

**Department of Infrastructure and Planning**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2008**

**9. Employee expenses (continued)**

**Note:** The executive remuneration disclosure is in accordance with Queensland Treasury Financial Reporting requirements. Disclosures pertaining to the companies reporting under the *Corporations Act 2001* are not included in this note.

	<b>Parent Entity</b>	
	<b>2008</b>	<b>2007</b>
The total remuneration of executives shown above (\$'000) **	3,886	2,492

\*\* The amount calculated as executive remuneration in these financial statements includes the direct remuneration received, as well as items not directly received by senior executives, such as the movement in leave accruals and fringe benefits tax paid on motor vehicles. This amount will therefore differ from advertised executive remuneration packages which do not include the latter items.

The total separation and redundancy/termination benefit payment during the year to executives shown above:	143	12
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	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>10. Supplies and services</b>				
Building services	5,890	3,095	5,096	2,072
Computer operating costs	1,494	365	1,288	240
Consultants and contractors	60,833	26,996	34,670	18,333
Corporate services	3,804	1,674	3,244	1,560
Marketing and public relations	1,501	1,975	1,239	1,899
Minor plant and equipment	1,293	886	1,261	853
Minor works	295	970	218	1,039
Motor vehicles expense	782	403	717	358
Project development costs	-	6,840	15,880	6,840
Repairs and maintenance	443	412	131	198
Supplies and consumables	681	486	575	394
Telecommunications	712	382	617	355
Travel	1,181	529	1,121	447
Other	872	572	709	94
<b>Total</b>	<b>79,781</b>	<b>45,585</b>	<b>66,766</b>	<b>34,682</b>

**Department of Infrastructure and Planning**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2008**

	Consolidated		Parent Entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>11. Grants and subsidies</b>				
Charities and community groups	474	192	474	192
Commonwealth Government recipients	244	219	244	219
Contributions	1,251	1,128	1,251	1,128
Individuals	-	40	-	40
Industry support programs	-	3,400	-	-
Local authorities	159	851	159	851
Private enterprise	140	237	-	237
Queensland Government recipients	9,041	7,873	1,154	293
Statutory bodies	2,296	972	2,296	972
Universities	10	55	10	55
<b>Total</b>	<b>13,615</b>	<b>14,967</b>	<b>5,588</b>	<b>3,987</b>

<b>Administered on a whole-of-Government basis</b>			
Statutory bodies			
		31,602	16,666
<b>Total</b>		<b>31,602</b>	<b>16,666</b>

**12. Depreciation and amortisation**

Depreciation and amortisation were incurred in respect of:

Buildings and land improvements	462	430	146	161
Plant and equipment	582	327	249	82
Software purchased	53	15	-	-
<b>Total</b>	<b>1,097</b>	<b>772</b>	<b>395</b>	<b>243</b>

<b>Administered on a whole-of-Government basis</b>			
Depreciation was incurred in respect of:			
Buildings and land improvements			
		-	360
Plant and equipment		-	24
<b>Total</b>		<b>-</b>	<b>384</b>

**13. Impairment losses**

Bad debts written off	15	-	-	-
Buildings	4,538	1,191	4,481	1,191
Impairment losses on trade receivables	12	9	-	-
Land inventory	827	1,130	-	-
<b>Total</b>	<b>5,392</b>	<b>2,330</b>	<b>4,481</b>	<b>1,191</b>

**Department of Infrastructure and Planning**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2008**

**13. Impairment losses (continued)**

The Parent Entity impairment loss relates to Targinie properties located within the Gladstone State Development Area. The 2007-08 land inventory impairment loss is due to Property Services Group's unallocated state land within the Portsmouth Industrial Estate being written down as development of this land is considered unlikely.

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
External audit fees *	738	390	269	135
Insurance premiums **	309	220	13	82
Losses from disposal of property, plant and equipment	4,285	1,428	955	227
Taxes - land, rates and stamp duty	7,777	7,073	-	-
Special payments:				
Ex-gratia payments	1,640	-	1,640	-
Feasibility expenses	1,252	-	-	-
<b>Total</b>	<b>16,001</b>	<b>9,111</b>	<b>2,877</b>	<b>444</b>

\* Total external audit fees for the Parent Entity relating to the 2007-08 financial year are estimated to be \$220,000 (2006-07: \$95,000). 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.

<b>Administered on a whole-of-Government basis</b>			
Sundry		20,679	11,865
<b>Total</b>		<b>20,679</b>	<b>11,865</b>

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
		<b>Restated</b>		
<b>15. Income tax equivalent</b>				
<b>Income tax equivalent expense</b>				
Profit before income tax equivalents	91,986	21,507	-	-
Prima facie tax at 30%	27,596	8,744	-	-
Increase/(decrease) in income tax equivalent due to:				
Tax effect of research and development uplift	(2,040)	(1,956)	-	-
Non-deductible expenditure	52	-	-	-
Adjustment for prior period	13	-	-	-
<b>Income tax equivalent expense</b>	<b>25,621</b>	<b>6,788</b>	<b>-</b>	<b>-</b>

*Department of Infrastructure and Planning*  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2008

