

PART 14

Department of Public Works

Summary of departmental portfolio budgets

Page	Agency	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
2-154	Department of Public Works - controlled	612,357	620,291	643,450
	Department of Public Works - administered	68,743	68,491	43,881
2-179	QBuild	735,883	804,065	838,810
2-186	Project Services	142,591	179,709	151,131
2-194	QFleet	143,099	208,155	222,574
2-201	CITEC	173,705	174,596	201,192
2-209	Goprint	15,186	13,938	14,254
2-216	SDS (Sales and Distribution Services)	66,031	68,588	64,136
2-223	Shared Service Agency	184,681	177,964	189,580
2-230	CorpTech	129,044	130,865	123,608
2-237	Queensland Building Services Authority	126,260	145,351	148,085

Note:

1. Explanations of variances are provided in the financial statements.

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

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

- Strong – *Creating a diverse economy powered by bright ideas* through built infrastructure, ICT and services that support growth in Queensland
- Green – *Protecting our lifestyle and environment* through sustainable fleet management, green ICT and building initiatives
- Smart – *Delivering world class education and training* by providing graduate programs and local training and employment opportunities through construction trade apprentices, graduate programs in ICT and procurement and traineeships
- Healthy – *Making Queenslanders Australia's healthiest people* through implementing a whole-of-department health program to assist staff manage their health, wellbeing and safety (Better Pathways to Health Program)
- Fair – *Supporting safe and caring communities* through volunteer programs at Roma Street Parkland and Queensland State Archives, and supporting reconciliation through the department's *Reconciliation Management Plan 2007-10 Working Towards Reconciliation*.

The department's lead role in coordinating built infrastructure projects under the Australian Government's Nation Building – Economic Stimulus Plan (the plan to stimulate the economy and build lasting infrastructure for Australia's future) also contributes to a strong Queensland. Fast-tracking the implementation of the Nation Building – Economic Stimulus Plan and the Government's building capital works program to support jobs and strengthen the Queensland economy remains a key challenge for the department.

The department is striving to improve service delivery through the use of emerging technologies and shared arrangements, and reduce costs through the efficient use of resources. The community's growing demand for seamless access to government services, and the need to meet a high standard of accountability, transparency and integrity are key factors influencing service delivery.

To address these issues, the department is pursuing seven strategic objectives:

- improve building asset management outcomes across government – measured through delivering capital works projects on time and within budget; gaining a return on investment for the office portfolio and government employee housing; and reducing vacancy rates for office accommodation and employee housing portfolios
- improve efficiency and effectiveness in ICT investment – measured by savings and benefits delivered through ICT programs
- enhance delivery of cost-effective support services – measured through reduced cost for services; and meeting government fiscal targets
- deliver better procurement outcomes for the Government – measured by savings and benefits delivered under existing and new arrangements for government agencies
- manage information effectively – measured by client satisfaction
- manage environmental initiatives effectively – measured through reductions in energy consumption in government buildings; and vehicle fleet carbon dioxide emissions
- enhance organisational capability and governance to support future service delivery – measured through cost-effective departmental corporate services.

2010-11 HIGHLIGHTS

Building infrastructure

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

- delivering major construction infrastructure projects, including:
 - a 23,000-seat AFL stadium at Carrara on the Gold Coast capable of accommodating international standard sporting events;
 - the 19-storey Supreme Court and District Court complex in the Brisbane central business district;
 - government office buildings at Maroochydore, Thursday Island and Cairns;
 - an Ecosciences Precinct at Boggo Road, Brisbane (Australia's first science "centre of excellence" supporting innovative research into climate change, healthy environment, balanced growth, sustainable industries and mineral and petroleum resources);
 - procurement management of new major State hospitals including the Gold Coast University Hospital and Queensland Children's Hospital, and redevelopment of hospitals at Robina, Cairns, Townsville, Mackay and Rockhampton; and
 - significant correctional centre facilities at Gatton and Lotus Glen.
- continuing to coordinate the implementation of the Australian Government's Nation Building – Economic Stimulus for State-wide education, social housing, roads and safety projects.

Information and communication technology

The Government's strategy for government information and communication technology, *Toward Q2 through ICT (2009-2014)*, sets the direction for improving the management and use of information and communication technology investment, and for driving initiatives, programs and projects across government. These endeavours, as outlined in the *Toward Q2 through ICT* implementation plan, help create a more accessible, efficient and effective government, and a strong industry/government partnership.

In addition, the department will deliver ICT initiatives including:

- embedding the 'one government' approach to ICT investment and management through increased visibility and collaboration on ICT initiatives and reduced duplication of effort (resources) across the sector
- promoting a single general enquiries number for the Government
- delivering improved online information and services through the Government website www.qld.gov.au
- working with the Australian Government and Queensland Government agencies to prioritise rollout principles and objectives, and identify Queensland broadband assets and capabilities to influence the timing and extent of the broadband rollout in Queensland
- pursuing the use of Web 2.0 technologies to engage the Queensland public in policy development
- opening two further Queensland Government Service Centres in Cairns and Maroochydore to provide a single point of service delivery managed by Smart Service Queensland
- implementing whole-of-Government capability to use SMS to support service delivery across all agencies
- progressing agencies' adoption of the Government's 'share before buy before build' and early market engagement practices for planned ICT investments
- progressing sector adoption of ICT policies, methodologies and frameworks to enable the maximisation of government ICT investment for delivery of business outcomes
- continuing to implement the program and project management methodologies within agencies and within the department
- progressing human resources and finance systems consolidation under the Corporate Solutions Program.

