

# PART 11

## Department of Public Works

### Summary of departmental portfolio budgets<sup>1</sup>

Page	Agency	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
2-153	Department of Public Works - controlled Department of Public Works - administered	643,450 43,881	663,518 84,682	695,169 53,054
2-180	QBuild	838,810	900,891	888,247
2-188	Project Services	151,131	168,405	151,020
2-196	QFleet	222,574	211,852	230,515
2-204	CITEC	201,192	187,056	205,947
2-213	Goprint	14,254	13,319	15,572
2-219	Sales and Distribution Services (SDS)	64,136	67,343	65,051
2-226	Queensland Shared Services <sup>2</sup>	..	..	260,736
	Shared Service Agency <sup>2</sup>	189,580	179,129	..
	CorpTech <sup>2</sup>	123,608	188,795	..
2-240	Queensland Building Services Authority	148,085	155,656	149,675

Notes:

1. Explanations of variances are provided in the financial statements.
2. Under the revised shared service direction, the Department of Public Works has merged CorpTech and the Shared Service Agency to form Queensland Shared Services as at 1 July 2011 and will be transferring functions to the Department of Education and Training by July 2011. Planning is underway to transition functions to Queensland Health in 2012.

## DEPARTMENTAL OVERVIEW

### MINISTERIAL RESPONSIBILITY

The Minister for Government Services, Building Industry and Information and Communication Technology has administrative responsibility for the functions of the Department of Public Works.

### STRATEGIC ISSUES

The Department of Public Works provides support services to other government agencies to assist them to deliver their services to the people of Queensland. The department has lead agency responsibility for the design, construction, fitout and maintenance of government buildings; Information and Communication Technology (ICT); procurement; and recordkeeping in Queensland's public sector. It also provides high quality, standardised corporate services and business solutions to government agencies and is the primary point of contact for Queenslanders accessing government services through Smart Service Queensland. A significant number of the department's services are delivered through its commercialised business units: QBuild; Project Services; QFleet; CITEC; Goprint; and SDS.

The department has a long standing relationship with the services, ICT and building industries across Queensland.

The department supports the Government's *Toward Q2: Tomorrow's Queensland* – the Government's blueprint to address the state's long-term economic, environmental and social challenges and opportunities – through five ambitions:

- Strong – *Creating a diverse economy powered by bright ideas* through built infrastructure supporting the building industry, ICT and services that support growth in Queensland
- Green – *Protecting our lifestyle and environment* through sustainable fleet management, green ICT and building initiatives
- Smart – *Delivering world class education and training* by providing graduate programs and local training and employment opportunities through construction trade apprentices, graduate programs in ICT and procurement and traineeships
- Healthy – *Making Queenslanders Australia's healthiest people* through implementing a whole-of-department health program to assist staff manage their health, wellbeing and safety (Better Pathways to Health Program)
- Fair – *Supporting safe and caring communities* through volunteer programs at Roma Street Parkland and Queensland State Archives, and supporting reconciliation through the department's Reconciliation Management Plan, *Working towards Reconciliation 2011-2012*.

The need to deliver efficient and effective services to client agencies and at the same time deliver savings and benefits from whole-of-Government service reform is a major priority for the department. Other significant issues facing the department that impact on the ability to deliver services include:

- a constrained fiscal environment
- responding to natural disasters and other environmental issues
- maintaining a capable workforce in the context of an ageing population and skills shortages.

The *Department of Public Works Strategic Plan 2011-2015* sets out the directions the department proposes to take to achieve the outcomes expected by the Government and community, and establishes five strategic objectives:

- deliver quality services – measured through client satisfaction and delivery of services within agreed standards
- lead whole-of-Government service reform – measured through the implementation of whole-of-Government programs and benefits to government
- lead whole-of-Government service policy – measured through stakeholder satisfaction with policy effectiveness
- support the Government's priorities – measured through regional and target group representation in the QBuild Apprenticeship Program
- improve organisational capability – measured through staff satisfaction and compliance with legislative, policy and administrative requirements.

## **2011-12 HIGHLIGHTS**

### **Quality service delivery**

Services to be delivered by the department in 2011-12 include:

- progressing an extensive capital works program comprising major construction projects, such as:
  - the 19-floor Supreme Court and District Court complex in Brisbane's Central Business District;
  - procurement management of new major State hospital projects including the Gold Coast University Hospital and Queensland Children's Hospital, and the redevelopment of hospitals in Cairns, Townsville, Mackay, Rockhampton and Ipswich;
  - the Queensland Police Academy, which includes the design and construction of a Command and Learning Precinct, a Policing Skill Programs Precinct, a Residential Precinct and the adaptive reuse of existing heritage buildings on the site for support services; and
  - program management of 10 new category 5-rated multi-purpose cyclone shelters to be constructed along the Queensland coastline.
- delivering annual building maintenance programs
- managing government accommodation across a portfolio of more than one million square metres of office space
- providing asset management services for approximately 1,000 units of government employee housing across the state
- maintaining the government vehicle fleet comprising approximately 13,000 vehicles
- providing government information, referrals and payment services with 14.5 million customer interactions through telephone, online and face-to-face delivery channels
- meeting the office supply and furniture needs of more than 12,000 government buyers
- providing payroll, mail and financial services to approximately 78,000 Queensland public servants
- managing applications in support of payroll and financial services delivered to approximately 159,000 Queensland public servants.

## Whole-of-Government service reform

The department will play a leadership role in public sector reform agendas in 2011-12, including:

- implementing phase two of the *Climate Smart Action Plan 2010-12* to meet targets to reduce carbon emissions of the fleet by 30% by 2012 (revised target) and 50% by 2017
- implementing a new environmentally sustainable vehicle fleet model for government
- introducing a new suite of cost-effective whole-of-Government purchasing arrangements for common use items and monitoring procurement benefits targets for all Queensland Government agencies
- implementing the Government's decentralisation agenda by providing accommodation in Ipswich, Bowen Hills and Carseldine
- finalising the implementation of the Travel Management System and Print Management Solution in all core government departments
- contributing to initiatives in the built environment, particularly in relation to innovative new sustainability and energy efficiency practices, such as energy-efficient lighting retrofits and air-conditioning system upgrades
- continuing to implement recommendations of the *PricewaterhouseCoopers Review of the Shared Services Model for Queensland Government*
- improving recordkeeping standards in more than 600 public authorities
- ensuring National Broadband Network services are implemented in a way that provides maximum benefit to Queensland.

## Whole-of-Government service policy

The department will deliver a number of significant policy initiatives in 2011-12, including:

- managing a range of building, ICT and core policies and frameworks, such as the Queensland Government Enterprise Architecture Framework 2.0, Capital Works Management Framework, Maintenance Management Framework and the Building Asset Performance Framework
- reviewing the whole-of-Government *Strategic Energy Efficiency Policy for Queensland Government Buildings* for 2011-12
- managing the whole-of-Government Prequalification System for approximately 1,000 building contractors and 600 building consultants, including the integration of the National Prequalification System for Non-residential Building
- managing the State Procurement Policy with a continuing focus on sustainability and the use of local suppliers, and stronger contract transparency requirements.

## RECENT ACHIEVEMENTS

### Quality service delivery

In 2010-11, the department:

- managed building capital works of approximately \$2.1 billion, including building consultancy services and construction procurement, on behalf of Queensland Government agencies
- delivered approximately \$309 million in construction and upgrade works across Queensland, including housing renewals, office fitouts, new construction, heritage restoration, building upgrades, and asbestos removal and replacement
- delivered an estimated \$487.5 million in client maintenance programs, including:
  - Queensland Government agency annual maintenance programs;

- Remote Indigenous Housing and Homelessness Program for the Department of Communities;
  - State Schools of Tomorrow Program for the Department of Education and Training;
  - Asbestos Replacement Program for the Department of Education and Training;
  - Remote Asset Maintenance Program for Queensland Health, the Department of Education and Training, and Queensland Police Service; and
  - the Minister’s Maintenance Contingency Program.
- delivered \$62 million in savings and other benefits through sector-wide procurement arrangements for common use items
  - managed more than 6.7 million customer contacts through flexible service delivery channels, and expanded the Queensland Government Agent Program to 78 with the opening of eight new locations across regional Queensland
  - managed more than 3.3 million telephone interactions, 10.3 million online interactions and 345,000 face-to-face interactions through Smart Service Queensland
  - processed over 2 million individual pays, almost 4 million accounts payable invoice lines and 6.3 million mail items
  - managed the applications in support of payroll services delivered to approximately 235,000 Queensland public servants processing over 1.3 million individual pays
  - managed Roma Street Parkland, which attracts approximately 660,000 visitors a year
  - continued to project manage the Community Memorials Restoration Program, with a further \$364,000 committed to complete 67 projects across Queensland
  - launched the Queensland WWII Historic Places website that lists 500 citations of places with World War II military significance and provides information on another 1000 places, supported by interactive mapping, images and multimedia.

## **Whole-of-Government service reform**

In 2010-11, the department:

- implemented five of the 23 recommendations of the *PricewaterhouseCoopers Review of the Shared Services Model for Queensland Government*
- progressed the Government’s strategy for government information and communication technology, *Toward Q2 through ICT (2009-2014)*, which sets the direction for improving the management and use of ICT investment, and for driving initiatives, programs and projects across government
- continued to implement the Government’s ICT consolidation, including network and data centre consolidation, and rationalised human resources and business applications
- commenced the migration of the Department of Public Works to the Identity, Directory and Email Services program, to consolidate email service delivery across government and provide whole-of-Government identity management
- reduced the Government vehicle fleet’s engine emissions by 26.4% by 31 December 2010 (against the original target of 25% by the end of 2012)
- continued the rollout of the Travel Management System across all government agencies, and implemented the system in 10 agencies
- supported the Government’s commitment to meeting national greenhouse gas emissions reductions targets by assisting agencies to improve the energy efficiency of their buildings, including lighting retrofit projects in several police stations, courthouses and other government buildings
- increased the minimum energy performance standard target for new government office buildings to 5 stars (out of 5) using the National Australian Built Environment Rating System for Offices (energy)

- continued to trial new low emission and renewable energy technologies for potential application in government buildings, including the ongoing trialling of three different types of solar photovoltaic panels and the installation of a fuel cell at the Dandiiri Joint Contact Centre at Zillmere
- continued to work with the Australian Government and Queensland Government agencies to prioritise rollout principles and objectives, and identify Queensland broadband assets and capabilities to influence the timing and extent of the broadband rollout in Queensland
- continued to coordinate the implementation of the Australian Government's Nation Building – Economic Stimulus Plan for state-wide education, social housing, roads and safety projects. Under the program, the department developed a Procurement Plan and, in association with the Department of Education and Training and the Department of Communities, procured 434 projects with an approximate value of \$348 million.

### **Whole-of-Government service policy**

In 2010-11, the department:

- progressed sector adoption of ICT policies, methodologies and frameworks to maximise government ICT investment for delivery of business outcomes
- introduced the *Fleet Efficiency and Utilisation Policy* to improve vehicle use and strategic fleet management across government
- revised and released the State Procurement Policy to provide for enhanced contract disclosure provisions
- administered the *Strategic Energy Efficiency Policy for Queensland Government Buildings* and assisted agencies to comply with the whole-of-Government policy by reducing energy consumption and increasing energy efficiency in Queensland Government buildings.

### **Supporting disaster response and recovery**

The Department of Public Works played a key role in state disaster response and recovery efforts following the Queensland floods in January 2011 and Tropical Cyclone Yasi in February 2011. The department's contribution included providing building and engineering services, emergency supply services and communications services to support other Queensland Government departments and the community.

### **Building and engineering services**

The department's role in undertaking damage assessment, recovery and repair of buildings in response to the floods and Tropical Cyclone Yasi included:

- coordinating the progressive closure of buildings and shutdown of building services in at-risk government-owned office buildings ahead of the projected flood, and establishing an expert project team within the department to assess the nature and extent of damage to building services and structures subsequent to the flood events
- leading the reinstatement of government buildings to full operation, including eight government-owned buildings (predominately office accommodation) in Brisbane's Central Business District that were flood-affected, and setting up temporary office space for displaced public servants. Within seven days of the flood peak all but two buildings were available for occupation and operating at full capacity
- undertaking assessments, clean-up, minor works and repairs on approximately 650 government assets including schools, police stations, health facilities, government-owned residences and other government infrastructure across Queensland. Despite Queensland sustaining widespread flooding and the timing of the event, only three state schools remained closed at the commencement of the school year on 24 January 2011



- undertaking more than 1,300 structural assessments in response to the floods and Tropical Cyclone Yasi on private residences at the request of the Department of Communities
- responding to 250 requests for assistance with electrical reconnections in private residences in response to the floods
- deploying approximately 600 QBuild trade and administrative staff and 210 contractors across Queensland as part of QBuild's immediate response to assist in the recovery effort
- as part of QBuild's immediate response to Tropical Cyclone Yasi, deploying approximately 250 QBuild trade and administrative staff and 150 contractors to undertake assessments, clean-up, minor works and repairs to more than 1,800 government assets including schools, police stations, health facilities, government-owned residences and other government infrastructure
- providing technical services in the recovery of Central Business District flood-affected government buildings including the Queensland Health Building, Forestry House, 61 Mary Street, Queensland Performing Arts Centre, Neville Bonner Building, Gallery of Modern Art, the State Library and the Goodwill Bridge
- coordinating with key government agencies the removal of broken asbestos cement sheeting littering roadways, yards, building surrounds, mangroves and other community spaces in Tully Heads and Hull Heads, which were devastated by storm surges.

### **Emergency supply services**

The department's purchasing, supply and logistic support activities in response to the floods and Tropical Cyclone Yasi included:

- streamlining the availability of critical supplies, including ensuring government vehicles could access fuel and extending the arrangement covering safety equipment to include cleaning supplies providing a 24 hour, seven day a week service to arrange for the supply of essential items
- distributing basic necessities such as food packs, air mattresses, bed pumps, high pressure water cleaners, insect repellent, disinfectant and personal hygiene items to people in need
- providing furniture supplies and orders within short periods of time to regional areas, such as Rockhampton and Alpha
- delivering approximately \$240,000 in furniture to flood-affected schools in Brisbane and Ipswich in time for the start of school, with a further \$125,000 delivered following the start of school
- providing 160 vehicles for deployment to the flood-affected towns and centres of Chinchilla, St George, Dalby, Bundaberg, Rockhampton, Toowoomba, Lockyer Valley and Brisbane
- in the aftermath of Tropical Cyclone Yasi, providing 151 vehicles in support of cyclone-affected areas in north Queensland
- establishing a 10 person unit to coordinate emergency travel and accommodation into and out of affected areas. The unit coordinated all government emergency travel needs for approximately 1,500 relief workers.

### **Communications services**

The department's information and communication activities supporting the response to the floods and Tropical Cyclone Yasi included:

- activating the Disaster Recovery Line and the Premier's disaster relief line and fielding more than 93,000 enquiries on the disaster recovery line and almost 70,000 enquiries for the Premier's relief line
- answering more than 55,000 calls on the State Emergency Service line in response to the Queensland floods and Cyclone Yasi

- establishing an emergency operations centre to ensure agencies' finance and human resources systems were operational and functioning in a business as usual state
- printing and binding up to 35,000 copies of the daily Department of Communities' newsletter, *Recovery News* over 17 days
- printing and distributing 23,000 six-page application forms for the Premier's Flood Relief Appeal in one day
- producing numerous Building Services Authority fact sheets and application forms that provided information on rebuilding after floods
- fielding almost 30,000 enquiries on the Disaster Recovery Line in the aftermath of Tropical Cyclone Yasi.

## **DEPARTMENTAL SERVICE AREAS**

### **Building services**

Building services delivers the Queensland Government's office accommodation and employee housing and manages other significant building and property initiatives. This is achieved through five business areas, Technical Services, Strategic Projects, Accommodation Office, the Building Policy Unit, and Contract Services which provide:

- stewardship of Queensland Government office and employee accommodation assets through effective policy development and exemplary management of assets
- delivery and maintenance of productive workplaces and government employee housing
- building policy and advice, and improved government and industry relationships
- monitoring of the economic state of the building industry, particularly in terms of its impact on the Government's building program
- an improved built environment through applied research, policy initiatives and the delivery of specialist energy efficiency programs
- management of strategic building and infrastructure projects
- advice on capital works contracts and assistance in managing those contracts
- innovative design for government buildings, assistance to architects undertaking government work and encouragement of regional design through the Office of the Queensland Government Architect.

### **Procurement services**

Procurement services, delivered by the Queensland Government Chief Procurement Office (QGCPO), focuses on achieving cost savings and benefits through effective procurement policy and practice. The QGCPO manages whole-of-Government supply arrangements, which are used by departments, government-owned corporations, statutory bodies, local authorities and approved non-government organisations. Spend categories covered by these arrangements include travel, fuel, computers, furniture, salary packaging and employee assistance services.

Procurement services also provides a policy framework to drive improved procurement performance and efficiency across government, and assists Queensland Government agencies to implement sustainable procurement practices.

### **Queensland Government Information and Communication Technology Services**

Queensland Government Information and Communication Technology is delivered by several service areas including: the Telecommunications, Broadband and Digital Economy



Coordination Office; the ICT Policy and Coordination Office; the Public Sector ICT Development Office; Smart Service Queensland; and Queensland State Archives.

Activities undertaken by the ICT offices seek to provide:

- easy-to-access, customer-focused services and information through improved ways for the community to engage with government
- an integrated ICT approach across government agencies to improve service delivery and information access, and reduce the cost of government operations
- leadership in whole-of-Government ICT, effective ICT governance and early engagement with industry
- a mature industry/government relationship where ICT delivers efficiencies.

Smart Service Queensland supports this service through the delivery of more accessible, efficient and convenient government services to Queenslanders.

In addition, records management advice is provided to public authorities through Queensland State Archives, which promotes a policy framework and information management practices to ensure a consistent approach to the creation, management, disposal, storage, preservation, and retrieval of government information across public authorities.

## STAFFING<sup>1</sup>

Service area	Notes	2010-11 Budget	2010-11 Est. actual	2011-12 Estimate
<b>Service areas</b>				
Building Services	2,3,4	212	205	210
Procurement Services	5	119	109	115
Queensland Government Information and Communication Technology Services	6,7,8	603	629	681
<b>Total services</b>		<b>934</b>	<b>943</b>	<b>1,006</b>
<b>BUSINESS UNITS</b>				
QBuild	9,10	2,780	2,894	2,780
Project Services	11,12	722	727	696
QFleet		125	125	125
CITEC	13,14	761	775	720
Goprint		61	61	61
Sales and Distribution Services (SDS)		129	129	129
<b>Total business units</b>		<b>4,578</b>	<b>4,711</b>	<b>4,511</b>
<b>SHARED SERVICE PROVIDER</b>				
Shared Service Agency	15,16	1,370	1,290	-
CorpTech	15	412	413	-
Queensland Shared Services		-	-	1,641
<b>Total shared service provider</b>		<b>1,782</b>	<b>1,703</b>	<b>1,641</b>
<b>Corporate Services (recovered from services, business units and Department of Communities)</b>	17,18	<b>333</b>	<b>349</b>	<b>333</b>
<b>Total</b>		<b>7,627</b>	<b>7,706</b>	<b>7,491</b>

### Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. The service area, Building Procurement and Asset Management has been renamed Building Services.
3. The decrease in the 2010-11 Estimated actual from the 2010-11 Budget is due to the completion of project-related activities.
4. The increase in the 2011-12 Estimate from the 2010-11 Estimated actual is due to the filling of vacant positions in the Building Policy Unit to meet the department's building industry responsibilities and the transfer of Contracts Services staff from Corporate and Executive Services to Building Services.
5. The increase in the 2011-12 Estimate from the 2010-11 Estimated actual is due to the finalisation of recruitment activities related to the 2010 restructure, including temporary project resources.
6. The three services of Information and Communication Technology (ICT) Strategies, Public Records Management and Advisory Services, and Access to Government Services and Information have been combined into one service, Queensland Government Information and Communication Technology Services.
7. The increase in the 2010-11 Estimated actual from the 2010-11 Budget is due to additional temporary resources required to support the flood and cyclone crisis and the transitioning of State Penalties Enforcement Registry (SPER) staff.
8. The increase in the 2011-12 Estimate from the 2010-11 Estimated actual is due to the completion of the transitioning of SPER staff from the Department of Justice and Attorney-General to Smart Service Queensland.
9. The increase in the 2010-11 Estimated actual from the 2010-11 Budget is due to increased volume of work and response to natural disasters.
10. The decrease in the 2011-12 Estimate from the 2010-11 Estimated actual is due to an anticipated reduction in workloads and identified streamlining opportunities.
11. The increase in the 2010-11 Estimated actual from the 2010-11 Budget is due to an increased program of work.
12. The decrease in the 2011-12 Estimate from the 2010-11 Estimated actual is due to a reduced program of work.
13. The increase in the 2010-11 Estimated actual from the 2010-11 Budget is due to additional temporary resources required to support whole-of-Government ICT service delivery initiatives Identity, Directory and Email Services (IDES) and ICT Consolidation (ICTC).
14. The decrease in the 2011-12 Estimate from the 2010-11 Estimated actual is due to the completion of whole-of-Government ICT service delivery initiatives (IDES and ICTC).
15. Under the revised shared service direction, the Department of Public Works has merged CorpTech and the Shared Service Agency to form Queensland Shared Services as at 1 July 2011 and will be transferring functions to the Department of Education and Training by July 2011. Planning is underway to transition functions to Queensland Health in 2012.

16. The decrease in the 2010-11 Estimated actual from the 2010-11 Budget is due to a reduction in staffing resources required to provide services to government clients and a small number of voluntary redundancies.
17. The increase in the 2010-11 Estimated actual from the 2010-11 Budget is due to additional temporary resources required to meet internal ICT project demands, the filling of vacant positions and additional temporary project staff in other work areas.
18. The decrease in the 2011-12 Estimate from the 2010-11 Estimated actual is due to the transfer of internal ICT staff to other government agencies, the completion of internal ICT projects, the completion of other project-related activities in other work areas and the transfer of Contract Services staff from Corporate and Executive Services to Building Services.

## 2011-12 SERVICE SUMMARY<sup>1</sup>

Service area	Total cost \$'000	State Contribution \$'000	Sources of revenue		
			User charges \$'000	C'wealth revenue \$'000	Other revenue \$'000
Building Services	514,959	(12,943)	525,309	..	32,593
Procurement Services	24,329	9,080	15,249	..	..
Queensland Government Information and Communication Technology Services	123,693	96,184	26,705	337	467
<b>Total<sup>2</sup></b>	<b>662,981</b>	<b>92,321</b>	<b>567,263</b>	<b>337</b>	<b>33,060</b>

### Notes:

1. Explanations of variances are provided in the departmental financial statements.
2. The total of the sources of revenue columns does not equal the Total income in the departmental financial statements because transactions have been eliminated on consolidation in the departmental financial statements. In addition, there are corporate services provided to the Department of Communities, business units and Queensland Shared Services of the Department of Public Works and the revenues and costs associated with these services are not included in the above service summary.

