



FINANCIAL AUDIT REPORT 2 February 2021

# Transport 2020

Report 10: 2020–21

As the independent auditor of the Queensland public sector, including local governments, the Queensland Audit Office:

- provides professional audit services, which include our audit opinions on the accuracy and reliability of the financial statements of public sector entities
- provides entities with insights on their financial performance, risk, and internal controls; and on the efficiency, effectiveness, and economy of public service delivery
- produces reports to parliament on the results of our audit work, and on our insights, advice, and recommendations for improvement
- conducts investigations into claims of financial waste and mismanagement raised by elected members, state and local government employees, and the public
- shares wider learnings and best practice from our work with state and local government entities, our professional networks, industry, and peers.

We conduct all our audits and reports to parliament under the *Auditor-General Act 2009* (the Act). Our work complies with the *Auditor-General Auditing Standards* and the Australian standards relevant to assurance engagements.

- Financial audit reports summarise the results of our audits of over 400 state and local government entities.
- Performance audit reports cover our evaluation of some, or all, of the entities' efficiency, effectiveness, and economy in providing public services. Depending on the level of assurance we can provide, these reports may also take the form of:
  - Audit insights, which provide some evaluation and share our insights or learnings from our audit work across government
  - Audit briefs, which set out key facts, involve some evaluation, and may include findings and recommendations
  - Audit overviews, which help clients and stakeholders understand complex issues and subjects.

Learn more about our publications on our [website](#).

The Honourable C Pitt MP  
Speaker of the Legislative Assembly  
Parliament House  
BRISBANE QLD 4000

2 February 2021

This report is prepared under Part 3 Division 3 of the *Auditor-General Act 2009*.



Brendan Worrall  
Auditor-General



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# Report on a page

This report summarises the audit results of seven entities in Queensland’s transport sector: Department of Transport and Main Roads, Queensland Rail, Cross River Rail Delivery Authority, Gladstone Ports, North Queensland Bulk Ports, Port of Townsville, and Ports North.

## Financial statements are reliable, but some internal controls can be improved

All financial reports in the transport sector are reliable and comply with relevant laws and standards.

The systems and processes (internal controls) used by transport entities to prepare financial systems are generally effective. However, the entities need to strengthen their controls over procurement (documenting conflict of interest declarations) and expenditure, payroll processes, the security of their information systems, and supplier and employee information.

The most common internal control weakness we continue to identify across the public sector relates to security of information systems and controls over supplier and employee information. Transport entities must put strong controls in place to protect their information and assets.

## Maintaining services during the pandemic

The transport sector was able to maintain services through the COVID-19 pandemic without significant additional costs or interruption. Transport entities implemented new technology, such as remote access and electronic signature approvals, so they could continue to operate effectively.

There were financial impacts on the entities—mostly due to decreased patronage of public transport, lower rent from tenants facing financial hardship, and lower revenue from vessel services relating to the tourism industry (like cruise ships). The ongoing impacts of the pandemic will continue to be a challenge to the transport sector.

## Cross River Rail is underway

Cross River Rail is one of Queensland’s largest public transport projects under construction. The project is still in the early phases, with several contracts for major works packages recently finalised.

**Figure A**  
**Cross River Rail**



Source: Compiled by the Queensland Audit Office.

No significant issues have been identified in our financial statement audit. Our future audits will continue to assess compliance with policies, the tendering process and evaluation of prospective bids, and contract signing and ongoing contractor and design management, including material variations.



