Equity adjustments recognised (refer to Note 4)	493,044	493,044
Net assets received (transferred) via Machinery of Government change:	44,882,174	44,154,968
Assets transferred in	190	190
Assets transferred out	(4,432)	(4,432)
Non-appropriated equity injection	17,243	17,243
Closing Balance	**45,388,219**	**44,661,013**
Retained surpluses		
Balance 27 March	-	-
Total comprehensive income (excluding change in asset revaluation reserve):	(83,948)	(60,265)
Current reporting period consolidation adjustment	17,656	-
Closing Balance	**(66,292)**	**(60,265)**
Asset revaluation reserve (Note 35)		
Balance 27 March	-	-
Non-owner changes in equity:		
Increment (decrement) on revaluation of:		
Property held for future infrastructure	-	-
Heritage and cultural	-	-
Roads	1,717	-
Bridges	2,534	-
Closing Balance	**4,251**	**-**

Refer to Note 1 regarding the Machinery of Government changes that led to the establishment of the Department of Transport and Main Roads.

The accompanying notes form part of these statements.

Statement of cash flows for the reporting period 27 March 2009 to 30 June 2009

	Notes	Consolidated 2009 $'000	Parent 2009 $'000
Cash flows from operating activities			
Inflows			
Output receipts		1,210,851	1,210,851
User charges		183,069	154,288
Grants and other contributions		16,161	16,611
Commonwealth grants		14,342	14,342
GST input tax credits from ATO		116,880	106,754
GST collected from customers		19,365	13,521
Interest receipts		67	-
Revenue from controlled entities		-	5,071
Other		18,136	18,129
Outflows			
Employee expenses		(111,499)	(104,958)
Supplies and services		(180,538)	(303,952)
Grants and subsidies		(137,038)	(137,481)
Queensland Rail service costs		(132,375)	(132,375)
Finance/borrowing costs		(54,762)	(19,478)
GST paid to suppliers		(152,318)	(136,698)
GST remitted to ATO		(5,800)	(3,019)
Income tax equivalent paid		(2,684)	(2,709)
Other		(10,653)	(10,549)
Net cash provided by operating activities	37	**791,204**	**688,348**
Cash flows from investing activities			
Inflows			
Sales of property, plant and equipment and land		3,168	3,168
Outflows			
Payments for property, plant and equipment		(103,869)	(93,896)
Payments for infrastructure		(976,142)	(790,248)
Payments for investments		-	(10,061)
Payments for land		(188,355)	(188,355)
Payments for intangibles		(54,702)	(12,161)
Other		(25,841)	(25,829)
Net cash used in investing activities		**(1,345,741)**	**(1,117,382)**
Cash flows from financing activities			
Inflows			
Borrowings		135,907	27,955
Equity injections		1,297,654	1,297,654
Outflows			
Equity withdrawals		(886,654)	(886,654)
Borrowing redemptions		(52,845)	(52,845)
Net cash provided by (used in) financing activities		**494,062**	**386,110**
Net increase (decrease) in cash held		(60,475)	(42,924)
Balance transferred in due to Machinery of Government changes		332,726	191,840
Cash at end of the reporting period	21	**272,251**	**148,916**

The accompanying notes form part of these statements.

Statement of comprehensive income by outputs/major activities for the reporting period 27 March 2009 to 30 June 2009 (Parent entity)

	Rail, Ports and Aviation Systems	Integrated Transport Planning	Road Use Management	Maritime Safety	Public Transport Services
	2009	2009	2009	2009	2009
	$'000	$'000	$'000	$'000	$'000
Income from continuing operations					
Revenue					
Output revenue	194,985	27,998	58,794	43,985	96,049
User charges	11,794	1,411	4,001	4,822	642
Grants and other contributions	16,204	847	583	151	10,974
Revenue from controlled entities	-	-	-	-	-
Other revenue	447	2,029	6,220	(235)	1,956
Gains					
Gains on sale of property, plant and equipment	1	4	16	(3)	6
Total income from continuing operations	223,431	32,289	69,614	48,720	109,627
Expenses from continuing operations					
Employee expenses	4,151	7,752	35,637	16,012	9,023
Supplies and services	13,541	16,571	32,864	30,679	7,706
Grants and subsidies	13,176	5,432	1,045	378	89,800
Queensland Rail service costs	190,888	-	-	-	-
Depreciation and amortisation	1,767	2,103	1,986	1,198	2,462
Decommissioned infrastructure assets	-	-	-	-	-
Revaluation decrement	4,963	828	1,206	(284)	7,431
Impairment losses	-	-	34	6	144
Finance/borrowing costs	19	91	705	88	88
Goods and services provided at below fair value	-	-	233	176	-
Other	43	268	191	93	135
Total expenses from continuing operations	228,548	33,045	73,901	48,346	116,789
Share of profits in joint venture	-	-	2,804	-	-
Operating result from continuing operations before income tax equivalent expense	(5,117)	(756)	(1,483)	374	(7,162)
Income tax equivalent expense	-	-	-	-	-
Operating result from continuing operations after income tax equivalent expense	**(5,117)**	**(756)**	**(1,483)**	**374**	**(7,162)**
Other comprehensive income					
Increase (decrease) in asset revaluation reserve	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income (deficit)	**(5,117)**	**(756)**	**(1,483)**	**374**	**(7,162)**

Allocation of income and expenses to corporate services (disclosure only):

Income	1,576	7,139	21,287	6,880	6,719
Expenses	1,662	7,530	22,281	7,257	7,087

* Balance of Inter-Output/Activity Elimination is attributed to inter-statement eliminations.

Infrastructure Program Development and Delivery	Road System Planning	Road Stewardship	Road System Access Funding	RoadTek	Inter-Output/ Activity Elimination*	Total
2009	**2009**	**2009**	**2009**	**2009**	**2009**	**2009**
$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
770,527	5,959	18,327	26,202	-	-	1,242,826
143,944	58	1,223	12,286	154,295	(232,768)	101,708
9,016	-	-	(2,068)	-	-	35,707
5,071	-	-	-	-	-	5,071
9,106	-	-	-	519	(3,852)	16,190
3	-	-	-	86	-	113
937,667	6,017	19,550	36,420	154,900	(236,620)	1,401,615
42,583	4,273	9,058	136	35,188	(42,380)	121,433
186,248	5,841	15,897	13,292	105,186	(190,538)	237,287
1,862	6	25	29,153	24	(909)	139,992
-	-	-	-	-	-	190,888
205,118	(55)	(150)	(35)	3,587	-	217,981
81,645	-	-	-	-	-	81,645
426,974	-	-	-	-	-	441,118
5,010	(4)	(4)	14	3	-	5,203
18,739	-	-	-	1,037	(1,518)	19,249
400	-	-	-	-	-	809
1,572	35	122	12	2,918	1,496	6,885
970,151	10,096	24,948	42,572	147,943	(233,849)	1,462,490
-	-	-	-	-	-	2,804
(32,484)	(4,079)	(5,398)	(6,152)	6,957	(2,771)	(58,071)
-	-	-	-	2,194	-	2,194
(32,484)	**(4,079)**	**(5,398)**	**(6,152)**	**4,763**	**(2,771)**	**(60,265)**
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(32,484)	**(4,079)**	**(5,398)**	**(6,152)**	**4,763**	**(2,771)**	**(60,265)**

2,151	(1)	(4)	(1)	-	-	45,746
42,323	(513)	(1,378)	1	-	-	86,250

Statement of assets and liabilities by outputs/major activities as at 30 June 2009 (Parent entity)

	Rail, Ports and Aviation Systems	Integrated Transport Planning	Road Use Management	Maritime Safety	Public Transport Services
	2009	2009	2009	2009	2009
	$'000	$'000	$'000	$'000	$'000
Current assets					
Cash	1,503	22,818	55,531	(1,002)	17,288
Receivables	14,318	29,255	88,640	30,098	46,248
Inventories	28	129	4,328	631	206
Prepayments	658	878	2,657	1,601	1,833
	16,507	53,080	151,156	31,328	65,575
Non-current assets classified as held for sale	-	-	-	-	-
Total current assets	16,507	53,080	151,156	31,328	65,575
Non-current assets					
Prepayments	-	-	-	-	-
Other financial assets	-	-	-	-	-
Intangible assets	25,794	7,797	13,731	7,732	28,553
Property, plant and equipment	142,869	40,004	67,999	38,824	227,029
Infrastructure assets	328,404	67,479	71,509	53,711	636,059
Total non-current assets	497,067	115,280	153,239	100,267	891,641
Total assets	**513,574**	**168,360**	**304,395**	**131,595**	**957,216**
Current liabilities					
Payables	134,493	16,993	31,486	13,892	89,088
Interest bearing liabilities	305	1,385	4,130	1,335	1,335
Accrued employee benefits	741	1,103	4,370	2,788	1,809
Current tax liabilities	-	-	-	-	-
Provisions	-	-	-	-	-
Other	549	325	922	289	1,738
Total current liabilities	136,088	19,806	40,908	18,304	93,970
Non-current liabilities					
Interest bearing liabilities	2,655	12,030	35,872	11,594	11,403
Accrued employee benefits	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-
Total non-current liabilities	2,655	12,030	35,872	11,594	11,403
Total liabilities	**138,743**	**31,836**	**76,780**	**29,898**	**105,373**
Net assets	**374,831**	**136,524**	**227,615**	**101,697**	**851,843**

* Balance of Inter-Output/Activity Elimination is attributed to inter-statement eliminations.

Infrastructure Program Development and Delivery	Road System Planning	Road Stewardship	Road System Access Funding	RoadTek	Inter-Output/ Activity Elimination*	Total
2009	**2009**	**2009**	**2009**	**2009**	**2009**	**2009**
$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
44,864	2,828	7,167	2,815	1,208	(6,104)	148,916
214,848	192	1,611	7,720	71,117	(130,329)	373,718
8,214	-	-	-	21,766	(13,778)	21,524
5,338	132	4,094	175	664	-	18,030
273,264	3,152	12,872	10,710	94,755	(150,211)	562,188
10	-	-	-	-	-	10
273,274	3,152	12,872	10,710	94,755	(150,211)	(562,198)
714	18	547	23	89	-	1,391
217,340	-	601	-	-	(29,820)	188,121
11,008	-	22	-	14	-	94,651
2,110,615	274	576	-	105,024	(126,884)	2,606,330
42,030,534	-	-	-	-	128,858	43,316,554
44,370,211	292	1,746	23	105,127	(27,846)	46,207,047
44,643,485	**3,444**	**14,618**	**10,733**	**199,882**	**(178,057)**	**46,769,245**
605,888	38,199	96,799	38,013	37,666	(118,441)	984,076
70,275	-	-	-	29,000	(29,000)	78,765
12,139	1,890	4,204	393	11,501	-	40,938
-	-	-	-	9,309	(4,770)	4,539
-	-	-	-	1,100	-	1,100
3,034	22	353	30	1,002	-	8,264
691,336	40,111	101,356	38,436	89,578	(152,211)	1,117,682
970,144	-	-	-	-	-	1,043,698
6	1	1	-	5,837	-	5,845
-	-	-	-	1,272	-	1,272
970,150	1	1	-	7,109	-	1,050,815
1,661,486	**40,112**	**101,357**	**38,436**	**96,687**	**(152,211)**	**2,168,497**
42,981,999	**(36,668)**	**(86,739)**	**(27,703)**	**103,195**	**(25,846)**	**44,600,748**

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009

1. First financial statements for the department

The Department of Transport and the Department of Main Roads were abolished on 26 March 2009 as a result of the Public Service Departmental Arrangements Notice (No.2) 2009. Under this notice, all functions of the departments, other than the function relating to Trade Queensland which has been transferred to the Department of Employment, Economic Development and Innovation, were transferred to the Department of Transport and Main Roads which was deemed to be created on 27 March 2009. For further information on the extent of the changes refer to Note 2.

The Department of Transport and Main Roads plans, manages and oversees the delivery of a safe, efficient and integrated transport system that supports sound economic, social and environmental outcomes in Queensland.

A well developed integrated transport system is essential to the continued growth and maintenance of a healthy and robust economy.

The department is addressing a range of strategic challenges, including:

- regional variations in population growth
- diverse transport expectations of stakeholders
- traffic growth on the urban road network
- increasing volume of the freight task
- safety within the transport system
- rising consumption of carbon-based transport energy
- climate change mitigation, adaption and energy security
- an uncertain economic environment impacting on the implementation of national and state transport objectives
- changing nature and workforce requirements of the transport and logistics industry.

The department's vision "Connecting Queensland" is achieved through a strong network of partnerships and alliances across government, industry and the community.

2. Departmental outputs/ major activities

The Department of Transport and Main Roads was formed on 27 March 2009 under the Public Service Departmental Arrangements Notice (No. 2) 2009. Responsibility for functions of the former Departments of Transport and Main Roads was transferred to the new department. The only exception was the function relating to Trade Queensland which was transferred to the Department of Employment, Economic Development and Innovation.

As a result of this notice, the following transfers to the new department took place with an effective date of 27 March 2009:

	Former Department of Transport	Former Department of Main Roads consolidated entity	Total transferred
Total assets	$2.228b	$47.133b	**$49.361b**
Total liabilities	$0.257b	$4.227b	**$4.484b**
Appropriation revenue	$1.232b	$0.202b	**$1.434b**
Equity adjustments	$0.061b	$0.122b	**$0.183b**

The identity and purpose of the outputs/major activities undertaken by the Department of Transport and Main Roads during the reporting period are as follows:

Rail, ports and aviation systems

Rail, ports and aviation systems promotes better transport for Queensland through the coordination of transport policy, funding and investment initiatives relating to rail, port, freight and aviation systems. The output objective is to provide efficient and effective rail, ports, freight and aviation systems and services. This output facilitates appropriate, efficient roles for transport modes across Queensland through the use of cost-effective transport logistics and management practices, the purchase of rail services, management of rail and port infrastructure investments, overseeing of rail safety regulation; and provides financial assistance to rural and remote aviation services. The output contributes to the Government Outcome of a strong diversified economy.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

Integrated transport planning

Integrated transport planning delivers integrated solutions for transport infrastructure, systems and services and development assessments and manages recreational boating infrastructure. The output objective is to deliver integrated solutions for transport infrastructure, systems and services to achieve sustainable transport outcomes. The output contributes to the Government Outcome of a strong diversified economy.

Road use management

Delivers policies, regulations, licensing, registration and accreditation systems and educational programs that promote and influence a safe, efficient, accessible and ecologically sustainable road transport system. The output objective is to promote safer and sustainable use of the road transport system. This output also manages the legislation, revenue collection, and penalties and sanctions related to road use. The output contributes to the Government Outcome of safe and secure communities.

Maritime safety

Maritime safety fosters a safe and vibrant maritime community and industry in Queensland by managing and influencing the safety of vessels and their operation. The output objective is to manage the safe and environmentally sustainable movement of vessels using Queensland's waterways. This output has as its prime focus, delivery of improved safety and environmental outcomes and support for state-wide economic development and improved quality of life. The output contributes to the Government Outcome of safe and secure communities.

