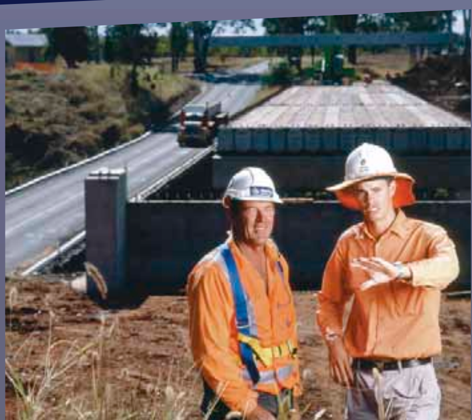
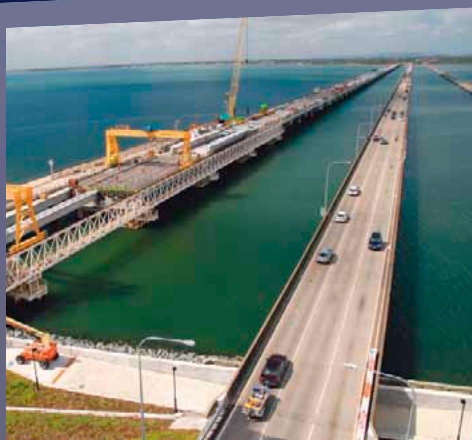
Annual Report 2009–2010

Department of Transport and Main Roads
Volume 2 of 2





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Department of Transport and Main Roads and controlled entities

Financial statements for the reporting period 1 July 2009 to 30 June 2010

Contents

Foreword

The Department of Transport and Main Roads is reporting its first full year of operations for the financial year 2009-10, since its establishment in 2009.

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

Capital Hill Building
85 George Street
Brisbane Qld 4000

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

- Statement of comprehensive income
- Statement of financial position
- Statement of changes in equity
- Statement of cash flows
- Statement of comprehensive income by 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:

(a) Department of Transport and Main Roads, as an entity in its own right - column headed "Parent"
(b) Department of Transport and Main Roads and its controlled entities as listed in Note 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 in relation to the Department of Transport and Main Roads' financial statements, please contact:

- Manager (Financial Reporting) on 07 3834 2675 or
- visit the Department of Transport and Main Roads website at: http://www.tmr.qld.gov.au

Department of Transport and Main Roads and controlled entities
Statement of comprehensive income for the year ended 30 June 2010

		Consolidated		Parent	
		2010	2009	2010	2009
	Notes	$'000	$'000	$'000	$'000
Income from continuing operations					
Revenue					
Departmental services revenue	4	3,316,631	1,242,826	3,316,631	1,242,826
User charges	5	545,243	147,276	333,732	101,708
Grants and other contributions	6	53,401	35,257	53,401	35,707
Other revenue	7	60,351	16,247	94,030	21,244
Gains					
Gain on sale of property, plant and equipment	8	1,320	122	1,310	130
Total income from continuing operations		3,976,946	1,441,728	3,799,104	1,401,615
Expenses from continuing operations					
Employee expenses	9	561,821	127,814	528,458	121,433
Supplies and services	10	925,502	252,153	871,463	237,287
Grants and subsidies	11	391,666	139,549	394,967	139,992
Queensland Rail service costs	12	672,202	190,888	672,202	190,888
Depreciation and amortisation	13	1,000,000	225,264	951,427	217,981
Decommissioned infrastructure assets	14	242,183	81,645	242,183	81,645
Revaluation decrement	15	2,528,053	449,395	2,389,704	449,395
Impairment losses	16	426,722	5,499	416,016	5,203
Finance/borrowing costs	17	234,449	54,533	74,656	19,249
Goods and services provided at below fair value	18	1,594	21,007	1,585	21,007
Other expenses	19	34,074	6,996	31,676	6,885
Total expenses from continuing operations		7,018,266	1,554,743	6,574,337	1,490,965
Share of profits in joint venture	47	12,318	2,804	12,318	2,804
Operating result from continuing operations before income tax equivalent expense		(3,029,002)	(110,211)	(2,762,915)	(86,546)
Income tax equivalent expense	35	13,746	2,212	13,812	2,194
Operating result from continuing operations after income tax equivalent expense		**(3,042,748)**	**(112,423)**	**(2,776,727)**	**(88,740)**
Other comprehensive income					
Increase (decrease) in asset revaluation surplus	34	30,846	4,251	20,918	-
Total other comprehensive income		**30,846**	**4,251**	**20,918**	-
Total comprehensive income/(deficit)		**(3,011,902)**	**(108,172)**	**(2,755,809)**	**(88,740)**

The reporting period covered by these financial statements is 1 July 2009 to 30 June 2010. The comparative period presented in these financial statements reflects the reporting period 27 March 2009 to 30 June 2009.

The accompanying notes form part of these statements.

Department of Transport and Main Roads and controlled entities
Statement of financial position as at 30 June 2010

		Consolidated		Parent	
		2010	2009	2010	2009
	Notes	$'000	$'000	$'000	$'000
Current assets					
Cash	20	297,448	272,292	278,894	148,957
Receivables	21	297,828	379,716	279,091	373,677
Inventories	22	22,854	22,683	21,859	21,524
Prepayments	23	29,057	18,676	27,687	18,030
		647,187	693,367	607,531	562,188
Non-current assets classified as held for sale	24	-	10	-	10
Total current assets		647,187	693,377	607,531	562,198
Non-current assets					
Prepayments	23	2,110	1,391	2,110	1,391
Other financial assets	25	-	-	198,259	188,121
Intangible assets	26	216,296	140,823	139,100	94,651
Property, plant and equipment	27	2,901,769	2,612,677	2,808,706	2,565,546
Infrastructure assets	28	45,245,905	46,488,880	42,282,931	43,295,455
Deferred tax assets	35	693	-	538	-
Total non-current assets		48,366,773	49,243,771	45,431,644	46,145,164
Total assets		**49,013,960**	**49,937,148**	**46,039,175**	**46,707,362**
Current liabilities					
Payables	29	961,185	1,064,979	921,111	984,076
Interest bearing liabilities	30	73,730	78,765	64,958	78,765
Accrued employee benefits	31	33,099	45,840	29,949	40,938
Current tax liabilities		6,621	4,633	7,051	4,539
Provisions	32	-	1,100	-	1,100
Other	33	26,727	8,088	6,980	8,264
Total current liabilities		1,101,362	1,203,405	1,030,049	1,117,682
Non-current liabilities					
Interest bearing liabilities	30	3,782,162	3,461,481	981,645	1,043,698
Accrued employee benefits	31	7,046	6,843	6,242	5,845
Provisions	32	1,596	-	1,596	-
Deferred tax liabilities	35	-	1,124	-	1,272
Total non-current liabilities		3,790,804	3,469,448	989,483	1,050,815
Total liabilities		**4,892,166**	**4,672,853**	**2,019,532**	**2,168,497**
Net assets		**44,121,794**	**45,264,295**	**44,019,643**	**44,538,865**
Equity					
Contributed equity		46,864,192	44,627,605	46,864,192	44,627,605
Retained surpluses		(2,777,495)	632,439	(2,865,467)	(88,740)
Asset revaluation surplus	34	35,097	4,251	20,918	-
Total equity		**44,121,794**	**45,264,295**	**44,019,643**	**44,538,865**

The accompanying notes form part of these statements.

Department of Transport and Main Roads and controlled entities
Statement of changes in equity for the year ended 30 June 2010

	Consolidated		Parent	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Contributed equity				
Opening balance	44,627,605	-	44,627,605	-
Adjustment to opening balance	24,926	-	24,926	-
Transactions with owners as owners:				
Equity adjustments recognised (refer to Note 4)	2,282,607	493,044	2,282,607	493,044
Transfer of net assets from Port of Brisbane Corporation	83,296	-	83,296	-
Net asset adjustment from (to) other agencies	(103,058)	-	(103,058)	-
Current year redistribution/elimination	(59,461)	-	(59,461)	-
Reversal of prior year redistribution	8,277	-	8,277	-
Net assets received (transferred) via Machinery of Government change:	-	44,121,560	-	44,121,560
Assets transferred in	-	190	-	190
Assets transferred out	-	(4,432)	-	(4,432)
Non-appropriated equity injection	-	17,243	-	17,243
Closing balance	**46,864,192**	**44,627,605**	**46,864,192**	**44,627,605**
Accumulated Surplus				
Opening balance	632,439	-	(88,740)	-
Total comprehensive income (excluding change in asset revaluation surplus)	(3,042,748)	(112,423)	(2,776,727)	(88,740)
Current reporting period consolidation adjustment	353,993	744,862	-	-
Reversal of prior year consolidation adjustment	(721,179)	-	-	-
Closing balance	**(2,777,495)**	**632,439**	**(2,865,467)**	**(88,740)**
Asset revaluation surplus (Note 34)				
Opening balance	4,251	-	-	-
Non-owner changes in equity:				
Increment (decrement) on revaluation of:				
Property held for future infrastructure	20,917	-	20,917	-
Heritage and cultural	1	-	1	-
Roads	(1,717)	1,717	-	-
Bridges	11,645	2,534	-	-
Closing Balance	**35,097**	**4,251**	**20,918**	-

Comparatives have changed as a result of adjustments related to the transfer of land under roads to the Department of Environment and Resource Management arising from the initial application of AASB 1051 *Land Under Roads* (Refer to Note 27 and Note 48).

The reporting period covered by these financial statements is 1 July 2009 to 30 June 2010. The comparative period presented in these financial statements reflects the reporting period 27 March 2009 to 30 June 2009.

The accompanying notes form part of these statements.

Department of Transport and Main Roads and controlled entities
Statement of cash flows for the year ended 30 June 2010

		Consolidated		Parent	
		2010	2009	2010	2009
	Notes	$'000	$'000	$'000	$'000
Cash flows from operating activities					
Inflows					
Departmental services receipts		3,316,631	1,210,851	3,316,631	1,210,851
User charges		530,401	182,972	321,901	154,192
Grants and other contributions		49,465	16,161	49,465	16,611
Commonwealth grants		3,936	14,342	3,936	14,342
GST input tax credits from ATO		555,088	116,880	506,455	106,754
GST collected from customers		40,550	19,365	18,511	13,521
Interest receipts		579	67	-	-
Revenue from controlled entities		-	-	34,281	5,071
Other		72,675	18,136	72,655	18,129
Outflows					
Employee expenses		(576,180)	(111,499)	(540,892)	(104,958)
Supplies and services		(829,604)	(180,539)	(767,901)	(303,952)
Grants and subsidies		(389,402)	(137,039)	(392,703)	(137,481)
Queensland Rail service costs		(669,704)	(132,375)	(669,704)	(132,375)
Finance/borrowing costs		(234,661)	(54,762)	(74,868)	(19,478)
GST paid to suppliers		(531,560)	(152,318)	(484,041)	(136,698)
GST remitted to ATO		(22,537)	(5,800)	-	(3,019)
Income tax equivalent paid		(13,575)	(2,684)	(13,110)	(2,709)
Other		(36,371)	(10,653)	(34,167)	(10,549)
Net cash provided by (used in) operating activities	36	**1,265,731**	**791,105**	**1,346,449**	**688,252**
Cash flows from investing activities					
Inflows					
Sales of property, plant and equipment		14,426	3,168	14,426	3,168
Outflows					
Payments for property, plant and equipment		(321,676)	(580,476)	(260,946)	(93,896)
Payments for infrastructure		(3,022,413)	(528,443)	(2,696,658)	(790,248)
Payments for investments		-	-	(10,138)	(10,061)
Payments for land		(412,234)	(159,444)	(412,234)	(188,355)
Payments for intangibles		(88,473)	(54,702)	(49,258)	(12,161)
Other		(8,670)	(25,841)	(8,663)	(25,829)
Net cash provided by (used in) investing activities		**(3,839,040)**	**(1,345,738)**	**(3,423,471)**	**(1,117,382)**
Cash flows from financing activities					
Inflows					
Borrowings		391,506	135,907	-	27,955
Equity injections		3,768,734	1,297,654	3,768,734	1,297,654
Outflows					
Equity withdrawals		(1,486,127)	(886,654)	(1,486,127)	(886,654)
Borrowing redemptions		(75,648)	(52,845)	(75,648)	(52,845)
Net cash provided by (used in) financing activities		**2,598,465**	**494,062**	**2,206,959**	**386,110**
Net increase (decrease) in cash		25,156	(60,571)	129,937	(43,020)
Cash at beginning of reporting period		272,292	332,863	148,957	191,977
Cash at end of financial year	20	**297,448**	**272,292**	**278,894**	**148,957**

The reporting period covered by these financial statements is 1 July 2009 to 30 June 2010. The comparative period presented in these financial statements reflects the reporting period 27 March 2009 to 30 June 2009.

The accompanying notes form part of these statements.

Department of Transport and Main Roads and controlled entities

Statement of comprehensive income by major departmental services for the year ended 30 June 2010 (Parent entity)

	Rail, Ports and Aviation Systems		Integrated Transport Planning		Road Use Management		Maritime Safety		Public Transport Services	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Income from continuing operations										
Revenue										
Departmental services revenue	721,795	194,985	94,906	27,998	215,467	58,794	64,949	43,985	283,625	96,049
User charges	36,413	11,794	9,241	1,411	30,960	4,001	55,085	4,822	11,473	642
Grants and other contributions	3,508	16,204	1,018	847	2,219	583	3,847	151	35,147	10,974
Other revenue	2,162	447	9,190	2,029	22,996	6,220	3,349	(235)	5,873	1,956
Gains										
Gain on sale of property, plant and equipment	28	1	4	4	8	16	127	(3)	21	6
Total income from continuing operations	763,906	223,431	114,359	32,289	271,650	69,614	127,357	48,720	336,139	109,627
Expenses from continuing operations										
Employee expenses	17,684	4,151	34,094	7,752	134,652	35,637	54,830	16,012	60,711	9,023
Supplies and services	37,440	13,541	46,688	16,571	97,648	32,864	56,619	30,679	44,149	7,706
Grants and subsidies	53,113	13,176	1,024	5,432	902	1,045	491	378	250,995	89,800
Queensland Rail service costs	672,202	190,888	-	-	-	-	-	-	-	-
Depreciation and amortisation	3,286	1,767	11,132	2,103	10,304	1,986	4,832	1,198	5,036	2,462
Decommissioned infrastructure assets	-	-	-	-	-	-	-	-	-	-
Revaluation increment/decrement	(4,500)	4,963	14,092	828	1,953	1,206	1,364	(284)	(3,044)	7,431
Impairment losses	12	-	(142)	-	8	34	165	6	1	144
Finance/borrowing costs	101	19	428	91	4,112	705	55	88	274	88
Goods and services provided at below fair value	84	-	349	-	878	233	46	176	228	-
Other expenses	434	43	1,860	268	5,182	191	9,795	93	1,213	135
Total expenses from continuing operations	779,856	228,548	109,525	33,045	255,639	73,901	128,197	48,346	359,563	116,789
Share of profits in joint venture	-	-	-	-	12,318	2,804	-	-	-	-
Operating result from continuing operations before income tax equivalent expense	(15,950)	(5,117)	4,834	(756)	28,329	(1,483)	(840)	374	(23,424)	(7,162)
Income tax equivalent expense	-	-	-	-	-	-	-	-	-	-
Operating result from continuing operations after income tax equivalent expense	**(15,950)**	**(5,117)**	**4,834**	**(756)**	**28,329**	**(1,483)**	**(840)**	**374**	**(23,424)**	**(7,162)**
Other comprehensive income										
Increase (decrease) in asset revaluation surplus	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income/(deficit)	**(15,950)**	**(5,117)**	**4,834**	**(756)**	**28,329**	**(1,483)**	**(840)**	**374**	**(23,424)**	**(7,162)**
Allocation of income and expenses to corporate services (disclosure only):										
Income	9,544	1,576	39,887	7,139	96,065	21,287	5,212	6,880	26,021	6,719
Expenses	8,938	1,662	37,353	7,530	89,962	22,281	4,881	7,257	24,368	7,087

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

The reporting period covered by these financial statements is 1 July 2009 to 30 June 2010. The comparative period presented in these financial statements reflects the reporting period 27 March 2009 to 30 June 2009.

