Financial Statements

Department of Transport and Main Roads Financial Statements as at 30 June 2021

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Department of Transport and Main Roads
Statement of comprehensive income
for the year ended 30 June 2021

OPERATING RESULT	Note	2021 $'000	2020 $'000
Income			
Appropriation revenue	2	5,713,024	5,440,647
User charges and fees	3	615,524	671,121
Grants and other contributions	4	187,184	269,614
Service concession arrangements revenue	15	232,180	232,180
Other revenue		33,422	43,200
Total revenue		**6,781,334**	**6,656,762**
Gains on disposal of assets		4,073	3,384
Total income		**6,785,407**	**6,660,146**
Expenses			
Employee expenses	5	603,083	633,538
Supplies and services	7	4,003,392	3,719,341
Grants and subsidies	8	695,471	610,497
Finance and borrowing costs	9	117,878	121,778
Impairment losses	11	2,375	2,651
Depreciation and amortisation	13, 14, 15	1,277,978	1,283,728
Other expenses	10	40,094	52,328
Total expenses		**6,740,271**	**6,423,861**
Operating result before income tax equivalent expense		**45,136**	**236,285**
Income tax equivalent expense	21	7,930	7,541
OPERATING RESULT FOR THE YEAR		**37,206**	**228,744**
Items not reclassified to operating result			
Increase in asset revaluation surplus	14, 15	2,953,688	3,986,112
Total other comprehensive income		**2,953,688**	**3,986,112**
TOTAL COMPREHENSIVE INCOME		**2,990,894**	**4,214,856**

The accompanying notes form part of these financial statements.

Department of Transport and Main Roads
Statement of financial position
as at 30 June 2021

	Note	2021	2020
Assets		**$'000**	**$'000**
Current assets			
Cash		344,348	338,495
Receivables	11	222,840	122,913
Inventories		16,010	13,681
Prepayments	12	107,635	28,470
Non-current assets classified as held for sale		4,515	2,587
Total current assets		**695,348**	**506,146**
Non-current assets			
Receivables	11	3,229	3,285
Prepayments	12	181,759	171,264
Intangible assets	13	226,772	76,198
Property, plant and equipment	14	74,582,028	69,808,407
Service concession assets	15	11,876,959	11,840,038
Deferred tax assets	21	3,852	5,942
Right-of-use assets		169	211
Investment in subsidiary	24	5,601	5,601
Total non-current assets		**86,880,369**	**81,910,946**
Total assets		**87,575,717**	**82,417,092**
Liabilities			
Current liabilities			
Payables	16	687,167	602,853
Borrowings	17	36,716	44,249
Provisions	18	195,097	228,440
Accrued employee benefits	19	31,231	72,978
Current tax liabilities	21	-	473
Unearned revenue – Service concession arrangements	15	232,179	232,179
Other	20	191,118	93,686
Total current liabilities		**1,373,508**	**1,274,858**
Non-current liabilities			
Borrowings	17	1,219,134	1,264,304
Provisions	18	238,474	254,567
Unearned revenue – Service concession arrangements	15	7,387,494	7,619,674
Total non-current liabilities		**8,845,102**	**9,138,545**
Total liabilities		**10,218,610**	**10,413,403**
NET ASSETS		**77,357,107**	**72,003,689**
Equity			
Contributed equity		63,271,312	60,908,788
Accumulated surplus		3,908,581	3,871,375
Asset revaluation surplus		10,177,214	7,223,526
TOTAL EQUITY		**77,357,107**	**72,003,689**

The accompanying notes form part of these financial statements.

Department of Transport and Main Roads

Statement of comprehensive income by major departmental services
for the year ended 30 June 2021

OPERATING RESULT	Transport system investment planning and programming 2021 $'000	Transport infrastructure management and delivery 2021 $'000	Transport safety and regulation 2021 $'000	Customer experience 2021 $'000	Passenger transport services 2021 $'000	Transport infrastructure construction and maintenance 2021 $'000	Inter-departmental services eliminations 2021 $'000	Total 2021 $'000
Income								
Appropriation revenue	110,709	2,361,665	-	264,439	2,976,211	-	-	**5,713,024**
User charges and fees	29,009	53,186	282,529	14,468	224,376	745,523	(733,567)	**615,524**
Grants and other contributions	167	131,218	5,628	473	49,698	-	-	**187,184**
Service concession arrangements revenue	-	232,180	-	-	-	-	-	**232,180**
Other revenue	264	36,920	915	56	15,954	1,520	(22,207)	**33,422**
Total revenue	**140,149**	**2,815,169**	**289,072**	**279,436**	**3,266,239**	**747,043**	**(755,774)**	**6,781,334**
Gains on disposal of assets	1,827	24	192	67	4	1,959	-	**4,073**
Total income	**141,976**	**2,815,193**	**289,264**	**279,503**	**3,266,243**	**749,002**	**(755,774)**	**6,785,407**
Expenses								
Employee expenses	67,169	169,395	77,667	165,846	93,767	145,210	(115,971)	**603,083**
Supplies and services	47,430	860,932	193,275	106,697	2,868,529	544,125	(617,596)	**4,003,392**
Grants and subsidies	22,275	393,603	6,507	45	273,041	-	-	**695,471**
Finance and borrowing costs	2	22,237	4	4	95,657	1,174	(1,200)	**117,878**
Impairment losses	129	2,630	(18)	62	(185)	(243)	-	**2,375**
Depreciation and amortisation	4,674	1,139,889	10,889	6,402	107,230	8,894	-	**1,277,978**
Other expenses	297	35,387	940	447	1,604	22,426	(21,007)	**40,094**
Total expenses	**141,976**	**2,624,073**	**289,264**	**279,503**	**3,439,643**	**721,586**	**(755,774)**	**6,740,271**
Operating result before income tax equivalent expense	**-**	**191,120**	**-**	**-**	**(173,400)**	**27,416**	**-**	**45,136**
Income tax equivalent expense	-	-	-	-	-	7,930	-	**7,930**
OPERATING RESULT FOR THE YEAR	**-**	**191,120**	**-**	**-**	**(173,400)**	**19,486**	**-**	**37,206**
Items not reclassified to operating result								
Increase/ (decrease) in asset revaluation surplus	(4,524)	2,998,919	38,560	286	(79,553)	-	-	**2,953,688**
Total other comprehensive income	**(4,524)**	**2,998,919**	**38,560**	**286**	**(79,553)**	**-**	**-**	**2,953,688**
TOTAL COMPREHENSIVE INCOME	**(4,524)**	**3,190,039**	**38,560**	**286**	**(252,953)**	**19,486**	**-**	**2,990,894**

Department of Transport and Main Roads

Statement of comprehensive income by major departmental services (continued)
for the year ended 30 June 2021

OPERATING RESULT	Transport system investment planning and programming 2020 $'000	Transport infrastructure management and delivery 2020 $'000	Transport safety and regulation 2020 $'000	Customer experience 2020 $'000	Passenger transport services 2020 $'000	Transport infrastructure construction and maintenance 2020 $'000	Inter-departmental services eliminations 2020 $'000	Total 2020 $'000
Income								
Appropriation revenue	112,639	2,135,405	14,734	264,885	2,912,984	-	-	**5,440,647**
User charges and fees	40,516	52,132	249,262	10,760	303,713	573,207	(558,469)	**671,121**
Grants and other contributions	300	220,334	6,838	6	42,136	-	-	**269,614**
Service concession arrangements revenue	-	223,020	-	-	9,160	-	-	**232,180**
Other revenue	728	50,468	2,794	70	8,171	2,914	(21,945)	**43,200**
Total revenue	**154,183**	**2,681,359**	**273,628**	**275,721**	**3,276,164**	**576,121**	**(580,414)**	**6,656,762**
Gains on disposal of assets	2,477	33	20	-	-	854	-	**3,384**
Total income	**156,660**	**2,681,392**	**273,648**	**275,721**	**3,276,164**	**576,975**	**(580,414)**	**6,660,146**
Expenses								
Employee expenses	70,499	170,805	75,357	165,637	98,320	147,011	(94,091)	**633,538**
Supplies and services	44,819	738,792	174,978	102,102	2,732,480	390,548	(464,378)	**3,719,341**
Grants and subsidies	22,161	340,913	9,298	234	237,891	-	-	**610,497**
Finance and borrowing costs	2	23,232	4	4	99,057	1,359	(1,880)	**121,778**
Impairment losses	529	1,674	(176)	14	182	428	-	**2,651**
Depreciation and amortisation	6,255	1,156,850	10,410	7,004	95,656	7,553	-	**1,283,728**
Other expenses	12,395	24,607	3,777	726	9,040	21,848	(20,065)	**52,328**
Total expenses	**156,660**	**2,456,873**	**273,648**	**275,721**	**3,272,626**	**568,747**	**(580,414)**	**6,423,861**
Operating result before income tax equivalent expense	**-**	**224,519**	**-**	**-**	**3,538**	**8,228**	**-**	**236,285**
Income tax equivalent expense	-	-	-	-	-	7,541	-	**7,541**
OPERATING RESULT FOR THE YEAR	**-**	**224,519**	**-**	**-**	**3,538**	**687**	**-**	**228,744**
Items not reclassified to operating result								
Increase in asset revaluation surplus	1,619	3,947,646	1,260	10	35,566	11	-	**3,986,112**
Total other comprehensive income	**1,619**	**3,947,646**	**1,260**	**10**	**35,566**	**11**	**-**	**3,986,112**
TOTAL COMPREHENSIVE INCOME	**1,619**	**4,172,165**	**1,260**	**10**	**39,104**	**698**	**-**	**4,214,856**

Department of Transport and Main Roads

Statement of assets and liabilities by major departmental services

as at 30 June 2021

Assets	Transport system investment planning and programming 2021 $'000	Transport infrastructure management and delivery 2021 $'000	Transport safety and regulation 2021 $'000	Customer experience 2021 $'000	Passenger transport services 2021 $'000	Transport infrastructure construction and maintenance 2021 $'000	Inter-departmental services eliminations 2021 $'000	Total 2021 $'000
Current assets								
Cash	8,610	79,861	20,369	20,456	222,096	(7,044)	-	**344,348**
Receivables	10,096	31,076	97,753	5,009	82,885	115,168	(119,147)	**222,840**
Inventories	-	203	970	165	2,270	86,512	(74,110)	**16,010**
Prepayments	1,934	8,689	5,273	1,758	88,712	1,269	-	**107,635**
Non-current assets classified as held for sale	4,515	-	-	-	-	-	-	**4,515**
Total current assets	**25,155**	**119,829**	**124,365**	**27,388**	**395,963**	**195,905**	**(193,257)**	**695,348**
Non-current assets								
Receivables	144	442	1,392	71	1,180	-	-	**3,229**
Prepayments	22	5,216	225	23	176,273	-	-	**181,759**
Intangible assets	19,249	4,230	35,010	17,814	150,469	-	-	**226,772**
Property, plant and equipment	3,870	72,836,057	200,692	84,901	1,386,987	69,521	-	**74,582,028**
Service concession assets	-	10,908,802	-	-	968,157	-	-	**11,876,959**
Deferred tax assets	-	-	-	-	-	3,852	-	**3,852**
Right-of-use assets	-	149	2	1	12	5	-	**169**
Investment in subsidiary	-	5,601	-	-	-	-	-	**5,601**
Total non-current assets	**23,285**	**83,760,497**	**237,321**	**102,810**	**2,683,078**	**73,378**	**-**	**86,880,369**
Total assets	**48,440**	**83,880,326**	**361,686**	**130,198**	**3,079,041**	**269,283**	**(193,257)**	**87,575,717**
Liabilities								
Current liabilities								
Payables	22,253	442,160	24,581	9,407	312,519	50,504	(174,257)	**687,167**
Borrowings	-	9,727	-	-	26,989	19,000	(19,000)	**36,716**
Provisions	-	148,582	-	-	46,515	-	-	**195,097**
Accrued employee benefits	3,084	7,778	3,566	7,616	4,305	4,882	-	**31,231**
Unearned revenue – Service concession arrangements	-	223,019	-	-	9,160	-	-	**232,179**
Other	68,645	26,963	1,610	-	93,900	-	-	**191,118**
Total current liabilities	**93,982**	**858,229**	**29,757**	**17,023**	**493,388**	**74,386**	**(193,257)**	**1,373,508**
Non-current liabilities								
Borrowings	-	404,922	-	-	814,212	-	-	**1,219,134**
Provisions	-	151,027	-	-	87,447	-	-	**238,474**
Unearned revenue – Service concession arrangements	-	7,260,776	-	-	126,718	-	-	**7,387,494**
Total non-current liabilities	**-**	**7,816,725**	**-**	**-**	**1,028,377**	**-**	**-**	**8,845,102**
Total liabilities	**93,982**	**8,674,954**	**29,757**	**17,023**	**1,521,765**	**74,386**	**(193,257)**	**10,218,610**