Public transport services

The public transport services output connects people, opportunities and places and removes barriers to access and mobility. The output objective is to provide efficient, effective, safe and economically sustainable public and school transport systems and services. This output aims to provide the community of Queensland with a high quality public transport system (including school services) through the facilitation of services provided by private bus and ferry operators, Brisbane Transport, Queensland Rail Limited, the taxi and limousine industries and remote and regional air service operators. The output contributes to the Government Outcome of a fair, socially cohesive and culturally vibrant society.

Infrastructure program development and delivery

The activities under this output relate to management of the development, implementation and monitoring of the works program to meet performance targets. The program includes expenditure on road maintenance activities, with the program of overall road works outlined in the five-year Roads Implementation Program (RIP). This output contributes to the Government Outcome of a strong diversified economy.

Road system planning

This output directly supports the Government Outcome for a strong diversified economy through investment in state-wide planning. Efficient state-wide road system planning ensures the long-term development of Queensland's road network as part of an integrated transport system. This output contributes to the Government Outcome of a strong diversified economy.

Road stewardship

The key focus of this output is on the safe, sustainable management and operation of the road network and corridors including activities such as traffic operations, incident management, heavy vehicle management, road safety management, third-party access management, development impact assessment and road corridor environment management. The output contributes to the Government Outcome of safe and secure communities.

Road system access funding

Funding grants are provided under the Transport Infrastructure Development Scheme (TIDS) to local government road projects and Aboriginal and Torres Strait Islander community access improvements. The output contributes to the Government Outcome of a fair, socially cohesive and culturally vibrant society.

In addition to meeting government outcomes through activities under the outputs described above, the department also delivers a large and complex capital investment program that enhances, rehabilitates and preserves the road network throughout Queensland.

RoadTek

RoadTek is a commercialised business unit of the department. It is a provider of civil infrastructure services, which supports the government by focusing primarily on road construction and maintenance works for the department. The majority of RoadTek operations directly support the delivery of the roads program.

No consolidated revenue funding is provided directly to RoadTek and all sales are derived on a fee for service basis. RoadTek is also required to operate on a competitively neutral basis, meeting the full range of fees, internal taxes and charges, which reflect those borne by private sector counterparts, and in addition, must target an agreed return on investment.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

Shared services

Implementation of the Shared Service Initiative commenced on 1 July 2003. Under this initiative, shared service providers (SSPs) were established to provide a standard suite of corporate services to client departments, and in some agreed instances, provide additional services. Standard software application support and infrastructure for all corporate service applications for the three large-scale SSPs, as well as other agreed non-standard services, are provided by CorpTech.

The SSP for this department is the Shared Service Agency, for which the Department of Public Works is the host agency.

3. Summary of significant accounting policies

(a) Basis of accounting

The financial statements have been prepared in accordance with Australian Accounting Standards. In addition, the financial statements comply with the Treasurer's Minimum Reporting Requirements and other authoritative pronouncements.

These consolidated financial statements constitute a general purpose financial report.

Except where stated, the historical cost convention is used.

(b) The reporting entity and principles of consolidation

The consolidated financial statements include the value of all revenues, expenses, assets, liabilities and equity of the Department of Transport and Main Roads, being the parent entity, including RoadTek, and the entities that it controls.

The Department of Transport and Main Roads, as an economic entity, referred to in these financial statements as the consolidated entity, consists of the parent entity together with Queensland Motorways Limited and Transmax Pty Ltd as its controlled entities. In order to provide enhanced disclosure, the department has adopted the principles outlined in Australian Accounting Standard AASB 127 *Consolidated and Separate Financial Statements*. The effects of all transactions between entities in the consolidated entity are eliminated in all material cases.

Additional disclosure of issues pertaining to the operations of Queensland Motorways Limited and Transmax Pty Ltd is provided in Note 43. Queensland Motorways Limited and Transmax Pty Ltd are also each required to prepare separate general purpose financial reports.

City North Infrastructure Pty Ltd was incorporated on 22 December 2006, with the mandate to oversee the procurement of AirportLink, the Airport Roundabout Upgrade and the Northern Busway (Windsor - Kedron). City North Infrastructure Pty Ltd is a jointly owned public sector entity of the Department of Transport and Main Roads, Queensland Treasury Holdings Pty Ltd and the Department of Infrastructure and Planning, each with equal interest.

For the reporting period ending 30 June 2009, this entity is not consolidated in the Department of Transport and Main Roads' accounts.

A project deed was made on 2 June 2008 to establish a private public partnership (PPP) for the design, construction and operation of the AirportLink tollroad. Parties to the deed were The State of Queensland, and BrisConnections Operations Pty limited and BrisConnections Nominee Company Pty Ltd as trustee of the BrisConnections Asset Trust.

The deed was executed for and on behalf of The State of Queensland by the former Minister for Main Roads and Local Government, the chief executive of the former Department of Main Roads, and a delegate of the chief executive of the former Department of Transport. The PPP requires The State of Queensland to pay BrisConnections, on finalisation of the construction in 2012, an amount of $267.160m, being the State's contribution, to be paid by the Department of Transport and Main Roads.

(c) Administered transactions and balances

The department administers, but does not control, certain resources on behalf of the government. In doing so, it has responsibility and is accountable for administering related transactions and items, but does not have the discretion to deploy these resources for the achievement of the department's objectives. Administered transactions and balances are disclosed in Note 45.

(d) Agency transactions and balances

The department performs certain agency transactions and acts only in a custodial role in respect of these transactions and balances. They are not recognised in the financial statements, but are disclosed in Note 47.

(e) Revenue

User charges and fees

User charges and fees controlled by the department are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This recognition involves both invoicing for related services and the recognition of accrued revenue.

User charges and fees are controlled by the department where they can be deployed for the achievement of departmental objectives. Where they are not controlled by the department, user charges fees and fines are reported as administered revenue. Refer to Note 45.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

Construction contracts

Contract revenue and expenses are recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be estimated reliably. Where it is probable that a loss will arise from a construction contract, the excess of total costs over revenue is recognised as an expense immediately.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

For fixed price contracts, the stage of completion is determined by physical measure-up. Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred during the reporting period plus the percentage of profit earned.

Grants and other contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the period in which the department obtains control over them. Where grants are received that are reciprocal in nature, revenue is accrued over the term of the funding arrangements.

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would have been purchased if they had not been donated.

Output revenue/administered item revenue

Appropriations provided under the Annual Appropriation Act are recognised as revenue when received. The department has received permission from Queensland Treasury to recognise a receivable for the appropriation revenue not received up to year end for outputs delivered by the department during the reporting period.

It is a general policy of the department that any amount appropriated to the department for transfer to another entity, in accordance with legislation or other requirements, is treated as an administered revenue and the associated payments are classified as an administered expense. An exception to the general policy exists where the department has some operational control over the timing and amount transferred to other entities. In this instance, both the revenue and expense are classified as controlled transactions within the department's accounts.

(f) Equity adjustments and funding for depreciation and amortisation

Depreciation and amortisation are funded as part of the Department of Transport and Main Roads' output appropriation.

Under the government's Managing for Outputs model, depreciation funding is applied to capital works. If the appropriation funding for depreciation and amortisation exceeds the government's agreed capital contribution to the agency, an equity withdrawal is transacted to maintain the overall capital program at the level agreed. Conversely, where government invests additional funding on road works, an equity injection is provided in addition to depreciation and amortisation funding. Refer to the statement of changes in equity for further details.

(g) Cash

For the purposes of the statement of financial position and the statement of cash flows, cash assets include all cash on hand, cash at bank and cheques receipted but not banked at 30 June 2009.

(h) Receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery. Settlement on these amounts is generally required within 30 days from invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written off as at 30 June 2009. Changes in the provision for impairment are based on loss events as disclosed in Note 44.

All figures for credit risk referred to do not take into account the value of any collateral or other security. Other debtors generally arise from transactions outside the usual operating activities of the department and are recognised at their assessed values. Terms are set depending on each case, no interest is charged, and no security is obtained.

The department takes up an administered receivable for the balance of Penalty Infringement Notices and Traffic Offence Notices outstanding as at the end of each month. This receivable reflects the face value of unpaid tickets that are still within 56 days of issue. If the ticket is not paid within 56 days, the debt becomes the responsibility of the Department of Justice and Attorney-General and is not reported in the accounts of the Department of Transport and Main Roads.

(i) Inventories

Raw materials and stores, work in progress and finished goods

These inventories are mainly comprised of construction and concrete products to be consumed in the ordinary course of the department's operations.

Raw materials and stores, work in progress and finished goods that are held for sale are valued at the lower of cost and estimated net realisable value. Cost is assigned on a weighted average cost basis and includes expenditure incurred in bringing the

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

inventory to its existing condition and location. Net realisable value is determined on the basis of the department's normal selling pattern.

Construction work in progress
Construction work in progress is disclosed at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract, and an appropriate portion of overhead expenses incurred in connection with the consolidated entity's construction activities in general.

Inventories held for distribution
Inventories held for distribution are those inventories that the department distributes for no or nominal consideration. Inventories held for distribution are measured at cost.

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

Non-current assets held for sale consists of parcels of surplus land which management has determined are available for immediate sale in their present condition, and their sale is highly probable within the next twelve months.

These assets are measured at the lower of the assets' carrying amounts and their fair values less costs to sell. The assets are not depreciated.

Surplus land is disposed of in accordance with Queensland Government land policies.

(k) Other financial assets

Investments in equity instruments do not have a quoted market price in an active market and are carried at cost. The equities are held in non-traded entities which do not distribute dividends. Refer to Note 26.

There is currently no model which the department believes will accurately reflect the fair value of the equity instruments of Transmax Pty Ltd. The equity instruments held in Queensland Motorways Limited are carried at cost.

(l) Acquisitions of assets

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions by the department unless these have been received as a result of an administrative restructure. Cost is determined as the value given as consideration plus costs directly attributable to the acquisition, including all other costs incurred in preparing the assets ready for use, including engineering design fees. However, general training costs are expensed as they are incurred.

Where assets are received free of charge from another Queensland Government department, whether as a result of a machinery-of-government or other involuntary transfer, the acquisition cost is recognised as the gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciation.

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from another Queensland Government department, are recognised at their fair value at date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

(m) Revaluation of non-current physical assets

Land, buildings, infrastructure and heritage and cultural assets are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment* and Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector.*

Non-current physical assets measured at fair value are comprehensively revalued at least once every five years with interim valuations, using appropriate indices, being otherwise performed on an annual basis where there has been a material variation in the index. Refer to Note 3(q) for specific discussion on the valuation process followed for road infrastructure assets.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation reserve of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation reserve relating to that class.

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

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

When revalued assets are sold or otherwise disposed of, the net increment contained in the asset revaluation reserve relating to those assets is transferred to retained surpluses.

Relevant indices applied to asset classes, where full revaluations were not undertaken, are as follows:

Land
Department of Environment and Resource Management, State Valuation Service and Australian Pacific Valuers - Unimproved Land Valuation Index.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

Buildings
Implicit Price Deflator - Non-Residential Building, Construction Work Done, Australian Bureau of Statistics (ABS) Catalogue 8752.0. Source: Queensland Treasury's Office of Economical and Statistical Research (OESR). The price index of established homes - ABS Cat. 6416.0. Source: Queensland Treasury's OESR.

Other transport infrastructure (non-roads)
Implicit Price Deflator - Engineering Construction - ABS Cat. No 8755.0. Source: Queensland Treasury's OESR.

All other non-current physical assets, principally plant and equipment, are measured at cost in accordance with Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector.

Refer to Note 3(p) for specific discussion on the valuation process followed for heritage and cultural assets and to Note 3(q) for the valuation process related to infrastructure assets. All other non-current physical assets, principally property, plant and equipment, are measured at cost.

(n) Intangibles

Intangible assets with a cost or other value equal to or greater than $100,000 are recognised in the financial statements, items with a lesser value being expensed. The consolidated entity has three classes of intangible assets, being purchased software, internally developed software and software under development. All other items with a cost or other value less than the above threshold are expensed.

It has been determined that there is not an active market for any of the department's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation of intangibles is calculated on a straight-line basis so as to allocate the net cost of each asset over its estimated life to the department, being 2 to 15 years. The residual value is zero for all of the department's intangible assets.

Internally generated software
Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred.

Costs associated with the development of computer software have been capitalised and are amortised on a straight-line basis over the period of expected benefit to the department. Included in this category is the department's Road Management Information System (ARMIS).

Purchased software
Expenditure associated with externally purchased computer software and licences has been capitalised and is being amortised on a straight line basis over the period of the expected benefit to the department.

(o) Impairment of non-current assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the department determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

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

An impairment loss is recognised immediately in the statement of comprehensive income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation reserve of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increase is limited to the extent of previous impairment losses. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Refer to Note 3(m).

Road earthworks are considered to have indefinite lives unless an engineering assessment indicates otherwise or the road section is programmed for reconstruction, widening or realignment. In such cases the earthworks component is depreciated over a finite life.

Where the assessment of an earthworks segment moves from an indefinite life in one period to a finite life in the next period, the current fair value is calculated on a straight line equivalent basis over the asset's total life. The difference between the previous carrying amount and fair value is treated as an impairment.

(p) Property, plant and equipment

General
All items of property, plant and equipment purchased with a cost or other value equal to or in excess of the following thresholds are capitalised for financial reporting purposes in the year of acquisition:

- Infrastructure and buildings $10,000
- Land $1
- Other, including heritage and cultural $5,000

All other items with a cost or other value less than the above thresholds are expensed in the year of acquisition.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

Depreciation
Land, being an asset with an unlimited useful life, is not depreciated. Heritage and cultural assets are not depreciated as their service potential is not expected to diminish with time or use.

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

Assets under construction, capital work in progress, are not depreciated until they reach service delivery capacity.

Where complex assets have significant separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

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

For each class of depreciable property, plant and equipment the following depreciation rates were used:

Class	*Depreciation Rates*
Commercial buildings	1% - 33%
Road construction plant and equipment	5% - 50%
Specialised technical equipment	3% - 33%
IT hardware	10% - 50%
General plant and equipment	2% - 33%

Commercial buildings
Commercial buildings are utilised by the department for operational purposes. Commercial buildings are valued comprehensively every five years and are revalued in the intervening years using an appropriate Australian Bureau of Statistics index. Refer to Note 3(m).

Land improvements undertaken by the department on its commercial sites are included in this class.

The depreciable amount of improvements to or on leasehold property 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 leases includes any option period where exercise of the option is probable.

Commercial land
Commercial land is land on which the department's buildings and depots are situated. Commercial land is valued comprehensively every five years and revalued in the intervening years by sourcing individual indices for each property from the Department of Environment and Resource Management. Refer to Note 3(m).

