2011–12 Annual Report

Department of Transport and Main Roads
Volume 2 of 2

Queensland
Government

Department of Transport and Main Roads
Financial Statements 2011–12

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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 2.

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

- contact Manager (Financial Reporting) on 07 3146 6035 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 2012

	Notes	2012 $'000	2011 $'000
Income from continuing operations			
Revenue			
Departmental services revenue	4	3,550,671	3,477,734
User charges	5	391,224	290,669
Grants and other contributions	6	832,548	580,018
Other revenue	7	77,495	63,653
Total revenue		**4,851,938**	**4,412,074**
Gains	8	1,712	3,156
Impairment loss reversals	9	1,660,177	24,818
Revaluation decrement reversals	10	434,934	1,600,854
Total income from continuing operations		**6,948,761**	**6,040,902**
Expenses from continuing operations			
Employee expenses	11	461,066	462,401
Supplies and services	13	1,051,091	1,234,550
Grants and subsidies	14	1,250,388	1,259,581
Depreciation and amortisation	15	1,018,066	900,972
Decommissioned infrastructure assets	16	350,640	266,394
Revaluation decrement	17	37,626	470,580
Impairment losses	18	7,051	3,134,373
Finance/borrowing costs	19	72,523	71,053
Other expenses	20	23,251	31,773
Total expenses from continuing operations		**4,271,702**	**7,831,677**
Share of profits in joint venture	43	13,196	11,036
Operating result from continuing operations before income tax equivalent expense		**2,690,255**	**(1,779,739)**
Income tax equivalent expense	34	25,203	25,531
Operating result from continuing operations after income tax equivalent expense		**2,665,052**	**(1,805,270)**
Discontinued operations			
Loss from discontinued operations	21	601	403,503
Operating result		**2,664,451**	**(2,208,773)**
Other comprehensive income			
Increase/(decrease) in asset revaluation surplus	33	(51)	(20,867)
Total other comprehensive income		**(51)**	**(20,867)**
Total comprehensive income		**2,664,400**	**(2,229,640)**

The accompanying notes form part of these statements.

Statement of financial position as at 30 June 2012

	Notes	2012 $'000	2011 $'000
Assets			
Current assets			
Cash	22	516,083	294,513
Receivables	23	204,808	411,993
Inventories	24	17,860	16,515
Prepayments	25	15,637	14,955
Total current assets		**754,388**	**737,976**
Non-current assets			
Prepayments	25	10,598	1,643
Other financial assets	26	-	601
Intangible assets	27	123,830	134,972
Property, plant and equipment	28	49,970,304	45,146,726
Deferred tax assets	34	4,496	1,784
Total non-current assets		**50,109,228**	**45,285,726**
Total assets		**50,863,616**	**46,023,702**
Liabilities			
Current liabilities			
Payables	29	1,242,661	1,391,140
Interest bearing liabilities	30	70,001	64,616
Accrued employee benefits	31	20,681	36,801
Current tax liabilities	34	4,951	13,950
Other	32	8,642	11,295
Total current liabilities		**1,346,936**	**1,517,802**
Non-current liabilities			
Interest bearing liabilities	30	1,020,235	988,098
Accrued employee benefits	31	6,132	6,250
Total non-current liabilities		**1,026,367**	**994,348**
Total liabilities		**2,373,303**	**2,512,150**
Net assets		**48,490,313**	**43,511,552**
Equity			
Contributed equity		50,793,746	48,475,683
Accumulated surplus		(2,303,433)	(4,964,182)
Asset revaluation surplus	33	-	51
Total equity		**48,490,313**	**43,511,552**

The accompanying notes form part of these statements.

Statement of changes in equity
for the year ended 30 June 2012

	2012 $'000	2011 $'000
Contributed equity		
Opening balance	48,475,683	46,911,925
Adjustment to opening balance	5,457	3,534
Transactions with owners as owners:		
Appropriated equity injections. Refer to Note 4.	2,373,149	1,689,330
Net asset adjustment to other agencies	(61,768)	(129,106)
Net assets received (transferred via Machinery-of-Government change). Refer to Note 2(b).	1,225	-
Closing balance	**50,793,746**	**48,475,683**
Accumulated surplus *		
Opening balance	(4,964,182)	(2,740,165)
Adjustment to opening balance	(3,702)	3,123
Operating result	2,664,451	(2,208,773)
Net consolidation adjustment	-	(18,367)
Closing balance	**(2,303,433)**	**(4,964,182)**
Asset revaluation surplus (Note 33) **		
Opening balance	51	20,918
Increase/(decrease) in asset revaluation surplus:		
Land	-	(20,917)
Buildings	(18)	18
Heritage and cultural assets	(33)	32
Closing balance	**-**	**51**
Total equity	**48,490,313**	**43,511,552**

* Comparatives have changed by $1.937b comprising $1.918b relating to the correction of a prior year misstatement, and $19.326m representing assets transferred from Queensland Motorways Limited. Refer to Note 48.
** Comparatives have changed by $118.603m relating to the correction of a prior year misstatement. Refer to Note 48.

The accompanying notes form part of these statements.

Statement of cash flows
for the year ended 30 June 2012

	Notes	2012 $'000	2011 $'000
Cash flows from operating activities			
Inflows:			
Departmental services receipts		3,569,736	3,599,281
User charges		578,876	348,752
Grants and other contributions		824,455	278,949
GST input tax credits from ATO		472,255	480,397
GST collected from customers		117,123	35,729
Interest receipts		115	2,299
Other		76,928	60,329
Outflows:			
Employee expenses		(474,835)	(454,019)
Supplies and services		(1,303,751)	(985,535)
Grants and subsidies		(1,096,090)	(1,259,940)
Finance/borrowing costs		(72,512)	(71,422)
GST paid to suppliers		(603,817)	(470,081)
Income tax equivalent paid		(36,914)	(19,878)
Other		(44,069)	(43,490)
Net cash provided by/(used in) operating activities	35	**2,007,500**	**1,501,371**
Cash flows from investing activities			
Inflows:			
Sales of property, plant and equipment		10,356	8,858
Share of profits in joint venture		13,196	11,036
Other		23,456	-
Outflows:			
Payments for property, plant and equipment		(4,200,379)	(3,093,028)
Payments for intangibles		(17,574)	(21,618)
Other		(25,637)	(1,352)
Net cash provided by/(used in) investing activities		**(4,196,582)**	**(3,096,104)**
Cash flows from financing activities			
Inflows:			
Borrowings		99,584	-
Equity injections		3,122,350	3,205,583
Outflows:			
Equity withdrawals		(749,209)	(1,516,253)
Borrowing redemptions		(62,073)	(86,253)
Net cash provided by/(used in) financing activities		**2,410,652**	**1,603,077**
Net increase/(decrease) in cash		221,570	8,344
Cash at beginning of financial year		294,513	286,169
Cash at end of financial year	22	**516,083**	**294,513**

The accompanying notes form part of these statements.

Statement of comprehensive income by major departmental service areas
for the year ended 30 June 2012

	Transport System Planning		Investment and Program Development		Transport Infrastructure Delivery		Transport System Management, Operation and Regulation		Transport Safety		RoadTek		Inter-departmental service eliminations *		Total	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Income from continuing operations																
Revenue																
Departmental services revenue	122,833	123,224	38,428	37,758	2,354,920	2,274,050	893,550	903,750	140,940	138,952	-	-	-	-	**3,550,671**	**3,477,734**
User charges	2,928	5,917	6,197	74,588	164,233	155,800	153,421	115,267	30,241	14,065	1,022,142	853,050	(987,938)	(928,018)	**391,224**	**290,669**
Grants and other contributions	196	37	73	392,034	786,533	148,812	44,613	37,716	1,120	1,192	13	227	-	-	**832,548**	**580,018**
Other revenue	679	110	626	22,674	68,839	42,345	54,383	42,340	938	554	5,212	1,923	(53,182)	(46,293)	**77,495**	**63,653**
Total revenue	**126,636**	**129,288**	**45,324**	**527,054**	**3,374,525**	**2,621,007**	**1,145,967**	**1,099,073**	**173,239**	**154,763**	**1,027,367**	**855,200**	**(1,041,120)**	**(974,311)**	**4,851,938**	**4,412,074**
Gains	-	-	-	23	536	2,917	116	5	-	14	1,060	197	-	-	**1,712**	**3,156**
Impairment loss reversals	-	-	-	-	1,660,155	24,805	-	-	-	-	22	13	-	-	**1,660,177**	**24,818**
Revaluation decrement reversals	445	957	445	957	433,154	1,596,857	445	1,117	445	966	-	-	-	-	**434,934**	**1,600,854**
Total income from continuing operations	**127,081**	**130,245**	**45,769**	**528,034**	**5,468,370**	**4,245,586**	**1,146,528**	**1,100,195**	**173,684**	**155,743**	**1,028,449**	**855,410**	**(1,041,120)**	**(974,311)**	**6,948,761**	**6,040,902**
Expenses from continuing operations																
Employee expenses	44,988	50,753	99,160	15,179	141,285	163,158	268,052	217,992	80,397	96,038	187,984	158,495	(360,800)	(239,214)	**461,066**	**462,401**
Supplies and services	65,186	78,354	410	95,695	538,265	844,815	322,604	309,815	45,658	41,217	723,261	588,508	(644,293)	(723,854)	**1,051,091**	**1,234,550**
Grants and subsidies	1,477	10,753	4,537	13,349	146,270	684,932	1,094,020	548,880	4,438	3,515	109	135	(463)	(1,983)	**1,250,388**	**1,259,581**
Depreciation and amortisation	2,338	938	2,285	875	961,880	869,543	25,611	8,925	3,736	5,038	22,216	15,659	-	(6)	**1,018,066**	**900,972**
Decommissioned infrastructure assets	-	-	-	-	350,640	266,394	-	-	-	-	-	-	-	-	**350,640**	**266,394**
Revaluation decrement	-	-	-	24,493	37,626	443,978	-	2,118	-	(9)	-	-	-	-	**37,626**	**470,580**
Impairment losses	(3)	(8)	(1)	21	6,437	3,133,806	2,260	312	220	103	347	160	(2,209)	(21)	**7,051**	**3,134,373**
Finance/borrowing costs	-	-	-	-	76,032	69,631	-	2,878	1	-	4,145	3,097	(7,655)	(4,553)	**72,523**	**71,053**
Other expenses	644	774	313	4,843	5,159	12,074	4,890	9,768	5,870	2,345	35,356	25,480	(28,981)	(23,511)	**23,251**	**31,773**
Total expenses from continuing operations	**114,630**	**141,564**	**106,704**	**154,455**	**2,263,594**	**6,488,331**	**1,717,437**	**1,100,688**	**140,320**	**148,247**	**973,418**	**791,534**	**(1,044,401)**	**(993,142)**	**4,271,702**	**7,831,677**
Share of profits in joint venture	-	-	-	-	-	-	13,196	11,036	-	-	-	-	-	-	**13,196**	**11,036**
Operating result from continuing operations before income tax equivalent expense	**12,451**	**(11,319)**	**(60,935)**	**373,579**	**3,204,776**	**(2,242,745)**	**(557,713)**	**10,543**	**33,364**	**7,496**	**55,031**	**63,876**	**3,281**	**18,831**	**2,690,255**	**(1,779,739)**
Income tax equivalent expense	-	-	-	-	-	-	-	-	-	-	25,203	25,531	-	-	**25,203**	**25,531**
Operating result from continuing operations after income tax equivalent expense	**12,451**	**(11,319)**	**(60,935)**	**373,579**	**3,204,776**	**(2,242,745)**	**(557,713)**	**10,543**	**33,364**	**7,496**	**29,828**	**38,345**	**3,281**	**18,831**	**2,665,052**	**(1,805,270)**
Discontinued operations																
Loss from discontinued operations	-	-	-	-	601	403,503	-	-	-	-	-	-	-	-	**601**	**403,503**
Operating result	**12,451**	**(11,319)**	**(60,935)**	**373,579**	**3,204,175**	**(2,646,248)**	**(557,713)**	**10,543**	**33,364**	**7,496**	**29,828**	**38,345**	**3,281**	**18,831**	**2,664,451**	**(2,208,773)**
Other comprehensive income																
Increase/(decrease) in asset revaluation surplus	-	-	-	-	(2)	(20,867)	(33)	-	2	-	(18)	-	-	-	**(51)**	**(20,867)**
Total other comprehensive income	**-**	**-**	**-**	**-**	**(2)**	**(20,867)**	**(33)**	**-**	**2**	**-**	**(18)**	**-**	**-**	**-**	**(51)**	**(20,867)**
Total comprehensive income	**12,451**	**(11,319)**	**(60,935)**	**373,579**	**3,204,173**	**(2,667,115)**	**(557,746)**	**10,543**	**33,366**	**7,496**	**29,810**	**38,345**	**3,281**	**18,831**	**2,664,400**	**(2,229,640)**
Allocation of income and expenses to corporate services (disclosure only):																
Income	1,511	912	1,361	755	9,328	26,947	7,931	3,438	1,797	912	-	-	-	-	**21,928**	**32,964**
Expenses	18,614	7,313	16,764	6,059	122,920	217,862	97,721	27,577	22,142	7,313	-	-	-	-	**278,161**	**266,124**

