

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 71. It contains financial data labelled:

- Parent Entity
- Parent Entity —administered on a whole-of-government basis
- Consolidated

Parent Entity refers to the funds within the control of the government agency - Department of Infrastructure and Planning - referred to as Controlled funding.

Parent Entity —administered on a whole-of-government basis refers to those funds administered by the Department of Infrastructure and Planning on behalf of government over which the department may exercise no control.

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 131.

Overview of consolidated entity operations

Department of Infrastructure and Planning—the department's role is to steer major resource and infrastructure projects to fruition and to ensure the timely delivery of both social and economic infrastructure in a way that is not only sustainable but which also delivers benefits to all Queenslanders and to lead local, regional, statewide planning initiatives and land use.

Property Services Group—is a commercialised business unit of the Department of Infrastructure and Planning and 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 developments functions aimed at encouraging the location and expansion of business and industry in Queensland.

City North Infrastructure Pty Ltd—is jointly owned by Department of Infrastructure

and Planning (25 per cent), Queensland Treasury Holdings Pty Ltd (25 per cent), Department of Transport (25 per cent) and Department of Main Roads (25 per cent) with the share holdings representing the major project and transport nature of its business. Commencing operations on 22 December 2006, its principal activities for the period were to oversee the procurement of the Airport Link and Northern Busway (Windsor–Kedron) projects on behalf of the State of Queensland.

Queensland Water Infrastructure Pty Ltd—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 the Traveston Crossing and Wyaralong dams.

South East Queensland (Gold Coast) Desalination Company Pty Ltd—is controlled by the department through 100 per cent ownership. 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—the government acquired 100 per cent ownership in the company on 28 June 2007. 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—was established on 2 March 2007 and is fully owned by the department. The

principal activity of the company during the financial period was the design, construction and operation of the Western Corridor Recycled Water Project.

Consolidated financial overview

Operating result

The Consolidated entity reported a 2007–08 operating surplus of \$62.786 million after the elimination of related party transactions. The majority of this profit was earned by Property Services Group through its resale of land operations.

Consolidated entity income statement summary:

	2008	2007
	\$'000	\$'000
Total revenues	274,885	534,789
Total expenses	212,099	118,630
Operating results	62,786	416,159

Balance sheet—assets, liabilities and equity

Consolidated entity's balance sheet summary:

	2008	2007
	\$'000	\$'000
Total assets	5,358,893	2,649,375
Total liabilities	3,673,624	983,955
Total equity	1,685,269	1,665,420

The **assets** held by the consolidated entity at 30 June 2008 largely comprised cash, inventories, and property, plant and equipment. The significant increase in total assets between 2006–07 and 2007–08 was a result of the increased scale of infrastructure delivery operations. Increases in assets included:

- Capital works in progress:
 - \$1,348.636 million for the construction of the western corridor recycled water pipeline by Western Corridor Recycled Water Pty Ltd
 - \$441.470 million for the creation of the Gold Coast desalination facility by South East Queensland (Gold Coast) Desalination Company Pty Ltd

- \$779.935 million for the construction of a water pipeline network and associated infrastructure in South East Queensland by Southern Regional Water Pipeline Company Pty Ltd

- Land:

- \$235.024 million for land acquired by Queensland Water Infrastructure Pty Ltd.

The **liabilities** of the consolidated entity at 30 June 2008 mainly relate to financial liabilities and payables.

- Financial liabilities total \$3,137.904 million and relate to a construction debt facility with Queensland Treasury Corporation for the sole purpose of design, construction, commissioning and operation of major water infrastructure projects including:

- \$617.88 million in Queensland Water Infrastructure Pty Ltd
- \$1,300.395 million in Western Corridor Recycled Water Pty Ltd
- \$937.631 million in Southern Regional Water Pipeline Pty Ltd
- \$281.998 million in South East Queensland (Gold Coast) Desalination Company Pty Ltd.

- Payables included the following capital, goods and services incurred by the entity in 2007–08 which were unpaid at 30 June 2008:

- \$148.419 million in Western Corridor Recycled Water Pty Ltd
- \$89.793 million in Southern Regional Water Pipeline Pty Ltd
- \$37.644 million in South East Queensland (Gold Coast) Desalination Company Pty Ltd

Equity is the entity's net worth that is total assets less total liabilities. Equity as at 30 June 2008 was \$1,685.269 million, an increase of \$0.02 million (1 per cent) over the previous year.