Property held for future infrastructure
The department acquires land, usually by resumption, for the purpose of constructing future infrastructure assets. The properties in some cases include buildings, which are rented wherever possible until the property is required for capital works. These buildings are not depreciated, as they are incidental to the acquisition of land.

The properties are valued comprehensively every five years and revalued in the intervening years by sourcing individual indices for each property from the Department of Environment and Resource Management. Refer to Note 3(m).

The accounting policy relating to the recording of land resumptions not yet paid, recognises as an accrual, the following land acquisitions:

- gazetted resumptions not yet paid
- hardship acquisitions agreed with the land owner, but not yet paid.

The amount accrued is recognised as land held for future infrastructure.

Road construction plant and equipment
These assets are used primarily in the process of constructing and maintaining roads. This class of assets is reported at cost.

Heritage and cultural assets
These are heritage collections and public art installations at sites controlled by the department. The class is reported using valuations provided annually by an independent valuer.

Technical, IT and general plant and equipment
This class of asset includes specialised technical equipment, office equipment, furniture and fittings, computers and leasehold improvements, which are valued at cost.

Items comprising the department's technical library are expensed on acquisition.

Capital work in progress - property, plant and equipment
Capital work in progress, which is valued at cost, represents property, plant and equipment assets currently under construction such as work on the department's buildings.

Capital work in progress is not depreciated or revalued until the work is physically complete. Physical completion is defined as being the stage where the asset is first put into use or is installed and/or prepared ready for use in accordance with its intended application. Once physically complete, the assets are reclassified into the appropriate asset class and disclosed accordingly.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

(q) Infrastructure assets

The department reports five categories of roads infrastructure assets:

- Roads
- Structures – includes bridges, major culverts and tunnels
- Busways
- Other transport infrastructure
- Capital work in progress

Within the roads category, distinct asset sub-classes of surfacing, pavements, including minor drainage, and formation earthworks are adopted. The distinction between these classes is based on differing useful lives, management as separate elements, and the material value of each class.

Infrastructure assets are measured using 'fair value' principles in accordance with AASB 116 *Property, Plant and Equipment* and Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector.*

For infrastructure assets, fair value can be equated to the cost of replacing the future economic benefits contained in the asset. This approach adopted by the department measures assets at depreciated current replacement cost. This is the cost per unit of future economic benefit of the most appropriate modern replacement facility, adjusted for any differences in utility, production capacity and useful life.

The department completed a comprehensive management valuation of the road, structure and busway assets as at 30 June 2009. This valuation was completed by suitably qualified and experienced departmental engineers and staff in conjunction with engineering consultants MacDonald International and commercial estimation firm BurmanGriffiths.

The valuation process was ratified by a unit rate expert panel which included departmental estimating experts and engineers and representatives from other organisations including the Australian Asphalt Pavement Association, Queensland Department of Infrastructure and Planning, Institute of Public Works Engineering Australia, Brisbane City Council, Roads and Traffic Authority of New South Wales, Cardno Infrastructure, and the Civil Contractors Federation.

This valuation methodology has been applied to all road, structure and busway infrastructure assets with the exception of some capital projects completed during the current financial year. The projects completed in the current financial year are brought to account at cost, and then revalued at financial year-end to gross replacement value using the same unit rates as the rest of the network. The resulting difference has been accounted for as a net adjustment to the asset revaluation reserve.

All roads, structures and busways are reported at their gross replacement value less accumulated depreciation.

The road valuation methodology aims for a valuation outcome, measured in depreciation and the change in net book value over time, which is consistent with and complements the department's asset management approach. The valuation methodology utilises the department's existing roads and structures asset management systems and data.

Assets are valued on the basis of being a particular class of assets. While specific values for road and bridge segments may be determined at any point in time, the methodology developed is aimed at providing a reliable result at the asset class level.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

The following asset sub-classes are treated as infrastructure assets:

Sub-class	Depreciation method	Current standard useful life or length weighted average useful life	Useful life distribution of 85% of road sections *	Non-depreciable component of gross value **
Surface - chip seal	Straight-line	9.4 years	5-12 years	56%-66%
Surface - asphalt	Straight-line	13.7 years	7-19 years	0%-26%
Surface - concrete	Straight-line	38.9 years	27-41 years	5%
Formation earthworks	Indefinite life (not depreciated) or straight-line to estimated replacement date	57 years (for those with a finite life) 75% have an indefinite life	Finite life sections 23-90 years	34%
Pavements and minor drainage	Equivalent Standard Axle (ESA) growth rate over time	37.9 years	16-49.5 years	25%-56%
Bridges - timber	Straight-line	80 years	-	2%
Bridges - concrete/steel	Straight-line	100 years	-	2%
Tunnels	Straight-line	100 years	-	2%
Major culverts - steel	Straight-line	35 years	-	2%
Major culverts - other	Straight-line	60 years	-	2%
Busways ***	Straight-line and ESA	5-100 years	-	2%-70% Varies by sub-component
Other transport infrastructure	Straight-line	5-110 years	-	Nil

* Dependent on ARMIS (the department's road management information system) pavement condition factors used in the Pavement Management System to determine remaining useful life. The useful life and residual values shown above is the 85th percentile distribution for each sub-class. After removal of statistical outliers (<1%), the useful life distribution of each sub-class is as follows:

Asset sub-class	Useful life years	Residual value %
Surface - chip seal	4-26	53%-69%
Surface - asphalt	4-43	0%-30%
Surface - concrete	4-71	-
Pavements	4-85	24%-69%
Formation earthworks	20-107	-

** The non-depreciable component represents the intrinsic value to the department of an asset at the end of its useful life. This is expressed as a percentage of the gross value. For instance, this represents the value of road pavement reused when a road is rehabilitated. Gross value is the cost established under the fair value approach of a replacement asset that has the same utility, production capacity and useful life as the asset being valued. A chip seal, by way of example, which reaches the end of its useful life, may have a worth to the department of 53% of its gross value. This asset can be brought back to 100% of its service worth by spending 47% on a reseal over the remaining surface. For bridges, the residual value is the salvage value.

*** Busways are comprised of formation earthworks, pavements and minor drainage, surfacing, bridges and tunnels.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

The methodology used to determine useful life and residual value complies with Australian Accounting Standards.

The majority of road earthworks are not depreciated. Only those earthworks identified as having a limited useful life or projected as requiring future replacement, are depreciated. The remainder have an indefinite life for depreciation purposes.

Major culverts are valued separately as structures and the value of other minor drainage is included in the pavement component. This practice is consistent with that applied by other state road authorities.

Road formation earthworks are reassessed annually using available engineering data to identify those with a finite remaining life. This assessment is based on programmed replacement or projection of remaining useful life based on traffic growth. The assessment methods will be improved over time as additional data on road geometry becomes available.

For structures such as bridges, tunnels and major culverts, the consumption of service potential is purely a function of time. That is, the physical loading of these structures has little bearing on how long the asset remains in service. Rather, issues of technical obsolescence determine when these assets are replaced. Therefore, depreciation is assigned on a straight-line basis over the life of these assets.

For surfacing, service potential is again primarily consumed over time. That is, the main determinants of when a surface layer is replaced include the oxidisation of the bituminous binder, traffic volumes, heavy vehicle loadings and other environmental effects. The department's asset management of surfacing uses time as the primary trigger for replacement. Therefore, depreciation is assigned on a straight-line basis over the life of these assets.

For pavements, their design and their deterioration over time is primarily determined by traffic loadings. Specifically, equivalent standard axle (ESA) loads are the best measure of the consumption of service potential. Most pavements are expected to remain in service for longer than the ESA loading for which they were designed. As such, the consumption of service potential over time should reflect the ESA loading over the entire life of the asset and not just the design life.

The department's valuation methodology uses the ESA growth rate to determine the rate at which the pavement asset is depreciated. The depreciation rate increases over time as the ESA growth rate increases. The strong link to the department's asset management processes is established through the use of the department's pavement management system (SCENARIO) to determine annually the remaining useful life of the pavement elements.

Roads

For the purposes of valuation, it is assumed that all roads would be replaced with their modern equivalent, adjusted for changes in utility and production capacity, if the department was required to replace them, for example, if the road is totally washed away due to flooding.

This methodology applied includes:

- use of a number of stereotypes to include variants of older and newer geometric design standards on rural roads and also include specific urban stereotypes
- detailed schedules for each stereotype using standard items and quantities provided by external consulting engineers and moderated by regional review and an expert panel
- schedules priced by external estimators using commercial market rates and construction processes, and reviewed by an expert panel
- all variants for terrain, soil type and rainfall with have specific schedules developed and priced for each of the base stereotypes. In total, 286 individual unit rates were applied to the road network valuation.

Base road stereotypes as at 30 June 2009

Rural/urban	Type	Road description
Rural	0	Unformed
	1	Formed and paved (but not sealed)
	2	Sealed < = 6.4m seal width, pre - 1980 design
	3	Sealed < = 6.4m seal width, post - 1980 design
	4	Sealed > 6.4m seal width, pre - 1980 design
	5	Sealed > 6.4m seal width, post - 1980 design
	6	Motorway sealed - typically up to 6 lanes
	7	Major motorway - 6 lanes or more
Urban	8	Undivided carriageway less than 4 lanes
	9	Undivided carriageway 4 lanes or more
	10	Divided carriageway >= 4 lanes (non-motorway standard)
	11	Motorway - 4 to 6 lanes
	12	Major motorway - 6 lanes or more

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

After variation for terrain, environment and region, work breakdown schedules provided direct estimate costs for the road network length controlled by the department.

The underlying assumptions for road stereotypes such as project length, construction duration and pavement depth, have been ratified by a unit rate expert panel and external commercial estimators.

Under the valuation methodology, when a structural element of a road reaches the end of its useful life, but remains in service, it is assessed to have six months remaining useful life. If it remains in service it is carried on the books at its residual (terminal) value, plus the nominal six months to account for its final year. Hence there are some road assets that have the same remaining useful life for a number of years while still in operation, prior to being decommissioned or replaced.

Resurfacing and repavement works that extend the useful life of the road or improve the functionality of the road are capitalised during the year using gross replacement cost unit rates.

The written down value of surfaces and pavements, which have been replaced during the reporting period, has been expensed, together with the value of roads that have been transferred to a third party. These items have been aggregated in the income statement under the heading "Decommissioned infrastructure assets" and further disclosed in Note 15. The amount of this expense may vary significantly from year to year based on the program adopted for major reseals and pavement rehabilitations and the average life of the seals and pavements replaced.

Bridges and major culverts

For the purposes of valuation, it is assumed that all bridges and major culverts would be replaced by their modern equivalent if the department was required to replace them, for example, if the bridge or major culvert is totally washed away due to flooding. Gross replacement costs, which include direct and indirect costs, have been developed for the sub-classes of bridges, pre-stressed concrete deck units, pre-stressed concrete girders, box girders and major culverts.

For new bridges completed during the current financial year, six months depreciation is calculated and applied.

The written down value of bridges that have been replaced during the year has been expensed. These items are aggregated in the income statement under the heading "Decommissioned infrastructure assets" and are further disclosed in Note 15.

Other transport infrastructure

Other transport infrastructure consists primarily of marine infrastructure including navigation channels, breakwaters and revetments, public jetties, pontoons and boat ramps.

Land under roads

All acquisitions of land since the creation of the Department of Transport and Main Roads on 27 March 2009 have been accounted for at fair value in accordance with AASB 116 *Property, Plant and Equipment*. The aggregate value of land under roads as at 30 June 2009 is disclosed in Note 28 as property held for future infrastructure until road declarations for each land portion are confirmed.

The methodology to identify land under roads relies on the classification of the tenure of the land. If the land is titled and has a lease or sub lease attached to it, then it is identified and reported by the department.

All other parcels of land under road are identified and reported by the Department of Environment and Resource Management.

Capital work in progress - infrastructure

All direct costs and, where reliably attributable, indirect costs relating to the constructed infrastructure, are recorded as work in progress. Capital work in progress is valued at cost and is not depreciated or revalued until the work is physically completed.

Physical completion is defined as being the stage where the infrastructure asset is first put into use or is completed and/or ready for use in accordance with its intended application. Once physically complete, the infrastructure assets are reclassified into the appropriate class and disclosed accordingly.

Tugun Bypass

Approximately 65% of the cost of the Tugun Bypass project is attributable to the portion of the bypass that has been constructed in New South Wales (NSW). The NSW portion of the bypass was handed over to the NSW Government upon completion of construction in June 2008.

The total expensed for the NSW portion in the reporting period to 30 June 2009 is $0.400m, which does not have a material effect on the overall infrastructure asset value. Refer to Note 19 and Note 29.

Queensland Motorways Limited

Infrastructure assets of Queensland Motorways Limited are valued on the same basis as the department's infrastructure assets.

Costs associated with the Gateway Upgrade Project are recorded in the financial report produced by Queensland Motorways Limited and are further disclosed in the consolidated entity column.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

Specifically included in this valuation are those assets known as the Gateway Franchise Area, the Logan Motorway, the Gateway Motorway Extension and the Port of Brisbane Motorway.

The department does not control or have a potential future interest in any other privately funded road infrastructure assets, other than those disclosed in Note 39 and Note 43.

(r) Leases

The department has entered into a number of operating leases whereby the lessor effectively retains substantially all the risks and benefits incidental to ownership. Non-cancellable operating lease commitments are disclosed within Note 41(a).

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

The department has no material finance leases.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

(s) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase or contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled over 30 day terms.

Payables are also recorded in other classifications such as grants and subsidies and property resumptions. Settlement terms can vary depending on the nature of the transaction.

(t) Financial instruments

Recognition

Financial assets and financial liabilities are recognised in the balance sheet when the department becomes party to the contractual provisions of the financial instrument.

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents - held at fair value through profit and loss
- Shares – held at fair value
- Receivables - held at amortised cost
- Payables - held at amortised cost
- Accrued employee benefits – held at amortised cost
- Borrowings - held at amortised cost.

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

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

The consolidated entity does not enter into transactions for speculative purposes. Apart from cash, the department holds no financial assets classified at fair value through profit and loss.

All other disclosures relating to the measurement basis and financial risk management of other financial instruments held by the consolidated entity are included in Note 44.

(u) Employee benefits

Wages, salaries and sick leave

Wages and salaries due but unpaid at reporting date are recognised in the balance sheet at the nominal salary rates. Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses. Employer superannuation contributions, annual leave levies and long service leave levies are regarded as employee benefits.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. For those entitlements not expected to be paid within 12 months, the liabilities are classified as non-current liabilities and recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity after projecting the remuneration rates expected to apply at the time of likely settlement.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to recur 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.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

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

Effective from 30 June 2008, no provision for annual leave has been recognised in the financial statements for the parent entity, the liability being 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*, prepared by Queensland Treasury. On 30 June 2008, the current portion of employees' annual leave liabilities for the parent entity was extinguished by recognising a short-term payable to the Crown. The non-current portion of employees' annual leave liabilities for the parent entity was also extinguished on that date by the Crown making a non-appropriated equity injection to the department.

