Financial Statements 2014–15

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Foreword

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

Capital Hill Building
85 George Street
Brisbane Qld 4000

The Department of Transport and Main Roads' financial statements cover the department and its controlled entities, and contain the following:

- Statement of comprehensive income
- Statement of financial position
- Statement of changes in equity
- Statement of cash flows
- Statement of comprehensive income by major departmental services
- Statement of assets and liabilities by major departmental services
- Notes to and forming part of the financial statements
- Management certificate.

A description of the nature of the department's operations and its principal activities is disclosed in Note 1.

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

- contact Manager (Financial Reporting) on 07 3066 6021 or
- visit the Department of Transport and Main Roads website at www.tmr.qld.gov.au

Statement of comprehensive income
for the year ended 30 June 2015

	Notes	2015 $'000	2014 $'000
Income from continuing operations			
Appropriation revenue	2	4,605,226	4,538,418
User charges and fees	3	808,362	746,690
Grants and other contributions	4	471,286	2,077,449
Other revenue		28,669	16,532
Total revenue		**5,913,543**	**7,379,089**
Gains on disposal/remeasurement of assets	5	71,244	24,490
Total income from continuing operations		**5,984,787**	**7,403,579**
Expenses from continuing operations			
Employee expenses	6	466,368	471,066
Supplies and services	8	3,202,602	3,199,649
Grants and subsidies	9	1,057,443	429,816
Depreciation and amortisation	15, 16	1,199,026	1,190,267
Decommissioned and disposed assets expense	10	342,696	176,999
Revaluation decrements	16	1,707,073	300
Impairment losses	30	-	4,831
Finance and borrowing costs	11	90,311	64,598
Other expenses	12	12,911	13,768
Total expenses from continuing operations		**8,078,430**	**5,551,294**
Operating result from continuing operations before income tax equivalent expense		**(2,093,643)**	**1,852,285**
Income tax equivalent expense	23	6,785	17,166
Operating result for the year		**(2,100,428)**	**1,835,119**
Other comprehensive income not reclassified subsequently to operating result			
Increase/(decrease) in asset revaluation surplus		(2,041,670)	(169,622)
Total other comprehensive income		**(2,041,670)**	**(169,622)**
Total comprehensive income		**(4,142,098)**	**1,665,497**

The accompanying notes form part of these statements.

Statement of financial position
as at 30 June 2015

	Notes	2015 $'000	2014 $'000	As at 1 July 2013 restated * $'000
Assets				
Current assets				
Cash		224,109	407,861	7,901
Receivables	13	200,802	128,063	593,288
Inventories		10,277	17,298	17,539
Prepayments	14	23,855	377,616	284,784
Non-current assets classified as held for sale		9,042	34,525	10,114
Total current assets		**468,085**	**965,363**	**913,626**
Non-current assets				
Prepayments	14	1,808	1,407	1,080
Other financial assets	29	601	601	601
Intangible assets	15	84,763	116,252	124,676
Property, plant and equipment	16	54,488,756	57,149,856	55,037,758
Deferred tax assets	23	7,165	4,760	5,088
Total non-current assets		**54,583,093**	**57,272,876**	**55,169,203**
Total assets		**55,051,178**	**58,238,239**	**56,082,829**
Liabilities				
Current liabilities				
Payables	17	468,518	721,247	986,280
Interest bearing liabilities	18	89,916	74,486	72,875
Provisions	19	200,172	198,568	77,994
Accrued employee benefits	20	29,190	27,931	25,101
Unearned revenue	21	43,412	35,209	32,923
Current tax liabilities	23	-	1,716	12,864
Other	22	28,039	21,946	16,422
Total current liabilities		**859,247**	**1,081,103**	**1,224,459**
Non-current liabilities				
Interest bearing liabilities	18	1,136,059	877,402	949,553
Provisions	19	80,939	94,373	239,730
Accrued employee benefits	20	4,983	4,782	5,932
Other	22	106	339	493
Total non-current liabilities		**1,222,087**	**976,896**	**1,195,708**
Total liabilities		**2,081,334**	**2,057,999**	**2,420,167**
Net assets		**52,969,844**	**56,180,240**	**53,662,662**
Equity				
Contributed equity		53,793,184	52,861,482	52,009,401
Accumulated surplus/(deficit)		(838,501)	1,261,927	(573,192)
Asset revaluation surplus		15,161	2,056,831	2,226,453
Total equity		**52,969,844**	**56,180,240**	**53,662,662**

* The department has restated Property, plant and equipment and Accumulated surplus/(deficit) amounts due to the events outlined in Note 34. As a result a third Statement of financial position has been presented in accordance with AASB 101*Presentation of Financial Statements* .

The accompanying notes form part of these statements.

Statement of changes in equity
for the year ended 30 June 2015

	2015 $'000	2014 $'000
Contributed equity		
Opening balance	52,861,482	52,009,401
Transactions with owners as owners:		
Appropriated equity injections. Refer to Note 2.	1,029,042	901,327
Net asset transfer from/(to) other agencies	(62,430)	(37,482)
Net assets received/(transferred) via Machinery-of-Government changes. Refer to Note 1(c).	(34,910)	(11,764)
Closing balance	**53,793,184**	**52,861,482**
Accumulated surplus/(deficit)		
Opening balance	1,261,927	(573,192)
Operating result	(2,100,428)	1,835,119
Closing balance	**(838,501)**	**1,261,927**
Asset revaluation surplus		
Opening balance	2,056,831	2,226,453
Increase/(decrease) in asset revaluation surplus. Refer to Note 16.	(2,041,670)	(169,622)
Closing balance *	**15,161**	**2,056,831**
Total equity	**52,969,844**	**56,180,240**

* The 2015 closing balance comprises buildings of $14.485m and heritage and cultural of $0.676m.

The accompanying notes form part of these statements.

Statement of cash flows
for the year ended 30 June 2015

	Notes	2015 $'000	2014 $'000
Cash flows from operating activities			
Inflows:			
Services appropriation receipts		4,527,872	4,970,483
User charges and fees		858,340	769,114
Grants and other contributions		401,997	2,034,689
GST input tax credits from ATO		664,303	739,348
GST collected from customers		105,064	257,486
Other		28,888	15,285
Outflows:			
Employee expenses		(468,267)	(460,023)
Supplies and services		(3,295,830)	(3,377,470)
Grants and subsidies		(485,253)	(460,906)
Finance and borrowing costs		(90,422)	(64,800)
GST paid to suppliers		(640,294)	(716,413)
GST remitted to ATO		(162,521)	(239,519)
Income tax equivalent paid		(11,478)	(27,986)
Other		(12,910)	(14,142)
Net cash provided by/(used in) operating activities	24	**1,419,489**	**3,425,146**
Cash flows from investing activities			
Inflows:			
Sales of property, plant and equipment		79,001	78,382
Investments redeemed		-	9,240
Outflows:			
Payments for property, plant and equipment		(2,616,360)	(3,836,800)
Payments for intangibles		(11,697)	(16,862)
Net cash provided by/(used in) investing activities		**(2,549,056)**	**(3,766,040)**
Cash flows from financing activities			
Inflows:			
Equity injections		1,849,329	1,640,484
Outflows:			
Equity withdrawals		(818,166)	(818,166)
Borrowing redemptions		(74,391)	(70,338)
Finance lease payments		(7,866)	-
Machinery-of-Government transfers		(3,091)	(11,126)
Net cash provided by/(used in) financing activities		**945,815**	**740,854**
Net increase/(decrease) in cash		(183,752)	399,960
Cash at beginning of financial year		407,861	7,901
Cash at end of financial year		**224,109**	**407,861**

The accompanying notes form part of these statements.

Statement of comprehensive income by major departmental services
for the year ended 30 June 2015

	Transport system investment planning and programming		Transport infrastructure management and delivery		Transport safety, regulation and customer service		Passenger transport services		RoadTek		Inter-departmental services eliminations		Total	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Income from continuing operations														
Appropriation revenue	157,679	187,849	1,891,122	1,893,377	192,559	165,379	2,363,866	2,291,813	-	-	-	-	**4,605,226**	**4,538,418**
User charges and fees	45,501	43,747	111,655	79,960	205,024	185,594	409,868	406,839	537,285	749,632	(500,971)	(719,082)	**808,362**	**746,690**
Grants and other contributions	66	98	412,950	2,039,365	9,728	168	48,504	37,797	38	21	-	-	**471,286**	**2,077,449**
Other revenue	108	1,828	58,887	76,191	3,680	1,428	754	805	3,418	3,224	(38,178)	(66,944)	**28,669**	**16,532**
Total revenue	**203,354**	**233,522**	**2,474,614**	**4,088,893**	**410,991**	**352,569**	**2,822,992**	**2,737,254**	**540,741**	**752,877**	**(539,149)**	**(786,026)**	**5,913,543**	**7,379,089**
Gains on disposal/remeasurement of assets	14,101	8,637	54,127	14,510	181	69	1,186	262	1,649	1,012	-	-	**71,244**	**24,490**
Total income from continuing operations	**217,455**	**242,159**	**2,528,741**	**4,103,403**	**411,172**	**352,638**	**2,824,178**	**2,737,516**	**542,390**	**753,889**	**(539,149)**	**(786,026)**	**5,984,787**	**7,403,579**
Expenses from continuing operations														
Employee expenses	56,659	62,322	137,880	122,281	175,240	183,026	79,620	92,099	108,848	127,345	(91,879)	(116,007)	**466,368**	**471,066**
Supplies and services	146,849	159,790	573,515	584,816	157,441	149,844	2,352,690	2,365,125	381,415	544,899	(409,308)	(604,825)	**3,202,602**	**3,199,649**
Grants and subsidies	7,810	9,780	673,899	180,475	55,676	2,394	320,058	237,167	-	-	-	-	**1,057,443**	**429,816**
Depreciation and amortisation	4,943	6,029	1,126,979	1,114,676	9,858	10,111	37,165	40,804	20,081	18,647	-	-	**1,199,026**	**1,190,267**
Decommissioned and disposed assets expense	2,673	3,357	332,348	170,527	3,141	125	2,705	784	1,829	2,206	-	-	**342,696**	**176,999**
Revaluation decrements	-	13	1,707,073	122	-	19	-	149	-	(3)	-	-	**1,707,073**	**300**
Impairment losses	(1,715)	532	(1,213)	4,144	2,908	9	(74)	(9)	(97)	155	191	-	**-**	**4,831**
Finance and borrowing costs	-	-	56,027	60,875	5,622	5,659	30,758	-	1,591	1,650	(3,687)	(3,586)	**90,311**	**64,598**
Other expenses	236	336	7,868	8,011	1,286	1,451	1,256	1,397	36,731	64,181	(34,466)	(61,608)	**12,911**	**13,768**
Total expenses from continuing operations	**217,455**	**242,159**	**4,614,376**	**2,245,927**	**411,172**	**352,638**	**2,824,178**	**2,737,516**	**550,398**	**759,080**	**(539,149)**	**(786,026)**	**8,078,430**	**5,551,294**
Operating result from continuing operations before income tax equivalent expense	**-**	**-**	**(2,085,635)**	**1,857,476**	**-**	**-**	**-**	**-**	**(8,008)**	**(5,191)**	**-**	**-**	**(2,093,643)**	**1,852,285**
Income tax equivalent expense	-	-	-	-	-	-	-	-	6,785	17,166	-	-	**6,785**	**17,166**
Operating result for the year	**-**	**-**	**(2,085,635)**	**1,857,476**	**-**	**-**	**-**	**-**	**(14,793)**	**(22,357)**	**-**	**-**	**(2,100,428)**	**1,835,119**
Other comprehensive income not reclassified subsequently to operating result														
Increase/(decrease) in asset revaluation surplus	-	-	(2,041,670)	(169,622)	-	-	-	-	-	-	-	-	**(2,041,670)**	**(169,622)**
Total other comprehensive income	**-**	**-**	**(2,041,670)**	**(169,622)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,041,670)**	**(169,622)**
Total comprehensive income	**-**	**-**	**(4,127,305)**	**1,687,854**	**-**	**-**	**-**	**-**	**(14,793)**	**(22,357)**	**-**	**-**	**(4,142,098)**	**1,665,497**
Allocation of income and expenses from corporate services (disclosure only):														
Income	274	314	5,819	2,911	519	457	3,562	3,549	-	-	-	-	**10,174**	**7,231**
Expenses	13,056	11,068	277,041	102,651	24,686	16,117	169,560	125,119	-	-	-	-	**484,343**	**254,955**

