Financial summary

We have managed our fiscal responsibility in a professional manner, and reported an operating surplus of $1.949 billion. A comprehensive set of financial statements covering all of the department's activities is provided in Volume 2 of this report.

As outlined in the Director-General's report regarding the integration of TransLink into the department, the financial statements incorporate transactions of the former TransLink Transit Authority for the full financial year. Therefore comparisons between previous financial years and 2013–14 may be impacted.

Operating funding

Funding to meet departmental operational requirements is received from the Queensland Government, own sourced revenue and from allocations from the Australian Government. In 2013–14 income totalled $7.404 billion. Of this amount $1.997 billion was received as grants from the Queensland Reconstruction Authority and was used to fund capital expenditure for repairs to the road network as a result of natural disasters in the years from 2010 to 2014.

Our operating funding – source and application

Figures 2 and 3 illustrates the source and application of operating funds for the year.

Figure 2: Source of operating funds

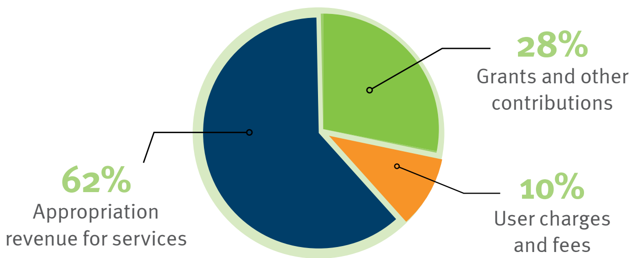
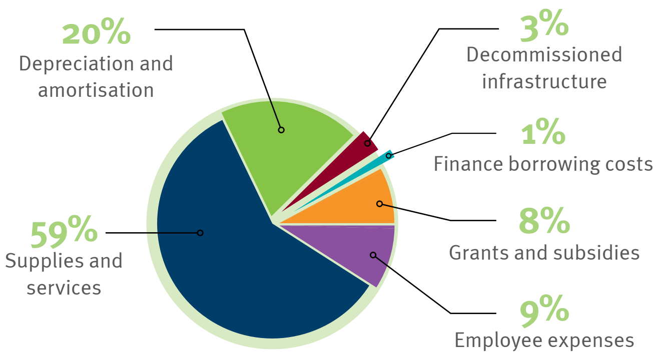


Figure 3: Application of operating funds



Capital funding

Total capital funding received in 2013–14 was $3.740 billion. Grants received from the Queensland Reconstruction Authority for repairs to the road network as a result of the natural disasters in the years 2010 to 2014 comprise the majority of funding included in the category of "Other".

Our capital funding – source and application

Figures 4 and 5 illustrates the source and application of capital funds for the year.

Figure 4: Source of capital funds

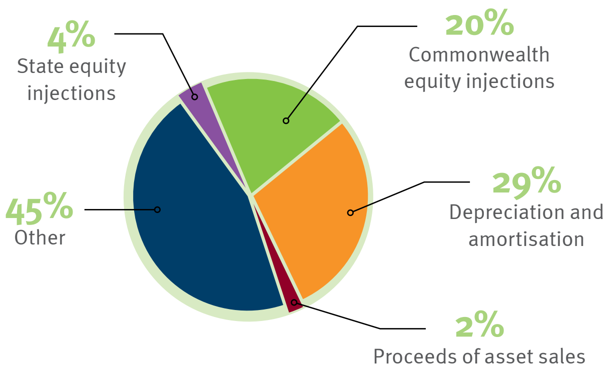
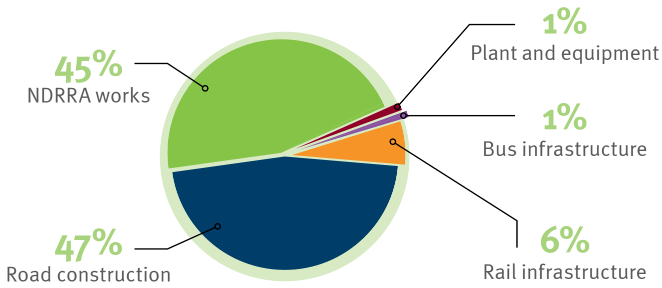