The controlled entities Queensland Motorways Limited and Transmax Pty Ltd are not participants in the ALCS. Therefore, included in Note 32 are the recreation leave benefits for Queensland Motorways Limited and Transmax Pty Ltd employees.

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

For the parent entity no provision for long service leave is recognised in the financial statements. The liability is held on a whole-of-government basis and reported in the financial report, prepared pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, by Queensland Treasury.

The controlled entities Queensland Motorways Limited and Transmax Pty Ltd are not participants in the long service leave scheme. Therefore, included in Note 32 are the long service leave benefits for Queensland Motorways Limited and Transmax Pty Ltd employees.

Resignation benefit
Employees employed under the *Civil Construction, Operations and Maintenance General Award - State 2003* are entitled to a pro-rata benefit not exceeding eight weeks of their wage on resignation from the Department of Transport and Main Roads. The liability is disclosed as part of "Resignation benefit" within Note 32 and is recorded at remuneration rates expected to apply at the time of settlement.

Directive 22/05 *The Retrenchment of Temporary Employees Engaged on a Full Time or Part Time Basis* was issued by the Minister for Employment, Training and Industrial Relations in December 2005. The directive details the conditions applying to temporary employees whose work is determined to be surplus to requirements, and entitles some temporary employees to a severance benefit. The liability is disclosed as part of "Resignation benefit" within Note 32.

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

No liability is recognised for accruing superannuation benefits in these financial statements, the liability being held on a whole-of-government basis and reported in those financial statements, prepared pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting.*

Executive remuneration
The executive remuneration disclosures in the employee expenses note, Note 10, in the financial statements include:

- the aggregate remuneration of all senior executive officers (including the Chief Executive Officer) whose remuneration for the reporting period 27 March 2009 to 30 June 2009 is $25 000 or more ($100 000 in respect of a full financial year)
- the number of senior executives whose total remuneration for the reporting period 27 March 2009 to 30 June 2009 falls within each successive $5000 band, commencing at $25 000 (each successive $20 000 band commencing at $100 000 in respect of a full financial year).

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

The remuneration disclosed is all remuneration paid or payable, directly or indirectly, from the department or any related party in connection with the management of the affairs of the entity or any of its subsidiaries, whether as an executive or otherwise. For this purpose, remuneration includes:

- wages and salaries
- accrued leave, that is, the increase/decrease in the amount of annual and long service leave owed to an executive, inclusive of any increase in the value of leave balances as a result of salary rate increases or the like
- performance pay paid or due and payable in relation to the current reporting period, provided that a liability exists. Namely a determination has been made prior to the financial statements being signed, and can be reliably measured even though the payment may not have been made during the current reporting period
- accrued superannuation, being the value of all employer superannuation contributions during the current reporting period, both paid and payable as at 30 June
- car parking benefits and the cost of motor vehicles, such as lease payments, fuel costs, registration/insurance, and repairs/maintenance incurred by the department during the current reporting period, both paid and payable as at 30 June, net of any amounts subsequently reimbursed by the executives
- housing, being the market value of the rent or rental subsidy, where rent is part-paid by the executive during the current reporting period, both paid and payable as at 30 June
- allowances, which are included in remuneration agreements of executives, such as air fares or other travel costs paid to or for executives whose homes are situated in a location other than the location they work in
- fringe benefits tax included in remuneration agreements.

The disclosures apply to all senior executives appointed under the *Public Service Act 2008* and classified as SES1 and above, with remuneration above $25 000 in the current reporting period. 'Remuneration' means any money, consideration or benefit, but excludes amounts:

- paid to an executive by the department or its subsidiaries where the person worked during the current reporting period wholly or mainly outside Australia during the time the person was so employed
- in payment or reimbursement of out-of-pocket expenses incurred for the benefit of the entity or any of its subsidiaries.

In addition, separate disclosure of separation and redundancy or termination benefit payments is included.

(v) Financing/borrowing costs

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

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings
- ancillary administration charges.

No borrowing costs are capitalised into qualifying assets.

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

The department discloses revenues and expenses attributable to corporate services in the statement of comprehensive income by outputs/major activities.

(x) Joint ventures

The department has an interest in a jointly controlled operation, Personalised Plated Queensland (PPQ) that is accounted for using the equity method.

The income statement separately recognises the department's share of profits and equity movements of PPQ. Details of the joint venture are set out in Note 49.

The department does not recognise its share of profits or losses from the joint venture until it resells the assets to an independent entity. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

(y) Insurance

The department's road assets are not insured due to their nature and the level of risk involved. The risk associated with these assets is therefore borne by government. In certain circumstances, damage to the road network is proportionally covered through Australian Government Natural Disaster Relief and Recovery Arrangements.

The department does, however, insure its open tender road construction contract activities for both material damage and product liability under the Principal Arranged Insurance Program. The program provides certainty of adequate cover and value for money. As well as providing cover for the department and its employees, it also covers the other parties to open tender construction contracts such as contractors, superintendents and sub-contractors.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

The majority of the department's other non-current physical assets and risks are insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis.

In addition, the department pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(z) Contributed equity

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

(aa) Taxation

The department, the parent entity, is a State body as defined under the *Income Tax Assessment Act 1936* and is generally exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). As such, GST credits receivable from, and GST payable to, the Australian Taxation Office are recognised and accrued.

The department's commercialised business unit, RoadTek, became subject to the National Tax Equivalents Regime (NTER) as from 1 July 2004.

The controlled entities comprising Queensland Motorways Limited and Transmax Pty Ltd are also subject to NTER and the provisions of FBT and GST legislation.

The liability for income tax equivalents under NTER is calculated substantially on the basis of the *Income Tax Assessment Act 1997*. The accounting treatment for GST is in accordance with UIG Interpretation 1031 *Accounting for the Goods and Services Tax (GST)*.

Income tax is recognised to the extent that it relates to items recognised directly in equity. Current tax is the expected tax payable on the taxable income for amounts used for taxation purposes. The following temporary differences are not provided for:

- the initial recognition of assets or liabilities that is not a business combination and affects neither accounting nor taxable profit
- differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, measured at the tax rates and based on the laws that have been enacted, or substantively enacted at balance date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same authority.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(ab) Issuance of financial statements

The financial statements are authorised for issue by the Director-General and General Manager Finance (Chief Finance Officer) at the date of signing of the management certificate.

(ac) Judgements and assumptions

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

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

- Note 3(q) Infrastructure assets
- Note 18 Finance/borrowing costs
- Note 25 Non-current assets classified as held for sale
- Note 42 Contingencies.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

(ad) Rounding and comparatives

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. There is no comparative information provided as these are the first financial statements for the newly created Department of Transport and Main Roads' for the reporting period 27 March 2009 to 30 June 2009.

(ae) New and revised accounting standards

The Department of Transport and Main Roads did not voluntarily change any of its accounting policies during the reporting period 27 March 2009 to 30 June 2009.

The department is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from Queensland Treasury. Consequently, the department has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the department or have no material impact on the department.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

	Consolidated 2009 $'000	Parent 2009 $'000
4. Reconciliation of payments from Consolidated Fund		
Reconciliation of payments from Consolidated Fund to output revenue recognised in statement of comprehensive income		
Budgeted output appropriation	-	-
Transfers from/to other departments	1,374,087	1,374,087
Treasurer's advances	(163,604)	(163,604)
Total output receipts	1,210,483	1,210,483
Less: Transfer of output revenue receivable balance via Machinery of Government change	(21,741)	(21,741)
Plus: Closing balance of output revenue receivable	54,084	54,084
Output revenue recognised in statement of comprehensive income	**1,242,826**	**1,242,826**
Reconciliation of payments from Consolidated Fund to equity adjustment recognised in contributed equity		
Budgeted equity adjustment appropriation	-	-
Transfers from/to other departments	183,715	183,715
Unforeseen expenditure	184,203	184,203
Equity adjustment receipts	367,918	367,918
Plus: Closing balance of equity adjustment receivable	125,126	125,126
Equity adjustment recognised in contributed equity	**493,044**	**493,044**

	Consolidated 2009 $'000	Parent 2009 $'000
5. User charges		
Toll revenue	42,839	127
Provision of services to government departments	11,419	11,419
Recoverable works for other authorities	24,266	24,266
Property search fees	607	607
Services rendered *	58,231	55,377
Rent revenue	5,214	5,212
Other	4,700	4,700
Total	**147,276**	**101,708**

* Included in services rendered for the reporting period is construction contract revenue of $6.699m.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

	Consolidated 2009 $'000	Parent 2009 $'000
6. Grants and other contributions		
Grants from the Australian Government *	17,048	17,048
Grants from Local Councils	3,291	3,291
Employment subsidies	85	85
Students with disabilities subsidies from Department of Education, Training and the Arts	8,982	8,982
Goods and services received at below fair value	4,686	4,686
Other	1,165	1,615
Total	**35,257**	**35,707**

* There are no grants from the Australian Government which remain unspent as at 30 June 2009. The grants from the Australian Government are non-reciprocal and relate to Black Spot projects undertaken on the Local Government road network.

	Consolidated 2009 $'000	Parent 2009 $'000
7. Revenue from controlled entities		
Revenue from controlled entities	-	5,071
Total	-	**5,071**

	Consolidated 2009 $'000	Parent 2009 $'000
8. Other revenue		
Interest	67	-
Developers' contributions revenue	3,330	3,330
Registration fee surcharge	2,983	2,983
Compulsory Third Party Administration fees	6,929	6,929
Claim revenue - Queensland Government Insurance Fund	16	16
CorpTech Recovery	2,136	2,136
Other	803	796
Total	**16,264**	**16,190**

	Consolidated 2009 $'000	Parent 2009 $'000
9. Gain on sale of property, plant and equipment		
Plant and equipment	105	113
Total	**105**	**113**

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

	Consolidated 2009 $'000	Parent 2009 $'000
10. Employee expenses		
Employee benefits		
Wages and salaries	103,929	97,346
Employer superannuation contributions	11,367	10,774
Long service leave	1,527	1,447
Annual leave levy	-	-
Other employee expenses	123	1,127
Employee related expenses		
Workers' compensation premium	1,501	1,308
Payroll tax	5,949	5,591
Other employee related expenses	3,418	3,840
Total	**127,814**	**121,433**

Costs of workers' compensation insurance and payroll tax are a consequence of employing employees, but are not counted in employees' total remuneration packages. They are not employee benefits, but rather employee related expenses. Employer superannuation contributions, the annual leave levy and the long service leave levy are regarded as employee benefits.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

	Consolidated 2009	Parent 2009
10. Employee expenses cont...		
Number of employees: *	9,496	8,988

* The number of employees includes both full-time employees and part-time employees measured on a full-time equivalent basis.

Executive remuneration

The number of senior executives who received, or were due to receive, total remuneration of $25,000 ($100,000 full financial year) or more for the period 27 March 2009 to 30 June 2009:

$25,000 to $29,999 (Annual: $100,000 to $119,999)	2
$30,000 to $34,999 (Annual: $120,000 to $139,999)	3
$35,000 to $39,999 (Annual: $140,000 to $159,999)	8
$40,000 to $44,999 (Annual: $160,000 to $179,999)	4
$45,000 to $49,999 (Annual: $180,000 to $199,999)	4
$50,000 to $54,999 (Annual: $200,000 to $219,999)	5
$55,000 to $59,999 (Annual: $220,000 to $239,999)	4
$60,000 to $64,999 (Annual: $240,000 to $259,999)	5
$65,000 to $69,999 (Annual: $260,000 to $279,999)	2
$70,000 to $74,999 (Annual: $280,000 to $299,999)	4
$75,000 to $79,999 (Annual: $300,000 to $319,999)	2
$135,000 to $139,999 (Annual: $540,000 to $559,999)	1
Total	**44**

The total remuneration of executives shown above during 27 March 2009 to 30 June 2009 ($'000) **	**2,324**

** The amount calculated as executive remuneration in these financial statements includes the direct remuneration received, as well as items not directly received by senior executives, such as the movement in leave accruals and fringe benefits tax paid on motor vehicles. The amount will therefore differ from advertised executive remuneration packages which do not include the latter items.

The total separation and redundancy/termination benefit payments during the reporting period to senior executives shown above ($'000):	**23**

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

	Consolidated 2009 $'000	Parent 2009 $'000
11. Supplies and services		
Raw materials	10,020	10,022
Consultants and contractors *	114,070	107,860
Administration	6,576	1,334
Property related costs	22,861	22,861
Supplies and consumables	7,360	6,601
Operating lease rentals	5,330	5,330
Plant hire	9,587	9,573
Utility	15,891	15,117
Repairs and maintenance **	15,102	14,393
Communications	10,707	10,707
Information technology and office services	10,650	10,650
Queensland Government services	10,890	10,890
Bank fees and charges	1,453	1,202
Other	11,656	10,747
Total	**252,153**	**237,287**

* Consultants and contractors relate primarily to providers of construction and maintenance activities for the department.

** Repairs and maintenance relates predominately to work undertaken on departmental built assets, other than infrastructure assets.

	Consolidated 2009 $'000	Parent 2009 $'000
12. Grants and subsidies		
Recurrent		
Queensland Rail	14,250	14,250
School Transport	47,915	47,915
Transport Infrastructure Development Scheme	26,477	26,920
Public Transport	22,850	22,850
Commonwealth Black Spot	2,246	2,246
Roads	1,025	1,025
Other	3,236	3,236
Capital		
Transport Infrastructure	8,206	8,206
Bus Access	6,557	6,557
Other	6,787	6,787
Total	**139,549**	**139,992**

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

	Consolidated	Parent
	2009	2009
	$'000	$'000
13. Queensland Rail service costs		
Rail services and infrastructure support costs purchased by the Queensland Government for aspects of the rail network	190,888	190,888
Total	**190,888**	**190,888**

	Consolidated 2009 $'000	Parent 2009 $'000
14. Depreciation and amortisation		
Depreciation incurred in respect of:		
Buildings	3,787	3,472
Road construction plant and equipment	3,358	3,358
Technical, IT and general plant and equipment	4,360	2,480
Infrastructure assets	210,395	205,743
	221,900	215,053
Amortisation incurred in respect of:		
Software purchased	352	186
Software internally generated	3,012	2,742
	3,364	2,928
Total	**225,264**	**217,981**

	Consolidated 2009 $'000	Parent 2009 $'000
15. Decommissioned infrastructure assets		
Bridges demolished	4,328	4,328
Road surfaces and pavements replaced *	77,317	77,317
Total	**81,645**	**81,645**

* This item represents the value of road asset components which have been written off as a result of their renewal or entire replacement. Refer to Note 3(q).

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

	Consolidated	Parent
	2009	2009
	$'000	$'000
16. Revaluation decrement		
Infrastructure assets*	425,055	425,055
Land (controlled)**	15,952	15,952
Property, plant and equipment	111	111
Total	**441,118**	**441,118**

* The revaluation decrement represents completed project costs that are in excess of valuation through the application of the infrastructure valuation methodology.