Department of Transport and Main Roads

Statement of assets and liabilities by major departmental services (continued)

as at 30 June 2021

	Transport system investment planning and programming	Transport infrastructure management and delivery	Transport safety and regulation	Customer experience	Passenger transport services	Transport infrastructure construction and maintenance	Inter-departmental services eliminations	Total
	2020	2020	2020	2020	2020	2020	2020	2020
Assets	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current assets								
Cash	8,359	61,019	16,632	17,571	185,869	49,045	-	**338,495**
Receivables	5,685	44,194	35,430	1,483	48,448	63,957	(76,284)	**122,913**
Inventories	-	4	1,131	161	2,980	59,855	(50,450)	**13,681**
Prepayments	1,314	1,933	3,097	557	20,770	799	-	**28,470**
Non-current assets classified as held for sale	2,534	47	-	-	6	-	-	**2,587**
Total current assets	**17,892**	**107,197**	**56,290**	**19,772**	**258,073**	**173,656**	**(126,734)**	**506,146**
Non-current assets								
Receivables	138	1,073	861	36	1,177	-	-	**3,285**
Prepayments	34	556	296	157	170,221	-	-	**171,264**
Intangible assets	24,166	4,161	29,017	16,755	2,099	-	-	**76,198**
Property, plant and equipment	67,787	67,962,191	105,577	186,568	1,433,856	52,428	-	**69,808,407**
Service concession assets	-	10,766,125	-	-	1,073,913	-	-	**11,840,038**
Deferred tax assets	-	-	-	-	-	5,942	-	**5,942**
Right-of-use assets	1	158	1	2	20	29	-	**211**
Investment in subsidiary	-	5,601	-	-	-	-	-	**5,601**
Total non-current assets	**92,126**	**78,739,865**	**135,752**	**203,518**	**2,681,286**	**58,399**	**-**	**81,910,946**
Total assets	**110,018**	**78,847,062**	**192,042**	**223,290**	**2,939,359**	**232,055**	**(126,734)**	**82,417,092**
Liabilities								
Current liabilities								
Payables	19,545	345,446	20,024	8,462	290,327	26,783	(107,734)	**602,853**
Borrowings	-	9,242	-	-	34,984	19,023	(19,000)	**44,249**
Provisions	-	161,065	-	-	67,375	-	-	**228,440**
Accrued employee benefits	7,653	18,542	8,180	17,980	10,673	9,950	-	**72,978**
Current tax liabilities	-	-	-	-	-	473	-	**473**
Unearned revenue – Service concession arrangements	-	223,019	-	-	9,160	-	-	**232,179**
Other	758	1,232	1,658	-	89,634	404	-	**93,686**
Total current liabilities	**27,956**	**758,546**	**29,862**	**26,442**	**502,153**	**56,633**	**(126,734)**	**1,274,858**
Non-current liabilities								
Borrowings	-	414,623	-	-	849,681	-	-	**1,264,304**
Provisions	-	120,605	-	-	133,962	-	-	**254,567**
Unearned revenue – Service concession arrangements	-	7,483,796	-	-	135,878	-	-	**7,619,674**
Total non-current liabilities	**-**	**8,019,024**	**-**	**-**	**1,119,521**	**-**	**-**	**9,138,545**
Total liabilities	**27,956**	**8,777,570**	**29,862**	**26,442**	**1,621,674**	**56,633**	**(126,734)**	**10,413,403**

Department of Transport and Main Roads
Statement of changes in equity
for the year ended 30 June 2021

	Note	2021 $'000	2020 $'000
Contributed equity			
Opening balance		60,908,788	59,492,190
Restatement of opening balance *		-	(44,662)
Transactions with owners as owners:			
Appropriated equity injections	2	2,363,643	1,489,060
Net asset transfer to other Queensland Government entities		(1,119)	(27,800)
Closing balance		**63,271,312**	**60,908,788**
Accumulated surplus/(deficit)			
Opening balance		3,871,375	2,024,672
Restatement of opening balance *		-	(122,974)
Net effect of changes on application of AASB 16 *Leases*		-	16,318
Net effect of changes on application of AASB 1059 *Service Concession Arrangements: Grantors*	1	-	1,724,615
Operating result for the year		37,206	228,744
Closing balance		**3,908,581**	**3,871,375**
Asset revaluation surplus			
Opening balance		7,223,526	3,237,414
Increase in asset revaluation surplus	14, 15	2,953,688	3,986,112
Closing balance		**10,177,214**	**7,223,526**
TOTAL EQUITY		**77,357,107**	**72,003,689**

The closing balance of Asset revaluation surplus comprises:

	2021 $'000	2020 $'000
Land	2,299,876	1,738,575
Buildings	95,999	117,306
Heritage and cultural	3,614	3,272
Infrastructure	7,151,754	4,964,337
Major property, plant and equipment	86,980	67,736
Service concession assets	538,991	332,300
Closing balance	10,177,214	7,223,526

* Land and buildings have been restated due to derecognition of assets disposed in prior years. Refer to Note 14.

The accompanying notes form part of these financial statements.

Accounting policy

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

Department of Transport and Main Roads
Statement of cash flows
for the year ended 30 June 2021

	2021 $'000	2020 $'000
Cash flows from operating activities		
Inflows:		
Service appropriation receipts	5,632,724	5,487,765
User charges and fees	559,313	705,713
Grants and other contributions	182,162	265,169
GST input tax credits from ATO	749,290	697,544
GST collected from customers	67,466	74,760
Other	29,721	26,106
Outflows:		
Employee expenses	(650,182)	(595,881)
Supplies and services	(3,936,787)	(3,941,695)
Grants and subsidies	(685,465)	(584,124)
Finance and borrowing costs	(94,177)	(124,953)
GST paid to suppliers	(771,361)	(700,299)
GST remitted to ATO	(66,449)	(75,833)
Income tax equivalent paid	(8,799)	(4,440)
Other	(15,193)	(37,473)
Net cash provided by operating activities	**992,263**	**1,192,359**
Cash flows from investing activities		
Inflows:		
Sales of property, plant and equipment	3,430	11,493
Outflows:		
Payments for property, plant and equipment	(3,260,501)	(2,754,720)
Payments for intangibles	(21,963)	(18,834)
Payment for investment in subsidiary	-	(5,000)
Net cash used in investing activities	**(3,279,034)**	**(2,767,061)**
Cash flows from financing activities		
Inflows:		
Equity injections	3,498,060	2,633,647
Outflows:		
Equity withdrawals	(1,134,417)	(1,144,587)
Borrowing redemptions	(71,019)	(145,542)
Other	-	(1,850)
Net cash provided by financing activities	**2,292,624**	**1,341,668**
Net increase/(decrease) in cash	5,853	(233,034)
Cash – opening balance	338,495	571,529
CASH – CLOSING BALANCE	**344,348**	**338,495**

The accompanying notes form part of these financial statements.

Cash disclosures

Cash represents all cash on hand, cash at bank and cheques receipted but not banked at 30 June.

The departmental bank accounts are grouped within the whole of government banking set-off arrangement with Queensland Treasury Corporation and do not earn interest. The department has an overdraft facility with the Commonwealth Bank of Australia with an approved limit of $200m (2020: $200m). There is no interest charged on this overdraft facility.

Department of Transport and Main Roads
Notes to the Statement of cash flows
for the year ended 30 June 2021

	2021 $'000	2020 $'000
RECONCILIATION OF OPERATING RESULT TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING RESULT	37,206	228,744
Non-cash items included in operating result		
Goods, services and assets received at below fair value	(5,121)	(5,037)
Gains on disposal of assets	(4,073)	(3,384)
Gain on finance lease modification	(5,469)	(8,952)
Assets provided at below fair value	13,406	11,050
Service concession arrangements revenue	(232,180)	(232,180)
Depreciation and amortisation	1,277,978	1,283,728
Loss on disposed assets	24,901	14,855
Change in assets and liabilities:		
(Increase)/decrease in receivables	(99,871)	25,876
(Increase)/decrease in inventories	(2,329)	(1,400)
(Increase)/decrease in prepayments	(89,660)	(80,290)
Increase/(decrease) in deferred income tax equivalents	2,090	135
Increase/(decrease) in payables	(3,528)	(62,440)
Increase/(decrease) in accrued employee benefits	(41,747)	34,362
Increase/(decrease) in current tax liabilities	(473)	473
Increase/(decrease) in other liabilities	121,133	(13,181)
Net cash provided by operating activities	**992,263**	**1,192,359**

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

BORROWINGS – Note 17

	2021 $'000	2020 $'000
Opening balance	1,308,553	1,237,716
New borrowings – New Generation Rollingstock arrangement	-	218,482
New borrowings – leases	294	3,961
Accrued repayments	23,491	(3,362)
Remeasurement of liability	(5,469)	(2,702)
Non-cash changes	18,316	216,379
Cash repayments	(71,019)	(145,542)
Closing balance	**1,255,850**	**1,308,553**

Department of Transport and Main Roads
Notes to the financial statements 2020–21

1 ACCOUNTING POLICIES AND BASIS FOR FINANCIAL STATEMENTS PREPARATION

Refer to individual notes for specific accounting policies.

STATEMENT OF COMPLIANCE

The department has prepared these financial statements in compliance with section 38 of the *Financial and Performance Management Standard 2019*.

These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations and requirements applicable to not-for-profit entities. Except where stated, historical cost is used as the measurement basis in the 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.

THE REPORTING ENTITY

The Department of Transport and Main Roads is a Queensland Government department established under the *Public Service Act 2008*. The department is controlled by the State of Queensland which is the ultimate parent. The principal address of the department is:

61 Mary Street
Brisbane, Queensland 4000

The objectives of the department are:
- Accessible – Tailored connections for our customers and workforce to create an integrated and inclusive network
- Safe – Safe and secure customer journeys and Department of Transport and Main Roads workplaces
- Responsive – Our network, services and workforce respond to current and emerging customer expectations
- Efficient – Partnerships, integration, innovation and technology advance the movement of people and goods
- Sustainable – Planning, investment and delivery outcomes support a more liveable and prosperous Queensland.

The financial statements include the value of all income, expenses, assets, liabilities and equity of the Department of Transport and Main Roads.

The department has elected not to consolidate its investment in the controlled entity Transmax Pty Ltd in accordance with AASB 127 *Separate Financial Statements*. Refer to Note 24.

DEPARTMENTAL SERVICES AND PRINCIPAL ACTIVITIES

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

Transport system investment planning and programming

The objective of this service area is to provide policy, planning and investment frameworks to deliver an integrated transport network accessible to everyone.

Transport infrastructure management and delivery

The objective of this service area is to construct, maintain and operate an integrated transport network accessible to all.

Transport safety and regulation

The objective of this service area is to enhance the safety of the transport system through quality regulation, road and maritime safety programs.

Customer experience

The objective of this service area is to understand evolving customer needs and expectations, to improve customer experiences and reduce complaints.

Passenger transport services

The objective of this service area is to connect Queensland through the delivery of customer focused passenger transport services.

Transport infrastructure construction and maintenance (RoadTek)

RoadTek provides transport infrastructure solutions, including construction and maintenance services to enable the department to deliver on Queensland Government priorities and outcomes for the community.

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

1 ACCOUNTING POLICIES AND BASIS FOR FINANCIAL STATEMENTS PREPARATION (continued)

AGENCY ARRANGEMENTS

The department performs certain transactions in an agent capacity, and the receipts of such funds are not considered to be revenue for the department, nor are payments of these amounts considered to be expenses of the department. These transactions are not recognised in the financial statements but are disclosed in these notes for the information of users. Significant agency transactions are disclosed in Note 26.

ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:
- Note 11 Receivables
- Note 13 Intangible assets
- Note 14 Property, plant and equipment
- Note 15 Public private partnerships
- Note 18 Provisions.

CURRENCY, ROUNDING AND COMPARATIVES

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

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

CLIMATE RISK DISCLOSURE

The department has not identified any material climate related risks relevant to the financial statements at the reporting date, however constantly monitors the emergence of such risks under the Queensland Government's Climate Transition Strategy.

No adjustments to the carrying value of recorded assets or other adjustments to the amounts recorded in the financial statements were recognised during the financial year.

FINANCIAL IMPACTS FROM THE COVID-19 PANDEMIC

The department continuously assesses the financial impacts of the COVID-19 pandemic, particularly in relation to fare revenue. The financial impact from reduced public transport patronage is estimated to cost the department $173m in 2020–21 compared to pre-pandemic level.

NEW AND REVISED ACCOUNTING STANDARDS

No Australian Accounting Standards have been early adopted in 2020–21.

Effective for the first time in 2020–21

AASB 1059 *Service Concession Arrangements: Grantors*

The department applied AASB 1059 *Service Concession Arrangements: Grantors* for the first time in 2020–21. The nature and effect of changes resulting from the adoption of AASB 1059 are described below.

AASB 1059 applies to public private partnerships, also known as service concession arrangements, which involve the grant of a right to an operator to provide public services related to a service concession asset on behalf of a grantor and to manage at least some of those services under its own discretion, rather than at the direction of the grantor.

In addition, the grantor must control the asset, which is demonstrated by:
- controlling or regulating services the operator must provide with the asset and to whom it must provide them, and
- controlling any significant residual interest in the asset at the end of the term of the arrangement.