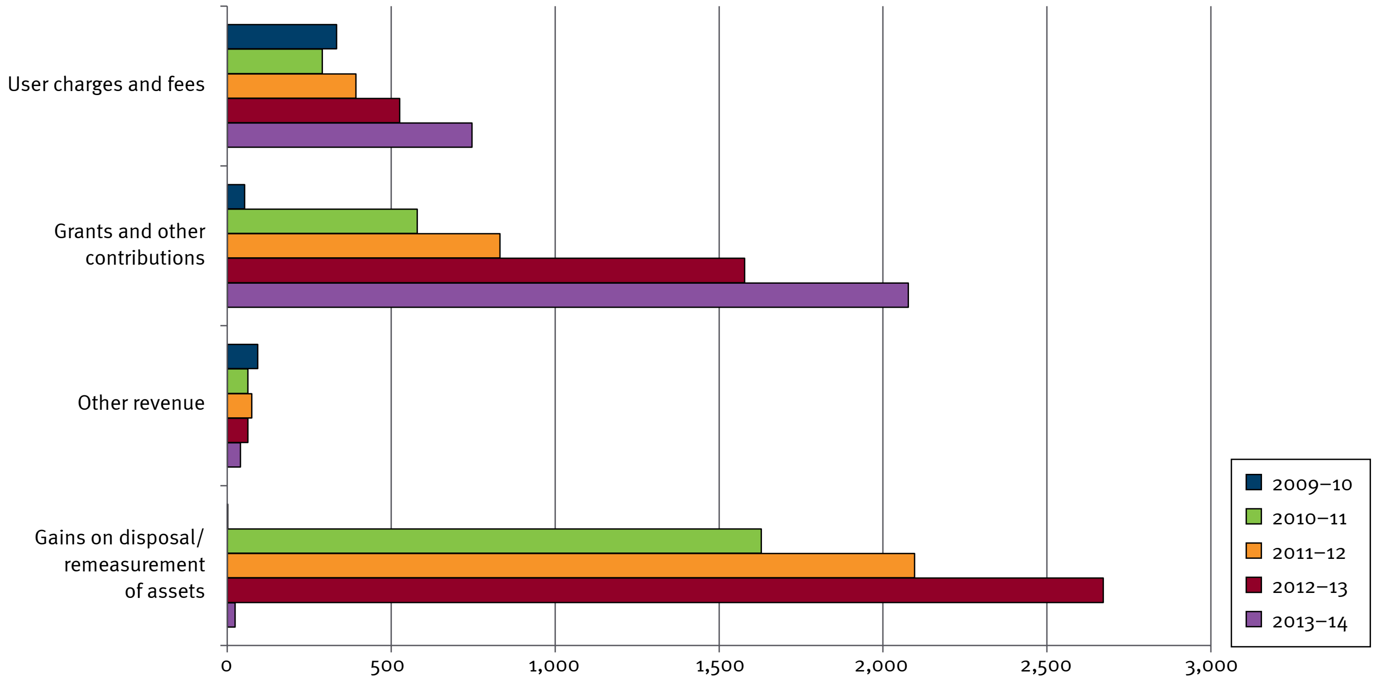
Figure 5: Application of capital funds



Financial performance

Total income for the department is $7.404 billion. Figure 6 illustrates the different categories of income earned by the department. Queensland Government appropriations are the main source of income for us and account for approximately 61 per cent of the total income earned for the reporting period ending on 30 June 2014.

