PART 14

Department of Public Works

Summary of Departmental Portfolio Budgets

Page	Agency	2009–10 Estimate $’000
2-229	Department of Public Works - controlled	612,357
	Department of Public Works - administered	68,743
2-250	QBuild	735,883
2-257	Project Services	142,591
2-264	QFleet	143,099
2-270	CITEC	173,705
2-277	Goprint	15,186
2-283	SDS (Sales and Distribution Services)	66,031
2-290	Shared Service Agency	184,681
2-296	CorpTech	129,044
2-302	Queensland Building Services Authority	126,260

Departmental Overview

Ministerial responsibility

The Minister for Public Works and Information and Communication Technology has administrative responsibility for the functions of the Department of Public Works.

Strategic Issues

The Department of Public Works (DPW) performs a key role by working with other Queensland Government agencies in assisting them to deliver their services to the people of Queensland. The department has lead agency responsibility for the design, construction, fit-out and maintenance of government buildings; whole-of-Government ICT; procurement; recordkeeping in Queensland's public sector; and helps agencies build and maintain hospitals, schools, courthouses, police stations, houses and other public facilities.

A significant number of these services are delivered through the department's commercialised business units: Project Services (the Government's in-house building design, project management and professional services agency); QBuild (the Government's building construction and maintenance provider); CITEC (the Government's primary information and communications technology services provider); QFleet (the Government's vehicle fleet manager); SDS (the Government's supply manager in the areas of office supplies, furniture and publications); and Goprint (the Government Printer).

Through experience, expertise and a strong policy and strategic development function, the department provides leadership and support to agencies to assist them in meeting the Queensland Government's priorities.

The department strongly supports the Government's commitment to managing climate change and protecting the environment through a range of environmental initiatives and plays a major role in the restoration of Queensland communities in times of natural disaster, such as cyclones and floods.

The department also provides high quality, standardised corporate services and business solutions to Queensland Government agencies through the Shared Service Agency and CorpTech. In addition, the department provides the primary point of contact for Queenslanders accessing government services through Smart Service Queensland.

The department, which comprises four key areas (Information and Communication Technology; Services; Works; and Corporate and Executive Services) operates in an environment of:

- a need to reduce costs through more efficient use of resources and demonstrate value for money particularly at a whole-of-Government level in an uncertain economic environment
- increased community demand for seamless service delivery across government and access to government information
- government and community expectations for a high standard of accountability, transparency and integrity
- accelerating infrastructure delivery programs that support jobs and invest in long term economic growth
- community concerns about climate change and other environmental issues

- increased service delivery opportunities from emerging technologies and shared arrangements
- heightened security concerns.

2009–10 Highlights

Building infrastructure

The department will manage an extensive program of building capital works and provide building asset management services and advice including:

- implementing in Queensland the Australian Government's Nation Building – Economic Stimulus Plan involving $4 billion for state-wide education, social housing and roads and safety projects
- delivering major construction infrastructure projects on time and on budget, including the:
  - $63.3 million Kurilpa Bridge linking the CBD and South Bank;
  - redevelopment of an AFL stadium at Carrara on the Gold Coast into a 23,000-seat stadium capable of accommodating international standard sporting events;
  - redevelopment of the former Kangaroo Point TAFE site adjacent to the Kangaroo Point Cliffs; and
  - construction of the new $600 million 19-storey Supreme Court and District Court complex at the corner of George, Roma and Herschel Streets.
- improving and upgrading the security and safety of accommodation facilities in remote areas, including the Torres Strait region and central, south west and north west areas of Queensland
- developing government employee housing policy, practice and management that ensures employee housing is safe, secure and of an acceptable standard.

Information and Communication Technology

The department will take the lead within the Queensland Government to drive efficiency in ICT investments including:

- ensuring that Queensland maximises benefits from the Australian Government's roll-out of an open access, high-speed, fibre-based national broadband network (NBN)
- implementing whole-of-Government ICT methodologies and frameworks to enable agencies to maximise their ICT investments to deliver business outcomes
- progressing technology consolidation through the implementation of new enterprise and management tools to help consolidate agencies' data centres, networks and infrastructure (servers and storage)
- continuing the development of the Government Enterprise Architecture to support ICT decision making across the Queensland Government and provide a better foundation for cross-agency initiatives
- ensuring that the whole-of-Government ICT strategy supports the Queensland Government's investment in ICT and promotes ICT industry development
- ensuring that departmental investment in ICT enabled service delivery maximises value for money and avoids duplication.

Environmental Initiatives

The department will cost-effectively deliver environmental initiatives including:

- energy efficiency and carbon reduction in government buildings
- reducing the government vehicle fleet's engine emissions by 15% by the end of 2010 and 50% by the end of 2017 from the 30 June 2007 baseline
- managing a whole-of-Government bulk renewable energy purchase, ensuring a minimum of 5% of electricity used in government buildings is sourced from renewable energy sites in Queensland
- developing a whole-of-Government Green ICT Strategy to reduce the environmental impact of ICT equipment and improve ICT practices.

Cost-effective Government service delivery

The department will drive cost efficiencies across all government departments through the:

- delivery of savings and benefits through sector-wide procurement arrangements for common use items
- provision of standardised and efficient shared services, delivered by CorpTech, the Shared Service Agency and Smart Service Queensland
- reduction of costs of services provided to agencies by the department's commercial business units (QBuild, Project Services, QFleet, CITEC, Goprint and SDS) through innovative and efficient ways of doing business
- effective project, program and portfolio management, planning methodologies, and risk management.

2008–09 Achievements

Building infrastructure

Building infrastructure achievements in 2008-09 include the:

- construction of the $82 million State Tennis Centre at Tennyson on behalf of Stadiums Queensland (completed in January 2009 coinciding with the inaugural Brisbane International)
- $36 million Stage 2 Exhibition Hall extension of the Gold Coast Convention and Exhibition Centre (completed in December 2008)
- construction of the $45.4 million Queensland State Archives expansion (completed in November 2008)
- $34.7 million refurbishment of the Queensland Performing Arts Centre on behalf of Arts Queensland (completed in March 2009)
- completion or progression of several government office buildings including:
  - the Joint Contact Centre at Zillmere; and
  - government office buildings at Mareeba, Palm Island, Garbutt, Maroochydore, Cairns and Thursday Island.
- improvements and upgrading of security and safety of government employee accommodation facilities in remote areas, including the Torres Strait region and central, south west and north west areas of Queensland
- construction of 15 houses and five units of residential accommodation, which will be used to house government employees in rural and remote locations across the State to support the delivery of government services in those locations.

Information and Communication Technology

ICT related achievements in 2008-09 include:

- progressively implementing the Technology Transformation Program including the provision of connectivity through the establishment of a pre-commitment lease arrangement for space in the new Polaris Data Centre at Springfield
- further developing the peer review process to ensure agency ICT investment is aligned with the whole-of-Government ICT consolidation
- implementing the whole-of-Government program and project management methodologies within agencies
- launching the Queensland Government Enterprise Architecture Version 2.0 Framework and whole-of-Government portfolio management methodology.

Environmental Initiatives

Achievements relating to environmental initiatives include:

- launching the new Strategic Energy Efficiency Policy for Queensland Government Buildings to support the Queensland Government's commitment to meeting national greenhouse gas emissions reductions targets
- providing disaster management support to South East Queensland residents following a week of major storms, and support in the rehabilitation of Moreton Island beaches.

Cost-effective Government service delivery

Achievements in 2008-09 relating to cost-effective service delivery include:

- procurement benefits in the form of $57 million savings generated from whole-of-Government common use arrangements
- improved governance and leadership of procurement across government
- the continued implementation of a whole-of-Government Travel Management System now live or being rolled out to six agencies.

Departmental Outputs

The Department of Public Works is responsible for the following five specific outputs:

- Building Procurement and Asset Management
- Procurement Services
- Information and Communication Technology (ICT) Strategies
- Public Records Management and Advisory Services
- Access to Government Services and Information.

Building Procurement and Asset Management

The Building Procurement and Asset Management output assists building industry improvement and provides support and advice to the Government and its agencies on the delivery of services through the cost-effective provision and management of building assets. This is achieved through:

- introducing major initiatives and programs to improve the environmental aspects of the built environment
- initiating and delivering strategic building and infrastructure projects
- providing and managing government accommodation and special estates

- providing building policy and advice and improved government and industry relationships.

Procurement Services

The Procurement Services output, which is delivered by the Queensland Government Chief Procurement Office (QGCPO), focuses on achieving cost savings and benefits through effective procurement policy and practice. The QGCPO provides a whole-of-Government policy framework and is currently leading procurement reform through the implementation of the Service Delivery and Performance Commission’s *Report on the Review of Purchasing and Logistics in the Queensland Government*.

Information and Communication Technology (ICT) Strategies

The Information and Communication Technology (ICT) Strategies output is delivered by the Queensland Government Chief Information Office (QGCIO) in conjunction with the Queensland Government Chief Technology Office (QGCTO). The QGCIO is central to managing the framework for prioritising the Government’s business needs, supported by investment in information and applications. The QGCTO provides a whole-of-Government focus and expertise for managing the technology elements of the framework.

Public Records Management and Advisory Services

Queensland State Archives (QSA) is the custodian of the largest and most significant documentary heritage collection in Queensland. In addition, QSA is the lead agency for the management of the public records of Queensland through the application of the *Public Records Act 2002* and the accompanying recordkeeping policy framework.

Access to Government Services and Information

Smart Service Queensland (SSQ) facilitates easier access to responsive government services and information and provides the primary point of contact for Queenslanders to access government services through multiple delivery channels. SSQ’s key objective is to deliver value for money by making government services more accessible, efficient and convenient to customers; and by minimising service delivery costs for agencies and government as a whole.

Staffing[1]

Department of Public Works	Notes	2008-09 Adj. Budget	2008-09 Est. Actual	2009-10 Estimate
Outputs				
Building Procurement and Asset Management	2	200	209	207
Procurement Services	3	86	92	92
Information and Communication Technology (ICT) Strategies	4	80	95	78
Public Records Management and Advisory Services	5	56	57	59
Access to Government Services and Information	6	343	399	399
Total outputs		**765**	**852**	**835**
BUSINESS UNITS				
QBuild	7	2,640	2,733	2,700
Project Services	8	758	776	782
QFleet	9	141	121	121
CITEC	10	661	665	732
Goprint	11	96	89	60
SDS (Sales and Distribution Services)	12	145	129	129
Total business units		**4,441**	**4,513**	**4,524**
SHARED SERVICE INITIATIVE				
Shared Service Agency	13	1,876	1,601	1,534
CorpTech	14	453	379	390
Total shared service initiative		**2,329**	**1,980**	**1,924**
Corporate Services (Recovered from Business Units, Department of Communities and Outputs)	15	**238**	**254**	**264**
Total		**7,773**	**7,599**	**7,547**

Notes:
1. Full-time equivalents (FTEs) as at 30 June.
2. The overall increase in both the 2008-09 Estimated Actual and the 2009-10 Estimate is mainly due to additional temporary resources to support the Nation Building - Economic Stimulus Plan projects, offset by a reduction in temporary staff due to cessation of other programs.
3. The increase in the 2008-09 Estimated Actual is due to additional resources related to the transfer of the Print Management Unit (PMU) from Goprint.
4. The increase in the 2008-09 Estimated Actual is due to additional staff for whole-of-Government project related activities.
5. The overall increase in both the 2008-09 Estimated Actual and the 2009-10 Estimate is due to additional resources required for the Right-to-Information program of work.
6. The overall increase in both the 2008-09 Estimated Actual and the 2009-10 Estimate is due to additional resources required to meet new whole-of-Government services.
7. The overall increase in both the 2008-09 Estimated Actual and the 2009-10 Estimate is due to major project resourcing requirements which will conclude in 2009-10.
8. The overall increase in both the 2008-09 Estimated Actual and the 2009-10 Estimate is due to additional resources required to support the Nation Building - Economic Stimulus Plan projects.
9. The decrease in the 2008-09 Estimated Actual is due to trade positions not being able to be filled permanently.
10. The overall increase in both the 2008-09 Estimated Actual and the 2009-10 Estimate is due to increased resourcing requirements to meet whole-of-Government programs viz; Foundations Infrastructure Project (FIP) and Identify, Directory, and Email Services Program (IDES).
11. The Service Delivery and Performance Commission (SDPC) review has resulted in downsizing of Goprint to meet whole-of-Government printing needs.
12. The SDPC review has resulted in downsizing of SDS to streamline services which will achieve operational savings.
13. The SDPC review has resulted in a downsizing which includes the transfer of staff back to home agencies, and the streamlining of business processes and services provided by SSA.
14. The overall decrease in both the 2008-09 Estimated Actual and the 2009-10 Estimate is due to the Business Solution Program being reviewed and re-aligned to meet whole-of-Government business requirements.
15. The overall increase in both the 2008-09 Estimated Actual and the 2009-10 Estimate is due to additional resources for the establishment of the Indigenous Relations Unit, the transfer of staff from the Department of Communities (the former Department of Housing), and the conversion of contract staff to temporary departmental employees.

2009–10 Output Summary[1]

Output	Total cost $'000	Sources of revenue: State contribution $'000	User charges $'000	C'wealth revenue $'000	Other revenue $'000
Building Procurement and Asset Management	473,100	4,390	467,806	..	904
Procurement Services	17,325	10,951	6,374	..	..
Information and Communication Technology (ICT) Strategies	36,173	36,030	143	..	..
Public Records Management and Advisory Services	19,038	18,938	100	..	..
Access to Government Services and Information	47,414	33,855	13,559	..	..
Total	**593,050**	**104,164**	**487,982**	**..**	**904**

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 and business units of the Department of Public Works and the revenues and costs associated with these services are not included in the above output summary.

Departmental Statements

Performance Statement

Department of Public Works	Notes	2008–09 Target/Est.	2008–09 Est. Actual	2009–10 Target/Est.
Output: Building Procurement and Asset Management				
Manage government funded programs that focus on the built environment		Program of works completed on time, within budget and in accordance with agreed program outcomes	Program of works completed on time, within budget and in accordance with agreed program outcomes	Program of works completed on time, within budget and in accordance with agreed program outcomes
Whole-of-Government system maintained to continue to support the built environment needs of agencies	1	100% of works completed on time and within budget	100% of works completed on time and within budget	Discontinued
Whole-of-Government built environment information system availability	2	New measure	New measure	95% availability
Whole-of-department emergency/disaster and continuity management plans are reviewed and evaluated for their accuracy, operational adequacy and alignment to departmental policy and relevant State-wide strategy and policy		Review and evaluate whole-of-department emergency/ disaster and continuity management plans annually	Departmental disaster and continuity plans reviewed and evaluated	Review and evaluate whole-of-department emergency/disaster and continuity management plans annually
Strategic projects facilitated within preset parameters focussing on time and budget	3	Performance measures for key projects achieved at predetermined milestones and at project completion	Key projects achieved predetermined milestones and completion milestones	≥90%
Electricity consumption for office buildings greater than 9,000m^2 (Net lettable Area) in the owned office portfolio		<275kWh/m^2/ each year	≤265kWh/m^2/ each year	≤265kWh/m^2/ each year
Water use for owned office buildings between 9,000m^2 and 18,000m^2 (Net lettable area)		≤19.8Kl/person / each year	≤19.8Kl/person/ each year	≤19.8Kl/person/ each year
Water use for owned office accommodation >18,000m^2 (Net lettable area)		≤16 Kl/person/ each year	≤16 Kl/person/ each year	≤16 Kl/person/ each year
Reduction in CO_2 emissions due to waste not going to landfill		<425 tonnes	400 tonnes	≤425 tonnes
Return on investment for the commercial properties included in the office portfolio (inclusive of maintenance)		6.5%	6.5%	6.5%

Department of Public Works	Notes	2008–09 Target/Est.	2008–09 Est. Actual	2009–10 Target/Est.
Return on investment for the government employee housing portfolio (inclusive of maintenance)		2.2%	2.3%	2.2%
Vacancy rate for the portfolio -Office -Housing		 < 2.5% < 3.0%	 2.5% 3.0%	 ≤ 2.5% ≤ 3.0%
Percentage of defaults by pre-qualified building industry contractors on government building projects		< 2%	< 2%	< 2%
Average number of pre-qualified contractors registered on the Prequalification System available for selection by agencies		Not less than 350	Average target of 350 met	Not less than 350
Average number of pre-qualified consultants registered on the Prequalification System available for selection by agencies		Not less than 280	Average target of 280 met	Not less than 280
State contribution ($000)	4,7,10	**17,070**	**31,575**	**4,390**
Other revenue ($000)	5,8,11	**391,320**	**397,994**	**468,710**
Total cost ($000)	6,9,12	**408,390**	**429,569**	**473,100**
Output: Procurement Services				
Savings and benefits delivered under existing and new arrangements to Government	13,14	$78 million of savings and benefits delivered by 30 June 2009	$57 million of savings and benefits delivered by 30 June 2009	$71 million of savings and benefits delivered by 30 June 2010
State contribution ($000)		**11,506**	**11,740**	**10,951**
Other revenue ($000)	15	**5,647**	**4,779**	**6,374**
Total cost ($000)	16	**17,153**	**16,519**	**17,325**
Output: Information and Communication Technology (ICT) Strategies				
Percentage of targeted QGCIO products and services adopted by agencies	17	Establish baseline	Baseline established	85% adoption (averaged)
ICT Industry Associations' satisfaction rating with QGCIO services and collaboration		> 90%	95%	> 90%
Effective coordination of ICT Government Initiative activities across Government		Inter-program dependencies agreed, aligned and managed	Inter-program dependencies agreed, aligned and managed	Inter-program dependencies agreed, aligned and managed
State contribution ($000)	18, 20	**37,185**	**29,209**	**36,030**
Other revenue ($000)		**..**	**332**	**143**
Total cost ($000)	19, 21	**37,185**	**29,541**	**36,173**

Department of Public Works	Notes	2008–09 Target/Est.	2008–09 Est. Actual	2009–10 Target/Est.
Output: Public Records Management and Advisory Services				
Number of Public Clients				
- Online		400,000	390,000	440,000
- Walk-in		6,500	6,800	6,700
Public Authorities completing IS40 compliance process	22	400	411	Discontinued
Level of client satisfaction with QSA services		95%	95%	95%
State contribution ($000)	23, 25	**16,367**	**13,688**	**18,938**
Other revenue ($000)		**100**	**100**	**100**
Total cost ($000)	24, 26	**16,467**	**13,788**	**19,038**
Output: Access to Government Services and Information				
Volume of interactions with Smart Service Queensland service delivery channels				
- Telephone		2,500,000	3,150,000	3,150,000
- On-line	27	2,700,000	2,005,000	2,300,000
- Face-to-face		200,000	230,000	230,000
Number of cards issued to eligible Queenslanders		24,000	40,000	40,000
Number of concession services provided for eligible Queenslanders		700,000	900,000	900,000
Level of customer satisfaction with the services delivered by Smart Service Queensland		80%	80%	80%
State contribution ($000)		**36,429**	**35,477**	**33,855**
Other revenue ($000)		**13,513**	**13,513**	**13,559**
Total cost ($000)		**49,942**	**48,990**	**47,414**

Notes:
1. This measure is discontinued as the system has been developed and is being replaced by a system availability measure.
2. Refer to Note 1.
3. The 2009-10 target has been increased to account for expected performance improvement.
4. The increase in the 2008-09 Estimated Actual from the 2008-09 Estimate is mainly due to:
   - additional funding for depreciation mainly relating to a revaluation of buildings including houses as at 30 June 2008; and
   - funds approved for various projects during the 2008-09 financial year.
5. The increase in the 2008-09 Estimated Actual from the 2008-09 Estimate is principally due to additional rent from government owned and leased buildings.
6. The increase in the 2008-09 Estimated Actual from the 2008-09 Estimate is primarily due to:
   - additional building outgoings associated with government owned and leased buildings; and
   - outlays on various projects approved during the 2008-09 financial year.
7. The decrease from the 2008-09 Estimate to the 2009-10 Estimate is mainly due to lower funding required from the Consolidated Fund as a result of the retention of rent revenue increases in 2009-10 based on market conditions and the leasing of additional premises.
8. The increase from the 2008-09 Estimate to the 2009-10 Estimate is mainly due to rent revenue increases in 2009-10 based on market conditions and the leasing of additional premises.
9. The increase from the 2008-09 Estimate to the 2009-10 Estimate is mainly due to an increase in building outgoings.
10. The decrease from the 2008-09 Estimated Actual to the 2009-10 Estimate is mainly due to lower funding required from the Consolidated Fund as a result of the retention of rent revenue increases in 2009-10 based on market conditions and the leasing of additional premises.