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

1 ACCOUNTING POLICIES AND BASIS FOR FINANCIAL STATEMENTS PREPARATION (continued)

NEW AND REVISED ACCOUNTING STANDARDS (continued)

Effective for the first time in 2020–21 (continued)

The grantor recognises a service concession asset upon gaining control of the asset. The asset is initially measured at current replacement cost and subsequently depreciated over the asset's useful life. Where an existing asset of the grantor becomes a service concession asset, the asset is reclassified as a service concession asset and is revalued to current replacement cost.

The nature of the liability recognised depends on how the operator is compensated for the asset, where the grantor:
- makes capital payments to the operator, the grantor recognises a financial liability. Payments to the operator for services are not included in the financial liability but are expensed as incurred. The financial liability accrues interest and is reduced when capital payments are made to the operator.
- grants the operator a right to earn revenue from users of the asset or a right to access another revenue generating asset for the operator's own use. In this case the grantor recognises an unearned revenue liability which is recognised as revenue over the concession period, reflecting the economic substance of the arrangement.

Public private partnership arrangements that do not fall within scope of AASB 1059 are assessed under other accounting standards to determine the appropriate accounting treatment.

The transitional impact of the adoption of AASB 1059 as at 1 July 2019 is as follows:

Category	$m	Measurement basis
Service concession assets	9,808	Current replacement cost as at 1 July 2019
Unearned revenue liabilities	(8,084)	Current replacement cost of service concession assets at 1 July 2019 adjusted to reflect the remaining period of the service concession arrangement.
Accumulated surplus	(1,724)	The difference between the service concession assets and the sum of the financial liabilities and unearned revenue liabilities. This reflects revenue already earned prior to 1 July 2019.

Refer to Note 15 and 17 for disclosures on the department's service concession arrangements.

2 APPROPRIATIONS

	2021 $'000	2020 $'000
Reconciliation of payments from Consolidated Fund to appropriation revenue recognised in operating result		
Budgeted appropriation revenue	5,673,004	5,369,201
Treasurer's advance	-	4,400
Transfers from other headings	(40,280)	114,164
Total appropriation received	5,632,724	5,487,765
Less: Opening balance of appropriation revenue receivable	-	-
Plus: Closing balance of appropriation revenue receivable	19,010	-
Plus: Opening balance of deferred appropriation payable to Consolidated Fund	61,290	14,172
Less: Closing balance of deferred appropriation payable to Consolidated Fund	-	(61,290)
Net appropriation revenue	5,713,024	5,440,647
Appropriation revenue recognised in Statement of comprehensive income	**5,713,024**	**5,440,647**
Reconciliation of payments from Consolidated Fund to equity adjustment recognised in contributed equity		
Budgeted equity adjustment appropriation	2,019,337	1,628,456
Transfers to other headings	344,306	(119,164)
Lapsed equity adjustment	-	(20,232)
Equity adjustment receipts	2,363,643	1,489,060
Equity adjustment recognised in contributed equity	**2,363,643**	**1,489,060**

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

2 APPROPRIATIONS (continued)

Accounting policy

Appropriations provided under the *Appropriation (2020–2021) Act 2021* are recognised as revenue when received. Where the department has an obligation to return unspent or unapplied appropriation receipts to the Consolidated Fund at year end, a deferred appropriation repayable liability to the Consolidated Fund is recognised with a corresponding reduction to appropriation revenue, reflecting the net appropriation revenue position with the Consolidated Fund for the reporting period. Capital appropriations are recognised as adjustments to equity.

3 USER CHARGES AND FEES

	2021 $'000	2020 $'000
Compulsory third party administration fees	38,271	36,943
Fare revenue *	208,942	288,690
Merchant fees collected	9,552	8,001
National Heavy Vehicle Regulator	19,997	21,302
Personalised plates sales	86,146	53,423
Pilotage	94,532	98,265
Property rental	28,962	32,158
Recoverable works	14,328	4,440
Registration fee surcharge	20,339	20,907
Services rendered	29,999	40,858
Toll revenue	18,748	9,302
Other	45,708	56,832
Total	**615,524**	**671,121**

* Fare revenue has decreased across passenger transport services due to the ongoing COVID-19 pandemic.

Accounting policy

User charges and fees are recognised as performance obligations are met and as goods or services are provided to the customer.

4 GRANTS AND OTHER CONTRIBUTIONS

	2021 $'000	2020 $'000
Goods, services and assets received at below fair value	5,022	4,445
Grants from Motor Accident Insurance Commission *	4,240	10,159
Grants from Queensland Health **	12,856	-
Grants from Queensland Investment Corporation	-	29,887
Grants from Queensland Reconstruction Authority ***	122,996	180,002
Subsidies from Department of Education for students with disabilities	39,568	39,221
Other	2,502	5,900
Total	**187,184**	**269,614**

* Grants received for road safety campaigns.

** Grants received for additional cleaning and sanitising costs incurred due to the COVID-19 pandemic.

*** Grants received for the rebuilding of transport infrastructure following natural disasters under the Natural Disaster Relief and Recovery Arrangements (NDRRA) and Disaster Recovery Funding Arrangements (DRFA).

Accounting policy

Grants, contributions and donations are non-reciprocal transactions where the department does not directly give approximately equal value to the grantor.

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

4 GRANTS AND OTHER CONTRIBUTIONS (continued)

Accounting policy (continued)

Where the grant agreement is enforceable and contains sufficiently specific performance obligations for the department to transfer goods or services to a third-party on the grantor's behalf, the transaction is accounted for under AASB 15 *Revenue from Contracts with Customers*. In this case revenue is initially deferred as a contract liability and recognised as or when the performance obligations are satisfied.

Otherwise, the grant is accounted for under AASB 1058 *Income of Not-for-Profit Entities*, whereby revenue is recognised upon receipt of the grant funding, except for special purpose capital grants received to construct non-financial assets controlled by the department. Special purpose capital grants are recognised as unearned revenue when received, and subsequently recognised progressively as revenue as the department satisfies its obligations under the grant through construction of the asset.

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably. Where this is the case, the amount representing the fair value is recognised as revenue with a corresponding expense for the same amount.

Contributed physical assets are recognised at their fair value.

5 EMPLOYEE EXPENSES

	2021 $'000	2020 $'000
Employee benefits		
Annual leave levy	42,608	47,310
Employer superannuation contributions	59,064	57,820
Long service leave levy	12,034	12,564
Wages and salaries	472,400	496,226
Other employee benefits	4,367	4,158
Employee related expenses		
Workers' compensation premium	2,821	3,197
Other employee related expenses	9,789	12,263
Total	**603,083**	**633,538**

The department's total employee expenditure was $846.384m in 2021 (2020: $849.508m). Of this $243.301m (2020: $215.970m) was capitalised to construction work in progress leaving $603.083m (2020: $633.538m) reported as employee expenses.

	2021	2020
Number of full-time equivalent employees	**7,382**	**7,333**

Refer to Note 19 for the policies related to employee entitlements.

6 KEY MANAGEMENT PERSONNEL AND REMUNERATION EXPENSES

Key management personnel

The department's responsible Minister, the Minister for Transport and Main Roads, is identified as part of the department's key management personnel, consistent with guidance included in AASB 124 *Related Party Disclosures*.

The following details for non-Ministerial key management personnel include those positions that form the department's Executive Leadership Team (ELT) that had authority and responsibility for planning, directing and controlling the activities of the department during the financial year. Further information on these positions can be found in the Annual Report under the section titled Our Organisation.

Remuneration expenses

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The department does not bear any cost of remuneration for the Minister. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet.

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

6 KEY MANAGEMENT PERSONNEL AND REMUNERATION EXPENSES (continued)

Remuneration expenses (continued)

As all Ministers are reported as key management personnel of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements, which are published as part of Queensland Treasury's Report on State Finances.

Remuneration policy for the department's key management personnel is set by the Queensland Public Service Commission as provided for under the Public Service Act 2008. The remuneration and other terms of employment for the key management personnel are specified in employment contracts. The contracts may provide for other benefits including a motor vehicle allowance, however they do not provide for the provision of performance payments.

The following disclosures focus on the expenses incurred by the department for non-Ministerial personnel during the reporting period attributable to the key management positions.

Remuneration expenses for key management personnel comprise the following components:

- Short term employee expenses including:
  - salaries, allowances and leave entitlements earned and expensed for the entire year or for that part of the year during which the employee occupied the specified position
  - non-monetary benefits and any applicable fringe benefits tax.
- Long term and post employment expenses including:
  - amounts expensed in respect of long service leave entitlements earned
  - amounts expensed in respect of employer superannuation obligations.
- Termination benefits include payments in lieu of notice on termination and other lump sum separation entitlements payable on termination of employment.

1 July 2020 – 30 June 2021

Position	Short term employee expenses $'000	Long term and post employment expenses $'000	Termination benefits $'000	Total expenses $'000
Director-General	577	79	-	**656**
Deputy Director-General (Customer Services, Safety and Regulation)	306	38	-	**344**
Deputy Director-General (Infrastructure Management and Delivery)	313	38	-	**351**
Deputy Director-General (Policy, Planning and Investment)	309	38	-	**347**
Acting Deputy Director-General (Policy, Planning and Investment) (02.07.2020–12.07.2020) (05.12.2020–27.12.2020) (21.06.2021–25.06.2021)	26	3	-	**29**
Deputy Director-General (TransLink)	276	35	-	**311**
Deputy Director-General (Corporate)	281	35	-	**316**
Chief Operations Officer	252	31	-	**283**

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

6 KEY MANAGEMENT PERSONNEL AND REMUNERATION EXPENSES (continued)

Remuneration expenses (continued)

1 July 2019 – 30 June 2020

Position	Short term employee expenses $'000	Long term and post employment expenses $'000	Termination benefits $'000	Total expenses $'000
Director-General	556	76	-	**632**
Acting Director-General (31.07.2019–01.09.2019)	26	3	-	**29**
Deputy Director-General (Customer Services, Safety and Regulation)	291	34	-	**325**
Deputy Director-General (Infrastructure Management and Delivery)	294	35	-	**329**
Deputy Director-General (Policy, Planning and Investment)	277	33	-	**310**
Acting Deputy Director-General (Policy, Planning and Investment) (31.07.2019–15.08.2019) (19.09.2019–06.10.2019)	22	3	-	**25**
Deputy Director-General (TransLink)	316	39	-	**355**
Acting Deputy Director-General (TransLink) (23.08.2019–26.08.2019) (14.10.2019–05.11.2019)	24	3	-	**27**
Deputy Director-General (Corporate)	272	34	-	**306**
Chief Operations Officer	239	29	-	**268**

Performance payments

None of the non-Ministerial key management personnel remuneration packages provide for performance or bonus payments.

Transactions with related parties of key management personnel

There are no related party transactions for non-Ministerial key management personnel during the period, other than domestic transactions that form part of the usual course of business, which are not required to be reported as related party disclosures.

7 SUPPLIES AND SERVICES

	2021 $'000	2020 $'000
Administration	63,785	60,932
Contractors – including service contracts:		
Administrative and professional	42,473	31,310
Information technology	40,725	29,580
Queensland Transport and Roads Investment Program (QTRIP)	446,053	382,950
Repairs and maintenance	55,263	62,546
Transport services – Queensland Rail *	1,912,301	1,794,172
Transport services – other	1,059,045	1,022,518
Other	31,466	24,961
Communication equipment and service charges	48,992	50,679
Motor vehicles – Qfleet	10,025	9,981
Office accommodation	51,258	48,635
Payments to other government agencies **	44,694	46,330
Utilities	53,420	46,374
Raw materials	44,440	28,195
Other	99,452	80,178
Total	**4,003,392**	**3,719,341**

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

7 SUPPLIES AND SERVICES (continued)

* The department has a contract with Queensland Rail to provide rail passenger services in suburban and regional Queensland, and to ensure the Queensland Rail network can support safe and reliable passenger and freight services.

** Queensland Government services include payments to Queensland Shared Services of $19.171m in 2021 (2020: $22.246m), the Queensland Government's primary information services provider CITEC of $23.125m in 2021 (2020: $21.655m), and other government entities $2.398m in 2021 (2020: $2.429m).

The department's total supplies and services expenditure was $7.109b in 2021 (2020: $6.317b). Of this $3.106b (2020: $2.598b) was capitalised to construction work in progress leaving $4.003b (2020: $3.719b) reported as supplies and services.

8 GRANTS AND SUBSIDIES

	2021 $'000	2020 $'000
Assets provided to third parties at below fair value	13,406	11,050
Public transport	94,034	85,053
School transport	156,500	156,786
Transport infrastructure	313,822	244,605
Transport Infrastructure Development Scheme (TIDS)	82,923	97,717
Other	34,786	15,286
Total	**695,471**	**610,497**

9 FINANCE AND BORROWING COSTS

	2021 $'000	2020 $'000
Interest on lease liabilities	91	94
Interest on service concession arrangements	48,369	50,629
Interest on New Generation Rollingstock arrangement	69,418	71,055
Total	**117,878**	**121,778**

Accounting policy

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

No borrowing costs are capitalised into qualifying assets.