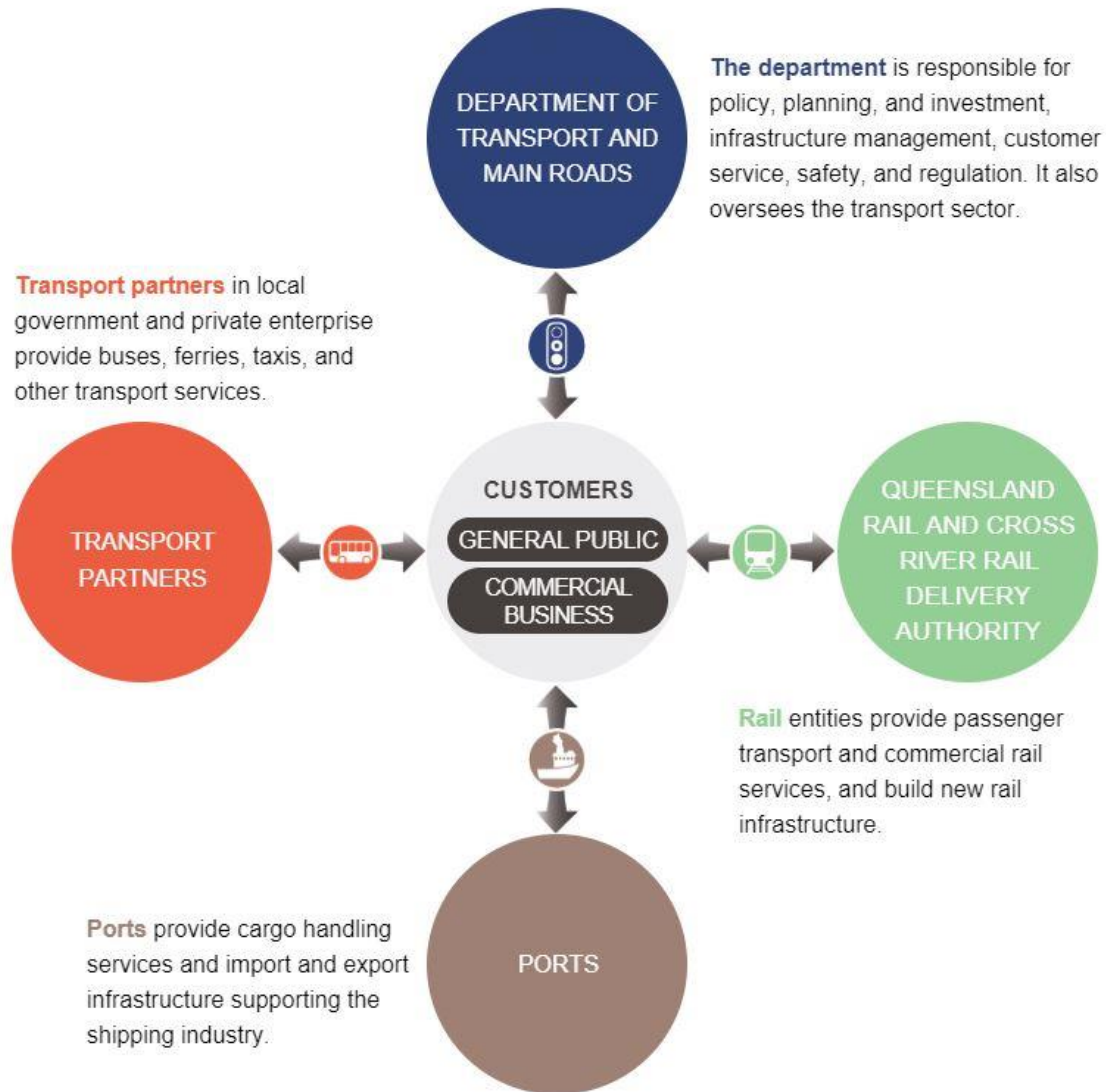
# Recommendations for entities

Improve procurement and expenditure processes (all entities)	
<u>REC 1</u>	<p>All entities should:</p> <ul style="list-style-type: none"> <li>• assess their compliance with conflict of interest processes</li> <li>• ensure supplier information and payments are appropriately authorised and independently reviewed.</li> </ul>
Strengthen the security of information systems (all entities)	
<u>REC 2</u>	<p>We recommend all public sector entities strengthen the security of their information systems. They rely heavily on technology, and increasingly, they have to be prepared for cyber attacks. Any unauthorised access could result in fraud or error, and significant reputational damage.</p> <p>Their workplace culture, through their people and processes, must emphasise strong security practices to provide a foundation for the security of information systems.</p> <p>All entities across the public sector should:</p> <ul style="list-style-type: none"> <li>• provide security training for employees so they understand the importance of maintaining strong information systems, and their roles in keeping them secure</li> <li>• assign employees only the minimum access required to perform their job, and ensure important stages of each process are not performed by the same person</li> <li>• regularly review user access to ensure it remains appropriate</li> <li>• monitor activities performed by employees with privileged access (allowing them to access sensitive data and create and configure within the system) to ensure they are appropriately approved</li> <li>• implement strong password practices and multifactor authentication (for example, a username and password, plus a code sent to a mobile), particularly for systems that record sensitive information</li> <li>• encrypt sensitive information to protect it</li> <li>• patch vulnerabilities in systems in a timely manner, as upgrades and solutions are made available by software providers to address known security weaknesses that could be exploited by external parties.</li> </ul> <p>Entities should also self-assess against all of the recommendations in <i>Managing cyber security risks</i> (Report 3: 2019–20) to ensure their systems are appropriately secured.</p>
Strengthen payroll processes and controls (all entities)	
<u>REC 3</u>	<p>All entities should ensure employee information, timesheets, and payments are recorded accurately, appropriately authorised, and independently reviewed.</p>



# 1. Overview of entities in this sector

**Figure 1A**  
Key entities in the Queensland transport sector



Notes:

- There are four port entities—Gladstone Ports Corporation Limited, North Queensland Bulk Ports Limited, Port of Townsville Limited and Far North Queensland Ports Corporation Limited (Ports North).
- Queensland Rail is a statutory body and includes Queensland Rail Limited.

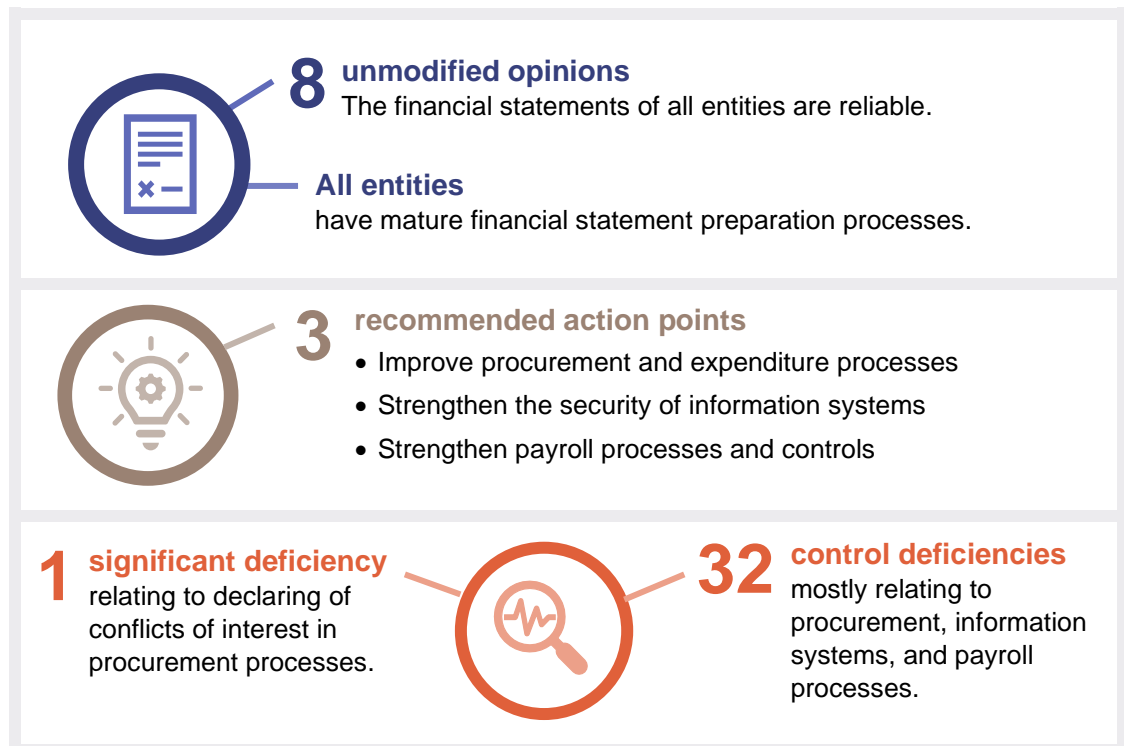
Source: Compiled by the Queensland Audit Office.