11. The increase from the 2008-09 Estimated Actual to the 2009-10 Estimate is mainly due to rent revenue increases in 2009-10 based on market conditions and the leasing of additional premises.
12. The increase from the 2008-09 Estimated Actual to the 2009-10 Estimate is mainly due to an increase in building outgoings.
13. The reduction in expected savings and benefits occurred as a result of delays in finalising whole-of-Government arrangements for ICT Contractors and Consultants, Courier and Freight Services and Post and also a reduction in whole-of-Government total spend for existing and new arrangements during 2008-09.
14. The reduced target for 2009-10 is based on advice from agencies of likely reductions in projected expenditure on existing and new whole-of-Government arrangements. The previous target was based on anticipated agency spend patterns prior to the global economic downturn.
15. The increase from the 2008-09 Estimated Actual to the 2009-10 Estimate is mainly due to the rollout of the Travel Management System across government.
16. Refer to Note 15.
17. The 2009-10 target represents the baseline established in 2008-09.
18. The decrease from the 2008-09 Estimate to the 2008-09 Estimated Actual is mainly due to the deferral of funds for the Technology Transformation Program.
19. The decrease from the 2008-09 Estimate to the 2008-09 Estimated Actual is mainly due to the deferral of expenditure for the Technology Transformation Program.
20. The increase from the 2008-09 Estimated Actual to the 2009-10 Estimate is mainly due to the deferral of funds for the Technology Transformation Program from 2008-09 to 2009-10.
21. The increase from the 2008-09 Estimated Actual to the 2009-10 Estimate is mainly due to the deferral of expenditure for the Technology Transformation Program from 2008-09 to 2009-10.
22. This measure is being discontinued as the IS40 compliance program for public authorities is substantially complete.
23. The decrease from the 2008-09 Estimate to the 2008-09 Estimated Actual is mainly due to funds deferred to 2009-10 for the digital preservation initiative.
24. Refer to Note 23.
25. The increase in the 2009-10 Estimate from the 2008-09 Estimated Actual mainly relates to funds deferred from 2008-09 for the digital preservation initiative.
26. Refer to Note 25.
27. The decrease in the 2008-09 estimated actual from the 2008-09 estimate was largely due to Internet traffic being adversely affected by the decommissioning of the Generate website.

Income Statement

Department of Public Works	Notes	2008-09 Adjusted Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
Income				
Output revenue	1,9,16	90,557	93,578	104,164
User charges	2,10,17	411,097	417,132	506,013
Grants and other contributions		..	..	..
Other revenue		2,178	4,326	2,180
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
Total income		**503,832**	**515,036**	**612,357**
Expenses				
Employee expenses	3,11,18	74,257	70,675	104,222
Supplies and services	4,12,19	375,216	388,038	443,033
Grants and subsidies	13,20	1,864	1,513	3,906
Depreciation and amortisation	5,14,21	42,183	45,833	52,886
Finance/borrowing costs	6	9,334	7,779	7,066
Other expenses		978	1,198	1,244
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
Total expenses		**503,832**	**515,036**	**612,357**
OPERATING SURPLUS/(DEFICIT)		**..**	**..**	**..**

Statement of Changes in Equity

Department of Public Works	Notes	2008-09 Adjusted Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation reserve		..	..	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
Net income recognised directly in equity		**..**	**..**	**..**
Surplus/(deficit) for the period		..	..	..
Total recognised income and expense for the period		..	..	..
Equity injection/(withdrawal)	7,15,22	184,198	135,975	196,481
Equity adjustments (MoG transfers)	8,23	13,854	17,408	..
Total movement in equity for period		**198,052**	**153,383**	**196,481**

Balance Sheet

Department of Public Works	Notes	2008-09 Adjusted Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
CURRENT ASSETS				
Cash assets	24,32	21,519	14,207	11,798
Receivables	25,33	26,807	35,182	40,607
Other financial assets		..	..	..
Inventories		..	..	..
Other	34	16,563	18,315	20,328
Non-financial assets held for sale	26,35	10,511	19,445	19,445
Total current assets		**75,400**	**87,149**	**92,178**
NON-CURRENT ASSETS				
Receivables		7,730	7,733	7,668
Other financial assets		..	..	..
Property, plant and equipment	27,36,43	2,632,733	3,233,934	3,417,478
Intangibles		9,034	5,854	5,971
Other		..	..	..
Total non-current assets		**2,649,497**	**3,247,521**	**3,431,117**
TOTAL ASSETS		**2,724,897**	**3,334,670**	**3,523,295**
CURRENT LIABILITIES				
Payables	37,44	26,005	31,472	39,676
Employee benefit obligations	28,38	4,660	1,593	2,081
Interest-bearing liabilities and derivatives		24,437	26,041	24,919
Provisions		..	..	..
Other		1,045	1,281	786
Total current liabilities		**56,147**	**60,387**	**67,462**
NON-CURRENT LIABILITIES				
Payables		4,710	3,879	3,042
Employee benefits obligations	29,39	2,007	..	..
Interest-bearing liabilities and derivatives	40,45	77,587	76,208	62,114
Provisions		..	..	..
Other		208	208	208
Total non-current liabilities		**84,512**	**80,295**	**65,364**
TOTAL LIABILITIES		**140,659**	**140,682**	**132,826**
NET ASSETS/(LIABILITIES)		**2,584,238**	**3,193,988**	**3,390,469**
EQUITY				
Capital/contributed equity	30,41,46	955,850	905,556	1,102,037
Retained surplus/(accumulated deficit)		567,536	578,115	578,115
Reserves:				
- Asset revaluation reserve	31,42	1,060,852	1,710,317	1,710,317
- Other (specify)		..	..	..
TOTAL EQUITY		**2,584,238**	**3,193,988**	**3,390,469**

Cash Flow Statement

Department of Public Works	Notes	2008-09 Adjusted Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Output receipts	47,53	90,557	103,395	104,164
User charges	54,62	434,677	435,748	521,275
Grants and other contributions		..	..	..
Other		2,106	6,754	4,680
Outflows:				
Employee costs	48,55,63	(74,008)	(71,829)	(104,222)
Supplies and services	49,56,64	(395,265)	(413,603)	(457,873)
Grants and subsidies	57,65	(1,864)	(1,513)	(4,400)
Borrowing costs		(9,334)	(7,779)	(7,066)
Other		(4,697)	(4,909)	(3,750)
Net cash provided by/(used in) operating activities		**42,172**	**46,264**	**52,808**
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment	50,58,66	550	5,279	3,750
Investments redeemed		..	..	..
Loans and advances redeemed		69	69	65
Outflows:				
Payments for property, plant and equipment and intangibles	51,59,67	(209,745)	(184,991)	(240,297)
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/ (used in) investing activities		**(209,126)**	**(179,643)**	**(236,482)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		7,775	8,441	10,825
Equity injections	52,60,68	184,198	149,669	196,481
Outflows:				
Borrowing redemptions	61,69	(30,753)	(29,710)	(26,041)
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Net cash provided by/(used in) financing activities		**161,220**	**128,400**	**181,265**
Net increase/(decrease) in cash held		**(5,734)**	**(4,979)**	**(2,409)**
Cash at the beginning of financial year		**25,298**	**17,231**	**14,207**
Cash transfers from restructure		1,955	1,955	..
Cash at the end of financial year		**21,519**	**14,207**	**11,798**

Administered Income Statement

Department of Public Works	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
Revenues				
Commonwealth grants		..	..	..
Taxes, fees and fines		..	..	..
Royalties, property income and other territorial Revenue		..	..	..
Interest		..	..	..
Administered revenue	70,75,80	56,286	70,282	67,815
Other	71,76,81	..	15,928	10,928
Total revenues		**56,286**	**86,210**	**78,743**
Expenses				
Supplies and services	72,77,82	10,584	15,682	17,932
Depreciation and amortisation		..	..	..
Grants and subsidies	73,78,83	45,702	55,528	50,811
Benefit payments		..	..	..
Borrowing costs		..	..	..
Other		..	..	..
Total expenses		**56,286**	**71,210**	**68,743**
Net surplus or deficit before transfers to Government		**..**	**15,000**	**10,000**
Transfers of administered revenue to Government	74,79,84	**..**	**15,000**	**10,000**
OPERATING SURPLUS/(DEFICIT)		**..**	**..**	**..**

Administered Balance Sheet

Department of Public Works	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
CURRENT ASSETS				
Cash assets		..	..	..
Receivables		..	..	..
Inventories				
Other		..	..	..
Non-financial assets held for sale		..	..	..
Total current assets		**..**	**..**	**..**
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment		..	..	..
Intangibles		..	..	..
Other		..	..	..
Total non-current assets		**..**	**..**	**..**
TOTAL ADMINISTERED ASSETS		**..**	**..**	**..**
CURRENT LIABILITIES				
Payables		..	..	..
Transfers to Government payable		..	..	..
Interest-bearing liabilities		..	..	..
Other		..	..	..
Total current liabilities		**..**	**..**	**..**
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities		..	..	..
Other		..	..	..
Total non-current liabilities		**..**	**..**	**..**
TOTAL ADMINISTERED LIABILITIES		**..**	**..**	**..**
ADMINISTERED NET ASSETS/(LIABILITIES)		**..**	**..**	**..**
EQUITY				
Capital/Contributed equity		33,095	33,095	33,095
Retained surplus/(Accumulated deficit)		(33,095)	(33,095)	(33,095)
Reserves:		..	..	..
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL ADMINISTERED EQUITY		**..**	**..**	**..**

Administered Cash Flow Statement

Department of Public Works	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Administered item receipts	85,90,95	56,286	72,350	67,815
Grants and other contributions		..	..	..
Taxes, fees and fines		..	..	..
Royalties, property income and other territorial revenues		..	..	..
Other	86,91,96	..	16,279	10,928
Outflows:				
Transfers to Government	87,92,97	..	(15,000)	(10,000)
Grants and subsidies	88,93,98	(45,702)	(55,528)	(50,811)
Supplies and services	89,94	(10,584)	(18,149)	(17,932)
Borrowing costs		..	..	..
Other		..	..	..
Net cash provided by/(used in) operating activities		**..**	**(48)**	**..**
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment and intangibles		..	..	..
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		**..**	**..**	**..**
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections		12,437	14,070	13,126
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		(12,437)	(14,070)	(13,126)
Net cash provided by/(used in) financing activities		**..**	**..**	**..**
Net increase/(decrease) in cash held		**..**	**(48)**	**..**
Administered cash at beginning of financial year		**..**	**48**	**..**
Cash transfers from restructure		..	..	..
Administered cash at end of financial year		**..**	**..**	**..**

Explanation of Variances in the Financial Statements

Income Statement

Major variations between 2008-09 Adjusted Budget and 2008-09 Estimated Actual include:

1. The increase is mainly due to:
   - additional funding for depreciation mainly relating to a revaluation of buildings including houses as at 30 June 2008; and
   - funds approved for various projects during the 2008-09 financial year.

   This increase is partly offset by the deferral of funds from 2008-09 to 2009-10 for the Technology Transformation Program (TTP).
2. The increase is principally due to additional rent from government owned and leased buildings.
3. The decrease is mainly due to the timing of staff vacancies occurring throughout the financial year.
4. The increase is primarily due to:
   - additional building outgoings associated with government owned and leased buildings; and
   - outlays on various projects approved during the 2008-09 financial year.
5. The additional depreciation costs are principally due to a revaluation of buildings, including houses, as at 30 June 2008.
6. The decrease is mainly due to a lower than expected loan balance as a result of the deferral of new loans.
7. The decrease is mainly due to:
   - the deferral of construction on the Cairns government office building caused by a longer than expected wet season;
   - funds deferred from 2008-09 to 2009-10 for the Boggo Road Precinct redevelopment project; and
   - expected savings on the Stage 2 Queensland State Archives facility in Brisbane.
8. The increase is due to the transfer of the John Oxley Youth Detention Centre from the Department of Communities.

Major variations between 2008-09 Adjusted Budget and 2009-10 Estimate include:

9. The increase is principally due to the full year impact of funding relating to SSQ which transferred from the Department of Communities as part of the MoG change. This increase was partly offset by lower funding required from the Consolidated Fund as a result of the retention of rent revenue increases in 2009-10 based on market conditions and the leasing of additional premises.
10. The increase is primarily due to:
    - additional rent from government owned and leased buildings; and
    - the full year impact of SSQ transferring in from the Department of Communities as part of the MoG change.
11. The increase is mainly due to:
    - the full year impact of SSQ which was transferred in from the Department of Communities as part of the MoG change; and
    - an enterprise bargaining agreement pay increase of 4.5% effective from 1 August 2009.
12. The increase is primarily due to additional building outgoings associated with government owned and leased buildings and the full year impact of Smart Service Queensland transferring in from the Department of Communities as part of the MoG change.
13. The increase is mainly due to a grant for the relocation of the Royal Society for the Prevention of Cruelty to Animals (RSPCA).
14. The increase was primarily the result of a revaluation of buildings, including houses, as at 30 June 2008 and capital acquisitions in 2009-10.
15. The increase is mainly due to:
    - the continued construction on the Maroochydore government office building; and
    - timing of construction works on the Joint Contact Centre in Brisbane.

    These increases are partly offset by decreases in construction works on the Kurilpa Bridge in the Brisbane CBD and the Gold Coast Convention Centre Stage 2 as both projects near completion.

Major variations between 2008-09 Estimated Actual and the 2009-10 Estimate include:

16. Refer to Note 9.
17. Refer to Note 10.
18. Refer to Note 11.
19. Refer to Note 12.
20. Refer to Note 13.
21. Refer to Note 14.
22. The increase is mainly due to:
    - the continued construction on the Maroochydore government office building;
    - timing of construction works on the Joint Contact Centre in Brisbane;
    - timing of construction works on the new Cairns government office building; and
    - the continued refurbishment of the office building located at 63 George Street, Brisbane.

    These increases are partly offset by decreases in construction works on the Kurilpa Bridge in the Brisbane CBD and the Gold Coast Convention Centre Stage 2 as both projects near completion.
23. The decrease is due to the transfer of the John Oxley Youth Detention Centre and the MoG adjustment both from the Department of Communities in the 2008-09 financial year.

Balance Sheet

Major variations between 2008-09 Adjusted Budget and 2008-09 Estimated Actual include:

24. The decrease is mainly due to capital projects being funded from cash at bank.
25. The increase is mainly due to an increase in Appropriation Receivable associated with invoices accrued as at 30 June 2009.
26. The increase is due to additional properties that have been identified for sale.
27. The increase is primarily due to a revaluation of land and buildings, including houses, as at 30 June 2008.
28. The decrease is due to the transfer of the annual leave liability to the Annual Leave Central Scheme.
29. Refer to Note 28.
30. The decrease is mainly due to lower funding as a result of:
    - the Cairns government office building construction being affected by a longer than expected wet season;
    - funds deferred from 2008-09 to 2009-10 for the Boggo Road Precinct redevelopment project; and
    - expected savings on the Stage 2 Queensland State Archives facility in Brisbane.

31. The increase is due to a revaluation of land and buildings including houses as at 30 June 2008.

Major variations between 2008-09 Adjusted Budget and 2009-10 Estimate include:

32. Refer to Note 24.
33. The increase is mainly due to an increase in Appropriation Receivable associated with invoices accrued as at 30 June 2010.
34. The increase is principally due to higher prepayments as a result of an increase in building outgoings.
35. Refer to Note 26.
36. The increase is primarily due to a revaluation of land and buildings, including houses, as at 30 June 2008 and capital acquisitions in 2009-10.
37. The increase is principally due to the timing of payments at 30 June based on additional expenses.
38. Refer to Note 28.
39. Refer to Note 28.
40. The decrease is mainly due to loan repayments.
41. The increase is mainly due to:
    - the continued construction on the Maroochydore government office building; and
    - timing of construction works on the Joint Contact Centre in Brisbane.

