(l) Depreciation of property, plant and equipment (continued)

For each class of depreciable and amortisable asset the following rates were used:

Class	Depreciation rate
Buildings	2-3%
Plant and equipment:	
Computers	15-65%
Motor Vehicles	10-20%
Office equipment	5-40%
Other equipment (including leasehold improvements)	10-33%

(m) Impairment of non-current assets

All non-current physical assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Property Services Group determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Income Statement, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation reserve of the class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Refer also Note 1(k).

(n) Leases

Finance leases, which transfer from Property Services Group substantially all the risks and benefits incidental to ownership of a leased item, are recognised as a finance lease receivable at an amount equal to the net investment of the lease agreement. Lease income from finance leases is recognised at a constant periodic rate of return on the net investment in the finance lease.

Property Services Group has not entered into any finance leases as a lessee.

Leases where Property Services Group as lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income for operating leases is recognised as income on a straight line basis over the term of the lease. Depreciable leased assets are depreciated in accordance with the Department's normal depreciation policy (Note 1(l)).

Operating lease payments made are representative of the pattern of benefits derived from the leased assets and are recognised in the period in which they are incurred.

The Department of Natural Resources and Water acts as an agent on behalf of Property Services Group in administering the finance and operating leases of the Department in accordance with the *Land Act 1994*.

(o) Payables

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

(p) Financial instruments

Recognition

Financial assets and financial liabilities are recognised in the Balance Sheet when Property Services Group becomes party to the contractual provisions of the financial instrument.

Classification

Financial instruments are classified and measured as follows:

- Cash and Cash equivalents - held at fair value through profit and loss
- Receivables - held at amortised cost
- Payables - held at amortised cost

Property Services Group does not enter transactions for speculative purposes, nor hedging. Apart from cash and cash equivalents, the Property Services Group holds no financial assets classified at fair value through profit and loss.

All disclosures relating to the measurement basis and financial risk management of other financial instruments held by Property Services Group are included in Note 28.

(q) Employee benefits

Wages, salaries, recreation leave

Wages, salaries and recreation leave due but unpaid at 30 June 2008 are recognised in the Balance Sheet at the remuneration rates expected to apply at the time of settlement. Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses. Employer superannuation contributions and long service leave levies are regarded as employee benefits.

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

An Annual Leave Central Scheme (ALCS) has been established at 30 June 2008 by the Queensland Government. As a member entity, Property Services Group has transferred its recreation leave liability as at 30 June 2008 to the scheme. The current portion of recreation leave liability is shown as a sundry payable to Crown and the non-current portion is shown as non-appropriated equity adjustment.

The recreation leave liability will be held on a whole-of-Government basis and disclosed in the Report on State Finances.

Under the ALCS, Property Services Group will contribute a levy equal to accrued quarterly recreation leave costs, including leave loading and on-costs. Amounts paid to employees for recreation leave will be claimed back from the scheme.

(q) Employee benefits (continued)

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.

Long service leave

Under the Queensland Government's long service leave scheme, a levy is made on the Property Services Group to cover this cost. Levies are expensed in the period in which they are paid or payable. Amounts paid to employees for long service leave are claimed from the scheme as and when leave is taken.

No provision for long service leave is recognised in the financial statements, the liability being held on a whole-of-Government basis and reported in the financial report prepared pursuant to AAS 31 *Financial Reporting by Governments*.

Superannuation

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

Therefore, no liability is recognised for accruing superannuation benefits in these financial statements, the liability being held on a whole-of-Government basis and reported in the financial report prepared pursuant to AAS 31 *Financial Reporting by Governments*.

Executive remuneration

There were no senior executives who are classified as SES1 and above and who received or were due to receive total remuneration of $100,000 or more.

(r) Provisions

Provisions are recognised when Property Services Group has a present obligation, either legal or constructive, as a result of a past event for which the timing and/or amount required to settle the obligation is uncertain and a reliable estimate can be made of the amount of the obligation. Provisions recognised are discounted to present value using the pre-tax discount rate.

(s) Insurance

The Property Services Group's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis. In addition, the Property Services Group pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(t) Services received free of charge or for nominal value

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

(u) Taxation

Property Services Group is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). As such, FBT and GST receivable from/payable to the Australian Taxation Office are recognised and accrued. Revenue, expenses and assets are recognised net of associated GST, unless GST incurred is not recoverable. In this case it is recognised as part of the asset cost or as an expense.

As a commercialised business unit, Property Services Group is required to recognise all expenses to which it would be subject if it operated within the private sector. Accordingly, expense equivalents of land tax, stamp duty and local authority rates and charges are recognised and accrued.

In accordance with the requirements of the National Tax Equivalents Regime (NTER), Property Services Group pays an income tax equivalent to Queensland Treasury. Currently an arrangement exists between the Property Services Group and Queensland Treasury whereby an amount equal to the current and previous years tax equivalent expense can be used by the Property Services Group for approved projects.

