



Department of Transport and Main Roads

2012–13 Annual Report

Volume 2 of 2

Department of Transport and Main Roads Financial Statements 2012–13

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Foreword

The Department of Transport and Main Roads is a Queensland Government department established under the *Public Service Act 2008*. 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 cover the department and its controlled entities, and 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 major departmental service areas
- Statement of assets and liabilities by major departmental service areas
- Notes to and forming part of the financial statements
- Management certificate.

A description of the nature of the department's operations and its principal activities is disclosed in Note 1 and Note 2.

For information about the Department of Transport and Main Roads' financial statements:

- contact Manager (Financial Reporting) on 07 3066 6021 or
- visit the Department of Transport and Main Roads website at www.tmr.qld.gov.au

**Statement of comprehensive income
for the year ended 30 June 2013**

	Notes	2013 \$'000	2012 \$'000
Income from continuing operations			
<i>Revenue</i>			
Departmental services revenue	4	4,457,462	3,550,671
User charges	5	479,144	393,500
Grants and other contributions	6	1,578,395	832,548
Other revenue	7	110,472	75,130
Total revenue		6,625,473	4,851,849
Gains	8	9,852	1,712
Revaluation decrement reversals	9	2,661,968	2,095,111
Total income from continuing operations		9,297,293	6,948,672
Expenses from continuing operations			
Employee expenses	10	606,556	642,581
Supplies and services	12	1,252,541	869,563
Grants and subsidies	13	1,941,821	1,250,388
Depreciation and amortisation	14	1,068,103	1,018,066
Decommissioned infrastructure assets	15	148,935	350,640
Revaluation decrement	16	44,259	37,626
Impairment losses	17	1,579	7,051
Finance/borrowing costs	18	69,639	72,523
Other expenses	19	53,382	23,175
Total expenses from continuing operations		5,186,815	4,271,613
Share of profits in joint venture	44	11,444	13,196
Operating result from continuing operations before income tax equivalent expense		4,121,922	2,690,255
Income tax equivalent expense	35	29,361	25,203
Operating result from continuing operations after income tax equivalent expense		4,092,561	2,665,052
Discontinued operations			
Loss from discontinued operations	20	-	601
Operating result for the year		4,092,561	2,664,451
Other comprehensive income not reclassified subsequently to operating result			
Increase/(decrease) in asset revaluation surplus	34	2,226,453	(51)
Total other comprehensive income		2,226,453	(51)
Total comprehensive income		6,319,014	2,664,400

The accompanying notes form part of these statements.

**Statement of financial position
as at 30 June 2013**

	Notes	2013 \$'000	2012 \$'000
Assets			
Current assets			
Cash	21	7,901	516,083
Receivables	22	593,288	204,785
Inventories	23	17,539	17,860
Prepayments	24	284,784	15,637
Non-current assets classified as held for sale	25	10,114	-
Total current assets		913,626	754,365
Non-current assets			
Prepayments	24	1,080	56,948
Other financial assets	26	601	-
Intangible assets	27	124,676	123,830
Property, plant and equipment	28	57,427,839	49,923,954
Deferred tax assets	35	5,088	4,496
Total non-current assets		57,559,284	50,109,228
Total assets		58,472,910	50,863,593
Liabilities			
Current liabilities			
Payables	29	1,304,004	1,242,638
Interest bearing liabilities	30	72,875	70,001
Accrued employee benefits	31	25,101	20,681
Current tax liabilities	35	12,864	4,951
Unearned revenue	32	32,923	8,638
Other	33	16,422	4
Total current liabilities		1,464,189	1,346,913
Non-current liabilities			
Interest bearing liabilities	30	949,553	1,020,235
Accrued employee benefits	31	5,932	6,132
Other	33	493	-
Total non-current liabilities		955,978	1,026,367
Total liabilities		2,420,167	2,373,280
Net assets		56,052,743	48,490,313
Equity			
Contributed equity		52,009,401	50,763,926
Accumulated surplus/(deficit)		1,816,889	(2,273,613)
Asset revaluation surplus	34	2,226,453	-
Total equity		56,052,743	48,490,313

The accompanying notes form part of these statements.

**Statement of changes in equity
for the year ended 30 June 2013**

	2013 \$'000	2012 \$'000
Contributed equity		
Opening balance *	50,763,926	48,445,863
Adjustment to opening balance	-	5,457
Transactions with owners as owners:		
Appropriated equity injections. Refer to Note 4.	1,207,753	2,373,149
Net asset transfer from/(to) other agencies. Refer to Note 38.	(71,743)	(61,768)
Net assets received via Machinery-of-Government changes. Refer to Note 2(b).	109,609	1,225
Transfer to the former Department of Employment, Economic Development and Innovation. Refer to Note 2(b).	(144)	-
Closing balance	52,009,401	50,763,926
Accumulated surplus/(deficit)		
Opening balance *	(2,273,613)	(4,934,362)
Adjustment to opening balance	(2,059)	(3,702)
Operating result	4,092,561	2,664,451
Closing balance	1,816,889	(2,273,613)
Asset revaluation surplus (Note 34)		
Opening balance	-	51
Increase/(decrease) in asset revaluation surplus:		
Buildings	-	(18)
Heritage and cultural assets	-	(33)
Infrastructure	2,226,453	-
Closing balance	2,226,453	-
Total equity	56,052,743	48,490,313

* The 2012 opening balances of Contributed equity and Accumulated deficit have been adjusted by an off-setting amount of \$29.820m relating to a prior year misstatement.

The accompanying notes form part of these statements.

**Statement of cash flows
for the year ended 30 June 2013**

	Notes	2013 \$'000	2012 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Departmental services receipts		3,957,257	3,569,736
User charges		488,705	582,740
Grants and other contributions		1,576,392	824,455
GST input tax credits from ATO		680,174	485,506
GST collected from customers		189,062	117,875
Other		112,580	98,808
<i>Outflows:</i>			
Employee expenses		(599,352)	(660,224)
Supplies and services		(1,648,482)	(1,197,070)
Grants and subsidies		(1,948,808)	(1,254,265)
Finance/borrowing costs		(69,858)	(72,512)
GST paid to suppliers		(702,922)	(499,010)
GST remitted to ATO		(150,637)	(118,364)
Income tax equivalent paid		(22,040)	(36,914)
Other		(17,559)	(20,777)
Net cash provided by/(used in) operating activities	36	1,844,512	1,819,984
Cash flows from investing activities			
<i>Inflows:</i>			
Sales of property, plant and equipment		29,258	10,356
Share of profits in joint venture		11,444	13,196
Other		-	23,456
<i>Outflows:</i>			
Payments for property, plant and equipment		(3,689,939)	(4,012,849)
Payments for intangibles		(6,311)	(17,574)
Other		-	(25,651)
Net cash provided by/(used in) investing activities		(3,655,548)	(4,009,066)
Cash flows from financing activities			
<i>Inflows:</i>			
Borrowings		-	99,584
Equity injections		2,026,024	3,122,350
Machinery-of-Government transfers		86,895	-
<i>Outflows:</i>			
Equity withdrawals		(739,254)	(749,209)
Borrowing redemptions		(67,589)	(62,073)
Machinery-of-Government transfers		(3,222)	-
Net cash provided by/(used in) financing activities		1,302,854	2,410,652
Net increase/(decrease) in cash		(508,182)	221,570
Cash at beginning of financial year		516,083	294,513
Cash at end of financial year	21	7,901	516,083

Comparatives have changed across various items within the Statement of cash flows relating to the mapping of capitalised costs.

The accompanying notes form part of these statements.

Statement of comprehensive income by major departmental service areas for the year ended 30 June 2013

	Transport System Planning		Investment and Program Development		Transport Infrastructure Delivery		Transport System Management, Operation and Regulation		Transport Safety		RoadTek		Inter-departmental service eliminations		Total	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Income from continuing operations																
Revenue																
Departmental services revenue	106,855	122,833	55,815	38,428	2,354,920	2,999,049	885,550	249,126	140,940	-	-	-	-	-	4,457,462	3,550,671
User charges	5,343	2,933	4,808	6,207	78,361	341,526	153,674	17,772	30,291	885,363	1,023,829	-	(987,938)	-	479,144	393,500
Grants and other contributions	1,877	196	4	73	1,539,901	36,450	44,613	140	1,120	23	13	-	-	-	1,578,395	832,548
Other revenue	98	667	641	615	122,386	50,672	53,399	248	921	3,849	5,117	-	(67,422)	-	110,472	75,130
Total revenue	114,173	126,629	61,268	45,323	3,373,550	3,427,697	1,145,236	267,286	173,272	889,235	1,028,959	(1,041,120)	(921,451)	(1,041,120)	6,625,473	4,851,949
Gains	-	-	13	-	536	84	116	17	-	2,516	1,060	-	-	-	9,852	1,712
Revaluation decrement reversals	-	445	-	445	2,093,309	-	445	-	445	-	22	-	-	-	2,661,968	2,095,111
Total income from continuing operations	114,173	127,074	61,281	45,768	5,467,395	3,427,781	1,145,797	267,303	173,717	891,751	1,030,041	(1,041,120)	(921,451)	(1,041,120)	9,297,293	6,948,672
Expenses from continuing operations																
Employee expenses	43,221	45,030	33,281	99,252	141,415	247,353	288,300	96,157	80,471	152,767	188,157	(180,044)	(110,324)	(180,044)	606,556	642,561
Supplies and services	34,564	65,156	2,912	410	584,499	694,803	322,457	77,043	45,637	606,703	722,932	(825,049)	(747,983)	(825,049)	1,252,541	869,563
Grants and subsidies	1,379	1,477	3,502	4,537	399,612	1,535,836	1,094,020	1,380	4,438	102	109	-	-	(463)	1,941,821	1,250,388
Depreciation and amortisation	1,390	2,338	2,914	2,285	994,568	961,880	25,611	8,010	3,736	22,395	22,216	-	-	-	1,068,103	1,018,066
Decommissioned infrastructure assets	-	-	-	-	148,935	350,640	-	-	-	-	-	-	-	-	148,935	350,640
Revaluation decrement	-	-	-	-	37,626	37,626	-	-	-	3	3	-	-	-	44,259	37,626
Impairment losses	58	(3)	1,347	(1)	(3,186)	6,437	2,260	37	220	209	347	(2,209)	1,533	(2,209)	1,579	7,051
Finance/borrowing costs	116	-	63	-	76,032	3,608	6,008	273	1	3,130	4,145	(4,971)	(7,695)	(7,695)	69,639	72,523
Other expenses	387	643	175	313	32,758	5,151	4,883	7,444	5,861	64,938	35,305	(28,981)	(59,706)	(28,981)	53,382	23,175
Total expenses from continuing operations	81,115	114,641	44,194	106,796	2,263,471	2,529,393	1,717,531	190,354	140,364	850,247	973,211	(1,044,401)	(921,451)	(1,044,401)	5,186,815	4,271,613
Share of profits in joint venture	-	-	-	-	-	11,444	13,196	-	-	-	-	-	-	-	11,444	13,196
Operating result from continuing operations before income tax equivalent expense	33,058	12,433	17,087	(61,028)	3,043,492	909,832	(558,538)	76,949	33,353	41,504	56,830	-	-	-	4,121,922	2,690,255
Income tax equivalent expense	-	-	-	-	-	-	-	-	-	29,361	25,203	-	-	-	29,361	25,203
Operating result after income tax equivalent expense	33,058	12,433	17,087	(61,028)	3,043,492	909,832	(558,538)	76,949	33,353	12,143	31,627	-	-	-	4,092,561	2,665,052
Discontinued operations																
Less from discontinued operations	-	-	-	-	601	-	-	-	-	-	-	-	-	-	-	601
Operating result for the year	33,058	12,433	17,087	(61,028)	3,043,492	909,832	(558,538)	76,949	33,353	12,143	31,627	-	-	-	4,092,561	2,664,451
Other comprehensive income not reclassified subsequently to operating result																
Increase/(decrease) in asset revaluation surplus	23,791	-	12,297	-	(2)	-	(33)	-	2	-	(18)	-	-	-	2,226,453	(51)
Total other comprehensive income	23,791	-	12,297	-	(2)	(33)	(33)	-	2	-	(18)	-	-	-	2,226,453	(51)
Total comprehensive income	56,849	12,433	29,384	(61,028)	5,235,857	909,832	(558,571)	76,949	33,355	12,143	31,609	-	-	-	6,319,014	2,664,400
Allocation of income and expenses to corporate services (disclosure only):																
Income	227	1,511	124	1,361	6,759	7,053	7,931	533	1,797	-	-	-	-	-	14,696	21,928
Expenses	8,223	18,614	4,480	16,764	244,613	255,256	97,721	19,287	22,142	-	-	-	-	-	531,869	278,161

Statement of assets and liabilities by major departmental service areas
as at 30 June 2013