* Balance of inter-departmental service eliminations is attributed to inter-statement eliminations.

Statement of assets and liabilties by major departmental service areas as at 30 June 2012

	Transport System Planning		Investment and Program Development		Transport Infrastructure Delivery		Transport System Management, Operation and Regulation		Transport Safety		RoadTek		Inter-departmental service eliminations *		Total	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Assets																
Current assets																
Cash	34,155	21,652	30,784	19,294	211,031	170,044	183,550	89,615	40,660	23,272	15,517	(33,923)	386	4,559	**516,083**	**294,513**
Receivables	546	2,540	990	204,925	146,450	145,311	36,255	81,804	4,639	6,622	100,898	183,047	(84,970)	(212,256)	**204,808**	**411,993**
Inventories	31	53	56	4,313	8,254	3,059	2,043	1,722	261	139	50,277	47,798	(43,062)	(40,569)	**17,860**	**16,515**
Prepayments	45	82	81	6,652	12,004	4,718	2,972	2,655	380	215	155	633	-	-	**15,637**	**14,955**
Total current assets	**34,777**	**24,327**	**31,911**	**235,184**	**377,739**	**323,132**	**224,820**	**175,796**	**45,940**	**30,248**	**166,847**	**197,555**	**(127,646)**	**(248,266)**	**754,388**	**737,976**
Non-current assets																
Prepayments	31	9	56	730	8,217	518	2,034	292	260	24	-	70	-	-	**10,598**	**1,643**
Other financial assets	-	-	-	-	29,820	29,820	-	601	-	-	-	-	(29,820)	(29,820)	**-**	**601**
Intangible assets	5,176	1,928	4,756	1,332	931	10,808	108,545	118,239	4,422	2,528	-	-	-	137	**123,830**	**134,972**
Property, plant and equipment	138	572	289,105	535,193	49,490,341	44,440,989	57,460	45,378	7,479	9,734	125,781	114,998	-	(138)	**49,970,304**	**45,146,726**
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	4,496	1,784	-	-	**4,496**	**1,784**
Total non-current assets	**5,345**	**2,509**	**293,917**	**537,255**	**49,529,309**	**44,482,135**	**168,039**	**164,510**	**12,161**	**12,286**	**130,277**	**116,852**	**(29,820)**	**(29,821)**	**50,109,228**	**45,285,726**
Total assets	**40,122**	**26,836**	**325,828**	**772,439**	**49,907,048**	**44,805,267**	**392,859**	**340,306**	**58,101**	**42,534**	**297,124**	**314,407**	**(157,466)**	**(278,087)**	**50,863,616**	**46,023,702**
Liabilities																
Current liabilities																
Payables	88,583	102,044	79,842	90,932	547,323	801,424	476,051	422,359	105,454	109,681	46,112	84,435	(100,704)	(219,735)	**1,242,661**	**1,391,140**
Interest bearing liabilities	-	-	-	-	69,890	64,616	111	-	-	-	29,000	29,000	(29,000)	(29,000)	**70,001**	**64,616**
Accrued employee benefits	1,034	2,889	2,280	864	3,249	9,289	6,163	12,411	1,849	5,468	6,106	5,880	-	-	**20,681**	**36,801**
Current tax liabilities	-	-	-	-	-	-	-	-	-	-	4,951	13,950	-	-	**4,951**	**13,950**
Other	590	755	532	673	3,646	5,930	3,171	3,125	703	812	-	-	-	-	**8,642**	**11,295**
Total current liabilities	**90,207**	**105,688**	**82,654**	**92,469**	**624,108**	**881,259**	**485,496**	**437,895**	**108,006**	**115,961**	**86,169**	**133,265**	**(129,704)**	**(248,735)**	**1,346,936**	**1,517,802**
Non-current liabilities																
Interest bearing liabilities	-	-	-	-	924,516	946,976	95,719	41,122	-	-	-	-	-	-	**1,020,235**	**988,098**
Accrued employee benefits	435	584	959	175	1,367	1,877	2,593	2,509	778	1,105	-	-	-	-	**6,132**	**6,250**
Total non-current liabilities	**435**	**584**	**959**	**175**	**925,883**	**948,853**	**98,312**	**43,631**	**778**	**1,105**	**-**	**-**	**-**	**-**	**1,026,367**	**994,348**
Total liabilities	**90,642**	**106,272**	**83,613**	**92,644**	**1,549,991**	**1,830,112**	**583,808**	**481,526**	**108,784**	**117,066**	**86,169**	**133,265**	**(129,704)**	**(248,735)**	**2,373,303**	**2,512,150**
Net assets	**(50,520)**	**(79,436)**	**242,215**	**679,795**	**48,357,057**	**42,975,155**	**(190,949)**	**(141,220)**	**(50,683)**	**(74,532)**	**210,955**	**181,142**	**(27,762)**	**(29,352)**	**48,490,313**	**43,511,552**

* Balance of inter-departmental service eliminations is attributed to inter-statement eliminations.

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:
- a sustainable transport system which promotes economic growth and enhances liveability
- a safe transport system leading to improved health and wellbeing for Queenslanders
- inclusive transport services linking people to employment, education, services and their communities
- transport-related impacts on the natural, cultural and built environments managed for the community
- enhanced capability of people involved in the transport, logistics and supply chain industry
- enhanced leadership and stakeholder relationships, improving transport outcomes for Queensland
- contemporary people, processes and systems, enabling us to achieve our corporate objectives.

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 and that other development impacts are managed. Transport and Main Roads' activities under this service 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 balanced investment between enhancement work and funding for maintenance, preservation and operations. This is done through the development of the Transport Infrastructure Portfolio Strategy (TIPS) that identifies and prioritises transport system investments and ensures that predicted investment benefits are delivered. Based on the TIPS, a four-year forward program of works covering all infrastructure investment, the Queensland Transport and Roads Investment Program, is developed and managed.

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 the transport system safely 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.

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 throughout Queensland, providing civil construction and maintenance works and related services. In delivering a large, diverse program of works, RoadTek is focused on community needs, delivering best value outcomes in a safe and efficient manner, and improving safety for both road workers and road users.

(b) Machinery-of-Government changes

Queensland Boating and Fisheries Patrol transfer
Under the *Public Service Departmental Arrangements Notice (No.9) 2011*, the Queensland Boating and Fisheries Patrol entity was transferred from the former Department of Employment, Economic Development and Innovation to the Department of Transport and Main Roads on 1 September 2011.

As a result of this change, assets with a value of \$17.654m and liabilities with a value of \$0.476m were transferred to the department.

Transferred to the department were 117 employees.

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

Budgeted departmental services revenue of \$14.170m (controlled) was re-allocated from the Department of Employment, Economic Development and Innovation to the Department of Transport and Main Roads as part of the Machinery-of-Government changes.

Under the *Public Service Departmental Arrangements Notice (No.2) 2012*, the Queensland Boating and Fisheries Patrol entity was transferred from the Department of Transport and Main Roads to the Department of Agriculture, Fisheries and Forestry effective on 1 May 2012.

As a result of this change, assets with a value of $16.472m and liabilities with a value of $0.376m were transferred from the Department of Transport and Main Roads to the Department of Agriculture, Fisheries and Forestry. Of these assets, cash to the amount of $0.143m was transferred in 2012–13.

