

(x) Financing/borrowing costs

Finance costs are recognised as an expense in the period in which they are incurred, except to the extent that they are directly attributable to a qualifying asset in which case they are capitalised as part of the cost of the qualifying asset during the period of time that is required to complete and prepare the asset for its intended use or sale.

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings;
- finance lease charges;
- amortisation of discounts or premiums relating to borrowings; and
- ancillary administration charges.

(y) 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 at which the obligation will be settled in a future period. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using the pre-tax discount rate.

(z) Insurance

The Department'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 Department pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(aa) 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.

(ab) 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 UIG Abstract 1038 *Contributions by owners made to wholly-owned public sector entities*. Appropriations for equity adjustments are similarly designated.

(ac) Taxation

The Department is a State body as defined under the *Income Tax Assessment Act 1936* and 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.

In accordance with the requirements of the National Tax Equivalents Regime (NTER), those entities controlled by the Department who are listed on the NTER entity register pay an income tax equivalent to Queensland Treasury. Controlled entities currently registered for the NTER include Property Services Group, Western Corridor Recycled Water Pty Ltd and LinkWater Projects.

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.

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.

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.

(ac) Taxation (continued)

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.

(ad) Issuance of financial statements

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

(ae) Judgements and assumptions

The Department 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 23.

(af) Rounding and comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or where the 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 where necessary to be consistent with disclosures in the current reporting period.

(ag) 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 the Department. Also, the Department has not voluntarily changed any of its accounting policies.

The Department 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, the Department has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. The Department 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 the Department or have a material impact on the Department.

(ah) Outputs/major activities of the Department

The Department of Infrastructure and Planning was established as a result of the *Public Service Departmental Arrangement Notice (No. 4) 2007*, dated the 13 September 2007 which also resulted in the transfer in of the Sustainable Planning Division and corporate and executive functions for the Sustainable Planning Division from the Department of Local Government, Sport, Planning and Recreation (DLGSPR).

As a result of *Public Service Departmental Arrangements notice (No. 5) 2007*, dated 21 September 2007, the Planning Information and Forecasting Unit transferred from the Department of Local Government, Sport, Planning and Recreation to the Department of Infrastructure and Planning.

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(ah) Outputs/major activities of the Department (continued)

Unallocated corporate and executive services resources resulting from the abolishment of the Department of Tourism, Fair Trading and Wine Industry Development (DTFTWID) as per the *Public Service Arrangement Notice (No. 4) 2007*, dated 13 September 2007, were transferred to the Department of Infrastructure and Planning.

As a result of these changes the following assets and liabilities have transferred to the Department:

	DLGSPR \$'000	DTFTWID \$'000	Total \$'000
Assets			
Cash and cash equivalents	1,044	231	1,275
Other assets	58	(6)	52
Property, plant and equipment	142	-	142
Liabilities			
Payables	-	5	5
Accrued employee benefits	1,309	127	1,436
Other liabilities	431	138	569
Net assets/(liabilities)	<u>(496)</u>	<u>(45)</u>	<u>(541)</u>

The Department has revised its output structure to better reflect the services delivered during the reporting period. Outputs/major activities undertaken by the Department during the year are as follows:

Planning

Provides leadership and works in collaboration with state agencies, local government and other stakeholders to effectively plan for growth and infrastructure provision in Queensland, to maintain a high quality of life and facilitate sustainable development. The Planning output is:

- assisting the application of current South East Queensland regional planning principles progressively across the State;
- formulating a State-wide model to manage population growth and subsequent infrastructure priorities; and
- reforming planning in Queensland by improving the *Integrated Planning Act 1997* and the Integrated Development Assessment System, through endorsed recommendations of the *Planning for a Prosperous Queensland: A reform agenda for planning and development in the Smart State*, to ensure they meet the needs of the community and stakeholders with enough flexibility to manage future challenges.

Infrastructure and Economic Development

The core business of this output is to attract, facilitate and assist in timely delivery of projects and related infrastructure in Queensland. Services within this output are:

- promoting State and regional economic development through planning and coordination of the provision of critical infrastructure;
- promoting industrial development by facilitating the development of industrial land and multi-user infrastructure corridors;
- assessing the feasibility of new large industry and major economic development opportunities in Queensland, particularly on designated State Development Areas; and
- managing significant Government projects that support industry and urban development.

Proponents investing in major resource, industry and tourism projects benefit from the streamlined approvals and management processes facilitated by this output.

Infrastructure Delivery

The Infrastructure Delivery output provides the central coordination role in the delivery of the South East Queensland Water Grid, the AirportLink, pipe procurement and land acquisition. A number of incorporated entities referred to as Special Purpose Vehicles have been established to provide rigorous governance, management and delivery of major infrastructure including:

- Western Corridor Recycled Water Project (Western Corridor Recycled Water Pty Ltd);
- Southern Regional Water Pipeline, Northern and Eastern Pipeline Interconnectors (LinkWater Projects);
- South East Queensland Desalination Plant (Sure Smart Water); and
- the AirportLink toll road (City North Infrastructure Pty Ltd).