	Transport System Planning		Investment and Program Development		Transport Infrastructure Delivery		Transport System Management, Operation and Regulation		Transport Safety		Road/Tek		Inter-departmental service eliminations		Total		
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000
Assets																	
Current assets																	
Cash	(1,593)	34,155	(741)	30,784	(15,520)	211,031	(19,123)	183,550	(3,682)	40,660	48,558	15,517	2	386	7,901	516,083	
Receivables	1,744	546	1,299	990	414,790	146,436	102,146	36,247	4,327	4,639	118,218	100,898	(49,236)	(84,970)	593,288	204,785	
Inventories	7,573	3,789	-	-	5,646	1,740	1,740	965	116	245	39,640	50,277	(31,530)	(43,062)	17,860	17,860	
Prepayments	4,228	4,038	-	-	277,484	9,936	779	1,508	1,495	-	798	155	-	-	284,784	15,637	
Non-current assets classified as held for sale	-	-	-	-	10,114	-	-	-	-	-	-	-	-	-	10,114	-	
Total current assets	11,952	42,527	558	31,774	686,868	373,049	85,542	222,270	2,256	45,544	207,214	166,847	(80,764)	(127,846)	913,626	754,365	
Non-current assets																	
Prepayments	923	351	-	-	-	56,597	157	-	-	-	-	-	-	-	1,080	56,948	
Other financial assets	-	-	-	601	-	29,820	-	-	-	-	-	-	-	(29,820)	601	-	
Intangible assets	15,802	5,176	17,763	4,756	1,241	84,789	108,545	108,545	5,081	4,422	84,789	125,781	-	-	124,676	123,830	
Property, plant and equipment	217	138	3,318	289,105	57,212,853	49,443,991	87,106	57,460	18,995	7,479	105,350	125,781	-	-	57,427,839	49,923,954	
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	5,088	4,496	-	-	5,088	4,496	
Total non-current assets	16,942	5,665	21,081	293,861	57,214,695	49,531,339	172,052	166,005	24,076	11,901	110,438	130,277	(29,820)	(29,820)	57,559,284	50,109,228	
Total assets	28,894	48,192	21,639	325,635	57,901,563	49,904,388	257,594	388,275	26,332	57,445	317,652	297,124	(80,764)	(157,466)	58,472,910	50,863,593	
Liabilities																	
Current liabilities																	
Payables	31,953	86,347	2,822	948	564,311	712,787	631,497	429,561	77,241	67,587	47,944	46,112	(51,764)	(100,704)	1,304,004	1,242,638	
Interest bearing liabilities	-	-	-	-	72,230	69,890	645	111	-	-	29,000	29,000	(29,000)	(29,000)	72,875	70,001	
Accrued employee benefits	1,560	1,034	1,201	2,280	5,200	3,249	8,924	6,163	3,470	1,849	4,746	6,106	-	-	25,101	20,681	
Current tax liabilities	-	-	-	-	-	-	-	-	-	-	12,864	4,951	-	-	12,864	4,951	
Unearned revenue	-	590	-	532	-	3,646	32,923	3,167	-	703	-	-	-	-	32,923	8,638	
Other	-	-	-	-	-	-	16,422	4	-	-	-	-	-	-	16,422	4	
Total current liabilities	33,513	87,971	4,023	3,760	641,741	789,572	690,411	439,006	80,711	70,139	94,554	86,169	(80,764)	(129,704)	1,464,189	1,346,913	
Non-current liabilities																	
Interest bearing liabilities	-	-	-	-	854,480	924,516	95,073	95,719	-	-	-	-	-	-	949,553	1,020,235	
Accrued employee benefits	454	435	350	959	1,515	1,367	2,602	2,593	1,011	778	-	-	-	-	5,932	6,132	
Other	-	-	-	-	-	-	493	-	-	-	-	-	-	-	493	-	
Total non-current liabilities	454	435	350	959	855,995	925,883	96,168	98,312	1,011	778	-	-	-	-	955,978	1,026,367	
Total liabilities	33,967	88,406	4,373	4,719	1,497,736	1,715,455	788,579	537,318	81,722	70,917	94,554	86,169	(80,764)	(129,704)	2,420,167	2,373,280	

1 Objectives and principal activities of the department

Vision

Connecting Queensland

Purpose

Plan, deliver and manage a transport system that connects Queensland.

Objectives

Our objectives are:

- plan an integrated, reliable and cost-effective transport system
- deliver transport infrastructure that supports economic growth and provides access to services for the community
- manage the transport system to improve safety, useability and customer service
- ensure a suitable and capable workforce with effective processes and systems that enable better delivery of transport outcomes.

2 Departmental service areas/major activities and Machinery-of-Government changes

(a) Departmental service areas/major activities

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

Transport system planning

The objective of this service area is to plan the effective, efficient and sustainable delivery of integrated transport infrastructure, systems and services. Responsible transport system planning ensures that Queensland's long-term road, rail, maritime and air transport needs are met in the most cost-effective way and that other development impacts are managed. The activities of the department delivered under this service area support:

- growing communities and the rapidly increasing freight task
- continued economic development opportunities across the state
- appropriate responses to long-term demand drivers relevant to the transport system.

Investment and program development

The objective of this service area is to ensure that the department invests strategically and effectively in transport infrastructure and delivers works efficiently to get value for money from cost-effective engineering solutions, using innovative delivery mechanisms. This is achieved through the development and implementation of:

- 20-year investment strategies for key priority routes
- asset management plans for maintenance, preservation and operation of the state-controlled road and busway networks
- a 10-year Transport Infrastructure Portfolio Strategy that identifies and prioritises transport system investments and predicted investment benefits

- the Queensland Transport and Roads Investment Program, a four-year rolling program of priority transport infrastructure works which is published annually.

This work is underpinned with technical expertise that mitigates risk and provides sustained performance from the transport system.

Transport infrastructure delivery

The objective of this service area is to deliver transport infrastructure projects that provide a safe, efficient and reliable transport system while ensuring value for money. It includes delivery of infrastructure maintenance activities and the four-year program of overall works outlined in the Queensland Transport and Roads Investment Program.

Transport system management, operation and regulation

The objective of this service area is to improve public transport and to manage, operate and regulate the transport system safely, economically and sustainably by:

- regulating transport providers and markets
- delivering licensing, registration and accreditation services
- providing subsidies for fair access to public transport
- supporting increasing public transport patronage
- managing the movement of vessels using Queensland's waterways
- managing traffic operations, traffic and traveller information, traffic incidents, heavy vehicles, third party road corridor access, and the environment in the road corridor
- regulating toll roads.

Transport safety

The objective of this service area is to provide policies, education programs, compliance activity, engineering treatments and funding support that promote and influence safe, efficient and sustainable use of the transport system.

RoadTek

RoadTek is a major provider of transport infrastructure solutions primarily through regional and remote areas of Queensland, with civil construction and engineering services, structures management, electrical construction and maintenance, fleet management and related services. RoadTek continues to support the Queensland community through provision of emergency response work during and after natural disaster events. Supporting this delivery are systems and practices certified to Australian and international standards in quality, safety, environment and customer service. In delivering a large, diverse program of works, RoadTek's focus is on improving safety for both road workers and road users and contributing to the development of a strong Queensland economy through a safe and efficient transport network.

(b) Machinery-of-Government changes

Gold Coast Waterways Authority transfer

As a result of the *Public Service Departmental Arrangements Notice (No. 1) 2013*, Maritime Safety

Queensland, Gold Coast Region was transferred out of the Department of Transport and Main Roads to form the Gold Coast Waterways Authority, with effect from 1 December 2012.

As a consequence of this Machinery-of-Government change, assets to the value of \$164.659m, and liabilities to the value of \$0.293m were transferred from the department.

Also transferred from the department were 17 employees.

The decrease in assets and liabilities has been accounted for as an adjustment in contributed equity as disclosed in the Statement of changes in equity.

Expenses and revenue reliably attributed to Maritime Safety Queensland, Gold Coast Region, reported in the Statement of comprehensive income, relate to the period 1 July 2012 to 30 November 2012.

There was no budgeted departmental services revenue (controlled) re-allocated from the Department of Transport and Main Roads as part of the Machinery-of-Government change.

TransLink Transit Authority transfer

The *Transport Operations (TransLink Transit Authority) Act 2008* was repealed on 1 January 2013, in accordance with section 32 of the *Transport Operations (Passenger Transport) and Other Legislation Amendment Act 2012*. As a result, the former statutory body, TransLink Transit Authority ceased to exist as a legal entity.

In accordance with section 197 of the *Transport Operation (Passenger Transport) Act 1994*, all the assets and liabilities of the former statutory body were transferred to the Department of Transport and Main Roads, immediately prior to the repeal of the *Transport Operations (TransLink Transit Authority) Act 2008*.

As a consequence of this change, assets to the value of \$376.290m, and liabilities with a value of \$102.315m were transferred to the department.

Also transferred to the department were 280 employees.

The increase in assets and liabilities has been accounted for as an adjustment in contributed equity as disclosed in the Statement of changes in equity.

Expenses and revenue reliably attributed to TransLink, reported in the Statement of comprehensive income, relate to the period 1 January 2013 to 30 June 2013.

Expenses and revenue recognised by the TransLink Transit Authority for the period 1 July 2012 to 31 December 2012 totalled \$801.292m and \$801.292m respectively.

Summary of assets and liabilities transferred as a result of Machinery-of-Government changes:

	Transfers in \$'000	Transfers out \$'000	Net transfer in/(out) \$'000
	TransLink Transit Authority	Gold Coast Waterways Authority	
Assets			
Cash	86,895	3,078	83,817
Receivables	43,365	-	43,365
Inventories	205	126	79
Property, plant and equipment	219,928	161,455	58,473
Intangible assets	23,936	-	23,936
Prepayments	1,961	-	1,961
Total assets	376,290	164,659	211,631
Liabilities			
Payables	59,150	-	59,150
Unearned revenue	25,240	-	25,240
Accrued employee benefits	3,175	293	2,882
Other	14,750	-	14,750
Total liabilities	102,315	293	102,022
Net assets	273,975	164,366	109,609

Queensland Boating and Fisheries Patrol

As a result of a Machinery-of-Government change in May 2012, cash of \$0.144m was transferred from the department to the former Department of Employment, Economic Development and Innovation.

3 Summary of significant accounting policies

(a) Statement of compliance

The department has prepared these financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury and Trade's Minimum Reporting Requirements for the year ended 30 June 2013 and other authoritative pronouncements.

To comply with Australian Accounting Standards and Interpretations, the department has applied those requirements applicable to not-for-profit entities, as the Department of Transport and Main Roads is a not-for-profit department. Except where stated, the historical cost convention is used.

(b) The reporting entity

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of the Department of Transport and Main Roads including RoadTek, and its controlled entities, where these entities are considered to be material.

The department's controlled entity, Transmax Pty Ltd is considered not to be material and is not consolidated in these financial statements. Disclosure of the operations of Transmax Pty Ltd is provided in Note 42. Transmax Pty Ltd prepares separate general purpose financial statements.

Transport Holdings Queensland Pty Ltd has been dissolved as at 1 July 2012 and is no longer a controlled entity of 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 46.

(d) Trust transactions and balances

The department undertakes certain trustee transactions on behalf of the Jargarra Villas Management Rights business.

The department also performs certain agency transactions and acts only in a custodial role for these transactions and balances.

These balances are not recognised in the financial statements, but are disclosed in Note 45. Applicable audit arrangements also are shown.

(e) Revenue

Departmental service area revenue/administered revenue

Appropriations provided under the *Appropriation Act 2012* are recognised as revenue when received. The department recognises a receivable for the appropriation revenue not received where departmental services have been delivered during the reporting period.

Any amount appropriated to the department for transfer to another entity, in accordance with legislation or other requirements, is treated as administered item appropriation.

User charges, fees and fines

User charges and fees controlled by the department are recognised as revenues when the revenue is earned and can be measured reliably with a sufficient degree of certainty. This recognition involves either invoicing for related goods or services or 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 46.

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 measurement. 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 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 progressively recognised as it is earned, according to the terms 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. Where this is the case, an equal amount is recognised as revenue and an expense.

(f) Special payments

Special payments include ex gratia expenditure and other expenditure that the department is not contractually or legally obliged to make to other parties.

In compliance with the *Financial and Performance Management Standard 2009*, the department maintains a register setting out details of all special payments. Special payments are disclosed separately within Other expenses, however descriptions of the nature of special payments are only provided for special payments greater than \$5000. Refer to Note 19.

(g) Cash

Within the Statement of financial position and the Statement of cash flows, cash assets include all cash on hand, cash at bank and cheques received but not banked at 30 June.

(h) Receivables

Trade debtors are recognised at the 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 allowance being made for impairment. All known bad debts were written off as at 30 June. Changes in the allowance for impairment are based on loss events as disclosed in Note 43.

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 recognises an administered receivable for the balance of Penalty Infringement Notices and Traffic Offence Notices outstanding at 30 June. 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 Queensland Treasury and Trade and is not reported in the financial statements of the Department of Transport and Main Roads.

(i) Inventories

Supplies and consumables

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

Inventories held for sale

Inventories held for sale are valued at the lower of cost and net realisable value.

Cost is assigned on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition, except for training costs which are expensed as incurred.

Net realisable value is determined on the basis of the department's normal selling pattern.

Expenses associated with marketing, selling and distribution are deducted to determine net realisable value.

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, adjusted for any loss of service potential.

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 entity's construction activities in general.

(j) 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.

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

Non-current assets held for sale consist of those assets that management has determined are available for immediate sale in their present condition, for which their sale is highly probable within the next twelve months.

These assets are measured at the lower of the asset's carrying amount and fair value less costs to sell. Such assets are no longer amortised or depreciated upon being classified as held for sale.

(l) Acquisitions of assets

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. 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, training costs are expensed as they are incurred.

Where assets are received free of charge from another Queensland Government entity, 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 entity, are recognised at their fair value at date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

(m) 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 cost are expensed.

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

The department's intangible assets are not revalued as there is no active market for any of these assets. Therefore, 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 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.

Purchased software

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

Internally generated software

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

Costs associated with the development of internally generated software, which has been completed and is ready for use by the department, are capitalised and are amortised on a straight-line basis over the period of expected benefit to the department.

Software work in progress

Expenditure on this category is held at cost until the assets are ready for use.