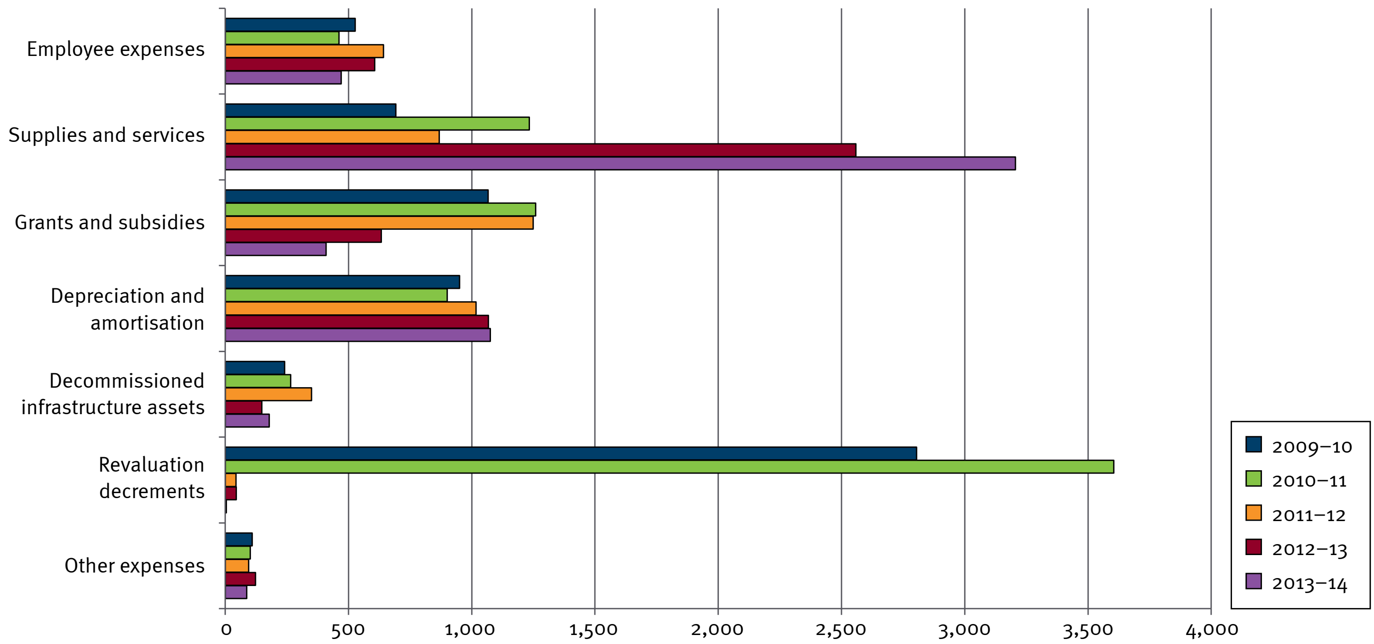
Figure 6: Major income items ($ million)



Due to the size of Appropriation revenue for services ($4.538 billion) it has been excluded from the above.

Total expenditure for the department is $5.455 billion. Figure 7 illustrates that supplies and services, depreciation and amortisation, and grants and subsidies costs account for most of our expenditure. Approximately 20 per cent of the supplies and services costs are a result of payments to contractors mainly for maintenance activities.