Environmental initiatives

The department will deliver environmental initiatives including:

- reducing the government vehicle fleet's engine emissions by 25% by the end of 2012 from the 30 June 2007 baseline
- supporting the Government's commitment to meeting national greenhouse gas emissions reductions targets by assisting agencies to improve the energy efficiency of their building portfolios
- increasing the minimum energy performance standard target for new government office buildings to 5 stars (out of 5) using the National Australian Built Environment Rating System for Offices (energy), where practical
- continuing to trial new low emission and renewable energy technologies for potential application in government buildings.

Cost-effective government service delivery

The department will progress:

- delivering savings and benefits through sector-wide procurement arrangements for common use items
- providing standardised shared services, delivered by the Shared Service Agency, CorpTech and Smart Service Queensland
- completing the rollout of the Travel Management System across all government agencies
- providing a range of building, ICT and administrative services to agencies by the department's commercialised business units (QBuild, Project Services, QFleet, CITEC, Goprint and SDS)

- continuing to provide project, program and portfolio management, planning methodologies, and risk management.

RECENT ACHIEVEMENTS

Building infrastructure

Building infrastructure achievements in 2009-10 included the:

- completion of the Kurilpa Bridge linking the Central Business District and South Bank
- completion of the Joint Contact Centre at Zillmere which was awarded the six star Green Star - Office Design v2 rating
- redevelopment of the former Kangaroo Point TAFE site adjacent to the Kangaroo Point cliffs
- progression of new government office buildings at Maroochydore, Cairns and Thursday Island
- completion of the Health and Food Sciences Precinct at Coopers Plains
- completion of the developed design and demolition works, and commencing site works for the AFL stadium at Carrara on the Gold Coast
- commencement of the construction of the Supreme Court and District Court complex in Brisbane
- development of a new minimum security standard for all government employee housing located in remote areas and completing a security audit against the new standard across 30 remote communities
- ongoing improvement and upgrade of the 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
- introduction of the Government Employee Housing Management Framework, which was approved in November 2009 and is now mandated across the Government to improve employee housing portfolios and enhance the safety and security of government employees and their families
- continued coordination of the implementation of the Australian Government's Nation Building – Economic Stimulus Plan in Queensland.

Information and communication technology

Information and communication technology achievements in 2009-10 included:

- developing the Government's *Toward Q2 through ICT* strategy and establishing a collaborative 'one government' approach to the implementation of ICT initiatives
- opening the first Queensland Government Service Centre; a multi-agency counter in the Brisbane CBD providing approximately 5,000 transactions a month through a single point of service delivery with services ranging from seniors, carers and companion card information, first home owner grants, payroll tax and land tax payments, and gaming and liquor licences
- reinforcing the 'share before buy before build' direction in the Queensland Government Enterprise Architecture and reviewing ICT purchases of more than \$2 million and providing the opportunity to realise savings through the reuse of existing assets
- developing a strong foundation of ICT methodologies and frameworks to enable agencies to maximise their ICT investment
- establishing new Queensland Government Agent Program services in eight new locations including Childers, Gayndah, Mossman, Nanango, Pittsworth, Taroom, Toogoolawah and Tully

- establishing an office in Queensland to focus on the National Broadband Network (NBN) and maximise the benefits of NBN rollout in the State and the State's investment in telecommunication
- transitioning the equipment and other ICT infrastructure of three departments and the Public Trustee to Polaris Data Centre at Springfield
- being the front door to the Queensland Government and managing over 3 million telephone interactions, approximately 2 million online interactions and over 280,000 face-to-face interactions through Smart Service Queensland
- commemorating Queensland's 150th Anniversary through a Queensland State Archives' travelling events and exhibition program which showcased Queenslanders memorable moments and people in 32 venues across the State
- launching the Queensland State Archives' and State Library joint strategy *Towards a Queensland Digital Content Strategy: A Statement of Intent by State Library of Queensland and Queensland State Archives* to improve access to important archival and cultural material.

Environmental initiatives

Achievements related to environmental initiatives included:

- managing a bulk renewable energy purchase to reduce annual carbon emissions from government building electricity use by over 33,500 tonnes
- reducing the carbon dioxide emissions from vehicle fleet by 20.9% from the 30 June 2007 baseline, exceeding the target of 15% set to be achieved by the end of 2010 in the *QFleet ClimateSmart Action Plan 2007-2010*
- delivering the Energy Smart Buildings program to assist agencies reduce energy consumption in their buildings
- progressing construction of the Ecosciences Precinct at Boggo Road, Brisbane (Australia's first science "centre of excellence" supporting innovative research into climate change, healthy environment, balanced growth, sustainable industries and mineral and petroleum resources)
- improving the department's technical capability to support delivery of the Government's environmental and safety initiatives, particularly in the removal of asbestos containing material and safety within the construction industry
- provision of disaster management support to Queensland residents following monsoonal flooding and tropical cyclones Neville, Olga, Ului and Paul from January to April 2010 and central and south Queensland flooding in December 2009
- deploying the whole-of-Government Recycling Policy for Buildings and Civil Infrastructure for application by government agencies.