Other Intangibles

Other intangibles include a management rights agreement with the Body Corporate for Jargarra Villas Community Titles Scheme which due to its nature is not amortised.

Easements

Easements are a purchased right to access held over land owned by parties external to the department. These easements are to facilitate access to department owned utilities or assets which are not otherwise accessible. Easements are registered on survey plans by the Titles Office in the Department of Natural Resources and Mines.

The department holds numerous easements, however they are not reported in the financial statements as the value of each easement does not meet the recognition threshold of \$100,000 for intangible assets.

(n) Property, plant and equipment

General

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

- Land \$1
- Buildings \$10,000
- Heritage and cultural assets \$5000
- Plant and equipment \$5000
- Infrastructure \$10,000

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

Depreciation

Land, being an asset with an unlimited useful life, is not depreciated.

Where cultural and preservation policies are demonstrated to be in place, heritage and cultural assets

are not depreciated as their service potential is not expected to diminish with time or use.

All other property, plant and equipment, other than infrastructure, is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset less its estimated residual value. This is calculated progressively over the expected useful life to the department.

Assets under construction/work in progress are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes within property, plant and equipment.

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 department. For each class of depreciable property, plant and equipment, other than infrastructure assets, the following depreciation rates were used:

Class	Depreciation rates
Buildings	1% - 33%
Plant and equipment	5% - 50%

The following table illustrates the variation in depreciation rates for infrastructure sub-components:

Component	Sub-component and depreciation method	Useful life distribution
Roads	Surfaces - straight-line	2.44% - 50%
	Formation earthworks - not depreciated	Indefinite life
	Formation earthworks - straight-line	1.35% - 4.76%
	Pavements and minor drainage - Equivalent Standard Axle (ESA), growth rate over time	1.96% - 25%
Structures – all types and materials	Straight-line	1% - 5%
Other infrastructure	Straight-line	0.91% - 20%

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

For structures and surfacing, the consumption of service potential is purely a function of time as opposed to the physical deterioration by other factors. Therefore, depreciation is assigned on a straight-line basis over the life of these assets.

For pavements, traffic loadings known as Equivalent Standard Axle (ESA) are the best measure of the service potential consumption. As the ESA loading increases, so does the depreciation rate. The remaining useful life is determined by the department's Pavement Management System.

Most sub-components will be reused in the replacement/rehabilitation of infrastructure network assets. Therefore the department applies residual values to these sub-components. The percentage of residual ranges between 2 and 100% and is dependent on the type and useful life of the sub-component.

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

Land

The department acquires property, usually by resumption, for the construction of infrastructure assets.

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

- Gazetted resumptions not yet paid
- Hardship acquisitions agreed with the land owner, but not yet paid.

Land under roads

All acquisitions of land are accounted for at fair value in accordance with AASB 116 *Property, Plant and Equipment*. The aggregate value of land under roads is disclosed in Note 28 as land 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.

For all other parcels of land under road, where a road declaration is confirmed, the title is extinguished and ownership reverts to the state represented by the Department of Natural Resources and Mines. The Department of Transport and Main Roads transfers these assets through an equity adjustment to the Department of Natural Resources and Mines upon this declaration in accordance with Queensland Government policy and AASB 1051 *Land Under Roads*.

Plant and equipment

These assets mainly consist of the following items:

- Equipment used in the construction and maintenance of the department's infrastructure assets
- Office equipment
- Furniture and fittings
- Computers and associated equipment
- Specialised technical equipment, for example, survey instruments and laboratory equipment
- Navigation aids
- Vessels.

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

Heritage and cultural assets

These are heritage collections and public art installations at sites controlled by the department.

Infrastructure assets

The department's infrastructure assets consist of the following components:

- Roads (including busway roads)
- Structures – includes bridges, tunnels and major culverts
- Other infrastructure
- Capital work in progress.

Roads have distinct sub-components of surfacing, pavements including minor drainage, and formation earthworks. These sub-components have differing useful lives, and therefore are managed as separate elements due to the material value of each sub-component.

Other infrastructure consists primarily of marine infrastructure including navigation channels, breakwaters and revetments, public jetties, pontoons and boat ramps. These assets are held at fair value and are depreciated on a straight-line basis.

Capital work in progress

Capital work in progress represents property, plant and equipment assets currently under construction.

Capital work in progress is not depreciated or revalued but is subject to impairment testing.

All direct costs and, where reliably attributable, indirect costs relating to property, plant and equipment are recorded as work in progress.

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

(o) Revaluation of property, plant and equipment

Land, buildings, heritage and cultural and infrastructure assets are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment* and Queensland Treasury and Trade's *Non-Current Asset Policies for the Queensland Public Sector*. For these asset classes, the cost of items acquired during the financial year are judged by management of the department to materially represent their fair value at the end of the reporting period.

Plant and equipment assets are measured at cost in accordance with Queensland Treasury and Trade's *Non-Current Asset Policies for the Queensland Public Sector*.

Other than heritage and cultural assets and infrastructure assets which are independently valued on an annual basis, non-current physical assets are measured at fair value and are assessed by qualified valuers external to the department for revaluation at least once every five years. A comprehensive revaluation using independent external valuers was performed in 2010–11. Revaluation assessment in the

intervening years is performed annually using appropriate indices.

If a class of asset experiences significant and volatile changes in fair value and indicators suggest that the value of the class of asset may have changed by 20% or more from one reporting period to the next, it is subject to revaluation in the reporting period, where practical.

Where indices are used in the revaluation process, the department ensures that the application of such indices would result in a valid estimation of the asset's fair value at reporting date. Indices are also tested for reasonableness by applying the indices to a sample of assets and comparing results to similar assets that have been valued by an independent professional valuer or internal expert, and analysing the trend of changes in values over time. At financial year end, management assesses the relevance and suitability of indices based on the agency's own particular circumstances.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus 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 surplus 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.

In 2012–13, the following departmental assets were assessed for revaluation using appropriate indices, engaging the below identified organisations to carry out the indexed valuations:

- Land: Department of Natural Resources and Mines, State Valuation Services
- Buildings: Indices obtained from Queensland Treasury and Trade's, Office of Economic and Statistical Research
- Heritage assets: Australian Valuation Office
- Artwork: Macaulay Partners, Valuers-Fine Arts and Antiques.

Infrastructure asset valuation

Infrastructure assets are measured at depreciated current replacement cost. The valuation methodology provides a robust, resource-based assessment of gross replacement costs based on a greenfield construction site for the road network. A greenfield construction for valuation purposes includes removal of existing infrastructure assuming no main road is in the corridor.

The department completed a comprehensive management valuation of the road infrastructure network asset as at 30 June 2013. Suitably qualified and experienced departmental engineers and staff completed the valuation in conjunction with commercial estimation firm Aqenta Consulting Pty Ltd.

In 2012–13, unit rates were ratified by an expert panel which included experienced senior officers from a range of disciplines across Transport and Main Roads and external commercial estimation consultants.

Infrastructure assets – roads

For valuation purposes, it is assumed that all sections of the infrastructure network would be replaced with the modern equivalent, adjusted for changes in utility and production capacity, if the department was required to replace them.

The methodology applied includes:

- road construction stereotypes to account for all road type variants
- detailed schedules for each stereotype using standard items and quantities
- schedules priced by external estimators using commercial market rates and construction processes
- schedules specifically covering all variants of terrain, soil type and rainfall for each base stereotype
- direct estimated costs for network length from work breakdown schedules adjusted for terrain, environment and region.

All underlying assumptions and specific details for stereotypes are ratified by the unit rate expert panel. Currently the methodology contains 192 individual unit rates.

The written down values of replaced surfaces and pavements and road sections demanded and transferred to third parties are expensed in the reporting period in which they occur. These items are reported as Decommissioned infrastructure assets in the Statement of comprehensive income and are disclosed in Note 15.

The amount of this expense is dependent on the program of works and the remaining life of the seals and pavements replaced.

Infrastructure assets – structures

For valuation purposes, it is assumed that all bridges, tunnels and major culverts would be replaced by their modern equivalent if the department was required to replace them. Gross replacement costs, which include direct and indirect costs, have been developed for each structure's component material types.

The written down value of replaced structures and the value of structures demanded and transferred to third parties are expensed in the reporting period in which they occur. These items are reported as Decommissioned infrastructure assets in the Statement of comprehensive income and are disclosed in Note 15.

Other infrastructure

In 2012–13, a desktop valuation was conducted on the department's marine infrastructure by using appropriate indices obtained from Queensland Treasury and Trade's, Office of Economic and Statistical Research. The indices were tested for reasonableness by suitably qualified departmental engineers.

(p) Impairment of non-current assets

All property, plant and equipment 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 if the loss is material to the relevant class of assets.

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 surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but 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.

(q) Leases

A distinction is made in the financial statements between finance leases that effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership, and operating leases, under which the lessor retains substantially all the risks and benefits.

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

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

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

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

Leases are disclosed in Note 37 and lease commitments in Note 40(a).

(r) Payables

Trade creditors are recognised on 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 on 28 day terms, with the exception of payments to bus operators, which formerly TransLink

Transit Authority and now the department, is contractually required to pay by the fifteenth day of the month.

Other payables such as grants and subsidies and property resumptions have settlement terms that can vary depending on the nature of the transaction.

(s) Financial instruments

Recognition

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

Classification

Financial instruments are classified and measured as follows:

- Cash - held at fair value
- Receivables - held at amortised cost
- Shares - held at cost
- Accrued employee benefits - held at amortised cost
- Payables - 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 reporting date.

The department does not enter into transactions for speculative purposes, nor for hedging. 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 department are included in Note 43.

(t) Employee benefits

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

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.

Wages, salaries and sick leave

Wages and salaries due but unpaid at reporting date are recognised in the Statement of financial position at the current salary rates.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. Entitlements not expected to be paid within 12 months, are classified as non-current liabilities and recognised at their present value, calculated using yields on fixed rate Australian 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 continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Annual leave

Under the Queensland Government's Annual Leave Central Scheme (ALCS), 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.

No provision for annual leave is recognised in the financial statements. The liability is 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*, prepared by Queensland Treasury and Trade.

Long service leave

Under the Queensland Government's Long Service Leave Central Scheme, a levy is made on the department to cover long service leave entitlements.

Levies are expensed in the period in which they are payable. Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears.

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 statements prepared pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, prepared by Queensland Treasury and Trade.

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 31, and is recorded at remuneration rates expected to apply at the time of settlement.

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.

The QSuper scheme has defined benefit and defined contribution categories. No liability is recognised for accruing superannuation benefits in these financial statements. The liability is 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*, as prepared by Queensland Treasury and Trade.

Key management personnel and remuneration

Key management personnel and remuneration disclosures are made in accordance with section 5 of the *Financial Reporting Requirements for Queensland Government Agencies* issued by Queensland Treasury and Trade. Refer to Note 11 for the disclosures on key management personnel and remuneration.

(u) Provisions

Provisions are recorded when the department has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using an appropriate discount rate.

(v) Financing/borrowing costs

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

Finance costs include:

- interest on 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 major departmental service areas.

(x) Joint ventures

Queensland Treasury and Trade policy mandates accounting for interests in joint ventures using the equity method.

During 2012–13, the department had an interest in a jointly controlled operation, Personalised Plates Queensland (PPQ). PPQ was established to market and retail distinctive regulated licence plates in the State of Queensland.

The joint venture arrangement ceased on 22 March 2013.

The department's share of profits in the joint venture is disclosed separately in the Statement of comprehensive income and in Note 44.

(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 the Australian Government's 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.

Most of the department's other non-current physical assets and risks are insured through the Queensland Government Insurance Fund. Premiums are paid on a risk assessment basis.

In addition, the department pays premiums to WorkCover Queensland for 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 is a State body as defined under the *Income Tax Assessment Act 1936* and is generally exempt from Australian Government 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, is subject to the requirements of the National Tax Equivalents Regime (NTER).

The liability for income tax equivalents under NTER is calculated substantially on the basis of the *Income Tax Assessment Act 1997*.

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.

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 tax asset can be used. 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 Chief Finance Officer at the date of signing of the management certificate.

(ac) Accounting estimates and judgements

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(n) Property, plant and equipment
- Note 28 Property, plant and equipment
- Note 41 Contingencies.

The Australian Government passed its Clean Energy Act in November 2011 which resulted in the introduction of a price on carbon emissions made by Australian businesses from 1 July 2012.

The flexible market-based price phase of the carbon pricing mechanism will commence on 1 July 2015. It will be preceded by a three-year period during which the price of permits will be fixed at \$23 per tonne of carbon dioxide equivalent in year one, \$24.15 in year two and \$25.40 in year three.

Section 4.3.4 of Queensland Treasury and Trade's report on 'Carbon Price Impacts for Queensland' dated August 2011 indicates that, for non-residential construction activities, costs may increase by between 0.7 percent and 0.8 percent over the period 2012–13 to 2015–16.

On this basis and other information available, the introduction of the carbon pricing mechanism is not expected to have a significant impact on the department's critical accounting estimates, assumptions and management judgements.

(ad) Rounding and comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1000, or where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

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

(ae) New and revised accounting standards

The department did not voluntarily amend any of its accounting policies during 2012–13 as a result Australian accounting standard changes.

Australian accounting standard changes applicable for the first time for 2012–13 have had minimal effect on the department's financial statements, as explained below.

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] became effective from reporting periods beginning on or after 1 July 2012. The only impact for the department is that, in the Statement of comprehensive income, items within the Other comprehensive income section are now presented in different subsections, according to whether or not they are subsequently classifiable to the operating result. Whether subsequent reclassification is possible depends on the requirements or criteria in the accounting standard/interpretation that relates to the item concerned.