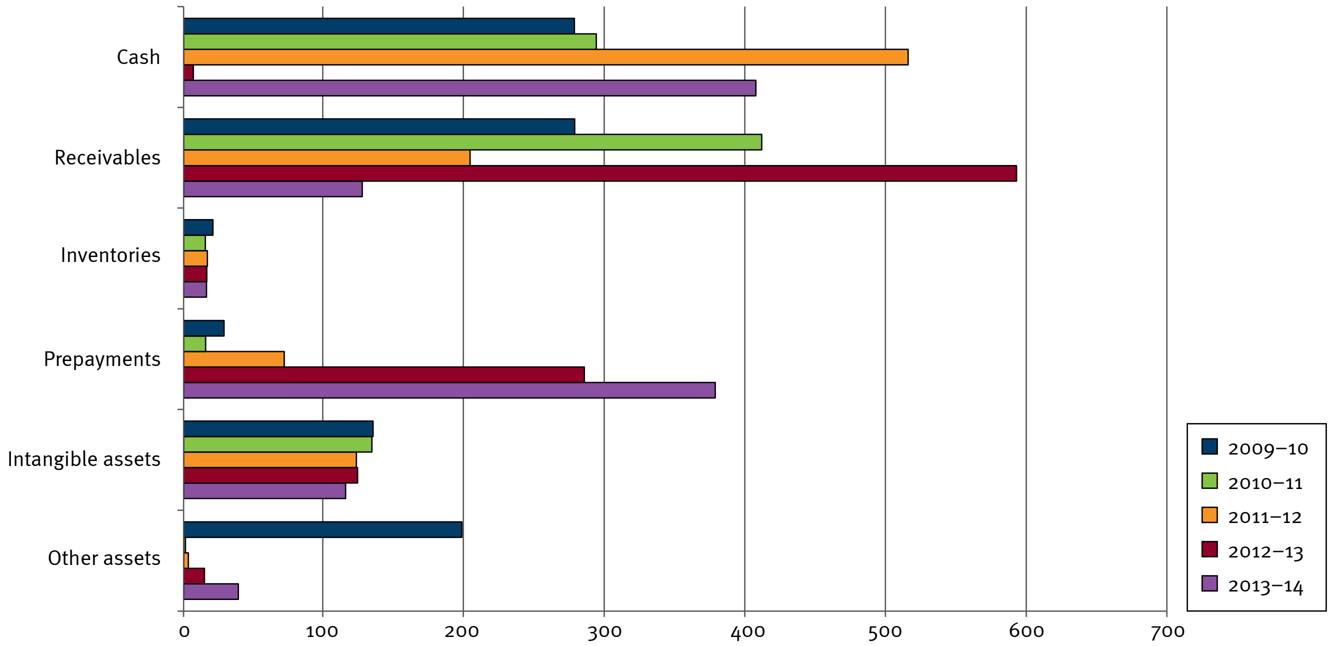
Figure 7: Major expense items ($ million)



Financial position

The department held assets totalling $60.742 billion as at 30 June 2014. The road infrastructure network makes up most of our assets and is valued at $56.215 billion. Figure 8 shows the total of current and non-current assets.

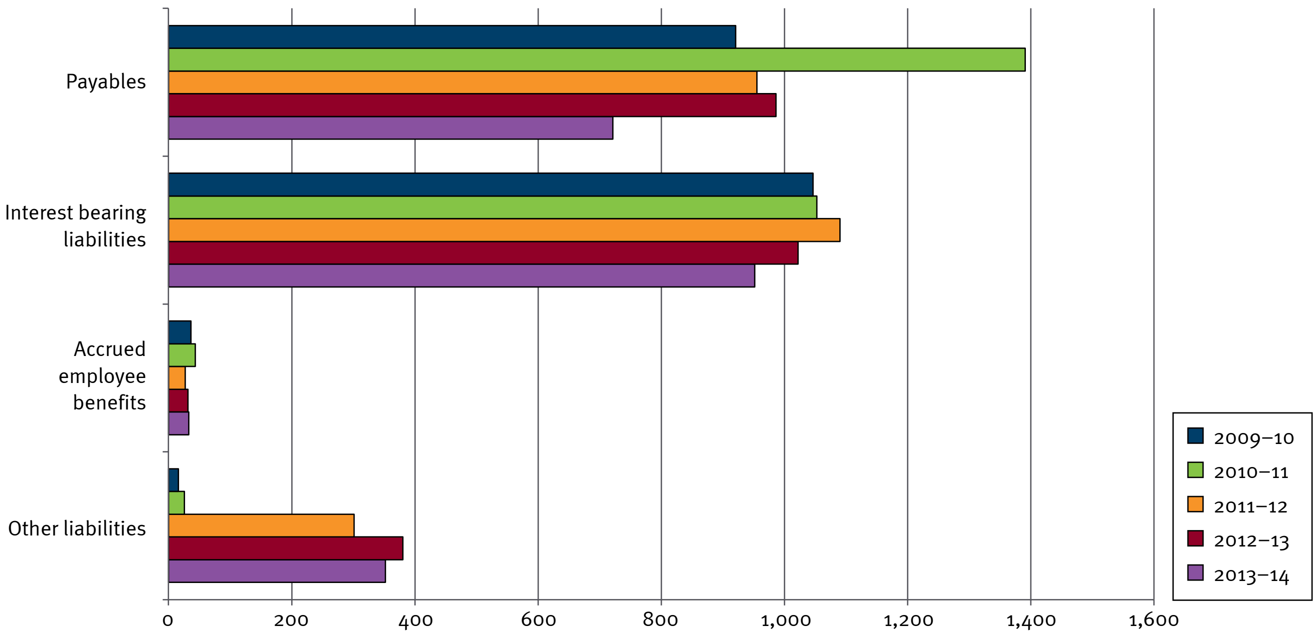
Figure 8: Assets ($ million)