	Road Program Development and Delivery		Road System Planning		Road Corridor and Network Operations		Community Transport Access Support		RoadTek		Inter-Departmental Service Eliminations *		Total	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
	1,669,911	770,527	28,997	5,959	129,331	18,327	107,650	26,202	-	-	-	-	3,316,631	1,242,826
	273,122	143,944	148	58	4,071	1,223	47,829	12,286	567,659	154,295	(702,269)	(232,768)	333,732	101,708
	7,604	9,016	-	-	-	-	-	(2,068)	68	-	(10)	-	53,401	35,707
	81,886	14,177	-	-	36	-	-	-	3,567	502	(35,029)	(3,852)	94,030	21,244
	869	3	-	-	-	-	-	-	253	103	-	-	1,310	130
	2,033,392	937,667	29,145	6,017	133,438	19,550	155,479	36,420	571,547	154,900	(737,308)	(236,620)	3,799,104	1,401,615
	150,930	42,583	19,333	4,273	43,105	9,058	5,339	136	141,954	35,188	(134,174)	(42,380)	528,458	121,433
	693,254	186,248	20,533	5,841	76,889	15,897	55,751	13,292	353,793	105,186	(611,301)	(190,538)	871,463	237,287
	10,199	1,862	1,721	6	1,234	25	77,098	29,153	121	24	(1,931)	(909)	394,967	139,992
	-	-	-	-	-	-	-	-	-	-	-	-	672,202	190,888
	899,709	205,118	287	(55)	744	(150)	214	(35)	15,883	3,587	-	-	951,427	217,981
	242,183	81,645	-	-	-	-	-	-	-	-	-	-	242,183	81,645
	2,379,826	435,251	-	-	-	-	-	-	13	-	-	-	2,389,704	449,395
	415,947	5,010	5	(4)	6	(4)	3	14	11	3	-	-	416,016	5,203
	71,161	18,739	-	-	-	-	-	-	3,255	1,037	(4,730)	(1,518)	74,656	19,249
	-	20,598	-	-	-	-	-	-	-	-	-	-	1,585	21,007
	5,562	1,572	119	35	4,458	122	112	12	20,012	2,918	(17,071)	1,496	31,676	6,885
	4,868,771	998,626	41,998	10,096	126,436	24,948	138,517	42,572	535,042	147,943	(769,207)	(233,849)	6,574,337	1,490,965
	-	-	-	-	-	-	-	-	-	-	-	-	12,318	2,804
	(2,835,379)	(60,959)	(12,853)	(4,079)	7,002	(5,398)	16,962	(6,152)	36,505	6,957	31,899	(2,771)	(2,762,915)	(86,546)
	-	-	-	-	-	-	-	-	13,812	2,194	-	-	13,812	2,194
	(2,835,379)	**(60,959)**	**(12,853)**	**(4,079)**	**7,002**	**(5,398)**	**16,962**	**(6,152)**	**22,693**	**4,763**	**31,899**	**(2,771)**	**(2,776,727)**	**(88,740)**
	20,918	-	-	-	-	-	-	-	-	-	-	-	20,918	-
	20,918	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**20,918**	**-**
	(2,814,461)	**(60,959)**	**(12,853)**	**(4,079)**	**7,002**	**(5,398)**	**16,962**	**(6,152)**	**22,693**	**4,763**	**31,899**	**(2,771)**	**(2,755,809)**	**(88,740)**
	7,192	2,151	-	(1)	-	(4)	-	(1)	-	-	-	-	183,921	45,746
	106,971	42,323	1,163	(513)	3,620	(1,378)	1,780	1	-	-	-	-	279,036	86,250

Department of Transport and Main Roads and controlled entities

Statement of assets and liabilities by major departmental services as at 30 June 2010 (Parent entity)

	Rail, Ports and Aviation Systems		Integrated Transport Planning		Road Use Management		Maritime Safety		Public Transport Services	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Current assets										
Cash	4,853	1,503	20,280	22,818	50,424	55,531	2,650	(1,002)	6,405	17,288
Receivables	7,862	14,318	16,064	29,255	48,672	88,640	16,527	30,098	25,395	46,248
Inventories	17	28	80	129	2,684	4,328	391	631	128	206
Prepayments	1,603	658	2,138	878	6,471	2,657	3,899	1,601	4,464	1,833
	14,335	16,507	38,562	53,080	108,251	151,156	23,467	31,328	36,392	65,575
Non-current assets classified as held for sale	-	-	-	-	-	-	-	-	-	-
Total current assets	14,335	16,507	38,562	53,080	108,251	151,156	23,467	31,328	36,392	65,575
Non-current assets										
Prepayments	4	-	6	-	17	-	10	-	12	-
Other financial assets	-	-	-	-	-	-	-	-	-	-
Intangible assets	7,893	25,794	2,386	7,797	4,202	13,731	2,366	7,732	8,738	28,553
Property, plant and equipment	446,694	142,869	125,076	40,004	212,605	67,999	121,387	38,824	709,828	227,029
Infrastructure assets	14,953	328,404	3,072	67,479	3,256	71,509	2,446	53,711	28,961	636,059
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Total non-current assets	469,544	497,067	130,540	115,280	220,080	153,239	126,209	100,267	747,539	891,641
Total assets	**483,879**	**513,574**	**169,102**	**168,360**	**328,331**	**304,395**	**149,676**	**131,595**	**783,931**	**957,216**
Current liabilities										
Payables	124,978	134,493	15,791	16,993	29,258	31,486	12,909	13,892	82,785	89,088
Interest bearing liabilities	325	305	1,476	1,385	4,402	4,130	1,423	1,335	1,423	1,335
Accrued employee benefits	700	741	1,042	1,103	4,127	4,370	2,633	2,788	1,709	1,809
Current tax liabilities	-	-	-	-	-	-	-	-	-	-
Provisions	-	-	-	-	-	-	-	-	-	-
Other	547	549	324	325	919	922	288	289	1,733	1,738
Total current liabilities	126,550	136,088	18,633	19,806	38,706	40,908	17,253	18,304	87,650	93,970
Non-current liabilities										
Interest bearing liabilities	2,328	2,655	10,550	12,030	31,458	35,872	10,167	11,594	10,000	11,403
Accrued employee benefits	1	-	2	-	8	-	5	-	3	-
Provisions	-	-	-	-	-	-	1,596	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Total non-current liabilities	2,329	2,655	10,552	12,030	31,466	35,872	11,768	11,594	10,003	11,403
Total liabilities	**128,879**	**138,743**	**29,185**	**31,836**	**70,172**	**76,780**	**29,021**	**29,898**	**97,653**	**105,373**
Net assets	**355,000**	**374,831**	**139,917**	**136,524**	**258,159**	**227,615**	**120,655**	**101,697**	**686,278**	**851,843**

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

Road Program Development and Delivery		Road System Planning		Road Corridor and Network Operations		Community Transport Access Support		RoadTek		Inter-Departmental Service Eliminations *		Total	
2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
149,322	44,905	6,988	2,828	21,748	7,167	10,695	2,815	17,754	1,208	(12,225)	(6,104)	278,894	148,957
132,981	214,807	54	192	1,506	1,611	17,541	7,720	68,484	71,117	(55,995)	(130,329)	279,091	373,677
9,838	8,214	4	-	111	-	1,297	-	24,061	21,766	(16,752)	(13,778)	21,859	21,524
6,636	7,718	313	365	943	1,097	480	559	740	664	-	-	27,687	18,030
298,777	275,644	7,359	3,385	24,308	9,875	30,013	11,094	111,039	94,755	(84,972)	(150,211)	607,531	562,188
-	10	-	-	-	-	-	-	-	-	-	-	-	10
298,777	275,654	7,359	3,385	24,308	9,875	30,013	11,094	111,039	94,755	(84,972)	(150,211)	607,531	562,198
1,633	714	77	18	232	547	118	23	-	89	-	-	2,109	1,391
227,478	217,340	-	-	601	601	-	-	-	-	(29,820)	(29,820)	198,259	188,121
20,156	11,008	-	-	-	22	-	-	-	14	93,360	-	139,101	94,651
2,098,997	2,069,831	206	274	613	576	28	-	108,278	105,024	(1,015,007)	(126,884)	2,808,705	2,565,546
41,308,597	42,009,435	-	-	-	-	-	-	-	-	921,647	128,858	42,282,932	43,295,455
-	-	-	-	-	-	-	-	538	-	-	-	538	-
43,656,861	44,308,328	283	292	1,446	1,746	146	23	108,816	105,127	(29,820)	(27,846)	45,431,644	46,145,164
43,955,638	**44,583,982**	**7,642**	**3,677**	**25,754**	**11,621**	**30,159**	**11,117**	**219,855**	**199,882**	**(114,792)**	**(178,057)**	**46,039,175**	**46,707,362**
536,184	605,888	25,090	38,199	78,091	96,799	38,403	38,013	35,838	37,666	(58,216)	(118,441)	921,111	984,076
44,229	70,275	2,070	-	6,442	-	3,168	-	29,000	29,000	(29,000)	(29,000)	64,958	78,765
11,539	12,139	540	1,890	1,680	4,204	826	393	5,153	11,501	-	-	29,949	40,938
-	-	-	-	-	-	-	-	7,051	9,309	-	(4,770)	7,051	4,539
-	-	-	-	-	-	-	-	-	1,100	-	-	-	1,100
2,478	3,034	116	22	361	353	177	30	37	1,002	-	-	6,980	8,264
594,430	691,336	27,816	40,111	86,574	101,356	42,574	38,436	77,079	89,578	(87,216)	(152,211)	1,030,049	1,117,682
725,554	970,144	33,951	-	105,671	-	51,966	-	-	-	-	-	981,645	1,043,698
4,923	6	230	1	717	1	353	-	-	5,837	-	-	6,242	5,845
-	-	-	-	-	-	-	-	-	-	-	-	1,596	-
-	-	-	-	-	-	-	-	-	1,272	-	-	-	1,272
730,477	970,150	34,181	1	106,388	1	52,319	-	-	7,109	-	-	989,483	1,050,815
1,324,907	**1,661,486**	**61,997**	**40,112**	**192,962**	**101,357**	**94,893**	**38,436**	**77,079**	**96,687**	**(87,216)**	**(152,211)**	**2,019,532**	**2,168,497**
42,630,731	**42,922,496**	**(54,355)**	**(36,435)**	**(167,208)**	**(89,736)**	**(64,734)**	**(27,319)**	**142,776**	**103,195**	**(27,576)**	**(25,846)**	**44,019,643**	**44,538,865**

Department of Transport and Main Roads and controlled entities
Notes to and forming part of the financial statements 2009-10

Department of Transport and Main Roads and controlled entities
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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:
- an effective, efficient and sustainable transport system
- a safe transport system promoting health and wellbeing
- a cost-effective transport system delivery
- a transport system providing access to employment, education and services
- transport related impacts on the natural, cultural and built environments managed
- transport system leadership
- contemporary and progressive people, processes and systems.

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

Integrated transport planning
Integrated transport planning delivers integrated solutions for transport infrastructure, systems and services and development assessments. The service objective is to deliver integrated solutions for transport infrastructure, systems and services to achieve sustainable transport outcomes.

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

Maritime safety
Maritime safety fosters a safe and vibrant maritime community and industry in Queensland by managing and influencing the safety of vessels and their operation. The service objective is to manage

Department of Transport and Main Roads and controlled entities
Notes to and forming part of the financial statements 2009-10 (continued)

the safe and environmentally sustainable movement of vessels using Queensland's waterways. This service has as its prime focus, delivery of improved safety and environmental outcomes and support for state-wide economic development and improved quality of life.

Public transport services
The objective of this service is to connect people, opportunities and places and remove barriers to access and mobility. The service objective is to provide efficient, effective, safe and economically sustainable public and school transport systems and services. This service aims to provide the community of Queensland with a high quality public transport system (including school services) through the facilitation of services provided by private bus and ferry operators, Brisbane Transport, QR Passenger, the taxi and limousine industries and remote and regional air service operators.

Road system planning
Ensures the long term development of Queensland's road network as part of an integrated transport system. The 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 Queensland Government's requirements for the community.

Road program development and delivery
Develops and delivers road projects that provide a safe, efficient and reliable road network while ensuring value for money. The activities under this service relate to management of the development, implementation and monitoring of the works program to meet the targets outlined in the state-wide plan. It includes expenditure on road maintenance activities.

Road corridor and network operations
Protects our lifestyle and environment by focussing on the safe, sustainable management and operation of the road network and corridors. This includes activities such as traffic operations, traffic and traveller information, incident management, heavy vehicle management, road safety management, third party access management, development impact assessment and road corridor environmental management.

Community transport access support
Funding grants are provided under the Transport Infrastructure Development Scheme (TIDS) to local government road projects and Aboriginal and Torres Strait Islander community access improvement projects.

In addition to the above services, Transport and Main Roads also delivers a large and complex capital investment program that drives economic development and provides employment opportunities through the enhancement, rehabilitation and preservation of the state-controlled road network.

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

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

Port of Brisbane transfer
As a result of the transfer notices under section 9 of the *Infrastructure Investment (Asset Restructuring and Disposal) Act 2009*, various assets and liabilities of the Port of Brisbane Corporation were transferred to the Department of Transport and Main Roads on 1 June 2010. These comprised the

Department of Transport and Main Roads and controlled entities
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Manly, Scarborough and Cabbage Tree Creek boat harbours, certain assets associated with the Gardens Point Moorings, various parcels of land, and other related assets and liabilities. Assets of $85.279m and liabilities of $1.983m were transferred to the department, as well as three employees.

Refer to the statement of changes in equity.

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 the Treasurer's Minimum Reporting Requirements for the year ended 30 June 2010 and other authoritative pronouncements.

With respect to compliance 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 and principles of consolidation

The consolidated financial statements include the value of all revenues, expenses, assets, liabilities and equity of the Department of Transport and Main Roads, being the parent entity, including RoadTek, and the entities that it controls where these entities are 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 together with Queensland Motorways Limited, Transmax Pty Ltd and Transport Holdings Queensland Pty Ltd as its controlled entities. In order to provide enhanced disclosure, the department has adopted the principles outlined in Australian Accounting Standard AASB 127 *Consolidated and Separate Financial Statements*. The effects of all transactions between entities in the consolidated entity are eliminated in all material cases.

Additional disclosure of issues pertaining to the operations of Queensland Motorways Limited and Transmax Pty Ltd is provided in Note 42. Queensland Motorways Limited and Transmax Pty Ltd are also each required to prepare separate general purpose financial statements.

The department has a controlling interest in Transport Holdings Queensland Pty Ltd. Shares in the company are non-beneficially held by the sole director for and on behalf of the State of Queensland. The amount of the investment and the transactions of the company are not considered material, therefore the entity is not consolidated with the departments financial statements. Refer to Note 42.

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

For the reporting period ending 30 June 2010, this entity is not consolidated in the Department of Transport and Main Roads' accounts.

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

The deed was executed for and on behalf of The State of Queensland by the former Minister for Main Roads and Local Government, the chief executive of the former Department of Main Roads, and a

Department of Transport and Main Roads and controlled entities
Notes to and forming part of the financial statements 2009-10 (continued)

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

(c) Administered transactions and balances

The department administers, but does not control, certain resources on behalf of the government. In doing so, it has responsibility and is accountable for administering related transactions and items, but does not have the discretion to deploy these resources for the achievement of the department's objectives. Administered transactions and balances are disclosed in Note 44.

(d) Agency transactions and balances

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

(e) Revenue

Departmental services revenue/administered item 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 up to year end for departmental services delivered by the department during the reporting period.

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

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

User charges and fees are controlled by the department where they can be deployed for the achievement of departmental objectives. Where they are not controlled by the department, user charges fees and fines are reported as administered revenue. Refer to Note 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 measure-up. Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred during the reporting period plus the percentage of profit earned.

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

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

Department of Transport and Main Roads and controlled entities
Notes to and forming part of the financial statements 2009-10 (continued)

(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

For the purposes of the statement of financial position and the statement of cash flows, cash assets include all cash on hand, cash at bank and cheques receipted but not banked at 30 June 2010.

