Annual Report 2008–09

Department of Infrastructure and Planning

Queensland Government

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Department of Infrastructure and Planning

Vision: Sustainable development—sustainable communities

Mission: The department's mission is to shape a sustainable future for Queensland

Values: Making a difference, professionalism, innovation, ethical conduct, genuine community engagement

2008–09 performance snapshot

Priorities	Performance
Plan, coordinate and deliver key infrastructure for economic, environmental and social development in Queensland	• Facilitated significant projects including the Aurukun bauxite mine and refinery, Whitsunday Coast Airport, Townsville Ocean Terminal, Gold Coast Marine Development, Gold Coast University Hospital, Queensland Children's Hospital • Facilitated business case development for regionally based water infrastructure projects and assessment of the statewide water grid proposal • Completed the 2008 Coal Infrastructure Strategic Plan and continued to assist with implementation of the $19.3 billion *Coal infrastructure program of actions* • Identified an infrastructure corridor for the co-location of coal seam gas (CSG) pipelines from the Surat Basin to Gladstone, and released the government's CSG water management policy including options for CSG water aggregation, beneficial use and disposal • Facilitated the Surat Basin Railway with all 2008–09 mandated milestones achieved and over 23 per cent of Northern Economic Triangle Infrastructure Plan actions implemented • Progressed the Southport Broadwater to Southern Moreton Bay Marine Infrastructure Master Plan and draft Inskip Peninsula Master Plan
Collaboratively plan sustainable and dynamic urban and regional communities	• Prepared the Sustainable Planning Bill 2009, complemented by tools and training to support the planned legislation and planning reform agenda • Reviewed the *South East Queensland Regional Plan 2005–2026* and released the draft *South East Queensland Regional Plan 2009–2031* • Developed and released the *Far North Queensland Regional Plan 2009–2031* • Developed and released draft statutory regional plans for rural and remote communities in Central West, South West and North West Queensland, and for Maranoa-Balonne • Continued implementation of the Housing Affordability Strategy through: – monitoring land supply in Queensland through the release of the *South East Queensland broadhectare study* and Queensland Residential Land and Dwelling Activity Monitor – developing an expanded program to monitor residential infill and redevelopment in existing urban areas (commencing in South East Queensland) – progressing all land use planning for 12 committed development sites identified under the Greenfield Land Supply Action Plan in SEQ, as well as progressing five potential development sites across South East Queensland – continuing to support local governments and review of Priority Infrastructure Plans • Completed *Stage 2 Housing Sustainability Policy* consultation and underway with implementation , in line with *Climate Smart 2050* strategy
Facilitate major private sector and public projects	• Declared ten significant projects (capital value of $68.2 billion), released six environmental impact statements (capital value of $8.2 billion) and issued three Coordinator-General's reports for minerals processing and water infrastructure projects at a combined value of $5.5 billion • Declared the Bromelton State Development Area and the extension to the Gladstone State Development Area • Established the key economic, environmental and community policy objectives and ongoing facilitation of the infrastructure and planning arrangements, and completed concept designs for a road and bridge to link the mainland to the proposed liquefied natural gas industries in the Curtis Island Industry Precinct within the Gladstone State Development Area • Completed Stage 2 of the Gladstone Land, Port, Rail and Road Infrastructure Study • Completed the Townsville Waste Disposal Site Investigation Study • Approved the material change of use application for the Mount Stuart Power Station upgrade • Commenced both the Abbot Point State Development Area Infrastructure Corridor Study and the Bowen Abbot Point Accommodation and Community Infrastructure Study • Completed the development application for the Aerospace and Defence Support Centre • Completed construction and commissioning of SEQ Water Grid projects including Western Corridor Recycled Water, Gold Coast Desalination, Southern Regional Water Pipeline, Eastern Pipeline Interconnector and Northern Pipeline Interconnector Stage 1, new water storages at Cedar Grove Weir and Bromelton Offstream Storage • Concluded the centralised procurement of 450 km of large diameter pipe and materials for the SEQ Water Grid and Toowoomba Pipeline projects, and coordinated approvals and commenced construction of the Wivenhoe Dam to Toowoomba pipeline • Coordinated the first stage of the water fluoridation infrastructure implementation • Progressed environmental impact assessment (EIA) report for Traveston Crossing Dam, and completed EIA report and commenced pre-construction for the Wyaralong Dam • Assisted the then Department of Education, Training and the Arts to develop and conclude the SEQ Schools Private Public Partnership project, a proposal to build seven new state schools in high-growth areas of South East Queensland. The $1.1 billion project is the first to incorporate the new Supported Debt Model, using both private and public finance • Provided agencies with a whole-of-government view and policy on procurement options for major infrastructure proposals including the Australian Football League Gold Coast stadium, South East Queensland Schools, Gold Coast Institute of TAFE Ridgeway, Gold Coast Rapid Transit, Queensland Children's Hospital, Sunshine Coast University Hospital, Border Railway and Northern Link

2008–09 performance snapshot (continued)

Priorities	Performance (continued)
Plan, secure and manage land supply for urban, industrial and economic development	• Completed Industrial Land Demand studies for Cairns and Townsville; initial site suitability investigations for an industrial estate in Mackay; and a site identification study for relocating Caloundra Aerodrome and identified potential sites for special industries • Completed Western Corridor market demand and supply analysis of industrial land to be released to government agencies to progress planning for Ebenezer industrial area • Commenced the Monitoring of Industrial Land Program for Queensland • Commenced oversight of construction of the Airport Link project
Capable, sustainable and accountable local governments	• Approved $880 million for infrastructure projects, since commencement of the five-year $700 million suite of grants and subsidies program in 2006–07; to date $388.5 million of the approved subsidies has been paid • Implemented the sustainability and reporting process with the release of the Annual Return on the Status of Asset Management to councils in December 2008 • Established five new regional offices to improve client services • Continued development of a new legislative framework for local governments, with the introduction of the Local Government Bill 2008
Strengthen a professional, ethical and high-performance organisation that values and nurtures its employees	• Implemented a number of frameworks and strategies including an Integrated risk management framework to manage risks and support strategic priorities, a business continuity management program and influenza pandemic plan; Stage 1 of the department's electronic document and records management system; the whole-of-government travel management system; and the *Queensland public service capability and leadership framework* by integrating it into the performance and learning planning model, and learning and development programs • Developed an ethics and integrity framework, supported by policies and tools including an online code of conduct module

Queensland Government Q2 ambitions and targets we contribute to

Strong: Queensland is Australia's strongest economy with infrastructure that anticipates growth.

Green: Protect 50 per cent more land for nature conservation and public recreation.

Cut by one-third Queenslanders' carbon footprint, with reduced car and electricity use.

Healthy: Cut by one-third obesity, smoking, heavy drinking and unsafe sun exposure.

Letter of compliance

23 October 2009

The Honourable Stirling Hinchliffe, MP
Minister for Infrastructure and Planning
Executive Building
100 George Street Brisbane Qld 4000

The Honourable Desley Boyle, MP
Minister for Local Government and Aboriginal
and Torres Strait Islander Partnerships
41 George Street Brisbane QLD, 4000

Dear Ministers

I am pleased to present the Annual Report 2008–09 for the Department of Infrastructure and Planning.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Administration and Audit Act 1977* and the Financial Management Standard 1997, and
- the detailed requirements set out in the *Annual Reporting Guidelines for Queensland Government Agencies*.

A checklist outlining the annual reporting requirements can be accessed at www.dip.qld.gov.au.

Yours sincerely

Colin Jensen

Coordinator-General and Director-General
Department of Infrastructure and Planning

Communication objectives

Welcome to the Department of Infrastructure and Planning's Annual Report for 2008–09.

This report is part of a suite of departmental documents including the *Department of Infrastructure and Planning Strategic Plan 2008–12* and the *Agency Service Delivery Statement* that inform the Minister for Infrastructure and Planning, and Minister for Local Government and Aboriginal and Torres Strait Islander Partnerships and the Parliament of the department's financial and non-financial performance and activities. It is a major accountability tool that enables the ministers to assess the efficiency, effectiveness and economy of the department, as required under the *Financial Administration and Audit Act 1977* and the Financial Management Standard 1997.

In providing an overview of our performance and key outcomes for the year, the Annual Report responds particularly to the vision, mission, values and strategic priorities presented in the department's Strategic Plan 2008–12 and pertinent elements from the former Department of Local Government, Sport and Recreation's Strategic Plan 2008–12. It also reports on our performance and on outcomes linked to Queensland Government priorities.

In addition to fulfilling our statutory obligations, this report describes how the department has invested public and industry funds to benefit Queensland's communities and industries. As such it is a valuable resource for our stakeholders and clients, who may use it to benchmark us against other organisations, and for organisations and community groups who share an interest in our performance, initiatives and future directions.

This Annual Report has been prepared on the basis of the administrative arrangements for the Department of Infrastructure and Planning applying for the whole 2008–09 financial year. That is, it reflects the structure, operations and performance of the department as it existed on 30 June 2009.

Machinery-of-government changes resulted in an amalgamation of the functions of local government and the Department of Infrastructure and Planning. The final report detailing the achievements and successes of the former Department of Local Government, Sport and Recreation, for the period 1 July 2008 to 26 March 2009, is available at www.dip.qld.gov.au.

Director-General's report

In just its second year of operation, the Department of Infrastructure and Planning coordinated the delivery of $16 billion in public sector infrastructure, introduced significant reforms to the state's planning system and acquired responsibility for local government reform following the March restructure of the Queensland Public Service. In the face of the global slowdown, the department played a central role this year coordinating the government's unprecedented building program to support jobs and prepare Queensland for a global economic recovery.

The department led the most ambitious infrastructure program in Queensland's history in 2008-09, coordinating the delivery of the Government's $16 billion in infrastructure to manage growth, prepare Queensland for the global recovery and support jobs. The record investment in infrastructure, twice that of the other states, included transport, energy, water, health and community projects.

Milestone projects like the South East Queensland Water Grid (stage one), the Inner Northern Busway, the Queensland Tennis Centre, the Tugun Bypass and numerous regional road and community projects were delivered. Construction continued on track on projects like the Gateway Upgrade, Airport Link, South East Queensland busways, multiple rail upgrades and extensions, the Queensland Children's Hospital and the Robina Hospital.

The department updated the *South East Queensland Infrastructure Plan and Program for 2009–2026* and is acknowledged as one of the only jurisdictions in Australia that supports regional planning with strategic infrastructure.

Release of the department's Coal Infrastructure Program of Actions provided a roadmap to further ramp up rail, port and energy capacity to grow the state's resource exports. Additional work undertaken on the Northern Economic Triangle will increase energy capacity in the state's north west to support development of a world-class phosphate and minerals export industry.

The development of a liquefied natural gas (LNG) industry in Queensland took a giant leap forward this year with four multinational proponents submitting proposals for major LNG projects. Coupled with increasing coal exports and proximity to resource hungry Asian growth markets, Queensland was one of the world's economic bright spots this year, with the department playing an important role in fuelling Queensland's growth and prosperity.

This was a defining year for planning reform in Queensland, with the department introducing several reforms to equip Australia's growth state with a 21st century planning, building and development system.

The department progressed the draft Sustainable Planning Bill—the most significant reform to Queensland's planning, building and development system in more than a decade. The Bill reduces red tape, brings increased flexibility and predictability to planning and development whilst respecting local planning needs and priorities.

A major update of the *South East Queensland Regional Plan 2005* was undertaken to reflect unprecedented population growth, changing demographics, and a changing skills and economic climate. The government launched the *Far North Queensland Regional Plan 2009–2031*, which won two awards from the Planning Institute of Australia for its enlightened approach to sustainable development. The plan balances sensible economic development with environmental protection for one of the world's most sensitive eco regions.

History was made with the preparation of the first ever draft regional plans for rural and remote Queensland, including plans for the south west, central west, north west and Maranoa-Balonne.

The department consulted widely with Queenslanders about the government's *Improving Sustainable Housing in Queensland* discussion paper, earning widespread industry and community support for introducing sustainable housing measures. The department also prepared submissions on green friendly building initiatives for consideration by the Premier's Council on Climate Change.

The addition of local government functions in March equipped the department to deliver better integrated and coordinated infrastructure, planning and local government solutions for Queensland. This year the department advanced the government's local government reform agenda by drafting legislation to reform the local government sector to encourage increased levels of governance, accountability and integrity of processes. The department prepared new dog and cat registration legislation which was passed by Parliament in December. Additional opportunities for synergies in local government, planning and infrastructure will be identified as the department moves forward.

The delivery of record levels of infrastructure and planning reform would not have occurred without massive cooperation from industry, local government, the community and the department's committed staff. I would like to express my thanks for your contribution to the achievements already outlined.

As a relatively new department, Infrastructure and Planning acquired an increased level of business maturity this year, expanding its governance and corporate processes and focusing heavily on business improvement. Given its critical mission and record of achievement, the department is a major catalyst of economic, social and environmental development in Queensland and is well placed to deliver strong and innovative infrastructure and planning leadership and solutions for the state going forward.

Colin Jensen

Coordinator-General and Director-General
Department of Infrastructure and Planning

Organisational structure (as at June 2009)

Coordinator-General and Director-General

Office of the Director-General

Local Government and Service Delivery	Planning	Infrastructure and Economic Development	Infrastructure Services	Strategy and Governance
Service Delivery • Advisory Services to Local Government • Local Government Capacity Building • Local Government Grants Administration • Support for Indigenous Communities **Regional Offices (except SEQ Planning)** • Local Government Services • Planning Services **Local Government** • Local Government Governance • Local Government Policy • Secretariat to Queensland Local Government Grants Commission and Remuneration Tribunal • Performance Management and Reporting **Local Government Reform** • Local Government Legislation Review • Local Government Performance Taskforce **Building Codes Queensland** • Building Legislation and Standards • Building Reform Program • Plumbing Legislation and Standards • Tribunal and Legislative Services	**Planning Program Management** • Spatial Services • Planning Reform • Planning Policy • Smart eDA **SEQ Regional Planning** • Statutory Planning • Regional Planning • Council Liaison **Specialist and Infrastructure Planning** • Infrastructure Planning and Coordination • Strategic Projects (e.g. Housing Affordability) • TOD and Smart City Masterplan • Planning Information	**Significant Project Coordination** • Project Assessment and approval • Social Impact Assessment • Compliance **State Development Areas** • Industrial Land Analysis and Planning • Declaration and Management **Land Acquisition** • Land Acquisition • Land Access Management **Property Services Group** • Capital Works Construction • Property Valuation and Sales **Government Development Projects** • Facilitation • Management **Regional Infrastructure** • Coal Infrastructure Taskforce • Northern Economic Triangle • Regional Projects	**SEQ Water Grid** • Construction • Special Purpose Vehicle Coordination **Special Projects** • Airport Link/Northern Busway • Liquefied Natural Gas • Flinders Street Mall Redevelopment • Whitsunday Airport	**Cabinet and Executive Services** **Strategic Policy and Legislation** • Policy Coordination and Research • Legislation and Regulatory Coordination • Legislation Development and Coordination • Infrastructure Policy **Infrastructure Program Management** • Program Coordination, Management and Reporting • Infrastructure Procurement and Project Frameworks • Project Delivery, Assessment and Governance **Organisational Capability** • Human Resources • Information and Communication Technology • Planning, Performance and Reporting • Communications, Marketing and Media **Financial and Asset Management** • Chief Financial Officer • Financial Management • Procurement Services • Facilities and Business Services • Business Information Services **Evaluation and Internal Audit**

Executive Leadership Team

The Executive Leadership Team leads, directs and oversees the delivery of the department's strategic goals and operational objectives.

From left to right: Shane McDowall, Geoff Dickie, Colin Jensen, Kathy Schaefer, Michael Kinnane and Gary White.

Colin Jensen
Coordinator-General and Director-General
Department of Infrastructure and Planning

Colin Jensen is Queensland's Coordinator-General and Director-General of the Department of Infrastructure and Planning—serving in these roles since 14 September 2007.

Colin is responsible for overseeing the delivery of the largest infrastructure program in Queensland's history, including assessing 37 significant projects worth in excess of $90 billion and managing seven State Development Areas. In addition, he has responsibility for ensuring local governments adopt transparent decision-making, good governance and sustainable approaches to development. He also continues to lead the modernisation of Queensland's planning and development system.

Previously, Colin was Deputy Director-General of the former Queensland Transport, where he oversaw and coordinated the state's transport infrastructure program. In this role, he was also responsible for integrated transport planning, passenger transit systems and information, and for the department's financial management.

From 1987 to 2006, Colin worked for the former Department of Main Roads, concluding his tenure as General Manager (Road System and Engineering)—the department's chief engineer. In this role he ensured that the department had the technical expertise, systems and people capable of meeting the demands and risks associated with managing $30 billion of road infrastructure across Australia's most decentralised state.

Colin also held engineering and executive positions in Main Roads in the areas of urban planning, transport modelling, strategic planning, road program development and policy.

For two consecutive years, Engineers Australia Magazine has named Colin one of Australia's 100 most influential engineers.

Michael Kinnane
Associate Director-General
Local Government and Service Delivery Group

Michael held the position of Director-General, Department of Local Government, Sport and Recreation (DLGSR) from January 2006 to March 2009. Within DLGSR, Michael led the internal structural change that delivered a strategic shift in the department's role—from that of regulator to strategic policy leader—as well as a new service delivery model based on regionalisation. These changes positioned the agency to deliver unprecedented reforms for Queensland's local government sector.

In March 2009 Michael was appointed to the position of Associate Director-General in the Department of Infrastructure and Planning, where he is responsible for the Local Government and Service Delivery Group.

He holds joint responsibilities as Government Champion for Mornington Island under 'Partnerships Queensland' and is a member of the Strong Indigenous Communities Chief Executive Office Committee.

Geoff Dickie
Deputy Coordinator-General
Infrastructure and Economic Development Group

Geoff was appointed as Deputy Coordinator-General on 22 May 2008. His responsibilities include industrial land planning such as the Gladstone State Development Area, and facilitation and impact assessments of significant public and private sector projects. Geoff has worked in mining and petroleum exploration and development in Australia and Canada, and has in recent years been a manager in government resource departments at both federal and state levels.

He has previously served as Special Advisor, Native Title and Mining, and Executive Director, Minerals and Petroleum Division in the Department of Natural Resources and Mines. Geoff has tertiary qualifications in economics and geology.

Gary White
Deputy Director-General
Planning Group

Gary joined the Department of Infrastructure and Planning as Deputy Director-General, Planning Group, in July 2008. Prior to this, from 1997 to 2008, he held key planning positions within the Redlands, Gold Coast and Ipswich councils.

In his current role, Gary has overseen several significant planning projects, including the finalisation of the award-winning *Far North Queensland Regional Plan 2009–2031* and the launch of the *Draft South East Queensland Regional Plan 2009–2031*. Gary has also been responsible for the continued rollout of other regional planning frameworks, and led the drafting of the Sustainable Planning Bill 2009. The Bill, a key platform in the government's planning reform initiative, was tabled in Parliament in June 2009.

Gary has been President of the Queensland Division of the Planning Institute of Australia. He is Queensland's representative on the National Council of the Planning Institute of Australia, and chair of the Planning Officials' Group, which provides strategic planning advice to ministerial councils and actions relevant items referred by the Council of Australian Governments.

Shane McDowall
Deputy Coordinator-General
Infrastructure Services Group

Shane has more than 20 years experience in the civil engineering industry in Australia and overseas, in both the private and public sectors. He has been involved in many high-profile projects, including the Southern Regional Water Pipeline Alliance, the Tarong Transport Alliance, the Wivenhoe Dam Upgrade Alliance, the Roma Street Parkland development and the Pacific Motorway upgrade. Shane has played a key role in the delivery of the Queensland Government's $9 billion South East Queensland Water Grid—a project of unprecedented scale and complexity. Shane chaired the Board of City North Infrastructure, the company responsible for developing and delivering Brisbane's high-profile Airport Link project and the associated sections of the Northern Busway.

Kathy Schaefer
Deputy Director-General
Strategy and Governance Group

Kathy was appointed as Deputy Director-General, Strategy and Governance, in July 2008. Prior to this, Kathy served with the South Australian Government in the Department of Education, Training and Employment, working within the corporate, employment, training and youth portfolios.

She also served as General Manager, Central Coast Council in Tasmania and led significant local government reforms including regional planning reforms, water and sewerage reforms and financial sustainability of local government. She served on the Premier's Local Government Council, the Ministerial Community Engagement Taskforce, the Premier's Social Inclusion Taskforce and the TAFE Tasmania Board.

Since taking up the Deputy Director-General position, Kathy has led the department's involvement in Toward Q2: Tomorrow's Queensland, overseen the review of the *South East Queensland Infrastructure Plan and Program 2008–2026*, coordinated the Government's submission to Infrastructure Australia and led significant department reorganisation following the machinery–of–government changes in 2009.

About the department

Role of the Coordinator-General

The Director-General of the Department of Infrastructure and Planning holds the Office of the Coordinator-General. The *State Development and Public Works Organisation Act 1971* provides the person holding this office with significant powers to manage major projects on a whole-of-government basis. The Act provides for planning and development through a coordinated system of public works as well as for environmental coordination and related purposes. The Department of Infrastructure and Planning assists the Coordinator-General in the regulatory role in assessing and approving infrastructure projects.

Machinery-of-government changes

As a consequence of recent machinery-of-government changes, functions and responsibilities of the former Department of Local Government, Sport and Recreation relating to local government have been amalgamated with the Department of Infrastructure and Planning. The final report detailing the achievements and successes of the former Department of Local Government, Sport and Recreation, for the period 1 July 2008 to 26 March 2009, is available at www.dip.qld.gov.au.

Operational environment

Queensland's continued population growth requires the state to maintain sustainable economic and social development with the delivery of vital infrastructure remaining a high priority. At the same time the global economic slowdown is affecting the ability of both the public and private sectors to attract the necessary financial support to commence and deliver infrastructure projects. A key role for the department is to provide a policy and program environment that stimulates and fast tracks projects that support job creation through land development and infrastructure delivery. The department applies the principles of sustainable development to planning the future mix of land use including planning and preparing for adequate supplies of industrial land.

Building the sustainability of Queensland's local government system in line with the implementation of the national frameworks for local governments is a priority. The aim is to work in partnership with the local government sector as the third sphere of government to shape and support an efficient, effective and sustainable local government system.

Role of the department

During 2008–09 the Department of Infrastructure and Planning continued to optimise benefits for Queenslanders. This was achieved by planning, facilitating, delivering and coordinating strategic land use and major infrastructure projects and initiatives across Queensland in collaboration with local governments and the community. As well as assisting local governments in the areas of accountability, capacity building and sustainability, the department ensured there were adequate land stocks for industrial development with access to key transport and export links.

Toward Q2—Tomorrow's Queensland

The department contributes to the government ambitions of building a strong economy and green, healthy communities that meet future challenges. Specifically, the department is the lead agency for the Green 2020 target: Protect 50 per cent more land for nature conservation and public recreation.

Acts administered by the department

The Department of Infrastructure and Planning administers the:

- *State Development and Public Works Organisation Act 1971*, which provides for planning and development through a coordinated system of public works as well as for environmental coordination and related purposes
- *Integrated Planning Act 1997* (IPA). The purpose of this Act is to achieve ecological sustainability by coordinating and integrating planning at the local, regional and state levels; managing the process by which development occurs; and managing the effects of development on the environment (including managing the use of premises)
- *Building Act 1975*, which determines building work that is assessable development under the IPA and imposes compliance requirements for buildings and other structures, and the *Plumbing and Drainage Act 2002*
- *Industrial Development Act 1963*, which provides guidance for using land for industrial purposes. The Property Services Group (PSG), a commercialised business unit within the Department of Infrastructure and Planning, delivers a range of services under this Act. Through access to the Estates Construction Fund, PSG provides funding for both property-related and other industry development functions
- *Local Government Act 2009* (formerly the *Local Government Act 1993*), which provides for the way in which

a local government is constituted, and the nature and extent of its responsibilities and powers. It also provides for a system of local government in Queensland that is accountable, effective, efficient and sustainable. The new Act will be supplemented by regulations governing essential subordinate operational or administrative matters.

For a comprehensive listing of all legislation administered by the Department of Infrastructure and Planning, refer to the current annotations prepared by the Office of the Queensland Parliamentary Counsel at www.legislation.qld.gov.au/Leg_Info/anno_current.htm and published by GOPRINT.

Delivering services

The department has five groups that contribute to fulfilling:

- the priorities identified in the department's Strategic Plan 2008–12, and pertinent elements from the former Department of Local Government, Sport and Recreation's Strategic Plan 2008–12
- our legislative requirements.

As at 30 June, these groups were:

1. **Infrastructure and Economic Development**
   This group plans, identifies and coordinates infrastructure projects, and industrial and community infrastructure land development which underpin the economic and social growth and sustainability of the state. Within this group, the Property Services Group undertakes a range of property functions aimed at encouraging the location and expansion of business and industry in Queensland. It acquires land and coordinates the development of infrastructure corridors to support infrastructure and economic development.

2. **Infrastructure Services**
   This group coordinates and delivers key strategic infrastructure including the SEQ Water Grid and Airport Link.

3. **Planning**
   This group provides leadership by collaborating with state agencies, local government and other stakeholders to effectively plan for growth and infrastructure provision in Queensland. This facilitates a high quality of life and sustainable development.

4. **Local Government and Service Delivery**
   This group partners with local governments to deliver sustainable and accountable local government services and infrastructure. It provides services and advice in the areas of governance, monitoring and performance analysis, interventions and investigations. It also offers targeted initiatives to support Indigenous local governments, and capacity building and funding for local governments.

5. **Strategy and Governance**
   This group positions the department for the future. It leads and coordinates departmental responses for whole-of-government accountability requirements and develops and oversees the implementation of whole-of-government strategic policy, legislative obligations and departmental policies and procedures. It also establishes enabling frameworks and systems, ensures compliance with corporate governance requirements and builds organisational capacity and capability.

External reviews

During the year the Auditor-General conducted two reviews as part of cross-entity reviews:

- *Report to Parliament no. 3 for 2009—Transport network management and urban congestion in South East Queensland*
- *Report to Parliament no.4—Results of audits at 31 May 2009*.

In addition to these reports to parliament, the department was subject to the following external examinations:

- Public Accounts Committee Report No 80—Governance of Public Sector Companies Inquiry
- Public Works Committee South East Queensland (Gold Coast) Desalination Project Inquiry.

Financial summary

Understanding the financial statements

Financial reports, incorporating a full set of financial statements and notes for both the Department of Infrastructure and Planning and its commercialised business unit, the Property Services Group, are included in this annual report.

The Department of Infrastructure and Planning financial report starts on page 81. It contains financial data labelled:

- Parent entity
- Consolidated

Parent entity refers to the funds within the control of the government agency—Department of Infrastructure and Planning—referred to as controlled funding.

Consolidated relates to the combined operations of the parent entity (Department of Infrastructure and Planning—controlled funding) and its controlled entities:

- Property Services Group
- City North Infrastructure Pty Ltd
- Queensland Water Infrastructure Pty Ltd
- South East Queensland (Gold Coast) Desalination Company Pty Ltd
- Southern Regional Water Pipeline Company Pty Ltd
- Western Corridor Recycled Water Pty Ltd.

The financial report for the Property Services Group commences on page 140.

Overview of consolidated entity operations

Department of Infrastructure and Planning

The department's role is to:

- plan, coordinate and deliver major infrastructure for economic, environmental and social development
- collaboratively plan sustainable communities
- facilitate and lead major projects
- plan, secure and manage land supply for development, conservation and public recreation
- develop and review policy and legislation for local governments
- shape and support the local government system.

Property Services Group (PSG)

This commercialised business unit of the Department of Infrastructure and Planning delivers a range of services under the *Industrial Development Act 1963*. Through the Estates Construction Fund, it provides funding for both property-related and other industry development functions aimed at encouraging the location and expansion of business and industry in Queensland.

City North Infrastructure Pty Ltd (CNI)

CNI is jointly owned by the Department of Infrastructure and Planning (33 per cent), Queensland Treasury Holdings Pty

Ltd (33 per cent) and the Department of Transport and Main Roads (33 per cent) with the shareholdings representing the major project and transport nature of its business. Its principal activities are to oversee the procurement, evaluation and contract management of the Airport Link, Northern Busway in Brisbane (Windsor–Kedron) and Airport Roundabout upgrade projects on behalf of the State of Queensland. In prior years, CNI was a controlled entity of the department; however, from 1 July 2008 is no longer controlled by the department.

Queensland Water Infrastructure Pty Ltd (QWI)

QWI is controlled by the department through 100 per cent ownership. The company is charged with carrying out and completing the design, construction, commissioning and operation of several major water infrastructure projects including Traveston Crossing and Wyaralong dams.

South East Queensland (Gold Coast) Desalination Company Pty Ltd—trading as Sure Smart Water (SSW)

SSW was controlled by the department through 100 per cent ownership until 1 September 2008 when the department transferred 50 per cent of its share interest in SSW to the Queensland Manufactured Water Authority. The department's remaining 50 per cent interest was disposed via share sale to the Queensland Manufactured Water Authority on 1 October 2008. The principal activity of the company is to facilitate the delivery of a desalination facility to create a bulk water source for South East Queensland.

Southern Regional Water Pipeline Company Pty Ltd—trading as LinkWater Projects (LWP)

LWP is controlled by the department through 100 per cent ownership. The company was formed as a strategic alliance to improve the regional water supply distribution network to communities between Brisbane and the Gold Coast.

Western Corridor Recycled Water Pty Ltd (WCRW)

WCRW was controlled by the department through 100 per cent ownership until 1 September 2008, when the department transferred its share interest in WCRW to the Queensland Manufactured Water Authority. WCRW's principal activity is the design, construction and operation of the Western Corridor Recycled Water Project.

Consolidated financial overview

Operating result

The consolidated entity reported a 2008–09 operating surplus of $0.596 million after the elimination of related party transactions. Primarily, this profit was earned by the department through the sale of 50 per cent of its share interest in SSW.

Consolidated entity income statement summary

	2009	2008
	$'000	$'000
Total revenues	546 738	279 212
Total expenses	543 583	305 010
Operating surplus/(deficit)	596	(51 021)

Balance sheet—assets, liabilities and equity

Consolidated entity's balance sheet summary

	2009	2008
	$'000	$'000
Total assets	2 061 667	5 244 633
Total liabilities	1 254 591	3 678 991
Total equity	807 076	1 565 642

The assets held by the consolidated entity at 30 June 2009 largely comprised cash, inventories, and property, plant and equipment. The significant decrease in total assets and total liabilities between 2007–08 and 2008–09 was a result of the relinquishment of the department's controlling interest in SSW and WCRW. Decreases in assets include:

- capital works in progress:
  - $1651.012 million for the transfer of WCRW to the Queensland Manufactured Water Authority
  - $685.693 million for the transfer of SSW to the Queensland Manufactured Water Authority
  - $1266.973 million for pipeline assets, Southern Regional Water Pipeline, Northern Pipeline Interconnector (Stage 1), Eastern Pipeline Interconnector and Network Integration Pipeline, completed by LWP and transferred to the Queensland Bulk Water Transport Authority
- non-current assets held for sale:
  - $65.990 million for water assets, Bromelton Offstream Storage and Cedar Grove Wier, completed by QWI and transferred to the Queensland Bulk Water Supply Authority.

The liabilities of the consolidated entity at 30 June 2009 mainly relate to financial liabilities and payables. Decreases in liabilities include:

- financial liabilities:
  - $1453.844 million for the transfer of WCRW to the Queensland Manufactured Water Authority
  - $333.527 million for the transfer of SSW to the Queensland Manufactured Water Authority
  - $1336.921 million for the transfer of LWP borrowings associated with assets transferred to the Queensland Bulk Water Transport Authority
  - $76.847 million for the transfer of QWI borrowings associated with assets transferred to the Queensland Bulk Water Supply Authority.

Equity is the entity's net worth—that is, total assets less total liabilities. Equity as at 30 June 2009 was $807.076 million, a decrease of $758.566 million over the previous year. This significant decrease is directly attributable to the transfer of SSW and WCRW to the Queensland Manufactured Water Authority.

Parent entity financial overview

Operating result

The Department of Infrastructure and Planning's operating result for 2008–09 was a surplus of $18.138 million. The surplus is mainly due to technical accounting treatments with no cash impact of the following items:

- $29.917 million gain on sale of shares in SSW to the Queensland Manufactured Water Authority
- $4.507 million of expenses relating to donation of land parcels held in the Springbrook region to the South East Queensland Conservation Initiative coordinated by the Department of Environment and Resource Management
- $6.956 million associated with losses from disposal of property, plant and equipment.

After accounting for the above issues, the department ran a small operating surplus and maintained a balanced budget position.

Parent entity income statement summary

	2009	2008
	$'000	$'000
Total revenues	398 217	132 904
Total expenses	380 079	134 760
Operating result	18 138	(1856)

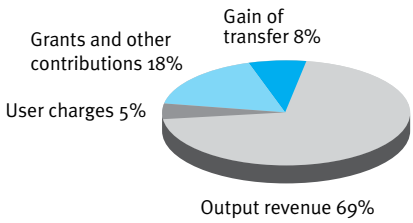
Revenues

The department's main revenue source is the state government.

In 2008–09, the department received $279.231 million from the state government, an increase of $174.470 million on the previous financial year. This was due to a draw-down of funding for the Airport Link project and increased funding for natural disasters. The machinery-of-government changes in March 2009, which resulted in the transfer in of local government and related functions from the former Department of Local Government, Sport and Recreation, also contributed to the increase in funding. This increased funding included an extensive grant funding program for local government.

The department receives the bulk of its remaining funding from the Estates Construction Fund, administered by the Property Services Group, which was $13.956 million in 2008–09. This funding was increased in 2008–09 due largely to increased project activity for various land and precinct planning projects and for additional funding received for the liquefied natural gas project.

The Department of Infrastructure and Planning (parent entity) revenue by category for year ended 30 June 2009



Expenses

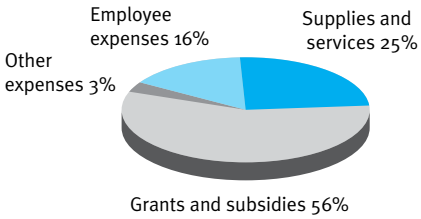
The department's main categories of expenses are grants expense, employee expenses, and supplies and services.

In 2008–09, grants expenses totalled $211.851 million ($5.588 million in 2007–08). This represents the payment of grants to local government, which transitioned as a result of machinery-of-government changes.

Employee expenses grew by 47 per cent to $60.118 million, mainly attributed to an increase in staffing costs as a result of the machinery-of-government changes during the year.

Supplies and services expenses increased by $14.672 million to $95.175 million. This increase was primarily driven by the increased project development costs paid to City North Infrastructure, as it moved from procurement phases to evaluation and contract management, offset against decreases in amounts paid to consultants and contractors during 2008–09.

The Department of Infrastructure and Planning (parent entity) expense by category for year ended 30 June 2009



Balance sheet—assets, liabilities and equity

Parent entity balance sheet summary

	2009	2008
	$'000	$'000
Total assets	310 095	622 524
Total liabilities	163 069	29 923
Total equity	147 026	592 601

Outlook for 2009–10

In 2009–10 the department's total revenue is expected to increase to $728.275 million, with capital expenditure estimated at $46.049 million.

Funding increases highlight the high priority given to the planning and delivery of vital infrastructure as Queensland continues to experience population growth. The prolonged impact of the global economic slowdown continues to affect the ability of both the private and public sector to attract the necessary financial support to commence and deliver infrastructure projects. This presents significant challenges to the department in providing a policy and program environment to stimulate and fast track projects that support job creation through land development and infrastructure delivery.

The department will continue to focus on maintaining service delivery and delivering a balanced budget position, as well as meeting the increased productivity dividend target set for the Queensland Public Service.

Highlights for 2008–09

Far North Queensland 2031

In 2006 the Queensland Government committed to developing a statutory regional plan for Far North Queensland in response to predicted growth in the region. More than 100 000 new residents over the next 20 years will bring economic prosperity, but may place unacceptable pressures on the region's natural resources and communities.

More than 960 submissions were received in response to the draft plan, which was released in May 2008, and a further consultation report was released in October 2008. This two-stage consultation process ensured community members were given sufficient time to discuss, carefully consider and submit their feedback on the plan.

The final *Far North Queensland Regional Plan 2009–2031* and *State Planning Regulatory Provisions* were released on 13 February 2009. These documents address the issues, suggestions and improvements raised through the consultation process.

Work undertaken by the department's northern regional offices in developing this plan was recognised by the Planning Institute of Australia in March 2009—the plan won two awards including the prestigious Federal Planning Minister's Award.

Sustainable Planning Bill 2009

In August 2007 the Queensland Government released its implementation agenda for planning reform, *Planning for a Prosperous Queensland—A reform agenda for planning and development in the Smart State*.

The reform includes 80 actions relating to legislative, operational and cultural changes, resulting in the need to prepare new legislation to replace the 10-year-old *Integrated Planning Act 1997*.

As part of the department's commitment to 'engage communities', the implementation agenda required:

- regular engagement with key stakeholder groups through the Planning Reform Reference Panel that was chaired by the Director-General or Deputy Director-General. Meetings occurred on average every six weeks from November 2007 until February 2009
- the release of a communiqué on the department's website after each meeting to publicly inform the wider community on progress and key issues
- regular engagement with key state agencies through the State Agency Reference Group to develop a whole-of-government position on planning reform actions
- a series of stakeholder workshops to give people the opportunity to contribute their views on key reform actions, especially the development of new standard planning scheme provisions. More than 150 people have directly contributed to this project.

The department's commitment to this highly collaborative process has resulted in the preparation of new planning legislation that represents the most significant reform in the last decade. The Sustainable Planning Bill was introduced into Parliament in June 2009.

The new legislation also supports an 'electronic planning' environment, creating an opportunity for many paper-based processes to move to a digital format. This will provide new opportunities for community engagement, transparency of process and significant savings through electronic transactions. The department's Smart eDA project is an example of this online operating environment.

The implementation phases also included significant preparatory work on educational and training materials that will help to deliver legislative and operational change. A partnership approach is also proposed for delivery, with the department demonstrating its enhanced role to lead and facilitate better planning outcomes for all Queenslanders.

The Queensland Housing Affordability Strategy

During 2008–09 the department worked closely with the Urban Land Development Authority (ULDA) to optimise delivery of the government's policy objectives to deliver strong, vibrant, equitable and sustainable new urban communities in Queensland. This collaboration continues to build capacity within both organisations and provides opportunities for innovative project outcomes that could not be achieved through normal government channels.

The partnership offers research and innovative urban policy approaches including on-ground trials and demonstration projects. This potentially illustrates—to communities and industry—the benefits of climate responsive design and new approaches to community building and place-making.

The Queensland Housing Affordability Strategy aims to streamline systems for planning and development, land supply and infrastructure funding to ensure that land and housing is on the market quickly—and at the lowest cost.

Addressing the issue of housing affordability necessitates a collaborative and multifaceted approach that requires:

- implementing changes to the planning and development assessment process

- designating land suitable for development in the short term
- implementing standard infrastructure charging regimes.

In July 2008 the Queensland Government declared Fitzgibbon an urban development area (UDA). Declaration of Woolloongabba, Mackay and other potential UDAs are being considered for 2009–10. A range of housing choices will be offered by the ULDA through a mix of densities, types, designs, tenures and affordability. This choice will promote community diversity and sustainability within UDAs. To complement this aspect of the strategy, the department is working with local government and industry to develop an action plan for accelerating suitable greenfield areas to meet forecast demand.

The department will continue the assessment of residential land supply to cover all key growth areas throughout the state. A consultation program will take place with local government and other key stakeholders, including the development industry, concerning the correct identification of land supply to meet forecast demand.

Ensuring that new development pays its share in relation to the building and maintenance of new infrastructure is a key element of the Queensland Housing Affordability Strategy.

Social Impact Assessment

The Social Impact Assessment (SIA) Unit was established to provide a coordinated, whole-of-government response to assessing the social impact of selected new and expanded mining and petroleum developments. The unit became fully operational during 2008–09.