Statement of assets and liabilities by major departmental services
as at 30 June 2015

	Transport system investment planning and programming		Transport infrastructure management and delivery		Transport safety, regulation and customer service		Passenger transport services		RoadTek		Inter-departmental services eliminations		Total	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Assets														
Current assets														
Cash	7,116	20,787	25,123	66,824	11,665	31,241	85,001	229,746	95,204	59,263	-	-	**224,109**	**407,861**
Receivables	7,463	2,144	95,337	103,064	35,690	8,787	75,017	20,911	48,769	87,844	(61,474)	(94,687)	**200,802**	**128,063**
Inventories	16	36	800	3,461	443	1,187	3,455	3,347	14,242	36,686	(8,679)	(27,419)	**10,277**	**17,298**
Prepayments	292	264	14,850	369,648	3,621	3,169	4,334	3,709	758	826	-	-	**23,855**	**377,616**
Non-current assets classified as held for sale	9,042	34,525	-	-	-	-	-	-	-	-	-	-	**9,042**	**34,525**
Total current assets	**23,929**	**57,756**	**136,110**	**542,997**	**51,419**	**44,384**	**167,807**	**257,713**	**158,973**	**184,619**	**(70,153)**	**(122,106)**	**468,085**	**965,363**
Non-current assets														
Prepayments	38	30	1,211	944	70	52	489	381	-	-	-	-	**1,808**	**1,407**
Other financial assets	-	-	601	601	-	-	-	-	-	-	-	-	**601**	**601**
Intangible assets	36,344	33,673	2,900	2,889	25,055	19,661	20,464	60,029	-	-	-	-	**84,763**	**116,252**
Property, plant and equipment	221,120	339,121	53,786,584	56,220,515	219,742	245,188	201,634	263,491	59,676	81,541	-	-	**54,488,756**	**57,149,856**
Deferred tax assets	-	-	-	-	-	-	-	-	7,165	4,760	-	-	**7,165**	**4,760**
Total non-current assets	**257,502**	**372,824**	**53,791,296**	**56,224,949**	**244,867**	**264,901**	**222,587**	**323,901**	**66,841**	**86,301**	**-**	**-**	**54,583,093**	**57,272,876**
Total assets	**281,431**	**430,580**	**53,927,406**	**56,767,946**	**296,286**	**309,285**	**390,394**	**581,614**	**225,814**	**270,920**	**(70,153)**	**(122,106)**	**55,051,178**	**58,238,239**
Liabilities														
Current liabilities														
Payables	21,485	38,098	84,924	142,508	23,186	36,003	343,854	562,966	46,222	44,778	(51,153)	(103,106)	**468,518**	**721,247**
Interest bearing liabilities	1,030	967	78,661	73,519	-	-	10,225	-	19,000	19,000	(19,000)	(19,000)	**89,916**	**74,486**
Provisions	-	-	200,172	198,568	-	-	-	-	-	-	-	-	**200,172**	**198,568**
Accrued employee benefits	3,109	3,155	7,567	6,130	9,616	9,260	4,369	4,700	4,529	4,686	-	-	**29,190**	**27,931**
Unearned revenue	268	286	6,779	2,812	15	6	36,238	32,105	112	-	-	-	**43,412**	**35,209**
Current tax liabilities	-	-	-	-	-	-	-	-	-	1,716	-	-	**-**	**1,716**
Other	-	-	-	-	-	-	28,039	21,946	-	-	-	-	**28,039**	**21,946**
Total current liabilities	**25,892**	**42,506**	**378,103**	**423,537**	**32,817**	**45,269**	**422,725**	**621,717**	**69,863**	**70,180**	**(70,153)**	**(122,106)**	**859,247**	**1,081,103**
Non-current liabilities														
Interest bearing liabilities	93,318	94,349	704,377	783,053	-	-	338,364	-	-	-	-	-	**1,136,059**	**877,402**
Provisions	-	-	80,939	94,373	-	-	-	-	-	-	-	-	**80,939**	**94,373**
Accrued employee benefits	628	649	1,529	1,261	1,943	1,905	883	967	-	-	-	-	**4,983**	**4,782**
Other	-	-	-	-	-	-	106	339	-	-	-	-	**106**	**339**
Total non-current liabilities	**93,946**	**94,998**	**786,845**	**878,687**	**1,943**	**1,905**	**339,353**	**1,306**	**-**	**-**	**-**	**-**	**1,222,087**	**976,896**
Total liabilities	**119,838**	**137,504**	**1,164,948**	**1,302,224**	**34,760**	**47,174**	**762,078**	**623,023**	**69,863**	**70,180**	**(70,153)**	**(122,106)**	**2,081,334**	**2,057,999**

Notes to and forming part of the financial statements 2014–15

1 Summary of significant accounting policies

(a) Statement of compliance

The department has prepared these financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009*.

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

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

(b) The reporting entity

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

The department's controlled entity, Transmax Pty Ltd, is considered not to be material and is not consolidated in these financial statements. Refer to Note 29.

The objectives of the department are:
- putting the customer at the centre of all we do
- delivering a fit-for-purpose transport network
- partnering with government, industry and the community
- living One TMR – enabling people to do their best.

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 develop policy frameworks for the future development of the transport system and to plan and prioritise strategic investment in effective, efficient and sustainable integrated transport infrastructure, systems and services.

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

Transport safety, regulation and customer service
The objective of this service area is to improve customer service and to manage and regulate the transport system safely, economically and sustainably and without imposing unnecessary red tape.

Passenger transport services
The objective of this service area is to lead and shape Queensland's overall passenger transport system.

RoadTek
RoadTek is a major provider of transport infrastructure solutions primarily through regional and remote areas of Queensland, with civil construction and engineering services, structures management, electrical construction and maintenance, fleet management and related services.

(c) Machinery-of-Government changes

Department of Housing and Public Works
As part of the Government Employee Housing Centralisation Project, assets were transferred from the department to the Department of Housing and Public Works effective from 1 July 2014, to the value of $31.819m.

The decrease in assets has been accounted for as an adjustment to contributed equity as disclosed in the Statement of changes in equity.

Gold Coast Waterways Authority
As a result of a Machinery-of-Government change in December 2012, cash of $3.091m was transferred from the department to the Gold Coast Waterways Authority during 2014–15.

Queensland Rail
As a result of the Public Service Departmental Arrangements Notice (No.4) 2014, the Queensland Rail Fines and Investigations Unit was transferred to the department including seven employees, effective from 24 November 2014.

(d) Administered transactions and balances

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

Administered transactions and balances are disclosed in Note 31.

Notes to and forming part of the financial statements 2014–15 (continued)

(e) Trust transactions and balances

The department performs certain agency and trust transactions and acts only in a custodial role for these transactions and balances.

These transactions and balances are not material and are not disclosed in the financial statements.

(f) Revenue

Appropriation revenue for services
Appropriations provided under the *Appropriation Act* are recognised as revenue when received.

User charges, fees and fines
User charges, fees and fines are recognised as revenues when the revenue is earned and can be measured reliably with a sufficient degree of certainty.

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

Contributed assets and services are recognised at their fair value.

(g) Cash

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.

(h) Receivables

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

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

All known bad debts were written off as at 30 June. Changes in the allowance for impairment are based on loss events as disclosed in Note 30.

The department recognises an administered receivable for the balance of Penalty Infringement Notices and Traffic Offence Notices outstanding at 30 June. If the ticket is not paid within 56 days, the debt is transferred to Queensland Treasury and is not reported in the financial statements.

(i) 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.

(j) Acquisitions of assets

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

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

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.

(k) Intangibles

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.

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

(l) Property, plant and equipment

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

• Land	$1
• Buildings	$10,000
• Heritage and cultural	$5000
• Plant and equipment	$5000
• Infrastructure	$10,000

Notes to and forming part of the financial statements 2014–15 (continued)

The threshold for assets subject to a finance lease varies dependent on the property, plant and equipment class components contained within the lease.

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

Land under roads
The aggregate value of land under roads is measured and disclosed in Note 16 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 Natural Resources and Mines, in accordance with Queensland Government policy.

Infrastructure assets
The department's infrastructure assets consist of the following components:

- Roads – includes surfacing, pavements and formation earthworks
- Structures – includes bridges, tunnels and major culverts
- Other – mainly includes navigation channels, breakwaters, revetments, jetties, pontoons and boat ramps.

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

(m) Amortisation of intangibles and depreciation of property, plant and equipment

For each class of asset, other than infrastructure assets, the following depreciation and amortisation rates are used:

Class	Depreciation/ amortisation method	Depreciation/ amortisation (range in years)
Intangibles – purchased	Straight-line	2 - 15
Intangibles – internally generated	Straight-line	2 - 23
Intangibles – other	Straight-line Not depreciated	12 Indefinite life
Land	Not depreciated	Indefinite life
Buildings	Straight-line	3 - 100
Heritage and cultural	Cultural and preservation policies – not depreciated	Indefinite life
Plant and equipment	Straight-line	1 - 50

Property, plant and equipment subject to a finance lease is depreciated on a straight line basis over the expected useful life of the asset.

Assets under construction (work in progress) are not depreciated until they reach service delivery capacity, which is when construction is complete and the asset is ready for use as intended by management.

Where complex assets have significant separately identifiable components with different service lives that are subject to regular replacement, these components are assigned useful lives and are depreciated accordingly.

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

Component	Sub-component	Depreciation method	Depreciation (range in years)
Roads	Surfaces	Straight-line	2 - 40
	Formation earthworks	Not depreciated	Indefinite life
	Formation earthworks	Straight-line	20.5 - 71.5
	Pavements	Equivalent Standard Axle (ESA) growth rate over time	6 - 53
Structures	–	Straight-line	20 - 100
Other	–	Straight-line	2 - 110

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

(n) Revaluation of property, plant and equipment

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

Land, buildings, heritage and cultural and infrastructure assets are measured and reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent 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 and infrastructure assets are independently valued on an annual basis. Land and building assets are assessed by qualified valuers at least once every five years with appropriate indices being applied in the intervening years.

Notes to and forming part of the financial statements 2014–15 (continued)

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that class.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Infrastructure – roads and structures
Infrastructure assets are measured at depreciated current replacement cost based on a greenfield construction site for the road network. A greenfield construction for valuation purposes includes removal of existing infrastructure assuming no main road is in the corridor.

For valuation purposes, it is assumed that all road sections and structures in the infrastructure network would be replaced with the modern equivalent, adjusted for changes in utility and production capacity, if the department was required to replace them.

The valuation methodology, which is under review to ensure it continues to align with best practice, is a resource-based assessment using a series of road stereotypes that identify road types, terrain, climate, and soil type. These road stereotypes are then priced by commercial estimating firm Aquenta Consulting Pty Ltd for raw materials, cost of construction processes and other construction inputs using current market rates.

These unit rates, including underlying assumptions and specific details contained in the stereotypes, are ratified annually by an expert panel consisting of a cross-section of engineers and staff from a range of disciplines across the department in conjunction with Aquenta Consulting Pty Ltd.