    These increases are partly offset by decreases in construction works on the Kurilpa Bridge in the Brisbane CBD and the Gold Coast Convention Centre Stage 2 as both projects near completion.
42. The increase is due to a revaluation of land and buildings, including houses, as at 30 June 2008.

Major variations between 2008-09 Estimated Actual and the 2009-10 Estimate include:

43. The increase is mainly due to:
    - the continued construction on the Maroochydore government office building;
    - construction works on the Joint Contact Centre in Brisbane;
    - construction on the new Cairns government office building; and
    - the ongoing redevelopment of the Boggo Road Precinct project.
44. Refer to Note 37.
45. The decrease is mainly due to loan repayments.
46. The increase is mainly due to funds received for:
    - the continued construction on the Maroochydore government office building;
    - construction works on the Joint Contact Centre in Brisbane;
    - construction on the new Cairns government office building; and
    - principal repayments on existing loans.

Cash Flow Statement

Major variations between 2008-09 Adjusted Budget and 2008-09 Estimated Actual include:

47. The increase is mainly due to:
    - the receipt of funds relating to invoices accrued as at 30 June 2008;
    - additional funding for depreciation relating to a revaluation of buildings, including houses, as at 30 June 2008; and
    - funds approved for various minor projects during the 2008-09 financial year.

    These increases are partly offset by the deferral of funds from 2008-09 to 2009-10 for the TTP.
48. Refer to Note 3.
49. The increase is primarily due to:
    - the payment of invoices accrued as at 30 June 2008;
    - additional building outgoings associated with government owned and leased buildings; and
    - outlays on various projects approved during the 2008-09 financial year.
50. The increase is mainly due to the sale of government houses.
51. The decrease is mainly due to:
    - construction timing on the Cairns government office building mainly caused by a longer than expected wet season;
    - funds deferred from 2008-09 to 2009-10 for the Boggo Road Precinct redevelopment project; and
    - expected savings on the Stage 2 Queensland State Archives facility in Brisbane.

    These decreases were partly offset by the payment of invoices accrued as at 30 June 2008.
52. The decrease is mainly due to:
    - the Cairns government office building construction being affected by a longer than expected wet season;
    - funds deferred from 2008-09 to 2009-10 for the Boggo Road Precinct redevelopment project; and
    - expected savings on the Stage 2 Queensland State Archives facility in Brisbane.

    These decreases were partly offset by the receipt of appropriation from the Consolidated Fund relating to invoices accrued as at 30 June 2008.

Major variations between 2008-09 Adjusted Budget and 2009-10 Estimate include:

53. Refer to Note 9.
54. Refer to Note 10.
55. Refer to Note 11.
56. Refer to Note 12.
57. Refer to Note 13.
58. The increase is mainly due to the sale of government houses identified for disposal.
59. Refer to Note 15.
60. Refer to Note 15.
61. Refer to Note 40.

Major variations between 2008-09 Estimated Actual and the 2009-10 Estimate include:

62. Refer to Note 10.
63. Refer to Note 11.
64. Refer to Note 12.
65. Refer to Note 13.
66. The decrease is mainly due to a lower number of government housing disposals in 2009-10 and the sale of a government office building located at Maryborough in 2008-09.
67. Refer to Note 22.

68. Refer to Note 22.
69. Refer to Note 45.

Administered Income Statement

Major variations between 2008-09 Budget and 2008-09 Estimated Actual include:

70. The increase is mainly due to:
    - additional grant funding relating to CorpTech;
    - funding for Natural Disaster Relief Assistance (NDRA) claims for various storms throughout Queensland; and
    - additional funds for Shared Service Agency (SSA) initiatives.
71. The increase mainly relates to funds received for the whole-of-Government telecommunication and ICT arrangements.
72. The increase is mainly due to:
    - outlays for NDRA claims for various storms throughout Queensland; and
    - payments to business units relating to the revenue redistribution arrangement.
73. The increase is mainly due to additional grant funding relating to CorpTech and payments for SSA initiatives.
74. The increase relates to the payment of funds for the whole of government telecommunication and ICT arrangements to the Consolidated Fund.

Major variations between 2008-09 Budget and 2009-10 Estimate include:

75. The increase is principally due to:
    - higher grant funding relating to CorpTech;
    - Shared Service Initiative revenue redistribution arrangements;
    - funding for the TTP; and
    - funding for Govnet which was previously treated as a controlled item.

    These increases are offset by decreases in funding for Community Service Obligation (CSO) payments to QBuild and Goprint; and Shared Service Agency grant funding.
76. Refer to Note 71.
77. The increase is principally due to payments made to business units relating to the revenue redistribution arrangement and funding for Govnet which was previously treated as a controlled item.
78. The increase is mainly due to higher grant payments to Corptech. This increase was partly offset by lower funding for SSA initiatives and lower funding for QBuild and Goprint CSOs.
79. Refer to Note 74.

Major variations between 2008-09 Estimated Actual and the 2009-10 Estimate include:

80. The decrease is mainly due to lower funding for Shared Service initiatives and NDRA claims not budgeted for in 2009-10. These decreases are offset by increases in CorpTech grant funding and Govnet funding which was previously treated as a controlled item.
81. The decrease is due to timing of receipts relating to the whole-of-Government telecommunication and ICT arrangements.
82. The increase is mainly due to funding for Govnet which was previously treated as a controlled item.
83. The decrease is due to lower funding for SSA initiatives.
84. The decrease is due to timing of payments to the Consolidated Fund relating to the whole-of-Government telecommunication and ICT arrangements.

Administered Cash Flow Statement

Major variations between 2008-09 Budget and 2008-09 Estimated Actual include:

85. Refer to Note 70.
86. Refer to Note 71.
87. Refer to Note 74.
88. Refer to Note 73.
89. The increase is mainly due to:
    - outlays for NDRA claims for various storms throughout Queensland;
    - payments to business units relating to the revenue redistribution arrangement; and
    - the payment of invoices accrued as at 30 June 2008.

Major variations between 2008-09 Budget and 2009-10 Estimate include:

90. Refer to Note 75.
91. Refer to Note 71.
92. Refer to Note 74.
93. Refer to Note 78.
94. Refer to Note 77.

Major variations between 2008-09 Estimated Actual and the 2009-10 Estimate include:

95. The decrease is mainly due to:
    - lower funding for SSA initiatives;
    - NDRA claims not budgeted for in 2009-10; and
    - the 2007-08 Administered Appropriation Receivable received in 2008-09.

    These decreases are partly offset by increased funding in relation to CorpTech grants and Govnet funding which was previously treated as a controlled item.
96. Refer to Note 81.
97. Refer to Note 84.
98. Refer to Note 83.

Business Units

QBuild

Overview

QBuild is responsible for delivering building maintenance and construction services to Queensland Government agencies. QBuild provides a wide variety of services in support of relief from 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 is also responsible for delivering Community Service Obligations on behalf of the Government for apprentice training.

The key factors and challenges impacting on QBuild include:

- operating in a climate of cost pressures for services provided to client departments that are looking for innovative ways to achieve efficiencies and savings
- managing the delivery of the Australian Government's Nation Building Economic Stimulus Plan
- developing and implementing strategies to improve safety performance.

Review of Performance

Recent achievements

QBuild's recent achievements include:

- making a major contribution of resources for the Government's increased focus on improving and upgrading security and safety to accommodation facilities in the Torres Strait region and other remote areas of the State
- providing assistance to the rehabilitation of Moreton Island beaches following an offshore oil spill in March 2009
- employing annually approximately 100 apprentices under the apprentice program (QBuild is currently training 343 apprentices and trainees, including the 100 apprentices and trainees from the 2009 intake)
- delivering the State Schools of Tomorrow maintenance program, with a budget of $50 million for 2008-09
- providing assistance in the clean-up and rebuilding effort following the severe storms that occurred in south east Queensland in November 2008
- managing the Roma Street Parkland, which attracts approximately 500,000 visitors each year
- delivering the Housing Improvement Program within 34 discrete Indigenous communities in remote and regional areas of Queensland
- delivering the former Department of Housing's Renewal Program with upgrades to housing across South East Queensland, including 122 houses in the Inala and Carole Park areas.

Future developments

In the future, QBuild will:

- assist in the delivery of the Australian Government's Nation Building Economic Stimulus Plan while delivering client programs on budget and within timeframes

- assist in the further development of the safety culture in the building industry in Queensland by requiring safe work practices by its contractors
- develop an improved technical capability to enhance QBuild’s ability to support the environmental initiatives of the Government
- complete the implementation of an improved business system (Ellipse) within QBuild, which will enhance service delivery to clients
- continue the delivery of services in support of the Queensland community for natural disasters and the Government’s apprentice training program.

Statements

Performance Statement

QBuild	Notes	2008-09 Target/Est.	2008-09 Est. Actual	2009-10 Target/Est.
Financial performance measures				
Gross Profit as a % of Sales		10.74%	10.30%	11.19%
Current Ratio		1.37:1	1.35:1	1.32:1
Net Profit as a % of Sales	1,2	1%	0.85%	0.71%
Non-financial performance measures				
Certification of Quality Assurance and Environmental Systems		Accreditation maintained	Certification maintained	Certification maintained
Workplace Health and Safety – Certification under AS48001		Accreditation maintained	Certification maintained	Certification maintained
Workplace Health and Safety – Working days lost	3	1,459	1,840	1,459
Percentage of apprentices indentured outside the metropolitan region		65%	67%	≥ 65%
Percentage of apprentices successfully complete training		80%	80%	≥ 80%
Percentage of female participation in annual apprentice program		New measure	New measure	≥ 8%

Notes:
1. A lower than budgeted net profit for the 2008-09 Estimated Actual is a result of a slight reduction in margin combined mainly with increased borrowing costs due to the implementation of the Annual Leave Central Scheme payment requirements.
2. The lower net profit estimate for 2009-10 is mainly due to the commencement of the amortisation of intangible assets.
3. A number of injuries that resulted in lengthy absences from work and rehabilitation issues have resulted in QBuild not reaching its target.

Income Statement

QBuild	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
Income				
User charges	1,8	711,195	746,842	731,279
Grants and other contributions		9,464	9,550	8,793
Other revenue	9	1,500	1,443	975
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
Total income		**722,159**	**757,835**	**741,047**
Expenses				
Employee expenses	2,6,10	188,634	184,728	201,300
Supplies and services	3,11	523,448	563,417	528,196
Grants and subsidies		..	..	..
Depreciation and amortisation	7	1,112	1,122	4,707
Finance/borrowing costs	4,12	550	871	333
Other expenses		1,383	1,359	1,347
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
Total expenses		**715,127**	**751,497**	**735,883**
Surplus or deficit before related income tax		**7,032**	**6,338**	**5,164**
Income tax expense/revenue	5,13	2,110	821	1,552
OPERATING SURPLUS/DEFICIT after related income tax		**4,922**	**5,517**	**3,612**

Statement of Changes in Equity

QBuild	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation reserve		..	..	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
Net income recognised directly in equity		**..**	**..**	**..**
Surplus/(deficit) for the period	14	4,922	5,517	3,612
Total recognised income and expense for the period		**4,922**	**5,517**	**3,612**
Equity injection/(withdrawal)		..	..	..
Equity adjustments (MoG transfers)		..	..	..
Dividends paid or provided		(2,462)	(2,758)	(1,806)
Total movement in equity for period		**2,460**	**2,759**	**1,806**

Balance Sheet

QBuild	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
CURRENT ASSETS				
Cash assets	15,29	27,122	37,154	31,649
Receivables		115,093	117,085	114,661
Other financial assets		..	..	..
Inventories	16,23	11,246	18,712	18,341
Other		986	1,018	1,051
Non-financial assets held for sale		..	..	..
Total current assets		**154,447**	**173,969**	**165,702**
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment		4,342	4,508	4,318
Deferred Tax Assets	17,24	6,948	7,619	7,210
Intangibles	18	22,806	19,196	24,024
Other		..	..	..
Total non-current assets		**34,096**	**31,323**	**35,552**
TOTAL ASSETS		**188,543**	**205,292**	**201,254**
CURRENT LIABILITIES				
Payables	19,25	52,290	79,468	74,900
Interest-bearing liabilities and derivatives		2,478	2,046	2,234
Current tax liabilities	20	527	..	1,995
Employee benefit obligations	21,26	11,313	3,087	3,279
Provisions		..	..	..
Other		46,223	44,138	43,165
Total current liabilities		**112,831**	**128,739**	**125,573**
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities and derivatives	27,30	6,933	7,364	4,721
Deferred tax liabilities		59	73	76
Employee benefit obligations	21	5,006	..	..
Provisions		..	..	..
Other		..	76	38
Total non-current liabilities		**11,998**	**7,513**	**4,835**
TOTAL LIABILITIES		**124,829**	**136,252**	**130,408**
NET ASSETS (LIABILITIES)		**63,714**	**69,040**	**70,846**
EQUITY				
Capital/contributed equity	22,28	15,453	20,900	20,900
Retained surplus/(Accumulated deficit)		48,261	48,140	49,946
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		**63,714**	**69,040**	**70,846**

Cash Flow Statement

QBuild	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges	31	750,069	783,702	773,371
Grants and other contributions		9,464	9,550	8,793
Other	32,35	60,114	54,318	56,094
Outflows:				
Employee costs	33	(187,815)	(181,489)	(200,879)
Supplies and services		(582,328)	(613,466)	(585,310)
Grants and subsidies		..	..	..
Borrowing costs		(550)	(871)	(333)
Tax equivalents paid	34	(2,329)	..	..
Other		(42,283)	(42,576)	(42,683)
Net cash provided by/(used in) operating activities		**4,342**	**9,168**	**9,053**
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment and intangibles	36,38	(13,754)	(12,446)	(9,345)
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		**(13,754)**	**(12,446)**	**(9,345)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings	37,39	4,000	4,000	..
Equity injections		..	..	..
Outflows:				
Dividends paid		(3,484)	(3,062)	(2,758)
Borrowing redemptions		(1,897)	(1,866)	(2,455)
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Net cash provided by/(used in) financing activities		**(1,381)**	**(928)**	**(5,213)**
Net increase/(decrease) in cash held		**(10,793)**	**(4,206)**	**(5,505)**
Cash at the beginning of financial year		**37,915**	**41,360**	**37,154**
Cash transfers from restructure		..	..	..
Cash at the end of financial year		**27,122**	**37,154**	**31,649**

Explanation of Variances in the Financial Statements

Income Statement

Major variations between 2008-09 Budget and 2008-09 Estimated Actual include:

1. User charges are higher due to additional work related to various Commonwealth and State initiatives.
2. The variance is as a result of higher trade staff vacancies than originally budgeted.
3. The increase in Supplies and services is due to increased sales volume, mainly in materials and subcontractor costs.
4. The increase relates to the financing cost of payments associated with the Annual Leave Central Scheme (ALCS).
5. The decrease is due to the tax effect accounting implications of the ALCS payment deductibility and tax and accounting timing differences.

Major variations between 2008-09 Budget and 2009-10 Estimate include:

6. The increase is predominantly due to the effect of Enterprise Bargaining Agreements.
7. The increase is due to the commencement of amortisation of the new integrated operating system (Ellipse).

Major variations between 2008-09 Estimated Actual and the 2009-10 Estimate include:

8. The 2009-10 estimate reflects a conservative estimate of the work derived from Commonwealth funded initiatives.
9. The decrease in other revenue is due to reduced interest earnings flowing from lower interest rates.
10. The increase is in line with Enterprise Bargaining Agreement arrangements.
11. Supplies and services are lower for subcontractor and materials use in line with lower User charges.
12. The decrease relates to the expectation of a reduced requirement for short-term borrowing and interest rate decreases.
13. The timing differences which arise from taxation and accounting treatment of deferred taxation are smaller in the 2009-10 estimate, which results in a higher tax expense in that year.
14. The decrease is due to the amortisation of the Ellipse intangible asset in advance of the realisation of efficiency savings over the coming years, as well as a smaller difference between deferred tax timing adjustments.

Balance Sheet

Major variations between 2008-09 Budget and 2008-09 Estimated Actual include:

15. Cash balances have increased in line with expected additional sales volume.
16. The increase relates to higher work in progress with the balances reflecting additional work on State Schools of Tomorrow program (SSoT) and commencement of the Nation Building - Economic Stimulus Plan initiative.
17. The increase is due to timing differences in the recognition of the intangible asset resulting from Ellipse and the taxation effects of the payment under the ALCS as compared to the original budget.
18. Intangibles are lower as a result of the actual opening balance for the financial year being lower than originally budgeted.
19. Payables have increased in line with higher cost of sales to deliver the additional user charges.
20. The decrease arises from the tax effect of the ALCS payments made to Treasury.
21. The decrease is due to the implementation of the ALCS.
22. The increase is due to the adjustments made under the ALCS.

Major variations between 2008-09 Budget and 2009-10 Estimate include:

23. The increase relates to work in progress with the higher balance reflecting the higher sales forecast and programs in progress at year end.
24. The movement for 2009-10 is due to timing differences and amortisation treatment of the intangible asset resulting from the implementation of Ellipse.
25. Payables are higher in line with increased cost of sales to deliver additional user charges.
26. The decrease is due to transfers under the ALCS.
27. The decrease is due to the reduction in the outstanding portion of the long term loan for Ellipse.
28. The increase in capital/contributed equity is due to transfers under the ALCS.

Major variations between 2008-09 Estimated Actual and the 2009-10 Estimate include:

29. Cash balances have reduced due to lower estimated sales volume.
30. The decrease is due to the repayments made on the long term loan for Ellipse.