Due to the size of Property, plant and equipment ($59.654 billion) it has been excluded from the above.

The department held liabilities totalling $2.058 billion as at 30 June 2014. Figure 9 shows the total of current and non-current liabilities. Payables and interest bearing liabilities make up most of our liabilities. Most payables are invoices that remain outstanding to trade creditors at financial year end. Borrowings received from Queensland Treasury Corporation assists in funding our infrastructure projects.

Figure 9: Liabilities ($ million)



Comparison of actual financial results with budget

Actual results in comparison to the budget for 2013–14 are presented in the following tables with accompanying notes for Transport and Main Roads and RoadTek. Note that a direct comparison of the figures between the Transport and Main Roads' audited financial statements and the figures in the statements below cannot be made due to the different basis on which the statements have been prepared.

Department of Transport and Main Roads (excluding RoadTek)

Figure 10: Statement of comprehensive income for the year ended 30 June 2014

	Notes	2013–14 Actual $'000	2013–14 Adjusted Budget $'000	Variance $'000
Income				
Appropriation revenue	1	4,538,418	4,546,457	(8,039)
User charges and fees	2	723,690	650,538	73,152
Grants and other contributions	3	2,041,117	2,056,564	(15,447)
Interest		1,658	2,645	(987)
Other revenue	4	131,309	111,628	19,681
Gains on sale/revaluation of assets	5	23,478	1,492,500	(1,469,022)
Total income		**7,459,670**	**8,860,332**	**(1,400,662)**
Expenses				
Employee expenses	6	459,973	449,442	10,531
Supplies and services	7	3,280,087	1,505,180	1,774,907
Grants and subsidies	7	415,181	2,075,411	(1,660,230)
Depreciation and amortisation	8	1,057,804	1,167,628	(109,824)
Finance/borrowing costs		66,534	65,461	1,073
Other expenses		27,740	23,364	4,376
Losses on sale/revaluation of assets	9	181,060	145,547	35,513
Total expenses		**5,488,379**	**5,432,033**	**56,346**
Operating surplus/(deficit)		**1,971,291**	**3,428,299**	**(1,457,008)**

Notes:

1. The conditions outlined in the notes below have impacted on the amount of service revenue received by the department.
2. Variance is mainly due to higher than anticipated recoveries revenue from RoadTek as a result of a higher volume of work undertaken, increased revenue from recoverable works and unbudgeted revenue from local governments for NDRRA works.
3. Variance primarily reflects the difference in timing between when NDRRA expenditure is incurred and claims are made on QRA for reimbursement of that expenditure.
4. Increase primarily reflects higher than anticipated revenue received from developers' contributions and dividends from RoadTek offset by the reduced revenue from inventory sold to RoadTek.
5. Variance is due to the anticipated reversal of impairment losses to the road network from recent natural disasters being fully recovered in prior years.
6. From 1 July 2014 departments were no longer liable for payroll tax. To provide comparable cost forecasts, payroll tax has been removed from the 2013–14 Adjusted Budget but the actual expense includes payroll tax. This variance is offset by reduced expenditure due to the transfer of pilotage services to Port Corporations from November 2013.
7. Variance is mainly due to the reclassification of expenditure for 2013–14 actual, but not the 2013–14 Adjusted Budget. The reclassification of expenditure is due to the introduction of the new guideline "Distinction between Grants and Service Procurement Payments". Supplies and Services (including some items that were previously classified as Grants) have been reclassified as "Other Supplies and Services" and includes contracts with external parties to the department to provide "front line" services to the community.
8. Variance reflects lower than anticipated depreciation on infrastructure assets.
9. Variance primarily reflects a higher than anticipated value of write off of decommissioned infrastructure assets.

Department of Transport and Main Roads (excluding RoadTek)

Figure 11: Statement of financial position as at 30 June 2014

	Notes	2013–14 Actual $'000	2013–14 Adjusted Budget $'000	Variance $'000
Assets				
Current assets				
Cash assets	1	346,170	187,775	158,395
Receivables	2	213,978	259,711	(45,733)
Inventories		8,031	11,371	(3,340)
Other	3	376,789	27,033	349,756
Non-financial assets held for sale	4	34,523	-	34,523
Total current assets		**979,491**	**485,890**	**493,601**
Non-current assets				
Other financial assets		601	-	601
Property, plant and equipment	5	59,572,212	58,384,098	1,188,114
Intangibles	6	116,252	103,793	12,459
Other		1,407	-	1,407
Total non-current assets		**59,690,472**	**58,487,891**	**1,202,581**
Total assets		**60,669,963**	**58,973,781**	**1,696,182**
Liabilities				
Current liabilities				
Payables	7	858,207	1,003,750	(145,543)
Accrued employee benefits		21,259	18,891	2,368
Interest-bearing liabilities and derivatives		74,486	77,940	(3,454)
Provisions	7	105,374	-	105,374
Other		57,494	50,410	7,084
Total current liabilities		**1,116,820**	**1,150,991**	**(34,171)**
Non-current liabilities				
Accrued employee benefits		4,781	6,132	(1,351)
Interest-bearing liabilities and derivatives		877,401	875,861	1,540
Provisions	7	187,567	-	187,567
Other		-	(1,424)	1,424
Total non-current liabilities		**1,069,749**	**880,569**	**189,180**
Total liabilities		**2,186,569**	**2,031,560**	**155,009**
Net assets		**58,483,394**	**56,942,221**	**1,541,173**
Equity				
Capital/contributed equity	8	52,748,268	53,352,568	(604,300)
Accumulated surplus/(accumulated deficit)		3,678,295	3,589,653	88,642
Asset revaluation surplus	9	2,056,831		2,056,831
Total equity		**58,483,394**	**56,942,221**	**1,541,173**

Notes:

1. Movement is mainly due to payment yet to be made for an increased volume of infrastructure related works, NDRRA works and accrued community service obligation payments and higher than anticipated revenue received from developers' contributions.

Figure 10 Notes (continued):

1. Variance is mainly due to improved debt management.
2. Increase is due to Gold Coast Rapid Transit project lease prepayments recognised in advance of commencement of the operations period in July 2014.
3. Variance is primarily due to the recognition of multiple parcels of land that are surplus to requirements that are to be sold. These are currently listed with agents and sales are expected to be finalised in 2014–15.
4. Movement is mainly due to continued investment in transport infrastructure and revaluation of infrastructure assets.
5. Variance reflects higher than anticipated investment in computer software for the year.
6. Variance is due to the reclassification of the anticipated cost of land resumptions from payables to provisions.
7. Decrease is mainly due to deferral of funding from 2013–14 to 2014–15 partially offset by the refund of monies previously paid for land associated with Townsville Eastern Access Corridor and additional funding for New Generation Rolling Stock.
8. Increase reflects a revaluation of infrastructure in 2012–13.

