



State Budget 2012-13

Service Delivery Statements

Department of Local Government



2012–13 State Budget Papers

- 1. Budget Speech**
- 2. Budget Strategy and Outlook**
- 3. Capital Statement**
- 4. Budget Measures**
- 5. Service Delivery Statements**

Appropriation Bills

The suite of Budget Papers is similar to that published in 2011-12.

In April 2012, machinery-of-Government changes saw the creation of 20 departments with each department reporting directly to one Minister.

These new arrangements have required minor changes to how information is presented in some Budget Papers. The 2012-13 Budget Papers provide continuity of information between the previous departmental structure and the new arrangements.

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Service Delivery Statements

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Department of Local Government

Summary of portfolio budgets

Page	Agency	2011-12 Adjusted Budget \$'000	2011-12 Est. Actual \$'000	2012-13 Estimate \$'000
3	Department of Local Government - controlled	631,836	467,710	255,870
	Department of Local Government - administered	416,547	542,689	197,634

Note:

1. Explanations of variances are provided in the financial statements

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PORTFOLIO OVERVIEW

Ministerial and portfolio responsibilities

The Department of Local Government is responsible for oversight of the legislative and regulatory framework in which local governments operate. The Minister for Local Government, through the department, supports and promotes a capable and modern system of local government in which councils are equipped to deliver quality front line services and to meet the current and future needs of Queensland's 73 local government areas. Delivering a strong, efficient and effective local government system with greater capacity to deliver services and infrastructure is necessary if the aspirations of all Queenslanders are to be realised.

Minister for Local Government:

The Minister for Local Government is responsible for administering the *Local Government Act 2009* and the *City of Brisbane Act 2010* (the Acts) and their respective regulations. The Acts:

- provide a legal framework for an effective, efficient, sustainable and accountable system of local government;
- recognise the local government jurisdiction sufficiently to support each local government to take responsibility for the good rule and government of its area; and
- reflect the constitutional and legislative responsibility the Minister has for the system of local government in Queensland.

Department of Local Government:

The department's purpose is to support the autonomy, authority and accountability of local governments through four key program areas legislative reform, financial sustainability, capacity building and governance and decision-making. A regional office network underpins the work of the department by building robust and effective relationships with local governments.

In 2012-13 the department is responsible for delivering two significant projects:

- Legislative Review - local governments are optimally placed to make decisions in the best interests of their communities. The department is reviewing local government legislation and regulations to better enable local governments to be accountable to and responsible for their communities. Further, the Legislative Review will remove unnecessary red tape and prescription with the aim of achieving more efficient and effective local government decision-making.
- Review of de-amalgamation proposals – the Government has committed to giving voters in former local governments an opportunity to have a say on de-amalgamation. The Government has appointed a Boundaries Commissioner to analyse whether de-amalgamating local governments and the remaining local government will be economically and financially sustainable local government areas. The support of a majority of voters in the proposed de-amalgamated local government area is also necessary.

Further information is available on the Department of Local Government's website www.dlg.qld.gov.au/localgovernment.

Portfolio Structure and Services

Minister for Local Government

The Honourable David Crisafulli MP

Department for Local Government
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Acting Director General: Stephen Johnston
--

Service Area: Local Government

RESOURCES AND PERFORMANCE

DEPARTMENTAL OVERVIEW

Strategic direction

The Department of Local Government is committed to:

- strengthening the relationship between State and local government
- giving local governments greater autonomy and authority to make decisions that benefit their communities
- undertaking consultation with Queenslanders to give them a voice on their communities' future direction.

Effective, well governed local governments, where mayors and councillors have the authority to solve problems and to provide appropriate services at the local level, are vital to the State's growth and economic success. The department is working with councils and peak bodies to enhance and guide a local government system that brings long term social and economic benefits to communities across Queensland.

The department's work is closely aligned with the Government's five community objectives. The department will ensure that each local government has the autonomy and authority to manage its local government area in a way that enables it to:

- contribute directly to Queensland's economic growth from the local to the regional level;
- operate efficiently and with less red tape
- deliver better infrastructure and land use planning for their communities;
- revitalise their own front line services
- be more accountable to their communities for decisions, policies, corporate and financial management.

During 2012-13, the department intends to realise its objectives through delivery in four key program areas: legislative review and implementation, financial sustainability, capacity building and governance and decision-making. The department will operate in a manner that advances the spirit of the recently executed Partners in Government Agreement. This agreement, between the State Government and the Local Government Association of Queensland (LGAQ) (on behalf of local governments), encourages positive cooperation and productive relationships between the parties based on mutual respect.

Highlights for 2012-13 are:

*Councils have the authority and capacity to manage **(Legislative reform)***

- Reform the Local Government Act 2009 and the City of Brisbane Act 2010 to increase the autonomy and effectiveness of local governments and to ensure mayors and councillors have the authority and capacity to make good decisions in the best interests of their communities
- Remove the unnecessary Government decision-making overlay, as part of the Government's commitment to a reduction in red tape
- Provide input to whole-of-Government policies and programs for remote Indigenous communities, including social housing, home ownership, remote service delivery and community policing.

*Councils are financially sustainable **(Financial sustainability)***

- Review de-amalgamation proposals to ensure the de-amalgamating local government and remaining local government are financially sustainable

- Continue to monitor the ongoing financial sustainability of local governments and provide feedback to local governments and where necessary provide updates to the Government
- Improve loan borrowing processes to encourage local governments to lodge loan applications earlier in the financial year to enable timely draw downs before 30 June
- Work with Indigenous local governments to improve their long-term financial sustainability
- Review the Indigenous State Infrastructure Program (ISIP) to ensure infrastructure delivery meets communities' needs
- Ensure the Local Government Grants Commission's funding model remains consistent with the Government's objectives
- Implement the first round of a funding program (\$40 million over three years) to assist local governments to meet the recommendations of the Queensland Floods Commission of Inquiry.

*Councils have access to capacity building programs (**Capacity building**)*

- Deliver targeted programs to build the capability of the elected and administrative arms of local government (including newly elected councillors) and to address the needs of rural, remote, and Indigenous local governments
- Develop and deliver programs that inform local governments of the legislative changes.
- Build financial management capacity through workshops and training sessions, publication of guidelines, and timely advice in relation to changes to accounting standards
- Develop and manage the Indigenous Councils' Capacity Building Program
- Complete the delivery of the 2012 Councillor Induction Program to ensure councillors elected in the 2012 quadrennial elections have a sound understanding of their roles and responsibilities under the local government legislation.

*Councils are accountable (**Governance and decision-making**)*

- Develop and deliver programs that inform local governments of the impact of legislative changes on governance
- Manage complaints regarding councillors through a robust, timely and efficient process that meets legislative requirements, including working with the Remuneration and Discipline Tribunal (the Tribunal) for serious misconduct complaints and the Regional Conduct Review Panels for complaints about misconduct
- Provide support to the Tribunal and the Regional Conduct Review Panels, including research and analysis, data collection and a secretariat function
- Address major local government compliance issues in a timely manner
- Provide input to whole-of-Government policy and programs for remote Indigenous communities, including social housing, home ownership, remote service delivery and community policing
- Support the Boundaries Commissioner to give communities a say on de-amalgamation.

