


airportlink

Northern Busway
Windsor to Kedron

**Airport Roundabout
Upgrade**

// ANNUAL REPORT 2008-2009

City North Infrastructure Pty Ltd
ABN 16 123 249 874

An aerial photograph showing a construction site for an airport link and busway. A multi-lane road curves through the center of the image. To the right, there are several large, rectangular buildings under construction, with some roofs partially completed. A yellow arrow points to the right, indicating the direction of the road or the location of the roundabout upgrade. The surrounding area includes residential houses and trees.

// **AIRPORT LINK, NORTHERN BUSWAY
(WINDSOR TO KEDRON) AND
AIRPORT ROUNDABOUT UPGRADE
CONSTRUCTION MAP**

Aerial Photograph: Construction



* This project alignment map is indicative only.

BRISBANE AIRPORT

// LEGEND

- Bridge Structure
- Cut and Cover
- Transition Structure
- Driven Tunnel
- Surface Works
- NSBT

City North Infrastructure (CNI)

CNI was established in 2006 to represent the State and communities of Queensland on major infrastructure projects. A wholly owned Queensland Government operation, CNI acts autonomously as a Special Purpose Vehicle (SPV).

vision meets action

Our vision is to collaboratively source the skills and knowledge necessary to deliver world class infrastructure to Queensland communities.

mission meets momentum

We establish the link between private expertise, government vision, community need, and those stakeholders vital to the outcome of world class infrastructure projects in Queensland. Such projects include the Airport Link, Airport Roundabout Upgrade, and Northern Busway (Windsor to Kedron).

EAGLE FARM

// Contents

About CNI	3
Chairman's Review	4
Chief Executive Officer's Review	5
Airport Link Timeline	6
Airport Link	7
Northern Busway (Windsor to Kedron)	9
Airport Roundabout Upgrade	10
Engaging Our Community	11
Our Team	12
Our Board of Directors	14
Corporate Governance	16
Financial Report	19



// About CNI

CNI is a special purpose vehicle established in 2006 to manage the delivery of three of Queensland's biggest transport projects — Airport Link, Northern Busway (Windsor to Kedron) and the Airport Roundabout Upgrade.

CNI has responsibility for overseeing the procurement, delivery and contract management phase of the Airport Link, Northern Busway (Windsor to Kedron) and Airport Roundabout projects on behalf of the State Government.

Airport Link is a mainly underground toll road that will connect the North-South Bypass Tunnel, Inner City Bypass and local road network at Bowen Hills to the northern arterials of Gympie Road and Stafford Road at Kedron and Sandgate Road and the East-West Arterial at Toombul.

The **Northern Busway**, when completed, will connect the Inner Northern Busway at the Royal Children's Hospital busway station in Herston to Bracken Ridge, via Windsor, Lutwyche, Kedron, Chermside and Aspley. The **Windsor to Kedron section of the Northern Busway** will be jointly delivered with Airport Link to maximise benefits and minimise construction impacts.

The **Airport Roundabout Upgrade** is a long-term solution for Brisbane's congested Airport Drive roundabout and includes an east-west fly-over above a signalised intersection.

2008-2009 Highlights

Planning and construction of the Airport Link, Northern Busway (Windsor to Kedron) and the Airport Roundabout Upgrade advanced significantly in 2008-2009, with the following milestones reached:

- July 2008:**
 - Coordinator-General issued Change Report
 - Third round of formal land acquisition began
 - Financial close of Airport Link
- November 2008:**
 - Construction began on the Airport Link and Northern Busway (Windsor to Kedron) projects
 - Relocation of Windsor School of Arts
- February 2009:**
 - Final environmental approvals received for the Airport Roundabout Upgrade
- March 2009:**
 - First roadheader machine commenced at Truro Street, Windsor
- April 2009:**
 - Second roadheader machine commenced at Bowen Hills
 - Construction commenced on the Airport Roundabout Upgrade, four months ahead of schedule
- May 2009:**
 - 24-hour tunnelling commenced at the Bowen Hills and Truro Street sites
- June 2009:**
 - Job numbers reached a peak of 1,500 across the three projects

The Year Ahead

Several milestones for the Airport Link, Northern Busway (Windsor to Kedron) and Airport Roundabout Upgrade projects will be reached during the 2009-10 financial year. These will include:

- July-Nov 2009:**
 - Lutwyche Road will be diverted to the west, enabling cut and cover tunnelling to occur in Kedron
- November 2009:**
 - Meeting of Royal Brisbane Hospital and Windsor to Kedron busway bridge
- Early 2010:**
 - First Tunnel Boring Machine (TBM) is due to arrive from Germany for assembly
 - First Tunnel Boring Machine (TBM) will be launched at Kalinga Park, Toombul
- Mid 2010:**
 - Jobs numbers expected to peak at 2,600 across the three projects

// Chairman's Review

Over the past financial year CNI has achieved many significant milestones that have taken the Airport Link projects from the final contract stage, through to the start of construction.

The most important of these occurred on 6 November 2008, when Premier Anna Bligh officiated at the turning of the sod on the Airport Link and Northern Busway (Windsor to Kedron) projects.

This announcement marked the end of four years of intensive planning, consultation and evaluation and brought new challenges associated with the project management phase.

Along the projects' alignment, major sites are now well established and 24 hour tunnelling has commenced at the Bowen Hills and Truro Street construction sites.

The Airport Roundabout Upgrade, one of the most widely welcomed intersection upgrades in Brisbane, officially began construction in April, four months ahead of schedule.

The Queensland Premier heralded the start of construction with the unveiling of a 20 metre banner, the same height as the project's final flyover, at the East-West Arterial construction site.

This early start to the project, will allow motorists heading to and from the Brisbane Airport, a much faster journey from mid to late 2011; before the Airport Link and Northern Busway (Windsor to Kedron) projects open in mid-2012.

With a combined value of \$4.8 billion, Airport Link, Northern Busway (Windsor to Kedron) and the Airport Roundabout Upgrade represent Australia's premier infrastructure projects.

Airport Link and the Northern Busway are the largest infrastructure projects planned in the first phase of the *South East Queensland Infrastructure Plan and Program* (SEQIPP).

As Brisbane's population is expected to grow significantly in the next 20 years, these improved transport options will be of tremendous benefit to our booming city.

On a more specific note, CNI has completed its second external and third internal procedural and audit review, passing with flying colours two consecutive years in a row.

I congratulate the staff and consultants at CNI for their outstanding work on the projects during the past year. I also wish to thank our many stakeholders and partners for their significant contributions throughout the year and look forward to building on those relationships in the future.

I am pleased to be a part of these significant projects and I would also like to extend my thanks to my colleagues on the CNI Board for their expert advice, strategic insights and commitment which have enabled these projects to move forward.

Shane McDowall

Chairman of the Board
City North Infrastructure Pty Ltd

// Chief Executive Officer's Review

CNI can look back on the 2008/2009 financial year with a real sense of pride in what we've achieved in the past 12 months.



Shane McDowall

David Lynch

The second full financial year of operations for the company has produced positive results. Just over a year ago, the Premier announced BrisConnections as the winning bidder and today all major worksites are fully operational with more than two million hours worked.

The three projects combined will provide more than 2,600 jobs at the peak of construction with a total of 10,000 direct and indirect jobs generated for Queensland.

This year, we have already celebrated many construction milestones for the Airport Link, Northern Busway (Windsor to Kedron) and Airport Roundabout Upgrade projects and with all work we have undertaken, the interests of the community have been close at heart.

CNI have been working closely with communities in Brisbane's northern suburbs, approximately 8,000 of whom are experiencing major changes to their community and in some cases, living with negative impacts as a result of the project's construction activities.

As part of our commitment to working with the community, Community Liaison Groups (CLGs) have been formed for each of the project's four major precincts. CLGs meet monthly and represent the community to identify and communicate issues, ideas and opportunities to the project team and the State.

There have also been many developments internally at CNI. Last year we launched a major recruitment drive to employ a number of extra staff needed to take us through the next phase of the projects.

