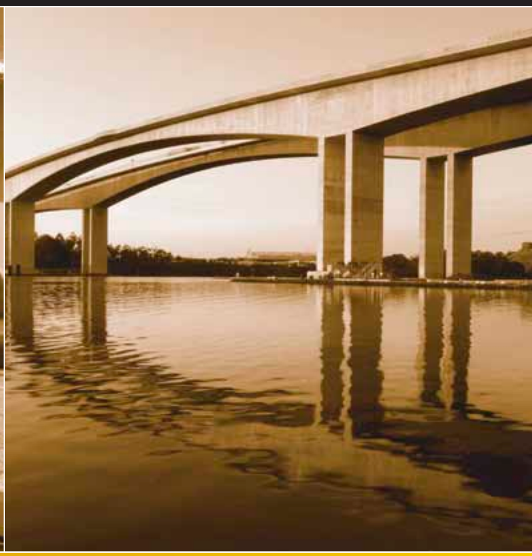
Annual Report 2010–11



Department of Transport and Main Roads

Volume 2 of 2

Queensland Government

Department of Transport and Main Roads and controlled entities
Financial statements for the reporting period 1 July 2010 to 30 June 2011

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 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 services
- Statement of assets and liabilities by major departmental services
- Notes to and forming part of the financial statements
- Management certificate.

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

- Department of Transport and Main Roads as an entity in its own right - column headed "Parent"
- Department of Transport and Main Roads and its controlled entities as listed in Note 42(a) - column headed "Consolidated".

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

For information 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 http://www.tmr.qld.gov.au

Statement of comprehensive income for the year ended 30 June 2011

		Consolidated		Parent	
		2011	2010	2011	2010
	Notes	$'000	$'000	$'000	$'000
Income from continuing operations					
Revenue					
Departmental services revenue	4	3,477,734	3,316,631	3,477,734	3,316,631
User charges	5	286,635	329,168	292,707	333,732
Grants and other contributions	6	560,692	53,401	560,692	53,401
Other revenue	7	54,355	59,828	63,653	94,030
Total revenue		**4,379,416**	**3,759,028**	**4,394,786**	**3,797,794**
Gains	8	3,156	1,310	3,156	1,310
Total income from continuing operations		**4,382,572**	**3,760,338**	**4,397,942**	**3,799,104**
Expenses from continuing operations					
Employee expenses	9	466,157	531,261	462,401	528,458
Supplies and services	11	1,234,027	695,801	1,234,472	692,652
Grants and subsidies	12	435,378	391,666	437,919	394,967
Rail service costs	13	821,662	672,202	821,662	672,202
Depreciation and amortisation	14	901,126	951,560	900,972	951,427
Decommissioned infrastructure assets	15	266,394	242,183	266,394	242,183
Revaluation decrement	16	787,134	2,389,704	787,134	2,389,704
Impairment losses	17	3,109,555	416,016	3,109,555	416,016
Finance/borrowing costs	18	71,057	74,656	71,053	74,656
Other expenses	19	31,933	35,699	31,816	35,585
Total expenses from continuing operations		**8,124,423**	**6,400,748**	**8,123,378**	**6,397,850**
Share of profits in joint venture	47	11,036	12,318	11,036	12,318
Operating result from continuing operations before income tax equivalent expense		**(3,730,815)**	**(2,628,092)**	**(3,714,400)**	**(2,586,428)**
Income tax equivalent expense	36	25,634	13,746	25,531	13,812
Operating result from continuing operations after income tax equivalent expense		**(3,756,449)**	**(2,641,838)**	**(3,739,931)**	**(2,600,240)**
Discontinued operations					
Loss from discontinued operations after tax	20	437,159	224,423	403,503	-
Operating result		**(4,193,608)**	**(2,866,261)**	**(4,143,434)**	**(2,600,240)**
Other comprehensive income					
Increase/(decrease) in asset revaluation surplus	35	83,557	30,846	97,736	20,918
Total other comprehensive income		**83,557**	**30,846**	**97,736**	**20,918**
Total comprehensive income		**(4,110,051)**	**(2,835,415)**	**(4,045,698)**	**(2,579,322)**

The accompanying notes form part of these statements.

Statement of financial position as at 30 June 2011

		Consolidated		Parent	
		2011	2010	2011	2010
	Notes	$'000	$'000	$'000	$'000
Current assets					
Cash	21	295,799	297,448	291,826	278,894
Receivables	22	411,340	297,695	411,264	279,091
Inventories	23	17,589	22,854	16,515	21,859
Prepayments	24	14,979	29,057	14,955	27,687
Total current assets		**739,707**	**647,054**	**734,560**	**607,531**
Non-current assets					
Prepayments	24	1,643	2,110	1,643	2,110
Other financial assets	25	-	-	601	198,259
Intangible assets	26	134,972	212,845	134,972	135,649
Property, plant and equipment	27	2,677,448	2,901,769	2,677,214	2,808,706
Infrastructure assets	29	40,651,381	45,422,373	40,651,381	42,459,399
Deferred tax assets	36	2,119	693	1,784	538
Total non-current assets		**43,467,563**	**48,539,790**	**43,467,595**	**45,604,661**
Total assets		**44,207,270**	**49,186,844**	**44,202,155**	**46,212,192**
Current liabilities					
Payables	30	1,387,659	961,167	1,387,724	921,093
Interest bearing liabilities	31	64,616	73,730	64,616	64,958
Accrued employee benefits	32	37,499	33,099	36,801	29,949
Current tax liabilities	36	14,200	6,621	13,950	7,051
Other	34	9,805	26,727	9,699	6,980
Total current liabilities		**1,513,779**	**1,101,344**	**1,512,790**	**1,030,031**
Non-current liabilities					
Interest bearing liabilities	31	988,098	3,782,162	988,098	981,645
Accrued employee benefits	32	6,250	7,046	6,250	6,242
Provisions	33	1,596	1,596	1,596	1,596
Total non-current liabilities		**995,944**	**3,790,804**	**995,944**	**989,483**
Total liabilities		**2,509,723**	**4,892,148**	**2,508,734**	**2,019,514**
Net assets		**41,697,547**	**44,294,696**	**41,693,421**	**44,192,678**
Equity					
Contributed equity		48,475,683	46,911,925	48,475,683	46,911,925
Accumulated surplus		(6,896,790)	(2,652,326)	(6,900,916)	(2,740,165)
Asset revaluation surplus	35	118,654	35,097	118,654	20,918
Total equity		**41,697,547**	**44,294,696**	**41,693,421**	**44,192,678**

The accompanying notes form part of these statements.

Statement of changes in equity for the year ended 30 June 2011

	Consolidated		Parent	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Contributed equity				
Opening balance	46,911,925	44,624,154	46,911,925	44,624,154
Adjustment to opening balance	3,534	24,926	3,534	24,926
Transactions with owners as owners:				
Appropriated equity injections. Refer to Note 4.	1,689,330	2,282,607	1,689,330	2,282,607
Transfer of net assets from Port of Brisbane Corporation	-	83,296	-	83,296
Net asset adjustment from/(to) other agencies	(129,106)	(103,058)	(129,106)	(103,058)
Closing balance	**48,475,683**	**46,911,925**	**48,475,683**	**46,911,925**
Accumulated surplus				
Opening balance	(2,652,326)	632,439	(2,740,165)	(88,741)
Adjustment to opening balance	1,050	-	1,050	-
Current year redistribution/elimination	-	(59,461)	-	(59,461)
Reversal of prior year redistribution	-	8,277	-	8,277
Operating result	(4,193,608)	(2,866,261)	(4,143,434)	(2,600,240)
Net consolidation adjustment	(51,906)	(367,320)	(18,367)	-
Closing balance	**(6,896,790)**	**(2,652,326)**	**(6,900,916)**	**(2,740,165)**
Asset revaluation surplus (Note 35)				
Opening balance	35,097	4,251	20,918	-
Increase/(decrease) in asset revaluation surplus:				
Property held for future infrastructure	(20,917)	20,917	(20,917)	20,917
Commercial buildings	18	-	18	-
Heritage and cultural	32	1	32	1
Roads	-	(1,717)	-	-
Structures	58,263	11,645	72,442	-
Other infrastructure	46,161	-	46,161	-
Closing balance	**118,654**	**35,097**	**118,654**	**20,918**
Total equity	**41,697,547**	**44,294,696**	**41,693,421**	**44,192,678**

Comparatives have changed due to the recognition of a prior year adjustment of $176.468m for consultants and contractors relating to the capitalised component of Natural Disaster Relief and Recovery Arrangements for events occurring prior to 30 June 2010. Refer to Note 11, Note 29 and Note 46.

The accompanying notes form part of these statements.

Statement of cash flows for the year ended 30 June 2011

		Consolidated		Parent	
		2011	2010	2011	2010
	Notes	$'000	$'000	$'000	$'000
Cash flows from operating activities					
Inflows					
Departmental services receipts		3,599,281	3,316,631	3,599,281	3,316,631
User charges		328,688	341,913	314,454	321,137
Grants and other contributions		278,949	45,252	278,949	45,252
GST input tax credits from ATO		480,397	506,455	480,397	506,455
GST collected from customers		37,006	18,511	35,729	18,511
Interest receipts		2,417	59	2,299	-
Revenue from controlled entities		-	-	10,506	34,281
Other		50,913	60,357	49,823	60,337
Outflows					
Employee expenses		(456,718)	(543,092)	(453,168)	(540,892)
Supplies and services		(948,264)	(594,894)	(948,489)	(591,267)
Grants and subsidies		(435,737)	(389,402)	(438,278)	(392,703)
Rail service costs		(821,662)	(669,704)	(821,662)	(669,704)
Finance/borrowing costs		(71,426)	(74,868)	(71,422)	(74,868)
GST paid to suppliers		(470,553)	(484,041)	(470,081)	(484,041)
GST remitted to ATO		(805)	-	-	-
Income tax equivalent paid		(19,481)	(13,629)	(19,878)	(13,110)
Other		(42,628)	(33,374)	(42,501)	(33,298)
Cash flows of discontinued operation		20,855	(64,171)	-	-
Net cash provided by/(used in) operating activities	37	**1,531,232**	**1,422,003**	**1,505,959**	**1,502,721**
Cash flows from investing activities					
Inflows					
Sales of property, plant and equipment		8,850	14,426	8,850	14,426
Share of profits in joint venture		11,036	12,318	11,036	12,318
Outflows					
Payments for property, plant and equipment		(257,538)	(663,397)	(257,367)	(663,136)
Payments for infrastructure		(2,837,980)	(2,885,841)	(2,835,653)	(2,878,743)
Payments for investments		-	-	-	(10,138)
Payments for intangibles		(21,610)	(45,902)	(21,618)	(45,807)
Other		(1,352)	(8,663)	(1,352)	(8,663)
Cash flows of discontinued operation		(220,352)	(418,253)	-	-
Net cash provided by/(used in) investing activities		**(3,318,946)**	**(3,995,312)**	**(3,096,104)**	**(3,579,743)**
Cash flows from financing activities					
Inflows					
Equity injections		3,205,583	3,768,734	3,205,583	3,768,734
Outflows					
Equity withdrawals		(1,516,253)	(1,486,127)	(1,516,253)	(1,486,127)
Borrowing redemptions		(86,253)	(75,648)	(86,253)	(75,648)
Cash flows of discontinued operation		191,992	391,506	-	-
Net cash provided by/(used in) financing activities		**1,795,069**	**2,598,465**	**1,603,077**	**2,206,959**
Net increase/(decrease) in cash		7,355	25,156	12,932	129,937
Derecognition of Queensland Motorways Limited		(9,004)	-	-	-
Cash at beginning of financial year		297,448	272,292	278,894	148,957
Cash at end of financial year	21	**295,799**	**297,448**	**291,826**	**278,894**

The accompanying notes form part of these statements.

Statement of comprehensive income by major departmental services for the year ended 30 June 2011 (Parent entity)

	Rail, Ports and Aviation Systems		Integrated Transport Planning		Road Use Management		Maritime Safety		Public Transport Services	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Income from continuing operations										
Revenue										
Departmental services revenue	852,193	721,795	69,443	94,906	201,655	215,467	88,734	64,949	391,853	283,625
User charges	5,442	36,413	3,312	9,241	38,426	30,960	66,654	55,085	11,129	11,473
Grants and other contributions	28,967	3,508	11	1,018	920	2,219	267	3,847	81,329	35,147
Other revenue	306	34	(188)	296	41,625	40,983	1,072	2,187	35	71
Total revenue	**886,908**	**761,750**	**72,578**	**105,461**	**282,626**	**289,629**	**156,727**	**126,068**	**484,346**	**330,316**
Gains	-	28	-	4	-	8	23	127	23	21
Total income from continuing operations	**886,908**	**761,778**	**72,578**	**105,465**	**282,626**	**289,637**	**156,750**	**126,195**	**484,369**	**330,337**
Expenses from continuing operations										
Employee expenses	27,817	17,684	22,181	34,094	126,457	134,652	58,490	54,830	30,291	60,711
Supplies and services	12,182	37,440	28,274	46,688	174,100	95,349	60,739	56,619	18,270	44,149
Grants and subsidies	90,377	53,113	14,342	1,024	1,407	902	581	491	261,931	250,995
Rail service costs	821,662	672,202	-	-	-	-	-	-	-	-
Depreciation and amortisation	3,114	3,286	6,612	11,132	5,497	10,304	4,568	4,832	5,071	5,036
Decommissioned infrastructure assets	-	-	-	-	-	-	-	-	-	-
Revaluation decrement	-	(4,500)	(6,992)	14,092	2,277	1,953	(745)	1,364	24,493	(3,044)
Impairment losses	(5)	12	-	(142)	171	8	38	165	22	1
Finance/borrowing costs	-	101	-	428	2,878	4,112	-	55	6	274
Other expenses	1,960	518	407	2,209	3,524	8,359	1,454	9,841	4,689	1,441
Total expenses from continuing operations	**957,107**	**779,856**	**64,824**	**109,525**	**316,311**	**255,639**	**125,125**	**128,197**	**344,773**	**359,563**
Share of profits in joint venture	-	-	-	-	11,036	12,318	-	-	-	-
Operating result from continuing operations before income tax equivalent expense	**(70,199)**	**(18,078)**	**7,754**	**(4,060)**	**(22,649)**	**46,316**	**31,625**	**(2,002)**	**139,596**	**(29,226)**
Income tax equivalent expense	-	-	-	-	-	-	-	-	-	-
Operating result from continuing operations after income tax equivalent expense	**(70,199)**	**(18,078)**	**7,754**	**(4,060)**	**(22,649)**	**46,316**	**31,625**	**(2,002)**	**139,596**	**(29,226)**
Discontinued operations										
Loss from discontinued operations after tax	-	-	-	-	-	-	-	-	-	-
Operating result	**(70,199)**	**(18,078)**	**7,754**	**(4,060)**	**(22,649)**	**46,316**	**31,625**	**(2,002)**	**139,596**	**(29,226)**
Other comprehensive income										
Increase/(decrease) in asset revaluation surplus	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income	**(70,199)**	**(18,078)**	**7,754**	**(4,060)**	**(22,649)**	**46,316**	**31,625**	**(2,002)**	**139,596**	**(29,226)**
Allocation of income and expenses to corporate services (disclosure only):										
Income	4,043	1,391	205	5,812	1,384	13,998	562	760	364	3,792
Expenses	32,432	8,938	1,648	37,353	11,097	88,962	4,506	4,881	2,920	24,368

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

Statement of comprehensive income by major departmental services for the year ended 30 June 2011 (Parent entity) continued