Key achievements for 2011 – 12 were:

- Established the *Partners in Government Agreement* with the LGAQ (signed on 4 July 2012) to ensure the interests of local communities are represented. The agreement formalises a set of principles that underpin the relationship between the State and local governments and encourages positive and productive relations based on mutual respect
- Appointed the Boundaries Commissioner to independently examine local governments and analyse the economic and social viability of de-amalgamation proposals
- Established a process to determine the feasibility of de-amalgamation in the case of Queensland communities wishing to pursue this option
- Commenced the revitalisation of the *Local Government Act 2009* and the *City of Brisbane Act 2010* to give local governments greater authority to make decisions in the best interests of their communities

- Supported and partnered with the LGAQ Indigenous Councils Leadership Group to initiate fundamental change to the delivery of government services to Aboriginal and Torres Strait Islander communities
- Administered the \$45 million Local Government Grants and Subsidies Program to provide funding for 38 infrastructure projects to 27 councils (\$40 million) and 21 projects to 15 councils (\$3.9 million) under the Cyclone and Flood Warning Subsidy component of the program. This funding supported local governments in implementing the recommendations of the interim report of the Queensland Floods Commission of Inquiry
- Completed financial sustainability assessments of 61 local governments and approved loan applications to local governments
- Developed and delivered the Intending Candidates Program for Queenslanders considering standing for election to local government in 2012. The program outlines the roles and responsibilities of mayors and councillors and promotes informed decision-making before nominating for election
- Developed and commenced delivery of the 2012 Councillor Induction Program to ensure councillors elected in the 2012 quadrennial elections have a sound understanding of their roles and responsibilities
- Provided the administrative support to the Local Government Grants Commission.
- Commenced the restructure of the department to better reflect local government needs into the future.

The major component of the department's capital works program is the funding of the Indigenous State Infrastructure Program which delivers priority environmental health infrastructure projects to mainland Indigenous communities. Capital works projects include water, sewerage, solid waste, serviced housing lots, road works and drainage to support the delivery of the \$1.2 billion Commonwealth-funded National Partnership Agreement on Remote Indigenous Housing.

Under the current arrangements, the State negotiates the leases of the land and contracts for the development of the infrastructure. The infrastructure is owned by the department until such time as it is commissioned and then handed over to the Indigenous mainland council.

Departmental Budget Summary

The table below shows the total resources available in 2012-13 from all sources and summarises how resources will be applied by service area and by controlled and administered classifications.

Department of Local Government	2011-12 Adjusted Budget \$'000	2011-12 Est Actual \$'000	2012-13 Estimate \$'000
CONTROLLED			
Income			
Appropriation for services ^{1, 2}			
Deferred from previous year/s	135,647	70,233	126,360
Balance of service appropriation	491,795	364,311	97,072
Other revenue	3,776	11,745	4,245
Total income	631,218	446,289	227,677
Expenses			
Local Government	580,454	404,836	255,870
Planning ³	51,382	62,874	..
Total expenses	631,836	467,710	255,870
Operating surplus/deficit	(618)	(21,421)	(28,193)
Net assets	20,215	87,845	86,953
ADMINISTERED			
Revenue			
Commonwealth revenue	415,803	541,997	196,890
Appropriation of administered items	416,547	542,689	197,634
Other administered revenue	488	359	444
Total revenue	832,838	1,085,045	394,968
Expenses			
Transfers to government	416,291	542,356	197,334
Administered expenses	416,547	542,689	197,634
Total expenses	832,838	1,085,045	394,968
Net assets	..	..	..
APPROPRIATIONS			
Controlled Items			
Departmental services ¹	627,442	435,945	223,526
Equity adjustment	2,880	30,649	27,301
Administered items	416,547	542,689	197,634
VOTE TOTAL ⁴	1,046,869	1,009,283	448,461

Notes:

1. Appropriation for services does not match appropriation for departmental services due to appropriation receivable of \$1.4 million for 2011-12 and appropriation receivable of \$0.1 million for 2012-13.

2. Includes State and Commonwealth funding.
3. On 1 May 2012, Planning functions (excluding Building Codes Queensland) were transferred to the Department of State Development, Infrastructure and Planning and Building Codes Queensland was transferred to the Department of Housing and Public Works.
4. The totals for the 2011-12 Estimated actual and the 2012-13 Estimate are as represented in the 2012-13 Appropriation Bills. The 2011-12 Adjusted Budget does not match the 2012-13 Appropriation Bills due to Machinery of Government changes.

Budget Measures Summary

The table shows a summary of Budget measures relating to the department since the 2011-12 Budget. Further details are contained in Budget Paper No. 4.

Department of Local Government	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
Revenue measures					
Up to and including 2011-12 MYR					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
2012-13 Budget					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
Total revenue measures					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
Expense measures					
Up to and including 2011-12 MYR					
Administered	..	..	..	..	..
Departmental	1,950	650	..	..	..
2012-13 Budget					
Administered	..	..	..	..	..
Departmental	(8,895)	(14,899)	(21,180)	(21,657)	(22,116)
Total expense measures					
Administered	..	..	..	..	..
Departmental	(6,945)	(14,249)	(21,180)	(21,657)	(22,116)
Capital measures					
Up to and including 2011-12 MYR					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
2012-13 Budget					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
Total capital measures					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..

Staffing¹

Department of Local Government	Notes	2011-12 Adjusted Budget	2011-12 Est. Actual	2012-13 Estimate
TOTAL		176	120	105

Note:

1. Full-time equivalents (FTEs) as at 30 June.

SERVICE PERFORMANCE

The service area structure presented in this document reflects the Machinery of Government changes announced by the Premier on 3 April 2012. As part of the Machinery of Government changes, the former Department of Local Government and Planning was reformed as the Department of Local Government.

The structure of the department was altered to transfer Planning functions to the Department of State Development, Infrastructure and Planning and Building Codes Queensland to the Department of Housing and Public Works. Performance information for these transferred services is reported in the 2012-13 Service Delivery Statements of the respective departments.

Our service area is **Local Government**.

The department's aim is to ensure that all local governments are able to make effective decisions that bring increased economic prosperity and social cohesion to their local government areas. The department wants all local governments to have the necessary autonomy, authority, capacity and resilience to deliver the best outcomes for their community. The department's objectives are that:

- councils have the authority and capacity to manage their local areas
- councils are financially sustainable
- councils have access to capacity building programs
- councils are accountable
- we operate efficiently and effectively with a good understanding of local government.

In meeting these objectives, the department provides services and advice in the program areas of:

Legislative reform

- Provide a legislative framework that allows for decisions to be made at the local level and promotes an efficient and effective local government system
- Remove unnecessary red tape and prescription from legislation
- Assist local governments to better interpret and understand the Acts and regulations.