## DEPARTMENTAL STATEMENTS

### PERFORMANCE STATEMENT

	Notes	2010-11 Target/est.	2010-11 Est. actual	2011-12 Target/est.
<b>Service Area: Building Services</b>				
<b>Service standards</b>				
<i>Accommodation Services</i>				
Return on investment				
• commercial properties included in the office portfolio		6.5%	6.5%	6.5%
• government employee housing	1	2.2%	2.9%	2.2%
Vacancy rate				
• office portfolio	2,3	≤ 2.5%	1.06%	≤ 2.5%
• government employee housing	3,4	≤ 3.0%	1.8%	≤ 3.0%
Energy consumption per employee occupying office space (in the owned office portfolio)	5	New measure	New measure	≤ 3750 kwh per annum
<i>Strategic Projects</i>				
Strategic projects facilitated efficiently and effectively:				
• on time		≥ 90%	95%	≥ 90%
• on budget		≥ 90%	95%	≥ 90%
<i>Building Policy</i>				
Percentage of defaults by pre-qualified building industry contractors on government building projects		≤ 2%	0.2%	≤ 2%
<b>Other measures</b>				
<i>Accommodation Office</i>				
Work point density	6	New measure	New measure	≤ 15m <sup>2</sup> per person
Value of lease incentives for new leases with the private sector	7	New measure	New measure	≥ \$10M
Procure green leases over 2,000 m <sup>2</sup>	8	New measure	New measure	≥ 90%
<i>Technical Services</i>				
Whole-of-Government built environment information system availability		≥ 95%	98%	≥ 95%
Whole-of-department emergency/disaster and continuity management plans are reviewed and evaluated annually	9	Amended measure	Amended measure	100%
<b>State contribution (\$000)</b>	10,13	<b>(17,547)</b>	<b>(4,538)</b>	<b>(12,943)</b>
<b>Other revenue (\$000)</b>	11,14	<b>490,798</b>	<b>492,202</b>	<b>557,902</b>
<b>Total cost (\$000)</b>	10,12,15	<b>473,251</b>	<b>487,664</b>	<b>514,959</b>

	Notes	2010-11 Target/est.	2010-11 Est. actual	2011-12 Target/est.
<b>Service Area: Procurement Services</b>				
<b>Service standards</b>				
Client satisfaction	16	New measure	New measure	...
Savings and benefits delivered under existing and new arrangements to Government	17	\$75 million	\$62 million	≥ \$77 million
Whole-of-Government procurement benefits as a percentage of total spend per year	18	New measure	New measure	≥ 4%
Achievement of benefit target (\$) – Travel Management System	19	New measure	New measure	≥ \$7.1 million
Achievement of benefit target (\$) – Print Management Unit	20	New measure	New measure	≥ \$6.9 million
<b>Other measures</b>				
Percentage uptake of procurement capability performance assessment recommendations by agencies	21	New measure	New measure	≥ 75%
<b>State contribution (\$000)</b>	22,25,27	<b>12,301</b>	<b>15,471</b>	<b>9,080</b>
<b>Other revenue (\$000)</b>	23,26,28	<b>12,850</b>	<b>6,975</b>	<b>15,249</b>
<b>Total cost (\$000)</b>	24,29	<b>25,151</b>	<b>22,446</b>	<b>24,329</b>

#### Service Area: Queensland Government Information and Communication Technology Services

##### Service standards

###### Governance

Client satisfaction	16,30	New measure	New measure	...
---------------------	-------	-------------	-------------	-----

###### Accessibility

Customer satisfaction with the services delivered by Smart Service Queensland	30	80%	80%	≥ 80%
---	----	-----	-----	-------

Customer satisfaction with historical record services	30,46	New measure	New measure	...
---	-------	-------------	-------------	-----

###### Capability

Agency alignment to whole-of-Government ICT policies, positions and targets	31	New measure	New measure	≥ 85%
---	----	-------------	-------------	-------

##### Other measures

###### Accessibility

Volume of interactions with Smart Service Queensland service delivery channels:

• telephone		3,200,000	3,350,000	≥ 3,500,000
• online	32,33	2,000,000	10,300,000	≥ 9,500,000
• face-to-face		300,000	345,000	≥ 350,000
• processing (including cards and concessions)	34,35	1,060,000	1,010,000	≥ 1,015,000

	Notes	2010-11 Target/est.	2010-11 Est. actual	2011-12 Target/est.
Number of public customers accessing government records				
• online	36	440,000	440,000	≥ 460,000
• walk-in	37	6,800	6,300	≥ 6,300
<b>State contribution (\$000)</b>	38,41,44	<b>99,022</b>	<b>101,247</b>	<b>96,184</b>
<b>Other revenue (\$000)</b>	39,42,45	<b>13,872</b>	<b>23,788</b>	<b>27,509</b>
<b>Total cost (\$000)</b>	40,43	<b>112,894</b>	<b>125,035</b>	<b>123,693</b>

Notes:

- The increase in the 2010-11 Estimated actual from the 2010-11 Target/estimate for return on investment for government employee housing is due to increased income as a result of rent reviews while expenses have remained stable.
- The decrease in the 2010-11 Estimated actual from the 2010-11 Target/estimate for vacancy rate for office portfolio is due to more effective space use and accommodation management.
- The target is reflective of industry benchmarks.
- The decrease in the 2010-11 Estimated actual from the 2010-11 Target/estimate for vacancy rate for government employee housing is due to an increase in agency demand for accommodation.
- This measure identifies reductions in energy use on a per employee basis across the government estate and will replace the previous measure of building energy consumption.
- The new measure of work-point density is based on achieving a density of 15m<sup>2</sup> or less on new leases or refurbishment projects in excess of 1,000m<sup>2</sup>.
- The new measure of value of lease incentives for new leases with the private sector indicates the quantum of procurement benefit (or costs avoided) through incentives negotiated on private sector leases.
- The new measure of procure green leases over 2,000m<sup>2</sup> identifies progressive implementation of the *Queensland Government Sustainable Office Building Rating Policy* and the *Green Lease Policy*.
- This measure has been amended to better reflect the broader nature of the emergency review process. In the 2010-11 SDS it was reported as Whole-of-department emergency/disaster and continuity management plans are reviewed and evaluated for their accuracy, operational adequacy and alignment to departmental policy, relevant state-wide strategy and policy with a target of review of whole -of-department emergency/disaster and continuity management plans annually. The 2010-11 target was achieved.
- The increase in the 2010-11 Estimated actual from the 2010-11 Target/estimate is principally due to:
  - funds deferred from 2009-10 to 2010-11 for various projects; and
  - funds approved for various projects and initiatives during the 2010-11 financial year.
 This increase is partly offset by the deferral of funds for various projects from 2010-11 to 2011-12.
- The increase from the 2010-11 Target/estimate to 2011-12 Target/estimate is mainly due to additional rent revenue from new government owned office buildings and a capital grant from the Queensland Reconstruction Authority for the construction of cyclone shelters in Queensland communities.
- The increase from the 2010-11 Target/estimate to 2011-12 Target/estimate is mainly due to additional building outgoings associated with new government owned office buildings and a capital grant for the Rockhampton Riverbank redevelopment project.
- The decrease in the 2011-12 Target/estimate from the 2010-11 Estimated actual is mainly due to:
  - the finalisation of various projects and programs in 2010-11;
  - the carryover of funding from unspent appropriation from 2009-10 into 2010-11; and
  - lower funding required from the Consolidated Fund mainly as a result of additional rent revenue from new government owned office buildings.
 This decrease is partly offset by the deferral of funds for various projects and initiatives into 2011-12 and supplementation approved for various projects and initiatives in 2011-12.
- The increase in the 2011-12 Target/estimate from the 2010-11 Estimated actual is mainly due to additional rent revenue from new government owned office buildings and a capital grant from the Queensland Reconstruction Authority for the construction of cyclone shelters in Queensland communities.
- The increase in the 2011-12 Target/estimate from the 2010-11 Estimated actual is mainly due to:
  - additional building outgoings associated with new government owned office buildings;
  - deferral of funds for various projects and initiatives into 2011-12; and
  - supplementation approved for various projects and initiatives in 2011-12.
 This increase is partly offset by the finalisation of various projects and programs in 2010-11 and the carryover of funding from unspent appropriation from 2009-10 into 2010-11.
- The new measure of client satisfaction is included as a primary measure of effectiveness for the department's service areas. A survey is being developed to ensure a consistent approach to measuring client satisfaction across the department and it includes elements of timeliness, ease of access, staff knowledge and outcome/quality of the service.
- The decrease in the 2010-11 Estimated actual compared to the 2010-11 Target/estimate for savings and benefits under existing and new arrangements delivered to government is due to reduced whole-of-Government spend on existing arrangements, and extended industry and agency consultation processes for some new arrangements.
- The new measure of whole-of-Government procurement benefits as a percentage of total spend per year identifies new, additional benefits to government, derived from procurement under new and existing supply arrangements. Benefits represent cash savings and costs avoided by agencies from implementing Procurement Reform Initiative recommendations.
- The new measure of achievement of benefit target (\$) – Travel Management System identifies savings and other benefits to government achieved by a whole-of-Government aggregated procurement strategy for travel expenditure.
- The new measure of achievement of benefit target (\$) – Print Management Unit identifies benefits delivered by aggregation of printing services procurement through the Print Management Unit.
- The new measure of percentage uptake of Procurement Capability Performance Assessment recommendations by agencies is an indicator of aggregated agency performance.



22. The increase in the 2010-11 Estimated actual from the 2010-11 Target/estimate is mainly due to supplementation to offset reduction in user charges. This increase is partly offset by funds deferred from 2010-11 to 2011-12 for the Procurement Process Reform Initiative project.
23. The decrease in the 2010-11 Estimated actual from the 2010-11 Target/estimate is mainly due to rebates not expected to be generated from new whole-of-Government arrangements due to extended industry and agency consultation and contract negotiation periods. In addition, lower revenue occurred due to reduced travel expenditure across the sector and reduced print spend due to highly competitive pricing obtained through the Print Management System.
24. The decrease in the 2010-11 Estimated actual from the 2010-11 Target/estimate is mainly due to deferred expenditure from 2010-11 to 2011-12 for the Procurement Process Reform Initiative project and the timing of the start-up of a number of new whole-of-Government procurement arrangements due to extended industry and agency consultation and negotiation periods.
25. The decrease from the 2010-11 Target/estimate to 2011-12 Target/estimate is mainly due to funding provided in 2010-11 for the Procurement Process Reform Initiative project which has partly been offset by deferral of funds for this project to 2011-12.
26. The increase from the 2010-11 Target/estimate to 2011-12 Target/estimate is mainly due to additional rebates generated on new or recently implemented whole-of-Government Standing Offer Arrangements and expected increased usage on existing whole-of-Government Arrangements by non-budget sector agencies, as well as additional rebates from the increased utilisation of the Print Management System by agencies.
27. The decrease in the 2011-12 Target/estimate from the 2010-11 Estimated actual is mainly due to a once off supplementation funding in 2010-11.
28. The increase in the 2011-12 Target/estimate from the 2010-11 Estimated actual is mainly due to additional rebates generated on recently implemented whole-of-Government Standing Offer Arrangements and expected increased usage on existing whole-of-Government Arrangements by non-budget sector agencies, as well as additional rebates from the increased utilisation of the Print Management System and Travel Management System by agencies.
29. The increase in the 2011-12 Target/estimate from the 2010-11 Estimated actual is mainly due to additional temporary project staff required to further progress and implement priority whole-of-Government Standing Offer Arrangements.
30. Client satisfaction refers to internal to government client agencies while customer satisfaction refers to external to government public customers.
31. The new measure of agency alignment to whole-of-Government ICT policies, positions and targets indicates the percentage of agencies aligned to whole-of-Government ICT policies, mandated positions and targets that comprise the Queensland Government Enterprise Architecture.
32. The increase in the 2010-11 Estimated actual from the 2010-11 Target/estimate for online interactions is due to a review of the counting measures for qld.gov.au to include the Smart Service Queensland managed whole-of-Government search engine and provide a holistic capture of interactions with the Queensland public. In addition, online traffic increased significantly as a result of the Queensland floods in January 2011 and Tropical Cyclone Yasi in February 2011.
33. The decrease in the 2011-12 Target/estimate from the 2010-11 Estimated actual for online interactions is due to forecasting business as usual interactions excluding flood and cyclone related transactions.
34. The measure of volumes of interactions with Smart Service Queensland delivery channels – processing (including cards and concessions) was previously reported in the 2010-11 SDS as two separate measures (number of cards issued to eligible Queenslanders and number of concession services provided to eligible Queenslanders).
35. The decrease in the 2010-11 Estimated actual from the 2010-11 Target/estimate for volume of interactions with Smart Service Queensland – processing (including cards and concessions) is due to a recent eligibility verification data cleanse, which revealed some customers were no longer eligible to receive a concession but were previously included in recipient numbers indicated by energy retailers.
36. The increase in the 2011-12 Target/estimate from the 2010-11 Estimated actual for the number of public customers accessing government records – online is due to the expectation that the number of clients accessing Queensland State Archives services online will continue to grow as the quantity and quality of online resources continues to expand, and as government agencies and other cultural institutions refer clients to the Queensland State Archives' web site. Increasing Queensland State Archives' online presence is a core strategy.
37. The decrease in the 2010-11 Estimated actual compared to the 2010-11 Target/estimate for the number of public customers accessing government records – walk-in is due to less customers accessing services and resources at Runcorn as the quantity and quality of material is digitised and made available online, and clients are able to access material remotely.
38. The increase in the 2010-11 Estimated actual from the 2010-11 Target/estimate is principally due to:
  - funds deferred from 2009-10 to 2010-11 for various projects;
  - additional funding received for the Telecommunications, Broadband and Digital Economy Coordination Office function; and
  - recovery from agencies for the additional usage of Microsoft products under the whole-of-Government Microsoft Arrangement.
 This increase is partly offset by the deferral of funds for various projects from 2010-11 to 2011-12.
39. The increase in the 2010-11 Estimated actual from the 2010-11 Target/estimate is mainly due to the growth of the Smart Service Queensland contact centres, an increase in the fee for service charges for Smart Service Queensland and a full year of revenue for the Queensland Government Service Centre Brisbane site.
40. The increase in the 2010-11 Estimated actual from the 2010-11 Target/estimate is mainly due:
  - funds deferred from 2009-10 to 2010-11 for various projects;
  - the growth of the contact centres and the integration of new services into Smart Service Queensland;
  - additional funding received for the Telecommunications, Broadband and Digital Economy Coordination Office function; and
  - recovery from agencies for the additional usage of Microsoft products under of the whole-of-Government Microsoft Arrangement.
 This increase is partly offset by the deferral of funds for various projects from 2010-11 to 2011-12.

41. The decrease from the 2010-11 Target/estimate to 2011-12 Target/estimate is mainly due to:
- finalisation of various projects and programs in 2010-11; and
  - unspent 2009-10 appropriation funding deferred to 2010-11 mainly for the Right to Information implementation initiative, whole-of-Government Microsoft Arrangement projects and the implementation of the ICT Strategy 2009-2014.
- This decrease is partly offset by base supplementation funding for the increased rent and outgoing costs for the Smart Service Queensland 127 Creek Street Brisbane premises and Queensland Government service centres fixed operating costs.
42. The increase from the 2010-11 Target/estimate to 2011-12 Estimate is mainly due to the growth of Smart Service Queensland contact centre services, an increase in the fee for service charges for Smart Service Queensland and a full year of revenue for the Queensland Government Service Centres Brisbane site.
43. The increase from the 2010-11 Target/estimate to 2011-12 Target/estimate is mainly due to:
- the growth of Smart Service Queensland contact centre and the integration of new services within Smart Service Queensland;
  - the transfer of the call centre for the State Penalty Enforcement Registry (SPER) from the Department of Justice and Attorney-General; and
  - an organisational restructure of the former Queensland Government Chief Information Office.
44. The decrease in the 2011-12 Target/estimate from the 2010-11 Estimated actual is mainly due to:
- finalisation of various projects and programs in 2010-11;
  - unspent 2009-10 appropriation funding deferred to 2010-11 mainly for the Right to Information implementation initiative, whole-of-Government Microsoft Arrangement projects and the implementation of the ICT Strategy 2009-2014; and
  - recovery from agencies in 2010-11 for the additional usage of Microsoft products under the whole-of-Government Microsoft Arrangement.
- This decrease is partly offset by base supplementation funding for the increased rent and outgoing costs for the Smart Service Queensland 127 Creek Street Brisbane premises, Queensland Government Service Centres fixed operating costs, and additional funding in 2011-12 for the Telecommunications, Broadband and Digital Economy Coordination Office, Public Sector ICT Development Office and ICT Policy and Co-ordination Office functions.
45. The increase in the 2011-12 Target/estimate from the 2010-11 Estimated actual is mainly due to additional fee for service charges by Smart Service Queensland for the transfer of the call centre for SPER from the Department of Justice and Attorney-General.
46. The new measure of customer satisfaction is included as a primary measure of effectiveness for the department's service areas. A survey is being developed which will include elements of timeliness, ease of access, staff knowledge and outcome/quality of the service.

## INCOME STATEMENT

Department of Public Works	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>Income</b>				
Service revenue	1, 9,19	93,776	110,406	92,658
User charges	10,20	546,815	546,227	598,004
Grants and other contributions	2,11,21	52	519	30,467
Other revenue	3,12	2,807	6,366	4,040
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total income</b>		<b>643,450</b>	<b>663,518</b>	<b>725,169</b>
<b>Expenses</b>				
Employee expenses	4,13,22	119,593	126,176	136,147
Supplies and services	5,14,23	455,830	465,030	480,934
Grants and subsidies	6,15,24	4,284	6,866	8,869
Depreciation and amortisation		56,167	55,855	61,690
Finance/borrowing costs	7,16	5,771	4,707	4,349
Other expenses	8,17	1,805	4,884	3,180
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total expenses</b>		<b>643,450</b>	<b>663,518</b>	<b>695,169</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	18,25	<b>..</b>	<b>..</b>	<b>30,000</b>

## STATEMENT OF CHANGES IN EQUITY

Department of Public Works	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation surplus		..	..	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
<b>Net income recognised directly in equity</b>		<b>..</b>	<b>..</b>	<b>..</b>
Surplus/(deficit) for the period	18,25	..	..	30,000
<b>Total recognised income and expense for the period</b>		<b>..</b>	<b>..</b>	<b>30,000</b>
Equity injection/(withdrawal)	27,28	75,532	76,944	41,584
Equity adjustments (MoG transfers)	26,29	..	114,638	..
<b>Total movement in equity for period</b>		<b>75,532</b>	<b>191,582</b>	<b>71,584</b>

## BALANCE SHEET

Department of Public Works	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets	30,50	28,557	47,689	23,076
Receivables	31,39	47,072	43,501	44,628
Other financial assets		..	..	..
Inventories		..	..	..
Other	32,40	25,450	29,178	29,540
Non-financial assets held for sale	33,41,51	6,053	3,925	1,000
<b>Total current assets</b>		<b>107,132</b>	<b>124,293</b>	<b>98,244</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		7,426	7,490	7,400
Other financial assets		..	..	..
Property, plant and equipment		2,971,939	2,954,132	3,031,837
Intangibles	34,42	4,790	14,098	15,069
Other		..	..	..
<b>Total non-current assets</b>		<b>2,984,155</b>	<b>2,975,720</b>	<b>3,054,306</b>
<b>TOTAL ASSETS</b>		<b>3,091,287</b>	<b>3,100,013</b>	<b>3,152,550</b>
<b>CURRENT LIABILITIES</b>				
Payables	35,43	40,853	34,384	35,128
Accrued employee benefits		3,795	3,302	3,403
Interest-bearing liabilities and derivatives	44,52	20,064	19,978	13,925
Provisions		..	..	..
Other	36,45	1,617	44,369	44,649
<b>Total current liabilities</b>		<b>66,329</b>	<b>102,033</b>	<b>97,105</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		2,257	2,257	1,733
Accrued employee benefits		..	..	..
Interest-bearing liabilities and derivatives	46,53	49,625	51,189	37,594
Provisions		..	..	..
Other		177	..	..
<b>Total non-current liabilities</b>		<b>52,059</b>	<b>53,446</b>	<b>39,327</b>
<b>TOTAL LIABILITIES</b>		<b>118,388</b>	<b>155,479</b>	<b>136,432</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>2,972,899</b>	<b>2,944,534</b>	<b>3,016,118</b>
<b>EQUITY</b>				
Capital/contributed equity	37,47	1,131,055	1,252,731	1,294,315
Accumulated surplus/(accumulated deficit)	48,54	598,236	600,449	630,449
Reserves:				
- Asset revaluation surplus	38,49	1,243,608	1,091,354	1,091,354
- Other (specify)		..	..	..
<b>TOTAL EQUITY</b>		<b>2,972,899</b>	<b>2,944,534</b>	<b>3,016,118</b>

## CASH FLOW STATEMENT

Department of Public Works	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
Service receipts	55,61,70	93,776	131,168	92,658
User charges	62,71	567,320	566,732	618,428
Grants and other contributions	63,72	52	519	30,467
Other		5,307	8,866	6,540
<b>Outflows:</b>				
Employee costs	56,64,73	(119,013)	(125,596)	(135,746)
Supplies and services	57,65,74	(476,428)	(509,400)	(501,272)
Grants and subsidies	66	(5,009)	(7,591)	(9,543)
Borrowing costs		(5,771)	(4,707)	(4,349)
Other	58	(4,917)	(7,996)	(6,291)
<b>Net cash provided by/(used in) operating activities</b>		<b>55,317</b>	<b>51,995</b>	<b>90,892</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment	59,75	1,050	11,840	3,975
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for property, plant and equipment and intangibles	67,76	(114,237)	(118,234)	(141,416)
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by/(used in) investing activities</b>		<b>(113,187)</b>	<b>(106,394)</b>	<b>(137,441)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings	60,77	..	16,306	330
Equity injections	68,78	75,532	79,954	41,584
<b>Outflows:</b>				
Borrowing redemptions	69,79	(24,807)	(23,418)	(19,978)
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by/(used in) financing activities</b>		<b>50,725</b>	<b>72,842</b>	<b>21,936</b>
<b>Net increase/(decrease) in cash held</b>		<b>(7,145)</b>	<b>18,443</b>	<b>(24,613)</b>
<b>Cash at the beginning of financial year</b>		<b>35,702</b>	<b>29,246</b>	<b>47,689</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>28,557</b>	<b>47,689</b>	<b>23,076</b>

## ADMINISTERED INCOME STATEMENT

Department of Public Works	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>Revenues</b>				
Commonwealth grants		..	..	..
Taxes, fees and fines		..	..	..
Royalties, property income and other territorial Revenue		..	..	..
Interest		..	..	..
Administered revenue	80,86,89	42,953	66,547	47,555
Other	81,90	5,928	11,863	5,499
<b>Total revenues</b>		<b>48,881</b>	<b>78,410</b>	<b>53,054</b>
<b>Expenses</b>				
Supplies and services	91	27,591	26,264	30,120
Depreciation and amortisation		..	..	..
Grants and subsidies	82,92	16,290	45,522	22,934
Benefit payments		..	..	..
Borrowing costs		..	..	..
Other	83,93	..	12,896	..
<b>Total expenses</b>		<b>43,881</b>	<b>84,682</b>	<b>53,054</b>
<b>Net surplus or deficit before transfers to Government</b>	84,87,94	<b>5,000</b>	<b>(6,272)</b>	..
<b>Transfers of administered revenue to Government</b>	85,88,95	<b>5,000</b>	<b>6,624</b>	..
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>..</b>	<b>(12,896)</b>	..



## ADMINISTERED BALANCE SHEET

Department of Public Works	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets		..	..	..
Receivables		..	..	..
Inventories		..	..	..
Other		..	..	..
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		..	..	..
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment		..	..	..
Intangibles		..	..	..
Other		..	..	..
<b>Total non-current assets</b>		..	..	..
<b>TOTAL ADMINISTERED ASSETS</b>		..	..	..
<b>CURRENT LIABILITIES</b>				
Payables		..	..	..
Transfers to Government payable		..	..	..
Interest-bearing liabilities		..	..	..
Other		..	..	..
<b>Total current liabilities</b>		..	..	..
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Interest-bearing liabilities		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		..	..	..
<b>TOTAL ADMINISTERED LIABILITIES</b>		..	..	..
<b>ADMINISTERED NET ASSETS/(LIABILITIES)</b>		..	..	..
<b>EQUITY</b>				
Capital/Contributed equity	96,98	33,095	45,991	45,991
Accumulated surplus/(Accumulated deficit)	97,99	(33,095)	(45,991)	(45,991)
Reserves:		..	..	..
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
<b>TOTAL ADMINISTERED EQUITY</b>		..	..	..

## ADMINISTERED CASH FLOW STATEMENT

Department of Public Works	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
Administered item receipts	100,106,113	42,953	80,836	47,555
Grants and other contributions	101,107	..	4,311	4,571
Taxes, fees and fines		..	..	..
Royalties, property income and other territorial revenues		..	..	..
Other	108,114	5,928	8,004	928
<b>Outflows:</b>				
Transfers to Government	109,115	(5,000)	(6,624)	..
Grants and subsidies	102,110,116	(16,290)	(45,522)	(22,934)
Supplies and services	103	(27,591)	(30,812)	(30,120)
Borrowing costs		..	..	..
Other		..	..	..
<b>Net cash provided by/(used in) operating activities</b>		..	<b>10,193</b>	..
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for property, plant and equipment and intangibles		..	..	..
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by/(used in) investing activities</b>		..	..	..
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections	104,111,117	34,553	30,552	17,726
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals	105,112,118	(34,553)	(31,819)	(17,726)
<b>Net cash provided by/(used in) financing activities</b>		..	<b>(1,267)</b>	..
<b>Net increase/(decrease) in cash held</b>		..	<b>8,926</b>	..
<b>Administered cash at beginning of financial year</b>		..	<b>(8,926)</b>	..
Cash transfers from restructure		..	..	..
<b>Administered cash at end of financial year</b>		..	..	..

## EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

### Income statement

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

1. The increase is mainly due to the carryover of funding from 2009-10 for various programs, and funds approved for various projects and initiatives during the 2010-11 financial year. This increase is partly offset by the deferral of funds for various projects from 2010-11 to 2011-12.
2. The increase is a result of a contribution from the Department of Communities for the delivery of the seniors card service.
3. The increase is principally due to the recoveries from the ICT Innovation Fund for the In-demand Roles Program and the IT Architecture and Planning Project.
4. The increase is mainly due to:
  - the growth of the contact centre and the integration of new services into Smart Service Queensland;
  - additional staff for the organisational restructure of the Information Services Directorate; and
  - funding to resource the Telecommunications, Broadband and Digital Economy Coordination Office function.
5. The increase is primarily due to expenses relating to various projects that were deferred from 2009-10 to 2010-11. The increase is partly offset by the deferral of funds from 2010-11 to 2011-12.
6. The increase is mainly due to the design works on the Riverbank Redevelopment Stage II program in Rockhampton.
7. The decrease is mainly due to the deferral of loans relating to the improvement of energy efficiency in government buildings as a result of the utilisation of cash on hand instead of borrowings.
8. The increase mainly relates to re-allocation of costs from supplies and services to other expenses by Smart Service Queensland.

Major variations between 2010-11 Budget and 2011-12 Estimate include:

9. The decrease is mainly due to:
  - the finalisation of various projects and programs in 2010-11; and
  - lower funding required from the Consolidated Fund mainly as a result of additional rent revenue from new government owned office buildings.This decrease is partly offset by the deferral of funds into 2011-12 and supplementation approved for various projects and initiatives in 2011-12.
10. The increase is primarily due to:
  - additional rent revenue from new government owned office buildings; and
  - the growth of Smart Service Queensland contact centre services, an increase in the fee for service charges for Smart Service Queensland and a full year of revenue for the Queensland Government Service Centre Brisbane site.
11. The increase is mainly due to a capital grant from the Queensland Reconstruction Authority for the construction of cyclone shelters in Queensland communities.
12. The increase is mainly due to Tenant Make Good income not budgeted for in 2010-11.
13. The increase is mainly due to:
  - the growth of the contact centre services and the integration of new services within Smart Service Queensland;
  - the transfer of the call centre for the State Penalty Enforcement Registry (SPER) from the Department of Justice and Attorney-General;
  - additional staff for the organisational restructure of the Information Services Directorate;
  - an organisational restructure of the former Queensland Government Chief Information Office; and
  - an Enterprise Bargaining Agreement pay increase of 4% effective from August 2011.
14. The increase is mainly due to additional building outgoings associated with new government owned office buildings.
15. The increase is mainly due to a capital grant for the Rockhampton Riverbank redevelopment project. This increase is partly offset by a payment in 2010-11 for the new premises of the Royal Society for the Prevention of Cruelty to Animals (RSPCA).
16. The decrease is mainly due to a lower loan balance.
17. The increase mainly relates to the re-allocation of costs from supplies and services to other expenses by Smart Service Queensland.
18. The increase is mainly due to a capital grant from the Queensland Reconstruction Authority for the construction of cyclone shelters in Queensland communities.

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

19. The decrease is mainly due to:
  - the finalisation of various projects and programs in 2010-11; and
  - lower funding required from the Consolidated Fund mainly as a result of additional rent revenue from new government owned office buildings.This decrease is partly offset by the supplementation approved for various projects and initiatives in 2011-12.
20. The increase is primarily due to:
  - additional rent revenue from new government owned office buildings;
  - full year effect of recently implemented whole-of-Government Standing Offer Procurement Arrangements and expected increased usage on existing whole-of-Government Procurement Arrangements by non-budget sector agencies; and
  - increased agency utilisation of the Travel Management System and Print Management System.
21. The increase is mainly due to a capital grant from the Queensland Reconstruction Authority for the construction of cyclone shelters in Queensland communities.
22. The increase is mainly due to:
  - an organisational restructure of the former Queensland Government Chief Information Office;
  - an Enterprise Bargaining Agreement pay increase of 4% effective from August 2011; and
  - the additional staff associated with the transfer of the call centre for SPER from the Department of Justice and Attorney-General to Smart Service Queensland which will be recovered from additional service charges.
23. The increase is mainly due to additional building outgoings associated with new government owned office buildings.
24. The increase is mainly due to a capital grant for the Rockhampton Riverbank redevelopment project. This increase is partly offset by a payment in 2010-11 for the new premises for the RSPCA.

25. The increase is mainly due to a capital grant from the Queensland Reconstruction Authority for the construction of cyclone shelters in Queensland communities in 2011-12.

## Statement of Changes in Equity

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

26. The increase is due to the transfer of the Ecosciences Precinct buildings at Dutton Park Brisbane from the Department of Employment, Economic Development and Innovation (DEEDI). This increase is partly offset by the transfer of the prepaid lease liability incurred by DEEDI for the Ecosciences building and a once off transfer of the City Reach Wet Leases from Controlled to Administered items.

Major variations between 2010-11 Budget and 2011-12 Estimate include:

27. The decrease is mainly due to:
- the finalisation of projects in 2010-11 including the Cairns and Thursday Island government office buildings, the Dandiiri Joint Contact Centre at Zillmere Brisbane and the Boggo Road Brisbane redevelopment; and
  - lower expenditure on the Maroochydore government office building and the Mareeba government office building and learning centre as both are nearing completion in 2011-12.
- This decrease is partly offset by funding for the Decentralisation initiative – accommodation projects in 2011-12.

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

28. The decrease is mainly due to:
- the finalisation of projects in 2010-11 including the Cairns and Thursday Island government office buildings, the Dandiiri Joint Contact Centre at Zillmere Brisbane and the Boggo Road Brisbane redevelopment; and
  - lower expenditure on the Maroochydore government office building and the Mareeba government office building and learning centre as both are nearing completion in 2011-12.
- This decrease is partly offset by funding for the Decentralisation initiative – accommodation projects in 2011-12.
29. The decrease is due to the transfer of the Ecosciences Precinct buildings at Dutton Park from DEEDI in 2010-11. This decrease is partly offset by the transfer of the prepaid lease liability incurred by DEEDI for the Ecosciences building and a once off transfer of the City Reach Wet Leases from Controlled to Administered items in 2010-11.

## Balance sheet

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

30. The increase is mainly due to loans drawn down relating to the improvement of energy efficiency in government buildings and additional asset sale proceeds, which is partially offset by the actual July 2010 opening balance adjustments.
31. The decrease is mainly due to a lower than anticipated level of tenancy and other debtors actual balances brought forward at 30 June 2010.
32. The increase is principally due to higher prepayments as a result of an increase in building outgoings.
33. The decrease is due to an earlier than anticipated sale of the Gympie Conference Centre.
34. The increase is mainly due higher than anticipated acquisitions in Smart Service Queensland and lower than anticipated amortisation expenses in the former Queensland Government Chief Information Office in 2009-10 which affected the actual opening balance at July 2010.
35. The decrease is principally due to timing differences in payments.
36. The increase is mainly due to the transfer of the prepaid lease liability from DEEDI for the Ecosciences building.
37. The increase is mainly due to the transfer of the Ecosciences Precinct buildings at Dutton Park Brisbane from DEEDI. This increase is partly offset by the transfer of the prepaid lease liability incurred by DEEDI for the Ecosciences building.
38. The decrease is due to the devaluation of land and buildings as at the end of June 2010.

Major variations between 2010-11 Budget and 2011-12 Estimate include:

39. The decrease is primarily due to the settlement of the debt in 2011-12 for the construction of a new multicultural centre at Kangaroo Point.
40. The increase is mainly due to higher prepayments as a result of an increase in building outgoings.
41. The decrease is due to additional budgeted assets held for sale in 2010-11.
42. The increase is mainly due to higher than anticipated acquisitions in Smart Service Queensland and lower than anticipated amortisation expenses in the former Queensland Government Chief Information Office in 2009-10 which affected the actual opening balance at July 2010.
43. The decrease is mainly due to timing differences in payments.
44. The decrease is mainly due to loan repayments.
45. The increase is mainly due to the transfer of the prepaid lease liability from DEEDI for the Ecosciences building.
46. The decrease is due to the overall reduction on the outstanding loans.
47. The increase is mainly due to the transfer of the Ecosciences Precinct buildings at Dutton Park Brisbane from DEEDI and funding received for the Decentralisation initiative – accommodation projects in 2011-12. This increase is partly offset by the transfer of the prepaid lease liability incurred by DEEDI for the Ecosciences building.
48. The increase is mainly due to a capital grant from the Queensland Reconstruction Authority for the construction of cyclone shelters in Queensland communities.
49. The decrease is due to the devaluation of land and buildings as at the end of June 2010.

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

50. The decrease is mainly due to additional capital projects funded from previous year's asset sale proceeds.
51. The decrease is due to an asset held for sale in 2010-11 for 77 Grey Street, South Brisbane anticipated to be sold during 2011-12.
52. The decrease is mainly due to loan repayments.
53. The decrease is mainly due to the near finalisation of some loans. This is partly offset by the deferral of loans from 2009-10 into 2010-11 relating to the improvement of energy efficiency in government buildings.
54. The increase is mainly due to a capital grant from the Queensland Reconstruction Authority for the construction of cyclone shelters in Queensland communities.

## Cash flow statement

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

55. The increase is mainly due to:
- the receipt of funds relating to invoices accrued as at 30 June 2010;
  - carryover of funding from 2009-10 for various programs; and
  - funds approved for various projects and initiatives during the 2010-11 financial year.
- This increase is partly offset by the deferral of funds for various projects from 2010-11 to 2011-12.
56. The increase is mainly due to:
- the growth of the contact centre services and the integration of new services into Smart Service Queensland;
  - additional staff for the organisational restructure of the Information Services Directorate; and
  - funding to resource the Telecommunications, Broadband and Digital Economy Coordination Office function.
57. The increase is primarily due to the payment of invoices accrued as at 30 June 2010, and expenses relating to various projects that were deferred from 2009-10 to 2010-11. These increases are partly offset by the deferral of funds from 2010-11 to 2011-12.
58. The increase mainly relates to re-allocation of costs from supplies and services to other expenses by Smart Service Queensland.
59. The increase is mainly due to additional government housing sales and the sale of both the Gympie Conference Centre and the Boggo Road Urban Village Lot 8.
60. The increase is principally due to the deferral of the drawdown of loans from 2009-10 into 2010-11 relating to the improvement of energy efficiency in government buildings.

Major variations between 2010-11 Budget and the 2011-12 Estimate include:

61. The decrease is mainly due to:
- the finalisation of various projects and programs in 2010-11; and
  - lower funding required from the Consolidated Fund mainly as a result of additional rent revenue from new government owned office buildings.
- This decrease is partly offset by the deferral of funds for various projects and initiatives into 2011-12 and supplementation approved for various projects and initiatives in 2011-12.
62. The increase is primarily due to:
- additional rent revenue from new government owned office buildings; and
  - the growth of the Smart Service Queensland contact centre, an increase in the fee for service charges for Smart Service Queensland and a full year of revenue for the Queensland Government Service Centre Brisbane site.
63. The increase is mainly due to a capital grant from the Queensland Reconstruction Authority for the construction of cyclone shelters in Queensland communities.
64. The increase is mainly due to:
- the growth of the contact centre and the integration of new services into Smart Service Queensland;
  - the transfer of the call centre for SPER from the Department of Justice and Attorney-General;
  - additional staff for the organisational restructure of the Information Services Directorate;
  - an organisational restructure of the former Queensland Government Chief Information Office; and
  - an Enterprise Bargaining Agreement pay increase of 4% effective from August 2011.
65. The increase is mainly due to the additional building outgoings associated with new government owned office buildings.
66. The increase is mainly due to a capital grant for the Rockhampton Riverbank redevelopment project. This increase is partly offset by a payment in 2010-11 for the new premises of the RSPCA.
67. The increase is mainly due to:
- the funds approved for various projects and initiatives in 2011-12 including funding for the Decentralisation initiative;
  - accommodation projects; and
  - the construction of cyclone shelters in Queensland communities.
- This increase is partly offset by finalisation of projects in 2010-11 including the Cairns and Thursday Island government office buildings, the Dandiiri Joint Contact Centre at Zillmere Brisbane and the Boggo Road Brisbane redevelopment and lower expenditure on the Maroochydore government office building and the Mareeba government office building and learning centre as both are nearing completion in 2011-12.
68. The decrease is mainly due to:
- the finalisation of projects in 2010-11 including the Cairns and Thursday Island government office buildings, the Dandiiri Joint Contact Centre at Zillmere Brisbane and the Boggo Road Brisbane redevelopment; and
  - lower expenditure on the Maroochydore government office building and the Mareeba government office building and learning centre as both are nearing completion in 2011-12.
- This decrease is partly offset by funds approved for various projects and initiatives in 2011-12 including funding for the Decentralisation Initiative – accommodation projects.
69. The decrease is mainly due to the near finalisation of some loans resulting in lower loan repayments.

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

70. The decrease is mainly due to:
- the finalisation of various projects and programs in 2010-11; and
  - lower funding required from the Consolidated Fund mainly as a result of additional rent revenue from new government owned office buildings.
- This decrease is partly offset by the supplementation approved for various projects and initiatives in 2011-12.
71. The increase is primarily due to:
- additional rent revenue from new government owned office buildings;
  - full year effect of recently implemented whole-of-Government Procurement Standing Offer Arrangements, and expected increased usage on existing whole-of-Government Procurement Arrangements by non-budget sector agencies; and
  - increased agency utilisation of the Travel Management System and Print Management System.
72. The increase is mainly due to a capital grant from the Queensland Reconstruction Authority for the construction of cyclone shelters in Queensland communities.
73. The increase is mainly due to:
- an organisational restructure of the former Queensland Government Chief Information Office;
  - an Enterprise Bargaining Agreement pay increase of 4% effective from August 2011; and

- additional staff associated with the transfer of the call centre for SPER from the Department of Justice and Attorney-General to Smart Service Queensland which will be recovered from additional service charges.
74. The decrease is mainly due to the payment of invoices in 2010-11 accrued as at 30 June 2010. This decrease is partly offset by an increase mainly related to additional building outgoings associated with new government owned office buildings.
75. The decrease is mainly due to lower government housing sales and the sale of both the Gympie Conference Centre and the Boggo Road Urban Village Lot 8 in 2010-11.
76. The increase is mainly due to:
- funds approved for various projects and initiatives in 2011-12 including funding for the Decentralisation initiative – accommodation projects; and
  - the construction of cyclone shelters in Queensland communities.
- This increase is partly offset by the finalisation of projects in 2010-11 including the Cairns and Thursday Island government office buildings, the Dandiiri Joint Contact Centre at Zillmere Brisbane and the Boggo Road Brisbane redevelopment and lower expenditure on Maroochydore government office building and the Mareeba government office building and learning centre as both are nearing completion in 2011-12.
77. The 2010-11 Estimated actual amount mainly represents the deferral of the drawdown of loans from 2009-10 into 2010-11 relating to the improvement of energy efficiency in government buildings. The 2011-12 Estimate relates to the drawdown of a loan for the energy efficiency improvement in the Forestry House building, Brisbane.
78. The decrease is mainly due to:
- the finalisation of projects in 2010-11 including the Cairns and Thursday Island government office buildings, the Dandiiri Joint Contact Centre at Zillmere Brisbane and the Boggo Road Brisbane redevelopment; and
  - lower expenditure on Maroochydore government office building and the Mareeba government office building and learning centre as both are nearing completion in 2011-12.
- This decrease is partly offset by funds approved for various projects and initiatives in 2011-12 including funding for the Decentralisation Initiative – accommodation projects in 2011-12.
79. The decrease is mainly due to the near finalisation of some loans resulting in lower loan repayments. This is partly offset by the deferral of loans from 2009-10 into 2010-11 relating to the improvement of energy efficiency in government buildings.

## Administered income statement

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

80. The increase is mainly due to:
- carryover of funds from 2009-10 for CorpTech, Shared Service initiatives and Information and Technology Consolidation (ICTC) for CITEC;
  - funds brought forward from 2011-12 for CorpTech; and
  - funding for Natural Disaster Relief and Recovery Arrangement (NDRRA) claims for Queensland Monsoonal Flooding and Tropical Cyclones Olga, Neville, Ului and Paul.
- This increase is partly offset by carryover of funds into 2011-12 for the ICTC project.
81. The increase mainly relates to funding received from the Queensland Reconstruction Authority for NDRRA claims relating to Queensland Floods and Tropical Cyclone Yasi and a contribution from Mirvac upon completion of the Tennyson Overpass.
82. The increase mainly relates to carryover of funds from 2009-10 and funds brought forward from 2011-12 for CorpTech grant funding.
83. The increase relates to the once off transfer of the City Reach Wet Leases to the Brisbane City Council.
84. The decrease relates to the once off transfer of the City Reach Wet Leases to the Brisbane City Council. This decrease is partly offset by the contribution from Mirvac upon completion of the Tennyson Overpass.
85. The increase relates to the contribution to the Consolidated Fund from Mirvac upon completion of the Tennyson Overpass.

Major variations between 2010-11 Budget and 2011-12 Estimate include:

86. The increase is mainly due to higher CorpTech grant funding in 2011-12.
87. The decrease is due to the receipt relating to the whole-of-Government telecommunications and ICT arrangements finalising in 2010-11.
88. The decrease is due to the payment to the Consolidated Fund relating to the whole-of-Government telecommunications and ICT arrangements finalising in 2010-11.

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

89. The decrease is mainly due to funds brought forward from 2011-12 to 2010-11 relating to CorpTech grant funding.
90. The decrease is due to the receipt relating to the whole-of-Government telecommunications and ICT arrangements finalising in 2010-11 and the contribution from Mirvac upon completion of the Tennyson Overpass in 2010-11.
91. The increase is mainly due to the carryover of funding for the ICTC Project and additional funding to CITEC to undertake discovery and implementation phases for the connectivity of agency ICT systems to the national systems for the National Occupational Licensing System, Australian Business Online Services and National Electronic Conveyancing System.
92. The decrease is mainly due to the funds brought forward from 2011-12 to 2010-11 relating to CorpTech grant funding.
93. The decrease relates to the once off transfer of the City Reach Wet Leases to the Brisbane City Council.
94. The increase is due to the once off transfer of the City Reach Wet Leases to the Brisbane City Council. This increase is offset by the receipt relating to the whole-of-Government telecommunications and ICT arrangements finalising in 2010-11 and the contribution from Mirvac upon completion of the Tennyson Overpass in 2010-11.
95. The decrease is due to the payment to the Consolidated Fund relating to the whole-of-Government telecommunications and ICT arrangements finalising in 2010-11 and the contribution from Mirvac upon completion of the Tennyson Overpass in 2010-11.

## Administered balance sheet

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

96. The increase is due to the transfer of the City Reach Wet Leases from Controlled to Administered items.



97. The movement represents the transfer of the City Reach Wet Leases to the Brisbane City Council.

Major variations between 2010-11 Budget and 2011-12 Estimate include:

98. The increase is due to the transfer of the City Reach Wet Leases from Controlled to Administered items.

99. The movement represents the transfer of the City Reach Wet Leases to the Brisbane City Council in 2010-11.

## **Administered cash flow statement**

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

100. The increase is mainly due to:

- funding relating to the payment of invoices accrued as at 30 June 2010;
- carryover of funds from 2009-10 for CorpTech, Shared Service initiatives and ICTC project for CITEC;
- funds brought forward from 2011-12 for CorpTech; and
- funding for NDRRA claims for Queensland floods and Tropical Cyclones Olga, Neville, Ului and Paul.

This increase is partially offset by carryover of funds into 2011-12 for the ICTC project.

101. The increase is due to funding received from the Queensland Reconstruction Authority for NDRRA claims relating to the Queensland floods and Cyclone Yasi.

102. The increase mainly relates to carryover of funds from 2009-10 and funds brought forward from 2011-12 relating to CorpTech grant funding.

103. The increase is mainly due to the payment of invoices accrued as at 30 June 2010 and funding for NDRRA claims, which is partly offset by the carryover of funding into 2011-12 for the ICTC project.

104. The decrease is mainly due to a carryover into 2012-13 of funding received from the Consolidated Fund to be paid to CITEC for GovNet and lower debt service payments associated with ICTC projects.

105. The decrease in equity withdrawal is mainly due to funding payments to CITEC for GovNet and debt service payments associated with ICTC projects.

Major variations between 2010-11 Budget and 2011-12 Estimate include:

106. The increase is mainly due to higher Queensland Shared Services (relating to the former CorpTech component) grant funding in 2011-12.

107. The increase is due to funding received from the Queensland Reconstruction Authority for NDRRA claims relating to the Queensland Floods and Cyclone Yasi.

108. The decrease is due to the receipt relating to the whole-of-Government telecommunications and ICT arrangements finalising in 2010-11.

109. The decrease is due to the payment to the Consolidated Fund relating to the whole-of-Government telecommunications and ICT arrangements finalising in 2010-11.

110. The increase is mainly due to higher Queensland Shared Services (relating to the former CorpTech component) grant funding in 2011-12.

111. The decrease is mainly due to lower depreciation funding withdrawal received from Queensland Shared Services (relating to the former CorpTech component) to be returned to the Consolidated Fund.

112. The decrease primarily relates to lower payments to the Consolidated Fund for depreciation funding withdrawal from Queensland Shared Services (relating to the former CorpTech component).

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

113. The decrease is mainly due to funds brought forward for Queensland Shared Services (relating to the former CorpTech component) grant funding from 2011-12 to 2010-11.

114. The decrease is mainly due to receipt relating to the whole-of-Government telecommunications and ICT arrangements finalising in 2010-11 and the contribution from Mirvac upon completion of the Tennyson Overpass received in 2010-11.

115. The decrease is due to the payment to the Consolidated Fund relating to the whole-of-Government telecommunications and ICT arrangements finalising in 2010-11 and the contribution from Mirvac upon completion of the Tennyson Overpass received in 2010-11.

116. The decrease is mainly due to funds brought forward for Queensland Shared Services (relating to the former CorpTech component) grant funding from 2011-12 to 2010-11.

117. The decrease is mainly due to lower depreciation funding from Queensland Shared Services (relating to the former CorpTech component) to be returned to the Consolidated Fund. This decrease is partly offset by higher debt service payments to be paid to CITEC associated with ICTC projects.

118. The decrease primarily relates to lower payments to the Consolidated Fund for depreciation funding from Queensland Shared Services (relating to the former CorpTech component). This decrease is partly offset by higher debt service payments to CITEC associated with ICTC projects.

# Commercialised Business Units

## QBuild

### OVERVIEW

QBuild is responsible for delivering building maintenance and construction services to Queensland Government agencies. It also provides a whole-of-Government response to protect and maintain government infrastructure assets in the event of natural disasters and major incidents and provides other services in the areas of building security, cleaning, horticulture, and the management of Brisbane's Roma Street Parkland. QBuild employs approximately 320 apprentices at any one time with an annual intake of 100 state-wide. A Community Service Obligation of \$8.60 million is allocated in support of this initiative for 2011-12.

Key factors and challenges impacting on QBuild include:

- continuing to deliver efficient and effective services to clients by achieving greater flexibility in the management and deployment of resources
- exploring opportunities together with client agencies to enhance service delivery efficiency, ensure successful delivery of maintenance programs and to better understand and manage the emerging environmental challenges on built infrastructure
- stabilising and simplifying QBuild's core operational and business support systems and processes to support efficient and effective service delivery to clients.

### REVIEW OF PERFORMANCE

#### Recent achievements

QBuild's recent achievements include:

- delivering an immediate state-wide response to the clean-up, recovery and rebuilding of government infrastructure following the impacts of the widespread flooding on central, southern and South East Queensland between December 2010 and January 2011, and the impact of Tropical Cyclone Yasi in February 2011. This included asbestos removal from the Tully Heads and Hull Heads region following its devastation
- delivering approximately \$309 million in construction and upgrade works on behalf of clients across the state, from the Gold Coast and Sunshine Coast to the Torres Strait, Roma, St George, Innisfail, Warwick, Mt Isa, Cairns, Charters Towers and Palm Island. Works undertaken included housing renewals, office fitouts, new construction, heritage restoration, building upgrades and asbestos removal and replacement
- delivering an estimated \$487.5 million of client maintenance programs including:
  - Queensland Government agency annual maintenance programs;
  - Remote Indigenous Housing and Homelessness Program for the Department of Communities;
  - State Schools of Tomorrow Program for the Department of Education and Training;
  - Asbestos Replacement Program for the Department of Education and Training;
  - Remote Asset Maintenance Program for Queensland Health, the Department of Education and Training, and Queensland Police; and
  - the Minister's Maintenance Contingency Program.