Since January 2009, CNI has welcomed a number of new faces to the team. The team's combined experience allows us to meet the challenges of the design and construction phase for the Airport Link projects.

The beginning of the year also saw the launch of the new CNI brand. The new brand represents a step forward for the company with the Airport Link projects now well into the project management stage.

As we reflect on this significant year, I want to thank the dedicated and hard working team at CNI whose technical and commercial experience and stakeholder management skills have enabled the project to progress while working towards the goals of Government and the community.

It's a testament to the ability of the project parties to work together and proactively manage the myriad of construction and community issues that occur on a daily basis on these projects.

We have already celebrated many milestones in the past and there are many more to come. I remain confident that given our previous successes, we will continue to excel as we ensure the effective delivery of Australia's largest transport infrastructure project.

David Lynch

Chief Executive Officer
City North Infrastructure Pty Ltd

// Airport Link Timeline

July/August 2005:	The State Government and Brisbane City Council begin a \$21 million detailed feasibility study into Airport Link. Preliminary studies for Northern Busway preferred corridor begin.
October 2005:	Preferred corridor announced; Coordinator-General declares Airport Link a significant project under the <i>State Development and Public Works Organisation Act 1971</i> .
November 2005:	Airport Link Environmental Impact Statement (EIS) investigations begin; Coordinator-General invites comment on draft Terms of Reference for Airport Link EIS. Northern Busway Draft Concept Design and Impact Management Plan (CDIMP) developed.
March 2006:	Preliminary concept designs announced; public comment invited.
June 2006:	Changes to preliminary concept designs announced; public comment invited.
October 2006:	Business cases approved; public submissions invited on Airport Link EIS and Northern Busway CDIMP.
February 2007:	Private sector invited to submit Expressions Of Interest (EOI) in Airport Link and Northern Busway (Windsor to Kedron) projects.
April 2007:	EOIs close; four groups respond.
May 2007:	Airport Link EIS and Northern Busway CDIMP approved.
June 2007:	Three of the four groups that submitted EOIs invited to proceed to the bidding phase.
August 2007:	Queensland Government requested that the three groups bidding for Airport Link to consider solutions for the airport roundabout.
December 2007:	Bids close; three groups submit bids; evaluation begins.
May 2008:	BrisConnections announced as the preferred bidder for Airport Link, Northern Busway (Windsor to Kedron) and the Airport Roundabout Upgrade.
June 2008:	Public consultation conducted on the changes to the project reference designs for the Airport Link and Northern Busway (Windsor to Kedron) projects. Contractual close on 2 June 2008.
July 2008:	Financial close reached. The Coordinator-General's Airport Link Change Report released.
November 2008:	Construction commences on the Airport Link and Northern Busway (Windsor to Kedron) projects.
April 2009:	Construction commences on the Airport Roundabout Upgrade project.
Mid 2012:	Construction expected to be completed for the Airport Link, Northern Busway (Windsor to Kedron) and Airport Roundabout Upgrade projects.

// About Airport Link

Airport Link will provide a high speed underground road transport link through Brisbane's inner northern suburbs, offering motorists significant travel time savings, both now and in the future.

Premier Anna Bligh launched project construction with a sod-turning ceremony in November 2008. Since then over two million hours have been worked on the associated projects and at its peak more than 2,600 people will be employed. Over the life of the projects 10,000 direct and indirect jobs will be created for Queensland.

Site establishment is well advanced, with the acquisition and clearing of properties as well as extensive service relocations occurring along the project alignment. The Joint Venture Contractors, Thiess John Holland have established seven major construction sites at Bowen Hills, Lutwyche (Truro Street), Lutwyche (Bradshaw Street), Kedron (Colton Avenue), Kedron Brook, Kalinga Park and Airport Roundabout Upgrade (Hendra) where the principal works are being undertaken.

In March 2009, the first of eleven roadheaders to operate on the Airport Link and Northern Busway (Windsor to Kedron) projects broke ground at Truro Street signalling the official start of tunnelling. A month later the project's second roadheader commenced tunnelling at the Bowen Hills precinct. The roadheaders will excavate the two mainline tunnels for the road and busway, along with their respective tunnel ramps.

At Kalinga Park and Toombul, work continues on the tunnel boring machine (TBM) launch box which takes approximately ten months to construct. The box will provide the tunnel access, to support the TBM tunnelling operations due to commence in early 2010.

On schedule to be complete in mid-2012, the Airport Link project will allow motorists to drive between Bowen Hills and the airport roundabout, avoiding 18 sets of traffic lights along the way. This vital addition to Brisbane's road network will provide a critical new link between the northern suburbs and two of South East Queensland's most important economic centres – the airport and the city.

Building and Funding Airport Link

The State Government is delivering Airport Link via a Public-Private Partnership, with the BrisConnections consortium (Macquarie Capital Group Limited, Thiess Pty Limited and John Holland Group) to finance, design, construct, commission, operate and maintain the project over a period of 45 years.

Airport Link is expected to cost about \$3.4 billion to design and construct.

// About Airport Link cont.



Key Features of Airport Link

Airport Link is 6.7km long, with 5.25km from Bowen Hills to Toombul underground. Key features of the project design include:

- two separate tunnels – at least 10 metres apart and at a maximum depth of 55 metres
- three lanes each way between Bowen Hills and Kedron, and two lanes each way between Kedron and Toombul/Clayfield
- surface connections to:
 - the North South Bypass Tunnel, Inner City Bypass and local roads at Bowen Hills
 - Gympie Road and Stafford Road at Kedron
 - the East-West Arterial and Sandgate Road at Toombul.
- emergency exits to safe passages at least every 120 metres
- fire protection and monitoring
- an in-tunnel traffic management system, including signage, lighting and closed-circuit television
- an electronic tolling system
- a longitudinal ventilation system with elevated ventilation outlets at:
 - Bowen Hills, above the tunnel exit south of Federation Street
 - Kedron, in the grounds of the Department of Emergency Services complex
 - Kalinga Park, next to the tunnel west of Sandgate Road.

Benefits of Airport Link

Airport Link will:

- provide a vital link between the CBD, Airport and Australia TradeCoast precinct
- allow motorists to avoid 18 sets of traffic lights between Bowen Hills and Toombul
- reduce traffic on local streets by between 10 and 40 per cent; and
- improve the liveability of the northern suburbs by freeing up surface roads for improved public transport and pedestrian and cycling links.

// About the Northern Busway

The Northern Busway is an integral part of the Department of Transport and Main Roads' long-term plan to meet the transport needs of Brisbane's growing northside communities.

TransLink's Northern Busway will be a key component of the wider Brisbane busway network, which will eventually span the city to deliver fast, frequent and reliable services.

Dedicated solely to buses, the Northern Busway will connect the Inner Northern Busway at the Royal Children's Hospital busway station in Herston to Bracken Ridge via Windsor, Lutwyche, Kedron, Chermside and Aspley.

In conjunction with the Airport Link, construction of the Northern Busway (Windsor to Kedron) began in November 2008.

In April 2009, the first section of road infrastructure for the Northern Busway (Windsor to Kedron) opened to the public. Located at the northern end of the project, the opening of Kedron's new Perry Street made it safer for local residents to access Lutwyche Road. By mid-2012 Perry Street will provide access to the kiss 'n' ride at the project's state-of-the-art Kedron Brook busway station.

In Lutwyche, a diversion road shifts northbound traffic travelling on Lutwyche Road further to the west. This diversion allows a worksite to be established in the centre of Lutwyche Road for excavation for the Lutwyche Busway Station.

Upon completion in mid 2012, the Lutwyche Busway Station will become a strengthened urban centre, connecting both sides of Lutwyche Road.

Building and Funding the Northern Busway (Windsor to Kedron)

BrisConnections, which was appointed to deliver Airport Link, will also be responsible for designing, constructing and commissioning the Windsor to Kedron section of the Northern Busway.

The State Government will be responsible for financing, operating and maintaining the busway. The design and construction being delivered by BrisConnections will cost \$444 million.