Financial sustainability

- Administer grant funding to maximise outcomes for the Queensland community
- Assist local governments identify and manage financial sustainability issues
- Consider local government loan borrowing applications and facilitate approvals consistent with developing assets and maintaining financial sustainability

Capacity building

- Deliver induction training to all councillors
- Provide targeted capacity building programs to build capability and to support implementation of legislative changes
- Create a more efficient, council-led planning and development assessment system.

Governance and decision-making

- Monitor local government performance and corporate governance and determine appropriate capacity building programs and, where necessary, supportive intervention strategies.

Performance Statement

	Notes	2011-12 Target/est.	2011-12 Est. actual	2012-13 Target/est.
Service Area: Local Government				
Service standard				
Percentage of Local Governments satisfied with advice and services provided by the department	1	85%	..	85%
Other measures				
Percentage of community infrastructure projects funded by the department completed by Local Governments within approved timeframes		85%	85%	90%
Number of Local Government financial sustainability evaluations conducted by the Office of Local Government per annum	2	73	61	73
State contribution (\$000)	3,6,9	579,134	378,067	223,432
Other revenue (\$000)	4,7,10	820	8,519	4,245
Total cost (\$000)	5,8,11	580,454	404,836	255,870

Notes:

1. The Local Government satisfaction survey was not conducted in this reporting period due to the coincidence of both State and Local Government elections in early 2012. The department considered it inappropriate to impose a detailed survey on local governments at this time.
2. Financial sustainability evaluations are conducted based on information provided by local governments through either the voluntary Financial Management Sustainability (FMS) return issued annually, or where a local government has submitted a loan borrowing application to the department. In the 2011-12 year, 61 local governments participated in the FMS return or requested loan borrowings.

Major variations between 2011-12 Adjusted Budget and 2011-12 Estimated actual include:

3. The decrease is primarily due to the transfer of funding for the Natural Disaster Relief and Recovery Arrangements (NDRRA) to the Queensland Reconstruction Authority (QRA); the carry-over of funding for the Local Government Grants and Subsidies Program and the Priority Sewage Treatment Plant Upgrade Program to 2012-13; and the realignment of funding from departmental services to equity for the construction of infrastructure assets under the Indigenous Environmental Health Infrastructure program (IEHIP).
4. The increase principally relates to the contribution received for grants to local governments under the Flexible Funding Program, and refunds of grants from local councils.
5. The decrease is primarily due to the transfer of funding for NDRRA to the QRA; the carry-over of funding for the Local Government Grants and Subsidies Program and the Priority Sewage Treatment Plant Upgrade Program to 2012-13; the realignment of funding from departmental services to equity for the construction of infrastructure assets under IEHIP and the transfer of infrastructure assets on completion, at nil value, to Indigenous local councils.

Major variations between 2011-12 Adjusted Budget and 2012-13 Estimate include:

6. The decrease is primarily due to the transfer of funding for NDRRA to QRA; a reduction in funding for the Priority Sewage Treatment Plant Upgrade Program as the program will be completed in 2012-13; and the realignment of funding from departmental services to equity for the construction of infrastructure assets under IEHIP.
7. The increase principally relates to the contribution received for grants to local governments under the Flexible Funding Program.
8. The decrease is primarily due to the transfer of funding for the NDRRA to QRA, a reduction in funding for the Priority Sewage Treatment Plant Upgrade Program as the program will be completed in 2012-13, the realignment of funding from departmental services to equity for the construction of infrastructure assets under IEHIP and the transfer of infrastructure assets on completion, at nil value, to Indigenous local councils.

Major variations between 2011-12 Estimated actual and the 2012-13 Estimate include:

9. The decrease is primarily due to the transfer of funding for NDRRA to QRA. This is partially offset by funding deferred from 2011-12 for the Local Government Grants and Subsidies Program.
10. The decrease principally relates to the reduction in anticipated refunds of grants from local governments.
11. The decrease is primarily due to the transfer of funding for the NDRRA to QRA. This is partially offset by funding deferred from 2011-12 for the Local Government Grants and Subsidies Program and the transfer of infrastructure assets on completion, at nil value, to Indigenous local councils.

Administered Items

Administered activities are those activities undertaken by the department on behalf of and at the direction of the Government. The department administers funds:

- provided by the Australian Government as Financial Assistance Grants for local governments under the *Local Government (Financial Assistance) Act 1995 (Commonwealth)* to support the service provision capacity of councils
- for the Tablelands Regional Council for tourist infrastructure in Kuranda.

Description

Commonwealth Financial Assistance Grants

Queensland's Local Government Grants Commission is an independent body appointed by the State Government to recommend the distribution of the Australian Government funded Financial Assistance Grants (FAG). The FAG is aimed at improving the capacity of local governments to provide services. In 2011-12, \$542 million was made available to local governments for general purposes and road purposes. This included an advance payment of \$221.4 million paid to local governments in 2011-12, from the 2012-13 allocation. Funding of \$196.9 million will be made available to local governments in 2012-13.

Kuranda Infrastructure Levy

The department administered an arrangement which resulted in \$0.3 million in 2011-12 (consisting of contributions from Queensland Rail) being provided to Tablelands Regional Council for the provision of tourist infrastructure in the town of Kuranda. Legislation is in place to ensure any third party operators on the Kuranda line also contribute to the levy arrangement.

Kuranda Skyrail Levy

The department administers an arrangement which provides contributions from the Kuranda Skyrail toward the provision of tourist infrastructure in the town of Kuranda by the Tablelands Regional Council in 2011-12.

CAPITAL

Capital program

The department's capital program primarily relates to the capital works undertaken under the Indigenous State Infrastructure Program (ISIP). The program provides funding for water supply, sewerage, drainage, solid waste, town roads and serviced land for Queensland's Indigenous councils. These capital works projects improve the environmental health conditions for the people living in the major communities in these Indigenous council areas by providing safe and secure drinking water, safe sewerage systems, safe solid waste disposal arrangements, reductions in vector environments (such as mosquitoes) and dust reduction through sealed roads.

The total estimated capital expenditure program for ISIP is \$60.5 million. The capital expenditure budget for 2012-13 is \$28.4 million and includes the following major infrastructure projects:

- Doomadgee Shire Council area: \$7.2 million for construction of a new 24 lot subdivision, a new two Mega Litre concrete water reservoir, and replacement of water reticulation and connections to subdivisions
- Yarrabah Shire Council area: \$4.9 million for water reticulation upgrades and sewage pump station and reticulation upgrades and emergent sewerage overflow
- Aurukun Shire Council area: \$4.4 million for water supply and reticulation replacement, sewage pump station upgrades, water storage and landfill upgrades, 17 serviced allotments, and fencing and landscaping at sewerage treatment plant and landfill
- Pormpuraaw Shire Council area: \$4.1 million for water reticulation, road works, sewerage upgrades, solid waste investigations and construction of 10 lot subdivision
- Mornington Island: \$3.3 million for upgrades to Dithery Creek Dam, the water treatment plant and sewage pump stations, and replacement of water reticulation systems.