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 and Trade. Consequently, the department has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. The department applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, the expected impacts of new or amended Australian accounting standards with future commencement dates are as set out below.

AASB 13 Fair Value Measurement applies from reporting periods beginning on or after 1 January 2013. AASB 13 sets out a new definition of fair value, as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements will apply to all of the department's assets and liabilities, excluding leases, that are measured and/or disclosed at fair value or another measurement based on fair value.

The potential impacts of AASB 13 relate to the fair value measurement methodologies used, and financial

statement disclosures made in respect of, such assets and liabilities.

The department has commenced reviewing its fair value methodologies, including instructions to valuers, data used and assumptions made, for all items of property, plant and equipment measured at fair value to determine whether those methodologies comply with AASB 13. To the extent that the methodologies don't comply, changes will be necessary. While the department is yet to complete this review, no significant changes are anticipated, based on the fair value methodologies presently used. Therefore, at this stage, no consequential material impacts are expected for the department's property, plant and equipment as from 2013–14.

AASB 13 will require an increased amount of information to be disclosed in relation to fair value measurements for both assets and liabilities. To the extent that any fair value measurement for an asset or liability uses data that is not observable outside the department, the amount of information to be disclosed will increase.

AASB 9 Financial Instruments (December 2010) and *AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and *Interpretations 2, 5, 10, 12, 19 & 127*] become effective from reporting periods beginning on or after 1 January 2015. The main impacts of these standards on the department are that they will change the requirements for the classification, measurement and disclosures associated with financial assets.

Under the new requirements, financial assets will be more simply classified according to whether they are measured at amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The department has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the department's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the department enters into, it is not expected that any of the department's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2015–16 financial statements, all of the department's financial assets are expected to be required to be measured at fair value, and classified accordingly, instead of the measurement classifications presently used in Note 3(s) and Note 43.

The same classification will be used for net gains or losses recognised in the Statement of comprehensive

income in respect of those financial assets. In the case of the department's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value.

The department will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2015–16. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2015–16 financial statements to explain the impact of adopting AASB 9. Assuming no change in the types of financial instruments that the department enters into, the most significant ongoing disclosure impacts are expected to relate to investments in equity instruments measured at fair value through other comprehensive income and derecognition of these.

The following new and revised standards apply as from reporting periods beginning on or after 1 January 2014:

- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 127 (revised) *Separate Financial Statements*
- AASB 128 (revised) *Investments in Associates and Joint Ventures*
- AASB 2011 -7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023, 1038 and Interpretations 5, 9, 16 and 17].*

The AASB is planning to amend AASB 10. Such amendments are expected to clarify how the IASB's principles about control of entities should be applied by not-for-profit entities in an Australian context. Hence, the department is not yet in a position to reliably determine the future implications of these new and revised standards for the department's financial statements. AASB 10 redefines and clarifies the concept of control of another entity, which is the basis for determining which entities should be consolidated into an entity's financial statements. Therefore, once the AASB finalises its not-for-profit amendments to AASB 10, the department will need to re-assess the nature of its relationships with other entities, including entities that are not currently consolidated.

AASB 11 deals with the concept of joint control, and sets out new principles for determining the type of joint arrangement that exists, which, in turn, dictates the accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement. Subject to any not-for-profit amendments to be made to AASB 11, the department will need to assess the nature of any arrangements with other entities to determine whether a joint arrangement exists in terms of AASB 11. If a joint venture does exist, the department will need to follow the relevant accounting treatment specified in either AASB 11 or the revised AASB 128, depending on the nature of the joint arrangement.

A revised version of AASB 119 *Employee Benefits* applies from reporting periods beginning on or after 1 January 2013. The revised AASB 119 is generally to be

applied retrospectively. Given the department's circumstances, the only implications for the department are that the revised standard clarifies the concept of termination benefits, and the recognition criteria for liabilities for termination benefits will be different. If termination benefits meet the timeframe criterion for short-term employee benefits, they will be measured according to the AASB 119 requirements for short-term employee benefits. Otherwise, termination benefits will need to be measured according to the AASB 119 requirements for other long-term employee benefits.

Under the revised standard, the recognition and measurement of employer obligations for other long-term employee benefits will need to be accounted for according to most of the requirements for defined benefit plans.

The revised AASB 119 includes changed criteria for accounting for employee benefits as short-term employee benefits. However, as the department is a member of the Queensland Government central schemes for annual leave and long service leave, this change in criterion has no impact on the department's financial statements, as the employer liability is held by the central scheme. The revised AASB 119 also includes changed requirements for the measurement of employer liabilities and assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities or assets.

The department only contributes to the QSuper defined benefit plan, and the corresponding QSuper employer benefit obligation is held by the state. Therefore, those changes to AASB 119 will have no impact on the department.

AASB 1053 *Application of Tiers of Australian Accounting Standards* applies as from reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two tiers of reporting requirements:

- Australian Accounting Standards, commonly referred to as tier 1
- Australian Accounting Standards – Reduced Disclosure Requirements, commonly referred to as tier 2.

Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between the tier 1 and tier 2 requirements is that tier 2 requires fewer disclosures than tier 1.

Details of which disclosures in standards and interpretations are not required under tier 2 reporting are set out in amending standards AASB 2010-2, AASB 2011-2, AASB 2011-6, AASB 2011-11, AASB 2012-1, AASB 2012-7 and AASB 2012-11 which also apply from reporting periods beginning on or after 1 July 2013. However, Queensland Treasury and Trade's Financial Reporting Requirements effectively do not allow application of AASB 2011-6 in respect of controlled entities, associates or interests in jointly controlled entities.

Pursuant to AASB 1053, public sector entities like the Department of Transport and Main Roads may adopt tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of a regulator to require application of the tier 1 requirements. In the case of the department, Queensland Treasury and Trade is the regulator. Queensland Treasury and Trade has advised that its policy decision is to require adoption of tier 1 reporting by all Queensland Government departments, and statutory bodies that are consolidated into the whole-of-government financial statements. Therefore, the release of AASB 1053 and associated amending standards will have no impact on the department.

AASB 1055 *Budgetary Reporting* applies from reporting periods beginning on or after 1 July 2014. From that date, based on what is currently published in the Queensland Government's Budgetary Service Delivery Statements, this means the department will need to include in these financial statements the original budgeted statements for the Statement of comprehensive income, Statement of financial position, Statement of changes in equity, and Statement of cash flows. These budgeted statements will need to be presented consistently with the corresponding (actuals) financial statements, and will be accompanied by explanations of major variances between the actual amounts and the corresponding budgeted financial statement.

In addition, based on what is currently published in the Queensland Government's Service Delivery Statements, the department will need to include in these financial statements the original budgeted information for major classes of administered income and expenses, and major classes of administered assets and liabilities. This budgeted information will need to be presented consistently with the corresponding (actuals) administered information, and will be accompanied by explanations of major variances between the actual amounts and the corresponding budgeted financial information.

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

	2013 \$'000	2012 \$'000
4 Reconciliation of payments from Consolidated Fund		
Reconciliation of payments from Consolidated Fund to departmental service areas revenue recognised in Statement of comprehensive income		
Budgeted departmental services appropriation	3,509,579	3,708,928
Transfers from/(to) other departments - redistribution of public business	-	10,873
Transfers from/(to) other headings - variation in headings	447,678	(150,065)
Total departmental services receipts	3,957,257	3,569,736
Plus: Opening balance of departmental services appropriation payable	38,350	19,285
Less: Closing balance of departmental services appropriation payable	-	(38,350)
Plus: Closing balance of departmental services appropriation receivable	461,855	-
Departmental services revenue recognised in Statement of comprehensive income	4,457,462	3,550,671
Reconciliation of payments from Consolidated Fund to equity adjustment recognised in contributed equity		
Budgeted equity adjustment appropriation	2,007,707	2,108,831
Transfers from/(to) other headings - variation in headings	(447,678)	248,339
Lapsed equity adjustment	(273,259)	-
Unforeseen expenditure	-	15,971
Equity adjustment receipts/(payments)	1,286,770	2,373,141
Less: Opening balance of equity adjustment receivable	(8)	-
Plus: Closing balance of equity adjustment receivable	-	8
Less: Closing balance of equity adjustment payable	(79,009)	-
Equity adjustment recognised in contributed equity	1,207,753	2,373,149
5 User charges		
Fare revenue *	181,338	-
Pacific Adventurer Limitation Fund	-	17,914
Pilotage	69,617	65,586
Property search fees	1,564	1,371
Provision of services to government agencies	13,498	31,360
Recoverable works	26,441	60,683
Rent revenue	30,704	31,790
Services rendered **	123,840	168,068
Tolling compliance revenue	2,748	2,423
Other	29,394	14,305
Total	479,144	393,500
* Fare revenue in 2011–12 and for the period 1 July 2012 to 31 December 2012 was reported separately by the former TransLink Transit Authority.		
** Services rendered includes construction contract revenue of \$17.922m (2012: \$7.095m).		
6 Grants and other contributions		
Goods, services and assets received at below fair value	2,003	8,093
Grants from local government	-	37,014
Grants from Queensland Reconstruction Authority *	1,537,802	746,981
Subsidies from Department of Education, Training and Employment for students with disabilities	34,038	33,633
Other	4,552	6,827
Total	1,578,395	832,548
* Non-reciprocal grants received from the Queensland Reconstruction Authority (QRA) are for the rebuilding of transport infrastructure following natural disasters under the Natural Disaster Relief and Recovery Arrangements (NDRRA). The grants have been recognised in their entirety upon receipt as the department has met the grant agreements' conditions. At 30 June 2013, no grants remained unspent.		

	2013 \$'000	2012 \$'000
7 Other revenue		
Compulsory third party administration fees	29,286	28,584
Developers' contributions revenue *	54,337	14,236
Insurance compensation from loss of property	2,429	2,759
Interest	1,174	115
Refund from Australian Taxation Office	-	7,423
Registration fee surcharge	14,039	13,853
Other	9,207	8,160
Total	110,472	75,130

* Developers' contributions in 2013 include revenue of \$41.879m for LNG projects.

8 Gains		
Gain on sale of land	7,221	497
Gain on sale of plant and equipment	2,631	1,215
Total	9,852	1,712

9 Revaluation decrement reversals		
Revaluation decrement reversals - buildings	-	1,690
Revaluation decrement reversals - heritage and cultural assets	142	113
Revaluation decrement reversals - infrastructure *	2,661,826	2,093,308
Total	2,661,968	2,095,111

* Infrastructure adjustments previously reported as impairment decrement reversals are now reported as revaluation decrement reversals. Refer to Note 48.

10 Employee expenses		
Employee benefits		
Annual leave levy	33,937	30,485
Employer superannuation contributions	46,559	43,354
Long service leave levy	8,570	7,457
Voluntary separation program	-	90,232
Voluntary redundancy program	72,979	-
Wages and salaries	399,045	423,052
Other employee benefits	5,621	5,866
Employee related expenses		
Payroll tax	26,552	24,339
Workers' compensation premium	4,467	2,948
Other employee related expenses	8,826	14,848
Total	606,556	642,581

Comparatives have changed by \$181.515m with an offsetting adjustment in Supplies and services. Refer to Notes 12 and 48.

The department's total employee expenditure was \$819.166m (2012: \$959.648m). Of this \$212.610m was capitalised to construction work in progress (2012: \$317.067m).

The number of employees as at 30 June, including both full-time employees and part-time employees, measured on a full-time equivalent basis, reflecting Minimum Obligatory Human Resource Information (MOHRI) is:

Number of employees:	6,908	8,851
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11 Key management personnel and remuneration

a) Key management personnel

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2012–13. Further information on these positions can be found in Volume 1 of the Annual Report under the section for Corporate Governance.

Position	Responsibilities	Current incumbents	
		Contract classification and appointment authority	Date appointed to position (date resigned from position)
Director-General	The Director-General is responsible to the Minister for Transport and Main Roads and the Premier of Queensland for the efficient, effective and financially responsible performance of the department.	CEO Contract (CEO A) Public Service Commission <i>Public Service Act 2008</i>	Appointed in January 2013
Deputy Director-General (Policy, Planning and Investment)	The Deputy Director-General (Policy, Planning and Investment) is responsible for providing high-level advice on strategic transport policy, integrated transport planning, roads, rail, ports and freight systems, and the department's investment and programming capability.	Higher Duties (SES4.2) Director-General <i>Public Service Act 2008</i>	Commenced in June 2013
Deputy Director-General (Customer Services, Safety and Regulation)	The Deputy Director-General (Customer Services, Safety and Regulation) is responsible for ensuring the welfare of our transport system and of the people, vehicles and vessels that use it every day. The position also oversees the delivery of transactional, safety, community and regulatory transport services and is responsible for ensuring a safer, more secure and resilient transport system.	SES Contract (SES4.2) Public Service Commission <i>Public Service Act 2008</i>	Appointed in October 2012
Deputy Director-General (Infrastructure Management and Delivery)	The Deputy Director-General (Infrastructure Management and Delivery) is responsible for prioritisation of investment, development and management of the department's integrated program of works, and engineering and technology needed to support sustained performance and operation of the transport system. The position is also the Senior Responsible Owner for the Growing Regional Communities Program.	s.122 contract (SES4.2) + SES Tenure (3.5) Director-General <i>Public Service Act 2008</i>	Appointed in June 2013
Deputy Director-General (TransLink)	The Deputy Director-General (TransLink) is responsible for leadership of Queensland's passenger transport network and managing partnerships with TransLink's service delivery partners.	s.122 contract (SES4.2) Director-General <i>Public Service Act 2008</i>	Appointed in April 2013
Deputy Director-General (Corporate)	The Deputy Director-General (Corporate) is responsible for corporate governance, finance, strategic procurement, human resources, workplace health and safety, and information and communication technology for the department.	SES Contract (SES4.2) Public Service Commission <i>Public Service Act 2008</i>	Appointed in October 2012

11 Key management personnel and remuneration (continued)

b) Remuneration

Remuneration policy for the department's key management personnel is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. The remuneration and other terms of employment for the key management personnel are specified in employment contracts. The contracts provide for the provision of performance-related cash bonuses and other benefits including motor vehicles.