Note 16 further explains the processes and assumptions related to infrastructure valuation.

(o) 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.

In accordance with AASB 13 *Fair Value Measurement* and Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector,* the department's asset classes held at fair value are categorised as follows:

- Land – level 2
- Buildings – level 3
- Heritage and cultural – level 3
- Infrastructure – level 3.

Note 16 further explains the inputs and assumptions used in assessing fair value.

(p) Leases

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

Where a non-current physical asset is acquired by means of a finance lease, the asset is recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Lease payments are allocated between the principal component of the lease liability and the interest expense.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred.

Incentives received on entering into operating leases are recognised as liabilities.

(q) Payables

Trade creditors are recognised on receipt of the goods or services ordered and are measured at the agreed purchase or contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 28 day terms, with the exception of payments to bus operators which the department is contractually required to pay by the fifteenth day of the month.

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

(r) Financial instruments

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

Notes to and forming part of the financial statements 2014–15 (continued)

Classification
Financial instruments are classified and measured as follows:

- Cash – held at fair value
- Receivables – held at amortised cost
- Shares – held at cost
- Accrued employee benefits – held at amortised cost
- Payables – held at amortised cost
- Borrowings – held at amortised cost.

Borrowings are initially recognised at fair value, plus any transaction costs directly attributable to the borrowings, and then subsequently held at amortised cost using the effective interest rate.

(s) Employee benefits

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.

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.

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.

Resignation benefit
Employees employed under the *Civil Construction, Operations and Maintenance General Award - State 2003* are entitled to a pro-rata benefit not exceeding eight weeks of their wage on resignation from the department.

Superannuation
Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. The department's obligation is limited to its contribution to QSuper.

No liability is recognised for accruing superannuation benefits in these financial statements. The liability is held on a whole-of-government basis and is reported by Queensland Treasury.

(t) Provisions

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

(u) Financing and borrowing costs

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

No borrowing costs are capitalised into qualifying assets.

(v) Insurance

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 is proportionally covered through the Australian Government's Natural Disaster Relief and Recovery Arrangements.

The department insures its open tender road construction contract activities for both material damage and product liability 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, superintendents and sub-contractors.

Most of the department's other non-current physical assets and risks are insured through the Queensland Government Insurance Fund. Premiums are paid on a risk assessment basis. 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.

(w) Contributed equity

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

Notes to and forming part of the financial statements 2014–15 (continued)

(x) Taxation

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

Effective 1 July 2014 the department, with the exception of the RoadTek commercialised business unit, is no longer subject to payroll tax.

RoadTek, is subject to the requirements of the National Tax Equivalents Regime (NTER). The liability for income tax equivalents under NTER is calculated substantially on the same basis as a corporate tax payer.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities.

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.

(y) 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 1(m) Amortisation of intangibles and depreciation of property, plant and equipment
- Note 1(n) Revaluation of property, plant and equipment
- Note 1(o) Fair value measurement
- Note 16 Property, plant and equipment
- Note 19 Provisions
- Note 28 Contingencies.

(z) 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.

(aa) New and revised accounting standards

Effective for the first time in 2014–15

At reporting date all new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to the department and effective for the current reporting period have been adopted.

In 2014–15 AASB 1055 *Budgetary Reporting* has been applied for the first time. All other accounting policies are consistent with those applied in the previous financial year.

AASB 1055 specifies budgetary disclosure requirements for the whole-of-government General Government Sector (GGS), and not-for-profit entities within the GGS.

In response to this new standard, the department has included in these financial statements a new note, Budgetary reporting. Refer to Note 33. This note discloses the department's original published budgeted figures for 2014–15 compared to actual results, with explanations of major variances, in respect of the department's Statement of comprehensive income, Statement of financial position and Statement of cash flows. It also includes a comparison between the original published budgeted figures for 2014–15 compared to actual results, and explanations of major variances, in respect of the department’s major classes of administered income, expenses, assets and liabilities.

No other new standards and interpretations are expected to have a material impact on the department’s financial statements.

New Australian Accounting Standards issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet effective, have not been adopted by the department for the financial reporting period 30 June 2015 in accordance with Queensland Treasury mandated policy. The department is continuing its assessment of the impact of these pronouncements on the financial statements.

Notes to and forming part of the financial statements 2014–15 (continued)

	2015 $'000	2014 $'000
2 Reconciliation of payments from Consolidated Fund		
Reconciliation of payments from Consolidated Fund to appropriation revenue recognised in Statement of comprehensive income		
Budgeted appropriation revenue	4,619,043	4,571,990
Transfers from/(to) other headings - variation in headings	-	396,262
Lapsed appropriation revenue	(91,171)	-
Unforeseen expenditure	-	2,231
Total appropriation receipts	4,527,872	4,970,483
Less: Opening balance of appropriation revenue receivable	(29,790)	(461,855)
Plus: Closing balance of appropriation revenue receivable	107,144	29,790
Appropriation revenue recognised in Statement of comprehensive income	**4,605,226**	**4,538,418**
Reconciliation of payments from Consolidated Fund to equity adjustment recognised in contributed equity		
Budgeted equity adjustment appropriation	1,683,438	1,141,580
Transfers from/(to) other headings - variation in headings	-	(319,262)
Lapsed equity adjustment	(652,275)	-
Equity adjustment receipts	1,031,163	822,318
Plus: Opening balance of equity adjustment payable	-	79,009
Less: Closing balance of equity adjustment payable	(2,121)	-
Equity adjustment recognised in contributed equity	**1,029,042**	**901,327**

3 User charges and fees

	2015 $'000	2014 $'000
Compulsory third party administration fees	30,463	30,053
Fare revenue	379,313	373,648
Merchant fees collected	3,864	3,503
Personalised plates sales	37,131	34,976
Pilotage	77,938	77,177
Property rental	34,440	32,825
Recoverable works	94,546	47,233
Registration fee surcharge	17,809	15,701
Services rendered *	103,870	99,426
Other	28,988	32,148
Total	**808,362**	**746,690**

* Services rendered includes construction contract revenue of $25.296m (2014: $1.577m).

4 Grants and other contributions

	2015 $'000	2014 $'000
Goods, services and assets received at below fair value	69,289	42,759
Grants from Queensland Reconstruction Authority *	352,709	1,996,557
Subsidies from Department of Education and Training for students with disabilities	38,647	36,312
Other	10,641	1,821
Total	**471,286**	**2,077,449**

* Non-reciprocal grants received from the Queensland Reconstruction Authority (QRA) are for the rebuilding of transport infrastructure following natural disasters under the Natural Disaster Relief and Recovery Arrangements (NDRRA). The grants have been recognised in their entirety upon receipt as the department has met the grant agreements' conditions.

Notes to and forming part of the financial statements 2014–15 (continued)

5 Gains on disposal/remeasurement of assets

	2015 $'000	2014 $'000
Gains on disposal - property, plant and equipment	16,167	10,213
Gains on disposal - investments redeemed	-	9,240
Revaluation decrement reversals - property, plant and equipment	55,077	5,037
Total	**71,244**	**24,490**

6 Employee expenses

	2015 $'000	2014 $'000
Employee benefits		
Annual leave levy	31,899	32,865
Employer superannuation contributions	44,232	41,678
Long service leave levy	8,035	7,772
Termination benefits	2,218	8,547
Wages and salaries	365,518	345,710
Other employee benefits	1,762	2,720
Employee related expenses		
Payroll tax	754	19,380
Workers' compensation premium	2,257	2,353
Other employee related expenses	9,693	10,041
Total	**466,368**	**471,066**

The department's total employee expenditure was $665.295m (2014: $701.251m). Of this $198.927m was capitalised to construction work in progress (2014: $230.185m).

The number of employees as at 30 June, including both full-time employees and part-time employees, measured on a full-time equivalent basis, reflecting Minimum Obligatory Human Resource Information (MOHRI), is:

	2015	2014
Number of employees	**6,891**	**6,857**

7 Key management personnel and remuneration expenses

(a) Key management personnel

The following details for key management personnel include those positions that form the department's Executive Leadership Team that had authority and responsibility for planning, directing and controlling the activities of the department during 2014–15. Further information on these positions can be found in the Annual Report under the section titled Governance. Effective from 12 November 2014, the department's Executive Leadership Team changed to exclude several positions.

(b) Remuneration expenses

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 and may provide for the provision of performance payments.

For the 2014–15 year, remuneration packages of key management personnel increased by 2.2% in accordance with government policy.

The following disclosures focus on the expenses incurred by the department during the reporting period, and are attributable to 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
  - performance payments recognised as an expense during the year
  - non-monetary benefits - may include provision of a motor vehicle and fringe benefits tax applicable to benefits.
- Long term employee expenses include amounts expensed in respect of long service leave entitlements earned.
- Post employment expenses include amounts expensed in respect of employer superannuation obligations.
- Termination benefits are not provided for within individual contracts of employment.

Notes to and forming part of the financial statements 2014–15 (continued)

7 Key management personnel and remuneration expenses (continued)

(b) Remuneration expenses (continued)

1 July 2014 – 30 June 2015

Position	• Contract classification • Appointment authority • Date appointed to position • Date exited from position	Short term employee expenses $'000	Long term and post employment expenses $'000	Termination benefits $'000	Total expenses $'000
Director-General	CEO Contract (CEO) *Public Service Act 2008* Appointed in January 2013 and reappointed in June 2015.	456	59	-	**515**
Deputy Director-General (Customer Services, Safety and Regulation)	SES Contract (SES4) *Public Service Act 2008* Appointed in October 2012	252	31	-	**283**
Deputy Director-General (Infrastructure Management and Delivery)	s.122 contract (SES4) *Public Service Act 2008* Appointed in June 2013 Exited in September 2014	48	6	239	**293**
	Higher duties (SES4) Commenced August 2014 SES Contract (SES4) *Public Service Act 2008* Appointed in May 2015	211	25	-	**236**
Deputy Director-General (Policy, Planning and Investment)	SES Contract (SES4) *Public Service Act 2008* Appointed in October 2013	252	31	-	**283**
Deputy Director-General (TransLink)	SES Contract (SES4) *Public Service Act 2008* Appointed in October 2013	325	35	-	**360**
Chief Operations Officer	s.122 contract (SES3) *Public Service Act 2008* Appointed in October 2013	223	24	-	**247**
Chief Finance Officer	s.122 contract (SES4) *Public Service Act 2008* Appointed in October 2009	252	31	-	**283**
The below positions are no longer members of the Executive Leadership Team (effective 12 November 2014)					
General Manager (Corporate Operations) (01.07.2014 – 12.11.2014)	SES contract (SES3) *Public Service Act 2008* Appointed in January 2014	96	12	-	**108**
Chief Information Officer (01.07.2014 – 12.11.2014)	s.122 contract (SES3) *Public Service Act 2008* Appointed in November 2013	80	8	-	**88**
General Manager (Strategy and Renewal) (01.07.2014 – 12.11.2014)	s.122 contract (SES3) *Public Service Act 2008* Appointed in October 2013	90	11	-	**101**

Notes to and forming part of the financial statements 2014–15 (continued)

7 Key management personnel and remuneration expenses (continued)

(b) Remuneration expenses (continued)