- improving program management across the scope of programs for the Department of Education and Training and the Department of Communities, including targeted early completion of projects and implementing contingency plans
- engaging with local Indigenous councils and other agencies to deliver housing upgrades and new construction programs which have provided an average in excess of 20 percent in local Indigenous employment (consistent with the Queensland Government's 20 percent Indigenous Employment Policy)
- progressing partnering arrangements with client agencies to enable QBuild to manage the majority of maintenance work in relation to government-owned employee housing
- initiating and delivered Practical Asbestos Training (PAT), resulting in more than 1,150 QBuild employees now holding a B Class Certificate for the removal of asbestos material. QBuild also delivered operational asbestos awareness sessions to over 1,000 office-based QBuild employees and delivered asbestos awareness sessions to almost 3,000 contractors at metropolitan and regional centres
- attaining national accreditation of the PAT program through the Australian Quality Training Framework. Negotiations are in place to distribute the accredited course and training support resources to registered training organisations to enable delivery of the training to the Queensland building industry sector
- implementing workforce plans and established a register of interest for contractors able to work in Indigenous communities to support resource requirements associated with the delivery of programs within regional and remote centres, particularly in far north Queensland
- supporting the Government's *Toward Q2: Tomorrow's Queensland* vision of a Smart Queensland – *Delivering world-class education and training* by continuing to employ 100 new apprentices and trainees each year. At any one time QBuild employs an average of 320 apprentices and trainees, and since October 1998, a total of 1,439 apprentices and trainees have been employed in the apprentice program
- managing Roma Street Parkland, which attracts over 660,000 visitors each year and hosts on average 250 events a year, including major community events and private functions.

## Future developments

During 2011-12, QBuild's primary focus will be to deliver enhanced services to clients and to achieve business efficiencies through stabilising business systems and consolidating and aligning core business processes.

Throughout this period QBuild will continue to:

- deliver client agency annual building maintenance programs
- deliver construction and upgrade programs with particular focus on remote and Indigenous communities
- maintain a state-wide preparedness to support the Queensland Government in the response, clean-up and recovery of government assets and infrastructure resulting from disaster events
- promote a safety culture within QBuild and across its contractor network, particularly as it relates to safe methods for working with or removing asbestos containing material
- develop resource strategies to meet the expectations of clients for the delivery of new residential construction and maintenance in remote communities
- improve business knowledge to better understand emerging environmental challenges to manage the impact on built infrastructure

- support the delivery of remote Indigenous housing outcomes with targeted apprentice intakes and training opportunities in communities where new construction is being delivered.

# STATEMENTS

## PERFORMANCE STATEMENT

	Notes	2010-11 Target/est.	2010-11 Est. actual	2011-12 Target/est.
<b>Service standards</b>				
Client satisfaction	1	New measure	New measure	..
<i>Financial measures</i>				
Gross profit as a percentage of sales	2,3	11.69%	8.56%	9.99%
Net profit before tax and dividends as a percentage of sales	4,5,6	0.59%	(0.2%)	0.1%
Current ratio	7,8	1.31:1	1.20:1	1.21:1
Gearing level	9	New measure	New measure	..
<b>Other measures</b>				
Percentage of apprentices successfully complete training		80%	80%	≥80%
Percentage of participation in annual apprentice program:				
• first language is other than English	10	New measure	New measure	≥ 2%
• Indigenous	10	New measure	New measure	≥ 15%
• female		≥ 8%	11%	≥ 8%
• indentured outside the metropolitan region		≥ 65%	70%	≥ 65%
Workplace Health and Safety – working days lost	11	1,459	1,632	1,459

### Notes:

- The new measure of client satisfaction is included as a primary measure of effectiveness. A survey is being developed to ensure a consistent approach to measuring client satisfaction across the department and it includes elements of timeliness, ease of access, staff knowledge and outcome/quality of the service.
- The decrease in the 2010-11 Estimated actual from the 2010-11 Target/estimate for gross profit as a percentage of sales is due to cost reclassifications and lower gross margins expected on most products.
- The increase in the 2011-12 Target/estimate from the 2010-11 Estimated actual for gross profit as a percentage of sales is due to proposed efficiencies in service delivery.
- This financial measure was previously reported in the 2010-11 SDS as net profit as a percentage of sales and the description has been amended to ensure consistency with the reporting of net profit across other commercialised business units within the department.
- The decrease in the 2010-11 Estimated actual from the 2010-11 Target/estimate for net profit before tax and dividends as a percentage of sales is due to lower gross margins expected on most products.
- The increase in the 2011-12 Target from the 2010-11 Estimated actual for net profit before tax and dividends as a percentage of sales is due to a higher gross margins.
- The decrease in the 2010-11 Estimated actual from the 2010-11 Target/estimate for current ratio is due to a higher payables balance and other current liabilities balance.
- The decrease in the 2011-12 Target/estimate from the 2010-11 Target/estimate for current ratio is due to a higher payables balance and other current liabilities balance.
- The new measure of gearing level is included as a standard financial measure for Commercialised Business Units with borrowings. This measure is not applicable for 2011-12 as QBuild has no net debt.
- The new measures of percentage of participation in annual apprentice program; first language is other than English and Indigenous is part of the *Toward Q2: Tomorrow's Queensland* Target Delivery Plan for a Smart Queensland – *three out of four Queenslanders will hold trade, training or tertiary qualifications*.
- The increase in the 2010-11 Estimated actual from the 2010-11 Target/estimate for workplace health and safety – working days lost is a result of a limited number of lengthy injury absences.

## INCOME STATEMENT

QBuild	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>Income</b>				
User charges	1,7	833,738	888,488	878,745
Grants and other contributions		8,945	8,954	8,736
Other revenue	2,8	1,061	1,409	1,493
Gains on sale/revaluation of property, plant and equipment and investments		13	8	8
<b>Total income</b>		<b>843,757</b>	<b>898,859</b>	<b>888,982</b>
<b>Expenses</b>				
Employee expenses	3,11	233,389	228,954	232,247
Supplies and services	4,9,12	599,652	665,603	650,077
Grants and subsidies		..	..	..
Depreciation and amortisation		3,463	3,732	3,439
Finance/borrowing costs		768	918	752
Other expenses		1,538	1,684	1,732
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total expenses</b>		<b>838,810</b>	<b>900,891</b>	<b>888,247</b>
<b>Surplus or deficit before related income tax</b>	5,10	<b>4,947</b>	<b>(2,032)</b>	<b>735</b>
Income tax expense/revenue	6	1,235	(483)	214
<b>OPERATING SURPLUS/(DEFICIT) after related income tax</b>		<b>3,712</b>	<b>(1,549)</b>	<b>521</b>

## STATEMENT OF CHANGES IN EQUITY

QBuild	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation surplus		..	..	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
<b>Net income recognised directly in equity</b>		<b>..</b>	<b>..</b>	<b>..</b>
Surplus/(deficit) for the period		3,712	(1,549)	521
<b>Total recognised income and expense for the period</b>		<b>3,712</b>	<b>(1,549)</b>	<b>521</b>
Equity injection/(withdrawal)		..	..	..
Equity adjustments (MoG transfers)		..	..	..
Dividends paid or provided		(1,856)	..	(260)
<b>Total movement in equity for period</b>		<b>1,856</b>	<b>(1,549)</b>	<b>261</b>



## BALANCE SHEET

QBuild	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets	13,20	52,862	7,589	32,009
Receivables	14,21	116,682	164,884	138,787
Other financial assets		..	..	..
Inventories	15,22	25,259	37,423	37,034
Other	23	2,444	1,748	1,344
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>197,247</b>	<b>211,644</b>	<b>209,174</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment		4,016	3,912	4,771
Deferred tax assets	16,24,31	4,914	9,660	10,547
Intangibles	25,32	22,627	21,976	19,340
Other		..	..	..
<b>Total non-current assets</b>		<b>31,557</b>	<b>35,548</b>	<b>34,658</b>
<b>TOTAL ASSETS</b>		<b>228,804</b>	<b>247,192</b>	<b>243,832</b>
<b>CURRENT LIABILITIES</b>				
Payables	17,26	85,180	101,145	99,296
Interest-bearing liabilities and derivatives	27,33	2,925	2,885	1,387
Current tax liabilities		..	..	..
Accrued employee benefits		5,154	5,005	5,749
Provisions		..	109	109
Other	18,28	57,198	67,723	66,992
<b>Total current liabilities</b>		<b>150,457</b>	<b>176,867</b>	<b>173,533</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Interest-bearing liabilities and derivatives		1,358	1,387	..
Deferred tax liabilities	29	3,682	4,257	5,357
Accrued employee benefits		..	..	..
Provisions		..	19	19
Other		..	..	..
<b>Total non-current liabilities</b>		<b>5,040</b>	<b>5,663</b>	<b>5,376</b>
<b>TOTAL LIABILITIES</b>		<b>155,497</b>	<b>182,530</b>	<b>178,909</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>73,307</b>	<b>64,662</b>	<b>64,923</b>
<b>EQUITY</b>				
Capital/contributed equity		20,900	20,900	20,900
Accumulated surplus/(accumulated deficit)	19,30	52,407	43,762	44,023
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
<b>TOTAL EQUITY</b>		<b>73,307</b>	<b>64,662</b>	<b>64,923</b>

## CASH FLOW STATEMENT

QBuild	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges	34,39,42	878,064	913,232	953,282
Grants and other contributions		8,945	8,954	8,736
Other	35,40	60,826	68,042	66,445
<b>Outflows:</b>				
Employee costs		(232,879)	(227,325)	(230,953)
Supplies and services	36,41	(661,242)	(717,139)	(716,847)
Grants and subsidies		..	..	..
Borrowing costs		(768)	(918)	(752)
Taxation equivalents paid		..	..	..
Other		(48,063)	(52,012)	(50,952)
<b>Net cash provided by/(used in) operating activities</b>		<b>4,883</b>	<b>(7,166)</b>	<b>28,959</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment		13	8	8
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for property, plant and equipment and intangibles		(1,783)	(2,200)	(1,662)
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by/(used in) investing activities</b>		<b>(1,770)</b>	<b>(2,192)</b>	<b>(1,654)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections		..	..	..
<b>Outflows:</b>				
Dividends paid	38	(1,712)	..	..
Borrowing redemptions	37,43	(2,709)	(20,678)	(2,885)
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by/(used in) financing activities</b>		<b>(4,421)</b>	<b>(20,678)</b>	<b>(2,885)</b>
<b>Net increase/(decrease) in cash held</b>		<b>(1,308)</b>	<b>(30,036)</b>	<b>24,420</b>
<b>Cash at the beginning of financial year</b>		<b>54,170</b>	<b>37,625</b>	<b>7,589</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>52,862</b>	<b>7,589</b>	<b>32,009</b>

## EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

### Income statement

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

1. The increase is due to additional unplanned maintenance work and work on natural disaster events.
2. The increase is due to rent supplementation being provided from the Consolidated Fund not included in the original budget.
3. The decrease is due to lower than budgeted payroll expenses being realised as a result of not all budget positions being filled for the full year.
4. The increase is due to the cost of delivering greater volumes of work.
5. The deficit is due to lower margins and an increase in business system support expenses.
6. The decrease is due to the current year result.

Major variances between 2010-11 Budget and 2011-12 Estimate include:

7. The increase is due to a rise in unplanned maintenance work.
8. The increase in other revenues is due to rent supplementation being provided from the Consolidated Fund not included in the original budget.
9. The increase is due to the cost of delivering greater volumes of work.
10. The decrease is due to lower margins and an increase in business system support expenses.

Major variances between 2010-11 Estimated actual and the 2011-12 Estimate include:

11. The increase is due to the net effect of Enterprise Bargaining Agreements and the timing of filling staff vacancies.
12. The decrease is due to lower volumes of work and changes in the delivery mix.

### Balance Sheet

Major variances between 2010-11 Budget and 2010-11 Estimated actual include:

13. The decrease is due to the timing of debtor payments and the lower opening cash balance at the start of the financial year.
14. The increase is due to the timing of debtor payments, particularly in respect of disaster event work.
15. The increase reflects greater volumes of work and the prior year closing balance.
16. The increase is due to the tax effect of prior and current year results.
17. The increase reflects the greater volume of work.
18. The increase reflects the greater volume of work and the prior year closing balance.
19. The decrease is a result of prior and current year results.

Major variances between 2010-11 Budget and 2011-12 Estimate include:

20. The decrease is due to a lower estimated opening balance at the commencement of the financial year.
21. The increase relates to greater volumes of work.
22. The increase relates to greater volumes of work.
23. The decrease reflects changes in the timing of prepayments in the previous financial year.
24. The increase is due to the tax effect of prior and current year results.
25. The decrease reflects a full year of amortisation of intangible assets.
26. The increase reflects the increased volumes of work.
27. The decrease reflects repayment of the long term loan for intangible assets.
28. The increase reflects the additional volumes of work and the prior year closing balance.
29. The increase is due to tax effect of recognising intangible assets.
30. The decrease is a result of the prior and current year results.

Major variances between 2010-11 Estimated actual and the 2011-12 Estimate include:

31. The increase is due to the tax effect of the prior and current year results.
32. The decrease reflects a full year of amortisation on intangible assets.
33. The decrease reflects repayment of the long term loan on intangible assets.

### Cash flow statement

Major variances between 2010-11 Budget and 2010-11 Estimated actual include:

34. The increase is due to greater volumes of work from unplanned maintenance and disaster events.
35. The increase reflects the GST effect of increased volumes of work.
36. The increase reflects the delivery costs due to the greater volume of work.
37. The increase reflects the higher opening balance of the working capital facility at the commencement of the financial year estimated to be repaid during the year.
38. The decrease is due to the net loss reported in 2009-10 which resulted in no dividend being due.

Major variances between 2010-11 Budget and 2011-12 Estimate include:

39. The increase is due to additional work on unplanned maintenance and work on natural disaster events.
40. The increase reflects the GST effect of increased volumes of work.
41. The increase reflects delivery costs in line with increased volumes of work.

Major variances between 2010-11 Estimated actual and the 2011-12 Estimate include:

42. The increase in cash inflows from user charges is due to cash received on natural disaster claims which will be received in 2011-12.
43. The 2011-12 Estimate reflects the inclusion of only the redemption of the long term loan for intangible assets whereas the 2010-11 Estimated actual includes redemptions of both the working capital facility and long term loan during the financial year.

# Project Services

## OVERVIEW

Project Services provides building and property consultancy services to the Government. It assists government agencies in the delivery of their building programs and projects within the Government's capital works framework, minimising risk and assisting in meeting the reporting obligations of the Government.

Project Services provides a complete range of consultancy services, including:

- program, project, procurement and risk management
- professional building design (architecture, landscape architecture, interior design, engineering – civil, structural, mechanical, electrical, environmental, fire and specialist)
- quantity surveying, superintendency, contract management and administration, building surveying, property and corporate real estate services and town planning.

Key factors and challenges impacting on Project Services include:

- sustaining a role as the building procurement and risk manager for government
- developing and improving existing technologies for design, project and information management to meet business requirements
- supporting clients in achieving higher levels of environmental sustainability in their building projects
- retaining a skilled workforce able to respond to an ageing staff profile and anticipated work levels
- maintaining a viable capital works program.

## REVIEW OF PERFORMANCE

### Recent achievements

Project Services working closely with client departments delivered a diverse range of projects throughout the state in 2010-11. The value of design and construction work managed by Project Services during this financial year has been approximately \$2.1 billion and included the following projects:

- the new Bremer State High School, which opened for first term in 2011 and is the first full replacement high school for the Department of Education and Training. The new school is part of the *State Schools of Tomorrow* program in the Ipswich cluster
- the Light and Heavy Automotive Trades Training Facilities at Acacia Ridge, Brisbane, which feature learning areas and laboratories equipped with the latest technology to deliver pre-apprenticeship, apprenticeship/traineeship and post-trade training for the road transport, mining, gas and construction maintenance industries
- the new government office building, William McCormack Place, Stage 2, in Cairns, North Queensland. Completed in August 2010, the building received the first 6-star Green Star rating in a tropical climate in Australia
- the 23,000-seat AFL stadium at Carrara on the Gold Coast capable of accommodating international standard sporting events
- the Ecosciences Precinct at Boggo Road, Brisbane, which officially opened in April 2011, is Australia's first science centre of excellence supporting innovative research into climate change, healthy environment, balanced growth, sustainable industries and mineral and petroleum resources

- specialist property transactions for the Department of Employment, Economic Development and Innovation, which acquired high quality sites for the client to assist in establishing its beef cattle research facilities.

### **Future developments**

During 2011-12, Project Services will continue to deliver significant building capital works projects and programs on behalf of the Queensland Government including:

- the 19-floor Supreme Court and District Court complex in the Brisbane Central Business District
- procurement management of new major State hospital projects including the Gold Coast University Hospital and Queensland Children's Hospital, and the redevelopment of hospitals in Cairns, Townsville, Mackay, Rockhampton and Ipswich
- the Mango Hill State School, which will be constructed as a single campus with two learning precincts that include support and service facilities providing administration, information services and student services, such as covered play areas, a canteen, amenities and sporting facilities
- new kindergartens in primary school sites around the state, including Palm Beach, Coomera, Logan, Yandina, Taranganba, Durack and Kingston
- the Queensland Police Academy, which includes the design and construction of a Command and Learning Precinct, a Policing Skill Programs Precinct, a Residential Precinct and the adaptive reuse of existing heritage buildings on the site for support services.

# STATEMENTS

## PERFORMANCE STATEMENT

	Notes	2010-11 Target/est.	2010-11 Est. actual	2011-12 Target/est.
<b>Service standards</b>				
Client satisfaction	1	New measure	New measure	..
Project competency:	2			
• time		90%	90%	≥90%
• budget		90%	90%	≥90%
<i>Financial measures</i>				
Gross profit as a percentage of total sales	3,4	33.8%	36.1%	37.4%
Net profit before tax and dividends as a percentage of total sales	5,6,7	1.4%	3.3%	0.6%
Current ratio	8,9	3.2:1	5.1:1	5.7:1

### Notes:

1. The new measure of client satisfaction is included as a primary measure of effectiveness. A survey is being developed to ensure a consistent approach to measuring client satisfaction across the department and it includes elements of timeliness, ease of access, staff knowledge and outcome/quality of service.
2. This measure was previously reported in the 2010-11 SDS as two separate measures (project competency – on time and project competency – on budget).
3. The increase in the 2010-11 Estimated actual from the 2010-11 target/estimate for the measure of gross profit as a percentage of total sales is due to increased sales revenue.
4. The increase in the 2011-12 target/estimate from the 2010-11 Estimated actual for the gross profit as a percentage of total sales is mainly due to the direct costs associated with outsourced work in the 2010-11 Estimated actual being greater than forecast.
5. This financial measure was previously reported in the 2010-11 SDS as net profit as a percentage of sales and the description has been amended to ensure consistency with the reporting of net profit across other commercialised business units within the department.
6. The increase in the 2010-11 Estimated actual from the 2010-11 Target/estimate for the net profit before tax and dividends as a percentage of total sales is due to increased sales revenue.
7. The decrease in the 2011-12 Target/estimate from the 2010-11 Estimated actual for the measure of net profit before tax and dividends as a percentage of total sales is primarily due to a forecasted downturn in the program of work.
8. The increase in the 2010-11 Estimated actual from the 2010-11 Target/estimate for the current ratio is due to increased sales revenue resulting in increased cash and timing of business system upgrades resulting in cash not being utilised.
9. The increase in the 2011-12 Target/estimate from the 2010-11 Target/estimate for the current ratio is due to improved creditor and debtor management, and timing of business system upgrades resulting in cash not being utilised.

## INCOME STATEMENT

Project Services	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>Income</b>				
User charges	1,9	150,626	170,900	148,876
Grants and other contributions		..	..	..
Other revenue	2,6	2,612	3,158	3,033
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total income</b>		<b>153,238</b>	<b>174,058</b>	<b>151,909</b>
<b>Expenses</b>				
Employee expenses	3,7,10	67,824	72,578	69,519
Supplies and services	4,8,11	82,394	94,837	80,408
Grants and subsidies		..	..	..
Depreciation and amortisation		595	699	775
Finance/borrowing costs		..	..	..
Other expenses		318	291	318
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total expenses</b>		<b>151,131</b>	<b>168,405</b>	<b>151,020</b>
<b>Surplus or deficit before related income tax</b>	5,12	<b>2,107</b>	<b>5,653</b>	<b>889</b>
Income tax expense/revenue		522	1,696	267
<b>OPERATING SURPLUS/ (DEFICIT) after related income tax</b>		<b>1,585</b>	<b>3,957</b>	<b>622</b>

## STATEMENT OF CHANGES IN EQUITY

Project Services	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation surplus		..	..	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
<b>Net income recognised directly in equity</b>		<b>..</b>	<b>..</b>	<b>..</b>
Surplus/(deficit) for the period		1,585	3,957	622
<b>Total recognised income and expense for the period</b>		<b>1,585</b>	<b>3,957</b>	<b>622</b>
Equity injection/(withdrawal)		..	..	..
Equity adjustments (MoG transfers)		..	..	..
Dividends paid or provided		(793)	(1,979)	(311)
<b>Total movement in equity for period</b>		<b>792</b>	<b>1,978</b>	<b>311</b>



## BALANCE SHEET

Project Services	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets	13,19	14,405	27,382	27,333
Receivables	14,20,24	21,882	18,295	16,258
Other financial assets		..	..	..
Inventories		..	..	..
Other		619	377	134
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>36,906</b>	<b>46,054</b>	<b>43,725</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	15,25	850	1,315	880
Deferred tax assets		1,157	979	966
Intangibles	16,21,26	13,282	2,489	4,141
Other		..	..	..
<b>Total non-current assets</b>		<b>15,289</b>	<b>4,783</b>	<b>5,987</b>
<b>TOTAL ASSETS</b>		<b>52,195</b>	<b>50,837</b>	<b>49,712</b>
<b>CURRENT LIABILITIES</b>				
Payables	17,22,27	8,693	5,374	3,923
Interest-bearing liabilities and derivatives		..	..	..
Current tax liabilities		417	216	327
Accrued employee benefits		1,347	1,563	1,540
Provisions	18,23	957	1,897	1,897
Other		..	..	..
<b>Total current liabilities</b>		<b>11,414</b>	<b>9,050</b>	<b>7,687</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Deferred tax liabilities		284	195	122
Accrued employee benefits		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>284</b>	<b>195</b>	<b>122</b>
<b>TOTAL LIABILITIES</b>		<b>11,698</b>	<b>9,245</b>	<b>7,809</b>
<b>NET ASSETS/ (LIABILITIES)</b>		<b>40,497</b>	<b>41,592</b>	<b>41,903</b>
<b>EQUITY</b>				
Capital/contributed equity		1,730	1,730	1,730
Accumulated surplus/(accumulated deficit)		38,767	39,862	40,173
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
<b>TOTAL EQUITY</b>		<b>40,497</b>	<b>41,592</b>	<b>41,903</b>

## CASH FLOW STATEMENT

Project Services	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges	28,33,39	171,958	184,048	162,978
Grants and other contributions		..	..	..
Other	34	13,527	11,572	9,707
<b>Outflows:</b>				
Employee costs	29,35,40	(67,771)	(73,119)	(69,293)
Supplies and services	30,36,41	(95,681)	(104,561)	(87,115)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Taxation equivalents paid	31,42	(294)	(1,379)	(216)
Other	37,43	(17,577)	(16,733)	(12,139)
<b>Net cash provided by/(used in) operating activities</b>		<b>4,162</b>	<b>(172)</b>	<b>3,922</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for property, plant and equipment and intangibles	32,38	(11,290)	(1,185)	(1,992)
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by/ (used in) investing activities</b>		<b>(11,290)</b>	<b>(1,185)</b>	<b>(1,992)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections		..	..	..
<b>Outflows:</b>				
Dividends paid		(2,137)	(2,048)	(1,979)
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by/ (used in) financing activities</b>		<b>(2,137)</b>	<b>(2,048)</b>	<b>(1,979)</b>
<b>Net increase/(decrease) in cash held</b>		<b>(9,265)</b>	<b>(3,405)</b>	<b>(49)</b>
<b>Cash at the beginning of financial year</b>		<b>23,670</b>	<b>30,787</b>	<b>27,382</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>14,405</b>	<b>27,382</b>	<b>27,333</b>

## EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

### Income statement

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

1. The increase in user charges is due to a greater program of work.
2. The increase in other revenue is due to higher interest revenue resulting from improved cash balances and higher interest rates.
3. The increase in employee expenses is due to a greater program of work.
4. The increase in supplies and services is in line with additional sales revenue.
5. The increase in the net operating surplus is due to the additional sales revenue.