Remuneration packages for key management personnel comprise the following components:

- Short term employee benefits which include:
 - Base - consisting of base salary, allowances and leave entitlements expensed for the entire year or for that part of the year during which the employee occupied the specified position.
 - Non-monetary benefits - consisting of provision of a motor vehicle together with the fringe benefits tax applicable to the benefit.
- Long term employee benefits include amounts expensed in respect of long service leave.
- Post employment benefits include amounts expensed in respect of employer superannuation obligations.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.
- Performance bonuses are not paid under the contracts in place.

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

1 July 2012 – 30 June 2013

Position	Short term employee benefits		Long term employee benefits	Post employment benefits	Termination benefits	Total remuneration
	Base \$'000	Non-monetary benefits \$'000	\$'000	\$'000	\$'000	\$'000
Director-General * 01.07.2012–15.03.2013	352	5	8	42	264	671
Director-General * 01.01.2013–30.06.2013	196	5	4	21	-	226
Deputy Director-General (Policy, Planning and Investment) 01.07.2012–14.06.2013	282	9	5	26	158	480
Deputy Director-General (Policy, Planning and Investment) 17.06.2013–30.06.2013	9	-	-	1	-	10
Deputy Director-General (Customer Services, Safety and Regulation)	219	8	5	24	-	256
Deputy Director-General (Infrastructure Management and Delivery)	240	8	5	23	-	276
Deputy Director-General (TransLink) 01.01.2013–30.06.2013	114	2	3	12	-	131
Deputy Director-General (Corporate)	220	9	5	21	-	255
Total remuneration	1,632	46	35	170	422	2,305

* The former Director-General's remuneration continued until 15 March 2013, however the newly appointed Director-General was remunerated by the department from 1 January 2013. The newly appointed Director-General commenced duties on the 26 October 2012 in a relieving capacity, and was remunerated by the former TransLink Transit Authority from 26 October 2012 to 31 December 2012.

11 Key management personnel and remuneration (continued)

b) Remuneration (continued)

1 July 2011 – 30 June 2012

Position	Short term employee benefits		Long term employee benefits	Post employment benefits	Termination benefits	Total remuneration
	Base \$'000	Non-monetary benefits \$'000	\$'000	\$'000	\$'000	\$'000
Director-General 28.03.2012–30.06.2012	122	-	3	14	-	139
Director-General 01.07.2011–27.03.2012	318	-	7	29	366	720
Deputy Director-General (Policy and Planning)	304	31	5	32	-	372
Deputy Director-General (Investment and Program Development)	223	9	27	23	-	282
Deputy Director-General (Transport Safety and Regulation)	218	-	4	19	-	241
Deputy Director-General (Operations) 28.05.2012–30.06.2012	19	-	-	2	-	21
Deputy Director-General (Operations) 01.07.2011–25.05.2012	225	-	4	24	3	256
Deputy Director-General (Corporate) 01.03.2012–30.06.2012	67	-	1	6	-	74
Deputy Director-General (Corporate) 28.11.2011–29.02.2012	69	-	1	7	-	77
Deputy Director-General (Corporate) 01.07.2011–27.11.2011	96	15	2	13	-	126
Total remuneration	1,661	55	54	169	369	2,308

c) Performance payments

There were no performance bonuses paid or payable to any key management personnel in 2013 (2012: \$Nil). As at the date of management certification of these financial statements, the eligibility to a performance payment for the Deputy Director-General (TransLink) relating to a former contract with TransLink Transit Authority, had yet to be approved by the relevant authorities. The contract provides for a performance payment up to a maximum 15 percent of the superannuable salary.

	2013 \$'000	2012 \$'000
12 Supplies and services		
Administration	27,968	40,030
Bank fees and charges	6,287	5,532
Contractors	556,462	485,604
Information and communication technology	49,707	56,739
Operating lease rentals	22,258	22,703
Payments to bus, ferry and railbus operators *	286,903	-
Payments to Queensland Rail *	72,678	-
Plant hire	8,986	27,684
Property related costs	-	4,938
Queensland Government services	40,573	38,672
Raw materials	17,129	14,679
Repairs and maintenance	51,022	59,344
Supplies and consumables	5,698	12,237
Travel	7,620	15,293
Utilities	91,090	78,750
Other	8,160	7,358
Total	1,252,541	869,563

* Payments to bus, ferry, railbus operators and Queensland Rail were previously reported by TransLink Transit Authority. Refer to Note 2(b).

Comparatives have changed by \$181.528m with the main offsetting adjustment of \$181.515m in Employee expenses. Refer to Note 10 and Note 48.

The department's total Supplies and services expenditure for 2013 was \$5.282b (2012: \$4.547b). In the reporting period \$4.029b (2012: \$3.677b) was capitalised to construction work in progress. The following table details the breakdown of capitalised supplies and services components for 2013:

	Total expenditure 2013 \$'000	Capitalised expenditure 2013 \$'000	Reported expenditure 2013 \$'000
Administration	38,245	10,277	27,968
Bank fees and charges	6,287	-	6,287
Contractors	4,018,378	3,461,916	556,462
Information and communication technology	49,707	-	49,707
Operating lease rentals	22,459	201	22,258
Payments to bus, ferry and railbus operators	286,903	-	286,903
Payments to Queensland Rail	72,678	-	72,678
Plant hire	120,441	111,455	8,986
Property related costs	220,928	220,928	-
Queensland Government services	44,790	4,217	40,573
Raw materials	178,260	161,131	17,129
Repairs and maintenance	51,025	3	51,022
Supplies and consumables	49,737	44,039	5,698
Travel	18,031	10,411	7,620
Utilities	95,942	4,852	91,090
Other	8,160	-	8,160
Total	5,281,971	4,029,430	1,252,541

	2013	2012
	\$'000	\$'000
13 Grants and subsidies		
Public transport	123,012	66,098
Rail	1,231,708	832,602
School transport	162,772	164,603
Transport Infrastructure Development Scheme (TIDS)	104,432	67,165
Transport infrastructure *	292,065	95,981
Other	27,832	23,939
Total	1,941,821	1,250,388

* Includes \$267.164m in 2013 representing the state contribution for the Airportlink project.

14 Depreciation and amortisation

Depreciation incurred for:		
Buildings	35,003	18,242
Plant and equipment	38,351	33,459
Infrastructure	973,125	947,946
	<u>1,046,479</u>	<u>999,647</u>
Amortisation incurred for:		
Software purchased	1,156	814
Software internally generated	20,456	17,596
Other intangibles	12	9
	<u>21,624</u>	<u>18,419</u>
Total	1,068,103	1,018,066

15 Decommissioned infrastructure assets

Decommissioned infrastructure assets	148,935	350,640
Total	148,935	350,640

Decommissioned infrastructure assets represent the value of road network components written off as a result of their renewal, replacement or transfer to third parties. Refer to Note 3(o).

16 Revaluation decrement

Land	42,835	37,626
Buildings	1,424	-
Total	44,259	37,626

Revaluation decrement reversals are disclosed in Note 9.

17 Impairment losses

Impairment losses on trade receivables	1,579	7,051
Total	1,579	7,051

18 Finance/borrowing costs

Administration charges	1,076	1,089
Interest	68,563	71,434
Total	69,639	72,523

	2013 \$'000	2012 \$'000
19 Other expenses		
Assets provided below fair value	-	109
Capital projects costs written off	26,925	717
External audit fees *	867	1,430
Fees, permits and other charges	765	2,270
Insurance premiums - QGIF **	7,580	8,850
Insurance premiums - other ***	1,504	2,918
Losses from disposal of property, plant and equipment	8,900	1,572
Losses:		
Public monies	6	120
Public property	335	666
Special payments: ****		
Ex gratia payments	522	178
Court awarded damages	55	537
Compensation claims	2,959	140
Other	2,964	3,668
Total	53,382	23,175

* Total audit fees paid to the Queensland Audit Office relating to the 2012–13 financial statements are estimated to be \$0.830m (2012: \$0.863m). 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 for 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 Insurance compensation from loss of property. Refer to Note 7.

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

**** The department made a number of special payments within the following categories:

- personal injuries
- motor vehicle damages
- cancellations of employment contracts
- sub-contractor payments
- third party arrangements.

20 Loss from discontinued operations

Derecognition of shares in Transmax Pty Ltd	-	601
Total	-	601

All shares held by the department in Transmax Pty Ltd were transferred to Transport Holdings Queensland Pty Ltd on 1 July 2011. Transport Holdings Queensland Pty Ltd has subsequently been dissolved and as at 1 July 2012 Transmax Pty Ltd shares were transferred back to the department. Refer to Note 3(b).

21 Cash

Cash at bank	7,405	515,884
Cash floats held in add value vending machines	302	-
Imprest accounts	194	199
Total	7,901	516,083

Departmental bank accounts grouped within the whole-of-government set-off arrangement with the Queensland Treasury Corporation do not earn interest on surplus funds. Interest earned on the aggregate whole-of-government set-off arrangement accrues to the Consolidated Fund.

A bank account operated by the former TransLink Transit Authority remained open at 30 June 2013 and continued to earn interest while outstanding transactions are finalised in the account. The department's annual appropriation has been reduced by the amount of interest earned so that there is no net revenue increase to the department. This bank account will be closed in 2013–14 following the finalisation of the outstanding transactions.

	2013 \$'000	2012 \$'000
22 Receivables		
Trade debtors	78,109	134,690
Less: Allowance for impairment loss	(7,509)	(8,622)
	<u>70,600</u>	<u>126,068</u>
GST receivable	104,715	81,966
GST payable	(59,090)	(20,667)
	<u>45,625</u>	<u>61,299</u>
Annual leave reimbursements	11,671	12,653
Departmental services appropriation receivable *	461,855	-
Long service leave reimbursements	3,475	2,595
Other	62	2,170
	<u>477,063</u>	<u>17,418</u>
Total	<u>593,288</u>	<u>204,785</u>

* Balance represents a cash receivable from the Consolidated Fund towards the department's payments in 2013–14.

Refer to Note 43(c) for an analysis of movements in the allowance for impairment loss.

23 Inventories

Supplies and consumables - at cost	15,426	16,515
Work in progress	5	53
	<u>15,431</u>	<u>16,568</u>
Inventory held for sale - at cost:		
Customer Service Centre products	40	43
Plates	482	512
Publications	478	468
	<u>1,000</u>	<u>1,023</u>
Inventory held for distribution - at cost:		
go cards	962	-
	<u>962</u>	<u>-</u>
Construction work in progress:		
Contract costs incurred and recognised profits less recognised losses	7,609	269
Less: Progress billings *	(7,463)	-
	<u>146</u>	<u>269</u>
Total	<u>17,539</u>	<u>17,860</u>

* Total progress billings and advances received from construction contracts in progress amount to \$7.463m (2012: \$Nil). These amounts reflect the varying volume of works carried out by the department.

All inventories on hand are expected to be realised within the next 12 months.

24 Prepayments

Current

Gold Coast Rapid Transit project lease arrangement *	267,888	-
Insurance	11,272	10,067
Other	5,624	5,570
Total	<u>284,784</u>	<u>15,637</u>

Non-current

Gold Coast Rapid Transit project lease arrangement *	-	46,350
Insurance	1,025	10,247
Other	55	351
Total	<u>1,080</u>	<u>56,948</u>

* Gold Coast Rapid Transit project lease prepayments recognised in advance of commencement of the operations period in May 2014. The comparative balance has been restated to reflect prepayments made in 2011–12. Refer to Note 48.

	2013 \$'000	2012 \$'000
25 Non-current assets classified as held for sale		
Land	10,114	-
Total	10,114	-

Comprises land surplus to the department's requirements and currently listed with agents. Sales are expected to be finalised in 2013–14.

26 Other financial assets

Non-current

Shares in Transmax Pty Ltd - at cost	601	-
Total	601	-

Transmax Pty Ltd shares were transferred to the department on 1 July 2012 for no consideration paid. These financial instruments are not traded in an active market, therefore fair value can not be reliably measured. Refer to Note 3(b), Note 42 and Note 43.

27 Intangible assets

Software purchased:		
At cost	15,410	10,461
Less: Accumulated amortisation	(10,147)	(6,246)
	5,263	4,215
Software internally generated: *		
At cost	250,291	228,525
Less: Accumulated amortisation	(145,565)	(122,082)
	104,726	106,443
Software work in progress:		
At cost	14,257	12,730
Other intangibles:		
At cost **	714	714
Less: Accumulated amortisation	(284)	(272)
	430	442
Total	124,676	123,830

* At 30 June 2013 the department holds an internally generated software asset being the New Queensland Drivers Licence software that has a carrying amount of \$57.963m and a remaining amortisation period of 5 years.

** Includes a management rights agreement with the Body Corporate for Jargarra Villas Community Titles Scheme. Refer to Note 49.

Amortisation of intangibles is included in the line item Depreciation and amortisation in the Statement of comprehensive income.

There was no material expenditure on research into intangible assets during the reporting period.