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
		Restated		
<b>15. Income tax equivalent (continued)</b>				
<b>Income tax equivalent expense comprises:</b>				
Current income tax equivalent expense	106,280	15,264	-	-
Deferred tax equivalent asset recognised	(105,808)	(15,936)	-	-
Deferred tax equivalent liability recognised	25,148	7,460	-	-
	<u>25,620</u>	<u>6,788</u>	<u>-</u>	<u>-</u>
<b>Current income tax equivalent liability</b>				
Balance at the beginning of the year	16,214	5,367	-	-
Income tax equivalent paid	(52,552)	(5,367)	-	-
Current year's income tax equivalent expense/(revenue) on profit from ordinary activities	106,280	16,213	-	-
<b>Balance at the end of the year</b>	<u>69,942</u>	<u>16,213</u>	<u>-</u>	<u>-</u>
<b>Deferred tax equivalent liability</b>				
Balance at the beginning of the year	82,604	71,492	-	-
Current year's income tax equivalent expense/(revenue) on profit from ordinary activities	25,148	7,460	-	-
Items charged or credited direct to equity	12,720	3,652	-	-
<b>Balance at the end of the year</b>	<u>120,472</u>	<u>82,604</u>	<u>-</u>	<u>-</u>
<b>Deferred tax liability comprises:</b>				
Research and development expenditure	25,188	10,609	-	-
Capitalised interest	15,029	245	-	-
Capitalised loss on recycled water sales	161	-	-	-
Deferred income tax related to items charged or credited directly to equity	80,094	71,750	-	-
<b>Balance at the end of the year</b>	<u>120,472</u>	<u>82,604</u>	<u>-</u>	<u>-</u>
<b>Deferred tax equivalent asset</b>				
Balance at the beginning of the year	19,323	3,387	-	-
Current year's income tax equivalent expense/(revenue) on profit from ordinary activities	105,821	15,936	-	-
<b>Balance at the end of the year</b>	<u>125,144</u>	<u>19,323</u>	<u>-</u>	<u>-</u>

*Department of Infrastructure and Planning*  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2008

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
		Restated		
<b>15. Income tax equivalent (continued)</b>				
<b>Deferred tax equivalent asset comprises:</b>				
Annual leave	35	48	-	-
Provision for doubtful debts	120	117	-	-
Superannuation	1	1	-	-
Accrued expenses	29	70	-	-
Accrued audit fees	18	9	-	-
Long service leave payable	2	2	-	-
Grant creditors	-	1,821	-	-
Accounting depreciation	55	36	-	-
Building accumulated impairment/devaluation	2,112	2,843	-	-
Deferred income	122,400	14,006	-	-
Capitalised expenses	370	370	-	-
<b>Balance at the end of the year</b>	<b>125,142</b>	<b>19,323</b>	<b>-</b>	<b>-</b>

In 2007-08 Western Corridor Recycled Water Pty Ltd was listed on the National Tax Equivalent Regime register and required to account for income tax equivalents. Retrospective adjustments have been made to comparative consolidated balances to account for relevant income tax equivalent transactions in prior periods.

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
<b>16. Cash and cash equivalents</b>				
Cash at bank and on hand	365,549	720,686	33,080	(52,808)
Imprest accounts	5	2	3	1
<b>Total</b>	<b>365,554</b>	<b>720,688</b>	<b>33,083</b>	<b>(52,807)</b>

<b>Administered on a whole-of-Government basis</b>			
Cash at bank and on hand		3,749	24,029
<b>Total</b>		<b>3,749</b>	<b>24,029</b>

The reported 30 June 2007 cash at bank deficit relates to the timing of the recognition of the 2006-07 deferral appropriation repayment to Queensland Treasury and the receipt of 2007-08 appropriation funding in the Tridata and SAP systems. The actual bank balance was not in overdraft at 30 June 2007, or at any other time during 2006-07.

At the consolidated level, cash at bank earned interest at rates between 5.42% and 8.18% (2007: 4.96% and 6.75%).

*Department of Infrastructure and Planning*  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2008

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
<b>17. Receivables</b>				
<b>Current</b>				
Trade debtors	23,610	81,353	65,095	109,955
Less: Provision for impairment	(400)	(388)	-	-
	<u>23,210</u>	<u>80,965</u>	<u>65,095</u>	<u>109,955</u>
GST receivable	42,640	38,638	4,142	-
GST payable	(5,190)	(41,988)	(2,758)	(14,249)
	<u>37,450</u>	<u>(3,350)</u>	<u>1,384</u>	<u>(14,249)</u>
Interest receivable	3,863	2,606	-	-
Equity injection	-	43,529	-	69,529
Finance lease debtors	5,600	5,282	-	-
Loans and advances	4,570	14,296	173	308,000
Long service leave reimbursements	189	7	155	-
Output revenue	7,945	-	7,945	-
Operating lease debtors	155	602	-	-
Other	1,153	72	-	72
<b>Total</b>	<u><b>84,135</b></u>	<u><b>144,009</b></u>	<u><b>74,752</b></u>	<u><b>473,307</b></u>
<b>Non-current</b>				
Finance lease debtors	26,433	24,983	-	-
Loans and advances	13,615	13,348	-	-
<b>Total</b>	<u><b>40,048</b></u>	<u><b>38,331</b></u>	<u><b>-</b></u>	<u><b>-</b></u>
<b>Movements in the allowance of provision for impairment of debtors</b>				
Balance at the beginning of the year	(388)	(379)	-	-
(Increase)/decrease in allowance recognised in profit or loss	(12)	(9)	-	-
<b>Balance at the end of the year</b>	<u><b>(400)</b></u>	<u><b>(388)</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