The work of the SIA Unit falls into five key categories, to:

- provide input to the environmental impact statement (EIS) terms of reference in consultation with government departments and proponents
- advise proponents at various stages of the EIS to ensure SIA issues are being addressed
- analyse the social section of the draft and final EIS documents, including drawing links between social impact issues, and economic and environmental considerations
- advise the Coordinator-General on the social impacts of a project including, where appropriate, any conditions that should be attached to the project approval
- provide similar advice and input to the Department of Environment and Resource Management (DERM) on the social impact assessment component of environmental impact statements conducted under the *Environmental Protection Act 1994*.

During 2008–09 the SIA unit:

- supported and assisted the Minister in planning, organising and following-up outcomes of the Resource Community Summits held at Dalby, Dysart and Mount Isa in November 2008
- finalised a generic social section of the terms of reference for Significant Projects coordinated by the department under the *State Development and Public Works Organisation Act 1971* and projects coordinated by DERM under the *Environmental Protection Act 1994*
- advised government agencies and proponents on the social impact of more than 15 resource development projects across the Bowen, Galilee, Surat, and Clarence basins, North West Minerals Province and Cape York
- collaborated with the Queensland Resource Council and the Local Government Association of Queensland on the development of draft guidelines and templates for social impact management plans.

Northern Economic Triangle—North West Queensland Energy Delivery Review

Since the launch of the *Northern Economic Triangle Infrastructure Plan 2007–2012*, the Queensland Government has sought to facilitate commercially viable solutions for competitively-priced and secure power to the North West Minerals Province.

While a number of proposals have reached various stages of development over recent years, none has achieved commercial agreements with customers. To advance this critical issue, the Queensland Government commissioned an independent review of potentially viable energy supply solutions for the North West. The review addressed perceived market failure resulting from a mismatch in investment horizons between mining interests—which typically establish mines on the basis of an 8 to 10-year economic mine life—and the developers of new energy infrastructure, which is typically amortised over 30 or more years.

The review was jointly funded by the Queensland Government and the Queensland Resources Council and overseen by a steering committee comprising government and industry members, and chaired by a representative of the Department of Infrastructure and Planning.

The review, which concluded in May 2009, highlighted the need for a strategic approach to resolving the North West energy supply situation. It also

highlighted the potential for this strategic approach to focus on either a local gas generation solution or connection to the National Electricity Market via construction of a dedicated electricity transmission line.

In order to achieve a private-sector driven outcome, a recommendation of the review was that the Queensland Government initiate a 12-month competitive process, inviting private-sector proponents to engage with existing and potential customers to reach commercial agreements on arrangements for the future supply of energy to the North West.

Following the review, the Queensland Government and industry, through the Queensland Resources Council, have committed to continuing to work together to implement the review findings.

Curtis Island Environmental Management Precinct's Ecological, Environmental and Heritage Study

In line with the government's vision for Queensland, more than 70 per cent of the recent extension to the Gladstone State Development Area on Curtis Island will be an environmental management precinct (EMP). The new precinct will protect land, previously used as a cattle grazing property, for nature conservation and public recreation purposes.

The EMP within the Gladstone State Development Area is approximately 4590 hectares in size and provides a substantial environmental buffer to the proposed multi-billion-dollar liquefied natural gas (LNG) industry precinct on Curtis Island.

Each of the LNG proponents establishing production and export facilities on Curtis Island will provide financial support to the on-going planning, development and management of the precinct.

The precinct will recognise, protect and maintain areas of high ecological significance and provide areas for open space, where environmental, ecological and heritage values can be enjoyed by the public.

In April 2009 the department commissioned an independent audit of environmental, ecological and heritage values within the precinct. The results of the audit will be released in the second half of 2009 as a basis for gaining feedback and ideas from the community and other key stakeholder groups within the Gladstone region. The feedback will be an important contribution to developing a long-term environmental management plan for the area.

As part of the environmental management planning process, consideration will be given to rehabilitating degraded land, protecting areas of high ecological value and identifying compatible land uses such as walking trails, scenic lookouts and recreational fishing areas.

The current assessment and planning work on the EMP within the Gladstone State Development Area represents a significant contribution by the Department of Infrastructure and Planning towards meeting the government's green ambitions under the Towards Q2 strategic agenda.

Airport Link

Airport Link is a toll road built mainly underground between Brisbane's northern suburbs, the airport and the inner city. It will connect the Clem7 Tunnel, Inner City Bypass and local road network at Bowen Hills to Gympie and Stafford roads at Kedron, and Sandgate Road and the East–West Arterial in the city's north-east.

When Airport Link is completed and opened in mid-2012, motorists will bypass 18 sets of traffic lights between Bowen Hills and the airport, providing significant travel time savings.

2008 saw the official start to construction with a sod-turning ceremony in November officiated by the Premier of Queensland, the Honourable Anna Bligh MP, and the Deputy Premier of Queensland and the former Minister for Infrastructure and Planning, the Honourable Paul Lucas. Since then more than two million hours have been worked and 1800 jobs created.

Construction is well underway at Bowen Hills, Windsor, Lutwyche, Kedron, Clayfield and Toombul. The first two of 11 roadheaders began tunnelling at the Truro Street, Windsor and Bowen Hills sites early in 2009. The 2009–10 year will see the remaining roadheaders start work, and the arrival and launch of the project's two tunnel boring machines.

South East Queensland Water Grid

The $9 billion South East Queensland Water Grid is Australia's largest water infrastructure project since the Snowy Mountains Hydro-electric Scheme. The water grid involves integrating pipelines, an advanced water treatment scheme and a desalination plant.

The water grid project is the product of outstanding leadership from government and the private sector. The challenges of drought, unprecedented growth and climate change were met and overcome through a government and industry response that delivered vital infrastructure in an innovative framework.

The water grid has been developed in two stages. The first stage of works, completed in 2008–09, includes three advanced water treatment plants producing purified recycled water, the

largest desalination plant on the eastern seaboard and 400 kilometres of large diameter pipeline, ensuring water gets to where it is needed.

The leadership demonstrated by the Queensland Government and its commercial partners delivered projects with diverse scope covering a vast geographical area. The program of works included planning, procurement, approvals, land acquisition, design, construction, commissioning and handover to operators.

Northern Pipeline Interconnector

The Northern Pipeline Interconnector has the capacity to transport 65 megalitres per day between Sunshine Coast water supplies and the South East Queensland Water Grid.

Stage one of the pipeline has connected Landers Shute Water Treatment Plant to the Morayfield reservoirs, where it links with the Caboolture and Brisbane water network.

Stage two will continue from Landers Shute Water Treatment Plant to the Noosa Water Treatment Plant.

This project will allow for future two-way capacity allowing water to be supplied to the areas most in need.

Eastern Pipeline Interconnector

The Eastern Pipeline Interconnector is a bulk water transfer pipeline that can transport water between Redland and Logan cities and can deliver up to 22 megalitres per day to the water grid. The project involved building a new reservoir, a pipeline and pump station—the pipeline and associated works are being operated as part of the water grid.

Southern Regional Water Pipeline

The Southern Regional Water Pipeline is a 94 kilometre, two-way pipeline that can move up to 130 megalitres of water a day between the Gold Coast, Beaudesert, Ipswich, Logan and Brisbane water network.

Designed to help manage South East Queensland's existing and long-term water requirements, this $900 million pipeline can transport water sourced from Wivenhoe Dam, Hinze Dam, the Gold Coast Desalination Plant and future water sources, ensuring water can be distributed to where it is needed using the water grid.

Potential new water sources, such as Wyaralong Dam, will be connected into this network when complete.

Performance reports

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Infrastructure and Economic Development Group

The Infrastructure and Economic Development Group attracts, facilitates and assists in the timely delivery of Queensland projects and related infrastructure according to statutory obligations.

The group's services include:

- promoting state and regional economic development by planning and coordinating the provision of critical infrastructure
- managing competitive bidding processes on behalf of the state, and making recommendations to the government on the future direction of projects after evaluating proposals
- managing the coordination of significant government projects that provide community services, and support industry and urban development. Proponents benefit from the streamlined approvals and management processes that the group facilitates
- the Property Services Group, which plans, secures and manages land supply for urban, industrial and economic development.

The group's projects are of a scale and scope that their delivery programs span multiple years. This gives rise to a focus on the quality of the delivery process and achievement of significant milestones in the delivery program.

The group is committed to improvements in the delivery and facilitation of projects by upgrading its project management capabilities, with the objective to improve the planning and coordination of the projects. The group has achieved these objectives via a training program and the introduction of project management methodologies including common reporting and communication tools to inform stakeholders. The department constantly reviews these programs and tools and is adopting common project management platforms.

The group's challenge is to maintain competitive tension to deliver value outcomes for the state, and ensure that all defined projects are appropriately scoped, economically realistic, marketable and deliverable.

Key achievements

Significant project coordination

- Facilitated all aspects of projects declared 'significant projects' and 'prescribed projects' under the *State Development and Public Works Organisation Act 1971* (SDPWO Act) on behalf of the Coordinator-General. Proponents investing in major resource, industry and tourism projects benefited from the streamlined approvals and management processes that the unit facilitated.
- Provided the Coordinator-General with a compliance monitoring and enforcement capability for development conditions imposed under the SDPWO Act.
- Advanced the whole-of-government approach to CHALCO's feasibility study of the Aurukun bauxite mine and the east coast alumina refinery projects.

- Provided a coordinated, whole-of-government response to a social impact assessment of selected new and expanded mining and petroleum developments.
- Ten projects met the project criteria for declaration (EIS and non-EIS) under section 26 of the SDPWO Act. The projects had a combined capital investment of almost $68.2 billion, with the potential to generate more than 27 215 new construction and operational jobs.
- Facilitated 30 projects with a forecasted combined capital investment of almost $92.17 billion, with the potential to generate more than 52 861 future construction and operational jobs.
- Completed environmental impact assessments, and issued the Coordinator-General's reports for the Townsville Ocean Terminal and Moura Link–Aldoga Rail projects.
- Undertook changes to completed projects, and issued the Coordinator-General's change reports for the Airport Link and Gateway Upgrade projects.
- Managed monitoring and compliance activities for nine projects.
- Coordinated social impact–related activities for various projects.

State Development Areas

State Development Areas (SDA) comprise the Spatial Economic and Infrastructure Analysis Unit and two branches: the Industrial Land Analysis and Planning Branch and the State Development Areas Branch.

- Provided specialised services to internal and external clients, including geographic and environmental analysis, demographics, suitability modelling (air shed, flooding and vegetation) for proponents, spatial analysis, and the mapping and management of external data providers. Also provided geographic information systems advice on data modelling, data manipulation, data transfer, spatial data auditing and web-enabled capabilities development.
- Ensured that sufficient industrial land was available and appropriately designated to meet the state's strategic plan for projected population growth and economic activity. This results in industrial land in planning schemes and regional plans, and land purchased by the state for future industrial development and industrial areas, as state development areas.
- Conducted activities in South East Queensland (SEQ) including the Special Industry Estates Study, the Caloundra Aerodrome Replacement Study, Ebenezer industrial area investigations, the Moreton Bay Region Industrial Land Demand Study and the review of the SEQ Regional Plan—Industrial Land Overview.
- Conducted activities in regional Queensland, including suitability investigations of Far North Queensland industrial land sites (as input into the *Far North Queensland Regional Plan 2009–2031*); other industrial land site suitability investigations in Townsville, Mackay, and Rockhampton; industrial land demand studies in the Whitsunday Hinterland and Mackay region, and the Wide Bay Burnett region; and industrial land studies in the Darling Downs/Surat Basin region.
- Provided input to and participated in regional plan preparation; local government planning schemes; local and state government infrastructure plans; other state agency policy and planning programs, such as the Department of Transport and Main Roads' road program and the Department of Environmental and Resource Management's coastal plan and land investigations; state planning policies; and other departmental projects and programs.

State Development Areas are created under section 77 of the *State Development and Public Works Organisation Act 1971* to promote economic growth by developing industrial land and multi-user infrastructure corridors in Queensland. State Development Areas represent a major investment in the long-term planning and development of Queensland's strategic land assets and:

- provide industry guidance and development certainty
- control development in a way that considers existing industry and surrounding development
- protect environmental values in the region
- ensure an effective development assessment process.

State Development Areas (SDA)

- Abbot Point SDA, declared on 19 June 2008, is approximately 16 230 hectares and provides for the establishment of industrial development, including infrastructure corridors and essential infrastructure. It represents a significant opportunity to establish value adding industries adjoining a deep water port with economic benefits for Bowen and the whole of Queensland. It is well buffered from urban growth and is one of the only remaining opportunities for the creation of a new world class industrial hub in northern Australia. An industrial precinct of 4 700 hectares provides for the establishment of industrial uses of regional, state or national significance, such as mineral product manufacturing/processing (alumina refinery), iron and steel manufacturing, coal product manufacturing and energy generation, representing a significant economic development opportunity.
- Bromelton SDA was declared on 28 August 2008. It is strategically located for industrial uses and logistics operations and is the only area available for future industrial development in South East Queensland currently with access to the national standard gauge rail network.
- Bundamba to Swanbank SDA was declared on 8 June 2006 and is 7.6 km in length. It is to be used principally for the construction, operation and future maintenance of key water pipeline infrastructure identified in the *South East Queensland Infrastructure Plan and Program 2005–2026*.
- Gladstone SDA was declared in December 1993 and was initially approximately 6 800 hectares in size. It has been amended several times and now comprises approximately 28 000 hectares. The extended Gladstone State Development Area (GSDA) includes a precinct of approximately 1600 hectares specifically identified for the establishment of liquefied natural gas facilities for processing operations (including liquefaction and storage) of national, state or regional significance that require access to export wharf facilities. This precinct provides industrial land for projects with a total capital investment of over $16 billion. These significant global investments will deliver long term economic benefits to the Queensland economy. It also includes a 4590 hectare environmental management precinct. In addition, a social infrastructure strategic plan is currently being developed for the Gladstone region.
- Queensland Children's Hospital SDA was declared on 12 June 2008 and will be built on land adjacent to the Mater Children's Hospital and the Mater Private Hospital at South Brisbane. The new Queensland Children's Hospital will be opened in progressive stages. It will provide an integrated paediatric network throughout the state and will support tertiary and quaternary care for children and young people across Queensland. Additionally, the hospital will be a centre for exemplary training, education and research.
- Stanwell to Gladstone Infrastructure Corridor SDA was declared on 15 May 2008 and is approximately 90 kilometres long and is generally 100 metres wide. The need for a multi-user infrastructure corridor (containing up to seven underground pipelines) between Stanwell and the Gladstone State Development Area has been identified for transportation of water, sea water, wastewater, gas, mineral slurries and telecommunications to sustain industrial and infrastructure growth.
- Townsville SDA was declared on 30 October 2003 and is approximately 4900 hectares in size. It was declared to assist the Townsville region to achieve its potential as a major base metals processing centre to ensure continued economic growth and employment for the Townsville region.
- In addition, Callide Infrastructure Corridor is proposed as a future SDA. It has been designed as a multi-user underground infrastructure corridor for pipelines to transport coal seam gas from the Surat and Bowen Basins to liquefied natural gas plants located at Fishermans Landing in Gladstone and on the Curtis Island Industrial Precinct within the Gladstone SDA. The Callide Infrastructure Corridor was an election commitment by the Premier in response to the need to link existing and future industrial centres with strategic infrastructure and services.

Government Development Projects

The Government Development Projects area manages government-initiated projects, and initiatives that support industry and urban development. In 2008–09, this area managed and coordinated the following projects and initiatives:

- Townsville Ocean Terminal—continued to deliver the dedicated military and cruise facility, and associated residential and commercial development, marina and public open space, according to contractual arrangements and the *Breakwater Island Casino Agreement Act 1984*. A key milestone, achieved on 30 January 2009, was completing the Coordinator-General's report on the environmental impact assessment of the precinct's proposed development
- Townsville Marine Industries Precinct—coordinated the budget process to obtain $36.5 million to advance the proposed project
- Gold Coast Marine Development Project—managed a two-stage competitive bidding process for the right to develop integrated tourism/commercial and marine facilities on two parcels of land and adjacent water areas south of Sea World on The Spit at the Gold Coast, including:
  - the southern development area—an integrated commercial tourism and marine development, including hotels and holiday accommodation, a marina for recreational fishing vessels and new facilities for the Government Marine Operations Base, Surf Life Saving Queensland and the Australian Naval Cadets
  - the northern development area—an integrated commercial tourism and marine development, including hotels and holiday accommodation; a marina for super yachts, and recreational and commercial fishing vessels; an indigenous cultural centre; improved public recreational facilities in Doug Jennings Park and surrounding areas; and the protection of Federation Walk and the nature reserve areas
- Federation Walk—administrated a $100 000 annual grant for Friends of Federation Walk and the Gold Coast City Council to remediate and environmentally protect Federation Walk, Doug Jennings Park and Wavebreak Island
- Yeerongpilly Landing—facilitated the options analysis to develop this site
- Brisbane Cruise Terminal—administrated the Brisbane Cruise Terminal Management Deed to oversee terminal operations and facilitate the terminal manager's expansion activities
- Gold Coast University Hospital—in conjunction with Queensland Health, facilitated the development of the proposed hospital, and addressed issues including planning approvals, land purchase, re-location of existing site occupants, precinct infrastructure that must be upgraded and adjacent development
- Ipswich Multifunction Project—facilitated a multi-departmental options analysis to improve the Ipswich central business district's community facilities, transport and amenity
- Whitsunday Airport—upgraded the existing Proserpine airport and conducted a business case to inform decisions about a new airport.

Land Acquisition

This division is responsible for all the Coordinator-General's land acquisition under the *State Development and Public Works Organisation Act 1971* and all the department's land purchases.

The Coordinator-General is acquiring land and corridor easements for the South East Queensland Water Grid. Stage 1 of the water grid includes the Western Corridor Recycled Water Project, Southern Regional Water Pipeline, Eastern and Northern Pipeline Interconnectors, Network Integration Pipeline (Tugun to Worongary), Bromelton Off-stream Storage and Cedar Grove Weir. In total, 1078 properties were affected by these activities. Acquisitions for the Toowoomba Pipeline through 32 properties were well advanced by 30 June 2009, with work still in progress.

Property has been acquired for the Queensland Children's Hospital at South Brisbane and the Gold Coast University Hospital on behalf of the Department of Health.

The Coordinator-General has progressively purchased land at Targinie, near Gladstone, for future industry and infrastructure corridors, and acquired two sites on the Curtis Island extension of the Gladstone SDA for the proposed liquefied natural gas plants and a buffer zone for environmental management.

At Townsville, a corridor has been acquired for the Townsville Port access road and rail corridor projects.

Assisting with acquisition of land for conservation of the natural environment is now a responsibility of the Director-General. The department completed a three year land purchase program at Springbrook, resulting in 415 hectares being purchased through negotiation. This land will be managed by the Department of Environment and Resource Management and, following restoration work, will be included in the adjoining Springbrook National Park.

Regional Development

In 2008–09 the Regional Development area played a strong role in strategically planning, coordinating and providing infrastructure to support regional Queensland's economic development. The group:

- substantially progressed the *Northern Economic Triangle Infrastructure Plan 2007–12*, implementing more than 23 percent of the plan's actions
- continued to facilitate the development of the Surat Basin Rail project by a private sector consortium under an exclusive mandate agreement, and achieved all 2008–09 mandated milestones
- completed a study of common-user infrastructure options for the Surat Basin and, as a result, allocated $15 million to facilitate a gas superhighway from the Callide Range to Gladstone
- commenced the audit and development of Coal Infrastructure Program of Actions 2009, which details the timing and commercial delivery of infrastructure to meet the expected Queensland coal industry growth over the next decade
- undertook Phase 2 of consultation with industry stakeholders in October 2008 regarding the draft Queensland Coal Infrastructure Strategic Plan, and continued to revise this plan
- initiated the development of coal seam gas water policy by releasing a discussion paper and conducting consultation in May 2009
- monitored and advised on the delivery of regional projects under the Statewide Water Policy
- led by the steering committee for the Broadwater to Southern Moreton Bay Marine Infrastructure Master Plan, negotiated and applied an appropriate methodology for selecting marine-related infrastructure locations in the study area. This methodology will be applied across the state to identify other marine infrastructure development sites
- conducted background investigations into potential master planning for the Inskip Peninsula
- undertook regional and industry stakeholder consultation in March–June 2009 to progress the Fitzroy Industry and Agricultural Initiative.

Future developments

In 2009–10 the group's planned priorities include:

- continuing to facilitate the Aurukun Bauxite and Alumina Project by providing project facilitation services to CHALCO
- coordinating impact assessments and project facilitation services for projects declared significant under the *State Development and Public Works Organisation Act 1971*, including:
  - water supply–related projects, such as Connors River Dam and Pipeline, Nathan Dam, Emu Swamp Dam, Gladstone–Fitzroy Pipeline, Northern Pipeline Interconnector (Stage 2) and Water-for-Bowen
  - energy-related projects, such as the IsaLink High Voltage Direct Current Transmission Project, Linc Energy Underground Coal Gasification, Queensland Curtis LNG and Australia Pacific LNG
  - mineral and related infrastructure projects, such as the ZeroGen Clean Coal Power Station, New Acland Coal Mine Stage 3, Wandoan Coal, Alpha Coal, South of the Embley (bauxite), Surat Basin Rail, Galilee Coal, BMA Bowen Basin Coal Growth and Moura Link–Aldoga Rail
  - industrial projects, such as the Gladstone steel making facility and the Aurukun Alumina refinery
  - transport infrastructure projects, such as the Landsborough–Nambour Rail, Northern Link tunnel, Airport Link, the Fisherman's Landing wharf expansion and the Port of Gladstone Western Basin Dredging project
  - tourism and residential projects, such as Ella Bay Integrated Resort, Hummock Hill Island development, Northeast Business Park, Shute Harbour Marina, Townsville Marine Precinct and the Gold Coast Marine Precinct
- facilitating the establishment of the Gold Coast Knowledge Precinct, a world-renowned, health and knowledge precinct to complement the adjacent new Gold Coast University Hospital.

The numbers of significant project declarations have increased substantially over the last three years and this growth trend is expected to continue. Currently five new and emerging projects are being proposed for significant project status between July and September 2009. New project proposals relate to energy, minerals, water and tourism.

The current economic slowdown presents opportunities and challenges for the group's operating environment, particularly for key stakeholders in the infrastructure funding and property development industry, who report that the limited availability of finance to fund developments is the reason that development consortia are withdrawing from competitive processes.

Infrastructure and Economic Development Group performance measures

Objectives

This group's core business is to attract, facilitate and assist in timely delivery of Queensland projects and related infrastructure. It provides benefits for proponents who invest in major resource, industry and tourism projects by streamlining approvals and management processes. The group's services include:

- promoting state and regional economic development by planning and coordinating the provision of critical infrastructure
- promoting industrial development by facilitating the development of industrial land and multi-user infrastructure corridors
- determining the feasibility of new large industry and major economic development opportunities in Queensland, particularly in designated State Development Areas
- efficiently managing the implementation of significant government projects.

Priorities

- Plan, coordinate and deliver key infrastructure for Queensland's economic, environmental and social development
- Facilitate major private sector and public projects
- Plan, secure and manage land supply for urban, industrial and economic development

Strategies

- Identify and coordinate critical government infrastructure and industrial projects
- Apply the government's Value for Money Framework and/or Project Assurance Framework in assessing major infrastructure projects, including assessing their potential as Public Private Partnerships
- Coordinate with key stakeholders to develop coal infrastructure
- Develop and implement key strategic regional infrastructure plans
- Process environmental impact assessments, obtain approvals and manage infrastructure requirements to deliver the best results for Queensland
- Ensure land and infrastructure development and planning occurs in strategic locations to support state industrial development
- Deliver the government's strategic land and infrastructure projects

Performance measures

Measure	Description	Performance comment	2008–09 Estimated target	2008–09 Actual	2009–10 Estimated target
Area of land secured for economic development	Land is secured when either the Coordinator-General identifies and protects it for industrial purposes in local government planning schemes or the government acquires it for future economic development. The department identifies Queensland's industrial land requirements through its Industrial Land Planning Program, with purchases funded by the Estates Construction Fund.	Two major land purchases made up most of the secured 2008–09 industrial land: Bromelton (3000 ha) and Purga, near Ipswich (1500 ha). Economic conditions led to the decisions to reduce the 2008–09 land acquisition program in the second half of 2008–09 and significantly reduce the 2009–10 program target.	5915 ha	4808 ha	777 ha
Number of major projects coordinated—proposed projects	A proposed project is one where sufficient detail has been provided to enable the department to conduct a commercial evaluation and commence an impact assessment. A project is 'proposed' after an initial advice statement has been lodged.	The number and scope of the private sector's new proposed projects exceeded the 2008–09 estimated target. The projects covered Queensland's traditional development areas, including mining, minerals value-adding, transport, tourism and marine development. If these projects are implemented, Queensland will continue to see significant investment on a global scale in terms of industrial and economic development. During 2008–09 the group declared 10 proposed projects as significant projects requiring environmental impact statements: • Queensland Curtis LNG • Bowen Basin Coal Growth • Townsville Port Marine • Alpha Coal • South of the Embley • Galilee Coal (Northern Export Facility) • Gladstone Steel Making Facility • Australian Pacific LNG • Port of Gladstone Western Basin Dredging • Shell Australia LNG.	33	43	31

Performance measures

Measure	Description	Performance comment	2008–09 Estimated target	2008–09 Actual	2009–10 Estimated target
Number of major projects coordinated—committed projects	A committed project is one where the proponent assesses the proposal as commercially viable and sets a timetable of significant events that includes the start of construction and operations.	Unlike proposed projects, which maintained pace during the year, the number of projects that advanced to commitment stage significantly declined. Of the nine committed projects, three were the subject of a Coordinator-General report prepared by the department: Gladstone Nickel, the Townsville Ocean Terminal and the New Acland Coal Mine Stage 3 pipeline project. The estimated target of 16 committed projects in 2009–10 reflects an anticipated increase in Coordinator-General reports and the progression of current proposed projects to committed stage.	19	9	16
Estimated capital value of major projects coordinated—proposed projects	As the department identifies and records proposed projects, it records each project's specifications, including the estimated capital value of the total project, from the details that the proponent provides.	The total estimated capital value of proposed projects at 30 June 2009 was much higher than expected at $96.03B. Ten proposed projects that were declared as both significant and requiring an environmental impact statement contributed to this increase. These projects alone have an estimated capital value of $68.2B. The largest is the Australian Pacific LNG project, which has an estimated capital value of $35.0B. Other larger proposed projects in terms of estimated capital value included Queensland Curtis LNG ($8.0B), Galilee Coal ($5.3B), Bowen Basin Coal Growth ($5.0B) and Alpha Coal ($7.5B).	$22.46B	$96.03B	$83.15B
Estimated capital value of major projects coordinated—committed projects	As each project moves towards the committed phase and the proponent provides additional information, the department records its specifications, including the estimated capital value of the total project.	The nine committed projects for 2008–09 included some larger projects, resulting in a large total for estimated capital value. The larger projects included Gladstone Nickel ($4.0B), Rio Tinto Gladstone Aluminium ($2.5B), Gold Coast University Hospital ($1.55B) and the Townsville Ocean Terminal ($1.0B).	$12.93B	$9.52B	$15.94B

Performance measures

Measure	Description	Performance comment	2008–09 Estimated target	2008–09 Actual	2009–10 Estimated target
Number of economic development infrastructure and major land use planning projects developed	This measure refers to major policy and planning work relating to infrastructure development in any form, such as consultancy studies, policy position papers, master plans, or Cabinet submissions.	The level of planning, analysis and policy work that the department undertook to progress future development proposals remained high throughout the year. Twenty-eight of the projects that the Regional Development Division progressed throughout the year included four that directly related to coal and LNG infrastructure, seven that related to the NET Infrastructure Plan, eleven water infrastructure projects, and six others, such as the Broadwater and Southern Moreton Bay Infrastructure Master Plan, Inskip Peninsula Master Plan and the Longreach Airport Upgrade. The State Development Areas branch progressed 12 projects, including land, port and road infrastructure studies for the Gladstone SDA, the Abbott Point SDA Infrastructure Corridor Study and industrial land demand studies for Townsville, Cairns and Mackay areas.	44	42	34
Number of major private sector infrastructure project proposals evaluated or facilitated	This measure identifies infrastructure projects, either within government or brought to government by the private sector, evaluated for their suitability for development wholly or in part by the private sector (e.g. design, construction, operation).	The number of private sector infrastructure projects evaluated or facilitated remained high. The department provided assistance to hospital, school, TAFE college, correctional facility, transport, busway and port projects. Achievements included: • working with Queensland Health on new hospitals for the Sunshine and Gold Coasts, and Mackay and Cairns • progressing transport projects including the Toowoomba Bypass, Eastern Busway, Gold Coast Rapid Transit and Northern Link • investigating education projects, including the Gold Coast Knowledge Precinct, Gold Coast TAFE • progressing marina projects, including the Townsville Ocean Terminal and Gold Coast Marine Development • progressing other projects, such as the Surat Basin Rail and Yeerongpilly Landing Development.	20	16	17

Performance measures

Measure	Description	Performance comment	2008–09 Estimated target	2008–09 Actual	2009–10 Estimated target
Percentage of 'satisfaction with infrastructure planning services' ratings greater than or equal to 3 (on a 1 to 5 scale)	This measures stakeholders' satisfaction with the way the department facilitates and delivers infrastructure services. Stakeholders include state agencies and private sector clients. Stakeholders rate their satisfaction with the quality of the department's timeliness, accessibility and responsiveness, and effectiveness in delivering required outcomes.	An annual major client satisfaction survey was not scheduled in 2008–09. This survey will be conducted later in 2009, and accounts for the recent machinery-of-government changes that have added local government functions to the department. In the most recent survey, conducted in 2007–08, 90% of respondents rated their satisfaction at 3 or higher.	90%	--	90%
Estimated number of jobs generated—proposed projects	This measure reports the number of peak construction and ongoing operational jobs per year that proposed projects registered at the end of the financial year generated.	The department estimates that the 43 proposed projects registered at 30 June 2009 will generate 62 527 jobs if they all progress to implementation and completion. However the department expects the current economic climate to negatively affect whether these projects advance in the short term. Nevertheless the high number of proposed projects and the potential for job creation is encouraging. These jobs will be in the traditional development areas of mining, minerals value-adding, transport, tourism and marine development. The potential for LNG projects to create jobs is also noteworthy. The 2009–10 estimated target of 49 645 anticipates a flow of new proposed projects and the likelihood that the number of current proposed projects will become committed in the next 12 months.	18 310	62 527	49 645

Performance measures

Measure	Description	Performance comment	2008–09 Estimated target	2008–09 Actual	2009–10 Estimated target
Estimated number of jobs generated—committed projects	This measure reports the number of peak construction and ongoing operational jobs per year that the committed projects registered at the end of the financial year generated.	The nine committed projects for 2008–09 included some larger projects that are expected to support a large number of jobs throughout construction, implementation and operation. These projects include Gladstone Nickel (3280 jobs), Gold Coast University Hospital (5300 jobs), Townsville Ocean Terminal (1953 jobs) and Gold Coast Marine Development (1500 jobs). The economic slowdown is expected to affect the viability of projects currently on the department's work program. Hence the 2009–10 target of 20 723, which is approximately 15% lower than the 2008–09 target.	24 006	13 501	20 723
Percentage of committed major projects on schedule to achieve agreed milestones	This measure helps monitor how effective the department's interventions are in progressing major projects. The department identifies agreed milestones as part of the department's future work program parameters. Delays in meeting agreed milestones may be due to internal problems or external conditions beyond the department's control.	Only one of the nine committed major projects, the Gold Coast Marine Development, was not on schedule at 30 June 2009. Unresolved planning and project definition issues, and concerns about the short-listed bidders' financial capacity to deliver the project, has delayed this project by 12 months. The 2009–10 target estimate anticipates the difficult financial environment that development proponents are likely to encounter.	89%	89%	80%
Percentage of land area secured for economic development located in regional Queensland	The definition of land located in regional Queensland is land located outside the Brisbane statistical division. Understanding the split of land secured for economic development between South East Queensland (SEQ) and regional Queensland helps maintain a balance that is consistent with the department's policy for identifying and securing industrial land.	When the department set the 2008–09 target of 51%, it intended to maintain a balance between promoting industrial land development in SEQ and the regions. However, during the year it decided to secure 3000 ha at Bromelton and 1500 ha at Purga, near Ipswich. It also secured 226 ha at East Elimba and 80 ha at the Gold Coast. The 2009–10 target estimate reflects the department's intention to secure the bulk of its land outside SEQ, particularly in Mackay and Gympie.	51%	100%	83%

Performance measures

Measure	Description	Performance comment	2008–09 Estimated target	2008–09 Actual	2009–10 Estimated target
Percentage of major land use planning projects and studies located in regional Queensland	This measure refers to major policy and planning work relating to infrastructure development in any form, such as consultancy studies, policy position papers, master plans, or Cabinet submissions. Understanding the split of such projects between SEQ and regional Queensland helps maintain a balance that is consistent with the department's policy for facilitating future development.	Regional Development (28 projects) and State Development Areas (11 projects) were the two departmental areas most involved with land use planning throughout the year. All the projects that these two branches managed were regionally based. Consequently the result for this measure was 98%. The State Development Areas' projects included land, port and road infrastructure studies for the Gladstone SDA, the Abbott Point SDA Infrastructure Corridor Study, and industrial land demand studies for Townsville, Cairns and Mackay areas.	82%	98%	90%
Percentage of estimated number of jobs generated by committed projects located in regional Queensland	This measure reports the number of peak construction and ongoing operational jobs per year that committed projects in regional Queensland at the end of the financial year generated.	The 2008–09 result of 50% represents 6701 of the 13 501 jobs in regional Queensland. In 2009–10 the department estimates that 16 committed projects will generate 20 723 jobs, of which 12 423 will be in regional Queensland.	74%	50%	60%

Property Services Group

(commercialised business unit)

The Property Services Group (PSG), through the Industry Location Scheme, delivers a range of property related services aimed at encouraging the location and expansion of industry in Queensland. Essentially, PSG holds land for the purpose of ensuring that business and industry have access to suitable sites at competitive prices.

PSG commenced operations as a commercialised business unit on 1 January 1998 to deliver a range of services provided through the administration of the *Industrial Development Act 1963*. By means of the Estates Construction Fund, PSG provides funding for both property related and other industry projects that contribute to the economic development of Queensland.

Several divisions within the Department of Infrastructure and Planning and the Department of Employment, Economic Development and Innovation deliver the industry support mechanisms.

Key achievements

- Sold 21 industrial sites throughout Queensland valued at approximately $44.9 million. Proponents of projects on this land expect to collectively create approximately 85 new jobs and $32 million in capital investment.

Land development

- Completed the construction of the 12-lot extension of the Yandina Industrial Estate.
- Tendered for construction of extensions to the Bohle and Clinton Industrial Estates, and Stage 1 of the Coolum Industrial Estate.

Land purchases

- Acquired 6350 hectares of land at Bowen to support the establishment of the Abbot Point SDA.
- Acquired 2491 hectares of land on Curtis Island to support the establishment of a 1100-hectare liquid natural gas precinct.

Future developments

- Targeting the sale of 19 industrial sites throughout Queensland, valued at $47.6 million, which will generate an estimated 100 jobs and create an estimated $40 million in capital investment through site improvements.
- Acquiring strategic parcels of land for future industrial development.
- Completing the construction of road works and service infrastructure for the extensions to the Clinton Industrial Estate.
- Tendering for and completing the construction of road works and service infrastructure for the extensions to the Crestmead and Nordale Industrial Estates.
- Commencing construction on Stage 1 of Coolum Industrial Estate and Stage 6 of the Bohle Industrial Estate.

Property Services Group performance measures

Objectives

The Property Services Group is a commercialised business unit that commenced operation in January 1998. By managing the Industrial Location Scheme and the Estates Construction Fund, this group achieves its objective to influence the growth and sustainability of economic development across the state.

The focus of its services is to encourage business and industry to locate and expand in Queensland.

Priorities

Plan, secure and manage land supply for urban, industrial and economic development

Strategies

- Ensure that land and infrastructure development and planning occurs in strategic locations to support state industrial development
- Deliver government strategic land and infrastructure projects

Performance measures

Measure	Description	Performance comment	2008–09 Estimated target	2008–09 Actual	2009–10 Estimated target
Value of land sales settlements	The value of land sales settlements indicates the overall efficiency of the Industrial Land Capital Acquisition program	Prevailing economic conditions led to reduced demand for industrial land and, consequently, lower than expected sales revenue during 2008–09. The $44.9M in industrial land sales resulted from the sale of 21 industrial sites throughout Queensland. These sales included four sites within the Lytton Industrial Estate, three within the Clinton Industrial Estate, and two each within the Narangba Industrial Estate and the Warwick Industrial Estate. The 2009–10 estimated target anticipates that the difficult economic situation will continue.	$76.9M	$44.9M	$47.6M
Number of new land lots developed and buildings constructed	This measure is a count of the new land lots that resulted from land being developed and subdivided into appropriately zoned, fully serviced industrial sites, as well as the new factory buildings constructed and able to be occupied by industry.	Delays in obtaining development approvals from local authorities for new industrial land at Bohle, Crestmead, Coolum, Nordale and South Mackay industrial estates caused the difference between the 2008–09 estimated target of 99 and the actual result of 16. The 16 land lots were located at Yandina Industrial Estate (12), Coomera Government Services Precinct and Bohle Industrial Estate. The 2009–10 estimated target will come from development across the state. The figure anticipates 19 lots at Crestmead Industrial Estate, 13 lots at Nordale Industrial Estate and 7 lots in Blain Drive at Clinton Industrial Estate.	99	16	39
Number of land leases administered	This measure refers to land leases that the department's Property Services Group administer. Leases may be for either freehold or leasehold land.	Due to the economic climate, fewer people undertook the additional expense of converting leasehold land to freehold tenure. With borrowing remaining more difficult and confidence in the economic outlook remaining low, the department has revised the 2009–10 estimated target downwards.	140	131	135

Performance measures

Measure	Description	Performance comment	2008–09 Estimated target	2008–09 Actual	2009–10 Estimated target
Number of land properties acquired	The number of land properties acquired includes both freehold and leasehold land. This measure helps the department monitor its progress towards achieving the targets in the Land Capital Acquisition Plan.	The group acquired six properties in 2008–09, including 6350 ha to support the establishment of the Abbot Point State Development Area. The other five properties were actually one property that comprised 2491 ha of land on Curtis Island. The group acquired the land to support the establishment of a 1100-ha LNG precinct. One property will be held in conjunction with the proposed Boat Creek Infrastructure Corridor (within Yarwun Industrial Estate), another two properties within Yarwun Industrial Estate and one property within the Gladstone State Development Area. The purchase program for 2009–10 includes one property at Abbot Point, Bowen, one in the Mackay region and another strategically located within South East Queensland.	4	6	3
Estimated number of jobs generated by successful land sale applications	The number of jobs generated is based on applicants' estimates of business start-up and ongoing activities. Applicants must estimate the number of jobs they hope to generate as a result of purchasing or leasing industrial sites.	Prevailing economic conditions reduced the demand for industrial land and, consequently, negatively affected the number of new jobs generated. The lower 2009–10 estimated target anticipates the difficult economic situation continuing.	550	85	100
Estimated value of capital investment created by successful land sale applications	The estimated value of capital investment is based on applicants' estimates of business start-up and ongoing activities. Applicants must estimate the amount of capital investment they hope to generate as a result of purchasing or leasing industrial sites.	Consistent with the reduction in land sales, and new enterprises and the jobs they generated, the capital value from land sales activity was also well down in 2008–09. The lower 2009–10 estimated target anticipates the difficult economic situation continuing, and anticipates that only 19 lots will be sold.	$170M	$32M	$40M
Percentage of land sales that occurred in regional Queensland	This performance measure helps the department maintain its policy focus regarding the balance of development between South East Queensland and regional Queensland.	The actual percentage of 57% means that 12 of 21 land sales in 2008–09 occurred in regional Queensland. In 2009–10, 11 of 19 land sales are expected to occur in the regions.	70%	57%	58%

Infrastructure Services Group

The Infrastructure Services Group coordinated and delivered key strategic infrastructure, including Stage 1 of the South East Queensland (SEQ) Water Grid. It also commenced overseeing construction of the Airport Link and Northern Busway, and coordinated and developed infrastructure corridors to support infrastructure and economic development.

The SEQ Water Grid is the largest urban drought response in Australia and has successfully secured long-term water supply requirements for Australia's fastest growing region.