27 Intangible assets (continued)

Intangibles reconciliation

	Software purchased		Software internally generated		Software work in progress	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Opening balance	4,215	3,758	106,443	67,250	12,730	63,927
Acquisitions	-	-	-	-	6,311	17,574
Transfers from/(to) other entities. Refer to Statement of changes in equity and to Note 2(b).	2,204	-	1,555	-	20,176	-
Transfers between classes	-	-	17,196	54,192	(17,196)	(54,192)
Transfers from/(to) property, plant and equipment	-	1,271	-	2,597	(3,190)	(14,579)
Disposals	-	-	(12)	-	-	-
Projects written off	-	-	-	-	(4,574)	-
Amortisation	(1,156)	(814)	(20,456)	(17,596)	-	-
Closing balance	5,263	4,215	104,726	106,443	14,257	12,730

Other intangibles

Total

	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Opening balance	442	37	123,830	134,972
Acquisitions	-	-	6,311	17,574
Transfers from/(to) other entities. Refer to Statement of changes in equity and to Note 2(b).	-	-	23,935	-
Transfers between classes	-	-	(3,190)	(10,297)
Transfers from/(to) property, plant and equipment	-	414	(12)	-
Disposals	-	-	(4,574)	-
Projects written off	(12)	(9)	(21,624)	(18,419)
Amortisation	-	-	-	-
Closing balance	430	442	124,676	123,830

	2013 \$'000	2012 \$'000
28 Property, plant and equipment		
Land:		
At fair value	2,403,377	2,360,365
Buildings:		
At fair value	459,510	460,658
Less: Accumulated depreciation	(277,061)	(249,915)
	182,449	210,743
Heritage and cultural assets:		
At fair value	4,773	4,631
Plant and equipment:		
At cost	427,349	329,060
Less: Accumulated depreciation	(229,577)	(164,714)
	197,772	164,346
Infrastructure: *		
At fair value	61,922,505	55,507,908
Less: Accumulated depreciation	(17,027,122)	(15,125,141)
	44,895,383	40,382,767
Work in progress: **		
At cost	9,744,085	6,801,102
Total	57,427,839	49,923,954

* Comparatives have changed due to the revised accounting treatment of the impact of natural disasters on infrastructure assets. Refer to Note 48.

** Comparatives have altered due to a change in the accounting treatment for the Gold Coast Rapid Transit project. Refer to Note 48.

28 Property, plant and equipment (continued)

Asset reconciliation - 2013

	Land	Buildings	Heritage and cultural assets	Plant and equipment	Infrastructure	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	2,360,365	210,743	4,631	164,346	40,382,767	6,801,102	49,923,954
Acquisitions	188,593	93	-	13,885	-	3,724,311	3,926,882
Assets received at below fair value	7	-	-	-	1,395	-	1,402
Transfers from/(to) other entities. Refer to Statement of changes in equity and to Note 2(b) and Note 38.	(89,902)	2,184	-	63,173	(55,444)	66,718	(13,271)
Transfers between classes	15,442	5,728	-	1,678	802,838	(825,686)	-
Transfers from/(to) intangibles	-	387	-	2,803	-	-	3,190
Transfers from/(to) managed items	-	-	-	(4)	-	(9)	(13)
Disposals	(18,179)	(259)	-	(9,758)	(2,392)	-	(30,588)
Assets reclassified as held for sale	(10,114)	-	-	-	-	-	(10,114)
Projects written off	-	-	-	-	-	(22,351)	(22,351)
Decommissioned infrastructure assets. Refer to Note 15.	-	-	-	-	(148,935)	-	(148,935)
Revaluation increment. Refer to Note 34.*	-	-	-	-	2,226,453	-	2,226,453
Revaluation decrements expensed. Refer to Note 16.	(42,835)	(1,424)	-	-	-	-	(44,259)
Revaluation decrements reversed. Refer to Note 9.*	-	-	142	-	2,661,826	-	2,661,968
Depreciation	-	(35,003)	-	(38,351)	(973,125)	-	(1,046,479)
Closing balance	2,403,377	182,449	4,773	197,772	44,895,383	9,744,085	57,427,839

* Revaluations from natural disaster related damage to the road network include \$978m in increments representing repaired assets, offset by \$266m in decrements due to new damage in 2013.

28 Property, plant and equipment (continued)

Asset reconciliation - 2012

	Land	Buildings	Heritage and cultural assets	Plant and equipment	Infrastructure	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	2,231,805	192,047	4,544	151,991	37,775,868	4,790,471	45,146,726
Adjustment to opening balances	-	-	7	40	-	-	47
Acquisitions	62,998	144	-	40,505	-	3,998,768	4,102,415
Assets received at below fair value	7,744	-	-	54	-	-	7,798
Transfers from/(to) other entities. Refer to Statement of changes in equity.	-	123	-	790	2,350	-	3,263
Transfers between classes	141,334	26,047	-	5,233	1,810,020	(1,982,634)	-
Transfers from/(to) intangibles	-	9,409	-	4,101	-	(3,213)	10,297
Transfers from/(to) managed items	-	-	-	(54)	-	(1,278)	(1,332)
Disposals	(45,890)	(457)	-	(4,855)	(193)	-	(51,395)
Projects written off	-	-	-	-	-	(1,012)	(1,012)
Decommissioned infrastructure assets. Refer to Note 15.	-	-	-	-	(350,640)	-	(350,640)
Revaluation decrement. Refer to Note 34.	-	(18)	(33)	-	-	-	(51)
Revaluation decrements expensed. Refer to Note 16.	(37,626)	-	-	-	-	-	(37,626)
Revaluation decrements reversed. Refer to Note 9.	-	1,690	113	-	2,093,308	-	2,095,111
Depreciation	-	(18,242)	-	(33,459)	(947,946)	-	(999,647)
Closing balance	2,360,365	210,743	4,631	164,346	40,382,767	6,801,102	49,923,954

28 Property, plant and equipment (continued)

Class components

	At fair value	Accumulated depreciation	2013 Written down value	2012 Written down value
	\$'000	\$'000	\$'000	\$'000
Land:				
Property held for future infrastructure	1,890,856	-	1,890,856	2,124,988
Other land	512,521	-	512,521	235,377
	<u>2,403,377</u>	<u>-</u>	<u>2,403,377</u>	<u>2,360,365</u>
Buildings	459,510	(277,061)	182,449	210,743
Heritage and cultural assets	4,773	-	4,773	4,631
Plant and equipment:				
Road construction plant and equipment	180,888	(77,910)	102,978	122,798
Other plant and equipment	246,461	(151,667)	94,794	41,548
	<u>427,349</u>	<u>(229,577)</u>	<u>197,772</u>	<u>164,346</u>
Infrastructure:				
Roads	47,563,065	(12,384,795)	35,178,270	32,117,900
Structures	13,912,172	(4,384,532)	9,527,640	7,944,802
Other infrastructure	447,268	(257,795)	189,473	320,065
	<u>61,922,505</u>	<u>(17,027,122)</u>	<u>44,895,383</u>	<u>40,382,767</u>
Work in progress	9,744,085	-	9,744,085	6,801,102
Total	<u>74,961,599</u>	<u>(17,533,760)</u>	<u>57,427,839</u>	<u>49,923,954</u>

29 Payables

	2013 \$'000	2012 \$'000
Accrued trade creditors	478,605	509,234
Accrued property resumptions	317,724	318,782
Accrued rail service costs	28,697	109,259
Departmental services appropriation payable	-	38,350
Equity adjustment payable	79,009	-
Grants and subsidies payable	59,778	66,765
Trade creditors	328,693	177,808
Other	11,498	22,440
Total	<u>1,304,004</u>	<u>1,242,638</u>

	2013 \$'000	2012 \$'000
30 Interest bearing liabilities		
Current		
Queensland Treasury Corporation borrowings	72,875	70,001
Total	<u>72,875</u>	<u>70,001</u>
Non-current		
Queensland Treasury Corporation borrowings	949,553	1,020,235
Total	<u>949,553</u>	<u>1,020,235</u>

No assets have been pledged as security for any liabilities.

All borrowings are in Australian dollars and are carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. Repayment dates vary from 15 March 2014 to 22 April 2026.

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 4.41% to 8.92% (2012: 4.41% to 9.07%) for fixed rate loans and 2.06% to 6.66% (2012: 3.23% to 6.33%) for floating rate loans.

There were no unused approved borrowings at 30 June 2013 (2012: \$Nil).

The overdraft facility with the Queensland Treasury Corporation and the Commonwealth Bank of Australia was approved with a limit of \$700.225m (2012: \$500.225m). There is no interest charged on this overdraft facility.

The department has a \$14.5m (2012: \$93m) business card facility with the Commonwealth Bank of Australia. There is no interest charged on this business card facility.

31 Accrued employee benefits

Current		
Annual leave levy payable	14,533	7,596
Long service leave levy payable	3,048	3,729
Resignation benefit	501	455
Salaries and wages outstanding	5,418	6,691
Other	1,601	2,210
Total	<u>25,101</u>	<u>20,681</u>
Non-current		
Resignation benefit	5,932	6,132
Total	<u>5,932</u>	<u>6,132</u>

32 Unearned revenue

go card stored value *	27,078	-
Other	5,845	8,638
Total	<u>32,923</u>	<u>8,638</u>

* Balance in 2013 relates to transactions of the former TransLink Transit Authority which merged with the department from 1 January 2013. Refer to Note 2(b).

33 Other liabilities

Current		
go card deposits held *	16,200	-
Lease incentives *	219	-
Other	3	4
Total	<u>16,422</u>	<u>4</u>
Non-current		
Lease incentives *	493	-
Total	<u>493</u>	<u>-</u>

* Balances in 2013 relate to transactions of the former TransLink Transit Authority which merged with the department from 1 January 2013. Refer to Note 2(b).

34 Asset revaluation surplus by class

Asset revaluation surplus - 2013

	Buildings	Heritage and cultural assets	Infrastructure	Total
	\$'000	\$'000	\$'000	\$'000
Opening balance	-	-	-	-
Revaluation increments	-	-	2,226,453	2,226,453
Revaluation decrements	-	-	-	-
Closing balance	-	-	2,226,453	2,226,453

Asset revaluation surplus - 2012

	Buildings	Heritage and cultural assets	Infrastructure	Total
	\$'000	\$'000	\$'000	\$'000
Opening balance	18	33	-	51
Revaluation increments	1,672	80	-	1,752
Revaluation decrements	(1,690)	(113)	-	(1,803)
Closing balance	-	-	-	-

	2013	2012
	\$'000	\$'000
35 Income tax equivalents		
(a) Income tax equivalent expense		
Current tax equivalents	30,015	27,653
Deferred tax equivalent expense/(income) relating to temporary differences	(744)	(2,713)
Adjustment relating to prior year	153	-
Under/(over) provision in previous years	(63)	263
Income tax equivalent expense attributable to profit from ordinary activities	29,361	25,203
(b) Numerical reconciliation of income tax equivalent expense to prima facie tax payable		
Accounting profit before tax	97,572	83,542
Prima facie tax at applicable rate of 30%	29,272	25,063
Adjustments for non-temporary differences and excluded temporary differences:		
Under provision in previous years	89	140
Income tax equivalent expense attributable to profit from ordinary activities	29,361	25,203
(c) Deferred tax equivalent expense/(income) included in income tax equivalent expense comprises:		
Deferred tax assets opening balance	4,496	1,784
Increase in deferred tax assets	592	2,712
Deferred tax assets at 30 June	5,088	4,496
(d) Proof of deferred tax assets		
Deferred tax assets:		
Property, plant and equipment	4,982	4,427
Other items	106	69
Net deferred tax assets at 30 June	5,088	4,496
(e) Reconciliation of current tax payable		
Opening balance	4,951	13,950
Net movements	7,913	(8,999)
Current tax payable at 30 June	12,864	4,951

	2013 \$'000	2012 \$'000
36 Reconciliation of operating result to net cash from operating activities		
Operating result	4,092,561	2,664,451
Capital projects written off	26,925	717
Decommissioned infrastructure assets	148,935	350,640
Depreciation and amortisation	1,068,103	1,018,066
Gain on sale of property, plant and equipment	(9,852)	(1,712)
Goods, services and assets received below fair value	(2,003)	(8,093)
Loss from discontinued operations	-	601
Loss on sale of property, plant and equipment	8,900	1,572
Revaluation decrement reversals	(2,661,968)	(2,095,111)
Revaluation decrement	44,259	37,626
Share of profits in joint venture	(11,444)	(13,196)
Assets provided below fair value	-	109
Change in assets and liabilities:		
Increase/(decrease) in accrued employee benefits	7,102	(16,238)
(Increase)/decrease in annual leave reimbursement receivable	982	(1,255)
Increase/(decrease) in deferred income tax equivalents	(592)	(2,712)
(Increase)/decrease in departmental services appropriation receivable	(461,855)	-
Increase/(decrease) in GST payable	38,423	(490)
(Increase)/decrease in GST input tax credits receivable	(22,749)	(13,503)
(Increase)/decrease in inventories	242	(1,345)
(Increase)/decrease in long service leave reimbursement receivable	(880)	(150)
(Increase)/decrease in other receivables	2,100	23,686
Increase/(decrease) in current tax liabilities	7,913	(8,999)
(Increase)/decrease in prepayments	(215,240)	(55,987)
Increase/(decrease) in payables	(243,190)	(254,979)
(Increase)/decrease in trade receivables	12,103	198,928
Increase/(decrease) in unearned revenue	(955)	(2,645)
Increase/(decrease) in other current liabilities	16,692	3
Net cash from operating activities	1,844,512	1,819,984

37 Leases as lessor

Operating leases

The department has entered into various operating leases with Queensland Motorways Limited (QML) to provide access to corridor and other land related to the tollroad network. The future minimum lease payments receivable under non-cancellable operating leases are:

Not later than one year	-	-
Later than one year and not later than five years	1	1
Later than five years	7	7
Total	8	8

38 Non-cash financing and investing activities

All shares held by the department in Transmax Pty Ltd were transferred to Transport Holdings Queensland Pty Ltd on 1 July 2011. Transport Holdings Queensland Pty Ltd has subsequently been dissolved and as at 1 July 2012 Transmax Pty Ltd shares were transferred back to the department for no consideration. Refer to Note 3(b).