Key Features of the Windsor to Kedron Section

The Northern Busway project reference design includes the following features between Windsor and Kedron:

- a bridge across Enoggera Creek and Lutwyche Road to Federation Street bus stop
- two architecturally designed busway stations at Lutwyche and Kedron Brook
- bus stops at Federation, Roblane, Truro and Cremorne/Sadlier Streets
- surface works on Lutwyche Road between Constitution Road and Stoneleigh Street
- sections of driven tunnel and cut-and-cover tunnel from Stoneleigh Street to Norman Avenue
- tunnel under Gympie Road from Stafford Road to Sadlier Street.

Benefits of the Northern Busway

Once the Northern Busway is complete between the Royal Children's Hospital and Kedron, it will:

- cut the average bus travel time almost in half between Kedron and the Royal Brisbane Hospital
- make public transport more frequent, reliable, comfortable and easy to use
- reduce congestion, pollution and traffic noise - for every full bus of commuters there are 40 fewer cars on the road
- help reduce growth in car travel on Bowen Bridge, Lutwyche and Gympie Roads and neighbouring streets
- provide better connections to where people live, work and play.

// About the Airport Roundabout Upgrade

The Airport Roundabout Upgrade project involves the upgrade of the Airport Roundabout and the intersection at East-West Arterial and Nudgee Road, including a new flyover, which will deliver a long-term solution for reducing traffic congestion.

The Airport Roundabout Upgrade Project received its final environmental approval from the Department of Transport and Main Roads (DTMR) allowing construction to commence four months ahead of schedule in April. The start of construction was marked by official ceremony attended by Premier Anna Bligh in April 2009.

The project is expected to be completed by mid to late 2011, before the opening of the Airport Link tunnel in mid-2012.

Building and Funding the Airport Roundabout Upgrade

The \$327 million Airport Roundabout Upgrade (ARU) is a Queensland Government project and will be handed back to the Department of Transport and Main Roads upon completion of the upgrade.

The Queensland Government has appointed BrisConnections to deliver the Airport Roundabout Upgrade project.

BrisConnections has contracted Thiess John Holland to undertake the design and construction of the Airport Roundabout Upgrade.

Key Features of the Airport Roundabout Upgrade

Key features of the design will include:

- widening of the East-West Arterial Road to three traffic lanes in each direction
- replacing the existing Gateway Motorway overpass with a new four lane overpass
- replacing the existing roundabout with a high capacity signalised "fast diamond" intersection
- constructing a new 750 metre four lane bridge linking the East-West Arterial Road and the Airport Drive over Nudgee Road and the Gateway Motorway overpass
- surface road improvements to Airport Drive.

Benefits of the Airport Roundabout Upgrade

Once the Airport Roundabout Upgrade is complete, it will provide:

- reliable and fast access to and from the domestic and international airport terminals
- reduced traffic congestion and delays for business, Brisbane's residents and visitors
- potential savings of more than 10 minutes for trips going to and from the airport during peak periods
- improved road safety
- reduced traffic delays and improved reliability with the overpass providing a direct connection between the East-West Arterial Road and Airport Drive.

// Engaging Our Community

New infrastructure such as Airport Link, the Northern Busway (Windsor to Kedron) and the Airport Roundabout Upgrade will deliver significant benefits to Brisbane and South East Queensland, however its construction can create challenges for local communities.

Not only are the Airport Link projects the largest road infrastructure projects ever to be built in Australia, they are also occurring in densely populated, inner-city locations; therefore increasing the need for transparent and timely communication.

Since 2005 the State Government has worked with communities in Brisbane's north to ensure the projects are delivered to best meet the needs of residents and commuters. Three years of extensive community consultation was undertaken prior to the beginning of construction and will continue until project completion.

Since CNI assumed project responsibility in December 2006, the company and the project team has continued to keep the community up to date with the progress of the projects and has been committed to working with the community on issues in a consultative manner.

Talking with the Community on Airport Link, Northern Busway (Windsor to Kedron) and Airport Roundabout Upgrade

CNI and the project team has maintained contact with the community via a range of means including:

- Four Community Liaison Groups (CLGs) continue to receive project updates and provide a forum for raising and discussing community concerns. Representing residents from Bowen Hills, Lutwyche/Windsor, Kedron and Clayfield/Toombul, CLGs meet monthly.
- Notifications about construction activities and other works are regularly distributed to local residents by the construction team.
- Elected representatives are regularly briefed on project progress and updates.
- A new Visitor Information Centre has opened at Lutwyche Centro on Lutwyche Road. Approximately 80 to 100 people pass through its doors each week.
- A 24-hour hotline is available to respond to community enquiries.
- A website provides extensive project information as well as an email feedback option.
- The project team provides staffed displays at local community events.
- Community newsletter distribution continues on a two-monthly basis.
- A State Schools Reference Committee (SSRC) has been established to facilitate communication between CNI and key stakeholders in state schools at Kedron, Woolloowin and Windsor. Committee members included school management, parents, teachers and Queensland Teachers' Union representatives.

// Our Team

More than 33 people at any one time are working for CNI on the Airport Link, Northern Busway (Windsor to Kedron) and Airport Roundabout Upgrade projects including employees, specialist consultants, contractors and advisors.

The CNI team comprises of a group of internationally experienced individuals from the private and public sectors with an exceptional combination of skills including:

- banking and finance
- commerce and law
- community consultation
- environmental and urban planning
- general administration
- government relations
- media and communications
- project management
- property economics and valuation
- town planning
- transaction management
- traffic modelling
- tunnel engineering and design

Our focus is on shoring up our depth of multi-disciplinary expertise and preserving corporate knowledge through the direct employment of highly-skilled professionals. Consulting firms are used to supplement the core activity areas.

Our leadership team

DAVID LYNCH

Chief Executive Officer

David Lynch B.Comm (Economics) (Hons) (VUW), M.Comm (Applied Finance) (UQ)

David Lynch was appointed Chief Executive Officer of City North Infrastructure Pty Ltd in December 2006. Prior to this appointment, David worked in various senior executive positions within Queensland Treasury and Queensland Treasury Corporation on Public Private Partnerships and the financing of other government infrastructure projects.

With more than 10 years experience with one of Australia's top four banking institutions, David held senior roles in Australia, Vietnam and London. He has extensive experience in the financing of major projects in both the private and public sectors.

As CNI's leader, David drives a transparent and performance-orientated culture and he consistently models and cultivates the organisation's values within the executive leadership team.

MICHAEL GLOVER

Chief Financial Officer/
Company Secretary

Michael Glover B.Comm Hons (UQ), MBA (USC)

Michael is CNI's Chief Financial Officer/ Company Secretary. As a Chartered Accountant, Michael started his career in a multinational and high-profile accounting firm where he progressed through the years and left as Finance Director Asia Pacific.

Since that time, Michael has worked at senior and CFO level with various industries including manufacturing and information technology.

Michael has a passion for continuous improvement and believes that organisational design and "employee fit" provide the optimum opportunities for operational excellence and achievement of the organisation's vision, mission and objectives.

Michael is a member of the Australian Institute of Management, Institute of Company Secretaries and a Graduate Institute of Company Directors.

Putting people first

CNI has a strong "people first" leadership philosophy and strives to ensure open and direct communication with all team members. The leadership team is committed to the company's vision and mission and is united in its goals and the expected behaviours of all involved with the projects. This consistency is reflected in the nurturing and supportive environment at CNI, where people feel confident in demonstrating personal initiative and choose to engage and excel.

PETER PAPANTONIOU

Commercial and Legal Director

Peter Papantoniou B.Bus (Accy) (QUT), Master Public Administration (ANZSOG/ GU)

Peter Papantoniou is a highly experienced executive in the transport and infrastructure sectors. As CNI's Commercial and Legal Director, Peter is responsible for the strategic direction and operational implementation of all commercial, compliance and contractual matters in relation to the business objectives and projects.

Prior to joining CNI in 2007, Peter was a senior officer at the Department of Main Roads and was responsible for strategic policy issues, major project evaluation, infrastructure financing and Public-Private Partnership (PPP). During his career, he has also held roles with Queensland Transport and a major chartered accounting firm.