Key achievements

- Finished constructing and commissioning several SEQ Water Grid projects, including Western Corridor Recycled Water, Gold Coast Desalination Plant, Southern Regional Water Pipeline, Eastern Pipeline Interconnector, Northern Pipeline Interconnector Stage 1, and the new water storages at Cedar Grove Weir and Bromelton Offstream Storage.
- Procured 450 kilometres of large-diameter pipe and materials for the SEQ Water Grid and Toowoomba Pipeline projects.
- Commenced constructing the pipeline from Wivenhoe Dam to Toowoomba. This involved working closely with LinkWater Projects to complete the pipeline's construction by end of December 2009 to meet Toowoomba's immediate water supply requirements.
- Commenced overseeing the construction of the Airport Link project, which City North Infrastructure is delivering as a Public Private Partnership.
- Coordinated the first stage of water fluoridation infrastructure implementation.
- Progressed the environmental impact assessment (EIA) report on Traveston Crossing Dam, and completed the EIA report and commenced preconstruction on the Wyaralong Dam.

Future developments

With the SEQ Water Grid nearing completion, work is continuing with other state agencies and relevant special purpose vehicles on further stages of the water grid, including the Northern Pipeline Interconnector Stage 2 (Landers Shute to Lake MacDonald), and grid connections from the Southern Regional Water Pipeline to Kuraby and Cedar Grove. This will send supply from the Wyaralong Dam into the SEQ Water Grid.

In 2009–10 the department will continue to:

- manage the delivery of the Toowoomba Pipeline in conjunction with LinkWater Projects and the Toowoomba Pipeline Alliance
- complete the environmental impact assessment process for the proposed Traveston Crossing Dam, and work closely with Queensland Water Infrastructure Pty Ltd during the Wyaralong Dam's construction
- roll out water fluoridation infrastructure across Queensland regions and Indigenous communities

- manage several projects, and either directly deliver on behalf of the state or work jointly with other state-owned entities and private sector proponents to deliver key Infrastructure projects, including:
  - Wyaralong Water Treatment Plant—to treat raw water from the Logan River system, including Wyaralong Dam, Cedar Grove Weir and Bromelton Offstream Storage. This will provide supply to the SEQ Water Grid. The plant's delivery timeframe is aligned with the Wyaralong Dam's regulated completion date of December 2011
  - Whitsunday Airport Upgrade—to provide upgraded domestic air services and, at an appropriate time, introduce international air access to the Whitsunday region
  - Townsville Marine Industries Precinct, located on the Ross River downstream of the Townsville Port Access Road in the Townsville Marine Industries Precinct—to provide an alternative location for marine industries
  - Collingwood Park Mine Remediation, working jointly with Queensland Mines and Energy within the Department of Employment, Economic Development and Industry—to investigate the mine subsidence at Collingwood Park, Ipswich. The inter-departmental relationship was established to evaluate and recommend potential solutions to mitigate risk in the long term. A drilling investigation and monitoring program will be used to analyse the ground conditions to establish the feasibility of backfilling underground mine voids
  - Gladstone Materials Service Corridor, managing the planning and engineering design of the Gladstone Services Corridor—to provide a strategic infrastructure link between the port facilities and the western boundary of the Gladstone state development area. Once complete, the corridor will be 'shovel ready' for industry, and will fast-track the projects that can contribute jobs and revenue to Queensland's economy by removing one potential barrier to investment. Total expenditure over 6–12 months will be $25 million. Construction work totalling approximately $20 million is expected to start in 2010 and create 30–40 jobs
  - Mackay Events Precinct—to manage the development of a new events precinct in the Mackay region. The project involves relocating the original Mackay showgrounds, which has been identified as an urban development area. The development will be part of Mackay's new Regional Events Precinct. Potential uses include the annual show, the bi-annual mining expo, a major event facility and the Mackay Turf Club. Preferred sites are currently being considered and infrastructure costings for sites are being completed.

Infrastructure Services Group performance measures

Objectives

This group's focus is to coordinate central infrastructure delivery for the South East Queensland Water Grid and Airport Link, procure the required pipeline materials, and secure necessary land acquisitions. Several Corporations Act entities, known as special purpose vehicles, govern and manage the delivery of this major infrastructure program.

This group's major focus is to achieve the collective objectives of entities such as the:

- 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)
- Airport Link toll road (City North Infrastructure Pty Ltd)
- Wyaralong Dam
- Proposed Traveston Crossing Dam (Queensland Water Infrastructure Pty Ltd)

Priorities

Plan, coordinate and deliver key infrastructure for Queensland's economic, environmental and social development.

Strategies

Plan and deliver key water infrastructure to meet Queensland's future requirements.

Performance measures

Measure	Description	Performance comment	2008–09 Estimated target	2008–09 Actual	2009–10 Estimated target
Number of major projects coordinated—proposed projects	A proposed project is one where sufficient detail has been provided to enable the department to conduct a commercial evaluation and commence impact assessment. A project is proposed after an initial advice statement has been lodged.	The 2008–09 estimated target of one project represented the Toowoomba Pipeline project, which moved to the committed stage during the year. However the department also added two new proposed projects: the Kuraby and Cedar Grove Interconnector and the Wyaralong Treatment Plant.	1	2	2
Number of major projects coordinated—committed projects	A committed project is one where the proponent assesses the proposal as commercially viable and sets a timetable of significant events that includes the start of construction and operations.	During the year, the department finalised three committed projects: the Southern Regional Water Pipeline, the Eastern Pipeline Interconnector and the Northern Water Pipeline Interconnector (Stage 1). It also added three new committed projects: the Toowoomba Pipeline, Northern Water Pipeline Interconnector (Stage 2) and Queensland Fluoridation Implementation. The other six committed projects at 30 June 2009 were the: • Traveston Crossing Dam • Wyaralong Dam • SEQ Desalination Plant • Western Corridor Recycled Water • Hinze Dam Stage 3 • Airport Link and Northern Busway. The lower target for 2009–10 anticipates that the department will finalise the SEQ Desalination Plant and the Western Corridor Recycled Water projects during 2009–10.	9	9	7
Estimated capital value of major projects coordinated—proposed projects	As the department identifies and records proposed projects, it records each project's specifications, including the estimated capital value of the total project, from the details that the proponent provides.	The estimated target of $0.17B anticipated that the Toowoomba Pipeline project would remain as proposed. However, this project advanced to the committed stage during the year. The Wyaralong Treatment Plant became a proposed project during 2008–09; however, no estimated capital value was available at 30 June 2009.	$0.17B	$0.08B	$0.08B

Performance measures

Measure	Description	Performance comment	2008–09 Estimated target	2008–09 Actual	2009–10 Estimated target
Estimated capital value of major projects coordinated—committed projects	As each project moves towards the committed phase and the proponent provides additional information, the department records its specifications, including the estimated capital value of the total project.	Eight of the nine committed projects are part of the SEQ Water Grid project group. Collectively they represent $6.68B in capital value. The other project, Airport Link and Northern Busway represents $4.8B in capital value. The completion of two SEQ Water Grid projects should reduce the capital value target.	$9.72B	$11.48B	$7.79B
Number of private sector infrastructure project proposals being evaluated or facilitated	This measure identifies infrastructure projects, either within government or brought to government by the private sector, evaluated for their suitability for development wholly or in part by the private sector (e.g. design, construction, operation).	The Airport Link and Northern Busway project is a private sector infrastructure project. The total capital value for the three projects—Airport Link, Northern Busway and Airport Roundabout—is $4.8B. They are expected to generate 2680 jobs.	1	1	1
Estimated number of jobs generated—proposed projects	This measure reports the number of peak construction and ongoing operational jobs per year that the proposed projects registered at the end of the financial year generated.	The 2008–09 estimated target relates to the Toowoomba Pipeline project, which moved to the committed stage. However the addition of the Kuraby and Cedar Grove Interconnector projects as proposed projects in 2008–09 resulted in an actual result of 260 jobs. As yet no estimate is available for the number of jobs the Wyaralong Treatment Plant will generate. Therefore the 2009–10 estimated target will not change.	100	260	260
Estimated number of jobs generated—committed projects	This measure reports the number of peak construction and ongoing operational jobs per year that the committed projects registered at the end of the financial year generated.	The 2008–09 estimated target of 4851 jobs was a conservative estimate. A revision of the nine committed projects now estimates 8396 jobs over the project lifetime in design, construction and operational phases. This figure comprises 5716 jobs from the eight SEQ Water Grid projects and 2680 jobs from the Airport Link and Northern Busway project. The lower 2009–10 estimated target anticipates that two of the SEQ Water Grid projects will conclude before the end of 2009–10.	4851	8396	4250

Performance measures

Measure	Description	Performance comment	2008–09 Estimated target	2008–09 Actual	2009–10 Estimated target
Percentage of committed major projects on schedule to meet agreed milestones	This measure helps monitor how effective the department's interventions are in progressing major projects.	Only one of the eight SEQ Water Grid projects (the Gold Coast Desalination Plant) was not on schedule at 30 June 2009, while the Airport Link project and associated works remain on schedule. The 2009–10 estimated target is 75% rather than the previous 100% because it is a more accurate benchmark as these projects progress into more complex stages.	100%	89%	75%
Percentage of estimated number of jobs generated by committed projects located in regional Queensland	This measure records the percentage of jobs associated with committed projects that are located in regional Queensland (outside the Brisbane statistical division).	The completion of the Southern Regional Water Pipeline, Eastern Pipeline Interconnector and Northern Water Pipeline Interconnector (Stage 1) projects resulted in a smaller percentage of jobs being generated by committed projects in regional Queensland in 2008–09. Finalising these three projects resulted in 684 fewer jobs in regional Queensland.	55%	40%	50%

Local Government and Service Delivery Group

The Local Government and Service Delivery Group develops a range of public policy instruments, strategies and programs, and administers funding to:

- facilitate an efficient, transparent and responsive local government system
- ensure that local governments build infrastructure that meets identified state, regional and community needs, focusing particularly on essential water and sewerage/ wastewater infrastructure
- develop effective governance and legislative frameworks for local governments
- build local government capacity and capability to meet better-practice administrative standards and deliver high-quality services to all Queensland communities
- evaluate, report on and improve local government performance to enable them to meet community needs and expectations consistent with national frameworks for local government sustainability.

The group is responsible for delivering the Local Government Reform Program, which includes:

- a simplified legislative framework for all local governments
- a statewide performance evaluation and reporting framework
- ongoing initiatives to build capacity in local governments.

The group serves Queensland's communities through three key divisions: the Local Government Division, the Service Delivery Division and the Building Codes Queensland Division.

Local Government Division

This division develops public policy instruments that guide:

- councils in governing and regulating their powers, obligations and administrative arrangements
- the statewide measurement, reporting and systemic improvement of local government performance and financial sustainability
- the provision of advisory services to state and federal government agencies, local governments and independent agencies on matters related to and affecting council policy, legislation, services, pilot projects and proposed initiatives.

The division also supports two independent bodies: the Queensland Local Government Grants Commission, which administers Commonwealth financial assistance grants, and the Local Government Remuneration Tribunal, which sets the categories for local government and councillor remuneration rates.

Service Delivery Division

This division:

- builds council capacity, and provides advocacy and support services through 22 regional and district offices
- administers and manages state grants and subsidies to improve local government infrastructure and support vital community organisations

- facilitates appropriate management of Indigenous councils
- develops model local laws.

Building Codes Queensland Division

This division develops and maintains the building and plumbing legislative and policy framework for Queensland's built environment. The division:

- issues plumbing licences and approvals for plumbing systems
- approves variations to the building code
- publishes statutory guidance material for the building and plumbing industries
- supports building and development tribunals—independent bodies that provide an accessible, affordable and timely service for applicants who are dissatisfied with a local government's or private building certifier's decision.

Key achievements

- Supported the Coalition of Australian Governments, and national and state ministerial councils by providing papers and briefings to the Minister and senior executives.
- Delivered the next phase of legislative reform through the *Local Government Act 2009*, which was assented to on 12 June 2009 and is expected to commence later in 2009. The new Act's features include:
  - specific consideration for Indigenous councils
  - contemporary and flexible legislation that is easy to understand and use
  - stronger council accountability and transparency
  - clearer roles and responsibilities for candidates and councillors
  - more efficient service delivery
  - increased opportunities for new enterprises and partnerships
  - better guidance on financial planning and reporting.
- Implemented the sustainability and reporting process to evaluate the ongoing sustainability of Queensland's system of local government. The department analysed 58 councils' 2008–09 annual returns on the status of asset management in local government (all non-Indigenous councils and the Torres Strait Island Regional Council). Indigenous councils are not yet included in the annual return process. Performance data is available at www.localgovernment.qld.gov.au/LocalGovernment/Aboutlocalgovernment andcouncils/SustainabilityandReporting.aspx
- Developed Sustainable Housing Stage 2, supported the Premier's Council on Climate Change, phased out electric hot water systems, conducted treated blackwater trials and expanded greywater usage.
- Completed reviews of:
  - pool safety
  - cyclone standards
  - bushfire hazard standards
  - temporary accommodation buildings code
  - fire safety in residential care buildings
  - fire safety installation maintenance
  - Australian building and plumbing standards and codes.

Future developments

Local Government Division

In 2009–10 the Local Government Division will continue to implement the national frameworks for local government sustainability through Stage 1 of the new performance evaluation and reporting framework. Stage 1 is the sustainability and reporting process that establishes key performance indicators and reporting standards for local governments in four key components:

- asset management
- community engagement
- governance
- long-term financial modelling.

The division has completed the report on the status of community engagement and its recommendations are being considered. It has distributed the annual return for governance and replies are expected before the end of August 2009. It is drafting the annual return on financial management (sustainability), which is scheduled for distribution to the 58 councils in the second quarter of 2009–10. Indigenous councils will be included in the annual return process in Stage 2.

The division will work with local governments to improve the quality and extent of asset management plans and their use in informing councils' long-term financial plans.

To help local governments prepare a 10-year community plan, the division will develop a guide to community planning that incorporates community engagement techniques and case studies.

The division will continue to develop simplified and streamlined legislation by reviewing the *City of Brisbane Act 1924* and developing a local government electoral Act in 2010.

Building Codes Queensland Division

In 2009–10 this division will:

- prepare the Building and Other Legislation Amendment Bill 2009
- increase energy efficiency standards in commercial and residential buildings
- implement cleaner, greener commitments, including:
  - building 6-star housing and 5-star units
  - installing submetering in units and commercial buildings
  - installing end-of-trip bike facilities
  - banning covenants and bylaws that prevent the use of sustainable features
- implement measures from the *Premier's Council on Climate Change working paper 2*, including:
  - removing barriers to on-site energy generation
  - expanding the building and development tribunals' jurisdiction to hear disputes on sustainability issues
  - ensuring that houses with pools and air conditioning meet higher energy-performance standards
- implement Sustainable Housing Stage 2 measures, including:
  - mandating the completion of a sustainability declaration
  - mandating the phase-out of electric hot water systems
  - preventing the sale of inefficient air conditioners
  - mandating minimum star ratings for pool pumps
- implement a fire safety improvement strategy for existing residential care buildings
- develop a building code to mitigate the effects of external noise on buildings built in transport noise corridors
- address the effects of reduced mains pressure (as part of local governments' leakage management programs) on commercial buildings
- develop a sustainability maintenance code for commercial buildings.

Local Government and Service Delivery Group performance measures

Objective

Capable, sustainable and accountable local governments.

Priorities and Strategies

- Develop a new Local Government Act and City of Brisbane Act to improve transparency and accountability.
- Partner with Aboriginal and Torres Strait Islander communities to improve their governance arrangements.
- Develop performance evaluation sustainability and reporting framework for councils.
- Build the expertise of elected council officials and council staff by conducting targeted training that focuses on local government, businesses and operations.
- Advise and assist local governments on matters such as improving community engagement practices.
- Support local governments to enable them to build infrastructure that meets identified community needs, focusing specifically on water and sewerage infrastructure.
- Partner with Aboriginal and Torres Strait Islander communities to improve their environmental health outcomes.
- Partner with water service providers, residents and the business sector to ensure that water efficiency programs and infrastructure achieve valuable water savings.
- Identify state-owned land that may be suitable for trail bike use.
- Reform subsidy programs for local governments which implement waste management plans to align with the Waste Management Strategy.
- Assist local governments in remote and Aboriginal and Torres Strait Islander communities to develop and implement waste management plans and improve resource and waste management strategies.
- Investigate options for local governments to regulate waste reduction.

Performance measures

Measure	Description	Performance comment	2008–09 Estimated target	2008–09 Actual	2009–10 Estimated target
Number of councils with unqualified audit reports	Independent auditors contracted by the Queensland Audit Office annually conduct local government audit reports. These reports concern the financial statements and quality of governance processes.	As at 30 June 2008, 157 councils (pre–amalgamation reform) were required to produce financial statements. The actual 2008–09 result shows that 138 of these 157 councils produced financial statements that, in the QAO's opinion, did not require qualification. The 2009–10 target pertains to the fewer 73 councils (post–amalgamation reform).	138	138	65
Percentage of councillors advised on or trained in a code of conduct	A code of conduct documents appropriate behavioural standards for councillors and provides an accountability measure for dealing with breaches of these behavioural standards. A code not only encourages good behaviour but also provides the means to enforce the standards. Under the *Local Government Act 1993*, all local governments must adopt a code of conduct for their councillors.	In May 2008 the department published a new *Model code of conduct* and a *Guide to the model code of conduct* on its website. Those councils who had opted not to develop their own code could access and use them. The department achieved its 2008–09 target of 100% by training all new councillors after the 2008 local government elections.	100%	100%	100%
Percentage of clients satisfied with departmental advice and services	This measure relates specifically to advice and services provided to local governments.	The Office of Economic and Statistical Research conducted a full client survey of local governments for the department in April 2009. This survey confirmed that 76% of clients were satisfied with the department's advice and services.	80%	76%	80%
Percentage of local governments satisfied with departmental relationship	This measure relates specifically to the department's actions in building relationships with local governments.	In April 2009 the Office of Economic and Statistical Research confirmed that 72% of local governments were satisfied with their relationship with the department, in particular: • the regionalisation of local government functions, including the establishment of five regions with skilled teams dedicated to providing councils with tailored services across their regions • the department's support of local governments by brokering solutions, supporting capability development, building governance capability and supporting council improvements.	80%	72%	80%

Performance measures

Measure	Description	Performance comment	2008–09 Estimated target	2008–09 Actual	2009–10 Estimated target
Percentage of clients satisfied with the way the department manages local government funding programs	This measure relates specifically to the department's actions in efficiently managing funding programs for local governments.	In July 2006 the Queensland Government committed $700M in grants and subsidies to local governments over five years. This contributed to the 81% satisfaction level for this area. The department also undertook major work to reduce expenditure deferrals by improving reporting and forecasting capabilities, and developing a new payment schedule. As a result, expenditure deferrals reduced from $79.2M in 2007–08 to an anticipated $40.2M in 2008–09.	80%	81%	80%
Percentage of financial sustainability frameworks developed for Queensland's local governments	These two measures commenced in 2008–09. The measures monitor the: • department's commitment to develop and introduce significant and formal financial accountability mechanisms to improve the quality of councils' financial management • councils' ongoing incremental improvement in financial sustainability.	The department developed financial sustainability frameworks in full during 2008–09. Approximately 90% of the frameworks were completed by the end of March 2009. As the new frameworks are now in place, this measure will not continue past 2008–09.	100%	100%	Discontinued
Percentage of councils that maintain or improve their QTC Financial Sustainability Rating		Councils can seek a Queensland Treasury Corporation (QTC) Financial Sustainability Rating. During 2008–09 councils in consultation with QTC preferred to alternatively seek Key Financial Observation (KFO) reports from QTC to improve financial monitoring. As councils are expected to continue with KFO reporting, this measure will be discontinued. From 2010 councils can also access financial data analysis though the department's sustainability and reporting process.	100%	--	Discontinued
Percentage of grant and subsidy notifications sent within agreed timeframes	The department sets agreed timeframes that reflect a reasonable period for considering different grants. The timeframes vary according to the types of grants that the department manages.	The actual result for 2008–09 was slightly lower than the estimated target due to delays in grants and subsidy notifications in the third quarter. Incomplete local government applications under Natural Disaster Relief and Recovery Arrangements caused these delays.	95%	87%	95%

Performance measures

Measure	Description	Performance comment	2008–09 Estimated target	2008–09 Actual	2009–10 Estimated target
Proportion of local government grant subsidies distributed to rural and regional and Indigenous communities	This performance measure was first introduced in 2008–09 and includes predominately grants and subsidies for infrastructure.	The actual of 78% for 2008–09 represents in excess of $757M provided to 66 local governments.	75%	78%	70%
Administration costs as a percentage of local government grants and subsidy funding distributed	This measure provides an ongoing benchmark of the department's efficiency in the administration of local government grants and subsidy funding. All annual administration costs and associated overheads are calculated as a percentage of all grants funds administered for the year. In this instance a lower result than the target indicates above expected performance.	The 2008–09 actual result of 0.56% indicates efficiency at a higher than expected level. Throughout 2008–09 the department also undertook a review of the grant process to ensure continual improvement. In recent years the department has implemented improvements in internal training and process, and in client assistance.	0.75%	0.56%	0.75%

Planning Group

The Planning Group provides leadership by collaborating with state agencies, local governments and other stakeholders to effectively plan for Queensland's growth and infrastructure provision, maintain a high quality of life and facilitate sustainable development.

The Planning Group:

- delivers a consistent and contemporary regional planning program for the whole of Queensland
- implements the Queensland Housing Affordability Strategy
- delivers a planning policy and reform agenda
- comprehensively analyses and reports on demographic and residential development trends across Queensland.

In September 2008 the Premier released the government's blueprint for the future—*Toward Q2:Tomorrow's Queensland*. The plan is framed around five ambitions: strong, green, smart, healthy, and fair. The government has set long-term targets for each ambition and the department is the lead agency for the Green 2020 target—protect 50 per cent more land for nature conservation and public recreation.

The Planning Group will achieve this target through the South East Queensland Outdoor Recreation Strategy and the Greenspace Strategy. It will also develop recreation trails through the Active Trails program and a statewide register of land for public recreation.

The Planning Group also provides input into another Green 2020 target: cut Queenslanders' carbon footprint by one-third through reduced car and electricity use, and a Strong 2020 target: ensure Queensland is Australia's strongest economy with infrastructure that anticipates growth.

Key achievements

In 2008–09 the Planning Group:

- prepared the Sustainable Planning Bill 2009. This new legislative framework will reduce costs by:
  - improving and better integrating local, regional and state planning
  - introducing more efficient planning and development assessment processes
  - introducing a more transparent and equitable infrastructure-charging regime
  - enabling greater access to dispute resolution mechanisms. (Non-legislative tools also complement the Sustainable Planning Bill 2009 to support the rollout of the new legislation and planning reform agenda)
- implemented RiskSMART in nine high-growth councils outside South East Queensland and four state agencies to fast-track the assessment of low-risk planning applications
- continued to implement a development assessment monitoring project that will publicly report development assessment data (to be fully implemented in 2009–10)
- signed up 10 councils to use Smart eDA (electronic Development Application), an online system that helps prepare and electronically lodge and track development

applications to councils and state agencies under the *Integrated Planning Act 1997*, and the related Integrated Development Assessment System (IDAS)

- developed the standard infrastructure charging schedule and the priority infrastructure plan (PIP) template—an independent review of proposed PIP charges was conducted by the Queensland Competition Authority to make infrastructure charges transparent and equitable
- reviewed the *South East Queensland Regional Plan 2005–2026*, and released for consultation in December 2008 the *Draft South East Queensland Regional Plan 2009–2031*. More than 3000 submissions were received on the draft plan, with a final plan released in 2009–10
- released the *Far North Queensland Regional Plan 2009–2031* and the *State Planning Regulatory Provisions* in February 2009. The department received more than 960 submissions on the draft plan, which was released in May 2008, and also conducted further consultation following the issue of a consultation report
- continued to roll out the Maranoa–Balonne, Central West and South West Queensland regional plans, developed through the Blueprint for the Bush initiative. The group completed consultation on draft plans in November 2008 and final plans are scheduled for release early in 2009–10. The draft North West Regional Plan was released for public comment in June 2009
- identified 42 sites as part of the *Greenfield Land Supply in South East Queensland action plan,* which was released in June 2008 in response to land supply issues affecting housing affordability. The action plan had initially focused on delivering 12 committed areas by December 2008 and five further potential areas by June 2009
- progressed action plan and site work programs by endorsing planning instruments, including structure plans and planning scheme amendments, and resolving outstanding infrastructure matters. Eight committed sites were given priority status and have now met regulatory provisions. The department is working closely with councils and state agencies to finalise land use plans or planning scheme amendments for the remaining four committed sites
- commenced development assessment panels in the iconic places of Noosa, Douglas, Blackall Range and the Central Capricorn Coast (Livingstone localities). The panels, established under the *Iconic Queensland Places Act 2008*, respond to community concerns—raised in the lead up to the 2008 local government amalgamations—that the larger regional councils may overlook the distinguishing characteristics of the former local government areas
- released the *Broadhectare study for South East Queensland* in May 2009, which includes all broadhectare land with a parcel size greater than 2500 square metres
- drafted the South East Queensland Outdoor Recreation Strategy and Greenspace Strategy, due for release in late 2009, and commenced a project to develop a register of public recreation land initially covering South East Queensland
- prepared a draft Resorts and Other Acts Amendment Bill 2009 to update existing, outdated resorts development and management legislation, and reflect contemporary best practice
- participated in and facilitated the preparation of the *Smart City Master Plan*, which will position Brisbane for a smart and sustainable future in a competitive and connected global environment. The strategic plan will align land use, transport and infrastructure with key knowledge and cultural precincts in Brisbane City
- prepared the *Draft South East Queensland climate change management plan* and a draft State Coastal Planning Policy, which will complement the South East Queensland Regional Plan and be released for public consultation in the second half of 2009
- released the *Queensland's future population 2008 edition* containing population projections for all non-indigenous local government areas in Queensland.

Future developments

In line with the ambitions and targets of *Toward Q2: Tomorrow's Queensland*—Green, Strong and Healthy—the Planning Group will:

- strengthen its focus on climate change initiatives. It will release a Climate Change Management Plan for consultation in late 2009 to complement the South East Queensland Regional Plan, as well as a draft State Coastal Planning Policy. An increasing imperative to reduce the effects of climate change will continue to influence the Planning Group's priority deliverables as it integrates climate change into statutory regional plans, develops climate change management plans, and develops policy to protect coasts from rising sea levels and storm tides
- release the South East Queensland Outdoor Recreation Strategy and Greenspace Strategy in late 2009
- undertake a statewide inventory of land for public recreation, and develop and implement strategies to deliver on the *Toward Q2: Tomorrow's Queensland* Green 2020 target—protect 50 per cent more land for nature conservation and public recreation

- implement planning reform initiatives outlined in *Planning for a prosperous Queensland: A reform agenda for planning and development in the Smart State*, including supporting local governments to prepare new planning schemes
- develop and implement a program of regional plans for Queensland
- implement the Queensland Housing Affordability Strategy
- help local governments prepare priority infrastructure plans and develop a framework for state infrastructure policy and contributions
- investigate strategic and emerging demographic and housing issues that underpin regional and infrastructure planning, including the effects of resource developments.

The introduction of the new planning legislation, and supporting operational and cultural reform, will require stronger leadership to drive the reform agenda both across the state and within key stakeholder groups. As amalgamated councils prepare new strategic community and land use plans to reflect their new communities of interest, the department will need to develop strong partnerships to meet the demand for services. Continued population growth and changing demography will continue to affect regional and statutory planning, and housing affordability.

Planning Group performance measures

Objectives

The group's key objectives are to provide leadership, and collaborate with state agencies, local governments and other stakeholders, to effectively plan for Queensland's growth and infrastructure provision, maintain a high quality of life and facilitate sustainable development.

The group specifically aims to:

- drive the application of current South East Queensland regional planning principles progressively across the state
- formulate a statewide model to manage population growth and subsequent infrastructure priorities
- reform planning in Queensland by improving the *Integrated Planning Act 1997* and the Integrated Development Assessment System (IDAS). To achieve this, it will implement the endorsed recommendations of *Planning for a prosperous Queensland: A reform agenda for planning and development in the Smart State* to ensure the state's planning and development framework flexibly and responsively meets future challenges and the needs of the community and stakeholders.

Priorities

Collaboratively plan sustainable and dynamic urban and regional communities.

Strategies

- Deliver a consistent and contemporary regional planning program for the whole of Queensland.
- Implement the Queensland Housing Affordability Strategy.
- Implement a planning policy and reform agenda.

Performance measures

Measure	Description	Performance comment	2008–09 Estimated target	2008–09 Actual	2009–10 Estimated target
Number of local governments with high population growth (greater than 10 000 total population) that lodged priority infrastructure plans (PIPs) throughout the year	PIPs establish an infrastructure planning benchmark for planning schemes by identifying where growth is expected to occur, the nature and scale of the growth, and the infrastructure necessary to service the growth. This measure tracks the department's success in helping local governments with higher population growth progress their PIP.	The department determined the 2008–09 estimated target of 22 using the new total number of councils of 57 following amalgamation. Therefore, while it appears that the implementation program is remaining steady (i.e. 19 for 2007–08 and 18 for 2008–09), the implementation program is actually increasing when the proportion of councils is considered (i.e. 19 of 123, or 15.4%, for 2007–08 compared with 18 of 57, or 31%, for 2008–09). During 2008–09 the department continued to directly assist councils by providing templates, guidelines and training. In 2009–10 the department will encourage councils to finalise PIPs based on their previous planning scheme areas. The 2009–10 estimated target reflects this goal.	22	18	28
Percentage of target audience reached through publications	The target audience refers to those client groups within the planning and development sector that have been identified as interested in a publication. Publications include codes, guidelines and information bulletins on the planning and development framework's operation, and reports on demographic trends and projections, residential land monitoring and broadhectare land use.	The distribution of written information continues to be a important communication tool for informing clients of the planning and development framework's operation. The actual result of 88.5% for 2008–09 means that publications reached more than 27 734 clients during the year.	90%	88.5%	90%
Percentage of clients who attended seminars, workshops and forums	Departmental seminars, workshops and forums are key engagement tools for educating and training clients. This measure refers only to the client segment that is interested in and is invited to attend seminars, workshops and forums.	The actual 2008–09 result reflects clients' continuing interest in departmental land supply and demographic projections, and in planning regulatory reforms and innovations. More than 2400 clients attended seminars and forums throughout the year.	80%	86.8%	80%

Performance measures

Measure	Description	Performance comment	2008–09 Estimated target	2008–09 Actual	2009–10 Estimated target
Percentage of milestones reached on priority projects progressed by regional planning projects outside South East Queensland (SEQ)	Regional planning outside SEQ proactively helps deliver vibrant, sustainable communities. This measure indicates the success of the department's planning program in progressing priority projects within each of the 11 regional planning projects outside SEQ.	The department achieved 80% of the milestone set during 2008–09, which meant it made good progress with all 11 regional planning projects managed outside SEQ. The milestone planning outcomes provided innovative responses to managing urban sprawl, protecting the region's internationally renowned natural features, such as the Wet Tropics and Great Barrier Reef World Heritage Areas, and better preparing for emerging issues, such as climate change. Scheduled milestones for 2009–10 include finalising plans for Central West, South West and North West Queensland, and for Maranoa-Balonne.	80%	80%	85%
Number of local governments and state agencies participating in the new Smart electronic Development Assessment (Smart eDA) program	Smart eDA is an online service that streamlines Queensland's development assessment process, and transforms the current paper-based Integrated Development Assessment (IDAS) process into an intuitive and interactive, Internet-based process. This measure monitors local governments' take-up rate and use of Smart eDA.	The department estimated the 2008–09 target of 45 using the total number of councils following amalgamation (57). Less than expected performance occurred mostly because of the delay in developing the national standard to define how agencies must connect systems (the national eDA interoperability specification), as the Council of Australian Governments mandated in 2007. This specification was ratified in August 2009.	45	22	42

Performance measures

Measure	Description	Performance comment	2008–09 Estimated target	2008–09 Actual	2009–10 Estimated target
Percentage of clients satisfied with the quality of seminars, workshops, forums and publications	Departmental seminars, workshops and forums are key communication tools for continuing to educate and train clients. This measure refers only to the client segment that is interested in and invited to attend workshops and forums, and use the publications.	During 2008–09 the department surveyed more than 1770 clients, and 88.6% responded that they were satisfied with the quality of the planning program's seminars, workshops, forums and publications. In this instance, publications include those that convey information and explain the operation of the Integrated Planning Act and Building Act, such as codes, guidelines and information bulletins. Reports dealing with demographic trends and projections, residential land monitoring and broadhectare land use monitoring are also included in this performance measure.	80%	88.6%	80%
Percentage of statutory responsibilities completed within agreed timeframes	Statutory responsibilities include those in the *Integrated Planning Act 1997*, for example the responsibilities related to ministerial call-ins of development applications. The department sets agreed timeframes to observe operational efficiency.	During 2008–09 the department had seven applications for variation of building assessment provisions that required additional information before processing but had to be decided within 20 business days under the *Building Act 1975*. Delays associated with these seven applications led to the 93% estimated result. The 2009–10 estimated target of 90% (down from the previous estimated target of 100%) reflects the published target in *Planning for a prosperous Queensland: A reform agenda for planning and development in the Smart State*.	100%	93%	90%
Number of Regional Co-ordination Committee (RCC) meetings held each year	The Minister for Infrastructure and Planning chairs the RCC meetings, which involve five SEQ local government mayors and five state Ministers. The meetings provide a forum for representatives at the highest state and local government levels to discuss regional planning and related matters.	The number of RCC meetings held during the year is an indicator for the amount of high-level dialogue and information sharing that occurs between the state and local governments as they provide useful information about managing SEQ's regional planning. These meetings also help monitor the implementation of SEQ Regional Plan initiatives. Only three of the planned four RCC meeting occurred during 2008–09. The third quarter meeting was cancelled due to the caretaker period associated with the recent state election.	4	3	4

Performance measures

Measure	Description	Performance comment	2008–09 Estimated target	2008–09 Actual	2009–10 Estimated target
Number of subregional planning and infrastructure forums held each year	Sub-regional planning and infrastructure forums give departmental staff an informal way to engage directly with local and state government officers. These forums enable local governments to provide input into state, SEQ and other regional planning initiatives.	As a result of a change to the format for consulting with councils, two fewer forums were held than originally anticipated in 2008–09. The 2009–10 estimated target does not include any sub-regional planning forums, as the review of the SEQ Regional Plan has concluded.	10	8	5
Number of Regional Landscape and Open Space Committee meetings held each year	The Regional Landscape and Open Space Committee advises the Minister and the department on SEQ's landscape, environmental and open space issues.	All six of the scheduled Regional Landscape and Open Space Committee meetings were held during 2008–09. Consequently this forum continued to give the Minister for Infrastructure and Planning quality land use planning advice.	6	6	6
Percentage of stakeholders satisfied with the quality of the SEQ Regional Plan implementation process	The department undertakes client and stakeholder research to determine how satisfied they are with the pace and quality of planning outcomes associated with implementing the SEQ Regional Plan. The department uses this feedback to determine the future direction of implementation projects associated with the plan.	The department obtained client and stakeholder feedback through consultation and information activities associated with the SEQ Regional Plan review. This feedback confirmed that clients and stakeholders are highly satisfied with the implementation process. As well as conducting a review of the SEQ Regional Plan in 2008–09, the department developed and released the *Far North Queensland Regional Plan 2009–2031*. It also developed and released draft statutory regional plans for rural and remote communities in Central West, South West and North West Queensland, and for Maranoa-Balonne with these plans to be finalised and released in 2009–10.	75%	75%	75%
Percentage of concurrence agency requests processed within required timeframes	Concurrence agency request responsibilities include those related to Ministerial advice agency powers, and concurrency agency powers under the *Integrated Planning Act 1997* (IPA).	During the year, the department met all statutory processing timelines required under the *Integrated Planning Act 1997*. The 2009–10 target estimate of 90% (down from the previous estimated target of 100%) reflects the published target in *Planning for a prosperous Queensland: A reform agenda for planning and development in the Smart State*.	100%	100%	90%

Performance measures

Measure	Description	Performance comment	2008–09 Estimated target	2008–09 Actual	2009–10 Estimated target
Timeframe for producing an updated South East Queensland Infrastructure Plan and Program	The South East Queensland Infrastructure Plan and Program was first released in May 2005, and is updated annually to reflect and align with the latest planning and budget commitments. This performance measure reflects the department's commitment to continually review the plan and program to ensure that it remains contemporary and meets the future needs of the SEQ region.	The department published the new South East Queensland Infrastructure Plan and Program in late July 2009 after a slight delay. This program remains the most significant and ambitious capital program in Queensland's history. The 2009—2026 program is now worth an estimated $124 billion in infrastructure investment through to 2026, and is comprised of 378 identifiable projects. There are 32 new projects in the current plan, at an estimated additional investment of about $1.9 billion. The plan identifies $94.6 billion in road, rail and public transport projects and studies, $12.5 billion in social and community infrastructure, $4.6 billion in water infrastructure, $3.3 billion in energy projects, and $9.1 billion in completed projects.	June 2009	July 2009	June 2010

Strategy and Governance Group

The Strategy and Governance Group provides whole-of-government support for infrastructure and planning policy and coordination, and supports the department to achieve its strategic goals and operational objectives. The group is responsible for a diverse range of functions including coordinating and monitoring the implementation of the South East Queensland Infrastructure Plan and Program. It also provides internal corporate and executive support, external departmental communications, and marketing, and leadership on the policy and feasibility implications of significant infrastructure projects.

Key achievements

- Monitored and reported on the progress of the *South East Queensland Infrastructure Plan and Program 2008–2026*.
- Developed the Gateway Review Framework to review significant government infrastructure projects.
- Provided agencies with a whole-of-government view or advice on procurement options for major infrastructure proposals, including the AFL stadium, South East Queensland Schools Project, Gold Coast Institute of TAFE Ridgeway, the Gold Coast Rapid Transit project, Queensland Children's Hospital, Sunshine Coast University Hospital, the Border Railway and Northern Link.
- Developed Queensland's submission to Infrastructure Australia's Building Australia Fund.
- Led the government's engagement of Infrastructure Australia's Private Public Partnership (PPP) Interdepartmental Working Group to develop the national PPP guidance material. The Council of Australian Governments (COAG) endorsed the *National Public Private Partnership Policy and Guidelines* on 29 November 2008.
- Assisted the then Department of Education and Training to develop and complete the South East Queensland Schools Project, a proposal to build seven new state schools in high-growth areas of South East Queensland. The $1.1 billion PPP project is the first to incorporate the new Supported Debt Model, using both private and public finance.
- Implemented whole-of-government systems including:
  - Stage 1 of electronic Document Records Management Systems (eDRMS)
  - the travel management system
  - the Queensland Public Service Capability and Leadership Framework, including integrating it into the performance and learning planning model, and learning and development planning.
- Supported whole-of-government information and communication technology (ICT) strategic initiatives by migrating all ICT infrastructure services to CITEC (including Smart eDA), and used other agencies' services, including the Department of Public Works' vehicle booking system and e-tender system.
- Implemented the Integrated Risk Management Framework to manage risks and maximise opportunities to achieve strategic priorities for the

community. This included developing and implementing a business continuity management program to assist the department to prevent, respond to and recover from a crisis or threat to service delivery, and to give staff direction during the influenza pandemic.

- Refined the department's governance framework and developed the governance framework for special purpose vehicles.
- Implemented machinery-of-government reforms, and developed a new interim organisational structure and strategic plan for 2009–13. The department also incorporated local government functions, providing strong synergies between the department's planning and infrastructure functions.
- Undertook a specialised recruitment campaign for hard-to-fill vacancies, and revised recruitment and selection practices.