Major variations between 2010-11 Budget and 2011-12 Estimate include:

6. The increase in other revenue is mainly due to improved interest revenue resulting from higher interest rates and improved cash balances.
7. The increase in employee expenses is mainly due to the Enterprise Bargaining Agreement (EBA) increases and salary increments.
8. The decrease in supplies and services is in line with a reduced program of work.

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

9. The decrease in user charges is due to a reduced program of work.
10. The decrease in employee expenses is due to a reduced program of work.
11. The decrease in supplies and services is in line with a reduced program of work.
12. The decrease in the net operating surplus is due to an expected downturn in the program of work.

### Balance sheet

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

13. The increase in cash is mainly due to additional sales revenue, continued improvements in creditor and debtor management, and timing of business systems upgrades.
14. The decrease in receivables is due to continued improvements in debt management.
15. The increase in property, plant and equipment is due to replacements and upgrades for various computer equipment and peripherals.
16. The decrease in intangibles is due to the timing of business systems upgrades.
17. The decrease in payables is due to improved creditor management.
18. The increase in provisions is due to adjustments for service warranties.

Major variations between 2010-11 Budget and 2011-12 Estimate include:

19. The increase in cash is mainly due to continued improvements in creditor and debt management, and the timing of business systems upgrades.
20. The decrease in receivables is due to lower sales revenue and continued improvement in debt management.
21. The decrease in intangibles is due to the timing of business systems upgrades.
22. The decrease in payables is due to a reduced program of work and improved creditor management.
23. The increase in provisions is due to adjustments for service warranties.

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

24. The decrease in receivables is due to lower sales revenue and continued improvement in debt management.
25. The decrease in property, plant and equipment is due to the timing of various computer equipment and peripherals replacement and upgrades.
26. The increase in intangibles is due to proposed upgrade and implementation of a number of business systems.
27. The decrease in payables is mainly due to a reduction in dividends payable resulting from an expected lower net profit position.

### Cash flow statement

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

28. The increase in user charges is due to a greater program of work.
29. The increase in employee expenses is due to a greater program of work.
30. The increase in supplies and services is in line with additional sales revenue.
31. The increase in tax equivalents paid is due to an improved net profit position.
32. The decrease in payments for property, plant and equipment and intangibles is due to the timing of business systems upgrades.

Major variations between 2010-11 Budget and 2011-12 Estimate include:

33. The decrease in user charges is primarily due to the movement in receivables and lower sales revenue.
34. The decrease in other inflow is mainly due to lower GST receivables resulting from reduced supplies and services.
35. The increase in employee costs is mainly due to the EBA increases and salary increments.
36. The decrease in supplies and services is primarily due to a smaller program of work.
37. The decrease in other outflow is mainly due to lower GST payable resulting from reduced user charges.
38. The decrease in payments for property, plant and equipment, and intangibles is due to the timing of business systems upgrades.

Major variations between 2010-11 Estimated actual and 2011-12 Estimate include:

39. The decrease in user charges is primarily due to lower sales revenue associated with a smaller program of work.
40. The decrease in employee costs is mainly due to a smaller program of work.

41. The decrease in supplies and services is primarily due to a smaller program of work.
42. The decrease in tax equivalents paid is due an expected reduction in the net profit position.
43. The decrease in other outflow is mainly due to lower GST payable resulting from reduced user charges.

# QFleet

## OVERVIEW

QFleet is the Queensland Government's fleet owner and manager. QFleet's role and value to the Government is based on its capacity to aggregate the Queensland Government vehicle fleet, enable economies of scale and provide a centralised pool of expertise in fleet management. QFleet manages approximately 13,000 vehicles on behalf of the Queensland Government. Its key services include vehicle procurement; fleet leasing, management and advisory services; vehicle servicing and repairs; disposal through state-wide auctions; whole-of-Government vehicle fleet reporting; and the development and management of whole-of-Government vehicle fleet policy.

QFleet also provides a range of comprehensive vehicle fleet management solutions to government agencies involved in disaster response and recovery activities.

The key factors and challenges impacting on QFleet include:

- minimising the Government's exposure to risk and future market volatility
- aligning the Government vehicle fleet mix with market demand
- continuing to deliver high quality, reliable, value-for-money fleet services, ensuring government priorities are met.

## REVIEW OF PERFORMANCE

### Recent Achievements

QFleet's recent achievements include:

- implementing the *QFleet ClimateSmart Action Plan 2007-2010*, which sets a vehicle carbon dioxide (CO<sub>2</sub>) emissions reduction target of 15 per cent by the end of 2010. By December 2010, the 2012 target of 25 per cent had been achieved two years ahead of schedule
- introducing the *QFleet Fleet Efficiency and Utilisation Policy* in July 2010, providing a framework to improve vehicle use and strategic management across the Queensland Government vehicle fleet
- implementing the second phase of QFleet's strategic procurement plan, which will strengthen ClimateSmart emissions reductions, enhance general fleet safety and lower total cost of ownership to government. QFleet remains the first and only state government vehicle fleet in Australia to go to market using this methodology
- releasing the *QFleet Road Safety Manual for the Queensland Government motor vehicle fleet* in December 2010 to provide practical advice to government agencies, managers and drivers on measures to reduce work-related driving risks.

### Future developments

During 2011-12, QFleet will:

- develop and implement QFleet performance reporting for agency chief executive officers to ensure they are kept informed of significant performance indicators in their fleet
- implement phase two of the *ClimateSmart Action Plan 2011-2012*, to meet the challenging revised target of 30 per cent by the end of 2012 and 50 per cent by the end of 2017

- utilise the *QFleet Road Safety Manual for the Queensland Government motor vehicle fleet* to improve road safety related policy, procedures and performance in government agencies and maximise the overall safety of government motor vehicle drivers.



# STATEMENTS

## PERFORMANCE STATEMENT

	Notes	2010-11 Target/est.	2010-11 Est. actual	2011-12 Target/est.
<b>Service standards</b>				
Client satisfaction	1	New measure	New measure	..
Reduction of carbon emissions in vehicles (ClimateSmart)	2,3	25% by 31 December 2012	≥25%	≥ 30% by 31 December 2012
Percentage of all vehicle fleet leases managed within 90-100 percent of agreed km (measured at lease expiration)	4	New measure	New measure	≥ 75%
<b>Financial measures</b>				
Current ratio	5	1.08:1	1.07:1	1.01:1
Return on net assets	6,7	5.8%	8.8%	6.6%
Gearing level	8	80%	79%	82%
<b>Other measures</b>				
Vehicle stocks on hand awaiting sale as a percentage of the total fleet		< 10%	7%	≤ 10%

### Notes:

1. The new measure of client satisfaction is included as a primary measure of effectiveness for the department's service areas. A survey is being developed to ensure a consistent approach to measuring client satisfaction across the department and it includes elements of timeliness, ease of access, staff knowledge and outcome/quality of service.
2. The measure of reduction of carbon emissions in vehicles (ClimateSmart) indicates that the 25 percent target has been surpassed (as at December 2010), however, the impact of the temporary increase in fleet size as a result of vehicles being deployed to recovery operations following the Queensland floods in January 2011 and Tropical Cyclone Yasi in February 2011 is not yet known.
3. The increase in the 2011-12 Target/estimate from the 2010-11 Estimated actual for reduction of carbon emissions in vehicles (ClimateSmart) is due to revised emissions targets for the government vehicle fleet, which are outlined in the ClimateSmart Action Plan Phase II.
4. The new measure of Percentage of all vehicle fleet leases managed within 90-100 percent of agreed km indicates the effective management of fleet leases across the government vehicle fleet, by measuring the alignment between use of the fleet and the contracted lease arrangements.
5. The decrease in the 2011-12 Estimate from the 2010-11 Estimated actual for current ratio is a result of higher purchase prices of replacement vehicles and therefore resulting in higher payables.
6. The increase in the 2010-11 Estimated actual from the 2010-11 target/estimate for return on net assets is due to higher sales prices on the resale market and lower than anticipated operating costs which have resulted in a higher forecast surplus for the year.
7. The decrease in the 2011-12 Target/estimate from the 2010-11 Estimated actual for return on net assets is due to anticipated fluctuations in the used car market.
8. The increase in the 2011-12 Target/estimate from the 2010-11 Estimated actual for gearing level is due to increased borrowings as a result of the purchase of replacement motor vehicles.

## INCOME STATEMENT

QFleet	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>Income</b>				
User charges	1,6,8	226,414	225,220	237,031
Grants and other contributions		..	..	..
Other revenue	2	642	1,256	986
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total income</b>		<b>227,056</b>	<b>226,476</b>	<b>238,017</b>
<b>Expenses</b>				
Employee expenses	3,9	10,968	9,814	11,593
Supplies and services	4,10	131,250	117,979	133,797
Grants and subsidies		..	..	..
Depreciation and amortisation	5,7	64,492	68,422	68,679
Finance/borrowing costs	11	15,326	15,263	16,025
Other expenses		538	374	421
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total expenses</b>		<b>222,574</b>	<b>211,852</b>	<b>230,515</b>
<b>Surplus or deficit before related income tax</b>		<b>4,482</b>	<b>14,624</b>	<b>7,502</b>
Income tax expense/revenue		1,345	4,387	2,251
<b>OPERATING SURPLUS/(DEFICIT) after related income tax</b>		<b>3,137</b>	<b>10,237</b>	<b>5,251</b>

## STATEMENT OF CHANGES IN EQUITY

QFleet	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation surplus		..	..	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
<b>Net income recognised directly in equity</b>		<b>..</b>	<b>..</b>	<b>..</b>
Surplus/(deficit) for the period	12,14,16	3,137	10,237	5,251
<b>Total recognised income and expense for the period</b>		<b>3,137</b>	<b>10,237</b>	<b>5,251</b>
Equity injection/(withdrawal)		..	..	..
Equity adjustments (MoG transfers)		..	..	..
Dividends paid or provided	13,15, 17	(1,568)	(12,007)	(10,738)
<b>Total movement in equity for period</b>		<b>1,569</b>	<b>(1,770)</b>	<b>(5,487)</b>

## BALANCE SHEET

QFleet	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets		500	496	500
Receivables	18,25	7,056	6,160	7,783
Other financial assets		..	..	..
Inventories		13,370	13,300	12,459
Other		5,114	6,272	4,953
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>26,040</b>	<b>26,228</b>	<b>25,695</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	19,23,26	316,961	318,124	328,708
Deferred tax assets		759	574	574
Intangibles	20	5,285	3,644	3,602
Other		..	..	..
<b>Total non-current assets</b>		<b>323,005</b>	<b>322,342</b>	<b>332,884</b>
<b>TOTAL ASSETS</b>		<b>349,045</b>	<b>348,570</b>	<b>358,579</b>
<b>CURRENT LIABILITIES</b>				
Payables	21,24	22,256	19,988	23,150
Interest-bearing liabilities and derivatives		..	..	..
Current tax liabilities		1,345	4,387	2,251
Accrued employee benefits		497	125	125
Provisions		..	..	..
Other		..	..	..
<b>Total current liabilities</b>		<b>24,098</b>	<b>24,500</b>	<b>25,526</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables	22,27	..	..	..
Interest-bearing liabilities and derivatives		256,353	253,941	268,411
Deferred tax liabilities		3,276	4,182	4,182
Accrued employee benefits		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>259,629</b>	<b>258,123</b>	<b>272,593</b>
<b>TOTAL LIABILITIES</b>		<b>283,727</b>	<b>282,623</b>	<b>298,119</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>65,318</b>	<b>65,947</b>	<b>60,460</b>
<b>EQUITY</b>				
Capital/contributed equity		26,095	26,095	26,095
Accumulated surplus/(accumulated deficit)		39,223	39,852	34,365
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
<b>TOTAL EQUITY</b>		<b>65,318</b>	<b>65,947</b>	<b>60,460</b>

## CASH FLOW STATEMENT

QFleet	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges	28,41	251,431	240,472	252,244
Grants and other contributions		..	..	..
Other		642	913	617
<b>Outflows:</b>				
Employee costs	29,35,42	(10,968)	(9,860)	(11,593)
Supplies and services	30,36,43	(218,165)	(222,564)	(221,262)
Grants and subsidies		..	..	..
Borrowing costs		(15,121)	(17,489)	(15,963)
Taxation equivalents paid	31,44	(5,977)	..	(4,387)
Other		(539)	(339)	(301)
<b>Net cash provided by/(used in) operating activities</b>		<b>1,303</b>	<b>(8,867)</b>	<b>(645)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for property, plant and equipment and intangibles	37,45	(707)	(88)	(590)
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by/(used in) investing activities</b>		<b>(707)</b>	<b>(88)</b>	<b>(590)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings	32,38,46	18,456	23,538	17,092
Equity injections		..	..	..
<b>Outflows:</b>				
Dividends paid	33,39,47	(6,990)	(17,847)	(13,231)
Borrowing redemptions	34,40,48	(12,105)	(7,600)	(2,622)
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by/(used in) financing activities</b>		<b>(639)</b>	<b>(1,909)</b>	<b>1,239</b>
<b>Net increase/(decrease) in cash held</b>		<b>(43)</b>	<b>(10,864)</b>	<b>4</b>
<b>Cash at the beginning of financial year</b>		<b>543</b>	<b>11,360</b>	<b>496</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>500</b>	<b>496</b>	<b>500</b>

## EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

General Note: As a result of changes in accounting standards AASB 107 *Statement of Cash Flows* and AASB 116 *Property Plant and Equipment* in the 2009-10 financial year, the following reporting requirements are applicable to the Income Statement, Balance Sheet and the Cash Flow Statement. The gross proceeds from sales of vehicles are classified as user charges in the Income Statement with the written down value at date of sale classified as supplies and services. Vehicles awaiting sale are classified as inventories in the Balance Sheet. The cash flows relating to sales and purchase of motor vehicle assets are classified as Cash Flows from Operating Activities in the Cash Flow Statement. These changes were first reflected in the 2010-11 Budget and 2009-10 Estimated actual figures in last year's Service Delivery Statements and are reflected in the 2010-11 Budget, 2010-11 Estimated actual and the 2011-12 Estimate in this year's Service Delivery Statements.

### Income statement

Major variation between 2010-11 Budget and 2010-11 Estimated actual include:

1. The decrease in user charges is due to a reduction in the size of the vehicle fleet.
2. The increase in other revenue is due to larger than anticipated interest on the cash at bank and the rental subsidy for the premises that was included in user charges in the 2010-11 Budget.
3. The decrease in employee expenses is due to lower permanent staff numbers during the earlier part of the year that were supported by agency staff during that period.
4. The decrease in supplies and service expenses is due mainly to lower than anticipated information and communication technology (ICT) costs, advertising and motor vehicle repairs and maintenance.
5. The increase in depreciation expense is due to lower residual values set on vehicles over the last 2 to 4 years.

Major variations between 2010-11 Budget and 2011-12 Estimate include:

6. The increase in user charges is due to continued good resale prices on vehicles in a fluctuating used car market.
7. The increase in depreciation expense is due to the lower residual values set on vehicles over the last 2 to 4 years.

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

8. The increase in user charges is due to higher lease rates and anticipated fluctuations in the used car market.
9. The increase in employee expenses is due to salary rate increases from the Enterprise Bargaining Agreement (EBA) and progression in pay rate classifications.
10. The increase in supplies and service expenses is due to higher ICT costs, advertising and motor vehicle repairs and maintenance costs.
11. The increase in borrowing costs is due to higher debt to finance replacement vehicles and anticipated increases in motor vehicle repairs and maintenance costs.

### Statement of changes in equity

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

12. The increase in profit is due to a strong vehicle resale market and lower expenses for ICT, wages and administration costs.
13. The increase in dividends available is due to higher profits from the resale market and a reduction in motor vehicle repairs and maintenance costs, advertising and ICT costs and includes a special dividend paid to the Consolidated Fund in 2010-11.

Major variations between 2010-11 Budget and 2011-12 Estimate include:

14. The increase in the profit is due to continued good resale prices on vehicles in a fluctuating used car market.
15. The increase in dividends available is due to higher profits from the resale market and a reduction in motor vehicle repairs and maintenance costs, advertising and ICT costs and includes a special dividend paid to the Consolidated Fund in 2011-12.

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

16. The decrease in profits is due to a minor fall in resale prices and higher ICT costs.
17. The decrease in dividends available is due to lower profits on sale of vehicles and higher ICT costs is partially offset by a higher special dividend paid to the Consolidated Fund in 2011-12 than that paid in 2010-11.

### Balance sheet

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

18. The decrease in receivables is due to improved debt recovery from clients.
19. The increase in property, plant and equipment is due to higher than anticipated purchase prices of replacement vehicles.
20. The decrease in intangibles is due to lower than anticipated expenditure on the core system project.
21. The decrease in payables is due to a reduced vehicle fleet size.
22. The decrease in interest bearing liabilities is due to improved cash flow from a strong resale vehicle market and reduction in ICT costs and advertising costs.

Major variations between 2010-11 Budget and 2011-12 Estimate include:

23. The increase in property, plant and equipment is due to higher purchase prices of vehicles following the usual replacement of the two to four year old vehicles in the fleet.
24. The increase in payables is due to higher purchase prices of replacement vehicles.

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

25. The increase in receivables is due to increased lease revenue billed to clients.
26. The increase in property, plant and equipment is due to increased purchase prices of replacement vehicles.
27. The increase in the interest bearing liabilities is mainly due to increased prices for the replacement of two to four year old vehicles and increased systems development expenses coupled with an expected slower resale market.

## Cash flow statement

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

28. The decrease in user charges is due to a reduction in the size of the fleet, a minor reduction in the number of motor vehicles for sale and the resultant effect of lower GST charges.
29. The decrease in employee costs is due to lower than anticipated permanent staff numbers earlier in the year that were supported by agency staff during that period.
30. The increase in supplies and services is due to higher than anticipated costs of motor vehicle registrations, insurance fleet costs and other administration expenses.
31. No tax is payable in 2010-11 due to a nil tax liability from the 2009-2010 year mainly due to higher than anticipated tax benefits of the investment allowance on new vehicles.
32. The increase in borrowings is due to the need to support the purchase of new vehicles and the day to day operating requirements.
33. The increase in dividends paid is due to higher profits expected for the 2010-2011 year and a special dividend paid to the Consolidated Fund.
34. The decrease in borrowing redemptions is a result of the cash at bank being used to purchase the replacement of vehicles.

Major variations between 2010-11 Budget and 2011-12 Estimate include:

35. The increase in employee expenses is due to salary rate increases from the EBA and progression in pay rate classifications.
36. The increase in supplies and services is due to higher vehicle repairs and maintenance, ICT costs and slightly higher residual values on the sale of used vehicles.
37. The decrease in property, plant and equipment is due to the reduced need for plant replacements at the Zillmere workshops.
38. The decrease in borrowings is due to good resale market cash flows.
39. The increase in dividends paid is due to a special dividend due to be paid in December 2011 to the Consolidated Fund.
40. The decrease in borrowing redemptions is due to cash requirements for the replacement of vehicles.

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

41. The increase in user charges is due to higher lease revenue and strong resale prices based on recent sales.
42. The increase in employee costs is due to EBA salary rate rises and the full year cost effect of the full year complement of staff.
43. The decrease in supplies and services is due to a minor reduction in anticipated vehicle repairs and maintenance costs, ICT costs and other general administration expenses.
44. The increase in tax paid is due to no tax liability for 2009-10 and tax is now estimated for the 2010-2011 year which will be paid in 2011-12.
45. The increase in property, plant and equipment is due to a number of replacements at the Zillmere workshops.
46. The decrease in borrowings is due to good resale market cash flows.
47. The decrease in dividends paid is due to lower profits for the 2010-2011 year partially offset by a higher special dividend paid to the Consolidated Fund in 2011-12 than that paid in 2010-11.
48. The decrease in borrowing redemptions is due to surplus operating funds being used directly for vehicle purchases.



# CITEC

## OVERVIEW

CITEC is the primary technology service provider for the Queensland Government, delivering both whole-of-Government and agency-specific information and communication technology (ICT) services. CITEC's core business is to deliver consolidated data centre, network and infrastructure services, including solutions integration services for the whole of Government. CITEC also delivers information brokerage services through CITEC Confirm.

The Queensland Government Chief Technology Office (QGCTO), established within CITEC, provides leadership, collaboration, management and direction on whole-of-Government information and communication technology issues. The QGCTO ensures that the whole-of-Government investment in technology and applications is optimised to meet information management and integrated service delivery outcomes.

In the event of a major incident or natural disaster, CITEC supports key disaster response agencies with their information and communication technology systems.

The key factors and challenges impacting on CITEC include:

- progressing the long-term consolidation of Queensland Government agencies ICT infrastructure to provide economies of scale and secure environments
- managing resources to effectively deliver the new whole-of-Government ICT infrastructure services to their required operating capacity while maintaining a high level of service on current products and services
- requiring increased investment and focus to ensure security, disaster recovery and business continuity standards are implemented and maintained
- sustaining a viable CITEC financial position as well as managing long-term investments in ICT infrastructure
- identifying opportunities for partnering with the ICT industry.

## REVIEW OF PERFORMANCE

### Recent achievements

CITEC's recent achievements include:

- providing a continued uninterrupted service to all agencies and undertaking emergent information and communication requirements for front-line emergency response agencies during the Queensland floods in January 2011
- being ranked among the leading data storage service providers globally by the independent benchmarking organisation, Corporate Executive Board, who placed CITEC in the top 25 per cent for cost and quality
- finalising the consolidation strategies and roadmaps for all 13 government departments for the transition to the whole-of-Government ICT infrastructure service offerings. In addition, CITEC completed transition planning that will guide agencies in their take-up of consolidated services for the Departments of Transport and Main Roads, Justice and Attorney-General, Communities, Education and Training, Community Safety, Public Works' Smart Service Queensland and the Queensland Police Service
- progressing the commission of the foundation ICT infrastructure for network connectivity, data storage facilities and server equipment to provide whole-of-Government consolidation capability

- decommissioning four metropolitan government data centre facilities and consolidating 12 agency data sites to enhance availability, integrity and confidentiality of Queensland Government information and ICT assets by ensuring ongoing access to high quality data centres and the use of complementary technologies
- launching a new website for CITEC Confirm, which provides online access to publicly available database information and is accessed by over 7,500 clients Australia-wide who perform five million searches annually
- implementing a purpose-built financial system to deliver billing and accounts receivable functionality for CITEC Confirm products under Phase 1 of the Technology Refresh project
- increasing the number of computer equipment racks installed at the Polaris Data Centre from 115 to 209 to cater for increased requirements for high quality data centre accommodation to support operational, disaster recovery and business continuity needs
- commencing the migration of the first agency to the Identity, Directory and Email Services (IDES) program, which will consolidate email service delivery across government and provide improved whole-of-Government identity management
- completing initiatives under the *Toward Q2 through ICT* program, including:
  - reviewing the whole-of-Government approach to processing the release of information in line with the Right to Information reforms;
  - developing a shared utility services approach to hardware and infrastructure to allow agencies to concentrate on business applications and development; and
  - developing a strategy to disseminate the benefits, and identifying the most appropriate solution architectures, sourcing strategies and a roadmap for Intellectual Property Telephony, instant messaging, presence and web conferencing solutions within the Queensland Government.
- continuing to reduce the number of non-Queensland Government clients from 14 to 13 to move to an operating model focussed on becoming the Queensland Government's primary technology service provider
- implementing an integrated call management solution within CITEC to replace a complex array of redirection rules and notifications systems previously used across three CITEC call centres.