ALEX DE ABOITIZ

Technical Director

Alex de Aboitiz B.Sci Hons (SydUni), BE Hons (SydUni)

Alex de Aboitiz is a Chartered Engineer and has studied as both a geo-scientist and civil engineer, qualifications perfectly suited to his role as CNI's Technical Director.

He has worked on some of the world's largest engineering projects and specialises in underground structures and tunnelling. In his previous roles he has worked in Australia, Europe and North America.

Alex has vast experience in structures and projects that have community impacts and require community consultation. With an acute understanding of the communications process and its relationship to technical design and execution, Alex is a well-known and credible presenter on international speaking circuits.

WENDY GEORGE

Media and Communications Director

Wendy George B.Bus (Communication) (QUT), GDPA (SydUni)

Wendy George was appointed Media and Communications Director of CNI in 2008. Prior to this appointment, Wendy worked as the Director of Communications to Premier of Queensland and was responsible for whole-of-government media management across the Queensland Ministry.

A former journalist and senior public servant, Wendy has more than ten years experience working in senior communication and leadership roles for the NSW and Queensland Governments and in the private sector.

At CNI, Wendy also has the responsibility of overseeing the projects' community consultation process, issues management and major announcements and events.

// Our Board of Directors

SHANE MCDOWALL (Chairman)

BE (Civil), MBA

Shane McDowall is the Deputy Coordinator-General, Infrastructure Services, Department of Infrastructure and Planning. Shane has over 20 years experience in the civil engineering industry both in Australia and overseas.

He holds a Bachelor in Civil Engineering Degree and an MBA. He is responsible for the delivery of the South-East Queensland Water Grid, Airport Link and associated sections of the Northern Busway, as well as a number of other projects throughout Queensland.

Prior to this role Shane predominantly worked in the private sector as a Project Director/ Alliance Manager. His recent projects include Wivenhoe Dam Upgrade Alliance, Tarong Transport Alliance and Southern Regional Water Pipeline Alliance.

LES FORD (Deputy Chairman)

BE (Civil), BEcon, GradDip (HydEng) (Delft), MBA, FIE Aust, FAIM, GAICD

Les Ford is a Deputy Director-General of the Department of Transport and Main Roads. Les began his professional career in 1972 as a civil engineer with the former Department of Harbours and Marine. In 1990, Les joined Queensland Transport where he led a number of major reform projects including the development of corporatisation policies for Queensland port authorities and Queensland Rail.

In 1992 he was appointed Queensland Transport Regional Director, Northern Queensland, based in Townsville, and in May 1996 he was appointed Queensland Transport Executive Director (Integrated Transport Planning).

Les was heavily involved in the implementation of the Integrated Regional Transport Plan for South East Queensland, including the South East Transit project and the Inner Northern Busway. He was appointed Deputy Director-General in December 2001 and oversaw Queensland Transport's infrastructure and public transport responsibilities, as well as the Department's People Capability initiatives.

In late June 2006, Les was appointed the Deputy Director-General for Main Roads where he now oversees a major roads delivery program which will spend more than \$16.2 billion across Queensland over the next five years.

IAN MUNRO

BCom, BSc, DipEd

Ian Munro is an Assistant Under Treasurer with Queensland Treasury. Ian has more than 20 years experience in Treasury's commercial/risk management area, and has held a number of senior management and executive positions within Treasury.

Ian's current responsibilities include managing Treasury's Commercial Division, which provides commercial and financial advice to Government, and Treasury's Financial Management Branch, which is responsible for delivering Government and commercial, accounting, financial management and financial reporting advice and policy development for Government departments and statutory bodies.

Ian also has extensive experience as a director of Government owned enterprises. As well as his position on the Board of City North Infrastructure, Ian is currently a director of Queensland Motorways Limited, DBCT Holdings Pty Ltd, the Urban Land Development Authority and Queensland Lotteries Corporation.

PAUL LOW

B RTP (Bachelor of Regional and Town Planning)

Paul Low is the Deputy Director-General (Policy and Planning) within Queensland Department of Transport and Main Roads. In this role, Paul oversees Queensland Transport's interest in strategic policy, integrated transport policy, road safety and system management, passenger transport and rail, ports and freight.

Prior to this position, Paul was Deputy Director-General (Planning and Infrastructure) in the former transport department and has held senior executive positions within the New South Wales State Rail Authority and the Ministry of Transport. He has also worked for Transurban, a major infrastructure owner, developer and operator, who has Australian and overseas toll road interests.

KEN MATHERS

HonFIEAust CPEng

The Board's independent director, Ken Mathers is the Chief Executive Officer of the Southern and Eastern Integrated Transport Authority (SEITA), a special purpose authority established by the Victorian Government in 2003 to facilitate development of the EastLink Project.

A Civil Engineer with a wealth of experience in road infrastructure planning and implementation, Ken has been involved in some of Victoria's most significant road infrastructure developments including project management roles for sections of the Hume Freeway and Melbourne's Western Ring Road.

After being involved in the planning of the City Link Project, he took up the role of Director, Engineering and Operations in 1995 at Melbourne City Link Authority.

On completion of City Link, he worked as a private consultant specialising in major road projects from 2001 until appointment to his current role at SEITA.

Ken has actively participated in 'Engineers Australia' serving as the Chairman of the Victorian Division in 1999 and as a member of the National Council between 2000 and 2003 and is a Board member of Roads Australia.



// Corporate Governance

The Company's Owners

CNI is a Corporations Law company wholly-owned by the State Government. Individual shareholders have been issued shares held in trust on behalf of:

- Department of Infrastructure and Planning
- Department of Transport and Main Roads
- Queensland Treasury Holdings Pty Ltd (QTH)

CNI was incorporated on 22 December 2006 with a constitution outlining the company's role and responsibilities, which include:

- managing the procurement process
- coordinating conduct of the procurement process
- recommending the bidder shortlist
- evaluating bids and awarding the contracts
- managing the contract administration process of its contract award
- negotiating with directly affected land owners
- managing land acquisition, resumption and compensation processes.

The Role of the Board of Directors

The Board of Directors is responsible for the overall corporate governance of the company including:

- setting the company's strategic direction
- establishing goals for management
- monitoring the achievement of goals
- appointing, removing, reviewing the performance of and setting remuneration for senior executives
- ensuring the integrity of internal control and management information systems
- approving and monitoring financial and other reporting.

The Board operates in accordance with documented corporate governance policies. These policies include a Code of Conduct for directors and processes and reporting mechanisms to ensure transparency, probity and accountability in decision making.

One of the foundations of the company's corporate governance framework is clarity and understanding by the Board and management of their respective roles.

This clarity is achieved through CNI's authorities and delegations policy that sets out matters reserved for the Board, delegated to the Chief Executive Officer and through committee charters which identify matters delegated to the committees. The Board reviews the authorities and delegations policy annually.

Responsibility for management of the company's business activities is delegated to the Chief Executive Officer, who is accountable and reports to the Board.

Structure of the Board

The CNI Board has five directors, all of whom are non-executive Directors. They include:

- Shane McDowall, Chairman
- Les Ford (Department of Transport and Main Roads)
- Ian Munro (Queensland Treasury)
- Paul Low (Department of Transport and Main Roads)
- Ken Mathers (Independent Director)

Board Processes

The Board has 11 scheduled meetings each year but meets as required to address particular matters as they arise. The Chief Executive Officer is regularly involved in Board discussions. However, opportunities also exist for the Board to have contact with a wider group of employees.

Independent Professional Advice and Access to Company Information

The Board of Directors can access all relevant company information and the company's executives, subject to prior consultation with the Chairman of the Board, all Directors may seek independent professional advice at the company's expense. Advice received by a Director is made available to all other Directors.

Audit and Risk Management Committee

The Board of Directors has established an Audit and Risk Management Committee to assist in the execution of its responsibilities. This committee has a formal charter which is approved by the Board and reviewed on a regular basis.

Members of the committee include CNI Pty Ltd Alternate Director Drew Ellem from Queensland Treasury (Chairman), Board members Shane McDowall (Chairman), Les Ford, David Lynch (CNI CEO) and Michael Glover (CNI Chief Financial Officer/ Company Secretary).