Future developments

In 2009–10 the Strategy and Governance Group will continue to:

- implement the *South East Queensland Infrastructure Plan and Program 2009–2026*, and maintain, monitor and report on its progress
- update the Project Assurance Framework, Value for Money Framework and the Alliance Procurement Guidelines
- implement the Gateway Review Process for significant infrastructure-related projects
- develop a statewide infrastructure plan and program
- develop a Queensland implementation guideline to assist agencies and industry to apply the *National Public Private Partnership Policy and Guidelines*
- continue to give agencies policy advice and technical support regarding procurement options for major infrastructure projects
- partner with the whole-of-government Technology Transformation Program to participate in the Application Rationalisation Project, which will rationalise the department's spatial information application services
- participate in whole-of-government identity management and directory services, which will enable employees to access data and applications from anywhere on the government's network
- implement Stage 2 of eDRMS
- embed the Queensland Public Service Capability and Leadership Framework into learning and development, performance and career management, and attraction and retention practices
- undertake an employee engagement survey and finalise the implementation of a health risk management strategy to inform workforce planning
- develop a strategic policy framework
- enhance internal program management capability
- develop and implement an integrated performance management framework
- establish a review and evaluation capability as part of the Evaluation and Internal Audit Unit.

Community engagement

South East Queensland Regional Plan

Departmental staff conducted an extensive consultation program to inform the community about the *Draft South East Queensland Regional Plan 2009–2031*.

The consultation period commenced on 7 December 2008 and closed on 1 May 2009 with 3500 submissions received.

Communications included:

- 8254 hard copies of the draft regional plan, 5000 summary documents, 75 sets of regulatory maps and 950 CDs distributed to local councils, state agencies, libraries and members of the public on request
- letters mailed to 12 856 landowners throughout the region affected by changes to land use categories. This included over 10 000 letters to landowners in Toowoomba, who were covered by the plan for the first time
- advertisements in metropolitan and regional newspapers, radio and television to create a wider awareness of the draft regional plan
- gazettal notices in the Queensland Government gazette
- material for the department's website including electronic versions of the draft regional plan, regulatory maps, an interactive mapping tool, submission cover form and information on how to lodge a submission. The draft regional plan pages of the department's website received over 40 000 visits
- a free-call number and email inquiry service to answer public queries, with department staff fielding 838 phone calls, 1171 emails and 61 SMS messages during the consultation period.

Other consultations in the reporting period included:

- 30 briefings with regional councils, public meetings and stakeholder presentations
- public information displays at 14 shopping centres, community centres and markets across the region
- a department shopfront accessible to the public at 63 George Street, Brisbane. Approximately 658 members of the public visited the shopfront during the consultation period. Twenty people requested meetings with department staff to discuss the plan and to gain further understanding, 8 people purchased a set of the regulatory maps, and 40 people requested assistance to view maps.

The department undertook extensive community engagement and consultation programs throughout the year to inform the community about a range of projects including:

- the development of regional plans, through a collaborative approach involving regional coordination committees and extensive public consultation processes
- the drafting of the new Sustainable Planning Bill 2009 (tabled in Parliament in June 2009), which involved consultation and engagement with industry leaders through the Planning Reform Reference Panel and State Agency Reference Group
- the development of the South East Queensland Climate Change Management Plan in collaboration with other agencies, notably the Department of Environment, Resource Management, Department of Transport and Main Roads, the Queensland Water Commission and Australian Government Department of Climate Change. These agencies have specifically provided funding to support the development of the plan and assist in meeting project targets
- the South East Queensland Regional Recreation Trails Program 2007–2012, which is developing three new regional trails in South East Queensland: Brisbane Valley Rail Trail (50 km opened in 2008–09), Maroochy River Trail (opening in 2009–10) and Boonah to Ipswich Trail (opening in 2009–2010). The delivery of these outdoor recreation trails will enhance community health, regional lifestyles and local economies. The Brisbane Valley Rail Trail is a community partnerships (grants) program, which has been established under the South East Queensland Regional Recreation Trails Program to provide incentives for community organisations to support the Rail Trail. Activities included involvement with community festivals, cultural and recreation events and heritage studies
- the celebration of completed projects at Desalination Day and Western Corridor Open Day, and a visitor centre in the Airport Link project area to help facilitate community engagement
- the development of the coal seam gas water policy, with the public invited to comment on the draft discussion paper during May 2009
- a Bowen Abbot Point Community Consultation Group, established in October 2008 as part of the Northern Economic Triangle initiative. The group meets regularly to facilitate community engagement on issues and opportunities associated with the establishment of a new industrial hub at Abbot Point
- the Southport Broadwater to Southern Moreton Bay Marine Infrastructure Master Planning Study, which involved extensive targeted key stakeholder consultation,with marine industry representatives, developers, environmental groups, councils and community groups
- active engagement with landowners about land and corridor acquisition as early as possible in the process
- assistance to project proponents in their community consultation programs throughout the environmental impact statement process
- the Local Government Legislation Review, which involved consultation with local governments and local government representative bodies, industry and unions in the preparation of the Local Government Bill 2009
- the development of the Animal Management (Cats and Dogs) Regulation 2009, which involved consultation with representatives from local governments, the Local Government Association Queensland, Australian Veterinary Association (Qld), RSPCA, Animal Welfare League, Veterinary Surgeons Board and the Department of Employment, Economic Development and Innovation
- a discussion paper titled *Improving Sustainable Housing in Queensland*, which involved a three-month consultation process
- the development of guidelines for fire safety in residential care buildings, which included a five-month consultation process
- a review of Queensland pool safety laws, with a six-week consultation process
- statewide training conducted in partnership with the Australian Institute of Building Surveyors
- the building and plumbing newsflash service for industry, which published 52 newsflashes on topics of interest and Building Act guidelines
- five industry building and plumbing consultative group forums.

Indigenous matters

The department supports Indigenous councils with the development of land use management plans that comply with the *Integrated Planning Act 1997*.

A draft land use plan is expected to be available early in the 2009–10 financial year following a pilot project with the Yarrabah Aboriginal Shire Council, and work will shortly commence with Palm Island Aboriginal Shire Council.

Other departmental activities include:

- supporting six Indigenous trainees on the Traveston Crossing Dam project to date
- rolling out fluoride across seven Indigenous councils of Kowanyama, Domadgee, Aurukun, Cherbourg, Palm Island, Thursday, Horn and Hammond Islands and Yarrabah. This will be complete by the end of 2009
- progressing government-related recommendations from the Gulf Communities Agreement 10-year review
- providing secretarial support to the Gulf Communities Area Social Development Trust
- ensuring the Indigenous engagement component of environmental impact study (EIS) process for significant projects under *State Development and Public Works Organisation Act 1971* has been undertaken
- facilitating discussion between the department, the Department of Environment, Economic Development and Innovation, and native title parties for the Wik and Wik Way regarding the transfer of land under the *Aboriginal Land Act 1991*
- attending and contributing to the review of the *Aboriginal Cultural Heritage Act 2003*
- reviewing and contributing to the Council of Australian Governments' (COAG) quarterly reports on discrete Indigenous communities, Closing the Gap, and Indigenous infrastructure needs
- providing a complete framework for resolving issues associated with native title and cultural heritage on major projects (public and private). This includes:
  - providing high-level practical advice about native title
  - developing innovative strategies to resolve complex issues
  - creating a departmental focus on agreement making rather than use of statutory powers
  - negotiating agreements (including elements such as compensation, employment and training, mining tenures, petroleum tenures, land access, land tenures and protection of cultural heritage)
  - using various powers of compulsory acquisition as a last resort.

Community Futures Task Force

This task force was established in July 2006 after the government announced it would build dams at Traveston Crossing and Wyaralong. Chaired by former Queensland Governor Major General Peter Arnison, its purpose is to address the effects of these announcements on the Mary Valley and Scenic Rim communities.

As well as providing the affected communities with access to government information services and targeted programs, the task force provides a forum for Gympie, Sunshine Coast and Scenic Rim Regional Council Mayors, heads of state government agencies, and the CEO of Queensland Water Infrastructure Pty Ltd to ensure that these services and programs meet current and emerging community needs.

In undertaking its work, the task force takes an independent approach, neither supporting nor opposing the proposed dams. A task force unit is administratively based in the Department of Infrastructure and Planning, but reports to Major General Peter Arnison.

The task force work program has been developed to precede a decision on the dam projects by the state and federal governments in accordance with requirements of the *State Development and Public Works Organisation Act 1971* and the *Commonwealth Environment Protection and Biodiversity Conservation Act 1999*, respectively.

Following the conclusion of the approvals process for the Wyaralong Dam, the task force briefed the Scenic Rim Regional Council Mayor and Queensland Water Infrastructure Pty Ltd on task force activities for the affected community. Task force member agencies are now working directly with the Scenic Rim Regional Council and Queensland Water Infrastructure Pty Ltd to finalise these activities.

Also, during 2008–09 the task force focused on assisting the Mary Valley community to prepare for life after a decision has been made on the Traveston Crossing Dam. This has included strengthening the relationships between community groups and state government agencies, finalising task force projects, and encouraging links between agency projects and Queensland Water Infrastructure Pty Ltd, where appropriate.

Given the delay in the decision-making process for Traveston Crossing Dam, and the expectation that the task force services will be available to affected communities at the time decisions are made on the dams and in the months immediately following, the Premier has supported the extension of Major General Peter Arnison as Chair of the task force and its operation to 31 December 2009.

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Governance arrangements

Governance relates to how the organisation is managed, directed and held accountable for achieving strategic and operational objectives.

The department's governance framework guides our decision-making and actions as we strive to attain the strategic goals and operational objectives outlined in our strategic plan, and fulfil the obligations expected under the state government's *Toward Q2: Tomorrow's Queensland* and the Charter of Fiscal Responsibility.

Governance committees

The department's governance arrangements are overseen by the Executive Leadership Team (ELT), which meets weekly and is the principal management forum of the department. The ELT comprises:

- Director-General
- Director, Office of Director-General
- Deputy Coordinator-General, Infrastructure and Economic Development
- Deputy Coordinator-General, Infrastructure Services
- Deputy Director-General, Planning
- Associate Director-General, Local Government and Service Delivery
- Deputy Director-General, Strategy and Governance.

ELT is assisted by five subcommittees, including the:

- Audit and Risk Management Committee
- Financial and Asset Management Committee
- Information Steering Committee
- Workforce Management Committee
- Property Services Group Committee.

The Executive Management Group provides leadership of key operational issues and activities of the department. The group meets monthly and provides a forum to ensure consistency and collaboration across the department. It comprises:

- Director-General
- ELT members
- assistant coordinators-general
- executive directors
- directors, regional service delivery.

Audit and Risk Management Committee

This committee met on five occasions, providing advice and support to the Director-General in the discharge of his responsibilities under the *Financial Administration and Audit Act 1977*.

The committee observed the terms of its charter with due regard to Queensland Treasury's Audit Committee Guidelines. Membership comprises:

- ELT
- Executive Director, Strategic Infrastructure Procurement
- Executive Director, Strategic Policy
- Deputy Director-General, Department of Public Works (independent chair).

In its second year, the committee undertook the following activities:

Financial and asset management

- Reviewed and endorsed the department's and the Property Services Group's financial statements 2008–09 and the system appraisals process for 2009.
- Received updates from the Asset Management Working Group, including the completed Strategic Asset Management Plan and Strategic Procurement Plan.

Risk management

- Monitored the implementation of the department's Integrated Risk Management Framework Strategy and the Business Continuity Management Program.
- Endorsed the Fraud and Corruption Plan and the finalisation of the Strategic Risk Register.

Internal audit

- Approved the Internal Audit Strategic Plan and Annual Plan.
- Endorsed the appointment of a co-sourced internal audit service provider.
- Received regular reports on the activities of Internal Audit.
- Participated in the Queensland Audit Office audit of the transport network management and urban congestion in South East Queensland, and the audit of the infrastructure project evaluation.
- Oversaw the completion of the following internal audits:
  - Cabcharge eticket management
  - human resource systems management
  - expense management
  - asset management
  - electronic document and records management system.

External audit

- Reviewed draft client strategies for the Queensland Audit Office and Property Services Group.
- Oversaw the scheduling, status and findings of the following:
  - infrastructure audits (lease back on land, project evaluation, cost escalation and gateway)
  - sector wide (legislative compliance and asset valuations)
  - performance management systems audit (annual reporting and transport planning and urban congestion).

Governance

- Noted the department's progress in the development of the Project Assurance Framework and the draft Alliance Policy.
- Noted the department's Governance Framework and the role of the Audit and Risk Management Committee in the performance management framework.
- Commenced a review of the committee's charter.

Financial and Asset Management Committee

This committee provides objective analysis and advice on financial management, facilities management and procurement issues. The committee identifies and addresses significant budget and financial issues, including overseeing the departmental budget process. It also develops strategies to improve resource use and alignment with corporate priorities, and monitors and evaluates business performance and resource use. Membership comprises the Director-General, ELT, and Executive Director, Financial and Business Services.

During 2008–09 the committee successfully managed the budget, which included:

- overseeing an internal mid-year budget review
- conducting regular monitoring of the financial position at an activity level
- providing expert advice during the development of the 2009–10 budget submission to Cabinet Budget Review Committee
- developing new fiscal resourcing frameworks for the department as a result of machinery-of-government changes in March 2009.

Information Steering Committee

This committee ensures that the development, deployment, application and monitoring of project and information resources, systems and technology actively support the priorities, accountabilities and business activities of the department. It also ensures consistency with associated whole-of-government policies and directions.

The committee sets strategic directions, priorities and standards for all departmental projects, and information and communication technology (ICT) resources. The committee also acts as a whole-of-agency forum on information management issues. Specifically, it provides advice on the allocation of funds for business and ICT purposes as well as approving the selection, development, implementation and application of all business and information systems, and infrastructure. Membership comprises:

- Director-General

- ELT
- Executive Director, Organisational Capability
- Director, ICT
- Executive Director, Infrastructure Program Management
- Executive Director, Financial and Asset Management.

As directed by the (former) Service Delivery and Performance Commission, a senior officer from the Queensland Government Chief Information Office attends meetings as an expert adviser.

The committee met six times during 2008–09 and some of its key activities included:

- approving a range of ICT policies
- developing the Smart eDA Governance Framework
- establishing an inwardly focused program management office
- participating in the Applications Rationalisation Project and the Spatial Information Strategic Plan.

Workforce Management Committee

This committee provides analysis and advice on a range of workforce issues, including workplace health and safety, recruitment and selection, and performance management. The committee develops and refines strategies to support the department's need for a quality workforce and desire to be an employer of choice. The committee also monitors the effects of strategic initiatives on the workforce and recommends appropriate action. The committee comprises:

- Deputy Director-General, Planning
- Executive Director, Organisational Capability
- Director, Human Resources
- Executive Director, Policy and Program, Planning
- Assistant Coordinator-General, Significant Projects Coordination
- Executive Director, Land Acquisition
- Executive Director, Infrastructure Program Management
- Director, Business Support Branch, Planning
- Director, Northern Economic Triangle, Regional Infrastructure
- Director, Office of the Director-General.

The committee met on four occasions in 2008–09 to guide the development of the Human Resources function across the department. Some of the key activities included:

- contributing to the structure of the departmental workforce metrics reporting model
- monitoring the development and implementation of a suite of workforce, ethics and integrity policies and procedures to support strategic and operational needs
- advising on the workforce impact of proposed strategic initiatives
- monitoring a pilot recruitment strategy for hard-to-fill positions to support the department as an employer of choice.

Property Services Group Committee

This committee provides strategic oversight and direction to the commercial business decisions of the Property Services Group. It is responsible for the development and approval of the annual work plan of the Property Services Group under the *Industrial Development Act 1963*. It also considers and approves the annual proposed program of both property-related and other industry development functions aimed at encouraging the location and expansion of business and industry in Queensland.

As well as monitoring the demand, supply and acquisition of industrial land and the associated services provided to ensure the sustained economic development of the state, this committee offers strategic advice to the Director-General and the Estates Construction Fund Management Committee on the operation of the Property Services Group.

The committee comprises:

- Deputy Coordinator-General, Infrastructure and Economic Development
- Executive Director, Strategic Policy
- Executive Director, Financial and Asset Management
- Executive Director, State Development Areas
- Internal Audit Manager
- a representative from the Department of Employment, Economic Development and Innovation.

During 2008–09 the committee met ten times, and its activities included:

- monitoring the demand, supply, planning and acquisition of industrial land and the provision of associated services to ensure sustained economic development
- providing policy and strategic oversight and direction to the department's industrial property and industrial land investment, operation and like decisions, including:
  - the PSG as a commercial business unit
  - the department under the *State*

Development and Public Works Organisation Act 1971 and the *Industrial Development Act 1963*

- reviewing the forward capital works program (including industrial estates land acquisition, development and sales) and every variation and change proposed by the Property Services Group, and all other requests for funding from the Estates Construction Fund
- considering and approving the department's overall annual proposed program of both property related and other industry development functions
- reviewing and endorsing the proposed service level agreement between the department and Property Services Group (for corporate services provided to the group)
- reviewing and endorsing the Property Services Group's annual work and services program and related operational budget, resources and targets
- endorsing the group's monthly financial statements and those statements regarding the department's industrial land matters.

Standards, quality processes and accountability

A strong management structure that is supported by standards and accountability mechanisms enables us to coordinate the planning and delivery of infrastructure. It also facilitates our partnering with local governments to deliver sustainable and accountable local government services. This strong management structure is achieved through:

- legislation
- policies, procedures and delegations
- a code of conduct
- culture, values, ethics and standards
- personal performance and development
- strategic planning and risk management
- business improvement
- performance monitoring and reporting
- financial monitoring and review
- internal auditing and risk management (as overseen by the Audit and Risk Management Committee)
- external accountability mechanisms.

Legislation

The following legislative responsibilities were set out in the *Administrative Arrangements Order 2009*.

The Minister for Infrastructure and Planning is responsible for administering the following Legislation:

- *Alcan Queensland Pty. Limited Agreement Act 1965* (except to the extent it is administered by the Minister for Natural Resources, Mines and Energy and Minister for Trade, and the Minister for Climate Change and Sustainability)
- *Amoco Australia Pty. Limited Agreement Act 1961*
- *Ampol Refineries Limited Agreement Act 1964*
- *Austral-Pacific Fertilizers Limited Agreement Act 1967*
- *Building Act 1975*
- *Central Queensland Coal Associates Agreement Act 1968* (except to the extent it is administered by the Treasurer and Minister for Employment and Economic Development; the Minister for Transport; and the Minister for Natural Resources, Mines and Energy and Minister for Trade, and the Minister for Climate Change and Sustainability)
- *Central Queensland Coal Associates Agreement (Amendment) Act 1986*
- *Central Queensland Coal Associates Agreement Amendment Act 1989*
- *Central Queensland Coal Associates Agreement and Queensland Coal Trust Act 1984*
- *Central Queensland Coal Associates Agreement Variation Act 1996*
- *Iconic Queensland Places Act 2008*
- *Industrial Development Act 1963*
- *Integrated Planning Act 1997*
- *Integrated Resort Development Act 1987*
- *Local Government (Robina Central Planning Agreement) Act 1992*
- *Mixed Use Development Act 1993*
- *Planning (Urban Encroachment—Milton Brewery) Act 2009*
- *Plumbing and Drainage Act 2002*
- *Queensland Nickel Agreement Act 1970* (except to the extent it is administered by the Treasurer and Minister for Employment and Economic Development; the Minister for Transport, and the Minister for Natural Resources, Mines and Energy and Minister for Trade, and the Minister for Climate Change and Sustainability)
- *Queensland Nickel Agreement Act 1988*
- *Sanctuary Cove Resort Act 1985*
- *Southern Moreton Bay Islands Development Entitlements Protection Act 2004*
- *State Development and Public Works Organisation Act 1971*
- *Townsville Breakwater Entertainment Centre Act 1991*
- *Townsville City Council (Douglas Land Development) Act 1993*

- *Townsville Zinc Refinery Act 1996*
- *Urban Land Development Authority Act 2007.*

The Minister for Local Government and Aboriginal and Torres Strait Islander Partnerships is responsible for the administration of the following local government related legislation:

- *Animal Management (Cats and Dogs) Act 2008*
- *Australian Estates Company Limited, Hastings Street, New Farm, Viaduct Authorization Act 1962*
- *Brisbane City Council Business and Procedure Act 1939*
- *Central Queensland Coal Associates Agreement Act 1968* (Sch pt VI)
- *Century Zinc Project Act 1997* (ss14-17)
- *City of Brisbane Act 1924*
- *Local Government (Aboriginal Lands) Act 1978*
- *Local Government Act 1993*
- *Local Government Act 2009* assent 12/6/09
- *Local Government (Chinatown and The Valley Malls) Act 1984*
- *Local Government (Community Government Areas) Act 2004*
- *Local Government (Queen Street Mall) Act 1981.*

Other applicable legislation

The Director-General is also responsible for the efficient, effective and economical operation of the department. Numerous pieces of legislation affect the operation of the department, either directly or indirectly. Some of these are listed below.

- *Anti-Discrimination Act 1991*
- *Auditor-General Act 2009*
- *Evidence Act 1992*
- *Financial Accountability Act 2009*
- Financial and Performance Management Standard 2009
- *Freedom of Information Act 1992*
- *Information Privacy Act 2009*
- *Judicial Review Act 1991*
- *Library and Archives Act 1988*
- *Public Service Act 2008*
- *Public Sector Ethics Act 1994*
- *Right to Information Act 2009*
- *Statutory Bodies Financial Arrangements Act 1992*
- *Whistleblowers Protection Act 1994*
- *Workplace Health and Safety Act 1995.*

Culture, values, ethics and standards

In 2008–09 the department published its code of conduct. The keystone in our Ethics and Integrity Framework, the code provides a guide to ethical decision-making. It requires employees to disclose to an appropriate authority any suspected or known fraud, corrupt conduct or maladministration by another public sector employee. Employees who make such disclosures attract the legal protections contained in the *Whistleblowers Protection Act 1994*. All employees are required to read and commit to maintaining the high standards of ethics and integrity contained in the code and in the values of the department.

In support of this, an assessable online code of conduct learning module was developed, which each employee is required to complete. Workshop-based training was specifically designed for employees who had not attended full training previously, were new to the department or did not meet the assessment requirement of the online module.

Furthermore, the department implemented an extensive development program to address effective decision-making, which included the following workshop modules:

- the department's legislative environment
- lawful decision-making
- the DORIS Decision Making Simulation Model (active learning)
- understanding the *State Development and Public Works Organisation Act 1971*
- understanding the *Integrated Planning Act 1997.*

This development program will continue in 2009–10, and new modules will be included to take into account changes in legislation for which the department is responsible.

The department continues to place a high value on feedback from its clients, customers, staff and the public. The department is committed to ensuring that complaints received against its actions, decisions or the conduct of its officers are dealt with in a responsive, confidential, fair and ethical manner. We support this commitment with regular training for our internal review officers, and by training staff in complaints management and client service.

Effectively communicating values and standards—through legislation, policies and delegations, and the code of conduct—ensures that all members of the organisation receive up-to-date, quality information with respect to their roles, responsibilities and authorities.

The department uses a number of tools to effectively communicate, and seek employee commitment to, its values and standards, such as:

- the induction program and local induction process
- targeted training to explain new and changed policies and procedures
- electronic access to departmental policies and procedures
- consultation during the development of departmental policies and procedures.

Communicating values and standards is also supported through:

- organisational charts
- position descriptions
- performance and development planning (individual and/or team)
- effective systems and processes.

Strategic planning

The department's strategic direction is clearly defined through its strategic plan and, in particular, its objectives. These objectives inform our clients and stakeholders of our long-term goals and are stated in a way that allows the reader to understand our business scope and the actions we have developed to achieve the influence and outcomes we seek. The government's new Performance Management Framework requires the department to support our objective statements. We use high level performance indicators to ensure that quality analysis can be undertaken to provide an informed assessment of our success or otherwise in meeting stated objectives.

The government, by way of the ambitions and targets which it identifies through *Toward Q2:Tomorrow's Queensland*, provides a foundation for all agencies, including our department. Consequently our strategic plan is directly linked to the ambitions and targets for which we are best placed to deliver on behalf of the government.

In reviewing and refining our strategic plan on an annual basis, we consider the changing needs of stakeholders and partners, and the changing economic, social and policy environment.

Within the department our strategic plan is extremely important. It helps us maintain a shared understanding of the reasoning behind our programs and strategies, the rationale of our structure, policies and resource allocations, and the common culture and values to which we aspire.

The strategic plan provides for the development of supportive cascading plans and resource agreements.

The planning process complements the governance framework by:

- making explicit the mechanisms to deliver the department's services and programs, and the links with government ambitions and targets
- supporting accountability for public funds through financial and non-financial reporting and compliance mechanisms
- striking a balance between management and compliance
- providing greater clarity of roles and responsibilities
- enabling structure and consistency in decision-making processes
- providing a mechanism to enable the department to redirect funding to areas of priority.

The department develops a number of plans that support the strategic plan, including:

- business plans for each of the departmental service groups
- information and communication technology strategic plan
- workforce management plans
- risk management treatment plans
- asset management plan.

Performance monitoring and reporting

Throughout the year, we continued working to develop an executive level performance reporting framework that will regularly inform ELT on progress towards key priorities and deliverables. This work has included analysing the effects of the government's new Performance Management Framework to identify improved service delivery standards and higher level performance indicators that relate to achieving the department's strategic objectives. We have also considered the future need to report regularly on departmental performance in achieving *Toward Q2: Tomorrow's Queensland* targets.

The department will take a coordinated approach to collating performance data from monthly financial reports, business reports, output performance reports, and analysis from a rolling evaluation of major programs and projects. This reporting framework will inform ELT's discussion of performance issues and business improvement initiatives. The reporting framework will also ensure that:

- measures are linked to realistic accountability, resources and deliverables in a meaningful way
- measures are focused on outcomes and align with the service delivery statements and *Toward Q2:Tomorrow's Queensland* target delivery plans
- reports effectively flag areas that need to improve performance
- reports analyse the data holistically and consider links across program areas
- reports enable effective corporate governance and continuous improvement.

Internal audit

The Internal Audit Branch (IAB) is an independent, objective, assurance and consulting service that reports directly to the Director-General and the Audit and Risk Management Committee (ARMC). IAB helps the accountable officer to effectively discharge his statutory functions, and contributes to the achievement of the department's goals and objectives by:

- promoting appropriate ethics and values within the organisation
- assisting management to evaluate their processes for identifying, assessing and managing the key operational, financial and compliance risks of the department
- aiding management to evaluate the effectiveness of internal control systems, including compliance with internal policies
- recommending improvements in efficiency to the internal control systems established by management
- keeping up to date with new developments affecting departmental activities and in matters affecting internal audit work
- providing an integrated approach to risk and control by coordinating the internal audit compliance and risk assessment work with the other assurance providers within the department, such as the Queensland Audit Office and the ARMC.

The strategic internal audit plan (SIAP), endorsed by the ARMC, sets out the scope of Internal Audit's work: developing a risk-based approach to internal audit while maintaining an appropriate balance, which involves reviewing core business and transactional processes.

The SIAP is underpinned by strategic analysis including a review of key internal documentation and an analytical review of financial balances. Additionally, our plan has evolved from a series of consultations with the accountable officer, senior management and the Queensland Audit Office. During 2008–09 internal audit observed the terms of its charter and had due regard for Queensland Treasury's Audit Committee Guidelines.

The achievements of Internal Audit included:

- facilitating the development of the department's enterprise-wide governance and risk management frameworks and practices
- providing advisory services regarding Queensland Government legislative and policy reform, procedures and compliance
- completing a series of traditional compliance walkthroughs associated with financial systems to assure management that key internal controls are being developed and embedded in departmental policies, procedures, systems and processes.

Integrated risk management (including business continuity management)

The department implemented an Integrated Risk Management Framework to help achieve our business objectives.

Incorporating risk management in our planning and operational activities has enabled staff to mitigate risks and maximise opportunities for business improvement.

Executive management undertook a strategic risk analysis that identified several strategies to enhance service delivery to our clients and stakeholders.

A business continuity management program was rolled out to improve the department's resilience to security threats, emergencies and crisis, and during disaster recovery.

External accountability mechanisms

The accountability framework includes external accountability mechanisms in the form of auditing and financial statement certification by the Auditor-General; the Auditor-General's reports, which are tabled in Parliament; and public reporting through annual reports. These mechanisms assure the Parliament that accountable officers are managing the department efficiently, effectively and economically.

The external accountability mechanisms that complement the internal governance framework include:

- right to information
- judicial review of administrative decisions
- the Ombudsman
- Queensland Audit Office
- Crime and Misconduct Commission
- Estimates Committee
- Public Accounts Committee.

The department provides information about its performance to the community through its annual service delivery statements and annual report.

Special purpose vehicles

The Queensland Government, by decision of Cabinet in November 2006, established special purpose vehicles (SPVs) to deliver water and transport infrastructure projects. SPVs are private companies with boards and directors that provide governance in accordance with the *Corporations Act 2001*. The current companies involved are:

- Queensland Water Infrastructure Pty Ltd
  - Traveston Crossing Dam
  - Wyaralong Dam
  - Borrumba Dam
- Southern Regional Water Pipeline Company Pty Ltd (trading as LinkWater Projects)
  - Northern Interconnector (Stage 2)
  - Toowoomba pipeline
  - Kuraby/Cedar Grove Interconnection
- City North Infrastructure Pty Ltd
  - Airport Link (PPP)
  - Northern Busway—Kedron to Windsor (design and construct)
  - Airport Roundabout.

The department has developed a governance, policy and performance reporting framework for SPVs. This provides a suite of guiding principles, information and templates aligned with the Australian and OECD standards for corporate governance and risk management. SPVs are asked to comply with the Australian Securities Exchange Corporate Governance Principles and Recommendations and the United Kingdom's National Audit Office Efficiency Toolkit.

The department provides certain corporate support services to the SPVs, usually by way of communications and marketing services, and liaises with the board of each SPV. Support services are provided to the SPVs until the project is complete. These services are then provided by other government agencies.

Machinery-of-government changes

The government announced changes to its administrative arrangements on 26 March 2009. These changes included the local government functions of the former Department of Local Government, Sport and Recreation transferring to our department. Approximately 188 full-time equivalent staff, and associated budget and assets, were involved in the transfer to create the new Department of Infrastructure and Planning. The machinery-of-government reforms are progressing well and have included developing a new interim organisational structure and Strategic Plan 2009–13. The newly incorporated local government functions provide strong synergies with the planning and infrastructure functions of the department, which are reflected in a new organisational vision and mission made effective on 1 July 2009.

Record keeping

Effective and efficient record keeping practices underpin good corporate governance. Records management within the department is governed by the requirements of the *Public Records Act 2002* and Information Standard 40: Recordkeeping.

After the Department of Infrastructure and Planning was established, the department's records management functions were enhanced when staff from SSA returned on 1 July 2008, and the Business Improvement Branch was established in February 2009. Records management is performed through the department's Business Information Branch, which creates, retains and, where appropriate, disposes of official records of the department and the Coordinator-General.

The department is currently undertaking a project to implement an electronic documents and records management system (eDRMS). The first phase of this project concluded in January 2009 and delivered improved tracking, monitoring and recording of correspondence and briefing materials across the department. The second phase, which is the implementation of a full eDRMS, commenced in March 2009.

Our workplace—our people

Workforce planning, attraction and retention

Workforce profile

Number of full-time equivalent staff	775.7
Permanent staff retention rate *	82.0%
Permanent staff separation rate *	18.0%

(Source: Establishment Report as at 30 June 2009 and MOHRI data).

* Excludes former local government staff who joined the department in March 2009.

The department's number of full-time equivalent staff increased to 775.7 as at 30 June 2009 (from 585.94 as at 30 March 2009) as a result of the transfer of the local government portfolio to the department through machinery-of-government changes.

Workforce planning

In 2008–09 the department developed a quarterly workforce profile snapshot, implemented an exit survey process, undertook learning needs analysis and commenced a health risk management strategy. The department also successfully piloted a project to establish an employee value proposition and develop a creative recruitment campaign for hard-to-fill vacancies. These practices will continue into 2009–10 and will be supplemented by an employee engagement survey. In combination with an integrated business planning process, this data will inform workforce planning for the department. The 2009–10 Workforce Plan will assist in forecasting and developing the human resources, skills, capabilities and aptitudes required to achieve our business outcomes.

Workforce development

In 2008–09 the department implemented a performance and learning planning model, which integrates the Queensland Public Service Capability and Leadership Framework and links to the departmental Ethics and Integrity Framework and business planning processes. The department will continue to roll out the program in 2009–10 with workshop support that focuses on building confidence and capability in the areas of performance and feedback conversations.

The department streamlined recruitment and selection strategies to improve governance and reduce administrative burden. Guidelines were developed to assist panel members in preparing and undertaking the selection process. Staff are being trained in recruitment and selection processes, and targeted recruitment is being managed at the corporate level for large-scale recruitment campaigns and hard-to-fill roles. In 2009–10 the department will partner with the Public Service Commission in piloting the integration of the *Queensland* Public Service Capability and Leadership Framework in recruitment and selection practices.

The department also supports and participates in a number of key external programs including the Australia and New Zealand School of Government executive programs, whole-of-government management and graduate development

programs, the Engineer Your Future scholarships and the Migrant Work Experience Program.

In 2008–09 the department delivered an extensive learning and development calendar, which focused on governance, decision-making, management and specialist skill development. As part of regular programming, new employees are inducted via a three-month program, which includes a well-regarded corporate induction workshop supported by modules that can be used to develop a tailored induction experience.

Workforce policies

In its second year of operation, the department finalised its human resources policy framework, developing and implementing 17 human resources and industrial relations policies, and supporting procedures, tools and training to guide decision-making within the department. Following the machinery-of-government changes in March 2009, the human resource delegations were reviewed and consolidated to incorporate the new departmental functions, and the various existing hours of work arrangements were consolidated into one easy reference guide.

The department endeavours to maintain a safe and healthy work environment for its employees through the development of health and wellbeing initiatives including:

- an employee assistance program and career counselling
- a health risk management strategy, which provides short, onsite health assessments for employees
- participation in key community events including the Bridge to Brisbane Fun Run and the Corporate Games
- a workplace health and safety representative network.

Initiatives for women

The department encourages women to explore a range of career pathways including engineering, planning, and information and communication technology. Sixteen per cent of the staff employed in roles related to information and communication technology are female.

The department maintains flexible work practices including telecommuting, part-time and job share, compressed work week, purchased leave arrangements, and maternity and parental leave to enable staff to balance their professional and personal commitments. In 2009 the department will participate in the Department of Justice and the Attorney-General's Work–Life Balance Strategy to address attraction and retention of employees by improving the uptake of the department's work–life balance policies.

In 2008–09 female employees participated in career development activities including relieving opportunities, the department's Coaching for Performance program, the Public Service Commission's Executive Mobility and Graduate programs and the Engineer Your Future scholarships.

While the total proportion of women in the department and the part-time participation rate have both remained steady, the percentage of female staff at AO6 and above has increased from 41 per cent in 2007–08 to 48 percent in 2008–09. Similarly, female representation in the senior officer and senior executive levels has increased from 25 per cent to 33.3 per cent. As at 30 June 2009, 44.7 per cent of female staff in the department were performing higher duties, 4.6 per cent of whom were acting in senior officer positions. Of our female staff, 14.2 per cent currently work on a part-time basis and 37.5 per cent of these staff are job sharing.

Females (as a % of all staff)	57.3%
Part-time (as a % of females)	14.2%
Female AO6 and above (as a % of all female staff)	48.0%
Female SO and SES (as a % of all SO and SES staff)	33.3%
Female separation rate (as a % of all females)	19.9%

(Source: MOHRI Report as 19 June 2009).

Government reporting

Boards and committees

During 2008–09 representatives of the department were involved with the following boards and committees:

- Planning Officials Group
- Housing Affordability Fund—Electronic Development Assessment Program Board
- SEQ Regional Landscape and Open Space Advisory Committee
- SEQ Rural Futures Committee
- SEQ Transit Orientated Development Task Force
- Strategic Agricultural Land Steering Committee
- Planning Reform Reference Panel
- Regional Coordination Committees
- Board for Urban Places
- Urban Land Development Authority
- Urban Futures Brisbane Board
- Iconic Places:
  - Douglas Development Assessment Panel
  - Noosa Development Assessment Panel
  - Blackall Range Development Assessment Panel
  - Central Capricorn Coast (Livingstone localities) Development Assessment Panel
- City North Infrastructure
- Fluoride Steering Committee
- Water Infrastructure Project Board (disbanded 31 October 2008)
- Program Board Committee
- Wyaralong Water Treatment Plant Steering Committee
- Local Government Grants Commission
- Local Government Remuneration Tribunal
- Australian Building Codes Board
- Building Codes Committee
- Plumbers and Drainers Board
- Building and Development Tribunal
- National Framework for Energy Efficiency
- Building and Industry Consultative Group
- Plumbing and Industry Consultative Group
- National Plumbing Regulators Forum
- Gulf Communities Agreement Management Board
- Gulf Communities Area Social Development Trust
- Gladstone Economic and Industry Development Board
- Townsville Local Advisory Committee
- Council of Australian Governments:
  - Infrastructure Working Group
  - Business Regulation and Competition Reference Group
  - Queensland Reference Group
  - Private Public Partnership subgroup
  - Housing Working group—Queensland Referee Group

The Local Government Grants Commission—established under the *Local Government Act 1993*—makes recommendations to the Minister concerning the allocation of Commonwealth Financial Assistance Grants to the local governing bodies in Queensland. The commission has six members, two of whom are female. The 2008 report of the Local Government Grants Commission details the methodology used to allocate the Financial Assistance Grant. In June 2009 a payment of the 2009–10 grant was made ($94.5 million). A recommendation of the 2008 Local Government Reform Commission was that a review of the financial assistance methodology be conducted within a four-year period. The commission commenced a review in 2008 with a discussion paper due to be released for feedback later in 2009.

The Local Government Remuneration Tribunal—established under the *Local Government Act 1993*—is responsible for determining categories of councils, placing each local government against one of these categories and determining remuneration to be paid to local government councillors and mayors. The tribunal is required to make a determination by 1 December each year about remuneration rates and at least every four years about categories of local government. The *Local Government Remuneration Tribunal Report 2008* details its most recent determination in this regard. Under the new *Local Government Act 2009* the tribunal's function will be expanded to undertake an additional role of considering disciplinary matters of councillors. There are three tribunal members, two of whom are female. No remuneration costs were paid to tribunal members for the period 1 April 2009 to 30 June 2009.

The Plumbers and Drainers Board—established under the *Plumbing and Drainage Act 2002*—is responsible for making decisions regarding plumbers and drainers licences, hearing and investigating complaints about licensees, and taking action against licensees through disciplinary and court systems. In 2008 the state government undertook an independent review of Queensland Government boards, committees and statutory authorities. The review made several recommendations about the abolition of certain statutory bodies, including the Plumbers and Drainers Board. The state government has accepted the board should be abolished and replaced by a trade specific plumbing industry council.

Boards and committee expenses

Four boards and committees administered by the Department of Infrastructure and Planning incurred expenses during 2008–09 as follows:

Board or committee	Expenses $
Building and Development Tribunals	41 603
Local Government Grants Commission *	13 870
Plumbers and Drainers Board	3 519
Iconic Places Assessment Panels	39 019
Total	98 011

The above expenses exclude GST.

* Expenses incurred by the Department of Infrastructure and Planning after 26 March 2009 when responsibility transferred from the Department of Local Government, Sport and Recreation (excl. Sport and Recreation) as a result of the Public Service Departmental Arrangement Notice (No.2) 2009.

Consultancies

Payments made to consultants during 2008–09 were:

Category	Value ($)
Management	$121 870
Human Resource Management	-
Information Technology	-
Finance/Accounting	$176 516
Professional/Technical	$130 406
Land Planning and Design	-

Values exclude GST.

International travel

Department of Infrastructure and Planning staff			
Name of traveller	**Countries visited**	**Purpose of travel**	**Agency cost $A**
Mr David Stolz, Director, Regional Development	Singapore	Travel to Singapore to present at the Asian Coal Logistics and Infrastructure Conference. This featured the development of the 2008 Coal Infrastructure Strategic Plan and the Coal Infrastructure Program of Actions as the Queensland Government's direct response to coal customer concerns related to industry bottlenecks and infrastructure expansion in recent years.	$4232
Mr Lance Glare, Manager, Building Codes Queensland	New Zealand	Travel to New Zealand to represent the department at the Australasian Building Certification Forum meeting in Wellington. Discussed developments of building certification legislation and building regulations in Australia and New Zealand. Assisted in various departmental projects including Queensland's review of its building certification system.	$563
Total			**$4795**

Fees and charges

Amendments to the *State Development and Public Works Organisation Act 1971*, which took effect in December 2008, introduced fees for proponents of declared significant projects for the environmental coordination process under part 4 of the Act. These fees are to recover some of the government costs of reviewing the environmental impacts of these projects.