(h) Receivables

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

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written off as at 30 June 2010. Changes in the provision for impairment are based on loss events as disclosed in Note 43.

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

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

(i) Inventories

Raw materials and stores, work in progress and finished goods
These inventories are mainly comprised of construction and concrete products to be consumed in the ordinary course of the department's operations.

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

Department of Transport and Main Roads and controlled entities
Notes to and forming part of the financial statements 2009-10 (continued)

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.

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) Non-current assets classified as held for sale

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

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

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

(k) Other financial assets

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

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

(l) Acquisitions of assets

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

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

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

(m) Revaluation of non-current physical assets

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

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

Department of Transport and Main Roads and controlled entities
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on the valuation process followed for heritage and cultural assets and to Note 3(q) for the valuation process related to 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.

Materiality concepts under AASB 1031 are considered in determining whether the difference between the carrying amount and the fair value of an asset is material.

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

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

The following indices are reviewed at each interim valuation of assets to ascertain the relevance of the indices to the department’s assets and to ensure the most appropriate index is applied for each asset class to be revalued where comprehensive revaluations are not undertaken:

Land
Department of Environment and Resource Management, State Valuation Service – index factor based on market transactions and land values for each local government area.

Australian Pacific Valuers - index based on market transactions and values for each local government area.

Buildings
Asset Revaluation Index (Implicit Price Deflator) - Non-Residential Building, Construction Work Done - Source: Queensland Treasury's Office of Economic and Statistical Research (OESR). Extracted from Australian Bureau of Statistics (ABS) Catalogue 8755.0 Construction Work Done, Australia, Preliminary – Table 4: Value of Building Work Done, Chain Volume Measures & Table 7: Value of Building Work Done, Current Prices – Queensland data.

Housing Index: Brisbane, Established Homes - Source: Queensland Treasury's OESR. Extracted from ABS Catalogue 6416.0 – House Price Indexes, Eight Capital Cities.

Producer Price Index – Non-Residential Construction - Queensland, Australian Bureau of Statistics (ABS) Catalogue 6427.0 Table 15 - Selected output of division E construction, group and class index numbers.

Other transport infrastructure (non-roads)
Asset Revaluation Index (Implicit Price Deflator) - Engineering Construction - Source: Queensland Treasury's OESR. Extracted from ABS Cat. No 8755.0 – Construction Work Done, Australia, Preliminary – Table 8: Value of Construction Work Done, Chain Volume Measures & Table 9: Value of Construction Work Done, Current Prices – Queensland data.

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

Where intangibles have an active market, they are measured at fair value. Otherwise they are measured at cost.

(n) Intangibles

Intangible assets with a cost or other value equal to or greater than $100,000 are recognised in the financial statements. The consolidated entity has three classes of intangible assets, being purchased

Department of Transport and Main Roads and controlled entities
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software, internally developed software and software under development. All other intangible items with a cost or other value less than the above threshold are expensed.

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

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

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

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

Software under development
Costs expended for computer software currently under development for future use by the department are captured in projects and held at cost in capital work in progress until development is complete and the assets are ready for use.

(o) Impairment of non-current assets

All non-current physical and intangible assets and capital work in progress 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. Refer to Note 3(m).

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

Department of Transport and Main Roads and controlled entities
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(p) Property, plant and equipment

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

• Buildings	$10,000
• Land	$1
• Other, including heritage and cultural	$5,000

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

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, progressively over the expected useful life to the consolidated entity.

Assets under construction (capital work in progress) are not depreciated until they reach service delivery capacity. 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, for example, building fit-outs, 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 consolidated entity.

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

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

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

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

Commercial land
Commercial land is land on which the department's buildings and depots are situated. Commercial land is valued comprehensively every five years and revalued in the intervening years by sourcing individual

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indices for each property from the Department of Environment and Resource Management. Refer to Note 3(m).

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

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

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

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

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

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

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

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

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

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

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

(q) Infrastructure assets

Infrastructure assets acquired with a cost or other value equal to or in excess of 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, major culverts and tunnels
- Busways
- Other transport infrastructure
- Capital work in progress

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

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

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

The department completed a comprehensive management valuation of the road, structure and busway assets as at 30 June 2010. This valuation was completed by suitably qualified and experienced departmental engineers and staff in conjunction with commercial estimation firm burmanGRIFFITHS.

The development of the unit rates process was ratified in 2009 by a unit rate expert panel which included departmental estimating experts and engineers and representatives from other organisations including the Australian Asphalt Pavement Association, Queensland Department of Infrastructure and Planning, Institute of Public Works Engineering Australia, Brisbane City Council, Roads and Traffic Authority of New South Wales, Cardno Infrastructure, and the Civil Contractors Federation.

In 2010 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 valuation methodology has been applied to all road, structure and busway infrastructure assets with the exception of some capital projects completed during the current financial year. The projects completed in the current financial year are brought to account at cost, and then revalued at financial year-end to gross replacement value using the same unit rates as the rest of the network. The resulting difference has been accounted for as a net adjustment to the asset revaluation surplus, to the extent that it offsets previous increments and is recognised in the statement of comprehensive income where there is no asset revaluation surplus to reverse.

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

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 is in the corridor. In practice the actual cost to replace the present road network on a like-for-like basis would generally be higher due to changes in construction conditions. For example, traffic diversion and night work to alleviate disruption to commuters, limited site access, and earthwork construction practices could result in significant cost increases particularly in urban areas.

Capital work in progress is based on individual project costs. Completed road infrastructure is valued based on a range of typical roads across the state assuming a standard level of service (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, design differences between individual projects and average designs etc.

For valuation purposes "over-engineering" is defined as roads designed to accommodate current service requirements but also includes in the design and construction, a significant element of future proofing to accommodate projected forecast growth in the medium to long term.

During 2010, improvements were made in the pavement management system to provide a better assessment of the remaining life of pavements. These changes have been reflected in the valuation assessment of remaining useful life. The revised rule set for pavement and surfacing has allowed

Department of Transport and Main Roads and controlled entities
Notes to and forming part of the financial statements 2009-10 (continued)

consistent treatment between asset valuation and management practices, with 156 rules to closer predict the requirements for asset management.

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

Sub-class	Depreciation method	Current standard useful life or length weighted average useful life	Useful life distribution of 85% of road sections *	Non-depreciable component of gross value **
Surface - chip seal	Straight-line	9.6 years	4-11 years	56%-85%
Surface - asphalt	Straight-line	12.9 years	4-16 years	0%-8%
Surface - concrete	Straight-line	37.7 years	5-41 years	5%
Formation earthworks	Indefinite life (not depreciated) or straight-line to estimated replacement date	59.9 years (for those with a finite life) 74% have an indefinite life	Finite life sections 21-91 years	34%-70%
Pavements and minor drainage	Equivalent Standard Axle (ESA) growth rate over time	36 years	5-49 years	27%-82%
Bridges - timber	Straight-line	80 years	-	2%
Bridges - concrete/steel	Straight-line	100 years	-	2%
Tunnels	Straight-line	100 years	-	2%
Major culverts - steel	Straight-line	35 years	-	2%
Major culverts - other	Straight-line	60 years	-	2%
Busways ***	Straight-line and ESA	5-100 years	-	4%-85% Varies by sub-component
Other transport infrastructure	Straight-line	5-110 years	-	Nil

* Dependent on ARMIS (the department's road management information system) pavement condition factors used in the Pavement Management System to determine remaining useful life. The useful life values shown above are the 85th percentile for each sub-class. After removal of statistical outliers (values beyond the 99th percentile) the useful life distribution for each sub-class is as follows:

Asset sub-class	Useful life years
Surface - chip seal	4-19
Surface - asphalt	4-40
Surface - concrete	5-55
Formation earthworks	20-91
Pavement	4-66

** The non-depreciable component represents the intrinsic value to the department of an asset at the end of its useful life. The values shown are the minimum and maximum value in the range. This is expressed as a percentage of the gross replacement value. For instance, this represents the value of road pavement reused when a road is rehabilitated. Gross replacement value is the cost established under the fair value approach of a replacement asset that has the same utility, production capacity and useful life as the asset being valued. A chip seal, by way of example, which reaches the end of its useful life, may have a worth to the department of 56% of its gross value. This asset can be brought back to 100% of its service worth by spending 44% on a reseal over the remaining surface. For bridges, the residual value is the salvage value.

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

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

The majority of road earthworks are not depreciated. Only those earthworks identified as having a limited useful life or projected as requiring future replacement, are depreciated. The remainder has 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 such as bridges, tunnels and major culverts, the consumption of service potential is purely a function of time. That is, the physical loading of these structures has little bearing on how long the asset remains in service. Rather, issues of technical obsolescence determine when these assets are replaced. Therefore, depreciation is assigned on a straight-line basis over the life of these assets.

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

For pavements, their design and their deterioration over time is primarily determined by traffic loadings. Specifically, equivalent standard axle (ESA) loads are the best measure of the consumption of service potential. Most pavements are expected to remain in service for longer than the ESA loading for which they were designed. As such, the consumption of service potential over time should reflect the ESA loading over the entire life of the asset and not just the design life. As the ESA loading grows over time, so does the depreciation rate. The department's pavement management system determines the remaining useful life of pavement elements.

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

This methodology applied includes:

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

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

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

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

The written down value of surfaces and pavements, which have been replaced during the reporting period, has been expensed, together with the value of roads that have been transferred to a third party. These items have been aggregated in the statement of comprehensive income under the heading "Decommissioned infrastructure assets" and further disclosed in Note 14. 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.

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

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

The written down value of bridges that have been replaced during the year has been expensed. These items are aggregated in the statement of comprehensive income under the heading "Decommissioned infrastructure assets" and are further disclosed in Note 14.

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

Land under roads
All acquisitions of land have been 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.

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

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

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

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

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

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

The department does not control or have a potential future interest in any other privately funded road infrastructure assets, other than those disclosed in Note 38 and Note 42.

(r) Leases

The department has entered into a number of operating leases whereby the lessor effectively retains substantially all the risks and benefits incidental to ownership. Non-cancellable operating lease commitments are disclosed within Note 40(a).

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.

Department of Transport and Main Roads and controlled entities
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Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

The department has no material finance leases.

(s) Payables

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

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

(t) Financial instruments

Recognition
Financial assets and financial liabilities are recognised in the 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 balance sheet date.

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

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

(u) 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.

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

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

From 1 July 2009, no provision for annual leave has been recognised in the financial statements for the parent entity, the liability being held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, prepared by Queensland Treasury.

The controlled entities Queensland Motorways Limited and Transmax Pty Ltd are not participants in the ALCS. Therefore, included in Note 31 are the recreation leave benefits for Queensland Motorways Limited and Transmax Pty Ltd employees.

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

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

The controlled entities Queensland Motorways Limited and Transmax Pty Ltd are not participants in the long service leave scheme. Therefore, included in Note 31 are the long service leave benefits for Queensland Motorways Limited and Transmax Pty Ltd employees.

Resignation benefit
Employees employed under the *Civil Construction, Operations and Maintenance General Award - State 2003* are entitled to a pro-rata benefit not exceeding eight weeks of their wage on resignation from the Department of Transport and Main Roads. The liability is disclosed as part of “Resignation benefit” within Note 31 and is recorded at remuneration rates expected to apply at the time of settlement.

Directive 22/05 *The Retrenchment of Temporary Employees Engaged on a Full Time or Part Time Basis* was issued by the Minister for Employment, Training and Industrial Relations in December 2005. The directive details the conditions applying to temporary employees whose work is determined to be surplus to requirements, and entitles some temporary employees to a severance benefit. The liability is disclosed as part of "Resignation benefit" within Note 31.

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.

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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,* prepared by Queensland Treasury.

Executive remuneration
The executive remuneration disclosures in the employee expenses note, Note 9, in the financial statements include:

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

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

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

The disclosures apply to all senior executives appointed under the *Public Service Act 2008* and classified as SES1 and above, with remuneration above $100 000 in the current financial year ($25 000 in respect to the comparative period). 'Remuneration' means any money, consideration or benefit, but excludes amounts:

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

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

(v) 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

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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.

(w) 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.

(x) 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.

(y) 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.

(z) Insurance

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

The department does, however, insure its open tender road construction contract activities for both material damage and product liability under the Principal Arranged Insurance Program. The program provides certainty of adequate cover and value for money. As well as providing cover for the department and its employees, it also covers the other parties to open tender construction contracts such as contractors, superintendents and sub-contractors. The majority of the department's other non-current physical assets and risks are insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis.

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

(aa) 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.

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(ab) Taxation

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

The department's commercialised business unit, RoadTek, is subject to the requirements of the National Tax Equivalents Regime (NTER).

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

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

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

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

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

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

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

(ac) 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.

(ad) 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(q) Infrastructure assets
- Note 17 Finance/borrowing costs
- Note 24 Non-current assets classified as held for sale
- Note 27 Property, plant and equipment
- Note 32 Provisions
- Note 41 Contingencies.

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Notes to and forming part of the financial statements 2009-10 (continued)

(ae) 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.

This is the first full year of operations for the department. Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period. The comparatives are for the period 27 March 2009 to 30 June 2009.

(af) New and revised accounting standards

The department did not voluntarily change any of its accounting policies during 2009-10. Those new and amended Australian accounting standards that were applicable for the first time in the 2009-10 financial year and that had a significant impact on the department's financial statements were applied in the departments 30 June 2009 financial statements as a result of the machinery of government change.

The department is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from Queensland Treasury. Consequently, the department has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. The department applies standards and interpretations in accordance with their respective commencement dates.

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

AASB 2009-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* includes certain amendments to AASB 117 *Leases*, effective from reporting dates beginning on or after 1 January 2010. These amendments revise the criteria for classifying leases involving land and buildings. The department will be required to re-assess the classification of the land elements of all unexpired leases the department has entered into as at 1 July 2010, on the basis of information existing at the inception of the relevant leases.

AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9 (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretation 10 and 12)* become effective from reporting periods beginning on or after 1 January 2013. The main impacts of these standards 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 in order to collect contractual cash flow. 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 and loss", instead of the measurement classification presently used in notes 3(t) and Note 43. The same classification will be used for net gains and losses recognised in the statement of comprehensive income in respect of those financial assets. In the case of the department's receivables, the carrying amount is considered to be a reasonable approximation of fair value.

The department will not be affected by the measurement requirements for "held to maturity investments". Refer to Note 3(t) and Note 43.

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

Department of Transport and Main Roads and controlled entities

Notes to and forming part of the financial statements 2009-10 (continued)

4 Reconciliation of payments from Consolidated Fund

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Reconciliation of payments from Consolidated Fund to departmental services revenue recognised in statement of comprehensive income				
Budgeted departmental services appropriation	3,429,962	-	3,429,962	-
Transfers from/to other departments - redistribution of public business	-	1,374,087	-	1,374,087
Treasurer's advances	-	(163,604)	-	(163,604)
Less: lapsed output appropriation	(122,146)	-	(122,146)	-
Total departmental services receipts	3,307,816	1,210,483	3,307,816	1,210,483
Less: Transfer of departmental services revenue receivable balance via Machinery of Government change	-	(21,741)	-	(21,741)
Less: Opening balance of departmental services revenue receivable	(53,715)	-	(53,715)	-
Plus: Closing balance of departmental services revenue receivable	62,530	54,084	62,530	54,084
Departmental services revenue recognised in statement of comprehensive income	**3,316,631**	**1,242,826**	**3,316,631**	**1,242,826**
Reconciliation of payments from Consolidated Fund to equity adjustment recognised in contributed equity				
Budgeted equity adjustment appropriation	2,426,549	-	2,426,549	-
Transfers from/to other departments - redistribution of public business	-	183,715	-	183,715
Unforeseen expenditure	-	184,203	-	184,203
Less: lapsed equity adjustment appropriation	(18,816)	-	(18,816)	-
Equity adjustment receipts	2,407,733	367,918	2,407,733	367,918
Less: opening balance of equity adjustment receivable	(125,126)	-	(125,126)	-
Plus: closing balance of equity adjustment receivable	-	125,126	-	125,126
Equity adjustment recognised in contributed equity	**2,282,607**	**493,044**	**2,282,607**	**493,044**

5 User charges

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Toll revenue	199,978	42,839	643	127
Provision of services to government departments	25,067	11,419	25,067	11,419
Pilotage *	46,643	-	46,643	-
Recoverable works for other authorities	80,838	24,266	81,409	24,266
Property search fees	2,518	607	2,518	607
Services rendered **	128,453	58,231	115,788	55,377
Contributions for work already performed	20,018	76	20,018	76
Rent revenue	24,267	5,214	24,185	5,212
Other	17,461	4,624	17,461	4,624
Total	**545,243**	**147,276**	**333,732**	**101,708**

* Pilotage has been reclassified as controlled funding from 1 July 2009. Refer to Note 39.