Cash Flow Statement

Major variations between 2008-09 Budget and 2008-09 Estimated Actual include:

31. The increase is due to additional work under the SSoT and commencement of the Nation Building - Economic Stimulus Plan initiative.
32. GST input tax credits are lower due to changes in the sales volume within the GST grouping entities.
33. The decrease is due to annual leave outflows being classified as employee costs in the 2008-09 Budget but as Supplies and services in the 2008-09 Estimated Actual due to the ALCS implementation and overall lower Employee expenses.
34. The decrease is due to the current tax effect of the deductibility of the ALCS.

Major variations between 2008-09 Budget and 2009-10 Estimate include:

35. GST input tax credits are lower due to changes in sales volume within the GST grouping entities.
36. The decrease relates to the deferral of capital expenditure on depot improvements, office fit outs and server replacement.
37. Borrowing inflows are lower as long term loan to fund Ellipse implementation will be fully drawn in the 2008-09 year.

Major variations between 2008-09 Estimated Actual and the 2009-10 Estimate include:

38. The decrease reflects the implementation of Ellipse during the year which will decrease capital expenditure on this asset.
39. Borrowing inflows are lower as the long term loan to fund the Ellipse implementation will be fully drawn in 2008-09.

Project Services

Overview

Project Services provides multi-disciplinary building and property consultancy services to the Queensland Government. Project Services assists its clients in the delivery of building capital works 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 full suite of consultancy services to its clients, including:

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

The key factors and challenges impacting on Project Services include:

- delivering clients' capital works programs in an unpredictable Queensland construction industry
- delivering Project Services' commitment to the Nation Building - Economic Stimulus Plan (NB-ESP)
- sustaining a role as the building procurement and risk manager for government and retaining market share with core clients for capital works expenditure in future years
- improving the approach to environmental design to address a growing demand for 'green' building solutions
- attracting and retaining high quality staff.

Review of Performance

Recent achievements

As part of the Government's building capital works program, Project Services delivered many major projects in 2008-09 including the:

- Queensland State Tennis Centre at Tennyson on behalf of Stadiums Queensland
- Queensland Performing Arts Centre (QPAC) redevelopment
- new general learning block for Wellers Hill State School incorporating 8 new classrooms over 3 levels
- Nundah Community Health Centre, a modern two storey facility offering a broad range of health care services to the north eastern suburbs of Brisbane
- Queensland State Archives extension project, incorporating innovative, ecologically sustainable design principles.

In addition to managing the delivery of building capital works projects, Project Services recent achievements include:

- training and developing staff in relevant sustainability focussed qualifications - Project Services has 73 accredited Green Star Professionals, one of the largest trained groups in Queensland

- enhancing business systems to deliver integrated project management, design services and contract administration for the delivery of the Queensland Government’s Building Capital Works Program.

Future developments

In the future, Project Services will:

- maintain an influential, sustainable and recognised commercial position with clients through the development of partnering agreements with all core clients and developing strategic alliances through professional performance
- manage the workforce profile and level to sustain viability
- enhance business systems to deliver integrated project management, design services and contract administration for the delivery of the Queensland Government’s building capital works program
- maintain positive relationships with the building and construction industry to ensure capacity to deliver projects on behalf of the Queensland Government.

Performance Statement

Project Services	Notes	2008-09 Target/Est.	2008-09 Est. Actual	2009-10 Target/Est.
Financial performance measures				
Gross Profit as a % of Total Sales	1, 2	32%	28.7%	42.2%
Current ratio	3	1.7:1	2.7:1	3.5:1
Net Profit as a % of Total Sales	4	4%	5.7%	5.9%
Non-financial performance measures				
Project Competency – on Time		90%	90%	90%
Project Competency – on Budget		90%	90%	90%

Notes:
1. The expected reduction in the 2008-09 Estimated Actual compared with the 2008-09 Target is primarily due to a higher than expected proportion of external/outsourced business on major hospital and prison projects.
2. The expected increase in the 2009-10 Target compared with both the 2008-09 Target and the 2008-09 Estimated Actual is primarily due to a lower proportion of external/outsourced business on major projects.
3. The current ratio in 2009-10 is expected to be higher than the 2008-09 Target and the 2008-09 Estimated Actual as cash outlays in relation to major IT initiatives have been delayed.
4. Net Profit as a % of Total Sales is expected to be higher for both the 2008-09 Estimated Actual and the 2009-10 Target mainly as a result of increased internal revenue on project related activity and the tight monitoring of operating costs.

Income Statement

Project Services	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
Income				
User charges	1,4,6	163,173	202,874	149,576
Grants and other contributions		..	..	..
Other revenue	7	1,510	2,131	1,896
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
Total income		**164,683**	**205,005**	**151,472**
Expenses				
Employee expenses	5,8	60,793	63,628	71,829
Supplies and services	2,4,6	95,259	128,753	69,214
Grants and subsidies		..	..	..
Depreciation and amortisation	3	1,303	721	1,198
Finance/borrowing costs		..	..	..
Other expenses		300	344	350
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
Total expenses		**157,655**	**193,446**	**142,591**
Surplus or deficit before related income tax		**7,028**	**11,559**	**8,881**
Income tax expense/revenue		2,108	3,473	2,666
OPERATING SURPLUS/DEFICIT after related income tax		**4,920**	**8,086**	**6,215**

Statement of Changes in Equity

Project Services	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation reserve		..	..	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
Net income recognised directly in equity		**..**	**..**	**..**
Surplus/(deficit) for the period		4,920	8,086	6,215
Total recognised income and expense for the period		**4,920**	**8,086**	**6,215**
Equity injection/(withdrawal)		..	..	..
Equity adjustments (MoG transfers)		..	..	..
Dividends paid or provided		(2,460)	(4,043)	(3,108)
Total movement in equity for period		**2,460**	**4,043**	**3,107**

Balance Sheet

Project Services	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
CURRENT ASSETS				
Cash assets	9,17	18,340	25,547	24,413
Receivables	10	21,030	27,260	24,239
Other financial assets		..	3	3
Inventories		809	1,200	1,189
Other		238	113	606
Non-financial assets held for sale		..	..	..
Total current assets		**40,417**	**54,123**	**50,450**
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment		1,716	1,263	1,118
Deferred Tax Assets	11,18	6,484	1,668	1,372
Intangibles	12,19,22	9,849	981	2,750
Other		..	..	..
Total non-current assets		**18,049**	**3,912**	**5,240**
TOTAL ASSETS		**58,466**	**58,035**	**55,690**
CURRENT LIABILITIES				
Payables	13,23	12,133	13,831	9,818
Interest-bearing liabilities and derivatives		..	..	..
Current tax liabilities	24	359	1,415	2,379
Employee benefits obligations	14,20	8,566	3,780	1,441
Provisions	15	3,003	720	717
Other		248	244	192
Total current liabilities		**24,309**	**19,990**	**14,547**
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Deferred tax liabilities		..	123	114
Employee benefits obligations	14,20	1,500	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		**1,500**	**123**	**114**
TOTAL LIABILITIES		**25,809**	**20,113**	**14,661**
NET ASSETS (LIABILITIES)		**32,657**	**37,922**	**41,029**
EQUITY				
Capital/contributed equity	14,20	96	1,730	1,730
Retained surplus/(Accumulated deficit)	16,21,25	29,561	36,192	39,299
Reserves:				
- Asset revaluation reserve		..	..	..
- General reserve	16	3,000	..	..
TOTAL EQUITY		**32,657**	**37,922**	**41,029**

Cash Flow Statement

Project Services	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges	26,29,32	181,113	222,212	165,902
Grants and other contributions		..	..	..
Other	26,32	1,520	16,957	9,432
Outflows:				
Employee costs	30	(59,793)	(67,241)	(74,858)
Supplies and services	26,29,32	(100,253)	(152,879)	(79,007)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Tax equivalents paid		(3,107)	..	(1,415)
Other	26,29,32	(6,221)	(23,393)	(14,323)
Net cash provided by/(used in) operating activities		**13,259**	**(4,344)**	**5,731**
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment and intangibles	27,31	(10,281)	(1,481)	(2,822)
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		**(10,281)**	**(1,481)**	**(2,822)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections		..	..	..
Outflows:				
Dividends paid	28,33	(3,519)	(10,566)	(4,043)
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Net cash provided by/(used in) financing activities		**(3,519)**	**(10,566)**	**(4,043)**
Net increase/(decrease) in cash held		**(542)**	**(16,391)**	**(1,134)**
Cash at the beginning of financial year		**18,882**	**41,938**	**25,547**
Cash transfers from restructure		..	..	..
Cash at the end of financial year		**18,340**	**25,547**	**24,413**

Explanation of Variances in the Financial Statements

Income Statement

Major variances between 2008-09 Budget and 2008-09 Estimated Actual include:

1. Billing on External Consultants is higher due to an increase in outsourced project activity.
2. Supplies and services are higher due to increased outsourcing on External Consultants on hospital and prison projects.
3. Depreciation and amortisation expense is lower due to the postponement of the SAP / business system upgrade.

Major variances between the 2008-09 Budget and the 2009-10 Estimate include:

4. User charges are lower due to an expected reduction in outsourced project activity which is partially offset by additional projects being managed resulting from the Nation Building - Economic Stimulus Plan. The reduction in outsourced projects also resulted in lower cost of external consultants included in Supplies and services.
5. Employee expenses are higher due to an Enterprise Bargaining Agreement (EBA) increase and additional staff required to deliver the additional projects from the Nation Building - Economic Stimulus Plan.

Major variances between the 2008-09 Estimated Actual and the 2009-10 Estimate include:

6. User charges are expected to be lower due to a decrease in outsourcing external consultants as projects move to managing contract stage. This reduction of costs associated with outsourcing external consultants is included in Supplies and services.
7. Other revenue is anticipated to be lower due to the reduction in the interest rate on deposits.
8. Employee expenses are anticipated to increase due to an EBA increase and additional staff required to manage projects associated with the Federal Economic Stimulus Package in both Education and Social Housing.

Balance Sheet

Major variances between 2008-09 Budget and 2008-09 Estimated Actual include:

9. An increase in Cash at bank is mainly derived from higher User charges and the postponement of the major SAP upgrade.
10. Receivables are anticipated to be higher mainly due to higher external consultant costs on the larger building projects which will be billed to clients in June 2009.
11. Deferred Tax Assets are lower due to the realisation of accrued annual leave balances as at 1 July 2008 via payment to the Annual Leave Central Scheme (ALCS).
12. Intangibles are lower due to the postponement of the major upgrade to SAP and other business systems.
13. Payables are expected to be higher due to the higher anticipated expenditure on External Consultants.
14. Employee benefits obligations are lower due primarily to a cash transfer of the current annual leave component to the ALCS and the transfer of the non-current component to the ALCS through an equity contribution.
15. Provisions have reduced due to the reclassification of dividends to payables.
16. The increase in retained earnings is due to the higher than anticipated net profit result for the year and a reclassification of general reserve.

Major variances between the 2008-09 Budget and the 2009-10 Estimate include:

17. Higher user charges are a major factor resulting in higher cash and receivable balances. The increase in cash also resulted from the postponement of major SAP upgrades.
18. Deferred Tax Assets are lower mainly as a result of the realisation of accrued annual leave balances as at 1 July 2008.
19. Intangibles are lower due to deferral of the SAP upgrades which are offset by other business systems enhancements.
20. Employee benefits obligations are lower due primarily to a cash transfer of the current annual leave component to the ALCS and the transfer of the non-current component through an equity contribution.
21. The increase in retained earnings is due to a higher net profit result for the year and the reclassification of general reserves.

Major variances between 2008-09 Estimated Actual and the 2009-10 Estimate include:

22. Intangibles are expected to increase due to an upgrade of other business systems.
23. Payables are expected to be lower as the last payroll payment costs occur at 30 June 2010, thus no accruals are necessary.
24. Current tax liabilities are expected to be higher in 2009-10 as the 2008-2009 year included a one-off tax deduction resulting from the realisation of the tax benefit associated with the transfer of accrued annual leave balances to the ALCS.
25. The increase in retained earnings is due to the increase in net profit after dividends for the 2009-10 year.

Cash Flow Statement

Major variances between 2008-09 Budget and 2008-09 Estimated Actual include:

26. Material movements in cash inflows and outflows from operating activities are mainly due to higher User charges resulted from outsourcing of external consultant and associated consultant costs included in Supplies and services. The movements also impacted on GST Receivables and Payables.
27. Payments for Property, Plant and Equipment and Intangibles are lower due to the postponement of major upgrades.
28. Dividends paid are higher as a result of the 2006-07 and 2007-2008 dividends payable both being paid in the same financial year.

Major variances between the 2008-09 Budget and the 2009-10 Estimate include:

29. Material movements in cash inflows and outflows from operating activities are mainly due to lower User charges as a result of outsourcing of external consultant and associated consultant costs included in Supplies and services. The movements also reflected on GST Receivables and Payables; however, the GST receivable/payable was netted off in the 2008-2009 budget figures.
30. Employee costs are higher due to the EBA increase and the additional staff required for the management and delivery of projects as part of the Nation Building - Economic Stimulus Plan.
31. Payments for Property, Plant and Equipment and Intangibles are lower due to the postponement of major upgrades.

Major variances between 2008-09 Estimated Actual and the 2009-10 Estimate include:

32. Material movements in cash inflows and outflows from operating activities are mainly due to lower User charges as a result of outsourcing of external consultant and associated consultant costs included in Supplies and services. The movements also reflected on GST Receivables and Payables.
33. Dividends paid in 2009-10 relate to the payment to the Consolidated Fund of dividends for the 2008-09 financial year.

QFleet

Overview

QFleet is the Queensland Government's centralised fleet owner and manager. QFleet's role and value to Government is based on its capacity to aggregate the Queensland Government fleet and provide a central pool of expertise in fleet management. In 2008-09, QFleet managed approximately 14,000 vehicles on behalf of the Queensland Government.

QFleet's key services are vehicle procurement; fleet leasing, management and advisory services; vehicle servicing and repairs; used vehicle sales; whole-of-Government fleet reporting; and the development and management of whole-of-Government fleet policy.

The key factors and challenges impacting on QFleet include:

- delivering high quality, reliable and value for money fleet services to clients while ensuring the Government's priorities are met
- identifying, analysing, advising and reacting to market forces to minimise the Government's risk exposure to future market volatility
- aligning the Government's vehicle fleet mix to market demand which continues to be a challenging strategy whilst ensuring the Government's priorities are met.

Review of Performance

Recent achievements

QFleet's recent achievements include the introduction of the QFleet ClimateSmart Policy for the Queensland Government Motor Vehicle Fleet which:

- focuses on achieving whole-of-Government CO_2 emission reduction targets of 15 percent by the end of 2010, 25 percent by the end of 2012 and 50 percent by the end of 2017 compared to a 30 June 2007 baseline. As at 31 December 2008, a 9.58 percent reduction in CO_2 emissions from the QFleet fleet had been achieved
- establishes minimum mandatory Green Vehicle Guide (GVG) Greenhouse Ratings of 5.5 for passenger vehicles and 3.5 for light commercial vehicles. As at 31 March 2009, 86 percent of the passenger fleet and 95 percent of the light commercial fleet complied with the minimum mandatory GVG Greenhouse Ratings.

Future developments

2009-2010 will be a transition year for QFleet that will include:

- implementing an improved procurement process to deliver enhanced fleet management services on a whole-of-Government basis to improve efficiencies and generate savings
- researching, consulting and developing a policy to improve vehicle utilisation across the Government
- introducing MILES (the replacement for the current core system) to facilitate whole-of-Government reporting and systems
- reducing the fleet's carbon dioxide emissions by 15 percent by 31 December 2010
- continuing the comprehensive fleet safety program to deliver vehicle and driver safety education.