10 OTHER EXPENSES

	2021 $'000	2020 $'000
Queensland Audit Office – external audit fees *	750	686
Audit fees – other **	793	1,699
Fees, permits and other charges	1,344	1,102
Insurance premiums	8,491	8,001
Loss on disposal of property, plant and equipment ***	24,551	10,730
Losses:		
Public monies	222	356
Public property	34	291
Special payments:		
Ex gratia payments ****	131	10,753
Court awarded damages ****	4	6,587
Compensation claims	2,302	7,370
Other	1,472	4,753
Total	**40,094**	**52,328**

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

10 OTHER EXPENSES (continued)

* Total audit fees quoted by the Queensland Audit Office relating to the 2021 financial statements are $0.742m. Actual fees paid relating to the 2020 audit were $0.727m.

** Relates mainly to probity audits associated with road infrastructure projects.

*** Loss on disposal of property, plant and equipment has increased by $13.821m mainly due to disposals associated with the Cross River Rail project.

**** Significant special payments made in 2020 relate to an ex-gratia payment for a transit development project and a court awarded settlement for a roadworks project.

The department's total other expenses was $72.570m in 2021 (2020: $66.528m). Of this $32.476m (2020: $14.200m) was capitalised to construction work in progress leaving $40.094m (2020: $52.328m) reported as other expenses.

Insurance

With the exception of bridge and tunnel assets, the department's road assets are not insured. The risk associated with these assets is therefore borne by government. In certain circumstances, damage to the road network may be proportionally covered through the Australian Government's *Disaster Recovery Funding Arrangements* (previously *Natural Disaster Relief and Recovery Arrangements*).

The department insures its open tender road construction contract activities for material damage, public and products liability, environmental impairment liability and professional indemnity under the Principal Arranged Insurance Program. 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 and sub-contractors.

The department's project risks and other non-current physical assets are insured through the Queensland Government Insurance Fund, with the exception of land, and New Generation Rollingstock and Gold Coast Light Rail assets which are insured by the service operator. Under this scheme the department's liability is limited to $10,000 for each claim.

In addition, the department pays premiums to WorkCover Queensland for its obligations for employee compensation and insures its fleet asset through the open insurance market.

11 RECEIVABLES

	2021 $'000	2020 $'000
Current		
Trade debtors	99,549	44,579
Other debtors	4,707	4,059
Less: Loss allowance *	(11,776)	(10,050)
	92,480	**38,588**
GST receivable	94,685	72,615
GST payable	(7,804)	(6,788)
	86,881	**65,827**
Annual leave reimbursements	13,545	8,936
Appropriation revenue receivable	19,010	-
Long service leave reimbursements	3,210	2,467
Other	7,714	7,095
	43,479	**18,498**
Total	**222,840**	**122,913**
Non-current		
Sublease receivable	3,229	3,285
Total	**3,229**	**3,285**

*** Movements in the loss allowance**

	2021 $'000	2020 $'000
Opening balance	10,050	8,172
Increase/(decrease) in allowance recognised in the operating result	2,375	2,651
Amounts written off during the year	(653)	(783)
Amounts recovered during the year previously written off	4	10
Closing balance **	11,776	10,050

** Individually impaired financial assets are more than 90 days overdue.

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

11 RECEIVABLES (continued)

Receivables credit risk – ageing analysis

Past due but not impaired	Overdue				
	1-30 days $'000	31-60 days $'000	61-90 days $'000	More than 90 days $'000	Total $'000
2021					
Trade debtors	2,093	524	533	1,458	**4,608**
2020					
Trade debtors	3,633	177	37	7,810	**11,657**

Accounting policy

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

The collectability of receivables is assessed periodically with an allowance being made for impairment.

The loss allowance for trade receivables is recognised using the simplified approach for lifetime expected credit losses. Under AASB 9 *Financial instruments* the department uses a provision matrix to assess the historical trend of its receivables to calculate loss rates adjusted for forward-looking information. Historical rates are calculated using credit losses experienced during the past 10 years preceding 30 June 2021, adjusted by the unemployment rate, which is determined to be the most relevant forward-looking indicator for the department. The calculated lifetime expected credit loss allowance has been applied to trade receivables. No additional loss allowance has been recognised in the current financial year based on materiality.

All known bad debts were written off as at 30 June each year.

The department's annual and long service leave receivables relate to the Queensland Government's Annual Leave and Long Service Leave Central Schemes which are administered by QSuper on behalf of the state. Refer to Note 19.

12 PREPAYMENTS

	2021 $'000	2020 $'000
Current		
Insurance	3,868	313
New Generation Rollingstock accessibility works *	60,519	12,743
Pilotage	2,030	2,030
Prepaid salaries	5,582	-
Queensland Rail transport services contract	17,500	-
Software and data agreements	14,690	11,339
Other	3,446	2,045
Total	**107,635**	**28,470**
Non-current		
Insurance	5,020	-
New Generation Rollingstock accessibility works *	175,648	168,503
Software and data agreements	743	2,642
Other	348	119
Total	**181,759**	**171,264**

* Milestone payments on rectification works for New Generation Rollingstock train sets made in accordance with the variation deed entered into with the vendor. Residual payments have been recognised as a provision. Refer to Note 18.

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

13 INTANGIBLE ASSETS

	Software purchased	Software internally generated*	Software work in progress	Other	Total
	2021	2021	2021	2021	2021
	$'000	$'000	$'000	$'000	$'000
Gross value	26,254	436,779	35,935	4,350	**503,318**
Less: Accumulated amortisation	(16,407)	(260,135)	-	(4)	**(276,546)**
	9,847	**176,644**	**35,935**	**4,346**	**226,772**
Reconciliation					
Opening balance	12,039	36,662	23,290	4,207	**76,198**
Acquisitions (including upgrades)	-	-	21,963	-	**21,963**
Transfers between classes	-	4,473	(4,473)	-	**-**
Transfers from/(to) property, plant and equipment	-	157,170	(4,495)	139	**152,814**
Projects written off	-	-	(350)	-	**(350)**
Amortisation	(2,192)	(21,661)	-	-	**(23,853)**
Closing balance	**9,847**	**176,644**	**35,935**	**4,346**	**226,772**

	Software purchased	Software internally generated*	Software work in progress	Other	Total
	2020	2020	2020	2020	2020
	$'000	$'000	$'000	$'000	$'000
Gross value	26,254	279,152	23,290	4,211	**332,907**
Less: Accumulated amortisation	(14,215)	(242,490)	-	(4)	**(256,709)**
	12,039	**36,662**	**23,290**	**4,207**	**76,198**
Reconciliation					
Opening balance	5,850	43,616	21,629	4,207	**75,302**
Acquisitions (including upgrades)	-	-	18,834	-	**18,834**
Transfers between classes	7,870	2,178	(10,048)	-	**-**
Transfers from/(to) property, plant and equipment	88	939	(3,075)	-	**(2,048)**
Projects written off	-	-	(4,050)	-	**(4,050)**
Amortisation	(1,769)	(10,071)	-	-	**(11,840)**
Closing balance	**12,039**	**36,662**	**23,290**	**4,207**	**76,198**

* The department holds significant internally generated software assets as follows:

- Portfolio, Program, Project and Contract Management software that has a carrying amount of $16.710m (2020: $20.888m) and a remaining amortisation period of 4 years.
- New Queensland Drivers Licence software that has a carrying amount of $7.654m (2020: $5.066m) and a remaining amortisation period of 6 years.
- Smart Ticketing system that has a carrying amount of $141.217m (2020: nil) and a remaining amortisation period of 6 years.

Accounting policy

Intangible assets with a cost equal to or greater than $100,000 are recognised in the financial statements. Items with a lesser cost are expensed.

Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred. Any training costs are expensed as incurred.

The department's intangible assets are not revalued as there is no active market for any of these assets. Such assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

For each class of intangible asset, the following amortisation rates are used:

Class	Amortisation method	Average useful life
Intangibles – purchased	Straight-line	11
Intangibles – internally generated	Straight-line	15
Intangibles – work in progress	Not amortised	–
Intangibles – other	Not amortised	Indefinite life

The estimation of useful life and the resulting amortisation rates applied are based on a number of factors including expected usage, obsolescence, past experience and the department's planned replacement program. These are reviewed on an annual basis.

Department of Transport and Main Roads

Notes to the financial statements 2020–21 (continued)

14 PROPERTY, PLANT AND EQUIPMENT

	Land 2021 $'000	Buildings 2021 $'000	Heritage and cultural 2021 $'000	Plant and equipment 2021 $'000	Major plant and equipment 2021 $'000	Infrastructure* 2021 $'000	Work in progress 2021 $'000	Total 2021 $'000
Gross value	5,250,177	1,039,577	8,713	662,727	1,234,092	81,752,936	6,130,989	**96,079,211**
Less: Accumulated depreciation	-	(274,844)	-	(472,068)	(104,269)	(20,646,002)	-	**(21,497,183)**
	5,250,177	**764,733**	**8,713**	**190,659**	**1,129,823**	**61,106,934**	**6,130,989**	**74,582,028**
Reconciliation								
Opening balance	4,652,623	851,886	8,350	210,820	1,104,194	58,745,687	4,234,847	**69,808,407**
Acquisitions (including upgrades)	58,868	81	20	31,974	-	-	3,231,911	**3,322,854**
Assets received at below fair value	1,047	-	-	-	-	-	3,975	**5,022**
Transfers to other Queensland Government entities	(1,119)	-	-	-	-	-	-	**(1,119)**
Transfers between classes	1,792	12,808	-	(10,894)	46,945	1,135,032	(1,185,683)	**-**
Transfers from/(to) intangibles	(139)	-	-	1,386	-	-	(154,061)	**(152,814)**
Disposals	(846)	(21,099)	-	(1,527)	-	(2,207)	-	**(25,679)**
Assets provided to third parties at below fair value	-	(5,485)	-	-	-	(7,921)	-	**(13,406)**
Assets reclassified as held for sale	(23,350)	(851)	-	-	-	-	-	**(24,201)**
Net revaluation increments/(decrements)	561,301	(21,308)	343	-	19,244	2,187,417	-	**2,746,997**
Depreciation	-	(51,299)	-	(41,100)	(40,560)	(951,074)	-	**(1,084,033)**
Closing balance	**5,250,177**	**764,733**	**8,713**	**190,659**	**1,129,823**	**61,106,934**	**6,130,989**	**74,582,028**

Fair value reconciliation for land and building assets classified as level 3 – fair value substantially derived from unobservable inputs (refer to the following accounting policy)

	Land 2021 $'000	Buildings 2021 $'000
Opening balance	12,074	564,885
Acquisitions	1	-
Transfer from level 2 to level 3	94,157	33,062
Transfer from level 3 to level 2	(1,463)	(425)
Transfers to other Queensland Government entities	(58)	-
Transfers between classes	4,987	499
Disposals	(62)	(13,958)
Assets provided to third parties at below fair value	-	(5,485)
Net revaluation decrements	(15,272)	(54,169)
Depreciation	-	(17,967)
Closing balance	94,364	506,442

* Infrastructure consists of roads $49.262b, structures $11.410b and other infrastructure $0.434b.

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

14 PROPERTY, PLANT AND EQUIPMENT (continued)

	Land *	Buildings *	Heritage and cultural	Plant and equipment	Major plant and equipment **	Infrastructure ***	Work in progress	Total
	2020 $'000	2020 $'000	2020 $'000	2020 $'000	2020 $'000	2020 $'000	2020 $'000	2020 $'000
Gross value	4,652,623	1,105,378	8,350	659,644	1,166,155	78,884,469	4,234,847	**90,711,466**
Less: Accumulated depreciation	-	(253,492)	-	(448,824)	(61,961)	(20,138,782)	-	**(20,903,059)**
	4,652,623	**851,886**	**8,350**	**210,820**	**1,104,194**	**58,745,687**	**4,234,847**	**69,808,407**
Reconciliation								
Opening balance	4,579,379	811,024	7,918	205,998	856,868	53,881,785	3,908,528	**64,251,500**
Acquisitions (including upgrades)	79,552	277	-	24,139	218,481	46	2,714,609	**3,037,104**
Assets received at below fair value	2,807	-	-	-	-	-	451	**3,258**
Transfers from/(to) other Queensland Government entities	(28,362)	2,412	-	-	-	-	-	**(25,950)**
Transfers between classes	19,809	87,679	-	16,371	51,532	2,203,615	(2,379,006)	**-**
Transfers from intangibles	-	-	-	2,048	-	-	-	**2,048**
Disposals	(215)	(3,393)	-	(1,311)	-	(2,683)	-	**(7,602)**
Assets provided to third parties at below fair value	(915)	(2,456)	-	(229)	-	-	(7,451)	**(11,051)**
Assets reclassified as held for sale	(15,313)	(3,543)	-	-	-	-	-	**(18,856)**
Projects written off	-	-	-	-	-	-	(2,284)	**(2,284)**
Net revaluation increments	15,881	13,874	432	-	14,024	3,639,505	-	**3,683,716**
Depreciation	-	(53,988)	-	(36,196)	(36,711)	(976,581)	-	**(1,103,476)**
Closing balance	**4,652,623**	**851,886**	**8,350**	**210,820**	**1,104,194**	**58,745,687**	**4,234,847**	**69,808,407**

Fair value reconciliation for land and building assets classified as level 3 – fair value substantially derived from unobservable inputs (refer to the following accounting policy)

	Land	Buildings
	2020 $'000	2020 $'000
Opening balance	11,914	514,356
Transfer from level 2 to level 3	-	2,820
Transfers from/(to) other Queensland Government entities	(2)	2,412
Transfers between classes	-	60,133
Assets provided to third parties at below fair value	-	(2,456)
Assets reclassified as held for sale	(65)	-
Net revaluation increments	227	8,169
Depreciation	-	(20,549)
Closing balance	12,074	564,885

* The department's land and building assets were overstated in 2020 due to untimely processing of disposals. Land and building opening balances were overstated by $167m and $0.533m respectively, while net revaluation increments and disposals were overstated by $7.8m and $1.9m respectively. The 2021 financial statements have been restated in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

** Following the adoption of AASB 1059 *Service Concession Arrangements: Grantors*, the previously reported lease assets class has been restated by transferring these assets to the applicable classes which align to the requirements of the new accounting standard. This involved transferring the Toowoomba Bypass ($1.116b) and Gold Coast Light Rail ($0.754b) service concession arrangements assets to the new Note 15 Public private partnerships, and allocating the New Generation Rollingstock assets, which have been assessed as out of scope for AASB 1059, to the buildings ($0.194b), plant and equipment ($0.012b), major plant and equipment ($1.104b), and infrastructure ($0.043b) classes.