Cost-effective government service delivery

Achievements in 2009-10 included:

- procurement benefits in the form of \$41 million savings generated from common use arrangements
- continuing to implement a Travel Management System now live in all 13 agencies with the complete rollout expected to be finalised in December 2010
- establishing a print management broker to ensure that competitive quotes are received for all print work undertaken by core departments.

DEPARTMENTAL SERVICES

The Government's Performance Management Framework is being progressively implemented. The Framework no longer uses the concepts of 'outputs' and 'performance measures' that were previously used in Service Delivery Statements. They are replaced with 'services' and 'service standards'. These terms are defined in the Budget Readers' Guide. Together, they begin to provide information about how efficiently and effectively agencies deliver services within their approved Budget.

All agencies reviewed their service structures and service standards as part of this transition year. Approved changes are included in this year's Service Delivery Statement. Results against measures that have been discontinued are included in Appendix A (Book 5 of the Service Delivery Statements) for this year only. A key aspect of improving performance information is reviewing performance data. As such, each year agencies will continue to review and improve their service standards to provide better information on the effectiveness and efficiency of their services.

The department comprises four divisions (Information and Communication Technology; Services; Works; and Corporate and Executive Services), which deliver and support the following services:

- 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

Building Procurement and Asset Management 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

Procurement Services, delivered by the Queensland Government Chief Procurement Office (QGCPO), focuses on achieving cost savings and benefits through effective procurement policy and practice. The QGCPO provides a 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

Information and Communication Technology (ICT) Strategies is delivered by several service areas within the ICT Division:

- the Telecommunications, Broadband and Digital Economy Coordination Office, which focuses on the strategic direction of radio and telecommunications for the State, the roll-out of broadband and the readiness of the State to participate in the broadband agenda, and the coordination of digital economy activities.
- the ICT Policy and Coordination Office, which focuses on high-level, whole-of-Government ICT policy and coordination. This office is responsible for the whole-of-Government enterprise architecture and for the management of the State's representation on national bodies, specific State-based coordination requirements and for whole-of-Government ICT strategy.
- the Public Sector ICT Development Office, which is responsible for coordinated liaison with agencies, understanding key agency ICT directions and linking agencies with like agendas and objectives. This office works with agencies to achieve the implementation of whole-of-Government ICT priorities and to provide the necessary assistance to encourage agencies to adopt the recommended policies and practices.

Public Records Management and Advisory Services

Queensland State Archives (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. QSA is also the custodian of the largest and most significant documentary heritage collection in Queensland.

Access to Government Services and Information

Smart Service Queensland 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. Smart Service Queensland'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.

STAFFING¹

Service	Notes	2009-10 Budget	2009-10 Est. actual	2010-11 Estimate
Services				
Building Procurement and Asset Management	2	207	210	212
Procurement Services	3	92	108	119
Information and Communication Technology (ICT) Strategies	4	78	101	98
Public Records Management and Advisory Services	5	59	59	61
Access to Government Services and Information	6	399	420	444
Total services		835	898	934
BUSINESS UNITS				
QBuild	7	2,700	2,800	2,780
Project Services	8	782	778	722
QFleet	9	121	125	125
CITEC	10	732	737	761
Goprint		60	61	61
SDS (Sales and Distribution Services)		129	129	129
Total business units		4,524	4,630	4,578
SHARED SERVICE INITIATIVE				
Shared Service Agency	11	1,534	1,450	1,370
CorpTech	12	390	425	412
Total shared service initiative		1,924	1,875	1,782
Corporate Services (Recovered from Services, Business Units and Department of Communities)	13	264	282	333
Total		7,547	7,685	7,627

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. The overall increase in both the 2009-10 Estimated actual and the 2010-11 Estimate is due to additional temporary resources required for whole-of-Government program delivery initiatives.
3. The overall increase in both the 2009-10 Estimated actual and the 2010-11 Estimate is due to a restructure and additional temporary project resources within the Print Management Unit.
4. The overall increase in both the 2009-10 Estimated actual and the 2010-11 Estimate is due to staff required to support the National Broadband and Council of Australian Governments initiatives and to meet the Government's strategic Information Communication Technology (ICT) objectives and needs.
5. The increase in the 2010-11 Estimate is due to additional resources required for Digital Preservation initiatives.
6. The overall increase in both the 2009-10 Estimated actual and the 2010-11 Estimate is due to additional staff required to meet an increase in client servicing arrangements.
7. The overall increase in both the 2009-10 Estimated actual and the 2010-11 Estimate is due to increased volumes of work.
8. The reduction in both 2009-10 Estimated actual and the 2010-11 Estimate is due to a reduced program of work.
9. The overall increase in both the 2009-10 Estimated actual and the 2010-11 Estimate is due to the filling of vacant positions.
10. The overall increase in both the 2009-10 Estimated actual and the 2010-11 Estimate is due to additional resources required to support Data Centre, Network and Infrastructure Services at a whole-of-government level.
11. The overall reduction in both the 2009-10 Estimated actual and the 2010-11 Estimate is due to the transfer of ICT staff to the Corporate Services area, the cessation of some existing non-mandated services and ongoing systems and process reform improvements.
12. The overall increase in both the 2009-10 Estimated actual and the 2010-11 Estimate is due to additional temporary staff required for software development supporting the whole-of-government Corporate Solutions Program.
13. The overall increase in both the 2009-10 Estimated actual and the 2010-11 Estimate is due to the transfer of ICT staff from the Shared Service Agency, the conversion of agency staff to temporary employees and additional IT staff to support departmental business systems.