Statements

Performance Statement

QFleet	Notes	2008-09 Target/Est.	2008-09 Est. Actual	2009-10 Target/Est.
Financial performance measures				
Current Ratio		1.24:1	1.44:1	1.32:1
Gearing Level		82%	83%	82%
Return on Net Assets		6.2%	6.3%	6.7%
Non-financial performance measures				
Reduction of carbon emissions in vehicles (ClimateSmart)		15% by 31/12/10	11.5%	15% by 31/12/10
Vehicle stocks on hand awaiting sale as a percentage of total fleet		<10%	7%	<10%

Income Statement

QFleet	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
Income				
User charges	1,8	138,114	143,056	147,807
Grants and other contributions		..	..	..
Other revenue	4, 6	125	745	641
Gains on sale/revaluation of property, plant and equipment and investments		1,137	3,950	421
Total income		**139,376**	**147,751**	**148,869**
Expenses				
Employee expenses	10	10,817	9,354	10,326
Supplies and services	5	44,447	44,380	46,592
Grants and subsidies		..	..	..
Depreciation and amortisation		62,200	65,288	65,290
Finance/borrowing costs	3,7	14,015	15,318	16,432
Other expenses		232	272	279
Losses on sale/revaluation of property, plant and equipment and investments	2,9	1,671	6,895	4,180
Total expenses		**133,382**	**141,507**	**143,099**
Surplus or deficit before related income tax		**5,994**	**6,244**	**5,770**
Income tax expense/revenue		1,798	1,873	1,731
OPERATING SURPLUS/DEFICIT after related income tax		**4,196**	**4,371**	**4,039**

Statement of Changes in Equity

QFleet	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation reserve		..	..	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
Net income recognised directly in equity		**..**	**..**	**..**
Surplus/(deficit) for the period		4,196	4,371	4,039
Total recognised income and expense for the period		**4,196**	**4,371**	**4,039**
Equity injection/(withdrawal)		..	..	..
Equity adjustments (MoG transfers)		..	..	..
Dividends paid or provided		(2,098)	(2,186)	(2,020)
Total movement in equity for period		**2,098**	**2,185**	**2,019**

Balance Sheet

QFleet	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
CURRENT ASSETS				
Cash assets		500	519	500
Receivables		8,086	9,020	14,066
Other financial assets		..	..	..
Inventories		392	281	281
Other		5,449	5,537	5,326
Non-financial assets held for sale	11	12,810	14,545	12,783
Total current assets		**27,237**	**29,902**	**32,956**
NON-CURRENT ASSETS				
Receivables		25	2	2
Other financial assets		..	..	..
Property, plant and equipment	13,15	298,876	312,731	312,868
Deferred Tax Assets		3,925	1,372	1,372
Intangibles	16,17	4,176	5,987	6,160
Other		..	..	..
Total non-current assets		**307,002**	**320,092**	**320,402**
TOTAL ASSETS		**334,239**	**349,994**	**353,358**
CURRENT LIABILITIES				
Payables	14,18	18,744	18,117	22,452
Interest-bearing liabilities and derivatives		..	..	..
Current tax liabilities	19	1,798	1,873	1,731
Employee benefit obligations		1,061	449	449
Provisions		..	..	..
Other		287	270	270
Total current liabilities		**21,890**	**20,709**	**24,902**
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities and derivatives	12	252,392	268,602	265,754
Deferred tax liabilities		3,884	4,075	4,075
Employee benefit obligations		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		**256,276**	**272,677**	**269,829**
TOTAL LIABILITIES		**278,166**	**293,386**	**294,731**
NET ASSETS (LIABILITIES)		**56,073**	**56,608**	**58,627**
EQUITY				
Capital/contributed equity		25,757	26,097	26,097
Retained surplus/(Accumulated deficit)		30,316	30,511	32,530
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		**56,073**	**56,608**	**58,627**

Cash Flow Statement

QFleet	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges	23	161,831	161,894	160,425
Grants and other contributions		..	..	..
Other		125	516	932
Outflows:				
Employee costs	20	(10,817)	(9,302)	(10,326)
Supplies and services	24	(61,671)	(61,439)	(56,090)
Grants and subsidies		..	..	..
Borrowing costs	21,27	(14,137)	(14,990)	(16,583)
Tax equivalents paid		(2,653)	..	(1,873)
Other		(6,304)	(1,379)	(279)
Net cash provided by/(used in) operating activities		**66,374**	**75,300**	**76,206**
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment	25,26	87,306	85,112	76,825
Investments redeemed		..	..	..
Loans and advances redeemed		..	92	..
Outflows:				
Payments for property, plant and equipment and intangibles	22	(129,875)	(161,218)	(148,016)
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		**(42,569)**	**(76,014)**	**(71,191)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		5,676	36,200	7,069
Equity injections		..	..	..
Outflows:				
Dividends paid		(3,095)	(3,202)	(2,186)
Borrowing redemptions	28	(26,386)	(30,600)	(9,917)
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Net cash provided by/(used in) financing activities		**(23,805)**	**2,398**	**(5,034)**
Net increase/(decrease) in cash held		**..**	**1,684**	**(19)**
Cash at the beginning of financial year		**500**	**(1,165)**	**519**
Cash transfers from restructure		..	..	..
Cash at the end of financial year		**500**	**519**	**500**

Explanation of Variances in the Financial Statements

Income Statement

Major variations between 2008-09 Budget and 2008-09 Estimated Actual include:

1. The increase is due to higher lease revenue resulting from lower residuals to cater for falling prices in 2008.
2. The increase in losses is principally due to poor resale markets particularly in the first half of the financial year.
3. The increase is due to losses on sales reducing available cash, together with increased borrowing to finance higher average value vehicle prices.
4. The increase is due to the revenue redistribution associated with changes to the Shared Service Agency (SSA) funding model.

Major variations between 2008-09 Budget and 2009-10 Estimate include:

5. The increase is due to generally higher charges across a range of operational expenses.
6. The increase is due to the revenue redistribution associated with changes to the SSA funding model.
7. The increase is due to losses on sales reducing available cash and increased borrowing to finance higher average value prices.

Major variations between 2008-09 Estimated Actual and the 2009-10 Estimate include:

8. The increase relates to higher lease revenue due to the lower residuals, which were set in response to falling vehicle resale values in 2008-09 and expected to continue in 2009-10.
9. The decrease is due to the lowering of residual values, in the current year and in prior years, in line with expected resale values.
10. The increase is due to the expected full staffing levels being achieved.

Balance Sheet

Major variations between 2008-09 Budget and 2008-09 Estimated Actual include:

11. The increase is due to a greater number of higher average residual value assets expected to be held at 30 June 2009.
12. The increase results from higher vehicle costs due to the normal rise in prices and improved vehicle safety features.
13. The increase is a consequence of higher prices of new vehicles specified to the required standards of safety and fit for purpose.

Major variations between 2008-09 Budget and 2009-10 Estimate include:

14. The increase relates to the higher average prices of the motor vehicle fleet.
15. The increase is a consequence of higher prices of new vehicles specified to the required standards of safety and fit for purpose.
16. The increase relates mainly to the recognition of the costs of implementation of the new Fleet Management system (Miles).

Major variations between 2008-09 Estimated Actual and the 2009-10 Estimate include:

17. The increase relates to the Miles system now being fully capitalised and amortisation to commence.
18. The increase is due to higher average vehicle costs.
19. The decrease is due to a minor reduction in profit for 2009-10.

Cash Flow Statement

Major variations between 2008-09 Budget and 2008-09 Estimated Actual include:

20. The decrease is due to lower employee costs in 2009 because of permanent staff working on the Miles project being capitalised and a number of vacant positions not being filled.
21. The increase is due to a minor increase in interest rates during the first half of the year and higher average purchase costs.
22. The increase is due to the higher average costs of vehicles together with the cost of the Miles implementation.

Major variations between 2008-09 Budget and 2009-10 Estimate include:

23. The decrease relates to reduced cash flows from leases due to lower sundry charges on lease terminations.
24. The decrease is as a consequence of the implementation of Miles and commensurate reduction in contractor costs.
25. The decrease relates to reduced motor vehicle sales revenue due to lower residuals and the expected tight resale market conditions.

Major variations between 2008-09 Estimated Actual and the 2009-10 Estimate include:

26. The decrease relates to the reduction in asset sales revenue due to an expected lower average sale price of vehicles.
27. The increase is due to increased interest rates resulting from the higher costs of borrowing for State Government bodies in Queensland and a consequential increase in the credit risk margin.
28. The decrease is due to reduced cash available, resulting from higher vehicle average costs and lower net gains on the resale of vehicles.

CITEC

Overview

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

The Queensland Government Chief Technology Office (QGCTO) is established within CITEC and provides leadership, collaboration, management and direction on whole-of-Government ICT issues to the Government and its agencies. Working closely with the Queensland Government Chief Information Office (QGCIO), the Technology Transformation Program and the Queensland Government Chief Procurement Office (QGCPO), the QGCTO ensures that whole-of-Government investment in technology and applications is optimised to meet information management and integrated service delivery outcomes.

The key factors and challenges impacting on CITEC include:

- sustaining a viable CITEC financial position and pricing for core operating activities, as well as long term ICT infrastructure investments, particularly during the unfolding global economic slowdown
- managing effective resource capability and infrastructure capacity for core ICT infrastructure services and whole-of-Government consolidations of agency ICT
- partnering with the ICT industry for accelerating government service delivery successes.

Review of Performance

Recent achievements

CITEC's recent achievements include:

- developing and implementing a revised operating model that enables the provision of high quality ICT infrastructure and services to the Government through cooperative engagement with government agencies and the local ICT industry
- establishing the QGCTO to provide leadership, collaboration, management and direction on whole-of-Government ICT issues to government and agencies
- establishing a pre-commitment lease arrangement with an external company for space in the new Polaris Data Centre at Springfield, commencing the fit-out of the data centre space and progressing migration planning for agencies
- progressing a significant program of work to support the implementation of the recommendations from the Independent Panel on Freedom of Information, 'The Right to Information' (RTI).

Future developments

CITEC will strengthen its role as the Queensland Government's primary ICT services provider. CITEC will continue the consolidation of the Government's ICT data centres, networks, and infrastructure and ancillary services as recommended by the Service Delivery and Performance Commission's *Report on the Review of ICT Governance Across the Queensland Government* and approved by Executive Government.

CITEC will ensure the readiness of the Government's new data centre facility, Polaris, for occupancy. This will provide much needed additional high security data centre space, facilitate consolidation activities and provide business continuity choices and disaster recovery services to support the existing CBD data centre.

CITEC will progress long term programs for whole-of-Government ICT infrastructure such as the programs for Identity, Directory and Email Services, and Foundation Infrastructure, both of which underpin and enable seamless government service delivery outcomes.

Statements

Performance Statement

CITEC	Notes	2008-09 Target/Est.	2008-09 Est. Actual	2009-10 Target/Est.
Financial performance measures				
Earnings Before Interest and Tax (EBIT) ($'000)	1,6,8	(4,378)	(2,794)	(5,131)
Current Ratio	2,7,9	1.86:1	1.59:1	1.41:1
Gearing Level	3,10	65.7%	37.6%	64.7%
Return on Net Assets	4	(9.2%)	(8.0%)	(8.3%)
Non-financial performance measures				
Number of Information Technology graduates, trainees and cooperative students employed each year	5,11	10	22	10
Agency accepted design conversions to whole-of-Government ICT infrastructure	12	New measure	New measure	100%
Government Enterprise Architecture papers	13	New measure	New measure	10

Notes:
Major variations between 2008-09 Target and 2008-09 Estimated Actual include:
1. The increase is due to a one-off dividend payment from CSI Holdings Pty Ltd and deferral of expenditure as a result of delays to the IDES program.
2. The decrease is due to a tightening of CITEC's working capital position.
3. The decrease is due to the deferral of loan funding associated with the IDES and FIP programs.
4. The increase is due to the more favourable operating position than what was budgeted.
5. The increase is due to the higher number of graduates associated with the ICT Career Graduate Development Program.

Major variations between 2008-09 Target and 2009-10 Target include:
6. The decrease is mainly due to the IDES expenditure deferred from 2008-09.
7. The decrease is due to a tightening of CITEC's working capital position.

Major variations between 2008-09 Estimated Actual and the 2009-10 Target include:
8. The decrease is mainly due to the IDES expenditure deferred from 2008-09.
9. The decrease is due to a tightening of CITEC's working capital position.
10. The increase is due to borrowings associated with the IDES and FIP programs.
11. The decrease is due to the stabilisation of ICT Graduates numbers to more sustainable levels.
12. New measure for QGCTO that reflects the need to develop solution architectures for Agency infrastructure migration that support and align with the Technology Consolidation Program.
13. New measure for QGCTO that addresses the requirement to refresh or develop new Queensland Government Enterprise Architecture (QGEA) artefacts (e.g. Strategy, Policy, Position or standards papers) in the Technology and Application domains of the Government Enterprise Architecture Framework.

Income Statement

CITEC	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
Income				
User charges	1,11	164,184	148,272	165,092
Grants and other contributions		..	..	..
Other revenue	2	1,044	3,200	2,160
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
Total income		**165,228**	**151,472**	**167,252**
Expenses				
Employee expenses	3,9,12	57,244	55,246	60,633
Supplies and services	4,13	98,973	88,755	98,833
Grants and subsidies		..	..	..
Depreciation and amortisation	5,14	11,329	7,665	10,542
Finance/borrowing costs	6,15	2,479	708	2,430
Other expenses		1,037	1,301	1,256
Losses on sale/revaluation of property, plant and equipment and investments	7	14	(12)	11
Total expenses		**171,076**	**153,663**	**173,705**
Surplus or deficit before related income tax	8,16	**(5,848)**	**(2,191)**	**(6,453)**
Income tax expense/revenue	10,17	..	298	(3,691)
OPERATING SURPLUS/DEFICIT after related income tax		**(5,848)**	**(2,489)**	**(2,762)**

Statement of Changes in Equity

CITEC	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation reserve		..	..	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
Net income recognised directly in equity		**..**	**..**	**..**
Surplus/(deficit) for the period		(5,848)	(2,489)	(2,762)
Total recognised income and expense for the period		**(5,848)**	**(2,489)**	**(2,762)**
Equity injection/(withdrawal)		3,283	3,572	5,426
Equity adjustments (MoG transfers)		..	..	..
Dividends paid or provided		..	..	..
Total movement in equity for period		**(2,565)**	**1,083**	**2,664**

Balance Sheet

CITEC	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
CURRENT ASSETS				
Cash assets	18,22	6,872	2,135	2,434
Receivables	19,27	24,922	20,075	23,766
Other financial assets		..	..	..
Inventories		165	156	134
Other		4,017	4,015	3,210
Non-financial assets held for sale		..	..	..
Total current assets		**35,976**	**26,381**	**29,544**
NON-CURRENT ASSETS				
Receivables		..	21	..
Other financial assets		500	500	500
Property, plant and equipment	20,28	43,300	17,896	45,241
Deferred Tax Assets	23,29	1,256	2,604	5,881
Intangibles	24,30	9,872	10,090	15,609
Other		414	1,395	1,425
Total non-current assets		**55,342**	**32,506**	**68,656**
TOTAL ASSETS		**91,318**	**58,887**	**98,200**
CURRENT LIABILITIES				
Payables		7,401	7,621	7,130
Interest-bearing liabilities and derivatives	25,31	3,000	3,467	8,919
Current tax liabilities		..	..	..
Employee benefit obligations		5,948	2,734	940
Provisions		179	..	..
Other		2,792	2,792	3,965
Total current liabilities		**19,320**	**16,614**	**20,954**
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities and derivatives	21,32	48,528	14,904	47,648
Deferred tax liabilities		174	414	..
Employee benefit obligations		..	..	..
Provisions		..	..	..
Other		..	21	..
Total non-current liabilities		**48,702**	**15,339**	**47,648**
TOTAL LIABILITIES		**68,022**	**31,953**	**68,602**
NET ASSETS (LIABILITIES)		**23,296**	**26,934**	**29,598**
EQUITY				
Capital/contributed equity	26,33	14,798	15,812	21,238
Retained surplus/(Accumulated deficit)		8,498	11,122	8,360
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		**23,296**	**26,934**	**29,598**

Cash Flow Statement

CITEC	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges	34,46	172,514	158,498	176,075
Grants and other contributions		..	..	..
Other	35	9,893	12,114	11,596
Outflows:				
Employee costs	36,43,47	(57,402)	(54,599)	(62,313)
Supplies and services	37,48	(108,127)	(97,546)	(106,433)
Grants and subsidies		..	..	..
Borrowing costs	38,49	(2,019)	(688)	(2,000)
Tax equivalents paid		(230)	(1,077)	..
Other		(16,327)	(19,870)	(16,842)
Net cash provided by/(used in) operating activities		**(1,698)**	**(3,168)**	**83**
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment and intangibles	39,44,50	(46,038)	(17,227)	(43,406)
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		**(46,038)**	**(17,227)**	**(43,406)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings	40, 51	48,528	13,060	45,400
Equity injections		3,283	3,572	5,426
Outflows:				
Dividends paid		(161)	(855)	..
Borrowing redemptions	41,45,52	(3,000)	(1,111)	(7,204)
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Net cash provided by/(used in) financing activities		**48,650**	**14,666**	**43,622**
Net increase/(decrease) in cash held	42,53	**914**	**(5,729)**	**299**
Cash at the beginning of financial year		**5,958**	**7,864**	**2,135**
Cash transfers from restructure		..	..	..
Cash at the end of financial year		**6,872**	**2,135**	**2,434**

Explanation of Variances in the Financial Statements

Income Statement

Major variations between 2008-09 Budget and 2008-09 Estimated Actual include:

1. The decrease is mainly due to lower CONFIRM revenue as a result of the current adverse economic conditions.
2. The increase is due to a once-off dividend payment from CSI Holdings Pty Ltd.
3. The decrease is primarily associated with Identity, Directory and Email Services (IDES) and Foundation Infrastructure Project (FIP) program delays.
4. The decrease is mainly due to lower than expected CONFIRM provider fees, related to lower CONFIRM revenue.
5. The decrease is due to the delay in asset acquisitions for the IDES and FIP programs.
6. The decrease is related to lower than expected borrowings as a result of delays to the IDES and FIP Programs.
7. The decrease in expenditure represents the reversal of a bad debt provision.
8. The reduced loss is due to lower than expected expenses as a result of delays to the IDES and FIP Programs and a once-off dividend payment from CSI Holdings Pty Ltd.

Major variations between 2008-09 Budget and 2009-10 Estimate include:

9. The increase is due to Enterprise Bargaining Agreement (EBA) and resource requirements for whole-of-Government programs.
10. The credit to income tax expense is due to tax losses carried forward as deferred tax assets.

Major variations between 2008-09 Estimated Actual and 2009-10 Estimate include:

11. The increase is due to additional volume for whole-of-Government services (including IDES).
12. The increase relates to EBA and resource requirements for whole-of-Government programs.
13. The increase is due to service delivery charges for additional volume for whole-of-Government services (including IDES).
14. The increase relates to asset purchases for the IDES and FIP programs.
15. The increase is related to drawdown of loans for the IDES and FIP programs.
16. The increased loss is due to IDES and FIP Program expenses delayed from 2008-09 and the non recurrence of the once-off dividend payment from CSI Holdings Pty Ltd in 2008-09.
17. The credit to income tax expense is due to tax losses carried forward as deferred tax assets.

Balance Sheet

Major variations between 2008-09 Budget and 2008-09 Estimated Actual include:

18. The decrease is due to lower revenues and the use of cash instead of debt.
19. The decrease is mainly due to current adverse economic conditions impacting CONFIRM revenues.
20. The decrease is due to delayed asset purchases for the IDES and FIP programs – anticipated to occur in 2009-10.
21. The decrease is caused by deferral of loan funding for the IDES and FIP programs.

Major variations between 2008-09 Budget and 2009-10 Estimate include:

22. The decrease is due to lower revenues and the use of cash instead of debt.
23. The increase is due to tax losses carried forward as deferred tax assets.
24. The increase reflects additional IDES program software asset purchases.
25. The increase is related to drawdown of loans for the IDES and FIP programs and repayment of prior year loans.
26. The increase mainly relates to additional Capital expenditure for FIP to reflect foreign exchange variations.

Major variations between 2008-09 Estimated Actual and 2009-10 Estimate include:

27. The increase is due to additional volume for whole-of-Government services (including IDES).
28. The increase is due to asset purchases for the IDES and FIP programs.
29. The increase is due to tax losses carried forward as deferred tax assets. See Note 17.
30. The increase reflects additional IDES program software asset purchases.
31. The increase is related to drawdown of loans for the IDES and FIP programs and repayment of prior year loans.
32. The increase is due to drawdown of loans for the IDES and FIP programs.
33. The increase relates to additional Capital expenditure for FIP to reflect foreign exchange variations.