Road Program Development and Delivery		Road System Planning		Road Corridor and Network Operations		Community Transport Access Support		RoadTek		Inter-departmental service eliminations *		Total	
2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
1,616,402	1,669,911	28,067	28,997	125,187	129,331	104,200	107,650	-	-	-	-	3,477,734	3,316,631
197,174	273,123	2,606	148	4,212	4,071	38,720	47,829	853,050	567,659	(928,018)	(702,270)	292,707	333,732
446,288	7,604	20	-	2,628	-	35	-	227	68	-	(10)	560,692	53,401
64,986	81,885	37	-	132	36	18	-	1,923	3,567	(46,293)	(35,029)	63,653	94,030
2,324,850	**2,032,523**	**30,730**	**29,145**	**132,159**	**133,438**	**142,973**	**155,479**	**855,200**	**571,294**	**(974,311)**	**(737,309)**	**4,394,786**	**3,797,794**
2,913	869	-	-	-	-	-	-	197	253	-	-	3,156	1,310
2,327,763	**2,033,392**	**30,730**	**29,145**	**132,159**	**133,438**	**142,973**	**155,479**	**855,397**	**571,547**	**(974,311)**	**(737,309)**	**4,397,942**	**3,799,104**
178,449	150,930	32,607	19,333	62,944	43,105	3,884	5,339	158,495	141,954	(239,214)	(134,174)	462,401	528,458
882,232	516,742	72,266	20,533	74,844	76,889	46,909	55,751	588,510	353,793	(723,854)	(611,301)	1,234,472	692,652
10,811	10,199	349	1,721	885	1,234	59,084	77,098	135	121	(1,983)	(1,931)	437,919	394,967
-	-	-	-	-	-	-	-	-	-	-	-	821,662	672,202
858,861	899,709	561	287	835	744	200	214	15,659	15,883	(6)	-	900,972	951,427
266,394	242,183	-	-	-	-	-	-	-	-	-	-	266,394	242,183
768,101	2,379,826	-	-	-	-	-	-	-	13	-	-	787,134	2,389,704
3,108,933	415,947	(8)	5	127	6	151	3	147	11	(21)	-	3,109,555	416,016
69,625	71,161	-	-	-	-	-	-	3,097	3,255	(4,553)	(4,730)	71,053	74,656
11,206	5,587	497	119	5,971	4,458	141	112	25,478	20,012	(23,511)	(17,071)	31,816	35,585
6,154,612	**4,692,284**	**106,272**	**41,998**	**145,606**	**126,436**	**110,369**	**138,517**	**791,521**	**535,042**	**(993,142)**	**(769,207)**	**8,123,378**	**6,397,850**
-	-	-	-	-	-	-	-	-	-	-	-	11,036	12,318
(3,826,849)	**(2,658,892)**	**(75,542)**	**(12,853)**	**(13,447)**	**7,002**	**32,604**	**16,962**	**63,876**	**36,505**	**18,831**	**31,898**	**(3,714,400)**	**(2,586,428)**
-	-	-	-	-	-	-	-	25,531	13,812	-	-	25,531	13,812
(3,826,849)	**(2,658,892)**	**(75,542)**	**(12,853)**	**(13,447)**	**7,002**	**32,604**	**16,962**	**38,345**	**22,693**	**18,831**	**31,898**	**(3,739,931)**	**(2,600,240)**
403,503	-	-	-	-	-	-	-	-	-	-	-	403,503	-
(4,230,352)	**(2,658,892)**	**(75,542)**	**(12,853)**	**(13,447)**	**7,002**	**32,604**	**16,962**	**38,345**	**22,693**	**18,831**	**31,898**	**(4,143,434)**	**(2,600,240)**
97,736	20,918	-	-	-	-	-	-	-	-	-	-	97,736	20,918
97,736	**20,918**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**97,736**	**20,918**
(4,132,616)	**(2,637,974)**	**(75,542)**	**(12,853)**	**(13,447)**	**7,002**	**32,604**	**16,962**	**38,345**	**22,693**	**18,831**	**31,898**	**(4,045,698)**	**(2,579,322)**
24,936	7,192	493	-	674	-	239	-	-	-	-	-	32,900	32,945
201,728	106,971	3,957	1,163	5,403	3,620	1,918	1,780	-	-	-	-	265,609	278,036

Statement of assets and liabilities by major departmental services as at 30 June 2011 (Parent entity)

	Rail, Ports and Aviation Systems		Integrated Transport Planning		Road Use Management		Maritime Safety		Public Transport Services	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Current assets										
Cash	7,029	4,853	8,521	20,280	50,941	50,424	20,217	2,650	8,921	6,405
Receivables	14,614	7,862	1,320	16,064	34,087	48,672	28,624	16,527	38,938	25,395
Inventories	311	17	28	80	726	2,684	609	391	829	128
Prepayments	480	1,603	43	2,138	1,119	6,471	940	3,899	1,278	4,464
Total current assets	**22,434**	**14,335**	**9,912**	**38,562**	**86,873**	**108,251**	**50,390**	**23,467**	**49,966**	**36,392**
Non-current assets										
Prepayments	53	4	5	6	123	17	103	10	140	12
Other financial assets	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	7,893	1,928	2,386	118,048	4,202	11,020	2,366	97	8,738
Property, plant and equipment	12,155	372,384	140,457	104,269	12,968	177,238	74,411	101,194	623,650	591,745
Infrastructure assets	-	-	-	-	-	-	321,131	321,448	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Total non-current assets	**12,208**	**380,281**	**142,390**	**106,661**	**131,139**	**181,457**	**406,665**	**425,018**	**623,887**	**600,495**
Total assets	**34,642**	**394,616**	**152,302**	**145,223**	**218,012**	**289,708**	**457,055**	**448,485**	**673,853**	**636,887**
Current liabilities										
Payables	32,893	124,978	39,873	15,791	238,381	29,260	94,608	12,909	41,745	82,785
Interest bearing liabilities	-	325	-	1,476	-	4,402	-	1,423	-	1,423
Accrued employee benefits	1,581	700	1,270	1,042	7,199	4,127	3,330	2,633	1,724	1,709
Current tax liabilities	-	-	-	-	-	-	-	-	-	-
Other	209	547	254	324	1,518	919	602	288	266	1,733
Total current liabilities	**34,683**	**126,550**	**41,397**	**18,633**	**247,098**	**38,708**	**98,540**	**17,253**	**43,735**	**87,650**
Non-current liabilities										
Interest bearing liabilities	-	2,328	-	10,550	41,122	31,458	-	10,167	-	10,000
Accrued employee benefits	320	1	255	2	1,455	8	673	5	349	3
Provisions	-	-	-	-	-	-	1,596	1,596	-	-
Total non-current liabilities	**320**	**2,329**	**255**	**10,552**	**42,577**	**31,466**	**2,269**	**11,768**	**349**	**10,003**
Total liabilities	**35,003**	**128,879**	**41,652**	**29,185**	**289,675**	**70,174**	**100,809**	**29,021**	**44,084**	**97,653**
Net assets	**(361)**	**265,737**	**110,650**	**116,038**	**(71,663)**	**219,534**	**356,246**	**419,464**	**629,769**	**539,234**

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

Statement of assets and liabilities by major departmental services as at 30 June 2011 (Parent entity) continued

Road Program Development and Delivery		Road System Planning		Road Corridor and Network Operations		Community Transport Access Support		RoadTek		Inter-departmental service eliminations *		Total	
2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
179,565	149,322	17,652	6,988	24,083	21,748	8,533	10,695	(33,923)	17,754	287	(12,225)	291,826	278,894
298,239	132,981	1,121	54	2,935	1,506	16,323	17,541	183,047	68,484	(207,984)	(55,995)	411,264	279,091
6,350	9,838	24	4	62	111	347	1,297	47,798	24,061	(40,569)	(16,752)	16,515	21,859
9,793	6,636	37	313	96	943	536	480	633	740	-	-	14,955	27,687
493,947	**298,777**	**18,834**	**7,359**	**27,176**	**24,308**	**25,739**	**30,013**	**197,555**	**111,039**	**(248,266)**	**(84,972)**	**734,560**	**607,531**
1,075	1,634	4	77	11	232	59	118	70	-	-	-	1,643	2,110
29,820	227,478	-	-	601	601	-	-	-	-	(29,820)	(29,820)	601	198,259
3,742	20,155	-	-	-	-	-	-	-	-	137	89,909	134,972	135,649
2,811,475	2,098,997	427	206	1,210	613	40	28	114,998	108,278	(1,114,577)	(746,246)	2,677,214	2,808,706
39,215,811	41,308,597	-	-	-	-	-	-	-	-	1,114,439	829,354	40,651,381	42,459,399
-	-	-	-	-	-	-	-	1,784	538	-	-	1,784	538
42,061,923	**43,656,861**	**431**	**283**	**1,822**	**1,446**	**99**	**146**	**116,852**	**108,816**	**(29,821)**	**143,197**	**43,467,595**	**45,604,661**
42,555,870	**43,955,638**	**19,265**	**7,642**	**28,998**	**25,754**	**25,838**	**30,159**	**314,407**	**219,855**	**(278,087)**	**58,225**	**44,202,155**	**46,212,192**
840,293	536,164	82,604	25,090	112,698	78,091	39,929	38,403	84,435	35,838	(219,735)	(58,216)	1,387,724	921,093
64,616	44,229	-	2,070	-	6,442	-	3,168	29,000	29,000	(29,000)	(29,000)	64,616	64,958
10,157	11,539	1,856	540	3,583	1,680	221	826	5,880	5,153	-	-	36,801	29,949
-	-	-	-	-	-	-	-	13,950	7,051	-	-	13,950	7,051
5,352	2,478	526	116	718	361	254	177	-	37	-	-	9,699	6,980
920,418	**594,410**	**84,986**	**27,816**	**116,999**	**86,574**	**40,404**	**42,574**	**133,265**	**77,079**	**(248,735)**	**(87,216)**	**1,512,790**	**1,030,031**
946,976	725,554	-	33,951	-	105,671	-	51,966	-	-	-	-	988,098	981,645
2,054	4,923	375	230	724	717	45	353	-	-	-	-	6,250	6,242
-	-	-	-	-	-	-	-	-	-	-	-	1,596	1,596
949,030	**730,477**	**375**	**34,181**	**724**	**106,388**	**45**	**52,319**	**-**	**-**	**-**	**-**	**995,944**	**989,483**
1,869,448	**1,324,887**	**85,361**	**61,997**	**117,723**	**192,962**	**40,449**	**94,893**	**133,265**	**77,079**	**(248,735)**	**(87,216)**	**2,508,734**	**2,019,514**
40,686,422	**42,630,751**	**(66,096)**	**(54,355)**	**(88,725)**	**(167,208)**	**(14,611)**	**(64,734)**	**181,142**	**142,776**	**(29,352)**	**145,441**	**41,693,421**	**44,192,678**

1 Objectives and principal activities of the department

Vision
Connecting Queensland

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

Values
We will achieve this vision and purpose guided by the value we place on our customers, our people and our reputation.

Objectives
The Department of Transport and Main Roads aims to significantly contribute to the Queensland Government objectives outlined in Toward Q2: Tomorrow's Queensland. Our departmental objectives clearly align with, and demonstrate our contribution to, each of the government 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
- an accessible transport system linking people to employment, education, services and social networks
- transport-related impacts on the natural, cultural and built environments managed for the community
- enhanced capability and capacity of the transport and logistics-related industries
- enhanced leadership and stakeholder relationships, improving transport outcomes for Queensland
- capable people and contemporary processes and systems, enabling us to achieve our corporate objectives.

2 Departmental services/major activities

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

Rail, Ports and Aviation Systems
The objective of this service is to provide efficient and effective rail, ports, freight and aviation systems. The service promotes better transport for Queensland through the coordination of transport policy, funding and investment initiatives relating to rail, port, freight and aviation systems. The service facilitates appropriate, efficient roles for transport modes across Queensland through the use of cost-effective transport logistics and management practices; manages rail and port infrastructure investments; oversees rail safety regulation; and provides financial assistance for rural and remote aviation systems. This service contributes to the following government ambitions:
- Strong – *Creating a diverse economy powered by bright ideas*
- Fair – *Supporting safe and caring communities*
- Healthy – *Making Queenslanders Australia's healthiest people*.

Integrated Transport Planning
The objective of this service is to deliver a sustainable transport system which integrates transport planning and land use across all levels of government and across all modes. The service delivers integrated solutions for transport infrastructure, systems and services and development assessments. This service contributes to the following government ambitions:
- Strong – *Creating a diverse economy powered by bright ideas*
- Green – *Protecting our lifestyle and environment*
- Smart – *Delivering world-class education and training*.

Road Use Management
The objective of this service is to promote safer and sustainable use of the road transport system. The service delivers policies, regulations, licensing, registration and accreditation systems and educational programs that promote and influence a safe, efficient, accessible and ecologically sustainable road transport system. The service also manages the legislation, revenue collection, and penalties and sanctions related to road use. This service contributes to the following government ambitions:
- Strong – *Creating a diverse economy powered by bright ideas*
- Green – *Protecting our lifestyle and environment*
- Smart – *Delivering world-class education and training*.

Maritime Safety
The objective of this service is to manage the safe and environmentally sustainable movement of vessels using Queensland's waterways. The service fosters a safe and vibrant maritime community and industry in Queensland by managing and influencing the safety of vessels and their operation. The service's prime focus is delivery of improved safety and environmental outcomes and support for state-wide economic development and improved quality of life. This service contributes to the following government ambitions:
- Strong – *Creating a diverse economy powered by bright ideas*
- Green – *Protecting our lifestyle and environment*
- Smart – *Delivering world-class education and training*
- Healthy – *Making Queenslanders Australia's healthiest people*
- Fair – *Supporting safe and caring communities*.

Public Transport Services
The objective of this service is to provide efficient, effective, safe and economically sustainable public transport services and promote increased cycling and walking. The service connects people, opportunities and places and removes barriers to access and mobility. The service aims to provide the community of Queensland

with a high quality public transport system, including school services, through the facilitation of bus, ferry, train, taxi and air services. This service contributes to the following government ambitions:
- Strong – *Creating a diverse economy powered by bright ideas*
- Green – *Protecting our lifestyle and environment*
- Healthy – *Making Queenslanders Australia's healthiest people*
- Fair – *Supporting safe and caring communities*.

Road System Planning
The objective of this service is to ensure the long-term development of Queensland's road network as part of an integrated transport system. Activities under this service seek to provide:
- continued economic development and employment opportunities across the state
- understanding of, and response to, long-term demand drivers relevant to the road system
- balanced investment between enhancement work and funding for maintenance, preservation and operations
- development of new road infrastructure and non-infrastructure initiatives to support safe and efficient travel
- efficiency of the network to support the growing freight task
- transport decisions that meet the government's requirements for the community.

This service contributes to the following government ambitions:
- Strong – *Creating a diverse economy powered by bright ideas*
- Green – *Protecting our lifestyle and environment*
- Healthy – *Making Queenslanders Australia's healthiest people*.

Road Program Development and Delivery
The objective of this service is to develop and manage integrated transport projects that provide a safe, efficient and reliable transport network, while ensuring value for money. The service manages the development, implementation and monitoring of the transport program to meet the targets outlined under the Queensland Road System Performance Plan, and includes expenditure on road maintenance activities, with overall works outlined in a four-year transport system program which is published annually. This service contributes to the following government ambitions:
- Strong – *Creating a diverse economy powered by bright ideas*
- Green – *Protecting our lifestyle and environment*
- Healthy – *Making Queenslanders Australia's healthiest people*.

Road Corridor and Network Operations
The objective of this service is to protect our lifestyle and the environment by focusing on the safe, sustainable management and operation of the road network and corridors. The service's activities include traffic operations, traffic and traveller information, incident management, heavy vehicle management, road safety management, third party access management, and road corridor environmental management. This service contributes to the following government ambitions:
- Strong – *Creating a diverse economy powered by bright ideas*
- Green – *Protecting our lifestyle and environment*
- Healthy – *Making Queenslanders Australia's healthiest people*.

Community Transport Access Support
The objective of this service is to provide funding grants under the Transport Infrastructure Development Scheme to local government road projects and works undertaken on Aboriginal and Torres Strait Islander community access improvement projects. This service contributes to the following government ambitions:
- Healthy – *Making Queenslanders Australia's healthiest people*
- Fair – *Supporting safe and caring communities*
- Smart – *Delivering world-class education and training*.

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

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

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 consolidated financial statements are general purpose statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury's Minimum Reporting Requirements for the year ended 30 June 2011 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 consolidated financial statements include the value of all revenues, expenses, assets, liabilities and equity of the Department of Transport and Main Roads, being the parent entity, including RoadTek, and its controlled entities where material.