ISIP also supports the Council of Australian Governments (COAG) National Partnership Agreement on Remote Indigenous Housing by providing serviced lots and supporting infrastructure needed for additional housing in these communities. Further, this program contributes to the Commonwealth and State Governments' "Closing the Gap" priorities. Under this initiative, communities will have access to adequate and appropriate services in order to improve the health, safety and economic outcomes of Indigenous people.

Capital budget statement

Department of Local Government	Notes	2011-12 Adjusted Budget \$'000	2011-12 Est. Actual \$'000	2012-13 Estimate \$'000
Capital Purchases¹				
Total land, buildings and infrastructure		..	31,362	28,404
Total plant and equipment		141	141	36
Total other capital		2,880	1,209	..
Total Capital Purchases		3,021	32,712	28,440

Note:

1. For more detail on the agency's capital acquisitions please refer to Budget Paper 3

BUDGETED FINANCIAL STATEMENTS

Analysis of budgeted financial statements

An analysis of the department's budgeted financial statements, as reflected in the department's financial statements, is provided below.

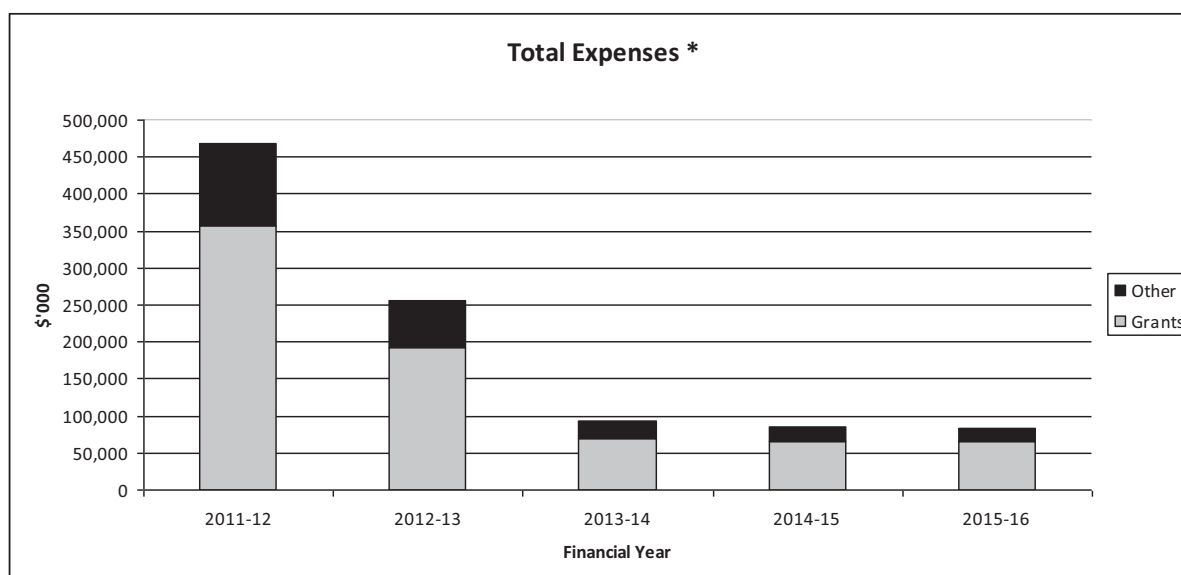
Departmental income statement

Total expenses are estimated to be \$255.9 million in 2012-13, a decrease of \$211.8 million from the 2011-12 financial year. The decrease is mainly due to the impact of the transfer of funding for the Natural Disaster Relief and Recovery Arrangements to the Queensland Reconstruction Authority, and the Machinery of Government changes on 1 May 2012.

The forecasted deficit for the department is expected to be \$28.2 million for 2012-13. This deficit is primarily due to the transfer of infrastructure assets to Indigenous local councils for no consideration under the Indigenous State Infrastructure Program.

Total departmental expenses across the Forward Estimates period

The decrease over the next few years in total departmental expenses is a result of the completion of Local Government Water and Sewerage programs, the Local Government Grants and Subsidies Program for 2011-12, the Flexible Funding Program and the Indigenous State Infrastructure Program, and the reduction in funding for the Local Government Grants and Subsidies Program going forward.

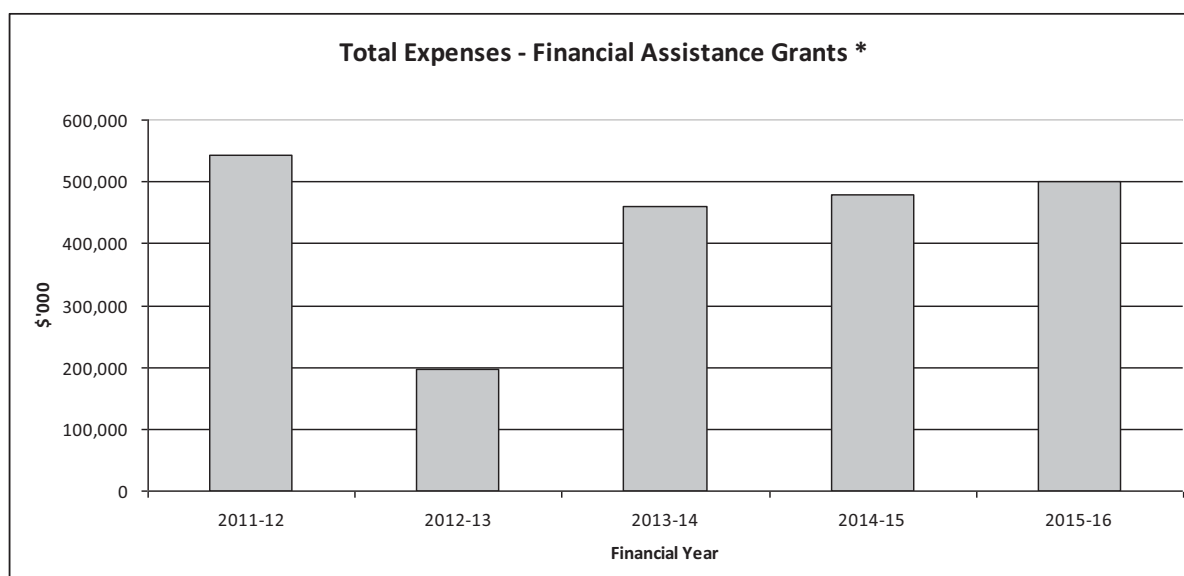


* Direct comparison cannot be made between expenses in the 2011-12 year and expenses in the 2012-13 and subsequent years because of machinery- of-Government changes which took place in 2011-12.

Administered income statement

Total expenses are estimated to be \$197.6 million in 2012-13, a decrease of \$345.1 million from the 2011-12 financial year. The decrease is mainly due to the advance payment made in June 2012 of the 2012-13 Financial Assistance Grants to local governments.

The contribution from the Australian Government for Financial Assistance Grants is forecasted to increase over the forward estimates period in line with estimated population growth and the consumer price index, as reflected in the chart below:



* The increase in 2011-12 is primarily due to the advance payment made in June 2012 for Financial Assistance Grants to local governments that applies to 2012-13. This increase is partially offset by the advance payment in June 2011 for Financial Assistance Grants that applies to 2011-12.