Further to this, the department collects and manages the collection of a number of fees and charges, not just those in the Act. Other fees are collected under the following Acts:

- *Integrated Planning Act 1997*
- *Building Act 1975*
- *Plumbing and Drainage Act 2002*
- *Local Government Act 1993*
- *Animal Management (Cats and Dogs) Act 2008*

Carbon emissions report

The Department of Infrastructure and Planning is committed to supporting the *Queensland Government's Toward Q2—Tomorrow's Queensland* target to cut Queensland's greenhouse gas emissions by one third by 2020. This commitment includes implementation of the Government's climate change and other environmental strategies such as the *ClimateQ: toward a greener Queensland strategy*.

Six gases have been identified under the Kyoto Protocol as the main greenhouse gas emissions that need to be reduced. The gases are carbon dioxide, hydrofluorocarbons, methane, nitrous oxides, perfluorocarbons and sulphur hexafluoride. As part of standard emission measurement practices these gases are mainly reported as carbon dioxide equivalent emissions (CO_2-e).

The Queensland Government continues to develop and improve whole-of-government data collection processes and systems to standardise reporting of its greenhouse gas emissions. The basis for this reporting is consistent with acknowledged national and international standards, including the definitions outlined in the AS ISO 14064 standards and the Australian Government's *National greenhouse accounts factors workbook*. These standards establish the following different categories of emissions that organisations (such as government agencies) need to consider, taking into account the particular organisation's operational boundaries:

- Scope 1—emissions that occur directly from sources which are owned or controlled by an organisation (e.g. emissions from departmental vehicles, on-site diesel generators, gas boilers).
- Scope 2—emissions that occur indirectly due solely to an organisation's consumption of electricity or steam, or heating and cooling (which has been generated by the burning of fuels such as coal and natural gas at power stations or other facilities not controlled by the organisation).
- Scope 3—emissions that occur indirectly due to actions of the organisation, but from sources which are not owned or controlled by the organisation—that is, outside its operational boundary. Some common examples of these sources include employee business travel (in vehicles or aircraft not owned or controlled by the reporting organisation); employees commuting

to and from work; out-sourced activities; and transportation of products, materials and waste.

Note: inclusion of these emissions in any reporting needs to be based on the relevance to the operations of the organisation.

For the Department of Infrastructure and Planning the key greenhouse gas emissions are those that are linked to the following business activities:

- vehicle use
- electricity consumption
- air travel

Comprehensive reporting of greenhouse gas emissions by agencies can be limited by the complex operational boundaries of public sector agencies—especially where internal government shared service providers are used.

The best available data has been used, however, estimates have been reported in some instances due to the limitations of data collection systems. For example, in government-owned office buildings that house multiple government agency tenants, electricity use cannot be solely attributed to any one agency. Therefore, the electricity use by the tenanted agencies is proportioned based on the floor area they occupy.

The following table outlines the emissions relating to the Department of Infrastructure and Planning established following the machinery-of-government changes in Queensland in early 2009 when a number of departments were abolished and their service areas absorbed into other agencies.

The emissions presented for this agency have been calculated by combining emissions created by:

(a) the service areas that were wholly transferred (i.e. not abolished) to the agency for the period 1 July 2008 to 30 June 2009

(b) the service areas that were absorbed into the newly formed agency for the post machinery-of-government period (approximately three months) in 2008–09.

The emissions created by the abolished departments during the period prior to the machinery-of-government period (approximately nine months) in 2008–09 have been provided in a separate report.

Emissions relating to the Department of Infrastructure and Planning.

	Activity	Greenhouse gas emissions (tonnes of CO_2)	Explanatory notes
Scope 1	**Vehicle use**		
	• QFleet vehicles	246	1
Scope 2	**Electricity consumption**		
	• Purchased directly from an electricity retailer	1431	2a
	• Sourced through a third party	358	2b
Scope 3	**Air travel**		
	• Domestic air travel on commercial airlines	298	3
	• International travel on commercial airlines	3	3
	Hired vehicles		
	• Avis	22	4

Notes:

1. The CO_2-e emissions figure has been aggregated using National Greenhouse Emissions Reporting (NGER) guidelines and represents emissions for four primary fuel types: unleaded petrol, diesel, liquefied petroleum gas (LPG) and E10. Emissions shown are based on estimated kilometres travelled and available fuel consumption records.

   The CO_2-e figure was estimated from actual kilometres used by the department's vehicles multiplied by grams of CO_2 emitted per kilometre plus allowance for methane and nitrous oxide emissions in proportion to the emissions factors published by the National Greenhouse Accounts (NGA) for post-2004 vehicles. This is a more accurate figure than applying the NGA's formula for calculating CO_2-e emissions from fuel used, because of the non-availability of fuel data.

2a. This figure is largely based on available actual building electricity consumption records for the period 1 July 2008 to 30 June 2009. For these records, the emissions reported are limited to those linked to electricity purchased directly from an energy retailer for this agency's own buildings and any space it leases. Incomplete electricity consumption records have been extrapolated where necessary.

   All electricity consumption has been converted to carbon emissions using the Scope 2 conversion factor of 0.89 kg CO_2-e/kWh as currently recommended in the Australian Government's National Greenhouse Accounts Factors Workbook.

2b. This figure is largely based on emissions associated with electricity use in leased spaces where electricity is not directly purchased by this agency from an energy retailer—for example, the electricity costs form part of lease charges.

   This figure includes estimated consumption (where specific details are not available) and actual electricity records received from government and private sector landlords. Incomplete electricity consumption records have been apportioned and extrapolated where necessary.

   For example, in those major government office buildings owned by the Department of Public Works that do not have separate electricity sub-metering for tenants, the emissions associated with electricity consumption have been apportioned 45 per cent to the landlord, and 55 per cent to the tenants—in line with industry practice and historical benchmarking.

3. Air travel includes all flights recorded by the Queensland Government Chief Procurement Office (QGCPO) during the period 1 July 2008 to 30 June 2009, specifically:

   (1) international air travel on all airlines

   (2) domestic air travel on all airlines.

   For all air travel, with the exception noted at (b) below, the following methodology is used:

   a) From data provided the QGCPO calculates the kilometres flown. The kilometre figure is divided by 100 and multiplied by an industry average number of litres of fuel burnt per passenger, per 100 kms. A factor of 5 has been used for all air travel. The use of this method gives the average litres of fuel burnt for a flight, per passenger. This figure is subsequently converted from litres into kilograms and then from kilograms into tonnes, before being multiplied by 3.157 (which represents the amount of CO_2 tonnes produced by burning one tonne of aviation fuel—sourced from the International Civil Aviation Organisation).

   b) For domestic flights with Qantas, QantasLink, Jetstar and Virgin Blue for the period 1 July 2008 to 31 December 2008 the number of passengers per sector was calculated. This information was then passed on to the respective airline for calculation of carbon emissions.

4. The hire car vehicle emissions are calculated by Avis Australia and show only emissions for Avis Australia vehicles booked under the Standing Offer Arrangement managed by the Queensland Government Chief Procurement Office.

Energy and waste management

The department is committed to the Queensland Government's initiatives for energy and water efficiency and waste management. These include initiatives such as the WaterWise awareness campaign and the government's Energy Management Strategy implemented by the Department of Public Works.

At a departmental level, the *Waste Management Strategic Plan* addresses energy conservation and waste management. Other energy saving initiatives include limiting power supply to computers at night and installing timing systems for lights and air-conditioning after hours. The department also has in place a toner recycling project, and a process for recycling paper and general waste.

As a participant in the Green ICT Strategy, which was recently released by the Queensland Government Chief Information Office, the department ensures that the energy efficiency of all technology products is assessed prior to their purchase. Departmental equipment, such as photocopiers and printers, is purchased with auto-power save features and double-sided printing features.

The department also participated in Earth Hour 2009, which was held at 8.30 pm on 28 March 2009.

Shared services initiative

During 2008–09, the Shared Service Agency (SSA) provided a range of transactional and operational corporate services to the department —for example, accounts payable, payroll processing. The activities of the SSA and CorpTech are reported in the annual report of the Department of Public Works. SSA is part of a whole-of-government

approach to corporate services that aims to standardise business processes, consolidate technology and pool resources and expertise in order to deliver a seamless, cost-effective and client-focused service to departments.

State procurement policy

During 2008–09, the Procurement Policy and Advisory Services branch provided procurement advisory and support services to the department.

Departmental procurement is conducted in accordance with the three equally ranked objectives of the State Procurement Policy 2008, which are:

- advancing government priorities
- achieving value for money
- ensuring probity and accountability for outcomes.

Where possible, the department uses supplier arrangements for procurement of external professional services, such as legal, financial and technical services. These arrangements ensure that the department efficiently and effectively achieves the objectives of the State Procurement Policy for major areas of specialist procurement activity.

Voluntary early retirements and retrenchments

The department did not make any offers of voluntary early retirement nor effect any retrenchments in 2008–09.

Whistleblowers Protection Act 1994—public interest disclosure

No public interest disclosures were received by the department in 2008–09.

Statutory authorities within the portfolio

Gladstone Economic and Industry Development Board (GEIDB) is a Project Board pursuant to the *Development and Public Works Organisation Act 1977* (Qld). The GEIDB was established in 1999 to manage, develop and promote the Gladstone State Development Area, and facilitate economic development in the City of Gladstone and the Shire of Calliope—the Gladstone Development Region.

Urban Land Development Authority (ULDA) is established under the *Urban Land Development Authority Act 2007*. The role of the ULDA is to plan, carry out, promote or coordinate and control the development of land, as well as developing key sites and prioritising infrastructure within selected urban areas.

Financial statements of the Gladstone Economic and Industry Development Board and Urban Land Development Authority are contained in the annual reports of their respective statutory authorities.

Glossary

ACG	Assistant Coordinator-General
AL	Airport Link
ALG	Alliance Leadership Group
APMT	Alliance Project Management Team
APSDA	Abbot Point State Development Area
ARMC	Audit and Risk Management Committee
AWTP	Advanced water treatment plant
CBRC	Cabinet Budget Review Committee
CEO	Chief Executive Officer
CFTF	Community Futures Task Force
CG	Coordinator-General (corporate role and concurrent role of Director-General)
CNI	City North Infrastructure Pty Ltd
COAG	Council of Australian Governments
CSG	Coal seam gas
DCG	Deputy Coordinator-General
DEEDI	Department of Employment, Economic Development and Innovation
DERM	Department of Environment and Resource Management
DIP	Department of Infrastructure and Planning
DTMR	Department of Transport and Main Roads
ECM	Executive Council Minute
eDA	Electronic Development Application
eDRMS	Electronic Document Records Management System
EIA	Environmental impact assessment
EIS	Environmental impact study
ELT	Executive Leadership Team
EMG	Executive Management Group
EMP	Environmental management precinct
EPA	Environmental Protection Agency
EPBC Act	*Environmental Protection and Biodiversity Conservation Act 1999* (Commonwealth)
EPI	Eastern Pipeline Interconnector
GCCC	Gold Coast City Council
GCDA	Gold Coast Desalination Alliance
GDR	Gladstone Development Region
GEIDB	Gladstone Economic and Industry Development Board
GIC	Governor-in-Council
GSDA	Gladstone State Development Area
HAF eDA	Housing Affordability Fund—electronic Development Assessment

HDS3	Hinze Dam Stage 3 Project
ICT	Information and communication technology
IDAS	The Integrated Development Assessment System provided by the *Integrated Planning Act 1997* (IPA) for use by state and local governments to consider and decide on development applications. IDAS ensures greater efficiency of processing and integrates approximately 60 previously separate approval systems into a single system.
ILPA	Industrial Land Analysis and Planning Branch
IPA	The *Integrated Planning Act 1997* is the principal legislation for the management and control of urban and regional planning within the state. Among other things it provides the authority and guidelines for local governments in Queensland to prepare and operate a planning scheme to control and manage development in their areas, and provides the authority for councils to form Regional Planning Advisory Committees (RPACs)
ISG	Infrastructure Services Group
KFO report	Key financial observation report
KPIs	Key performance indicators
LGAQ	The Local Government Association of Queensland is the peak representative body for all Queensland's councils
LNG	Liquefied natural gas
ML	Megalitre (one million litres)
MOU	Memorandum of understanding
NES	National environmental significance
NET	Northern Economic Triangle
NFEE	National Framework for Energy Efficiency
NPI	Northern Pipeline Interconnector
PAA	Project Alliance Agreement
PCA	Pipeline construction agreement
PIP	Priority infrastructure plan
PMO	Program management office
POG	Planning Officials Group
PPP	Private Public Partnership
PSG	Property Services Group
QCA	Queensland Competition Authority
QCH	Queensland Children's Hospital
GCUH	Gold Coast University Hospital
QDC	Queensland Development Code
QMWA	Queensland Manufactured Water Authority
QPWC	Queensland Plumbing and Wastewater Code
QTC	Queensland Treasury Corporation
QWC	Queensland Water Commission
QWI	Queensland Water Infrastructure Pty Ltd
RICS	Regulated Infrastructure Charges Schedule
SDA	State Development Area
SDPWO Act	*State Development and Public Works Organisation Act 1971*
SEQ	South East Queensland
SEQGCDC	South East Queensland (Gold Coast) Desalination Company Pty Ltd— trading as Sure Smart Water
SEQIPP	South East Queensland Infrastructure Plan and Program
SIA	Social Impact Assessment unit
SIAP	Strategic Internal Audit Plan
Smart eDA	Smart electronic Development Assessment
SPv	Special purpose vehicle
SRWP	Southern Regional Water Pipeline
SSA	Shared Services Agency
SSW	Sure Smart Water
TBM	Tunnel boring machine
TOC	Target outturn cost
TOR	Terms of reference
ULDA	Urban Land Development Authority
WCRWP	Western Corridor Recycled Water Pipeline
WIPB	Water Infrastructure Project Board
WPPC	Water Pipeline Procurement Centre

Financial statements

Department of Infrastructure and Planning Financial Report 2008-09

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General Information

This financial report covers the Department of Infrastructure and Planning and its controlled entities (the Department).

The Department of Infrastructure and Planning 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 head office and principal place of business of the Department is:

Executive Building
100 George Street
Brisbane Queensland 4000

A description of the nature of the Department's operations and its principal activities is included in the notes to the financial statements.

For information in relation to the Department's financial report please call (07) 3224 4914, email info@dip.qld.gov.au or visit the Department's internet site www.dip.qld.gov.au.

Department of Infrastructure and Planning
INCOME STATEMENT
for the year ended 30 June 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Income					
Revenue					
Output revenue	2	279,231	104,761	279,231	104,761
Sales revenue	3	49,165	109,725	-	-
User charges	4	42,581	19,405	18,696	18,334
Grants and other contributions	5	55,708	9,403	69,664	13,741
Other revenues	6	16,364	31,592	687	(4,123)
Gains					
Gain on sale of property, plant and equipment	7	15	1,514	-	191
Gain on transfer	8	103,674	-	29,917	-
Gain on reversal of revaluation decrement expense	9	-	2,812	22	-
Total Income		**546,738**	**279,212**	**398,217**	**132,904**
Expenses					
Employee expenses	10	59,657	43,100	60,118	40,916
Supplies and services	11	94,095	77,600	95,175	80,503
Grants and subsidies	12	223,487	13,615	211,851	5,588
Depreciation and amortisation	13	2,318	1,128	937	395
Impairment losses	14	99	4,565	91	4,481
Cost of sales	3	10,058	32,671	-	-
Revaluation decrement	15	8,365	-	-	-
Other expenses	16	26,968	16,832	11,907	2,877
Borrowing costs	17	118,536	115,499	-	-
Total Expenses		**543,583**	**305,010**	**380,079**	**134,760**
Net Operating Surplus/(Deficit) Before Income Tax Equivalent Expense		**3,155**	**(25,798)**	**18,138**	**(1,856)**
Income tax equivalent expense	18	2,559	25,223	-	-
Operating Surplus/(Deficit)		**596**	**(51,021)**	**18,138**	**(1,856)**
Attributable to:					
Equity holders of the Department		596	(50,373)	18,138	(1,856)
Minority interest		-	(648)	-	-
Operating Surplus/(Deficit)		**596**	**(51,021)**	**18,138**	**(1,856)**

The accompanying notes form part of these statements.

Department of Infrastructure and Planning
BALANCE SHEET
as at 30 June 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Current Assets					
Cash and cash equivalents	19	292,038	365,939	53,371	33,083
Receivables	20	157,612	87,615	128,010	74,752
Inventories	21	241,462	211,693	54	-
Other assets	22	3,864	9,983	205	134
Non-current assets classified as held for sale	23	6,170	93,492	6,170	27,502
Total Current Assets		**701,146**	**768,722**	**187,810**	**135,471**
Non-Current Assets					
Receivables	20	41,136	40,048	-	-
Other financial assets	24	-	-	21,137	417,549
Intangible assets	25	4,918	20,859	3,609	-
Property, plant and equipment	26	1,306,819	4,282,349	97,539	69,504
Deferred tax equivalent asset	18	4,939	130,550	-	-
Other assets	22	2,709	2,105	-	-
Total Non-Current Assets		**1,360,521**	**4,475,911**	**122,285**	**487,053**
Total Assets		**2,061,667**	**5,244,633**	**310,095**	**622,524**
Current Liabilities					
Payables	27	218,974	324,987	148,254	22,276
Accrued employee benefits	28	2,127	1,412	1,777	971
Other financial liabilities	29	75,954	1,004,289	-	-
Income tax equivalent liability	18	9,281	70,126	-	-
Provisions	30	24,946	3,387	11,238	2,465
Other liabilities	31	8,335	12,453	1,800	788
Total Current Liabilities		**339,617**	**1,416,654**	**163,069**	**26,500**
Non-Current Liabilities					
Other financial liabilities	29	825,134	2,133,615	-	-
Deferred tax equivalent liability	18	89,840	125,299	-	-
Provisions	30	-	3,423	-	3,423
Total Non-Current Liabilities		**914,974**	**2,262,337**	**-**	**3,423**
Total Liabilities		**1,254,591**	**3,678,991**	**163,069**	**29,923**
Net Assets		**807,076**	**1,565,642**	**147,026**	**592,601**
Equity					
Asset revaluation reserve	32	246,481	206,182	30,301	19,310
Contributed equity		481,882	929,905	103,770	578,473
Retained surpluses		78,713	429,886	12,955	(5,182)
Total equity attributable to equity holders of the Department		807,076	1,565,973	147,026	592,601
Minority interest		-	(331)	-	-
Total Equity		**807,076**	**1,565,642**	**147,026**	**592,601**

The accompanying notes form part of these statements.

Department of Infrastructure and Planning
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2009

	Asset Revaluation Reserve (note 32)				Contributed Equity				Retained Surpluses			
	Consolidated		Parent Entity		Consolidated		Parent Entity		Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Balance 1 July	206,182	167,447	19,310	-	929,905	926,941	578,473	570,175	429,886	465,108	(5,182)	(8,270)
Operating Suplus/(Deficit)	-	-	-	-	-	-	-	-	596	(50,373)	18,138	(1,856)
Non-owner changes in equity:												
- Increase/(decrease) in Asset Revaluation Reserve	50,292	53,886	10,991	24,254	-	-	-	-	-	-	-	-
- Transfer asset revaluation reserve for assets sold	(9,993)	(15,151)	-	(4,944)	-	-	-	-	9,993	15,151	-	4,944
- Transfer on restructure	-	-	-	-	-	-	-	-	(361,777)	-	-	-
- Correction of error	-	-	-	-	-	2,033	-	603	15	-	-	-
Transactions with owners as owners:												
- Net equity injection / (withdrawal) from Consolidated Fund (note 2)	-	-	-	-	(277,909)	1,101	(277,909)	1,101	-	-	-	-
- Equity injection from Estates Construction Fund	-	-	-	-	-	-	4,400	3,800	-	-	-	-
- Equity injection from Estates Construction Fund tax equivalents	-	-	-	-	-	2,513	-	2,513	-	-	-	-
- Assets received/(transferred) (machinery-of-Government change - note 1(ag), and other transfers)	-	-	-	-	(181,085)	(542)	(181,085)	(542)	-	-	-	-
- Non-appropriated equity injection re transfer of annual leave liability (refer note 1(v))	-	-	-	-	-	(597)	-	(575)	-	-	-	-
Non-reciprocal transfers:	-	-	-	-	-	-	-	-	-	-	-	-
- Equity withdrawal non-appropriated	-	-	-	-	(23,109)	(3,000)	(20,109)	-	-	-	-	-
- Non-appropriated equity injection for tax equivalents retained	-	-	-	-	34,080	-	-	-	-	-	-	-
- Equity adjustment - non-current annual leave transferred to Crown	-	-	-	-	-	1,456		1,398	-	-	-	-
Total	246,481	206,182	30,301	19,310	481,882	929,905	103,770	578,473	78,713	429,886	12,955	(5,182)
Minority interest	-	-	-	-	-	-	-	-	-	(331)	-	-
Total Equity at 30 June	**246,481**	**206,182**	**30,301**	**19,310**	**481,882**	**929,905**	**103,770**	**578,473**	**78,713**	**429,555**	**12,955**	**(5,182)**

The accompanying notes form part of these statements.

Department of Infrastructure and Planning
CASH FLOW STATEMENT
for the year ended 30 June 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Cash flows from operating activities					
Inflows:					
Output receipts		170,884	94,843	170,884	94,843
User charges		127,475	146,652	73,912	56,858
Grants and other contributions		1,206	1,880	15,162	6,218
GST input tax credits from ATO		108,592	300,970	14,483	10,928
GST collected from customers		27,291	56,865	4,387	30,908
Interest receipts		16,228	32,364	159	-
Other inflows		3,020	3,843	771	1,749
Outflows:					
Employee expenses		(58,923)	(41,563)	(58,988)	(39,843)
Supplies and services		(116,979)	(231,693)	(80,758)	(84,256)
Grants and subsidies		(115,233)	(13,747)	(103,538)	(5,588)
Insurance premiums		(143)	(313)	(57)	(13)
GST paid to suppliers		(84,739)	(304,973)	(11,633)	(29,320)
GST remitted to ATO		(31,879)	(83,326)	(6,971)	(28,150)
Income tax paid		(44,141)	(52,566)	-	-
Borrowing costs		(20,889)	-	-	-
Other outflows		(2,721)	(10,400)	(457)	(1,788)
Net cash provided by (used in) operating activities	33	**(20,951)**	**(101,164)**	**17,356**	**12,546**
Cash flows from investing activities					
Inflows:					
Sales of property, plant and equipment		97,037	29,711	10,442	10,081
Sales of other investments		228,123	-	228,123	-
Loans and advances redeemed		1,412	14,570	-	308,000
Outflows:					
Payments for intangibles		(3,759)	(19,627)	(3,609)	-
Payments for property, plant and equipment		(873,311)	(2,680,838)	(7,023)	(23,643)
Investments acquired		-	-	-	(296,626)
Loans and advances made		(3,323)	(5,111)	(307)	(173)
Net cash provided by (used in) investing activities		**(553,821)**	**(2,661,295)**	**227,626**	**(2,361)**
Cash flows from financing activities					
Inflows:					
Equity injection		34,080	450,852	4,400	554,439
Proceeds from borrowings		878,473	2,438,383	-	-
Outflows:					
Equity withdrawals		(301,018)	(483,009)	(298,018)	(480,009)
Repayments of borrowings		(88,644)	-	-	-
Net cash provided by (used in) financing activities		**522,891**	**2,406,226**	**(293,618)**	**74,430**
Net increase (decrease) in cash held		(51,881)	(356,233)	(48,636)	84,615
Net cash transferred under government restructure		(22,020)	1,275	68,924	1,275
Cash at beginning of financial year		365,939	720,897	33,083	(52,807)
Cash at end of financial year	19	**292,038**	**365,939**	**53,371**	**33,083**

The accompanying notes form part of these statements.

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Department of Infrastructure and Planning
INCOME STATEMENT BY OUTPUTS/MAJOR ACTIVITIES
for the year ended 30 June 2009

	Parent Entity											
	Planning		Infrastructure and Economic Development		Infrastructure Delivery		Local Government		Parent Entity Total		Commercialised Business Unit - Property Services Group	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Income*												
Revenue												
Output revenue	92,379	62,857	45,860	31,428	15,727	10,476	125,265	-	279,231	104,761	-	-
Sales Revenue	-	-	-	-	-	-	-	-	-	-	44,868	98,115
User charges	2,297	915	1,837	378	14,348	17,041	214	-	18,696	18,334	14,470	11,358
Grants and other contributions	8,938	8,500	4,229	3,986	1,529	1,255	54,968	-	69,664	13,741	-	-
Other revenues	689	(3,324)	68	(284)	4	(515)	(74)	-	687	(4,123)	12,480	13,531
									-		-	
Gains									-		-	
Gain on sale of property, plant and equipment	-	-	-	-	-	191	-	-	-	191	15	1,323
Gain on sale of other investments	-	-	-	-	29,917	-	-	-	29,917	-	-	-
Gain on reversal of revaluation decrement expense	-	-	-	-	22	-	-	-	22	-	-	2,812
Total Income	**104,303**	**68,948**	**51,994**	**35,508**	**61,547**	**28,448**	**180,373**	**-**	**398,217**	**132,904**	**71,833**	**127,139**
Expenses*												
Employee expenses	29,956	21,661	17,037	14,367	6,749	4,888	6,376	-	60,118	40,916	1,618	1,602
Supplies and services	21,060	22,575	12,457	22,161	58,429	35,767	3,229	-	95,175	80,503	4,527	3,386
Grants and subsidies	4,718	2,785	3,501	2,793	71	10	203,561	-	211,851	5,588	25,592	12,365
Depreciation and amortisation	328	230	364	107	204	58	41	-	937	395	530	369
Impairment losses	-	-	-	3,064	-	1,417	91	-	91	4,481	21	911
Revaluation decrement	-	-	-	-	-	-	-	-	-	-	8,387	-
Cost of land sold	-	-	-	-	-	-	-	-	-	-	10,058	20,007
Other expenses	173	169	191	1,039	11,388	1,669	155	-	11,907	2,877	13,817	10,900
Total Expenses	**56,235**	**47,420**	**33,550**	**43,531**	**76,841**	**43,809**	**213,453**	**-**	**380,079**	**134,760**	**64,550**	**49,540**
Income tax equivalent expense	-	-	-	-	-	-	-	-	-	-	2,215	23,279
Operating Surplus/(Deficit)	**48,068**	**21,528**	**18,444**	**(8,023)**	**(15,294)**	**(15,361)**	**(33,080)**	**-**	**18,138**	**(1,856)**	**5,068**	**54,320**
*** Allocation of income and expenses to corporate services (disclosure only):**												
Income	19,525	15,036	9,717	7,518	3,300	2,506	2,273	-	34,815	25,060		
Expenses	19,525	15,036	9,717	7,518	3,300	2,506	2,273	-	34,815	25,060		

The accompanying notes form part of these statements.

Department of Infrastructure and Planning
STATEMENT OF ASSETS AND LIABILITIES BY OUTPUTS/MAJOR ACTIVITIES
as at 30 June 2009

	Parent Entity													
	Planning		Infrastructure and Economic Development		Infrastructure Delivery		Local Government		General - Not Attributed		Parent Entity Total		Commercialised Business Unit - Property Services Group	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current Assets														
Cash and cash equivalents	-	-	-	-	-	-	15,450	-	37,921	33,083	53,371	33,083	206,163	200,888
Receivables	1,606	1,032	447	245	2,066	44,314	110,735	-	13,156	29,161	128,010	74,752	11,260	11,351
Inventories	26	-	-	-	-	-	-	-	28	-	54	-	241,409	211,692
Other assets	55	-	5	-	-	-	-	-	145	134	205	134	15	13
Non-current assets classified as held for sale	-	-	-	-	6,170	25,326	-	-	-	2,176	6,170	27,502	-	-
Total Current Assets	**1,687**	**1,032**	**452**	**245**	**8,236**	**69,640**	**126,185**	**-**	**51,250**	**64,554**	**187,810**	**135,471**	**458,847**	**423,944**
Non-Current Assets														
Deferred tax equivalent asset	-	-	-	-	-	-	-	-	-	-	-	-	4,910	2,316
Other financial assets	-	-	-	-	21,137	417,549	-	-	-	-	21,137	417,549	510	200
Intangible assets	3,328	-	-	-	281	-	-	-	-	-	3,609	-	137	-
Property, plant and equipment	1,180	5	47,628	25,601	44,434	31,109	86	-	4,211	12,789	97,539	69,504	351,715	336,373
Receivables	-	-	-	-	-	-	-	-	-	-	-	-	41,136	40,048
Total Non-Current Assets	**4,508**	**5**	**47,628**	**25,601**	**65,852**	**448,658**	**86**	**-**	**4,211**	**12,789**	**122,285**	**487,053**	**398,408**	**378,937**
Total Assets	**6,195**	**1,037**	**48,079**	**25,846**	**74,088**	**518,298**	**126,271**	**-**	**55,461**	**77,343**	**310,095**	**622,524**	**857,255**	**802,881**
Current Liabilities														
Payables	3,151	1,731	1,974	5,048	2,401	7,735	134,532	46	6,196	7,716	148,254	22,276	904	3,321
Accrued employee benefits	800	583	391	291	142	97	444	-	-	-	1,777	971	86	39
Provisions	-	-	-	-	11,238	-	-	-	-	2,465	11,238	2,465	13,708	922
Income tax equivalent payable	-	-	-	-	-	-	-	-	-	-	-	-	9,741	34,149
Other liabilities	1,256	-	94	-	450	-	-	-	-	788	1,800	788	6,535	11,665
Total Current Liabilities	**5,207**	**2,314**	**2,459**	**5,339**	**14,231**	**7,832**	**134,976**	**46**	**6,196**	**10,969**	**163,069**	**26,500**	**30,974**	**50,096**
Non-Current Liabilities														
Income tax equivalent payable	-	-	-	-	-	-	-	-	-	-	-	-	89,841	80,094
Provisions	-	-	-	-	-	-	-	-	-	3,423	-	3,423	-	-
Total Non-Current Liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,423**	**-**	**3,423**	**89,841**	**80,094**
Total Liabilities	**5,207**	**2,314**	**2,459**	**5,339**	**14,231**	**7,832**	**134,976**	**46**	**6,196**	**14,392**	**163,069**	**29,923**	**120,815**	**130,190**

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Objectives and principal activities of the Department of Infrastructure and Planning

The objectives of the Department of Infrastructure and Planning (the Department) are to:

- plan, coordinate and deliver key infrastructure for economic, environmental and social development and employment creation in Queensland
- collaboratively plan sustainable and dynamic urban and regional communities
- facilitate and lead major private sector and government projects
- plan, secure and manage land supply for urban, industrial and economic development and for conservation and public recreation
- develop and review policy and legislation for local governments, and encourage improvement through the provision of training, assistance and advice
- shape and support an efficient, effective and sustainable local government system

1. Summary of significant accounting policies

(a) Basis of accounting

This financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board and the Treasurer's Minimum Reporting Requirements for the year ending 30 June 2009.

The financial report has been prepared on an accruals basis and except where stated, the historical cost convention is used. Accounting policies adopted for the reporting period are consistent with those of the previous reporting period and have been applied consistently by all consolidated entities.

(b) The reporting entity

The consolidated financial statements include the value of all revenues, expenses, assets, liabilities and equity of the Department of Infrastructure and Planning, including its controlled entities. Control exists when the Department has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities. The financial statements of controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases. In the parent entity financial statements, investments in subsidiaries are carried at cost. Details of the Department of Infrastructure and Planning's controlled entities are disclosed in Note 38.

The Department of Infrastructure and Planning as an economic entity consists of the parent entity together with the Property Services Group, Queensland Water Infrastructure Pty Ltd and Southern Regional Water Pipeline Company Pty Ltd as controlled entities for the whole 2008-09 financial year. Western Corridor Recycled Water Pty Ltd and South East Queensland (Gold Coast) Desalination Company Pty Ltd were controlled entities for part of the 2008-09 financial year. City North Infrastructure Pty Ltd was not a controlled entity for the entire 2008-09 financial year.

This approach is considered appropriate as it reflects the relationship between the Department of Infrastructure and Planning's core business activities and those of its controlled entities. In the process of reporting on the Department of Infrastructure and Planning as a single economic entity, all income and expenses arising from inter-departmental transactions and balances internal to the Department of Infrastructure and Planning have been eliminated in full.

The **Property Services Group** (PSG) operates as a commercialised business unit of the Department. It delivers a range of services under the *Industrial Development Act 1963*. The activities of the Property Services Group, through the Estates Construction Fund, provides funding for both property-related and industry development functions aimed at encouraging the location and expansion of business and industry in Queensland.

Queensland Water Infrastructure Pty Ltd (QWI) was established on 28 June 2006 to carry out the design, construction, completion and commissioning of the Traveston Crossing Dam, the Wyaralong Dam, Bromelton Offstream Storage and Cedar Grove Weir. QWI is funded through a Queensland Treasury Corporation debt facility. The Department of Infrastructure and Planning maintains control through 100% ownership of QWI.

(b) The reporting entity (continued)

Southern Regional Water Pipeline Company Pty Ltd (trading as LinkWater Projects (SRWP)) was established on 16 January 2006. LinkWater Projects was formed as a strategic alliance to improve the regional water supply distribution network in South East Queensland. LinkWater Projects is planning, designing and constructing the Southern Regional Water Pipeline, the Northern Pipeline Interconnector (NPI), the Eastern Pipeline Interconnector (EPI), the Toowoomba Pipeline and also has an owner's interest in the Network Integration Pipeline (NIP). The Department of Infrastructure and Planning purchased all shares in the company on 28 June 2007. Department of Infrastructure and Planning maintains control through 100% ownership.

City North Infrastructure Pty Ltd (CNI) commenced operations on 22 December 2006. CNI is jointly owned by the Department of Infrastructure and Planning (33.3%), Queensland Treasury Holdings Pty Ltd (33.3%) and Department of Transport and Main Roads (33.3%), with the share holdings representing the major project and transport nature of the project. The principal activities are to oversee the procurement, evaluation and contract management of the AirportLink, Northern Busway in Brisbane (Windsor-Kedron) and Airport Roundabout Upgrade projects on behalf of the State of Queensland. In prior years, CNI was a controlled entity of the Department, however, from 1 July 2008 CNI is no longer controlled by the department.

Western Corridor Recycled Water Pty Ltd (WCRW) was established on 2 March 2007. WCRW is responsible for carrying out the detailed design work, managing the necessary impact, and obtaining all approvals necessary to construct and operate the Western Corridor Recycled Water Scheme. On 1 September 2008 shares held in WCRW by the Department of Infrastructure and Planning were transferred to the Queensland Manufactured Water Authority by way of a transfer notice published in the Queensland Government Gazette, No.117, issued 26 August 2008. The Department relinquished its controlling interest in WCRW on 1 September 2008.

South East Queensland (Gold Coast) Desalination Company Pty Ltd (trading as Sure Smart Water (SSW)). The principal activity of SSW is to facilitate the construction and operation of a desalination facility to provide a new manufactured water source for South East Queensland. On 13 June 2008 the Department of Infrastructure and Planning purchased all shares held in SSW by the Gold Coast City Council to obtain 100% ownership in SSW. The Department and SSW entered into a agreement allowing SSW to procure the design, construction and commissioning of the pipeline from Tugun to Worongary for the State of Queensland. The Department has disposed of its rights and obligations under the Pipeline Construction Agreement to SRWP.

On 1 September 2008 the Department of Infrastructure and Planning transferred 50% of its shares in SSW to the Queensland Manufactured Water Authority by way of a transfer notice published in the Queensland Government Gazette, No.117, issued 26 August 2008. The Department's remaining 50% interest in SSW was disposed via share sale executed on 1 October 2008 as per the Queensland Government Gazette, No. 28, issued 23 September 2008. The share sale resulted in a gain on disposal, refer note 8. The Department relinquished its controlling interest in SSW on 1 September 2008.

All controlled entities produce separate general purpose financial reports in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board and the *Corporations Act 2001* for the Special Purpose Vehicle companies and the Treasurer's Minimum Reporting Requirements for the Property Services Group. WCRW and SSW are considered for-profit entities, all other controlled entities are considered not for-profit.

All transactions and balances in relation to the Building and Development Tribunals, Plumbers and Drainers Board, Iconic Queensland Places - Development Assessment Panels, Water Infrastructure Project Board and the Board of Urban Places are incurred by the Department. As such, these entities do not produce separate financial statements and all costs are included within the parent entity.

(c) 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 items, but does not have the discretion to deploy the resources for the achievement of the Department's objectives.

Administered transactions and balances are disclosed in note 41. A significant proportion of the reported balances relate to the distribution of Financial Assistance Grants received from the Commonwealth Government, and as such, these distributions do not impact on the Department's overall financial performance and position.

(d) Output revenue/administered revenue

Appropriations provided under the *Annual Appropriation Act* are recognised as revenue in the year in which the Department obtains control over them. The appropriation receivable reflected in the financial statements as at 30 June 2009 has been approved by Queensland Treasury and recognised as revenue.

Amounts appropriated to the Department for transfer to other entities in accordance with legislative or other requirements are reported as 'administered' item appropriations. Refer to note 42.

(e) Sales revenue

Revenue from the sale of goods is measured at fair value of the consideration received or receivables, net of returns, trade discounts and volume rebates. Revenue arising from the sale of goods and services is recognised as revenue when the significant risks and rewards of ownership transfer to the purchaser, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Pipeline construction contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(f) User charges taxes, penalties and fines

User charges, fees and penalties controlled by the Department are recognised as revenues when services are delivered. User charges, fees and penalties are controlled by the Department where they can be deployed for the achievement of Departmental objectives.

Taxes, fees and fines collected, but not controlled, by the Department are reported as administered revenue. Refer to note 41.

(g) Grants and other contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the Department obtains control over them. Where grants are received that are reciprocal in nature, revenue is accrued over the term of the funding arrangements.

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

(h) Cash and cash equivalents

For the purposes of the Balance Sheet and the Cash Flow Statement, cash in hand, cash at bank and cash equivalents include all cash and cheques receipted but not banked at 30 June 2009 as well as deposits at call with financial institutions.

(i) Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery. Settlement of these amounts is required within 14-30 days from the invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off as at 30 June 2009. Increases in the provision for impairment are based on loss events as disclosed in the financial instruments in note 39.

(i) Receivables (continued)

Loans and advances are recognised at the face value of principle outstanding and finance leases are recognised at the value of the net investment of the lease agreement outstanding (note 1(r)). Terms are as recorded in individual loan and lease agreements. On full repayment of finance leases, title for the relevant property is transferred to the purchaser.

Other debtors generally arise from transactions outside the usual operating activities of the Department and are recognised at their assessed values. Terms are set based on the operations of the particular entities, no interest is charged and no security is obtained.

(j) Inventories

Land purchased for the purpose of resale is recognised at the lower of cost and net realisable value. Cost includes the cost of acquisition and development of the land to its existing condition, ready for sale. These costs are assigned to subdivided land lots on a weighted average basis when the lots are sold.

Other inventories held for sale are valued at the lower of cost and net realisable value.

Net realisable value is determined on the basis of the Department's normal selling pattern.

Expenses associated with marketing, selling, and distribution are deducted to determine net realisable value.

Other inventories held for distribution are those inventories that the Department distributes for no or nominal consideration. These consist of promotional brochures and information documents. Inventories held for distribution are measured at cost adjusted, where applicable, for loss of any service potential.

(k) Non-current assets classified as held for sale

Non-current assets held for sale consist of those assets which management has determined are available for immediate sale in their present condition, and their sale is highly probable within the next twelve months. These assets are measured at the lower of the assets' carrying amounts and their fair values less costs to sell. The assets are not depreciated.

(l) 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 incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees. However, any training costs are expensed as incurred.

Where assets are received free of charge from a Queensland Government department (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.

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from a Queensland Government department, are recognised at their fair value at the date of acquisition in accordance with AASB 116 *Property, Plant and Equipment.*

(m) Property, plant and equipment

Items of property, plant and equipment with a cost or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

Buildings	$10,000
Infrastructure	$10,000
Land	$1
Plant and equipment	$5,000

Items with a lesser value are expensed in the year of acquisition.

Land improvements undertaken are included with buildings or capital work in progress.