The Department of Transport and Main Roads as an economic entity, referred to in these financial statements as the consolidated entity, consists of the parent entity, Transmax Pty Ltd and Transport Holdings Queensland Pty Ltd as controlled entities.

Disclosures pertaining to the operations of Transmax Pty Ltd and Transport Holdings Queensland Pty Ltd are provided in Note 42. Transmax Pty Ltd and Transport Holdings Queensland Pty Ltd are also each required to prepare separate general purpose financial statements.

The amount of the investment and the transactions of Transport Holdings Queensland Pty Ltd are not considered material and the entity is not consolidated with the department's financial statements.

Loss of control of Queensland Motorways Limited and associated debt and asset transfers from the restructure of this business

Shares in Queensland Motorways Limited (QML), held in trust for the State of Queensland by the Associate Director-General and Transport Holdings Queensland Pty Ltd, were transferred to Queensland Treasury Holdings Pty Ltd as trustee for the State of Queensland, by the way of transfer notice issued under the *Infrastructure Investment (Asset Restructuring and Disposal) Act 2009,* and published in the Extraordinary Queensland Government Gazette, No. 103 of 6 December 2010.

The Road Franchise Agreement with QML which provided for the operation and management of the Port of Brisbane Motorway and the Gateway and Logan Motorways, was terminated on 31 March 2011. Accordingly, the department relinquished its control of QML on 31 March 2011 and adopted AASB 5 *Non-current Assets Held For Sale and Discontinued Operations*. Transactions relating to QML are reported in Note 20.

A new Road Franchise Agreement (RFA) was established between the state and QML on 1 April 2011 for the operation and management of the tollroad network under the new concession arrangements. On completion of the concession arrangements in 2051 the tollroad infrastructure assets will be recognised by the state.

There is currently no Australian Accounting Standard that addresses the accounting treatment for recognition and measurement of the right of the state to receive assets under service concession arrangements. Until such guidance is provided by the appropriate regulatory bodies, these assets are not recognised in the department's financial statements.

Other financial transactions related to the loss of control include:

- transfer to the department from QML of the Port of Brisbane Motorway infrastructure assets
- transfer to QML from the department, of the Gateway Upgrade South infrastructure assets.

By transfer notice dated 4 April 2011, under the *Infrastructure Investment (Asset Restructuring and Disposal) Act 2009,* and published in the Extraordinary Queensland Government Gazette, outstanding QML debt related to the Port of Brisbane Motorway was transferred to the department.

Refer to Notes 20, 28 and 29 for disclosures relating to the above transactions.

(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) Agency transactions and balances

The department performs certain agency transactions and acts only in a custodial role for these transactions and balances. They are not recognised in the financial statements.

(e) Revenue

Departmental services 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 revenue and the associated payments are recognised as an administered expense. An exception to the general policy exists where the department has some operational control over the timing and amount transferred to other entities. In this instance, both the revenue and expense are classified as controlled transactions within the department's accounts.

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) Equity adjustments and funding for depreciation and amortisation

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

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

(g) Cash

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.

(h) Receivables

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

The collectability of receivables is assessed periodically with allowance being made for impairment. All known bad debts were written off as at 30 June. Changes in the allowance for impairment are based on loss events as disclosed in Note 43.

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 the Department of Justice and Attorney-General and is not reported in the accounts of the Department of Transport and Main Roads.

(i) Inventories

Raw materials and stores, work in progress and finished goods
These inventories 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 consolidated entity's construction activities in general.

(j) Other financial assets

Investments in equity instruments do not have a quoted market price in an active market and are carried at cost. The equities are held in non-traded entities which do not distribute dividends. Refer to Note 25.

(k) 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*.

(l) 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 under development
Expenditure on this category is held at cost until the assets are ready for use.

(m) 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 capitalised for financial reporting purposes in the year of acquisition:

• Commercial land	$1
• Commercial buildings	$10 000
• Property held for future infrastructure	$5 000
• Road construction plant and equipment	$5 000
• Heritage and cultural assets	$5 000
• Technical, information technology and general plant and equipment	$5 000

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.

Property, plant and equipment 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 (capital 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 with 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.

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

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 the following depreciation rates were used:

Class	Depreciation rates
• Commercial buildings	1% - 33%
• Road construction plant and equipment	5% - 50%
• Technical, information technology and general plant and equipment	2% - 50%

Property held for future infrastructure
The department acquires property, usually by resumption, for the construction of future infrastructure assets. The properties may include buildings which are rented wherever possible, until the property is required for capital works. These buildings are not depreciated, as they are incidental to the acquisition of land and subject to future demolition.

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 property held for future infrastructure.

Road construction plant and equipment
These assets are used primarily in the process of constructing and maintaining roads.

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

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

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

Capital work in progress
Capital work in progress, which is valued at cost, represents property, plant and equipment assets currently under construction.

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

(n) Revaluation of property, plant and equipment

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

Other than heritage and cultural assets which are independently valued on an annual basis, non-current physical assets are measured at fair value and comprehensively revalued at least once every five years. Interim valuations, using appropriate indices are otherwise performed on an annual basis. Refer to Note 3(o) for policy on the valuation of infrastructure assets.

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 2010-11, the department's assets held at fair value were comprehensively revalued. The following organisations were engaged to carry out the valuations:

Land: Department of Environment and Resource Management, State Valuation Services
Commercial buildings: Department of Environment and Resource Management, State Valuation Services

Heritage and cultural assets: Australian Valuation Office

Artwork: Macaulay Partners, Valuers-Fine Arts and Antiques

Busway buildings: Project Services, Department of Public Works

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

(o) Infrastructure assets

Infrastructure assets acquired with a cost or other value equal to or greater than a threshold of $10 000 are capitalised in the year of acquisition. All other items with a cost or other value less than this threshold are expensed in the year of acquisition.

The department reports five categories of infrastructure assets:
- Roads
- Structures – includes bridges, tunnels and major culverts
- Busways
- Other infrastructure
- Capital work in progress

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

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

The approach adopted by the department measures assets at depreciated current replacement cost. This is the cost per unit of future economic benefit of the most appropriate modern replacement facility, adjusted to reflect the condition of the asset being currently valued. That is, adjusted for any over design/capacity of the asset at the time of valuation.

This valuation methodology provides a robust, resource-based assessment of gross replacement costs based on a greenfield construction site for the road network. A greenfield construction for valuation purposes includes removal of existing infrastructure assuming no main road or busway is in the corridor.

The department completed a comprehensive management valuation of the road, structure and busway assets as at 30 June 2011. Suitably qualified and experienced departmental engineers and staff completed the valuation in conjunction with commercial estimation firm Aquenta Consulting Pty Ltd (formerly burmanGRIFFITHS).

In 2010-11, unit rates have been ratified by an expert panel which included experienced senior officers from a range of disciplines across Transport and Main Roads.

The resulting difference arising on valuation is accounted for as a net adjustment to the asset revaluation surplus, to the extent that it offsets previous increments/decrements. This is recognised in the Statement of comprehensive income where there is no asset revaluation surplus to reverse.

Capital work in progress is based on individual project costs. Completed road or busway infrastructure is valued based on a range of typical roads across the state assuming a standard level of service, namely, stereotypes. This ensures adherence to asset valuation guidelines applicable to public state roads, with replacement costs in accordance with optimisation principles, being the least cost replacement option adopted, adjusted for technical obsolescence or over-engineering. Differences in pricing will occur for a range of reasons including movements in market price and design differences.

For valuation purposes "over-engineering" is defined as a road or busway designed and constructed to include a significant element of future proofing to accommodate projected forecast growth in the medium to long term.

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

Sub-class	Depreciation method	Current standard useful life or length weighted average useful life	Useful life distribution of road or busway sections	Residual value *	
				Minimum	Maximum
Surface - chip seal	Straight-line	9.4 years	2-19 years	48%	84%
Surface - asphalt	Straight-line	13 years	2-40 years	0%	2%
Surface - concrete	Straight-line	37.6 years	11-55 years	0%	0%
Formation earthworks	Indefinite life (not depreciated) or straight-line to estimated replacement date	57.7 years (for those with a finite life) 76.7% have an indefinite life	Finite life sections 20-91 years	0%	100%
Pavements and minor drainage	Equivalent Standard Axle (ESA) growth rate over time	36 years	4-49 years	22%	75%
Bridges - timber	Straight-line	80 years	-	2%	2%
Bridges - concrete/steel	Straight-line	100 years	-	2%	2%
Tunnels	Straight-line	100 years	-	2%	2%
Major culverts - steel	Straight-line	35 years	-	2%	2%
Major culverts - other	Straight-line	60 years	-	2%	2%
Other infrastructure	Straight-line	5-110 years	-	Nil	Nil

* *The residual value component represents the intrinsic value of components at the end of their useful life to be re-used in the rehabilitation of portions of the network.*

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

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

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 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.

Roads and busways
For valuation purposes, it is assumed that all sections of the road and busway 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:

- use of a number of road construction stereotypes to include variants of older and newer geometric design standards on rural roads including specific urban stereotypes
- detailed schedules for each stereotype using standard items and quantities provided by the department's engineers and project managers and moderated by regional review and an expert panel including external consultants
- schedules priced by external estimators using commercial market rates and construction processes, and reviewed by an expert panel
- all variants for terrain, soil type and rainfall have specific schedules developed and priced for each of the base stereotypes. In total, 187 individual unit rates are applied to the road and busway network valuation.

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

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

Resurfacing and re-pavement works that extend the useful life of the road or improve the function of the road are capitalised during the year using gross replacement cost unit rates.

The written down values of surfaces and pavements, which are replaced during the reporting period, are expensed, together with the value of sections of road that are demained and transferred to third parties. These items have been aggregated in the Statement of comprehensive income as Decommissioned infrastructure assets and are disclosed in Note 15.

The amount of this expense may vary significantly from year to year based on the program adopted for major reseals and pavement rehabilitations and the average life of the seals and pavements replaced.

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 the sub-classes of bridges, pre-stressed concrete deck units, pre-stressed concrete girders, box girders and major culverts.

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

The written down value of structures that are replaced during the year is expensed together with the value of structures demained and transferred to third parties. These items are aggregated in the Statement of comprehensive income as Decommissioned infrastructure assets and are further disclosed in Note 15.

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.

In 2010-11, the department's marine infrastructure assets held at fair value were comprehensively revalued. APV Valuers and Asset Management was engaged to carry out this valuation.

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 27 as Property held for future infrastructure until road declarations for each land portion are confirmed.

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

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 Environment and Resource Management. The Department of Transport and Main Roads transfers these assets through an equity adjustment to the Department of Environment and Resource Management upon this declaration.

Capital work in progress - infrastructure
All direct costs and, where reliably attributable, indirect costs relating to the constructed infrastructure, are recorded as work in progress. Capital work in progress is valued at cost and is not depreciated or revalued until the work is physically completed. Capital work in progress is subject to impairment testing. Refer to Note 3(p).

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

(p) Impairment of non-current assets

All property, plant and equipment, infrastructure assets 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.

(q) Leases

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

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 28 and lease commitments in Note 40(a).

(r) Payables

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

(s) Financial instruments

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

Classification
Financial instruments are classified and measured as follows:

- cash - held at fair value
- shares - held at fair value
- receivables - held at amortised cost
- payables - held at amortised cost
- accrued employee benefits - held at amortised cost
- borrowings - held at amortised cost.

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

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

The consolidated entity does not enter into transactions for speculative purposes, nor for hedging. Apart from cash, the department holds no financial assets classified at fair value through profit and loss.

All other disclosures relating to the measurement basis and financial risk management of other financial instruments held by the consolidated entity are included in Note 43.

(t) Employee benefits

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

Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

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

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. For those entitlements not expected to be paid within 12 months, the liabilities are classified as non-current liabilities and recognised at their present value, calculated using yields on fixed rate 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 for the parent entity, the liability being held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, prepared by Queensland Treasury.

The controlled entity Transmax Pty Ltd is not a participant in the annual leave central scheme. 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 32.

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.

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

The controlled entity Transmax Pty Ltd is not a participant in the long service leave scheme. Therefore, included in Note 32 are the long service leave benefits for Transmax Pty Ltd employees.

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

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 Queensland Treasury.

Key executive management personnel and remuneration
Key executive management personnel and remuneration disclosures are made in accordance with the section 5 Addendum, issued in May 2011, to the *Financial Reporting Requirements for Queensland Government Agencies* issued by Queensland Treasury. Refer to Note 10 for the disclosures on key executive management personnel and remuneration.

(u) Provisions

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

(v) Financing/borrowing costs

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

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

No borrowing costs are capitalised into qualifying assets.

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

The department discloses revenues and expenses attributable to corporate services in the Statement of comprehensive income by major departmental services.

(x) 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.

Queensland Treasury 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 47.

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

(y) Insurance

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

(z) Contributed equity

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

(aa) Taxation

The parent entity, 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).

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

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

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

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

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

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

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

(ab) Issuance of financial statements

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

(ac) 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(o) Infrastructure assets
- Note 27 Property, plant and equipment
- Note 41 Contingencies.

(ad) Rounding and comparatives

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

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

(ae) New and revised accounting standards

The department did not voluntarily change any of its accounting policies during 2010-11. Only one amendment to an Australian accounting standard applicable for the first time for 2010-11 was relevant to the department, as explained below.

AASB 2009 – 5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* included certain amendments to AASB 117 *Leases* that revised the criteria for classifying leases involving land and buildings. Consequently, the department was required to reassess the classification of the land elements of all unexpired leases the department had entered into as at 1 July 2010, on the basis of information existing at the inception of the relevant leases. The outcome of the department's reassessment was that no reclassification from an operating lease to a finance lease was necessary.

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 the Treasury Department. 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 statements, significant impacts of new or amended Australian accounting standards with future commencement dates are as set out 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]* becomes effective from reporting periods beginning on or after 1 January 2011. The department will then need to make changes to its disclosures about credit risk on financial instruments in Note 43. No longer will the department need to disclose amounts that best represent an entity's maximum exposure to credit risk where the carrying amount of the instruments reflects this. If the department holds collateral or other credit enhancements in respect of any financial instrument, it will need to disclose - by class of instrument - the financial extent to which those arrangements mitigate the credit risk. There will be no need to disclose the carrying amount of financial assets for which the terms have been renegotiated, which would otherwise be past due or impaired.

Also, for those financial assets that are either past due but not impaired, or have been individually impaired, there will be no need to separately disclose details about any associated collateral or other credit enhancements held by the department.

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 either 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 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.

On initial application of AASB 9, the department will need to re-assess the measurement of its financial assets against the new classification and measurement requirements, based on the facts and circumstances that exist at that date. 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 will be required to be classified as financial assets required to be measured at fair value through profit or loss, instead of the measurement classifications presently used in Notes 3(s) and 43. The same classification will be used for net gains or losses recognised in the Statement of comprehensive income for those financial assets. In the case of the department's receivables, the carrying amount is considered to be a reasonable approximation of fair value.

AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129, & 1052]* apply to 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), and 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. AASB 2010-2 sets out the details of which disclosures in standards and interpretations are not required under tier 2 reporting.

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, the Treasury Department is the regulator. Treasury Department has advised that its policy decision is to require all departments to adopt tier 1 reporting requirements. In compliance with Treasury's policy which prohibits the early adoption of new or revised accounting standards unless Treasury approval is granted, the Department of Transport and Main Roads has not early adopted AASB 1053.

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.