** The revaluation decrement for land represents an independent desktop valuation carried out in June 2009.

	Consolidated 2009 $'000	Parent 2009 $'000
17. Impairment losses		
Bad debts impaired and written off	455	159
Impairment losses on infrastructure assets	5,044	5,044
Total	**5,499**	**5,203**

	Consolidated 2009 $'000	Parent 2009 $'000
18. Finance/borrowing costs		
Interest	54,273	18,989
Administration charges	260	260
Total	**54,533**	**19,249**

The department does not capitalise any finance/borrowing costs.

	Consolidated 2009 $'000	Parent 2009 $'000
19. Goods and services provided at below fair value		
Goods and services provided at below fair value	809	809
Total	**809**	**809**

Costs of $0.400m incurred in construction of the New South Wales portion of the Tugun Bypass have been expensed during the reporting period. Refer to Note 3(q) and Note 29.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

	Consolidated	Parent
	2009	2009
	$'000	$'000
20. Other expenses		
Insurance premiums - QGIF	967	967
Insurance premiums - Other *	1,391	1,171
Audit fees **	531	446
Net loss from disposal of property, plant and equipment	1,019	1,012
Capital projects costs written off	682	682
Losses: ***		
Public moneys	8	8
Public property	-	-
Special payments:		
Ex gratia payments	40	436
Court awarded damages	155	155
Compensation claims	33	33
Construction contract loss	1,100	1,100
Other	1,070	875
Total	**6,996**	**6,885**

* The Under Treasurer's approval has been obtained for entering into insurance contracts.

** Total external audit fees relating to the reporting period for the parent entity are estimated to be $0.225m and estimated for the consolidated entity $0.285m. These are charged by the Auditor-General in connection with auditing of this financial report. This item also includes audit fees for operational audits performed by third parties other than the Auditor-General. There are no non-audit services included in this amount.

*** Certain losses of public property are insured by the Queensland Government Insurance Fund (QGIF). The claims made in respect of these losses have yet to be assessed by QGIF and the amount recoverable cannot be estimated reliably at reporting date. On notification by QGIF of the acceptance of the claims, revenue will be recognised for the agreed settlement amount and disclosed as claim revenue - Queensland Government Insurance Fund. Refer to Note 8.

	Consolidated 2009 $'000	Parent 2009 $'000
21. Cash		
Imprest accounts	192	192
Cash at bank and on hand	272,059	148,724
Total	**272,251**	**148,916**

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

	Consolidated 2009 $'000	Parent 2009 $'000
22. Receivables		
Current		
Trade debtors	133,393	128,478
Less: Provision for impairment	(1,451)	(1,101)
	131,942	127,377
GST receivable	55,324	55,231
GST payable	(3,085)	(4,456)
	52,239	50,775
Long service leave reimbursements	1,493	1,493
Output revenue receivable	53,715	53,715
Annual leave claim receivable	14,322	14,322
Equity injection receivable	125,126	125,126
Other	920	910
	195,576	195,566
Total	**379,757**	**373,718**
Movements in the allowance of provision for impairment		
Balance transferred in due to Machinery of Government changes	1,215	1,086
Amounts written off during the year	(40)	(40)
Increase/(decrease) in allowance recognised in profit or loss	276	55
Balance as at 30 June	**1,451**	**1,101**

	Consolidated 2009 $'000	Parent 2009 $'000
23. Inventories		
Supplies and consumables - at cost:		
Raw materials and stores	16,519	15,627
Work in progress	1,683	1,416
	18,202	17,043
Inventory held for resale - at cost:		
Plates	461	461
Publications	361	361
Customer Service Centre	3,908	3,908
	4,730	4,730
Construction work in progress:		
Contract costs incurred and recognised profits less recognised losses	21,159	21,159
Less: Progress billings *	(21,408)	(21,408)
	(249)	(249)
Total	**22,683**	**21,524**

* Total progress billings and advances received in relation to construction contracts in progress amount to $21.408m.

Included in total progress billings and advances are retentions amounting to $0.016m.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

	Consolidated 2009 $'000	Parent 2009 $'000
24. Prepayments		
Current		
Prepayments	18,676	18,030
Total	**18,676**	**18,030**
Non-Current		
Prepayments	1,391	1,391
Total	**1,391**	**1,391**

25. Non-current assets classified as held for sale		
Surplus land *	10	10
Total	**10**	**10**

* Vacant land which is surplus to the department's requirements. Sale is currently being negotiated and is expected to be finalised in the next reporting period.

26. Other financial assets		
Non-current		
Shares in Queensland Motorways Limited - yet to be issued	-	10,061
Shares in Queensland Motorways Limited - at cost	-	177,459
Shares in Transmax Pty Ltd - at cost	-	601
Total	**-**	**188,121**

These financial instruments are not traded on an active market, therefore fair value can not be reliably measured. Refer to Note (3k), Note 43 and Note 44.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont…

	Consolidated 2009 $'000	Parent 2009 $'000
27. Intangible assets		
Software purchased:		
At cost	23,991	8,129
Less: Accumulated amortisation	(5,571)	(4,315)
	18,420	3,814
Software internally generated:		
At cost	113,542	111,799
Less: Accumulated amortisation	(86,075)	(85,444)
	27,467	26,355
Software under development	94,936	64,482
Total	**140,823**	**94,651**

Amortisation of intangibles is included in the line item 'depreciation and amortisation' in the comprehensive statement of income.

All intangible assets of the department have finite useful lives and are amortised on a straight line basis. Refer to Note 3(n).

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

Expenditure on development is capitalised only where it meets the criteria for recognition as an intangible asset.

The department has software assets with an original cost of $7.842m and a written down value of zero continuing to be used in the provision of services.

There was no material expenditure on research into intangible assets during the reporting period. Expenditure on development is capitalised only where it meets the criteria for recognition as an intangible asset.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

27. Intangible assets cont...

Intangibles reconciliation – Parent 2009

	Software purchased	Software internally generated	Software under development	Total
	2009	2009	2009	2009
	$'000	$'000	$'000	$'000
Balance transferred in due to Machinery of Government changes	3,956	24,259	56,186	**84,401**
Acquisitions	44	-	9,898	**9,942**
Acquisitions through internal development	-	-	2,612	**2,612**
Disposals	-	-	-	**-**
Transfers between classes	-	4,214	(4,214)	**-**
Transfers between intangibles and infrastructure	-	624	-	**624**
Amortisation	(186)	(2,742)	-	**(2,928)**
Carrying amount at 30 June 2009	**3,814**	**26,355**	**64,482**	**94,651**

Intangibles reconciliation – Consolidated 2009

	Software purchased	Software internally generated	Software under development	Total
	2009	2009	2009	2009
	$'000	$'000	$'000	$'000
Balance transferred in due to Machinery of Government changes	6,098	25,641	56,729	**88,468**
Acquisitions	2,142	-	50,347	**52,489**
Acquisitions through internal development	-	-	2,612	**2,612**
Disposals	(6)	-	-	**(6)**
Transfers between classes	10,538	4,214	(14,752)	**-**
Transfers between intangibles and infrastructure	-	624	-	**624**
Amortisation	(352)	(3,012)	-	**(3,364)**
Carrying amount at 30 June 2009	**18,420**	**27,467**	**94,936**	**140,823**

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

	Consolidated 2009 $'000	Parent 2009 $'000
28. Property, plant and equipment		
Commercial land:		
At management valuation *	318,545	318,545
	318,545	318,545
Commercial buildings:		
At management valuation *	388,020	368,220
Less: Accumulated depreciation	(201,343)	(189,717)
	186,677	178,503
At cost **	16,859	16,859
Less: Accumulated depreciation	(9)	(9)
	16,850	16,850
Total commercial buildings	203,527	195,353
Property held for future infrastructure:		
At management valuation *	1,335,801	1,335,801
At cost **	584,049	584,049
	1,919,850	1,919,850
Road construction plant and equipment:		
At cost	151,367	151,367
Less: Accumulated depreciation	(48,761)	(48,761)
	102,606	102,606
Heritage and cultural assets		
At independent valuation	1,033	1,033
	1,033	1,033
Technical, IT and general plant and equipment:		
At cost	192,644	121,062
Less: Accumulated depreciation	(120,467)	(86,394)
	72,177	34,668
Work in progress:		
At cost	35,723	34,275
Total	**2,653,461**	**2,606,330**

* Management valuations of commercial land, commercial buildings and property held for future infrastructure have been applied as at 30 June 2009, through the use of indices as per Note 3(m).

** Commercial buildings and property held for future infrastructure reported at cost are current year acquisitions, considered to be at fair value at balance date.

Road construction plant and equipment and technical, IT and general plant and equipment, is valued at cost in accordance with Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector.*

The department has property, plant and equipment with a gross cost of $32.882m and a written down value of zero continuing to be used in the provision of services.

The department has property, plant and equipment with a gross cost of $24.237m that has been written down to a total residual value of $2.024m, continuing to be used in the provision of services.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

28. Property, plant and equipment cont...

Asset reconciliation – Parent 2009

	Commercial land 2009 $'000	Commercial buildings 2009 $'000	Property held for future infrastructure 2009 $'000	Road construction plant and equipment 2009 $'000
Balance transferred in due to Machinery of Government changes	332,689	177,143	1,595,595	100,128
Acquisitions	-	12	125,266	7,183
Assets transferred in (out) at cost (non-reciprocal transfers)	-	-	-	-
Donations received	-	-	-	-
Assets reclassified from (to) held for sale	-	-	(528)	-
Transfers from (to) infrastructure assets	8,713	-	-	-
Transfer between asset classes	-	22,837	201,325	(12)
Transfer between infrastructure work in progress and property, plant and equipment work in progress	-	-	-	-
Disposals	(8,713)	(1,167)	-	(1,335)
Revaluation decrements expensed (refer to Note 16)	(14,144)	-	(1,808)	-
Depreciation/amortisation	-	(3,472)	-	(3,358)
Carrying amount at 30 June 2009	**318,545**	**195,353**	**1,919,850**	**102,606**

	Heritage and cultural assets 2009 $'000	Technical, IT and general plant and equipment 2009 $'000	Work in progress 2009 $'000	Total 2009 $'000
Balance transferred in due to Machinery of Government changes	336	32,554	177,176	**2,415,621**
Acquisitions	-	3,949	81,893	**218,303**
Assets transferred in (out) at cost (non-reciprocal transfers)	808	(808)	-	**-**
Donations received	-	(127)	-	**(127)**
Assets reclassified from (to) held for sale	-	-	-	**(528)**
Transfers from (to) infrastructure assets	-	808	-	**9,521**
Transfer between asset classes	-	772	(224,922)	**-**
Transfer between infrastructure work in progress and property, plant and equipment work in progress	-	-	128	**128**
Disposals	-	-	-	**(11,215)**
Revaluation decrements expensed (refer to Note 16)	(111)	-	-	**(16,063)**
Depreciation/amortisation	-	(2,480)	-	**(9,310)**
Carrying amount at 30 June 2009	**1,033**	**34,668**	**34,275**	**2,606,330**

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

28. Property, plant and equipment cont...

Asset reconciliation – Consolidated 2009

	Commercial land	Commercial buildings	Property held for future infrastructure	Road construction plant and equipment
	2009	2009	2009	2009
	$'000	$'000	$'000	$'000
Balance transferred in due to Machinery of Government changes	332,689	185,066	1,595,595	100,128
Acquisitions	-	161	125,266	7,183
Assets transferred in (out) at cost (non-reciprocal transfers)	-	-	-	-
Donations received	-	-	-	-
Assets reclassified from (to) held for sale	-	-	(528)	-
Transfers from (to) infrastructure assets	8,713	-	-	-
Transfer between asset classes	-	23,254	201,325	(12)
Transfer between infrastructure work in progress and property, plant and equipment work in progress	-	-	-	-
Disposals	(8,713)	(1,167)	-	(1,335)
Revaluation decrements expensed (refer to Note 16)	(14,144)	-	(1,808)	-
Depreciation/amortisation	-	(3,787)	-	(3,358)
Carrying amount at 30 June 2009	**318,545**	**203,527**	**1,919,850**	**102,606**

	Heritage and cultural assets	Technical, IT and general plant and equipment	Work in progress	Total
	2009	2009	2009	2009
	$'000	$'000	$'000	$'000
Balance transferred in due to Machinery of Government changes	336	63,454	177,721	**2,454,989**
Acquisitions	-	9,014	86,639	**228,263**
Assets transferred in (out) at cost (non-reciprocal transfers)	808	(808)	-	**-**
Donations received	-	(127)	-	**(127)**
Assets reclassified from (to) held for sale	-	-	-	**(528)**
Transfers from (to) infrastructure assets	-	808	-	**9,521**
Transfer between asset classes	-	4,198	(228,765)	**-**
Transfer between infrastructure work in progress and property, plant and equipment work in progress	-	-	128	**128**
Disposals	-	(2)	-	**(11,217)**
Revaluation decrements expensed (refer to Note 16)	(111)	-	-	**(16,063)**
Depreciation/amortisation	-	(4,360)	-	**(11,505)**
Carrying amount at 30 June 2009	**1,033**	**72,177**	**35,723**	**2,653,461**

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

	Consolidated 2009 $'000	Parent 2009 $'000
29. Infrastructure assets		
Roads:		
At management valuation *	40,407,167	39,006,580
Less: Accumulated depreciation	(9,468,022)	(9,324,715)
Less: Accumulated impairment losses	(138,300)	(138,300)
At cost **	356,008	356,008
	31,156,853	29,899,573
Bridges:		
At management valuation *	10,080,327	9,326,559
Less: Accumulated depreciation	(3,268,365)	(3,097,279)
Less: Accumulated impairment losses	(67,787)	(67,787)
At cost **	127,852	127,852
	6,872,027	6,289,345
Busways:		
At management valuation *	1,293,696	1,293,696
Less: Accumulated depreciation	(92,815)	(92,815)
	1,200,881	1,200,881
Other infrastructure:		
At management valuation *	411,705	411,705
Less: Accumulated depreciation	(151,334)	(151,334)
Less: Accumulated impairment losses	(144)	(144)
At cost **	2,751	2,751
	262,978	262,978
Capital work in progress:		
At cost	7,017,240	5,663,777
Total	**46,509,979**	**43,316,554**

* Infrastructure valuation is based on depreciated current replacement cost. Refer to Note 3(q).