Transferred from the department were 103 employees.

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

Budgeted departmental services revenue of $3.204m (controlled) was re-allocated from the Department of Transport and Main Roads to the Department of Agriculture, Fisheries and Forestry as part of the Machinery-of-Government changes.

Expenses and revenues reliably attributed to the Queensland Boating and Fisheries Patrol reported in the Statement of comprehensive income relate to the period 1 September 2011 to 30 April 2012.

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 Treasury and Trade's Minimum Reporting Requirements for the year ended 30 June 2012 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 controlled entity, Transport Holdings Queensland Pty Ltd, is considered not to be material and is not consolidated in these financial statements.

Disclosures pertaining to the operations of Transport Holdings Queensland Pty Ltd are provided in Note 41. Transport Holdings Queensland Pty Ltd prepares separate general purpose financial statements.

The department ceased to control Queensland Motorways Limited during the 2010–11 financial year. All shares held by the department in Transmax Pty Ltd were transferred to Transport Holdings Queensland Pty Ltd on 1 July 2011.

(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 44.

(d) Trust/agency 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 46. Applicable audit arrangements also are shown.

(e) Revenue

Departmental service area revenue/administered revenue
Appropriations provided under the Annual Appropriation Act 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 44.

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

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would have been purchased if they had not been donated. Where this is the case, an equal amount is recognised as revenue and an expense.

(f) 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 receipted but not banked at 30 June.

(g) 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 42.

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

The department takes up an administered receivable for the balance of Penalty Infringement Notices and Traffic Offence Notices outstanding 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 Treasury and Trade and is not reported in the financial statements of the Department of Transport and Main Roads.

(h) Inventories

Raw materials and stores, work in progress and finished goods
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.

(i) 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.

(j) 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*.

(k) 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 and licences 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.

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 criteria of $100,000 for this class of assets.

(l) 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.

Heritage and cultural assets are not depreciated as their service potential is not expected to diminish with time or use and where cultural and preservation policies are demonstrated to be in place.

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 and busways	Surfaces - straight-line	1.78% - 50%
	Formation earthworks - not depreciated	Indefinite life
	Formation earthworks - straight-line	1.09% - 5%
	Pavements and minor drainage - Equivalent Standard Axle (ESA), growth rate over time	1.51% - 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. The residual value represents the intrinsic value of sub-components at the end of their useful life to be re-used in the rehabilitation of portions of the network.

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.

The amount accrued is recognised as land.

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

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

Other infrastructure
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 - infrastructure
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.

(m) 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 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 is measured at cost in accordance with Treasury and Trade's non-current asset policies.

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. Refer to Note 3(l) for further discussion on the valuation of infrastructure assets.

If a class of asset experiences significant and volatile changes in fair value, that is, where 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 such revaluations in the reporting period, where practicable, regardless of the timing of previous such method of revaluation.

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.

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 and busway network. A greenfield construction for valuation purposes includes removal of existing infrastructure assuming no main road or busway is in the corridor.

The department completed a comprehensive management valuation of the infrastructure network assets as at 30 June 2012. Suitably qualified and experienced departmental engineers and staff completed the valuation in conjunction with commercial estimation firm Aquenta Consulting Pty Ltd.

In 2011–12, 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 and busways
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 a unit rate expert panel consisting of a cross-section of suitably qualified departmental engineers and project managers and external commercial estimation consultants. Currently the methodology contains 194 individual unit rates.

The written down values of replaced surfaces and pavements and road sections demained 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 16.

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 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.

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

The written down value of replaced structures and the value of structures demained 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 16.

Other infrastructure
In 2011–12, the department's marine infrastructure assets were assessed for revaluation by using appropriate indices. Indices were obtained from Treasury and Trade's, Office of Economic and Statistical Research and desktop valuations were conducted by suitably qualified departmental engineers.

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 2011–12, the department's assets were assessed for revaluation using appropriate indices. The following organisations were engaged to carry out the indexed valuations:

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

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

(n) 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.

Road earthworks are considered to have indefinite useful lives unless an engineering assessment indicates otherwise. Where this assessment is made, the difference between the carrying amount and fair value for the finite useful life is treated as an impairment.

(o) 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 Statement of comprehensive income 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 36 and lease commitments in Note 39(a).

(p) 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.

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

(q) 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
- 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 42.

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

No provision for annual leave is recognised in the financial statements, the liability being held on a whole-of-government basis and reported in those financial statements prepared pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, prepared by Treasury and Trade.

Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash flows to be made for those benefits. Refer to Note 31.

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

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 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 being held on a whole-of-government basis and reported in those financial statements, prepared pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, as prepared by Treasury and Trade.

Key executive management personnel and remuneration
Key executive management personnel and remuneration disclosures are made in accordance with section 5 of the Financial Reporting Requirements for Queensland Government Agencies issued by Treasury and Trade. Refer to Note 12 for the disclosures on key executive management personnel and remuneration.

(s) 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.

(t) Financing/borrowing costs

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

Finance costs include:
- interest on bank overdrafts and short-term and long-term borrowings
- ancillary administration charges.

No borrowing costs are capitalised into qualifying assets.

(u) 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.

(v) Joint ventures

The department has 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.

Treasury and Trade policy mandates accounting for interests in joint ventures using the equity method. The department's share of profits in the joint venture is disclosed separately in the Statement of comprehensive income and in Note 43.

(w) 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 being paid on a risk assessment basis.

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

(x) 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.

(y) 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.

(z) 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.

(aa) 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(l) Property, plant and equipment
- Note 28 Property, plant and equipment
- Note 40 Contingencies.

The Australian Government passed its Clean Energy Act in November 2011 with a start date of 1 July 2012. The legislation will result 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 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.

(ab) 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.

(ac) New and revised accounting standards

The department did not voluntarily change any of its accounting policies during 2011–12. Australian accounting standard changes applicable for the first time for 2011–12 have had minimal effect on the department's financial statements, as explained below.

AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]* became effective from reporting periods beginning on or after 1 January 2011.

Given the department's existing financial instruments, there was only a minor impact on the department's financial instruments note in relation to disclosures about credit risk. Refer to Note 42. This note no longer needs to disclose amounts that best represent the maximum exposure to credit risk where the carrying amount of the instruments already reflects this. As this was the case with all the department's receivables as at 30 June 2012, and as at 30 June 2011, receivables are not included in the credit risk disclosure in this year's financial statements.

As the department held no collateral or other credit enhancements in respect of its financial instruments, and did not re-negotiate the terms of any financial assets, during the reporting periods presented in these financial statements, there were no other changes required to the department's financial instruments note arising from the amendments to AASB 7 *Financial Instruments: Disclosures*.

AASB 1054 *Australian Additional Disclosures* became effective from reporting periods beginning on or after 1 July 2011. Given the department's previous disclosure practices, AASB 1054 had minimal impact on the department. One of the footnotes to Note 20 Other expenses, regarding audit fees, has been slightly amended to clarify the nature of the work performed by the auditor.

AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]* also became effective from reporting periods beginning on or after 1 July 2011. The only potential implication for the department from this amending standard was the deletion from AASB 101 *Presentation of Financial Statements* of the requirement for disclosure of commitments.

However, Treasury and Trade's Financial Reporting Requirements require continuation of commitments disclosures, so this deletion from AASB 101 has no impact on the department's commitments note. Refer to Note 39.

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 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 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]* applies as from reporting periods beginning on or after 1 July 2012. The only impact for the department will be that, in the Statement of comprehensive income, items within the other comprehensive income section will need to be presented in different sub-sections, according to whether or not they are subsequently re-classifiable to the operating result. Whether subsequent re-classification is possible depends on the requirements or criteria in the accounting standard or interpretation that relates to the item concerned.

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 2013. 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 2013–14 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(q) and Note 42.

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.

For this change, the 2013–14 financial statements will need to disclose a comparison between the previous measurement classification and carrying amount as at 30 June 2013 and the new classification and fair value amount as at 1 July 2013. AASB 9 allows an entity to make an irrevocable election, at the date of initial recognition, to present in other comprehensive income subsequent changes in the fair value of such an asset. Treasury and Trade is currently considering mandating this accounting treatment when AASB 9 becomes effective.

Changed disclosure requirements will apply once AASB 9 becomes effective. A number of one-off disclosures will be required in the 2013–14 financial statements to explain the impact of adopting AASB 9.

The following new and revised standards apply as from reporting periods beginning on or after 1 January 2013:

- 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]*.

These standards cannot be applied by not-for-profit entities prior to their effective date, as the AASB is presently considering modifying them for application by not-for-profit entities in an Australian context. Any such modifications are likely to clarify how the IASB's principles should be applied by not-for-profit entities. 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, subject to any not-for-profit modifications yet to be made 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 modifications yet 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.

AASB 12 contains a wide range of new disclosure requirements in respect of interests in other entities, whether those entities are controlled entities, associates, joint arrangements, or structured entities that are not consolidated. The volume and nature of disclosures that the department will be required to make as from its 2013–14 financial statements will depend on the department's eventual assessment of the implications of the new and revised standards listed above, particularly AASB 10, AASB 11 and AASB 128.

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 and AASB 2011-11, which also apply from reporting periods beginning on or after 1 July 2013. However, Treasury Department'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, Treasury and Trade is the regulator. 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.

Treasury and Trade's policy also prohibits the early adoption of the arrangements outlined in AASB 1053 and its accompanying amending standards. Therefore, the release of AASB 1053 and associated amending standards will have no impact on the department.

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.