2010-11 SERVICE SUMMARY¹

Service area	Total cost \$'000	Sources of revenue ²			
		State Contribution \$'000	User charges \$'000	C'wealth revenue \$'000	Other revenue \$'000
Building Procurement and Asset Management	473,251	(17,547)	489,389	..	1,409
Procurement Services	25,151	12,301	12,850	..	..
Information and Communication Technology (ICT) Strategies	37,713	37,500	213	..	..
Public Records Management and Advisory Services	18,562	18,462	100	..	..
Access to Government Services and Information	56,619	43,060	13,559	..	..
Total	611,296	93,776	516,111	..	1,409

Notes:

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

DEPARTMENTAL STATEMENTS

PERFORMANCE STATEMENT

Service standards	Notes	2009-10 Target/est.	2009-10 Est. actual	2010-11 Target/est.
Service: Building Procurement and Asset Management				
Manage government funded programs that focus on the built environment		Program of completed works on time, within budget and in accordance with agreed program outcomes	Program of completed works on time, within budget and in accordance with agreed program outcomes	Program of completed works on time, within budget and in accordance with agreed program outcomes
Whole-of-Government built environment information system availability		95%	95%	95%
Whole-of-department emergency/disaster and continuity management plans are reviewed and evaluated for their accuracy, operational adequacy and alignment to departmental policy relevant State-wide strategy and policy		Review of whole-of-department emergency/disaster and continuity management plans annually	Review of whole-of-department emergency/disaster and continuity management plans annually	Review of whole-of-department emergency/disaster and continuity management plans annually
Strategic projects facilitated within preset parameters focussing on time and budget		≥90%	100%	≥90%
Electricity consumption for office buildings greater than 9,000m ² (Net lettable area) in the owned office portfolio	1	≤265kWh/m ² /each year	250	≤250
Water use for owned office buildings between 9,000m ² and 18,000m ² (Net lettable area)	2,3	≤19.8Kl/person/each year	11.5	≤15
Water use for owned office accommodation >18,000m ² (Net lettable area)	2	≤16 Kl/person/each year	14.8	≤15
Reduction in CO ₂ emissions due to waste not going to landfill		≤425 tonnes	410	≥425
Return on investment for the commercial properties included in the office portfolio (inclusive of maintenance)		6.5%	6.5%	6.5%
Return on investment for the government employee housing portfolio (inclusive of maintenance)	4	2.2%	3.2%	2.2%

Service standards	Notes	2009-10 Target/est.	2009-10 Est. actual	2010-11 Target/est.
Vacancy rate for the portfolio				
- Office		≤ 2.5%	2.3%	≤ 2.5%
- Housing		≤ 3.0%	3.0%	3.0%
Percentage of defaults by pre-qualified building industry contractors on government building projects		< 2%	<2%	≤ 2%
Average number of prequalified contractors registered on the Prequalification System available for selection by agencies	5,6	Not less than 350	898	Not less than 500
Average number of prequalified consultants registered on the Prequalification System available for selection by agencies	5,6	Not less than 280	524	Not less than 350
State contribution (\$000)	7,9,11	4,390	13,157	(17,547)
Other revenue (\$000)	10,12	468,710	464,349	490,798
Total cost (\$000)	8,13	473,100	477,506	473,251
Service: Procurement Services				
Savings and benefits delivered under existing and new arrangements to Government	14,15	\$71 million of savings and benefits per year by 30 June 2010	\$41 million of savings and benefits per year by 30 June 2010	\$75 million of savings and benefits per year by 30 June 2011
State contribution (\$000)	16	10,951	13,316	12,301
Other revenue (\$000)	18,20	6,374	6,740	12,850
Total cost (\$000)	17,19,21	17,325	20,056	25,151
Service: Information and Communication Technology (ICT) Strategies				
Percentage of targeted QGCIO products and services adopted by agencies	22	85% adoption averaged	>90% adoption	85% adoption averaged
ICT Industry Associations' satisfaction rating with QGCIO services and collaboration	23	>90%	>95%	>90%
Effective coordination of ICT Government Initiative activities across Government	24	Inter-program dependencies agreed, aligned and managed	Inter-program dependencies agreed, aligned and managed	Inter-program dependencies agreed, aligned and manage
State contribution (\$000)	25,26	36,030	29,786	37,500
Other revenue (\$000)		143	138	213
Total cost (\$000)	25,26	36,173	29,924	37,713