** Represents projects completed in the current reporting period which have not yet been updated and valued in the road management information system, and are considered to be at fair value at balance date.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

29. Infrastructure assets cont...

Infrastructure asset reconciliation – Parent 2009

	Roads	Bridges	Busways	Other Infrastructure	Capital work in progress	Total
	2009	2009	2009	2009	2009	2009
	$'000	$'000	$'000	$'000	$'000	$'000
Balance transferred in due to Machinery of Government changes	29,843,327	6,337,988	1,230,569	262,149	5,447,924	**43,121,957**
New infrastructure at cost	627,405	69,951	1,271	2,751	(701,378)	**-**
Infrastructure projects continuing and commenced	-	-	-	-	919,079	**919,079**
Assets transferred in at cost - (non-reciprocal - other government departments)	4,544	-	-	-	-	**4,544**
Revaluation increments (refer to Note 35)	138,300	20,723	4,705	-	-	**163,728**
Revaluation decrements (refer to Note 35)	-	(20,606)	(4,705)	-	-	**(25,311)**
Revaluation decrements expensed (refer to Note 16)	(327,716)	(81,395)	(15,944)	-	-	**(425,055)**
Assets replaced	(77,317)	-	-	-	-	**(77,317)**
Demolished bridges	-	(4,298)	(30)	-	-	**(4,328)**
Depreciation	(170,670)	(28,001)	(5,465)	(1,607)	-	**(205,743)**
Disposals	-	-	-	(171)	-	**(171)**
Projects written off	-	-	-	-	(682)	**(682)**
Assets transferred between classes - infrastructure and property, plant and equipment	-	-	(9,521)	-	(128)	**(9,649)**
Assets transferred between classes - infrastructure and intangibles	-	-	-	-	(624)	**(624)**
Assets transferred between classes - infrastructure and managed items	-	-	-	-	(14)	**(14)**
Impairment losses recognised in equity (refer to Note 35)	(138,300)	(116)	-	-	-	**(138,416)**
Impairment losses expensed (refer to Note 17)	-	(4,900)	-	(144)	-	**(5,044)**
Expensing of the New South Wales portion of Tugun Bypass (refer to Note 3(q) and Note 19)	-	-	-	-	(400)	**(400)**
Rounding	-	(1)	1	-	-	-
Carrying amount at 30 June 2009	**29,899,573**	**6,289,345**	**1,200,881**	**262,978**	**5,663,777**	**43,316,554**

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

29. Infrastructure assets cont...

Infrastructure asset reconciliation – Consolidated 2009

	Roads	Bridges	Busways	Other Infrastructure	Capital work in progress	Total
	2009	2009	2009	2009	2009	2009
	$'000	$'000	$'000	$'000	$'000	$'000
Balance transferred in due to Machinery of Government changes	31,101,370	6,922,340	1,230,569	262,149	6,688,178	**46,204,606**
New infrastructure at cost	627,405	69,951	1,271	2,751	(701,378)	**-**
Infrastructure projects continuing and commenced	-	-	-	-	1,032,288	**1,032,288**
Assets transferred in at cost - (from other entities)	4,544	-	-	-	-	**4,544**
Revaluation increments (refer to Note 35)	140,017	23,256	4,705	-	-	**167,978**
Revaluation decrements (refer to Note 35)	-	(20,606)	(4,705)	-	-	**(25,311)**
Revaluation decrements expensed (refer to Note 16)	(327,716)	(81,395)	(15,944)	-	-	**(425,055)**
Assets replaced	(77,317)	(2,032)	-	-	-	**(79,349)**
Demolished bridges	-	(4,298)	(30)	-	-	**(4,328)**
Depreciation	(173,151)	(30,172)	(5,465)	(1,607)	-	**(210,395)**
Disposals	-	-	-	(171)	-	**(171)**
Projects written off	-	-	-	-	(682)	**(682)**
Assets transferred between classes - infrastructure and property, plant and equipment	-	-	(9,521)	-	(128)	**(9,649)**
Assets transferred between classes - infrastructure and intangibles	-	-	-	-	(624)	**(624)**
Assets transferred between classes - infrastructure and managed items	-	-	-	-	(14)	**(14)**
Impairment losses recognised in equity (refer to Note 35)	(138,300)	(116)	-	-	-	**(138,416)**
Impairment losses expensed (refer to Note 17)	-	(4,900)	-	(144)	-	**(5,044)**
Expensing of the New South Wales portion of Tugun Bypass (refer to Note 3(q) and Note 19)	-	-	-	-	(400)	**(400)**
Rounding	1	(1)	1	-	-	**1**
Carrying amount at 30 June 2009	**31,156,853**	**6,872,027**	**1,200,881**	**262,978**	**7,017,240**	**46,509,979**

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

	Consolidated 2009 $'000	Parent 2009 $'000
30. Payables		
Current		
Trade creditors	603,955	540,125
Accrued property resumptions	364,598	364,598
Accrued Queensland Rail service costs	72,984	72,984
Other	23,442	6,369
Total	**1,064,979**	**984,076**

	Consolidated 2009 $'000	Parent 2009 $'000
31. Interest bearing liabilities		
Current		
Queensland Treasury Corporation borrowings	78,765	78,765
Total	**78,765**	**78,765**
Non-current		
Queensland Treasury Corporation borrowings	3,461,481	1,043,698
Total	**3,461,481**	**1,043,698**

No assets have been pledged as security for any liabilities.

All borrowings are in $A denominated amounts and carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current reporting period. Repayment dates vary from 15 June 2010 to 15 June 2019 for the parent entity. There have been no defaults or breaches of loan agreements during the period.

Principal and interest repayments are made quarterly in arrears at rates ranging from 4.77% to 9.07% for fixed rate loans and 3.04% for floating rate loans for the parent entity.

The parent entity's fair value of borrowings at 30 June, as notified by Queensland Treasury Corporation, was $1,160.884m and $3,530.953m for the consolidated entity. The fair value is calculated using discounted cashflow analysis and the effective interest rate.

As it is the intention of the department to hold its borrowings for their full term, no fair value adjustment is made to the carrying amounts of borrowings.

As at 30 June 2009, the unused approved Queensland Treasury Corporation borrowing was $87.085m which specifically pertains to the New Queensland Driver's Licence Project. The unused approved borrowings for the consolidated entity at the end of the reporting period were $163.950m.

The parent entity's short term funding facility with Queensland Treasury Corporation is approved as floating rate borrowings and assists in managing project cash flows. The funding facility has a limit of $50.010m.

The consolidated entity's short term funding facility with Queensland Treasury Corporation totals $50.110m.

The consolidated entity did not access this facility as at 30 June 2009. Accordingly, $50.110m was available for use as at 30 June 2009 for use in the next reporting period.

The parent entity has a $21m business card facility with the Commonwealth Bank of Australia.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont…

	Consolidated 2009 $'000	Parent 2009 $'000
32. Accrued employee benefits		
Current		
Recreation leave *	1,645	-
Annual leave levy payable	18,961	18,961
Long service leave levy payable	3,717	2,808
Resignation benefit	2,205	755
Salaries and wages outstanding	17,162	16,264
Employee other	2,150	2,150
Total	**45,840**	**40,938**
Non-current		
Recreation leave	721	-
Long service leave levy payable	277	-
Resignation benefit **	5,845	5,845
Total	**6,843**	**5,845**

* Under the annual leave central scheme the parent entity's current recreation leave balance is reported by Queensland Treasury.

** The discount rate used to calculate the present value of non-current resignation benefit is 4.23%.

33. Provisions		
Construction contract loss	1,100	1,100
Total	**1,100**	**1,100**

Movements in provisions

Construction contract loss		
Balance transferred in due to Machinery of Government changes	-	-
Additional provision recognised	1,100	1,100
Balance as at 30 June	**1,100**	**1,100**

Provision for construction contract loss

In June 2009 the department recognised a loss on a construction contract as a result of additional costs incurred in excess of the agreed contract price.

34. Other current liabilities		
Unearned revenue	8,084	8,260
Other	4	4
Total	**8,088**	**8,264**

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

35. Asset revaluation reserve by class

Asset revaluation reserve – Parent 2009

	Commercial buildings 2009 $'000	Commercial land 2009 $'000	Property held for future infrastructure 2009 $'000	Heritage and Cultural 2009 $'000
Balance transferred in due to Machinery of Government changes	-	-	-	-
Revaluation increments	-	-	-	-
Revaluation decrements	-	-	-	-
Impairment losses through equity	-	-	-	-
Balance 30 June 2009	-	-	-	-

	Roads 2009 $'000	Bridges 2009 $'000	Busways 2009 $'000	Total 2009 $'000
Balance transferred in due to Machinery of Government changes	-	-	-	-
Revaluation increments	138,300	20,722	4,705	**163,727**
Revaluation decrements	-	(20,606)	(4,705)	**(25,311)**
Impairment losses through equity	(138,300)	(116)	-	**(138,416)**
Balance 30 June 2009	-	-	-	-

The asset revaluation reserve represents the net effect of upwards and downwards revaluations of assets to fair value.

Asset revaluation reserve – Consolidated 2009

	Commercial buildings 2009 $'000	Commercial land 2009 $'000	Property held for future infrastructure 2009 $'000	Heritage and Cultural 2009 $'000
Balance transferred in due to Machinery of Government changes	-	-	-	-
Revaluation increments	-	-	-	-
Revaluation decrements	-	-	-	-
Impairment losses through equity	-	-	-	-
Balance 30 June 2009	-	-	-	-

	Roads 2009 $'000	Bridges 2009 $'000	Busways 2009 $'000	Total 2009 $'000
Balance transferred in due to Machinery of Government changes	-	-	-	-
Revaluation increments	140,017	23,256	4,705	**167,978**
Revaluation decrements	-	(20,606)	(4,705)	**(25,311)**
Impairment losses through equity	(138,300)	(116)	-	**(138,416)**
Balance 30 June 2009	**1,717**	**2,534**	-	**4,251**

The asset revaluation reserve represents the net effect of upwards and downwards revaluations of assets to fair value.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

	Consolidated	Parent
	2009	2009
	$'000	$'000
36. Income tax equivalents		
(a) Income tax equivalent expense		
Current tax equivalents	868	813
Deferred tax equivalent expense (income) relating to temporary differences	(1,366)	(1,329)
	(498)	(516)
Tax contributions	2,710	2,710
Income tax equivalent expense attributable to profit from ordinary activities	**2,212**	**2,194**
(b) Numerical reconciliation of income tax equivalent expense to prima facie tax payable		
Accounting profit before tax *	2,320	7,314
Prima facie tax at applicable rate of 30%	696	2,194
Adjustments for non-temporary differences and excluded temporary differences:		
Capital works deductions	1,918	-
Non deductible depreciation/write-downs	(4,047)	-
Research and development concession	(153)	-
Non-deductible interest costs	483	-
Non-deductible entertainment expense	8	-
Other non-deductible expenses	3	-
Effect of tax losses recognised	7,394	-
Adjustment relating to prior years	(4,422)	-
Under (over) provision in previous year	332	-
Income tax equivalent expense attributable to profit from ordinary activities	**2,212**	**2,194**

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

	Consolidated 2009 $'000	Parent 2009 $'000
36. Income tax equivalents cont...		
(c) Deferred tax equivalent expense (income) included in income tax equivalent expense comprises:		
Balance transferred in due to Machinery of Government changes	-	-
Increase/(decrease) in deferred tax assets	-	-
Deferred tax assets at end of reporting period	**-**	**-**
Balance transferred in due to Machinery of Government changes	2,489	2,600
Increase/(decrease) in deferred tax liabilities	(1,365)	(1,328)
Deferred tax liabilities at end of reporting period	**1,124**	**1,272**
(d) Proof of deferred tax assets and deferred tax liabilities		
Deferred tax assets:		
Employee benefits	1,437	-
Other items	160	-
Adjustment relating to prior year	34,127	-
Gross deferred tax assets at end of reporting period	35,724	-
Set-off of deferred tax liabilities	(35,724)	-
Net deferred tax assets at end of reporting period	**-**	**-**
Deferred tax liabilities:		
Property, plant and equipment	36,848	1,272
Gross deferred tax liabilities at end of reporting period	36,848	1,272
Set-off of deferred tax assets	(35,724)	-
Net deferred tax liabilities at end of reporting period	**1,124**	**1,272**
(e) Income tax recognised directly in equity		
Revaluation of property, plant and equipment	270	270
Income tax on income and expense recognised directly in equity	**270**	**270**
(f) Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect prior tax losses	89,262	-
	89,262	**-**

* The parent entity represents accounting profit before tax and dividends for RoadTek only. The consolidated entity represents RoadTek, Queensland Motorways Limited and Transmax Pty Ltd reported accounting profit before tax and dividends.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

	Consolidated 2009 $'000	Parent 2009 $'000
37. Reconciliation of operating surplus (deficit) to net cash from operating activities		
Operating surplus (deficit)	(83,948)	(60,265)
Depreciation and amortisation expense	225,263	217,980
Doubtful debts expenses/ (recovered)	(69)	(69)
Revaluation decrement (increment)	441,119	441,119
Loss on sale of property, plant and equipment	514	507
Gain on sale of property, plant and equipment	(183)	(191)
Impairment losses	5,084	5,084
Goods and services received below fair value	(4,399)	(4,399)
Goods and services provided below fair value	392	392
Decommissioned infrastructure assets	81,645	81,645
Capital projects written off	682	682
Redistribute to investing activities	51,280	(44,042)
Other	(15)	(15)
Change in assets and liabilities		
(Increase)/decrease in trade receivables	(15,942)	(20,956)
(Increase)/decrease in output revenue receivable	(31,974)	(31,974)
(Increase)/decrease in accrued trade receivables	51,844	53,976
(Increase)/decrease in GST input tax credits receivable	(10,158)	(15,500)
(Increase)/decrease in LSL reimbursements receivable	845	845
(Increase)/decrease in other receivables	(861)	(861)
(Increase)/decrease in inventories	2,559	3,043
(Increase)/decrease in prepayments	(7,365)	(8,627)
Increase/(decrease) in payables	19,360	(11,955)
Increase/(decrease) in GST payable	870	3,220
Increase/(decrease) in accrued employee benefits	15,771	15,902
Increase/(decrease) in accrued Queensland Rail service costs	58,513	58,513
Increase/(decrease) in provision for loss on construction contracts	1,100	1,100
Increase/(decrease) in other liabilities	893	813
Increase/(decrease) in unearned revenue	(10,251)	3,709
Increase/(decrease) in deferred tax equivalents	(1,365)	(1,328)
Net cash from operating activities	**791,204**	**688,348**

38. Non-cash financing and investing activities

Assets and liabilities received by the department and recognised as revenues are set out in Note 6. Assets and liabilities transferred by the department and recognised as expenses are set out in Note 19.

Assets and liabilities received or transferred by the department as a result of Machinery of Government changes are set out in Note 2.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

39. Private Provision of Public Infrastructure (PPPI) Arrangements

The Brisbane Airport Rail Link (BARL) is a public passenger rail system built and owned by Airtrain Citylink Limited (Airtrain). It integrates seamlessly from the Brisbane Domestic and International Airports with the remainder of the Queensland Rail Limited Citytrain passenger rail network.