The Audit and Risk Committee's primary responsibility is to oversee CNI's financial reporting process on behalf of the Board of Directors and to report the results of its activities to the Board. The Audit and Risk Committee:

- reviews the company's financial statements to determine whether they are accurate and complete and makes any necessary recommendations to the Board
- reviews significant accounting policies adopted by City North Infrastructure to ensure compliance with generally accepted accounting principles
- reviews other financial information distributed externally as required
- reviews the company's risk register.

The committee, which meets at least four times a year, regularly reports to the Board of Directors on all matters relevant to the Audit and Risk Committee's role and responsibilities.

The Chairman reports on matters dealt with by the Audit and Risk Committee and makes recommendations to the Board after each meeting of the Audit and Risk Committee.

The committee also ensures the Board is made aware in a timely manner of audit, financial reporting, internal control, risk management and corporate compliance matters that may significantly impact upon the company.

The committee appointed KPMG Chartered Accountants to act as the company's internal auditors, primarily to review and make recommendations on risks, policies and procedures. KPMG has a direct reporting line to the Audit and Risk Management committee.

Remuneration Committee

The Board of Directors has established a Remuneration Committee to support and advise the Board in fulfilling its responsibilities to shareholders, employees and other stakeholder of the company by endeavouring to ensure that:

- senior management of the company is remunerated fairly and appropriately
- independent Board members are remunerated fairly and appropriately

- the company's remuneration policies and outcomes strike an appropriate balance between the interests of the company's shareholders, and rewarding and motivating the company's executives and employees in order to secure the long-term benefits of their energy and loyalty: and
- the human resources policies and practices are consistent with and complementary to the strategic direction and objective of the company as determined by the Board.

In order to fulfil its responsibilities to the Board, the committee will:

Executive and senior management remuneration

- review and make recommendations to the board regarding executive and senior management remuneration including, but not limited to, base pay, incentive payments, equity awards and service contracts;
- oversee the implementation of executive and senior management remuneration within the company.

Independent Director remuneration

- review and establish the level of remuneration, including superannuation, for Independent Directors. The level of director remuneration is to be set so as to attract the best candidates for the Board while maintaining a level commensurate with boards of similar size and type;
- where necessary, recommend that the Board seek an increase in the amount of remuneration for Independent Directors.

External consultants

- the committee may request management or external consultants to provide necessary information upon which the board may make its determination.

The Committee prepares and provides to the Board annually:

- self-evaluation of its performance against its charter, goals and objectives;
- recommended goals and objectives for the coming year; and
- recommended changes or improvements to its charter if necessary.

Members of the committee include CNI Pty Ltd Board members Shane McDowall (Chair) and Ken Mathers and CNI CEO David Lynch and CNI Chief Financial Officer/ Company Secretary Michael Glover.

// Corporate Governance cont.



Risk Management

The Audit and Risk Committee oversees the establishment, implementation, and annual review of the company's risk management system on behalf of the Board of Directors.

Management has established and implemented the risk management system for assessing, monitoring and managing the company's operational, financial reporting and compliance risks.

The system is based on written procedures, policies and guidelines, organisational structures that seek to provide an appropriate division of responsibility and accountability and the appropriate selection and training of qualified personnel.

The Chief Executive Officer and the Chief Financial Officer/ Company Secretary have declared, in writing to the Board, that the risk management and internal compliance and control system is operating efficiently and effectively.

Probity

CNI has always been extremely conscious of the fact that three bidders invested heavily in the Airport Link, Northern Busway (Windsor to Kedron) and Airport Roundabout Upgrade projects.

Protecting the integrity of the procurement process was critical to the success of the projects and CNI was committed to maintaining equality and fairness for all bidders in what was an intensely competitive process.

Project information was closely safeguarded, especially in the bid evaluation centre which operated from December 2007 to May 2008.

Everyone working on the project had to complete a Declaration of Independence and Confidentiality which means they treated in confidence all information to which they had access, and treated with impartiality all organisations with a current or potential commercial interest in the projects.

There are also probity systems and processes in place including a visitor management system, procedures for storing confidential material and restricted access areas.

CNI engaged BDO Kendalls as the company's probity auditor. It also engaged commercial mediator and alternative dispute resolution specialist Sir Laurence Street, AC, KCMG, QC, as the company's senior probity advisor to assist in the company's strict compliance with probity and competitiveness.

// Financial Report

For the Year Ended 30 June 2009

City North Infrastructure Pty Ltd

ABN 161 232 498 74

// Contents

Directors' Report	20
Auditors Independence Declaration	23
Income Statement	24
Balance Sheet	25
Statement of Changes in Equity	26
Cash Flow Statement	27
Notes to the Financial Statements	28
Directors' Declaration	42
Independent Audit Report	43

// Directors' Report

Your directors present their report on the company for the financial year ended 30 June 2009.

1. General information

(a) Directors

The names of the directors in office at any time during, or since the end of the year are:

Names	Appointed
Shane McDowall (Chairman)	8 September 2008
Les Ford (Deputy Chairman)	22 December 2006
Ian Munro	22 December 2006
Scott Stewart	22 December 2006 *
Paul Low	29 October 2007
Ken Mathers	29 January 2008
Tom Baskerville (Alternate Director)	22 January 2007
Drew Ellem (Alternate Director)	22 January 2007
Russell Murray (Alternate Director)	22 January 2007
Steve Hammar (Alternate Director)	29 November 2007 *
Vincent Scarcella (Alternate Director)	29 September 2007
Damian Gould (Alternate Director)	29 July 2008
David Stewart (Chairman)	22 December 2006 **

* Resigned 2 March 2009

** Resigned 8 September 2008

All directors are non-executive.

Shane McDowall is the Deputy Coordinator-General, Infrastructure Services, Department of Infrastructure and Planning. Shane has over twenty years experience in the civil engineering industry both in Australia and overseas. He holds a Bachelor in Civil Engineering Degree and a MBA. He is responsible for the delivery of a number of projects throughout Queensland.

Les Ford is the Chief Operations Officer for the Department of Transport and Main Roads. A chartered engineer, he oversees the delivery of a major roads delivery program which will spend in excess of \$13.3 billion over the next five years across Queensland.

Ian Munro is Queensland Treasury's Assistant Under Treasurer and has twenty years experience in Treasury's Commercial/Risk management area. His responsibilities include budget management.

Paul Low is currently the Deputy Director-General (Policy and Planning) for the Department of Transport and Main Roads. Paul oversees Queensland Transport's interest in passenger transport policy and planning, integrated transport and land use planning and infrastructure program development and delivery.

Ken Mathers is the Chief Executive Officer of the Southern and Eastern Integrated Transport Authority, a special purpose authority established by the Victorian Government in 2003 to facilitate development of the EastLink Project.

Drew Ellem (Chairman Audit and Risk Committee) is the Director of the Transport and Industry Branch in Queensland Treasury. He has twenty-five years experience in the public sector, in a range of roles, and his current responsibilities include budget oversight.

Directors and Alternative Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

(b) Company Secretary

The following person held the position of company secretary at the end of the financial year:

Michael Glover –
Chief Financial Officer/Company Secretary

(c) Meeting of Directors

During the financial year, meetings of directors including meeting of committees of directors were held. Attendance by each director during the year was as follows:

	No. of Meetings Attended	No. of Meetings Required to Attend
DIRECTOR'S MEETINGS		
Mr S McDowall (Chairman)	9	9
Mr L Ford	10	11
Mr I Munro	9	11
Mr P Low	9	11
Mr K Mathers	10	11
Mr S Stewart (Resigned 02.03.09)	4	7
Mr D Gould (Alternate Director)	1	1
Mr D Ellem (Alternate Director)	2	2
Mr V Scarcella (Alternate Director)	-	-
Mr T Baskerville (Alternate Director)	1	1
Mr R Murray (Alternate Director)	2	2
Mr S Hammer (Alternate Director, resigned 02.03.09)	3	3
AUDIT AND RISK COMMITTEE		
Mr D Ellem (Chairman)	3	3
Mr S McDowall	3	3
Mr S Stewart (Resigned 02.03.09)	1	2
Mr L Ford (Appointed 27.03.09)	1	1
REMUNERATION COMMITTEE		
Mr S McDowall (Chairman)	1	1
Mr K Mathers	1	1
Mr S Stewart (Resigned 02.03.09)	1	1

(d) Principal Activities

The principal activities of City North Infrastructure Pty Ltd during the financial year were to oversee the procurement, evaluation and contract management of the Airport Link, Northern Busway (Windsor to Kedron) and Airport Roundabout Upgrade projects on behalf of the State Government.