Departmental balance sheet

The department's major assets are in property, plant and equipment (\$66 million) and loans and advances (\$14 million). Plant and equipment is expected to decrease over the forward estimate period as the construction of infrastructure assets are completed and transferred to Indigenous local councils in the Far North Queensland region. In addition, loans and advances are expected to decrease as they are repaid by local governments.

The department's main liabilities relate to trade creditors, outstanding grants owed to local governments and accrued employee benefits.

INCOME STATEMENT

Department of Local Government	Notes	2011-12 Adjusted Budget \$'000	2011-12 Est. Act. \$'000	2012-13 Estimate \$'000
Income				
Service revenue	1,10,20	627,442	434,544	223,432
User charges		275	386	50
Grants and other contributions	2,11,21	1,354	9,149	4,195
Other revenue	12,22	2,147	2,210	..
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
Total income		631,218	446,289	227,677
Expenses				
Employee expenses	3,13,23	57,604	60,383	12,514
Supplies and services	4,14,24	79,348	28,598	21,906
Grants and subsidies	5,15,25	492,817	356,223	193,018
Depreciation and amortisation	16,26	723	723	149
Finance/borrowing costs	6,17	601	..	..
Other expenses	7,18,27	743	18,730	28,283
Losses on sale/revaluation of property, plant and equipment and investments	8,28	..	3,053	..
Total expenses		631,836	467,710	255,870
OPERATING SURPLUS/(DEFICIT)	9,19,29	(618)	(21,421)	(28,193)

STATEMENT OF CHANGES IN EQUITY

Department of Local Government	Notes	2011-12 Adjusted Budget \$'000	2011-12 Est. act. \$'000	2012-13 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments	
Increase/(decrease) in asset revaluation reserve	
Net amount of all revenue and expense adjustments direct to equity not disclosed above	
Net income recognised directly in equity	
Surplus/(deficit) for the period		(618)	(21,421)	(28,193)
Total recognised income and expense for the period		(618)	(21,421)	(28,193)
Equity injection/(withdrawal)		2,880	30,649	27,301
Equity adjustments (MoG transfers)		(31,479)	(29,447)	..
Total movement in equity for period		(29,217)	(20,219)	(892)

BALANCE SHEET

Department of Local Government	Notes	2011-12 Adjusted Budget \$'000	2011-12 Est. act. \$'000	2012-13 Estimate \$'000
CURRENT ASSETS				
Cash assets	30,37	7,344	10,505	10,585
Receivables	31,38	7,453	10,557	10,463
Other financial assets		..	..	..
Inventories		..	..	..
Other		2	332	332
Non-financial assets held for sale		..	..	..
Total current assets		14,799	21,394	21,380
NON-CURRENT ASSETS				
Receivables	39,45	13,007	12,800	11,697
Other financial assets		..	..	..
Property, plant and equipment	32,40	12,024	65,637	65,782
Intangibles		..	..	..
Other		..	..	..
Total non-current assets		25,031	78,437	77,479
TOTAL ASSETS		39,830	99,831	98,859
CURRENT LIABILITIES				
Payables	33,41	16,215	8,303	8,303
Accrued employee benefits		3,326	3,603	3,603
Interest-bearing liabilities and derivatives		9	..	..
Provisions		..	..	..
Other		..	80	..
Total current liabilities		19,550	11,986	11,906
NON-CURRENT LIABILITIES				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		65	..	..
Other		..	..	..
Total non-current liabilities		65	..	..
TOTAL LIABILITIES		19,615	11,986	11,906
NET ASSETS/(LIABILITIES)		20,215	87,845	86,953
EQUITY				
Capital/contributed equity	34,42,46	(9,422)	(339,464)	(312,163)
Accumulated surplus/(accumulated deficit)	35,43,47	3,027	409,005	380,812
Reserves:				
- Asset revaluation surplus	36,44	26,610	18,304	18,304
- Other (specify)		..	..	..
TOTAL EQUITY		20,215	87,845	86,953

CASH FLOW STATEMENT

Department of Local Government	Notes	2011-12 Adjusted Budget \$'000	2011-12 Est. act. \$'000	2012-13 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Service receipts	48,61,75	627,442	435,945	223,526
User charges	49,76	275	7,802	50
Grants and other contributions	50,62,77	1,354	9,229	4,115
Other	51,63,78	2,147	5,445	..
Outflows:				
Employee costs	52,64,79	(57,604)	(60,383)	(12,514)
Supplies and services	53,65,80	(79,346)	(29,143)	(21,906)
Grants and subsidies	54,66,81	(492,817)	(399,223)	(193,018)
Borrowing costs	55,67	(601)	..	..
Other	56,68,82	(8,593)	(2,845)	(137)
Net cash provided by/(used in) operating activities		(7,743)	(33,173)	116
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed	69,83	..	189	1,103
Outflows:				
Payments for property, plant and equipment and intangibles	57,70,84	(3,021)	(32,712)	(28,440)
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		(3,021)	(32,523)	(27,337)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings	58,71	11,980	..	..
Equity injections	59,72,85	2,880	30,838	28,404
Outflows:				
Borrowing redemptions	60,73	(3,526)	(9)	..
Finance lease payments		..	..	..
Equity withdrawals	74,86	..	(189)	(1,103)
Net cash provided by/(used in) financing activities		11,334	30,640	27,301
Net increase/(decrease) in cash held		570	(35,056)	80
Cash at the beginning of financial year		8,717	44,893	10,505
Cash transfers from restructure		(1,943)	668	..
Cash at the end of financial year		7,344	10,505	10,585

ADMINISTERED INCOME STATEMENT

Department of Local Government	Notes	2011-12 Adjusted Budget \$'000	2011-12 Est. act. \$'000	2012-13 Estimate \$'000
Revenues				
Commonwealth grants	87,90,93	415,803	541,997	196,890
Taxes, fees and fines		488	359	444
Royalties, property income and other territorial revenue		..	..	..
Interest		..	..	..
Administered revenue	88,91,94	416,547	542,689	197,634
Other		..	..	..
Total revenues		832,838	1,085,045	394,968
Expenses				
Supplies and services		..	..	..
Depreciation and amortisation				
Grants and subsidies	89,92,95	416,547	542,689	197,634
Benefit payments				
Borrowing costs		..	..	..
Other		..	..	..
Total expenses		416,547	542,689	197,634
Net surplus or deficit before transfers to Government		416,291	542,356	197,334
Transfers of administered revenue to Government		416,291	542,356	197,334
OPERATING SURPLUS/(DEFICIT)		..	..	..