** Included in services rendered for the reporting period is construction contract revenue of $15.3m (2009:$6.699m).

6 Grants and other contributions

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Grants from the Australian Government *	3,936	2,798	3,936	2,798
Nation Building Economic Stimulus Plan funding **	-	14,250	-	14,250
Grants from local councils	6,450	3,291	6,450	3,291
Employment subsidies	149	85	149	85
Students with disabilities subsidies from Department of Education and Training	31,163	8,982	31,163	8,982
Goods and services received at below fair value	8,149	4,686	8,149	4,686
Other	3,554	1,165	3,554	1,615
Total	**53,401**	**35,257**	**53,401**	**35,707**

* There are no grants from the Australian Government which remain unspent as at 30 June 2010 (2009:$Nil). The grants from the Australian Government are non-reciprocal and relate to the Taxi Subsidy Scheme, and the Pacific Adventurer oil spill for 2010.

** This Australian Government funding relates to Boom Gates for Rail Crossings (2009: $14.250m). In 2010, this funding has been provided direct to Queensland Treasury by the Australian Government and then appropriated to Transport and Main Roads (Refer to Note 4).

7 Other revenue

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Interest	579	67	-	-
Developers' contributions revenue	8,945	3,330	8,945	3,330
Registration fee surcharge	13,340	2,983	13,340	2,983
Compulsory third party administration fees	26,068	6,929	26,068	6,929
Claim revenue - Queensland Government Insurance Fund	1,698	16	1,698	16
CorpTech recovery	-	2,136	-	2,136
Motorway contribution revenue	2,526	-	2,526	-
Revenue from controlled entities	-	-	34,281	5,071
Other *	7,195	786	7,172	779
Total	**60,351**	**16,247**	**94,030**	**21,244**

* Comparative has changed by $0.017m due to a reclassification of gain on sale items to other revenue (Refer to Note 8).

8 Gain on sale of property, plant and equipment

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Plant and equipment	407	122	397	130
Buildings	6	-	6	-
Land	907	-	907	-
Total *	**1,320**	**122**	**1,310**	**130**

* The comparative has changed by ($0.017m) due to the reclassification of various items from gain on sale (Refer to Note 7).

Department of Transport and Main Roads and controlled entities
Notes to and forming part of the financial statements 2009-10 (continued)

9 Employee expenses

	Consolidated		Parent	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Employee benefits				
Wages and salaries	474,146	103,929	446,568	97,346
Employer superannuation contributions	38,792	11,367	36,730	10,774
Long service leave levy	4,526	1,527	4,486	1,447
Other employee expenses	9,247	123	8,324	1,127
Employee related expenses				
Workers' compensation premium	5,205	1,501	4,542	1,308
Payroll tax	18,773	5,949	17,366	5,591
Other employee related expenses	11,132	3,418	10,442	3,840
Total	561,821	127,814	528,458	121,433

The parent entity's total employee expenditure for the reporting period was $772.419m (2009: $198.462m).

In 2010, $243.961m was attributed to the construction of new infrastructure assets and was capitalised to construction work in progress (2009: $77.029m).

The amount payable to Queensland Treasury during 2010 under the Annual Leave Central Scheme was $52.029m. The levy is calculated as a contribution equal to the department's annual leave cost, including leave loading and oncosts.

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

	2010	2009	2010	2009
Number of employees: *	9 456	9 496	9 049	8 988

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

Executive remuneration
The number of senior executives who received or were due to receive total remuneration of $100 000 or more ($25 000 or more for the comparative period):

	2010	2009
$100 000 to $119 999 (2009:$25 000 to $29 999)	-	2
$120 000 to $139 999 (2009:$30 000 to $34 999)	1	3
$140 000 to $159 999 (2009:$35 000 to $39 999)	4	8
$160 000 to $179 999 (2009:$40 000 to $44 999)	11	4
$180 000 to $199 999 (2009:$45 000 to $49 999)	4	4
$200 000 to $219 999 (2009:$50 000 to $54 999)	1	5
$220 000 to $239 999 (2009:$55 000 to $59 999)	1	4
$240 000 to $259 999*(2009:$60 000 to $64 999)	1	5
$260 000 to $279 999 (2009:$65 000 to $69 999)	-	2
$280 000 to $299 999 (2009:$70 000 to $74 999)	2	4
$300 000 to $319 999*(2009:$75 000 to $79 999)	3	2
$320 000 to $339 999 (2009:$80 000 to $84 999)	2	-
$360 000 to $379 999* (2009:$90 000 to $94 999)	4	-
$380 000 to $399 999* (2009:$95 000 to $99 999)	2	-
$540 000 to $559 999* (2009:$135 000 to $139 999)	1	1
Total	37	44
The total remuneration of executives shown above ($'000) **	**9,056**	**2,324**

* The payment to these executives in 2010 includes separation and redundancy/termination benefits.

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

The total amount of remuneration received by executives has increased due to separation and redundancy/termination payments made during the financial year. Separation and redundancy/termination amounts received have been included in each executives' remuneration total for the period.

	2010	2009
The total separation and redundancy/termination benefit payments to executives shown above ($'000):	**930**	**23**

Department of Transport and Main Roads and controlled entities
Notes to and forming part of the financial statements 2009-10 (continued)

10 Supplies and services

	Consolidated		Parent	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Raw materials	7,061	771	7,099	773
Consultants and contractors *	386,250	99,236	374,997	93,026
Administration	175,647	39,872	151,512	34,630
Travel **	14,043	7,498	13,895	7,453
Property related costs	142,404	22,861	142,404	22,861
Supplies and consumables	20,547	5,514	17,085	4,755
Operating lease rentals	17,139	5,330	17,118	5,330
Plant hire	19,790	4,094	19,558	4,080
Utility	50,178	16,026	46,602	15,252
Repairs and maintenance ***	37,460	13,992	36,397	13,283
Communications	22,994	10,707	20,269	10,707
Information technology and office services	8,209	10,650	8,209	10,650
Queensland Government services	7,251	10,890	7,251	10,890
Bank fees and charges	6,777	1,453	5,327	1,202
Other	9,753	3,259	3,741	2,395
Total	925,502	252,153	871,463	237,287

Comparatives have changed to apply consistent redistribution of capitalised components of the line items within the note.

The parent entity's total supplies and services expenditure for 2010 was $3.979b. In the reporting period $3.108b was capitalised to construction work in progress.

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

** Travel expenditure previously disclosed as "other" has been reclassified as a separate line item. Total expenditure for 2010 is $13.895m (2009:$7.453m).

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

Summary of capitalised expenditure - parent entity	Total expenditure 2010 $'000	Capitalised expenditure 2010 $'000	Reported expenditure 2010 $'000
Raw materials	121,639	114,540	7,099
Consultants and contractors	2,864,117	2,489,120	374,997
Administration	207,945	56,433	151,512
Travel	23,987	10,092	13,895
Property related costs	295,743	153,339	142,404
Supplies and consumables	45,625	28,540	17,085
Operating lease rentals	17,118	-	17,118
Plant hire	85,730	66,172	19,558
Utility	51,602	5,000	46,602
Repairs and maintenance	40,902	4,505	36,397
Communications	21,798	1,529	20,269
Information technology and office services	8,209	-	8,209
Queensland Government services	184,906	177,655	7,251
Bank fees and charges	5,327	-	5,327
Other	4,131	390	3,741
Total	3,978,778	3,107,315	871,463

11 Grants and subsidies

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Recurrent				
Queensland Rail	28,490	14,250	28,490	14,250
School Transport	159,443	47,915	159,443	47,915
Transport Infrastructure Development Scheme (TIDS)	57,876	26,477	58,651	26,920
Public Transport	59,764	22,850	59,764	22,850
Commonwealth Black Spot	18,332	2,246	18,332	2,246
Roads	4,614	1,025	4,614	1,025
Other	22,236	3,236	24,762	3,236
Capital				
Transport Infrastructure	36,006	8,206	36,006	8,206
Bus Access	1,159	6,557	1,159	6,557
Other	3,746	6,787	3,746	6,787
Total	391,666	139,549	394,967	139,992

12 Queensland Rail service costs

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Rail services and infrastructure support costs purchased by the Queensland Government for aspects of the rail network	672,202	190,888	672,202	190,888
Total	672,202	190,888	672,202	190,888

Department of Transport and Main Roads and controlled entities
Notes to and forming part of the financial statements 2009-10 (continued)

13 Depreciation and amortisation

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Depreciation incurred in respect of:				
Buildings	15,635	3,787	14,371	3,472
Road construction plant and equipment	14,933	3,358	14,933	3,358
Technical, IT and general plant and equipment	24,263	4,360	10,944	2,480
Infrastructure assets	925,275	210,395	899,477	205,743
	980,106	221,900	939,725	215,053
Amortisation incurred in respect of:				
Software purchased	8,418	352	642	186
Software internally generated	11,476	3,012	11,060	2,742
	19,894	3,364	11,702	2,928
Total	**1,000,000**	**225,264**	**951,427**	**217,981**

14 Decommissioned infrastructure assets

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Bridges demolished	32,731	4,328	32,731	4,328
Transfers to third parties free of charge: *				
Written down value of roads and bridges demained	5,668	-	5,668	-
Road surfaces and pavements replaced **	203,784	77,317	203,784	77,317
Total	**242,183**	**81,645**	**242,183**	**81,645**

* Transfers to third parties represent the written down value of roads, structures and busways demained.

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

15 Revaluation decrement

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Infrastructure assets * **	2,527,929	433,332	2,389,580	433,332
Land (controlled)	2,924	15,952	2,924	15,952
Revaluation decrement reversal	(10,655)	-	(10,655)	-
Commercial buildings	7,855	-	7,855	-
Property, plant and equipment	-	111	-	111
Total	**2,528,053**	**449,395**	**2,389,704**	**449,395**

* The revaluation decrement represents completed project costs that are in excess of valuation through the application of the infrastructure valuation methodology.The decrement is higher in 2010 as a result of a general decrease in unit rate input costs and the use of the 2009 reporting period of less than 12 months. Refer to note 3(q) and note 3(ae).

** Comparatives have changed due to the restatement of the revaluation decrement relating to busway structures of ($7.877m) (refer to Note 28), and an adjustment of ($0.400m).

16 Impairment losses

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Bad debts written off	11,893	455	1,187	159
Impairment reversal	(144)	-	(144)	-
Impairment losses on infrastructure assets*	414,973	5,044	414,973	5,044
Total	**426,722**	**5,499**	**416,016**	**5,203**

* Natural Disaster Relief and Recovery Arrangements (NDRRA) assessments of $247.8m on the road network had a significant impact on infrastructure impairment losses.

17 Finance/borrowing costs

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Interest	233,354	54,273	73,567	18,989
Administration charges	1,095	260	1,089	260
Total	**234,449**	**54,533**	**74,656**	**19,249**

18 Goods and services provided at below fair value

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Goods and services provided at below fair value *	1,594	21,007	1,585	21,007
Total	**1,594**	**21,007**	**1,585**	**21,007**

* Comparatives have changed due to the transfer of land to the Department of Environment and Resource Management through the intial application of AASB 1051 *Land Under Roads*.

Department of Transport and Main Roads and controlled entities

Notes to and forming part of the financial statements 2009-10 (continued)

19 Other expenses

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Insurance premiums - QGIF	8,958	967	8,958	967
Insurance premiums - Other *	6,200	1,391	5,277	1,171
Audit fees **	1,939	531	1,396	446
Net loss from disposal of property, plant and equipment	2,507	1,019	2,289	1,012
Capital projects costs written off	3,617	682	3,617	682
Losses: ***				
Public moneys	53	8	53	8
Public property	152	-	152	-
Special payments:				
Ex gratia payments ****	8,731	40	8,731	436
Court awarded damages	427	155	427	155
Compensation claims	5	33	5	33
Construction contract loss	-	1,100	-	1,100
Other	1,485	1,070	771	875
Total	**34,074**	**6,996**	**31,676**	**6,885**

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

** Total external audit fees relating to 2010 for the parent entity are estimated to be $0.895m (2009: $0.225m) and for the consolidated entity $1.184m (2009: $0.285m). These are charged by the Auditor-General in connection with auditing of the financial report. This item also includes audit fees for operational audits performed by third parties other than the Auditor-General. There are no non-audit services included in this amount.

*** Certain losses of public property are insured by the Queensland Government Insurance Fund (QGIF). The claims made in respect of these losses have yet to be assessed by QGIF and the amount recoverable cannot be estimated reliably at reporting date. On notification by QGIF of the acceptance of the claims, revenue will be recognised for the agreed settlement amount and disclosed as claim revenue - Queensland Government Insurance Fund. Refer to Note 7.

**** This amount includes $8.619m as reimbursements to various local governments and State Government departments in relation to the *Pacific Adventurer* oil spill.

20 Cash

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Imprest accounts	211	192	211	192
Cash at bank and on hand *	297,237	272,100	278,683	148,765
Total	**297,448**	**272,292**	**278,894**	**148,957**

* Comparatives have changed by $0.041m due to the remapping of an item from receivables to cash.

21 Receivables

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Current				
Trade debtors *	146,564	133,352	120,077	128,437
Less: Provision for impairment	(9,739)	(1,451)	(527)	(1,101)
	136,825	131,901	119,550	127,336
GST receivable	64,468	55,324	64,548	55,231
GST payable	(1,632)	(3,085)	(3,022)	(4,456)
	62,836	52,239	61,526	50,775
Long service leave reimbursements	2,135	1,493	2,135	1,493
Departmental services revenue receivable	62,530	53,715	62,530	53,715
Annual leave claim receivable	10,191	14,322	10,057	14,322
Equity injection receivable	23,244	125,126	23,244	125,126
Other	67	920	49	910
	98,167	195,576	98,015	195,566
Total	**297,828**	**379,716**	**279,091**	**373,677**

Movements in the allowance of provision for impairment

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Opening balance	1,451	1,215	1,101	1,086
Amounts written off during the year	(610)	(40)	(610)	(40)
Increase/(decrease) in allowance recognised in profit or loss	8,898	276	36	55
Balance 30 June	**9,739**	**1,451**	**527**	**1,101**

* Comparatives have changed by $0.041m due to a remapping of an item to cash arising from the formation of the department.

Department of Transport and Main Roads and controlled entities
Notes to and forming part of the financial statements 2009-10 (continued)

22 Inventories

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Supplies and consumables - at cost:				
Raw materials and stores	18,959	16,519	17,874	15,627
Work in progress	760	1,683	850	1,416
	19,719	18,202	18,724	17,043
Inventory held for resale - at cost:				
Plates	408	461	408	461
Publications	400	361	400	361
Customer Service Centre products	2,116	3,908	2,116	3,908
	2,924	4,730	2,924	4,730
Construction work in progress:				
Contract costs incurred and recognised profits less recognised losses	1,465	21,159	1,465	21,159
Less: Progress billings *	(1,254)	(21,408)	(1,254)	(21,408)
	211	(249)	211	(249)
Total	**22,854**	**22,683**	**21,859**	**21,524**

* Total progress billings and advances received in relation to construction contracts in progress amount to $1.254m (2009:$21.408m). These amounts reflect the varying volume of works carried out by the department.

Included in total progress billings and advances are retentions amounting to nil (2009:$0.016m).

Of the inventories on hand it is expected that all will be realised within the next 12 months.