2. Business review**(a) Operating Results**

The profit from ordinary activities amounted to \$ 5,107,289.

(b) Dividends paid or declared

No dividends were paid or declared during or since the end of the financial year.

3. Other items**(a) After balance date events**

Other than matters noted in Note 24 in the Financial Report, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect:

- (a) the operations of the company, or
- (b) the results of those operations or the state of affairs of the company in future financial years.

(b) Auditors Independence Declaration

The lead auditors independence declaration for the year ended 30 June 2009 has been received and can be found on page 23 and forms part of the Directors' report for the financial year 30 June 2009.

(c) Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

(d) Future developments

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

(e) Going concern basis

This report is made in accordance with a resolution of Directors. In forming the opinion that there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due, the directors have reviewed the Income Statement, Balance Sheet and Cash Flow Statement presented in this document and have relied on the guarantee from the State of Queensland received on 30 July 2008 via a funding arrangement. These documents have been prepared on the basis that the company is a going concern.

// Directors' Report cont.

City North Infrastructure Pty Ltd

ABN 161 232 498 74

Directors' Report

For the Year Ended 30 June 2009

4. Indemnifying Officers or Auditors

(a) No indemnities

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of City North Infrastructure Pty Ltd.

The company has taken out Directors and Officers Liability insurance which were paid in July 2008. The director and officer liability insurance provides against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company.

5. Options

(a) No options granted or outstanding

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

6. Proceedings on Behalf of Company

(a) No leave or proceedings


No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors:

Director: 

Shane McDowall

Director: 

Les Ford

Dated this 21st day of July 2009

// Auditors Independence Declaration

City North Infrastructure Pty Ltd

ABN 161 232 498 74

Auditors Independence Declaration

For the Year Ended 30 June 2009

To the Directors of **City North Infrastructure Pty Ltd**

This auditor's independence declaration has been provided pursuant to s.307C of the *Corporations Act 2001*.

Independence Declaration

As lead auditor for the audit of **City North Infrastructure Pty Ltd** for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



C F DOUGHERTY CPA
Delegated Auditor-General of Queensland

Queensland Audit Office
Brisbane



// Income Statement

	Note	2009 \$	2008 \$
REVENUE			
Income	2	38,180,000	20,890,000
Interest income	3	709,238	367,093
Total revenue		38,889,238	21,257,093
EXPENSES			
Administration fees	8	811,244	500,596
Bid costs reimbursement	5	8,000,000	-
Consulting services	6	17,634,703	18,386,725
Depreciation and amortisation		356,450	159,194
Insurance		141,289	143,203
Office accommodation		911,375	411,538
Employee benefits and related costs	4	4,857,104	1,514,566
Staff amenities		10,300	-
Travel		91,425	19,925
Other operating expenses	7	968,059	985,342
Total Expenses		33,781,949	22,121,089
Profit/(loss) attributable to members		5,107,289	(863,996)

This statement should be read in conjunction with the accompanying notes.

// Balance Sheet

As at 30 June 2009.

	Note	2009 \$	2008 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	10,737,022	1,936,912
Receivables	10	668,405	1,777,773
Other current assets	11	12,682	905,077
Total current assets		11,418,109	4,619,762
NON-CURRENT ASSETS			
Plant and equipment	12	1,008,108	128,097
Intangible assets	13	225,977	72,456
Total non-current assets		1,234,085	200,553
TOTAL ASSETS		12,652,194	4,820,315
LIABILITIES			
CURRENT LIABILITIES			
Payables	14	7,632,195	4,983,539
Employee benefits	15	170,601	94,669
Total current liabilities		7,802,796	5,078,208
TOTAL LIABILITIES		7,802,796	5,078,208
NET ASSETS		4,849,398	(257,893)
EQUITY			
Issued capital	16	6	4
Retained earnings		4,849,392	(257,897)
TOTAL EQUITY		4,849,398	(257,893)

This statement should be read in conjunction with the accompanying notes.

// Statement of Changes in Equity

	Note	Issued Capital \$	Retained Earnings \$	Total \$
CURRENT YEAR				
Balance at 1 July 2008		4	(257,897)	(257,893)
Shares issued during the year	16	2	-	2
Profit attributable to members		-	5,107,289	5,107,289
Balance at 30 June 2009		6	4,849,392	4,849,398

	Note	Issued Capital \$	Retained Earnings \$	Total \$
PRIOR YEAR				
Balance at 1 July 2007		4	606,099	606,103
Loss attributable to members		-	(863,996)	(863,996)
Balance at 30 June 2008		4	(257,897)	(257,893)

This statement should be read in conjunction with the accompanying notes.

// Cash Flow Statement

	Note	2009 \$	2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income received		38,771,253	20,890,000
Payments to suppliers and employees		(28,313,174)	(20,810,836)
GST paid		(963,779)	(846,721)
Net cash (used in) / provided by operating activities	17	9,494,300	(767,557)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received		709,238	367,093
Acquisition of plant and equipment and intangibles		(1,403,430)	(49,881)
Net cash provided by / (used in) investing activities		(694,192)	317,212
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		2	-
Net cash provided by / (used in) investing activities		2	-
Net (decrease) / increase in cash and cash equivalents held		8,800,110	(450,345)
Cash and cash equivalents at beginning of the financial year		1,936,912	2,387,257
Cash and cash equivalents at end of financial year	9	10,737,022	1,936,912

This statement should be read in conjunction with the accompanying notes.

// Notes to the Financial Statements

1 Statement of Significant Accounting Policies

(a) Reporting Entity

City North Infrastructure Pty Ltd is a company domiciled in Australia. The address of the Company's registered office is Level 30, Comalco Place, 12 Creek Street, Brisbane QLD 4000. The company primarily is involved in contract management of the Airport Link, Northern Busway (Windsor to Kedron) and Airport Roundabout Upgrade projects on behalf of the State Government.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australia Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The financial report has been prepared on an accruals basis.

(c) Functional and Presentation Currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised and in any future periods affected.

(e) Revenue

Income is recognised at fair value where there is reasonable assurance that the income will be received and all income conditions will be met. Income relating to expense items are

recognised as income over the periods necessary to match the income to the costs they are compensating.

Interest revenue is recognised using the effective interest rate method taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(f) Employee Benefits

(i) Retirement Benefit Obligations

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

(ii) Key Management Personnel Remuneration

The key management personnel disclosures in the Key Management Personnel Note 19 in the financial statement include:

- the aggregate remuneration of key management personnel.

The remuneration disclosed is all remuneration received or receivable, directly or indirectly, from the company in connection with the management of the affairs of the company. For this purpose, remuneration includes:

- wages and salaries
- accrued leave (that is, the increase / decrease in the amount of annual leave and long service leave owed to an executives, inclusive of any increase in the value of leave balances as a result of salary rate increases or the like); and
- accrued superannuation (being the value of all employer superannuation contributions during the period, both paid and payable as at balance date).

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(h) Receivables

Receivables, which are non interest bearing and generally due for settlement within 30 days, are recognised initially at fair value and subsequently measured at amortised cost, less an allowance for doubtful debts. Collectibility of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. An allowance for doubtful debts is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the receivables.

(i) Plant and Equipment*Acquisition of assets*

All assets acquired, including plant and equipment, are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. The costs of assets constructed or internally generated by the company includes the cost of materials and direct labour, directly attributable overheads and other incidental costs.

The asset recognition threshold used for the 2009 financial year is Plant and Equipment: \$5,000.