Capital works in progress is measured at cost. All direct and, where reliably attributable, indirect costs relating to constructed infrastructure are recorded as work in progress.

(n) Revaluations of non-current physical and intangible assets

Land, buildings and infrastructure are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment* and Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector.*

Where intangible assets have an active market, they are measured at fair value, otherwise they are measured at cost.

Plant and equipment is measured at cost.

Non-current physical assets measured at fair value are comprehensively revalued at least once every five years with interim valuations, using appropriate indices, being otherwise performed on an annual basis where there has been a material variation in the index.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation reserve 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 reserve 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.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

(o) Intangibles

Intangible assets with a cost or other value of greater than $100,000 are recognised in the financial statements, items with a lesser value being expensed. Each intangible asset is amortised over its estimated useful life to the Department, less any anticipated residual value. The residual value is zero for all the Department's intangible assets.

It has been determined that there is not an active market for any of the Department's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

The purchase cost of software has been capitalised and is being amortised on a straight-line basis over the period of the expected benefit to the Department.

Easements acquired over land are recognised at cost and are considered to have an indefinite useful life. Easements are not amortised but are instead assessed annually for impairment.

Goodwill on acquisition is initially recognised at cost being the excess of costs of acquisition over fair value of the Department's share of net identifiable assets over the acquired subsidiary at the date of acquisition. Goodwill is not amortised but is instead assessed annually for impairment. Refer note 1(q).

(p) Depreciation and amortisation of property, plant and equipment and intangibles

Land is not depreciated as it has an unlimited useful life.

Property, plant and equipment is depreciated on a straight-line basis or a diminishing value, as is applicable, so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the Department.

Assets under construction (work in progress) are not depreciated until they reach service delivery capacity.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

(p) Depreciation and amortisation of property, plant and equipment and intangibles (continued)

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 to the Department.

Major spares purchased specifically for particular assets are capitalised and depreciated on the same basis as the asset to which they relate.

Items comprising the Department's technical library are expensed on acquisition.

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

Class	Rate %
Buildings	2-13%
Infrastructure	1-3%
Plant and equipment:	
Computer equipment	10-33%
Leasehold improvements	10-25%
Motor vehicles	10-20%
Office equipment	14-20%
Intangible assets:	
Software purchased	20%

(q) 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 Department 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 either depreciated replacement cost or value in use.

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 relevant 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 to the extent that it reverses write downs of previously impaired revaluation increments. Refer also note 1(n).

(r) Leases

Finance leases, which transfer from the Department 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.

The Department has not entered into any finance leases as a lessee.

Leases where the Department 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.

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.

(r) Leases (continued)

The Department of Environment and Resource Management acts as an agent on behalf of the Department in administering the finance and operating leases of the Department in accordance with the *Land Act 1994.*

Leaseback arrangements

Where an announcement of a major public infrastructure project causes large scale pre-purchase for hardship or any other grounds, and where there is considerable time before vacant possession is required, the Department will consider proposals to enter into leaseback or tenancy arrangements with the vendor until the property is required for the purpose for which it was purchased.

The parent entity applies the whole-of-government policy issued by the Department of Environment and Resource Management where rent for the first three years of an initial tenancy or lease is set at $1,000 per annum or market rental, which ever is lower. Queensland Water Infrastructure Pty Ltd, for stage one leasebacks, offer rent of three percent of market rental or $1,000, which ever is less, until the land is required for dam construction or until December 2011. Stage two rates of twenty five per cent of market value will apply to the end of the rental period.

(s) Other financial assets

Investments in subsidiaries are accounted for at cost in the separate financial statements of the parent entity.

(t) Payables

Trade creditors are recognised upon receipt of the goods and 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 30 day terms.

(u) Financial instruments

Recognition

Financial assets and financial liabilities are recognised in the Balance Sheet when the Department 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 or loss
- Loans and receivables - held at amortised cost
- Shares - held at amortised cost
- Payables - held at amortised cost
- Borrowings - held at amortised cost

Loans and borrowings are initially recognised at fair value, plus any transaction costs directly attributable to the borrowings, then subsequently held at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument (or, when appropriate, a shorter period) to the net carrying amount of that instrument.

Any borrowing costs are added to the carrying amount of the borrowing to the extent they are not settled in the period in which they arise. Borrowings are classified as non-current liabilities to the extent that the Department has an unconditional right to defer settlement until at least 12 months after balance sheet date.

The Department does not enter into transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents, the Department 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 the Department are included in note 39.

(v) Employee benefits

Wages, salaries and sick leave

Wages and salaries due but unpaid at 30 June 2009 are recognised in the Balance Sheet at the salary rates. 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, annual leave levies 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, after projecting the remuneration rates expected to apply at the time of likely settlement.

Prior history indicates that on average, sick leave taken in the 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

The Queensland Government's Annual Leave Central Scheme (ALCS) became operational on 30 June 2008 for departments, commercialised business units and shared service providers. Under the scheme, a levy is made on the parent entity and the Property Services Group to cover the cost of employees' annual leave (including leave loading and on-costs). The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave are claimed from the scheme quarterly in arrears. The other controlled entities do not participate in the ALCS but recognise annual leave due but unpaid at 30 June 2009 in the Balance Sheet at the remuneration rates expected to apply at the time of settlement.

Effective from 30 June 2008, no provision for annual leave has been recognised for the parent entity and the Property Services Group in the consolidated financial statements, the liability being held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting* . On 30 June 2008, the current portion of employee's annual leave liabilities was extinguished by recognising a short-term payable to the Crown (refer note 27). The non-current portion of employees' annual leave liabilities was also extinguished on that date by the Crown making a non-appropriated equity injection to the Parent and Property Services Group (refer to the Statement of Changes in Equity).

Long service leave

Under the Queensland Government's long service leave scheme a levy is imposed on the Department 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 AASB 1049 *Whole of Government and General Government Sector Financial Reporting.*

Superannuation

For parent entity and the Property Services Group, employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees, at rates determined by Treasurer on 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.

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 AASB 1049 *Whole of Government and General Government Sector Financial Reporting* .

For controlled entities, contributions to superannuation funds are recorded as they become payable and the company's legal or constructive obligation is limited to these contributions.

(v) Employee benefits (continued)

Executive Remuneration

The executive remuneration disclosures in the employee expenses note (note 10) in the financial statements include:

SES executives excluding executives transferred into the Department as a result of the machinery-of-Government change

- the aggregate remuneration of all senior executive officers (including the Chief Executive Officer) whose remuneration for the financial year is $100,000 or more;
- the number of senior executives whose total remuneration for the financial year falls within each successive $20,000 band, commencing at $100,000;

SES executives transferred into the Department as a result of the machinery-of-Government change

- the aggregate remuneration of all senior executive officers (including the Chief Executive Officer) whose remuneration for the period 27 March 2009 to 30 June 2009 is $25,000 or more; and
- the number of senior executives whose total remuneration for the financial year falls within each successive $5,000 band, commencing at $25,000.

The remuneration disclosed is all remuneration paid or payable, directly or indirectly, by the Department or any related party in connection with the management of the affairs of the Department or any of its subsidiaries, whether as an executive or otherwise. For this purpose, remuneration includes:

- wages and salaries;
- accrued leave (that is, the increase/decrease in the amount of annual and long service leave owed to an executive, inclusive of any increase in the value of leave balances as a result of salary rate increases or the like);
- performance pay paid or due and payable in relation to the financial year, provided that a liability exists (namely a determination has been made prior to the financial statements being signed), and can be reliably measured even though the payment may not have been made during the financial year;
- accrued superannuation (being the value of all employer superannuation contributions during the financial year, both paid and payable as at 30 June);
- car parking benefits and the cost of motor vehicles, such as lease payments, fuel costs, registration, insurance, repairs and maintenance and fringe benefits tax on motor vehicles incurred by the agency during the financial year, both paid and payable as at 30 June, net of any amounts subsequently reimbursed by the executives;
- housing (being the market value of the rent or rental subsidy - where rent is part-paid by the executive - during the financial year, both paid and payable as at 30 June);
- allowances (which are included in remuneration agreements of executives, such as airfares or other travel costs paid to/for executives whose homes are situated in a location other than the location they work in); and
- fringe benefits tax included in remuneration agreements.

In addition to the monetary thresholds described above, the disclosures apply to all senior executives appointed under the *Public Service Act 2008* and classified as SES1 and above. 'Remuneration' means any money, consideration or benefit, but excludes amounts:

- paid to an executive by an entity or its subsidiary where the person worked during the financial year wholly or mainly outside Australia during the time the person was so employed; or
- in payment or reimbursement of out-of-pocket expenses incurred for the benefit of the entity or any of its subsidiaries.

In addition, separate disclosure of separation and redundancy/termination benefit payments is included.

(w) Financing/borrowing costs

Finance income comprises interest income on funds invested. Finance costs are recognised as an expense in the period in which they are incurred.

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings; and
- ancillary administration charges.

(x) 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.

(y) 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.

(z) 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.

(aa) 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.

(ab) 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). FBT and GST are the only taxes accounted for by the Department.

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a receivable (refer to note 20).

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

In accordance with the requirements of the National Tax Equivalents Regime (NTER), those entitles controlled by the Department who are listed on the NTER entity register pay an income tax equivalent to Queensland Treasury. Consolidated entities currently registered for the NTER include Property Services Group, Western Corridor Recycled Water Pty Ltd, South East Queensland (Gold Coast) Desalination Company Pty Ltd and the Southern Regional Water Pipeline Company Pty Ltd.

(ab) Taxation (continued)

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.

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.

Tax equivalent expense comprises current and deferred tax. Tax equivalent expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current income tax equivalent is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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.

(ac) 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.

(ad) Judgements and assumptions

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. 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.

The consolidated financial statements have been prepared on the basis that costs in relation to Traveston Crossing Dam are capitalised in accordance with the department's accounting policy relating to Property, Plant and Equipment (refer to note 1(n)). The amount of these costs to date total $103.256m. Management has made this judgement based on the assessment that Queensland Water Infrastructure Pty Ltd (QWI) will meet the conditions set out in the environmental approval for the project and the following reasons:

- QWI is a special purpose entity set up to support the construction of the dams and water storage facilities;
- it has no other mandated activities; and
- the decision to establish the dams and their location has already been made by the Queensland Government.

Further estimates and assumptions that have a potential significant effect are outlined in the valuation of property, plant and equipment (refer note 26) and in provisions (refer note 30).

(ae) 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.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period. Refer note 43.

(af) New and revised accounting standards

The Department did not voluntarily change any of its accounting policies during 2008-09. The significance of new and amended Australian Accounting Standards that were applicable for the first time in the 2008-09 financial year and have had a significant impact on the Department's financial statements are outlined below.

A review has been undertaken of revised accounting standard AASB 1004 *Contributions*, and it is considered the financial statements adequately reflect the matters required to be disclosed, given the Department's present operating circumstances.

Note 41 now confirms the broad identity of the recipients of transfer payments classified as administered expenses, consistent with the disclosure requirement of AASB1050 *Administered Items*.

New accounting standard AASB1052 *Disaggregated Disclosures* now requires disclosure of the amounts of controlled assets and liabilities attributable to each departmental output. This is set out in the new Statement of Assets and Liabilities by Outputs/Major Activities.

The Department is not permitted to early adopt a new or amended 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 or 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, the revised version of AASB101 *Presentation of Financial Statements* effective 1 July 2009 will have a significant impact on the Department.

The Department will need to comply with a revised version of AASB101 *Presentation of Financial Statements* as from 2009-10. This revised standard does not have measurement or recognition implications. However, in line with the new concept of 'comprehensive income' in the revised AASB101, there will be significant changes to the presentation of the Department's income and expenses that are currently presented in the Income Statement and the Statement of Changes in Equity. Ignoring other potential impacts on the operating result, if the revised AASB101 was applied by the Department for 2008-09 reporting, it would have reported comprehensive income of $22.234 million for the consolidated entity and $29.441 million for the parent entity for the year, and income tax on other comprehensive income of $13.7 million for the consolidated entity.

The increase in the asset revaluation reserve for 2008-09 (approximately $50.292 million for consolidated and $10.991 million for parent) would not therefore be included in the Statement of Changes in Equity. In addition, where there have been retrospective accounting policy changes, retrospective restatement of items in the financial statements or re-classifications of financial statement items during the current reporting period, the revised AASB101 will require restatement of financial position to be presented as at the beginning of the earliest comparative period included in the financial statements.

All other Australian Accounting Standards and Interpretations with future commencement dates are either not applicable to the Department, or have no material impact on the Department.

(ag) Machinery-of-Government changes

As a result of *Public Service Departmental Arrangements notice (No. 2) 2009*, dated 26 March 2009, the Department of Local Government, Sport and Recreation (DLGSR), excluding Sport and Recreation, the Queensland Academy of Sport and the associated corporate support functions for these entities, transferred to the Department of Infrastructure and Planning.

As a result of these machinery-of-Government (MOG) changes the following assets and liabilities have transferred to the Department:

	Controlled	Administered
	$'000	$'000
Assets		
Cash and cash equivalents	68,924	(93,904)
Receivables	4,263	188,118
Prepayments	138	-
Property, plant and equipment	159	-
Liabilities		
Payables	55,118	93,353
Unearned revenue	40	-
Accrued employee benefits	1,573	-
Net assets/(liabilities)	**16,752**	**861**

The *Administrative Arrangements Order (No. 1) 2009*, dated 26 March 2009, transferred ministerial responsibility for the *Water Act 2000* and the associated Queensland Water Commission to the Minister for Natural Resources, Mines and Energy and Minister for Trade. As a result, the responsibility for administering funding to the Queensland Water Commission transferred to the Department of Environment and Resource Management (DERM). During 2008-09 $5.819million administered item appropriation was transferred to the DERM.

(ah) Outputs/major activities of the Department

The Department's output structure has been revised due to the transfer of Local Government functions to the Department. Outputs/major activities undertaken by the Department during the year are as follows:

Planning

Providing leadership by collaborating 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.

Infrastructure and Economic Development

Planning, identification and coordination of infrastructure projects, and industrial and community infrastructure land development which underpin the economic and social growth and sustainability of the State.

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

Infrastructure Delivery

Coordinating and delivering key strategic infrastructure including the SEQ Water Grid, Airport Link and acquisition of land and coordination and development of infrastructure corridors to support infrastructure and economic development.

Sustainable, Transparent and Accountable Local Governments

Partnering with local governments to deliver sustainable and accountable local government services and infrastructure, providing services and advice in the areas of governance, monitoring and performance analysis, interventions and investigations, and targeted initiatives in support of Indigenous local governments, capacity building and funding.

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
2. Reconciliation of payments from consolidated fund to output revenue recognised in Income Statement				
Budgeted output appropriation	110,041	49,784	110,041	49,784
Transfers from the former Department of Local Government, Planning, Sport and Recreation	73,391	19,881	73,391	19,881
Transfers from the former Department of Tourism, Fair Trading and Wine Industry Development	-	966	-	966
Treasurer's transfers	96,224	-	96,224	-
Unforeseen expenditure	-	24,212	-	24,212
Total output receipts	279,656	94,843	279,656	94,843
Plus: Opening balance of unearned revenue receivable	-	1,835	-	1,835
Less: Opening balance of output revenue receivable	(7,945)	-	(7,945)	-
Plus: Unearned output revenue transferred through restructure	-	138	-	138
Plus: Closing balance of output revenue receivable	7,520	7,945	7,520	7,945
Output revenue recognised in Income Statement	**279,231**	**104,761**	**279,231**	**104,761**
Reconciliation of payments from consolidated fund to equity adjustment recognised in contributed equity				
Budgeted equity adjustment appropriation	40,410	(133,816)	40,410	(133,816)
Treasurer's transfers	(108,624)	-	(108,624)	-
Transfers from/to other departments	-	10	-	10
Lapsed appropriation	(209,695)	-	(209,695)	-
Unforeseen expenditure	-	204,436	-	204,436
Equity adjustment receipts (payments)	(277,909)	70,630	(277,909)	70,630
Less: Opening balance of equity adjustment receivable	-	(69,529)	-	(69,529)
Equity adjustment recognised in contributed equity	**(277,909)**	**1,101**	**(277,909)**	**1,101**

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
3. Sales revenue				
Land	44,868	98,115	-	-
Pipeline construction	-	11,091	-	-
Recycled water	4,297	519	-	-
Total	**49,165**	**109,725**	**-**	**-**
Cost of sales				
Land	10,058	20,006	-	-
Pipeline construction	-	11,219	-	-
Recycled water	-	1,446	-	-
Total	**10,058**	**32,671**	**-**	**-**
4. User charges				
Corporate services	125	110	850	500
Event revenue	854	391	427	10
Procurement services	-	5,010	-	-
Professional services	23,566	92	15,711	16,756
Rent revenue	16,833	13,180	506	446
Other	1,203	622	1,202	622
Total	**42,581**	**19,405**	**18,696**	**18,334**
5. Grants and other contributions				
Grants - Commonwealth	27	7	27	7
Grants - Queensland Government departments	55,067	1,123	55,067	1,123
Grants - Estates Construction Fund	-	3,342	13,956	7,680
Grants - other	37	603	37	603
Contributed assets	169	3,659	169	3,659
Sponsorships	408	-	408	-
Goods and services received below fair value	-	669	-	669
Total	**55,708**	**9,403**	**69,664**	**13,741**
6. Other revenues				
Interest	13,428	33,621	-	-
Penalty and interest on sale of land	2,189	2,040	-	-
Statutory licences	667	185	667	185
Sundry *	80	(4,254)	20	(4,308)
Total	**16,364**	**31,592**	**687**	**(4,123)**

* $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.

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000

7. Gain on sale of property, plant and equipment

Land	-	1,514	-	191
Plant and equipment	15	-	-	-
Total	**15**	**1,514**	**-**	**191**

8. Gain on transfer

Shares	29,917	-	29,917	-
Other assets	73,757	-	-	-
Total	**103,674**	**-**	**29,917**	**-**

The gain on transfer of other assets is due to differences between the value of assets transferred, via transfer notice issued by the Queensland Treasurer, recognised by the controlled entities and the value of such assets on consolidation. This difference is attributable to interest on borrowings that was capitalised to the assets by the controlled entities and expensed on consolidation.

9. Gain on reversal of revaluation decrement expense

Buildings	-	2,812	22	-
Total	**-**	**2,812**	**22**	**-**

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.

10. Employee expenses

Employee benefits				
Annual leave expense (refer note 1(v))	-	3,712	-	3,440
Annual leave levy *	4,766	-	4,829	-
Employer superannuation contributions *	5,861	4,493	5,951	4,038
Long service leave levy *	817	637	829	614
Other employee benefits	76	67	78	41
Wages and salaries	44,112	30,688	44,429	29,722
Employee related expenses				
Other employee related expenses	855	1,096	803	917
Payroll tax **	2,584	2,013	2,628	1,797
Fringe benefits tax **	466	281	451	258
Workers compensation premium **	120	113	120	89
Total	**59,657**	**43,100**	**60,118**	**40,916**

* Employer superannuation contributions, the annual leave levy and the long service leave levy are regarded as employee benefits.

** Costs of fringe benefits tax, 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.

10. Employee expenses (continued)

	Consolidated		Parent Entity	
	2009	**2008**	**2009**	**2008**
The number of employees including both full-time and part-time employees measured on a full-time equivalent basis is:				
Number of employees:	821	601	761	495

Executive remuneration - parent entity only

SES executives excluding executives transferred into the Department as a result of the MOG change

The number of senior executives who received or were due to receive total remuneration of $100,000 or more:

$100,000 to $119,999	1	-
$120,000 to $139,999	-	5
$140,000 to $159,999	2	2
$160,000 to $179,999	4	7
$180,000 to $199,999	5	2
$200,000 to $219,999	6	1
$220,000 to $239,999	1	2
$340,000 to $359,999	-	1
$380,000 to $399,999	-	1
$440,000 to $459,999	1	-
Total	**20**	**21**

Note: The executive remuneration disclosure is in accordance with Queensland Treasury Financial Reporting Requirements. No SES executives were appointed by the controlled entities.

	Parent Entity	
	2009	**2008**
	$'000	**$'000**
The total remuneration of executives shown above ***	3,982	3,886
The total separation and redundancy/termination benefit payment during the year to executives shown above:	56	143

10. Employee expenses (continued)

SES executives transferred into the Department as a result of the MOG change

The number of senior executives who received or were due to receive total remuneration of $25,000 ($100,000 full financial year) or more for the period 27 March 2009 to 30 June 2009:

	Parent Entity 2009 $'000
$35,000 to $39,999 (Annual: $140,000 to $159,999)	1
$40,000 to $44,999 (Annual: $160,000 to $179,999)	2
$80,000 to $84,999 (Annual: $320,000 to $339,999)	1
Total	4

Note: The executive remuneration disclosure is in accordance with Queensland Treasury Financial Reporting Requirements. No SES executives were appointed by the controlled entities.

The total remuneration of executives shown above ***	203
The total separation and redundancy/termination benefit payment during the year to executives shown above:	-

*** 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.

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
11. Supplies and services				
Building services	7,290	6,113	6,856	5,163
Computer operating costs	4,936	1,509	5,052	1,524
Consultants and contractors	23,611	57,787	26,182	46,227
Corporate services	3,237	4,212	2,657	3,244
Marketing and public relations	2,401	1,653	2,479	1,852
Minor plant and equipment	435	1,294	496	1,357
Minor works	876	300	447	939
Motor vehicles expense	728	758	841	818
Project development costs	45,395	-	45,395	15,880
Repairs and maintenance	513	503	303	132
Supplies and consumables	812	700	805	674
Telecommunications	1,286	723	1,181	687
Travel	1,472	1,173	1,476	1,139
Other	1,103	875	1,005	867
Total	**94,095**	**77,600**	**95,175**	**80,503**
12. Grants and subsidies				
Charities and community groups	314	474	314	474
Commonwealth Government recipients	234	244	234	244
Contributions	2,724	1,251	2,724	1,251
Industry support programs	14,768	-	7,588	-
Local authorities	170,601	159	170,601	159
Private enterprise	2,395	140	2,395	-
Queensland Government departments	26,845	9,041	22,389	1,154
Statutory bodies	3,974	2,296	3,974	2,296
Universities	1,632	10	1,632	10
Total	**223,487**	**13,615**	**211,851**	**5,588**
13. Depreciation and amortisation				
Depreciation and amortisation were incurred in respect of:				
Buildings	825	462	353	146
Infrastructure	810	-	-	-
Plant and equipment	670	613	584	249
Software purchased	13	53	-	-
Total	**2,318**	**1,128**	**937**	**395**

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000

14. Impairment losses

Bad debts written off	94	15	91	-
Buildings	-	4,538	-	4,481
Impairment losses on trade receivables	5	12	-	-
Total	**99**	**4,565**	**91**	**4,481**

The 2007-08 building impairment loss relates to the parent entity's Targinie properties located within the Gladstone State Development Area.

15. Revaluation decrement

Buildings	8,365	-	-	-
Total	**8,365**	**-**	**-**	**-**

The decrement, not being a reversal of a previous revaluation increment in respect of the same class of assets, has been recognised as an expense in the Income Statement.

16. Other expenses

Donated non-current physical assets *	4,507	-	4,507	-
External audit fees **	722	738	403	269
Insurance premiums ***	116	313	36	13
Losses from disposal of property, plant and equipment	6,972	4,285	6,956	955
Taxes - land, rates and stamp duty	13,708	7,777	-	-
Special payments:				
Ex-gratia payments	5	1,640	5	1,640
Feasibility expenses	925	1,252	-	-
Sundry	13	827	-	-
Total	**26,968**	**16,832**	**11,907**	**2,877**

* The Department donated land parcels held in the Springbrook region to the South East Queensland Conservation Initiative coordinated by the Department of Environment and Resource Management.

** Total external audit fees relating to the 2008-09 financial year are estimated to be $574,667 (2007-08: $645,080) for the consolidated entity and $301,000 (2007-08: $220,000) for the parent entity. 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 2009.

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
17. Borrowing costs				
Interest	118,536	115,499	-	-
Total	**118,536**	**115,499**	**-**	**-**
18. Income tax equivalent				
Income tax equivalent expense				
Profit before income tax equivalents	8,559	90,659	-	-
Prima facie tax at 30%	2,568	27,198	-	-
Increase/(decrease) in income tax equivalent due to:				
Tax effect of research and development uplift	-	(2,040)	-	-
Non-deductible expenditure	-	52	-	-
Adjustment for prior period	(9)	13	-	-
Income tax equivalent expense	**2,559**	**25,223**	**-**	**-**
Income tax equivalent expense comprises:				
Current income tax equivalent expense	6,229	106,280	-	-
(Increase)/decrease in deferred tax asset	(2,202)	(111,045)	-	-
Increase/(decrease) in deferred tax liability	(1,459)	29,975	-	-
Under/(over) provision in prior year	(9)	13	-	-
Income tax equivalent expense	**2,559**	**25,223**	**-**	**-**
Current income tax equivalent liability				
Balance at the beginning of the year	70,126	16,398	-	-
Income tax equivalent paid	(44,150)	(52,552)	-	-
Current year's income tax equivalent expense/(revenue) on profit from ordinary activities	6,229	106,280	-	-
Transfer through restructure	(21,884)	-	-	-
Adjustment for prior period	(1,040)	-	-	-
Balance at the end of the year	**9,281**	**70,126**	**-**	**-**
Deferred tax equivalent liability				
Balance at the beginning of the year	125,299	82,604	-	-
Current year's income tax equivalent expense/(revenue) on profit from ordinary activities	(1,459)	29,975	-	-
Items charged or credited direct to equity	13,703	12,720	-	-
Transfer through restructure	(48,709)	-	-	-
Adjustment for prior period	1,006	-	-	-
Balance at the end of the year	**89,840**	**125,299**	**-**	**-**

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
18. Income tax equivalent (continued)				
Deferred tax liability comprises:				
Research and development expenditure	-	25,188	-	-
Capitalised interest	-	16,529	-	-
Accrued income	-	3,327	-	-
Capitalised loss on recycled water sales	-	161	-	-
Interest receivable	366	-	-	-
Unearned rent revenue	(39)	-	-	-
Deferred income tax related to items charged or credited directly to equity:				
Land revaluations	89,513	80,094	-	-
Balance at the end of the year	**89,840**	**125,299**	**-**	**-**
Deferred tax equivalent asset				
Balance at the beginning of the year	130,550	19,506	-	-
Current year's income tax equivalent expense/(revenue) on profit from ordinary activities	2,202	111,044	-	-
Transfer through restructure	(127,843)	-	-	-
Adjustment for prior period	30	-	-	-
Balance at the end of the year	**4,939**	**130,550**	**-**	**-**
Deferred tax equivalent asset comprises:				
Annual leave	14	35	-	-
Provision for doubtful debts	121	120	-	-
Superannuation	1	1	-	-
Accrued expenses	98	37	-	-
Accrued audit fees	9	18	-	-
Long service leave payable	2	2	-	-
Accounting depreciation	30	92	-	-
Building accumulated impairment/devaluation	4,664	2,112	-	-
Current work in progress	-	3,328	-	-
Carried forward tax loses	-	1,512	-	-
Capitalised interest	-	487	-	-
Deferred income	-	122,400	-	-
Capitalised expenses	-	406	-	-
Balance at the end of the year	**4,939**	**130,550**	**-**	**-**
19. Cash and cash equivalents				
Cash at bank and on hand	292,034	365,934	53,367	33,080
Imprest accounts	4	5	4	3
Total	**292,038**	**365,939**	**53,371**	**33,083**

At the consolidated level, cash at bank earned interest at rates between 2.11% and 6.76% (2008: 5.42% and 8.18%).

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
20. Receivables				
Current				
Trade debtors	123,476	37,432	116,358	65,095
Less: Provision for impairment	(441)	(400)	(36)	-
	123,035	37,032	116,322	65,095
GST receivable	9,488	32,063	1,293	4,142
GST payable	(1,646)	(4,955)	(175)	(2,758)
	7,842	27,108	1,118	1,384
Annual leave reimbursements	943	-	916	-
Interest receivable	1,317	3,863	95	-
Finance lease debtors	6,510	5,600	-	-
Loans and advances	9,534	4,570	1,847	173
Long service leave reimbursements	192	189	192	155
Output revenue	7,520	7,945	7,520	7,945
Operating lease debtors	716	155	-	-
Other	3	1,153	-	-
Total	**157,612**	**87,615**	**128,010**	**74,752**
Non-current				
Finance lease debtors	29,207	26,433	-	-
Loans and advances	11,929	13,615	-	-
Total	**41,136**	**40,048**	**-**	**-**
Movements in the allowance of provision for impairment of debtors				
Balance at the beginning of the year	(400)	(388)	-	-
Amounts written off during the year	91	-	91	-
Amount recovered during the year	-	-	-	-
(Increase)/decrease in allowance recognised in profit or loss	(96)	(12)	(91)	-
Balance transferred from former DLGSR	(36)	-	(36)	-
Balance at the end of the year	**(441)**	**(400)**	**(36)**	**-**
21. Inventories				
Current				
Land held for resale				
- Costs of acquisition or net realisable value	241,408	211,693	-	-
Other inventories	54	-	54	-
Total	**241,462**	**211,693**	**54**	**-**
Aggregate carrying amount of inventories				
- Cost of inventory expected to be sold within 12 months	6,467	28,560	54	-
- Cost of inventory expected to be sold later than 12 months	234,995	183,133	-	-
Total	**241,462**	**211,693**	**54**	**-**

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
22. Other assets				
Current				
Prepayments	754	9,810	205	130
Security deposits	3,110	170	-	-
Sundry	-	3	-	4
Total	**3,864**	**9,983**	**205**	**134**
Non-current				
Prepayments	2,199	1,905	-	-
Security deposits	510	200	-	-
Total	**2,709**	**2,105**	**-**	**-**
23. Non-current assets classified as held for sale				
Infrastructure	-	65,990	-	-
Land held for sale	6,170	27,502	6,170	27,502
Total	**6,170**	**93,492**	**6,170**	**27,502**

The land held for sale balance relates to land that has been acquired on behalf of the water grid entities which is expected to be reimbursed by the companies before 30 June 2010.

24. Other financial assets				
Shares	-	-	21,137	417,549
Total	**-**	**-**	**21,137**	**417,549**
25. Intangible assets				
Easements	281	-	281	-
Goodwill	1,172	20,787	-	-
Software purchased	150	140	-	-
Less: Accumulated amortisation	(13)	(68)	-	-
	137	72	-	-
Software under development	3,328	-	3,328	-
Total	**4,918**	**20,859**	**3,609**	**-**

This goodwill relates to the Department's investment in Southern Regional Pipeline 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.

25. Intangibles assets (continued)

	Easements		Goodwill		Software purchased		Software under development		Total	
	Consol	Parent	Consol	Parent	Consol	Parent	Consol	Parent	Consol	Parent
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July 2008	-	-	20,787	-	72	-	-	-	20,859	-
Acquisitions	281	281	-	-	150	-	3,328	3,328	3,759	3,609
Disposals	-	-	(19,615)	-	-	-	-	-	(19,615)	-
Disposals through restructure	-	-	-	-	(72)	-	-	-	(72)	-
Amortisation	-	-	-	-	(13)	-	-	-	(13)	-
Carrying amount at 30 June 2009	281	281	1,172	-	137	-	3,328	3,328	4,918	3,609

	Easements		Goodwill		Software purchased		Software purchased		Total	
	Consol	Parent	Consol	Parent	Consol	Parent	Consol	Parent	Consol	Parent
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July 2007	-	-	1,172	-	113	-	-	-	1,285	-
Acquisitions	-	-	19,615	-	12	-	-	-	19,627	-
Amortisation	-	-	-	-	(53)	-	-	-	(53)	-
Carrying amount at 30 June 2008	-	-	20,787	-	72	-	-	-	20,859	-

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	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
26. Property, plant and equipment				
Land:				
At independent valuation	558,194	399,738	88,335	52,903
	558,194	399,738	88,335	52,903
Buildings:				
At independent valuation	13,214	24,436	8,872	8,132
Less: Accumulated depreciation	(2,779)	(5,322)	(785)	(432)
Less: Accumulated impairment losses	(4,360)	(4,538)	(4,360)	(4,481)
	6,075	14,576	3,727	3,219
Plant and equipment:				
At cost	6,390	7,278	5,847	4,884
Less: Accumulated depreciation	(1,949)	(1,479)	(1,498)	(572)
	4,441	5,799	4,349	4,312
Capital work in progress:				
At cost	738,109	3,862,236	1,128	9,070
Total	**1,306,819**	**4,282,349**	**97,539**	**69,504**

Department of Infrastructure and Planning

Independent valuations of land and buildings were performed as at 30 June 2009 by the State Valuation Service, Department of Environment and Resource Management using 'fair value' principles. The valuation of land and buildings is based on current market values.

Buildings identified for demolition in 2008-09 have been determined to be impaired and written down to zero.

Impairment losses and reversals of impairment are shown as separate items in the Income Statement.

The parent entity has plant and equipment assets with a written down value of zero that are still being used in the provision of services. The assets consist of office and computer equipment with an original cost of $217,016. The majority of these assets were transferred to the Department from the Department of Local Government, Sport and Recreation with the transfer of Local Government functions. Refer note 1(ag).

Land assets of controlled entity Queensland Water Infrastructure Pty Ltd are measured at cost. On consolidation such assets are measured at fair value using valuations provided by Taylor Byrne Valuers at 30 June 2009. The valuation resulted in an increase in consolidated land value of $7.315m.

Property Services Group

Interim valuations have been performed on land subject to operating lease using State Valuation Service indices derived from changes in the unimproved land values as issued by the Chief Executive, Department of Environment and Resource Management.

Independent valuations have been performed on the PSG owned buildings and land under buildings by the State Valuation Service using 'fair value' principles at 30 June 2009.

The Property Services Group has two plant and equipment assets with a written down value of zero that are still being used in the provision of services. The assets had an original cost of $277,038. They consist of a communications and data network and a telephone system, both located in the Clunies Ross Centre within the Brisbane Technology Park.

26. Property, plant and equipment (continued)

	Land		Buildings		Infrastructure		Plant and equipment		Capital work in progress		Total	
	Consol	Parent	Consol	Parent	Consol	Parent	Consol	Parent	Consol	Parent	Consol	Parent
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July 2008	399,738	52,903	14,576	3,219	-	-	5,799	4,312	3,862,236	9,070	4,282,349	69,504
Acquisitions	17,508	4,373	772	772	-	-	375	365	832,826	1,519	851,481	7,029
Acquisitions through restructure	367	367	-	-	-	-	156	156	-	-	523	523
Acquisitions through donation/below fair value	19	19	-	-	-	-	150	150	-	-	169	169
Disposals	(20,158)	(933)	(162)	(12)	-	-	(53)	(50)	(10,689)	(9,461)	(31,062)	(10,456)
Disposal through restructure	(32,348)	-	-	-	(232,190)	-	(1,316)	-	(3,603,678)	-	(3,869,532)	-
Donations made	(4,507)	(4,507)	-	-	-	-	-	-	-	-	(4,507)	(4,507)
Transfers to inventory	(1,115)	-	-	-	-	-	-	-	-	-	(1,115)	-
Transfers between classes	109,508	(79)	79	79	233,000	-	-	-	(342,586)	-	1	-
Transfers (to)/from assets held for sale	25,201	25,201	-	-	-	-	-	-	-	-	25,201	25,201
Revaluation increments/(decrements) (note 32)	63,981	10,991	-	-	-	-	-	-	-	-	63,981	10,991
Revaluation decrements taken to income statement	-	-	(8,387)	-	-	-	-	-	-	-	(8,387)	-
Depreciation	-	-	(825)	(353)	(810)	-	(670)	(584)	-	-	(2,305)	(937)
Impairment losses reversed in Operating Surplus/(Deficit)	-	-	22	22	-	-	-	-	-	-	22	22
Carrying amount at 30 June 2009	558,194	88,335	6,075	3,727	-	-	4,441	4,349	738,109	1,128	1,306,819	97,539

	Land		Buildings		Infrastructure		Plant and equipment		Capital work in progress		Total	
	Consol	Parent	Consol	Parent	Consol	Parent	Consol	Parent	Consol	Parent	Consol	Parent
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July 2007	349,284	41,959	16,189	7,272	-	-	1,784	415	1,118,253	4,125	1,485,510	53,771
Acquisitions	34,187	17,653	1,528	1,527	-	-	1,366	353	2,815,889	9,070	2,852,970	28,603
Acquisitions through restructure	-	-	-	-	-	-	139	139	-	-	139	139
Acquisitions through donation/below fair value	-	-	-	-	-	-	3,659	3,659	-	-	3,659	3,659
Disposals	(25,077)	(5,762)	(953)	(953)	-	-	(536)	(5)	(5,916)	(4,125)	(32,482)	(10,845)
Transfers to inventory	(62)	-	-	-	-	-	-	-	-	-	(62)	-
Transfers to assets held for sale	(25,200)	(25,201)	-	-	-	-	-	-	(65,990)	-	(91,190)	(25,201)
Revaluation increments (note 31)	66,606	24,254	-	-	-	-	-	-	-	-	66,606	24,254
Revaluation increments taken to income statement	-	-	2,812	-	-	-	-	-	-	-	2,812	-
Depreciation	-	-	(462)	(146)	-	-	(613)	(249)	-	-	(1,075)	(395)
Impairment losses recognised in Operating Surplus/(Deficit)	-	-	(4,538)	(4,481)	-	-	-	-	-	-	(4,538)	(4,481)
Carrying amount at 30 June 2008	399,738	52,903	14,576	3,219	-	-	5,799	4,312	3,862,236	9,070	4,282,349	69,504

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	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000

27. Payables

Annual leave levy payable	2,095	-	2,052	-
Annual leave central scheme payable (refer to note 1(v))	-	3,409	-	3,291
Long service leave levy payable	270	190	265	184
Trade creditors	216,081	320,866	145,520	18,549
Other	528	522	417	252
Total	**218,974**	**324,987**	**148,254**	**22,276**

28. Accrued employee benefits

Other employee entitlements payable	211	116	207	111
Recreation leave	312	400	-	-
Wages and related costs outstanding	1,604	896	1,570	860
Total	**2,127**	**1,412**	**1,777**	**971**

29. Other financial liabilities

Current				
Interest bearing liabilities	75,954	1,004,289	-	-
Total	**75,954**	**1,004,289**	**-**	**-**
Non-current				
Interest bearing liabilities	825,134	2,133,615	-	-
Total	**825,134**	**2,133,615**	**-**	**-**

Controlled Entities

No assets have been pledged as security for any liabilities by the Department of Infrastructure and Planning.

All borrowings are Australian dollar denominated amounts and are carried at amortised cost, interest being expensed as it accrues. No interest has been capitalised during the current or comparative reporting period. There have been no defaults or breaches on the loan agreements during the period.

The Construction Debt Facilities are to be repaid on or prior to expiry of the terms of the facilities (the Terms). The Terms will expire upon the date which is six months after the completion of the related projects. The facilities incur annual average interest rates ranging between 6.51% to 6.61% (2007-08: 6.4% to 6.82%).

In accordance with the Funding Deeds signed between the State of Queensland and the Department's controlled entities, the State of Queensland through the Department of Infrastructure and Planning agrees to guarantee to Queensland Treasury Corporation (QTC) the repayment by the companies, from time to time, or any monies owing by the company to QTC under or in respect of construction debt facilities.

The fair value of the construction debt facilities at 30 June 2009, as notified by QTC, was $908.81 million (2007-08: $3,108.26 million). As it is the intention of the controlled entities to hold their borrowings for their full terms, no fair value adjustments are made in these statements. Refer note 39.