	2012 $'000	2011 $'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	3,708,928	3,357,634
Transfers from/(to) other departments - redistribution of public businesses	10,873	-
Transfers from/(to) other headings - variation in headings	(150,065)	201,915
Total departmental services receipts	3,569,736	3,559,549
Less: Opening balance of departmental services appropriation receivable	-	(62,530)
Plus: Opening balance of departmental services appropriation payable	19,285	-
Less: Closing balance of departmental services appropriation payable	(38,350)	(19,285)
Departmental services revenue recognised in Statement of comprehensive income	**3,550,671**	**3,477,734**
Reconciliation of payments from Consolidated Fund to equity adjustment recognised in contributed equity		
Budgeted equity adjustment appropriation	2,108,831	2,433,147
Transfers from/(to) other headings - variation in headings	248,339	-
Lapsed equity adjustment	-	(743,817)
Unforeseen expenditure	15,971	-
Equity adjustment receipts/(payments)	2,373,141	1,689,330
Less: Opening balance of equity adjustment receivable	-	-
Plus: Closing balance of equity adjustment receivable	8	-
Equity adjustment recognised in contributed equity	**2,373,149**	**1,689,330**

5 User charges

	2012 $'000	2011 $'000
Pacific Adventurer Limitation Fund *	17,914	-
Pilotage	65,586	53,862
Property search fees	1,371	1,834
Provision of services to government agencies **	31,360	31,498
Recoverable works	60,683	62,675
Rent revenue **	31,790	29,645
Services rendered ** ***	167,485	92,155
Other **	15,035	19,000
Total	**391,224**	**290,669**

* Balance of limitation fund relates to the Pacific Adventurer oil spill which occurred in 2009.

** Comparatives have changed due to the remapping of items within User charges and the removal of items amounting to $2.038m previously incorrectly reported.

*** Services rendered includes construction contract revenue of $7.095m (2011: $7.765m).

6 Grants and other contributions

	2012 $'000	2011 $'000
Goods, services and assets received at below fair value *	8,093	73,557
Grants from the Australian Government	784	811
Grants from local government	37,014	46,000
Grants from Queensland Reconstruction Authority **	746,981	420,512
Subsidies from Department of Education, Training and Employment for students with disabilities	33,633	34,127
Other	6,043	5,011
Total	**832,548**	**580,018**

* Comparatives have changed due to the inclusion of items relating to the transfer of assets from Queensland Motorways Limited of $19.326m not previously reported. Refer to Note 28.

** Non-reciprocal grants received from the Queensland Reconstruction Authority (QRA) are for the rebuilding of transport infrastructure following natural disasters.

	2012 $'000	2011 $'000
7 Other revenue		
Compulsory third party administration fees	28,584	26,610
Developers' contributions revenue *	14,236	3,239
Refund from Australian Taxation Office	7,423	-
Insurance compensation from loss of property	2,759	469
Interest	115	2,299
Motorway contribution revenue	-	2,526
Registration fee surcharge	13,853	12,499
Revenue from former controlled entities	-	10,506
Tolling compliance revenue	2,423	1,977
Other	8,102	3,528
Total	**77,495**	**63,653**

* Developers' contributions in 2012 include revenue for the LNG project on Curtis Island of $8.683m.

	2012 $'000	2011 $'000
8 Gains		
Gain on sale of land	497	2,917
Gain on sale of plant and equipment	1,215	239
Total	**1,712**	**3,156**

	2012 $'000	2011 $'000
9 Impairment loss reversals		
Impairment reversals - infrastructure	1,660,177	24,818
Total	**1,660,177**	**24,818**

Impairment reversal includes $1.186b being a reduction in the impairment assessment of the road network ($2.16b in 2012 down from $3.34b in 2011), attributable to natural disaster damage, and $473.471m of infrastructure asset revaluation surplus available for the reversal of prior year impairment loss expense.

	2012 $'000	2011 $'000
10 Revaluation decrement reversals		
Revaluation decrement reversals - buildings	1,668	4,979
Revaluation decrement reversals - heritage and cultural assets	113	-
Revaluation decrement reversals - infrastructure	433,153	1,595,875
Total	**434,934**	**1,600,854**

Comparatives have changed due to the correction of a prior year misstatement. Refer to Note 48.

11 Employee expenses

	2012 $'000	2011 $'000
Employee benefits		
Annual leave levy	17,770	30,562
Employer superannuation contributions	23,029	28,377
Long service leave levy	3,255	3,853
Voluntary separation program *	90,232	-
Wages and salaries **	292,028	364,754
Other employee benefits	5,107	6,951
Employee related expenses		
Payroll tax	13,858	14,299
Workers' compensation premium	939	2,099
Other employee related expenses **	14,848	11,506
Total	**461,066**	**462,401**

* In 2012 the department paid $90.232m in Voluntary Separation Program (VSP) payments to eligible employees.

** Comparatives have changed due to the remapping of items within this note.

The department's total employee expenditure was $958.889m (2011: $823.701m). Of this $497.823m was capitalised to construction work in progress (2011: $361.300m).

	2012	2011
Number of employees:	**8,851**	**9,046**

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

12 Key executive management personnel and remuneration

a) Key executive management personnel

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2011–12. 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 (CEO1) Public Service Commission *Public Service Act 2008*	Appointed in March 2012
Deputy Director-General Policy and Planning	The Deputy Director-General Policy and Planning is responsible for strategic policy, integrated transport planning, road system management, rail, ports and freight, and passenger transport. The Deputy Director-General Policy and Planning is also the Senior Responsible Owner for the South East Queensland Moving People Program.	Higher Duties (CEO4) Director-General *Public Service Act 2008*	Commenced in November 2011

12 Key executive management personnel and remuneration (continued)

a) Key executive management personnel (continued)

Position	Responsibilities	Current Incumbents	
		Contract classification and appointment authority	**Date appointed to position (date resigned from position)**
Deputy Director-General Investment and Program Development	The Deputy Director-General Investment and Program Development is responsible for prioritisation of investment, development and management of the department's integrated program of works, and the engineering and technology needed to support sustained performance and operation of the transport system. The Deputy Director-General Investment and Program Development is also the Senior Responsible Owner for the Growing Regional Communities Program.	Tenured SES officer s.122 contract (SES4) Director-General *Public Service Act 2008*	Appointed in April 2009
Deputy Director-General Transport Safety and Regulation	The Deputy Director-General Transport Safety and Regulation is responsible for Emergency Management, Maritime Safety Queensland, Road Safety, Registration and Licensing and Rail Safety and Transport Security, the four areas of the agency charged with ensuring the welfare of our transport system and of the people, vehicles and vessels that use it every day. The Deputy Director-General Transport Safety and Regulation is also the Senior Responsible Owner for state-wide road safety.	Higher Duties (SES4) Director-General *Public Service Act 2008*	Commenced in November 2011
Deputy Director-General Operations	The Deputy Director-General Operations is responsible for the state-wide delivery of road projects, asset management, operations, civil works and transport services while providing the department's regional representation across Queensland.	Higher Duties (SES4) Director-General *Public Service Act 2008*	Commenced in May 2012
Deputy Director-General Corporate	The Deputy Director-General Corporate is responsible for corporate governance, finance, information communication technology, and people and capability.	Higher Duties (SES4) Director-General *Public Service Act 2008*	Commenced in March 2012

b) Remuneration

Remuneration policy for the department's key executive 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 executive management personnel are specified in employment contracts. The contracts provide for the provision of performance-related cash bonuses and other benefits including motor vehicles.

12 Key executive management personnel and remuneration (continued)

b) Remuneration (continued)

Remuneration packages for key executive management personnel comprise the following components:

- Short term employee benefits which include:
  - Base - consisting of base salary, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed are equal to the amount expensed in the Statement of comprehensive income.
  - 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 long service leave accrued.
- Post employment benefits include superannuation contributions.
- 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 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	120	-	-	13	-	**133**
Director-General 01.07.2011–27.03.2012	328	-	7	29	343	**707**
Deputy Director-General Policy and Planning	312	31	-	32	-	**375**
Deputy Director-General Investment and Program Development	226	9	27	23	-	**285**
Deputy Director-General Transport Safety and Regulation	223	-	4	19	-	**246**
Deputy Director-General Operations 28.05.2012–30.06.2012	20	-	-	2	-	**22**
Deputy Director-General Operations 01.07.2011–25.05.2012	223	-	-	24	3	**250**
Deputy Director-General Corporate 01.03.2012–30.06.2012	69	-	1	6	-	**76**
Deputy Director-General Corporate 28.11.2011–29.02.2012	70	-	1	7	-	**78**

12 Key executive 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
Deputy Director-General Corporate 01.07.2011–27.11.2011	89	15	2	13	-	**119**
Total remuneration	**1,680**	**55**	**42**	**168**	**346**	**2,291**

1 July 2010 – 30 June 2011

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	409	7	8	38	-	**462**
Associate Director-General 01.07.2010–14.12.2010	168	8	4	18	-	**198**
Associate Director-General 17.01.2011–08.04.2011	61	9	1	6	-	**77**
Associate Director-General 19.04.2011–30.06.2011	57	9	-	6	-	**72**
Deputy Director-General Policy and Planning 01.07.2010–13.03.2011	167	30	-	17	-	**214**
Deputy Director-General Policy and Planning 14.03.2011–30.06.2011	58	2	1	6	-	**67**
Deputy Director-General Investment and Program Development	182	22	31	22	-	**257**
Chief Operations Officer *	215	6	-	24	321	**566**
Deputy Director-General Corporate 01.07.2010–24.12.2010	101	19	2	10	-	**132**
Deputy Director-General Corporate 25.12.2010–30.06.2011	119	12	2	12	-	**145**
Total remuneration	**1,537**	**124**	**49**	**159**	**321**	**2,190**

* The termination benefit for the Chief Operations Officer relates to a payment made to the previous incumbent.

c) Performance payments

There were no performance bonuses paid or payable to any key executive management personnel in 2012 (2011: $Nil).

13 Supplies and services

	2012 $'000	2011 $'000
Administration *	42,286	44,573
Bank fees and charges	5,532	5,288
Information and communication technology	56,739	50,277
Consultants and contractors * **	566,562	637,956
Operating lease rentals	22,703	22,175
Plant hire *	64,135	65,192
Property related costs	4,936	56,985
QR National float	-	70,634
Queensland Government services *	38,672	38,067
Raw materials *	53,038	52,794
Repairs and maintenance *	59,344	46,377
Supplies and consumables *	28,144	44,590
Travel *	21,893	21,184
Utilities *	79,735	72,026
Other *	7,372	6,432
Total	**1,051,091**	**1,234,550**

* Comparatives have changed due to the remapping of line items, and improvements to the methodology to allocate capital components across Supplies and services.