1 July 2013 – 30 June 2014

Position	• Contract classification • Appointment authority • Date appointed to position • Date exited from position	Short term employee expenses $'000	Long term and post employment expenses $'000	Termination benefits $'000	Total expenses $'000
Director-General	CEO Contract (CEO) *Public Service Act 2008* Appointed in January 2013	475	61	-	**536**
Deputy Director-General (Customer Services, Safety and Regulation)	SES Contract (SES4) *Public Service Act 2008* Appointed in October 2012	253	31	-	**284**
Deputy Director-General (Infrastructure Management and Delivery)	s.122 contract (SES4) *Public Service Act 2008* Appointed in June 2013	254	31	-	**285**
Deputy Director-General (Policy, Planning and Investment)	SES Contract (SES4) *Public Service Act 2008* Appointed in June 2013 Exited in November 2013	180	14	166	**360**
	SES Contract (SES4) *Public Service Act 2008* Appointed in October 2013	181	21	-	**202**
Deputy Director-General (TransLink)	Higher duties (SES4) Director-General *Public Service Act 2008* 01.07.2013 – 20.10.2013	81	10	-	**91**
	SES Contract (SES4) *Public Service Act 2008* Appointed in October 2013	214	22	-	**236**
Chief Operations Officer (28.10.2013 – 30.06.2014)	s.122 contract (SES3) *Public Service Act 2008* Appointed in October 2013	129	10	-	**139**
Chief Finance Officer (28.10.2013 – 30.06.2014)	s.122 contract (SES4) *Public Service Act 2008* Appointed in October 2009	167	22	-	**189**
Deputy Director-General (Corporate)	SES contract (SES4) *Public Service Act 2008* Appointed in October 2012 Exited in November 2013	113	12	295	**420**
General Manager (Corporate Operations) (28.10.2013 – 30.06.2014)	SES contract (SES3) *Public Service Act 2008* Appointed in January 2014	147	17	-	**164**
Chief Information Officer (28.10.2013 – 30.06.2014)	s.122 contract (SES3) *Public Service Act 2008* Appointed in November 2013	174	15	-	**189**
General Manager (Strategy and Renewal) (28.10.2013 – 30.06.2014)	s.122 contract (SES3) *Public Service Act 2008* Appointed in October 2013	146	15	-	**161**

Notes to and forming part of the financial statements 2014–15 (continued)

7 Key management personnel and remuneration expenses (continued)

(c) Performance payments

Remuneration for the Director-General includes a provision for a potential performance payment, however in accordance with the government's commitment to discontinue such payments, no payment will be made for the 2014–15 year. The remuneration package under the previous government for the Deputy Director-General (TransLink) includes a potential performance payment up to a maximum of $46,103. Approval was received in June 2015 to make a payment of $43,222 relating to the achievement of performance criteria during 2014–15. This payment will be reported in 2015–16.

The basis for performance bonuses expensed in the 2014–15 financial year is set out below:

Position	Amount	Date paid	Basis for payment
Deputy Director-General (TransLink)	$37,804	20.02.2015	This payment relates to the achievement of performance criteria during 2013–14.

The basis for performance bonuses expensed in the 2013–14 financial year is set out below:

Position	Amount	Date paid	Basis for payment
Deputy Director-General (TransLink)	$5,720	15.11.2013	This payment relates to the achievement of performance criteria during 2012–13.

8 Supplies and services

	2015 $'000	2014 $'000
Administration	46,282	45,709
Contractors	477,830	481,484
Information and communication technology	39,671	41,393
Operating lease rentals	66,082	66,575
Queensland Government services	24,190	29,149
Queensland Rail operator service charges	1,531,303	1,575,976
Other transport service operator charges	709,530	658,562
Repairs and maintenance	200,274	182,689
Travel	7,234	6,695
Utilities	45,956	41,986
Other	54,250	69,431
Total	**3,202,602**	**3,199,649**

The department's total supplies and services expenditure was $5.455b (2014: $6.815b). Of this $2.252b (2014: $3.615b) was capitalised to construction work in progress.

9 Grants and subsidies

	2015 $'000	2014 $'000
National Heavy Vehicle Regulator	38,530	6,886
Public transport	61,958	57,819
Resources transferred to third parties *	595,971	10,963
School transport	149,434	150,071
Transport Infrastructure Development Scheme (TIDS)	122,328	148,566
Transport infrastructure	88,645	53,978
Other	577	1,533
Total	**1,057,443**	**429,816**

* Included in 2015 is $556.712m related to work performed on City of Gold Coast and public utility provider assets as part of the construction of the Gold Coast Light Rail network.

Notes to and forming part of the financial statements 2014–15 (continued)

10 Decommissioned and disposed assets expense

	2015 $'000	2014 $'000
Capital projects costs written off *	47,180	94
Decommissioned infrastructure assets **	231,758	169,376
Losses on disposal of property, plant and equipment ***	63,471	7,529
Losses on disposal of intangible assets	287	-
Total	**342,696**	**176,999**

* Includes $37.154m for the discontinued underground bus and train project.

** Decommissioned infrastructure assets represents the value of road network components written off as a result of their renewal or replacement.

*** Includes $46.341m in 2015 for land under roads acquired prior to the implementation of AASB 1051 *Land Under Roads* and expensed in accordance with Queensland Treasury policy.

Infrastructure assets transferred to third parties are reported in Note 9.

11 Finance and borrowing costs

	2015 $'000	2014 $'000
Administration charges	949	1,014
Finance lease charges	30,758	-
Interest	58,604	63,584
Total	**90,311**	**64,598**

12 Other expenses

	2015 $'000	2014 $'000
External audit fees *	675	820
Fees, permits and other charges	587	802
Insurance premiums	9,021	9,065
Losses:		
Public monies	65	29
Public property	328	158
Special payments:		
Ex gratia payments	230	-
Court awarded damages	320	-
Compensation claims	1,031	1,538
Other	654	1,356
Total	**12,911**	**13,768**

* Total audit fees paid to the Queensland Audit Office relating to the 2014–15 financial statements are estimated to be $0.640m (2014: $0.642m).

13 Receivables

	2015 $'000	2014 $'000
Current		
Trade debtors	45,788	89,516
Less: Allowance for impairment loss	(6,032)	(7,985)
	39,756	81,531
GST input tax credits receivable	57,771	81,779
GST payable	(19,602)	(77,058)
	38,169	4,721
Annual leave reimbursements	11,653	8,418
Appropriation revenue receivable	107,144	29,790
Long service leave reimbursements	2,418	2,294
Other	1,662	1,309
	122,877	41,811
Total	**200,802**	**128,063**

Refer to Note 30(c) for an analysis of movements in the allowance for impairment loss.

Notes to and forming part of the financial statements 2014–15 (continued)

14 Prepayments

	2015 $'000	2014 $'000
Current		
Gold Coast Light Rail project lease arrangement	-	365,000
Insurance	9,802	2,963
Pilotage	2,575	2,549
Software and data agreements	10,149	6,204
Other	1,329	900
Total	**23,855**	**377,616**
Non-current		
Insurance	420	673
Software and data agreements	1,388	713
Other	-	21
Total	**1,808**	**1,407**

15 Intangible assets

	Software purchased 2015 $'000	Software internally generated * 2015 $'000	Software work in progress 2015 $'000	Other 2015 $'000	Total 2015 $'000
Gross value	17,365	258,396	11,203	4,386	**291,350**
Less: Accumulated amortisation	(11,929)	(194,356)	-	(302)	**(206,587)**
	5,436	**64,040**	**11,203**	**4,084**	**84,763**
Reconciliation					
Opening balance	4,564	90,694	16,907	4,087	**116,252**
Acquisitions (including upgrades)	100	94	11,506	-	**11,700**
Transfers from/(to) other entities	-	(5,365)	-	-	**(5,365)**
Transfers between classes	974	5,251	(6,225)	-	**-**
Transfers from/(to) property, plant and equipment	724	(458)	(10,762)	-	**(10,496)**
Disposals	-	(288)	-	-	**(288)**
Projects written off. Refer to Note 10.	-	-	(223)	-	**(223)**
Amortisation	(926)	(25,888)	-	(3)	**(26,817)**
Closing balance	**5,436**	**64,040**	**11,203**	**4,084**	**84,763**

	Software purchased 2014 $'000	Software internally generated * 2014 $'000	Software work in progress 2014 $'000	Other 2014 $'000	Total 2014 $'000
Gross value	15,693	259,996	16,907	4,386	**296,982**
Less: Accumulated amortisation	(11,129)	(169,302)	-	(299)	**(180,730)**
	4,564	**90,694**	**16,907**	**4,087**	**116,252**
Reconciliation					
Opening balance	5,263	104,726	14,257	430	**124,676**
Acquisitions (including upgrades)	123	-	16,739	-	**16,862**
Transfers between classes	385	8,174	(8,559)	-	**-**
Transfers from/(to) property, plant and equipment	70	1,531	(5,530)	3,672	**(257)**
Amortisation	(1,277)	(23,737)	-	(15)	**(25,029)**
Closing balance	**4,564**	**90,694**	**16,907**	**4,087**	**116,252**

* The department holds an internally generated software asset being the New Queensland Drivers Licence software that has a carrying amount of $37.500m (2014: $44.632m) and a remaining amortisation period of 6 years.

Notes to and forming part of the financial statements 2014–15 (continued)

16 Property, plant and equipment

	Land	Buildings	Heritage and cultural	Plant and equipment	Leased assets	Infrastructure*	Work in progress	Total
	2015 $'000	2015 $'000	2015 $'000	2015 $'000	2015 $'000	2015 $'000	2015 $'000	2015 $'000
Gross value	2,584,165	682,928	5,460	548,487	517,920	66,672,950	3,796,712	**74,808,622**
Less: Accumulated depreciation	-	(236,222)	-	(324,518)	(13,857)	(19,745,269)	-	**(20,319,866)**
	2,584,165	**446,706**	**5,460**	**223,969**	**504,063**	**46,927,681**	**3,796,712**	**54,488,756**
Reconciliation								
Opening balance	2,557,220	460,255	4,688	226,563	-	46,313,651	7,587,479	**57,149,856**
Acquisitions (including upgrades)	110,231	676	-	5,797	721,455	142	2,353,548	**3,191,849**
Assets received at below fair value. Refer to Note 4.	44,411	-	-	491	-	24,362	-	**69,264**
Transfers from/(to) other entities	(91,593)	(19,273)	-	15,598	-	-	6,384	**(88,884)**
Transfers between classes	-	17,262	-	27,195	99,355	5,949,248	(6,093,060)	**-**
Transfers from/(to) intangibles	-	-	-	11,220	-	-	(724)	**10,496**
Transfers from/(to) managed items	-	-	-	-	-	-	(24)	**(24)**
Disposals	(52,754)	(3,795)	-	(7,620)	-	(4,631)	-	**(68,800)**
Assets provided to third parties below fair value	(996)	-	-	(56)	(296,952)	(288,033)	(9,934)	**(595,971)**
Assets reclassified as held for sale	(34,440)	-	-	-	-	-	-	**(34,440)**
Projects written off. Refer to Note 10.	-	-	-	-	-	-	(46,957)	**(46,957)**
Decommissioned infrastructure assets. Refer to Note 10.	-	-	-	-	-	(231,758)	-	**(231,758)**
Revaluation decrement reversals recognised in operating result. Refer to Note 5.	52,086	2,895	96	-	-	-	-	**55,077**
Revaluation decrements expensed **	-	-	-	-	(5,938)	(1,701,135)	-	**(1,707,073)**
Net revaluation increments/(decrements) **	-	14,485	676	-	-	(2,056,831)	-	**(2,041,670)**
Depreciation	-	(25,799)	-	(55,219)	(13,857)	(1,077,334)	-	**(1,172,209)**
Closing balance	**2,584,165**	**446,706**	**5,460**	**223,969**	**504,063**	**46,927,681**	**3,796,712**	**54,488,756**

* Infrastructure consists of roads $36.605b, structures $10.106b and other infrastructure $0.217b.

** The revaluation decrements for infrastructure assets reflect certain capitalised costs for recently completed complex construction projects, shown above as work in progress assets transferred to infrastructure assets. These are not included in the department's criteria for estimating fair value under its valuation methodology. Refer to Note 1(n). Costs that do not satisfy the department's road stereotype criteria are revalued to nil.