4 Reconciliation of payments from Consolidated Fund

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Reconciliation of payments from Consolidated Fund to departmental services revenue recognised in Statement of comprehensive income				
Budgeted departmental services appropriation	3,357,634	3,429,962	3,357,634	3,429,962
Transfers from/(to) other headings	201,915	-	201,915	-
Lapsed departmental services appropriation	-	(122,146)	-	(122,146)
Total departmental services receipts	3,559,549	3,307,816	3,559,549	3,307,816
Less: Opening balance of departmental services appropriation receivable	(62,530)	(53,715)	(62,530)	(53,715)
Plus: Closing balance of departmental services appropriation receivable	-	62,530	-	62,530
Less: Closing balance of departmental services appropriation payable	(19,285)	-	(19,285)	-
Departmental services revenue recognised in Statement of comprehensive income	**3,477,734**	**3,316,631**	**3,477,734**	**3,316,631**
Reconciliation of payments from Consolidated Fund to equity adjustment recognised in contributed equity				
Budgeted equity adjustment appropriation	2,433,147	2,426,549	2,433,147	2,426,549
Lapsed equity adjustment	(743,817)	(18,816)	(743,817)	(18,816)
Equity adjustment receipts	1,689,330	2,407,733	1,689,330	2,407,733
Less: Opening balance of equity adjustment receivable	-	(125,126)	-	(125,126)
Plus: Closing balance of equity adjustment receivable	-	-	-	-
Equity adjustment recognised in contributed equity	**1,689,330**	**2,282,607**	**1,689,330**	**2,282,607**

5 User charges

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Toll revenue	550	643	550	643
Provision of services to government departments	31,436	25,067	31,436	25,067
Pilotage	53,862	46,643	53,862	46,643
Recoverable works	62,159	80,838	62,675	81,409
Property search fees	1,834	2,518	1,834	2,518
Services rendered *	87,231	131,813	92,787	135,806
Rent revenue	31,733	24,185	31,733	24,185
Other	17,830	17,461	17,830	17,461
Total	**286,635**	**329,168**	**292,707**	**333,732**

* Services rendered includes construction contract revenue of $7.765m (2010: $15.3m).

6 Grants and other contributions

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Grants from Queensland Reconstruction Authority *	420,512	-	420,512	-
Grants from the Australian Government **	811	3,936	811	3,936
Grants from local government ***	46,000	6,450	46,000	6,450
Students with disabilities subsidies from Department of Education and Training	34,127	31,163	34,127	31,163
Goods and services received at below fair value ****	54,231	8,149	54,231	8,149
Other	5,011	3,703	5,011	3,703
Total	**560,692**	**53,401**	**560,692**	**53,401**

* Grants received from the Queensland Reconstruction Authority are for the rebuilding of transport infrastructure following natural disasters.

** There are no grants from the Australian Government which remain unspent as at 30 June 2011 (2010: $Nil). The grants from the Australian Government relate to the Taxi Subsidy Scheme (non-reciprocal), and reciprocal grants which relate to the National Partnership Agreement for public transport concessions for interstate Seniors Card holders.

*** Grants from local government in 2011 relate to contributions received from the Gold Coast City Council for the Gold Coast Rapid Transit project.

**** Goods and services received at below fair value in 2011 includes land valued at $16.563m from the Brisbane City Council relating to the construction of the Airportlink tollroad.

7 Other revenue

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Interest	2,417	59	2,299	-
Developers' contributions revenue	3,239	8,945	3,239	8,945
Registration fee surcharge	12,499	13,340	12,499	13,340
Compulsory third party administration fees	26,610	26,068	26,610	26,068
Claim revenue - Queensland Government Insurance Fund	469	1,698	469	1,698
Motorway contribution revenue	2,526	2,526	2,526	2,526
Revenue from controlled entities	-	-	10,506	34,281
Other	6,595	7,192	5,505	7,172
Total	**54,355**	**59,828**	**63,653**	**94,030**

8 Gains

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Gain on sale - plant and equipment	239	397	239	397
Gain on sale - buildings	-	6	-	6
Gain on sale - land	2,917	907	2,917	907
Total	**3,156**	**1,310**	**3,156**	**1,310**

9 Employee expenses

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Employee benefits				
Wages and salaries	369,211	427,282	365,605	424,675
Employer superannuation contributions	28,377	36,730	28,377	36,730
Long service leave levy	3,853	4,486	3,853	4,486
Other employee benefits	6,956	8,323	6,951	8,324
Annual leave levy	30,562	21,893	30,562	21,893
Employee related expenses				
Workers' compensation premium	2,099	4,542	2,099	4,542
Payroll tax	14,299	17,366	14,299	17,366
Other employee related expenses	10,800	10,639	10,655	10,442
Total	**466,157**	**531,261**	**462,401**	**528,458**

The parent entity's total employee expenditure was $823.701m (2010: $772.419m). Of this, $361.300m was attributed to the construction of infrastructure assets and was capitalised (2010: $243.961m).

	Consolidated 2011	Consolidated 2010	Parent 2011	Parent 2010
Number of employees: *	**9 128**	**9 456**	**9 046**	**9 049**

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

10 Key executive management personnel and remuneration

a) Key executive management personnel as at 30 June 2011

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 agency during 2010-11. Further information on these positions can be found in the Part 1 of the Annual Report under the section for Corporate Social Responsibility.

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 Main Roads, Fisheries and Marine Infrastructure, and the Minister for Transport and Multicultural Affairs for the efficient, effective and financially responsible performance of the department.	CEO Contract (CEO 3) Public Service Commission *Public Service Act 2008*	Appointed in March 2009
Associate Director-General	The Associate Director-General provides high-level strategic advice to both of Transport and Main Roads' ministers and the Director-General, and plays a key role in managing the delivery of national transport reform agendas in Queensland. The Associate Director-General is also the Senior Responsible Officer for the South East Queensland Moving People program.	Higher Duties (CEO 4) Director-General *Public Service Act 2008*	Commenced in April 2011
Deputy Director-General Policy and Planning	The Deputy Director-General Policy and Planning is responsible for the department's strategic policy, integrated transport planning, road safety and system management, passenger transport and rail, ports and freight.	Higher Duties (SES 4) Director-General *Public Service Act 2008*	Commenced in March 2011
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.	s.122 Contract (SES 3) Director-General *Public Service Act 2008*	Appointed in March 2009
Chief Operations Officer	The Chief Operations Officer 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.	SES Contract (SES 4) Public Service Commission *Public Service Act 2008*	Appointed in May 2010
Deputy Director-General Corporate	The Deputy Director-General Corporate is responsible for corporate governance, finance, information communication technology, and people and capability.	Higher Duties (SES 4) Director-General *Public Service Act 2008*	Commenced in December 2010

10 Key executive management personnel and remuneration (continued)

b) Remuneration

Remuneration policy for the agency'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.

For the 2010-11 financial year, remuneration of key executive management personnel increased by 2.5% in accordance with government policy.

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 paid and provided.
- Post employment benefits include superannuation contributions paid and provided by the employer.
- 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.

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 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.

10 Key executive management personnel and remuneration (continued)

1 July 2009 - 30 June 2010

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	372	4	8	40	-	**424**
Associate Director-General	331	18	8	38	-	**395**
Deputy Director-General Policy and Planning	247	20	-	23	-	**290**
Deputy Director-General Investment and Program Development	193	16	4	21	-	**234**
Deputy Director-General Transport Safety Regulation and Security (resigned on 10/04/2010)	206	6	-	17	8	**237**
Chief Operations Officer	215	22	5	23	-	**265**
Deputy Director-General Corporate	178	22	4	21	-	**225**
Total remuneration	**1,742**	**108**	**29**	**183**	**8**	**2,070**

c) Performance payments

There were no performance bonuses paid or payable to any key executive management personnel in 2011 (2010: $Nil).

	Consolidated		Parent	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000

11 Supplies and services

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Raw materials	25,530	6,450	25,662	6,488
QR National float	70,634	-	70,634	-
Consultants and contractors * **	582,633	186,626	583,801	185,456
Administration	142,495	138,252	142,476	138,293
Travel	17,783	13,897	17,809	13,895
Property related costs	56,985	142,404	56,985	142,404
Supplies and consumables	38,744	19,388	37,661	16,736
Operating lease rentals	22,185	16,575	22,175	16,554
Plant hire **	41,592	19,502	41,589	19,500
Utilities **	71,178	44,099	70,760	43,634
Repairs and maintenance	46,504	35,030	46,372	34,780
Communications **	49,490	16,216	50,277	17,492
Queensland Government services	56,492	50,939	56,492	50,939
Bank fees and charges	5,289	5,328	5,288	5,327
Other	6,493	1,095	6,491	1,154
Total	**1,234,027**	**695,801**	**1,234,472**	**692,652**

Comparatives have changed by $178.811m due to the recognition of a prior year adjustment of $176.468m for consultants and contractors relating to the capitalised component of natural disaster relief costs. Refer to Note 29 and Note 46. Also reclassified was $2.299m and $0.044m into other expenses and payables, respectively. Comparatives have also been adjusted within line items to better reflect the result of capitalisation.

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

** The increase in these categories is largely due to natural disaster emergent expenditure on infrastructure assets.

The parent entity's total supplies and services expenditure for 2011 was $4.064b (2010: $3.979b). In the reporting period $2.829b (2010: $3.286b) was capitalised to construction work in progress. The following table details the breakdown of capitalised supplies and services components for 2011:

Summary of capitalised expenditure - parent entity	**Total expenditure 2011 $'000**	**Capitalised expenditure 2011 $'000**	**Reported expenditure 2011 $'000**
Raw materials	118,455	92,793	25,662
QR National float	70,634	-	70,634
Consultants and contractors	2,809,812	2,226,011	583,801
Administration	174,458	31,982	142,476
Travel	27,136	9,327	17,809
Property related costs	368,886	311,901	56,985
Supplies and consumables	57,327	19,666	37,661
Operating lease rentals	22,213	38	22,175
Plant hire	100,709	59,120	41,589
Utilities	79,648	8,888	70,760
Repairs and maintenance	46,517	145	46,372
Communications	50,421	144	50,277
Queensland Government services	123,680	67,188	56,492
Bank fees and charges	5,288	-	5,288
Other	8,439	1,948	6,491
Total	**4,063,623**	**2,829,151**	**1,234,472**

	Consolidated		Parent	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000

12 Grants and subsidies

Rail *	84,632	28,490	84,632	28,490
Bus access	112	1,159	112	1,159
School transport	163,885	159,443	163,885	159,443
Transport Infrastructure Development Scheme (TIDS)	54,848	57,876	54,863	58,651
Transport infrastructure	42,195	40,620	42,195	40,620
Public transport	62,820	59,764	62,820	59,764
Australian Government Black Spot **	4,164	18,332	4,164	18,332
Other	22,722	25,982	25,248	28,508
Total	**435,378**	**391,666**	**437,919**	**394,967**

* Rail related grants have increased due to payments made to QR National which was privatised in November 2010. Payments made prior to this date are disclosed in Note 13.

** Australian Government Black Spot additional funding agreement ended in 2010.

13 Rail service costs

Rail services and infrastructure support costs	821,662	672,202	821,662	672,202
Total	**821,662**	**672,202**	**821,662**	**672,202**

The increase in expenditure in 2011 is attributable to Stage 3 of the Corinda to Darra rail project and the Robina to Varsity Lakes rail project.

14 Depreciation and amortisation

Depreciation incurred for:				
Commercial buildings	14,111	14,371	14,111	14,371
Road construction plant and equipment	14,710	14,933	14,710	14,933
Technical, information technology and general plant and equipment	11,456	11,027	11,341	10,944
Infrastructure assets	849,068	899,477	849,068	899,477
	889,345	939,808	889,230	939,725
Amortisation incurred for:				
Software purchased	819	692	780	642
Software internally generated	10,962	11,060	10,962	11,060
	11,781	11,752	11,742	11,702
Total	**901,126**	**951,560**	**900,972**	**951,427**

15 Decommissioned infrastructure assets

Structures demolished	15,070	32,731	15,070	32,731
Roads, structures and busways demained	79,024	5,668	79,024	5,668
Road surfaces and pavements replaced *	172,300	203,784	172,300	203,784
Total	**266,394**	**242,183**	**266,394**	**242,183**

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

16 Revaluation decrement

Busways *	22,362	98,325	22,362	98,325
Roads *	457,458	2,132,968	457,458	2,132,968
Structures *	-	150,550	-	150,550
Other infrastructure	-	7,737	-	7,737
Property held for future infrastructure	468,288	-	468,288	-
Commercial land	1,977	2,924	1,977	2,924
Commercial buildings	-	7,855	-	7,855
Heritage and cultural	315	-	315	-
Revaluation decrement reversal - structures	(150,550)	-	(150,550)	-
Revaluation decrement reversal - other infrastructure	(7,737)	-	(7,737)	-
Revaluation decrement reversal - commercial buildings	(4,979)	-	(4,979)	-
Revaluation decrement reversal - property held for future infrastructure	-	(10,655)	-	(10,655)
Total	**787,134**	**2,389,704**	**787,134**	**2,389,704**

* The revaluation decrement represents completed project costs that are greater than valuation through the application of the infrastructure valuation methodology. Refer to Note 3(o).

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000

17 Impairment losses

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Impairment losses on trade receivables	1,345	1,187	1,345	1,187
Impairment reversal on property, plant and equipment	(12)	-	(12)	-
Impairment reversal on infrastructure assets	(24,806)	(144)	(24,806)	(144)
Impairment losses on infrastructure assets *	3,133,028	414,973	3,133,028	414,973
Total	**3,109,555**	**416,016**	**3,109,555**	**416,016**

* Impairment of the road network totalled $3.340b which comprised $3.093b in 2010-11 and $247.8m from 2009-10, due mainly to the effect of natural disasters. Impairment is applied to the written-down replacement value of assets.

18 Finance/borrowing costs

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Interest	69,856	73,567	69,852	73,567
Administration charges	1,201	1,089	1,201	1,089
Total	**71,057**	**74,656**	**71,053**	**74,656**

19 Other expenses

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Insurance premiums - QGIF	6,536	8,958	6,536	8,958
Insurance premiums - Other *	2,538	5,332	2,479	5,277
Audit fees **	1,172	1,430	1,142	1,396
Loss from disposal of property, plant and equipment	2,802	2,289	2,802	2,289
Capital projects costs written off	8,341	3,617	8,341	3,617
Losses: ***				
Public moneys	108	53	108	53
Public property	2	152	2	152
Special payments:				
Ex gratia payments ****	3,556	8,731	3,556	8,731
Court awarded damages	1,887	427	1,887	427
Compensation claims	239	5	239	5
Fees, permits and other charges	2,992	2,756	2,992	2,756
Resources provided below fair value	-	1,585	-	1,585
Other	1,760	364	1,732	339
Total	**31,933**	**35,699**	**31,816**	**35,585**

Comparatives have changed due to the remapping of items from supplies and services.

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

** Total external audit fees in 2010-11 for the parent entity are estimated to be $0.930m (2010: $0.895m). The amount includes financial and assurance audit fees charged by the Queensland Audit Office, and operational audits performed by third parties.

*** 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 Claim revenue - Queensland Government Insurance Fund. Refer to Note 7.

**** The 2011 amount includes payment to Queensland Motorways Limited of $3.510m for waiving tolls during the January 2011 floods. The 2010 amount includes reimbursements of $8.619m to various local governments and state government departments for the *Pacific Adventurer* oil spill.

	Consolidated		Parent	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000

20 Loss from discontinued operations

(a) Loss of control of Queensland Motorways Limited (QML)

Following the termination of the Road Franchise Agreement with QML on 31 March 2011, the department relinquished control and derecognised its shares in QML. Refer to Note 3(b). The consolidated entity information provided below in the 2011 column relates to the reporting period 1 July 2010 to 31 March 2011 (2010: 1 July 2009 to 30 June 2010).