## 2. Results of our audits

This chapter provides an overview of our audit opinions for transport sector entities. It also provides conclusions on the effectiveness of the systems and processes (internal controls) entities use to prepare financial statements.

### Chapter snapshot



### Audit opinion results

We issued unmodified opinions, within the legislated timeframes, for the transport entities we audited. Readers can rely on the results in the audited financial statements. The audit opinions we issued are detailed in Appendix C.

#### DEFINITION

We express an **unmodified opinion** when financial statements are prepared in accordance with the relevant legislative requirements and Australian accounting standards.

### Entities not preparing financial statements

Not all Queensland public sector transport entities produce financial statements. Appendix D provides a full list of those not preparing financial statements, and the reasons.

## Mature financial statement preparation processes are in place

We worked with the transport entities as they undertook a self-assessment of their financial statement preparation processes using the maturity model on our [website](#). They assessed the majority of their processes as ‘integrated’ or ‘optimised’—the highest levels of maturity.

Entities in the sector have quality month-end processes, which help them to prepare financial statements. They also make good use of pro-forma financial statements, which show how the financial statements will look at the end of the year. These are prepared early in the year and updated as figures become available.

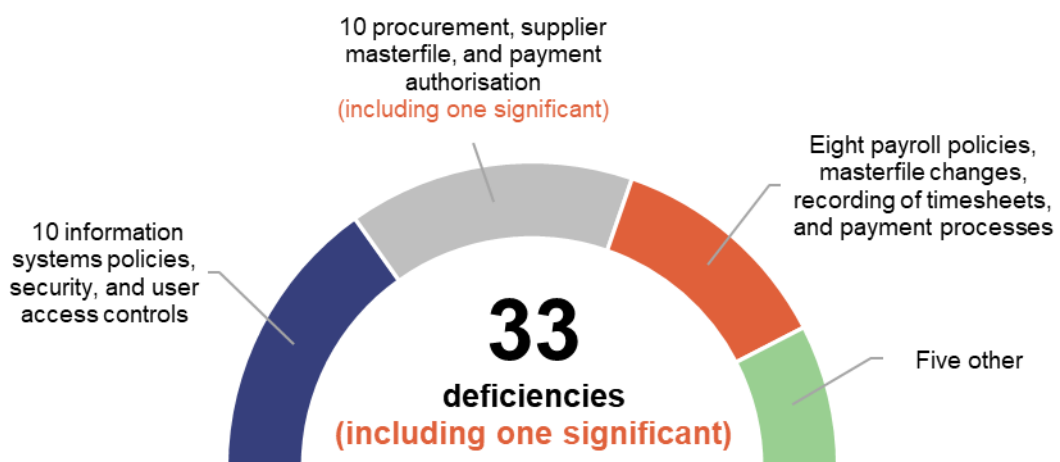
Most entities identified an opportunity to improve their use of specialised reporting software to prepare financial statements, but the electronic spreadsheets and word processing tools they currently use are still fit for purpose. The entities recognise that they need to balance the cost of investing in automation against the benefits to be derived.

## Internal controls are generally effective

We found the internal controls entities use to prepare financial statements are generally effective but could be improved. We have reported any deficiencies in the design or operation of those internal controls to the management of the entities for their action. They are rated as either *significant deficiencies* (those of higher risk that require immediate action) or *deficiencies* (those of lower risk that can be corrected over time).

In 2019–20, we reported one significant deficiency and 32 deficiencies in internal controls across the sector. Figure 2A shows the areas in which we identified deficiencies.

**Figure 2A**  
Overview of internal control issues raised in 2019–20



Source: Compiled by the Queensland Audit Office.

We have received responses from each entity on their planned corrective action to the internal control issues raised. We are satisfied with the responses and proposed implementation time frames.





## Improve procurement and expenditure processes

Each year, the transport sector spends billions of dollars on goods and services. Entities need to demonstrate their procurement decisions are in the best interests of the public and provide value for money. They do this by complying with Queensland Government procurement policies, as well as their own internal policies and processes.

### Identifying conflicts of interest

To ensure the integrity of procurement decisions, people who are involved in the procurement process are required to report any conflicts of interest that might influence their decisions.

We identified a significant deficiency for one entity, as not everyone involved in a procurement process had documented whether they had any conflicts of interest. There was no evidence of inappropriate influence in the procurement decision process. The entity has subsequently commenced actions to improve internal procedures, develop new policies and implement additional review processes.

### Everyday controls need to be strengthened

We also found a number of weaknesses in everyday controls for expenditure processes that need to be strengthened. These included verifying changes to supplier information, and authorising and reviewing transactions for payments.

#### Recommendation for all entities

##### Improve procurement and expenditure processes (REC 1)

All entities should:

- assess their compliance with conflict of interest processes
- ensure supplier information and payments are appropriately authorised and independently reviewed.

## Strengthen the security of information systems

Transport entities rely on information systems to operate their businesses and prepare financial statements, so they must have strong controls over who has access to the systems and the information in them.

Weaknesses in information technology controls increase the risk of undetected errors or potential financial loss, including fraud.