## Future developments

During 2011-12 CITEC will:

- continue to migrate agencies to the IDES program, commencing with the Department of Public Works, the Department of Local Government and Planning, and the Department of the Premier and Cabinet
- continue to transition agency ICT infrastructure, including networks, data storage and protection, into a whole-of-Government service delivery offering, commencing with the Department of the Premier and Cabinet, the Department of Public Works, the Department of Local Government and Planning, the Department of Justice and Attorney-General, the Department of Communities, the Department of Transport and Main Roads, and the Department of Community Safety
- progress additional initiatives under the Government's *Toward Q2 through ICT* Strategy to reform technology capability and service delivery including:
  - completing the Data Centre Planning project to enhance availability, integrity and security of Queensland Government information and ICT assets; and
  - consolidating utility agreements and Standing Offer Agreements with vendors under the Consolidated Contract Management project.

- continue to increase the number of computer equipment racks installed at the Polaris Data Centre to approximately 400 in 2013, optimising capacity
- complete the final phase of the CITEC Confirm Technology Refresh project to access control and accounting functionality to enhance operational efficiency, reduce operational support costs and improve organisational capacity
- reduce non-Queensland Government clients from 13 to 8 in the move to an operating model focussed on becoming the Queensland Government's primary technology service provider
- progress the Queensland Government's use of the CITEC gateway technology capability to connect agency systems to the national systems Australian Business Online Services, National Occupational Licensing System and the National Electronic Conveyancing System under the Council of Australian Governments reform initiative.

# STATEMENTS

## PERFORMANCE STATEMENT

	Notes	2010-11 Target/est.	2010-11 Est. actual	2011-12 Target/est.
<b>Service standards</b>				
Client satisfaction	1	New measure	New measure	..
<i>Financial measures</i>				
Current ratio	2,3	1.37:1	1.66:1	1.39:1
Earnings before interest and tax (EBIT) (\$'000)	4,5,6	(14,910)	(12,481)	(22,307)
Return on net assets	7,8	(15.3%)	(15.9%)	(23.1%)
Gearing level	9,10	67.3%	63.5%	78.7%
<b>Other measures</b>				
Service availability	11	New measure	New measure	≥99.8%
Whole-of-Government programs percentage complete	12	New measure	New measure	≥50%
Number of Information Technology graduates, trainees and cooperative students employed each year		10	10	≥12

### Notes:

1. The new measure of client satisfaction is included as a primary measure of effectiveness. A survey is being developed to ensure a consistent approach to measuring client satisfaction across the department and it includes elements of timeliness, ease of access, staff knowledge and outcome/quality of service.
2. The increase in the 2010-11 Estimated actual from the 2010-11 Target/estimate for current ratio is due to lower payables as a result of reduced expenditure due to timing differences in the delivery of the Identity, Directory and Email Services (IDES) and ICT Consolidation (ICTC) programs and reduced anticipated borrowings for CITEC business loan facilities.
3. The decrease in the 2011-12 Target/estimate from the 2010-11 Estimated actual for current ratio is due to higher payables as a result of increased expenditure for whole-of-Government ICT services.
4. The increase in the 2010-11 Estimated actual from the 2010-11 Target/estimate for Earnings Before Interest and Tax (EBIT) is due to a better than anticipated operating result for CITEC business as usual operations (excluding IDES and ICTC).
5. The decrease in the 2011-12 Target/estimate from the 2010-11 Estimated actual for EBIT is due to increased service delivery expenditure in relation to the IDES program that has not been offset by associated additional revenue.
6. The decrease in the 2011-12 Target/estimate from the 2010-11 Target/estimate for EBIT is due to increased service delivery expenditure in relation to the IDES program that has not been offset by associated additional revenue.
7. The decrease in the 2011-12 Target/estimate from the 2010-11 Estimated actual for return on net assets is due to costs associated with delivering the IDES and ICTC Programs and lower than anticipated volumes of service delivery as a result of the timing of agencies transitioning to whole-of-Government ICT services (including IDES and ICTC).
8. The decrease in the 2011-12 Target/estimate from the 2010-11 Target/estimate for return on net assets is due to costs associated with delivering the IDES and ICTC Programs and the reduction in volumes of service delivery as a result of the timing of agencies transitioning to whole-of-Government ICT services (including IDES and ICTC).
9. The decrease in the 2010-11 Estimated actual from the 2010-11 Target/estimate for gearing level is due to less than expected borrowings caused by timing of projects.
10. The increase in the 2011-12 Target/estimate from the 2010-11 Target/estimate for gearing level is due to the increased borrowing requirement as a result of the IDES and ICTC programs.
11. The new measure of service availability reflects the percentage of availability of services to clients within agreed service levels.
12. The new measure of whole-of-Government programs percentage complete indicates the development progress of significant whole-of-Government infrastructure programs, including IDES and ICTC.

## INCOME STATEMENT

CITEC	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>Income</b>				
User charges	1,6,11	182,205	171,106	178,138
Grants and other contributions		..	..	..
Other revenue		2,100	1,600	1,400
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total income</b>		<b>184,305</b>	<b>172,706</b>	<b>179,538</b>
<b>Expenses</b>				
Employee expenses	2,12	70,119	67,279	70,648
Supplies and services	3,7,13	114,768	104,261	108,670
Grants and subsidies		..	..	..
Depreciation and amortisation	4,8,14	12,126	11,302	20,132
Finance/borrowing costs	9,15	3,096	3,014	5,297
Other expenses		1,057	1,182	1,187
Losses on sale/revaluation of property, plant and equipment and investments		26	18	13
<b>Total expenses</b>		<b>201,192</b>	<b>187,056</b>	<b>205,947</b>
<b>Surplus or deficit before related income tax</b>	5,10,16	<b>(16,887)</b>	<b>(14,350)</b>	<b>(26,409)</b>
Income tax expense/revenue		(4,053)	(4,305)	(7,923)
<b>OPERATING SURPLUS/(DEFICIT) after related income tax</b>		<b>(12,834)</b>	<b>(10,045)</b>	<b>(18,486)</b>

## STATEMENT OF CHANGES IN EQUITY

CITEC	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation surplus		..	..	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
<b>Net income recognised directly in equity</b>		<b>..</b>	<b>..</b>	<b>..</b>
Surplus/(deficit) for the period		(12,834)	(10,045)	(18,486)
<b>Total recognised income and expense for the period</b>		<b>(12,834)</b>	<b>(10,045)</b>	<b>(18,486)</b>
Equity injection/(withdrawal)	17,18	8,421	4,420	4,551
Equity adjustments (MoG transfers)		..	..	..
Dividends paid or provided		..	..	..
<b>Total movement in equity for period</b>		<b>(4,413)</b>	<b>(5,625)</b>	<b>(13,935)</b>

## BALANCE SHEET

CITEC	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets	19,29,38	5,531	7,415	3,479
Receivables	20,30,39	28,717	24,515	27,882
Other financial assets		..	..	..
Inventories		60	119	139
Other		7,306	7,472	7,473
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>41,614</b>	<b>39,521</b>	<b>38,973</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets		500	500	..
Property, plant and equipment	21,31,40	54,526	36,119	38,265
Deferred tax assets	32,41	13,692	11,375	19,298
Intangibles	22,33,42	31,821	36,973	37,353
Other	23,34	850	1,545	1,615
<b>Total non-current assets</b>		<b>101,389</b>	<b>86,512</b>	<b>96,531</b>
<b>TOTAL ASSETS</b>		<b>143,003</b>	<b>126,033</b>	<b>135,504</b>
<b>CURRENT LIABILITIES</b>				
Payables	24,43	12,120	8,563	12,131
Interest-bearing liabilities and derivatives		12,226	10,721	11,046
Current tax liabilities		..	..	..
Accrued employee benefits		2,319	1,952	1,723
Provisions		..	..	..
Other		3,819	2,561	3,090
<b>Total current liabilities</b>		<b>30,484</b>	<b>23,797</b>	<b>27,990</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables	25,35,44	..	..	..
Interest-bearing liabilities and derivatives	26,36	72,354	63,703	82,916
Deferred tax liabilities		1,812	68	68
Accrued employee benefits		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>74,166</b>	<b>63,771</b>	<b>82,984</b>
<b>TOTAL LIABILITIES</b>		<b>104,650</b>	<b>87,568</b>	<b>110,974</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>38,353</b>	<b>38,465</b>	<b>24,530</b>
<b>EQUITY</b>				
Capital/contributed equity	27,45	45,935	41,198	45,749
Accumulated surplus/(accumulated deficit)	28,37,46	(7,582)	(2,733)	(21,219)
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
<b>TOTAL EQUITY</b>		<b>38,353</b>	<b>38,465</b>	<b>24,530</b>

## CASH FLOW STATEMENT

CITEC	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges	47,60	195,641	181,112	195,167
Grants and other contributions		..	..	..
Other		14,753	11,331	10,509
<b>Outflows:</b>				
Employee costs	48,61	(69,494)	(65,490)	(71,755)
Supplies and services	49,54,62	(127,842)	(115,023)	(118,628)
Grants and subsidies		..	..	..
Borrowing costs	55,63	(2,944)	(2,169)	(5,046)
Taxation equivalents paid		..	..	..
Other		(16,431)	(18,051)	(16,114)
<b>Net cash provided by/(used in) operating activities</b>		<b>(6,317)</b>	<b>(8,290)</b>	<b>(5,867)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment		..	..	..
Investments redeemed	56,64	..	..	500
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for property, plant and equipment and intangibles	50,57,65	(30,136)	(42,248)	(22,658)
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by/(used in) investing activities</b>		<b>(30,136)</b>	<b>(42,248)</b>	<b>(22,158)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings	51,58,66	28,167	43,543	32,633
Equity injections	52,59	8,421	4,597	4,551
<b>Outflows:</b>				
Dividends paid		..	..	..
Borrowing redemptions	53,67	(8,679)	(1,572)	(11,433)
Finance lease payments		(1,561)	(1,581)	(1,662)
Equity withdrawals		..	..	..
<b>Net cash provided by/(used in) financing activities</b>		<b>26,348</b>	<b>44,987</b>	<b>24,089</b>
<b>Net increase/(decrease) in cash held</b>		<b>(10,105)</b>	<b>(5,551)</b>	<b>(3,936)</b>
<b>Cash at the beginning of financial year</b>		<b>15,636</b>	<b>12,966</b>	<b>7,415</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>5,531</b>	<b>7,415</b>	<b>3,479</b>



## EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

### Income statement

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

1. The decrease is mainly due to reduced Identity, Directory and Email Services (IDES) revenue as a result of timing differences in the delivery of the program.
2. The decrease is due to the deferral of additional resource requirements associated with the transition of CITEC to a whole-of-Government information and communication technology (ICT) services provider which includes the IDES and ICT Consolidation (ICTC) programs.
3. The decrease is due to reduced IDES expenditure as a result of timing differences in the delivery of the program.
4. The decrease is due to the timing of asset acquisitions associated with the IDES and ICTC programs.
5. The decrease is due to decreased IDES expenditure as a result of timing differences in the delivery of the program.

Major variations between 2010-11 Budget and 2011-12 Estimate include:

6. The decrease is due to a reduction in volumes of service delivery as a result of the timing of agencies transitioning to whole-of-Government ICT services (including IDES and ICTC).
7. The decrease is due to reduced IDES expenditure as a result of timing differences in the delivery of the program.
8. The increase is due to the depreciation impact of asset acquisitions for the IDES and ICTC programs.
9. The increase is due to the loan drawdowns for the IDES and ICTC programs.
10. The increase is due to costs associated with delivering the IDES and ICTC programs and the reduction in volume of service delivery revenue as a result of the timing of agencies transitioning to whole-of-Government ICT services (including IDES and ICTC).

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

11. The increase is due to additional volumes of service delivery for whole-of-Government ICT services (including IDES and ICTC).
12. The increase is due to the additional resource requirements associated with the transition of CITEC to a whole-of-Government ICT services provider (including IDES and ICTC) and the Enterprise Bargaining Agreement (EBA) salary increase.
13. The increase is due to service delivery expenditure necessary to support additional volumes of work for whole-of-Government services (including IDES and ICTC).
14. The increase is due to the depreciation impact of asset acquisitions for the IDES and ICTC programs.
15. The increase is due to the loan drawdowns for the IDES and ICTC programs.
16. The increase is due to costs associated with delivering the IDES and ICTC programs and the reduction in volumes of service delivery revenue as a result of the timing of agencies transitioning to whole-of-Government ICT services (including IDES and ICTC).

### Statement of changes in equity

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

17. The decrease is due to the deferral of GovNet asset acquisitions to be funded from equity injections until 2012-13 and reduced borrowing requirements during 2010-11 as a result of timing differences in the delivery of the ICTC program. The associated equity injections to fund the repayment of these borrowings have been deferred to 2011-12.

Major variations between 2010-11 Budget and the 2011-12 Estimate include:

18. The decrease is due to the deferral until 2012-13 of GovNet asset acquisitions to be funded from equity injections.

### Balance sheet

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

19. The increase is due to the better than anticipated CITEC business as usual result.
20. The decrease is mainly due to reduced IDES revenue as a result of timing differences in the delivery of the program.
21. The decrease is due to the timing of asset acquisitions for the IDES and ICTC programs in 2009-10, resulting in a difference in the 2009-10 audited actual closing balance used in the 2010-11 Estimated actual compared to the 2010-11 budget.
22. The increase is mainly due to additional asset acquisitions for the IDES and ICTC programs.
23. The increase is mainly due to additional prepayments of licences and maintenance in relation to the IDES and the ICTC programs.
24. The decrease is due to reduced expenditure as a result of timing differences in the delivery of the IDES and ICTC programs.
25. The decrease is due to reduced anticipated borrowings for IDES and CITEC business loan facilities.
26. The decrease is due to an unrealised deferred tax liability associated with the timing of depreciation that was anticipated in the 2010-11 Budget.
27. The decrease is due to the deferral of GovNet asset acquisitions to be funded from equity injections until 2012-13 and reduced borrowing requirements during 2010-11 as a result of timing differences in the delivery of the ICTC program. The associated equity injections to fund the repayment of these borrowings have been deferred until 2011-12.
28. The decrease is due to better than anticipated operating result for CITEC business as usual operations.

Major variations between 2010-11 Budget and 2011-12 Estimate include:

29. The decrease is due to the cash impact of the utilisation of the equity injection to support CITEC's operations in transitioning to a whole-of-Government ICT service provider.
30. The decrease is mainly due to reduced IDES revenue as a result of timing differences in the delivery of the program.
31. The decrease is mainly due to lower property, plant and equipment asset acquisitions for the IDES and ICTC programs.

32. The increase is due to the higher operating deficit and corresponding carried forward tax losses.
33. The increase is mainly due to additional asset acquisitions for the IDES and ICTC programs.
34. The increase is mainly due to additional prepayments of licences and maintenance in relation to the IDES and the ICTC programs.
35. The increase is due to additional borrowings for IDES and CITEC business loan facilities.
36. The decrease is due to an unrealised deferred tax liability associated with the timing of depreciation that was anticipated in the 2010-11 Budget.
37. The increased accumulated deficit is due to the costs associated with delivering the IDES and ICTC programs and the reduction in volumes of service delivery revenue due to the timing of agencies transitioning to whole-of-Government ICT services (including IDES and ICTC) and the accounting difference between the closing balance of retained surpluses between the 2010-11 Budget and 2010-11 Estimated actual.

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

38. The decrease is due to the cash impact of the utilisation of the equity injection to support CITEC's operations in transitioning to a whole-of-Government ICT service provider.
39. The increase is due to additional volumes of whole-of-Government ICT services (including IDES and ICTC).
40. The increase is mainly due to asset acquisitions for the IDES and ICTC programs.
41. The increase is due to the higher operating deficit and corresponding carried forward tax losses.
42. The increase is mainly due to additional asset acquisitions for the IDES and ICTC programs.
43. The increase is due to the impact of higher service delivery expenditure for whole-of-Government ICT services.
44. The increase is due to additional borrowings for IDES and CITEC business loan facilities.
45. The increase reflects the equity injections to be used to fund borrowing repayments under the ICTC program of work.
46. The increased accumulated deficit is due to the costs associated with delivering the IDES and ICTC programs and the reduction in volumes of service delivery revenue due to the timing of agencies transitioning to whole-of-Government ICT services (including IDES and ICTC).

## Cash flow statement

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

47. The decrease is mainly due to reduced IDES revenue as a result of timing differences in the delivery of the program.
48. The decrease is due to the deferral of additional resource requirements associated with the transition of CITEC to a whole-of-Government ICT services provider (including IDES and ICTC).
49. The decrease is due to reduced IDES expenditure as a result of timing differences in the delivery of the program.
50. The increase is due to asset acquisitions for the IDES and ICTC programs.
51. The increase is due to the loan drawdowns for the IDES and ICTC programs.
52. The decrease is due to the deferral of GovNet asset acquisitions to be funded from equity injections until 2012-13 and reduced borrowing requirements during 2010-11 as a result of timing differences in the delivery of the ICTC program. The associated equity injections to fund the repayment of these borrowings have been deferred until 2011-12.
53. The decrease is due to the timing impact of principal repayments associated with CITEC's borrowing program.

Major variations between 2010-11 Budget and 2011-12 Estimate include:

54. The decrease is due to reduced IDES expenditure as a result of timing differences in the delivery of the program.
55. The increase is due to the timing of borrowing costs associated with the IDES and ICTC Programs.
56. The increase is due to the redemption of CITEC's investment in its subsidiary, CSI Holdings Pty Ltd, which is to be wound up following recommendations from the review of Queensland Government Boards, Committees and Statutory Authorities.
57. The decrease reflects initial foundation asset acquisitions made in 2010-11 in respect to IDES and ICTC programs which were of a non recurring nature.
58. The increase is due to the additional borrowing requirements in respect to the IDES and ICTC programs.
59. The decrease is due to the deferral of GovNet asset acquisitions to be funded from equity injections.

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

60. The increase is due to additional volumes of service delivery for whole-of-Government ICT services (including IDES and ICTC).
61. The increase is due to enterprise bargaining and resource requirements to deliver whole-of Government ICT services.
62. The increase is due to service delivery expenditure necessary to support additional volume for whole-of-Government services (including IDES and ICTC).
63. The increase is due to borrowing costs associated with the IDES and ICTC programs.
64. The increase is due to the redemption of CITEC's investment in its subsidiary, CSI Holdings Pty Ltd, which is to be wound up following recommendations from the review of Queensland Government Boards, Committees and Statutory Authorities.
65. The decrease reflects initial foundation asset acquisitions made in 2010-11 in respect to IDES and ICTC programs which were of a non recurring nature.
66. The decrease is due to the reduced borrowing requirements in respect to the IDES and ICTC programs.
67. The increase is due to the timing of principal payments made in respect to the ICTC and CITEC loan facilities.

# Goprint

## OVERVIEW

Goprint is a commercialised business unit within the Department of Public Works and has been the Queensland Government printer for more than 145 years. Goprint's primary charter is to print and distribute a range of confidential and highly sensitive documents for Queensland Parliament and Executive Government.

As an accredited supplier to the Print Management Unit, Goprint also provides commercial printing and copying services to government agencies.

The key factors and challenges impacting on Goprint include:

- increasing demand for electronic and web-based documents, particularly in reserved services
- the ability to win sufficient work volume and the right product mix through the Print Management Unit to ensure production capacity is fully used
- an extremely competitive print market and the impacts of economic slow down and disaster recovery management on government spending for printed material
- reducing overhead costs to remain competitive.

## REVIEW OF PERFORMANCE

### Recent achievements

Goprint's recent achievements include:

- on time delivery of approximately 2,000 jobs of a secure and confidential nature for Queensland Parliament and Executive Government including the State Budget, Bills, Acts as Passed, Hansard, Gazettes and Reprint series (reserved services)
- progressing environmental initiatives, including updating computer-to-plate technology to further reduce chemical use and continued accreditation to Environmental Standard ISO14001
- progressing the Lean Manufacturing Program, which delivered a reduction in paper waste of 27 per cent a year
- recognition at the Australian Business Excellence Awards in October 2010 for 20 years of continual quality and environmental certification with SAI Global.

### Future developments

During 2011-12, Goprint will:

- continue to deliver mandated reserved services and print products to a high standard
- review the business direction, including equipment and technology, to position Goprint to provide the services required by government.

# STATEMENTS

## PERFORMANCE STATEMENT

	Notes	2010-11 Target/est.	2010-11 Est. actual	2011-12 Target/est.
<b>Service standards</b>				
Client satisfaction	1	New measure	New measure	..
<i>Financial measures</i>				
Gross profit as a percentage of sales	2	25.85%	26.17%	27.50%
Current ratio	3	2.9:1	3.7:1	3.4:1
<b>Other measures</b>				
Reserved services security breaches	4	New measure	New measure	0

Notes:

1. The new measure of client satisfaction is included as a primary measure of effectiveness. A survey is being developed to ensure a consistent approach to measuring client satisfaction across the department and it includes elements of timeliness, ease of access, staff knowledge and outcome/quality of the service.
2. The increase in the 2011-12 Target/estimate from the 2010-11 Estimated for gross profit as a percentage of sales primarily relates to anticipated workflows through the Print Management Unit (PMU) and current market trends.
3. The increase in the 2010-11 Estimated actual from the 2010-11 Target/estimate for the current ratio is due to a combination of lower than anticipated value of unearned revenue for work in progress, lower than anticipated accrued employee benefits and partially offset by lower receivables as at 30 June 2011.
4. The new measure of reserved services security breaches indicates Goprint's ability to produce sensitive and confidential documents, securely.

## INCOME STATEMENT

Goprint	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>Income</b>				
User charges	1,3,6	10,344	9,120	11,660
Grants and other contributions		3,600	3,600	3,600
Other revenue		310	290	312
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total income</b>		<b>14,254</b>	<b>13,010</b>	<b>15,572</b>
<b>Expenses</b>				
Employee expenses	4,7	4,942	4,871	5,050
Supplies and services	2,5,8	8,800	7,940	10,010
Grants and subsidies		..	..	..
Depreciation and amortisation		452	450	452
Finance/borrowing costs		..	..	..
Other expenses		60	58	60
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total expenses</b>		<b>14,254</b>	<b>13,319</b>	<b>15,572</b>
<b>Surplus or deficit before related income tax</b>		<b>..</b>	<b>(309)</b>	<b>..</b>
Income tax expense/revenue		..	..	..
<b>OPERATING SURPLUS/(DEFICIT) after related income tax</b>		<b>..</b>	<b>(309)</b>	<b>..</b>

## STATEMENT OF CHANGES IN EQUITY

Goprint	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation surplus		..	..	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
<b>Net income recognised directly in equity</b>		<b>..</b>	<b>..</b>	<b>..</b>
Surplus/(deficit) for the period		..	(309)	..
<b>Total recognised income and expense for the period</b>		<b>..</b>	<b>(309)</b>	<b>..</b>
Equity injection/(withdrawal)		..	..	..
Equity adjustments (MoG transfers)		..	..	..
Dividends paid or provided		..	..	..
<b>Total movement in equity for period</b>		<b>..</b>	<b>(309)</b>	<b>..</b>

## BALANCE SHEET

Goprint	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets	9,15,22	2,706	2,478	2,986
Receivables	10,16,23	1,470	1,124	1,281
Other financial assets		..	..	..
Inventories	11,17,24	440	223	323
Other	12,18	130	58	83
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>4,746</b>	<b>3,883</b>	<b>4,673</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	19,25	2,642	2,661	2,209
Deferred tax assets		..	..	..
Intangibles		..	..	..
Other		..	..	..
<b>Total non-current assets</b>		<b>2,642</b>	<b>2,661</b>	<b>2,209</b>
<b>TOTAL ASSETS</b>		<b>7,388</b>	<b>6,544</b>	<b>6,882</b>
<b>CURRENT LIABILITIES</b>				
Payables		1,029	970	1,067
Interest-bearing liabilities and derivatives		..	..	..
Current tax liabilities		..	..	..
Accrued employee benefits	13,20	241	58	99
Provisions		..	..	..
Other	14,21,26	350	10	210
<b>Total current liabilities</b>		<b>1,620</b>	<b>1,038</b>	<b>1,376</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Deferred tax liabilities		..	..	..
Accrued employee benefits		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>TOTAL LIABILITIES</b>		<b>1,620</b>	<b>1,038</b>	<b>1,376</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>5,768</b>	<b>5,506</b>	<b>5,506</b>
<b>EQUITY</b>				
Capital/contributed equity		14,885	14,885	14,885
Accumulated surplus/(accumulated deficit)		(9,117)	(9,379)	(9,379)
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
<b>TOTAL EQUITY</b>		<b>5,768</b>	<b>5,506</b>	<b>5,506</b>

## CASH FLOW STATEMENT

Goprint	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges	27,32,35	11,274	9,994	12,876
Grants and other contributions	28,33	3,288	3,600	3,600
Other	29,36	1,148	950	1,245
<b>Outflows:</b>				
Employee costs		(4,898)	(5,004)	(5,009)
Supplies and services	30,34,37	(9,612)	(8,830)	(11,026)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Taxation equivalents paid		..	..	..
Other	31,38	(1,104)	(815)	(1,178)
<b>Net cash provided by/(used in) operating activities</b>		<b>96</b>	<b>(105)</b>	<b>508</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for property, plant and equipment and intangibles		..	(19)	..
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by/(used in) investing activities</b>		<b>..</b>	<b>(19)</b>	<b>..</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections		..	..	..
<b>Outflows:</b>				
Dividends paid		..	..	..
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by/(used in) financing activities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>Net increase/(decrease) in cash held</b>		<b>96</b>	<b>(124)</b>	<b>508</b>
<b>Cash at the beginning of financial year</b>		<b>2,610</b>	<b>2,602</b>	<b>2,478</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>2,706</b>	<b>2,478</b>	<b>2,986</b>



## EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

### Income statement

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

1. The decrease is due to lower than budgeted revenue available through the Print Management Unit (PMU).
2. The decrease is due to lower cost of sales resulting from the reduced sales.