In 1998, the State of Queensland and Airtrain agreed to the terms and conditions of a BARL Deed, which sets out the process for Airtrain to acquire land, design, construct, maintain and operate the BARL for a concession period of 35 years. The BARL is currently in the maintain and operation phase of the agreement after commencement of operations on 7 May 2001. At the end of the concession period, Airtrain is to transfer the BARL to the State at no cost and no contingent liability to the State.

The Airtrain Development asset is currently at BARL management valuation of $85.700m at 30 June 2008. The basis of valuation for the asset is net present value of future cash flows from the asset. At finalisation of this report, no audited valuation data was available for the period ending 30 June 2009.

In accordance with agreements between the parties, the Department of Transport and Main Roads has agreed, on behalf of the State, to provide a guarantee to Queensland Rail in lieu of certain performance measures being met. No payments under the guarantee were made during the financial year nor are any due to be paid.

A security deposit in the form of a bank guarantee for $1m, has been lodged by Airtrain to be released by the department at the end of the concession period.

The State of Queensland leases airport lands from the Brisbane Airport Corporation and sub-leases the same land to Airtrain.

40. Key business operations

Maritime Safety Queensland

Maritime Safety Queensland (MSQ) was established under the Maritime Safety Queensland Act 2002 and began operation on 1 October 2002. MSQ assumed most of the functions previously undertaken by the former Maritime Division, and is also responsible for provision of the state-wide port pilotage services.

Total revenues, expenses, assets and liabilities associated with MSQ flow through the department's accounting system and are reflected in these financial statements.

For disclosure purposes, the total results of MSQ and the pilotage portion of MSQ are summarised below:

	MSQ	Pilotage
	2009	2009
	$'000	$'000
Income		
Revenue		
Output revenue	44,910	16,802
User charges and fees	1,077	371
Grants and other contributions	143	56
Other	2,748	1,620
Total	48,878	18,849
Expenses		
Employee expenses	16,675	6,895
Supplies and services	30,061	11,060
Depreciation and amortisation	1,167	424
Grants and subsidies	377	114
Other	598	356
Total	48,878	18,849
Operating surplus/(deficit)	-	-

The administered revenue collected for pilotage and conservancy is separately disclosed below and included in Note 45, Schedule of administered items under user charges, fees and fines:

	2009
	$'000
Pilotage	10,383
Conservancy	7,507

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

	Consolidated 2009 $'000	Parent 2009 $'000

41. Commitments for expenditure

(a) Non-cancellable operating lease commitments

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

	Consolidated 2009 $'000	Parent 2009 $'000
Not later than one year	48,863	47,080
Later than one year and not later than five years	96,457	90,194
Later than five years	16,958	15,362
Total	**162,278**	**152,636**

Operating leases are mostly entered into for office accommodation, vehicles and storage facilities. Lease payments are generally fixed, but with inflation and/or fixed percentage escalation clauses on which contingent rentals are determined.

Renewal options exist in relation to some operating leases, generally at the sole discretion of the lessee, and no operating leases contain restrictions on financing or other leasing activities.

(b) Capital expenditure commitments

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

	Consolidated 2009 $'000	Parent 2009 $'000
Roads and bridges	3,972,054	3,813,840
Property, plant and equipment	115,119	81,333
Busways	491,818	491,818
Intangible assets	25,030	25,030
Total	**4,604,021**	**4,412,021**
Payable:		
Not later than one year	3,855,836	3,598,592
Later than one year and not later than five years	725,809	715,325
Later than five years	22,376	98,104
Total	**4,604,021**	**4,412,021**

(c) Non-capital expenditure commitments

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

	Consolidated 2009 $'000	Parent 2009 $'000
Not later than one year	274,223	271,517
Later than one year and not later than five years	12,227	19,121
Later than five years	34	22,263
Total	**286,484**	**312,901**

(d) Grant and subsidy commitments

At balance date, approval has been given in accordance with a formal agreement to pay the following grants and subsidies inclusive of anticipated GST, provided certain specified criteria are met:

	Consolidated 2009 $'000	Parent 2009 $'000
Not later than one year	870,949	870,949
Later than one year and not later than five years	2,216,471	2,216,471
Later than five years	-	-
Total	**3,087,420**	**3,087,420**

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

42. Contingencies

Contingent assets

The following contingencies are not recognised as assets in the balance sheet:

(a) Bank guarantees

The department holds securities amounting to $118.676m provided by contractors in the event of non-performance with the agreed contract terms.

(b) Other claims

The department has made various other claims against other parties. These claims are yet to be settled at 30 June 2009. The department's legal advisers and management believe it would be misleading to disclose the amounts claimed as this may seriously prejudice the position of the department.

Contingent liabilities

The following contingencies are not recognised as liabilities in the balance sheet:

(a) Bank guarantees

The department has provided securities amounting to $1.060m to principals in the event of non-performance with the agreed contract terms.

(b) Litigation in progress

The department's legal advisers and management believe it would be misleading to estimate the final amounts payable in respect of litigation filed in the courts. However, at balance date, the following cases were filed with the respective jurisdictions naming the Department of Transport and Main Roads as defendant.

	Consolidated	Parent
	2009	2009
	No. of cases	No. of cases
Supreme Court (claims over $250,000)	25	25
District Court (claims up to $250,000)	23	23
Magistrates Court (claims up to $50,000)	5	5
Other claims *	121	121

* The department has also received notification of a number of other cases that are not yet subject to court action. These cases may or may not result in subsequent litigation. These claims may be recoverable under an insurance policy purchased by the department. In such cases the department's liability extends to an excess of $10,000.

(c) External construction contracts

In the normal course of operations, claims are made periodically against the department which relate to variations on contracts performed by third parties. The outcome of these claims cannot be reasonably measured and it would therefore be misleading to disclose the amounts.

(d) Financial guarantees and undertakings

The Road Franchise Agreement in respect of the Gateway Bridge, Logan Motorway and Port Motorway provides that the State will, if requested by Queensland Motorways Limited, provide guarantees or undertakings on terms and conditions approved by the Treasurer in relation to raising finance or other financial accommodation to assist in carrying out obligations under the agreement.

The market value of borrowings for The Gateway Bridge Company Limited, Gateway Upgrade Project, Logan Motorway Company Limited, Port Motorway Limited and Queensland Motorways Management Pty Ltd as at 30 June 2009 was $279.669m, $1,462.674m, $496.988m, $105.264m and $25.473m respectively.

The book values of these borrowings were $285.292m, $1,502.682m, $498.254m, $106.097m and $25.460m respectively and are included in the borrowings for the consolidated entity.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont…

42. Contingencies cont…

(e) Maritime Incident

In early March 2009, a vessel named the “Pacific Adventurer” was involved in an incident which resulted in oil and ammonium nitrate being discharged into Moreton Bay. A total of twenty government agencies including this department through its Maritime Safety Queensland (MSQ) and Transport Infrastructure Divisions have been involved in the subsequent clean up of the surrounding beaches and waterways.

Whilst the clean up effort has been a lengthy and expensive exercise, there exists a Letter of Undertaking from the Standard Steamship Owners’ Protection and Indemnity Insurance (Bermuda) Limited on behalf of the owners of the vessel which provides for a capped total aggregate liability on all claims relating to the incident.

As the date of signing of this financial report, the department is not in a position to accurately and reliably measure the costs which are directly attributable to this department.

(f) Guarantees and undertakings

In accordance with agreements between the parties, the Department of Transport and Main Roads has agreed, on behalf of the State, to provide a guarantee in relation to the Brisbane Airport Rail Link to Queensland Rail in lieu of certain performance measures being met. No payments under the guarantee were made during the financial year nor are any due to be paid (refer note 39).

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

43. Controlled entities

(a) Investments in controlled entities

The Department of Transport and Main Roads exercises majority control over two entities, Queensland Motorways Limited (Queensland Motorways) and Transmax Pty Ltd (Transmax). The financial results of both entities have been consolidated with the department, as parent entity, in these financial statements.

Shares in Queensland Motorways are beneficially held in trust for, and on behalf of the State by:

the Associate Director-General of the Department of Transport and Main Roads;

Transport Holdings Queensland Pty Ltd; and

Queensland Treasury Holdings Pty Ltd.

The Associate Director-General of the Department of Transport and Main Roads holds all shares in Transmax.

Queensland Motorways is the parent company of:

The Gateway Bridge Company Limited

Logan Motorway Company Limited

Port Motorway Limited

Queensland Motorways Management Pty Ltd

Bridge Securities Pty Ltd

Gateway Superannuation Pty Ltd

The department therefore exercises majority control over these entities as well as the parent company (that is, Queensland Motorways). The above entities are subject to audit by the Auditor-General of Queensland.

(b) Function of controlled entities

Queensland Motorways

The Gateway Bridge Company Limited and the Logan Motorway Company Limited were formed following identification of road needs that could not be funded from normal sources and feasibility studies that indicated that the respective facilities would be viable as tollways.

Port Motorway Limited was incorporated in January 2001 and assumed responsibility for the construction of the Port of Brisbane Motorway, pursuant to a design and construction agreement executed in September 2001. Following completion of the Port of Brisbane Motorway during 2003, a 30 year franchise was granted to the company to operate the facility.

Queensland Motorways Management Pty Ltd is responsible for the management and control of the Queensland Motorways group (the group).

A consolidated franchise agreement between the state and all companies in the group was executed in June 2006. The consolidated franchise agreement better reflects the interests, rights, titles and obligations of the respective parties in the provision and operation of major transport infrastructure facilities in the state.

In light of the government's decision that Queensland Motorways will be responsible for the duplication of the Gateway Bridge and the upgrade of approximately 20km of associated arterial road, the consolidated franchise agreement also provides for an extension of the franchise on the Gateway Bridge by 30 years from completion of the arterial road upgrade works, currently estimated to be during 2010.

The financial arrangements associated with the consolidated franchise agreement provide that the Gateway Bridge Company Ltd pays a franchise fee to the department. The franchise fee was set at $4.2 million per annum in 2006 subject to annual indexation by the Consumer Price Index.

A service fee arrangement is also included in the consolidated franchise agreement. The service fee is reviewed annually and set to that amount which, when escalated at the long-term inflation rate, can be withdrawn and still allow for the debt to be repaid at the conclusion of the franchise period. The service fee also allows for estimates of traffic growth, average tolls, interest rates and growth in operating expenditure. A service fee has not been levied since 2003.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

43. Controlled entities cont...

A similar financial arrangement is in place for the Logan Motorway. However, it has been necessary for the department to make contributions to ensure the debt for the Logan Motorway is repaid by the end of the franchise period. A franchise fee has never been levied on Logan Motorway Company Ltd.

A similar financial arrangement is in place for the Port Motorway. Tolls are not collected from users of the Port Motorway facility. As a result, contributions are required from the department and a third party, the Port of Brisbane Corporation, to enable the company to meet its debt obligations for this facility.

Transmax Pty Ltd

Transmax was incorporated in order to enhance and market the STREAMS traffic management system. STREAMS is a multifunctional intelligent transport system that provides freeway, traffic signal and incident management as well as driver and passenger information capabilities. The system has been developed over a long period of time by the department and is used across the state.

(c) Disposal of all or part of the businesses and assets and liabilities of Queensland Motorways

On 2 June 2009, the Queensland Government announced its intention to undertake a significant sale program.

The Infrastructure Investment (Assets Restructuring and Disposal) Act 2009 (the Act) has been passed to facilitate the restructure and disposal of particular businesses and assets and liabilities of government entities. The Act grants extensive powers to the Treasurer to direct the restructuring, disposal or other processes necessary for the sale program with respect to 'declared projects'. Under section 5(1)(a) of the Act, the disposal of all or part of the businesses and assets and liabilities of Queensland Motorways is a 'declared project'.

At reporting date there is significant uncertainty around the timing and nature of the disposal and therefore management consider that the criteria to reclassify non-current assets as 'held for sale' in accordance with AASB 5 *Non Current Assets Held for Sale and Discontinued Operations* have not been met.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

44. Financial instruments

(a) Categorisation of financial instruments

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

Category	Note	Consolidated 2009 $'000	Parent 2009 $'000
Financial assets			
Cash	21	272,251	148,916
Shares*	26	-	188,121
Receivables	22	379,757	373,718
Total		**652,008**	**710,755**

* The fair value of these shares is disclosed at their book value, as they are not traded on the open market. Refer to Note 43 for further information regarding the shares in Queensland Motorways Limited.

Category	Note	Consolidated 2009 $'000	Parent 2009 $'000
Financial liabilities			
Financial liabilities measured at amortised cost:			
Payables	30	1,064,979	984,076
Accrued employee benefits	32	52,683	46,783
Queensland Treasury Corporation borrowings	31	3,540,246	1,122,463
Total		**4,657,908**	**2,153,322**

(b) Financial Risk Management

The activities of the department are exposed to a variety of financial risks - interest rate risk, credit risk, liquidity risk and market risk.

Financial risk management is implemented pursuant to Government and departmental policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the department.

All financial risk is managed by the Corporate Group under policies approved by the department. The department provides written principles for overall risk management, as well as policies covering specific areas.

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

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

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

44. Financial instruments cont...

(c) Credit risk exposure

Credit risk exposure refers to the situation where the department may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation. The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provision for impairment.

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

Maximum exposure to credit risk

		Consolidated	Parent
		2009	2009
Category	Note	$'000	$'000
Financial assets			
Receivables	22	379,757	373,718
Total		**379,757**	**373,718**

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

The department manages credit risk through the use of a credit risk management strategy. This strategy aims to reduce the exposure to credit default by ensuring the department invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

No financial assets and financial liabilities have been offset and presented net in the statement of financial position.

The method for calculating any provisional impairment for risk is based on past experience, current and expected changes in economic conditions and changes in client credit rating. The main factors affecting the current calculation for provisions are disclosed below as loss events. These economic and geographic changes form part of the department documented risk analysis in conjunction with historic experience and associated industry data.

The recognised impairment loss is $0.159m for the parent entity for the reporting period. This was mainly due to debts written off for damages not recoverable or deemed uneconomical to pursue.

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired. These financial assets are stated at the carrying amounts as indicated.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

44. Financial instruments cont...

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

June 2009 Financial assets past due but not impaired

	Contractual repricing/maturity date: Overdue					
	Not overdue	Less than 30 days	30-60 days	61-90 days	More than 90 days	Total Financial Assets
Parent - financial assets	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Shares	188,121	-	-	-	-	**188,121**
Receivables	277,733	88,586	4,930	2,468	-	**373,717**
Total	**465,854**	**88,586**	**4,930**	**2,468**	**-**	**561,838**

	Contractual repricing/maturity date: Overdue					
	Not overdue	Less than 30 days	30-60 days	61-90 days	More than 90 days	Total Financial Assets
Consolidated - financial assets	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Shares	-	-	-	-	**-**	**-**
Receivables	282,188	90,050	5,013	2,506	**-**	**379,757**
Total	**282,188**	**90,050**	**5,013**	**2,506**	**-**	**379,757**

June 2009 Impaired financial assets

	Contractual repricing/maturity date: Overdue					
	Not overdue	Less than 30 days	30-60 days	61-90 days	More than 90 days	Total Financial Assets
Parent - financial assets	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Receivables	-	-	-	-	1,101	**1,101**
Total	**-**	**-**	**-**	**-**	**1,101**	**1,101**

	Contractual repricing/maturity date: Overdue					
	Not overdue	Less than 30 days	30-60 days	61-90 days	More than 90 days	Total Financial Assets
Consolidated - financial assets	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Receivables	-	-	-	-	1,451	**1,451**
Total	**-**	**-**	**-**	**-**	**1,451**	**1,451**

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

44. Financial instruments cont...

(d) Liquidity risk

Liquidity risk refers to the situation where the department may encounter difficulty in meeting obligations associated with financial liabilities.