**Administered on a whole-of-Government basis**

Output revenue receivable			<u>142</u>	-
<b>Total</b>			<u><b>142</b></u>	<u><b>-</b></u>

**Department of Infrastructure and Planning**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2008**

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
<b>18. Inventories</b>				
<b>Current</b>				
Land held for resale				
- Costs of acquisition or at valuation	211,693	191,078	-	-
Construction contracts in progress				
- Pipeline construction	11,348	17,023	-	-
<b>Total</b>	<b>223,041</b>	<b>208,101</b>	<b>-</b>	<b>-</b>
<b>Aggregate carrying amount of inventories</b>				
- Cost of inventory expected to be sold within 12 months	28,560	31,876	-	-
- Cost of inventory expected to be sold later than 12 months	194,481	176,225	-	-
<b>Total</b>	<b>223,041</b>	<b>208,101</b>	<b>-</b>	<b>-</b>
<b>19. Other assets</b>				
<b>Current</b>				
Prepayments	9,797	26,105	130	2,417
Security deposits	170	-	-	-
Sundry	4	2	4	2
<b>Total</b>	<b>9,971</b>	<b>26,107</b>	<b>134</b>	<b>2,419</b>
<b>Non-current</b>				
Prepayments	1,905	-	-	-
Security deposits	200	-	-	-
<b>Total</b>	<b>2,105</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>20. Non-current assets classified as held for sale</b>				
Land held for sale	95,570	-	27,502	-
<b>Total</b>	<b>95,570</b>	<b>-</b>	<b>27,502</b>	<b>-</b>

The land held for sale balance primarily consists of six lots of land at Coomera. Three lots are under contract to QIC Coomera Pty Ltd as trustee for QIC Coomera Trust and Westfield Management Limited. Settlement is conditional upon development approval. When obtained, settlement will occur 14 days from the date that notice of the approval is given to the purchaser. The remaining portion relates to land that has been acquired and easements granted on behalf of the Department's controlled companies which is expected to be reimbursed by the companies before 30 June 2009.

**21. Other financial assets**

Shares	-	-	417,549	120,923
<b>Total</b>	<b>-</b>	<b>-</b>	<b>417,549</b>	<b>120,923</b>

At 30 June the Parent Entity held shares in controlled entities (see note 35). These instruments are not traded on an active market, thus fair value cannot be reliably measured. Subsequent to balance date, shares held in Western Corridor Recycled Water Pty Ltd and South East Queensland (Gold Coast) Desalination Company Pty Ltd have been disposed (see note 34).

**Department of Infrastructure and Planning**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2008**

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
<b>22. Intangible assets</b>				
Goodwill	20,787	1,172	-	-
Software purchased	140	128	-	-
Less: Accumulated amortisation	(68)	(15)	-	-
<b>Total</b>	<b>20,859</b>	<b>1,285</b>	<b>-</b>	<b>-</b>

This goodwill relates to the Department's investment in Southern Regional Pipeline Pty Ltd and South East Queensland (Gold Coast) Desalination Company Pty Ltd. The Department has assessed impairment on goodwill and determined that there are no events or changes in circumstances that indicate impairment adjustment is required.

**23. Property, plant and equipment**

Land:				
At cost	26,184	41,959	26,184	41,959
At independent valuation	869,256	568,003	26,719	-
	895,440	609,962	52,903	41,959
Buildings:				
At independent valuation	24,436	18,836	8,132	7,737
Less: Accumulated depreciation	(5,322)	(2,647)	(432)	(465)
Less: Accumulated impairment losses	(4,538)	-	(4,481)	-
	14,576	16,189	3,219	7,272
Plant and equipment:				
At cost	7,116	2,637	4,884	594
Less: Accumulated depreciation	(1,449)	(854)	(572)	(179)
	5,667	1,783	4,312	415
Capital work in progress:				
At cost	3,476,783	863,597	9,070	4,125
<b>Total</b>	<b>4,392,466</b>	<b>1,491,531</b>	<b>69,504</b>	<b>53,771</b>

*Department of Infrastructure and Planning*

Interim valuations have been performed on land using State Valuation Services indices derived from changes in the unimproved land values as issued by the Chief Executive, Department of Natural Resources and Water.

The land located at the Targinie precinct in the Gladstone State Development Area have a development scheme in place whereby the Coordinator-General has the power to permit or reject development. With land being purchased progressively over a five year period, determining a fair value is difficult given the development scheme restriction over the properties. Until the final use and zoning of the land can be determined the land will be valued at acquisition costs.