Cash Flow Statement

Major variations between 2008-09 Budget and 2008-09 Estimated Actual include:

34. The decrease is mainly due to lower CONFIRM revenue. See note 1.
35. The increase is due to a one-off dividend payment from CSI Holdings Pty Ltd.
36. The decrease is primarily associated with IDES and FIP program delays.
37. The decrease is mainly due to lower than expected CONFIRM provider fees.
38. The decrease is due to lower than expected borrowings as a result of delays to the IDES and FIP Programs..
39. The decrease is due to the delay in asset acquisitions for the IDES and FIP programs.
40. The decrease is caused by deferral of loan funding for the IDES and FIP programs.
41. The decrease is due to deferral of the IDES and FIP Program loan funding.
42. The decrease is due to lower revenues and the use of cash instead of debt.

Major variations between 2008-09 Budget and 2009-10 Estimate include:

43. The increase relates to EBA and resource requirements for whole-of-Government programs.
44. The decrease is due to the delay of IDES and FIP program asset purchases.
45. The increase is due to the repayment of IDES, FIP and prior year loans.

Major variations between 2008-09 Estimated Actual and the 2009-10 Estimate include:

46. The increase is due to additional volume for whole-of-Government services (including IDES).
47. The increase relates to EBA and resource requirements for whole-of-Government.
48. See note 13.
49. See note 15.
50. The increase is due to asset purchases for the IDES and FIP programs.
51. The increase is due to drawdown of loans for the IDES and FIP programs.
52. The increase is due to repayment of IDES, FIP and prior year loans.
53. The increase is due to additional volume for whole-of-Government services (including IDES).

Goprint

Overview

Goprint has primary responsibility to print the Government's Reserved Services documents. These sensitive documents are produced under strict security and generally within tight, mandatory timeframes. In order to offset the cost of capital and labour required to produce Reserved Services, Goprint also provides a range of commercial printing and copying services for government agencies and other organisations in receipt of government funding.

The key factors and challenges impacting on Goprint include:

- obtaining the most appropriate type and volume of work to ensure the full utilisation of production capacity
- increasing demands for digital production of documents
- rapidly evolving nature of print technology
- increasing client expectations for "clean and green", environmentally-friendly production practices
- the impact of the global economic slowdown and a slowing economy on government and industry spending patterns for printed products.

Review of Performance

Recent achievements

Goprint's recent achievements include:

- continuing Goprint's unblemished record of service to the Queensland Parliament and Executive Government, producing confidential materials in a secure and timely manner
- installing a new equipment profile, including computer to plate technology and a new printing press and binding equipment
- receiving accreditation to national environmental standards (ISO14001 Environmental Accreditation). Goprint is the only printer within Brisbane with this accreditation
- completing the regional Parliament project with the Parliamentary Office
- managing the printing component of the first state-wide, consolidated local government election on behalf of the Electoral Commission of Queensland
- managing the printing component of the 2009 Queensland State Election.

Future developments

Under the new business model, Goprint will continue to deliver mandated Reserved Services products and will become an accredited supplier to the Queensland Government Chief Procurement Office's Print Management Unit, where it will compete with external suppliers for additional revenue.

Statements

Performance Statement

Goprint	Notes	2008-09 Target/Est.	2008-09 Est. Actual	2009-10 Target/Est.
Financial performance measures				
Gross Profit as a % of Sales		29.3%	28.25%	28.08%
Current Ratio		2.3:1	2.6:1	3.1:1
Non-financial performance measures				
Spoilage as a % of Sales	1	0.1%	0.5%	0.5%
On Time Deliveries for Reserved Services		100%	99%	100%
Utilisation of Core Equipment and Resources	2,3	80%	60%	80%

Notes:
1. The 2009-10 target has been revised to 0.5% which represents a more reasonable target.
2. The decrease in the 2008-09 Estimated Actual compared with the 2008-09 Target is due to reduced spending on printing within departments and a very competitive industry.
3. The target increase for 2009-10 is due to expected improvements in the product mix.

Income Statement

Goprint	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
Income				
User charges	1,6,11	13,500	12,448	11,538
Grants and other contributions	2,7,12	5,446	5,307	3,600
Other revenue	3,13	48	270	48
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
Total income		**18,994**	**18,025**	**15,186**
Expenses				
Employee expenses	4,8,14	7,387	6,852	5,151
Supplies and services	9,15	10,171	10,457	9,313
Grants and subsidies		..	..	..
Depreciation and amortisation		518	527	530
Finance/borrowing costs		142	139	140
Other expenses	5,10	776	50	52
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
Total expenses		**18,994**	**18,025**	**15,186**
Surplus or deficit before related income tax		**..**	**..**	**..**
Income tax expense / revenue		..	..	..
OPERATING SURPLUS/DEFICIT after related income tax		**..**	**..**	**..**

Statement of Changes in Equity

Goprint	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation reserve		..	..	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
Net income recognised directly in equity		**..**	**..**	**..**
Surplus/(deficit) for the period		..	..	..
Total recognised income and expense for the period		**..**	**..**	**..**
Equity injection/(withdrawal)		..	..	..
Equity adjustments (MoG transfers)		..	..	..
Dividends paid or provided		..	..	..
Total movement in equity for period		**..**	**..**	**..**

Balance Sheet

Goprint	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
CURRENT ASSETS				
Cash assets	19,25	1,992	2,158	3,186
Receivables	20,26	2,039	2,101	1,450
Other financial assets		..	..	..
Inventories		408	440	440
Other		110	130	130
Non-financial assets held for sale		..	..	..
Total current assets		**4,549**	**4,829**	**5,206**
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	21,27	3,574	3,512	2,982
Deferred Tax Assets		..	..	..
Intangibles		..	..	..
Other		..	..	..
Total non-current assets		**3,574**	**3,512**	**2,982**
TOTAL ASSETS		**8,123**	**8,341**	**8,188**
CURRENT LIABILITIES				
Payables		1,142	1,197	1,109
Interest-bearing liabilities and derivatives		..	..	..
Current tax liabilities		..	..	..
Employee benefit obligations	16,22	628	296	231
Provisions		..	..	..
Other		210	350	350
Total current liabilities		**1,980**	**1,843**	**1,690**
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities and derivatives		2,256	2,256	2,256
Deferred tax liabilities		..	..	..
Employee benefit obligations	17,23	249	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		**2,505**	**2,256**	**2,256**
TOTAL LIABILITIES		**4,485**	**4,099**	**3,946**
NET ASSETS (LIABILITIES)		**3,638**	**4,242**	**4,242**
EQUITY				
Capital/contributed equity		12,475	12,585	12,585
Retained surplus/(Accumulated deficit)	18,24	(8,837)	(8,343)	(8,343)
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		**3,638**	**4,242**	**4,242**

Cash Flow Statement

Goprint	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges	28,34	14,817	13,130	13,039
Grants and other contributions	35,39	5,107	4,855	3,918
Other	29,40	1,088	1,594	933
Outflows:				
Employee costs	30,36,41	(7,404)	(6,731)	(5,216)
Supplies and services	31,37,42	(11,045)	(11,441)	(10,283)
Grants and subsidies		..	..	..
Borrowing costs		(143)	(139)	(140)
Tax equivalents paid		..	..	..
Other	32,38,43	(2,110)	(1,850)	(1,223)
Net cash provided by/(used in) operating activities		**310**	**(582)**	**1,028**
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment and intangibles		..	..	..
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		**..**	**..**	**..**
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections		..	..	..
Outflows:				
Dividends paid		..	..	..
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Net cash provided by/(used in) financing activities		**..**	**..**	**..**
Net increase/(decrease) in cash held		**310**	**(582)**	**1,028**
Cash at the beginning of financial year	33	**1,682**	**2,740**	**2,158**
Cash transfers from restructure		..	..	..
Cash at the end of financial year		**1,992**	**2,158**	**3,186**

Explanation of Variances in the Financial Statements

Income Statement

Major variations between 2008-09 Budget and 2008-09 Estimated Actual include:

1. The decrease is due to reduced spending on print within departments and a very competitive industry.
2. The decrease is due to reduced overhead expenses and improvements in the gross profit margins.
3. The increase is predominantly due to recovery of costs from the Print Management Unit (PMU) Implementation Office and increased interest receipts.
4. The decrease is predominantly due to beginning the new structure implementation and a reduction in Full Time Equivalents (FTE's).
5. The decrease is predominantly due to the re-categorisation of Building lease rentals from Other expenses to Supplies and services.

Major variations between 2008-09 Budget and 2009-10 Estimate include:

6. The decrease is predominantly due to current market trends and the partial implementation of the PMU.
7. Refer to Note 2 above.
8. The decrease is due to a reduction in FTE's resulting from the implementation of the new structure.
9. The decrease is predominantly due to reduced cost of sales from the improved product mix following the introduction of the PMU arrangements.
10. Refer to Note 5 above.

Major variations between 2008-09 Estimated Actual and the 2009-10 Estimate include:

11. Refer to Note 6 above.
12. Refer to Note 2 above.
13. The decrease is due to one-off recoveries from the PMU implementation Office that were received in 2008-09.
14. Refer to Note 8 above.
15. Refer to Note 9 above.

Balance Sheet

Major variations between 2008-09 Budget and 2008-09 Estimated Actual include:

16. The decrease is due to the establishment of the Annual Leave Central Scheme.
17. Refer to Note 16 above.
18. The decrease is due to a lower than expected loss in 2007-08.

Major variations between 2008-09 Budget and 2009-10 Estimate include:

19. The increase is predominately due to reductions in employee related expenditures.
20. The decrease is due to lower monthly sales in the last quarter of the 2009-10 financial year.
21. The decrease is due to depreciation of the asset base being greater than the estimated additions to the asset base.
22. Refer to Note 16 above.
23. Refer to Note 16 above.
24. Refer to Note 18 above.

Major variations between 2008-09 Estimated Actual and the 2009-10 Estimate include:

25. Refer to Note 19 above.
26. Refer to Note 20 above.
27. Refer to Note 21 above.

Cash Flow Statement

Major variations between 2008-09 Budget and 2008-09 Estimated Actual include:

28. Refer to Note 1 above.
29. The increase is due to a higher than expected balance of accrued debtors at the start of the year combined with unbudgeted recovery of costs from the PMU Implementation Office and increased interest receipts.
30. Refer to Note 4 above.
31. The increase is due to the re-categorisation of Building lease rentals from Other expenses to Supplies and services.
32. The decrease is due to the re-categorisation of Building lease rentals from Other expenses to Supplies and services offset by the unbudgeted payment for the establishment of the Annual Leave Central Scheme.
33. The increase is due to a lower than expected loss in 2007-08.

Major variations between 2008-09 Budget and 2009-10 Estimate include:

34. Refer to Note 6 above.
35. Refer to Note 2 above.
36. Refer to Note 8 above.
37. Refer to Note 9 above.
38. Refer to Note 5 above.

Major variations between 2008-09 Estimated Actual and the 2009-10 Estimate include:

39. Refer to Note 2 above.
40. The decrease is due to a reduction in accrued debtors at the end of the year caused by efficiency improvements in the production of invoices.
41. Refer to Note 8 above.
42. Refer to Note 9 above.
43. The decrease is due to the one-off payment for the establishment of the Annual Leave Central Scheme processed in 2008-09.

SDS (Sales and Distribution Services)

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 Publications and SDS Logistics.

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 Publications is an online retail and distribution business which manages electronic and printed publications on behalf of government agencies. SDS Logistics provides cost-effective warehousing and distribution services to government agencies.

The key factors and challenges impacting on SDS include:

- enhancing the value of SDS to Agencies, including recognising SDS' contribution to Government service delivery
- building market share in the highly competitive office products and private school markets
- focusing on improving the performance and cost management of all SDS' operations but most importantly those underpinning SDS Distribution
- maintaining staff morale, skills and commitment through targeted workforce management strategies.

Review of Performance

Recent achievements

SDS's recent achievements include the following:

- providing extensive disaster recovery support in sourcing resources for the North Queensland floods, Brisbane storms, and the Moreton Bay oil spill. SDS has become a valued supply partner to the DPW Disaster Preparedness Group over the course of the 2008-2009 Summer seasons
- attaining a 5% year to date growth in general merchandise across education and the government sectors despite a highly uncertain economic environment
- achieving $1 million in total savings in the public sector market since the introduction of the highly competitive Government Preferred Product List (GPL)
- significantly improving the expenses-to-sales ratios over the past year indicating high levels of internal efficiency
- introducing Smart Freight in SDS Warehouse – freight tracking and reporting technology
- continuing the development of the bulk, forward-ordering methodology that was used during the Preparatory Year rollout, for other product groups such as cleaning products.

Future developments

The key strategic directions for SDS to pursue include:

- increasing public sector awareness of the services and capabilities of SDS, with a view to gaining recognition within the Government as the centre of expertise in supply chain management and logistics
- collaborating with the Queensland Government Chief Procurement Office to work with Government agencies in delivering non core services

- developing stronger relationships with core agencies, especially with the Queensland Police Service, the Department of Transport and Main Roads, the Department of Community Safety and the Department of Health in positioning SDS to offer complete solutions for supply management
- continuing to promote SDS' role in publications fulfilment and developing closer relationships with SSQ and the new Print Management Unit (QGCPO)
- streamlining business processes by integrating core SDS functions through the implementation of a new organisation structure, rationalising infrastructure use and reducing the administrative load around business transactions and payment systems
- providing government purchasers with agency-specific and efficient e-Commerce business solutions for accessing the commodities they need while supporting the Government's objectives, consistent with the State Purchasing Policy
- further developing whole-of-Government warehousing initiatives.

Statements

Performance Statement

SDS (Sales and Distribution Services)	Notes	2008-09 Target/Est.	2008-09 Est. Actual	2009-10 Target/Est.
Financial performance measures				
Gross profit as a % of sales		29.0%	31.7%	31.7%
Net profit as a % of sales (before tax)	1,2	0.65%	0.39%	(1.54)%
Improvement in Sales %	3,4	7.75%	(4.79)%	1.0%
Non-financial performance measures				
Brendale warehouse asset utilisation		>90%	86%	>90%
Inventory turnover				
- General Merchandise		7	7.6	7.5
- Furniture		5	4.5	5

Notes:
1. Although SDS has achieved significant cost management improvements in internal operations in 2008-09 the targeted sales improvement has not been achieved.
2. Increased overhead costs, allowance for the Enterprise Bargaining Agreement and only a minimal increase in sales will impact on the net profit to sales ratio.
3. The completion of the Preparatory Program in December 2008 combined with increased market competition and the financial economic slowdown has resulted in the planned sales target for 2008-09 not being achieved.
4. The increase in 2009-10 is reflecting the small anticipated growth in sales.

Income Statement

SDS (Sales and Distribution Services)	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
Income				
User charges	1,6,10	70,466	63,313	63,946
Grants and other contributions		..	..	..
Other revenue		70	1,078	1,100
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
Total income		**70,536**	**64,391**	**65,046**
Expenses				
Employee expenses	2,11	9,146	8,705	9,030
Supplies and services	3,7,12	59,958	54,100	55,663
Grants and subsidies		..	..	..
Depreciation and amortisation		289	315	379
Finance/borrowing costs	4,8	660	427	357
Other expenses	5,9	22	595	602
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
Total expenses		**70,075**	**64,142**	**66,031**
Surplus or deficit before related income tax		**461**	**249**	**(985)**
Income tax expense/revenue		138	74	..
OPERATING SURPLUS/DEFICIT after related income tax		**323**	**175**	**(985)**

Statement of Changes in Equity

SDS (Sales and Distribution Services)	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation reserve		..	..	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
Net income recognised directly in equity		**..**	**..**	**..**
Surplus/(deficit) for the period		323	175	(985)
Total recognised income and expense for the period		**323**	**175**	**(985)**
Equity injection/(withdrawal)		..	..	..
Equity adjustments (MoG transfers)		..	..	..
Dividends paid or provided		(161)	(88)	..
Total movement in equity for period		**162**	**87**	**(985)**

Balance Sheet

SDS (Sales and Distribution Services)	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
CURRENT ASSETS				
Cash assets	18,25	826	426	450
Receivables	13,20	6,579	5,500	5,000
Other financial assets		..	..	..
Inventories	14,21	7,969	7,200	6,500
Other	15,22	1	150	150
Non-financial assets held for sale		..	..	..
Total current assets		**15,375**	**13,276**	**12,100**
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment		515	515	363
Deferred Tax Assets		327	390	347
Intangibles	16,23,24	249	680	823
Other		..	..	..
Total non-current assets		**1,091**	**1,585**	**1,533**
TOTAL ASSETS		**16,466**	**14,861**	**13,633**
CURRENT LIABILITIES				
Payables		5,249	6,188	6,598
Interest-bearing liabilities and derivatives	25	6,640	5,161	4,500
Current tax liabilities		138	..	..
Employee benefit obligations	17	853	158	160
Provisions		..	..	..
Other	19	351	564	570
Total current liabilities		**13,231**	**12,071**	**11,828**
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Deferred tax liabilities		..	..	..
Employee benefit obligations	17	203	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		**203**	**..**	**..**
TOTAL LIABILITIES		**13,434**	**12,071**	**11,828**
NET ASSETS (LIABILITIES)		**3,032**	**2,790**	**1,805**
EQUITY				
Capital/contributed equity		4,744	4,950	4,950
Retained surplus/(Accumulated deficit)		(1,712)	(2,160)	(3,145)
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		**3,032**	**2,790**	**1,805**

Cash Flow Statement

SDS (Sales and Distribution Services)	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges	26,30	78,132	72,007	72,597
Grants and other contributions		70	..	..
Other		5,829	5,899	6,055
Outflows:				
Employee costs		(8,997)	(8,997)	(9,028)
Supplies and services	27,31	(65,867)	(59,309)	(61,135)
Grants and subsidies		..	..	..
Borrowing costs	28	(660)	(427)	(357)
Tax equivalents paid		..	..	(74)
Other		(6,922)	(6,922)	(6,985)
Net cash provided by/(used in) operating activities		**1,585**	**2,251**	**1,073**
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment and intangibles		(124)	(124)	(300)
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		**(124)**	**(124)**	**(300)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		5,000	6,000	5,000
Equity injections		..	..	..
Outflows:				
Dividends paid		..	..	(88)
Borrowing redemptions	29	(6,200)	(8,679)	(5,661)
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Net cash provided by/(used in) financing activities		**(1,200)**	**(2,679)**	**(749)**
Net increase/(decrease) in cash held		**261**	**(552)**	**24**
Cash at the beginning of financial year		**565**	**978**	**426**
Cash transfers from restructure		..	..	..
Cash at the end of financial year		**826**	**426**	**450**

Explanation of Variances in the Financial Statements

Income Statement

Major variations between 2008-09 Budget and 2008-09 Estimated Actual include:

1. Estimated growth in revenue is not anticipated to be reached in 2008-09 which is mainly attributable to the position of the Furniture business stream.
2. The variance relates to a number of positions not being filled in 2008-09.
3. The decrease is due to a reduction in cost of sales commensurate with a reduction in User charges.
4. The decrease is attributable to the effective management of the working capital facility together with a number interest rate decreases.
5. The increase is primarily due to the recognition of a provision for inventory and impaired debts owed by commercial customers.