For some years, the most common internal control weakness across the public sector has related to the security of information systems. All entities across the public sector need their people and processes to have strong security practices. They must update their systems promptly to respond to changes within entities and to remain protected from external threats.

This year, we recommended four of the seven transport entities strengthen the security of their information systems, particularly their management of who can access the system, how they access it, and what they can do in it.



### Recommendation for all entities

#### Strengthen the security of information systems (REC 2)

We recommend all public sector entities strengthen the security of their information systems. They rely heavily on technology, and increasingly, they have to be prepared for cyber attacks. Any unauthorised access could result in fraud or error, and significant reputational damage.

Their workplace culture, through their people and processes, must emphasise strong security practices to provide a foundation for the security of information systems.

All entities across the public sector should:

- provide security training for employees so they understand the importance of maintaining strong information systems, and their roles in keeping them secure
- assign employees only the minimum access required to perform their job, and ensure important stages of each process are not performed by the same person
- regularly review user access to ensure it remains appropriate
- monitor activities performed by employees with privileged access (allowing them to access sensitive data and create and configure within the system) to ensure they are appropriately approved
- implement strong password practices and multifactor authentication (for example, a username and password, plus a code sent to a mobile), particularly for systems that record sensitive information
- encrypt sensitive information to protect it
- patch vulnerabilities in systems in a timely manner, as upgrades and solutions are made available by software providers to address known security weaknesses that could be exploited by external parties.

Entities should also self-assess against all of the recommendations in *Managing cyber security risks* (Report 3: 2019–20) to ensure their systems are appropriately secured.

## Strengthen payroll processes and controls

Entities are responsible for ensuring their employees are paid correctly. They need to make sure the payroll function has strong governance and controls, supported by the right technology.

This year, we made eight recommendations on improving the performance of manual controls (those that rely on people to undertake) for updating employee information, recording of timesheets, and making payments to employees.

### Recommendation for all entities

#### Strengthen payroll processes and controls (REC 3)

All entities should ensure employee information, timesheets, and payments are recorded accurately, appropriately authorised, and independently reviewed.

## Changed governance of Cross River Rail Delivery Authority

The governance structure of Cross River Rail Delivery Authority changed on 28 February 2020. The chief executive officer now reports directly to the Minister for Transport and Main Roads (previously the Minister for State Development, Tourism and Innovation) (the minister) rather than through the board. The board remains in an advisory capacity, providing support to the minister and chief executive.

We understand that the change was in response to the former minister wanting more oversight on the project and to ensure delivery remained on time and on budget.

## Cross River Rail Delivery Authority project summary

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The Project Assessment Framework, together with the Queensland Procurement Policy (QPP), require the Queensland Government to prepare a Project Summary report following the financial close of public–private partnership (PPP) projects to promote transparency and accountability. This Project Summary report was prepared for the Tunnel, Stations and Development (TSD) PPP.

The report includes information on:

- background of the project
- information relating to the procurement model and process, key milestones and policy requirements
- contract overview-contractual arrangements, key agreements and summary of key obligations and terms of the Project Agreement.

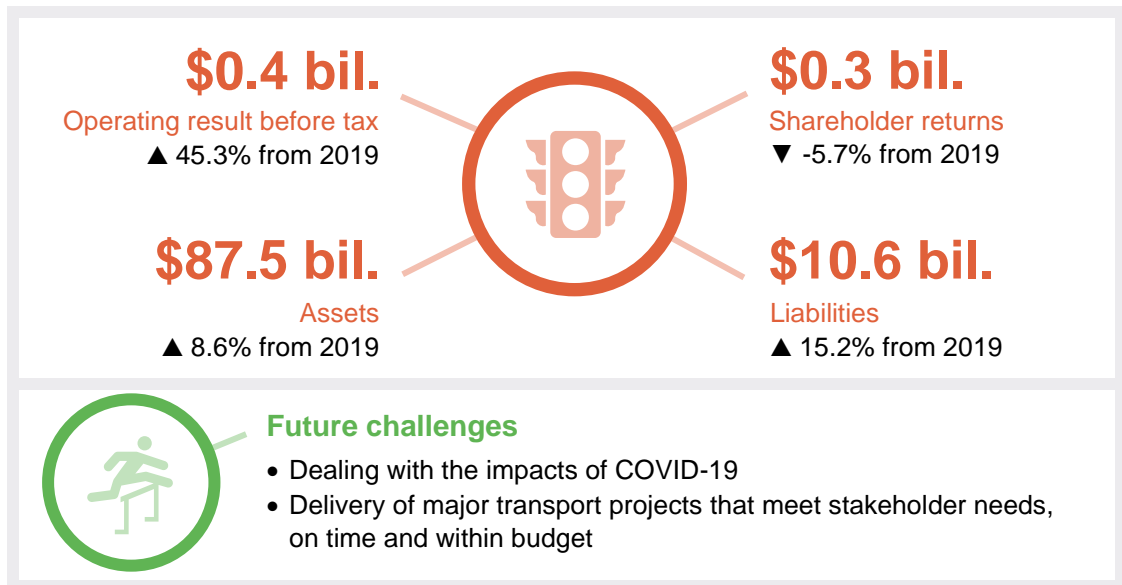
In performing our limited assurance procedures, we did not identify any instances of material non-compliance with the Project Summary guidelines and issued an unmodified limited assurance report on 3 June 2020.



# 3. Financial results and challenges

This chapter analyses the key financial results and challenges faced by the sector.