Major variations between 2010-11 Budget and 2011-12 Estimate include:

3. The increase is due to additional work anticipated through the PMU.
4. The increase is due to Enterprise Bargaining Agreement (EBA) salary increases.
5. The increase is due to higher cost of sales resulting from the increased sales.

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

6. The increase is due to additional work anticipated through the PMU.
7. The increase is due to EBA salary increases.
8. The increase is due to higher cost of sales resulting from the increased sales.

### Balance sheet

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

9. The decrease is due to the anticipated loss in 2010-11.
10. The decrease is due to lower than anticipated sales in 2010-11.
11. The decrease is due to lower than anticipated work-in progress as at 30 June 2011.
12. The decrease is due to lower than anticipated prepayments to suppliers for equipment rentals in 2010-11.
13. The decrease is due to a lower than anticipated salaries and wages accrual as at 30 June 2011.
14. The decrease is due to a lower value of unearned revenue for work in progress as at 30 June 2011.

Major variations between 2010-11 Budget and 2011-12 Estimate include:

15. The increase is due to additional volumes of work anticipated in 2011-12.
16. The decrease is due to increased recovery from debtors.
17. The decrease is due to lower than anticipated work-in progress as at 30 June 2012.
18. The decrease is due to lower prepayments to suppliers for equipment rentals anticipated for 2011-12.
19. The decrease is due to depreciation of the asset base.
20. The decrease is due to a lower anticipated salaries and wages accrual as at 30 June 2012.
21. The decrease is due to a lower value of unearned revenue for work in progress as at 30 June 2012.

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

22. The increase is due to additional volumes of work anticipated in 2011-12.
23. The increase is due to higher sales anticipated in 2011-12.
24. The increase is due to higher work-in progress as at 30 June 2012 due to increased sales.
25. The decrease is due to depreciation of the asset base.
26. The increase is due to a higher value of unearned revenue for work in progress as at 30 June 2012.

### Cash flow statement

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

27. The decrease is due to lower than budgeted revenue available through the PMU.
28. The increase is due to the community service obligation grant being fully drawn as at 30 June 2011.
29. The decrease is due to lower than anticipated sundry revenue combined with lower than anticipated input tax credits received from the Australian Taxation Office (ATO).
30. The decrease is due to lower cost of sales resulting from the reduced sales.
31. The decrease is due to lower than anticipated Goods and Services Tax (GST) remitted to the ATO.

Major variations between 2010-11 Budget and 2011-12 Estimate include:

32. The increase is due to additional work anticipated through the PMU.
33. The increase is due to the community service obligation grant being fully drawn as at 30 June 2012.
34. The increase is due to higher cost of sales resulting from the increase sales.

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

35. The increase is due to additional work anticipated through the PMU.
36. The increase is due to higher than anticipated sundry revenue combined with higher than anticipated input tax credits received from the ATO.
37. The increase is due to higher cost of sales resulting from the increased sales.
38. The increase is due to higher GST to be remitted to the ATO for 2011-12.

# Sales and Distribution Services (SDS)

## OVERVIEW

Sales and Distribution Services (SDS) provides supply management services and advice to support Queensland Government agency operations and service delivery. SDS operates three distinct service streams – SDS Distribution, SDS Logistics and SDS Publications. SDS Distribution is an online retail and distribution business trading educational, office, furniture and other agency specific products to schools and government agencies throughout Queensland. SDS Logistics provides cost-effective warehousing and distribution services to government agencies. SDS Publications is an online retail and distribution business which manages electronic and printed publications on behalf of Queensland Government agencies.

In the event of a natural disaster, SDS also provides a diverse range of office consumables, furniture and emergency relief consumables as well as expertise in logistics and warehouse management.

The key factors and challenges impacting on SDS include:

- continuing to improve the performance of all SDS' operations
- leveraging relationships with suppliers and customers to enhance the overall value of supply and encourage sustainable product and supply choices
- improving government awareness of cost efficiency in end-to-end management of supply
- maintaining staff morale, skills and commitment through targeted workforce management strategies
- enhancing the value of SDS to agencies and senior stakeholders, especially SDS' contribution to service delivery and savings strategies.

## REVIEW OF PERFORMANCE

### Recent achievements

Sales and Distribution Services' recent achievements include:

- relocating its publications warehouse from Woolloongabba to Zillmere, increasing efficiency and reducing warehouse costs
- implementing an integrated administrative structure to eliminate the duplication of core activities across SDS
- commencing re-engineering of the Zillmere and Brendale warehouses to increase the overall efficiency of SDS' distribution operations
- implementing a new business model for furniture supply, reducing the cost of day-to-day furniture supply and providing a whole-of-Government service for capital furniture deployment
- developing a new pricing model for SDS Publications to recognise the real costs of service provision and provide for electronic fulfilment services
- launching a communications campaign to enhance agency awareness of the significance of supply chain management in delivering improved outcomes
- delivering \$600,000 in ad hoc emergency supplies in support of the Queensland floods in January 2011 and Tropical Cyclone Yasi in February 2011.

## **Future developments**

In 2011-12, SDS will:

- consolidate its business operations following the substantial changes to SDS' operations and administrative structure in 2009-10
- continue to engage with major community service agencies to encourage the use of SDS' full spectrum of supply management solutions
- increase its focus on sustainability in management of the supply chain, and in communicating better supply management practices to its customer base
- roll out the new pricing model for SDS Publications.

# STATEMENTS

## PERFORMANCE STATEMENT

	Notes	2010-11 Target/est.	2010-11 Est. actual	2011-12 Target/est.
<b>Service standards</b>				
Client satisfaction	1	New measure	New measure	..
<i>Financial measures</i>				
Gross profit as a percentage of sales		28.6%	28.99%	29.53%
Net profit before tax and dividends as a percentage of sales	2,3	0.09%	(0.13)%	(0.04)%
Current ratio	4	New measure	New measure	1.09:1
Gearing level	5	New measure	New measure	57.99%

Notes:

1. The new measure of client satisfaction is included as a primary measure of effectiveness. A survey is being developed to ensure a consistent approach to measuring client satisfaction across the department and it includes elements of timeliness, ease of access, staff knowledge and outcome/quality of the service.
2. The decrease in the 2010-11 Estimated actual from the 2010-11 Target/estimate for net profit before tax and dividends as a percentage of sales is primarily due to an increase in freight charges and warehouse agency staff.
3. For 2011-12 the Target/estimate for net profit before tax and dividends as a percentage of sales, although negative, is expected to improve compared with 2010-11 Estimated actual. This is due to anticipated savings in freight costs as a result of implementing new freight arrangements.
4. The new measure of current ratio is a standard financial performance measure for the department's Commercialised Business Units (CBUs) and measures the short term liquidity of the business.
5. The new measure of gearing level is a standard financial measure for CBUs with borrowings, which is now applicable to SDS.

## INCOME STATEMENT

SDS (Sales and Distribution Services)	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>Income</b>				
User charges	1,5	62,230	64,885	62,642
Grants and other contributions		..	..	..
Other revenue	2,4	1,959	2,372	2,385
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total income</b>		<b>64,189</b>	<b>67,257</b>	<b>65,027</b>
<b>Expenses</b>				
Employee expenses		8,847	8,825	9,178
Supplies and services	3,6	54,527	57,828	54,957
Grants and subsidies		..	..	..
Depreciation and amortisation	7	342	381	603
Finance/borrowing costs		260	202	202
Other expenses		160	107	111
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total expenses</b>		<b>64,136</b>	<b>67,343</b>	<b>65,051</b>
<b>Surplus or deficit before related income tax</b>		<b>53</b>	<b>(86)</b>	<b>(24)</b>
Income tax expense/revenue		16	..	..
<b>OPERATING SURPLUS/(DEFICIT) after related income tax</b>		<b>37</b>	<b>(86)</b>	<b>(24)</b>

## STATEMENT OF CHANGES IN EQUITY

SDS (Sales and Distribution Services)	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation surplus		..	..	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
<b>Net income recognised directly in equity</b>		<b>..</b>	<b>..</b>	<b>..</b>
Surplus/(deficit) for the period		37	(86)	(24)
<b>Total recognised income and expense for the period</b>		<b>37</b>	<b>(86)</b>	<b>(24)</b>
Equity injection/(withdrawal)		..	..	..
Equity adjustments (MoG transfers)		..	..	..
Dividends paid or provided		(18)	..	..
<b>Total movement in equity for period</b>		<b>19</b>	<b>(86)</b>	<b>(24)</b>

## BALANCE SHEET

SDS (Sales and Distribution Services)	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets		450	450	450
Receivables		6,875	7,182	7,059
Other financial assets		..	..	..
Inventories	8,13	6,100	4,754	4,587
Other		295	250	228
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>13,720</b>	<b>12,636</b>	<b>12,324</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	9,14,17	509	1,070	2,060
Deferred tax assets		347	257	257
Intangibles	10,15,18	750	393	563
Other		..	..	..
<b>Total non-current assets</b>		<b>1,606</b>	<b>1,720</b>	<b>2,880</b>
<b>TOTAL ASSETS</b>		<b>15,326</b>	<b>14,356</b>	<b>15,204</b>
<b>CURRENT LIABILITIES</b>				
Payables	11,16	5,946	4,972	5,002
Interest-bearing liabilities and derivatives	12,19	5,500	4,970	5,811
Current tax liabilities		..	..	..
Accrued employee benefits		160	223	223
Provisions		..	..	..
Other		320	284	285
<b>Total current liabilities</b>		<b>11,926</b>	<b>10,449</b>	<b>11,321</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Deferred tax liabilities		..	..	..
Accrued employee benefits		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>TOTAL LIABILITIES</b>		<b>11,926</b>	<b>10,449</b>	<b>11,321</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>3,400</b>	<b>3,907</b>	<b>3,883</b>
<b>EQUITY</b>				
Capital/contributed equity		5,974	5,974	5,974
Accumulated surplus/(accumulated deficit)		(2,574)	(2,067)	(2,091)
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
<b>TOTAL EQUITY</b>		<b>3,400</b>	<b>3,907</b>	<b>3,883</b>

## CASH FLOW STATEMENT

SDS (Sales and Distribution Services)	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges	20,30	68,539	71,162	68,975
Grants and other contributions		..	..	..
Other	21,26	6,506	8,476	8,180
<b>Outflows:</b>				
Employee costs		(8,847)	(9,010)	(9,178)
Supplies and services		(59,230)	(63,850)	(59,713)
Grants and subsidies		..	..	..
Borrowing costs		(260)	(202)	(202)
Taxation equivalents paid		..	..	..
Other	22,27	(6,418)	(7,359)	(7,140)
<b>Net cash provided by/(used in) operating activities</b>		<b>290</b>	<b>(783)</b>	<b>922</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for property, plant and equipment and intangibles	23,28,31	(290)	(748)	(1,763)
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by/(used in) investing activities</b>		<b>(290)</b>	<b>(748)</b>	<b>(1,763)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		12,000	11,840	11,016
Equity injections		..	..	..
<b>Outflows:</b>				
Dividends paid	24	..	(340)	..
Borrowing redemptions	25,29	(12,000)	(9,800)	(10,175)
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by/(used in) financing activities</b>		<b>..</b>	<b>1,700</b>	<b>841</b>
<b>Net increase/(decrease) in cash held</b>		<b>..</b>	<b>169</b>	<b>..</b>
<b>Cash at the beginning of financial year</b>		<b>450</b>	<b>281</b>	<b>450</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>450</b>	<b>450</b>	<b>450</b>



## EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

### Income statement

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

1. The increase is due to additional furniture sales to schools, attributable to the Building the Education Revolution (BER) funding program in 2010-11.
2. The increase is due to the re-classification of catalogue rebates as other revenue. Catalogue rebates offset expenditure in the 2010-11 Budget under the heading Other expenses.
3. The increase is primarily related to the increase in cost of sales associated with the increase in sales.

Major variations between 2010-11 Budget and 2011-12 Estimate include:

4. The increase is due to the re-classification of catalogue rebates as other revenue. Catalogue rebates offset expenditure in the 2010-11 budget under the heading Other expenses.

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

5. The decrease is due to the completion of the BER funding program in 2011-12.
6. The decrease is primarily related to the reduction in cost of sales in line with the expected reduced sales.
7. The increase is due to an increase in planned capital expenditure.

### Balance sheet

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

8. The decrease in inventory is due to implementation of direct ship initiatives.
9. The increase is due to an increase in planned capital expenditure.
10. The decrease is due to the deferral in planned capital expenditure on software.
11. The decrease is primarily due to timing of payments as at 30 June.
12. The decrease in borrowings is related to the deferral of capital expenditure into 2011-12.

Major variations between 2010-11 Budget and 2011-12 Estimate include:

13. The decrease in inventory is due to implementation of direct ship initiatives.
14. The increase is due to an increase in planned capital expenditure.
15. The decrease is due to the deferral in planned capital expenditure on software.
16. The decrease is primarily due to timing of payments as at 30 June.

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

17. The increase is due to an increase in planned capital expenditure.
18. The increase is due to the deferral of planned capital expenditure on software in 2010-11 to 2011-12.
19. The increase in borrowings is related to the increase in planned capital expenditure.

### Cash flow statement

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

20. The increase is due the additional furniture sales attributed to the BER funding program in 2010-11.
21. The increase is due to the higher than anticipated Goods and Services Tax (GST) credits on purchases to be received from the Australian Taxation office (ATO).
22. The increase is due to the higher than anticipated GST collected on sales to be paid to the ATO.
23. The increase is due to an increase in planned capital expenditure.
24. The variance is due to an actual surplus in 2009-10 which was not anticipated and thus resulting in a dividend being paid in 2010-11.
25. The decrease in Borrowing redemptions is due to greater use of the working capital facility for operational and investing activities.

Major variations between 2010-11 Budget and 2011-12 Estimate include:

26. The increase is due to the higher GST credits on purchases to be received from the ATO.
27. The increase is due to the higher GST collected on sales to be paid to the ATO.
28. The increase is due to an increase in planned capital expenditure.
29. The decrease in Borrowing redemptions is due to available funds being utilised in operational and investing activities rather than redemption of the working capital facility.

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

30. The decrease is due to the completion of the BER program during 2011-12.
31. The increase is due to an increase in planned capital expenditure.

# Shared Service Provider

## Queensland Shared Services

### OVERVIEW

Under the revised shared service direction, the Department of Public Works has merged CorpTech and the Shared Service Agency to form Queensland Shared Services as at 1 July 2011 and will be transferring functions to the Department of Education and Training by July 2011. Planning is underway to transition functions to Queensland Health in 2012.

Planning for the transition of finance and payroll functions from the Department of Public Works to Queensland Health and the Department of Education and Training is currently under way.

The key factors and challenges impacting on Queensland Shared Services are:

- responding to the *PricewaterhouseCoopers Review of the Shared Services Model for Queensland Government*
- the transition of the Shared Service Agency and CorpTech into a single entity within the Department of Public Works
- implementing robust performance measures that provide better information to clients and government
- continuing to improve internal controls to support services and to ensure greater administrative efficiency
- building the capacity and skills of the workforce to deliver a diverse range of human resource and finance management systems
- maintaining a range of different systems and software versions to manage existing human resource, payroll and financial management systems
- continuing to rationalise and consolidate human resource and financial management systems.

### REVIEW OF PERFORMANCE

#### Recent achievements

The Shared Service Agency's recent achievements include:

- continuing to provide services to Queensland Government agencies, including processing the following on a monthly basis:
  - 170,000 pays;
  - 8,700 job applications, 4,200 appointments and 1,400 staff separations;
  - 330,000 accounts payable invoice lines; and
  - 480,000 mail items.
- progressing the consolidation and standardisation of services through five central business district and six regional service centre locations
- refining the business model, governance arrangements, customer relationship models and structures to improve service delivery and reduce the cost of services to clients
- simplifying the current pricing for services delivered to client agencies.

CorpTech's recent achievements include:

- managing applications for payroll services delivered for approximately 235,000 Queensland public servants each fortnight and the finance systems services that process thousands of financial transactions per fortnight
- implementing robust, consistent end-to-end ICT industry-standard practices for business processes to deliver faster and more effective services
- delivering projects for the Department of Transport and Main Roads, the Department of Environment and Resource Management, and the Department of Community Safety to migrate employee records to support changes to organisational arrangements resulting from machinery-of-Government changes
- providing an uninterrupted service and maintaining public sector critical human resource and finance applications during the Queensland floods in January 2011
- working in partnership with Queensland Health to stabilise and enhance the Queensland Health Human Resources Payroll Solution
- implementing the Paid Parental Leave Scheme, a priority Australian Government legislative initiative, which required changes to all payroll systems across the sector
- progressing implementation of the approved recommendations arising from the *PricewaterhouseCoopers Review of the Shared Services Model for Queensland Government*, particularly the transition of payroll functions to the Department of Education and Training and finance and payroll functions to Queensland Health.

## Future developments

In 2011-12, Queensland Shared Services will:

- continue to implement recommendations of the *PricewaterhouseCoopers Review of the Shared Services Model for Queensland Government* including:
  - the transition of payroll functions to the Department of Education and Training;
  - the transition of finance and payroll functions to Queensland Health; and
  - the development of a funding model for Queensland Shared Services.
- implement a revised Corporate Solutions Program, which focuses on consolidating and upgrading human resource and finance systems across government
- continue the consolidation and standardisation of services to provide more streamlined, cost-effective and timely services to clients including the implementation of a business improvement program
- continue to refine performance measures to identify process improvement opportunities, increase productivity and provide better information to clients
- deliver further machinery-of-Government human resource and finance system consolidations.

# STATEMENTS

## PERFORMANCE STATEMENT

	Notes	2010-11 Target/est.	2010-11 Est. actual	2011-12 Target/est.
<b>Service standards</b>				
Client satisfaction	1	New measure	New measure	..
Net cost reduction achieved (financial, HR and mail services)	2	New measure	New measure	≥3.5%
Successful completion of priority projects as a percentage:	3	New measure	New measure	
- on time				100%
- on budget				100%
<b>Other measures</b>				
Delivery of services within agreed standards	4	New measure	New measure	≥95%
Percentage of priority one incidences resolved within agreed timeframes		80%	82%	≥90%
Percentage of system availability of Finance and Human Resource System		98%	99%	≥98%

Notes:

1. The new measure of client satisfaction is included as a primary measure of effectiveness. A survey is being developed to ensure a consistent approach to measuring client satisfaction across the department and it includes elements of timeliness, ease of access, staff knowledge and outcome/quality of the service.
2. The new measure of net cost reduction achieved indicates reduction in costs (for financial, HR and mail services excluding former CorpTech services cost) through economies of scale, improving efficiency, reducing duplication and streamlining processes.
3. The new measure of successful completion of priority projects as a percentage: on time; on budget refers to high priority projects and includes machinery-of-Government implementations.
4. The new measure of delivery of services within agreed standards provides an indication of the percentage of services effectively delivered to standards agreed within operating level agreements.

## INCOME STATEMENT

Shared Service Agency	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>Income</b>				
User charges	1	188,076	176,425	..
Grants and other contributions	2	1,308	2,508	..
Other revenue		196	196	..
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total income</b>		<b>189,580</b>	<b>179,129</b>	<b>..</b>
<b>Expenses</b>				
Employee expenses	3	105,270	96,202	..
Supplies and services		80,634	77,906	..
Grants and subsidies		..	..	..
Depreciation and amortisation	4	2,534	2,091	..
Finance/borrowing costs		..	..	..
Other expenses	5	1,142	2,930	..
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total expenses</b>		<b>189,580</b>	<b>179,129</b>	<b>..</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>..</b>	<b>..</b>	<b>..</b>

## STATEMENT OF CHANGES IN EQUITY

Shared Service Agency	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation surplus		..	..	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
<b>Net income recognised directly in equity</b>		<b>..</b>	<b>..</b>	<b>..</b>
Surplus/(deficit) for the period		..	..	..
<b>Total recognised income and expense for the period</b>		<b>..</b>	<b>..</b>	<b>..</b>
Equity injection/(withdrawal)		..	..	..
Equity adjustments (MoG transfers)		..	..	..
<b>Total movement in equity for period</b>		<b>..</b>	<b>..</b>	<b>..</b>

## BALANCE SHEET

Shared Service Agency	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets	6	2,971	4,901	..
Receivables	7	20,373	23,144	..
Other financial assets		..	..	..
Inventories		..	..	..
Other	8	510	191	..
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>23,854</b>	<b>28,236</b>	<b>..</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment		5,243	5,473	..
Intangibles	9	525	341	..
Other		..	..	..
<b>Total non-current assets</b>		<b>5,768</b>	<b>5,814</b>	<b>..</b>
<b>TOTAL ASSETS</b>		<b>29,622</b>	<b>34,050</b>	<b>..</b>
<b>CURRENT LIABILITIES</b>				
Payables	10	9,532	8,055	..
Accrued employee benefits		2,359	3,088	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other	11	..	3,551	..
<b>Total current liabilities</b>		<b>11,891</b>	<b>14,694</b>	<b>..</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>TOTAL LIABILITIES</b>		<b>11,891</b>	<b>14,694</b>	<b>..</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>17,731</b>	<b>19,356</b>	<b>..</b>
<b>EQUITY</b>				
Capital/contributed equity		14,798	14,798	..
Accumulated surplus/(accumulated deficit)	12	2,933	4,558	..
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
<b>TOTAL EQUITY</b>		<b>17,731</b>	<b>19,356</b>	<b>..</b>

## CASH FLOW STATEMENT

Shared Service Agency	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges		208,986	198,124	..
Grants and other contributions	13	1,308	2,508	..
Other		8,903	8,563	..
<b>Outflows:</b>				
Employee costs	14	(105,234)	(97,226)	..
Supplies and services		(89,231)	(83,652)	..
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other		(22,640)	(22,770)	..
<b>Net cash provided by/ (used in) operating activities</b>		<b>2,092</b>	<b>5,547</b>	<b>..</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for property, plant and equipment and intangibles	15	(235)	(1,199)	..
Payments for investments		..	..	..
Loans and advances made	16	..	(2)	..
<b>Net cash provided by/(used in) investing activities</b>		<b>(235)</b>	<b>(1,201)</b>	<b>..</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections		..	..	..
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by/(used in) financing activities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>Net increase/(decrease) in cash held</b>		<b>1,857</b>	<b>4,346</b>	<b>..</b>
<b>Cash at the beginning of financial year</b>		<b>1,114</b>	<b>555</b>	<b>..</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>2,971</b>	<b>4,901</b>	<b>..</b>



## EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Under the revised shared service direction, the Department of Public Works has merged CorpTech and the Shared Service Agency to form Queensland Shared Services as at 1 July 2011 and will be transferring functions to the Department of Education and Training by July 2011. Planning is underway to transition functions to Queensland Health in 2012. As a result, the Shared Services Agency does not have a 2011-12 Estimate.