ADMINISTERED BALANCE SHEET

Department of Local Government	Notes	2011-12 Adjusted Budget \$'000	2011-12 Est. act. \$'000	2012-13 Estimate \$'000
CURRENT ASSETS				
Cash assets	
Receivables	
Inventories				
Other	
Non-financial assets held for sale	
Total current assets	
NON-CURRENT ASSETS				
Receivables	
Other financial assets	
Property, plant and equipment	
Intangibles	
Other	
Total non-current assets	
TOTAL ADMINISTERED ASSETS	
CURRENT LIABILITIES				
Payables	
Transfers to Government payable	
Interest-bearing liabilities	
Other	
Total current liabilities	
NON-CURRENT LIABILITIES				
Payables	
Interest-bearing liabilities	
Other	
Total non-current liabilities	
TOTAL ADMINISTERED LIABILITIES	
ADMINISTERED NET ASSETS/(LIABILITIES)	
EQUITY				
Capital/Contributed equity		(63,176)	(63,193)	(63,193)
Accumulated surplus/(Accumulated deficit)		63,176	63,193	63,193
Reserves:	
- Asset revaluation surplus	
- Other (specify)	
TOTAL ADMINISTERED EQUITY	

ADMINISTERED CASH FLOW STATEMENT

Department of Local Government	Notes	2011-12 Adjusted Budget \$'000	2011-12 Est. act. \$'000	2012-13 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Administered item receipts	96,100,104	416,547	542,689	197,634
Grants and other contributions	97,101,105	415,803	541,997	196,890
Taxes, fees and fines		488	359	444
Royalties, property income and other territorial revenues		..	..	..
Other		..	..	..
Outflows:				
Transfers to Government	98,102,106	(416,291)	(542,364)	(197,334)
Grants and subsidies	99,103,107	(416,547)	(542,689)	(197,634)
Supplies and services		..	..	..
Borrowing costs		..	..	..
Other		..	(6)	..
Net cash provided by/(used in) operating activities		..	(14)	..
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment and intangibles		..	..	..
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		..	..	..
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections		..	..	..
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Net cash provided by/(used in) financing activities		..	..	..
Net increase/(decrease) in cash held		..	(14)	..
Administered cash at beginning of financial year		..	14	..
Cash transfers from restructure		..	..	..
Administered cash at end of financial year		..	..	..

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Income statement

Major variations between 2011-12 Adjusted Budget and 2011-12 Estimated actual include:

1. The decrease is primarily due to the transfer of funding for the Natural Disaster Relief and Recovery Arrangements (NDRRA) to the Queensland Reconstruction Authority (QRA); the carry-over of funding for the Local Government Grants and Subsidies Program and the Priority Sewage Treatment Plant Upgrade Program to 2012-13; and the realignment of funding from departmental services to equity for the construction of infrastructure assets under the Indigenous Environmental Health Infrastructure program (IEHIP).
2. The increase principally relates to the contribution received for grants to local governments under the Flexible Funding Program, and refunds of grants from local councils.
3. The increase principally relates to payments of Voluntary Separation Packages to employees.
4. The decrease is primarily due to the realignment of funding from departmental services to equity for the construction of infrastructure assets under IEHIP; the redirection from supplies and services to grants under the Indigenous State Infrastructure Program (ISIP); and the carry-over of funding for IEHIP to 2012-13 and 2013-14.
5. The decrease is primarily due to the transfer of funding for NDRRA to QRA, and the carry-over of funding for the Local Government Grants and Subsidies Program and the Priority Sewage Treatment Plant Upgrade Program to 2012-13.
6. The decrease occurred because the department was not required to borrow monies to fund the development costs for the Yeerongpilly - Stage 1 project in 2011-12.
7. The increase relates to the transfer of infrastructure assets at nil value to Indigenous local councils under IEHIP.
8. The increase relates to the write down of assets to fair value for accounting purposes.
9. The increase relates to the write down of assets to fair value for accounting purposes and the transfer of infrastructure assets at nil value to Indigenous local councils under IEHIP.

Major variations between 2011-12 Adjusted Budget and 2012-13 Estimate include:

10. The decrease is primarily due to the transfer of funding for NDRRA to QRA; a reduction in funding for the Priority Sewage Treatment Plant Upgrade Program as the program will be completed in 2012-13; the realignment of funding from departmental services to equity for the construction of infrastructure assets under IEHIP; and the transfer of Planning functions and Building Codes Queensland to the Department of State Development, Infrastructure and Planning and the Department of Housing and Public Works, respectively, on 1 May 2012 (Machinery of Government changes on 1 May 2012).
11. The increase principally relates to the contribution received for grants to local governments under the Flexible Funding Program.
12. The decrease primarily relates to the transfer of revenues received for certain Building Codes licences and fees as a result of the Machinery of Government changes on 1 May 2012.
13. The decrease primarily relates to the Machinery of Government changes on 1 May 2012.
14. The decrease is primarily due to the realignment of funding from departmental services to equity for the construction of infrastructure assets under IEHIP, the redirection from supplies and services to grants under ISIP; the carry-over of funding for IEHIP from 2011-12; and the Machinery of Government changes on 1 May 2012.
15. The decrease is primarily due to the transfer of funding for NDRRA to QRA, and a reduction in funding for the Priority Sewage Treatment Plant Upgrade Program as the program will be completed in 2012-13.
16. The decrease primarily relates to the Machinery of Government changes on 1 May 2012.
17. The decrease occurred, because the department was not required to borrow monies to fund the development costs for the Yeerongpilly - Stage 1 project in 2011-12.
18. The increase relates to the transfer of infrastructure assets at nil value to Indigenous local councils under IEHIP.
19. The increase relates to the transfer of infrastructure assets at nil value to Indigenous local councils under IEHIP.

Major variations between 2011-12 Estimated actual and the 2012-13 Estimate include:

20. The decrease is primarily due to the transfer of funding for NDRRA to QRA, and the Machinery of Government changes on 1 May 2012. This is partially offset by the deferral of funding from 2011-12 for the Local Government Grants and Subsidies Program.
21. The decrease principally relates to the reduction in anticipated refunds of grants from local governments.
22. The decrease primarily relates to the transfer of revenues received for certain Building Codes licences and fees as a result of the Machinery of Government changes on 1 May 2012.
23. The decrease primarily relates to the Machinery of Government changes on 1 May 2012.
24. The decrease primarily relates to the Machinery of Government changes on 1 May 2012.
25. The decrease is primarily due to the transfer of funding for the NDRRA to QRA. This is partially offset by the deferral of funding from 2011-12 for the Local Government Grants and Subsidies Program.
26. The decrease primarily relates to the Machinery of Government changes on 1 May 2012.
27. The increase relates to the transfer of infrastructure assets at nil value to Indigenous local councils under IEHIP.
28. The decrease relates to the write down of assets to fair value in 2011-12, with none budgeted in 2012-13.
29. The increase relates to the transfer of infrastructure assets at nil value to Indigenous local councils under IEHIP. The 2011-12 deficit also includes the write down of assets to fair value.