Service standards	Notes	2009-10 Target/est.	2009-10 Est. actual	2010-11 Target/est.
Service: Public Records Management and Advisory Services				
Number of Public Clients				
- Online		440,000	440,000	440,000
- Walk-in		6,700	6,600	6,800
		95%	95%	95%
Level of client satisfaction with QSA services				
State contribution (\$000)		18,938	18,185	18,462
Other revenue (\$000)		100	100	100
Total cost (\$000)		19,038	18,285	18,562

Service: Access to Government Services and Information

Volume of interactions with Smart Service Queensland service delivery channels				
- Telephone	27	3,150,000	3,200,000	3,200,000
- Online	28	2,300,000	1,935,000	2,000,000
- Face-to-face		230,000	285,000	300,000
Number of cards issued to eligible Queenslanders		40,000	40,000	40,000
Number of concession services provided for eligible Queenslanders	29	900,000	1,010,000	1,020,000
Level of customer satisfaction with the services delivered by Smart Service Queensland		80%	80%	80%
State contribution (\$000)	30,33,34	33,855	38,033	43,060
Other revenue (\$000)	31,35	13,559	16,545	13,559
Total cost (\$000)	32,33,36	47,414	54,578	56,619

Notes:

- The full effect of electricity-saving initiatives has resulted in a marked reduction in electricity usage.
- The full effect of water-saving initiatives has resulted in a marked reduction in water usage.
- The increase in the 2010-11 Target/estimate from the 2009-10 Estimated actual is due to the relaxation of water restrictions which is expected to increase usage.
- The increase in the 2009-10 Estimated actual from the 2009-10 Target/estimate is due to rent reviews that have increased income, while expenses have remained stable for 2009-10.
- The increase in the 2009-10 Estimated actual from the 2009-10 Target/estimate is principally due to industry response to the requirement that contractors and consultants be prequalified to be eligible to participate in the Building the Education Revolution (BER) element of the Australian Government's Nation Building – Economic Stimulus Plan (NB-ESP).
- The decrease from the 2009-10 Estimated actual to the 2010-11 Target/estimate is due to the expectation that government tender activity and the market generally will begin returning to normal levels prior to the BER, with the 2010-11 targets representing the minimum necessary to provide government with a competitive market for its program.
- The increase in the 2009-10 Estimated actual from the 2009-10 Target/estimate is principally due to:
 - additional funding required from the Consolidated Fund as a result of the retention of lower rent revenue from the relocation of government activities in government owned and leased buildings to support new service delivery objectives across government; and
 - funds deferred from 2008-09 to 2009-10 for various projects.
- These increases are partly offset by the deferral of funds from 2009-10 to 2010-11 for various projects.
- The increase in the 2009-10 Estimated actual from the 2009-10 Target/estimate is mainly due to carryover of funds from 2008-09 for continuing programs.
- The decrease from the 2009-10 Target/estimate to 2010-11 Target/estimate is mainly due to the finalisation of various projects and programs in 2009-10 and lower funding required from the Consolidated Fund as a result of additional rent revenue from new government owned office buildings.
- The increase from the 2009-10 Target/estimate to 2010-11 Target/estimate is mainly due to additional rent revenue from private sector leases and new government owned office buildings.