RoadTek

Figure 12: Statement of comprehensive income for the year ended 30 June 2014

	Notes	2013–14 Actual $'000	2013–14 Adjusted Budget $'000	Variance $'000
Income				
User charges and fees	1	749,090	579,605	169,485
Grants and other contributions		21	-	21
Interest	2	1,937	651	1,286
Other revenue		1,829	1,153	676
Gains on sale/revaluation of assets		1,012	1,332	(320)
Total income		**753,889**	**582,741**	**171,148**
Expenses				
Employee expenses	3	127,343	119,583	7,760
Supplies and services	4	543,762	396,585	147,177
Grants and subsidies		-	125	(125)
Depreciation and amortisation	5	18,647	22,552	(3,905)
Finance/borrowing costs	6	1,650	2,645	(995)
Other expenses		5,023	4,818	205
Losses on sale/revaluation of assets		2,349	1,582	767
Total expenses		**698,774**	**547,890**	**150,884**
Surplus or deficit before related income tax		**55,115**	**34,851**	**20,264**
Income tax equivalent expense	7	17,166	10,455	6,711
Operating surplus/(deficit) after related income tax		**37,949**	**24,396**	**13,553**

Notes:

1. Increase is due to higher than anticipated emergent and recovery work undertaken across Queensland from flood events that have occurred in 2011, 2012 and 2013.
2. Increase is due to an improved balance in cash assets.
3. Increase is due to unbudgeted voluntary separation payments made.
4. Increase is due to a higher than anticipated program of work.
5. Decrease is due to disposal of plant and equipment and less than anticipated acquisition of new plant and equipment.
6. Decrease is due to a $10 million reduction in term loan.
7. Increase is due to an increased surplus from trading.

RoadTek

Figure 13: Statement of financial position as at 30 June 2014

	Notes	2013–14 Actual $'000	2013–14 Adjusted Budget $'000	Variance $'000
Current assets				
Cash assets	1	59,263	20,572	38,691
Receivables	2	88,255	81,236	7,019
Inventories	3	36,685	51,691	(15,006)
Other		826	1,336	(510)
Total current assets		**185,029**	**154,835**	**30,194**
Non-current assets				
Property, plant and equipment	4	81,540	96,157	(14,617)
Deferred tax assets		4,760	4,497	263
Total non-current assets		**86,300**	**100,654**	**(14,354)**
Total assets		**271,329**	**255,489**	**15,840**
Current liabilities				
Payables	5	45,295	35,563	9,732
Current tax liabilities	6	1,715	117	1,598
Accrued employee benefits	7	4,580	2,173	2,407
Interest-bearing liabilities	8	19,000	29,000	(10,000)
Total current liabilities		**70,590**	**66,853**	**3,737**
Non-current liabilities				
Payables		-	-	-
Interest-bearing liabilities		-	-	-
Accrued employee benefits		-	-	-
Total non-current liabilities		**-**	**-**	**-**
Total liabilities		**70,590**	**66,853**	**3,737**
Net assets (liabilities)		**200,739**	**188,636**	**12,103**
Equity				
Capital/contributed equity		113,214	113,214	-
Accumulated surplus/(accumulated deficit)	9	87,525	75,422	12,103
Asset revaluation surplus		-	-	-
Total equity		**200,739**	**188,636**	**12,103**

Notes:

1. Increase is due to profitable trading and a higher than anticipated program of work.
2. Variance is due to increased revenue as a result of a larger than expected program of works.
3. Decrease is due to strategy to reduce work in progress across RoadTek.
4. Decrease is due to an increased disposal program and a reduced purchase replacement program.
5. Increase is due to a higher program of works than expected.
6. Increase is due to increased surplus from trading and increased tax instalment rate.
7. Increase is due to wage accrual timing difference.
8. Decrease is due to a reduction in the term loan of $10 million.
9. Increase is due to profitable trading for 2013–14.