## Chapter snapshot



## Dealing with the impacts of COVID-19

### Financial impacts

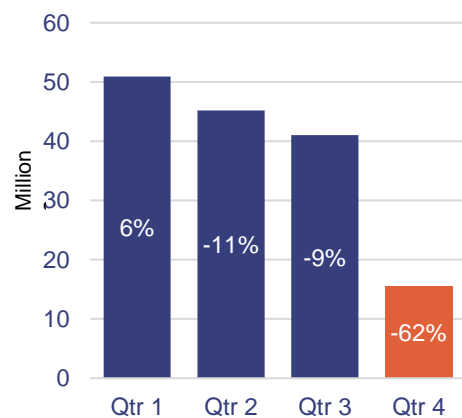
The most notable impact of COVID-19 has been on fare revenue collected at the Department of Transport and Main Roads from the bus, ferry, light rail, and train services.

Fare revenue decreased by 20 per cent to \$288.7 million, and patronage across the services in the June quarter decreased by 62 per cent from the March quarter. The decline coincided with travel restrictions and greater adoption of working from home arrangements.

Figure 3A details the quarterly number of passenger trips for bus, ferry, light rail, and train services and the percentage change from the previous quarter.

As most funding for passenger services is received from the state government, this has not had as much impact as it would have otherwise.

**Figure 3A**  
Number of total passenger trips



Source: Department of Transport and Main Roads (Translink Public Transport Performance Dashboard).

The performance of the port entities' imports and exports operations has remained stable, mostly due to the continuing demand and ongoing 'take-or-pay' arrangements with customers. Under these arrangements, customers are contractually required to purchase a minimum number of goods or services or pay a charge.

The port entities' revenues from property rentals were lower, as they charged less rent to tenants who were facing financial hardship. Shipping vessel income from the tourism sector (for cruise ships and charter boats) was also lower due to travel restrictions impacting demand for services.

As a result, shareholder returns to the Queensland Government decreased by 5.7 per cent from last year. Shareholder returns were made up of \$229.2 million in dividends (a share of profits paid to shareholders) and \$94.8 million in income tax equivalents (which are paid by commercial operations in government instead of tax).

### Responsiveness of transport entities

COVID-19 has been testing the resilience and agility of the transport sector. In line with social and physical distancing rules, entities continue to use work-from-home arrangements for their staff. They have adapted their processes to suit the increased reliance on technology—for example, allowing remote access, and using electronic signatures.

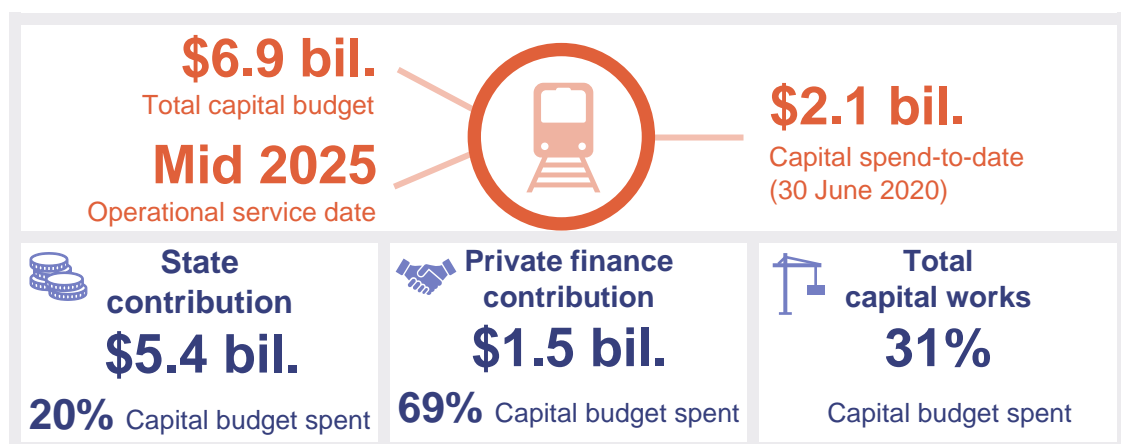
During the pandemic, the transport sector mostly provided the full public transport timetable and services to customers and industry. In some areas, additional transport and freight services were provided to assist with the changing transport needs of the Queensland community.

There were no significant increases in costs, but the ongoing impacts of the global pandemic will continue to be a challenge to the transport sector.

### Cross River Rail is underway

Cross River Rail is one of Queensland's largest transport projects currently under construction. This project aims to provide high-frequency train services and to revitalise a number of precincts across Brisbane.

**Figure 3B**  
Cross River Rail project



Note: Capital spend to date (\$2.1 billion) includes expenditure relating to the three major works packages (see Figure 3C), land acquisitions, and related project costs. The Cross River Rail project is being fully funded by contributions from the state and private finance contributions.

Source: Compiled by the Queensland Audit Office.



The Cross River Rail project is being delivered by Cross River Rail Delivery Authority. It will deliver a new 10.2 kilometre rail line from Dutton Park to Bowen Hills, including 5.9 kilometres of twin tunnels under the Brisbane River and central business district, and four new underground stations. Figure 3C summarises each of the three major contracts/work packages.

**Figure 3C**  
**Summary of Cross River Rail major works packages**

Major works package	Tunnel, Stations, and Development	Rail, Integration, and Systems	European Train Control System
Description of work	Underground section of the project	Design, supply, and installation of supporting rail systems	Installation of a modern train signalling system
Total package value	\$4.2 billion	Not publicly available*	\$646.4 million**
Spend at 30 June 2020	\$1.0 billion		\$125.9 million
Supplier	PULSE consortium, led by CIMIC Group companies	UNITY Alliance, led by CPB Contractors	Hitachi Rail STS

Note: \* The Rail, Integration, and Systems total package value is currently commercially sensitive in line with Queensland Procurement Policy and supporting guidelines.

\*\* The European Train Control System forms part of the Queensland Rail capital works program and is excluded from the amounts shown in Figure 3B.

Source: Compiled by the Queensland Audit Office.

No significant issues have been identified in our financial statement audit. Our future audits will continue to assess the initial procurement activities of Cross River Rail and will include tendering, evaluation of prospective bids, contract signing, and ongoing contractor and design management, including the approval for material variations.