During 2013, the department transferred \$71.743m of land under roads to the Department of Natural Resources and Mines.

Assets and liabilities received and transferred by the department relating to the Gold Coast Waterways Authority and TransLink Transit Authority as a result of Machinery-of-Government changes are disclosed in Note 2(b).

Other assets and liabilities received or transferred to or by the department and recognised as revenues and expenses are set out in Note 6 and Note 19 respectively.

39 Service concession arrangements

Brisbane Airport Rail Link

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 Queensland Rail City network (SEQ).

In 1998, the State of Queensland and Airtrain agreed to the terms and conditions of the 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 assets at no cost and no contingent liabilities to the state.

On behalf of the state, the department provides 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 \$1.0m, was lodged by Airtrain to be released by the department at the end of the concession period.

The state leases airport land from the Brisbane Airport Corporation and sub-leases the same land to Airtrain. The department does not control the facility and therefore it is not recognised as an asset of the department.

Gold Coast Rapid Transit Project

The Gold Coast Rapid Transit project involves the construction of a 13 kilometre light rail system to link key activity centres from Griffith University (Gold Coast Campus) to Broadbeach via Southport.

In May 2011 the department entered into a contractual arrangement with GoldLinQ Consortium to finance, design, build, operate and maintain the Gold Coast light rail system with a 15 year operations period. At the expiry of the operations period, ownership of the light rail system will transfer to the department.

Under this arrangement, GoldLinQ Consortium will finance construction of the system with the state providing a capital contribution. During operations, GoldLinQ Consortium will be paid monthly performance based payments for both operations, maintenance and repayment of the asset. The state will receive revenue from fare box and advertising generated by the system.

Construction of the light rail system commenced in 2012 and it is expected to be operational in mid 2014, upon which the department will recognise a lease asset at fair value, which will be depreciated over the life of the asset in accordance with AASB 117 *Leases*, and a lease liability, which will be reduced by the repayments representing the capital component of the annual service payments. Operation and maintenance payments will be expensed during the relevant year.

The estimated cash flows, excluding GST, are detailed below. They exclude inflows from land sales, and include the government contribution to the GoldLinQ Consortium, paid prior to commencement of operations in 2014.

	2013 \$'000	2012 \$'000
Estimated cash flows		
<i>Inflows:</i>		
Not later than one year	1,220	-
Later than one year but not later than five years	81,029	152,591
Later than five years but not later than ten years	132,307	293,028
Later than ten years	236,386	484,071
<i>Outflows:</i>		
Not later than one year	(185,897)	(221,538)
Later than one year but not later than five years	(392,464)	(369,111)
Later than five years but not later than ten years	(479,355)	(467,444)
Later than ten years	(630,539)	(735,041)
	(1,237,313)	(863,444)

The land on which the light rail is constructed is subject to a two step lease process. Firstly, the department has granted a statutory licence under section 355 of the *Transport Infrastructure Act 1994* to GoldLinQ Consortium to construct the light rail system. Once construction is complete the state will issue a perpetual lease to the department, who in turn will issue a sub-lease to GoldLinQ Consortium to operate the system.

Airportlink

Airportlink is a 6.7km tollroad, connecting the Clem 7 Tunnel, Inner City Bypass and local road network at Bowen Hills, to the northern arterials of Gympie Road and Stafford Road at Kedron, Sandgate Road and the East West Arterial leading to the airport.

A project deed was made on 2 June 2008 to establish a service concession arrangement for the design, construction and operation of the Airportlink tollroad, which commenced in July 2012, for a concession period of 45 years. Parties to the deed were The State of Queensland, and BrisConnections Operations Pty Ltd and BrisConnections Nominee Company Pty Ltd as trustee of the BrisConnections Asset Trust. At the end of the concession period, the Airportlink tollroad assets will be transferred to the state at no cost and with no contingent liabilities.

39 Service concession arrangements (continued)

Airportlink (continued)

In 2012–13 the state paid BrisConnections, on certification of completion of the tolling system, an amount of \$267.164m, being the state's contribution. Refer to Note 13.

Tollroad arrangements - Queensland Motorways Limited

A Road Franchise Agreement was established between the state and Queensland Motorways Limited (QML) on 1 April 2011 for the operation and management of the tollroad network, which includes the Port of Brisbane Motorway and the Gateway and Logan Motorways. QML collects toll revenue and therefore assumes the demand and patronage risk for the concession period of 40 years. On completion of the concession arrangements in 2051 the tollroad infrastructure assets will be recognised by the state.

Land owned by the department associated with the tollroad network is leased to QML. Refer to Note 37.

	2013 \$'000	2012 \$'000
40 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:		
Not later than one year	64,590	57,417
Later than one year and not later than five years	138,974	104,675
Later than five years	37,586	22,305
Total	241,150	184,397

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 on 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 financial statements are payable as follows:

Gold Coast Rapid Transit project *	769,827	1,248,015
Property, plant and equipment	2,148,220	3,453,089
Intangible assets **	-	3,018
Total	2,918,047	4,704,122
Not later than one year	2,097,495	3,630,574
Later than one year and not later than five years	480,893	740,023
Later than five years *	339,659	333,525
Total	2,918,047	4,704,122

* Comparatives have decreased by \$396m due to the previous overstatement of commitments related to Gold Coast Rapid Transit project.

** Comparatives have decreased by \$57.551m due to the reclassification of items to other expenditure commitments.

(c) Grant and subsidy commitments

Grants and subsidies commitments inclusive of anticipated GST, committed to at reporting date, but not recognised in the financial statements, are payable as follows:

Not later than one year	1,144,372	1,301,872
Later than one year and not later than five years	3,758,429	4,865,167
Later than five years	18,779	-
Total	4,921,580	6,167,039

	2013 \$'000	2012 \$'000
40 Commitments for expenditure (continued)		
(d) Other expenditure commitments *		
Other expenditure inclusive of anticipated GST, contracted to at reporting date but not recognised in the financial statements are payable as follows:		
Not later than one year	596,391	592,759
Later than one year and not later than five years	609,494	300,639
Later than five years	942,660	840,236
Total	<u>2,148,545</u>	<u>1,733,634</u>

* Comparatives have increased by \$57.551m due to the reclassification of items from capital expenditure commitments.

41 Contingencies

Contingent assets

(a) Bank guarantees

The department holds securities amounting to \$239m (2012: \$178m) provided by contractors in the event of non-performance with the agreed contract terms. These securities are not recognised as assets in the Statement of financial position due to the probability of realisation being remote.

(b) Other claims

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

Contingent liabilities

(a) Bank guarantees

The department has provided securities amounting to \$0.553m (2012: \$0.664m) to principals in the event of non-performance with the agreed contract terms. These securities are not recognised as liabilities in the Statement of financial position due to the probability of realisation being remote.

(b) Litigation in progress

At balance date, the following cases were filed in the courts, naming the State of Queensland, acting through the Department of Transport and Main Roads as defendant:

	2013 No. of cases	2012 No. of cases
Supreme Court	5	6
District Court	6	8
Magistrates Court	3	2
Other claims *	122	128

* 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.

The department's legal advisers and management believe it would be misleading to estimate the final amounts payable for litigation filed in the courts.

Effective 1 July 2001, the department joined the Queensland Government Insurance Fund (QGIF). Under the QGIF, the department would be able to claim back, less a \$10,000 deductible, the amount paid to successful litigants. This includes any cases that existed as at July 2001 and cases that have arisen since that date.

(c) External construction contracts and property settlements

In the normal course of operations, claims are made periodically against the department which relate to variations on contracts performed by third parties. Also the department identifies properties for resumption which have not yet been gazetted. The outcome of these items cannot be reasonably measured and it would therefore be misleading to disclose the amounts.

(d) Financial guarantees and undertakings

The department has agreed, on behalf of the state, to provide a guarantee for 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 year, nor are any due to be paid. Refer to Note 39.

42 Controlled entities and associates

Transport Holdings Queensland Pty Ltd

Transport Holdings Queensland Pty Ltd was dissolved as at 1 July 2012 and therefore is no longer a controlled entity of the Department of Transport and Main Roads.

Transmax Pty Ltd

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.

The department exercises control over Transmax through 100 percent ownership of all issued shares.

The amount of the investment and transactions relating to Transmax are not considered material, and therefore the entity is not consolidated within the department's financial statements.

A summary of financial transactions and balances for Transmax follows:

	2013 \$'000	2012 \$'000
Revenues *	13,430	-
Expenses	12,758	-
Operating result	<u>672</u>	<u>-</u>
Assets	12,224	-
Liabilities	4,786	-
Net assets	<u>7,438</u>	<u>-</u>

* Includes a balance of \$12.220m for related party transactions with the department.

On 1 July 2012 the department received shares in Transmax Pty Ltd valued at \$0.601m.

City North Infrastructure Pty Ltd

City North Infrastructure Pty Ltd (CNI) was incorporated on 22 December 2006, as a special purpose vehicle, with the mandate to oversee the procurement of Airportlink, the Airport Roundabout Upgrade and the Northern Busway (Windsor-Kedron), on behalf of the State of Queensland. The shares in CNI were held on trust for the State of Queensland by Queensland Treasury Holdings Pty Ltd and Mr David Stewart, former Director-General of Department of Transport and Main Roads, each holding three shares.

CNI ceased operations 30 April 2013 and all shares held by Mr Stewart will be cancelled as at 1 July 2013. Members voluntary liquidation remains under discussion with Queensland Treasury and Trade. There is no financial impact on the department.

43 Financial instruments

(a) Categorisation of financial instruments

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

	Note	2013 \$'000	2012 \$'000
Financial assets			
Cash	21	7,901	516,083
Receivables	22	593,288	204,785
Other financial assets	26	601	-
Total		<u>601,790</u>	<u>720,868</u>
Financial liabilities			
Financial liabilities measured at amortised cost:			
Payables	29	1,304,004	1,242,638
Queensland Treasury Corporation borrowings	30	1,022,428	1,090,236
Accrued employee benefits	31	31,033	26,813
Total		<u>2,357,465</u>	<u>2,359,687</u>

43 Financial instruments (continued)

(b) Financial risk management

The activities of the department are exposed to a variety of financial risks such as 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 each division under policy established by the Corporate Division. 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

(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 carrying amount of receivables represents the maximum exposure to credit risk.

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 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 allowance for impairment is based on objective evidence that the department will not be able to collect a receivable, including financial difficulty of the debtor, default payments, and ageing of the debt.

If no loss events have arisen in respect of a particular debtor or group of debtors, no allowance for impairment is made in respect of that debt/group of debtors. If the department determines that an amount owing by such a debtor does become uncollectable, after an appropriate range of debt recovery actions, that amount is recognised as bad debt expense and written-off directly against receivables. In other cases where a debt becomes uncollectable but the uncollectable amount exceeds the amount already allowed for impairment of that debt, the excess is recognised directly as a bad debt expense and written-off directly against receivables.

The impairment loss expense for the current year regarding the department's receivables is \$1.579m. This represents a 78 percent decrease from the 2012 reported balance.

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

Financial assets past due but not impaired	2013 Overdue				
	Less than 30 days \$'000	30-60 days \$'000	61-90 days \$'000	More than 90 days \$'000	Total \$'000
Receivables	22,415	304	6,954	6,197	35,870
Total	22,415	304	6,954	6,197	35,870

Financial assets past due but not impaired	2012 Overdue				
	Less than 30 days \$'000	30-60 days \$'000	61-90 days \$'000	More than 90 days \$'000	Total \$'000
Receivables	8,837	15,180	1,436	7,062	32,515
Total	8,837	15,180	1,436	7,062	32,515

43 Financial instruments (continued)

(c) Credit risk exposure (continued)

Individually impaired financial assets	2013 Overdue				
	Less than 30 days \$'000	30-60 days \$'000	61-90 days \$'000	More than 90 days \$'000	Total \$'000
Receivables (gross)	-	-	-	7,509	7,509
Allowance for impairment	-	-	-	(7,509)	(7,509)
Carrying amount	-	-	-	-	-

Individually impaired financial assets	2012 Overdue				
	Less than 30 days \$'000	30-60 days \$'000	61-90 days \$'000	More than 90 days \$'000	Total \$'000
Receivables (gross)	-	-	-	8,622	8,622
Allowance for impairment	-	-	-	(8,622)	(8,622)
Carrying amount	-	-	-	-	-

	2013 \$'000	2012 \$'000
Movements in the allowance for impairment loss		
Opening balance	8,622	1,010
Increase/(decrease) in allowance recognised in the operating result	(1,113)	7,612
Closing balance	7,509	8,622

Financial Liabilities

A guarantee has been given by the department to Queensland Rail for the Brisbane Airport Rail Link which meets the definition of a financial guarantee contract as per AASB139 *Financial Instruments: Recognition and Disclosure*.