Balance sheet

Major variations between 2011-12 Adjusted Budget and 2011-12 Estimated actual include:

30. The increase principally relates to cash received in prior years from the Australian Government's joint funding programs.
31. The increase primarily reflects costs to be recovered from other Government departments due to Machinery of Government changes.
32. The increase principally relates to the recognition as an asset of the Northern Peninsula Water Supply System and the construction of infrastructure assets on behalf of Indigenous local councils in the Far North Queensland region.
33. The decrease reflects a reduction in creditors at year end due to Machinery of Government changes.
34. The decrease primarily relates to the transfer of assets and liabilities to Government departments as part of Machinery of Government changes. This is partially offset by the realignment of funding from departmental services to equity for the construction of infrastructure assets under IEHIP.
35. The increase primarily relates to the recognition of retained surplus for the Property Services Group (a commercial business unit) prior to its transfer to the then Department of Employment, Economic Development and Innovation on 1 March 2011.
36. The decrease principally relates to a reduction in the value of properties which were held by the department prior to the Machinery of Government changes.

Major variations between 2011-12 Adjusted Budget and 2012-13 Estimate include:

37. The increase principally relates to cash received in prior years from the Australian Government's joint funding programs.
38. The increase primarily reflects costs to be recovered from other Government departments due to Machinery of Government changes.
39. The decrease principally reflects loan repayments by local governments.
40. The increase principally relates to the recognition as an asset of the Northern Peninsula Water Supply System and the construction of infrastructure assets on behalf of indigenous local councils in the Far North Queensland region.
41. The decrease reflects a reduction in creditors at year end due to Machinery of Government changes.
42. The decrease primarily relates to the transfer of assets and liabilities to Government Departments as part of Machinery of Government changes. This is partially offset by the realignment of funding from departmental services to equity for the construction of infrastructure assets under IEHIP.
43. The increase primarily relates to the recognition of a retained surplus for the Property Services Group (a commercial business unit) prior to its transfer to the then Department of Employment, Economic Development and Innovation on 1 March 2011.
44. The decrease principally relates to a reduction in the value of properties which were held by the department prior to the Machinery of Government changes.

Major variations between 2011-12 Estimated actual and the 2012-13 Estimate include:

45. The decrease principally reflects loan repayments by local governments.
46. The decrease principally relates to the contribution made for the construction of infrastructure assets under IEHIP.
47. The decrease reflects the forecasted deficit for 2012-13.

Cash flow statement

Major variations between 2011-12 Adjusted Budget and 2011-12 Estimated actual include:

48. The decrease is primarily due to the transfer of funding for NDRRA to QRA, the carry-over of funding for the Local Government Grants and Subsidies Program and the Priority Sewage Treatment Plant Upgrade Program to 2012-13 and the realignment of funding from departmental services to equity for the construction of infrastructure assets under IEHIP.
49. The increase principally relates to the recovery of expenses paid on behalf of another Government department due to Machinery of Government changes.
50. The increase principally relates to the contribution received for grants to local governments under the Flexible Funding Program, and refunds of grants from local councils.
51. The increase primarily reflects the Goods and Services Tax (GST) input credits received from the Australian Taxation Office (ATO).
52. The increase principally relates to payments of Voluntary Separation Packages to employees.
53. The decrease is primarily due to the realignment of funding from departmental services to equity and from supplies and services to grants and contributions for ISIP, and the carry-over of funding for IEHIP to 2012-13 and 2013-14.
54. The decrease is primarily due to the transfer of funding for NDRRA to QRA; the carry-over of funding for the Local Government Grants and Subsidies Program and the Priority Sewage Treatment Plant Upgrade Program to 2012-13; and the payment of grants outstanding at the beginning of 2011-12.
55. The variance occurred because the department was not required to borrow monies to fund the development costs for the Yeerongpilly - Stage 1 project in 2011-12.
56. The decrease principally relates the reduction in development costs for Yeerongpilly - Stage 1.
57. The increase principally relates to the construction of infrastructure assets on behalf of Indigenous local councils under IEHIP.
58. The decrease occurred because the department was not required to borrow monies to fund the development costs for the Yeerongpilly - Stage 1 project in 2011-12.
59. The increase principally relates to the increased contribution for the construction of infrastructure assets under IEHIP.
60. The increase occurred as the department was not required to borrow monies to fund the development costs for the Yeerongpilly - Stage 1 project.

Major variations between 2011-12 Adjusted Budget and 2012-13 Estimate include:

61. The decrease is primarily due to the transfer of funding for NDRRA to QRA; a reduction in funding for the Priority Sewage Treatment Plant Upgrade Program as the program will be completed in 2012-13; the realignment of funding from departmental services to equity for the construction of infrastructure assets under IEHIP; and the Machinery of Government changes on 1 May 2012.
62. The increase principally relates to the contribution received for grants to local governments under the Flexible Funding Program.
63. The decrease primarily relates to the Machinery of Government changes on 1 May 2012.
64. The decrease primarily relates to the Machinery of Government changes on 1 May 2012.
65. The decrease is primarily due to the realignment of funding from departmental services to equity and from supplies and services to grants and contributions for ISIP; the carry-over of funding for IEHIP from 2011-12; the reduction in development costs for Yeerongpilly - Stage 1; and the Machinery of Government changes on 1 May 2012.
66. The decrease is primarily due to the transfer of funding for NDRRA to QRA, and a reduction in funding for the Priority Sewage Treatment Plant Upgrade Program as the program will be completed in 2012-13.
67. The decrease occurred because the department was not required to borrow monies to fund the development costs for the Yeerongpilly - Stage 1 project in 2011-12.
68. The decrease principally relates to the reduction in development costs for Yeerongpilly - Stage 1.
69. The increase principally reflects loan repayments by local governments.
70. The increase principally relates to the construction of infrastructure assets on behalf of Indigenous local councils under IEHIP.

71. The decrease occurred as the department was not required to borrow monies to fund the development costs for the Yeerongpilly - Stage 1 project in 2011-12.
72. The increase principally relates to the increased contribution for the construction of infrastructure assets under IEHIP.
73. The increase occurred as the department was not required to borrow monies to fund the development costs for the Yeerongpilly - Stage 1 project.
74. The increase reflects the return of local government loan repayments to the Government.

Major variations between 2011-12 Estimated actual and the 2012-13 Estimate include:

75. The decrease is primarily due to the transfer of funding for NDRRA to QRA, and the Machinery of Government changes on 1 May 2012. This is partially offset by the deferral of funding from 2011-12 for the Local Government Grants and Subsidies Program.
76. The decrease principally relates to the collection of recoveries from another Government department due to Machinery of Government changes in 2011-12.
77. The decrease principally relates to the reduction in anticipated refunds of grants from local governments.
78. The decrease primarily relates to the Machinery of Government changes on 1 May 2012 and a reduction in GST input credits received from the ATO.
79. The decrease primarily relates to the Machinery of Government changes on 1 May 2012.
80. The decrease primarily relates to the Machinery of Government changes on 1 May 2012.
81. The decrease is primarily due to the transfer of funding for NDRRA to QRA and the payment of grants outstanding at the beginning of 2011-12. This is partially offset by the deferral of funding from 2011-12 for the Local Government Grants and Subsidies Program.
82. The decrease principally relates to a reduction in development costs for Yeerongpilly - Stage 1 in 2011-12.
83. The increase principally reflects loan repayments by local governments.
84. The decrease principally relates to the completion of the construction of infrastructure assets on behalf of Indigenous local councils in Far North Queensland region.
85. The decrease primarily relates to the reduction in contributions due to the completion of the construction of infrastructure assets under IEHIP.
86. The increase reflects the return of local governments' loan repayments to Government.