23 Prepayments

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Current				
Prepayments	29,057	18,676	27,687	18,030
Total	**29,057**	**18,676**	**27,687**	**18,030**
Non-current				
Prepayments	**2,110**	1,391	2,110	1,391
Total	**2,110**	**1,391**	**2,110**	**1,391**

24 Non-current assets classified as held for sale

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Surplus land *	-	10	-	10
Total	**-**	**10**	**-**	**10**

* Vacant land which is surplus to the department's requirements.

25 Other financial assets

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Non-current				
Shares in Queensland Motorways Limited - yet to be issued	-	-	10,138	10,061
Shares in Queensland Motorways Limited - at cost	-	-	187,520	177,459
Shares in Transmax Pty Ltd - at cost	-	-	601	601
Total	**-**	**-**	**198,259**	**188,121**

These financial instruments are not traded on an active market, therefore fair value can not be reliably measured. Refer to Note (3k), Note 42 and Note 43.

Department of Transport and Main Roads and controlled entities

Notes to and forming part of the financial statements 2009-10 (continued)

26 Intangible assets	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Software purchased:				
At cost	89,233	23,991	8,830	8,129
Less: Accumulated amortisation	(14,447)	(5,571)	(4,955)	(4,315)
	74,786	18,420	3,875	3,814
Software internally generated:				
At cost	119,306	113,542	118,194	111,799
Less: Accumulated amortisation	(94,123)	(86,075)	(93,707)	(85,444)
	25,183	27,467	24,487	26,355
Software under development	116,327	94,936	110,738	64,482
Total	**216,296**	**140,823**	**139,100**	**94,651**

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

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

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

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

The department has software assets with an original cost of $10.055m (2009:$7.842m) and a written down value of zero continuing to be used in the provision of services.

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

Department of Transport and Main Roads and controlled entities
Notes to and forming part of the financial statements 2009-10 (continued)

26 Intangible assets (continued)

Intangibles reconciliation - Parent 2010

	Software purchased 2010 $'000	Software internally generated 2010 $'000	Software under development 2010 $'000	Total 2010 $'000
Carrying amount at 1 July 2009	3,814	26,355	64,482	**94,651**
Adjustment to opening balances	-	-	-	**-**
Acquisitions	15	-	56,020	**56,035**
Disposals	-	(18)	-	**(18)**
Transfers between classes	(14)	8,506	(8,505)	**(13)**
Transfers out	-	-	(1,827)	**(1,827)**
Transfers in from property, plant and equipment	702	704	-	**1,406**
Transfers between intangibles and infrastructure	-	-	200	**200**
Transfers between intangibles and property, plant and equipment	-	-	368	**368**
Amortisation	(642)	(11,060)	-	**(11,702)**
Carrying amount at 30 June 2010	**3,875**	**24,487**	**110,738**	**139,100**

Intangibles reconciliation - Consolidated 2010

	Software purchased 2010 $'000	Software internally generated 2010 $'000	Software under development 2010 $'000	Total 2010 $'000
Carrying amount at 1 July 2009	18,420	27,467	94,937	**140,824**
Adjustment to opening balances	82	1	8	**91**
Acquisitions	648	-	94,511	**95,159**
Disposals	-	(18)	-	**(18)**
Transfers between classes	63,350	8,506	(71,869)	**(13)**
Transfers out	-	-	(1,827)	**(1,827)**
Transfers in from property, plant and equipment	702	704	-	**1,406**
Transfers between intangibles and infrastructure	-	-	200	**200**
Transfers between intangibles and property, plant and equipment	-	-	368	**368**
Amortisation	(8,418)	(11,476)	-	**(19,894)**
Carrying amount at 30 June 2010	**74,784**	**25,184**	**116,328**	**216,296**

Intangibles reconciliation - Parent 2009

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

Intangibles reconciliation - Consolidated 2009

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

Department of Transport and Main Roads and controlled entities
Notes to and forming part of the financial statements 2009-10 (continued)

27 Property, plant and equipment	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Commercial land:				
At fair value *	221,917	318,545	221,917	318,545
At cost **	40,995	-	40,995	-
	262,912	318,545	262,912	318,545
Commercial buildings:				
At fair value *	397,562	388,020	377,627	368,220
Less: Accumulated depreciation	(208,037)	(201,343)	(195,148)	(189,717)
	189,525	186,677	182,479	178,503
At cost **	22,865	16,859	22,865	16,859
Less: Accumulated depreciation	(5,045)	(9)	(5,045)	(9)
	17,820	16,850	17,820	16,850
Total commercial buildings	207,345	203,527	200,299	195,353
Property held for future infrastructure:				
At fair value * ***	1,937,021	1,294,922	1,937,021	1,294,922
At cost **	247,762	584,049	247,762	584,049
	2,184,783	1,878,971	2,184,783	1,878,971
Road construction plant and equipment:				
At cost	162,530	151,367	162,530	151,367
Less: Accumulated depreciation	(57,569)	(48,761)	(57,569)	(48,761)
	104,961	102,606	104,961	102,606
Heritage and cultural assets				
At independent valuation ****	4,705	1,128	4,705	1,128
	4,705	1,128	4,705	1,128
Technical, IT and general plant and equipment:				
At cost	241,731	192,644	109,034	121,062
Less: Accumulated depreciation	(122,021)	(120,467)	(75,341)	(86,394)
	119,710	72,177	33,693	34,668
Work in progress:				
At cost	17,353	35,723	17,353	34,275
	17,353	35,723	17,353	34,275
Total	**2,901,769**	**2,612,677**	**2,808,706**	**2,565,546**

* Management valuations of commercial land, commercial buildings and property held for future infrastructure have been applied as at 30 June 2010, through the use of indices as per Note 3(m).

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

*** Comparatives have changed by ($40.879m) due to the transfer of land to the Department of Environment and Resource Management through the initial application of AASB 1051 *Land Under Roads* (See also Note 18 and the statement of changes in equity).

**** Comparatives have changed by $0.095m due to the reclassification of an item from infrastructure assets to heritage and cultural assets (refer Note 28).

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

The department has property, plant and equipment with a gross cost of $37.430m (2009:$32.882m) and a written down value of zero still being used in the provision of services.

The department has property, plant and equipment with a gross cost of $30.452m (2009:$24.237m) that has been written down to a total residual value of $2.335m (2009:$2.024m), continuing to be used in the provision of services.

Department of Transport and Main Roads and controlled entities
Notes to and forming part of the financial statements 2009-10 (continued)

27 Property, plant and equipment (continued)

Asset reconciliation - Parent 2010

	Commercial land 2010 $'000	Commercial buildings 2010 $'000	Property held for future infrastructure 2010 $'000	Road construction plant and equipment 2010 $'000
Carrying amount at 1 July 2009	318,545	195,353	1,878,971	102,606
Acquisitions	40,995	7,769	485,326	20,288
Assets reclassified from (to) held for sale	(107)	-	(8,310)	-
Transfers between classes	(78,970)	20,178	87,735	53
Transfers to/from work in progress	-	-	(201,325)	-
Transfers between infrastructure work in progress and property, plant and equipment work in progress	-	-	-	-
Transfers between property, plant and equipment and intangibles	-	-	-	-
Disposals	(14,627)	(776)	(89,186)	(3,053)
Revaluation increments	4,615	-	-	-
Revaluation decrements expensed (refer to Note 15)	(7,539)	(7,854)	-	-
Revaluation increments (refer statement of changes in equity)	-	-	79,591	-
Revaluation decrement (refer statement of changes in equity)	-	-	(58,674)	-
Revaluation decrements written back (refer Note 15 and Note 34)	-	-	10,655	-
Depreciation/amortisation	-	(14,371)	-	(14,933)
Carrying amount at 30 June 2010	**262,912**	**200,299**	**2,184,783**	**104,961**

	Heritage and cultural assets 2010 $'000	Technical, IT and general plant and equipment 2010 $'000	Work in progress 2010 $'000	Total 2010 $'000
Carrying amount at 1 July 2009	1,128	34,668	34,275	**2,565,546**
Acquisitions	3,533	8,473	22,722	**589,106**
Assets reclassified from (to) held for sale	-	-	-	**(8,417)**
Transfers between classes	43	3,941	(31,955)	**1,025**
Transfers to/from work in progress	-	-	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	-	(2,445)	-	**(110,087)**
Revaluation increments	-	-	-	**4,615**
Revaluation decrements expensed (refer to Note 15)	-	-	-	**(15,393)**
Revaluation increments (refer statement of changes in equity)	45	-	-	**79,636**
Revaluation decrement (refer statement of changes in equity)	(44)	-	-	**(58,718)**
Revaluation decrements written back (refer Note 15 and Note 34)	-	-	-	**10,655**
Depreciation/amortisation	-	(10,944)	-	**(40,248)**
Carrying amount at 30 June 2010	**4,705**	**33,693**	**17,353**	**2,808,706**

Department of Transport and Main Roads and controlled entities

Notes to and forming part of the financial statements 2009-10 (continued)

27 Property, plant and equipment (continued)

Asset reconciliation - Consolidated 2010

	Commercial land 2010 $'000	Commercial buildings 2010 $'000	Property held for future infrastructure 2010 $'000	Road construction plant and equipment 2010 $'000
Carrying amount at 1 July 2009	318,545	203,527	1,878,971	102,606
Adjustment to opening balances	-	-	-	-
Acquisitions	40,995	7,823	485,326	20,288
Assets reclassified from (to) held for sale	(107)	-	(8,310)	-
Transfers to/from work in progress	-	82	(201,325)	-
Transfers between classes	(78,970)	20,435	87,735	53
Transfers between infrastructure work in progress and property, plant and equipment work in progress	-	-	-	-
Transfers between property, plant and equipment and intangibles	-	-	-	-
Disposals	(14,627)	(1,033)	(89,186)	(3,053)
Revaluation increments	4,615	-	-	-
Revaluation increments (refer statement of changes in equity)	-	-	79,591	-
Revaluation decrement (refer statement of changes in equity)	-	-	(58,674)	-
Revaluation decrements written back (refer Note 15 and Note 34)	-	-	10,655	-
Revaluation decrements expensed (refer to Note 15)	(7,539)	(7,854)	-	-
Depreciation/amortisation	-	(15,635)	-	(14,933)
Carrying amount at 30 June 2010	262,912	207,345	2,184,783	104,961

	Heritage and cultural assets 2010 $'000	Technical, IT and general plant and equipment 2010 $'000	Work in progress 2010 $'000	Total 2010 $'000
Carrying amount at 1 July 2009	1,128	72,177	35,724	**2,612,678**
Adjustment to opening balances	-	(99)	-	**(99)**
Acquisitions	3,533	33,090	58,582	**649,637**
Assets reclassified from (to) held for sale	-	-	-	**(8,417)**
Transfers to/from work in progress	-	37,309	164,016	**82**
Transfers between classes	43	8,055	(31,955)	**5,396**
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	-	(6,559)	-	**(114,458)**
Revaluation increments	-	-	-	**4,615**
Revaluation increments (refer statement of changes in equity)	45	-	-	**79,636**
Revaluation decrement (refer statement of changes in equity)	(44)	-	-	**(58,718)**
Revaluation decrements written back (refer Note 15 and Note 34)	-	-	-	**10,655**
Revaluation decrements expensed (refer to Note 15)	-	-	-	**(15,393)**
Depreciation/amortisation	-	(24,263)	-	**(54,831)**
Carrying amount at 30 June 2010	4,705	119,710	17,353	**2,901,769**

Department of Transport and Main Roads and controlled entities
Notes to and forming part of the financial statements 2009-10 (continued)

27 Property, plant and equipment (continued)

Asset reconciliation - Parent 2009

	Commercial land 2009 $'000	Commercial buildings 2009 $'000	Property held for future infrastructure 2009 $'000	Road construction plant and equipment 2009 $'000
Balance transferred in due to Machinery of Government changes	332,689	177,143	1,595,595	100,128
Adjustment to opening balances	-	-	(40,879)	-
Acquisitions	-	12	125,266	7,183
Assets transferred in (out) at cost (non-reciprocal transfers)	-	-	-	-
Donations received	-	-	-	-
Assets reclassified from (to) held for sale	-	-	(528)	-
Transfers from (to) infrastructure assets	8,713	-	-	-
Transfers between classes	-	22,837	201,325	(12)
Transfers between infrastructure work in progress and property, plant and equipment work in progress	-	-	-	-
Disposals	(8,713)	(1,167)	-	(1,335)
Revaluation decrements expensed (refer to Note 15)	(14,144)	-	(1,808)	-
Depreciation/amortisation	-	(3,472)	-	(3,358)
Carrying amount at 30 June 2009	**318,545**	**195,353**	**1,878,971**	**102,606**

	Heritage and cultural assets 2009 $'000	Technical, IT and general plant and equipment 2009 $'000	Work in progress 2009 $'000	Total 2009 $'000
Balance transferred in due to Machinery of Government changes	336	32,554	177,176	**2,415,621**
Adjustment to opening balances	-	-	-	**(40,879)**
Acquisitions	-	3,949	81,893	**218,303**
Assets transferred in (out) at cost (non-reciprocal transfers)	-	(808)	-	**(808)**
Donations received	-	(127)	-	**(127)**
Assets reclassified from (to) held for sale	-	-	-	**(528)**
Transfers from (to) infrastructure assets	903	808	-	**10,424**
Transfers between classes	-	772	(224,922)	**-**
Transfers between infrastructure work in progress and property, plant and equipment work in progress	-	-	128	**128**
Disposals	-	-	-	**(11,215)**
Revaluation decrements expensed (refer to Note 15)	(111)	-	-	**(16,063)**
Depreciation/amortisation	-	(2,480)	-	**(9,310)**
Carrying amount at 30 June 2009	**1,128**	**34,668**	**34,275**	**2,565,546**

Department of Transport and Main Roads and controlled entities

Notes to and forming part of the financial statements 2009-10 (continued)

27 Property, plant and equipment (continued)

Asset reconciliation - Consolidated 2009

	Commercial land 2009 $'000	Commercial buildings 2009 $'000	Property held for future infrastructure 2009 $'000	Road construction plant and equipment 2009 $'000
Balance transferred in due to Machinery of Government Changes	332,689	185,066	1,595,595	100,128
Adjustment to opening balances	-	-	(40,879)	-
Acquisitions	-	161	125,266	7,183
Assets transferred in (out) at cost (non-reciprocal transfers)	-	-	-	-
Donations received	-	-	-	-
Assets reclassified from (to) held for sale	-	-	(528)	-
Transfers from (to) infrastructure assets	8,713	-	-	-
Transfers between classes	-	23,254	201,325	(12)
Transfers between infrastructure work in progress and property, plant and equipment work in progress	-	-	-	-
Disposals	(8,713)	(1,167)	-	(1,335)
Revaluation (decrements expensed) (refer to note 15)	(14,144)	-	(1,808)	-
Depreciation/amortisation	-	(3,787)	-	(3,358)
Carrying amount at 30 June 2009	318,545	203,527	1,878,971	102,606

	Heritage and cultural assets 2009 $'000	Technical, IT and general plant and equipment 2009 $'000	Work in progress 2009 $'000	Total 2009 $'000
Balance transferred in due to Machinery of Government Changes	336	63,454	177,721	**2,454,989**
Adjustment to opening balances	-	-	-	**(40,879)**
Acquisitions	-	9,014	86,639	**228,263**
Assets transferred in (out) at cost (non-reciprocal transfers)	-	(808)	-	**(808)**
Donations received	-	(127)	-	**(127)**
Assets reclassified from (to) held for sale	-	-	-	**(528)**
Transfers from (to) infrastructure assets	903	808	-	**10,424**
Transfers between classes	-	4,198	(228,765)	**-**
Transfers between infrastructure work in progress and property, plant and equipment work in progress	-	-	128	**128**
Disposals	-	(2)	-	**(11,217)**
Revaluation (decrements expensed) (refer to note 15)	(111)	-	-	**(16,063)**
Depreciation/amortisation	-	(4,360)	-	**(11,505)**
Carrying amount at 30 June 2009	1,128	72,177	35,723	**2,612,677**

Department of Transport and Main Roads and controlled entities

Notes to and forming part of the financial statements 2009-10 (continued)

28 Infrastructure assets

	Consolidated		Parent	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Roads:				
At management valuation *	39,525,775	40,407,167	38,234,525	39,006,580
Less: Accumulated depreciation	(9,455,465)	(9,468,022)	(9,263,857)	(9,324,715)
Less: Accumulated Impairment losses	(532,656)	(138,300)	(532,656)	(138,300)
At cost**	237,405	356,008	213,102	356,008
	29,775,059	31,156,853	28,651,114	29,899,573
Structures:				
At management valuation *	10,380,568	10,080,327	9,611,436	9,326,559
Less: Accumulated depreciation	(3,411,156)	(3,268,365)	(3,228,125)	(3,097,279)
Less: Accumulated impairment losses	(87,767)	(67,787)	(87,767)	(67,787)
At cost**	1,217,386	127,852	15,282	127,852
	8,099,031	6,872,027	6,310,826	6,289,345
Busways:				
At management valuation * ***	1,483,858	1,285,439	1,483,858	1,285,439
Less: Accumulated depreciation ***	(152,397)	(92,530)	(152,397)	(92,530)
At cost**	273,457	-	273,457	-
	1,604,918	1,192,909	1,604,918	1,192,909
Other Infrastructure				
At management valuation *	408,178	411,705	408,178	411,705
Less: Accumulated depreciation	(154,157)	(151,334)	(154,157)	(151,334)
Less: Accumulated impairment losses	-	(144)	-	(144)
At cost **	22,307	2,751	22,307	2,751
	276,328	262,978	276,328	262,978
Capital work in progress:				
At cost ****	5,490,569	7,004,113	5,439,745	5,650,650
	5,490,569	7,004,113	5,439,745	5,650,650
Total	**45,245,905**	**46,488,880**	**42,282,931**	**43,295,455**

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

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

*** Comparatives have changed due to a reclassification of ($0.095m) from infrastructure assets to property, plant and equipment (Refer to Note 27), and a restatement of busway structures of ($7.877m) (Refer to Note 15).