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
30. Provisions				
Current				
Land acquisition claims	11,238	2,465	11,238	2,465
Taxes - land, rates and stamp duty	13,708	922	-	-
Total	**24,946**	**3,387**	**11,238**	**2,465**
Non-current				
Land acquisition claims	-	3,423	-	3,423
Total	**-**	**3,423**	**-**	**3,423**
Movement in provisions				
Land acquisition claims				
Current				
Balance 1 July	2,465	-	2,465	-
Additional provision recognised	6,014	2,465	6,014	2,465
Restatement of provision	1,013	-	1,013	-
Reduction in provision as a result of payments	(484)	-	(484)	-
Reclassification from non-current provision	2,230	-	2,230	-
Balance 30 June	**11,238**	**2,465**	**11,238**	**2,465**
Non-current				
Balance 1 July	3,423	-	3,423	-
Additional provision recognised	-	3,423	-	3,423
Reduction in provision as a result of payments	(1,193)	-	(1,193)	-
Reclassification to current provision	(2,230)	-	(2,230)	-
Balance 30 June	**-**	**3,423**	**-**	**3,423**

Provision for land acquisition claims

The Department acquires land through compulsory acquisition in accordance with the *Acquisition of Land Act 1967* using the Coordinator-General's powers as contained in the *State Development and Public Works Organisation Act 1971*. Compensation is payable for land acquired in accordance with this legislation when agreement is reached between the land owner and the Coordinator-General through the execution of a section 15 Compensation Agreement. Prior to the execution of the section 15 Compensation Agreement the Department recognises a provision to account for compensation it expects to pay for all land resumptions acquired.

Taxes - land, rates and stamp duty				
Balance 1 July	922	-	-	-
Additional provision recognised	13,708	7,777	-	-
Reduction in provision as a result of payments	(922)	(6,855)	-	-
Balance 30 June	**13,708**	**922**	**-**	**-**

Provision for taxes

The Property Services Group is required under the Queensland Treasury's Commercialisation of Government Service Functions in Queensland Policy Framework to recognise tax equivalents for stamp duty, land tax and local government rates. Calculation and recognition of tax equivalents ensures that the Property Services Group is not advantaged relative to its private sector counterparts. Payments are required to be made to the Queensland Government's Consolidated Fund and are determined on a self assessment basis giving proper regard to current rates and charges applicable.

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.

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000

31. Other liabilities

Current				
Unearned revenue	1,614	1,019	1,482	788
Deposits held	6,721	11,434	318	-
Total	**8,335**	**12,453**	**1,800**	**788**

32. Asset revaluation reserve by class

	Land		Total	
	Consol	Parent	Consol	Parent
	$'000	$'000	$'000	$'000
Balance 1 July 2008	206,182	19,310	206,182	19,310
Revaluation increments	63,994	10,991	63,994	10,991
Tax equivalent effect of revaluation	(13,702)	-	(13,702)	-
Transfer reserve to retained surpluses-assets sold	(9,993)	-	(9,993)	-
Balance 30 June 2009	**246,481**	**30,301**	**246,481**	**30,301**

	Land		Total	
	Consol	Parent	Consol	Parent
	$'000	$'000	$'000	$'000
Balance 1 July 2007	167,447	-	167,447	-
Revaluation increments	66,606	24,254	66,606	24,254
Tax equivalent effect of revaluation	(12,720)	-	(12,720)	-
Transfer reserve to retained surpluses-assets sold	(15,151)	(4,944)	(15,151)	(4,944)
Balance 30 June 2008	**206,182**	**19,310**	**206,182**	**19,310**

The asset revaluation reserve represents the net effect of the upwards and downwards revaluation of assets to fair value.

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
33. Reconciliation of operating surplus to net cash provided from (used in) operating activities				
Operating surplus/(deficit)	596	(51,021)	18,138	(1,856)
Depreciation expense	2,318	1,128	937	395
Impairment losses	112	5,392	91	4,481
Contributed assets	(169)	(3,659)	(169)	(3,659)
Asset stocktake write-on	-	(3)	-	(3)
Gain on reversal of decrement expense	(22)	(2,812)	(22)	-
Net leave liability transfers to/(from) other departments	-	(597)	-	(575)
Net (gain)/loss on sale of property, plant and equipment	6,957	2,771	6,956	764
Net (gain)/loss on sale of other investments	(29,917)	-	(29,917)	-
Donations made	4,507	-	4,507	-
Revaluation decrements	8,387	-	-	-
Borrowing costs	23,890	115,499	-	-
Tax equivalent effect of revaluation	(13,688)	(12,720)	-	-
Prior period correction	15	-	-	-
Change in assets and liabilities:				
(Increase)/decrease in output revenue receivable	425	(7,945)	425	(7,945)
(Increase)/decrease in receivables	(64,958)	14,248	(54,483)	44,932
(Increase)/decrease in GST input tax credits receivable	23,854	(4,002)	2,850	(18,391)
(Increase)/decrease in ALCS and LSL reimbursement receivables	(945)	(182)	(952)	(155)
(Increase)/decrease in inventories	(28,667)	(4,358)	(54)	-
(Increase)/decrease in prepayments	5,179	11,165	(74)	2,352
(Increase)/decrease in sundry assets	(3,246)	(382)	4	(12)
(Increase)/decrease in deferred tax assets	(2,231)	(111,044)	-	-
Increase/(decrease) in provision for taxes	12,786	922	-	-
Increase/(decrease) in accounts payable	66,712	(122,481)	69,286	(3,230)
Increase/(decrease) in other liabilities	(4,713)	5,752	318	-
Increase/(decrease) in accrued employee benefits	(645)	(1,481)	(768)	(1,750)
Increase/(decrease) in income tax equivalent payable	(38,962)	53,728	-	-
Increase/(decrease) in deferred tax liability	13,252	42,694	-	-
Increase/(decrease) in unearned revenue	635	(5,385)	734	(5,631)
Increase/(decrease) in GST payable	(4,588)	(26,461)	(2,584)	2,759
Increase/(decrease) in ALCS and LSL levy payable	2,175	70	2,133	70
Net cash provided from (used in) operating activities	**(20,951)**	**(101,164)**	**17,356**	**12,546**

34. Non-cash financing and investing activities

Assets and liabilities received by the Department as a result of machinery-of-Government changes are set out in note 1(ag).

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000

35. Commitments for expenditure

(a) Non-cancellable operating leases

Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:

Not later than one year	2,108	2,193	1,451	1,411
Later than one year and not later than five years	4,429	5,997	3,796	3,890
Later than five years	1,605	149	1,605	149
Total	**8,142**	**8,339**	**6,852**	**5,450**

Operating leases are entered into as a means of acquiring access to office accommodation, motor vehicles and car park space. In relation to office accommodation, lease payments are generally fixed, but renewal options and escalation clauses exist. As it is reasonably certain that the renewal options will be taken up, the lease commitment includes the value of these options. No operating leases contain restrictions on financing or other leasing activities.

During the year $5,532,000 (2008: $4,046,000) was recognised by the Department as an expense in the income statement in respect of operating leases.

(b) Capital expenditure commitments

Land acquisitions and improvements, and other capital commitments, inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts are payable as follows:

Not later than one year	93,361	1,163,194	6,463	139,776
Later than one year and not later than five years	554	-	-	-
Total	**93,915**	**1,163,194**	**6,463**	**139,776**

(c) Grants and subsidies commitments

As at 30 June 2009, approval has been given to various guarantees in accordance with formal agreements to pay the following grants and subsidies inclusive of anticipated GST provided certain criteria are met:

Not later than one year	347,283	31,521	340,201	2,818
Later than one year and not later than five years	311,543	55,639	311,543	7,128
Total	**658,826**	**87,160**	**651,744**	**9,946**

The above commitments for grants and subsidies expenditure are allocated to the following categories:

Charities and community groups	6	54	6	54
Commonwealth Government recipients	28,000	-	28,000	-
Local authorities	615,182	1,590	615,182	110
Private enterprise	220	21	220	21
Queensland Government recipients	15,013	85,495	7,931	9,761
Statutory bodies	332	-	332	-
Universities	73	-	73	-
Total	**658,826**	**87,160**	**651,744**	**9,946**

36. Contingencies

(a) Litigation in progress

At 30 June 2009, litigation has been filed in the courts against the Department of Infrastructure and Planning, including the Coordinator-General. The Department's legal advisors and management believe it would be impractical to estimate the final amounts payable, if any, in respect of such litigation and no provision has been made to settle any claims as at 30 June 2009.

(b) Native title claims

As at 30 June 2009, native title claims have been made on extensive areas of Queensland, including Property Services Group's land and Queensland Water Infrastructure Pty Ltd's land, but, as yet, no claims have been determined by the National Native Title Tribunal. Queensland Water Infrastructure have entered into Indigenous Land Use Agreements with various persons claiming to hold native title and have paid compensation for affect on native title rights and interests.

(c) Guarantees and undertakings

The State of Queensland through the Department of Infrastructure and Planning has guaranteed to the alliance contractors constructing the water projects managed by the Department's controlled entities, the necessary funding to enable the development of the water projects and all obligations agreed to under the Project Alliance Agreements. The Department does not expect that the guarantees will be called upon and as such the guarantees are not recognised on the Balance Sheet.

Southern Regional Water Pipeline Pty Ltd has provided a Bank Guarantee for $245,000 to secure the lease of their office at 200 Creek Street, Brisbane.

(d) Airport Link project risk

As representative of the State, the Department of Infrastructure and Planning is subject to retained project risks during the delivery phases of the Airport Link project. City North Infrastructure Pty Ltd (CNI) oversees the procurement, evaluation and contract management of the Airport Link on behalf of the State and has implemented a structured risk management process that is consistent with Australian Standard AS4360: Risk Management and similar processes adopted on other significant infrastructure projects.

(e) Gain share arrangement (Southern Regional Water Pipeline Pty Ltd)

The Toowoomba Pipeline Project Alliance Agreement has a gain share arrangement that may be attainable where the projects final cost is less than Target Out-turn Costs. No liability has been recorded in the accounts of Southern Regional Water Pipeline Pty Ltd to 30 June 2009; however a gain share may be recognised once a project has been completed.

37. Events occurring after balance date

On 20 August 2009 the Australian Taxation Office issued Specific Private Ruling number 94121 to the Department confirming that the State, through the Department, makes a creditable acquisition in relation to supplies made by South East Queensland (Gold Coast) Desalination Company Pty Ltd in the design, construction and completion of the Gold Coast Pipeline Integration Works.

As a result of this ruling, the Department is liable to pay South East Queensland (Gold Coast) Desalination Company Pty Ltd an amount of $16.262 million being GST on construction works provided for the Gold Coast Pipeline Integration Works to the period ended 17 March 2009. The Department is entitled to claim input tax credits for the full amount of GST payable.

38. Controlled entities

Parent entity Department of Infrastructure and Planning	2009 %	2008 %
Controlled entities		
Property Services Group (Commercialised Business Unit of the Department)	100	100
Queensland Water Infrastructure Pty Ltd	100	100
Southern Regional Water Pipeline Company Pty Ltd	100	100
City North Infrastructure Pty Ltd *	33	25
Western Corridor Recycled Water Pty Ltd	-	100
South East Queensland (Gold Coast) Desalination Company Pty Ltd	-	100

In the financial statements of the Department, investments in controlled entities are measured at cost (refer note 24). The Department has no investments in associates or jointly controlled entities.

* City North Infrastructure Pty Ltd is not controlled by the Department for the 2008-09 financial year, refer note 1(b).

39. Financial instruments

(a) Categorisation of financial instruments

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

		Consolidated		Parent Entity	
		2009	2008	2009	2008
Category	**Notes**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets					
Cash and cash equivalents	19	292,038	365,939	53,371	33,083
Loans and receivables	20	198,748	127,663	128,010	74,752
Total		**490,786**	**493,602**	**181,381**	**107,835**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Payables	27	218,974	324,987	148,254	22,276
Other financial liabilities - interest bearing liabilities	29	901,088	3,137,904	-	-
Other liabilities - Deposits held	31	6,721	11,434	318	-
Total		**1,126,783**	**3,474,325**	**148,572**	**22,276**

(b) Financial risk management

The Department is exposed to a variety of financial risks that arise from financial instruments held at reporting date - 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.

39. Financial instruments (continued)

All financial risk of the parent entity is managed by Financial and Asset Management Division, under policies approved by the Department. 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 assets is the gross carrying amount of those assets inclusive of any provisions for impairment.

The following table represents the Department's maximum exposure to credit risk based on contractual amounts net of any allowances:

Maximum exposure to credit risk

		Consolidated		Parent Entity	
		2009	2008	2009	2008
Category	**Notes**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets					
Cash and cash equivalents	19	292,038	365,939	53,371	33,083
Loans and receivables	20	198,748	127,663	128,010	74,752
Total		**490,786**	**493,602**	**181,381**	**107,835**

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 that 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 Balance Sheet.

The method for calculating any provisional impairment for risk is based on past experience, current and expected changes in economic conditions and changes in client credit ratings. The main factors affecting the current calculation for provisional impairment are disclosed below as loss events. These economic and geographic changes form part of the Department's documented risk analysis assessment in conjunction with historic experience and associated industry data.

39. Financial instruments (continued)

The Department has recognised $35,848 in impaired receivables for the current year. This is a result of transferring debtor balances from the Local Government function of the former DLGSR. The recognised impairment loss of the consolidated entity of $5,000 for the current year is due to an external client of Property Services Group experiencing cashflow issues pending renegotiation of trade contracts, offset by a reversal of amounts provided for by the Local Government function.

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated. Aging of past due or impaired financial instruments are disclosed in the following tables:

2009 Financial assets past due but not impaired - Consolidated

	Contractual Repricing/Maturity Date:						
		Overdue					
	Not overdue	Less than 30 days	30-60 days	61-90 days	More than 90 days	Total overdue	Total financial assets
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Receivables	193,960	1,657	2,044	30	1,057	4,788	198,748
Total	**193,960**	**1,657**	**2,044**	**30**	**1,057**	**4,788**	**198,748**

2009 Financial assets past due but not impaired - Parent Entity

	Contractual Repricing/Maturity Date:						
		Overdue					
	Not overdue	Less than 30 days	30-60 days	61-90 days	More than 90 days	Total overdue	Total financial assets
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Receivables	125,527	544	1,882	25	32	2,483	128,010
Total	**125,527**	**544**	**1,882**	**25**	**32**	**2,483**	**128,010**

2008 Financial assets past due but not impaired - Consolidated

	Contractual Repricing/Maturity Date:						
		Overdue					
	Not overdue	Less than 30 days	30-60 days	61-90 days	More than 90 days	Total overdue	Total financial assets
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Receivables	120,398	1,551	109	750	4,855	7,265	127,663
Total	**120,398**	**1,551**	**109**	**750**	**4,855**	**7,265**	**127,663**

39. Financial instruments (continued)

2008 Financial assets past due but not impaired - Parent Entity

	Contractual Repricing/Maturity Date:						
		Overdue					
	Not overdue	Less than 30 days	30-60 days	61-90 days	More than 90 days	Total overdue	Total financial assets
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Receivables	42,033	18,948	6,241	2,764	4,766	32,719	74,752
Total	**42,033**	**18,948**	**6,241**	**2,764**	**4,766**	**32,719**	**74,752**

2009 Impaired financial assets - Consolidated

	Contractual Repricing/Maturity Date:						
		Overdue					
	Not overdue	Less than 30 days	30-60 days	61-90 days	More than 90 days	Total overdue	Total financial assets
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Receivables	-	-	-	-	441	441	441
Total	**-**	**-**	**-**	**-**	**441**	**441**	**441**

2009 Impaired financial assets - Parent Entity

	Contractual Repricing/Maturity Date:						
		Overdue					
	Not overdue	Less than 30 days	30-60 days	61-90 days	More than 90 days	Total overdue	Total financial assets
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Receivables	-	-	-	-	36	36	36
Total	**-**	**-**	**-**	**-**	**36**	**36**	**36**

2008 Impaired financial assets - Consolidated

	Contractual Repricing/Maturity Date:						
		Overdue					
	Not overdue	Less than 30 days	30-60 days	61-90 days	More than 90 days	Total overdue	Total financial assets
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Receivables	4	4	-	4	388	396	400
Total	**4**	**4**	**-**	**4**	**388**	**396**	**400**

39. Financial instruments (continued)

2008 Impaired financial assets - Parent Entity

	Contractual Repricing/Maturity Date:						
		Overdue					
	Not overdue	Less than 30 days	30-60 days	61-90 days	More than 90 days	Total overdue	Total financial assets
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Receivables	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

(d) Liquidity risk

Liquidity risk refers to the situation where the Department may encounter difficulty in meeting obligations associated with financial liabilities.

The Department is exposed to liquidity risk in respect of its payables and borrowings from Queensland Treasury Corporation for capital works. The borrowings are based on the Queensland Government gazetted floating rate.

The Department manages liquidity risk through use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the Department has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

The following table sets out the liquidity risk of financial liabilities held by the Department and its controlled entities. It represents the contractual maturity of financial liabilities, calculated based on cash flows relating to the repayment of the principal amount outstanding at balance date.

		2009 Consolidated payable in			
		<1 year	1-5 years	> 5 years	Total
Category	**Notes**	**$'000**	**$'000**	**$'000**	**$'000**
Financial liabilities					
Payables	27	218,974	-	-	218,974
Other financial liabilities - interest bearing liabilities	29	75,957	185,910	889,634	1,151,501
Other liabilities - Deposits held	31	6,721	-	-	6,721
Total		**301,652**	**185,910**	**889,634**	**1,377,196**

		2009 Parent Entity payable in			
		<1 year	1-5 years	> 5 years	Total
Category	**Notes**	**$'000**	**$'000**	**$'000**	**$'000**
Financial liabilities					
Payables	27	148,254	-	-	148,254
Other liabilities - Deposits held	31	318	-	-	318
Total		**148,572**	**-**	**-**	**148,572**

39. Financial instruments (continued)

		2008 Consolidated payable in			
		<1 year	1-5 years	> 5 years	Total
Category	**Notes**	**$'000**	**$'000**	**$'000**	**$'000**
Financial liabilities					
Payables	27	324,987	-	-	324,987
Other financial liabilities - interest bearing liabilities	29	1,004,289	2,133,615	-	3,137,904
Other liabilities - Deposits held	31	11,434	-	-	11,434
Total		**1,340,710**	**2,133,615**	**-**	**3,474,325**

		2008 Parent Entity payable in			
		<1 year	1-5 years	> 5 years	Total
Category	**Notes**	**$'000**	**$'000**	**$'000**	**$'000**
Financial liabilities					
Payables	27	22,092	-	-	22,092
Total		**22,092**	**-**	**-**	**22,092**

(e) Market risk

The Department and its controlled entities do not trade in foreign currency and are not materially exposed to commodity price changes. The Department and its controlled entities are exposed to interest rate risk through their borrowings from Queensland Treasury Corporation and cash deposited in interest bearing accounts. The controlled entities do not undertake any hedging in relation to interest risk and manages their risk as per the Liquidity Risk Management Strategy.

Interest rate sensitivity analysis

The following interest rate sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss if interest rates would change by +/- 1% from the year-end rates applicable to the financial assets and liabilities of the Department and its controlled entities. It assumes that the rate would be held constant over the financial year, with the change occurring at the beginning of the financial year. Some of the controlled entities are not subject to interest rate sensitivity. The impact on the surplus and equity is detailed below:

		2009 Consolidated Interest rate risk			
Financial instruments	**Carrying amount**	**- 1%**		**+ 1%**	
		Profit	**Equity**	**Profit**	**Equity**
Cash	221,233	(7,385)	(7,385)	(2,874)	(2,874)
Overall effect on profit and equity	**221,233**	**(7,385)**	**(7,385)**	**(2,874)**	**(2,874)**

		2009 Parent Interest rate risk			
Financial instruments	**Carrying amount**	**- 1%**		**+ 1%**	
		Profit	**Equity**	**Profit**	**Equity**
Cash	15,450	(45)	(45)	45	45
Overall effect on profit and equity	**15,450**	**(45)**	**(45)**	**45**	**45**

39. Financial instruments (continued)

Financial instruments	Carrying amount	2008 Consolidated Interest rate risk			
		- 1%		+ 1%	
		Profit	Equity	Profit	Equity
Cash	311,402	(5,986)	(5,986)	8,445	8,445
Overall effect on profit and equity	**311,402**	**(5,986)**	**(5,986)**	**8,445**	**8,445**

Financial instruments	Carrying amount	2008 Parent Interest rate risk			
		- 1%		+ 1%	
		Profit	Equity	Profit	Equity
Cash	-	-	-	-	-
Overall effect on profit and equity	**-**	**-**	**-**	**-**	**-**

Fair value

The fair value of financial assets and liabilities must be estimated for recognition and measurement and for note disclosure purposes.

The fair value of monetary financial assets and financial liabilities, other than borrowings, is based on market prices where a market exists, or is determined by discounting expected future cash flows by the current interest rate for financial assets and liabilities with similar risk profiles.

The fair value of trade receivables and payables are assumed to approximate their nominal value less estimated credit adjustments.

The carrying amount of all financial assets and liabilities, except for borrowings from Queensland Treasury Corporation are representative of their fair value. The fair value of borrowings is determined by reference to published price quotations in an active market and reflects the value of the debt if the Department repaid it in full at balance date. It is calculated using discounted cash flow analysis and the effective interest rate (refer note 29) and is disclosed below:

	Consolidated			
	2009		2008	
	Carrying amount	Fair value	Carrying amount	Fair value
	$'000	$'000	$'000	$'000
Financial liabilities				
Financial liabilities measured at amortised cost:				
QTC borrowings	901,088	907,968	3,137,904	3,108,260
Total	**901,088**	**907,968**	**3,137,904**	**3,108,260**

40. Leases - as lessor

The Department of Environment and Resource Management acts as an agent on behalf of Property Services Group in administering the finance and operating leases of Property Services Group in accordance with the *Land Act 1994*. These leases are recognised in the financial statements in accordance with note 1(r).

40. Leases - as lessor (continued)

(a) Finance leases

Freeholding leases of land are issued to persons who elect to pay the purchase price for the land by annual instalments over the term of the lease. Freehold title transfers to the lessee when the purchase price is fully paid. The leases can be paid out at any time during their term without penalty. However, penalty interest is charged for any late payment.

Freeholding leases are set over a 10 year term, except for several 20 year leases and one 30 year lease. At balance date, more than 49% of the leases are due to expire within the next five years.

The interest rate implicit in the freeholding leases is 6% except for several older leases which are interest-free.

Future minimum lease payments receivable under the freeholding leases together with their present value, are as follows:

	Consolidated			
	Minimum future lease payments receivable		Present value of minimum future lease payments receivable	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Not later than 1 year	6,617	5,929	6,510	5,600
Later than 1 year and not later than 5 years	23,253	20,536	19,264	16,908
Later than 5 years	15,283	14,791	9,943	9,525
Total minimum future lease receivables	45,153	41,256	35,717	32,033
Less unearned finance interest income	9,436	9,223		
Present value of total minimum future lease receivables	**35,717**	**32,033**	**35,717**	**32,033**
Included in note 20 of these financial statements as:				
Current finance lease debtors			6,510	5,600
Non-current finance lease debtors			29,207	26,433
Carrying amount at 30 June			**35,717**	**32,033**

(b) Operating leases

Fixed term leases and ongoing perpetual leases are issued for commercial and industrial use of land by a lessee. An annual rent is payable on 1 September each year, and is based on the unimproved value of the land, multiplied by the rental category percentage rate - 5%. Unimproved value is assessed annually by the Department of Environment and Resource Management, therefore rent is variable unless otherwise fixed in the conditions of the lease. Penalty interest is charged for any late payment.

Upon expiry of the lease, the lessee loses the right to possession of the land and any improvements located thereon unless otherwise stated in the conditions of the lease. The lease may be cancelled after giving reasonable notice to the lessee if the lessee is in breach of the conditions of the lease including failure to comply with statutory requirements or failure to pay rent by a due date. The lessee may voluntary surrender the lease, provided rents have been paid in full.

In calculating minimum future lease receivables, it is assumed that property values will increase at 12% (2008: 10%) annually and that perpetual leases will continue for a further 15 years.

Future minimum lease payments receivable under the operating leases are as follows:

	Consolidated	
	Minimum future lease payments receivable	
	2009	2008
	$'000	$'000
Not later than 1 year	12,523	12,341
Later than 1 year and not later than 5 years	58,850	56,022
Later than 5 Years	247,512	203,598
Total minimum future lease receivables	**318,885**	**271,961**

41. Schedule of Administered Items

	Planning		Infrastructure Delivery		Local Government		Total	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Administered Income								
Revenue								
Administered item appropriation	-	-	30,815	31,252	94,850	-	125,665	31,252
Sales revenue	-	-	-	12,000	-	-	-	12,000
Grants and other contributions	-	-	-	-	94,460	-	94,460	-
Taxes, fees and fines	80	20	-	4,639	80	-	160	4,659
Gains								
Gain on sale of property, plant and equipment	-	-	-	4,369	-	-	-	4,369
Total Administered Income	**80**	**20**	**30,815**	**52,260**	**189,390**	**-**	**220,285**	**52,280**
Administered Expenses								
Grants and subsidies *	-	-	30,815	31,602	94,851	-	125,666	31,602
Total Administered Expenses	**-**	**-**	**30,815**	**31,602**	**94,851**	**-**	**125,666**	**31,602**
Administered Assets								
Current								
Cash	-	19	-	3,731	-	-	-	3,750
Receivables	26	-	5,819	142	95,616	-	101,461	142
Total Administered Assets	26	19	5,819	3,873	95,616	-	101,461	3,892
Administered Liabilities								
Current								
Bank overdraft	(13)	-	5,817	-	177	-	5,981	-
Payables	-	-	-	142	1,597	-	1,597	142
Transfers to Government payable	39	19	-	3,729	93,843	-	93,882	3,748
Total Administered Liabilities	26	19	5,817	3,871	95,617	-	101,460	3,890
Transfers to Government of taxes, fees, fines and Commonwealth grants	**80**	**20**	**-**	**20,658**	**95,401**	**-**	**95,481**	**20,678**

The bank overdraft is due administered item appropriation not yet received being transferred to the Department of Environment and Resource Management as a result of machinery-of-Government changes, refer note 1(ag).

41. Schedule of Administered Items (continued)

	2009 $'000	2008 $'000
**** Grants and subsidies to Statutory Bodies and other entities***		
Local government authorities	94,460	-
Queensland Water Commission	21,457	25,410
Urban Land Development Authority	9,358	5,842
Other	390	350
Total	125,665	31,602

42. Reconciliation of payments from consolidated fund to administered revenue

Budgeted appropriation	32,776	15,619
Transfers from the former Department of Local Government, Planning, Sport and Recreation	178,941	-
Transfers to the Department of Environment and Resource Management	(5,819)	-
Treasurer's Transfers	12,400	-
Unforeseen expenditure	-	15,491
Total administered output receipts	218,298	31,110
Less: Opening balance of administered output revenue receivable	187,304	-
Plus: Closing balance of administered output revenue receivable	94,671	142
Administered item appropriation recognised in Income Statement	**125,665**	**31,252**

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**

43. Restatement of comparative year

	Notes	Consolidated entity As reported $'000	Adjustment $'000	Restated $'000
Income				
Revenue				
Output revenue		104,761	-	104,761
Sales revenue	ii	105,705	4,020	109,725
User charges	i, iv	17,658	1,747	19,405
Grants and other contributions		9,403	-	9,403
Other revenues	i, ii	33,032	(1,440)	31,592
Gains				
Gain on sale of property, plant and equipment		1,514	-	1,514
Gain on reversal of revaluation decrement expense		2,812	-	2,812
Total Income		**274,885**	**4,327**	**279,212**
Expenses				
Employee expenses	ii	43,770	(670)	43,100
Supplies and services	i, ii, iv	79,781	(2,181)	77,600
Grants and subsidies		13,615	-	13,615
Depreciation and amortisation	ii	1,097	31	1,128
Impairment losses		5,392	(827)	4,565
Cost of sales	ii	26,822	5,849	32,671
Other expenses	i	16,001	831	16,832
Borrowing costs	iii	-	115,499	115,499
Total Expenses		**186,478**	**118,532**	**305,010**
Net Operating Surplus/(Deficit) Before Income Tax Equivalent Expense				
Income tax equivalent expense	ii	25,621	(398)	25,223
Operating Surplus/(Deficit)		**62,786**	**(113,807)**	**(51,021)**

43. Restatement of comparative year (continued)

	Notes	Consolidated entity As reported $'000	Adjustment $'000	Restated $'000
Current Assets				
Cash and cash equivalents	i	365,554	385	365,939
Receivables	i, ii	84,135	3,480	87,615
Inventories	ii	223,041	(11,348)	211,693
Other assets	i	9,971	12	9,983
Non-current assets classified as held for sale	iii	95,570	(2,078)	93,492
Total Current Assets		**778,271**	**(9,549)**	**768,722**
Non-Current Assets				
Receivables		40,048	-	40,048
Intangible assets		20,859	-	20,859
Property, plant and equipment	ii, iii	4,392,466	(110,117)	4,282,349
Deferred tax equivalent asset	ii	125,144	5,406	130,550
Other assets		2,105	-	2,105
Total Non-Current Assets		**4,580,622**	**(104,711)**	**4,475,911**
Total Assets		**5,358,893**	**(114,260)**	**5,244,633**
Current Liabilities				
Payables	i, ii	324,639	348	324,987
Accrued employee benefits		1,601	(189)	1,412
Other financial liabilities		1,004,289	-	1,004,289
Income tax equivalent payable	ii	69,942	184	70,126
Provisions		3,387	-	3,387
Other liabilities	i	12,256	197	12,453
Total Current Liabilities		**1,416,114**	**540**	**1,416,654**
Non-Current Liabilities				
Other financial liabilities		2,133,615	-	2,133,615
Deferred tax equivalent liability	ii	120,472	4,827	125,299
Other liabilities		3,423	-	3,423
Total Non-Current Liabilities		**2,257,510**	**4,827**	**2,262,337**
Total Liabilities		**3,673,624**	**5,367**	**3,678,991**
Net Assets		**1,685,269**	**(119,627)**	**1,565,642**
Equity				
Asset revaluation reserve		206,182	-	206,182
Contributed equity		929,905	-	929,905
Retained surpluses	i	549,513	(119,627)	429,886
Total equity attributable to equity holders of the Department		1,685,600	(119,627)	1,565,973
Minority interest		(331)	-	(331)
Total Equity		**1,685,269**	**(119,627)**	**1,565,642**

43. Restatement of comparative year (continued)

(i) Accounting for the Brisbane Technology Park trust account

The Property Services Group has contracted the management of the Brisbane Technology Park Centre and Conference Facilities to a private company who maintain a trust account on behalf of the Property Services Group in operating the centre. In prior periods the Property Services Group only recognised profit distributions from the trust account, however, the trust account in total represents valid transactions for the Property Services Group which should be accordingly represented in the financial report. The following adjustments have been made to account for this error:

	$'000
Assets	
Cash and cash equivalents	385
Receivables	163
Other assets	13
Liabilities	
Payables	152
Other liabilities	197
Equity	
Retained earnings	202
Revenue	
User charges	1,024
Other revenue	(87)
Expenses	
Supplies and services	921
Other expenses	4

(ii) South East Queensland (Gold Coast) Desalination Company Pty Ltd

The South East Queensland (Gold Coast) Desalination Company Pty Ltd adjusted 2007-08 balances due to:
- inconsistent application of accounting policy in respect of the Network Integration Pipeline project.
- registration with the National Tax Equivalents Regime resulting in disclosure requirements in accordance with AASB112 - *Incomes Taxes*
- capitalisation of all indirect project expenditure to the cost of the qualifying asset in accordance with AASB116 - *Property, plant and equipment* as a result of policy change.

The following adjustments have been taken up to account for these changes:

	$'000
Assets	
Receivables	3,316
Deferred tax equivalent asset	5,407
Inventories	(11,348)
Property, plant and equipment	9,326
Liabilities	
Income tax equivalent payable	184
Deferred tax equivalent liability	4,827
Payables	7

43. Restatement of comparative year (continued)

Revenue	
Sales revenue	4,674
Other revenue	(1,351)
Expenses	
Employee expenses	(671)
Supplies and services	(3,173)
Depreciation and amortisation	31
Cost of goods sold	5,849
Income tax equivalent expense	(398)

(iii) Prior period error on consolidation

Borrowing costs can be capitalised where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in accordance with AASB123 *Borrowing Costs*. However, Queensland Treasury's Minimum Reporting Requirements mandate that all departments expense borrowing costs. In prior periods, borrowing costs for qualifying assets that were capitalised by controlled entities were not expensed on consolidation. This error has been corrected retrospectively to ensure consistency with Queensland Treasury requirements and the following adjustments made:

	$'000
Assets	
Non-current assets classified as held for sale	(2,078)
Property, plant and equipment	(119,443)
Equity	
Retained earnings	6,022
Expenses	
Borrowing costs	115,499

(iv) Accounting for cost recoveries

The Department recovers project delivery related costs incurred in delivering the South East Queensland Water Grid and in operating the Water Pipe Procurement Centre. In prior periods the Department has offset revenue collected against expenditure incurred in relation to these cost recoveries. Australian Accounting Standards require revenue to be recognised on a gross basis and given this, both revenue and expenses items recognised in 2007-08 have been materially misstated. The following amounts have been restated to account for this error:

		Parent	
	As reported	**Adjustment**	**Restated**
	$'000	**$'000**	**$'000**
Income			
Sales revenue	653	(10)	643
User charges	947	16,746	17,693
Expenses			
Employee expenses	37,917	2,999	40,916
Supplies and services	66,766	13,737	80,503

In the consolidated financial statements, user charges and supplies and services have increased by $0.071 million as a result of this correction. This relates to revenue collected from the Gold Coast City Council.

MANAGEMENT CERTIFICATE

These general purpose financial statements have been prepared pursuant to section 40(1) of the *Financial Administration and Audit Act 1977* (the Act), and other prescribed requirements. In accordance with Section 40(3) of the Act we certify that in our opinion:

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

(b) the 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 Infrastructure and Planning and its controlled entities for the financial year ended 30 June 2009 and of the financial position of the Department of Infrastructure and Planning and its controlled entities at the end of that year.

Pat Morgan CPA
Executive Director
Financial and Asset Management
Chief Finance Officer

Colin Jensen
Coordinator-General
Director-General

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of Department of Infrastructure and Planning

Matters Relating to the Electronic Presentation of the Audited Financial Report

The auditor's report relates to the financial report of Department of Infrastructure and Planning for the financial year ended 30 June 2009 included on Department of Infrastructure and Planning's website. The Accountable Officer is responsible for the integrity of the Department of Infrastructure and Planning's website. I have not been engaged to report on the integrity of the Department of Infrastructure and Planning's website. The auditor's report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from Department of Infrastructure and Planning, to confirm the information included in the audited financial report presented on this website.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

Report on the Financial Report

I have audited the accompanying financial report of Department of Infrastructure and Planning, which comprises the balance sheet and statement of assets and liabilities by outputs/major activities as at 30 June 2009, and the income statement, statement of changes in equity, cash flow statement and income statement by outputs/major activities for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the certificates given by the Director-General and Chief Finance Officer of the consolidated entity comprising the Department and the entities it controlled at the year's end or from time to time during the financial year.

Accountable Officer's Responsibility for the Financial Report

The Accountable Officer is responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the *Financial Administration and Audit Act 1977* and the *Financial Management Standard 1997*, including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility to express an opinion on the financial report based on the audit is prescribed in the *Auditor-General Act 2009*. This Act, including transitional provisions, came into operation on 1 July 2009 and replaces the previous requirements contained in the *Financial Administration and Audit Act 1977*.

The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. These auditing standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance whether the financial report is free of 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 risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers the entity's preparation and fair presentation of the financial report 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 and the reasonableness of accounting estimates made by the Accountable Officer, as well as evaluating the overall presentation of the financial report and any mandatory financial reporting requirements as 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 QAO authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed 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.

Auditor's 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 respect of the establishment and keeping of accounts have been complied with in all material respects; and

  (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Department of Infrastructure and Planning and the consolidated entity for the financial year 1 July 2008 to 30 June 2009 and of the financial position as at the end of that year; and

Emphasis of Matter – Significant uncertainty regarding the assessment that the Environmental Impact Statement conditions will be met.

Without qualification to the opinion expressed above, attention is drawn to the following matter.

As indicated in Note 1(ad) to the financial statements, the Department of Infrastructure and Planning discloses that construction work in progress in relation to Queensland Water Infrastructure Pty Ltd is stated at the aggregate of costs incurred to date for the dam construction projects. All costs incurred prior to the commencement of the actual construction of the dams and water storage facilities have been capitalised as construction work in progress. The capitalisation of costs for the projects assumes that Queensland Water Infrastructure Pty Ltd will meet the conditions set out in the environmental approval for the project as per Note 1(ad). If this assumption cannot be met, the costs will have to be expensed to the consolidated Income Statement and the impact will be $103,255,000.

G G POOLE FCPA
Auditor-General of Queensland

Queensland Audit Office
Brisbane

Property Services Group Financial Report 2008-09

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General Information

This financial report covers the Property Services Group.

The Property Services Group (PSG) is a Commercialised Business Unit (CBU) of the Department of Infrastructure and Planning established under the *Public Service Act 2008* . Consistent with s10 of the *Industrial Development Act 1963* this PSG financial report incorporates the accounts of the corporation sole of the Minister for Industrial Development of Queensland and the Estates Construction Fund.

The Property Services Group is controlled by the Department of Infrastructure and Planning, which is the ultimate parent.

The head office and principal place of business of the Property Services Group is:

Executive Building
100 George Street
Brisbane Queensland 4000

A description of the nature of the CBU's operations and its principal activities is included in the notes to the financial statements.

For information in relation to the Property Services Group's financial report please call (07) 3224 4914, email info@dip.qld.gov.au or visit the Department's internet site www.dip.qld.gov.au.

Property Services Group
INCOME STATEMENT
for the year ended 30 June 2009

	Notes	2009 $'000	2008 $'000
Income			
Revenue			
Sale of land	2	44,868	98,115
User charges	3	14,470	11,358
Other revenues	4	12,480	13,531
Gains			
Gain on sale of property, plant and equipment	5	15	1,323
Gain on reversal of decrement expense	6	-	2,812
Total Income		**71,833**	**127,139**
Expenses			
Employee expenses	7	1,618	1,602
Supplies and services	8	4,527	3,386
Grants and subsidies	9	25,592	12,365
Depreciation and amortisation	10	530	369
Impairment losses	11	21	911
Revaluation decrement	12	8,387	-
Cost of land sold	2	10,058	20,007
Other expenses	13	13,817	10,900
Total Expenses		**64,550**	**49,540**
Net Operating Surplus before Income Tax Equivalent Expense		**7,283**	**77,599**
Income tax equivalent expense	14	2,215	23,276
Operating Surplus		**5,068**	**54,323**

The accompanying notes form part of these statements.

Property Services Group
BALANCE SHEET
as at 30 June 2009

	Notes	2009 $'000	2008 $'000
Current Assets			
Cash and cash equivalents	15	206,163	200,888
Receivables	16	11,260	11,351
Inventories	17	241,409	211,692
Other	18	15	13
Total Current Assets		**458,847**	**423,944**
Non-Current Assets			
Receivables	16	41,136	40,048
Property, plant and equipment	19	351,715	336,373
Intangibles	20	137	-
Deferred tax equivalent asset	14	4,910	2,316
Other	18	510	200
Total Non-Current Assets		**398,408**	**378,937**
Total Assets		**857,255**	**802,881**
Current Liabilities			
Payables	21	904	3,321
Accrued employee benefits	22	86	39
Income tax equivalent payable	14	9,741	34,149
Provisions	24	13,708	922
Other	23	6,535	11,665
Total Current Liabilities		**30,974**	**50,096**
Non-Current Liabilities			
Deferred tax equivalent liability	14	89,841	80,094
Total Non-Current Liabilities		**89,841**	**80,094**
Total Liabilities		**120,815**	**130,190**
Net Assets		**736,440**	**672,691**
Equity			
Asset revaluation reserve	25	208,865	186,872
Contributed equity		378,113	351,433
Retained surpluses		149,462	134,386
Total Equity		**736,440**	**672,691**

The accompanying notes form part of these statements.

Property Services Group
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2009

	Asset revaluation reserve		Contributed equity		Retained surpluses	
	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000
Balance 1 July	186,872	167,447	351,433	356,767	134,386	69,871
Operating surplus / (deficit)	-	-	-	-	5,068	54,323
Non-owner changes in equity:						
- Increase/(decrease) in asset revaluation reserve	31,986	29,632	-	-	-	-
- Transfer asset revaluation reserve assets sold	(9,993)	(10,207)	-	-	9,993	10,207
- Correction of error	-	-	-	1,430	15	(15)
Transactions with owners as owners:						
- Net leave liabilities transferred to/(from) government departments	-	-	-	(22)	-	-
Non-reciprocal transfers						
- Equity withdrawal non-appropriated	-	-	(7,400)	(6,800)	-	-
- Non-appropriated equity injection for tax equivalents retained	-	-	34,080	-	-	-
- Non-appropriated equity injection re transfer of annual leave liability (refer note 1(r))	-	-	-	58	-	-
Balance 30 June	**208,865**	**186,872**	**378,113**	**351,433**	**149,462**	**134,386**

The accompanying notes form part of these statements.