12. The decrease in the 2010-11 Target/estimate from the 2009-10 Estimated actual is mainly due to the finalisation of various projects and programs in 2009-10 and lower funding required from the Consolidated Fund as a result of additional rent revenue from private sector leases and new government owned office buildings.
13. The increase in the 2010-11 Target/estimate from the 2009-10 Estimated actual is mainly due to additional rent revenue from private sector leases and new government owned office buildings.
14. The decrease in the 2010-11 Target/estimate from the 2009-10 Estimated actual is mainly due to programmed completion of projects in 2009-10.
15. The reduction in savings/benefits from the 2009-10 Target/estimate to the 2009-10 Estimated actual primarily relates to a rationalisation of products and services and reduced demand/volume of purchases as a result of the amalgamation of government agencies under Machinery of Government changes. In addition, there has been a change in spend patterns across government for certain products. Longer than anticipated implementation timeframes due to the complexity of some new arrangements, including ICT contractors and consultants, non-ICT contractors and consultants and couriers and freight, have also contributed to the variance. In 2010-11, improved market conditions are expected to assist the delivery of savings and benefits.
16. The increase from the 2009-10 Estimated actual to a 2010-11 Target/estimate relates to the finalisation and implementation of new Standing Offer Arrangements, including ICT contractors and consultants, non-ICT contractors and consultants, and print management as well as changes to existing furniture arrangements, which are expected to result in increased savings.
17. The increase in the 2009-10 Estimated actual from the 2009-10 Target/estimate is mainly due to additional funding secured for the Travel Management System.
18. The increase in the 2009-10 Estimated actual from the 2009-10 Target/estimate is mainly due to additional funding secured for the Travel Management System and the Procurement Process Reform Initiative Project.
19. The increase from the 2009-10 Target/estimate to 2010-11 Target/estimate primarily relates to additional rebates from new whole-of-Government standing offer arrangements being implemented as part of the procurement reform agenda.
20. The increase from the 2009-10 Target/estimate to 2010-11 Target/estimate primarily relates to the new whole-of-Government standing offer arrangements being implemented as part of the procurement reform agenda, and funding approved towards the development of a whole-of-Government e-procurement system.
21. The increase in the 2010-11 Target/estimate from the 2009-10 Estimated actual primarily relates to additional rebates from new whole-of-Government standing offer arrangements being implemented as part of the procurement reform agenda.
22. The increase in the 2010-11 Target/estimate from the 2009-10 Estimated actual primarily relates to the new whole-of-Government standing offer arrangements being implemented as part of the procurement reform agenda, and funding approved towards the development of a whole-of-Government e-procurement system, which is partly offset by additional funding secured for the Travel Management System in 2009-10.
23. Targeted products for 2009-10 include the ICT Planning Methodology, IS2 Deliverables, Queensland Government Enterprise Architecture 2.0, Project and Program Management Maturity, and panel arrangements.
24. Satisfaction rating is based on an annual survey conducted with executive members of the ICT Industry Workgroup.
25. The ICT Government Initiative has been superseded by the *Queensland Government ICT Strategy – Toward Q2 through ICT*. The measure will be discontinued.
26. The decrease in the 2009-10 Estimated actual from the 2009-10 Target/estimate is mainly due to the transfer of the Technology Transformation Program to CITEC which is partly offset by funds approved for the whole-of-Government arrangement for the acquisition of core Microsoft products and support.
27. The increase in the 2010-11 Target/estimate from the 2009-10 Estimated actual primarily relates to the appropriation funding for the whole-of-Government Information and Communication Technology Investment Fund.
28. The reduction in Internet traffic received websites managed by Smart Service Queensland for the 2009-10 year primarily relates to a trend in the marketplace to use Google to access Queensland Government information and services instead of www.qld.gov.au. The Single Website Experience project is proactively addressing issues around search engine optimisation (Google and Funnelback), content quality and website organisation for the Queensland Government online presence.
29. In addition to the transactions performed by regional offices throughout Queensland comprising the Queensland Government Agent Program (QGAP), the opening of the Queensland Government Service Centre in the Brisbane CBD during October 2009 has increased the Smart Service Queensland overall face-to-face transaction total by an average of 5,000 transactions per month.
30. The 2009-10 Estimated actual is higher than the 2009-10 Target/estimate due to the escalating awareness of concessions schemes and the deteriorating economic environment in 2009-10, resulting in an increased number of people applying for the concessions. This measure is also reported in the 2010-11 Service Delivery Statement for the Department of Communities.
31. The increase from the 2009-10 Target/estimate to 2009-10 Estimated actual primarily relates to additional funding allocated for depreciation and rent supplementation, and carryover of funds for various projects from 2008-09 into 2009-10. This increase is offset by a deferral of funds from 2009-10 to 2010-11 mainly due to transition funding for approved projects for Smart Service Queensland.
32. The increase from the 2009-10 Target/estimate to 2009-10 Estimated actual is mainly due to higher volumes of services provided and contributions by the Department of Communities for the completion of the Redress Project and Seniors Card and Concession program.
33. The increase from the 2009-10 Target/estimate to 2009-10 Estimated actual is explained in Notes 30 and 31.
34. The increase from the 2009-10 Target/estimate to 2010-11 Target/estimate is mainly due to increased funding allocated for depreciation and ICT infrastructure, and funding approved for various funding proposals in 2010-11.
35. The increase in the 2010-11 Target/estimate from 2009-10 Estimated actual primarily relates to funding approved for various funding proposals in 2010-11.
36. The decrease in the 2010-11 Target/estimate from the 2009-10 Estimated actual is mainly due to the 2009-10 Estimated actual including one-off campaigns and disaster support services.
37. The increase in the 2010-11 Target/estimate from the 2009-10 Estimated actual is mainly due to funding approved for various funding proposals in 2010-11 and an additional allocation for depreciation funding partly offset by finalisation of the Redress Services project which will return to the Department of Communities in 2010-11 and one-off Seniors Card funding received from Department of Communities in 2009-10.

INCOME STATEMENT

Department of Public Works	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
Income				
Service revenue	1,9,14	104,164	112,477	93,776
User charges	2,10,15	506,013	500,432	546,815
Grants and other contributions	3,16	..	1,379	52
Other revenue	4,17	2,180	6,003	2,807
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
Total income		612,357	620,291	643,450
Expenses				
Employee expenses	5,11,18	104,222	107,970	119,593
Supplies and services		443,033	449,569	455,830
Grants and subsidies	6,19	3,906	3,078	4,284
Depreciation and amortisation		52,886	51,883	56,167
Finance/borrowing costs	7,12	7,066	6,123	5,771
Other expenses	8,13	1,244	1,668	1,805
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
Total expenses		612,357	620,291	643,450
OPERATING SURPLUS/(DEFICIT)		..	..	..