The asset recognition threshold for plant and equipment has increased from \$2,000 in 2007, to \$5,000 in 2008. Any plant and equipment which were recognised in 2007 with a cost of less than \$5,000 have been derecognised in accordance with *AASB 116 Property, Plant and Equipment*.

Expenditure is only recognised as an asset when it is probable that the future economic benefits will flow to the company from it, and the costs incurred can be measured reliably.

Any post acquisition expenditure which increases such future economic benefits is also capitalised.

All decreases in value are charged to the income statement.

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Depreciation/Amortisation

The depreciable amount of all fixed assets is depreciated/amortised on both straight-line and diminishing value basis over their useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Motor Vehicles	25%
Office Equipment	40%
Computer Equipment	66.67%
Computer Software	40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

(j) Intangibles*Computer software*

Computer software costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Computer software costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

The asset recognition threshold used for the 2009 financial year is Computer Software: \$5,000.

(k) Payables

Payables are stated at cost, which approximates fair value due to the short term nature of these liabilities.

(l) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(m) Financial Instruments*Recognition*

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

// Notes to the Financial Statements cont.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

(n) Income Tax

The company is not subject to income tax as a "State/Territory body" under Division 1AB of Part III of the *Income Tax Assessment Act 1936* and is not registered for Tax Equivalents.

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis which are disclosed as operating cash flows.

(p) Leases in financial statements of lessees

Classification of leases

Leases are classified as finance or operating leases. Leases that transfer substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives where it is likely that the company will obtain ownership of the asset or over the term of the lease.

All other leases are accounted for as operating leases wherein rental payments are expensed as incurred.

(q) Going Concern

The financial report has been prepared on the going concern basis. This basis has been adopted as the company has received funding, and a facility agreement is in place, to provide continuing financial support from the State of Queensland to allow the company to meet its liabilities for the foreseeable future.

(r) Rounding of Amounts

The company has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest \$1.

(s) Comparative Figures

When required by Accounting Standards, comparative figures have been restated to conform to changes in presentation for the current financial year.

2 Income

	2009 \$	2008 \$
Contract Management	29,180,000	20,890,000
Independent Verifier	9,000,000	-
Total Income	38,180,000	20,890,000

The income is provided to City North Infrastructure Pty Ltd in accordance with the funding agreement.

3 Interest income

	2009 \$	2008 \$
Interest	709,238	367,093
Total interest income	709,238	367,093

4 Employee Benefits & Related Expenses

	2009 \$	2008 \$
EMPLOYEE BENEFITS		
Wages and salaries	3,383,851	1,348,560
Employer superannuation contributions	270,003	129,671
EMPLOYEE RELATED EXPENSES		
Workers' compensation premium*	6,778	7,828
Payroll Tax	133,627	28,507
Staff training	36,543	-
Recruitment costs	1,016,732	-
Human Resource Consulting	9,570	-
	4,857,104	1,514,566

* Costs of workers' compensation insurance 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. Employer superannuation contributions and the annual leave (included in wages and salaries total) are regarded as employee benefits.

EMPLOYEES		
Employees (full time equivalent)	31.5	15

5 Bid Costs Reimbursement

Bid costs reimbursement of \$8,000,000 was payment to the two unsuccessful bidders for the projects as specified within the project's Request For Proposal (RFP) documents.

// Notes to the Financial Statements cont.

6 Consulting Services

	2009 \$	2008 \$
Commercial consultant	935,674	2,872,687
Legal consultant	2,575,676	5,886,183
Other consultant services	2,654,725	2,387,002
Independent Verifier*	8,688,000	-
Technical consultant	2,367,437	4,545,757
Transaction service consultant	413,191	2,695,096
Total	17,634,703	18,386,725

* CNL has not directly engaged the Independent Verifier nor is it providing the services of an "Independent Verifier" to the State under the terms of the Project Management Agreement dated 30 July 2008.

7 Other Operating Expenses

Bank charges	1,562	984
Minor equipment	-	8,570
Evaluation expenses	148,064	798,401
Advertising	710,607	174,971
Telephone	94,379	2,416
Loss on disposal of plant and equipment	13,447	-
Total	968,059	985,342

8 Administration and Management Fees

Audit services – Queensland Audit Office	92,863	23,080
Accounting fee**	99,355	125,542
Administration fees	619,026	351,974
Total	811,244	500,596

** Accounting fee does not include any fees for services paid to Queensland Audit Office.

9 Cash and Cash Equivalents

	2009 \$	2008 \$
Cash on hand	1,000	1,000
Cash at Bank	10,736,022	1,935,912
	10,737,022	1,936,912

The effective interest rate on the Cash at Bank account was 5.11% (2008: 6.90%).

Reconciliation of Cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	10,737,022	1,936,912
	10,737,022	1,936,912

10 Receivables

	2009 \$	2008 \$
CURRENT		
Receivables	61,010	652,264
GST receivable	535,052	870,216
Other receivables	72,343	255,293
	668,405	1,777,773

11 Other Current Assets

	2009 \$	2008 \$
CURRENT		
Prepayments	12,682	905,077
	12,682	905,077

// Notes to the Financial Statements cont.

12 Plant and Equipment

	2009 \$	2008 \$
PLANT AND EQUIPMENT		
MOTOR VEHICLES		
At cost	78,236	20,770
Accumulated depreciation	(13,913)	(1,731)
Total motor vehicles	64,323	19,039
OFFICE EQUIPMENT		
At cost	698,090	162,828
Accumulated depreciation	(208,536)	(83,534)
Total office equipment	489,554	79,294
COMPUTER EQUIPMENT		
At cost	609,133	84,279
Accumulated depreciation	(154,902)	(54,515)
Total computer equipment	454,231	29,764
Total plant and equipment	1,008,108	128,097

(a) *Movements in Carrying Amounts*

	Motor Vehicles \$	Office Equipment \$	Computer Equipment \$	Total \$
30 JUNE 2009				
Balance at the beginning of year	20,770	162,828	84,279	267,877
Accumulated depreciation at beginning of year	(1,731)	(83,534)	(54,515)	(139,780)
Disposals	-	(2,911)	(3,666)	(6,577)
Additions	57,466	541,816	537,889	1,137,171
Depreciation expense	(12,182)	(128,645)	(109,756)	(250,583)
Carrying amount at the end of year	64,323	489,554	454,231	1,008,108
30 JUNE 2008				
Balance at the beginning of year	-	155,324	75,050	230,374
Accumulated depreciation at beginning of year	-	(32,341)	(1,135)	(33,476)
Additions	20,770	7,504	9,229	37,503
Depreciation expense	(1,731)	(51,193)	(53,380)	(106,304)
Carrying amount at the end of year	19,039	79,294	29,764	128,097

13 Intangible Assets

	2009 \$	2008 \$
COMPUTER SOFTWARE		
Cost	394,087	140,475
Accumulated amortisation and impairment	(168,110)	(68,019)
Total Intangibles	225,977	72,456

(a) Movements in Carrying Amounts

	Computer Software \$	Total \$
30 JUNE 2009		
Opening balance	140,475	140,475
Amortisation at the beginning of year	(68,019)	(68,019)
Disposals	(6,870)	(6,870)
Additions	266,258	266,258
Amortisation	(105,867)	(105,867)
Balance at 30 June 2009	225,977	225,977
30 JUNE 2008		
Opening balance	128,097	128,097
Amortisation at the beginning of year	(15,129)	(15,129)
Additions	12,378	12,378
Amortisation	(52,890)	(52,890)
Balance at 30 June 2008	72,456	72,456

// Notes to the Financial Statements cont.

14 Payables

	2009 \$	2008 \$
CURRENT		
Payables	2,654,946	4,093,298
GST payable	2,278	59,301
Sundry payables and accrued expenses*	4,444,873	276,741
Other payables**	530,098	554,199
	7,632,195	4,983,539

* Accrual for Independent Verifier cost to coincide with the payment schedule under the service providers agreement.