Notes to and forming part of the financial statements 2014–15 (continued)

16 Property, plant and equipment (continued)

	Land 2014 $'000	Buildings 2014 $'000	Heritage and cultural 2014 $'000	Plant and equipment 2014 $'000	Infrastructure * 2014 $'000	Work in progress 2014 $'000	Total 2014 $'000
Gross value	2,557,220	702,076	4,688	531,069	66,692,103	7,587,479	**78,074,635**
Less: Accumulated depreciation	-	(241,821)	-	(304,506)	(20,378,452)	-	**(20,924,779)**
	2,557,220	**460,255**	**4,688**	**226,563**	**46,313,651**	**7,587,479**	**57,149,856**
Reconciliation							
Opening balance **	2,403,377	182,449	4,773	197,772	42,778,961	9,470,426	**55,037,758**
Acquisitions (including upgrades)	134,596	-	-	4,767	51	3,583,710	**3,723,124**
Assets received at below fair value. Refer to Note 4.	3,365	-	-	-	10,816	28,578	**42,759**
Transfers from/(to) other entities	(46,592)	(128)	-	(5,379)	(60)	9,110	**(43,049)**
Transfers between classes	141,531	310,222	-	77,950	4,972,679	(5,502,382)	**-**
Transfers from/(to) intangibles	(3,672)	-	-	5,530	-	(1,601)	**257**
Transfers from/(to) managed items	-	-	-	-	-	(268)	**(268)**
Disposals	(11,183)	(12,610)	-	(6,918)	(563)	-	**(31,274)**
Assets provided to third parties below fair value	(269)	(245)	(160)	(2)	(10,287)	-	**(10,963)**
Assets reclassified as held for sale	(68,895)	-	-	-	-	-	**(68,895)**
Projects written off. Refer to Note 10.	-	-	-	-	-	(94)	**(94)**
Decommissioned infrastructure assets. Refer to Note 10.	-	-	-	-	(169,376)	-	**(169,376)**
Revaluation decrement reversals recognised in operating result. Refer to Note 5.	4,962	-	75	-	-	-	**5,037**
Revaluation decrements expensed	-	(300)	-	-	-	-	**(300)**
Net revaluation increments/(decrements)	-	-	-	-	(169,622)	-	**(169,622)**
Depreciation	-	(19,133)	-	(47,157)	(1,098,948)	-	**(1,165,238)**
Closing balance	**2,557,220**	**460,255**	**4,688**	**226,563**	**46,313,651**	**7,587,479**	**57,149,856**

* Infrastructure consists of roads of $35.974b, structures of $10.150b and other infrastructure of $0.190b.

** Comparatives for infrastructure and work in progress have changed due to the events disclosed in Note 34.

Notes to and forming part of the financial statements 2014–15 (continued)

16 Property, plant and equipment (continued)

Land

The department's land was last revalued based on specific appraisals by the State Valuation Service effective June 2011. During 2014–15 the fair values were updated using appropriate indices obtained from the Department of Natural Resources and Mines - State Valuation Service.

The fair value of land assets is based on publicly available data on recent sales of land in nearby localities. In determining the fair values, adjustments were made to sales data to take into account the location of the department's land, it's size, shape, street/road frontage and access and any other significant restrictions.

Buildings

The department's buildings were last revalued based on specific appraisal by the State Valuation Service effective from June 2011.

Fair value was determined using a depreciated replacement cost approach. The depreciated replacement cost was based on a combination of internal records of the original cost of the specialised fitouts, adjusted for more contemporary design and construction approaches, and published construction rates for various standard components of buildings.

During 2014–15 the fair values of buildings were updated using an appropriate index obtained from the Queensland Government Statistician's Office. The index is based on the Australian Bureau of Statistics Engineering Construction: Queensland index which is the most appropriate to apply for the department's buildings.

Heritage and cultural

The department's heritage collection was subject to specific appraisal by Waterhouse Property in March 2015. 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 substantial adjustments made to take into account the items' heritage restrictions and characteristics.

The department’s artwork was revalued based on specific appraisal by MacAulay Partners in February 2015. 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.

Infrastructure

A full management valuation of the road infrastructure network asset as at 30 June 2015 was completed by suitably qualified and experienced departmental engineers and staff.

As detailed in Note 1(n) the valuation approach uses inputs that take into consideration climatic and environmental conditions for each location and are adjusted for contemporary technology and construction approaches. While the unit rates used as an input into the valuation are supported by market evidence (level 2 inputs), the other inputs such as road stereotypes (consisting of locality, climatic and environmental conditions), useful life and asset condition require extensive professional judgement. Variations in these level 3 inputs would not result in material changes in the reported fair value.

The department's marine infrastructure was last revalued in 2011 by APV Valuers and Asset Management. As with the road infrastructure network, there is no active market for such assets, and therefore the valuation approach used is depreciated replacement cost. APV used a costing database consisting of market derived component costs which includes raw materials and other costs of construction (level 2 inputs), and level 3 unobservable inputs being useful life, residual values and asset condition. The table below provides details of variations in these level 3 inputs and their impacts on fair value.

During 2014–15 the department assessed the need to revalue its marine infrastructure using indices obtained from Queensland Government Statistician's Office. As there was no material change in those indices since the last indexation, no revaluation was undertaken during the year.

Notes to and forming part of the financial statements 2014–15 (continued)

16 Property, plant and equipment (continued)

Level 3 significant valuation inputs and relationship to fair value

Description	Year	Fair value at 30 June $'000	Type and amount for significant level 3 inputs	Impact of alternative amounts for significant level 3 inputs
Buildings	2015	446,706	Remaining useful life (range 1 to 95 years)	An increase/decrease of 10% in remaining useful life would result in an estimated increase/decrease of the fair value by 0.5%. This change would be immaterial to the overall fair value of the department's property, plant and equipment.
			Cost per square metre (range $1,200 to $3,500)	An increase of 10% in cost per square metre to construct would result in an estimated increase in fair value of 15.06%. A decrease of 10% in cost per square metre to construct would result in an estimated decrease in fair value of 11.52%. This change would be immaterial to the overall fair value of the department's property, plant and equipment.
	2014	460,255	Remaining useful life (range 2 to 96 years)	An increase/decrease of 10% in remaining useful life would result in an estimated increase/decrease of the fair value by 0.5%. This change would be immaterial to the overall fair value of the department's property, plant and equipment.
			Cost per square metre (range $1,200 to $3,500)	An increase of 10% in cost per square metre to construct would result in an estimated increase in fair value of 14.32%. A decrease of 10% in cost per square metre to construct would result in an estimated decrease in fair value of 6.31%. This change would be immaterial to the overall fair value of the department's property, plant and equipment.
Heritage and cultural	2015	5,460	Estimate of cost to replace unique items with like items. Due to the unique nature of these assets, and despite some reliance on market information, there is an inherent reliance on the use of professional judgement by a suitably qualified valuer.	A change in all unobservable inputs may result in a material increase/decrease of the fair value, however due to the nature of these assets, a reliable alternative estimate is not able to be determined.
	2014	4,688		
Infrastructure	2015	46,927,681	Road stereotype (consisting of locality, climatic, environmental conditions). Most common - cost per kilometre $1,582,279.02 covering 38.54% of the network.*	A change in road stereotype cost per kilometre by a 10% increase would produce an estimated increase in fair value of 2.1%. A 10% decrease would produce an estimated decrease in fair value of 3.25% These changes would be immaterial to the overall fair value of the department's property, plant and equipment.
			Factors affecting depreciation rates: - Remaining useful life - Asset condition. Refer to Note 1(m).	A change in depreciation rates by an increase/decrease of 10% would produce an estimated increase/decrease in fair value of 3.7%. This change would be immaterial to the overall fair value of the department's property, plant and equipment.
	2014	46,313,651	Road stereotype (consisting of locality, climatic, environmental conditions). Most common - cost per kilometre $1,564,075.93 covering 38% of the network.*	A change in road stereotype cost per kilometre by an increase/decrease of 10% would produce an estimated increase/decrease in fair value of 2.7%. This change would be immaterial to the overall fair value of the department's property, plant and equipment.
			Factors affecting depreciation rates: - Remaining useful life - Asset condition. Refer to Note 1(m).	A change in depreciation rates by an increase/decrease of 10% would produce an estimated increase/decrease in fair value of 3.7%. This change would be immaterial to the overall fair value of the department's property, plant and equipment.

* The remainder of the network is covered by a large number of differing sterotypes and values which would be impractical to disclose.

Notes to and forming part of the financial statements 2014–15 (continued)

17 Payables

	2015 $'000	2014 $'000
Current		
Grants and subsidies payable	32,504	28,012
Trade creditors	427,473	685,059
Other	8,541	8,176
Total	**468,518**	**721,247**

18 Interest bearing liabilities

	2015 $'000	2014 $'000
Current		
Queensland Treasury Corporation borrowings	79,691	74,486
Lease liability	10,225	-
Total	**89,916**	**74,486**
Non-current		
Queensland Treasury Corporation borrowings	797,695	877,402
Lease liability	338,364	-
Total	**1,136,059**	**877,402**

Principal and interest repayments are made quarterly in arrears at rates ranging from 4.05% to 9.02% (2014: 4.04% to 9.02%) for fixed rate loans and 2.15% to 6.69% (2014: 2.69% to 6.66%) for floating rate loans. Repayment dates vary from 15 June 2016 to 25 June 2026.

The overdraft facility with the Queensland Treasury Corporation and the Commonwealth Bank of Australia was approved with a limit of $600m (2014: $600m). There is no interest charged on this overdraft facility.

Refer to Note 25 for lease information.

19 Provisions

	2015 $'000	2014 $'000
Current		
Property resumptions	199,422	198,568
Demolition costs	750	-
Total	**200,172**	**198,568**
Non-current		
Property resumptions	80,939	94,373
Total	**80,939**	**94,373**

Movements in provisions

	2015 $'000	2014 $'000
Current		
Opening balance	198,568	77,994
Restatement of provision	(5,257)	5,658
Additional provision recognised	21,723	43,204
Reduction in provision as a result of payments	(50,850)	(81,913)
Reclassification from/(to) non-current provision	35,988	153,625
Closing balance	**200,172**	**198,568**

Notes to and forming part of the financial statements 2014–15 (continued)

19 Provisions (continued)

Movements in provisions (continued)

	2015 $'000	2014 $'000
Non-current		
Opening balance	94,373	239,730
Restatement of provision	2,427	21,259
Additional provision recognised	32,944	12,308
Reduction in provision as a result of payments	(12,817)	(25,299)
Reclassification (to)/from current provision	(35,988)	(153,625)
Closing balance	**80,939**	**94,373**

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.

20 Accrued employee benefits

	2015 $'000	2014 $'000
Current		
Annual leave levy payable	15,166	14,900
Long service leave levy payable	3,008	2,988
Resignation benefit	447	487
Salaries and wages outstanding	9,922	7,901
Other	647	1,655
Total	**29,190**	**27,931**
Non-current		
Resignation benefit	4,983	4,782
Total	**4,983**	**4,782**

21 Unearned revenue

	2015 $'000	2014 $'000
Current		
Advance for work on the Moreton Bay Rail Link project	5,660	-
go card stored value *	35,438	30,866
Other	2,314	4,343
Total	**43,412**	**35,209**

* Represents unused *go* card balances which are recognised as revenue as the patron undertakes travel.