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	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
2. Reconciliation of payments from consolidated fund to output revenue recognised in Income Statement				
Budgeted output appropriation	49,784	36,078	49,784	36,078
Transfers from the former Department of Local Government, Planning, Sport and Recreation	19,881	-	19,881	-
Transfers from the former Department of Tourism, Fair Trading and Wine Industry Development	966	-	966	-
Unforeseen expenditure	24,212	6,280	24,212	6,280
Total output receipts	94,843	42,358	94,843	42,358
Plus: Opening balance of unearned revenue receivable	1,835	-	1,835	-
Less: Opening balance of output revenue receivable	-	(2,931)	-	(2,931)
Plus: Unearned output revenue transferred through restructure	138	-	138	-
Plus: Closing balance of output revenue receivable	7,945	-	7,945	-
Less: Closing balance of unearned output revenue	-	(1,835)	-	(1,835)
Output revenue recognised in Income Statement	104,761	37,592	104,761	37,592

Reconciliation of payments from consolidated fund to equity adjustment recognised in contributed equity

Budgeted equity adjustment appropriation	(133,816)	100,000	(133,816)	100,000
Transfers from/to other headings	10	-	10	-
Unforeseen expenditure	204,436	335,251	204,436	335,251
Equity adjustment receipts (payments)	70,630	435,251	70,630	435,251
Less: Opening balance of equity adjustment receivable	(69,529)	-	(69,529)	-
Plus: Closing balance of equity adjustment receivable	-	69,529	-	69,529
Equity adjustment recognised in contributed equity	1,101	504,780	1,101	504,780

Administered on a whole-of-Government basis

Reconciliation of payments from consolidated fund to output revenue recognised in Income Statement

Budgeted appropriation	15,619	12,573
Unforeseen expenditure	15,491	4,093
Total administered output receipts	31,110	16,666
Plus: Closing balance of administered output revenue receivable	142	-
Administered item appropriation recognised in Income Statement	31,252	16,666

Reconciliation of payments from Consolidated fund to equity adjustment recognised in contributed equity

Budgeted equity adjustment appropriation	1,000	-
Equity adjustment recognised in contributed equity	1,000	-

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	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
3. Sales revenue				
Land	98,115	50,724	-	-
Pipeline construction	6,418	184	-	-
Recycled water	519	-	-	-
Other	653	759	653	759
Total	105,705	51,667	653	759

Administered on a whole-of-Government basis				
Sales of goods and services			12,000	-
Total			12,000	-

Cost of sales

Land	20,006	15,424	-	-
Pipeline construction	5,370	-	-	-
Recycled water	1,446	-	-	-
Total	26,822	15,424	-	-

Administered on a whole-of-Government basis				
Cost of land sold			-	175,438
Total			-	175,438

4. User charges

Corporate services	110	-	500	(34)
Procurement services	5,010	8,930	-	-
Rent revenue	12,538	7,641	446	130
Total	17,658	16,571	946	96

5. Grants and other contributions

Grants - Commonwealth	7	408,025	7	25
Grants - Queensland Government departments	1,123	4	1,123	-
Grants - Estates Construction Fund	3,342	1,433	7,680	10,248
Grants - other	603	-	603	-
Contributed assets	3,659	-	3,659	-
Goods and services received below fair value	669	-	669	-
Total	9,403	409,462	13,741	10,273

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	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
6. Other revenues				
Interest	34,973	10,304	-	3
Penalty and interest on sale of land	2,040	1,442	-	-
Statutory licences	185	-	185	-
Sundry *	(4,166)	5,673	(4,308)	5,935
Total	33,032	17,419	(4,123)	5,938

* \$5.875 million was recognised as sundry revenue in 2006-07 as funding for the Western Corridor Recycled Water Project receivable from Western Corridor Recycled Water Pty Ltd. In 2007-08 it was determined that this funding would be provided through output revenue resulting in a reversal of accrued revenue previously recognised.

Administered on a whole-of-Government basis			
Interest		910	-
Sundry *		3,750	187,303
Total		4,660	187,303

* Sundry revenue for 2006-07 represents proceeds for the sale of the Brisbane Cruise Terminal to Multiplex Australia.

7. Gain on sale of property, plant and equipment

Land	1,514	573	191	-
Buildings	-	138	-	-
Plant and equipment	-	35	-	-
Total	1,514	746	191	-

Administered on a whole-of-Government basis			
Land		4,369	-
Total		4,369	-

8. Gain on reversal of revaluation decrement expense

Buildings	2,812	1,332	-	-
Total	2,812	1,332	-	-

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

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	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
9. Employee expenses				
Employee benefits				
Annual recreation leave	3,712	2,047	3,440	1,924
Employer superannuation contributions *	4,493	2,082	4,038	1,910
Long service leave levy *	637	296	614	274
Other employee benefits	67	10	41	10
Wages and salaries	31,316	17,532	26,750	15,800
Employee related expenses				
Other employee related expenses	1,143	329	890	200
Payroll tax *	2,008	970	1,797	883
Fringe benefits tax *	281	343	258	328
Workers compensation premium *	113	44	89	33
Total	43,770	23,653	37,917	21,362

* Costs of payroll tax, fringe benefits 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.

	Consolidated		Parent Entity	
	2008	2007	2008	2007
The number of employees including both full-time and part-time employees measured on a full-time equivalent basis is:				
Number of employees:	601	300	495	233
<i>Executive remuneration - parent entity only</i>				
The number of senior executives who received or were due to receive total remuneration of \$100,000 or more:				
\$120,000 to \$139,999			5	2
\$140,000 to \$159,999			2	3
\$160,000 to \$179,999			7	3
\$180,000 to \$199,999			2	3
\$200,000 to \$219,999			1	1
\$220,000 to \$239,999			2	1
\$340,000 to \$359,999			1	-
\$380,000 to \$399,999			1	-
Total			21	13