*** Infrastructure consists of roads $46.313b, structures $12.068b and other infrastructure $0.364b.

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

14 PROPERTY, PLANT AND EQUIPMENT (continued)

Accounting policy

Recognition threshold

All items of property, plant and equipment are recognised when the cost exceeds the following thresholds:

- Land $1
- Buildings $10,000
- Heritage and cultural $5000
- Plant and equipment $5000
- Major plant and equipment $5000
- Infrastructure $10,000

All other items with a cost less than the above thresholds are expensed.

Acquisition

Actual cost is used for the initial recording of all non-current physical asset acquisitions. Cost is determined as the value given as consideration plus costs directly attributable to the acquisition, including all other costs incurred in preparing the assets ready for use.

Where assets are received free of charge from another Queensland Government entity 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.

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.

Depreciation

For each class of property, plant and equipment other than infrastructure assets, the following depreciation rates are used:

Class	Depreciation method	Average useful life
Land	Not depreciated	Indefinite life
Buildings	Straight-line	37
Heritage and cultural	Cultural and preservation policies – not depreciated	Indefinite life
Plant and equipment	Straight-line	10
Major plant and equipment	Straight-line	30
Work in progress	Not depreciated	–

Complex assets consist of significant separately identifiable components with different service lives, which are subject to regular replacement during the life of the complex asset. When the change in depreciation expense from separately identifying significant components is material to the class to which the assets relate, the significant components are separately identified and depreciated. The department's road infrastructure has a componentised structure as shown below.

The following depreciation rates are used for infrastructure sub-components:

Component	Sub-component	Depreciation method	Average useful life
Roads	Surfaces	Straight-line	23
	Pavements	Straight-line	55
	Formation earthworks	Not depreciated	Indefinite life
	Formation earthworks	Straight-line	27
Structures – bridges, tunnels and major culverts	–	Straight-line	92
Other – mainly marine infrastructure	–	Straight-line	55

The estimation of useful life and resulting depreciation rates are based on a number of factors including the department’s past experience, the planned replacement program and expected usage, wear and tear, obsolescence and expected funding availability to the department. Useful lives are reviewed on an annual basis.

Where the confirmed available funding for the renewal and replacement of the department's road infrastructure assets varies from one year to the next, the sub-component remaining useful lives are subject to change as a consequence of the altered works program.

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

14 PROPERTY, PLANT AND EQUIPMENT (continued)

Accounting policy (continued)
Depreciation (continued)

Accordingly an increase in funding allocated to asset renewal or replacement is likely to result in a corresponding proportionate increase in depreciation expense, and in accumulated depreciation, with a reduction in useful lives.

A reduction in funding is likely to have a similar impact in reducing depreciation expense and accumulated depreciation, and increasing expected useful lives.

Formation earthworks initially have an indefinite life irrespective of work carried out on the surface and pavement components. Earthworks that are expected to be taken out of service or reconstructed are allocated a limited life and are depreciated in accordance with the requirements of AASB 116 *Property, Plant and Equipment*.

Land under roads

The aggregate value of land under roads is measured and disclosed as land until road declarations for each land portion are confirmed.

Where a road declaration is confirmed, the title is extinguished and ownership reverts to the state represented by the Department of Resources in accordance with Queensland Government policy.

Non-current assets classified as held for sale

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

In accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, when an asset is classified as held for sale its value is measured at the lower of the asset's carrying amount and fair value less costs to sell. Such assets are no longer amortised or depreciated upon being classified as held for sale.

Fair value measurement

All assets and liabilities of the department for which fair value is measured or disclosed in the financial statements, are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- Level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities
- Level 2 – represents fair value measurements that are substantially derived from inputs other than quoted prices included within level 1 that are observable, either directly or indirectly
- Level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

Valuation of property, plant and equipment

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

Land, buildings, heritage and cultural, major plant and equipment and infrastructure assets are measured and reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent relevant accumulated depreciation and accumulated impairment.

The cost of items acquired during the financial year materially represent their fair value at the end of the reporting period.

Heritage and cultural assets are independently valued on an annual basis. Road infrastructure assets are valued on an annual basis by suitably qualified departmental officers and external experts. Land, buildings, major plant and equipment and other infrastructure assets are assessed by qualified valuers at least once every five years with appropriate indices being applied in the intervening years.

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.

For assets revalued using a cost valuation approach accumulated depreciation is adjusted to equal the difference between the gross amount and carrying amount.

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

14 PROPERTY, PLANT AND EQUIPMENT (continued)

Accounting policy (continued)
Valuation of property, plant and equipment (continued)

For assets revalued using a market or income based valuation approach accumulated depreciation is eliminated against the gross amount of the asset prior to restating for the revaluation.

Land

The department's land was revalued based on specific appraisal by external valuers and the department's Strategic Property Management unit as at September 2020. The fair value of land was based on recent comparable sales of similar land. Factors such as land restrictions, availability of market information and comparable sales were also taken into consideration during this specific appraisal.

In accordance with AASB 13 *Fair Value Measurement,* the department's land assets are generally categorised as level 2.

Land subject to restrictions due to its size or use, and or ability to be sold, such as land located in areas where there is not an active market, has been classified as level 3.

Buildings

The department's buildings were last revalued based on specific appraisal by various external valuers and registered valuers from the department's Strategic Property Management unit effective as at September 2020. The fair value of building assets was based on recent comparable sales. Factors such as current building use, availability of market information and building condition were also taken into consideration during this specific appraisal.

The department's building assets are categorised as a combination of level 2 and level 3 in accordance with AASB 13 *Fair Value Measurement.* Significant buildings not used for residential purposes without an active market have been classified as level 3.

Heritage and cultural

The department's heritage collection and artwork were revalued based on specific appraisal by an external valuer during the 2020-21 financial year. The fair value of the artwork was based on sales data on similar artwork by the respective artists. Factors such as condition, size and medium of artwork were also taken into consideration during this specific appraisal.

As there is no active market for the department's heritage assets, their fair value is determined by estimating the cost to reproduce the items with the features and materials of the original items, with adjustments made to take into account the items' heritage restrictions and characteristics.

In accordance with AASB 13 *Fair Value Measurement,* heritage and cultural assets are categorised as level 3.

Major plant and equipment

The department's major plant and equipment was last revalued based on specific appraisal by an external valuer as at September 2020.

The valuation method used is current replacement cost as there is no active market existing for such assets. The approach consists of reviewing recent local and international rolling stock contracts adjusted for the relevant producer price index and historical exchange rates.

Significant judgement is also used to assess the remaining service potential of the assets, including current condition.

In accordance with AASB 13 *Fair Value Measurement*, major plant and equipment assets are categorised as level 3.

Infrastructure

A full management valuation of the road infrastructure network asset as at 30 June 2021 was completed by suitably qualified and experienced departmental engineers and staff. The valuation methodology adopted to calculate fair value is based on the cost to acquire the service potential embodied in an asset and adjusted to reflect the asset's present condition, functionality, technological and economic obsolescence. This is the estimated cost to replace an asset with an appropriate modern equivalent using current construction materials and standards, adjusted for changes in utility and service level.

The valuation involves a resource-based assessment to develop unit rates that provide a sound representation of the cost of replacing the service potential embodied in the asset. This process utilises the following key assumptions and judgements:

- Stereotypical roads – The road network is broken down into stereotypical roads as a way of standardising the complexities involved in road construction.

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

14 PROPERTY, PLANT AND EQUIPMENT (continued)

Accounting policy (continued)
Valuation of property, plant and equipment (continued)

Infrastructure (continued)

The department estimates 13 different road stereotypes based on the road segments' complexity in relation to the number and width of traffic lanes, standard of construction (based on date), number of carriageways, age of construction, and location (rural or urban). Stereotypes range from unformed roads through to major motorways and busways and are further defined by complex category and sub-category mapping (for example, terrain – rolling, level, mountainous).

- Project work breakdown structure (WBS) – Each stereotype is supported by a complex breakdown of WBS schedules representing the types of projects that would be undertaken to replace and renew relevant asset components.
  As WBS represent a standardised road construction, assumptions are made on the area used for each WBS. The areas have been determined by a firm of consultant engineers and are reviewed and updated as necessary. There is a small number of derived WBS schedules that are based on other similar WBS instead of their own schedule of work activities.
- Unit rates – The unit rates applied to stereotypical roads are priced by an expert estimating firm using current market rates of inputs such as raw materials, plant and labour to underpin the detailed WBS schedules representing the way in which certain stereotypical roads would be replaced. Inputs are sourced directly from suppliers and subcontractors competing in the marketplace in Queensland.
  The unit rates, including underlying assumptions and specific details contained in the stereotypes, are ratified annually by an expert panel consisting of engineers and staff from a range of disciplines across the department in conjunction with local government and industry.

Remaining useful lives are estimated using past experience as detailed in the department's road condition models and in the extensive rule set that is applied to determine when an appropriate works intervention will occur. Consideration is also given to planned replacement programs as a result of observation of road use deterioration and environmental factors such as:

- Traffic volume
- Rutting
- Cracking
- Roughness
- Safety
- Number of years in use.

As there is no active market for the department's infrastructure assets, the valuation approach used is current replacement cost. This is the assets' measurement of their highest and best use. While the unit rates database consists of market derived component costs which includes raw materials and other costs of construction (level 2 inputs), there are also significant level 3 unobservable inputs such as useful life and asset condition which require extensive professional judgement. Differences in the assessment of these level 3 inputs would not result in material changes in the reported fair value.

The department determines the current replacement cost of structures on the infrastructure network through an approach that takes into consideration an expert review of actual construction costs and resource rates to replace existing bridges, tunnels and major culverts. This is achieved by referencing past works of similar construction method and moderating for changes in market movements through a combination of market indexation and referencing of recent actual construction costs and resource rates.

Unit rates for the current replacement cost of bridges and tunnels are derived from a combination of the current and prior four years' project costs and other departmental system reports, and market indexation, moderated by internal engineering experts. Unit rates for the current replacement cost of major culverts are derived from resource rates and use of the Expert Estimation tool, moderated by internal engineering experts. These unit rates are then certified by the department's Deputy Chief Engineer (Structures).

The department's other infrastructure was revalued as at September 2020 based on specific appraisal by an external valuer using a costing database similar to the unit rates process used for road infrastructure.

As with the department's road infrastructure assets, there is no active market for other infrastructure. Therefore current replacement cost is the measurement of the other infrastructure assets highest and best use.

In accordance with AASB 13 *Fair Value Measurement*, the department's infrastructure assets are categorised as level 3.

As the department is a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise, since property, plant and equipment is carried at fair value or an amount that approximates fair value in rare circumstances.