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

The department's total Supplies and services expenditure was $4.547b (2011: $4.064b), of which $3.496b (2011: $2.829b) was capitalised to construction work in progress. The following table details the breakdown of capitalised supplies and services components for 2012:

	Total expenditure 2012 $'000	Capitalised expenditure 2012 $'000	Reported expenditure 2012 $'000
Administration	57,241	14,955	42,286
Bank fees and charges	5,542	10	5,532
Information and communication technology	56,739	-	56,739
Consultants and contractors	3,747,980	3,181,418	566,562
Operating lease rentals	22,704	1	22,703
Plant hire	151,499	87,364	64,135
Property related costs	28,695	23,759	4,936
Queensland Government services	38,704	32	38,672
Raw materials	191,349	138,311	53,038
Repairs and maintenance	59,346	2	59,344
Supplies and consumables	62,049	33,905	28,144
Travel	32,866	10,973	21,893
Utilities	85,329	5,594	79,735
Other	7,379	7	7,372
Total	**4,547,422**	**3,496,331**	**1,051,091**

14 Grants and subsidies

	2012 $'000	2011 $'000
Australian Government Black Spot	2,796	4,164
Public transport	66,098	62,820
Rail	832,602	906,294
School transport	164,603	163,885
Transport Infrastructure Development Scheme (TIDS) *	67,165	54,863
Transport infrastructure **	95,981	42,307
Other	21,143	25,248
Total	**1,250,388**	**1,259,581**

* The increase in Transport Infrastructure Development Scheme (TIDS) in 2012 relates to additional assistance provided to local governments for maintenance works.

** Transport infrastructure includes reimbursement to Queensland Motorways Limited of $48.552m in 2012 for Gateway Upgrade South design and construction costs.

15 Depreciation and amortisation

	2012 $'000	2011 $'000
Depreciation incurred for:		
Buildings	18,242	14,111
Plant and equipment	33,459	26,051
Infrastructure	947,946	849,068
	999,647	889,230
Amortisation incurred for:		
Software purchased	814	780
Software internally generated	17,596	10,935
Other intangibles	9	27
	18,419	11,742
Total	**1,018,066**	**900,972**

16 Decommissioned infrastructure assets

	2012 $'000	2011 $'000
Decommissioned infrastructure assets	350,640	266,394
Total	**350,640**	**266,394**

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(m).

17 Revaluation decrement

	2012 $'000	2011 $'000
Land	37,626	470,265
Heritage and cultural assets	-	315
Total	**37,626**	**470,580**

Revaluation decrement reversals are disclosed in Note 10.
Comparatives have changed due to the correction of a prior year misstatement. Refer to Note 48.

	2012 $'000	2011 $'000
18 Impairment losses		
Impairment losses on property, plant and equipment *	-	3,133,028
Impairment losses on trade receivables	7,051	1,345
Total	**7,051**	**3,134,373**

* Represents the impairment of the road network due mainly to the effect of natural disasters. Refer to Note 9 for disclosure of impairment loss reversals.

	2012 $'000	2011 $'000
19 Finance/borrowing costs		
Administration charges	1,089	1,201
Interest	71,434	69,852
Total	**72,523**	**71,053**

	2012 $'000	2011 $'000
20 Other expenses		
Audit fees *	1,430	1,142
Capital projects costs written off	717	8,341
Fees, permits and other charges	2,270	2,992
Insurance premiums - QGIF ** ****	8,850	6,292
Insurance premiums - other ** ***	2,918	2,723
Loss from disposal of property, plant and equipment **	1,572	2,804
Losses:		
Public monies **	120	126
Public property	666	2
Special payments:		
Ex gratia payments	178	3,556
Court awarded damages	537	1,887
Compensation claims	140	239
Resources provided below fair value	109	-
Other **	3,744	1,669
Total	**23,251**	**31,773**

* Total audit fees paid to the Queensland Audit Office relating to the 2011–12 financial statements are estimated to be $0.863m (2011: $0.930m). There are no non-audit services included in this amount.

** Comparatives have changed due to remapping of line items within Other expenses and the removal of items amounting to $0.043m previously incorrectly reported.

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

**** 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.

	2012 $'000	2011 $'000
21 Loss from discontinued operations		
Derecognition of shares in Transmax Pty Ltd *	601	-
Derecognition of shares in Queensland Motorways Limited (QML)	-	197,658
Gateway Upgrade South infrastructure asset transferred to QML	-	128,727
Derecognition of Gateway Motorway infrastructure asset	-	198,175
	601	524,560
Less: Port of Brisbane Motorway infrastructure asset received from QML	-	121,057
Total	**601**	**403,503**

* All shares held by the department in Transmax Pty Ltd were transferred to Transport Holdings Queensland Pty Ltd on 1 July 2011. Refer to Note 3(b).

	2012 $'000	2011 $'000
22 Cash		
Cash at bank	515,884	294,313
Imprest accounts	199	200
Total	**516,083**	**294,513**

Comparatives have changed due to remapping of items to/from Receivables and Payables. Refer to Notes 23 and 29.

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 set-off arrangement accrues to the Consolidated Fund.

	2012 $'000	2011 $'000
23 Receivables		
Trade debtors * **	134,690	326,006
Less: Allowance for impairment loss	(8,622)	(1,010)
	126,068	324,996
GST receivable	81,966	68,463
GST payable	(20,644)	(21,157)
	61,322	47,306
Annual leave reimbursements	12,653	11,398
Long service leave reimbursements	2,595	2,445
Other	2,170	25,848
	17,418	39,691
Total	**204,808**	**411,993**
Movements in the allowance for impairment loss		
Opening balance	1,010	527
Increase/(decrease) in allowance recognised in the operating result	7,612	483
Closing balance	**8,622**	**1,010**

* Comparatives have changed due to the remapping of $0.729m from Cash. Refer to Note 22.

** The decrease is due to a reduction of revenue receivable from the Queensland Reconstruction Authority.

	2012 $'000	2011 $'000
24 Inventories		
Supplies and consumables - at cost:		
Raw materials and stores	16,515	14,701
Work in progress	53	136
	16,568	14,837
Inventory held for sale - at cost:		
Customer Service Centre products *	43	975
Plates	512	400
Publications	468	303
	1,023	1,678
Construction work in progress:		
Contract costs incurred and recognised profits less recognised losses	269	3,410
Less: Progress billings **	-	(3,410)
	269	-
Total	**17,860**	**16,515**

* Outmoded licensing products due to the roll out of the New Queensland Driver's License (NQDL) were written off.

** Total progress billings and advances received from construction contracts in progress amount to $Nil (2011: $3.410m). 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.

25 Prepayments

	2012 $'000	2011 $'000
Current		
Prepayments	15,637	14,955
Total	**15,637**	**14,955**
Non-current		
Prepayments *	10,598	1,643
Total	**10,598**	**1,643**

* Non-current prepayments have increased due to the payment of insurance premiums for the Transport Network Reconstruction Program.

26 Other financial assets

	2012 $'000	2011 $'000
Non-current		
Shares in Transmax Pty Ltd - at cost *	-	601
Total	**-**	**601**

* The shares in Transmax Pty Ltd were transferred to Transport Holdings Queensland Pty Ltd on 1 July 2011 for no consideration. Refer to Note 3(b) and Note 21.

27 Intangible assets

	2012 $'000	2011 $'000
Software purchased:		
At cost	10,461	9,306
Less: Accumulated amortisation	(6,246)	(5,548)
	4,215	3,758
Software internally generated:		
At cost	228,525	172,135
Less: Accumulated amortisation	(122,082)	(104,885)
	106,443	67,250
Software work in progress		
At cost	12,730	63,927
Other intangibles: *		
At cost	714	300
Less: Accumulated amortisation	(272)	(263)
	442	37
Total	**123,830**	**134,972**

* Other intangibles includes a management right agreement with Jargarra Villas Community Titles Scheme. The useful life of the management rights is considered to be indefinite as there is no foreseeable limit on the period of time over which the asset is expected to contribute to the cash flows of the department.

Amortisation of intangibles is included in the line item Depreciation and amortisation in the Statement of comprehensive income.
The department has software assets with an original cost of $9.216m (2011: $7.846m) and a written down value of zero continuing to be used in the provision of services.
There was no material expenditure on research into intangible assets during the reporting period.

27 Intangible assets (continued)

Intangibles reconciliation

	Software purchased		Software internally generated		Software work in progress	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Opening balance	3,758	3,875	67,250	24,423	63,927	107,287
Acquisitions	-	663	-	8,523	17,574	12,630
Transfers between classes	-	-	54,192	44,147	(54,192)	(44,147)
Transfers from/(to) property, plant and equipment	1,271	-	2,597	1,092	(14,579)	(3,765)
Projects written off	-	-	-	-	-	(8,078)
Amortisation	(814)	(780)	(17,596)	(10,935)	-	-
Closing balance	**4,215**	**3,758**	**106,443**	**67,250**	**12,730**	**63,927**

	Other intangibles		Total	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Opening balance	37	64	134,972	135,649
Acquisitions	-	-	17,574	21,816
Transfers between classes	-	-	-	-
Transfers from/(to) property, plant and equipment	414	-	(10,297)	(2,673)
Projects written off	-	-	-	(8,078)
Amortisation	(9)	(27)	(18,419)	(11,742)
Closing balance	**442**	**37**	**123,830**	**134,972**

	2012 $'000	2011 $'000
28 Property, plant and equipment		
Land:		
At fair value	2,360,365	2,231,805
Buildings:		
At fair value	460,658	426,425
Less: Accumulated depreciation	(249,915)	(234,378)
	210,743	192,047
Heritage and cultural assets:		
At fair value	4,631	4,544
Plant and equipment:		
At cost	329,321	300,611
Less: Accumulated depreciation	(164,975)	(148,620)
	164,346	151,991
Infrastructure:		
At fair value	59,090,013	56,043,164
Less: Accumulated depreciation	(16,018,463)	(14,543,424)
Less: Accumulated impairment losses	(2,688,783)	(3,723,872)
	40,382,767	37,775,868
Work in progress:		
At cost	6,847,452	4,790,471
Total	**49,970,304**	**45,146,726**

Comparatives have changed for infrastructure which has increased by $1.818b. This comprises $19.326m in assets transferred from Queensland Motorways Limited, and $1.799b relating to the correction of a prior year misstatement. Refer to Note 48.
The department has property, plant and equipment with an original cost of $55.200m (2011: $36.936m) and a written down value of zero still being used in the provision of services.
The department has property, plant and equipment with an original cost of $26.429m (2011: $28.537m) that is written down to a residual value of $1.976m (2011: $1.919m), continuing to be used in the provision of services.