**** Comparatives have changed due to a restatement of ($12.727m) related to the GCHOV project, and an adjustment of ($0.400m).

Department of Transport and Main Roads and controlled entities

Notes to and forming part of the financial statements 2009-10 (continued)

28 Infrastructure assets (continued)

Infrastructure asset reconciliation - Parent 2010

	Roads	Structures	Busways	Other infrastructure	Capital work in progress	Total
	2010 $'000	2010 $'000	2010 $'000	2010 $'000	2010 $'000	2010 $'000
Carrying amount at 1 July 2009	29,899,573	6,289,345	1,192,909	262,978	5,650,650	**43,295,455**
New infrastructure at cost	2,220,833	337,061	549,856	22,307	(3,130,057)	**-**
Infrastructure projects continuing and commenced	-	-	-	-	3,002,587	**3,002,587**
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 15)	(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 14)	(3,557)	(2,111)	-	-	-	**(5,668)**
Assets replaced	(203,784)	-	-	-	-	**(203,784)**
Demolished bridges	-	(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**
Assets transferred between classes	-	-	-	-	-	**-**
Impairment losses expensed (refer to Note 16)	(394,356)	(20,617)	-	-	-	**(414,973)**
Impairment losses written back from prior year expense (refer to Note 16)	-	-	-	144	-	**144**
Rounding	-	-	-	-	(1)	**(1)**
Carrying amount at 30 June 2010	**28,651,114**	**6,310,826**	**1,604,918**	**276,328**	**5,439,745**	**42,282,931**

Infrastructure asset reconciliation - Consolidated 2010

	Roads	Structures	Busways	Other infrastructure	Capital work in progress	Total
	2010 $'000	2010 $'000	2010 $'000	2010 $'000	2010 $'000	2010 $'000
Carrying amount at 1 July 2009	31,156,853	6,872,027	1,192,909	262,978	7,004,113	**46,488,880**
New infrastructure at cost	2,245,136	1,539,165	549,856	22,307	(4,356,464)	**-**
Infrastructure projects continuing and commenced	-	-	-	-	3,002,587	**3,002,587**
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 decrements (refer to Note 34)	(1,717)	-	-	-	-	**(1,717)**
Assets transferred between classes	25,235	(11,527)	(13,365)	(343)	-	**-**
Revaluation decrements expensed (refer to Note 15)	(2,271,317)	(150,550)	(98,325)	(7,737)	-	**(2,527,929)**
Revaluation increments (refer to Note 34)	-	11,645	-	-	-	**11,645**
Demained assets (assets transferred to third parties free of charge) (refer to Note 14)	(3,557)	(2,111)	-	-	-	**(5,668)**
Assets replaced	(203,784)	-	-	-	-	**(203,784)**
Demolished bridges	-	(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 16)	(394,356)	(20,617)	-	-	-	**(414,973)**
Impairment losses written back from prior year expense (refer to Note 16)	-	-	-	144	-	**144**
Rounding	(1)	1	-	-	(2)	**(2)**
Carrying amount at 30 June 2010	**29,775,059**	**8,099,031**	**1,604,918**	**276,328**	**5,490,569**	**45,245,905**

Department of Transport and Main Roads and controlled entities

Notes to and forming part of the financial statements 2009-10 (continued)

28 Infrastructure assets (continued)

Infrastructure asset reconciliation - Parent 2009

	Roads 2009 $'000	Structures 2009 $'000	Busways 2009 $'000	Other infrastructure 2009 $'000	Capital work in progress 2009 $'000	Total 2009 $'000
Balance transferred in due to Machinery of Government changes	29,843,327	6,337,988	1,230,569	262,149	5,447,924	**43,121,957**
Adjustment to opening balance	-	-	-	-	-	**-**
Restatement for GCHOV project	-	-	-	-	(12,727)	**(12,727)**
Restatement to busways	-	-	(95)	-	-	**(95)**
New infrastructure at cost	627,405	69,951	1,271	2,751	(701,378)	**-**
Infrastructure projects continuing and commenced	-	-	-	-	919,079	**919,079**
Assets transferred in at cost (non-reciprocal - other government)	4,544	-	-	-	-	**4,544**
Revaluation increments (refer to Note 34)	138,300	20,723	4,705	-	-	**163,728**
Revaluation decrements (refer to Note 34)	-	(20,606)	(4,705)	-	-	**(25,311)**
Revaluation decrements expensed (refer to Note 15)	(327,716)	(81,395)	(23,821)	-	(400)	**(433,332)**
Assets replaced	(77,317)	-	-	-	-	**(77,317)**
Demolished bridges	-	(4,298)	(30)	-	-	**(4,328)**
Depreciation	(170,670)	(28,001)	(5,465)	(1,607)	-	**(205,743)**
Disposals	-	-	-	(171)	-	**(171)**
Projects written off	-	-	-	-	(682)	**(682)**
Assets transferred between classes	-	-	(9,521)	-	(766)	**(10,287)**
Impairment losses recognised in equity (refer to Note 34)	(138,300)	(116)	-	-	-	**(138,416)**
Impairment losses expensed (refer to Note 16)	-	(4,900)	-	(144)	-	**(5,044)**
Expensing of the New South Wales portion of Tugun Bypass (refer to Note 3(q) and Note 18)	-	-	-	-	(400)	**(400)**
Rounding	-	(1)	1	-	-	**-**
Carrying amount at 30 June 2009	**29,899,573**	**6,289,345**	**1,192,909**	**262,978**	**5,650,650**	**43,295,455**

Infrastructure asset reconciliation - Consolidated 2009

	Roads 2009 $'000	Structures 2009 $'000	Busways 2009 $'000	Other infrastructure 2009 $'000	Capital work in progress 2009 $'000	Total 2009 $'000
Balance transferred in due to Machinery of Government changes	31,101,370	6,922,340	1,230,569	262,149	6,688,178	**46,204,606**
Adjustment to opening balance	-	-	-	-	-	**-**
Restatement for GCHOV project	-	-	-	-	(12,727)	**(12,727)**
Restatement to busways	-	-	(95)	-	-	**(95)**
New infrastructure at cost	627,405	69,951	1,271	2,751	(701,378)	**-**
Infrastructure projects continuing and commenced	-	-	-	-	1,032,288	**1,032,288**
Assets transferred in at cost (non-reciprocal - other government)	4,544	-	-	-	-	**4,544**
Revaluation increments (refer to Note 34)	140,017	23,256	4,705	-	-	**167,978**
Revaluation decrements (refer to Note 34)	-	(20,606)	(4,705)	-	-	**(25,311)**
Revaluation decrements expensed (refer to Note 15)	(327,716)	(81,395)	(23,821)	-	(400)	**(433,332)**
Assets replaced	(77,317)	(2,032)	-	-	-	**(79,349)**
Demolished bridges	-	(4,298)	(30)	-	-	**(4,328)**
Depreciation	(173,151)	(30,172)	(5,465)	(1,607)	-	**(210,395)**
Disposals	-	-	-	(171)	-	**(171)**
Projects written off	-	-	-	-	(682)	**(682)**
Assets transferred between classes	-	-	(9,521)	-	(766)	**(10,287)**
Impairment losses recognised in equity (refer to Note 34)	(138,300)	(116)	-	-	-	**(138,416)**
Impairment losses expensed (refer to Note 16)	-	(4,900)	-	(144)	-	**(5,044)**
Expensing of the New South Wales portion of Tugun Bypass (refer to Note 3(q) and Note 18)	-	-	-	-	(400)	**(400)**
Rounding	1	(1)	1	-	-	**1**
Carrying amount at 30 June 2009	**31,156,853**	**6,872,027**	**1,192,909**	**262,978**	**7,004,113**	**46,488,880**

Department of Transport and Main Roads and controlled entities

Notes to and forming part of the financial statements 2009-10 (continued)

29 Payables

	Consolidated		Parent	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Current				
Trade creditors	597,714	603,955	558,302	540,125
Accrued property resumptions	273,805	364,598	273,805	364,598
Accrued Queensland Rail service costs	75,482	72,984	75,482	72,984
Other	14,184	23,442	13,522	6,369
Total	**961,185**	**1,064,979**	**921,111**	**984,076**

30 Interest bearing liabilities

Current				
Queensland Treasury Corporation borrowings	73,730	78,765	64,958	78,765
Total	**73,730**	**78,765**	**64,958**	**78,765**
Non-current				
Queensland Treasury Corporation borrowings	3,782,162	3,461,481	981,645	1,043,698
Total	**3,782,162**	**3,461,481**	**981,645**	**1,043,698**

No assets have been pledged as security for any liabilities.

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

Principal and interest repayments are made quarterly in arrears at rates ranging from 4.77% to 9.07% (2009:4.77% to 9.07%) for fixed rate loans and 4.92% (2009: 3.04%) for floating rate loans for the parent entity.

The parent entity's fair value of borrowings at 30 June, as notified by Queensland Treasury Corporation, was $1,108.285m (2009: $1,160.884m) and $4,007.366m (2009: $3,530.953m) for the consolidated entity. The fair value is calculated using discounted cashflow analysis and the effective interest rate.

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

As at 30 June 2010, the unused approved Queensland Treasury Corporation borrowing for the parent entity was $117.583m (2009: $87.085m). The unused approved borrowings for the consolidated entity at the end of the reporting period were $117.583m (2009: $163.950m).

The consolidated entity's short term funding facility with Queensland Treasury Corporation is approved as floating rate borrowings and assists in managing project cash flows. In addition, the parent entity also has a short term funding facility with the Commonwealth Bank of Australia. Both these funding facilities have a combined limit of $500.210m (2009: $250.210m)*.

The consolidated entity's short term funding facility with Queensland Treasury Corporation and the Commonwealth Bank of Australia total $500.310m (2009: $250.310m)*.

The consolidated entity did not access this facility as at 30 June 2010. Accordingly, $500.310m (2009:$250.310m) was available for use as at 30 June 2010 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 4.92% (2009: 3.04%). The short term facility with the Commonwealth Bank of Australia is not charged interest.

The parent entity has an $85m (2009:$86m) * business card facility with the Commonwealth Bank of Australia. There is no interest charged on this business card facility.

* Comparative figures have changed as a result of certain short term funding facilities being reported for the first time.

Department of Transport and Main Roads and controlled entities

Notes to and forming part of the financial statements 2009-10 (continued)

31 Accrued employee benefits

	Consolidated		Parent	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Current				
Recreation leave *	1,692	1,645	-	-
Annual leave levy payable	16,324	18,961	16,324	18,961
Long service leave levy payable	3,249	3,717	2,831	2,808
Resignation benefit	2,661	2,205	2,661	755
Salaries and wages outstanding	6,729	17,162	5,689	16,264
Employee other	2,444	2,150	2,444	2,150
Total	33,099	45,840	29,949	40,938
Non-current				
Recreation leave *	413	721	-	-
Long service leave levy payable	391	277	-	-
Resignation benefit	6,242	5,845	6,242	5,845
Total	7,046	6,843	6,242	5,845

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

The discount rate used to calculate the present value of non-current resignation benefit is 4.5% (2009: 4.23%).

32 Provisions

Current				
Construction contract loss	-	1,100	-	1,100
Total	-	1,100	-	1,100
Non-Current				
Provisions for dredging*	1,596	-	1,596	-
Total	1,596	-	1,596	-
Movements in provisions				
Construction contract loss				
Opening balance	1,100	-	1,100	-
Additional provision recognised	-	1,100	-	1,100
Reduction in provision	(1,100)	-	(1,100)	-
Balance as at 30 June	-	1,100	-	1,100
*Provision for dredging**				
Opening balance	-	-	-	-
Additional provision recognised	1,596	-	1,596	-
Reduction in provision	-	-	-	-
Balance as at 30 June	1,596	-	1,596	-

* As a result of the transfer notices under section 9 of the *Infrastructure Investment (Asset Restructuring and Disposal) Act 2009* , three boat harbours of the Port of Brisbane Corporation were transferred to the department. This has resulted in the recognition of a provision for dredging.