Notes to and forming part of the financial statements 2014–15 (continued)

22 Other liabilities

	2015 $'000	2014 $'000
Current		
go card deposits held	27,806	21,713
Lease incentives	233	233
Total	**28,039**	**21,946**
Non-current		
Lease incentives	106	339
Total	**106**	**339**

23 Income tax equivalents

(a) Income tax equivalent expense

	2015 $'000	2014 $'000
Current tax equivalents	12,819	19,599
Deferred tax equivalent expense/(income) relating to temporary differences	(865)	328
Under/(over) provision in previous years	(5,169)	(2,761)
Income tax equivalent expense attributable to profit from ordinary activities	**6,785**	**17,166**

(b) Numerical reconciliation of income tax equivalent expense to prima facie tax payable

	2015 $'000	2014 $'000
Accounting profit before tax	24,908	55,112
Prima facie tax at applicable rate of 30%	7,473	16,534
Adjustments for non-temporary differences and excluded temporary differences:		
Deductible expenses	(56)	-
Under/(over) provision in previous years	(632)	632
Income tax equivalent expense attributable to profit from ordinary activities	**6,785**	**17,166**

(c) Deferred tax equivalent expense/(income) included in income tax equivalent expense comprises:

	2015 $'000	2014 $'000
Deferred tax assets opening balance	4,760	5,088
Increase/(decrease) in deferred tax assets	2,405	(328)
Deferred tax assets at 30 June	**7,165**	**4,760**

(d) Proof of deferred tax assets

	2015 $'000	2014 $'000
Deferred tax assets:		
Property, plant and equipment	5,949	4,635
Other items	1,216	125
Net deferred tax assets at 30 June	**7,165**	**4,760**

(e) Reconciliation of current tax payable/(receivable)

	2015 $'000	2014 $'000
Opening balance	1,716	12,864
Net movements	(2,288)	(11,148)
Current tax payable/(receivable) at 30 June	**(572)**	**1,716**

Notes to and forming part of the financial statements 2014–15 (continued)

24 Reconciliation of operating result to net cash from operating activities

	2015 $'000	2014 $'000
Operating result	(2,100,428)	1,835,119
Decommissioned and disposed assets expense	342,696	176,999
Depreciation and amortisation	1,199,026	1,190,267
Gains on disposal/remeasurement of assets	(71,244)	(24,490)
Goods, services and assets received at below fair value	(69,289)	(42,759)
Goods, services and assets provided at below fair value	567,698	676
Revaluation decrements	1,707,073	300
Change in assets and liabilities:		
Increase/(decrease) in accrued employee benefits	1,460	6,609
(Increase)/decrease in annual leave reimbursement receivable	(3,235)	3,253
Increase/(decrease) in deferred income tax equivalents	(2,405)	328
(Increase)/decrease in appropriation revenue receivable	(77,354)	432,065
Increase/(decrease) in GST payable	(57,456)	17,968
(Increase)/decrease in GST input tax credits receivable	24,008	22,936
(Increase)/decrease in inventories	7,021	241
(Increase)/decrease in long service leave reimbursement receivable	(124)	1,181
(Increase)/decrease in other receivables	219	(1,247)
Increase/(decrease) in current tax liabilities	(2,288)	(11,148)
(Increase)/decrease in prepayments	(11,640)	3,953
Increase/(decrease) in payables	(106,345)	(183,884)
(Increase)/decrease in trade receivables	41,775	(10,931)
Increase/(decrease) in unearned revenue	8,203	2,286
Increase/(decrease) in other current liabilities	22,118	5,424
Net cash from operating activities	**1,419,489**	**3,425,146**

25 Leases

Finance lease - leases as lessee

The Gold Coast Light Rail service concession arrangement has been recognised as a finance lease in accordance with AASB 117 *Leases* with a lease term of 15 years and an effective interest rate of 9.22%. Refer to Note 18 and Note 26.

Future minimum lease payments payable under the lease together with their present value are as follows:

	2015 $'000	2014 $'000
Minimum lease payable		
Not later than one year	42,035	-
Later than one year and not later than five years	173,402	-
Later than five years	414,612	-
Minimum future lease payable	630,049	-
Less: future finance charges	(281,460)	-
Total minimum future lease payable	**348,589**	**-**
Present value of minimum lease payable		
Not later than one year	10,225	-
Later than one year and not later than five years	58,367	-
Later than five years	279,997	-
Present value of total minimum future lease payable	**348,589**	**-**

Notes to and forming part of the financial statements 2014–15 (continued)

26 Service concession arrangements

Gold Coast Light Rail project - 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. During the 15 year operations period, GoldLinQ is paid monthly performance based payments for operations, maintenance and repayment of the debt finance used to construct the system. The state will receive revenue from fare-box and advertising generated by the system.

The estimated cash flows, excluding GST and inflows from land sales are detailed below:

	2015 $'000	2014 $'000
Estimated cash flows		
Inflows:		
Not later than one year	21,361	15,042
Later than one year but not later than five years	91,024	88,159
Later than five years but not later than ten years	155,165	143,498
Later than ten years	167,129	203,023
Outflows:		
Not later than one year	(88,658)	(168,800)
Later than one year but not later than five years	(365,627)	(370,972)
Later than five years but not later than ten years	(499,678)	(504,193)
Later than ten years	(445,526)	(567,168)
Estimated net cash flow	**(964,810)**	**(1,161,411)**

New Generation Rollingstock

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 seventy-five new six-car train sets for south-east Queensland and a new purpose-built maintenance centre at Wulkuraka in Ipswich.

The service concession arrangement will involve the department paying the consortium a series of availability payments over the concession period of 30 years.

Upon commissioning of the maintenance centre and delivery of the first trains in 2016 the department in accordance with AASB 117 *Leases,* will commence recognition of a lease asset at fair value, which will be depreciated over the life of the asset, and a lease liability, which will be reduced by the repayments representing the capital component of the monthly availability payments. Maintenance payments will be expensed during the relevant year.

All trains are expected to be in service by December 2018.

At the expiry of the concession period the department will retain ownership of the trains and maintenance facility.

The estimated cash flows, excluding GST, are detailed below:

	2015 $'000	2014 $'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	(61,686)	-
Later than one year but not later than five years	(1,022,289)	(960,850)
Later than five years but not later than ten years	(652,903)	(632,722)
Later than ten years	(3,851,115)	(3,994,421)
Estimated net cash flow	**(5,587,993)**	**(5,587,993)**

* Includes $2.808b of finance lease commitments.

Notes to and forming part of the financial statements 2014–15 (continued)

26 Service concession arrangements (continued)

Airportlink

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

In return for collecting the tolls, BrisConnections must maintain, operate and manage the tollroad for the concession period and also assume the demand and patronage risk.

The department does not recognise any assets associated with this arrangement. Assets will be recognised when control transfers to the department at the end of the service concession arrangement.

Tollroad arrangements - Queensland Motorways Limited

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 for a period of 40 years. In 2014 Transurban Limited acquired QML and accordingly now operates the Gateway Motorway and Logan Motorway tollroads under the RFA with the state.

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

The department does not recognise any assets associated with this arrangement. Assets will be recognised when control transfers to the department at the end of the service concession arrangement.

Brisbane Airport Rail Link

In 1998, the state entered into a 35 year concession arrangement with Airtrain Citylink Limited (Airtrain) 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 operation phase of the agreement after commencement of operations on 7 May 2001.

The department does not recognise any assets associated with this arrangement. Assets will be recognised when control transfers to the department at the end of the service concession arrangement.

On behalf of the state, the department provides a guarantee to Queensland Rail in lieu of certain performance measures being met. No payments under the guarantee were made during the financial year nor are any due to be paid.

27 Commitments for expenditure

Commitments inclusive of anticipated GST at reporting date but not recognised in the financial statements are payable as follows:

(a) Finance lease liability commitments

Refer to Note 26 for finance lease liability commitments.

	2015 $'000	2014 $'000
(b) Non-cancellable operating lease commitments		
Not later than one year	48,893	44,718
Later than one year and not later than five years	90,693	95,461
Later than five years	36,607	43,724
Total	**176,193**	**183,903**

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

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

Notes to and forming part of the financial statements 2014–15 (continued)

	2015 $'000	2014 $'000
27 Commitments for expenditure (continued)		
(c) Property, plant and equipment expenditure commitments		
Not later than one year	1,774,875	1,328,774
Later than one year and not later than five years	192,994	924,753
Later than five years	-	-
Total	**1,967,869**	**2,253,527**
(d) Grants and subsidies commitments		
Not later than one year	315,075	305,651
Later than one year and not later than five years	768,437	975,467
Later than five years	-	12,145
Total	**1,083,512**	**1,293,263**
(e) Other commitments		
Not later than one year	2,905,541	708,232
Later than one year and not later than five years	2,946,672	6,425,852
Later than five years	3,511,027	3,806,779
Total	**9,363,240**	**10,940,863**

28 Contingencies

Contingent assets

The department holds securities amounting to $164m (2014: $231m) provided by contractors in the event of non-performance with the agreed contract terms. These securities are not recognised as assets in the Statement of financial position due to the probability of realisation being remote.

Contingent liabilities

At balance date the department has been named as defendant in nine cases and thirty 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 each of these cases to $10,000.

29 Controlled entities

Transmax Pty Ltd

Transmax Pty Ltd (Transmax) was incorporated in order to enhance and market the STREAMS traffic management system. STREAMS is a multifunctional intelligent transport system that provides freeway, traffic signal and incident management as well as driver and passenger information capabilities.

The department exercises control over Transmax through 100 percent ownership of all issued shares recognised at a cost of $0.601m. The amount of the investment and transactions relating to Transmax are not material, and therefore the entity is not consolidated within the department's financial statements.

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

Notes to and forming part of the financial statements 2014–15 (continued)

30 Financial instruments

(a) Categorisation of financial instruments

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

	Note	2015 $'000	2014 $'000
Financial assets			
Cash		224,109	407,861
Receivables	13	200,802	128,063
Other financial assets		601	601
Total		**425,512**	**536,525**
Financial liabilities			
Financial liabilities measured at amortised cost:			
Payables	17	468,518	721,247
Interest bearing liabilities	18	1,225,975	951,888
Accrued employee benefits	20	34,173	32,713
Total		**1,728,666**	**1,705,848**

(b) Financial risk management

The department's activities 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. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the department.

All financial risk is managed by each division under policy established by the Finance and Procurement Branch. The department provides written principles for overall risk management, as well as policies covering specific areas.

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

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

(c) Credit risk exposure

Credit risk exposure refers to the situation where the department may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provision for impairment.

Financial assets

The carrying amount of receivables represents the maximum exposure to credit risk.

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

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

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

The method for calculating any allowance for impairment is based on objective evidence that the department will not be able to collect a receivable, including financial difficulty of the debtor, default payments, and ageing of the debt. An allowance is made for any debt more than six months overdue.

If no loss events have arisen in respect of a particular debtor or group of debtors, no allowance for impairment is made in respect of that debt or group of debtors. If the department determines that an amount owing by such a debtor does become uncollectable, after an appropriate range of debt recovery actions, that amount is recognised as a bad debt expense and is written-off directly against receivables. In other cases where a debt becomes uncollectable but the uncollectable amount exceeds the amount already allowed for impairment of that debt, the excess is recognised directly as a bad debt expense and written-off directly against receivables.

Notes to and forming part of the financial statements 2014–15 (continued)

30 Financial instruments (continued)

(c) Credit risk exposure (continued)

Financial assets (continued)

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

Financial assets past due but not impaired	2015 Overdue				
	Less than 30 days $'000	30-60 days $'000	61-90 days $'000	More than 90 days $'000	Total $'000
Receivables	1,710	-	484	4,496	**6,690**
Total	**1,710**	**-**	**484**	**4,496**	**6,690**

Financial assets past due but not impaired	2014 Overdue				
	Less than 30 days $'000	30-60 days $'000	61-90 days $'000	More than 90 days $'000	Total $'000
Receivables	2,842	2,214	743	5,259	**11,058**
Total	**2,842**	**2,214**	**743**	**5,259**	**11,058**

	2015 $'000	2014 $'000
Movements in the allowance for impairment loss		
Opening balance	7,985	7,509
Increase/(decrease) in allowance recognised in the operating result	(191)	4,831
Amounts written off during the year	(4,175)	(4,967)
Amounts recovered during the year already written off	2,413	612
Closing balance *	**6,032**	**7,985**

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

Financial liabilities

A guarantee has been given by the department to Queensland Rail for the Brisbane Airport Rail Link which meets the definition of a financial guarantee as per AASB 139 *Financial Instruments: Recognition and Disclosure.*

The department assesses the value of the financial guarantee as at 30 June as the amount that can be called upon if the guarantee is exercised. It has been determined that fair value is zero at 30 June due to the remote possibility of performance measures not being met by Airtrain Citylink Limited. As such the fair value of the guarantee has not been recognised in the Statement of financial position. Refer to Note 26.