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	-	4,045,118	**4,148,765**
Assets received at below fair value	7,744	-	-	54	-	-	**7,798**
Assets transferred 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 16.	-	-	-	-	(350,640)	-	**(350,640)**
Revaluation decrement. Refer to Note 33.	-	(18)	(33)	-	-	-	**(51)**
Revaluation decrements expensed. Refer to Note 17.	(37,626)	-	-	-	-	-	**(37,626)**
Revaluation decrements reversed. Refer to Note 10.	-	1,668	113	-	433,153	-	**434,934**
Impairment losses reversed. Refer to Note 9.	-	22	-	-	1,660,155	-	**1,660,177**
Depreciation	-	(18,242)	-	(33,459)	(947,946)	-	**(999,647)**
Closing balance	**2,360,365**	**210,743**	**4,631**	**164,346**	**40,382,767**	**6,847,452**	**49,970,304**

28 Property, plant and equipment (continued)

Asset reconciliation - 2011

	Land	Buildings	Heritage and cultural assets	Plant and equipment	Infrastructure	Work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance	2,447,695	200,299	4,705	138,654	37,019,654	5,457,098	**45,268,105**
Adjustment to opening balances	-	6,197	-	-	-	-	**6,197**
New infrastructure at cost	-	-	-	-	3,545,945	(3,545,945)	**-**
Infrastructure projects continuing and commenced	-	-	-	-	-	2,881,116	**2,881,116**
Acquisitions	267,244	6,366	-	37,398	-	31,986	**342,994**
Assets recognised from discontinued operations. Refer to Note 21.	-	-	-	-	121,057	-	**121,057**
Assets derecognised as a result of discontinued operations. Refer to Note 21.	-	-	-	-	(326,901)	-	**(326,901)**
Assets reclassified from/(to) held for sale	(11,267)	-	-	-	-	-	**(11,267)**
Assets transferred from/(to) other entities. Refer to Statement of changes in equity.	-	-	-	-	43,684	-	**43,684**
Transfers between classes	43,493	(11,406)	122	(69)	289	(32,429)	**-**
Transfers from/(to) intangibles	-	-	-	3,765	-	(1,092)	**2,673**
Disposals	(24,178)	(307)	-	(1,706)	(49)	-	**(26,240)**
Projects written off	-	-	-	-	-	(263)	**(263)**
Decommissioned infrastructure assets. Refer to Note 16.	-	-	-	-	(266,395)	-	**(266,395)**
Revaluation increments. Refer to Note 33.	-	18	33	-	-	-	**51**
Revaluation decrement. Refer to Note 33.	(20,917)	-	-	-	-	-	**(20,917)**
Revaluation decrements expensed. Refer to Note 17.	(470,265)	-	(316)	-	-	-	**(470,581)**
Revaluation decrements reversed. Refer to Note 10.	-	4,979	-	-	1,595,875	-	**1,600,854**
Impairment losses expensed. Refer to Note 18.	-	-	-	-	(3,133,028)	-	**(3,133,028)**
Impairment losses reversed. Refer to Note 9.	-	12	-	-	24,805	-	**24,817**
Depreciation	-	(14,111)	-	(26,051)	(849,068)	-	**(889,230)**
Closing balance	**2,231,805**	**192,047**	**4,544**	**151,991**	**37,775,868**	**4,790,471**	**45,146,726**

28 Property, plant and equipment (continued)

Class components

	At fair value $'000	Accumulated depreciation $'000	Accumulated impairment losses $'000	2012 Written down value $'000	2011 Written down value $'000
Land:					
Property held for future infrastructure	2,124,988	-	-	**2,124,988**	**1,946,967**
Other land	235,377	-	-	**235,377**	**284,838**
	2,360,365	-	-	**2,360,365**	**2,231,805**
Buildings	460,658	(249,915)	-	**210,743**	**192,047**
Heritage and cultural assets	4,631	-	-	**4,631**	**4,544**
Plant and equipment:					
Road construction plant and equipment	203,211	(80,413)	-	**122,798**	**111,736**
Other plant and equipment	126,110	(84,562)	-	**41,548**	**40,255**
	329,321	(164,975)	-	**164,346**	**151,991**
Infrastructure:					
Roads	45,407,286	(11,731,379)	(2,635,775)	**31,040,132**	**28,870,859**
Structures	11,203,625	(3,779,655)	(49,953)	**7,374,017**	**7,057,486**
Busways	1,868,139	(216,531)	(3,055)	**1,648,553**	**1,526,392**
Other infrastructure	610,963	(290,898)	-	**320,065**	**321,131**
	59,090,013	(16,018,463)	(2,688,783)	**40,382,767**	**37,775,868**
Work in progress	6,847,452	-	-	**6,847,452**	**4,790,471**
Total	**69,092,440**	**(16,433,353)**	**(2,688,783)**	**49,970,304**	**45,146,726**

29 Payables

	2012 $'000	2011 $'000
Accrued trade creditors *	509,234	616,288
Accrued property resumptions	318,782	307,046
Accrued rail service costs *	109,259	160,097
Departmental services appropriation payable	38,350	19,285
Grants and subsidies payable *	66,765	70,642
Trade creditors *	177,808	159,648
Other *	22,463	58,134
Total	**1,242,661**	**1,391,140**

* Comparatives have changed due to the remapping of various items from Cash totalling $3.416m and other adjustments within Payables. Refer to Note 22.

30 Interest bearing liabilities

	2012 $'000	2011 $'000
Current		
Queensland Treasury Corporation borrowings	70,001	64,616
Total	**70,001**	**64,616**
Non-current		
Queensland Treasury Corporation borrowings	1,020,235	988,098
Total	**1,020,235**	**988,098**

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 2013 to 26 February 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 9.07% (2011: 4.77% to 9.07%) for fixed rate loans and 3.23% to 6.33% (2011: 5.16% to 6.33%) for floating rate loans.

There were no unused approved borrowings at 30 June 2012 (2011: $129.583m).

The overdraft facility with the Queensland Treasury Corporation and the Commonwealth Bank of Australia was approved with a limit of $525.200m (2011: $550.210m). This facility remained undrawn at 30 June 2012 and is available for use in the next reporting period. There is no interest charged on this overdraft facility.

The department has a $93m (2011: $90m) business card facility with the Commonwealth Bank of Australia. There is no interest charged on this business card facility.

	2012 $'000	2011 $'000
31 Accrued employee benefits		
Current		
Annual leave levy payable	7,596	23,951
Long service leave levy payable	3,729	3,806
Resignation benefit	455	477
Salaries and wages outstanding	6,691	6,200
Other	2,210	2,367
Total	**20,681**	**36,801**
Non-current		
Resignation benefit	6,132	6,250
Total	**6,132**	**6,250**

	2012 $'000	2011 $'000
32 Other current liabilities		
Unearned revenue *	8,638	11,283
Other	4	12
Total	**8,642**	**11,295**

* Comparatives have changed due to the reclassification of an item previously disclosed as a provision.

33 Asset revaluation surplus by class

Asset revaluation surplus - 2012

	Land	Buildings	Heritage and cultural assets	Infrastructure	Total
	$'000	$'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	**-**	**-**	**-**	**-**	**-**

Asset revaluation surplus - 2011

	Land	Buildings	Heritage and cultural assets	Infrastructure	Total
	$'000	$'000	$'000	$'000	$'000
Opening balance	20,917	-	1	-	**20,918**
Revaluation increments	-	29,615	32	-	**29,647**
Revaluation decrements	(20,917)	(29,597)	-	-	**(50,514)**
Closing balance	**-**	**18**	**33**	**-**	**51**

Comparatives have changed due to the correction of a prior year misstatement. Refer to Note 48.

	2012 $'000	2011 $'000
34 Income tax equivalents		
(a) Income tax equivalent expense		
Current tax equivalents	27,653	26,133
Deferred tax equivalent expense/(income) relating to temporary differences	(2,713)	(1,245)
Under/(over) provision in previous years	263	643
Income tax equivalent expense attributable to profit from ordinary activities	**25,203**	**25,531**
(b) Numerical reconciliation of income tax equivalent expense to prima facie tax payable		
Accounting profit before tax	83,542	83,672
Prima facie tax at applicable rate of 30%	25,063	25,102
Adjustments for non-temporary differences and excluded temporary differences:		
Under/(over) provision in previous years	140	429
Income tax equivalent expense attributable to profit from ordinary activities	**25,203**	**25,531**
(c) Deferred tax equivalent expense/(income) included in income tax equivalent expense comprises:		
Deferred tax assets opening balance	1,784	538
Increase/(decrease) in deferred tax assets	2,712	1,246
Deferred tax assets at 30 June	**4,496**	**1,784**
(d) Proof of deferred tax assets and deferred tax liabilities		
Deferred tax assets:		
Property, plant and equipment	4,427	1,941
Other items	69	(157)
Net deferred tax assets at 30 June	**4,496**	**1,784**
(e) Reconciliation of current tax payable		
Opening balance	13,950	7,051
Net movements	(8,999)	6,899
Closing balance	**4,951**	**13,950**

35 Reconciliation of operating result to net cash from operating activities

	2012 $'000	2011 $'000
Operating result	2,664,451	(2,208,773)
Capital projects written off	717	8,341
Decommissioned infrastructure assets	350,640	266,394
Depreciation and amortisation	1,018,066	900,972
Gain on sale of property, plant and equipment	(1,712)	(3,156)
Goods, services and assets received below fair value	(8,093)	(73,557)
Impairment loss reversals	(1,660,177)	(24,818)
Impairment losses	-	3,133,028
Loss from discontinued operations	601	403,503
Loss on sale of property, plant and equipment	1,572	2,804
Revaluation decrement reversals	(434,934)	(1,600,854)
Revaluation decrement	37,626	470,580
Share of profits in joint venture	(13,196)	(11,036)
Goods and services provided below fair value	109	-
Other	(103)	1,262
Change in assets and liabilities:		
Increase/(decrease) in accrued employee benefits	(16,238)	6,860
(Increase)/decrease in annual leave reimbursement receivable	(1,255)	(1,341)
Increase/(decrease) in deferred income tax equivalents	(2,712)	(1,246)
(Increase)/decrease in departmental services appropriation receivable	-	62,530
Increase/(decrease) in GST payable	(513)	18,135
(Increase)/decrease in GST input tax credits receivable	(13,503)	(3,915)
(Increase)/decrease in inventories	(1,345)	5,344
(Increase)/decrease in long service leave reimbursement receivable	(150)	(310)
(Increase)/decrease in other receivables	94	(133)
Increase/(decrease) in other liabilities	(8,999)	6,899
(Increase)/decrease in prepayments	(9,637)	13,198
Increase/(decrease) in payables	(90,084)	335,685
(Increase)/decrease in trade receivables	198,928	(207,744)
Increase/(decrease) in unearned revenue	(2,653)	2,719
Net cash from operating activities	**2,007,500**	**1,501,371**

36 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:

	2012 $'000	2011 $'000
Not later than one year	-	-
Later than one year and not later than five years	1	1
Later than 5 years	7	7
Total	**8**	**8**

37 Non-cash financing and investing activities

Shares in Transmax Pty Ltd to the value of $0.601m were transferred to Transport Holdings Queensland Pty Ltd in 2011–12. Refer to Note 3(b).