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

15 PUBLIC PRIVATE PARTNERSHIPS

SERVICE CONCESSION ARRANGEMENTS UNDER AASB 1059

Service concession assets	Gold Coast Light Rail – G:link 2021 $'000	Toowoomba Bypass 2021 $'000	Airportlink M7 2021 $'000	Gateway Motorway 2021 $'000	Logan Motorway 2021 $'000	Port Drive 2021 $'000	Brisbane Airport Rail Link 2021 $'000	Work in progress 2021 $'000	Total 2021 $'000
Gross value	741,279	1,352,856	6,085,425	2,943,032	1,980,490	47,557	465,906	-	**13,616,545**
Less: Accumulated depreciation	(90,679)	(38,893)	(750,743)	(503,674)	(205,313)	(1,935)	(148,349)	-	**(1,739,586)**
	650,600	**1,313,963**	**5,334,682**	**2,439,358**	**1,775,177**	**45,622**	**317,557**	**-**	**11,876,959**
Reconciliation									
Opening balance	753,451	1,116,267	5,401,408	2,430,539	1,770,778	47,133	320,462	-	**11,840,038**
Net revaluation increments/(decrements)	(80,762)	212,417	16,755	36,190	20,228	(907)	2,770	-	**206,691**
Depreciation	(22,089)	(14,721)	(83,481)	(27,371)	(15,829)	(604)	(5,675)	-	**(169,770)**
Closing balance	**650,600**	**1,313,963**	**5,334,682**	**2,439,358**	**1,775,177**	**45,622**	**317,557**	**-**	**11,876,959**
Liabilities									
Financial liabilities	279,787	414,622	-	-	-	-	-	-	**694,409**
Unearned revenue	-	-	4,228,247	1,796,195	1,417,426	41,927	135,878	-	**7,619,673**
Closing balance	**279,787**	**414,622**	**4,228,247**	**1,796,195**	**1,417,426**	**41,927**	**135,878**	**-**	**8,314,082**

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

15 PUBLIC PRIVATE PARTNERSHIPS (continued)

SERVICE CONCESSION ARRANGEMENTS UNDER AASB 1059 (continued)

	Gold Coast Light Rail – G:link	Toowoomba Bypass	Airportlink M7	Gateway Motorway	Logan Motorway	Port Drive	Brisbane Airport Rail Link	Work in progress	Total
	2020	2020	2020	2020	2020	2020	2020	2020	2020
Service concession assets	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Gross value	882,811	1,132,206	6,063,193	2,906,472	1,959,836	48,443	461,784	-	**13,454,745**
Less: Accumulated depreciation	(129,360)	(15,939)	(661,785)	(475,933)	(189,058)	(1,310)	(141,322)	-	**(1,614,707)**
	753,451	**1,116,267**	**5,401,408**	**2,430,539**	**1,770,778**	**47,133**	**320,462**	**-**	**11,840,038**
Reconciliation									
Opening balance	768,623	1,128,517	5,275,655	2,401,221	1,252,527	46,973	320,272	512,000	**11,705,788**
Transfers between classes	-	-	-	-	512,000	-	-	(512,000)	**-**
Net revaluation increments	12,189	-	206,179	56,186	21,275	754	5,813	-	**302,396**
Depreciation	(27,361)	(12,250)	(80,426)	(26,868)	(15,024)	(594)	(5,623)	-	**(168,146)**
Closing balance	**753,451**	**1,116,267**	**5,401,408**	**2,430,539**	**1,770,778**	**47,133**	**320,462**	**-**	**11,840,038**
Liabilities									
Financial liabilities	300,825	423,821	-	-	-	-	-	-	**724,646**
Unearned revenue	-	-	4,345,428	1,855,087	1,463,899	42,401	145,038	-	**7,851,853**
Closing balance	**300,825**	**423,821**	**4,345,428**	**1,855,087**	**1,463,899**	**42,401**	**145,038**	**-**	**8,576,499**

15 PUBLIC PRIVATE PARTNERSHIPS (continued)

SERVICE CONCESSION ARRANGEMENTS UNDER AASB 1059 (continued)

Accounting policy

Service concession assets are measured at current replacement cost on initial recognition or reclassification, and are subsequently measured at fair value determined using current replacement cost.

Assets under service concession arrangements consisting of major plant and equipment, plant and equipment, buildings and infrastructure asset classes have been revalued by suitably qualified and experienced departmental engineers and various external valuers.

Major plant and equipment, plant and equipment, buildings and infrastructure asset measurement and valuation methodologies are disclosed in Note 14.

The current replacement cost valuation of infrastructure assets undertaken by external valuers takes into consideration the cost of a similar standard asset providing the same functionality in the same location. The new asset is assumed to be constructed to current standards however with no additional functionality.

In accordance with AASB 13 *Fair Value Measurement*, the department's service concession assets are categorised as level 3.

Straight-line depreciation has been applied to all depreciable asset components and the following depreciation rates are applied in each arrangement:

Component	Service concession arrangement	Average useful life
Buildings	Gold Coast Light Rail – G:link	29
Plant and equipment	Gold Coast Light Rail – G:link	29
Major plant and equipment	Gold Coast Light Rail – G:link	33
Infrastructure	Gold Coast Light Rail – G:link	77
	Toowoomba Bypass *	82
	Airportlink M7 *	43
	Gateway Motorway *	78
	Logan Motorway *	67
	Port Drive *	42
	Brisbane Airport Rail Link	46

* Arrangements containing formation earthworks asset components which are non-depreciable.

Gold Coast Light Rail – G:link

In May 2011 the department entered into a contractual arrangement with GoldLinQ Consortium to finance, design, build, operate and maintain a 13 kilometre light rail system linking key activity centres from Griffith University (Gold Coast Campus) and the Gold Coast University Hospital to Broadbeach via Southport. On 20 July 2014 construction was completed and the G:link commenced operations.

On 28 April 2016 the department entered into a contractual arrangement with GoldLinQ for stage two of the Gold Coast Light Rail system. Stage two connects the existing light rail system at Southport to heavy rail at the Helensvale station. The 7.3km route runs from Helensvale heavy rail station on the Gold Coast Line, adjacent to the Smith Street Motorway to connect with stage one at the Gold Coast University Hospital light rail station. Stage two of the system commenced operations on 18 December 2017.

During the 15 year operations period, at an implicit rate of 9.23%, GoldLinQ is paid monthly performance based payments for operations, maintenance and repayment of the debt finance used to construct the light rail system. The state receives fare-box and advertising revenue generated by the light rail system.

The department has begun preparation for Stage three of the Gold Coast Light Rail system to extend the light rail from Broadbeach South Station to Burleigh Heads. The 6.7km extension south of the existing tram network will link Helensvale to Burleigh Heads and provide eight additional stations.

Planning has begun for the Gold Coast Light Rail Stage four, a 13km extension south of the light rail Stage three, linking Burleigh Heads to Coolangatta via the Gold Coast Airport.

At the expiry of the concession period the department will retain ownership of the light rail system.

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

15 PUBLIC PRIVATE PARTNERSHIPS (continued)

SERVICE CONCESSION ARRANGEMENTS UNDER AASB 1059 (continued)

Gold Coast Light Rail – G:link (continued)

The estimated future cash flows excluding GST are detailed below:

	Note	2021 $'000	2020 $'000
Estimated cash flows			
Inflows:			
Not later than one year		21,996	30,933
Later than one year but not later than five years		94,230	149,924
Later than five years but not later than ten years		128,290	192,797
Outflows:			
Not later than one year		(111,048)	(108,350)
Later than one year but not later than five years		(460,676)	(458,381)
Later than five years but not later than ten years		(384,376)	(506,877)
Estimated net cash flow		**(711,584)**	**(699,954)**

	Note	2021 $'000	2020 $'000
Operating statement impact			
Revenue			
Advertising		271	342
Fare revenue	3	10,890	15,041
Expenses			
Depreciation		22,089	27,361
Interest	9	26,193	27,953
Service expenses		60,810	57,549
Net impact on operating result		**(97,931)**	**(97,480)**

Toowoomba Bypass

In August 2015 the department entered into a contractual arrangement with Nexus Infrastructure Consortium to finance, design, build, operate and maintain a range crossing connecting the Warrego Highway at Helidon Spa in the east with the Gore Highway at Athol in the west, via Charlton. The bypass opened to traffic in September 2019 and toll collection commenced in December 2019, with Transurban Queensland contracted to provide the tolling collection service on behalf of the department.

The department will make ongoing quarterly service payments over the 25 year operation and maintenance period at an implicit interest rate of 5.32%, which includes repayment of the debt finance used to construct the bypass. Maintenance payments are expensed during the relevant year.

At the expiry of the concession period the department will retain ownership of the road infrastructure.

The estimated future cash flows excluding GST are detailed below:

	2021 $'000	2020 $'000
Estimated cash flows		
Inflows:		
Not later than one year	17,571	12,617
Later than one year but not later than five years	75,656	55,425
Later than five years but not later than ten years	108,246	82,403
Later than ten years	395,529	358,925
Outflows:		
Not later than one year	(47,297)	(44,555)
Later than one year but not later than five years	(198,206)	(188,172)
Later than five years but not later than ten years	(289,753)	(269,361)
Later than ten years	(807,120)	(839,854)
Estimated net cash flow	**(745,374)**	**(832,572)**

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

15 PUBLIC PRIVATE PARTNERSHIPS (continued)

SERVICE CONCESSION ARRANGEMENTS UNDER AASB 1059 (continued)

Toowoomba Bypass (continued)

	Note	2021 $'000	2020 $'000
Operating statement impact			
Revenue			
Interest rate adjustment		6,931	-
Refinancing gain		-	9,456
Toll revenue	3	18,748	9,302
Expenses			
Depreciation		14,721	12,250
Interest	9	22,176	22,676
Service expenses		24,267	14,189
Tolling operations		1,674	864
Net impact on operating result		**(37,159)**	**(31,221)**

Airportlink M7

In 2008 the state entered into a 45 year service concession arrangement with BrisConnections to design, construct and maintain Airportlink, a 6.7km toll road, connecting the Clem 7 Tunnel, Inner City Bypass and local road network at Bowen Hills, to the northern arterials of Gympie Road and Stafford Road at Kedron, Sandgate Road and the East West Arterial leading to the airport. In April 2016 Transurban Queensland assumed responsibility for Airportlink and now operates Airportlink under a service concession arrangement.

In return for collecting the tolls, Transurban Queensland must maintain, operate and manage the toll road for the concession period and also assume the demand and patronage risk.

At the expiry of the concession period, the department will retain ownership of the toll road assets.

	2021 $'000	2020 $'000
Operating statement impact		
Revenue		
Amortisation of unearned revenue	117,181	117,181
Expenses		
Depreciation	83,481	80,426
Net impact on operating result	**33,700**	**36,755**

Gateway and Logan Motorways

A Road Franchise Agreement (RFA) was established between the state and Queensland Motorways Limited (QML) in 2011 to operate, maintain and manage the Gateway and Logan motorways including the Gateway Extension for a period of 40 years. In 2014, Transurban Queensland acquired QML and now operates the Gateway Motorway and Logan Motorway toll roads under the RFA with the state.

In return for collecting the tolls, Transurban Queensland must maintain, operate and manage the toll roads for the period of the franchise and also assume the demand and patronage risk for the franchise period.

At the expiry of the concession period, the department will retain ownership of the toll road assets.

	2021 $'000	2020 $'000
Operating statement impact		
Revenue		
Amortisation of unearned revenue	105,365	105,365
Expenses		
Depreciation	43,200	41,892
Net impact on operating result	**62,165**	**63,473**

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

	Note	2021 $'000	2020 $'000

15 PUBLIC PRIVATE PARTNERSHIPS (continued)

SERVICE CONCESSION ARRANGEMENTS UNDER AASB 1059 (continued)

Port Drive

A Road Franchise Agreement (RFA) was established between the state and Port of Brisbane Pty Ltd in November 2000 to maintain and manage the Port Drive motorway. In 2010, APH Consortium signed a 99 year lease over the port, which included an agreement to fund a major upgrade to the motorway.

The Port Drive motorway is not a toll road. The operator obtains indirect benefits of ongoing maintenance of the road infrastructure through increased capacity and access to the port precinct.

At the expiry of the concession period the department will retain ownership of the motorway assets.

	2021 $'000	2020 $'000
Operating statement impact		
Revenue		
Amortisation of unearned revenue	474	474
Expenses		
Depreciation	604	594
Net impact on operating result	**(130)**	**(120)**

Brisbane Airport Rail Link (Airtrain)

In 1998, the state entered into a 35 year concession arrangement with Airtrain Citylink Limited to design, construct, maintain and operate the Brisbane Airport Rail Link (BARL), a public passenger rail system connecting the Queensland Rail City network to the Brisbane Domestic and International Airports. The BARL is currently in the maintain and operate phase of the agreement after the commencement of operations on 7 May 2001.

In return for collecting passenger fares, Airtrain Citylink Limited must maintain, operate and manage the rail link for the period of the concession and also assume the demand and patronage risk for the concession period.

At the expiry of the concession period the department will retain ownership of the rail system.

	2021 $'000	2020 $'000
Operating statement impact		
Revenue		
Amortisation of unearned revenue	9,160	9,160
Expenses		
Depreciation	5,675	5,623
Net impact on operating result	**3,485**	**3,537**

PUBLIC PRIVATE PARTNERSHIPS OUTSIDE OF THE SCOPE OF AASB 1059

New Generation Rollingstock (NGR)

In January 2014 the department entered into a contractual arrangement with NGR Project Company Pty Ltd (Bombardier NGR Consortium) for the design, construction and maintenance of 75 new six-car train sets for south-east Queensland and a new purpose-built maintenance centre at Wulkuraka in Ipswich, over 32 years at an implicit rate of 12.22%. The arrangement involves the department paying the consortium a series of availability payments over the concession period.

In June 2016 the maintenance centre was accepted by the department and a lease asset and lease liability was recognised. All 75 train sets were accepted and recognised by December 2019.

Upon the application of AASB 1059 *Service Concession Arrangements: Grantors*, the NGR public private partnership was assessed and determined to be out of scope of the accounting standard, as the provider of the assets does not operate or manage the passenger train services provided by the train sets. Accordingly, the department accounts for the arrangement as an outsourced service contract with the payment stream representing availability payments and borrowing repayments.

The train sets are recognised as major plant and equipment assets, while the maintenance centre, associated rail infrastructure and technical equipment are classified as buildings, infrastructure, plant and equipment and work in progress respectively in Note 14.