CASH FLOW STATEMENT
for the year ended 30 June 2009

	Notes	2009 $'000	2008 $'000
Cash flows from operating activities			
Inflows:			
User charges		51,378	113,100
GST input tax credits from ATO		3,162	5,246
GST collected from customers		8,248	12,371
Interest receipts		14,550	12,140
Other		75	54
Outflows:			
Employee expenses		(1,678)	(1,623)
Supplies and services		(45,717)	(45,716)
Grants and subsidies		(25,651)	(12,497)
GST paid to suppliers		(3,659)	(5,010)
GST remitted to ATO		(9,461)	(11,044)
Insurance premiums		(15)	(4)
Income tax paid		(33,159)	(4,908)
Other		(1,038)	(6,918)
Net cash provided by / (used in) operating activities	26	**(42,965)**	**55,191**
Cash flows from investing activities			
Inflows:			
Sales of property, plant and equipment		20,312	17,613
Loans and advances redeemed		1,412	14,570
Outflows:			
Payments for intangibles		(150)	-
Loans and advances made		(14)	(1,839)
Net cash provided by / (used in) investing activities		**21,560**	**30,344**
Cash flows from financing activities			
Inflows:			
Equity injections		34,080	-
Outflows:			
Equity withdrawals		(7,400)	(6,800)
Net cash provided by / (used in) financing activities		**26,680**	**(6,800)**
Net increase (decrease) in cash held		5,275	78,735
Cash at beginning of financial year		200,888	122,153
Cash at end of financial year	15	**206,163**	**200,888**

The accompanying notes form part of these statements.

	Objectives of the Commercialised Business Unit
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Objectives of the Commercialised Business Unit

The Property Services Group delivers a range of property-related services aimed at encouraging the location and expansion of business and industry in Queensland. Through the Minister for Industrial Development of Queensland and the Estates Construction Fund, and pursuant to the *Industrial Development Act 1963* PSG provides funding for both property-related and other industry projects that contribute to the economic development of Queensland.

1. Summary of significant accounting policies

(a) Basis of accounting

This financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Treasurer's Minimum Reporting Requirements for the year ending 30 June 2009 .

The financial report has been prepared on an accruals basis and except where stated, the historical cost convention is used. Accounting policies adopted for the reporting period are consistent with those of the previous reporting period.

(b) The reporting entity

The Property Services Group (PSG) is a Commercialised Business Unit (CBU) of the Department of Infrastructure and Planning established under the *Public Service Act 2008*. Consistent with s10 of the *Industrial Development Act 1963* this PSG financial report incorporates the accounts of corporation sole of the Minister for Industrial Development of Queensland and the Estates Construction Fund.

The financial statements include the value of all income, expenses, assets, liabilities and equity of the Property Services Group including the corporation sole of the Minister for Industrial Development of Queensland and the Estates Construction Fund.

The Property Services Group is a controlled entity of the Department of Infrastructure and Planning. The financial statements of the Property Services Group are consolidated into the Department of Infrastructure and Planning's financial statements. The Property Services Group is ultimately controlled by the Queensland State Government.

(c) Sales revenue

Revenue arising from the sale of goods is measured at fair value of the consideration received or receivables, net of returns, trade discounts and volume rebates. Revenue arising from the sale of goods is recognised as revenue when the significant risks and rewards of ownership transfer to the purchaser, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(d) User charges and penalties

User charges and penalties controlled by the Property Services Group are recognised as revenues when invoices for the related services are issued. User charges and penalties are controlled by the Property Services Group where they can be deployed for the achievement of the Property Services Group objectives.

(e) Grants and contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the Property Services Group obtains control over them. Where grants are received that are reciprocal in nature, revenue is accrued over the term of the funding arrangements.

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

(f) Cash and cash equivalents

For the purposes of the Balance Sheet and the Cash Flow Statement, cash in hand, cash at bank and cash equivalents include all cash and cheques receipted but not banked at 30 June 2009.

(g) Receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery. Settlement of these amounts is required within 14-30 days from the invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off as at 30 June 2009. Increases in the provision for impairment are based on loss events as disclosed in the financial instruments note (Note 29).

Other debtors generally arise from transactions outside the usual operating activities of the Commercialised Business Unit and are recognised at their assessed values. Terms are set based on the operations of the particular entities, no interest is charged and no security is obtained.

(h) Inventories

Land is purchased for the purpose of resale and is recognised at the lower of cost and net realisable value. Cost includes the cost of acquisition and development of the land to its existing condition, ready for sale. These costs are assigned to subdivided land lots on a weighted average basis when the lots are sold.

Net realisable value is determined on the basis of the Property Services Group's normal selling pattern.

Expenses associated with marketing, selling and distribution are deducted to determine net realisable value.

(i) Acquisitions of assets

Actual cost is used for the initial recording of all non-current physical asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees. However, training costs are expensed as incurred.

Where assets are received free of charge from a Queensland Government department (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.

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from a Queensland Government department, are recognised at their fair value at date of acquisition in accordance with AASB 116 *Property, Plant and Equipment* .

(j) Property, plant and equipment

Items of property, plant and equipment with a cost or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

Buildings	$10,000
Land	$1
Plant and equipment	$5,000

Items with a lesser value are expensed in the year of acquisition.

Land improvements undertaken by the Property Services Group are included with buildings.

(k) Revaluations of non-current physical assets

Land and buildings are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment* and Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector.*

Plant and equipment is measured at cost. The carrying amounts for plant and equipment at cost should not materially differ from their fair value.

Land and buildings are revalued on an annual basis to reflect either market value or depreciated current replacement costs as at the end of the financial year. The valuation is performed by registered independent valuers.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation reserve 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 reserve relating to that asset 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.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

(l) Intangibles

Intangible assets with a cost or other value equal to or greater than $100,000 are recognised in the financial statements, items with a lesser value being expensed. Each intangible asset is amortised over its estimated useful life to the Property Services Group, less any anticipated residual value. The residual value is zero for all the Property Services Group intangible assets.

It has been determined that there is not an active market for any of the Property Services Group's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

Purchased Software

The purchase cost of software has been capitalised and is being amortised on a straight-line basis over the period of the expected benefit to the Property Services Group, namely 5 years.

(m) Depreciation and amortisation of property, plant and equipment and intangibles

Land is not depreciated as it has an unlimited useful life.

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the Property Services Group.

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

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 to the Property Services Group.

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

Class	Depreciation rate
Buildings	2-3%
Plant and equipment:	
Motor Vehicles	16-20%
Office equipment	20%
Other equipment	10-33%
Intangibles:	
Software purchased	20%

(n) 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 to the extent that it reverses write downs of previously impaired revaluation increments. Refer also Note 1(k).

(o) Leases

Finance leases, which transfer from the 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.

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

Leases where the 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 Property Services Group's normal depreciation policy (Note 1(m)).

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 Environment and Resource Management acts as an agent on behalf of the Property Services Group in administering the finance and operating leases of the Property Services Group in accordance with the *Land Act 1994.*

(p) 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.

(q) Financial instruments

Recognition
Financial assets and financial liabilities are recognised in the Balance Sheet when the 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
- Loans and Receivables - held at amortised cost
- Payables - held at amortised cost

Loans are initially recognised at fair value, then subsequently held at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument (or, when appropriate, a shorter period) to the net carrying amount of that instrument.

The 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 the Property Services Group are included in Note 29.

(r) Employee benefits

Wages, salaries and sick leave

Wages and salaries due but unpaid at 30 June 2009 are recognised in the Balance Sheet at the nominal salary rates. 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, annual leave levies 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. Entitlements not expected to be paid within 12 months are classified as non-current liabilities and recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity, after projecting the remuneration rates expected to apply at the time of likely settlement.

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

The Queensland Government's Annual Leave Central Scheme (ALCS) became operational on 30 June 2008 for departments, commercialised business units and shared service providers. Under the scheme, a levy is made on the Property Services Group to cover the cost of employees' annual leave (including leave loading and on-costs). The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave are claimed from the scheme quarterly in arrears.

Effective from 30 June 2008, no provision for annual leave has been recognised in the Property Services Group's financial statements, the liability being held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting* . On 30 June 2008, the current portion of employee's annual leave liabilities was extinguished by recognising a short-term payable to the Crown (refer note 22). The non-current portion of employees' annual leave liabilities was also extinguished on that date by the Crown making a non-appropriated equity injection to the Property Services Group (refer to the Statement of Changes in Equity).

Long service leave

Under the Queensland Government's long service leave scheme, a levy is made on the Property Services Group to cover the cost of employees' long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears.

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 AASB 1049 *Whole of Government and General Government Sector Financial Reporting.*

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 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 AASB 1049 *Whole of Government and General Government Sector Financial Reporting.*

(r) Employee benefits (continued)

Executive remuneration

The executive remuneration disclosures in the employee expenses note (note 7) in the financial statements include:

- the aggregate remuneration of all senior executive officers whose remuneration for the financial year is $100,000 or more;
- the number of senior executives whose total remuneration for the financial year falls within each successive $20,000 band, commencing at $100,000;

The remuneration disclosed is all remuneration paid or payable, directly or indirectly, by the Property Services Group or any related party in connection with the management of the affairs of the Property Services Group or any of its subsidiaries, whether as an executive or otherwise. For this purpose, remuneration includes:

- wages and salaries;
- accrued leave (that is, the increase/decrease in the amount of annual and long service leave owed to an executive, inclusive of any increase in the value of leave balances as a result of salary rate increases or the like);
- accrued superannuation (being the value of all employer superannuation contributions during the financial year, both paid and payable as at 30 June);
- car parking benefits and the cost of motor vehicles, such as lease payments, fuel costs, registration, insurance, repairs and maintenance and fringe benefits tax on motor vehicles incurred by the agency during the financial year, both paid and payable as at 30 June, net of any amounts subsequently reimbursed by the executives;
- housing (being the market value of the rent or rental subsidy - where rent is part-paid by the executive - during the financial year, both paid and payable as at 30 June);
- allowances (which are included in remuneration agreements of executives, such as airfares or other travel costs paid to/for executives whose homes are situated in a location other than the location they work in); and
- fringe benefits tax included in remuneration agreements.

In addition to the monetary thresholds described above, the disclosures apply to all senior executives appointed under the *Public Service Act 2008* and classified as SES1 and above. 'Remuneration' means any money, consideration or benefit, but excludes amounts:

- paid to an executive by an entity or its subsidiary where the person worked during the financial year wholly or mainly outside Australia during the time the person was so employed; or
- in payment or reimbursement of out-of-pocket expenses incurred for the benefit of the entity or any of its subsidiaries.

In addition, separate disclosure of separation and redundancy/termination benefit payments is included.

(s) Provisions

Provisions are recognised when the 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.

(t) 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.

(u) 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.

(v) Taxation

The Property Services Group 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). FBT and GST are the only taxes accounted for by the Property Services Group.

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset (refer to note 16).

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

As a commercialised business unit, the 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), the 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.

Tax equivalent expense comprises current and deferred tax. Tax equivalent expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current income tax equivalent is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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.

(w) 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.

(x) Judgements and assumptions

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. 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 valuation of property, plant and equipment (refer note 19) and in provisions (refer note 24).

(y) 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.

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

(z) New and revised accounting standards

The Property Services Group did not voluntarily change any of its accounting policies during 2008-09. New and amended Australian Accounting Standards that were applicable for the first time in the 2008-09 financial year have had a no significant impact on the Property Services Group's financial statements.

The Property Services Group is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from the Treasury Department. Consequently, the Property Services Group has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. The 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, the revised version of AASB101 *Presentation of Financial Statements* effective 1 July 2009 will have a significant impact on the Property Services Group.

AASB101 *Presentation of Financial Statements* does not have measurement or recognition implications. However, in line with the new concept of 'comprehensive income' in the revised AASB101, there will be significant changes to the presentation of the Property Services Group's income and expenses that are currently presented in the Income Statement and the Statement of Changes in Equity. Ignoring other potential impacts on the operating result, if the revised AASB101 was applied by the Property Services Group for 2008-09 reporting, it would have reported comprehensive income of $37.1 milion for the year, and income tax on other comprehensive income of $13.7 million.

The increase in the asset revaluation reserve for 2008-09 (approximately $32 million) would not therefore be included in the Statement of Changes in Equity. In addition, where there have been retrospective accounting policy changes, retrospective restatement of items in the financial statements or re-classifications of financial statement items during the current reporting period, the revised AASB101 will require restatement of financial position to be presented as at the beginning of the earliest comparative period included in the financial statements.

	2009 $'000	2008 $'000
2. Sale of land		
Sale of land	44,868	98,115
Total	**44,868**	**98,115**
Cost of land sold	10,058	20,007
Total	**10,058**	**20,007**
3. User charges		
Rent revenue	13,967	10,977
Event revenue	427	381
Other	76	-
Total	**14,470**	**11,358**
4. Other revenues		
Interest	10,231	11,437
Penalty and interest on sale of land	2,189	2,040
Sundry	60	54
Total	**12,480**	**13,531**
5. Gain on sale of property, plant and equipment		
Land	-	1,323
Plant and equipment	15	-
Total	**15**	**1,323**
6. Gain on reversal of decrement expense		
Buildings	-	2,812
Total	**-**	**2,812**

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.

	2009 $'000	2008 $'000
7. Employee expenses		
Employee benefits		
Annual leave expense (refer note 1(r))	-	142
Annual leave levy *	134	-
Employer superannuation contributions *	153	153
Long service leave levy *	22	23
Wages and salaries	1,226	1,198
Employee related expenses		
Fringe benefits tax **	14	9
Payroll tax **	68	75
Other employee related expenses	1	2
Total	**1,618**	**1,602**

***** Employer superannuation contributions, the annual leave levy and the long service leave levy are regarded as employee benefits.

****** Costs of fringe benefits tax and payroll tax 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.

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

	2009	2008
Number of employees:	**15**	**16**

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.

	2009 $'000	2008 $'000
8. Supplies and services		
Building services	858	386
Computer operating costs	33	29
Consultants and contractors	1,054	1,251
Corporate services	1,319	962
Marketing and public relations	274	201
Minor plant and equipment	17	4
Minor works	469	77
Motor vehicle expenses	33	39
Repairs and maintenance	323	319
Supplies and consumables	36	32
Telecommunications	60	46
Travel	17	30
Other	34	10
Total	**4,527**	**3,386**

	2009 $'000	2008 $'000
9. Grants and subsidies		
Industry support programs	7,180	-
Private enterprise	-	140
Queensland Government departments	18,412	12,225
Total	**25,592**	**12,365**
10. Depreciation and amortisation		
Depreciation was incurred in respect of:		
Buildings	471	315
Plant and equipment	46	54
Software purchased	13	-
Total	**530**	**369**
11. Impairment losses		
Bad debts written off	3	15
Impairment losses on trade receivables	5	12
Land inventory	13	827
Buildings	-	57
Total	**21**	**911**

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.

12. Revaluation decrement		
Buildings	8,387	-
Total	**8,387**	**-**

The decrement, not being a reversal of a previous revaluation increment in respect of the same class of assets, has been recognised as an expense in the Income Statement.

	2009 $'000	2008 $'000

13. Other expenses

External audit fees *	85	93
Insurance premiums - QGIF **	8	4
Losses from disposal of property, plant and equipment	16	3,026
Taxes - land, rates and stamp duty	13,708	7,777
Total	**13,817**	**10,900**

* Total external audit fees relating to the 2008-09 financial year are estimated to be $84,000 (2008: $75,200). 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 2009.

14. Income tax equivalent

Income tax equivalent expense		
Profit before income tax equivalents	7,283	77,599
Prima facie tax at 30%	2,185	23,276
Prior period adjustment	30	-
Income tax equivalent expense	**2,215**	**23,276**
Income tax equivalent expense comprises		
Current	9,741	25,063
(Increase)/decrease in deferred tax asset	(2,594)	2,589
Increase/(decrease) in deferred tax liability	(4,962)	(4,376)
Under provision in prior year	30	-
	2,215	**23,276**
Current income tax equivalent liabilities		
Balance at the beginning of the year	34,149	13,994
Income tax equivalent paid	(33,158)	(4,908)
Current year's income tax equivalent expense/(revenue) on profit from ordinary activities	9,741	25,063
Prior year adjustment	(991)	-
Balance at the end of the year	**9,741**	**34,149**
Deferred tax equivalent liability		
Balance at the beginning of the year	80,094	71,750
Current year's income tax equivalent expense/(revenue) on profit from ordinary activities	(4,962)	(4,376)
Items charged or credited direct to equity	13,703	12,720
Prior year adjustment	1,006	-
Balance at the end of the year	**89,841**	**80,094**

	2009 $'000	2008 $'000
14. Income tax equivalent continued		
Deferred tax equivalent liability comprises:		
Interest receivable	367	-
Unearned rent revenue	(39)	-
Deferred income tax related to items charged or credited directly to equity:		
Land revaluations	89,513	80,094
Balance at the end of the year	**89,841**	**80,094**
Deferred tax equivalent asset		
Balance at the beginning of the year	2,316	4,905
Current year's income tax equivalent expense/(revenue) on profit from ordinary activities	2,594	(2,589)
Balance at the end of the year	**4,910**	**2,316**
Deferred tax equivalent asset comprises:		
Annual leave	13	35
Provision for doubtful debts	121	120
Superannuation	1	1
Accrued expenses	72	1
Accrued audit fees	8	18
Long service leave payable	2	2
Accounting depreciation	30	27
Building accumulated impairment/devaluation	4,663	2,112
Balance at the end of the year	**4,910**	**2,316**
15. Cash and cash equivalents		
Cash at bank and on hand	206,163	200,888
Total	**206,163**	**200,888**

Cash at bank earned interest with the Queensland Treasury Corporation at rates between 2.11% and 6.76% (2008: 5.42% and 6.86%).

	2009 $'000	2008 $'000
16. Receivables		
Current		
Trade debtors	1,019	2,437
Less: Provision for impairment	(405)	(400)
	614	2,037
GST receivable	1,270	774
GST payable	(786)	(1,999)
	484	(1,225)
Annual leave reimbursements	27	-
Interest receivable	1,223	3,353
Finance lease debtors	6,510	5,600
Loans and advances	1,686	1,397
Long service leave reimbursements	-	34
Operating lease debtors	716	155
Total	**11,260**	**11,351**
Non-current		
Finance lease debtors	29,207	26,433
Loans and advances	11,929	13,615
Total	**41,136**	**40,048**
Movements in the allowance of provision for impairment of debtors		
Balance at the beginning of the year	(400)	(388)
Amounts written off during the year	-	-
Amount recovered during the year	-	-
(Increase)/decrease in allowance recognised in profit or loss	(5)	(12)
Balance at the end of the year	**(405)**	**(400)**
17. Inventories		
Land held for resale		
- Costs of acquisition or net realisable value	241,409	211,692
Total	**241,409**	**211,692**
Aggregate carrying amount of inventories		
- Costs of inventory expected to be sold within 12 months	6,467	16,625
- Costs of inventory expected to be sold later than 12 months	234,942	195,067
Total	**241,409**	**211,692**

	2009 $'000	2008 $'000
18. Other assets		
Current		
Prepayments	15	13
Total	**15**	**13**
Non-current		
Security deposits	510	200
Total	**510**	**200**
19. Property, plant and equipment		
Land:		
At fair value	329,900	305,644
Land under buildings at fair value	19,375	19,230
	349,275	324,874
Buildings:		
At fair value	4,342	16,304
Less: Accumulated depreciation	(1,995)	(4,890)
Less: Accumulated impairment	-	(57)
	2,347	11,357
Plant and equipment:		
At cost	544	685
Less: Accumulated depreciation	(451)	(543)
	93	142
Total	**351,715**	**336,373**

Interim valuations have been performed on land subject to operating lease using State Valuation Service indices derived from changes in the unimproved land values as issued by the Chief Executive, Department of Environment and Resource Management. The Property Services Group management have reviewed the valuations provided and have determined that they present a true and fair view. The State Valuation Service last performed a comprehensive valuation of these land assets as at 1 December 2005.

Independent valuations have been performed on the PSG owned buildings and land under buildings by the State Valuation Service using 'fair value' principles.

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

19. Property, plant and equipment reconciliation

	Land		Buildings		Plant and equipment		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July	324,874	300,469	11,356	8,917	142	197	336,372	309,583
Acquisitions	-	1,430	-	-	-	-	-	1,430
Disposals	(20,158)	(19,315)	(151)	-	(3)	(1)	(20,312)	(19,316)
Transfers (to)/from inventory	(1,115)	(62)	-	-	-	-	(1,115)	(62)
Revaluation increments taken to revaluation reserve (Note 25)	45,674	42,352	-	-	-	-	45,674	42,352
Revaluation increments taken to operating statement (Note 6)	-	-	-	2,812	-	-	-	2,812
Revaluation decrements taken to operating statement (Note 12)	-	-	(8,387)	-	-	-	(8,387)	-
Depreciation	-	-	(471)	(316)	(46)	(54)	(517)	(370)
Impairment losses recognised in Operating Surplus/(Deficit)	-	-	-	(57)	-	-	-	(57)
Carrying amount at 30 June	**349,275**	**324,874**	**2,347**	**11,356**	**93**	**142**	**351,715**	**336,372**

The Property Services group has two plant and equipment assets with a written down value of zero that are still being used in the provision of services. The assets had an original cost of $277,038. They consist of a communications and data network and a telephone system, both located in the Clunies Ross Centre within the Brisbane Technology Park.

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	2009 $'000	2008 $'000
20. Intangibles		
Software purchased:		
At cost	150	-
Less: Accumulated amortisation	(13)	-
Total	**137**	**-**
Intangibles reconciliation		
Carrying amount at 1 July	-	-
Acquisitions	150	-
Amortisation	(13)	-
Carrying amount at 30 June	**137**	**-**
21. Payables		
Annual leave central scheme payable (refer to note 1(r))	-	118
Grants and subsidies payable	-	59
Trade creditors	894	3,137
Other	10	7
Total	**904**	**3,321**
22. Accrued employee benefits		
Annual leave levy payable	43	-
Long service leave levy payable	5	6
Other employee entitlements payable	4	4
Wages and related costs outstanding	34	29
Total	**86**	**39**
23. Other liabilities		
Deposits held	6,403	11,435
Unearned revenue	132	230
Total	**6,535**	**11,665**

	2009 $'000	2008 $'000
24. Provisions		
Taxes - land, rates and stamp duty	13,708	922
Total	**13,708**	**922**
Movement in provisions		
Taxes - land, rates and stamp duty		
Balance 1 July	922	-
Additional provision recognised	13,708	7,777
Reduction in provision as a result of payments	(922)	(6,855)
Balance 30 June	**13,708**	**922**

Provision for taxes

The Property Services Group is required under the Queensland Treasury's Commercialisation of Government Service Functions in Queensland Policy Framework to recognise tax equivalents for stamp duty, land tax and local government rates. Calculation and recognition of tax equivalents ensures that the Property Services Group is not advantaged relative to its private sector counterparts. Payments are required to be made to the Queensland Government's Consolidated Fund and are determined on a self assessment basis giving proper regard to current rates and charges applicable.

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. Refer note 1(v).

25. Asset revaluation reserve by class

	Land $'000	Buildings $'000	Total $'000
Balance 1 July 2008	186,872	-	186,872
Revaluation increments	45,688	-	45,688
Tax equivalent effect of revaluation	(13,702)	-	(13,702)
Transfer reserve to retained surpluses assets sold	(9,993)	-	(9,993)
Balance 30 June 2009	**208,865**	**-**	**208,865**

	Land $'000	Buildings $'000	Total $'000
Balance 1 July 2007	167,447	-	167,447
Revaluation increments	42,352	-	42,352
Tax equivalent effect of revaluation	(12,720)	-	(12,720)
Transfer reserve to retained surpluses assets sold	(10,207)	-	(10,207)
Balance 30 June 2008	**186,872**	**-**	**186,872**

The asset revaluation reserve represents the net effect of upwards and downwards revaluations of assets to fair value.

	2009 $'000	2008 $'000
26. Reconciliation of operating surplus to net cash from operating activities		
Operating surplus	5,068	54,323
Depreciation expense	530	369
Gain on reversal of decrement expense	-	(2,812)
Revaluation decrement	8,387	-
Loss on sale of property, plant and equipment	16	3,026
Gain on sale of property, plant and equipment	(15)	(1,323)
Impairment losses	21	911
Net leave liability transferred to other government departments	-	(22)
Prior period correction	15	-
Tax equivalent effect of revaluation	(13,689)	(12,720)
Change in assets and liabilities:		
(Increase)/decrease in receivables	(728)	(3,382)
(Increase)/decrease in GST input tax credits receivable	(497)	236
(Increase)/decrease in LSL reimbursement receivables	34	(27)
(Increase)/decrease in inventories	(28,614)	(21,381)
(Increase)/decrease in prepayments	(2)	(8)
(Increase)/decrease in sundry assets	(310)	(200)
(Increase)/decrease in deferred tax assets	(2,594)	2,589
Increase/(decrease) in accounts payable	(2,417)	(714)
Increase/(decrease) in other liabilities	(5,032)	5,752
Increase/(decrease) in income tax equivalent payable	(24,408)	20,155
Increase/(decrease) in deferred tax liability	9,747	8,344
Increase/(decrease) in accrued employee benefits	48	(93)
Increase/(decrease) in unearned revenue	(99)	148
Increase/(decrease) in GST payable	(1,213)	1,098
Increase/(decrease) in provision for tax	12,787	922
Net cash from operating activities	**(42,965)**	**55,191**

	2009 $'000	2008 $'000

27. Commitments for expenditure

(a) Capital expenditure commitments

Material classes of capital expenditure commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts payable as follows:

Land improvements	2,340	7,504
Total	**2,340**	**7,504**
Payable:		
- Not later than one year	1,786	7,504
- Later than one year and not later than five years	554	-
Total	**2,340**	**7,504**

(b) Grants and subsidies expenditure

As at 30 June 2009, approval has been given to various grantees in accordance with formal agreements to pay the following grants provided certain criteria are met:

Grant - recurrent	68,554	75,734
Grant - capital	4,000	1,480
Total	**72,554**	**77,214**
Payable:		
- Not later than one year	29,221	28,704
- Later than one year and not later than five years	43,333	48,510
Total	**72,554**	**77,214**

28. Contingencies

(a) Litigation in progress

As at 30 June 2009 no legal action has been undertaken by, or brought, against the Property Services Group.

(b) Native title claims

As at 30 June 2009 native title claims have been made on extensive areas of Queensland, including the Property Services Group's land, but as yet no claims have been determined by the National Native Title tribunal.

29. Financial instruments

(a) Categorisation of financial instruments

The Property Services Group has categorised the financial assets and financial liabilities held as:

Category	Notes	2009 $'000	2008 $'000
Financial assets			
Cash and cash equivalents	15	206,163	200,888
Loans and receivables	16	52,396	51,399
Total		**258,559**	**252,287**
Financial liabilities			
Financial liabilities measured at amortised cost:			
Payables	21	904	3,321
Deposits held	23	6,403	11,435
Total		**7,307**	**14,756**

(b) Financial risk management

The Property Services Group is exposed to a variety of financial risks that arise from financial instruments held at reporting date - interest rate risk, credit risk, liquidity risk and market risk.

Financial risk management is implemented pursuant to Government and the Property Services Group policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the Property Services Group.

All financial risk is managed by Financial and Asset Management Division of the Parent entity, under policies approved by the Property Services Group. The Property Services Group provides written principles for overall risk management, as well as policies covering specific areas.

The Property Services Group measures risk exposure using a variety of methods as follows:

Risk exposure	Measurement method
Credit risk	Aging 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 Property Services Group 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 assets is the gross carrying amount of those assets inclusive of any provisions for impairment.

29. Financial instruments (continued)

The following table represents the Property Services Group's maximum exposure to credit risk based on contractual amounts net of any allowances:

Maximum Exposure to Credit Risk

Category	Notes	2009 $'000	2008 $'000
Financial assets			
Cash and cash equivalents	15	206,163	200,888
Loans and receivables	16	52,396	51,399
Total		**258,559**	**252,287**

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

The Property Services Group manages credit risk through the use of the Credit Management Strategy. This strategy aims to reduce the exposure to credit default by ensuring that the Property Services Group invests in secure assets, and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on a regular basis.

No financial assets and financial liabilities have been offset and presented net in the Balance Sheet.

The method for calculating any provisional impairment for risk is based on past experience, current and expected changes in economic conditions and changes in client credit ratings. The main factors affecting the current calculation for impairment are disclosed below as loss events. These economic and geographical changes form part of the Property Services Group's documented risk analysis assessment in conjunction with historic experience and associated industry data.

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated. Aging of past due but not impaired as well as impaired financial assets are disclosed in the following tables:

2009 Financial assets past due but not impaired

	Contractual Repricing/Maturity Date:						
			Overdue				Total
	Not overdue	Less than 30 days	30-60 days	61-90 days	More than 90 days	Total Overdue	financial assets
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Loans and receivables	51,210	275	162	5	744	1,186	52,396
Total	**51,210**	**275**	**162**	**5**	**744**	**1,186**	**52,396**

29. Financial instruments (continued)

2008 Financial assets past due but not impaired

	Contractual Repricing/Maturity Date:						
			Overdue				
	Not overdue	Less than 30 days	30-60 days	61-90 days	More than 90 days	Total Overdue	Total financial assets
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Loans and receivables	51,090	112	5	4	188	309	51,399
Total	**51,090**	**112**	**5**	**4**	**188**	**309**	**51,399**

2009 Impaired financial assets

	Contractual Repricing/Maturity Date:						
			Overdue				
	Not overdue	Less than 30 days	30-60 days	61-90 days	More than 90 days	Total Overdue	Total financial assets
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Loans and receivables	-	-	-	-	405	405	405
Total	**-**	**-**	**-**	**-**	**405**	**405**	**405**

2008 Impaired financial assets

	Contractual Repricing/Maturity Date:						
			Overdue				
	Not overdue	Less than 30 days	30-60 days	61-90 days	More than 90 days	Total Overdue	Total financial assets
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Loans and receivables	4	4	-	4	388	396	400
Total	**4**	**4**	**-**	**4**	**388**	**396**	**400**

(d) Liquidity risk

Liquidity risk refers to the situation where the Property Services Group may encounter difficulty in meeting obligations associated with financial liabilities.

The Property Services Group is exposed to liquidity risk through its trading in the normal course of business.

The Property Services Group manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the Property Services Group has sufficient funds available to meet employee and supplier obligations at all times. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

The following table sets out the liquidity risk of financial liabilities held by the Property Services Group. It represents the contractual maturity of financial liabilities, calculated based on cash flows relating to the repayment of the principal amount outstanding at balance date.

29. Financial instruments (continued)

		2009 Payable in			
		<1 year	1-5 years	> 5 years	Total
Category	**Notes**	**$'000**	**$'000**	**$'000**	**$'000**
Financial liabilities					
Payables	21	904	-	-	904
Deposits held	23	6,403	-	-	6,403
Total		**7,307**	**-**	**-**	**7,307**

		2008 Payable in			
		<1 year	1-5 years	> 5 years	Total
Category	**Notes**	**$'000**	**$'000**	**$'000**	**$'000**
Financial liabilities					
Payables	21	3,321	-	-	3,321
Deposits held	23	11,435	-	-	11,435
Total		**14,756**	**-**	**-**	**14,756**

(e) Market risk

The Property Services Group does not trade in foreign currency and is not materially exposed to commodity price changes. The Property Services Group is exposed to interest rate risk through its cash deposited in interest bearing accounts. Details have been disclosed in the liquidity and interest risk tables. The Property Services Group does not undertake any hedging in relation to interest risk and manages its risk as per the liquidity risk management strategy.

Interest rate sensitivity analysis

The following interest rate sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss should there be a 100 basis points movement in interest rates from the year end rates applicable to the financial assets and liabilities. It assumes that the rate would be held constant over the financial year, with the change occurring at the beginning of the financial year.

At reporting date if the interest rates had been 100 basis points lower, the Property Services Group would have a net profit decrease of $7,340,353 (2008: decrease $481,542). This is attributable to the Property Services Group's exposure to variable interest rates for its deposits in interest bearing accounts.

If the interest rates had been 100 basis points higher, the Property Services Group would have had a net profit decrease of $2,919,250 (2008: increase $2,940,686), attributable to the Property Services Group's variable interest rate deposits in interest bearing accounts.

Fair Value

The fair value of financial assets and liabilities must be estimated for recognition and measurement and for note disclosure purposes.

The fair value of monetary financial assets and financial liabilities, other than borrowings, is based on market prices where a market exists, or is determined by discounting expected future cash flows by the current interest rate for financial assets and financial liabilities with similar risk profiles.

The fair value of receivables and payables are assumed to approximate their normal value less estimated credit adjustments.

30. Leases - as lessor

The Department of Environment and Resource Management acts as an agent on behalf of the Property Services Group in administering the finance and operating leases of the Property Services Group in accordance with the *Land Act 1994* . These leases are recognised in the financial statements in accordance with Note 1(n).

(a) Finance leases

Freeholding leases of land are issued to persons who elect to pay the purchase price for the land by annual instalments over the term of the lease. Freehold title transfers to the lessee when the purchase price is fully paid. The leases can be paid out at any time during their term without penalty. However, penalty interest is charged for any late payment.

Freeholding leases are set over a 10 year term, except for several 20 year leases and one 30 year lease. At balance date, 49% of the leases are due to expire within the next five years.

The interest rate implicit in the freeholding leases is 6% except for several older leases which are interest-free.

Future minimum lease payments receivable under the freeholding leases together with their present value, are as follows:

	Minimum future lease payments receivable		Present value of minimum future lease payments receivable	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Not later than 1 year	6,617	5,929	6,510	5,600
Later than 1 year and not later than 5 years	23,253	20,536	19,264	16,908
Later than 5 years	15,283	14,791	9,943	9,525
Total minimum future lease receivables	45,153	41,256	35,717	32,033
Less unearned finance interest income	9,436	9,223		
Present value of total minimum future lease receivables	**35,717**	**32,033**	**35,717**	**32,033**
Included in Note 16 of these financial statements as:				
Current finance lease debtors			6,510	5,600
Non-current finance lease debtors			29,207	26,433
Carrying amount at 30 June			**35,717**	**32,033**

(b) Operating leases

Fixed term leases and ongoing perpetual leases are issued for commercial and industrial use of land by a lessee. An annual rent is payable on 1 September each year, and is based on the unimproved value of the land, multiplied by the rental category percentage rate - 5%. Unimproved value is assessed annually by the Department of Environment and Resource Management, therefore rent is variable unless otherwise fixed in the conditions of the lease. Penalty interest is charged for any late payment.

Upon expiry of the lease, the lessee loses the right to possession of the land and any improvements located thereon unless otherwise stated in the conditions of the lease. The lease may be cancelled after giving reasonable notice to the lessee if the lessee is in breach of the conditions of the lease including failure to comply with statutory requirements or failure to pay rent by a due date. The lessee may voluntary surrender the lease, provided rents have been paid in full.

In calculating minimum future lease receivables, it is assumed that property values will increase at 12% (2008: 10%) annually and that perpetual leases will continue for a further 15 years.

30. Leases - as lessor (continued)

Future minimum lease payments receivable under the operating leases are as follows:

	Minimum future lease payments receivable	
	2009	2008
	$'000	$'000
Not later than 1 year	12,523	12,341
Later than 1 year and not later than 5 years	58,850	56,022
Later than 5 Years	247,512	203,598
Total minimum future lease receivables	**318,885**	**271,961**

31. Correction of error

The Property Services Group have contracted the management of the Brisbane Technology Park Centre and Conference Facilities to a private company who maintain a trust account on behalf of the Property Services Group in operating the centre. In prior periods the Property Services Group have only recognised profit distributions from the trust account, however, the trust account in total represents valid transactions for the Property Services Group which should be accordingly represented in the Financial Statements. The following amounts have been restated to account for this error:

	As reported	Restated	Adjustments
	2008	2008	2008
	$'000	$'000	$'000
Current assets			
Cash and cash equivalents	200,503	200,888	385
Receivables	11,188	11,351	163
Other assets	-	13	13
Current liabilities			
Payables	3,170	3,322	152
Other liabilities	11,468	11,665	197
Equity			
Retained earnings	134,172	134,385	213
Income			
User charges	10,334	11,358	1,024
Other revenue	13,619	13,532	(87)
Expenses			
Supplies and services	2,465	3,386	921
Other expenses	10,896	10,900	4

32. Events occurring after balance date

No events have occurred since balance date which are expected to have a material impact upon the financial position and performance of the Property Services Group.

MANAGEMENT CERTIFICATE

These general purpose financial statements have been prepared pursuant to section 40(1) of the *Financial Administration and Audit Act 1977* (the Act), and other prescribed requirements. In accordance with Section 40(3) of the Act we certify that in our opinion:

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

(b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Property Services Group for the financial year ended 30 June 2009 and of the financial position of the Property Services Group at the end of that year.

Pat Morgan CPA
Executive Director
Financial and Asset Management
Chief Finance Officer

Colin Jensen
Coordinator-General
Director-General

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of Property Services Group

Matters Relating to the Electronic Presentation of the Audited Financial Report

The auditor's report relates to the financial report of Property Services Group for the financial year ended 30 June 2009 included on Property Services Group's website. The Accountable Officer is responsible for the integrity of the Property Services Group's website. I have not been engaged to report on the integrity of the Property Services Group's website. The auditor's report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from Property Services Group, to confirm the information included in the audited financial report presented on this website.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

Report on the Financial Report

I have audited the accompanying financial report of Property Services Group , which comprises the balance sheet and statement of assets and liabilities as at 30 June 2009, and the income statement, statement of changes in equity, cash flow statement and income statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the certificates given by the Director-General and Chief Finance Officer.

The Accountable Officer's Responsibility for the Financial Report

The Accountable Officer is responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the *Financial Administration and Audit Act 1977* and the *Financial Management Standard 1997,* including compliance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility to express an opinion on the financial report based on the audit is prescribed in the *Auditor-General Act 2009*. This Act, including transitional provisions, came into operation on 1 July 2009 and replaces the previous requirements contained in the *Financial Administration and Audit Act 1977*.

The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards,* which incorporate the Australian Auditing Standards. These auditing standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance 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 risks of material misstatement in 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 and fair presentation of the financial report 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 and the reasonableness of accounting estimates made by the Accountable Officer, as well as evaluating the overall presentation of the financial report and any mandatory financial reporting requirements as 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 QAO authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed 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.

Auditor's 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 respect of the establishment and keeping of accounts have been complied with in all material respects; and

  (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Property Services Group for the financial year 1 July 2008 to 30 June 2009 and of the financial position as at the end of that year.

J A THORNLEY CPA
as Delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane

Images courtesy of:

Department of Environment and Resource (Environmental Protection Agency), Office of Urban Management, Griffith University, Queensland Department of Main Roads, SEQ Water and Tony Phillips.

Images also include shortlisted entries from the Capture Queensland Q150 photo competition. The department held the competition in 2009 to celebrate Queensland's 150th birthday, showcasing the talents of amateur and professional photographers around Queensland in two categories: 'iconic infrastructure' and 'my Queensland'. The calibre of entries was outstanding. Featured in this annual report is the work of S. Lund, A. Cumberland, W. Roscoe, J. Ferguson and K. Butler.

Visit www.dip.qld.gov.au/q150 to see more.

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Have your say

This annual report is part of the Department of Infrastructure and Planning's commitment to keeping people informed about what the department does and how it performs. We welcome your feedback on the report's content and presentation and any suggestions about how we can improve this report in the future. Please forward your suggestions as follows:

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The Queensland Government is committed to providing accessible services to Queenslanders from culturally and linguistically diverse backgrounds. If you need an interpreter, please call the Translating and Interpreting Services (TIS National) office on 131 450 and ask them to contact the Department of Infrastructure and Planning on 07 3227 8548.

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ISSN 1834–1578

Department of Infrastructure and Planning.
Annual Report 2008–09
www.dip.qld.gov.au

Queensland Government