STATEMENT OF CHANGES IN EQUITY

Department of Public Works	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 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)	20,22,23	196,481	143,746	75,532
Equity adjustments (MoG transfers)	21,24	..	(11,100)	..
Total movement in equity for period		196,481	132,646	75,532

BALANCE SHEET

Department of Public Works	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
CURRENT ASSETS				
Cash assets	25,37	11,798	35,702	28,557
Receivables	26,38	40,607	46,062	47,072
Other financial assets		..	..	..
Inventories		..	..	..
Other	27,39	20,328	25,130	25,450
Non-financial assets held for sale	28,40	19,445	1,000	6,053
Total current assets		92,178	107,894	107,132
NON-CURRENT ASSETS				
Receivables		7,668	7,511	7,426
Other financial assets		..	..	..
Property, plant and equipment	29,41,49	3,417,478	2,919,748	2,971,939
Intangibles	30,42	5,971	5,014	4,790
Other		..	..	..
Total non-current assets		3,431,117	2,932,273	2,984,155
TOTAL ASSETS		3,523,295	3,040,167	3,091,287
CURRENT LIABILITIES				
Payables		39,676	40,260	40,853
Accrued employee benefits	31,43	2,081	3,458	3,795
Interest-bearing liabilities and derivatives	44,50	24,919	24,807	20,064
Provisions		..	..	..
Other	32,45	786	1,367	1,617
Total current liabilities		67,462	69,892	66,329
NON-CURRENT LIABILITIES				
Payables		3,042	3,042	2,257
Accrued employee benefits		..	..	..
Interest-bearing liabilities and derivatives	33,46,51	62,114	69,689	49,625
Provisions		..	..	..
Other		208	177	177
Total non-current liabilities		65,364	72,908	52,059
TOTAL LIABILITIES		132,826	142,800	118,388
NET ASSETS/(LIABILITIES)		3,390,469	2,897,367	2,972,899
EQUITY				
Capital/contributed equity	34,52	1,102,037	1,055,523	1,131,055
Retained surplus/(accumulated deficit)	35,47	578,115	598,236	598,236
Reserves:				
- Asset revaluation reserve	36,48	1,710,317	1,243,608	1,243,608
- Other (specify)		..	..	..
TOTAL EQUITY		3,390,469	2,897,367	2,972,899

CASH FLOW STATEMENT

Department of Public Works	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Service receipts	53,60,67	104,164	120,070	93,776
User charges	54,61,68	521,275	507,069	567,320
Grants and other contributions		..	1,379	52
Other		4,680	8,503	5,307
Outflows:				
Employee costs	62,69	(104,222)	(106,809)	(119,013)
Supplies and services	55,63	(457,873)	(474,487)	(476,428)
Grants and subsidies		(4,400)	(3,733)	(5,009)
Borrowing costs		(7,066)	(6,123)	(5,771)
Other		(3,750)	(4,850)	(4,917)
Net cash provided by/(used in) operating activities		52,808	41,019	55,317
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment	56,70	3,750	30,534	1,050
Investments redeemed		..	..	..
Loans and advances redeemed		65	65	..
Outflows:				
Payments for property, plant and equipment and intangibles	57,64,71	(240,297)	(190,322)	(114,237)
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		(236,482)	(159,723)	(113,187)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings	58,65,72	10,825	25,159	..
Equity injections	59,66,73	196,481	153,695	75,532
Outflows:				
Borrowing redemptions		(26,041)	(24,917)	(24,807)
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Net cash provided by/(used in) financing activities		181,265	153,937	50,725
Net increase/(decrease) in cash held		(2,409)	35,233	(7,145)
Cash at the beginning of financial year		14,207	469	35,702
Cash transfers from restructure		..	..	..
Cash at the end of financial year		11,798	35,702	28,557

ADMINISTERED INCOME STATEMENT

Department of Public Works	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
Revenues				
Commonwealth grants		..	..	..
Taxes, fees and fines		..	..	..
Royalties, property income and other territorial Revenue		..	..	..
Interest		..	..	..
Administered revenue	74, 78, 82	67,815	70,983	42,953
Other	79,83	10,928	10,928	5,928
Total revenues		78,743	81,911	48,881
Expenses				
Supplies and services	75	17,932	28,883	27,591
Depreciation and amortisation		..	..	..
Grants and subsidies	76, 80, 84	50,811	39,608	16,290
Benefit payments		..	..	..
Borrowing costs		..	..	..
Other		..	..	..
Total expenses		68,743	68,491	43,881
Net surplus or deficit before transfers to Government	77,81,85	10,000	13,420	5,000
Transfers of administered revenue to Government		10,000	13,420	5,000
OPERATING SURPLUS/(DEFICIT)		..	..	..

ADMINISTERED BALANCE SHEET

Department of Public Works	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 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	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Administered item receipts	86,93,99	67,815	71,739	42,953
Grants and other contributions	87,100	..	32,492	..
Taxes, fees and fines		..	..	..
Royalties, property income and other territorial revenues		..	..	..
Other	94,101	10,928	11,196	5,928
Outflows:				
Transfers to Government	88,95,102	(10,000)	(49,236)	(5,000)
Grants and subsidies	89,96,103	(50,811)	(39,608)	(16,290)
Supplies and services	90,104	(17,932)	(35,743)	(27,591)
Borrowing costs		..	..	..
Other		..	..	..
Net cash provided by/(used in) operating activities		..	(9,160)	..
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	91,97,105	13,126	40,422	34,553
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals	92,98,106	(13,126)	(39,305)	(34,553)
Net cash provided by/(used in) financing activities		..	1,117	..
Net increase/(decrease) in cash held		..	(8,043)	..
Administered cash at beginning of financial year		..	8,043	..
Cash transfers from restructure		..	..	..
Administered cash at end of financial year		..	..	..