(b) Financial performance of operations disposed

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Revenue	242,651	216,601	-	-
Expenses	276,307	441,024	-	-
Loss for the year from discontinued operations (attributable to department as owners)	**33,656**	**224,423**	**-**	**-**

(c) Assets and liabilities of QML

The major classes of assets and liabilities of QML are as follows:

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Assets:				
Cash	9,004	16,509	-	-
Receivables	38,432	12,576	-	-
Intangibles	63,352	77,149	-	-
Property, plant and equipment	60,611	92,883	-	-
Infrastructure assets	2,962,974	2,962,974	-	-
Other assets	31,396	1,331	-	-
	3,165,769	3,163,422	-	**-**
Liabilities				
Trade and other payables	61,285	59,267	-	-
Interest bearing liabilities	3,001,281	2,809,289	-	-
Accrued employee benefits	2,436	3,447	-	-
	3,065,002	2,872,003	-	**-**
Net asset attributable to discontinued operations	100,767	291,419	-	-

(d) Cash flows of QML

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Operating activities	20,855	(64,171)	-	-
Investing activities	(220,352)	(418,253)	-	-
Financing activities	191,992	391,506	-	-
Net cash outflows	(7,505)	(90,918)	-	-

(e) Other *

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Derecognition of shares in QML	197,658	-	197,658	-
Gateway Upgrade South infrastructure asset transferred to QML	128,727	-	128,727	-
Derecognition of Gateway Motorway infrastructure asset	198,175	-	198,175	-
	524,560	-	524,560	-
Less: Port of Brisbane Motorway infrastructure asset received from QML	121,057	-	121,057	-
Total	**403,503**	**-**	**403,503**	**-**

* These items have been recognised in the Statement of comprehensive income. The remaining transaction arising from the QML arrangements, being the transfer of interest bearing liabilities for the Port of Brisbane Motorway, is recognised in the Statement of changes in equity. These transactions are recorded in accordance with Queensland Treasury policy. Also refer to Note 3(b).

21 Cash

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Imprest accounts	204	211	204	211
Cash at bank and on hand	295,595	297,237	291,622	278,683
Total	**295,799**	**297,448**	**291,826**	**278,894**

22 Receivables

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Current				
Trade debtors *	325,687	146,564	325,277	120,077
Less: Allowance for impairment loss	(1,010)	(9,739)	(1,010)	(527)
	324,677	136,825	324,267	119,550
GST receivable	68,389	64,468	68,463	64,548
GST payable *	(21,417)	(1,632)	(21,157)	(3,022)
	46,972	62,836	47,306	61,526
Long service leave reimbursements	2,445	2,135	2,445	2,135
Departmental services appropriation receivable	-	62,530	-	62,530
Annual leave reimbursements	11,398	10,057	11,398	10,057
Other	25,848	23,312	25,848	23,293
	39,691	98,034	39,691	98,015
Total	**411,340**	**297,695**	**411,264**	**279,091**

* The increase in trade debtors and GST payable is due to the recognition of revenue from the Queensland Reconstruction Authority.

Movements in the allowance for impairment loss

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Opening balance	9,739	1,451	527	1,101
Amounts written off during the year	-	(610)	-	(610)
Increase/(decrease) in allowance recognised in the operating result	483	8,898	483	36
Derecognition of Queensland Motorways Limited	(9,212)	-	-	-
Closing balance	**1,010**	**9,739**	**1,010**	**527**

23 Inventories

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Supplies and consumables - at cost:				
Raw materials and stores	14,824	18,959	14,701	17,874
Work in progress	1,087	760	136	850
	15,911	19,719	14,837	18,724
Inventory held for sale - at cost:				
Plates	400	408	400	408
Publications	303	400	303	400
Customer Service Centre products	975	2,116	975	2,116
	1,678	2,924	1,678	2,924
Construction work in progress:				
Contract costs incurred and recognised profits less recognised losses	3,410	1,465	3,410	1,465
Less: Progress billings *	(3,410)	(1,254)	(3,410)	(1,254)
	-	211	-	211
Total	**17,589**	**22,854**	**16,515**	**21,859**

* Total progress billings and advances received from construction contracts in progress amount to $3.410m (2010: $1.254m). These amounts reflect the varying volume of works carried out by the department.

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

24 Prepayments

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Current				
Prepayments	14,979	29,057	14,955	27,687
Total	**14,979**	**29,057**	**14,955**	**27,687**
Non-current				
Prepayments	1,643	2,110	1,643	2,110
Total	**1,643**	**2,110**	**1,643**	**2,110**

	Consolidated		Parent	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000

25 Other financial assets

Non-current				
Shares in Queensland Motorways Limited - yet to be issued	-	-	-	10,138
Shares in Queensland Motorways Limited - at cost	-	-	-	187,520
Shares in Transmax Pty Ltd - at cost	-	-	601	601
Total	**-**	**-**	**601**	**198,259**

These financial instruments are not traded on an active market, therefore fair value can not be reliably measured. Refer to Note 3(j), Note 42 and Note 43. The shares in Queensland Motorways Limited, formerly held by the department, were transferred to Queensland Treasury Holdings Pty Ltd on 6 December 2010. Refer to Note 3(b) and Note 20.

26 Intangible assets

Software purchased:				
At cost	9,617	89,233	9,306	8,830
Less: Accumulated amortisation	(5,859)	(14,447)	(5,548)	(4,955)
	3,758	74,786	3,758	3,875
Software internally generated:				
At cost	172,435	119,306	172,435	118,194
Less: Accumulated amortisation	(105,148)	(94,123)	(105,148)	(93,707)
	67,287	25,183	67,287	24,487
Software under development:				
At cost	63,927	112,876	63,927	107,287
Total	**134,972**	**212,845**	**134,972**	**135,649**

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 $7.846m (2010: $10.055m) 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.

26 Intangible assets (continued)

Intangibles reconciliation - Parent

	Software purchased		Software internally generated		Software under development		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance	3,875	3,814	24,487	26,355	107,287	64,482	**135,649**	**94,651**
Adjustment to opening balances	-	-	-	-	-	(3,451)	**-**	**(3,451)**
Acquisitions	663	15	8,523	-	12,630	56,020	**21,816**	**56,035**
Disposals	-	-	-	(18)	-	-	**-**	**(18)**
Transfers between classes	-	(14)	44,147	8,506	(44,147)	(8,505)	**-**	**(13)**
Transfers out	-	-	-	-	-	(1,827)	**-**	**(1,827)**
Transfers from/(to) infrastructure	-	-	1,092	-	-	200	**1,092**	**200**
Transfers from/(to) property, plant and equipment	-	702	-	704	(3,765)	368	**(3,765)**	**1,774**
Projects written off	-	-	-	-	(8,078)	-	**(8,078)**	**-**
Amortisation	(780)	(642)	(10,962)	(11,060)	-	-	**(11,742)**	**(11,702)**
Closing balance	**3,758**	**3,875**	**67,287**	**24,487**	**63,927**	**107,287**	**134,972**	**135,649**

Intangibles reconciliation - Consolidated

	Software purchased		Software internally generated		Software under development		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance	74,786	18,420	25,183	27,467	112,876	94,937	**212,845**	**140,824**
Adjustment to opening balances	-	82	-	1	(8)	(3,443)	**(8)**	**(3,360)**
Acquisitions	1,175	648	8,524	-	12,631	94,511	**22,330**	**95,159**
Disposals	-	-	-	(18)	-	-	**-**	**(18)**
Transfers between classes	942	63,352	44,147	8,505	(45,089)	(71,870)	**-**	**(13)**
Transfers out	-	-	-	-	-	(1,827)	**-**	**(1,827)**
Transfers from/(to) infrastructure	-	-	1,092	-	-	200	**1,092**	**200**
Transfers from/(to) property, plant and equipment	-	702	-	704	(3,765)	368	**(3,765)**	**1,774**
Projects written off	-	-	-	-	(8,078)	-	**(8,078)**	**-**
Amortisation	(6,666)	(8,418)	(11,330)	(11,476)	-	-	**(17,996)**	**(19,894)**
Derecognition of Queensland Motorways Limited	(66,479)	-	(329)	-	(4,640)	-	**(71,448)**	**-**
Closing balance	**3,758**	**74,786**	**67,287**	**25,183**	**63,927**	**112,876**	**134,972**	**212,845**

27 Property, plant and equipment

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Commercial land:				
At fair value	284,838	262,912	284,838	262,912
Commercial buildings:				
At fair value	426,425	420,427	426,425	400,492
Less: Accumulated depreciation	(234,378)	(213,082)	(234,378)	(200,193)
	192,047	207,345	192,047	200,299
Property held for future infrastructure:				
At fair value	1,946,967	2,184,783	1,946,967	2,184,783
Road construction plant and equipment:				
At cost	181,101	162,530	181,101	162,530
Less: Accumulated depreciation	(69,365)	(57,569)	(69,365)	(57,569)
	111,736	104,961	111,736	104,961
Heritage and cultural assets:				
At fair value	4,544	4,705	4,544	4,705
Technical, information technology and general plant and equipment:				
At cost	120,020	241,731	119,510	109,034
Less: Accumulated depreciation	(79,531)	(122,021)	(79,255)	(75,341)
	40,489	119,710	40,255	33,693
Work in progress:				
At cost	96,827	17,353	96,827	17,353
Total	**2,677,448**	**2,901,769**	**2,677,214**	**2,808,706**

The department has property, plant and equipment with a original cost of $36.936m (2010: $37.430m) and a written down value of zero still being used in the provision of services.

The department has property, plant and equipment with a original cost of $28.537m (2010: $30.452m) that is written down to a total residual value of $1.919m (2010: $2.335m), continuing to be used in the provision of services.

27 Property, plant and equipment (continued)

Asset reconciliation - Parent 2011

	Commercial land $'000	Commercial buildings $'000	Property held for future infrastructure $'000	Road construction plant and equipment $'000	Heritage and cultural assets $'000	Technical, IT and general plant and equipment $'000	Work in progress $'000	Total $'000
Opening balance	262,912	200,299	2,184,783	104,961	4,705	33,693	17,353	**2,808,706**
Adjustment to opening balances	-	6,197	-	-	-	-	-	**6,197**
Acquisitions	27,541	6,366	239,703	22,840	-	14,558	31,986	**342,994**
Assets reclassified from/(to) held for sale *	(15,235)	-	3,968	-	-	-	-	**(11,267)**
Transfers between classes	(13,640)	(10,727)	24,367	(21)	122	(101)	-	**-**
Transfer from/(to) infrastructure assets	31,972	(679)	794	-	-	53	47,488	**79,628**
Transfers from/(to) intangibles	-	-	-	-	-	3,765	-	**3,765**
Disposals	(6,735)	(307)	(17,443)	(1,334)	-	(372)	-	**(26,191)**
Revaluation decrements expensed. Refer to Note 16.	(1,977)	-	(468,288)	-	(316)	-	-	**(470,581)**
Revaluation increments. Refer to Note 35.	-	18	-	-	33	-	-	**51**
Revaluation decrement. Refer to Note 35.	-	-	(20,917)	-	-	-	-	**(20,917)**
Revaluation decrements reversed. Refer to Note 16.	-	4,979	-	-	-	-	-	**4,979**
Impairment losses reversed. Refer to Note 17.	-	12	-	-	-	-	-	**12**
Depreciation	-	(14,111)	-	(14,710)	-	(11,341)	-	**(40,162)**
Closing balance	**284,838**	**192,047**	**1,946,967**	**111,736**	**4,544**	**40,255**	**96,827**	**2,677,214**

* Assets transferred to held for sale were disposed of in 2011.

27 Property, plant and equipment (continued)

Asset reconciliation - Consolidated 2011

	Commercial land $'000	Commercial buildings $'000	Property held for future infrastructure $'000	Road construction plant and equipment $'000	Heritage and cultural assets $'000	Technical, IT and general plant and equipment $'000	Work in progress $'000	Total $'000
Opening balance	262,912	207,345	2,184,783	104,961	4,705	119,710	17,353	**2,901,769**
Adjustment to opening balances	-	6,197	-	-	-	-	-	**6,197**
Acquisitions	27,541	6,463	239,703	22,840	-	15,056	31,986	**343,589**
Assets reclassified from/(to) held for sale *	(15,235)	-	3,968	-	-	-	-	**(11,267)**
Transfers between classes	(13,640)	(10,727)	24,367	(21)	122	(101)	-	**-**
Transfer from/(to) infrastructure assets	31,972	(510)	794	-	-	5,041	47,488	**84,785**
Transfers from/(to) intangibles	-	-	-	-	-	3,765	-	**3,765**
Disposals	(6,735)	(307)	(17,443)	(1,334)	-	(372)	-	**(26,191)**
Revaluation decrements expensed. Refer to Note 16.	(1,977)	-	(468,288)	-	(316)	-	-	**(470,581)**
Revaluation increments. Refer to Note 35.	-	18	-	-	33	-	-	**51**
Revaluation decrement. Refer to Note 35.	-	-	(20,917)	-	-	-	-	**(20,917)**
Revaluation decrements reversed. Refer to Note 16.	-	4,979	-	-	-	-	-	**4,979**
Impairment losses reversed. Refer to Note 17.	-	12	-	-	-	-	-	**12**
Depreciation	-	(14,983)	-	(14,710)	-	(21,215)	-	**(50,908)**
Derecognition of Queensland Motorways Limited	-	(6,440)	-	-	-	(81,395)	-	**(87,835)**
Closing balance	**284,838**	**192,047**	**1,946,967**	**111,736**	**4,544**	**40,489**	**96,827**	**2,677,448**

* Assets transferred to held for sale were disposed of in 2011.

27 Property, plant and equipment (continued)

Asset reconciliation - Parent 2010

	Commercial land	Commercial buildings	Property held for future infrastructure	Road construction plant and equipment	Heritage and cultural assets	Technical, IT and general plant and equipment	Work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance	318,545	195,353	1,878,971	102,606	1,128	34,668	34,275	**2,565,546**
Acquisitions	40,995	7,769	485,326	20,288	3,533	8,473	22,722	**589,106**
Assets reclassified from/(to) held for sale	(107)	-	(8,310)	-	-	-	-	**(8,417)**
Transfers between classes	(78,970)	20,178	87,735	53	43	3,941	(31,955)	**1,025**
Transfers to/from work in progress	-	-	(201,325)	-	-	-	201,325	**-**
Transfers between infrastructure work in progress and property, plant and equipment work in progress	-	-	-	-	-	-	(207,484)	**(207,484)**
Transfers between property, plant and equipment and intangibles	-	-	-	-	-	-	(1,530)	**(1,530)**
Disposals	(14,627)	(776)	(89,186)	(3,053)	-	(2,445)	-	**(110,087)**
Revaluation increments	4,615	-	-	-	-	-	-	**4,615**
Revaluation decrements expensed. Refer to Note 16.	(7,539)	(7,854)	-	-	-	-	-	**(15,393)**
Revaluation increments. Refer Statement of changes in equity	-	-	79,591	-	45	-	-	**79,636**
Revaluation decrement. Refer Statement of changes in equity	-	-	(58,674)	-	(44)	-	-	**(58,718)**
Revaluation decrements reversed. Refer Notes 16 and 35.	-	-	10,655	-	-	-	-	**10,655**
Depreciation/amortisation	-	(14,371)	-	(14,933)	-	(10,944)	-	**(40,248)**
Closing balance	**262,912**	**200,299**	**2,184,783**	**104,961**	**4,705**	**33,693**	**17,353**	**2,808,706**

27 Property, plant and equipment (continued)

Asset reconciliation - Consolidated 2010

	Commercial land $'000	Commercial buildings $'000	Property held for future infrastructure $'000	Road construction plant and equipment $'000	Heritage and cultural assets $'000	Technical, IT and general plant and equipment $'000	Work in progress $'000	Total $'000
Opening balance	318,545	203,527	1,878,971	102,606	1,128	72,177	35,724	**2,612,678**
Adjustment to opening balances	-	-	-	-	-	(99)	-	**(99)**
Acquisitions	40,995	7,823	485,326	20,288	3,533	33,090	58,582	**649,637**
Assets reclassified from/(to) held for sale	(107)	-	(8,310)	-	-	-	-	**(8,417)**
Transfers between classes	(78,970)	20,435	87,735	53	43	8,055	(31,955)	**5,396**
Transfers to/from work in progress	-	82	(201,325)	-	-	37,309	164,016	**82**
Transfers between infrastructure work in progress and property, plant and equipment work in progress	-	-	-	-	-	-	(207,484)	**(207,484)**
Transfers between property, plant and equipment and intangibles	-	-	-	-	-	-	(1,530)	**(1,530)**
Disposals	(14,627)	(1,033)	(89,186)	(3,053)	-	(6,559)	-	**(114,458)**
Revaluation increments	4,615	-	-	-	-	-	-	**4,615**
Revaluation decrements expensed. Refer to Note 16.	(7,539)	(7,854)	-	-	-	-	-	**(15,393)**
Revaluation increments. Refer Statement of changes in equity	-	-	79,591	-	45	-	-	**79,636**
Revaluation decrement. Refer Statement of changes in equity	-	-	(58,674)	-	(44)	-	-	**(58,718)**
Revaluation decrements reversed. Refer Notes 16 and 35.	-	-	10,655	-	-	-	-	**10,655**
Depreciation/amortisation	-	(15,635)	-	(14,933)	-	(24,263)	-	**(54,831)**
Closing balance	**262,912**	**207,345**	**2,184,783**	**104,961**	**4,705**	**119,710**	**17,353**	**2,901,769**

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000

28 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:

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'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**	**-**

Refer to Note 3(b) for disclosure of the financial arrangements in relation to QML.