Administered income statement

Major variations between 2011-12 Adjusted Budget and 2011-12 Estimated actual include:

87. The increase primarily relates to the advance payment made by the Australian Government in June 2012 for Financial Assistance Grants to local governments that applies to 2012-13. This increase is partially offset by the advance payment in June 2011 for Financial Assistance Grants that applies to 2011-12.
88. The increase principally relates to advance payment of funding made in June 2012 for Financial Assistance Grants to local governments. This increase is partially offset by the advance payment made in June 2011 for Financial Assistance Grants to local governments that applies to 2011-12.
89. The increase principally relates to advance payment of funding made in June 2012 for Financial Assistance Grants to local governments. This increase is partially offset by the advance payment made in June 2011 for Financial Assistance Grants to local governments that applies to 2011-12.

Major variations between 2011-12 Adjusted Budget and 2012-13 Estimate include:

90. The decrease primarily reflects the advance payment made by the Australian Government in June 2012 for Financial Assistance Grants that applies to 2012-13.
91. The decrease primarily relates to the advance payment made in June 2012 for Financial Assistance Grants to local governments that applies to 2012-13.
92. The decrease primarily relates to the advance payment made in June 2012 for Financial Assistance Grants to local governments that applies to 2012-13.

Major variations between 2011-12 Estimated actual and the 2012-13 Estimate include:

93. The decrease reflects the advance payment made in June 2012 for 2012-13 Financial Assistance Grants that increased the 2011-12 Estimated actual.

- 94. The decrease reflects the advance payment made in June 2012 for 2012-13 Financial Assistance Grants that increased the 2011-12 Estimated actual.
- 95. The decrease reflects the advance payment made in June 2012 for 2012-13 Financial Assistance Grants that increased the 2011-12 Estimated actual.

Administered cash flow statement

Major variations between 2011-12 Adjusted Budget and 2011-12 Estimated actual include:

- 96. The increase primarily relates to the advance payment made in June 2012 for Financial Assistance Grants to local governments that applies to 2012-13. This increase is partially offset by the advance payment in June 2011 for Financial Assistance Grants that applies to 2011-12.
- 97. The increase primarily relates to the advance payment made by the Australian Government in June 2012 for Financial Assistance Grants that applies to 2012-13. This increase is partially offset by the advance payment in June 2011 for Financial Assistance Grants that applies to 2011-12.
- 98. The increase primarily relates to the advance payment made by the Australian Government in June 2012 for Financial Assistance Grants that applies to 2012-13. This increase is partially offset by the advance payment in June 2011 for Financial Assistance Grants that applies to 2011-12.
- 99. The increase primarily relates to the advance payment made in June 2012 for Financial Assistance Grants to local governments that applies to 2012-13. This increase is partially offset by the advance payment in June 2011 for FAG that applies to 2011-12.

Major variations between 2011-12 Adjusted Budget and 2012-13 Estimate include:

- 100. The decrease primarily reflects the advance payment made in June 2012 for the Financial Assistance Grants to local governments that applies to 2012-13.
- 101. The decrease primarily relates to the advance payment made in June 2012 for Financial Assistance Grants by the Australian Government that applies to 2012-13.
- 102. The decrease primarily relates to the advance payment made in June 2012 for Financial Assistance Grants by the Australian Government that applies to 2012-13.
- 103. The decrease primarily reflects the advance payment made in June 2012 for the Financial Assistance Grants to local governments that applies to 2012-13.

Major variations between 2011-12 Estimated actual and the 2012-13 Estimate include:

- 104. The decrease reflects the advance payment made in June 2012 for 2012-13 Financial Assistance Grants that increased the 2011-12 Estimated actual.
- 105. The decrease reflects the advance payment made in June 2012 for 2012-13 Financial Assistance Grants that increased the 2011-12 Estimated actual.
- 106. The decrease reflects the advance payment made in June 2012 for 2012-13 Financial Assistance Grants that increased the 2011-12 Estimated actual.
- 107. The decrease reflects the advance payment made in June 2012 for 2012-13 Financial Assistance Grants that increased the 2011-12 Estimated actual.

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GLOSSARY OF TERMS

Accrual Accounting — Recognition of economic events and other financial transactions involving revenue, expenses, assets, liabilities and equity as they occur and reporting in financial statements in the period to which they relate, rather than when a flow of cash occurs.

Administered Items — Assets, liabilities, revenues and expenses an entity administers, without discretion, on behalf of the Government.

Agency/Entity — Used generically to refer to the various organisational units within Government that deliver services or otherwise service Government objectives. The term can include departments, commercialised business units, statutory bodies or other organisations established by Executive decision.

Appropriation — Funds issued by the Treasurer, under Parliamentary authority, to agencies during a financial year for:

- delivery of agreed services
- administered items
- adjustment of the Government's equity in agencies, including acquiring of capital.

Balance Sheet — A financial statement that reports the assets, liabilities and equity of an entity as at a particular date.

Capital — A term used to refer to an entity's stock of assets and the capital grants it makes to other agencies. Assets include property, plant and equipment, intangible items and inventories that an entity owns/controls and uses in the delivery of services.

Cash Flow Statement — A financial statement reporting the cash inflows and outflows for an entity's operating, investing and financing activities in a particular period.

Controlled Items — Assets, liabilities, revenues and expenses that are controlled by departments. These relate directly to the departmental operational objectives and arise at the discretion and direction of that department.

Depreciation — The periodic allocation of the cost of physical assets, representing the amount of the asset consumed during a specified time.

Equity — Equity is the residual interest in the assets of the entity after deduction of its liabilities. It usually comprises the entity's accumulated surpluses/losses, capital injections and any reserves.

Equity Injection	— An increase in the investment of the Government in a public sector agency.
Financial Statements	— Collective description of the Income Statement, the Balance Sheet and the Cash Flow Statement for an entity's controlled and administered activities.
Income Statement	— A financial statement highlighting the accounting surplus or deficit of an entity. It provides an indication of whether the entity has sufficient revenue to meet expenses in the current year, including non-cash costs such as depreciation.
Outcomes	— Whole-of-government outcomes are intended to cover all dimensions of community well being. They express the current needs and future aspirations of communities, within a social, economic and environment context.
Own-Source Revenue	— Revenue that is generated by an agency, generally through the sale of goods and services, but it may also include some Commonwealth funding.
Priorities	— Key policy areas that will be the focus of Government activity.
Services	— The actions or activities (including policy development) of an agency which contribute to the achievement of the agency's objectives.

For a more detailed Glossary of Terms, please refer to the Reader's Guide available on the Budget website at www.budget.qld.gov.au.