The charge for current income tax equivalent expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted at 30 June 2008.

Deferred tax equivalents are accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax equivalent will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax equivalents are calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax equivalents are credited in the Income Statement except where it relates to items that may be credited directly to equity, in which case the deferred tax equivalent is adjusted directly against equity.

Deferred income tax equivalent assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the business unit will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(v) Issuance of the financial report

The financial report is authorised for issue by the Director-General and Chief Financial Officer at the date of signing the Management Certificate.

(w) Judgements and assumptions

The Property Services Group has made no judgements or assessments which may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period with the exception of the valuation of property, plant and equipment by in-house valuers as disclosed in note 19.

(x) Rounding and comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest $1,000 or, where that amount is $500 or less, to zero, unless disclosure of the full amount is specifically required. Sub-totals and totals may not add due to rounding, but the overall discrepancy is no greater than two.

Comparative information has been restated to be consistent with disclosures in the current reporting period.

(y) New and revised accounting standards

No Australian accounting standards and interpretations issued or amended and applicable for the first time in the 2007-08 financial year have an effect on Property Services Group. Also, Property Services Group has not voluntarily changed any of its accounting policies.

Property Services Group is not permitted to early adopt a new accounting standard ahead of the specified commencement date unless approval is obtained from the Treasury Department. Consequently, Property Services Group has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. Property Services Group will apply these standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, no Australian accounting standards or interpretations with future commencement dates are applicable to Property Services Group or have a material impact on the Property Services Group.

	2008 $'000	2007 $'000
2. Sale of land		
Sale of land	98,115	50,724
Total	**98,115**	**50,724**
Cost of land sold	20,006	15,424
Total	**20,006**	**15,424**
3. User charges		
Rent revenue	10,334	7,241
Total	**10,334**	**7,241**
4. Grants and other contributions		
Grants - Queensland government departments	-	4
Total	**-**	**4**
5. Other revenues		
Interest	11,437	8,794
Penalty and interest on sale of land	2,040	1,443
Sundry	142	-
Total	**13,619**	**10,236**
6. Gain on sale of property, plant and equipment		
Land	1,323	573
Buildings	-	138
Plant and equipment	-	35
Total	**1,323**	**747**
7. Gain on reversal of decrement expense		
Buildings	2,812	1,332
Total	**2,812**	**1,332**

In 2007-08, as a result of revaluation of assets during the reporting period, previous impairment expense of the Property Services Group's buildings was reversed.

8. Employee expenses

	2008 $'000	2007 $'000
Employee benefits		
Annual recreation leave	142	119
Employer superannuation contributions *	153	141
Fringe benefits tax	9	15
Long service leave levy *	23	22
Wages and salaries	1,198	1,165
Employee related expenses		
Payroll tax *	75	68
Other employee related expenses	2	2
Total	**1,603**	**1,531**

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

The number of employees including both full-time and part-time employees measured on a full-time equivalent basis is:

	2008	2007
Number of employees:	**16**	**18**

9. Supplies and services

	2008 $'000	2007 $'000
Building services	162	107
Computer operating costs	14	13
Consultants and contractors	1,251	582
Corporate services	554	436
Marketing and public relations	49	27
Minor plant and equipment	4	2
Minor works	77	(232)
Motor vehicle expenses	38	39
Repairs and maintenance	259	231
Supplies and consumables	12	19
Telecommunications	10	5
Travel	30	21
Other	5	267
Total	**2,465**	**1,517**

	2008	2007
	$'000	$'000

10. Grants and subsidies

	2008 $'000	2007 $'000
Industry support programs	-	3,400
Private enterprise	140	-
Queensland Government recipients	12,225	15,974
Total	**12,365**	**19,374**

11. Depreciation

	2008 $'000	2007 $'000
Depreciation was incurred in respect of:		
Buildings	316	269
Plant and equipment	54	66
Total	**369**	**335**

12. Impairment losses

	2008 $'000	2007 $'000
Bad debts written off	15	-
Impairment losses on trade receivables	12	9
Land inventory	827	1,130
Buildings	57	-
Total	**912**	**1,139**

The 2007-08 land inventory impairment loss is due to unallocated state land within the Portsmith Industrial Estate being written down as development of this land is considered unlikely.

13. Other expenses

	2008 $'000	2007 $'000
External audit fees *	93	39
Insurance premiums - QGIF **	-	17
Losses from disposal of property, plant and equipment	3,025	1,202
Taxes - land, rates and stamp duty	7,777	7,074
Total	**10,896**	**8,332**

* Total external audit fees relating to the 2007-08 financial year are estimated to be $75,000 (2007: $62,200). There are no non-audit services included in this amount.

** Certain losses of public property are insured by the Queensland Government Insurance Fund (QGIF). No claims were made upon QGIF during the year ended 30 June 2008.