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

15 PUBLIC PRIVATE PARTNERSHIPS (continued)

PUBLIC PRIVATE PARTNERSHIPS OUTSIDE OF THE SCOPE OF AASB 1059 (continued)

New Generation Rollingstock (NGR) (continued)

	Note	2021 $'000	2020 $'000
Assets			
Buildings		166,022	193,835
Major plant and equipment		1,111,413	1,104,194
Infrastructure		37,394	43,419
Plant and equipment		13,488	11,876
Work in progress		67,581	47,468
Closing balance		**1,395,898**	**1,400,792**
Liabilities			
Financial liabilities	17	557,974	580,348
Total		**557,974**	**580,348**

In March 2019, an amendment deed was signed by NGR Project Company Pty Ltd to modify the trains in accordance with the *Disability Standards for Accessible Public Transport 2002 (Cth).* Modification to the trains is expected to be completed by 2024. Modification works have been completed for three trains during 2021.

Ownership of the train sets and maintenance centre resides with the department during the period of the arrangement.

The estimated future cash flows excluding GST are detailed below:

	Note	2021 $'000	2020 $'000
Estimated cash flows			
Inflows:			
Not later than one year		-	-
Later than one year but not later than five years		-	-
Later than five years but not later than ten years		-	-
Later than ten years		-	-
Outflows:			
Not later than one year		(98,656)	(130,479)
Later than one year but not later than five years		(666,892)	(502,942)
Later than five years but not later than ten years		(723,933)	(813,850)
Later than ten years		(2,385,094)	(3,020,451)
Estimated net cash flow		**(3,874,575)**	**(4,467,722)**
Operating statement impact			
Expenses			
Depreciation	14	47,718	45,774
Interest	9	69,418	71,055
Service expenses		45,516	25,231
Net impact on operating result		**(162,652)**	**(142,060)**

16 PAYABLES

	Note	2021 $'000	2020 $'000
Current			
Departmental services appropriation payable		-	61,290
Grants and subsidies payable		42,890	46,290
Trade creditors		608,343	471,915
Other		35,934	23,358
Total		**687,167**	**602,853**

Department of Transport and Main Roads

Notes to the financial statements 2020–21 (continued)

16 PAYABLES (continued)

Accounting policy

Trade creditors are recognised on receipt of the goods or services ordered and are measured at the agreed purchase or contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 28 day terms, with the exception of a range of transport service contracts which have varying settlement terms.

Other payables such as grants and subsidies and property resumptions have varying settlement terms.

17 BORROWINGS

	2021 $'000	2020 $'000
Current		
Lease liabilities	238	274
Financial liabilities – Service concession arrangements	33,417	30,238
New Generation Rollingstock arrangement	3,061	13,737
Total	**36,716**	**44,249**
Non-current		
Lease liabilities	3,229	3,285
Financial liabilities – Service concession arrangements	660,992	694,408
New Generation Rollingstock arrangement	554,913	566,611
Total	**1,219,134**	**1,264,304**

18 PROVISIONS

	2021 $'000	2020 $'000
Current		
Property resumptions	148,582	161,065
New Generation Rollingstock rectification works	46,515	67,375
Total	**195,097**	**228,440**
Non-current		
Property resumptions	151,027	120,605
New Generation Rollingstock rectification works	87,447	133,962
Total	**238,474**	**254,567**

Movements in provision for Property resumptions

	2021 $'000	2020 $'000
Current		
Opening balance	161,065	130,783
Restatement of provision	7,787	29,500
Additional provision recognised	31,926	14,567
Reduction in provision as a result of payments	(41,897)	(43,428)
Reclassification from/(to) non-current provision	(10,299)	29,643
Closing balance	148,582	161,065
Non-current		
Opening balance	120,605	167,162
Restatement of provision	(15,850)	(23,905)
Additional provision recognised	40,630	18,371
Reduction in provision as a result of payments	(4,657)	(11,380)
Reclassification (to)/from current provision	10,299	(29,643)
Closing balance	151,027	120,605

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

18 PROVISIONS (continued)

Provision for property resumptions

The department acquires property through compulsory acquisition in accordance with the *Acquisition of Land Act 1967*, the *Transport Infrastructure Act 1994* and the *Transport Planning and Coordination Act 1994*. The department recognises a provision to account for compensation it expects to pay for all property resumptions, with the exception of hardship resumptions which are recognised immediately as a payable. The department's advisors determine a value for the acquisition amount which, with timing of the settlement, is dependent on the outcome of negotiation between both parties.

	2021 $'000	2020 $'000
Movements in provision for New Generation Rollingstock rectification works		
Current		
Opening balance	67,375	15,979
Reduction in provision as a result of payments	(67,375)	(15,979)
Reclassification from/(to) non-current provision	46,515	67,375
Closing balance	46,515	67,375
Non-current		
Opening balance	133,962	201,337
Reclassification (to)/from current provision	(46,515)	(67,375)
Closing balance	87,447	133,962

Provision for New Generation Rollingstock rectification works

The department undertook a review of the New Generation Rollingstock (NGR) train sets' compliance with the disability legislation and functional requirements in June 2017 and it was identified that the train sets required rectification works to be undertaken to ensure compliance with the *Disability Standards for Accessible Public Transport 2002 (Cth)*. In 2018 the Minister for Transport and Main Roads committed to working with the disability sector to modify the trains. Rectification works are scheduled to be completed by 2024. This gives rise to a constructive obligation as there is an expectation that the department will honour this commitment. The department recognises a provision to account for the remainder of the rectification works it expects to pay for NGR train sets based on the variation deed entered into with the vendor.

Accounting policy

Provisions are recorded when the department has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period. Provisions are reviewed at each reporting date to ensure the amounts accurately reflect the best estimate available.

19 ACCRUED EMPLOYEE BENEFITS

	2021 $'000	2020 $'000
Current		
Annual leave levy payable	19,056	19,553
Long service leave levy payable	4,457	4,902
Salaries and wages outstanding	5,340	46,451
Other	2,378	2,072
Total	**31,231**	**72,978**

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

19 ACCRUED EMPLOYEE BENEFITS (continued)

Accounting policy

Annual leave and long service leave

Under the Queensland Government’s Annual Leave Central Scheme and Long Service Leave Central Scheme, a levy is made on the department to cover the cost of employees' annual leave and long service leave entitlements. The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave and long service leave are claimed from the schemes quarterly in arrears. These schemes are administered by QSuper on behalf of the Queensland Government.

No provision for annual leave or long service leave is recognised in these financial statements. The liabilities are held on a whole-of-government basis and are reported by Queensland Treasury.

Sick leave

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.

Superannuation

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland Government's QSuper defined benefit plan as determined by the employee's conditions of employment.

Contributions are made to eligible complying superannuation funds based on the rates specified in the relevant enterprise bargaining agreement or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

The liability for defined benefits is 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*. The amount of contributions for defined benefit plan obligations is based upon the rates determined on the advice of the State Actuary. Contributions are paid by the department at the specified rate following completion of the employee's service each pay period. The department's obligations are limited to those contributions paid.

20 OTHER LIABILITIES

	2021 $'000	2020 $'000
Current		
Advance payments by Queensland Reconstruction Authority *	25,761	-
Advance payments for land **	67,524	-
go card deposits held	44,150	42,466
go card stored value – unearned revenue ***	49,416	46,818
Other	4,267	4,402
Total	**191,118**	**93,686**

* Advance payments received from Queensland Reconstruction Authority for projects relating to natural disasters.

** Land acquisition payments received from the Australian Rail Track Corporation (ARTC) for the Inland Rail project.

*** Represents unused go card balances which are recognised as revenue as patrons undertake travel.

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

21 INCOME TAX EQUIVALENTS

	2021 $'000	2020 $'000
Income tax equivalent expense		
Current tax equivalents	5,840	7,544
Deferred tax equivalent expense/(income) relating to temporary differences	2,090	(3)
Income tax equivalent expense attributable to profit from ordinary activities	**7,930**	**7,541**
Numerical reconciliation of income tax equivalent expense to prima facie tax payable		
Accounting profit before tax	26,437	25,130
Prima facie tax at applicable rate of 30%	7,930	7,539
Adjustments for non-temporary differences and excluded temporary differences:		
Other non-deductible expenses	-	2
Income tax equivalent expense attributable to profit from ordinary activities	**7,930**	**7,541**
Deferred tax equivalent expense/(income) included in income tax equivalent expense comprises:		
Deferred tax assets opening balance	5,942	6,077
Increase/(decrease) in deferred tax assets	(2,090)	(135)
Deferred tax assets at 30 June	**3,852**	**5,942**
Proof of deferred tax assets		
Deferred tax assets:		
Property, plant and equipment	3,734	5,011
Other items	118	931
Net deferred tax assets at 30 June	**3,852**	**5,942**
Reconciliation of current tax (receivable)/payable		
Opening balance	473	(2,493)
Net movements	(2,959)	2,966
Current tax (receivable)/payable at 30 June	**(2,486)**	**473**

Accounting policy

The department is a State body as defined under the *Income Tax Assessment Act 1936* and is generally exempt from Australian Government taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

The RoadTek business unit is subject to the requirements of the National Tax Equivalents Regime (NTER). The liability for income tax equivalents under NTER is calculated substantially on the same basis as a corporate tax payer. The department remits its tax equivalents to Queensland Treasury in accordance with NTER arrangements.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities compared to their respective tax bases, in the ordinary course of business.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the tax asset can be used. Deferred tax assets and liabilities are set off on the basis that they relate to income taxes levied by the same taxation authority and the department has a legally enforceable right to set off current tax assets against current tax liabilities.

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

22 COMMITMENTS FOR EXPENDITURE

Commitments inclusive of non-recoverable GST input tax credits are payable as follows:

Refer to Note 15 for commitments related to service concession arrangements.

	2021 $'000	2020 $'000
Property, plant and equipment commitments *		
Not later than one year	575,229	759,715
Later than one year and not later than five years	3,047,635	1,055,828
Later than five years	-	-
Total	**3,622,864**	**1,815,543**
Grants and subsidies commitments		
Not later than one year	525,038	459,112
Later than one year and not later than five years	1,123,278	925,766
Later than five years	-	-
Total	**1,648,316**	**1,384,878**
Other commitments **		
Not later than one year	3,840,719	3,225,928
Later than one year and not later than five years	2,196,961	4,591,340
Later than five years	3,076,671	3,172,228
Total	**9,114,351**	**10,989,496**

* Increase predominantly relates to upgrade programs on the various sections of the Bruce Highway and Pacific Motorway.

** Comparatives have been restated to include Queensland Rail Transport Service Contract arrangement.

23 CONTINGENCIES

Contingent liabilities

At balance date the department has been named as defendant in six cases and 80 other claims not yet subject to court action. The department's legal advisers and management believe it would be misleading to estimate the final amounts payable for litigation filed in the courts.

The Queensland Government Insurance Fund limits the department's liability in a majority of these cases to $10,000.

24 INVESTMENT IN SUBSIDIARY

Transmax Pty Ltd

Transmax Pty Ltd (Transmax) was established 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 department exercises control over Transmax through 100 percent ownership of all its issued shares. This investment is recognised at cost and is valued at $5.601m (2020: $5.601m). The amount of the investment and transactions relating to Transmax are not material to these financial statements, and the department has elected not to prepare consolidated financial statements in accordance with AASB 127 *Separate Financial Statements*.

The department engaged Transmax for the provision of software licencing, technical support and related professional services to the value of $16.700m (2020: $14.700m) GST inclusive during the financial year.

Transmax prepares separate financial statements which are audited by the Queensland Audit Office and are tabled in parliament in accordance with government policy.

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

25 FINANCIAL INSTRUMENTS

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.

CATEGORISATION OF FINANCIAL INSTRUMENTS

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

	Note	2021 $'000	2020 $'000
Financial assets			
Cash		344,348	338,495
Financial assets at amortised cost:			
Receivables	11	226,069	126,198
Total		**570,417**	**464,693**
Financial liabilities			
Financial liabilities measured at amortised cost:			
Payables	16	687,167	602,853
Lease liabilities	17	3,467	3,559
Service concession arrangements	17	694,409	724,646
New Generation Rollingstock arrangement	17	557,974	580,348
Total		**1,943,017**	**1,911,406**

FINANCIAL RISK MANAGEMENT

The department's activities have the potential to expose it to a variety of financial risks such as interest rate risk, credit risk, liquidity risk and market risk. Financial risk management is implemented pursuant to government and departmental policy and seeks to minimise possible adverse effects on the financial performance of the department.

All financial risk is managed by each division under policy established by the Finance and Procurement Branch.

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 less any collateral held as security, such as deposits.

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

Refer to Note 11 for receivables credit risk ageing analysis.

LIQUIDITY RISK

The department manages liquidity risk through regular fortnightly appropriation payments from the Consolidated Fund. This strategy reduces the exposure to liquidity risk by ensuring the department has sufficient funds available to meet its obligations when they fall due.