During 2012, the department:

- transferred to the Department of Natural Resources and Mines $41.193m of land under roads
- received from the Department of Natural Resources and Mines $0.535m of land within the Cabbage Tree Creek Boat Harbour precinct

37 Non-cash financing and investing activities (continued)

- received from TransLink Transit Authority $2.346m of Intelligent Transport System (ITS) assets relating to busway infrastructure.

Assets and liabilities received and transferred by the department relating to the Queensland Boating and Fisheries Patrol 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 Notes 6 and 20 respectively.

38 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 Operator Franchise
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 operation period, ownership of the light rail system will transfer to the department.

Under this contract, 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.

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 for land associated with the project. In turn the department will issue a sub-lease to GoldLinQ Consortium to operate the system.

The estimated cash flows excludes inflows from land sales, and includes the government contribution to the GoldLinQ Consortium, paid prior to commencement of operations in 2014, as detailed below:

	2012 $'000	2011 $'000
Estimated cash flows		
Inflows:		
Not later than 1 year	-	-
Later than 1 year but not later than 5 years	152,591	99,091
Later than 5 years but not later than 10 years	293,028	284,342
Later than 10 years	484,071	546,257
Outflows:		
Not later than 1 year	(221,538)	(221,538)
Later than 1 year but not later than 5 years	(369,111)	(361,695)
Later than 5 years but not later than 10 years	(467,444)	(467,054)
Later than 10 years	(735,041)	(742,847)
	(863,444)	**(863,444)**

Comparatives have changed due to the elimination of GST from estimated outflows.

38 Service concession arrangements (continued)

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 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 at no cost and with no contingent liabilities to the state.

The state is to pay BrisConnections, on certification of completion of the tolling system, an amount of $267.164m, being the state's contribution. This amount will be paid by the department in 2012–13.

Tollroad arrangements

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 36.

	2012 $'000	2011 $'000
39 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:

	2012 $'000	2011 $'000
Not later than one year	57,417	49,379
Later than one year and not later than five years	104,675	56,598
Later than five years	22,305	7,495
Total	**184,397**	**113,472**

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:

	2012 $'000	2011 $'000
Gold Coast Rapid Transit project *	1,644,015	1,410,660
Property, plant and equipment	3,453,089	2,579,089
Intangible assets	60,569	11,539
Total	**5,157,673**	**4,001,288**
Not later than one year	3,630,777	2,800,652
Later than one year and not later than five years	796,286	421,455
Later than five years	730,610	779,181
Total	**5,157,673**	**4,001,288**

* Comparatives have changed due to the inclusion of items previously omitted.

(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:

	2012 $'000	2011 $'000
Not later than one year	1,301,872	918,889
Later than one year and not later than five years	4,865,167	3,163,953
Later than five years	-	25,913
Total	**6,167,039**	**4,108,755**

	2012 $'000	2011 $'000
39 Commitments for expenditure (continued)		
(d) Other expenditure commitments *		
Other expenditure committed at the end of the period but not recognised in the financial statements are payable as follows:		
Not later than one year	592,556	623,566
Later than one year and not later than five years	244,376	445,902
Later than five years	839,151	805,220
Total	**1,676,083**	**1,874,688**

* Comparatives have changed due to the inclusion of items previously omitted.

40 Contingencies

Contingent assets

(a) Bank guarantees

The department holds securities amounting to $178m (2011: $103.5m) 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 $0.664m (2011: $0.087m) 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:

	2012 No. of cases	2011 No. of cases
Supreme Court	6	33
District Court	8	29
Magistrates Court	2	11
Other claims *	128	245

* 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.

40 Contingencies (continued)

(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 38.

41 Controlled entities and associates

(a) Investments in controlled entities and associates

The department exercises majority control over Transport Holdings Queensland Pty Ltd (THQ) and has 50 percent interest in City North Infrastructure Pty Ltd (CNI).

The amount of the investment and transactions relating to THQ and CNI are not considered material, and therefore the entities are not consolidated within the department's financial statements.

(b) Function of controlled entities and associates

Transport Holdings Queensland Pty Ltd

Transport Holdings Queensland Pty Ltd (THQ) is a company established by the Queensland Government for the purpose of jointly owning with Queensland Treasury Holdings Pty Ltd, the company DBCT Holdings Pty Ltd (DBCTH). DBCTH is a company established by the Queensland Government to act as lessor on behalf of the state, of the Dalrymple Bay Coal Terminal assets.

The principal activity of the company during the year ended 30 June 2012 was to act as a corporate vehicle through which the Queensland Government invests in assets of strategic importance to the state.

On 1 July 2011 the THQ share ownership in DBCTH was transferred from the department to Queensland Treasury Holdings Pty Ltd. In addition, on 1 July 2011 THQ received shares in Transmax Pty Ltd valued at $0.601m. As a result of this THQ maintained 100 percent control over Transmax Pty Ltd during 2012.

At reporting date, shares in THQ are non-beneficially held by the sole director, Michael Caltabiano, Director-General of the Department of Transport and Main Roads, for and on behalf of the state.

The Queensland Audit Office audits the company. Total external audit fees for 2012 are estimated to be $0.009m (2011: $0.007m).

A summary of financial transactions and balances for THQ, including the consolidated entity Transmax Pty Ltd, follows:

	2012 $'000	2011 $'000
Revenues	12,962	8
Expenses	15,032	8
Net deficit	**(2,070)**	**-**
Assets	8,603	3,022
Liabilities	1,785	13
Net assets	**6,818**	**3,009**

THQ Pty Ltd did not control Transmax Pty Ltd as at 30 June 2011.

City North Infrastructure Pty Ltd

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

Shares in CNI are non-beneficially held by Mr David Stewart, former Director-General of Department of Transport and Main Roads, for and on behalf of the State of Queensland. These shares will be transferred to Michael Caltabiano, current Director-General of the Department of Transport and Main Roads, in early 2012–13.

In accordance with AASB128 *Investments in Associates* CNI is accounted for as an associate.

42 Financial instruments

(a) Categorisation of financial instruments

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

	Note	2012 $'000	2011 $'000
Financial assets			
Cash	22	516,083	294,513
Receivables	23	204,808	411,993
Other financial assets *	26	-	601
Total		**720,891**	**707,107**

* The shares in Transmax Pty Ltd were transferred to Transport Holdings Queensland Pty Ltd on 1 July 2011. Refer to Note 3(b).

	Note	2012 $'000	2011 $'000
Financial liabilities			
Financial liabilities measured at amortised cost:			
Payables	29	1,242,661	1,391,140
Queensland Treasury Corporation borrowings	30	1,090,236	1,052,714
Accrued employee benefits	31	26,813	43,051
Total		**2,359,710**	**2,486,905**

(b) Financial risk management

The activities of the department are exposed to a variety of financial risks - interest rate risk, credit risk, liquidity risk and market risk. Financial risk management is implemented pursuant to government and departmental policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the department.

All financial risk is managed by each division under policy established by the Corporate Group. 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. As such, receivables is not included in this section of the note.

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 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 aging of the debt.

The recognised allowance for impairment is $8.622m (2011: $1.010m) for the current year. This is an increase of $7.612m from 2011. Refer to Note 23.

42 Financial instruments (continued)

(c) Credit risk exposure (continued)

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

2012 Financial assets past due but not impaired

	Overdue				
	Less than 30 days $'000	30-60 days $'000	61-90 days $'000	More than 90 days $'000	Total $'000
Receivables	69,556	8,837	15,180	1,436	**95,009**
Total	**69,556**	**8,837**	**15,180**	**1,436**	**95,009**

2011 Financial assets past due but not impaired

	Overdue				
	Less than 30 days $'000	30-60 days $'000	61-90 days $'000	More than 90 days $'000	Total $'000
Receivables	25,582	25,221	2,459	1,547	**54,809**
Total	**25,582**	**25,221**	**2,459**	**1,547**	**54,809**

2012 Individually impaired financial assets

	Overdue				
	Less than 30 days $'000	30-60 days $'000	61-90 days $'000	More than 90 days $'000	Total $'000
Receivables (gross)	-	-	-	15,684	**15,684**
Allowance for impairment	-	-	-	(8,622)	**(8,622)**
Carrying amount	**-**	**-**	**-**	**7,062**	**7,062**

2011 Individually impaired financial assets

	Overdue				
	Less than 30 days $'000	30-60 days $'000	61-90 days $'000	More than 90 days $'000	Total $'000
Receivables (gross)	-	-	-	18,112	**18,112**
Allowance for impairment	-	-	-	(1,010)	**(1,010)**
Carrying amount	**-**	**-**	**-**	**17,102**	**17,102**

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 40.