### Income statement

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

1. The decrease is mainly due to a reduction in CorpTech fees for the 2010-11 financial year.
2. The increase is due to the drawdown of carry over funding for business improvement projects.
3. The decrease is due to a combination of efficiencies gained through improved processes and reduced demand for services.
4. The decrease is due to capital rationalisation, efficient capital management and a reduction in information and communication technology (ICT) infrastructure replacement in preparedness for transition to a third party provider arrangement for these services.
5. The increase is mainly due to provision for doubtful debts.

### Balance sheet

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

6. The increase in cash is mainly due to the collection of depreciation for ICT and other plant through user charges in excess of the current level of planned capital replacement expenditure.
7. The increase relates mainly to CorpTech invoices billed in advance (previously in arrears).
8. The decrease is due to an adjustment to the estimate of prepaid salaries as at 30 June 2011.
9. The decrease is in line with the revised amortisation of intangibles.
10. The decrease is mainly due to a reduction in CorpTech fees for the 2010-11 financial year.
11. The increase relates to CorpTech invoices billed in advance by the Shared Service Agency to clients (previously in arrears).
12. The increase in retained surplus is mainly due to the capitalisation of leasehold improvements at Gabba Towers received from the Departmental Entity of the Department of Public Works in 2009-10.

### Cash flow statement

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

13. The increase is due to the draw down of carry over funding for business improvement projects.
14. The decrease is due to a combination of efficiencies gained through improved processes and reduced demand for services.
15. The increase is due capital costs incurred for the regional network upgrade.
16. The increase relates primarily to advance payments of travel allowances to employees.

## INCOME STATEMENT

CorpTech	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>Income</b>				
User charges	1	120,629	117,372	..
Grants and other contributions	2	2,621	31,398	..
Other revenue		358	358	..
Gains on sale/impairment of property, plant and equipment and investments		..	..	..
<b>Total income</b>		<b>123,608</b>	<b>149,128</b>	..
<b>Expenses</b>				
Employee expenses	3	40,346	41,651	..
Supplies and services	4	58,498	79,525	..
Grants and subsidies		..	..	..
Depreciation and amortisation	5	22,043	10,952	..
Finance/borrowing costs		..	..	..
Other expenses	6	2,721	5,156	..
Losses on sale/impairment of property, plant and equipment and investments	7	..	51,511	..
<b>Total expenses</b>		<b>123,608</b>	<b>188,795</b>	..
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>..</b>	<b>(39,667)</b>	..

## STATEMENT OF CHANGES IN EQUITY

CorpTech	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation surplus		..	..	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
<b>Net income recognised directly in equity</b>		<b>..</b>	<b>..</b>	<b>..</b>
Surplus/(deficit) for the period	8	..	(39,667)	..
<b>Total recognised income and expense for the period</b>		<b>..</b>	<b>(39,667)</b>	<b>..</b>
Equity injection/(withdrawal)	9	(26,132)	(29,132)	..
Equity adjustments (MoG transfers)		..	(206)	..
<b>Total movement in equity for period</b>		<b>(26,132)</b>	<b>(69,005)</b>	<b>..</b>

## BALANCE SHEET

CorpTech	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets	10	30,826	35,379	..
Receivables	11	17,922	9,781	..
Other financial assets		..	..	..
Inventories		..	..	..
Other		1,775	2,054	..
Non-financial assets held for sale		2	..	..
<b>Total current assets</b>		<b>50,525</b>	<b>47,214</b>	<b>..</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment		1,209	1,082	..
Intangibles	12	145,148	106,984	..
Other		..	..	..
<b>Total non-current assets</b>		<b>146,357</b>	<b>108,066</b>	<b>..</b>
<b>TOTAL ASSETS</b>		<b>196,882</b>	<b>155,280</b>	<b>..</b>
<b>CURRENT LIABILITIES</b>				
Payables	13	16,683	10,450	..
Accrued employee benefits	14	2,553	875	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total current liabilities</b>		<b>19,236</b>	<b>11,325</b>	<b>..</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>TOTAL LIABILITIES</b>		<b>19,236</b>	<b>11,325</b>	<b>..</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>177,646</b>	<b>143,955</b>	<b>..</b>
<b>EQUITY</b>				
Capital/contributed equity		177,342	177,751	..
Accumulated surplus/(accumulated deficit)	15	304	(33,796)	..
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
<b>TOTAL EQUITY</b>		<b>177,646</b>	<b>143,955</b>	<b>..</b>

## CASH FLOW STATEMENT

CorpTech	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges		121,159	124,110	..
Grants and other contributions	16	2,621	31,398	..
Other	17	13,364	8,609	..
<b>Outflows:</b>				
Employee costs	18	(40,341)	(41,646)	..
Supplies and services	19	(57,998)	(87,276)	..
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other		(15,727)	(16,929)	..
<b>Net cash provided by/ (used in) operating activities</b>		<b>23,078</b>	<b>18,266</b>	<b>..</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for property, plant and equipment and intangibles		(3,645)	(3,215)	..
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by/(used in) investing activities</b>		<b>(3,645)</b>	<b>(3,215)</b>	<b>..</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections		..	..	..
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals	20	(26,132)	(29,155)	..
<b>Net cash provided by/(used in) financing activities</b>		<b>(26,132)</b>	<b>(29,155)</b>	<b>..</b>
<b>Net increase/(decrease) in cash held</b>		<b>(6,699)</b>	<b>(14,104)</b>	<b>..</b>
<b>Cash at the beginning of financial year</b>		<b>37,525</b>	<b>49,483</b>	<b>..</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>30,826</b>	<b>35,379</b>	<b>..</b>

## EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

### General Note:

Under the revised shared service direction, the Department of Public Works has merged CorpTech and the Shared Service Agency to form Queensland Shared Services as at 1 July 2011 and will be transferring functions to the Department of Education and Training by July 2011. Planning is underway to transition functions to Queensland Health in 2012. As a result, CorpTech does not have a 2011-12 Estimate.

### Income statement

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

1. The decrease is mainly due to a reduction in annual user charges through grant subsidies and is partially offset by increases in ad-hoc charges for agency specific projects and additional funding from Queensland Health for the Queensland Health Human Resources solution (QH HR).
2. The increase is due to additional funding required to subsidise the reduction in annual user charges and increased funding for the Corporate Solutions Program (CSP).
3. The increase is mainly due to additional staff for QH HR.
4. The increase is mainly due to additional contractor and computer charges for QH HR, the CSP and agency specific projects.
5. The decrease is mainly due to changes in useful life and revaluation of internally generated software assets.
6. The increase is mainly due to increased software licence expense.
7. The increase is due to the impairment expense arising from the revaluation of internally generated software assets.

### Statement of changes in equity

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

8. The variance is due to the operating deficit in 2010-11 resulting from changes in useful life and revaluation of internally generated software assets in 2010-11.
9. The increase is due to a change in timing of equity withdrawals to fund the CSP.

### Balance sheet

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

10. The increase is mainly due to improved debt recovery processes.
11. The decrease is mainly due to improved debt recovery processes.
12. The decrease is mainly due to the revaluation of internally generated software assets in 2010-11 and is partially offset by the reduced amortisation charge for 2010-11.
13. The decrease is mainly due to improved vendor payment processes.
14. The decrease is due to a reduction in payables to the Annual Leave Central Scheme and a reduction in the salaries and wages payable at 30 June to reflect the timing of the last payroll for the year.
15. The decrease is mainly due to the operating deficit in 2010-11.

### Cash flow statement

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

16. The increase is due to additional funding required to subsidise the reduction in annual user charges and increased funding for the CSP.
17. The decrease is due to a reclassification of Goods and Services Tax (GST) inflows from Other to User charges.
18. The increase is mainly due to additional staff for QH HR.
19. The increase is mainly due to additional contractor and computer charges for QH HR, the CSP and agency specific projects.
20. The increase is due to an equity to operating swap to fund operating activities of CSP brought forward from 2011-12.

## INCOME STATEMENT

Queensland Shared Services	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>Income</b>				
User charges		..	..	248,990
Grants and other contributions		..	..	11,192
Other revenue		..	..	554
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total income</b>		..	..	<b>260,736</b>
<b>Expenses</b>				
Employee expenses		..	..	142,972
Supplies and services		..	..	100,833
Grants and subsidies		..	..	..
Depreciation and amortisation		..	..	12,230
Finance/borrowing costs		..	..	..
Other expenses		..	..	4,701
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total expenses</b>		..	..	<b>260,736</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		..	..	..

## STATEMENT OF CHANGES IN EQUITY

Queensland Shared Services	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation surplus		..	..	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
<b>Net income recognised directly in equity</b>		..	..	..
Surplus/(deficit) for the period		..	..	..
<b>Total recognised income and expense for the period</b>		..	..	..
Equity injection/(withdrawal)		..	..	(14,875)
Equity adjustments (MoG transfers)		..	..	..
<b>Total movement in equity for period</b>		..	..	<b>(14,875)</b>

## BALANCE SHEET

Queensland Shared Services	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets		..	..	35,525
Receivables		..	..	33,915
Other financial assets		..	..	..
Inventories		..	..	..
Other		..	..	2,315
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		..	..	<b>71,755</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment		..	..	5,379
Intangibles		..	..	98,592
Other		..	..	..
<b>Total non-current assets</b>		..	..	<b>103,971</b>
<b>TOTAL ASSETS</b>		..	..	<b>175,726</b>
<b>CURRENT LIABILITIES</b>				
Payables		..	..	18,946
Accrued employee benefits		..	..	3,963
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	4,381
<b>Total current liabilities</b>		..	..	<b>27,290</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		..	..	..
<b>TOTAL LIABILITIES</b>		..	..	<b>27,290</b>
<b>NET ASSETS/(LIABILITIES)</b>		..	..	<b>148,436</b>
<b>EQUITY</b>				
Capital/contributed equity				177,674
Accumulated surplus/(accumulated deficit)				(29,238)
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
<b>TOTAL EQUITY</b>		..	..	<b>148,436</b>



## CASH FLOW STATEMENT

Queensland Shared Services	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges		..	..	281,566
Grants and other contributions		..	..	11,192
Other		..	..	16,301
<b>Outflows:</b>				
Employee costs		..	..	(142,972)
Supplies and services		..	..	(115,858)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other		..	..	(37,788)
<b>Net cash provided by/ (used in) operating activities</b>		..	..	<b>12,441</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for property, plant and equipment and intangibles		..	..	(2,321)
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by/(used in) investing activities</b>		..	..	<b>(2,321)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections		..	..	..
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	(14,875)
<b>Net cash provided by/(used in) financing activities</b>		..	..	<b>(14,875)</b>
<b>Net increase/(decrease) in cash held</b>		..	..	<b>(4,755)</b>
<b>Cash at the beginning of financial year</b>		..	..	<b>40,280</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		..	..	<b>35,525</b>

# Statutory Body

## Queensland Building Services Authority

### OVERVIEW

The Queensland Building Services Authority (the Authority) is a statutory body established under the *Queensland Building Services Authority Act 1991* (the Act). The Authority provides a comprehensive licensing regime for the building industry and performs regulatory functions under this Act. The Authority also administers the *Building and Construction Industry Payments Act 2004*, the *Subcontractors Charges Act 1974* and the *Domestic Building Contracts Act 2000*.

A principal role of the Authority is the provision of remedies for defective building work which includes a home warranty insurance scheme providing compensation for defective or incomplete construction. The Authority delivers information and advice to consumers, builders and contractors through a variety of mechanisms including publications, education shows and consumer seminars.

The Authority currently licences 86,390 contractors including accredited building certifiers.

### REVIEW OF PERFORMANCE

#### Recent achievements

The Authority's recent achievements include:

- opening the Authority's Cassowary Coast office to assist victims of Tropical Cyclone Yasi
- issuing 71,180 home warranty insurance policies covering \$7.9 billion of residential construction work and approved \$41.3 million in home warranty claims
- completing 163 contractor education shows and 25 consumer education seminars attended by 9,822 contractors and 472 consumers
- completing 14 consumer seminars and nine contractor seminars, attended by 395 consumers and 667 contractors, in flood-affected areas to provide advice to affected homeowners on building and flood-related issues
- managing 5,800 dispute notifications
- registering 650 adjudicated applications under the *Building and Construction Industry Payments Act 2004* with a value of \$120 million
- introducing the Natural Disaster Repair Contract to facilitate repairs in disaster situations
- undertaking 6,700 compliance activities including financial investigations, unlicensed contracting and advertising breaches.

#### Future developments

During 2011-12, the Authority will:

- introduce technology to allow lodgement of licence renewals online and increase educational material available online
- continue education of contractors on business management skills and common defects

- continue to assist with providing advice and technical support in rebuilding Queensland following the floods and Cyclone Yasi.

## STATEMENTS

### STAFFING<sup>1</sup>

	Notes	2010-11 Budget	2010-11 Est. actual	2011-12 Estimate
		355	365	369

Notes:

1. The increase in the 2010-11 Estimated actual from the 2010-11 Budget is due to the recruitment of additional technical staff to accommodate increased workloads in dispute management and compliance.

### PERFORMANCE STATEMENT

	Notes	2010-11 Target/est.	2010-11 Est. actual	2011-12 Target/est.
<b>Service standards</b>				
Unlicensed contracting rate		New measure	2%	1.5%
Percentage of customers satisfied with advice and support provided		90%	92%	90%
Percentage of certifiers' assessments of building permits compliant		85%	93%	85%
<b>Other measures</b>				
Number of dispute notifications finalised	1	6,800	5,800	6,000
Number of insurance claims finalised		1,800	1,700	1,700
Percentage of licence applications processed within 45 days		82%	82%	82%
Percentage of disputes finalised within 80 days		60%	54%	55%
Percentage of calls answered within 60 seconds or less	2	70%	60%	70%

Notes:

1. The decrease in the 2010-11 Estimated actual from the 2010-11 Budget is due to increased workloads as a result of higher complex defects claim numbers resulting in longer case management times
2. The decrease in the 2010-11 Estimated actual from the 2010-11 Budget is due to an increased volume of enquiries as a result of the 2011 natural disasters and the implementation of fire occupational licensing.

## INCOME STATEMENT

Queensland Building Services Authority	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>Income</b>				
User charges	1,5	71,602	59,740	62,961
Grants and other contributions		..	..	..
Other revenue	2,6	81,503	99,883	91,082
Gains on sale/revaluation of property, plant and equipment and investments	3,7,8	(2)	5	16
<b>Total income</b>		<b>153,103</b>	<b>159,628</b>	<b>154,059</b>
<b>Expenses</b>				
Employee expenses		32,332	31,466	34,734
Supplies and services		15,467	14,951	16,082
Grants and subsidies		..	..	..
Depreciation and amortisation	4,9	1,587	1,258	1,612
Finance/borrowing costs		..	..	..
Other expenses		98,699	107,981	97,247
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total expenses</b>		<b>148,085</b>	<b>155,656</b>	<b>149,675</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>5,018</b>	<b>3,972</b>	<b>4,384</b>

## STATEMENT OF CHANGES IN EQUITY

Queensland Building Services Authority	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation surplus		..	..	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
<b>Net income recognised directly in equity</b>		<b>..</b>	<b>..</b>	<b>..</b>
Surplus/(deficit) for the period		5,018	3,972	4,384
<b>Total recognised income and expense for the period</b>		<b>5,018</b>	<b>3,972</b>	<b>4,384</b>
Equity injection/(withdrawal)		..	..	..
Equity adjustments (MoG transfers)		..	..	..
<b>Total movement in equity for period</b>	10,11,12	<b>5,018</b>	<b>3,972</b>	<b>4,384</b>

## BALANCE SHEET

Queensland Building Services Authority	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets	13,22,34	5,306	13,597	37,717
Receivables	14,23,35	54,354	42,687	39,944
Other financial assets		149,608	146,917	148,956
Inventories		..	..	..
Other	15,24	23,457	17,721	18,230
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>232,725</b>	<b>220,922</b>	<b>244,847</b>
<b>NON-CURRENT ASSETS</b>				
Receivables	16,25	84,771	99,373	111,198
Other financial assets		..	..	..
Property, plant and equipment		6,918	6,402	6,197
Intangibles	26	1,695	1,166	2,533
Other	27,36	426	426	354
<b>Total non-current assets</b>		<b>93,810</b>	<b>107,367</b>	<b>120,282</b>
<b>TOTAL ASSETS</b>		<b>326,535</b>	<b>328,289</b>	<b>365,129</b>
<b>CURRENT LIABILITIES</b>				
Payables	17,28,37	52,706	32,382	42,761
Accrued employee benefits	29	2,922	3,098	3,348
Interest-bearing liabilities and derivatives		..	..	..
Provisions	18,30	32,437	46,761	46,711
Other	19,31,38	29,431	24,853	25,770
<b>Total current liabilities</b>		<b>117,496</b>	<b>107,094</b>	<b>118,590</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Accrued employee benefits		3,855	3,446	3,958
Interest-bearing liabilities and derivatives		..	..	..
Provisions	20,32,39	136,224	160,055	180,806
Other	33	1,491	1,491	1,188
<b>Total non-current liabilities</b>		<b>141,570</b>	<b>164,992</b>	<b>185,952</b>
<b>TOTAL LIABILITIES</b>		<b>259,066</b>	<b>272,086</b>	<b>304,542</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>67,469</b>	<b>56,203</b>	<b>60,587</b>
<b>EQUITY</b>				
Capital/contributed equity		..	..	..
Accumulated surplus/(accumulated deficit)	21	67,469	56,203	60,587
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
<b>TOTAL EQUITY</b>		<b>67,469</b>	<b>56,203</b>	<b>60,587</b>

## CASH FLOW STATEMENT

Queensland Building Services Authority	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges	50	63,669	59,308	68,622
Grants and other contributions		..	..	..
Other		67,444	63,422	66,583
<b>Outflows:</b>				
Employee costs		(32,031)	(31,383)	(33,972)
Supplies and services	40,44,51	(18,242)	(7,272)	(15,572)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other	45,52	(74,843)	(76,127)	(67,390)
<b>Net cash provided by/(used in) operating activities</b>		<b>5,997</b>	<b>7,948</b>	<b>18,271</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment	41,46,53	(2)	5	(302)
Investments redeemed	47,54	..	..	8,607
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for property, plant and equipment and intangibles	42,48,55	(2,102)	(1,504)	(2,456)
Payments for investments	43,49,56	(3,893)	(10,962)	..
Loans and advances made		..	..	..
<b>Net cash provided by/(used in) investing activities</b>		<b>(5,997)</b>	<b>(12,461)</b>	<b>5,849</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections		..	..	..
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by/(used in) financing activities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>Net increase/(decrease) in cash held</b>		<b>..</b>	<b>(4,513)</b>	<b>24,120</b>
<b>Cash at the beginning of financial year</b>		<b>5,306</b>	<b>18,110</b>	<b>13,597</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>5,306</b>	<b>13,597</b>	<b>37,717</b>



## EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

### Income statement

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

1. The movement is due to lower than forecast insurance premium income as residential building industry downturn continues.
2. The movement is due to better than forecast investment returns and an increase in reinsurance recoveries on claims following high claims approvals.
3. The movement is due to better than forecast trade in values on motor vehicle replacements.
4. The movement is due to delay in capital spending on software development.

Major variations between 2010-11 Budget and 2011-12 Estimate include:

5. The movement is due to lower than forecast insurance premium income as residential building industry downturn continues.
6. The movement is due to reduction in insurance claims recovery rate due to high numbers of financial failures, reduction in reinsurance claims recoveries due to the Authority increasing risk retention from 20% to 30% and higher interest earnings.
7. The movement is due to better than forecast trade in values on motor vehicle replacements.

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

8. The movement is due to better than forecast trade in values on motor vehicle replacements.
9. The movement is due to delay in capital spending on software development.

### Statement of changes in equity

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

10. The movement is due lower than forecast insurance premium income as residential building industry downturn continues.

Major variations between 2010-11 Budget and 2011-12 Estimate include:

11. The movement is due to lower insurance premium income as a result of continued downturn in residential building industry.

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

12. The movement is due to increased income from the Authority increasing risk retention from 20% to 30%.

### Balance sheet

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

13. The movement is due to additional cash reserves.
14. The movement is due to reduction in insurance claims recovery rate due to high numbers of financial failures and reduction in reinsurance claims recoveries due to the Authority's increased risk retention from 20% to 30%.
15. The movement is due to reduction in reinsurer's share of unearned premium due to the Authority's increasing risk retention from 20% to 30%.
16. The movement is due to increase in reinsurer's share of future claims provisions as a result of actuarial advice.
17. The movement is due to reduction in reinsurer's claims recovered provisions due to adjustments to provision for bad debts and an increase in the Authority's risk retention from 20% to 30%.
18. The movement is due to increase in reinsurer's share of future claims provision as a result of actuarial advice.
19. The movement is due lower than forecast insurance premium income as residential building industry downturn continues.
20. The movement is due to increase in future claims provision as a result of actuarial advice and the Authority increasing risk retention from 20% to 30%.
21. The movement is due to a high 2010-2011 opening balance due to the predicted profit from financial 2009/2010 not being realised.

Major variations between 2010-11 Budget and 2011-12 Estimate include:

22. The movement is due additional cash reserves.
23. The movement is due to reduction in insurance claims recovery rate due to high numbers of financial failures and reduction in reinsurance claims recoveries due to the Authority increasing risk retention from 20% to 30%.
24. The movement is due to reduction in reinsurer's share of unearned premium due to the Authority increasing risk retention from 20% to 30%.
25. The movement is due to increase in reinsurer's share of future claims provisions as a result of actuarial advice.
26. The movement is due to delayed capital spending on software development.
27. The movement is due to a reducing asset for leasehold restoration for the Authority's head office paid in advance.
28. The movement is due to reduction in reinsurer's claims recovered provisions due to adjustments to provision for bad debts and an increase in the Authority's risk retention from 20% to 30%.
29. The movement is due to increase staff numbers and high staff retention rate.
30. The movement is due to increase in reinsurer's share of future claims provisions as a result of actuarial advice.
31. The movement is due lower than forecast insurance premium income as residential building industry downturn continues.
32. The movement is due to increase in future claims provision as a result of actuarial advice and the Authority increasing risk retention.
33. The movement is due to recognition of the Authority's head office lease incentive over the 10 year lease period.

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

34. The movement is due to additional cash reserves.
35. The movement is due to reduction in insurance claims recovery rate due to high numbers of financial failures and reduction in reinsurance claims recoveries due to the Authority increasing risk retention from 20% to 30%.

36. The movement is due to a reducing asset for leasehold restoration for the Authority's head office paid in advance.
37. The movement is due to 10% increase in reinsurer's claims recovered provisions due to actuarial advice of increase in defects claims incidents in early reinsurance periods where reinsurance was 80%.
38. The movement is due to increased income from the Authority increasing risk retention from 20% to 30%.
39. The movement is due to increase in future claims provision as a result of actuarial advice and the Authority's increasing risk retention from 20% to 30%.

## Cash flow statement

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

40. The movement is due to reduction in reinsurer's claims recovered provisions due to adjustments to provision for bad debts and an increase in the Authority's risk retention from 20% to 30%.
41. The movement is due to better than forecast trade in values on motor vehicle replacements.
42. The movement is due to capital spending on software development delayed from 2010-2011.
43. The movement is due to injection of funds into investments to cover future claims provisions following actuarial advice.

Major variations between 2010-11 Budget and the 2011-12 Estimate include:

44. The movement is due to reduction in reinsurer's claims recovered provisions due to adjustments to provision for bad debts and an increase in the Authority's risk retention from 20% to 30%.
45. The movement is due to reduction in movement from 2010-2011 in future claims provision.
46. The movement is due to increased disposals of motor fleet.
47. The movement is due to balancing of investment portfolio to cash to comply with the Authority's approved investment strategy.
48. The movement is due to capital spending on software development delayed from 2010-2011.
49. The movement is due to balancing of investment portfolio to cash.

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

50. The movement is due to increased income from the Authority increasing risk retention from 20% to 30%.
51. The movement is due to 10% increase in reinsurer's claims recovered provisions due to actuarial advice of increase in defects claims incidents in early reinsurance periods where reinsurance was 80%.
52. The movement is due to reduction in the movement from 2010-2011 in future claims provision.
53. The movement is due to increased disposals of motor fleet.
54. The movement is due to balancing of investment portfolio to cash to comply with the Authority's approved investment strategy.
55. The movement is due to capital spending on software development delayed from 2010-2011.
56. The movement is due to balancing of investment portfolio to cash.