Given the significance of the Cross River Rail project, the results of future audit activity will be reported to parliament.



# Appendices

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# A. Full responses from entities

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As mandated in Section 64 of the *Auditor-General Act 2009*, the Queensland Audit Office gave a copy of this report with a request for comments to the:

- Minister for Transport and Main Roads
- Under Treasurer, Queensland Treasury.
- heads of the following entities
  - Department of Transport and Main Roads (DTMR)
  - Queensland Rail (QR) and Queensland Rail Limited (QRL)
  - Cross River Rail Delivery Authority (CRRDA)
  - Gladstone Ports Corporation Limited (GPC)
  - North Queensland Bulk Ports Corporation Limited (NQBP)
  - Port of Townsville Limited (POTL)
  - Far North Queensland Ports Corporation Limited (trading as Ports North).

We also provided a copy of this report to the Premier and Minister for Trade; Treasurer and Minister for Investment; and Director-General, Department of the Premier and Cabinet with an invitation to respond.

This appendix contains the formal responses that we received.

The heads of these agencies are responsible for the accuracy, fairness, and balance of their comments.





## Comments received from Director-General, Department of Transport and Main Roads



Office of the  
Director-General

Department of  
Transport and Main Roads

Our ref: DG40474

15 DEC 2020

Mr Brendan Worrall  
Auditor-General  
Queensland Audit Office  
qao@qao.qld.gov.au

Dear Mr Worrall *Brendan*

Thank you for your email of 1 December 2020 providing Transport 2020 Report – the proposed report to Parliament. The consolidated report summarises the Queensland Audit Office's (QAO) financial audit results of seven entities in Queensland's transport sector.

The Department of Transport and Main Roads (TMR) has mature financial statement processes and QAO issued an unmodified opinion that TMR's statements are accurate and prepared in accordance with relevant legislative requirements.

In the proposed report, QAO identified three general recommendations around procurement and expenditure, payroll processes and the security of information systems. TMR already has established processes in place around these three recommendations and continues to monitor and strengthen the controls around the identified risk areas.

As you acknowledge in the report, TMR was able to maintain services through the COVID-19 pandemic without significant additional costs or interruption. However, the impacts of these, including ongoing reduced public transport patronage, will continue to be a focus for TMR as the pandemic continues.

TMR appreciates the opportunity to provide comments on this proposed report and if you or your officers need any further information, Ms Brydie Bodnar, Chief Auditor, TMR, can be contacted by telephone on .

Yours sincerely

*Neil Scales.*

Neil Scales  
Director-General  
Department of Transport and Main Roads

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GPO Box 1549 Brisbane  
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## Comments received from Acting Under Treasurer, Queensland Treasury



Queensland Treasury

Our Ref: 05893-2020

Mr Brendan Worrall  
Auditor-General of Queensland  
Queensland Audit Office  
PO Box 15396  
CITY EAST QLD 4002

Email: [qao@qao.gov.au](mailto:qao@qao.gov.au)

*BRENDAN*  
Dear Mr Worrall

Thank you for providing the Queensland Audit Office (QAO) draft report Transport 2020 (the Report) summarising the audit results of entities in Queensland's transport sector.

A key objective for the Queensland Government is ensuring that these enterprises operate as efficiently as possible and can work to support Government's objectives for the economy and community, while negotiating changing market conditions.

I welcome that unmodified audit opinions were provided of the 2019-20 financial statements for all these transport entities.

I also note the findings that the transport entities have demonstrated responsiveness when faced with the COVID-19 pandemic, including continuing to provide customers and industry with transport, delivering major projects and supporting commercial business partners, in line with approved Government assistance programs. Although this has contributed to lower financial returns for these entities in 2019-20, the Queensland Government's financial support for the transport sector is crucial to helping sustain our economic recovery.

The Queensland Government strongly supports investment in Cross River Rail and the European Train Control System, which are significant projects that will support transformation of public transport in south east Queensland. It is pleasing that these major works packages are progressing without significant issue, and we will continue to monitor progress toward their successful delivery.

Regarding the QAO's observation of some audit deficiencies identified in 2019-20, I note the QAO's conclusion that it is satisfied with all the transport entities' responses, and their plans to implement satisfactory corrective actions, where necessary.

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The performance, sustainability and internal control environments of all transport entities will continue to be monitored to ensure continued improvement, prudent investment and the delivery of transport services.

Thank you for the opportunity to review and respond on the Report. If you require any further information, please contact Mr Jason Wishart, Director Commercial Group, Queensland Treasury, on \_\_\_\_\_ or \_\_\_\_\_ who will be pleased to assist.

Yours sincerely

  
Graham Fraire  
Acting Under Treasurer

7 / 1 / 2021



## B. Legislative context

### Frameworks

Transport entities prepare their financial statements in accordance with the following legislative frameworks and reporting deadlines.

**Figure B1**  
**Legislative frameworks for the transport sector**

Entity type	Entity	Legislative framework	Legislated deadline
Departments	<ul style="list-style-type: none"> <li>Department of Transport and Main Roads</li> </ul>	<ul style="list-style-type: none"> <li><i>Financial Accountability Act 2009</i></li> <li>Finance and Performance Management Standard 2009</li> </ul>	31 August 2020
Statutory bodies	<ul style="list-style-type: none"> <li>Cross River Rail Delivery Authority</li> <li>Queensland Rail</li> </ul>	<ul style="list-style-type: none"> <li><i>Financial Accountability Act 2009</i></li> <li>Finance and Performance Management Standard 2009</li> <li><i>Statutory Bodies Financial Arrangements Act 1982</i></li> </ul>	31 August 2020
Wholly owned subsidiary of a statutory body	<ul style="list-style-type: none"> <li>Queensland Rail Limited</li> </ul>	<ul style="list-style-type: none"> <li><i>Corporations Act 2001</i></li> <li>Corporations Regulations 2001</li> </ul>	31 October 2020
Government owned corporations	<ul style="list-style-type: none"> <li>Gladstone Ports Corporation Limited</li> <li>North Queensland Bulk Ports Limited</li> <li>Port of Townsville Limited</li> <li>Far North Queensland Ports Corporation Limited</li> </ul>	<ul style="list-style-type: none"> <li><i>Government Owned Corporations Act 1993</i></li> <li><i>Corporations Act 2001</i></li> <li>Corporations Regulations 2001</li> </ul>	31 August 2020

Source: Queensland Audit Office.