(d) Liquidity risk

The department manages liquidity risk through a combination of regular fortnightly appropriation payments from the Consolidated Fund, and when required, loan drawdowns for major projects based on an already agreed borrowings program with Queensland Treasury. This strategy reduces the exposure to liquidity risk by ensuring the department has sufficient funds available to meet its obligations when they fall due.

The following table sets out the liquidity risk of financial liabilities held by the department:

Financial liabilities	Note	2015 Payable in			
		<1 year $'000	1-5 years $'000	>5 years $'000	Total $'000
Payables	17	468,518	-	-	**468,518**
Interest bearing liabilities		137,778	708,049	194,933	**1,040,760**
Accrued employee benefits	20	29,190	4,983	-	**34,173**
Total		**635,486**	**713,032**	**194,933**	**1,543,451**

Financial liabilities	Note	2014 Payable in			
		<1 year $'000	1-5 years $'000	>5 years $'000	Total $'000
Payables	17	721,247	-	-	**721,247**
Interest bearing liabilities		134,054	821,947	217,349	**1,173,350**
Accrued employee benefits	20	27,931	4,782	-	**32,713**
Total		**883,232**	**826,729**	**217,349**	**1,927,310**

Notes to and forming part of the financial statements 2014–15 (continued)

30 Financial instruments (continued)

(e) Market risk

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

The department is exposed to interest rate risk through its borrowings from Queensland Treasury Corporation. The department does not undertake any hedging on interest rate risk and manages its risk as per the liquidity risk management strategy.

(f) Interest rate sensitivity analysis

With all other variables held constant, the outcome on net income if interest rates changed by +/-1 percent from the year end rates applicable to the department's financial assets and financial liabilities, is that the department's surplus and equity would increase/(decrease) by $0.748m (2014: $0.793m). This is attributable to the department's exposure to variable interest rates on its borrowings from Queensland Treasury Corporation.

(g) 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.

The department's held-to-maturity financial asset is measured at cost. As fair value cannot be reliably measured, fair value is not disclosed.

The fair value of borrowings is notified by Queensland Treasury Corporation. Interest bearing liabilities are calculated using discounted cash flow analysis and the effective interest rate. Refer to Note 18.

Financial instruments	Carrying amount 2015 $'000	Carrying amount 2014 $'000	Fair value 2015 $'000	Fair value 2014 $'000
Financial liabilities:				
Interest bearing liabilities	1,225,975	951,888	1,306,176	1,041,575
Total	**1,225,975**	**951,888**	**1,306,176**	**1,041,575**

31 Schedule of administered items

The following balances are administered by the department on behalf of the state and relate directly to the Transport Safety, Regulation and Customer Service departmental service area:

	2015 $'000	2014 $'000
Administered revenues		
Appropriation revenue	-	1,037
User charges, fees and fines *	2,249,914	2,185,505
Other	7,340	7,181
Total	**2,257,254**	**2,193,723**
Administered expenses		
Grants and subsidies	-	1,037
Impairment losses on trade receivables	14	20
Other	73	93
Transfers of administered revenue to government	2,257,183	2,192,579
Total	**2,257,270**	**2,193,729**
Operating surplus/(deficit)	**(16)**	**(6)**

Notes to and forming part of the financial statements 2014–15 (continued)

31 Schedule of administered items (continued)

	2015 $'000	2014 $'000
Administered assets		
Current		
Cash	20,701	13,883
Receivables	33,933	52,735
Total	**54,634**	**66,618**
Non-current		
Land	80,890	81,135
Total	**80,890**	**81,135**
Total assets	**135,524**	**147,753**
Administered liabilities		
Current		
Payables	48,717	61,013
Unearned revenue	5,683	5,371
Total liabilities	**54,400**	**66,384**
Net administered assets	**81,124**	**81,369**
Administered equity		
Contributed equity	38,691	38,691
Accumulated surplus/(deficit)	(22)	(6)
Asset revaluation surplus	42,455	42,684
Total	**81,124**	**81,369**
*** User charges, fees and fines**		
Fines and forfeiture	161,278	152,296
Motor vehicle registration	1,579,209	1,550,773
Transport and traffic fees	375,564	357,917
Other registration	72,550	65,657
Other regulatory fees	59,440	56,517
Other	1,873	2,345
Total	**2,249,914**	**2,185,505**

32 Reconciliation of administered payments from Consolidated Fund

	2015 $'000	2014 $'000
Reconciliation of payments from Consolidated Fund to administered revenue		
Budgeted appropriation revenue	-	78,037
Transfers from/(to) other headings - variation in headings	-	(77,000)
Administered revenue recognised in Note 31	**-**	**1,037**

33 Budgetary reporting

Statement of comprehensive income	Variance Note	Original budget 2015 $'000	Actual 2015 $'000	Variance $'000	Variance percentage
Income from continuing operations					
Appropriation revenue		4,619,043	4,605,226	(13,817)	-
User charges and fees		766,400	808,362	41,962	5 %
Grants and other contributions	i	894,700	471,286	(423,414)	(47)%
Other revenue		19,456	28,669	9,213	47 %
Total revenue		**6,299,599**	**5,913,543**	**(386,056)**	**(6)%**
Gains on disposal/remeasurement of assets	ii	3,812	71,244	67,432	1769 %
Total income from continuing operations		**6,303,411**	**5,984,787**	**(318,624)**	**(5)%**

Notes to and forming part of the financial statements 2014–15 (continued)

33 Budgetary reporting (continued)

Statement of comprehensive income (continued)	Variance Note	Original budget 2015 $'000	Actual 2015 $'000	Variance $'000	Variance percentage
Expenses from continuing operations					
Employee expenses		463,690	466,368	2,678	1 %
Supplies and services		3,048,448	3,202,602	154,154	5 %
Grants and subsidies	iii	430,144	1,057,443	627,299	146 %
Depreciation and amortisation		1,185,907	1,199,026	13,119	1 %
Decommissioned and disposed assets expense	iv	142,855	342,696	199,841	140 %
Revaluation decrements	v	-	1,707,073	1,707,073	100 %
Impairment losses		1,165	-	(1,165)	(100)%
Finance and borrowing costs		91,253	90,311	(942)	(1)%
Other expenses		25,210	12,911	(12,299)	(49)%
Total expenses from continuing operations		**5,388,672**	**8,078,430**	**2,689,758**	**50 %**
Operating result from continuing operations before income tax equivalent expense		**914,739**	**(2,093,643)**	**(3,008,382)**	**(329)%**
Income tax equivalent expense		5,382	6,785	1,403	26 %
Operating result for the year		**909,357**	**(2,100,428)**	**(3,009,785)**	**(331)%**
Other comprehensive income not reclassified subsequently to operating result					
Increase/(decrease) in asset revaluation surplus	vi	-	(2,041,670)	(2,041,670)	(100)%
Total other comprehensive income		**-**	**(2,041,670)**	**(2,041,670)**	**(100)%**
Total comprehensive income		**909,357**	**(4,142,098)**	**(5,051,455)**	**(555)%**

Explanation of major variances

i Variance reflects:
• $506m less than budget was received from the Queensland Reconstruction Authority (QRA) for NDRRA expenditure due to savings achieved in the delivery of the program and expenditure deemed ineligible, offset by deferred funding from the QRA from 2013–14.
Offset by:
• $69m of land held for future infrastructure transferred from local governments and other third parties for which a budget could not be reliably allocated.

ii Variance is from a revaluation decrement reversal of $52.1m due to an unexpected increase in the value of land.

iii Variance reflects:
• actual expenses of $556.7m for work performed on third party assets of the City of Gold Coast and public utility providers as part of the Gold Coast Light Rail project. The amount expensed was determined by independent expert estimators after budget finalisation when construction of the project was completed in July 2015
• payment of $38.5m to the National Heavy Vehicle Regulator representing the state's contribution which was determined by the Transport and Infrastructure Council (TIC) after the budget was finalised
• $28.3m in costs representing eight roads and four structures transferred to local governments that could not be reliably budgeted for.

iv Variance is due to higher than anticipated capital projects written off and losses on disposal of property, plant and equipment, and higher than anticipated decommissioned infrastructure, representing the value of various road network components written off as a result of their renewal, replacement or demolition.

v Variance includes revaluation decrements of $1.636b for road infrastructure following the application of the department's valuation methodology. A budget was not allocated due to the unavailability of reliable measures for future movement in replacement costs of existing and new road infrastructure assets.

vi Variance includes a revaluation decrease in road infrastructure assets of ($2.057b). A budget was not allocated due to the unavailability of reliable measures for future movement in replacement costs of existing and new road infrastructure assets.

Notes to and forming part of the financial statements 2014–15 (continued)

33 Budgetary reporting (continued)

Statement of financial position	Variance Note	Original budget 2015 $'000	Actual 2015 $'000	Variance $'000	Variance percentage
Assets					
Current assets					
Cash	i	416,470	224,109	(192,361)	(46)%
Receivables	ii	118,623	200,802	82,179	69 %
Inventories		17,874	10,277	(7,597)	(43)%
Prepayments		16,955	23,855	6,900	41 %
Non-current assets classified as held for sale		10,114	9,042	(1,072)	(11)%
Total current assets		**580,036**	**468,085**	**(111,951)**	**(19)%**
Non-current assets					
Prepayments		1,080	1,808	728	67 %
Other financial assets		601	601	-	-
Intangible assets		94,440	84,763	(9,677)	(10)%
Property, plant and equipment	iii	64,806,373	54,488,756	(10,317,617)	(16)%
Deferred tax assets		5,088	7,165	2,077	41 %
Total non-current assets		**64,907,582**	**54,583,093**	**(10,324,489)**	**(16)%**
Total assets		**65,487,618**	**55,051,178**	**(10,436,440)**	**(16)%**
Liabilities					
Current liabilities					
Payables	iv	1,216,987	468,518	(748,469)	(62)%
Interest bearing liabilities		82,379	89,916	7,537	9 %
Provisions	v	-	200,172	200,172	100 %
Accrued employee benefits		25,510	29,190	3,680	14 %
Unearned revenue		35,077	43,412	8,335	24 %
Current tax liabilities		7,544	-	(7,544)	(100)%
Other		16,912	28,039	11,127	66 %
Total current liabilities		**1,384,409**	**859,247**	**(525,162)**	**(38)%**
Non-current liabilities					
Interest bearing liabilities		1,142,689	1,136,059	(6,630)	(1)%
Provisions	v	-	80,939	80,939	100 %
Accrued employee benefits		5,931	4,983	(948)	(16)%
Other		(356)	106	462	130 %
Total non-current liabilities		**1,148,264**	**1,222,087**	**73,823**	**6 %**
Total liabilities		**2,532,673**	**2,081,334**	**(451,339)**	**(18)%**
Net assets		**62,954,945**	**52,969,844**	**(9,985,101)**	**(16)%**
Equity					
Contributed equity		54,555,115	53,793,184	(761,931)	(1)%
Accumulated surplus/(deficit)	vi	6,173,377	(838,501)	(7,011,878)	(114)%
Asset revaluation surplus	vii	2,226,453	15,161	(2,211,292)	(99)%
Total equity		**62,954,945**	**52,969,844**	**(9,985,101)**	**(16)%**

Explanation of major variances

i The variance is due to a reduced cash balance at the beginning of the year of $37.7m as a result of an unanticipated over expenditure in operating activities in 2013–14 and a net decrease of $154.7m in the cash balance during 2014–15. Major variance items are explained below in notes to the Statement of cash flows.

ii Variance reflects an increased appropriation receivable due to expenditure exceeding budget in 2014–15 on road maintenance and road management activities of $17.4m, net payments of $23m to the National Heavy Vehicle Regulator and transport service contract payments of $29.9m.