33 Other current liabilities

Unearned revenue	26,656	8,084	6,909	8,260
Other	71	4	71	4
Total	26,727	8,088	6,980	8,264

Department of Transport and Main Roads and controlled entities
Notes to and forming part of the financial statements 2009-10 (continued)

34 Asset revaluation surplus by class

Asset revaluation surplus - Parent 2010

	Commercial land 2010 $'000	Commercial buildings 2010 $'000	Property held for future infrastructure 2010 $'000	Heritage and cultural 2010 $'000
Balance 1 July 2009	-	-	-	-
Revaluation increments	-	-	79,590	45
Revaluation decrements	-	-	(58,673)	(44)
Balance 30 June 2010	**-**	**-**	**20,917**	**1**

	Roads 2010 $'000	Structures 2010 $'000	Busways 2010 $'000	Other infrastructure 2010 $'000	Total 2010 $'000
Balance 1 July 2009	-	-	-	-	**-**
Revaluation increments	-	-	-	-	**79,635**
Revaluation decrements	-	-	-	-	**(58,717)**
Balance 30 June 2010	**-**	**-**	**-**	**-**	**20,918**

Asset revaluation surplus - Consolidated 2010

	Commercial land 2010 $'000	Commercial buildings 2010 $'000	Property held for future infrastructure 2010 $'000	Heritage and cultural 2010 $'000
Balance 1 July 2009	-	-	-	-
Revaluation increments	-	-	79,590	45
Revaluation decrements	-	-	(58,673)	(44)
Balance 30 June 2010	**-**	**-**	**20,917**	**1**

	Roads 2010 $'000	Structures 2010 $'000	Busways 2010 $'000	Other infrastructure 2010 $'000	Total 2010 $'000
Balance 1 July 2009	1,717	2,534	-	-	**4,251**
Revaluation increments	-	11,645	-	-	**91,280**
Revaluation decrements	(1,717)	-	-	-	**(60,434)**
Balance 30 June 2010	**-**	**14,179**	**-**	**-**	**35,097**

Department of Transport and Main Roads and controlled entities

Notes to and forming part of the financial statements 2009-10 (continued)

34 Asset revaluation surplus by class (continued)

Asset revaluation surplus - Parent 2009

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

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

Asset revaluation surplus - Consolidated 2009

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

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

Department of Transport and Main Roads and controlled entities

Notes to and forming part of the financial statements 2009-10 (continued)

35 Income tax equivalents

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
(a) Income tax equivalent expense				
Current tax equivalents	16,515	868	16,574	813
Deferred tax equivalent expense (income) relating to temporary differences	(1,817)	(1,366)	(1,810)	(1,329)
	14,698	(498)	14,764	(516)
Tax contributions	-	2,710	-	2,710
Under (over) provision in previous years	(952)	-	(952)	-
Income tax equivalent expense attributable to profit from ordinary activities	**13,746**	**2,212**	**13,812**	**2,194**
(b) Numerical reconciliation of income tax equivalent expense to prima facie tax payable				
Accounting profit before tax *	(33,322)	2,320	50,928	7,314
Prima facie tax at applicable rate of 30%	(9,997)	696	15,278	2,194
Adjustments for non-temporary differences and excluded temporary differences:				
Capital works deductions	-	1,918	-	-
Non deductible depreciation/write-downs	3,673	(4,047)	-	-
Research and development concession	(346)	(153)	-	-
Non-deductible interest costs	1,917	483	-	-
Non-deductible borrowing costs	(432)	-	(432)	-
Non-deductible entertainment expense	10	8	-	-
Other non-deductible expenses	521	3	-	-
Effect of tax losses recognised	31,806	7,394	-	-
Adjustment relating to prior years	(13,406)	(4,422)	(1,034)	-
Under (over) provision in previous year	-	332	-	-
Income tax equivalent expense attributable to profit from ordinary activities	**13,746**	**2,212**	**13,812**	**2,194**
(c) Deferred tax equivalent expense (income) included in income tax equivalent expense comprises:				
Balance transferred in due to Machinery of Government changes	-	-	-	-
Deferred tax assets opening balance	-	-	-	-
Increase/(decrease) in deferred tax assets	693	-	538	-
Deferred tax assets at 30 June	**693**	**-**	**538**	**-**
Balance transferred in due to Machinery of Government changes	-	2,489	-	2,600
Deferred tax liabilities opening balance	1,124	-	1,272	-
Increase/(decrease) in deferred tax liabilities	(1,124)	(1,365)	(1,272)	(1,328)
Deferred tax liabilities at 30 June	**-**	**1,124**	**-**	**1,272**
(d) Proof of deferred tax assets and deferred tax liabilities				
Deferred tax assets:				
Property, plant and equipment	732	-	732	-
Employee benefits	779	1,437	-	-
Other items	1,562	160	(194)	-
Adjustment relating to prior year	-	34,127	-	-
Tax value of loss carry-forwards recognised	33,620	-	-	-
Gross deferred tax assets at 30 June	36,693	35,724	538	-
Set-off of deferred tax assets	(36,000)	(35,724)	-	-
Net deferred tax assets at 30 June	**693**	**-**	**538**	**-**
Deferred tax liabilities:				
Property, plant and equipment	36,000	36,848	-	1,272
Gross deferred tax liabilities at 30 June	36,000	36,848	-	1,272
Set-off of deferred tax assets	(36,000)	(35,724)	-	-
Net deferred tax liabilities at 30 June	**-**	**1,124**	**-**	**1,272**
(e) Income tax recognised directly in equity				
Revaluation of property, plant and equipment	-	270	-	270
Income tax on income and expense recognised directly in equity	**-**	**270**	**-**	**270**
(f) Unrecognised deferred tax assets				
Deferred tax assets have not been recognised in respect prior tax losses	121,068	89,262	-	-
	121,068	**89,262**	**-**	**-**

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

Department of Transport and Main Roads and controlled entities

Notes to and forming part of the financial statements 2009-10 (continued)

36 Reconciliation of operating surplus (deficit) to net cash provided by (used in) operating activities

	Consolidated		Parent	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Operating result from continuing operations after income tax equivalent expense *	(3,042,748)	(112,423)	(2,776,727)	(88,740)
Depreciation and amortisation expense	1,000,000	225,263	951,432	217,980
Doubtful debts expenses/(recovered)	-	(69)	-	(69)
Revaluation decrement/(increment) *	2,528,053	449,396	2,389,704	449,396
Loss on sale of property, plant and equipment	2,507	514	2,289	507
Gain on sale of property, plant and equipment	(1,320)	(186)	(1,310)	(191)
Impairment losses	426,722	5,084	416,016	5,084
Goods and services received below fair value	(8,149)	(4,399)	(8,149)	(4,399)
Goods and services provided below fair value *	1,594	20,590	1,585	20,590
Land used under roads	-	-	-	-
Decommissioned infrastructure assets	242,183	81,645	242,183	81,645
Capital projects written off	3,617	682	3,617	682
Redistribute to investing activities *	139,746	51,185	115,642	(44,137)
Other	(65)	(15)	(65)	(15)
Change in assets and liabilities				
(Increase)/decrease in trade receivables	(4,924)	(15,943)	7,786	(20,957)
(Increase)/decrease in departmental services revenue receivable	(8,815)	(31,974)	(8,815)	(31,974)
(Increase)/decrease in accrued trade receivables	-	51,844	-	53,976
(Increase)/decrease in GST input tax credits receivable	(9,144)	(10,158)	(9,317)	(15,500)
(Increase)/decrease in ALCS reimbursement receivable	4,131	845	4,265	845
(Increase)/decrease in LSL reimbursement receivable	(642)	-	(642)	-
(Increase)/decrease in other receivables	853	(861)	861	(861)
(Increase)/decrease in deferred tax asset	(693)	-	(538)	-
(Increase)/decrease in equity injection receivable	101,882	2,559	101,882	3,043
(Increase)/decrease in inventories	(171)	-	(335)	-
(Increase)/decrease in prepayments	(11,100)	(7,365)	(10,376)	(8,627)
Increase/(decrease) in payables	(106,292)	19,360	(65,463)	(11,955)
Increase/(decrease) in GST payable	(1,453)	870	(1,434)	3,220
Increase/(decrease) in accrued employee benefits	(12,538)	15,771	(10,592)	15,902
Increase/(decrease) in accrued Queensland Rail service costs	2,498	58,513	2,498	58,513
Increase/(decrease) in provisions	496	1,100	496	1,100
Increase/(decrease) in other liabilities	1,988	893	2,512	813
Increase/(decrease) in unearned revenue	18,639	(10,251)	(1,284)	3,709
Increase/(decrease) in deferred tax liabilities	(1,124)	(1,365)	(1,272)	(1,328)
Net cash provided by (used in) operating activities	**1,265,731**	**791,105**	**1,346,449**	**688,252**

* Comparatives have changed due to reclassification of gain on sale items to other revenue, restatement of revaluation decrement relating to busway structures, transfer of land to the Department of Environment and Resource Management, adjustments to land used under roads and remapping of an item from receivables to cash.

37 Non-cash financing and investing activities

Assets and liabilities received by the department and recognised as revenues are set out in Note 6. Assets and liabilities transferred by the department and recognised as expenses are set out in Note 18.

Department of Transport and Main Roads and controlled entities

Notes to and forming part of the financial statements 2009-10 (continued)

38 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 remainder of the Queensland Rail Limited Citytrain passenger rail network.

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

The Airtrain Development asset is currently at BARL management valuation of $101.655m at 30 June 2009. The basis of valuation for the asset is net present value of future cash flows from the asset. At finalisation of this report, no audited valuation data was available for the period ending 30 June 2010.

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

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

The State of Queensland leases airport lands from the Brisbane Airport Corporation and sub-leases the same land to Airtrain. 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 December 2009, the department advertised for expressions of interest for the Operator Franchise PPP, a design, build, finance, operate and maintain contract for Stage 1 of the Gold Coast Light Rail System. Expressions of interest were received from national and international consortia on 5 March 2010, and a shortlist announced in May 2010.

The detailed bid process commenced in July 2010, with close of tenders in December 2010, and the preferred bidder to be identified in March 2011. Construction is planned to commence in 2011 with completion and commencement of operations during mid to late 2014.

Under the terms of the arrangement, the consortia finances and builds the light rail system and operates for a defined period (currently specified as 15 years).

The State intends to reimburse the consortia during the operations phase for the capital cost and ongoing operational costs through regular service payments based upon a defined performance regime. The State will offset these payments through farebox revenue and other sources such as advertising.

39 Key business operations

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

Total revenues, expenses, assets and liabilities associated with MSQ flow through the department's accounting system and are reflected in these financial statements. From July 2009 pilotage previously included in the department's administered figures are now included in the department's controlled figures.

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

	2010		2009	
	MSQ $'000	Pilotage $'000	MSQ $'000	Pilotage $'000
Revenue				
Departmental services revenue	64,949	1,841	43,985	16,893
User charges and fees	55,085	48,267	4,822	1,017
Grants and other contributions	3,847	2	151	56
Other	3,349	65	(235)	974
Gain on sale of property, plant and equipment	127	109	(3)	-
Total	127,357	50,284	48,720	18,940
Expenses				
Employee expenses	54,830	18,962	16,012	6,939
Supplies and services	56,619	30,351	30,679	11,241
Depreciation and amortisation	4,832	732	1,198	424
Grants and subsidies	491	-	378	114
Impairment losses	165	1	6	-
Finance/borrowings	55	1	88	-
Revaluation decrement	1,364	3	(284)	-
Goods and services provided below fair value	46	1	176	-
Other	9,795	233	93	222
Total	128,197	50,284	48,346	18,940
Operating surplus/(deficit)	(840)	-	374	-

The administered revenue collected for pilotage and conservancy is separately disclosed below and included in Note 44, Schedule of administered items under user charges, fees and fines.

Comparatives have changed due to applying consistency with the reporting of departmental services.

Schedule of administered items, under user charges, fees and fines:	2010 $'000	2009 $'000
Pilotage*	-	10,383
Conservancy	34,344	7,507

*Pilotage revenue has been reclassified as controlled revenue and is therefore reported in Note 5 User Charges for 2010.

Department of Transport and Main Roads and controlled entities
Notes to and forming part of the financial statements 2009-10 (continued)

40 Commitments for expenditure

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000

(a) Non-cancellable operating lease commitments

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

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Not later than one year	51,912	48,863	51,903	47,080
Later than one year and not later than five years	75,910	96,457	75,910	90,194
Later than five years	14,126	16,958	14,126	15,362
Total	**141,948**	**162,278**	**141,939**	**152,636**

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

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

(b) Capital expenditure commitments

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

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Roads and structures	2,907,690	3,972,054	2,712,660	3,813,840
Property, plant and equipment	36,968	115,119	32,688	81,333
Busways	525,715	491,818	525,715	491,818
Intangible assets	26,694	25,030	26,694	25,030
Total	**3,497,067**	**4,604,021**	**3,297,757**	**4,412,021**
Payable:				
Not later than one year	2,927,999	3,855,836	2,728,573	3,598,592
Later than one year and not later than five years	490,943	725,809	490,985	715,325
Later than five years	78,125	22,376	78,199	98,104
Total	**3,497,067**	**4,604,021**	**3,297,757**	**4,412,021**

(c) Non-capital expenditure commitments

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

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Not later than one year	320,743	274,223	321,013	271,517
Later than one year and not later than five years	74,960	12,227	84,943	19,121
Later than five years	703	34	17,375	22,263
Total	**396,406**	**286,484**	**423,331**	**312,901**

(d) Grant and subsidy commitments

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

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Not later than one year	831,202	870,949	831,202	870,949
Later than one year and not later than five years	2,763,995	2,216,471	2,763,995	2,216,471
Later than five years	-	-	-	-
Total	**3,595,197**	**3,087,420**	**3,595,197**	**3,087,420**

Department of Transport and Main Roads and controlled entities

Notes to and forming part of the financial statements 2009-10 (continued)

41 Contingencies

Contingent assets

The following contingencies are not recognised as assets in the statement of financial position.

(a) Bank guarantees

The department holds securities amounting to $104.635m (2009: $118.676m) provided by contractors in the event of non-performance with the agreed contract terms.

(b) Other claims

The department has made various other claims against other parties. These claims are yet to be settled at 30 June 2010. 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

The following contingencies are not recognised as liabilities in the statement of financial position.

(a) Bank guarantees

The department has provided securities amounting to $0.824m (2009: $1.060m) to principals in the event of non-performance with the agreed contract terms.

(b) Litigation in progress

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

		Consolidated		Parent	
		2010 No. of cases	2009 No. of cases	2010 No. of cases	2009 No. of cases
Supreme Court	(claims over $250,000)	32	25	32	25
District Court	(claims up to $250,000)	32	23	32	23
Magistrates Court	(claims up to $50,000)	10	5	10	5
Other claims *		239	121	239	121

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

(c) External construction contracts

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

(d) Financial guarantees and undertakings

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

The market value of borrowings for The Gateway Bridge Company Limited, Gateway Upgrade Project, Logan Motorway Company Limited, Port Motorway Limited and Queensland Motorways Management Pty Ltd as at 30 June 2010 was $290.222m (2009: $279.669m), $1,892.177m (2009: $1,462.674m), $580.267m (2009: $496.998m), $104.514m (2009: $105.264m) and $31.871m (2009: $25.473m) respectively.

The book values of these borrowings were $280.690m (2009: $285.292m), $1,839.661m (2009: $1,502.682m), $557.384m (2009: $498.254m), $100.614m (2009: $106.097m) and $30.941m (2009: $25.460m) and are included in the borrowings for the consolidated entity.

In accordance with agreements between parties, the Department of Transport and Main Roads has agreed, on behalf of the State, to provide a guarantee in relation to the Brisbane Airport Rail Link to Queensland Rail in lieu of certain performance measures being met. No payments under the guarantee were made during the year nor are any due to be paid (refer note 38).

Department of Transport and Main Roads and controlled entities
Notes to and forming part of the financial statements 2009-10 (continued)

42 Controlled entities

(a) Investments in controlled entities

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

The financial results of Queensland Motorways and Transmax have been consolidated with the department, as parent 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.

Shares in Queensland Motorways are beneficially held in trust for, and on behalf of the State by:
the Associate Director-General of the Department of Transport and Main Roads;
Transport Holdings Queensland Pty Ltd ; and
Queensland Treasury Holdings Pty Ltd.

Queensland Motorways is the parent company of:
The Gateway Bridge Company Limited
Logan Motorway Company Limited
Port Motorway Limited
Queensland Motorways Management Pty Ltd
Bridge Securities Pty Ltd
Gateway Superannuation Pty Ltd.

The department therefore exercises majority control over these entities as well as the parent company (that is, Queensland Motorways).

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

Shares in THQ are non-beneficially held by the sole director for and on behalf of the State of Queensland.

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

(b) Function of controlled entities

Queensland Motorways

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

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

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

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

In light of the government's decision that Queensland Motorways will be responsible for the duplication of the Gateway Bridge and the upgrade of approximately 24km of associated arterial road, the consolidated franchise agreement also provides for an extension of the franchise on the Gateway Bridge by 30 years from completion of the arterial road upgrade works, currently estimated to be during 2011.

The financial arrangements associated with the consolidated franchise agreement provide that Queensland Motorways and its subsidiaries pay a franchise fee to the department. The franchise fee was set at $4.2 million per annum in 2006 subject to annual indexation by the Consumer Price Index.

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

While tolls are collected from users of the Logan Motorway, it has been necessary for the department to make contributions to ensure the debt for the Logan Motorway is repaid by the end of the franchise period.

While tolls are not collected from users of the Port Motorway facility, contributions are provided by the department and a third party, the Port of Brisbane Corporation Pty Ltd, to enable the company to meet its debt obligations for this facility.

Department of Transport and Main Roads and controlled entities
Notes to and forming part of the financial statements 2009-10 (continued)

42 Controlled entities (continued)

Transmax

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

Transport Holdings Queensland

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

Following the announcement by the Queensland Government of its intention to undertake a significant sale program in June 2009, the scoping study for the sale of Queensland Motorways Limited has been completed.

The government has proposed Queensland Motorways Limited for divestment by way of a franchise to toll the Queensland Motorways Limited road network, for a period of up to 50 years. The franchise will include road and bridge maintenance responsibilities. The road and bridge infrastructure and land will remain in government ownership.