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

25 FINANCIAL INSTRUMENTS (continued)

LIQUIDITY RISK (continued)

The following maturity analysis measures the liquidity risk of financial liabilities held by the department:

Financial liabilities	Note	Payable in <1 year $'000	Payable in 1-5 years $'000	Payable in >5 years $'000	Total $'000
2021					
Payables	16	687,167	-	-	**687,167**
Lease liabilities		326	709	3,701	**4,736**
Service concession arrangements		79,296	322,831	703,210	**1,105,337**
New Generation Rollingstock arrangement		71,099	284,545	1,419,809	**1,775,453**
Total		**837,888**	**608,085**	**2,126,720**	**3,572,693**
2020					
Payables	16	602,853	-	-	602,853
Lease liabilities		364	704	3,854	4,922
Service concession arrangements		78,607	320,628	784,709	1,183,944
New Generation Rollingstock arrangement		83,198	290,226	1,493,455	1,866,879
Total		**765,022**	**611,558**	**2,282,018**	**3,658,598**

MARKET RISK
The department does not trade in foreign currency and is not materially exposed to commodity price changes.

INTEREST RATE SENSITIVITY ANALYSIS

The department is not exposed to interest rate sensitivity.

FAIR VALUE

The department does not recognise any financial assets or financial liabilities at fair value. The fair value of trade receivables and payables is assumed to approximate the value of the original transaction, less any allowance for impairment.

26 SCHEDULE OF ADMINISTERED ITEMS

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 balances but does not have the discretion to deploy these resources for the achievement of the department's objectives.

The department also performs certain agency transactions which are not recognised in the department's financial statements. In 2021 these include Compulsory Third Party (CTP) insurance premiums collected on behalf of licensed CTP insurers totalling $1.1b (2020: $1.1b). Levies were also collected on behalf of the Motor Accident Insurance Commission totalling $128m (2020: $128m), the National Injury Insurance Scheme Queensland totalling $434m (2020: $427m), and stamp duty was collected on behalf of the Office of State Revenue totalling $662m (2020: $534m). Registration fees collected on behalf of the National Heavy Vehicle Regulator totalled $44m (2020: $42m).

The majority of administered revenue is recognised upon receipt, with the exception of Penalty Infringement Notices and Traffic Offence Notices for which an administered receivable is recognised at 30 June. If the notice is not paid within 56 days, the debt is transferred to Queensland Treasury.

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

26 SCHEDULE OF ADMINISTERED ITEMS (continued)

The following balances are administered by the department on behalf of the state and relate directly to the Transport Safety and Regulation departmental service area, with the exception of land assets which relate to the Transport Infrastructure Management Delivery departmental service area.

	2021 $'000	2020 $'000
Administered income		
Appropriation revenue	66,244	-
Grants and other contributions	2,935	1,296
User charges, fees and fines *	2,858,172	2,712,779
Other	9,377	8,894
Total income	**2,936,728**	**2,722,969**
Administered expenses		
Grants and subsidies	66,348	6,964
Impairment losses on trade receivables	8	9
Transfers of administered revenue to government	2,867,542	2,721,630
Other	-	570
Total expenses	**2,933,898**	**2,729,173**
OPERATING RESULT FOR THE YEAR	**2,830**	**(6,204)**
* User charges, fees and fines includes:		
Fines and forfeiture	191,327	166,720
Motor vehicle registration	2,020,279	1,918,870
Transport and traffic fees	487,381	465,639
Other registration	82,063	83,797
Other regulatory fees	76,095	76,677
Other	1,027	1,076
Total	2,858,172	2,712,779
Administered assets		
Current		
Cash	22,337	36,592
Receivables	66,005	41,926
Total current assets	**88,342**	**78,518**
Non-current		
Land **	110,692	168,281
Total non-current assets	**110,692**	**168,281**
Total assets	**199,034**	**246,799**
Administered liabilities		
Current		
Payables	81,921	57,491
Unearned revenue	6,187	5,793
Total liabilities	**88,108**	**63,284**
NET ADMINISTERED ASSETS	**110,926**	**183,515**
Administered equity		
Contributed equity	10,414	25,515
Accumulated surplus/(deficit)	(78,221)	(81,050)
Asset revaluation surplus	178,733	239,050
TOTAL ADMINISTERED EQUITY	**110,926**	**183,515**

** The department's administered land assets were overstated by $104m in 2020 due to untimely processing of additions and disposals. The 2021 financial statements administered items note has been restated in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

27 ADMINISTERED APPROPRIATIONS

	2021 $'000	2020 $'000
Reconciliation of payments from Consolidated Fund to administered income		
Budgeted administered appropriation revenue	41,621	-
Lapsed administered appropriation	(750)	-
Total administered revenue	40,871	-
Less: Opening balance of administered revenue receivable	-	-
Plus: Closing balance of administered revenue receivable	25,373	-
Administered income recognised in Note 26	**66,244**	**-**
Reconciliation of payments from Consolidated Fund to administered equity adjustment		
Budgeted administered equity adjustment appropriation	547,318	40,000
Transfers from other headings	(304,026)	5,000
Lapsed administered equity adjustment	(105,000)	-
Total administered equity adjustment receipts	138,292	45,000
Plus: Opening balance of administered equity adjustment payable	-	-
Less: Closing balance of administered equity adjustment payable	1,000	-
Administered equity adjustment recognised in contributed equity	**137,292**	**45,000**

28 BUDGETARY REPORTING

As the 2020–21 Service Delivery Statements do not include a budgeted balance sheet or budgeted statement of cash flows, no disclosure of budget to actual variances is required for these financial statements.

STATEMENT OF COMPREHENSIVE INCOME	Original budget 2021 $'000	Actual result 2021 $'000	Variance 2021 $'000
Income			
Appropriation revenue	5,734,294	5,713,024	(21,270)
User charges and fees	608,261	615,524	7,263
Grants and other contributions	162,414	187,184	24,770
Service concession arrangements revenue	156,619	232,180	75,561
Other revenue	16,002	33,422	17,420
Total revenue	**6,677,590**	**6,781,334**	**103,744**
Gains on disposal of assets	3,488	4,073	585
Total income	**6,681,078**	**6,785,407**	**104,329**
Expenses			
Employee expenses	586,995	603,083	16,088
Supplies and services	4,053,281	4,003,392	(49,889)
Grants and subsidies	657,540	695,471	37,931
Finance and borrowing costs	117,943	117,878	(65)
Impairment losses	1,670	2,375	705
Depreciation and amortisation	1,214,881	1,277,978	63,097
Other expenses	24,282	40,094	15,812
Total expenses	**6,656,592**	**6,740,271**	**83,679**
Operating result before income tax equivalent expense	**24,486**	**45,136**	**20,650**
Income tax equivalent expense	6,054	7,930	1,876
OPERATING RESULT FOR THE YEAR	**18,432**	**37,206**	**18,774**
Items not reclassified to operating result			
Increase in asset revaluation surplus	-	2,953,688	2,953,688
Total other comprehensive income	**-**	**2,953,688**	**2,953,688**
TOTAL COMPREHENSIVE INCOME	**18,432**	**2,990,894**	**2,972,462**

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

28 BUDGETARY REPORTING (continued)

STATEMENT OF COMPREHENSIVE INCOME (continued)

Explanation of major variances

Grants and other contributions
Variance of $24.770m primarily reflects higher than budgeted reimbursements by the Queensland Reconstruction Authority of $19.992m relating to a timing issue.

Service concession arrangements revenue
Variance of $75.561m reflects the recognition of increased foregone revenue due to finalised valuations of service concession assets.

Increase in asset revaluation surplus
Variance of $2.954b mainly consists of a revaluation increment in infrastructure assets as a result of the annual revaluation for 2020–21. A budget was not allocated due to the unavailability of reliable measures for future movement in replacement costs of existing and new infrastructure assets.

SCHEDULE OF ADMINISTERED ITEMS	Original budget 2021 $'000	Actual result 2021 $'000	Variance 2021 $'000
Administered income			
Administered appropriation	71,899	66,244	(5,655)
Grants and other contributions	-	2,935	2,935
User charges, fees and fines	2,799,646	2,858,172	58,526
Other	8,535	9,377	842
Total income	**2,880,080**	**2,936,728**	**56,648**
Administered expenses			
Grants and subsidies	71,899	66,348	(5,551)
Impairment losses on trade receivables	-	8	8
Transfers of administered revenue to government	2,808,181	2,867,542	59,361
Total expenses	**2,880,080**	**2,933,898**	**53,818**
OPERATING RESULT FOR THE YEAR	**-**	**2,830**	**2,830**

Department of Transport and Main Roads
Notes to the financial statements 2020–21 (continued)

MANAGEMENT CERTIFICATE OF THE DEPARTMENT OF TRANSPORT AND MAIN ROADS for the year ended 30 June 2021

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 38 of the *Financial and Performance Management Standard 2019* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and

b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Department of Transport and Main Roads for the financial year ended 30 June 2021 and of the financial position of the department at the end of that year.

The Director-General, as the Accountable Officer of the Department, acknowledges responsibility under sections 7 and 11 of *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.

Nick Shaw FCPA
Chief Finance Officer

19 August 2021

Neil Scales OBE
Director-General

19 August 2021

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INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of the Department of Transport and Main Roads.

In my opinion, the financial report:

a) gives a true and fair view of the department's financial position as at 30 June 2021, and its financial performance and cash flows for the year then ended

b) complies with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019* and Australian Accounting Standards.

The financial report comprises the statement of financial position and statement of assets and liabilities by major departmental service as at 30 June 2021, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental service for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of my report.

I am independent of the department in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

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

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report for the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

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Valuation of infrastructure assets ($61.107 billion) and estimating depreciation expense ($951.074 million)

Refer to note 14 in the financial report

Key audit matter	How my audit addressed the key audit matter
The fair value measurement of infrastructure assets is based on current replacement cost (cost approach). The valuations are dependent on certain key assumptions that require significant management judgement including for the following: • Componentising the assets into the significant parts that have different useful lives. • Classifying assets into categories that have similar replacement costs. • Estimating the gross replacement cost for each combination of asset component and category to develop unit rates for the modern equivalent asset. • Estimating the remaining useful life of each asset.	My procedures included, but were not limited to: • assessing the reasonableness of the methods and accounting principles used in the cost approach and depreciation expense estimates • evaluating the qualifications, competence, capability and objectivity of the internal subject matter experts involved in developing and approving internally generated unit rates • examining a sample of the input data used in the unit pricing model for relevance, completeness and accuracy • examining a sample of unit rates and evaluating the reasonableness of key assumptions and relevance, completeness, and accuracy of supporting documentation • examining a sample of asset valuation movements since the last revaluation date and corroborating the changes with other available information • examining the reasonableness of the funding available used as input for the remaining useful lives and relevance of supporting documentation for the estimates • testing the mathematical accuracy of the infrastructure valuation and depreciation models.

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Recognition and measurement of service concession assets ($11.877 billion), borrowings – financial liabilities on service concession arrangements ($694.409 million) and other liabilities on service concession arrangement ($7.620 billion)

Refer to note 1 and note 15 in the financial report

Key audit matter	How my audit addressed the key audit matter
The adoption of AASB 1059 *Service Concession Arrangements: Grantors* has significantly impacted the reported financial position and performance. The new accounting standard involves a high degree of complexity and certain key assumptions that require significant management judgement including the following: • Assessing if an arrangement is within the scope of AASB 1059 including judgements about whether the operator is providing a public service and whether the operator manages at least some of those services under its own discretion. • Estimating the recognition and measurement of the service concession asset at current replacement cost in accordance with the cost approach described in AASB 13 *Fair Value Measurement:* - componentising the assets into the significant parts that have different useful lives - classifying assets into categories that have similar replacement costs - estimating the gross replacement cost for each combination of component and asset category to develop unit rates for the modern equivalent asset - estimating the remaining useful life of each asset. • Classifying and measuring the service concession liabilities as a financial liability or unearned revenue depending on how the operator is compensated.	My procedures included, but were not limited to: • assessing the appropriateness of management's implementation process and compliance with AASB 1059 • assessing the determination and completeness of arrangements within the scope of the new standard by inquiring with management and inspecting contractual documents • assessing the appropriateness of the recognition and accounting measurement principles used to determine the value and classification of service concession assets, unearned revenue and financial liabilities on service concession arrangements • evaluating the qualifications, competence, capability and objectivity of the internal and external subject matter experts involved in developing the current replacement cost valuations for service concession assets • examining the measurement estimates of service concession assets, unearned revenue and financial liabilities on service concession arrangements and evaluating a sample of supporting documentation for reasonableness, relevance, completeness and accuracy. • testing the mathematical accuracy of the models used to calculate the service concession assets, unearned revenue estimates and financial liabilities including depreciation, interest and service payments.

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Responsibilities of the department for the financial report

The Accountable Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019* and Australian Accounting Standards, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Accountable Officer is also responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the department or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. This is not done for the purpose of expressing an opinion on the effectiveness of the department's internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the department.
- Conclude on the appropriateness of the department's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the department to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Accountable Officer, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2021:

a) I received all the information and explanations I required.

b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and *the Financial and Performance Management Standard 2019*. The applicable requirements include those for keeping financial records that correctly record and explain the department's transactions and account balances to enable the preparation of a true and fair financial report.

30 August 2021

Vaughan Stemmett
as delegate of the Auditor-General

Queensland Audit Office
Brisbane