The department assesses the value of the financial guarantee as at 30 June as the amount that can be called upon if the guarantee is exercised. It has been determined that fair value is nil at 30 June due to the remote possibility of performance measures not being met by Airtrain Citylink Limited. As such the fair value of the guarantee has not been recognised in the Statement of financial position. Refer to Note 39.

(d) Liquidity risk

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

The department is exposed to liquidity risk through its trading in the normal course of business and through borrowings from Queensland Treasury Corporation. The borrowings are based on Queensland Government gazetted fixed and floating rates of interest.

The department manages liquidity risk through a combination of regular fortnightly appropriation payments from Treasury and Trade, and when required, loan drawdowns for major projects based on an already agreed borrowings program with Treasury and Trade. This strategy reduces the exposure to liquidity risk by ensuring the department has sufficient funds available to meet its obligations when they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of 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 undiscounted cash flows relating to the liabilities at reporting date. The undiscounted cash flows in these tables that relate to Queensland Treasury Corporation borrowings differ from the amounts included in the Statement of financial position that are based on discounted cash flows.

Financial liabilities	Note	2013 Payable in			
		<1 year \$'000	1- 5 years \$'000	>5 years \$'000	Total \$'000
Payables	29	1,304,004	-	-	1,304,004
Queensland Treasury Corporation borrowings		72,875	827,400	345,421	1,245,696
Accrued employee benefits	31	25,101	5,932	-	31,033
Total		1,401,980	833,332	345,421	2,580,733

43 Financial instruments (continued)

(d) Liquidity risk (continued)

Financial liabilities	Note	2012 Payable in			
		<1 year \$'000	1- 5 years \$'000	>5 years \$'000	Total \$'000
Payables	29	1,242,638	-	-	1,242,638
Queensland Treasury Corporation borrowings		167,354	786,695	480,552	1,434,601
Accrued employee benefits	31	20,681	6,132	-	26,813
Total		1,430,673	792,827	480,552	2,704,052

(e) Market risk

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

(f) 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 on net income if interest rates would change by +/-1 percent from the year-end rates applicable to the department's financial assets and financial liabilities. With all other variables held constant, the department would have a surplus and equity increase/(decrease) of \$0.812m (2012: \$0.877m). This is mainly attributable to the department's exposure to variable interest rates on its borrowings from Queensland Treasury Corporation.

Financial instruments	Carrying amount \$'000	2013 Interest rate risk			
		-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Cash *	2,373	(24)	(24)	24	24
Queensland Treasury Corporation borrowings **	83,611	836	836	(836)	(836)
Potential impact		812	812	(812)	(812)

* Interest only relates to the former TransLink Transit Authority bank account. Refer to Note 21.

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

Financial instruments	Carrying amount \$'000	2012 Interest rate risk			
		-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Queensland Treasury Corporation borrowings *	87,728	877	877	(877)	(877)
Potential impact		877	877	(877)	(877)

* Interest rate risk calculated on variable rate loans only.

(g) Fair value

The recognised fair values of financial assets and liabilities are classified according to the following fair value hierarchy that reflects the significance of the inputs used in making these measurements.

Hierarchy level	Input measurement
1	Fair values reflect unadjusted quoted prices in active markets for identical assets/liabilities.
2	Fair values that are based on inputs that are directly or indirectly observable for the asset/liability (other than unadjusted quoted prices).
3	Fair values that are derived from data not observable in a market.

43 Financial instruments (continued)

(g) Fair value (continued)

According to the above hierarchy, the fair values of each class of asset/liability recognised at fair value are as follows:

Financial instruments	Hierarchy level	Carrying amount	Carrying amount	Fair value	Fair value
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Financial assets					
Cash	1	7,901	516,083	7,901	516,083
Receivables	2	593,288	204,785	593,288	204,785
Shares	2	601	-	601	-
Total		601,790	720,868	601,790	720,868
Financial liabilities					
Payables	2	1,304,004	1,242,638	1,304,004	1,242,638
Queensland Treasury Corporation borrowings	1	1,022,428	1,090,236	1,111,776	1,191,330
Accrued employee benefits	1	31,033	26,813	31,033	26,813
Total		2,357,465	2,359,687	2,446,813	2,460,781

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

The department's investments in equity instruments are measured at cost. Refer to Note 3(j). These financial instruments are not traded in an active market, therefore fair value can not be reliably measured.

The fair value of borrowings is notified by Queensland Treasury Corporation. It is calculated using discounted cash flow analysis and the effective interest rate. Refer to Note 30.

44 Investment in joint venture

During 2012–13 the department operated a joint venture with Personalised Plates Holdings Pty Ltd, trading as Personalised Plates Queensland (PPQ). The department held 50% of PPQ's voting rights and received a minimum return plus 55% of the joint venture's remaining operating profits. This joint venture arrangement ceased on 22 March 2013.

The department's share of profits received for the year was \$11.444m (2012: \$13.196m). There were no contingent liabilities, pledged assets or capital commitments relating to the joint venture.

In winding up the joint venture arrangement, all debts and obligations were paid and the remaining net assets amounting to \$0.798m were distributed to the department in accordance with the joint venture agreement.

A summary of the department's share for the joint venture follows:

	2013 \$'000	2012 \$'000
Revenue	28,166	30,401
Expenses	16,722	17,205
Operating result	11,444	13,196
Current assets	-	2,896
Non-current assets	-	351
Current liabilities	-	2,424

Amounts reported for revenue and expense in 2012–13 represent transactions between 1 July 2012 and 22 March 2013.

45 Trust transactions and balances

The department acts as a trustee for and manages Jargarra Villas to facilitate property acquisition related to the Pacific Motorway Transit Project. The trust was established in April 2012.

As the department performs only a custodial role in respect of these transactions and balances, they are not recognised in the financial statements but are disclosed in this note for information purposes only.

Fees received by the department for administering the trust totalled \$0.061m (2012: \$0.008m).

	2013 \$'000	2012 \$'000
Trust revenues and expenses		
Revenues		
Rent	568	137
Total	<u>568</u>	<u>137</u>
Expenses		
Supplies and services	568	137
Total	<u>568</u>	<u>137</u>
Trust assets and liabilities		
Current assets		
Cash yet to be disbursed	43	51
Total	<u>43</u>	<u>51</u>
Current liabilities		
Amounts yet to be disbursed	43	51
Total	<u>43</u>	<u>51</u>

Total audit fees to be paid to an independent auditor to perform an audit of the department's trust transactions in 2013 are estimated to be \$0.003m (2012: \$0.002m). There are no non-audit services included in this amount.

The department's management rights associated with Jargarra Villas were listed for sale in August 2013. Refer to Note 49.

46 Schedule of administered items

The following balances are administered by the department on behalf of the state and relate directly to the Transport System Management, Operation and Regulation departmental service area. The activities previously reported within this note are no longer current following a restructure of the department's business units in 2012–13 and now reside within the abovementioned service area.

	2013 \$'000	2012 \$'000
Administered revenue		
Administered item appropriation	596,032	1,137,890
User charges, fees and fines *	2,090,980	1,965,020
Property income	78	99
Interest	75	55
Other	6,950	6,581
Total	2,694,115	3,109,645
Administered expenses		
Grants and subsidies **	596,032	1,137,890
Impairment losses on trade receivables	(53)	(64)
Other	6	122
Total	595,985	1,137,948
Transfers to government	2,098,130	1,971,697
Administered assets		
<i>Current</i>		
Cash	61,000	68,383
Receivables	49,422	40,528
Total	110,422	108,911
<i>Non-current</i>		
Land	81,274	82,006
Total	81,274	82,006
Total assets	191,696	190,917
Administered liabilities		
<i>Current</i>		
Payables	104,877	103,486
Unearned revenue	5,308	5,191
Total liabilities	110,185	108,677
* User charges, fees and fines		
Motor vehicle registration	1,493,101	1,436,513
Transport and traffic fees	336,184	286,026
Other registration	58,127	59,866
Other regulatory fees	50,140	47,888
Fines and forfeiture	151,209	123,664
Other	2,219	11,063
Total	2,090,980	1,965,020
** Grants and subsidies		
Townsville Port Authority	3,894	29,974
TransLink Transit Authority ***	592,138	1,107,916
Total	596,032	1,137,890

*** The 2012–13 balance relates to payments that occurred between 1 July 2012 and 31 December 2012, prior to the transfer of TransLink to the department. Refer to Note 2(b).

47 Reconciliation of administered payments from Consolidated Fund

	2013 \$'000	2012 \$'000
Reconciliation of payments from Consolidated Fund to administered revenue		
Budgeted appropriation	1,177,246	1,071,422
Transfers from/(to) other headings - variation in headings	-	66,468
Lapsed administered appropriation	(581,214)	-
Administered revenue recognised in Note 46	<u>596,032</u>	<u>1,137,890</u>
Reconciliation of payments from Consolidated Fund to equity adjustment recognised in contributed equity		
Budgeted equity adjustment appropriation	306,525	453,392
Transfers from/(to) other headings - variation in headings	-	(164,742)
Lapsed equity adjustment	(293,962)	-
Equity adjustment receipts	<u>12,563</u>	<u>288,650</u>

48 Restated balances

Capitalised expenditure restatement

During 2012–13 the department reviewed the methodology used to allocate the total financial year billing received from its commercial business unit, RoadTek, and subsequently capitalised to construction work in progress. This methodology provides the split between the disclosed capitalised expenditure and reported expenditure across Employee expenses and Supplies and services. Refer to Note 10 and Note 12.

The index used to determine the allocations to be made is no longer updated, and the department has developed a revised index derived from an analysis of RoadTek transactions. This new index will provide a more reliable and more relevant financial disclosure. The analysis to derive the index will be undertaken annually in order to determine the appropriate indexation for each financial year.

The change in accounting policy is being made retrospectively in accordance with requirements of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. As a result, comparative amounts have changed as detailed below.

Statement of comprehensive income (extract) for the year ended 30 June 2013	Note	2012 Published \$'000	Increase/ (decrease) \$'000	2012 Restated \$'000
Employee expenses	10	461,066	181,515	642,581
Supplies and services *	12	1,051,091	(181,515)	869,563

* The restated value includes a separate comparative change of \$0.013m offset in Other revenue. Refer to Note 7.

There was no change to the total amount capitalised as a result of the application of the revised index.

Derecognition of property, plant and equipment impacted by natural disasters

The department has reviewed the accounting treatment of the impact of natural disasters on property, plant and equipment assets and in particular infrastructure assets. This has led to the restatement of balances previously reported as impairment losses and, specifically for the comparative year, impairment loss reversals.

This restatement has been made in accordance with AASB 116 *Property, Plant and Equipment* and AASB 136 *Impairment of Assets*, and involves the restatement of the impairment loss reversal recorded in 2012 as a revaluation decrement reversal. The restatement has been performed to ensure that the reported depreciated replacement cost of the subject assets adequately accounts for the damaged condition of the assets and aligns with fair value. Note 28 Property, plant and equipment values have been recast to reflect the change in accounting treatment.

Comparatives have changed as detailed below.

Statement of comprehensive income (extract) for the year ended 30 June 2013	Note	2012 Published \$'000	Increase/ (decrease) \$'000	2012 Restated \$'000
Impairment loss reversals	-	1,660,177	(1,660,177)	-
Revaluation decrement reversals	9	434,934	1,660,177	2,095,111

48 Restated balances (continued)

	2012 Published \$'000	Increase/ (decrease) \$'000	2012 Restated \$'000
Note 28 Property, plant and equipment (extract)			
Infrastructure:			
At fair value	59,090,013	(3,582,105)	55,507,908
Less: Accumulated depreciation	(16,018,463)	893,322	(15,125,141)
Less: Accumulated impairment losses	(2,688,783)	2,688,783	-
	<u>40,382,767</u>	<u>-</u>	<u>40,382,767</u>

Recognition of Gold Coast Rapid Transit project lease arrangement

Construction of the light rail system commenced in 2012 and is expected to be operational in mid 2014, upon which the department will recognise a lease asset at fair value, which will be depreciated over the life of the asset in accordance with AASB 117 *Leases*. A lease liability will also be recognised and will be reduced by the repayments representing the capital component of the annual service payments.

The government contribution paid to date to GoldLinQ Consortium has been recognised as a lease prepayment until the rail system becomes operational. The 2012 prepayments disclosure has therefore been amended to reflect the lease prepayments made in 2011–12. Refer to Note 24 and Note 39.

Comparatives have changed as detailed below.

	2012 Published \$'000	Increase/ (decrease) \$'000	2012 Restated \$'000
Note 24 Prepayments (extract)			
Non-current			
Gold Coast Rapid Transit project lease arrangement	-	46,350	46,350
Note 28 Property, plant and equipment (extract)			
Work in progress:			
At cost	6,847,452	(46,350)	6,801,102

49 Events occurring after balance date

Jargarra Villas management rights

In August 2013, the management rights and the manager's unit have been advertised for sale by expression of interest, closing on 6 September 2013. Refer to Note 27 and Note 45.

Certificate of the Department of Transport and Main Roads

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- (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 for the financial year ended 30 June 2013, and of the financial position of the department at the end of that year.



Chris Mead CPA
Bachelor of Business - Accountancy
Chief Finance Officer

27 August 2013



Neil Scales OBE
Director-General

27 August 2013

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of Department of Transport and Main Roads

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 major departmental service areas as at 30 June 2013, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental service areas, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certificates given by the Director-General and Chief Finance Officer.

The Accountable Officer's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

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


Opinion

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

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Department of Transport and Main Roads for the financial year 1 July 2012 to 30 June 2013 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

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



A M GREAVES FCA FCPA
Auditor-General of Queensland



Queensland Audit Office
Brisbane