Major variations between 2008-09 Budget and 2009-10 Estimate include:

6. The decrease relates to an anticipated reduction in sales in consumables and furniture.
7. The variance is primarily related to the reduction in the cost of sales.
8. The decrease is due to a reduction in the working capital facility and anticipated reduction in interest rates.
9. The increase is primarily due to the recognition of a provision for inventory and impaired debts owed by commercial customers.

Major variations between 2008-09 Estimated Actual and the 2009-10 Estimate include:

10. The growth in User charges is anticipated to be approximately 1% in 2009-10.
11. Salaries are budgeted to increase by the anticipated Enterprise Bargaining Agreement for 2009-10.
12. The increase is attributable to an increase in the cost of sales in line with the budgeted increase in sales and an increase in rental accommodation charges.

Balance Sheet

Major variations between 2008-09 Budget and 2008-09 Estimated Actual include:

13. More effective debtors management practices with major intergovernmental customers have seen the level of debtors reduced compared with the original budget.
14. The reduction in inventory is primarily due to the raising of a provision to recognise the impaired inventory balances in the preparatory year stock.
15. The increase relates to the prepayment of the Queensland Government Insurance Fund premium in June 2009.
16. Capitalisation of automatic catalogue production, Pronto Analytics tool and upgrades to SDS on-line and Pronto enhancements.
17. The Annual Leave Central Scheme impact was not anticipated at the preparation of the 2008-09 budget - See also non-current liabilities explanations.
18. Reduction in working capital facility as a result of improved cash flow management.
19. Revenue received in advance from the Department of Education, Training and the Arts for the Electrical Infrastructure Project.

Major variations between 2008-09 Budget and 2009-10 Estimate include:

20. More effective debtors management practices with major intergovernmental customers have seen the level of debtors reduced.
21. The provision for the preparatory year stock holdings will see the inventory position reduced to ensure valuation is at lower of cost and net realisable value.
22. The increase relates to the prepayment of the Queensland Government Insurance Fund premium in June 2009.
23. Capitalisation of automatic catalogue production, Pronto Analytics tool and upgrades to SDS on-line and Pronto enhancements.

Major variations between 2008-09 Estimated Actual and the 2009-10 Estimate include:

24. Upgrades to SDS on-line and pronto enhancements.
25. The decrease is a result of improved cash flow management.

Cash Flow Statement

Major variations between 2008-09 Budget and 2008-09 Estimated Actual include:

26. The decrease is due to the lower than anticipated User charges.
27. The decrease is due to lower cost of sales.
28. Reduced outflows in borrowing costs due to reduction in interest on working capital facility.
29. Increased repayment on the working capital facility.

Major variations between 2008-09 Budget and 2009-10 Estimate include:

30. The decrease is due to the lower than anticipated User charges.
31. The decrease is due to a reduction in the cost of sales.

Shared Service Initiative

Shared Service Agency

Overview

The Shared Service Agency (SSA) is the largest shared service provider in the Queensland Government. The SSA's suite of services includes finance, procurement, human resource management, facilities management, and information technology support to more than 70,000 customers.

The key factors and challenges impacting on the SSA include:

- maintaining service delivery while realigning elements of the SSA's business model
- implementing a business reform program aimed at improving customer service and reducing costs
- delivering agreed financial performance targets
- maintaining an appropriately skilled and committed workforce.

Review of Performance

Recent achievements

The SSA's recent achievements include:

- continuing to provide services to over 70,000 customers within a changing public sector environment
- developing a common costing and pricing methodology for the purchase of shared corporate services and introducing full fee-for-service arrangements from 1 July 2008
- developing and implementing a Management Assurance Framework to provide assurance to client agencies that SSA management has maintained effective internal controls for its operations
- commencing a rolling program of pulse surveys seeking timely customer feedback on the SSA's major services
- introducing a management excellence program to build management skills for SSA staff.

Future developments

The SSA's priorities for 2009-10 include:

- consolidating and standardising services
- refining governance and customer relationship models to align with the changes to departmental arrangements
- refining business models and structures to improve service delivery and cost-effectiveness
- embedding and refining the Management Assurance Framework
- embedding environmentally friendly practices into the SSA's business practices.

Statements

Performance Statement

Shared Service Agency	Notes	2008-09 Target/Est.	2008-09 Est. Actual	2009-10 Target/Est.
Financial performance measures				
Labour costs as a percentage of total expenses	1	63%	57%	58%
Current Ratio	2	1.1:1	1.3:1	1.4:1
Non-financial performance measures				
Customer satisfaction with service delivery	3	60%	N/A	≥ 70%
Targeted systems and processes standardised within agreed timetable	4	90%	N/A	Discontinued
Targeted business reform projects delivered within agreed budget	5	New measure	New measure	Within 10% of budget

Notes:

1. The decrease is mainly due to Machinery of Government changes in relation to the return of services to agencies and an adjustment to supplies and services for estimated contractor costs.
2. The increase in the current ratio is due to capital rationalisation, lower than forecast capital replacement and a reduction in forecast levels of unearned revenue.
3. The SSA did not conduct a major customer survey during 2008-09. The next major survey is expected to occur during 2010, however from March 2009 the SSA has introduced a rolling program of pulse surveys seeking more timely customer feedback on its major services.
4. This measure was not used during 2008-09. Refinements to the measure and target have been made for 2009-10 to better reflect the implementation of business reform projects. The business reform work is conducted through budgeted project management.
5. New measure included for 2009-10 to replace the previous measure “targeted systems and processes standardised within agreed timetable”.

Income Statement

Shared Service Agency	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
Income				
User charges	1,8	210,861	180,217	180,249
Grants and other contributions	2,13	5,848	10,142	4,334
Other revenue		98	98	98
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
Total income		**216,807**	**190,457**	**184,681**
Expenses				
Employee expenses	3,9	135,837	108,190	107,536
Supplies and services	4,10,14	60,670	78,362	73,602
Grants and subsidies		..	..	..
Depreciation and amortisation	5,11	3,349	2,701	2,450
Finance/borrowing costs		..	..	..
Other expenses	6,12	16,951	1,204	1,093
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
Total expenses		**216,807**	**190,457**	**184,681**
OPERATING SURPLUS/(DEFICIT)		**..**	**..**	**..**

Statement of Changes in Equity

Shared Service Agency	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/ (decrease) in asset revaluation reserve		..	..	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
Net income recognised directly in equity		**..**	**..**	**..**
Surplus/(deficit) for the period		..	..	..
Total recognised income and expense for the period		**..**	**..**	**..**
Equity injection/(withdrawal)		..	(376)	..
Equity adjustments (MoG transfers)		..	(331)	..
Total movement in equity for period	7	**..**	**(707)**	**..**

Balance Sheet

Shared Service Agency	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
CURRENT ASSETS				
Cash assets	15,23	15,575	10,217	8,461
Receivables		17,875	18,556	20,007
Other financial assets		..	..	..
Inventories		11	9	9
Other	16	229	64	64
Non-financial assets held for sale		..	..	..
Total current assets		**33,690**	**28,846**	**28,541**
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	17,24,27	8,585	7,361	6,320
Intangibles	18	174	1,291	960
Other		..	..	..
Total non-current assets		**8,759**	**8,652**	**7,280**
TOTAL ASSETS		**42,449**	**37,498**	**35,821**
CURRENT LIABILITIES				
Payables		11,067	10,760	9,416
Employee benefits obligations	19,25	9,863	3,223	2,890
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other	20,26	9,376	7,616	7,616
Total current liabilities		**30,306**	**21,599**	**19,922**
NON-CURRENT LIABILITIES				
Payables		..	..	..
Employee benefits obligations		953	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		**953**	**..**	**..**
TOTAL LIABILITIES		**31,259**	**21,599**	**19,922**
NET ASSETS (LIABILITIES)		**11,190**	**15,899**	**15,899**
EQUITY				
Capital/contributed equity	21	10,394	12,873	12,873
Retained surplus/(Accumulated deficit)	22	796	3,026	3,026
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		**11,190**	**15,899**	**15,899**

Cash Flow Statement

Shared Service Agency	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges	28,35	231,447	207,528	200,120
Grants and other contributions	29,39	5,469	10,142	4,334
Other		7,425	5,012	8,688
Outflows:				
Employee costs	30,36	(136,271)	(107,713)	(107,869)
Supplies and services	31,37	(68,423)	(85,985)	(82,550)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other	32,38	(37,037)	(26,797)	(23,400)
Net cash provided by/(used in) operating activities		**2,610**	**2,187**	**(677)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment and intangibles	33,40	(939)	(521)	(1,079)
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		**(939)**	**(521)**	**(1,079)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections		..	..	..
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals	34	..	(376)	..
Net cash provided by/(used in) financing activities		**..**	**(376)**	**..**
Net increase/(decrease) in cash held		**1,671**	**1,290**	**(1,756)**
Cash at the beginning of financial year		**13,904**	**8,927**	**10,217**
Cash transfers from restructure		..	..	..
Cash at the end of financial year		**15,575**	**10,217**	**8,461**

Explanation of Variances in the Financial Statements

Income Statement

Major variations between 2008-09 Budget and 2008-09 Estimated Actual include:

1. The decrease is mainly due to Machinery of Government (MoG) changes in relation to the return of services to agencies and a reduction in forecast revenue to account for the transfer of the performance return to agencies.
2. The increase is mainly due to additional grant funding for depreciation not previously forecast and a higher than forecast carry-over of funding for business improvement projects.
3. The decrease is mainly due to MoG changes referred to in Note 1 and an adjustment to Supplies and services for estimated contractor costs.
4. The increase is mainly due to an adjustment from Employee expenses for estimated contractor costs and an adjustment from Other expenses for operating leases relating to accommodation.
5. The decrease is mainly due to the MoG changes referred to in Note 1 and lower than forecast asset replacement.
6. The decrease is mainly due to a reclassification to Supplies and services for operating leases relating to accommodation and a reduction for the transfer of the performance return to agencies.
7. The decrease is due to the transfer of assets relating to MoG changes referred to in Note 1.

Major variations between 2008-09 Budget and 2009-10 Estimate include:

8. Refer to Note 1.
9. Refer to Note 3.
10. Refer to Note 4.
11. Refer to Note 5.
12. Refer to Note 6.

Major variations between 2008-09 Estimated Actual and the 2009-10 Estimate include:

13. The decrease is mainly due to reductions in grant funding and carry-over funding for business improvement projects.
14. The decrease is mainly due to a forecast reduction in contractor costs and other Supplies and services.

Balance Sheet

Major variations between 2008-09 Budget and 2008-09 Estimated Actual include:

15. The decrease is mainly due to a cash payment in relation to the transfer of annual leave liability to Queensland Treasury for the Annual Leave Central Scheme (ALCS).
16. The decrease is due to lower than forecast levels of prepayments.
17. The decrease is mainly due to the MoG changes referred to above and efficient capital management and rationalisation.
18. The increase is due to the capitalisation of the Information, Communication and Technology network.
19. The decrease is mainly due to the transfer of annual leave liability to Queensland Treasury for the ALCS.
20. The decrease is mainly due to lower than forecast levels of unearned revenue.
21. The net increase is mainly due to the transfer of annual leave liability to Queensland Treasury for the ALCS.
22. The increase is mainly due to the capitalisation of leasehold improvements.

Major variations between 2008-09 Budget and 2009-10 Estimate include:

23. Refer to Note 15.
24. Refer to Note 17.
25. Refer to Note 19.
26. Refer to Note 20.

Major variations between 2008-09 Estimated Actual and the 2009-10 Estimate include:

27. The decrease is due to forecast capital rationalisation, efficient capital management and a reduction in leasehold improvements.

Cash Flow Statement

Major variations between 2008-09 Budget and 2008-09 Estimated Actual include:

28. Refer to Note 1.
29. Refer to Note 2.
30. Refer to Note 3.
31. Refer to Note 4.
32. Refer to Note 6.
33. The decrease is due to lower than forecast levels of asset replacement.
34. The increase in the Equity withdrawal is due to the cash component of the MoG changes referred to in Note 1.

Major variations between 2008-09 Budget and 2009-10 Estimate include:

35. Refer to Note 1.
36. Refer to Note 3.
37. Refer to Note 4.
38. Refer to Note 6.

Major variations between 2008-09 Estimated Actual and the 2009-10 Estimate include:

39. Refer to Note 13.
40. The increase in asset replacement is in line with the forecasted Asset Replacement Program for 2009-10.

CorpTech

Overview

CorpTech provides high quality, cost-effective business solutions including finance, human resources and other corporate information systems to shared service providers and agencies. CorpTech manages systems that support human resources, finance and facilities management and provides supporting services including help desk, call centres and infrastructure management solutions.

In its role as a technology centre of skill, CorpTech is implementing standardised corporate service business solutions, consolidating technological platforms and pooling resources and expertise to achieve financial and business benefits across the Queensland Government shared service providers and their customer agencies.

The key factors and challenges impacting on CorpTech include:

- progressing the whole-of-Government agenda while managing competing demands and priorities in a tight fiscal environment
- maintaining operational capability while progressing implementation of new business solutions
- moving to a fee-for-service environment commencing with notional billing
- maintaining an appropriate skills base.

Working with shared service providers, CorpTech has established a revised model for the delivery of new business solutions to increase program efficiencies and support the sector in realising business benefits.

Review of Performance

Recent achievements

CorpTech's recent achievements include:

- refining the program approach and organisation structure to best meet solution implementation and support commitments
- establishing a new IT Service Management business model, through the creation of a permanent Service Management structure and developing a Service Catalogue that clearly articulates the services provided by CorpTech
- developing a client charter and new client engagement model to provide future service direction and service level management.

Future developments

In the future, CorpTech will:

- deliver system changes to support the restructure of Queensland Government departments resulting from the 2009 Machinery-of-Government changes
- progressively implement an approved Corporate Solutions Program, comprising consolidation of, and upgrades to, human resource and finance systems across government
- transition to a fee-for-service.

Statements

Performance Statement

CorpTech	Notes	2008-09 Target/Est.	2008-09 Est. Actual	2009-10 Target/Est.
Financial performance measures				
Labour costs as a percentage of total expenses	1	32%	27%	28%
Non-financial performance measures				
Percentage of OLA's signed	2	100%	66%	100%
Percentage of Incidents and Service Requests completed on time		80%	80%	80%
Percentage of system availability		98%	98%	98%
Number of Phase 1 agency implementations substantially complete	3,4	4	N/A	Discontinued
Projects completed on time, within budget and in accordance with agreed project outcomes	5	New measure	New measure	Completed and met

Notes:
1. The percentage of labour costs is lower than estimated as the move from contractors to advertised public service appointments is still in progress. In addition, resourcing requirements have reduced due to delays in the implementation schedule for the Business Solutions Program.
2. Two of the six Service Level Agreements (formerly Operating Level agreements) with client agencies and shared service providers for the provision of system support and infrastructure have not been formally finalised due to ongoing refinements to documentation.
3. The 2008-09 target was not applicable due to a change in direction to support multiple systems and projects simultaneously rather than the previous approach based on one solution model.
4. This measure has been replaced by a measure of project completion on time, within budget and in accordance with agreed project outcomes.
5. Refer to note 4.