29 Infrastructure assets

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Roads:				
At fair value	41,376,314	39,939,648	41,376,314	38,624,095
Less: Accumulated depreciation	(10,660,044)	(9,455,465)	(10,660,044)	(9,263,857)
Less: Accumulated impairment losses	(3,663,542)	(532,656)	(3,663,542)	(532,656)
	27,052,728	29,951,527	27,052,728	28,827,582
Structures:				
At fair value	10,500,596	11,597,954	10,500,596	9,626,718
Less: Accumulated depreciation	(3,385,408)	(3,411,156)	(3,385,408)	(3,228,125)
Less: Accumulated impairment losses	(57,702)	(87,767)	(57,702)	(87,767)
	7,057,486	8,099,031	7,057,486	6,310,826
Busways:				
At fair value	1,711,067	1,757,315	1,711,067	1,757,315
Less: Accumulated depreciation	(182,047)	(152,397)	(182,047)	(152,397)
Less: Accumulated impairment losses	(2,628)	-	(2,628)	-
	1,526,392	1,604,918	1,526,392	1,604,918
Other infrastructure:				
At fair value	599,092	430,485	599,092	430,485
Less: Accumulated depreciation	(277,961)	(154,157)	(277,961)	(154,157)
	321,131	276,328	321,131	276,328
Capital work in progress:				
At cost	4,693,644	5,490,569	4,693,644	5,439,745
Total	**40,651,381**	**45,422,373**	**40,651,381**	**42,459,399**

Comparative values for roads have changed due to capitalisation of $176.468m for prior year Natural Disaster Relief and Recovery Arrangements (NDRRA) works.

29 Infrastructure assets (continued)

Infrastructure asset reconciliation - Parent 2011

	Roads $'000	Structures $'000	Busways $'000	Other infrastructure $'000	Capital work in progress $'000	Total $'000
Opening balance	28,827,582	6,310,826	1,604,918	276,328	5,439,745	**42,459,399**
New infrastructure at cost	2,905,738	640,242	(35)	-	(3,545,945)	**-**
Infrastructure projects continuing and commenced	-	-	-	-	2,881,116	**2,881,116**
Transfers between Infrastructure assets and Property, plant and equipment and Intangibles	-	-	1,083	(794)	(81,009)	**(80,720)**
Assets transferred in from other entities. Refer to Statement of changes in equity.	32,425	16	-	-	-	**32,441**
Assets recognised from discontinued operations. Refer to Note 20.	63,372	57,685	-	-	-	**121,057**
Assets derecognised as a result of discontinued operations. Refer to Note 20.	(303,970)	(22,931)	-	-	-	**(326,901)**
Revaluation increments. Refer to Note 35.	-	72,442	-	46,161	-	**118,603**
Revaluation decrements reversed. Refer to Note 16.	-	150,550	-	7,737	-	**158,287**
Transfers between classes	46,901	(46,901)	-	-	-	**-**
Revaluation decrements expensed. Refer to Note 16.	(457,457)	-	(22,363)	-	-	**(479,820)**
Demained assets. Refer to Note 15.	(55,070)	(3,254)	(20,700)	-	-	**(79,024)**
Assets replaced. Refer to Note 15.	(172,301)	-	-	-	-	**(172,301)**
Demolished structures. Refer to Note 15.	-	(15,070)	-	-	-	**(15,070)**
Depreciation	(704,092)	(110,924)	(25,800)	(8,252)	-	**(849,068)**
Disposals	-	-	-	(49)	-	**(49)**
Projects written off	-	-	-	-	(263)	**(263)**
Assets transferred to other entities (non-reciprocal). Refer to Statement of changes in equity.	-	-	(8,083)	-	-	**(8,083)**
Impairment losses expensed. Refer to Note 17.	(3,130,400)	-	(2,628)	-	-	**(3,133,028)**
Impairment losses reversed. Refer to Note 17.	-	24,805	-	-	-	**24,805**
Closing balance	**27,052,728**	**7,057,486**	**1,526,392**	**321,131**	**4,693,644**	**40,651,381**

29 Infrastructure assets (continued)

Infrastructure asset reconciliation - Consolidated 2011

	Roads $'000	Structures $'000	Busways $'000	Other infrastructure $'000	Capital work in progress $'000	Total $'000
Opening balance	29,951,527	8,099,031	1,604,918	276,328	5,490,569	**45,422,373**
New infrastructure at cost	2,952,551	640,242	(35)	-	(3,592,758)	**-**
Infrastructure projects continuing and commenced	-	-	-	-	3,068,082	**3,068,082**
Transfers between Infrastructure assets and Property, plant and equipment and Intangibles	-	-	1,083	(794)	(86,166)	**(85,877)**
Assets transferred in from other entities. Refer to Statement of changes in equity.	32,425	16	-	-	-	**32,441**
Assets recognised from discontinued operations. Refer to Note 20.	63,372	57,685	-	-	-	**121,057**
Assets derecognised as a result of discontinued operations. Refer to Note 20.	(303,970)	(22,931)	-	-	-	**(326,901)**
Revaluation increments. Refer to Note 35.	-	72,442	-	46,161	-	**118,603**
Revaluation decrements reversed. Refer to Note 16.	-	150,550	-	7,737	-	**158,287**
Transfers between classes	46,901	(46,901)	-	-	-	**-**
Revaluation decrements expensed. Refer to Note 16.	(457,457)	-	(22,363)	-	-	**(479,820)**
Demained assets. Refer to Note 15.	(55,070)	(3,254)	(20,700)	-	-	**(79,024)**
Assets replaced. Refer to Note 15.	(172,301)	-	-	-	-	**(172,301)**
Demolished structures. Refer to Note 15.	-	(15,070)	-	-	-	**(15,070)**
Depreciation	(718,009)	(118,871)	(25,800)	(8,252)	-	**(870,932)**
Disposals	-	-	-	(49)	-	**(49)**
Projects written off	-	-	-	-	(263)	**(263)**
Assets transferred to other entities (non-reciprocal). Refer to Statement of changes in equity.	-	-	(8,083)	-	-	**(8,083)**
Impairment losses expensed. Refer to Note 17.	(3,130,400)	-	(2,628)	-	-	**(3,133,028)**
Impairment losses reversed. Refer to Note 17.	-	24,805	-	-	-	**24,805**
Derecognition of Queensland Motorways Limited	(1,156,841)	(1,780,258)	-	-	(185,820)	**(3,122,919)**
Closing balance	**27,052,728**	**7,057,486**	**1,526,392**	**321,131**	**4,693,644**	**40,651,381**

29 Infrastructure assets (continued)

Infrastructure asset reconciliation - Parent 2010

	Roads $'000	Structures $'000	Busways $'000	Other infrastructure $'000	Capital work in progress $'000	Total $'000
Opening balance	29,899,573	6,289,345	1,192,909	262,978	5,650,650	**43,295,455**
New infrastructure at cost	2,397,301	337,061	549,856	22,307	(3,306,525)	**-**
Infrastructure projects continuing and commenced	-	-	-	-	3,179,055	**3,179,055**
Transfers from other capital work in progress	-	-	-	-	206,915	**206,915**
Assets transferred in from other entities	-	7,101	-	7,567	-	**14,668**
Assets transferred to property, plant and equipment	-	-	-	(68)	(286,732)	**(286,800)**
Assets transferred between classes	25,235	(11,527)	(13,365)	(343)	-	**-**
Revaluation decrements expensed. Refer to Note 16.	(2,132,968)	(150,550)	(98,325)	(7,737)	-	**(2,389,580)**
Demained assets (assets transferred to third parties free of charge). Refer to Note 15.	(3,557)	(2,111)	-	-	-	**(5,668)**
Assets replaced. Refer to Note 15.	(203,784)	-	-	-	-	**(203,784)**
Demolished structures. Refer to Note 15.	-	(32,731)	-	-	-	**(32,731)**
Depreciation	(759,862)	(105,145)	(26,157)	(8,313)	-	**(899,477)**
Disposals	-	-	-	(331)	-	**(331)**
Projects written off	-	-	-	-	(3,617)	**(3,617)**
Assets transferred from intangibles work in progress	-	-	-	124	-	**124**
Impairment losses expensed. Refer to Note 17.	(394,356)	(20,617)	-	-	-	**(414,973)**
Impairment losses reversed. Refer to Note 17.	-	-	-	144	-	**144**
Rounding	-	-	-	-	(1)	**(1)**
Closing balance	**28,827,582**	**6,310,826**	**1,604,918**	**276,328**	**5,439,745**	**42,459,399**

29 Infrastructure assets (continued)

Infrastructure asset reconciliation - Consolidated 2010

	Roads $'000	Structures $'000	Busways $'000	Other infrastructure $'000	Capital work in progress $'000	Total $'000
Opening balance	31,156,853	6,872,027	1,192,909	262,978	7,004,113	**46,488,880**
New infrastructure at cost	2,421,604	1,539,165	549,856	22,307	(4,532,932)	**-**
Infrastructure projects continuing and commenced	-	-	-	-	3,179,055	**3,179,055**
Transfers from other capital work in progress	-	-	-	-	130,684	**130,684**
Assets transferred in from other entities	-	7,101	-	7,567	-	**14,668**
Assets transferred to property, plant and equipment	-	-	-	(68)	(286,732)	**(286,800)**
Revaluation Increments. Refer to Note 36.	-	11,645	-	-	-	**11,645**
Revaluation decrements. Refer to Note 36.	(1,717)	-	-	-	-	**(1,717)**
Assets transferred between classes	25,235	(11,527)	(13,365)	(343)	-	**-**
Revaluation decrements expensed. Refer to Note 16.	(2,271,317)	(150,550)	(98,325)	(7,737)	-	**(2,527,929)**
Demained assets (assets transferred to third parties free of charge). Refer to Note 15.	(3,557)	(2,111)	-	-	-	**(5,668)**
Assets replaced. Refer to Note 15.	(203,784)	-	-	-	-	**(203,784)**
Demolished structures. Refer to Note 15.	-	(32,731)	-	-	-	**(32,731)**
Depreciation	(777,433)	(113,372)	(26,157)	(8,313)	-	**(925,275)**
Disposals	-	-	-	(331)	-	**(331)**
Projects written off	-	-	-	-	(3,617)	**(3,617)**
Assets transferred from intangibles work in progress	-	-	-	124	-	**124**
Impairment losses expensed. Refer to Note 17.	(394,356)	(20,617)	-	-	-	**(414,973)**
Impairment losses reversed. Refer to Note 17.	-	-	-	144	-	**144**
Rounding	(1)	1	-	-	(2)	**(2)**
Closing balance	**29,951,527**	**8,099,031**	**1,604,918**	**276,328**	**5,490,569**	**45,422,373**

30 Payables

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Current				
Trade creditors	158,678	133,855	159,659	132,709
Accrued trade creditors *	641,899	430,334	641,094	392,068
Accrued property resumptions	307,046	273,805	307,046	273,805
Accrued rail service costs **	181,697	75,482	181,697	75,482
Departmental services appropriation payable	19,285	-	19,285	-
Grants and subsidies payable	24,236	33,525	24,236	33,525
Other ***	54,818	14,166	54,707	13,504
Total	**1,387,659**	**961,167**	**1,387,724**	**921,093**

* The increase in Accrued trade creditors is due to an increased volume of infrastructure related works and emergent works for Natural Disaster Relief and Recovery Arrangements (NDRRA).

** The increase in Accrued rail service costs is due to reimbursement of flood restoration costs and various infrastructure projects undertaken by Queensland Rail.

*** Comparatives have changed due to the remapping of various items from supplies and services.

31 Interest bearing liabilities

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Current				
Queensland Treasury Corporation borrowings	64,616	73,730	64,616	64,958
Total	**64,616**	**73,730**	**64,616**	**64,958**
Non-current				
Queensland Treasury Corporation borrowings	988,098	3,782,162	988,098	981,645
Total	**988,098**	**3,782,162**	**988,098**	**981,645**

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 is capitalised during the current or comparative reporting period. Repayment dates vary from 15 June 2012 to 16 November 2025. There have been no defaults or breaches of loan agreements during the period.

Principal and interest repayments are made quarterly in arrears at rates ranging from 4.77% to 9.07% (2010: 4.77% to 9.07%) for fixed rate loans and 5.16% (2010: 4.92%) for floating rate loans.

The fair value of borrowings at 30 June, as notified by Queensland Treasury Corporation, was $1.108b (2010: $1.108b). The fair value is calculated using discounted cash flow analysis and the effective interest rate.

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

As at 30 June, the unused approved Queensland Treasury Corporation borrowing was $129.583m (2010: $117.583m).

The short term funding facility with Queensland Treasury Corporation is approved as floating rate borrowings and assists in managing project cash flows. In addition, the department also has a short term funding facility with the Commonwealth Bank of Australia.

The short term funding facility with Queensland Treasury Corporation and the Commonwealth Bank of Australia totals $550.210m (2010: $500.310m).

The department did not access this facility as at 30 June 2011. Accordingly $550.210m (2010: $500.310m) was available for use as at 30 June for use in the next reporting period.

The short term funding facility with Queensland Treasury Corporation which is approved as floating rate borrowings has an interest rate of 5.16% (2010: 4.92%). The short term funding facility with the Commonwealth Bank of Australia is not charged interest.

The department has a $90m (2010: $85m) business card facility with the Commonwealth Bank of Australia. There is no interest charged on this business card facility.

	Consolidated		Parent	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000

32 Accrued employee benefits

	2011	2010	2011	2010
Current				
Recreation leave *	331	1,692	-	-
Annual leave levy payable	23,951	16,324	23,951	16,324
Long service leave levy payable	3,862	3,249	3,806	2,831
Resignation benefit	477	2,661	477	2,661
Salaries and wages outstanding	6,511	6,729	6,200	5,689
Other	2,367	2,444	2,367	2,444
Total	**37,499**	**33,099**	**36,801**	**29,949**
Non-current				
Recreation leave *	-	413	-	-
Long service leave payable	-	391	-	-
Resignation benefit	6,250	6,242	6,250	6,242
Total	**6,250**	**7,046**	**6,250**	**6,242**

* Under the Annual Leave Central Scheme the parent entity's current recreation leave balance is reported by Queensland Treasury.

33 Provisions

	2011	2010	2011	2010
Non-current				
Provision for dredging	1,596	1,596	1,596	1,596
Total	**1,596**	**1,596**	**1,596**	**1,596**
Movements in provisions				
Provision for dredging				
Opening balance	1,596	-	1,596	-
Additional provision recognised	-	1,596	-	1,596
Closing balance	**1,596**	**1,596**	**1,596**	**1,596**

Users of boat harbours provide funding to the department for the purpose of dredging waterways. There is no set timeframe to deliver dredging services.