Parent Entity financial overview

Operating result

The Department of Infrastructure and Planning's operating result for 2007–08 was a deficit of \$1.856 million. The deficit is mainly due to technical accounting treatments with no cash impact of the following items:

- \$ 3.659 million of revenue relating to contributed assets received from Department of Public Works
- \$ 4.481 million associated with the impairment loss resulting from the write-off of assets purchased in the development of the Targinie State Development Area and the Narangba Haulage Route
- \$ 0.955 million associated with losses on disposal of property, plant and equipment assets

After accounting for the above issues, the department ran a small operating deficit.

Parent entity income statement summary:

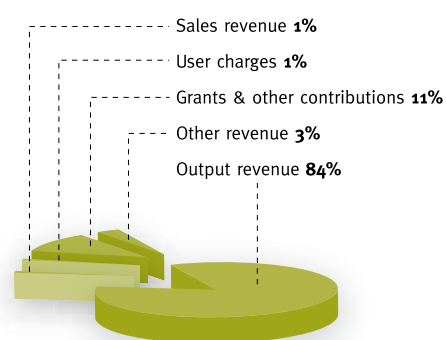
	2008	2007
	\$'000	\$'000
Total revenues	116,169	54,658
Total expenses	118,024	61,909
Operating result	(1,856)	(7,251)

Revenues

The department's main revenue source is the state government. In 2007–08, \$104.761 million was appropriated from the State Government, an increase of \$67.169 million on 2006–07, mainly due to the implementation of the Queensland Housing Affordability Strategy, Smart City Master Planning and water consistency supply measures and a reclassification of funding from equity to operating for the procurement expenses associated with the delivery of the Airport Link Project. Also impacting on the increase in funding was the machinery-of-government changes in September 2007 which resulted in the transfer in of Sustainable Planning and related functions from the former Department of Local Government, Planning, Sport and Recreation.

The department receives the bulk of its remaining funding from the Estates Construction Fund, administered by the Property Services Group, which was \$7.68 million in 2007–08. This funding was reduced in 2007–08 due largely to reduced project activity for various land and precinct planning projects.

The Department of Infrastructure and Planning (Parent Entity) revenue by category for year ended 30 June 2008



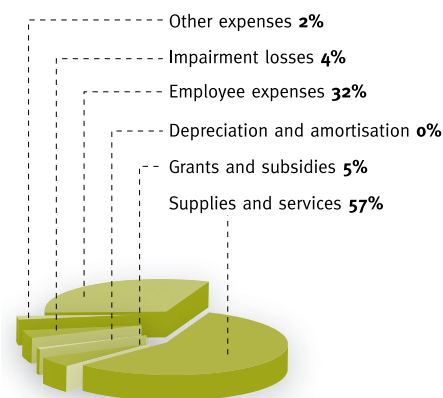
Expenses

The department’s main categories of expenses are employee expenses and supplies and services.

In 2007–08, employee expenses grew by 21 per cent to \$37.917 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 \$32.084 million to \$66.766 million. This increase was primarily driven by the implementation of the Queensland Housing Affordability Strategy, Smart City Master Planning and water contingency supply measures. The department also incurred an additional \$9.04 million in procurement service costs paid to City North Infrastructure for delivery of services in relation to the Airport Link Project.

The Department of Infrastructure and Planning (Parent Entity) expense by category for year ended 30 June 2008



Balance sheet—assets, liabilities and equity

Parent entity balance sheet summary:

	2008	2007
	\$'000	\$'000
Total assets	622,524	597,613
Total liabilities	29,923	35,708
Total equity	592,601	561,905

The **assets** held by the department are mainly shares in its controlled entities, as well as receivables due from and not yet paid by the controlled entities of the department. Other assets include strategic land holdings and general office equipment.

Liabilities mainly relate to trade creditors and provisions. The difference between 2006–07 and 2007–08 is mainly due to the decrease in unearned grant revenue relating to the Estates Construction Fund and unearned appropriation revenue.

Equity represents what the department is worth. The strong financial position of the department is evident through the low ratio of liabilities to assets of 5 per cent.

Parent Entity – Administered financial overview

Administered operations of the department mainly relate to the department passing on government funding to the Queensland Water Commission and Urban Land Development Authority. Movements in the administered balance sheet reflect the financing transactions related to the Brisbane Cruise Terminal development at Hamilton and transfers to Consolidated Fund of revenue earned in the sale of information about drilling and assay rights to the Aluminium Corporation of China.

2008–09 Outlook

The consolidated entity operations are set to reduce significantly in 2008–09 as the majority of water infrastructure construction projects draw to a close and transfer to government authorities created to manage their operations on an ongoing basis.