Income Statement

CorpTech	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
Income				
User charges	1,5	85,647	99,100	92,072
Grants and other contributions	2,6	25,756	31,607	36,744
Other revenue		1,390	294	228
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
Total income		**112,793**	**131,001**	**129,044**
Expenses				
Employee expenses		35,550	35,389	36,469
Supplies and services	3,7,9	42,948	67,504	57,889
Grants and subsidies		..	..	..
Depreciation and amortisation	4,10	28,862	22,207	27,298
Finance/borrowing costs		..	..	..
Other expenses		5,433	5,901	7,388
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
Total expenses		**112,793**	**131,001**	**129,044**
OPERATING SURPLUS/(DEFICIT)		**..**	**..**	**..**

Statement of Changes in Equity

CorpTech	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation reserve		..	..	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
Net income recognised directly in equity		**..**	**..**	**..**
Surplus/(deficit) for the period		..	..	..
Total recognised income and expense for the period		**..**	**..**	**..**
Equity injection/(withdrawal)	8,11	9,154	9,154	(7,700)
Equity adjustments (MoG transfers)		..	..	..
Total movement in equity for period		**9,154**	**9,154**	**(7,700)**

Balance Sheet

CorpTech	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
CURRENT ASSETS				
Cash assets	12,17,20	22,794	63,571	16,033
Receivables	13,18	19,559	9,448	8,936
Other financial assets		..	..	..
Inventories		..	..	..
Other		2,936	3,000	2,750
Non-financial assets held for sale		20	2	2
Total current assets		**45,309**	**76,021**	**27,721**
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment		1,907	1,254	1,288
Intangibles	14,21	184,056	166,870	188,570
Other		..	..	..
Total non-current assets		**185,963**	**168,124**	**189,858**
TOTAL ASSETS		**231,272**	**244,145**	**217,579**
CURRENT LIABILITIES				
Payables		17,253	14,132	16,169
Employee benefits obligations	15,19	4,541	2,472	940
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other	16,22	..	19,371	..
Total current liabilities		**21,794**	**35,975**	**17,109**
NON-CURRENT LIABILITIES				
Payables		..	..	..
Employee benefits obligations		1,020	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		**1,020**	**..**	**..**
TOTAL LIABILITIES		**22,814**	**35,975**	**17,109**
NET ASSETS (LIABILITIES)		**208,458**	**208,170**	**200,470**
EQUITY				
Capital/contributed equity		206,511	205,013	197,313
Retained surplus/(Accumulated deficit)		1,947	3,157	3,157
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		**208,458**	**208,170**	**200,470**

Cash Flow Statement

CorpTech	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges	23,30,37	94,353	73,965	101,258
Grants and other contributions	24,31,38	25,756	61,978	17,373
Other	25,39	8,097	13,736	7,931
Outflows:				
Employee costs	26,32,40	(36,145)	(33,674)	(38,001)
Supplies and services	27,33,41	(49,323)	(81,491)	(63,305)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other	28,42	(14,137)	(29,863)	(16,062)
Net cash provided by/(used in) operating activities		**28,601**	**4,651**	**9,194**
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment and intangibles	29,34,43	(38,018)	(31,637)	(49,032)
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		**(38,018)**	**(31,637)**	**(49,032)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections	35,44	9,154	9,154	..
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals	36,45	..	..	7,700
Net cash provided by/(used in) financing activities		**9,154**	**9,154**	**(7,700)**
Net increase/(decrease) in cash held		**(263)**	**(17,832)**	**(47,538)**
Cash at the beginning of financial year		**23,057**	**81,403**	**63,571**
Cash transfers from restructure		..	..	..
Cash at the end of financial year		**22,794**	**63,571**	**16,033**

Explanation of Variances in the Financial Statements

Income Statement

Major variations between 2008-09 Budget and 2008-09 Estimated Actual include:

1. The increase is mainly due to deferred User charges funding to offset 2008-09 Corporate Solutions Program (CSP).
2. The increase is mainly due to the inclusion of carry-over grant funding to offset 2008-09 CSP expenditure.
3. The increase is mainly due to contract expenditure associated with the CSP.
4. The decrease is due to the delay in the implementation of the CSP as a result of a change in direction to support multiple systems and projects simultaneously rather than the previous approach based on one solution model.

Major variations between 2008-09 Budget and 2009-10 Estimate include:

5. The increase is mainly due to additional revenue associated with new system support services and enterprise bargaining.
6. The increase is mainly due to an equity to operating funding swap for the CSP.
7. The increase is mainly due to contract expenditure associated with the CSP.
8. The variance is due to the ceasing of an equity injection in 2008-09 and an equity to operating revenue swap in 2009-10.

Major variations between 2008-09 Estimated Actual and the 2009-10 Estimate include:

9. The decrease is mainly due to the anticipated reduction in project contract resource requirements.
10. The increase is due to the anticipated implementation of the CSP.
11. Refer to Note 8 above.

Balance Sheet

Major variations between 2008-09 Budget and 2008-09 Estimated Actual include:

12. The increase is mainly due to retained cash balances for the CSP.
13. The decrease is due to a change in methodology for advance invoicing.
14. Refer to Note 4 above.
15. The decrease is due to the movement of employee provisions to the Annual Leave Central Scheme (ALCS).
16. The increase in unearned revenue is mainly due to the deferral of depreciation funding associated with the CSP.

Major variations between 2008-09 Budget and 2009-10 Estimate include:

17. The decrease is mainly due to the utilisation of retained cash balances for the CSP.
18. Refer to Note 13 above.
19. Refer to Note 15 above.

Major variations between 2008-09 Estimated Actual and the 2009-10 Estimate include:

20. Refer to Note 17 above.
21. Refer to Note 10 above.
22. It is anticipated that there will be no unearned revenue to carry over to 2009-10.

Cash Flow Statement

Major variations between 2008-09 Budget and 2008-09 Estimated Actual include:

23. The decrease is mainly due to a reclassification of revenue from User charges to grant revenue.
24. The increase is mainly due to a reclassification of revenue from User charges to grant revenue.
25. The increase is associated with GST cashflows.
26. The decrease is due to the timing of the payment to the ALCS associated with the timing of the related system implementation.
27. Refer to Note 3 above.
28. The increase is mainly due to a payment to the Consolidated Fund associated with the 2006-07 performance return.
29. Refer to Note 4 above.

Major variations between 2008-09 Budget and 2009-10 Estimate include:

30. The increase is mainly due to additional revenue associated with new system support services and enterprise bargaining.
31. The decrease is mainly due to decreased depreciation grant funding in 2009-10 offset by an equity to operating funding swap in 2009-10.
32. The increase is mainly due to the outcomes from the Enterprise Bargaining Agreement (EBA).
33. The increase is mainly due to contract expenditure associated with the CSP.
34. The increase is due to the anticipated implementation of the CSP.
35. The decrease is due to the ceasing of an equity injection for the CSP in 2008-09.
36. The increase is due to the CSP equity to operating revenue swap in 2009-10.

Major variations between 2008-09 Estimated Actual and the 2009-10 Estimate include:

37. Refer to Note 30 above.
38. Refer to Note 31 above.
39. The decrease is associated with GST cash flows.
40. The increase is due partially to the outcomes of the EBA and partially to the timing of the 2008-09 payment to the ALCS, which has been deferred to 2009-10 due to the timing of the related system implementation.
41. Refer to Note 9 above.
42. The decrease is mainly due to a 2006-07 performance return payment, made in 2008-09.
43. Refer to Note 34 above.
44. Refer to Note 35 above.
45. Refer to Note 36 above.

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.

A principal role of the Authority is the provision of remedies for defective building work which includes an insurance scheme providing compensation to consumers 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.

Following the implementation of several proactive initiatives within the Authority the estimated full time equivalents at 30 June 2009 was 339, with estimated full time equivalents of 342 at 30 June 2010.

Review of Performance

Recent achievements

The Authority's recent achievements include:

- issuing 74,000 home warranty insurance policies for residential building work valued at $7.5 billion and paying $30 million in home warranty insurance claims
- licensing 7,000 site supervisors in 2008-09 following the introduction of mandatory site supervisor licences in December 2008
- introducing occupational licensing for fire protection work in early 2009
- conducting 29 Contractor Education Seminars (3050 attendees), 13 *The Building Game* financial advice seminars (1500 attendees), 50 Trade Specific Seminars (1200 attendees) and 31 Consumer Education Seminars (1100 attendees)
- conducting major media campaigns focused on encouraging consumers to engage licensed contractors to build and renovate
- 850 adjudicated decisions valued at $180 million noted by the Building and Construction Industry Registry
- carrying out two unlicensed contracting compliance blitzes in May and October 2008, interviewing a total of 6,894 industry participants and identifying 143 instances of suspected unlicensed contracting.

Future developments

In future, the Authority will:

- introduce additional benefits under the home warranty insurance scheme to cover against fire, storm and tempest, wilful damage and theft
- provide financial and business assistance to contractors through education and awareness
- implement an awareness campaign to promote consumer confidence in the building industry

- continue an aggressive compliance program to remove unlicensed contractors and other offenders from the industry
- introduce fairer contracts in the residential sector
- introduce the facility to lodge renewals electronically and enhance educational material provided on-line as part of an Ebusiness and Ecommerce initiative.

Statements

Performance Statement

Queensland Building Services Authority	Notes	2008-09 Target/Est.	2008-09 Est. Actual	2009-10 Target/Est.
Insurance policies issued	1	96,400	72,000	72,000
Licensees including Accredited Building Certifiers	2	81,000	81,237	85,222
Licence applications received	3	8,000	15,192	8,760
Renewal reviews finalised		70,500	66,045	78,000
Unlicensed contractor investigations initiated	4	750	678	675
Performance audits initiated (financial)	5	500	1,733	1,800
Dispute Notifications finalised		5,000	5,300	5,500
Insurance claims finalised		1,400	2,000	1,600
Customers advised by telephone	6	295,000	243,000	245,000
Contractual investigations	7	400	280	300
Performance Audits (second financial failure – life bans)	8	20	45	55
Reviews of Building Service Authority decisions satisfactorily resolved (%)		90	87	90
Disputes satisfactorily resolved (%)		75	77.5	75
Approved claimants fully compensated		98.5	98.5	98.5
Movement in Customer Continuum		4.5	4.5	4.5
% Contractors compliant with -				
• Certifiers technical audit requirements		75	70	70
• Licensing		98	95	95
• Requests to rectify		80	75	80
• Allowable Annual Turnover		99	98	99
• Domestic Building Contracts Act		80	83	80
Days to finalise 50% of licence applications	9	5	31	25
Days to finalise 50% of disputes	10	45	64	65
Days to admit 50% of insurance claims		20	19.5	20
Average wait time to be assisted over the phone (seconds)		65	106	100
State Contribution ($'000)		**..**	**..**	**..**
Other Revenue ($'000)		**86,112**	**110,661**	**124,239**
Total Cost ($'000)		**74,384**	**121,068**	**126,260**

Notes:
1. Slowdown in the residential building sector as a result of the global economic slowdown has led to lower than forecast new home starts in Queensland.
2. Growth includes 7,000 new licences for site supervisors and takes into account 25% increase in licence cancellations in 2008-09.
3. Includes new site supervisors licences.
4. Relocation of compliance resources into financial investigations due to the current economic slowdown.
5. See note 4.
6. Reduction in calls countered by 82% increase in BSA website enquiries.
7. See note 4.
8. Effect of economicslowdown on business.
9. Increased processing times due to extra 7,000 site supervisor applications being received. Total applications increased by 50% to 15,000 and this impacted on processing times.
10. Increased processing times due to increase in disputes received from 5,600 to 5,900 this year and actions taken by contractors to challenge home owners' right to dispute complaints and BSA decisions.

Income Statement

Queensland Building Services Authority	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
Income				
User charges	1,7	30,655	53,939	57,416
Grants and other contributions		..	..	..
Other revenue	8,12	55,551	56,862	66,857
Gains on sale/revaluation of property, plant and equipment and investments	2,9,13	(94)	(140)	(34)
Total income		**86,112**	**110,661**	**124,239**
Expenses				
Employee expenses		24,502	26,928	29,094
Supplies and services	3,14	12,266	16,322	14,054
Grants and subsidies		..	..	..
Depreciation and amortisation	4,10	2,852	1,761	1,686
Finance/borrowing costs		..	..	..
Other expenses	5,11	15,681	76,057	81,426
Losses on sale/revaluation of property, plant and equipment and investments	6	19,083	..	..
Total expenses		**74,384**	**121,068**	**126,260**
OPERATING SURPLUS/(DEFICIT)		**11,728**	**(10,407)**	**(2,021)**

Statement of Changes in Equity

Queensland Building Services Authority	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation reserve		..	..	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
Net income recognised directly in equity		**..**	**..**	**..**
Surplus/(deficit) for the period		11,728	(10,407)	(2,021)
Total recognised income and expense for the period		**11,728**	**(10,407)**	**(2,021)**
Equity injection/(withdrawal)		..	..	..
Equity adjustments (MoG transfers)		..	..	..
Total movement in equity for period		**11,728**	**(10,407)**	**(2,021)**

Balance Sheet

Queensland Building Services Authority	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
CURRENT ASSETS				
Cash assets	15,22	12,329	5,306	5,306
Receivables	16,23,32	24,169	35,271	29,795
Other financial assets	17,24,33	146,911	117,870	131,132
Inventories		..	..	..
Other	25	16,979	17,557	20,419
Non-financial assets held for sale		..	..	..
Total current assets		**200,388**	**176,004**	**186,652**
NON-CURRENT ASSETS				
Receivables	26	70,091	75,355	83,095
Other financial assets		..	..	..
Property, plant and equipment		6,205	6,710	6,548
Intangibles	18,27	1,184	3,213	3,501
Other	21,28	..	570	498
Total non-current assets		**77,480**	**85,848**	**93,642**
TOTAL ASSETS		**277,868**	**261,852**	**280,294**
CURRENT LIABILITIES				
Payables	19,29,34	19,334	31,440	35,381
Employee benefits obligations	30,35	4,725	4,713	7,450
Interest-bearing liabilities and derivatives		..	..	..
Provisions		32,668	34,653	34,653
Other		24,272	22,205	24,272
Total current liabilities		**80,999**	**93,011**	**101,756**
NON-CURRENT LIABILITIES				
Payables		..	..	..
Employee benefits obligations		2,322	2,580	2,580
Interest-bearing liabilities and derivatives		..	..	..
Provisions	31	116,934	120,172	132,172
Other	20	..	2,097	1,815
Total non-current liabilities		**119,256**	**124,849**	**136,567**
TOTAL LIABILITIES		**200,255**	**217,860**	**238,323**
NET ASSETS/(LIABILITIES)		**77,613**	**43,992**	**41,971**
EQUITY				
Capital/contributed equity		..	..	..
Retained surplus/(Accumulated deficit)		77,613	43,992	41,971
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		**77,613**	**43,992**	**41,971**

Cash Flow Statement

Queensland Building Services Authority	Notes	2008-09 Budget $'000	2008-09 Est. Act. $'000	2009-10 Estimate $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges	36,43,49	3,474	44,222	64,959
Grants and other contributions		..	..	..
Other	37	48,470	55,288	53,484
Outflows:				
Employee costs		(23,637)	(24,782)	(26,357)
Supplies and services	38,44,50	(10,880)	(24,134)	(16,923)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other	39,45,51	(2,639)	(56,670)	(65,616)
Net cash provided by/(used in) operating activities		**14,788**	**(6,076)**	**9,547**
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment	40,46,52	(94)	(202)	(34)
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment and intangibles	41,47,53	(4,507)	(2,972)	(1,812)
Payments for investments	42,48,54	(10,188)	1,699	(7,701)
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		**(14,789)**	**(1,475)**	**(9,547)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections		..	..	..
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Net cash provided by/(used in) financing activities		**..**	**..**	**..**
Net increase/(decrease) in cash held		**(1)**	**(7,551)**	**..**
Cash at the beginning of financial year		**12,330**	**12,857**	**5,306**
Cash transfers from restructure		..	..	..
Cash at the end of financial year		**12,329**	**5,306**	**5,306**

Explanation of Variances in the Financial Statements

Income Statement

Major variations between 2008-09 Budget and 2008-09 Estimated Actual include:

1. The movement is due to a change in the reporting format which now places reinsurers outward share of reinsurance premiums in expenses ($44.699M). Revised User charges then restated to $74.2M. Reduction in premium income by 35% due to building industry downturn lowers restated User charges.
2. The movement is due to higher fleet change over costs due to loss of trade value of six cylinder vehicles being replaced with low emission vehicles.
3. The movement is due to increased legal costs associated with a major legal case.
4. The movement is due to timing of large capital expenditure item delays.
5. The movement is due to reinsurers' share of premiums now shown in this expense item ($44.699M previously in User charges) and the reclassification of miscellaneous other expenditure into Supplies & services (value $0.567M).
6. The movement is due to the transfer into Other revenue.

Major variations between 2008-09 Budget and 2009-10 Estimate include:

7. Refer note 1.
8. The increase is due to a $19.083M transferred from Losses on sale/revaluation of property plant & equipment and ($29.850M) transferred to Other expenses.
9. The movement is due to anticipated lower losses on vehicle replacement due to lower number of six cylinder vehicle trades.
10. Refer note 4.
11. Refer note 5.

Major variations between 2008-09 Estimated Actual and the 2009-10 Estimate include:

12. Refer note 8.
13. Refer note 9.
14. Refer note 3.

Balance Sheet

Major variations between 2008-09 Budget and 2008-09 Estimated Actual include:

15. The movement is due to reduced investment returns on Cash Assets due to lower official interest rates and decreased cash flow from both insurance premiums and licence fees as a result of current economic conditions.
16. The movement is due to Insurance receivables increasing as a result of the failure of several licensees.
17. The movement is due to a decline in invested funds due to the failure of the equity market as a result of current economic conditions.
18. The movement is due to the planned upgrade of computer software.
19. The movement is due to an increase in Reinsurer's Share of future claims.
20. The movement is due to lease incentive payment received.
21. The movement is due to leasehold restoration costs paid in advance.

Major variations between 2008-09 Budget and 2009-10 Estimate include:

22. Refer note 15.
23. Refer note 16.
24. Refer note 17.
25. The movement is due to the recognition of earned premium revenue from the prior 12 months.
26. The movement is due to reinsurers' share of future claims provision.
27. Refer note 18.
28. Refer note 21.
29. Refer note 19.
30. The movement is due to a 4% EBA and accumulating Long Service Leave entitlements.
31. The movement is due to an increase in the non current provision for future claims as required by the actuary.

Major variations between 2008-09 Estimated Actual and the 2009-10 Estimate include:

32. The movement is due to Insurance receivables reducing as a result of finalisation of several large recovery actions against failed builders.
33. The movement is due to an anticipated improvement in investment returns from equities.
34. The movement is due to an adjustment for future claims provisions.
35. Refer note 30.

Cash Flow Statement

Major variations between 2008-09 Budget and 2008-09 Estimated Actual include:

36. Refer note 1.
37. Refer note 16.
38. Refer note 3.
39. Refer note 25.
40. Refer note 2.
41. Refer note 4.
42. Refer note 17.

Major variations between 2008-09 Budget and 2009-10 Estimate include:

43. Refer note 1.
44. Refer note 3.
45. Refer note 25.
46. Refer note 9.
47. Refer note 4.
48. Refer note 17.

Major variations between 2008-09 Estimated Actual and the 2009-10 Estimate include:

49. Refer note 1.
50. Refer note 3.
51. Refer note 25.
52. Refer note 9.
53. The movement is due to a delay in major capital expenditure of software and relocation of regional offices.
54. The movement is due to an anticipated improvement in investment return from equities.