34 Other current liabilities

	2011	2010	2011	2010
Unearned revenue	9,793	26,656	9,687	6,909
Other	12	71	12	71
Total	**9,805**	**26,727**	**9,699**	**6,980**

35 Asset revaluation surplus by class

Asset revaluation surplus - Parent 2011

	Commercial land $'000	Commercial buildings $'000	Property held for future infrastructure $'000	Heritage and cultural $'000
Opening balance	-	-	20,917	1
Revaluation increments	-	29,615	-	32
Revaluation decrements	-	(29,597)	(20,917)	-
Closing balance	**-**	**18**	**-**	**33**

	Roads $'000	Structures $'000	Busways $'000	Other infrastructure $'000	Total $'000
Opening balance	-	-	-	-	**20,918**
Revaluation increments	-	241,420	-	58,384	**329,451**
Revaluation decrements	-	(168,978)	-	(12,223)	**(231,715)**
Closing balance	**-**	**72,442**	**-**	**46,161**	**118,654**

Asset revaluation surplus - Consolidated 2011

	Commercial land $'000	Commercial buildings $'000	Property held for future infrastructure $'000	Heritage and cultural $'000
Opening balance	-	-	20,917	1
Revaluation increments	-	29,615	-	32
Revaluation decrements	-	(29,597)	(20,917)	-
Derecognition of Queensland Motorways Limited	-	-	-	-
Closing balance	**-**	**18**	**-**	**33**

	Roads $'000	Structures $'000	Busways $'000	Other infrastructure $'000	Total $'000
Opening balance	-	14,179	-	-	**35,097**
Revaluation increments	-	241,420	-	58,384	**329,451**
Revaluation decrements	-	(168,978)	-	(12,223)	**(231,715)**
Derecognition of Queensland Motorways Limited	-	(14,179)	-	-	**(14,179)**
Closing balance	**-**	**72,442**	**-**	**46,161**	**118,654**

35 Asset revaluation surplus by class (continued)

Asset revaluation surplus - Parent 2010

	Commercial land $'000	Commercial buildings $'000	Property held for future infrastructure $'000	Heritage and cultural $'000
Opening balance	-	-	-	-
Revaluation increments	-	-	79,590	45
Revaluation decrements	-	-	(58,673)	(44)
Closing balance	**-**	**-**	**20,917**	**1**

	Roads $'000	Structures $'000	Busways $'000	Other infrastructure $'000	Total $'000
Opening balance	-	-	-	-	**-**
Revaluation increments	-	-	-	-	**79,635**
Revaluation decrements	-	-	-	-	**(58,717)**
Closing balance	**-**	**-**	**-**	**-**	**20,918**

Asset revaluation surplus - Consolidated 2010

	Commercial land $'000	Commercial buildings $'000	Property held for future infrastructure $'000	Heritage and cultural $'000
Opening balance	-	-	-	-
Revaluation increments	-	-	79,590	45
Revaluation decrements	-	-	(58,673)	(44)
Closing balance	**-**	**-**	**20,917**	**1**

	Roads $'000	Structures $'000	Busways $'000	Other infrastructure $'000	Total $'000
Opening balance	1,717	2,534	-	-	**4,251**
Revaluation increments	-	11,645	-	-	**91,280**
Revaluation decrements	(1,717)	-	-	-	**(60,434)**
Closing balance	**-**	**14,179**	**-**	**-**	**35,097**

	Consolidated		Parent	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000

36 Income tax equivalents

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
(a) Income tax equivalent expense				
Current tax equivalents	26,317	16,515	26,133	16,574
Deferred tax equivalent expense/(income) relating to temporary differences	(1,326)	(1,817)	(1,245)	(1,810)
	24,991	14,698	24,888	14,764
Under/(over) provision in previous years	643	(952)	643	(952)
Income tax equivalent expense attributable to profit from ordinary activities	**25,634**	**13,746**	**25,531**	**13,812**
(b) Numerical reconciliation of income tax equivalent expense to prima facie tax payable				
Accounting profit before tax *	(2,481)	(33,322)	83,672	50,928
Prima facie tax at applicable rate of 30%	(743)	(9,997)	25,102	15,278
Adjustments for non-temporary differences and excluded temporary differences:				
Non deductible depreciation/write-downs	3,181	3,673	-	-
Research and development concession	(286)	(346)	-	-
Non-deductible interest costs	1,455	1,917	-	-
Deductible expenses	-	(432)	-	(432)
Non-deductible entertainment expense	6	10	-	-
Other non-deductible expenses	1,000	521	-	-
Effect of tax losses recognised	21,305	31,806	-	-
Adjustment relating to prior years	(284)	(13,406)	429	(1,034)
Income tax equivalent expense attributable to profit from ordinary activities	**25,634**	**13,746**	**25,531**	**13,812**
(c) Deferred tax equivalent expense/(income) included in income tax equivalent expense comprises:				
Deferred tax assets opening balance	693	-	538	-
Increase/(decrease) in deferred tax assets	1,426	693	1,246	538
Deferred tax assets at 30 June	**2,119**	**693**	**1,784**	**538**
Deferred tax liabilities opening balance	-	1,124	-	1,272
Increase/(decrease) in deferred tax liabilities	-	(1,124)	-	(1,272)
Deferred tax liabilities at 30 June	**-**	**-**	**-**	**-**
(d) Proof of deferred tax assets and deferred tax liabilities				
Deferred tax assets:				
Property, plant and equipment	1,941	732	1,941	732
Employee benefits	134	779	-	-
Other items	44	1,562	(157)	(194)
Tax value of loss carry-forwards recognised	-	33,620	-	-
Gross deferred tax assets at 30 June	2,119	36,693	1,784	538
Set-off of deferred tax assets	-	(36,000)	-	-
Net deferred tax assets at 30 June	**2,119**	**693**	**1,784**	**538**
Deferred tax liabilities:				
Property, plant and equipment	-	36,000	-	-
Gross deferred tax liabilities at 30 June	-	36,000	-	-
Set-off of deferred tax assets	-	(36,000)	-	-
Net deferred tax liabilities at 30 June	**-**	**-**	**-**	**-**

36 Income tax equivalents (continued)

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
(e) Unrecognised deferred tax assets				
Deferred tax assets have not been recognised for prior tax losses	-	121,068	-	-
	-	**121,068**	**-**	**-**
(f) Reconciliation of current tax payable				
Opening balance	6,621	4,633	7,051	4,539
Net movements	7,579	1,988	6,899	2,512
Closing balance	**14,200**	**6,621**	**13,950**	**7,051**

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

37 Reconciliation of operating result to net cash provided by/(used in) operating activities

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Operating result	(4,193,608)	(2,866,261)	(4,143,434)	(2,600,240)
Depreciation and amortisation	901,126	951,560	900,972	951,427
Revaluation decrement	787,134	2,389,704	787,134	2,389,704
Loss from discontinued operations	437,159	224,423	403,503	-
Share of profits in joint venture	(11,036)	(12,318)	(11,036)	(12,318)
Loss on sale of property, plant and equipment	2,802	2,289	2,802	2,289
Gain on sale of property, plant and equipment	(3,156)	(1,310)	(3,156)	(1,310)
Impairment losses	3,108,210	414,829	3,108,210	414,829
Goods and services received below fair value	(54,231)	(8,149)	(54,231)	(8,149)
Goods and services provided below fair value	-	1,585	-	1,585
Decommissioned infrastructure assets	266,394	242,183	266,394	242,183
Capital projects written off	8,341	3,617	8,341	3,617
Cash flow from discontinued operations	20,855	(64,171)	-	-
Other	(809)	(65)	(809)	(65)
Change in assets and liabilities				
(Increase)/decrease in trade receivables	(187,852)	(6,907)	(204,717)	5,803
(Increase)/decrease in departmental services revenue receivable	62,530	(8,815)	62,530	(8,815)
(Increase)/decrease in GST input tax credits receivable	(3,921)	(9,144)	(3,915)	(9,317)
(Increase)/decrease in Annual Leave Central Scheme reimbursement receivable	(1,341)	4,019	(1,341)	4,019
(Increase)/decrease in long service leave reimbursement receivable	(310)	(642)	(310)	(642)
(Increase)/decrease in other receivables	(133)	9,668	(133)	9,668
(Increase)/decrease in inventories	5,265	(171)	5,344	(335)
(Increase)/decrease in prepayments	14,545	(11,099)	13,198	(10,375)
Increase/(decrease) in payables	360,648	161,733	337,246	141,145
Increase/(decrease) in GST payable	19,785	(1,453)	18,135	(1,434)
Increase/(decrease) in accrued employee benefits	3,604	(12,408)	6,860	(10,462)
Increase/(decrease) in provisions	-	496	-	496
Increase/(decrease) in other liabilities	7,579	1,988	6,899	2,512
Increase/(decrease) in unearned revenue	(16,922)	18,639	2,719	(1,284)
Increase/(decrease) in deferred income tax equivalents	(1,426)	(1,817)	(1,246)	(1,810)
Net cash from operating activities	**1,531,232**	**1,422,003**	**1,505,959**	**1,502,721**

38 Non-cash financing and investing activities

As a result of the Queensland Government infrastructure asset sales program and the department's relinquishing control of Queensland Motorways Limited (QML), the following transactions occurred during 2010-11:

- Shares in QML of $197.658m were derecognised by the department
- Queensland Treasury Corporation transferred to the department the obligations in relation to Port Motorway Limited debt at a book value of $92.733m
- QML transferred to the department the Port of Brisbane Motorway infrastructure asset at a value of $121.057m
- The Gateway Upgrade South infrastructure asset was transferred by the department to QML at a value of $128.727m
- The department derecognised the Gateway Motorway infrastructure asset at a value of $198.175m.

Refer to Note 3(b) for disclosure of the sale of QML.

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

39 Private Provision of Public Infrastructure (PPPI) 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 to the state at no cost and no contingent liability to the state.

The Airtrain asset is currently at BARL management valuation of $97.867m at 30 June 2010. The basis of valuation for the asset is the net present value of future cash flows from the asset. At finalisation of this report, no audited valuation data was available for the period ending 30 June 2011.

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

A security deposit in the form of a bank guarantee for $1.0m, was lodged by Airtrain to be released by the department at the end of the concession period.

The State of Queensland 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

In May 2011 the department entered into a contractual arrangement with GoldLinQ Consortium to design, build, operate and maintain the Gold Coast light rail system for 18 years including the 15 year operations period. At the expiry of the 15 year period, ownership of the light rail system will transfer to the department.

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

Construction of the Light Rail Public Private Partnership will commence in early 2012 and the light rail system is expected to be operational in mid 2014. TransLink Transit Authority will administer the contract during the operations phase.

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

	Consolidated		Parent	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Estimated cash flows				
Inflows:				
Not later than 1 year	-	-	-	-
Later than 1 year but not later than 5 years	99,091	-	99,091	-
Later than 5 years but not later than 10 years	284,342	-	284,342	-
Later than 10 years	546,257	-	546,257	-
Outflows:				
Not later than 1 year	(243,692)	-	(243,692)	-
Later than 1 year but not later than 5 years	(397,864)	-	(397,864)	-
Later than 5 years but not later than 10 years	(513,759)	-	(513,759)	-
Later than 10 years	(817,131)	-	(817,131)	-
	(1,042,756)	**-**	**(1,042,756)**	**-**

39 Private Provision of Public Infrastructure (PPPI) arrangements (continued)

City North Infrastructure Pty Ltd

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

For the reporting period ending 30 June 2011, this entity is not consolidated in the Department of Transport and Main Roads' accounts.

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

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

40 Commitments for expenditure

(a) Non-cancellable operating lease commitments

	Consolidated		Parent	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:				
Not later than one year	49,379	51,912	49,379	51,903
Later than one year and not later than five years	56,598	75,910	56,598	75,910
Later than five years	7,495	14,126	7,495	14,126
Total	**113,472**	**141,948**	**113,472**	**141,939**

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

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
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:				
Roads and structures	2,324,871	2,907,690	2,324,871	2,712,660
Gold Coast Rapid Transit project	1,238,277	-	1,238,277	-
Busways	230,950	525,715	230,950	525,715
Property, plant and equipment	23,268	36,968	23,268	32,688
Intangible assets	11,539	26,694	11,539	26,694
Total	**3,828,905**	**3,497,067**	**3,828,905**	**3,297,757**
Payable:				
Not later than one year	2,798,013	2,927,999	2,798,013	2,728,573
Later than one year and not later than five years	382,844	490,943	382,844	490,985
Later than five years	648,048	78,125	648,048	78,199
Total	**3,828,905**	**3,497,067**	**3,828,905**	**3,297,757**

40 Commitments for expenditure (continued)

(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:

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Payable:				
Not later than one year	918,889	831,202	918,889	831,202
Later than one year and not later than five years	3,163,953	2,763,995	3,163,953	2,763,995
Later than five years	25,913	-	25,913	-
Total	**4,108,755**	**3,595,197**	**4,108,755**	**3,595,197**

(d) Other expenditure commitments

Other expenditure committed at the end of the period but not recognised in the financial statements are as follows:

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Payable:				
Not later than one year	626,518	320,743	626,205	321,013
Later than one year and not later than five years	280,247	74,960	279,358	84,943
Later than five years	54,800	703	54,800	17,375
Total	**961,565**	**396,406**	**960,363**	**423,331**

41 Contingencies

Contingent assets

(a) Bank guarantees

The department holds securities amounting to $103.5m (2010: $104.635m) 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 other 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 $0.087m (2010: $0.824m) 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

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

	Consolidated 2011 No. of cases	Consolidated 2010 No. of cases	Parent 2011 No. of cases	Parent 2010 No. of cases
Supreme Court	33	32	33	32
District Court	29	32	29	32
Magistrates Court	11	10	11	10
Other claims *	245	239	245	239

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

(c) External construction contracts 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.

41 Contingencies (continued)

(d) Financial guarantees and undertakings

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

42 Controlled entities

(a) Investments in controlled entities

The Department of Transport and Main Roads exercises majority control over two entities, Transmax Pty Ltd (Transmax) and Transport Holdings Queensland Pty Ltd (THQ) (formerly Queensland Port Holdings Pty Ltd).

The financial result of Transmax has been consolidated with the department, as the consolidated entity, in these financial statements. The amount of the investment and transactions relating to THQ are not considered material, therefore the entity is not consolidated within the department's financial statements.

The Director-General of the Department of Transport and Main Roads holds all shares in Transmax at 30 June 2011.

Shares in THQ are non-beneficially held by the sole director, David Stewart, Director-General of the Department of Transport and Main Roads, for and on behalf of the State of Queensland.

Each of the above entities is audited by the Auditor-General of Queensland.

(b) Function of controlled entities

Transmax Pty Ltd

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

The department's shareholding in Transmax Pty Ltd was transferred to Transport Holdings Queensland Pty Ltd on 1 July 2011.

Transport Holdings Queensland Pty Ltd

Transport Holdings Queensland 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. DBCT Holdings is a company established by the Queensland Government to act as lessor on behalf of the Queensland Government, of the Dalrymple Bay Coal Terminal assets.

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

The department relinquished control of Queensland Motorways Limited (QML) on 31 March 2011 to the State of Queensland following the termination of the Road Franchise Agreement. A new Road Franchise Agreement commenced on 1 April 2011 and does not include the Port of Brisbane Motorway.

Subsequent to the loss of control by the department, government has completed the divestment of QML by the way of a sale of shares in QML, which included the franchise to toll the QML road network for a period of 40 years and 9 months, as well as a lease of land on which the road network is situated. This franchise includes road and bridge maintenance responsibilities.

The road and bridge infrastructure and land will remain in government ownership and will fall under the administrative responsibility of the department.

43 Financial instruments

(a) Categorisation of financial instruments

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

	Note	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Financial assets					
Cash	21	295,799	297,448	291,826	278,894
Other financial assets *	25	-	-	601	198,259
Receivables	22	411,340	297,695	411,264	279,091
Total		**707,139**	**595,143**	**703,691**	**756,244**

* The fair value of shares is disclosed at their book value, as they are not traded on the open market. Refer to Note 25.

	Note	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Financial liabilities					
Financial liabilities measured at amortised cost:					
Payables	30	1,387,659	961,167	1,387,724	921,093
Accrued employee benefits	32	43,749	40,145	43,051	36,191
Queensland Treasury Corporation borrowings	31	1,052,714	3,855,892	1,052,714	1,046,603
Total		**2,484,122**	**4,857,204**	**2,483,489**	**2,003,887**

(b) Financial risk management

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

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

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

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

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

(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 allowance for impairment.

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

Maximum exposure to credit risk

	Note	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Financial assets					
Receivables	22	411,340	297,695	411,264	279,091
Total		**411,340**	**297,695**	**411,264**	**279,091**

43 Financial instruments (continued)

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

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

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

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

The recognised allowance for impairment is $1.010m (2010: $0.527m) for the parent entity for the current year. This is an increase of $0.483m from 2010 and is mainly due to no bad debt amounts being written off during the year for amounts deemed uneconomical to pursue. Refer to Note 22.