Notes to and forming part of the financial statements 2014–15 (continued)

33 Budgetary reporting (continued)

Statement of financial position (continued)

Explanation of major variances (continued)

iii Variance reflects:
- a budgeted infrastructure asset revaluation decrement reversal of ($1.490b) which did not occur due to the devaluation recognised in 2014–15
- a road infrastructure revaluation decrement of ($3.693b) where no budget was allocated. Refer to Statement of comprehensive income variance notes v and vi
- an unbudgeted adjustment of ($2.230b) representing recalculated accumulated depreciation on road infrastructure as a result of the Australian Accounting Standards Board clarifying the recognition principles for residual values in May 2015
- expensing ($556.7m) of works on City of Gold Coast and public utility provider assets as part of the Gold Coast Light Rail project. Refer to Statement of comprehensive income variance note iii
- expensing ($199.8m) of decommissioned infrastructure assets
- a reduction in capital expenditure due to a net realignment of budget to reflect project cashflows ($793m)
- finalisation of NDRRA program adjustments to reflect savings made in the delivery of the program ($557m).

iv Actuals were lower than budget due to property resumption actuals being reclassified as provisions following an accounting policy change in 2013–14 and as a result of a reduction in the capital works program including a reduction in the significant restoration program following the major disasters that occurred from 2010 to 2013.

v Increase is due to the reclassification of property resumption actuals as payables.

vi Variance reflects the total effect of the transactions and balances outlined in the Statement of comprehensive income variance notes i to vi.

vii Variance includes a revaluation decrease in road infrastructure assets of ($2.057b). Refer to Statement of comprehensive income variance note vi.

Statement of cash flows	Variance Note	Original budget 2015 $'000	Actual 2015 $'000	Variance $'000	Variance percentage
Cash flows from operating activities					
Inflows:					
Services appropriation receipts		4,619,043	4,527,872	(91,171)	(2)%
User charges and fees		764,585	858,340	93,755	12 %
Grants and other contributions	i	894,700	401,997	(492,703)	(55)%
GST input tax credits from ATO	ii	525,799	664,303	138,504	26 %
GST collected from customers	ii	152,854	105,064	(47,790)	(31)%
Other		19,456	28,888	9,432	48 %
Outflows:					
Employee expenses		(463,589)	(468,267)	(4,678)	(1)%
Supplies and services	iii	(3,049,610)	(3,295,830)	(246,220)	(8)%
Grants and subsidies		(430,144)	(485,253)	(55,109)	(13)%
Finance and borrowing costs		(91,374)	(90,422)	952	1 %
GST paid to suppliers	ii	(530,574)	(640,294)	(109,720)	(21)%
GST remitted to ATO	ii	(142,485)	(162,521)	(20,036)	(14)%
Income tax equivalent paid		(8,320)	(11,478)	(3,158)	(38)%
Other		(21,933)	(12,910)	9,023	41 %
Net cash provided by/(used in) operating activities		**2,238,408**	**1,419,489**	**(818,919)**	**(37)%**

Notes to and forming part of the financial statements 2014–15 (continued)

33 Budgetary reporting (continued)

Statement of cash flows (continued)	Variance Note	Original budget 2015 $'000	Actual 2015 $'000	Variance $'000	Variance percentage
Cash flows from investing activities					
Inflows:					
Sales of property, plant and equipment	iv	59,372	79,001	19,629	33 %
Outflows:					
Payments for property, plant and equipment	v	(3,911,121)	(2,616,360)	1,294,761	33 %
Payments for intangibles		(11,402)	(11,697)	(295)	(3)%
Net cash provided by/(used in) investing activities		**(3,863,151)**	**(2,549,056)**	**1,314,095**	**34 %**
Cash flows from financing activities					
Inflows:					
Equity injections	vi	2,501,604	1,849,329	(652,275)	(26)%
Outflows:					
Equity withdrawals		(822,582)	(818,166)	4,416	-
Borrowing redemptions		(74,422)	(74,391)	31	-
Finance lease payments		(8,934)	(7,866)	1,068	12 %
Machinery-of-Government transfers		-	(3,091)	(3,091)	(100)%
Net cash provided by/(used in) financing activities		**1,595,666**	**945,815**	**(649,851)**	**(41)%**
Net increase/(decrease) in cash		(29,077)	(183,752)	(154,675)	(532)%
Cash at beginning of financial year		445,547	407,861	(37,686)	(8)%
Cash at end of financial year		**416,470**	**224,109**	**(192,361)**	**(46)%**

Explanation of major variances

i Variance is due to the impact on the cash flow of the QRA related transactions outlined in Statement of comprehensive income variance note i.

ii Variance is due to variability of the timing, value and payment of invoices issued to and received from external parties.

iii Variance reflects higher than anticipated expenditure of $83m on road maintenance and road management activities. Variance is also represented by cash payments for expenses that were accrued in 2013–14 and which could not be estimated at time of budget preparation.

iv Variance is due to higher than anticipated revenue received from sales of surplus property.

v Variance represents a reduction in capital expenditure due to a net realignment of budget to reflect project cashflows ($793m) and the completion of the NDRRA program adjustments to reflect savings made in the delivery of the program ($557m).

vi Decrease includes a net realignment of capital funding to reflect project cashflows ($793m), offset by a net funding increase of $91m from 2015–16 for finalisation of expenditure for the 2010 to 2013 NDRRA events.

Notes to and forming part of the financial statements 2014–15 (continued)

33 Budgetary reporting (continued)

Schedule of administered items	Variance Note	Original budget 2015 $'000	Actual 2015 $'000	Variance $'000	Variance percentage
Administered revenues					
User charges, fees and fines		2,225,123	2,249,914	24,791	1 %
Other		7,494	7,340	(154)	(2)%
Total		**2,232,617**	**2,257,254**	**24,637**	**1 %**
Administered expenses					
Impairment losses on trade receivables		-	14	14	100 %
Other		-	73	73	100 %
Transfers of administered revenue to government		2,232,617	2,257,183	24,566	1 %
Total		**2,232,617**	**2,257,270**	**24,653**	**1 %**
Operating surplus/(deficit)		**-**	**(16)**	**(16)**	**(100)%**
Administered assets					
Current					
Cash	i	61,188	20,701	(40,487)	(66)%
Receivables	ii	49,599	33,933	(15,666)	(32)%
Total		**110,787**	**54,634**	**(56,153)**	**(51)%**
Non-current					
Land		81,274	80,890	(384)	-
Total		**81,274**	**80,890**	**(384)**	**-**
Total assets		**192,061**	**135,524**	**(56,537)**	**(29)%**
Administered liabilities					
Current					
Payables	iii	105,117	48,717	(56,400)	(54)%
Unearned revenue		5,436	5,683	247	5%
Total liabilities		**110,553**	**54,400**	**(56,153)**	**(51%)**
Net administered assets		**81,508**	**81,124**	**(384)**	**-**
Administered equity					
Contributed equity		38,691	38,691	-	-
Accumulated surplus/(deficit)		-	(22)	(22)	(100)%
Asset revaluation surplus		42,817	42,455	(362)	(1)%
Total		**81,508**	**81,124**	**(384)**	**-**

Explanation of major variances

i Compulsory Third Party (CTP) insurance premiums held at 30 June have been budgeted for, however as premiums are collected on behalf of insurers these amounts are not reported in the department's administered financial statements.

ii Since the time of budget publication the method of calculating the revenue due to be received from unpaid infringements has been amended to exclude those infringements which will be collected by the State Penalties Enforcement Registry as reported by Queensland Treasury.

iii Compulsory Third Party (CTP) insurance premiums held at 30 June have been budgeted for, however as premiums are collected on behalf of insurers these amounts are not reported in the department's administered financial statements. Additionally, revenue collected but unpaid to Queensland Treasury at year end was less than anticipated.

Notes to and forming part of the financial statements 2014–15 (continued)

34 Restated balances

Residual value restatement

At the meeting of 27 and 28 May 2015 the Australian Accounting Standards Board (AASB) determined that the recognition of residual value, in accordance with AASB 116 *Property, Plant and Equipment,* is limited to when an entity expects to receive consideration at the end of an asset's useful life. Consistent with this determination, the recognition of residual value is not appropriate when existing assets are expected to be recycled into a replacement asset. The AASB's decision is divergent from the accounting practice adopted by the department for road infrastructure assets whereby residual value includes cost savings from the re-use of in-situ materials.

As a result, the department's residual value on road infrastructure assets which represented cost savings, has been removed from affected sub-components. The change has been made retrospectively in accordance with requirements of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The change has resulted in an additional depreciation expense of $113.817m in 2014 and a restatement of property, plant and equipment (accumulated depreciation) and equity in 2013 of $2.116b.

Capital work in progress restatement

In 2015 a comprehensive review was undertaken of the items comprising the department's capital work in progress as reported in Note 16, Property, plant and equipment. The review identified $273.658m of capital work in progress expenditure incurred in prior years which does not qualify for capitalisation.

The change has resulted in a restatement of property, plant and equipment and equity in 2013 of $273.658m.

In accordance with AASB 101 *Presentation of Financial Statements* a third Statement of financial position has been presented to incorporate each of the restatements. A summary of all comparative changes is detailed below:

Statement of financial position (extract) as at 30 June 2014	Note	2014 Published $'000	Increase/ (decrease) $'000	2014 Restated $'000
Property, plant and equipment	16	59,653,754	(2,503,898)	57,149,856
Equity - accumulated surplus/(deficit)		3,765,825	(2,503,898)	1,261,927

Statement of comprehensive income (extract) for the year ended 30 June 2014	Note	2014 Published $'000	Increase/ (decrease) $'000	2014 Restated $'000
Depreciation and amortisation	16	1,076,450	113,817	1,190,267

Statement of financial position (extract) as at 1 July 2013	Note	2013 Published $'000	Increase/ (decrease) $'000	2013 Restated $'000
Property, plant and equipment	16	57,427,839	(2,390,081)	55,037,758
Equity - accumulated surplus/(deficit)		1,816,889	(2,390,081)	(573,192)

Certificate of the Department of Transport and Main Roads

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 42 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

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

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 2015 and of the financial position of the department at the end of that year; and

c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.

Neil Scales.

Chris Mead FCPA
Bachelor of Business - Accountancy
Chief Finance Officer

17 August 2015

Neil Scales OBE
Director-General

17 August 2015

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of Department of Transport and Main Roads

Report on the Financial Report

I have audited the accompanying financial report of Department of Transport and Main Roads, which comprises the statement of financial position and statement of assets and liabilities by major departmental services, as at 30 June 2015, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental services, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certificates given by the Director-General and the Chief Finance Officer.

The Accountable Officer's Responsibility for the Financial Report

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards,* which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

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

Opinion

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

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

(b) in my opinion –

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

  (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Department of Transport and Main Roads for the financial year 1 July 2014 to 30 June 2015 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

AUDITOR GENERAL
21 AUG 2015
OF QUEENSLAND

A M GREAVES FCA FCPA
Auditor-General of Queensland

Queensland Audit Office
Brisbane