### Accountability requirements

The *Financial Accountability Act 2009*, which applies to the Department of Transport and Main Roads, Cross River Rail Delivery Authority, and Queensland Rail, requires them to:

- achieve reasonable value for money by ensuring the operations of the department or statutory body are carried out efficiently, effectively, and economically
- establish and maintain appropriate systems of internal control and risk management
- establish and keep funds and accounts that comply with the relevant legislation, including Australian accounting standards.

The *Government Owned Corporations Act 1993*, which applies to the four port entities, establishes key principles for government owned corporations covering:

- clarity of objectives
- management autonomy and authority
- strict accountability for performance
- competitive neutrality (which means the corporations should not have a competitive advantage or disadvantage solely due to their government ownership).

## Queensland state government financial statements

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Each year, Queensland state public sector entities must table their audited financial statements in parliament.

These financial statements are used by a broad range of parties including parliamentarians, taxpayers, employees, and users of government services. For these statements to be useful, the information reported must be relevant and accurate.

The Auditor-General's audit opinion on these entities' financial statements assures users that the statements are accurate and in accordance with relevant legislative requirements.

We express an *unmodified opinion* when the financial statements are prepared in accordance with the relevant legislative requirements and Australian accounting standards. We *modify* our audit opinion when financial statements do not comply with the relevant legislative requirements and Australian accounting standards and are not accurate and reliable.



## C. Audit opinions for entities preparing financial reports

The following table details the audit opinions we issued in accordance with Australian auditing standards for the 2020 financial year.

**Figure C1**  
**Audit opinion results**

Entity type	Entity	Date audit opinion issued	Type of audit opinion issued
Department	Department of Transport and Main Roads	21.08.2020	Unmodified
Statutory bodies	Cross River Rail Delivery Authority	31.08.2020	Unmodified
	Queensland Rail	28.08.2020	Unmodified
Wholly owned subsidiary of a statutory body	Queensland Rail Limited	28.08.2020	Unmodified
Government owned corporations	Gladstone Ports Corporation Limited	13.08.2020	Unmodified
	North Queensland Bulk Ports Limited	28.08.2020	Unmodified
	Port of Townsville Limited	17.08.2020	Unmodified
	Far North Queensland Ports Corporation Limited (Ports North)	28.08.2020	Unmodified

Notes: The audit opinion results for Gold Coast Waterways Authority and Transmax Pty Ltd are detailed in the *State entities 2020* report.

Source: Queensland Audit Office.



**Figure C2**  
**Other opinions in the transport sector**

Entity	Certification name	Date opinion issued	Type of opinion issued
Department of Transport and Main Roads	<i>Interstate Road Transport Act 1985—Statement of Revenue 2018–19</i>	16.12.2019	Unmodified
	<i>Interstate Road Transport Act 1985—Statement of Expenses 2018–19</i>	16.12.2019	Unmodified
	Infrastructure Investment Program— <i>National Land Transport Act 2014</i> —Financial statement 2018–19	18.12.2019	Unmodified
	Infrastructure Investment Program— <i>National Land Transport Act 2014</i> —Financial statement 2019–20	17.12.2020	Unmodified
Cross River Rail Delivery Authority	Project Summary for the Tunnel, Stations and Development Public Private Partnership	03.06.2020	Unmodified conclusion—limited assurance
Queensland Rail Limited	Below-rail services provided by Queensland Rail 2018–19	18.12.2019	Unmodified
	Below-rail services provided by Queensland Rail 2019–20	15.12.2020	Unmodified

Source: Queensland Audit Office.



## D. Entities not preparing financial reports

When entities are part of a group and are secured by a guarantee (with other entities in that group agreeing to cover debts), they are not required to prepare financial reports. In addition, dormant or small companies that meet specific criteria under the *Corporations Act 2001* are not required to prepare financial reports.

The Auditor-General will not issue audit opinions for the following controlled public sector entities for 2019–20, as they were not required to produce financial statements.

**Figure D1**  
Transport sector entities not preparing financial reports in 2019–20

Public sector entity	Reason for not preparing financial statements
<b>Controlled entities of Queensland Rail Limited</b>	
On Track Insurance Pty Ltd	Non-reporting
<b>Controlled entities of Gladstone Ports Corporation Limited</b>	
Gladstone Marine Pilot Services Pty Ltd	Non-reporting
<b>Controlled entities of North Queensland Bulk Ports Limited</b>	
Mackay Ports Limited	Dormant
Ports Corporation of Queensland Limited	Dormant

Source: Queensland Audit Office.