42 Financial instruments (continued)

(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 2012	**Note**	**Payable in**			
		<1 year $'000	**1- 5 years $'000**	**>5 years $'000**	**Total $'000**
Payables	29	1,242,661	-	-	**1,242,661**
Queensland Treasury Corporation borrowings		167,354	786,695	480,552	**1,434,601**
Accrued employee benefits	31	20,681	6,132	-	**26,813**
Total		**1,430,696**	**792,827**	**480,552**	**2,704,075**

Financial liabilities 2011	**Note**	**Payable in**			
		<1 year $'000	**1- 5 years $'000**	**>5 years $'000**	**Total $'000**
Payables	29	1,391,140	-	-	**1,391,140**
Queensland Treasury Corporation borrowings		166,573	532,203	706,264	**1,405,040**
Accrued employee benefits	31	36,801	6,250	-	**43,051**
Total		**1,594,514**	**538,453**	**706,264**	**2,839,231**

(e) Market risk

The Department does not trade in foreign currency and is not materially exposed to commodity price changes. The department is exposed to interest rate risk through its borrowings from Queensland Treasury Corporation. The department does not undertake any hedging 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 $0.877m (2011: $0.917m). This is mainly attributable to the department's exposure to variable interest rates on its borrowings from Queensland Treasury Corporation.

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

* Interest rate risk calculated on variable rate loans only.

42 Financial instruments (continued)

(f) Interest rate sensitivity analysis (continued)

Financial instruments 2011	Carrying amount	2011 Interest rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000
Queensland Treasury Corporation borrowings *	91,718	917	917	(917)	(917)
Potential impact	**91,718**	**917**	**917**	**(917)**	**(917)**

* 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.

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

	Hierarchy level	Carrying amount 2012 $'000	Carrying amount 2011 $'000	Fair value 2012 $'000	Fair value 2011 $'000
Financial instruments					
Financial assets					
Cash	1	516,083	294,513	516,083	294,513
Receivables	2	204,808	411,993	204,808	411,993
Shares	2	-	601	-	601
Total		**720,891**	**707,107**	**720,891**	**707,107**
Financial liabilities					
Payables	2	1,242,661	1,391,140	1,242,661	1,391,140
Queensland Treasury Corporation borrowings	1	1,090,236	1,052,714	1,191,330	1,107,889
Accrued employee benefits	1	26,813	43,051	26,813	43,051
Total		**2,359,710**	**2,486,905**	**2,460,804**	**2,542,080**

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(i). 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.

43 Investment in joint venture

The department operates a joint venture with Personalised Plates Holdings Pty Ltd, trading as Personalised Plates Queensland (PPQ). The department holds 50% of PPQ's voting rights and receives a minimum return plus 55% of the joint venture's remaining operating profits.

The department's share of profits received for the year was $13.196m (2011: $11.036m). There were no contingent liabilities, pledged assets or capital commitments relating to the joint venture.

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

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

	2012	2011
	$'000	$'000
Revenue	30,401	25,406
Expenses	17,205	14,370
Operating result	**13,196**	**11,036**
Current assets	2,896	1,454
Non-current assets	351	506
Current liabilities	2,424	1,476

44 Schedule of administered items

	Rail, Ports and Freight 2012 $'000	Land Transport and Safety 2012 $'000	Maritime 2012 $'000	Public Transport 2012 $'000	Total 2012 $'000
Administered revenue					
Administered item appropriation	2,000	-	-	1,135,890	1,137,890
User charges, fees and fines *	-	1,885,531	74,983	4,506	1,965,020
Dividends and property income	-	15	84	-	99
Interest	-	-	55	-	55
Other	-	6,513	68	-	6,581
Total	**2,000**	**1,892,059**	**75,190**	**1,140,396**	**3,109,645**
Administered expenses					
Grants and subsidies **	2,000	-	-	1,135,890	1,137,890
Impairment losses on trade receivables	-	(45)	(19)	-	(64)
Other	-	35	87	-	122
Total	**2,000**	**(10)**	**68**	**1,135,890**	**1,137,948**
Transfers to government	**-**	**1,892,069**	**75,122**	**4,506**	**1,971,697**

	Rail, Ports and Freight 2011 $'000	Land Transport and Safety 2011 $'000	Maritime 2011 $'000	Public Transport 2011 $'000	Total 2011 $'000
Administered revenue					
Administered item appropriation	53,371	-	-	1,026,982	1,080,353
User charges, fees and fines *	-	1,721,212	70,428	3,758	1,795,398
Dividends and property income	-	24	69	-	93
Interest	-	-	43	-	43
Other	-	6,148	21	-	6,169
Total	**53,371**	**1,727,384**	**70,561**	**1,030,740**	**2,882,056**
Administered expenses					
Grants and subsidies **	53,371	-	-	1,016,458	1,069,829
Impairment losses on trade receivables	-	(48)	(46)	-	(94)
Other	-	11	-	-	11
Total	**53,371**	**(37)**	**(46)**	**1,016,458**	**1,069,746**
Transfers to government	**-**	**1,727,421**	**70,607**	**14,282**	**1,812,310**

	2012 $'000	2011 $'000
Administered assets		
Current		
Cash	68,383	43,648
Receivables	40,528	40,035
Total	**108,911**	**83,683**
Non-current		
Land	82,006	83,689
Total	**82,006**	**83,689**
Total assets	**190,917**	**167,372**

	2012	2011
	$'000	$'000
44 Schedule of administered items (continued)		
Administered liabilities		
Current		
Payables	103,486	78,444
Unearned revenue	5,191	5,000
Total liabilities	**108,677**	**83,444**
*** User charges, fees and fines**		
Motor vehicle registration	1,436,513	1,336,245
Transport and traffic fees	286,026	248,268
Other registration	59,866	54,207
Other regulatory fees	47,888	43,464
Fines and forfeiture	123,664	110,086
Other	11,063	3,128
Total	**1,965,020**	**1,795,398**
**** Grants and subsidies**		
Townsville Port Authority	29,974	50,098
Natural Disaster Relief and Recovery Arrangements	-	3,273
TransLink Transit Authority	1,107,916	1,016,458
Total	**1,137,890**	**1,069,829**

45 Reconciliation of administered payments from Consolidated Fund

	2012	2011
Reconciliation of payments from Consolidated Fund to administered revenue		
Budgeted appropriation	1,071,422	992,722
Transfers from/(to) other headings - variation in headings	66,468	-
Lapsed administered appropriation	-	87,631
Administered revenue recognised in Note 44	**1,137,890**	**1,080,353**
Reconciliation of payments from Consolidated Fund to equity adjustment recognised in contributed equity		
Budgeted equity adjustment appropriation	453,392	560,888
Transfers from/(to) other headings - variation in headings	(164,742)	-
Lapsed equity adjustment	-	(218,279)
Equity adjustment receipts	**288,650**	**342,609**

46 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 the information users.

Fees received by the department for administering the trust totalled $0.008m.

	2012 $'000	2011 $'000
Trust revenues and expenses		
Revenues		
Rent	137	-
Total	**137**	**-**
Expenses		
Supplies and services	137	-
Total	**137**	**-**
Trust assets and liabilities		
Current assets		
Cash	51	-
Total	**51**	**-**

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

47 Events occurring after balance date

Transport Holdings Queensland Pty Ltd

A resolution was made by the Director of Transport Holdings Queensland Pty Ltd (THQ), and endorsed by the Minister for Transport and Main Roads, to dissolve THQ effective from 1 July 2012. Shares held by THQ in Transmax Pty Ltd were transferred to the department on 1 July 2012.

Airportlink

In accordance with the Airportlink state AL Works Deed, the State is required to pay the State Works Contractor, BrisConnections Contracting Pty Limited, an amount of $267.164m upon tolling system completion. This amount was paid by the department in July 2012.

Departmental restructure

In August 2012, the Director-General announced a restructure of the department. This restructure is not expected to have a material impact on the department's financial statements.

In addition to this, the Queensland Government announced in August 2012 that the statutory body TransLink Transit Authority will become part of the department during 2012–13.

48 Correction of errors

During the reporting period the department initiated a project to review the timing differences in the recording of infrastructure assets between the department’s financial system and the Road Asset Management Information System. A deliverable of the project was to undertake an analysis into the inputs to these systems in order to reconcile and identify variances, and ensure all completed works were recorded through the valuation process.

Through this analysis the department has developed a more comprehensive matching process that provides more accurate reporting of completed asset information. The work undertaken has resulted in the previously applied reconciliation process becoming redundant, leading to an error in the reported values of infrastructure assets in 2010–11, with an immaterial misstatement in 2009–10.

48 Correction of errors (continued)

As a result, the department has restated the 2010–11 figures in accordance with AASB108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The impacts of the restatements are as follows:

	Note	2011 $'000	Increase/ (decrease) $'000	2011 Restated $'000
Statement of comprehensive income (extract) for the year ended 30 June 2011				
Income from continuing operations				
Revaluation decrement reversals	10	-	1,600,854	1,600,854
Expenses from continuing operations				
Revaluation decrement	17	787,134	(316,554)	470,580
Statement of financial position (extract) as at 30 June 2011				
Non-current assets				
Property, plant and equipment	28	43,328,595	1,818,131	45,146,726
Equity				
Accumulated surplus		(6,900,916)	1,936,734	(4,964,182)
Asset revaluation surplus	33	118,654	(118,603)	51

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 2012, and of the financial position of the department at the end of that year.

Chris Mead CPA
Bachelor of Business - Accountancy
Chief Finance Officer

31 August 2012

Michael Caltabiano
BE (Hon) MPhil GDBA FIEAust FAICD RPEQ IAMA
Director-General

31 August 2012

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Report

I have audited the accompanying financial report of the Department of Transport and Main Roads, which comprises the statement of financial position and statement of assets and liabilities by major departmental services as at 30 June 2012, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental services 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 the 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

(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

(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 2011 to 30 June 2012 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of the Department of Transport and Main Roads for the year ended 30 June 2012. Where the financial report is included on the Department of Transport and Main Roads' website the Accountable Officer is responsible for the integrity of the Department of Transport and Main Roads' website and I have not been engaged to report on the integrity of the Department of Transport and Main Roads' website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

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

AUDITOR GENERAL
31 AUG 2012
OF QUEENSLAND

A M GREAVES FCA FCPA
Auditor-General of Queensland

Queensland Audit Office
Brisbane