** Amount received on behalf of Department of Transport and Main Roads for the Survey and Plan cost.

15 Employee Benefits

CURRENT		
Employee benefits	170,601	94,669
	170,601	94,669

16 Issued Capital

	2009 \$	2008 \$
Ordinary Shares	6	4
Total	6	4
MOVEMENT OF ISSUED CAPITAL		
At the beginning of reporting period	4	4
SHARES ISSUED DURING THE YEAR		
Ordinary Shares	2	-
At reporting date	6	4

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has two votes on a show of hands.

17 Cash Flow Information

(a) Reconciliation of Cash Flow from Operating Activities

	2009 \$	2008 \$
Net income/loss for the period	5,107,289	(863,996)
CASH FLOWS EXCLUDED FROM PROFIT ATTRIBUTABLE TO OPERATING ACTIVITIES		
Interest income	(709,238)	(367,093)
NON-CASH FLOWS IN PROFIT		
Amortisation	105,867	52,890
Depreciation	250,583	106,304
Write-off capitalised expenditure	13,447	-
Changes in assets and liabilities		
(Increase)/decrease in receivables	1,109,370	(2,073,527)
(Increase)/decrease in prepayments	892,394	28,188
Increase/(decrease) in payables and accruals	2,705,677	2,574,376
Increase/(decrease) in GST payable	(57,022)	(224,699)
Increase/(decrease) in provisions	75,933	-
Cashflow from Operating Activities	9,494,300	(767,557)

// Notes to the Financial Statements cont.

18 Related Party Transactions

(a) Beneficial Holdings

City North Infrastructure Pty Ltd was incorporated on 22 December 2006, and has a mandate to oversee the procurement of the Airport Link, Northern Busway (Windsor to Kedron) and Airport Roundabout Upgrade projects on behalf of the State of Queensland. The shares in City North Infrastructure Pty Ltd are held in trust by Queensland Treasury Holdings, and the Director-General of the Department of Infrastructure and Planning, each held two shares and Director-General and Assistant Director-General of Department of Transport and Main Roads each held one share.

No dividend has been declared to any shareholders in the current financial year.

The shares are held in trust on behalf of the State of Queensland and as a consequence of the beneficial owner of all the company's issued shares in the State of Queensland.

Included in income is \$29,180,000 (2008: \$20,890,000), payment from Department of Infrastructure and Planning and Department of Transport and Main Roads.

	2009	2008
	\$'000	\$'000
Department of Infrastructure and Planning	\$26,280	\$15,880
Department of Transport and Main Roads	\$2,900	\$5,010
Total	\$29,180	\$20,890

(b) Directors

The following persons were directors of the company during the financial year: Shane McDowall, Les Ford, Ian Munro, Paul Low, David Stewart, Scott Stewart and Ken Mathers. There has been no compensation paid to the directors during the period. Further, directors of the company have not conducted any transactions with the company during the period.

(c) Key Management Personnel

Disclosures relating to payments to key management personnel are set out in Note 19.

19 Key Management Personnel Disclosures

Total benefits paid or payable, or otherwise made available, to the five most senior executives of the company.

	Short term benefits \$	Total \$
2009		
Total compensation	999,984	999,984
2008		
Total compensation	766,275	766,275

There have been no other transactions with the key management personnel during the year ended 30 June 2009 or outstanding balances owing to/from the directors as at 30 June 2009.

(a) Key Management Personnel

Names and positions held of key management personnel in office at any time during the financial year are:

Key Management Personnel	Position
D Lynch	Chief Executive Officer
M Glover	Chief Financial Officer/Company Secretary
P Papantoniou (Seconded 4 January 2008)	Director, Commercial and Legal
A de Aboitiz	Director, Technical
W George (Appointed 1 September 2008)	Director, Communications and Media

20 Capital and Leasing Commitments

(a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements.

	2009 \$	2008 \$
PAYABLE – MINIMUM LEASE PAYMENTS		
– not later than 1 year	909,568	320,480
– between 1 year and 5 years	2,981,738	1,209,838
	3,891,306	1,530,318

An operating lease has been entered into as a means of acquiring access to office accommodation.

Lease payments are generally fixed. No operating leases contain restrictions on financing or other leasing activities.

(b) Capital Expenditure Commitments

There are no capital expenditure commitments under contract.

// Notes to the Financial Statements cont.

21 Financial Instruments

(a) Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, and leases.

City North Infrastructure Pty Ltd does not have any derivative financial instruments at 30 June 2009.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

	2009 \$	2008 \$
MAXIMUM EXPOSURE TO CREDIT RISK		
Cash	10,737,022	1,936,912
Receivables	668,405	2,672,919
	11,405,427	4,609,831

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

Liquidity risk

City North Infrastructure Pty Ltd manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

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

	2009 \$	2008 \$
PAYABLES		
Less than 1 year	7,623,195	4,983,539
	7,623,195	4,983,539
LEASE LIABILITY		
1 to 5 years	909,568	320,480
Over 5 years	2,981,738	1,209,838
	3,891,306	1,530,318

Interest Rate Risk Sensitivity Analysis

At 30 June 2009, the effect on profit as a result of changes in the interest rate applicable to the company's financial assets, with all other variables remaining constant would be as follows:

	2009 \$	2008 \$
CHANGE IN PROFIT		
- Increase in 1% interest rate	107,370	19,369
- Decrease in 1% interest rate	(107,370)	(19,369)

Market risk

The company does not trade in the foreign currency and is not materially exposed to commodity price changes.

(b) Fair values

The fair value of the financial assets and liabilities is determined as follows:

- The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximate their carrying amounts.
- The fair value of prepayments is represented by the book value as the period of time to consumption is short and there are no rates involved in the calculation.

The company has not offset any assets and liabilities.

The carrying amount of all financial assets and liabilities are represented by their fair value. Fair value has been determined either by reference to the market value at the balance sheet date or by discounting the relevant cash flows using current interest rates.

22 Segment Reporting

The company operates predominately in one business and geographical segment being the road and infrastructure network in South East Queensland.

23 Contingent Liabilities and Contingent Assets

There has been no contingent liabilities and assets as at 30 June 2009.

24 Subsequent Event

There are no subsequent events to report.

25 Economic Dependence

The company depends on the provision of financial support from the State of Queensland. The Funding is provided in line with the amended and restated Project Management Agreement (PMA) dated 30 July 2008. Future contributions will be made by the Queensland government with financial support as appropriate and when required.

26 Company Details**The registered office of the company is:**

City North Infrastructure Pty Ltd
Level 30 Comalco Place
12 Creek Street
Brisbane Queensland 4000

// Directors' Declaration

City North Infrastructure Pty Ltd


ABN 161 232 498 74


Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on all pages of the financial report, present fairly the company's financial position as at 30 June 2009 and its performance for the year ended on that date in accordance with Accounting Standards and other mandatory professional reporting requirements;
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director 
Shane McDowall

Director 
Les Ford

Dated 21st day of July 2009

// Independent Audit Report To the Members of City North Infrastructure Pty Ltd

Report on the Financial Report

I have audited the accompanying financial report of City North Infrastructure Pty Ltd, which comprises the balance sheet as at Tuesday, 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. 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 is to express an opinion on the financial report based on our audit. The audit was conducted in accordance with *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 the 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

// Independent Audit Report To the Members of City North Infrastructure Pty Ltd cont.

City North Infrastructure Pty Ltd

ABN 161 232 498 74

Independent Audit Report

To the Members of City North Infrastructure Pty Ltd

Independence

The *Financial Administration and Audit Act 1977* 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.

In conducting the audit, the independence requirements of the *Corporations Act 2001* have been complied with. I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of City North Infrastructure Pty Ltd on 21 July 2009, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In my opinion –

- (a) the financial report of City North Infrastructure Pty Ltd is in accordance with the *Corporations Act 2001*, including –
 - (i) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*.



C F DOUGHERTY CPA

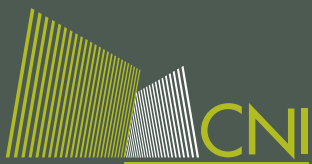
Delegate of the Auditor-General of Queensland



Queensland Audit Office
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