At reporting date an active program to locate a buyer has not been initiated and Queensland Motorways Limited is not actively marketed for sale as the franchise agreement and structure under which it is to be sold has not been put in place. Therefore management consider that the criteria to reclassify non-current assets as 'held for sale' in accordance with AASB 5 Non Current Assets Held for Sale and Discontinued Operations have not been met.

Department of Transport and Main Roads and controlled entities

Notes to and forming part of the financial statements 2009-10 (continued)

43 Financial instruments

(a) Categorisation of financial instruments

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

Category	Note	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Financial assets					
Cash	20	297,448	272,292	278,894	148,957
Shares*	25	-	-	198,259	188,121
Receivables	21	297,828	379,716	279,091	373,677
Total		**595,276**	**652,008**	**756,244**	**710,755**

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

Category	Note	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Financial liabilities					
Financial liabilities measured at amortised cost:					
Payables	29	961,185	1,064,979	921,111	984,076
Accrued employee benefits	31	40,145	52,683	36,191	46,783
Queensland Treasury Corporation borrowings	30	3,855,892	3,540,246	1,046,603	1,122,463
Total		**4,857,222**	**4,657,908**	**2,003,905**	**2,153,322**

(b) Financial risk management

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

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

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

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

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

Department of Transport and Main Roads and controlled entities

Notes to and forming part of the financial statements 2009-10 (continued)

(c) Credit risk exposure

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

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

Maximum exposure to credit risk

		Consolidated		Parent	
		2010	2009	2010	2009
Category	**Note**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets					
Receivables	21	297,828	379,716	279,091	373,677
Total		**297,828**	**379,716**	**279,091**	**373,677**

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

The recognised provision for impairment is $0.527m for the parent entity for the current year. This is a decrease of $0.574m from 2009 and is mainly due to an increased amount of debt written off for damages not recoverable or deemed uneconomical to pursue. Refer to Note 16.

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.

Department of Transport and Main Roads and controlled entities

Notes to and forming part of the financial statements 2009-10 (continued)

43 Financial instruments (continued)

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

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**

2009 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	-	4,930	2,468	-	**7,398**
Total	**-**	**4,930**	**2,468**	**-**	**7,398**

	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	-	5,013	2,506	-	**7,519**
Total	**-**	**5,013**	**2,506**	**-**	**7,519**

Department of Transport and Main Roads and controlled entities

Notes to and forming part of the financial statements 2009-10 (continued)

43 Financial instruments (continued)

2010 Individually impaired financial assets

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

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

2009 Individually impaired financial assets

	Less than 30 days $'000	Overdue 30-60 days $'000	61-90 days $'000	More than 90 days $'000	Total $'000
Parent - financial assets					
Receivables	-	-	-	15,571	**15,571**
Provision for impairment	-	-	-	(1,101)	**(1,101)**
Total	**-**	**-**	**-**	**14,470**	**14,470**

	Less than 30 days $'000	Overdue 30-60 days $'000	61-90 days $'000	More than 90 days $'000	Total $'000
Consolidated - financial assets					
Receivables	-	-	-	15,571	**15,571**
Provision for impairment	-	-	-	(1,451)	**(1,451)**
Total	**-**	**-**	**-**	**14,120**	**14,120**

Department of Transport and Main Roads and controlled entities

Notes to and forming part of the financial statements 2009-10 (continued)

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 and floating rates of interest.

Transport and Main Roads manages liquidity risk through a combination of regular fortnightly appropriation payments from Queensland Treasury and, when required, loan drawdowns for major projects based on an already agreed borrowings program with Queensland Treasury. This strategy reduces the exposure to liquidity risk by ensuring the department has sufficient funds available to meet employee and supplier obligations at all times. This is achieved by ensuring that minimum levels of cash are held within the 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	2010 Payable in			
		< 1 year	1 - 5 years	> 5 years	Total
Parent - Financial liabilities 2010		**$'000**	**$'000**	**$'000**	**$'000**
Payables	29	921,111	-	-	**921,111**
Accrued employee benefits	31	29,949	6,242	-	**36,191**
Queensland Treasury Corporation Borrowings		131,874	558,432	730,877	**1,421,183**
Total		**1,082,934**	**564,674**	**730,877**	**2,378,485**

	Note	2010 Payable in			
		< 1 year	1 - 5 years	> 5 years	Total
Consolidated - Financial liabilities 2010		**$'000**	**$'000**	**$'000**	**$'000**
Payables	29	961,185	-	-	**961,185**
Accrued employee benefits	31	33,099	7,046	-	**40,145**
Queensland Treasury Corporation Borrowings		148,563	625,189	4,414,474	**5,188,226**
Total		**1,142,847**	**632,235**	**4,414,474**	**6,189,556**

	Note	2009 Payable in			
		< 1 year	1 - 5 years	>5 years	Total
Parent - Financial liabilities 2009		**$'000**	**$'000**	**$'000**	**$'000**
Payables	29	984,076	-	-	**984,076**
Accrued employee benefits	31	40,938	5,845	-	**46,783**
Queensland Treasury Corporation Borrowings		150,515	575,984	845,199	**1,571,698**
Total		**1,175,529**	**581,829**	**845,199**	**2,602,557**

		2009 Payable in			
	Note	< 1 year	1 - 5 years	>5 years	Total
		$'000	**$'000**	**$'000**	**$'000**
Consolidated - Financial liabilities 2009					
Payables	29	1,064,979	-	-	**1,064,979**
Accrued employee benefits	31	45,840	6,843	-	**52,683**
Queensland Treasury Corporation Borrowings		165,956	680,016	3,907,193	**4,753,165**
Total		**1,276,775**	**686,859**	**3,907,193**	**5,870,827**

Department of Transport and Main Roads and controlled entities
Notes to and forming part of the financial statements 2009-10 (continued)

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 in relation to 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 to profit and loss, if interest rates would change by +/-1 percent from the year-end rates applicable to the department's financial assets and financial liabilities. At reporting date, 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 consolidated entity would have a surplus and equity increase /(decrease) of $27.907m (2009: $22.945m). This is mainly attributable to the consolidated entity's exposure to variable interest rates on its borrowins from Queensland Treasury Corporation.

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

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.

Parent - financial instruments 2009	Carrying amount	2009 Interest rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000
Cash*	148,957	-	-	-	-
Queensland Treasury Corporation borrowings	1,122,463	-	-	-	-
Overall effect on profit and equity	**1,271,420**	**-**	**-**	**-**	**-**

*No exposure to interest rate risk

Consolidated - financial instruments 2009	Carrying amount	2009 Interest rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000
Cash*	272,292	(1,233)	(1,233)	1,233	1,233
Queensland Treasury Corporation borrowings**	3,540,246	24,178	24,178	(24,178)	(24,178)
Overall effect on profit and equity	**3,812,538**	**22,945**	**22,945**	**(22,945)**	**(22,945)**

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

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

Department of Transport and Main Roads and controlled entities

Notes to and forming part of the financial statements 2009-10 (continued)

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 provision for impairment.

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

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

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 2010 $'000	Carrying amount 2009 $'000	Fair value 2010 $'000	Fair value 2009 $'000
Financial instruments - Parent					
Financial assets					
Cash	1	278,894	148,957	278,894	148,957
Shares	2	198,259	188,121	198,259	188,121
Receivables	2	279,091	373,677	279,091	373,677
Total		**756,244**	**710,755**	**756,244**	**710,755**
Financial liabilities					
Payables	2	921,111	984,076	921,111	984,076
Accrued employee benefits	1	36,191	46,783	36,191	46,783
Queensland Treasury Corporation borrowings	1	1,046,603	1,122,463	1,108,284	1,160,884
Total		**2,003,905**	**2,153,322**	**2,065,586**	**2,191,743**
Financial instruments - Consolidated					
Financial assets					
Cash	1	297,448	272,292	297,448	272,292
Shares	-	-	-	-	-
Receivables	2	297,828	379,716	297,828	379,716
Total		**595,276**	**652,008**	**595,276**	**652,008**
Financial liabilities					
Payables	2	961,185	1,064,979	961,185	1,064,979
Accrued employee benefits	1	40,145	52,683	40,145	52,683
Queensland Treasury Corporation borrowings	1	3,855,892	3,540,246	4,007,335	3,530,953
Total		**4,857,222**	**4,657,908**	**5,008,665**	**4,648,615**

Department of Transport and Main Roads and controlled entities

Notes to and forming part of the financial statements 2009-10 (continued)

44 Schedule of administered items

a) Categorisation of administered items

	Rail, Ports and Freight		Land Transport and Safety		Maritime		Public Transport		National Network		Total	Total
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Administered revenue												
Administered item appropriation	114,908	10,598	-	(19)	-	-	863,482	212,932	-	-	978,390	223,511
User charges, fees and fines	-	-	1,640,094	375,332	68,921	25,422	12,330	1,988	-	-	1,721,345	402,742
Dividends and property income	-	-	100	48	-	-	-	-	-	-	100	48
Commonwealth Grants	-	-	-	-	-	-	-	-	118,010	388,581	118,010	388,581
Interest	-	-	-	-	32	6	-	-	-	-	32	6
Other	-	-	5,953	1,544	14	3	-	-	-	-	5,967	1,547
Total	**114,908**	**10,598**	**1,646,147**	**376,905**	**68,967**	**25,431**	**875,812**	**214,920**	**118,010**	**388,581**	**2,823,844**	**1,016,435**
Administered expenses												
Grants and subsidies	114,908	10,598	-	-	-	-	863,482	212,932	-	-	978,390	223,530
Other	-	-	62	2	55	(7)	-	-	-	-	117	(5)
Total	**114,908**	**10,598**	**62**	**2**	**55**	**(7)**	**863,482**	**212,932**	**-**	**-**	**978,507**	**223,525**
Transfers to Government	**-**	**-**	**1,646,085**	**376,903**	**68,912**	**25,438**	**12,330**	**1,988**	**118,010**	**388,581**	**1,845,337**	**792,910**

	2010	2009
Administered assets		
Current		
Cash	27,731	29,238
Receivables	37,093	36,689
Prepayments	-	118,010
Total current assets	**64,824**	**183,937**
Non-current		
Non-rail corridor land at independent valuation	41,218	37,359
Total non-current assets	41,218	37,359
Total	**106,042**	**221,296**
Administered liabilities		
Current		
Payables	60,142	61,401
Unearned revenue	4,444	122,302
Total current liabilities	64,586	183,703
Total	**64,586**	**183,703**
Administered equity		
Contributed equity	38,691	35,996
Asset revalution surplus	2,761	1,597
Total	**41,452**	**37,593**

The balance of the user charges, fees and fines item in the Maritime category in 2009 includes pilotage revenue. Pilotage revenue has been reclassified as controlled revenue and is therefore reported in Note 5 User charges for 2010.

b) Grants to Queensland Government agencies

	2010	2009
Townsville Port Authority	114,908	-
Natural Disaster Relief & Recovery Arrangements	-	10,598
TransLink Transit Authority	863,482	212,932
Total grants to Queensland Government agencies	**978,390**	**223,530**

c) User charges, fees and fines

	2010	2009
Motor vehicle registration	1,257,091	279,277
Transport and traffic fees	251,620	61,210
Other registration	55,729	12,664
Other regulatory fees	42,518	19,734
Fines and forfeiture	112,097	29,282
Other	2,290	575
Total user charges, fees and fines	**1,721,345**	**402,742**

d) Land valuations

Administered land 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.*

Land Assets are comprehensively revalued at least once every five years with interim valuations, using appropriate indices, being otherwise performed on an annual basis where there has been a material variation in the index. Refer to Note 3(m) for specific discussion on the valuation process.

Interim valuations on administered land assets were performed by the State Valuation Service using indices as at 30 June 2010.

Department of Transport and Main Roads and controlled entities
Notes to and forming part of the financial statements 2009-10 (continued)

45 Reconciliation of administered payments from Consolidated Fund

	Consolidated 2010 $'000	Consolidated 2009 $'000	Parent 2010 $'000	Parent 2009 $'000
Reconciliation of payments from Consolidated Fund to administered item revenue				
Budgeted appropriation	828,040	-	828,040	-
Transfers from/to other departments - redistribution of public business	-	(582,128)	-	(582,128)
Treasurer's transfers	-	163,604	-	163,604
Lapsed administered appropriation	152,911	-	152,911	-
Unforeseen expenditure	-	643,692	-	643,692
Total administered item receipts	980,951	225,168	980,951	225,168
less: Transfer of departmental service revenue receivable balance via Machinery of Government change	-	(4,218)	-	(4,218)
less: Opening balance of administered revenue receivable	(2,561)	-	(2,561)	-
Plus: Closing balance of adminstered item revenue receivable	-	2,561	-	2,561
Administered item revenue appropriation	**978,390**	**223,511**	**978,390**	**223,511**
Reconciliation of payments from Consolidated Fund to equity adjustment recognised in contributed equity				
Budgeted equity adjustment appropriation	708,109	-	708,109	-
Transfer from/to other departments	-	642,184	-	642,184
Lapsed appropriation	(220,704)	-	(220,704)	-
Unforseen expenditure	-	(217,494)	-	(217,494)
Equity adjustment receipts	**487,405**	**424,690**	**487,405**	**424,690**

46 Events occurring after balance date

Toll Increases

Tolls charges for motorcycles, cars and commercial vehicles using the Gateway, Logan and Gateway Extension Motorways changed in accordance with State Government policy from 1 July 2010, increasing by an average 31.5%.

47 Investment in joint venture

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

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.

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

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

The department's share of profits received as a result of investment in the joint venture for the year was $12.318m (2009 April to June: $2.804m).

A summary of the aggregate results for the joint venture follows:

Reporting Period	Revenue		Expenses		Current assets		Non-current assets		Current liabilities	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
	27,578	6,124	15,260	3,320	1,589	2,169	502	454	1,492	1,769

48 Correction of errors

The revaluation decrement expense was overstated by $8.277m in the 30 June 2009 financial statements, comprising a duplicated busway structures record of $7.877m, and a calculation error of $0.400m, with a corresponding error reported in the infrastructure assets note. Refer to Notes 15 and 28. These errors have been corrected by restating each of the affected financial statements line items for the prior year comparatives.

Related to the implementation of AASB1051 *Land Under Roads*, the department's 30 June 2009 financial statements did not correctly reflect the transfer of various parcels of land to the Department of Environment and Resource Management (DERM). As DERM reported this transaction in their 30 June 2009 financial statements, a correction of $20.198m has been made to the comparative column in the goods and services provided at below fair value note. Refer to Note 18 and the statement of changes in equity.

As a result of the duplication of a transaction of $12.727m in relation to the GCHOV project, the balances reported in the infrastructure note (Note 28) and the statement of changes in equity as at 30 June 2009 have been adjusted.

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 2010, and of the financial position of the department and the consolidated entity at the end of that year.

Chris Mead CPA	**David Stewart**
Bachelor of Business - Accountancy	BE Hons (Civil), MBA, MEngSc
Chief Finance Officer	Director-General
30 August 2010	30 August 2010

INDEPENDENT AUDITOR'S REPORT

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

Matters Relating to the Electronic Presentation of the Audited Financial Report

The auditor's report relates to the financial report of the Department of Transport and Main Roads for the financial year ended 30 June 2010 included on the Department of Transport and Main Roads' website. The Accountable Officer is responsible for the integrity of the Department of Transport and Main Roads' website. I have not been engaged to report on the integrity of the Department of Transport and Main Roads' website. The auditor's report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from the Department of Transport and Main Roads, to confirm the information included in the audited financial report presented on this website.

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

Report on the Financial Report

I have audited the accompanying financial report of 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 2010, and 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 ended on that date, a summary of significant accounting policies, other explanatory notes and the certificates given by the Accountable Officer and the Chief Finance Officer of 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 and fair presentation of the financial report 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 (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility 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. These auditing standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the financial report is free of material misstatement.

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

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

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.

Auditor's Opinion

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

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

(b) in my opinion –

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

 (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Department of Transport and Main Roads and the consolidated entity for the financial year 1 July 2009 to 30 June 2010 and of the financial position as at the end of that year.

DIRECTOR OF AUDIT
31 AUG 2010
QUEENSLAND AUDIT OFFICE

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

Queensland Audit Office
Brisbane

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