## E. Financial results

**Figure E1**  
For the year ended 30 June 2020

2019–20 (Amounts in \$' 000)									
Entity	Total assets	Total liabilities	Total income	Total expenses (excl tax)	Operating result before tax (loss)	Shareholder returns	Finance costs	New borrowings	Repayment of borrowings
DTMR	72,623,445	2,561,550	6,427,966	6,294,352	133,614	7,541	121,778	–	–
QR	8,095,891	4,798,702	2,115,206	1,944,649	170,557	170,557	162,468	250,000	–
CRRDA	2,276,600	1,204,984	164,795	161,654	3,141	–	19,679	–	–
GPC	2,493,092	1,392,343	513,146	394,820	118,326	116,902	34,305	–	628
NQBP	838,462	409,040	114,046	103,880	10,166	16,988	8,525	–	–
POTL	732,355	202,672	81,323	61,452	19,871	19,513	5,258	–	–
Ports North	407,609	48,011	55,190	88,788	(33,598)	(7,561)	19	–	–

Notes for Figures E1–E3:

DTMR—Department of Transport and Main Roads; QR—Queensland Rail, GPC—Gladstone Ports Corporation Limited; CRRDA—Cross River Rail Delivery Authority; NQBP—North Queensland Bulk Ports Limited; POTL—Port of Townsville Limited; and Ports North—Far North Queensland Ports Corporation Limited.

Shareholder returns are made up of dividends (a share of profits paid to shareholders) and income tax equivalents (which are paid by commercial operations in government instead of tax). DTMR shareholder returns are income tax equivalents from the Roadtek business unit.

**Figure E2**  
For the year ended 30 June 2019

2018–19 (Amounts in \$' 000)									
Entity	Total assets	Total liabilities	Total income	Total expenses (excl tax)	Operating result before tax (loss)	Shareholder returns	Finance costs	New borrowings	Repayment of borrowings
DTMR	67,262,349	2,508,073	6,144,435	6,164,190	(19,755)	8,690	104,339	–	11,719
QR	7,808,555	4,504,308	2,107,654	1,905,846	201,808	201,808	174,242	–	–
CRRDA	1,013,313	155,141	49,268	49,158	110	–	–	–	–
GPC	2,482,251	1,373,087	476,360	386,618	89,742	102,355	36,289	–	38
NQBP	772,222	383,244	132,330	119,980	22,350	16,453	8,415	–	–
POTL	814,220	221,586	80,396	58,785	21,611	18,855	5,548	–	–
Ports North	401,204	68,616	61,637	78,256	(16,619)	(4,469)	–	–	–

**Figure E3**  
**For the year ended 30 June 2018**

2017–18 (Amounts in \$' 000)									
Entity	Total assets	Total liabilities	Total income	Total expenses (excl tax)	Operating result before tax (loss)	Shareholder returns	Finance costs	New borrowings	Repayment of borrowings
DTMR	63,712,233	2,372,514	6,006,492	5,790,104	216,388	9,526	95,848	–	67,467
QR	7,180,287	4,357,307	1,959,975	1,800,413	159,562	159,562	183,665	130,000	–
CRRDA	171,820	34,758	10,006	10,280	(274)	–	–	–	–
GPC	2,666,018	1,415,581	483,104	391,586	91,518	88,090	37,475	–	1,979
NQBP	736,677	364,550	112,072	105,031	7,041	7,994	6,868	10,000	–
POTL	641,791	187,033	77,298	55,041	22,257	22,257	4,632	–	111
Ports North	415,970	72,750	74,350	49,139	25,211	9,144	–	–	–

Source: Compiled by the Queensland Audit Office from the transport entities' financial statements.



## F. Glossary

Term	Definition
Accountability	The responsibility of public sector entities to achieve their objectives of delivering reliable financial reporting, effective and efficient operations, compliance with applicable laws, and reports to interested parties.
<i>Auditor-General Act 2009</i>	An Act of the State of Queensland that establishes the responsibilities of the Auditor-General, the operation of the Queensland Audit Office, the nature and scope of audits to be conducted, and the relationship of the Auditor-General with parliament.
Australian accounting standards	The rules by which financial statements are prepared in Australia. These standards ensure consistency in measuring and reporting on similar transactions.
Competitive neutrality	This is the principle that a public sector business should not have a competitive advantage (or disadvantage) over the private sector solely due to their government ownership.
Controlled entity	An entity controlled by another entity. The controlling entity can dominate decision-making, directly or indirectly, in relation to financial and operating policies so as to enable that other entity to operate with it in achieving the objectives of the controlling entity.
Deficiency	When internal controls are ineffective or missing, and are unable to prevent, or detect and correct, misstatements in the financial statements. A deficiency may also result in non-compliance with policies and applicable laws and regulations and/or inappropriate use of public resources.
Income tax equivalents	The National Tax Equivalent Regime is an administrative arrangement for certain state government entities (like government owned corporations and commercialised business units within departments) requiring them to pay income tax equivalents to the state government under the Commonwealth income tax laws.
Limited assurance engagement	<p>A limited assurance engagement provides a meaningful level of assurance, but provides less assurance compared to a reasonable assurance engagement. Engagement activities include planning, enquiries with management, risk assessment, risk response and reporting procedures.</p> <p>Often the audit opinion is expressed that nothing has come to our attention that causes us to believe the information has not prepared in all material aspects in accordance with the criteria outlined in the engagement letter.</p>
Misstatement	A difference between the amount, classification, presentation, or disclosure of a reported financial report item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework. Misstatements can arise from error or fraud.



Term	Definition
Pro-forma financial statements	Pro-forma financial statements are reports that are prepared during the financial year to show how the financial statements will look at year end. They may include updated actual figures to a point in time and change the presentation of financial statements to reflect amended accounting policies or new accounting standards.
Shareholder returns	Shareholder returns are made up of income tax equivalents and dividends. A dividend is a portion of a statutory body's or government owned corporation's profits that it pays to its shareholders.
Significant deficiency	A deficiency, or combination of deficiencies, in an internal control that requires immediate remedial action.
Take-or-pay arrangements	A take-or-pay arrangement is a contract between a supplier and customer that specifies the price and minimum purchase quantities of goods or services over a period of time. The contract also details any charges the customer must pay for not meeting the minimum order quantity.
Unmodified audit opinion	An unmodified opinion is expressed when financial statements are prepared in accordance with the relevant legislative requirements and Australian accounting standards.





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