The Department of Transport and Main Roads is exposed to liquidity risk through its trading in the normal course of business and borrowings from Queensland Treasury Corporation for capital works. The borrowings are based on Queensland Government gazetted fixed rates of interest.

Transport and Main Roads manages liquidity risk through a combination of regular fortnightly appropriation payments from Queensland Treasury and, when required, loan drawdowns for major projects based on an already agreed borrowings program with Queensland Treasury. This strategy reduces the exposure to liquidity risk by ensuring the department has sufficient funds available to meet employee and supplier obligations at all times. This is achieved by ensuring that minimum levels of cash are held within the bank account so as to match the expected duration of the various employee and supplier liabilities.

The following table sets out the liquidity risk of financial liabilities held by the department. It represents the contractual maturity of financial liabilities, calculated based on cash flows relating to the repayment of the principal amount outstanding at balance date.

		June 2009 Payable in			
		‹ 1 year	1 - 5 years	› 5 years	Total
Parent - Financial liabilities	Note	$'000	$'000	$'000	$'000
Payables	30	984,076	-	-	984,076
Accrued employee benefits	32	40,938	5,845	-	46,783
Queensland Treasury Corporation borrowings*		150,515	575,984	845,199	1,571,698
Total		**1,175,529**	**581,829**	**845,199**	**2,602,557**

* Queensland Treasury Corporation borrowings are shown as the contractual undiscounted cashflows rather than the book value that is disclosed in Note 31.

		June 2009 Payable in			
		‹ 1 year	1 - 5 years	› 5 years	Total
Consolidated - Financial liabilities	Note	$'000	$'000	$'000	$'000
Payables	30	1,064,979	-	-	1,064,979
Accrued employee benefits	32	45,840	6,843	-	52,683
Queensland Treasury Corporation borrowings*		165,956	680,016	3,907,193	4,753,165
Total		**1,276,775**	**686,859**	**3,907,193**	**5,870,827**

* Queensland Treasury Corporation borrowings are shown as the contractual undiscounted cashflows rather than the book value that is disclosed in Note 31.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

44. Financial instruments cont...

(e) Market risk

Department of Transport and Main Roads does not trade in foreign currency and is not materially exposed to commodity price changes. The department is exposed to interest rate risk through its borrowings from Queensland Treasury Corporation. The department does not undertake any hedging in relation to interest risk and manages its risk as per the liquidity risk management strategy.

Interest Rate Sensitivity Analysis

The following interest rate sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss, if interest rates would change by +/-1 percent from the year-end rates applicable to the department's financial assets and financial liabilities. At reporting date, Transport and Main Roads is not exposed to interest rate risk as all of its borrowings from Queensland Treasury Corporation are at fixed rates.

With all other variables held constant, the consolidated entity would have a surplus and equity increase /(decrease) of $22.945m. This is mainly attributable to the consolidated entity's exposure to variable interest rates on its borrowings from Queensland Treasury Corporation.

The consolidated entity's sensitivity to interest has increased in the current period due to increased borrowings for new capital works projects.

	Carrying amount	June 2009 Interest rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Parent – Financial instruments	$'000	$'000	$'000	$'000	$'000
Cash *	148,916	-	-	-	-
Queensland Treasury Corporation borrowings *	1,122,463	-	-	-	-
Overall effect on profit and equity	1,271,379	-	-	-	-

* No exposure to interest rate risk.

	Carrying amount	June 2009 Interest rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Consolidated – Financial instruments	$'000	$'000	$'000	$'000	$'000
Cash *	272,251	(1,233)	(1,233)	1,233	1,233
Queensland Treasury Corporation borrowings **	3,540,246	24,178	24,178	(24,178)	(24,178)
Overall effect on profit and equity	3,812,497	22,945	22,945	(22,945)	(22,945)

* Cash balances of Queensland Motorways Limited and Transmax Pty Ltd are exposed to interest rate risk.

** Interest rate risk calculated on variable rate loans only.

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

44. Financial instruments cont...

(f) Fair value

The fair value of financial assets and liabilities must be estimated for recognition and measurement and for note disclosure purposes.

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

The fair value of trade receivables and payables are assumed to approximate their nominal value less estimated credit adjustments.

The carrying amounts of all financial assets and financial liabilities, except borrowings from the Queensland Treasury Corporation are representative of their fair value. The fair value of borrowings is determined by reference to published price quotations in an active market and reflects the value of the debt if the department repaid it in full at balance date. It is calculated using discounted cash flow analysis and the effective interest rate (Refer Note 31) and is disclosed below.

The reporting entity is required to disclose classification of fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making these measurements. The fair value hierarchy has the following levels:

Hierarchy Level	Input Measurement
1	Quoted price (unadjusted) in active markets for identical assets or liabilities.
2	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments – Parent	Hierarchy Level	Carrying amount 2009 $'000	Fair value 2009 $'000
Financial Assets			
Cash	1	148,916	148,916
Shares	2	188,121	188,121
Receivables	2	373,718	373,718
Total		**710,755**	**710,755**
Financial liabilities			
Payables	2	984,076	984,076
Accrued Employee Benefits	1	46,783	46,783
Queensland Treasury Corporation borrowings	1	1,122,463	1,160,884
Total		**2,153,322**	**2,191,743**

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

44. Financial instruments cont...

(f) Fair value (cont...)

Financial instruments – Consolidated	Hierarchy Level	Carrying amount 2009 $'000	Fair value 2009 $'000
Financial Assets			
Cash	1	272,251	272,251
Shares	-	-	-
Receivables	2	379,757	379,757
Total		**652,008**	**652,008**
Financial liabilities			
Payables	2	1,064,979	1,064,979
Accrued Employee Benefits	1	52,683	52,683
Queensland Treasury Corporation borrowings	1	3,540,246	3,530,953
Total		**4,657,908**	**4,648,615**

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

45. Schedule of administered items

a)

	Rail, Ports and Freight	Land Transport and Safety	Maritime	Public Transport	AusLink Network	Total
	2009	**2009**	**2009**	**2009**	**2009**	**2009**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Administered revenues						
Administered item appropriation	10,598	(19)	-	212,932	-	223,511
User charges, fees and fines	-	375,332	25,422	1,988	-	402,742
Dividends and property income	-	48	-	-	-	48
Commonwealth grants	-	-	-	-	388,581	388,581
Interest	-	-	6	-	-	6
Other	-	1,544	3	-	-	1,547
Total	**10,598**	**376,905**	**25,431**	**214,920**	**388,581**	**1,016,435**
Administered expenses						
Grants and subsidies	10,598	-	-	212,932	-	223,530
Other	-	2	(7)	-	-	(5)
Total	**10,598**	**2**	**(7)**	**212,932**	**-**	**223,525**
Transfers to Government	**-**	**376,903**	**25,438**	**1,988**	**388,581**	**792,910**
Administered assets						
Current						
Cash						29,238
Receivables						36,689
Prepayments						118,010
Total current assets						183,937
Non-current						
Non-rail corridor land at independent valuation 2009						37,359
Total non-current assets						37,359
Total						**221,296**
Administered liabilities						
Current						
Payables						61,401
Unearned revenue						122,302
Total current liabilities						183,703
Total						**183,703**
Administered Equity						
Contributed equity						35,996
Asset revaluation reserve						1,597
Total						**37,593**

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont...

45. Schedule of administered items cont...

b) Grants to Queensland Government agencies

	Total 2009 $'000
Natural Disaster Relief & Recovery Arrangements	10,598
TransLink Transit Authority	212,932
Total grants to Queensland Government agencies	**223,530**

c) User charges, fees and fines

	Total 2009 $'000
Motor vehicle registration	279,277
Transport and traffic fines	61,210
Other registration	12,664
Other regulatory fees	19,734
Fines and forfeiture	29,282
Other	575
Total User charges, fees and fines	**402,742**

d) Land valuations

An independent valuation of land was performed on the former Department of Transport's land assets at 31 December 2006 by Australian Pacific Valuers Pty Ltd.

The valuation of land was based on current market values in accordance with 'fair value' principles.

Interim valuations on the former Department of Transport's land assets were performed by Australian Pacific Valuers Pty Ltd using indices as at 30 June 2009.

46. Reconciliation of administered payments from Consolidated Fund

Reconciliation of payments from Consolidated Fund to administered item revenue

	Consolidated 2009 $'000	Parent 2009 $'000
Transfers from/to other departments	(582,128)	(582,128)
Treasurer's transfers	163,604	163,604
Unforeseen expenditure	643,692	643,692
Total administered item receipts	225,168	225,168
Less: Transfer of output revenue receivable balance via Machinery of Government change	(4,218)	(4,218)
Plus: Closing balance of administered item revenue receivable	2,561	2,561
Administered item revenue appropriation in Note 45	**223,511**	**223,511**

Reconciliation of payments from Consolidated Fund to equity adjustment recognised in contributed equity

	Consolidated 2009 $'000	Parent 2009 $'000
Budgeted equity adjustment appropriation	-	-
Transfers from/to other departments	642,184	642,184
Unforeseen expenditure	(217,494)	(217,494)
Equity adjustment receipts	**424,690**	**424,690**

Notes to and forming part of the financial statements for the reporting period 27 March 2009 to 30 June 2009 cont…

47. Agency transactions and balances

The department acts as an agent in the collection and distribution of changes and levies for various State Government agencies, other entities and authorised deductions from employees' wages and salaries for on-payment to third parties. A reconciliation of amounts collected and distributed follows:

	Consolidated	Parent
	2009	2009
	$'000	$'000
Balance transferred in due to Machinery of Government changes	49,284	49,284
Collections during reporting period	398,583	398,583
Distributions to principals during reporting period	(384,370)	(384,370)
Balance at 30 June 2009*	**63,497**	**63,497**

*Held in the department's bank account. Cleared in July. These transactions and balances are not recognised in the department's financial statements.

Fees of $0.007m received by the department for providing agency services are recognised in user charges. Refer to Note 5.

48. Events occurring after balance date

Toll Increases

Toll charges for motorcycles, cars and trucks using the Gateway Bridge and the Logan and Gateway Extension Motorways changed in accordance with State Government policy from 1 July 2009, increasing by an average 4.3%.

Introduction to full free-flow tolling

Full free-flow tolling was introduced on the Gateway Bridge and the Logan and Gateway Extension Motorways in July 2009.

49. Investment in joint venture

Interest in Joint Venture

The Department of Transport entered into a joint enterprise agreement with James Power Enterprises Pty Ltd, trading as Personalised Plates Holdings Pty Ltd (PPH), creating Personalised Plates Queensland (PPQ) on 23 March 1998 ("the joint venture").

The joint venture currently operates under the terms of the amended joint venture agreement dated 18 November 2003. The joint enterprise agreement facilitates the management, operational and marketing aspects of personalised plate sales.

The department equity accounts for the interest in the joint venture refer note 3(x).

On the basis of materiality, assets and liabilities held by PPQ will not be brought to account in the department's statements until such time as the management of the business is transferred back to the department on completion of the joint venture agreement.

The department receives a minimum return plus 55% of the joint venture's remaining operating profits. The department holds 50% of PPQ's voting rights.

The department's share of profits received in the equity accounted joint venture for the year was $2.80m.

A summary of the aggregate results for the joint venture, not adjusted for the department's share of ownership, follows:

	Revenue	Expenses	Current Assets	Non-Current Assets	Current Liabilities
Reporting Period	$'000	$'000	$'000	$'000	$'000
April to June 2009	6,124	3,320	2,169	454	1,769

There were no contingent liabilities, pledged assets or capital commitments relating to the joint venture.

Certificate of the Department of Transport and Main Roads

These first general purpose financial statements have been prepared pursuant to section 40(1) of the *Financial Administration and Audit Act 1977* (the Act), and other prescribed requirements. The financial statements include the consolidated financial statements of the consolidated entity comprising the Department of Transport and Main Roads and its controlled entities. In accordance with section 40(3) of the Act we certify that in our opinion:

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

(b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Department of Transport and Main Roads and the consolidated entity for the reporting period 27 March 2009 to 30 June 2009, and of the financial position of the department and the consolidated entity at the end of that reporting period.

Tony Philp
Acting General Manager Finance
(Chief Finance Officer)

28 August 2009

David Stewart
Director-General

28 August 2009

Independent Auditor's Report

To the Accountable Officer of the Department of Transport and Main Roads

Matters Relating to the Electronic Presentation of the Audited Financial Report

The auditor's report relates to the financial report of Department of Transport and Main Roads for the financial period ended 30 June 2009 included on Department of Transport and Main Roads' website. The Accountable Officer is responsible for the integrity of the Department of Transport and Main Roads' website. I have not been engaged to report on the integrity of the Department of Transport and Main Roads' website. The auditor's report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/ from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from the Department of Transport and Main Roads, to confirm the information included in the audited financial report presented on this website.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

Report on the Financial Report

I have audited the accompanying financial report of Department of Transport and Main Roads, which comprises the statement of financial position and statement of assets and liabilities by outputs/major activities as at 30 June 2009, and the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by outputs/major activities for the period ended on that date, a summary of significant accounting policies, other explanatory notes and the certificates given by the Accountable Officer and the Acting General Manager Finance (Chief Finance Officer) of the consolidated entity comprising the Department and the entities it controlled at the period's end or from time to time during the financial period.

Accountable Officer's Responsibility for the Financial Report

The Accountable Officer is responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the *Financial Administration and Audit Act 1977* and the *Financial Mmanagement Standard 1997,* including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility to express an opinion on the financial report based on the audit is prescribed in the *Auditor-General Act 2009*. This Act, including transitional provisions, came into operation on 1 July 2009 and replaces the previous requirements contained in the *Financial Administration and Audit Act 1977*.

The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards,* which incorporate the Australian Auditing Standards. These auditing standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the financial report is free of material misstatement.

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

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

Independent Auditor’s Report cont…

Independence

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

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

Auditor’s Opinion

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

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

(b) in my opinion –

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

(ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Department of Transport and Main Roads and the consolidated entity for the financial period 27 March 2009 to 30 June 2009 and of the financial position as at the end of that period.

DIRECTOR OF AUDIT
31 AUG 2009
QUEENSLAND AUDIT OFFICE

M R HYMAN CA
(as Delegate of the Auditor-General of Queensland)

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