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

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

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
Parent - financial assets					
Receivables	25,582	25,221	2,459	1,547	**54,809**
Total	**25,582**	**25,221**	**2,459**	**1,547**	**54,809**

	Overdue				
	Less than 30 days $'000	30-60 days $'000	61-90 days $'000	More than 90 days $'000	Total $'000
Consolidated - financial assets					
Receivables	29,329	25,256	2,502	1,624	**58,711**
Total	**29,329**	**25,256**	**2,502**	**1,624**	**58,711**

2010 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
Parent - financial assets					
Receivables	-	17,594	3,258	3,249	**24,101**
Total	**-**	**17,594**	**3,258**	**3,249**	**24,101**

	Overdue				
	Less than 30 days $'000	30-60 days $'000	61-90 days $'000	More than 90 days $'000	Total $'000
Consolidated - financial assets					
Receivables	2,513	19,782	4,512	12,618	**39,425**
Total	**2,513**	**19,782**	**4,512**	**12,618**	**39,425**

43 Financial instruments (continued)

2011 Individually impaired financial assets

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

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

2010 Individually impaired financial assets

	Less than 30 days $'000	30-60 days $'000	Overdue 61-90 days $'000	More than 90 days $'000	Total $'000
Parent - financial assets					
Receivables	-	-	-	7,728	**7,728**
Allowance for impairment	-	-	-	(527)	**(527)**
Carrying amount	**-**	**-**	**-**	**7,201**	**7,201**

	Less than 30 days $'000	30-60 days $'000	Overdue 61-90 days $'000	More than 90 days $'000	Total $'000
Consolidated - financial assets					
Receivables	955	937	614	14,389	**16,895**
Allowance for impairment	-	-	-	(9,739)	**(9,739)**
Carrying amount	**955**	**937**	**614**	**4,650**	**7,156**

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 Brisbane Airport Rail Link. As such the fair value of the guarantee has not been recognised in the Statement of financial position. Refer to Note 41.

43 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 of Transport and Main Roads 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 Queensland Treasury and, when required, loan drawdowns for major projects based on an already agreed borrowings program with Queensland Treasury. This strategy reduces the exposure to liquidity risk by ensuring the department has sufficient funds available to meet employee and supplier obligations 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 the various employee and supplier liabilities.

The following table sets out the liquidity risk of financial liabilities held by the department. It represents the contractual maturity of financial liabilities, calculated based on 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.

	Note	Payable in			
		< 1 year	1 - 5 years	> 5 years	Total
Parent - Financial liabilities 2011		$'000	$'000	$'000	$'000
Payables	30	1,387,724	-	-	**1,387,724**
Accrued employee benefits	32	36,800	6,208	-	**43,008**
Queensland Treasury Corporation borrowings		166,573	532,203	706,264	**1,405,040**
Total		**1,591,097**	**538,411**	**706,264**	**2,835,772**

	Note	Payable in			
		< 1 year	1 - 5 years	> 5 years	Total
Consolidated - Financial liabilities 2011		$'000	$'000	$'000	$'000
Payables	30	1,387,659	-	-	**1,387,659**
Accrued employee benefits	32	37,498	6,208	-	**43,706**
Queensland Treasury Corporation borrowings		166,573	532,203	706,264	**1,405,040**
Total		**1,591,730**	**538,411**	**706,264**	**2,836,405**

	Note	Payable in			
		< 1 year	1 - 5 years	>5 years	Total
Parent - Financial liabilities 2010		$'000	$'000	$'000	$'000
Payables	30	921,093	-	-	**921,093**
Accrued employee benefits	32	29,949	6,242	-	**36,191**
Queensland Treasury Corporation borrowings		131,874	558,432	730,877	**1,421,183**
Total		**1,082,916**	**564,674**	**730,877**	**2,378,467**

		Payable in			
	Note	< 1 year	1 - 5 years	>5 years	Total
Consolidated - Financial liabilities 2010		$'000	$'000	$'000	$'000
Payables	30	961,167	-	-	**961,167**
Accrued employee benefits	32	33,099	7,046	-	**40,145**
Queensland Treasury Corporation borrowings		148,563	625,189	4,414,474	**5,188,226**
Total		**1,142,829**	**632,235**	**4,414,474**	**6,189,538**

43 Financial instruments (continued)

(e) Market risk

The Department of Transport and Main Roads does not trade in foreign currency and is not materially exposed to commodity price changes. The department is exposed to interest rate risk through its borrowings from Queensland Treasury Corporation. The department does not undertake any hedging 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 profit and loss if interest rates would change by +/-1 percent from the year-end rates applicable to the department's financial assets and financial liabilities. At reporting date, the parent entity is not exposed to interest rate risk as all of its borrowings from Queensland Treasury Corporation are at fixed rates.

With all other variables held constant, the parent entity would have a surplus and equity increase/(decrease) of $0.917m (2010: $nil). The consolidated entity would have a surplus and equity increase/(decrease) of $0.877m (2010: $27.907m). The consolidated entity's sensitivity to interest rates has decreased in the current period due to the disposal of Queensland Motorways Limited. Refer to Note 3(b).

Parent - financial instruments 2011	**Carrying amount**	**2011 Interest rate risk**			
		-1%		**+1%**	
		Profit	**Equity**	**Profit**	**Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Cash *	291,826	-	-	-	-
Queensland Treasury Corporation borrowings **	1,052,714	917	917	(917)	(917)
Overall effect on profit and equity	**1,344,540**	**917**	**917**	**(917)**	**(917)**

* No exposure to interest rate risk.

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

Consolidated - financial instruments 2011	**Carrying amount**	**2011 Interest rate risk**			
		-1%		**+1%**	
		Profit	**Equity**	**Profit**	**Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Cash *	295,799	(40)	(40)	40	40
Queensland Treasury Corporation borrowings	1,052,714	917	917	(917)	(917)
Overall effect on profit and equity	**1,348,513**	**877**	**877**	**(877)**	**(877)**

* Cash balances of Transmax Pty Ltd are exposed to interest rate risk.

Parent - financial instruments 2010	**Carrying amount**	**2010 Interest rate risk**			
		-1%		**+1%**	
		Profit	**Equity**	**Profit**	**Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Cash *	278,894	-	-	-	-
Queensland Treasury Corporation borrowings *	1,046,603	-	-	-	-
Overall effect on profit and equity	**1,325,497**	**-**	**-**	**-**	**-**

* No exposure to interest rate risk.

Consolidated - financial instruments 2010	**Carrying amount**	**2010 Interest rate risk**			
		-1%		**+1%**	
		Profit	**Equity**	**Profit**	**Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Cash *	297,448	(186)	(186)	186	186
Queensland Treasury Corporation borrowings **	3,855,892	28,093	28,093	(28,093)	(28,093)
Overall effect on profit and equity	**4,153,340**	**27,907**	**27,907**	**(27,907)**	**(27,907)**

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

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

43 Financial instruments (continued)

(g) Fair value

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

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

The fair value of borrowings is notified by Queensland Treasury Corporation. It is calculated using discounted cash flow analysis and the effective interest rate. Refer to Note 31.

Hierarchy level	Input measurement
1	Fair values that 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.

	Hierarchy level	Carrying amount 2011 $'000	Carrying amount 2010 $'000	Fair value 2011 $'000	Fair value 2010 $'000
Financial instruments - Parent					
Financial assets					
Cash	1	291,826	278,894	291,826	278,894
Other financial assets	2	601	198,259	601	198,259
Receivables	2	411,264	279,091	411,264	279,091
Total		**703,691**	**756,244**	**703,691**	**756,244**
Financial liabilities					
Payables	2	1,387,724	921,093	1,387,724	921,093
Accrued employee benefits	1	43,051	36,191	43,051	36,191
Queensland Treasury Corporation borrowings	1	1,052,714	1,046,603	1,107,889	1,108,284
Total		**2,483,489**	**2,003,887**	**2,538,664**	**2,065,568**
Financial instruments - Consolidated					
Financial assets					
Cash	1	295,799	297,448	295,799	297,448
Receivables	2	411,340	297,695	411,340	297,695
Total		**707,139**	**595,143**	**707,139**	**595,143**
Financial liabilities					
Payables	2	1,387,659	961,167	1,387,659	961,167
Accrued employee benefits	1	43,749	40,145	43,749	40,145
Queensland Treasury Corporation borrowings	1	1,052,714	3,855,892	1,107,889	4,007,335
Total		**2,484,122**	**4,857,204**	**2,539,297**	**5,008,647**

44 Schedule of administered items

Categorisation of administered items

	Rail, Ports and Freight	Land Transport and Safety	Maritime	Public Transport	National Network	Total
	2011	2011	2011	2011	2011	2011
	$'000	$'000	$'000	$'000	$'000	$'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**

	Rail, Ports and Freight	Land Transport and Safety	Maritime	Public Transport	National Network	Total
	2010	2010	2010	2010	2010	2010
	$'000	$'000	$'000	$'000	$'000	$'000
Administered revenue						
Administered item appropriation	114,908	-	-	863,482	-	978,390
User charges, fees and fines *	-	1,640,094	68,921	12,330	-	1,721,345
Dividends and property income	-	100	-	-	-	100
Australian Government grants	-	-	-	-	118,010	118,010
Interest	-	-	32	-	-	32
Other	-	5,953	14	-	-	5,967
Total	**114,908**	**1,646,147**	**68,967**	**875,812**	**118,010**	**2,823,844**
Administered expenses						
Grants and subsidies **	114,908	-	-	863,482	-	978,390
Impairment losses on trade receivables	-	8	49	-	-	57
Other	-	54	6	-	-	60
Total	**114,908**	**62**	**55**	**863,482**	**-**	**978,507**
Transfers to government	**-**	**1,646,085**	**68,912**	**12,330**	**118,010**	**1,845,337**

	Total	Total
	2011	2010
	$'000	$'000
Administered assets		
Current		
Cash	43,648	27,731
Receivables	40,035	37,093
Total	**83,683**	**64,824**
Non-current		
Land	83,689	41,218
Total	**83,689**	**41,218**
Total assets	**167,372**	**106,042**

44 Schedule of administered items (continued)

	Total 2011 $'000	Total 2010 $'000
Administered liabilities		
Current		
Payables	78,444	60,149
Unearned revenue	5,000	4,444
Total liabilities	**83,444**	**64,593**
*** User charges, fees and fines**		
Motor vehicle registration	1,336,245	1,257,091
Transport and traffic fees	248,268	251,620
Other registration	54,207	55,729
Other regulatory fees	43,464	42,518
Fines and forfeiture	110,086	112,097
Other	3,128	2,290
Total	**1,795,398**	**1,721,345**
**** Grants and subsidies**		
Townsville Port Authority	50,098	114,908
Natural Disaster Relief and Recovery Arrangements	3,273	-
TransLink Transit Authority	1,016,458	863,482
Total	**1,069,829**	**978,390**

45 Reconciliation of administered payments from Consolidated Fund

	2011	2010
Reconciliation of payments from Consolidated Fund to administered revenue		
Budgeted appropriation	992,722	828,040
Lapsed administered appropriation	87,631	152,911
Total administered receipts	1,080,353	980,951
Less: Opening balance of administered revenue receivable	-	(2,561)
Administered revenue appropriation	**1,080,353**	**978,390**
Reconciliation of payments from Consolidated Fund to equity adjustment recognised in contributed equity		
Budgeted equity adjustment appropriation	560,888	708,109
Lapsed equity adjustment	(218,279)	(220,704)
Equity adjustment receipts	**342,609**	**487,405**

46 Correction of errors

Supplies and services were overstated by $176.468m in the 2009-10 financial statements due to Natural Disaster Relief and Recovery Arrangements (NDRRA) expenditure being incorrectly classified as operating rather than capital expenditure. This error has been corrected and capitalised to infrastructure assets. Refer to Note 11 and Note 29.

47 Investment in joint venture

The former Department of Transport entered into a joint venture with James Power Enterprises Pty Ltd, trading as Personalised Plates Holdings Pty Ltd (PPH), creating Personalised Plates Queensland (PPQ) on 23 March 1998. 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 as a result of investment in the joint venture for the year was $11.036m (2010: $12.318m). 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 aggregate results for the joint venture follows:

	Consolidated		Parent	
Reporting period	**2011**	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Revenue	25,406	27,578	25,406	27,578
Expenses	14,370	15,260	14,370	15,260
Operating result	**11,036**	**12,318**	**11,036**	**12,318**
Current assets	1,360	1,589	1,360	1,589
Non-current assets	599	502	599	502
Current liabilities	1,959	1,492	1,959	1,492

48 Events occurring after balance date

Transmax Pty Ltd
On 1 July 2011, all shares held by the department in Transmax Pty Ltd were transferred to Transport Holdings Queensland Pty Ltd in order to better structure the department's controlled entities.

Queensland Boating and Fisheries Patrol (QBFP)

All functions of the QBFP branch are scheduled to be transferred from the Department of Employment, Economic Development and Innovation to the Department of Transport and Main Roads on 1 September 2011. The branch will focus on better compliance monitoring and enforce a broader range of on-water marine activities through boating safety inspections, education programs, and marine incident investigations.

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. The financial statements include the consolidated financial statements of the consolidated entity comprising the Department of Transport and Main Roads and its controlled entities. In accordance with section 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 and the consolidated entity for the financial year ended 30 June 2011, and of the financial position of the department and the consolidated entity at the end of that year.

Chris Mead CPA
Bachelor of Business - Accountancy
Chief Finance Officer

25 August 2011

David Stewart
BE Hons (Civil), MBA, MEngSc
Director-General

25 August 2011

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 2011, 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 Chief Finance Officer of the Department and the consolidated entity comprising the Department and the entities it controlled at the year's end or from time to time during the financial year.

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 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 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 only be removed by Parliament.

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

Opinion

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

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

(b) in my opinion –

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

(ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Department of Transport and Main Roads and the consolidated entity for the financial year 1 July 2010 to 30 June 2011 and of the financial position as at the end of that year.

Matters Relating to the Electronic Presentation of the Audited Financial Report

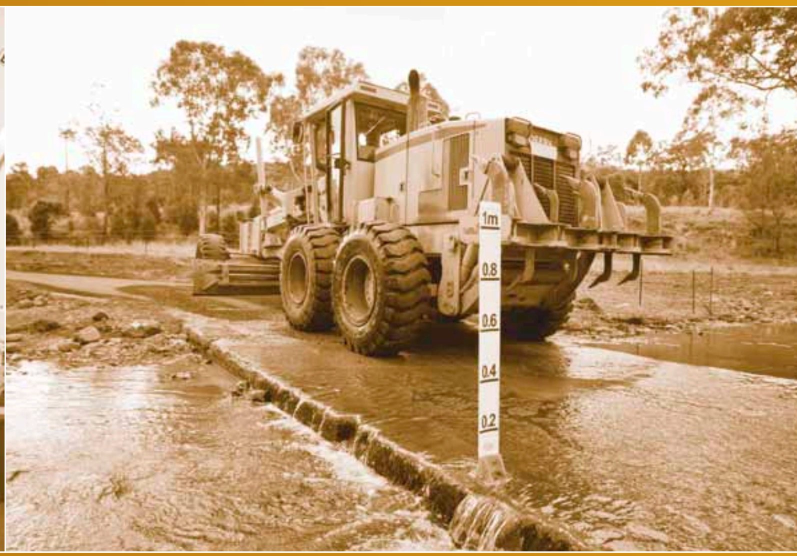
This auditor's report relates to the financial report of the Department of Transport and Main Roads and the consolidated entity for the year ended 30 June 2011. Where the financial report is included on the Department of Transport and Main Road's website the Accountable Officer is responsible for the integrity of the website. I have not been engaged to report on the integrity of the Department of Transport and Main Road's website. The auditor's report refers only to the subject matter described below. 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.

DIRECTOR OF AUDIT
31 AUG 2011
QUEENSLAND AUDIT OFFICE

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

Queensland Audit Office
Brisbane



Department of Transport and Main Roads
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