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Income statement

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

1. The increase is mainly due to:
 - carryover of funding from 2008-09 for various programs;
 - additional funding for the whole-of-Government arrangement for the acquisition of core Microsoft products and support;
 - additional funding required from the Consolidated Fund as a result of the retention of lower rent revenue from the relocation of government activities in government owned and leased buildings to support new service delivery objectives across government; and
 - funds approved for various projects and initiatives during the 2009-10 financial year.This increase is partly offset by the transfer of funds for the Technology Transformation Program (TTP) to CITEC and the deferral of funds for various projects from 2009-10 to 2010-11.
2. The decrease is primarily due to relocation of government activities in government owned and leased buildings to support new service delivery objectives across government.
3. One-off funding provided for the finalisation of the Redress Services project which will return to the Department of Communities in 2010-11 and one-off Seniors Card funding.
4. The increase is principally due to:
 - the recoveries of building related services including tenant make good and mail screen and delivery recovery; and
 - once off recovery from Project Services for the SAP implementation project.
5. The increase is mainly due to temporary positions for project work within Information Services Directorate (ISD) and newly created positions.
6. The decrease is mainly due to the deferral of various grants including Royal Society for the Prevention of Cruelty to Animals (RSPCA) relocation and funding to Queensland Government Agent Program offices.
This is partly offset by a grant for the security audits in Indigenous communities to various departments and transfer of funding to Queensland University of Technology for the Old Government House refurbishment.
7. The decrease is mainly due to a lower than expected loan balance as a result of the deferral of new loans.
8. The increase mainly relates to revised QAO audit fees estimate for 2009-10 and an increase in the land tax bill for two private sector leases.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

9. The decrease is mainly due to:
 - the finalisation of various projects and programs in 2009-10; and
 - lower funding required from the Consolidated Fund mainly as a result of additional rent revenue from new government owned office buildings.This is partly offset by additional funding for the whole-of-Government arrangement for the acquisition of core Microsoft products and support, funds approved for various projects and initiatives in 2010-11 and deferral of funds into 2010-11.
10. The increase is primarily due to:
 - additional rent revenue from private sector leases and new government owned office buildings;
 - recovery of additional third party costs from clients, together with the transfer of functions to ISD from Shared Service Agency (SSA) and additional IT resource requirements for QBuild; and
 - additional supplier rebates from the whole-of-government rebate arrangements.
11. The increase is mainly due to:
 - transfer of functions to ISD from SSA and additional IT resource requirements for QBuild;
 - additional staff for the restructure of Queensland Government Chief Procurement Office (QGCPO);
 - additional staff for the growth in Smart Service Queensland contact centres; and
 - an enterprise bargaining pay increase of 4% effective from 1 August 2010.
12. The decrease is mainly due to a lower interest expense as a result of a decreased loan liability.
13. The increase mainly relates to revised QAO audit fees estimate for 2010-11 as a result of increased audit activity from cross sector audits and an increase in land tax for two private sector leases.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

14. The decrease is mainly due to:
 - the finalisation of various projects and programs in 2009-10; and
 - lower funding required from the Consolidated Fund mainly as a result of additional rent revenue from private sector leases and new government owned office buildings.This decrease is partly offset by the deferral of funds into 2010-11 and funds approved for various projects and initiatives in 2010-11.
15. The increase is primarily due to:
 - additional rent revenue from private sector leases and new government owned office buildings;
 - transfer of functions to ISD from SSA and additional IT resource requirements for QBuild; and
 - additional supplier rebates from the whole-of-Government rebate arrangements.
16. The 2009-10 Estimated actual relates to a one-off funding provided for the finalisation of the Redress Services project which will return to the Department of Communities in 2010-11 and one-off Seniors Card funding. The 2010-11 Estimate is a contribution from Arts Queensland for artwork to be purchased for the Kangaroo Point Parklands.
17. The decrease is mainly due to:
 - a once off contribution relating to the SAP implementation from Project Services in 2009-10; and
 - Tenant Make Good income received in 2009-10 but not budgeted in 2010-11 due to the unpredictability of this activity.
18. The increase is mainly due to:
 - transfer of functions to ISD from SSA and additional IT resource requirements for QBuild;
 - additional staff for the restructure of the QGCPO;
 - additional staff for the growth in Smart Service Queensland contact centres; and
 - an enterprise bargaining pay increase of 4% effective from 1 August 2010.

19. The increase is mainly due to the deferral of the RSPCA grant and the Queensland Government Agent Program subsidy to 2010-11. This is offset by grant payments in 2009-10 for the security audit in Indigenous communities to various departments and transfer of funding to Queensland University of Technology for the Old Government House refurbishment.

Statement of changes in equity

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

20. The decrease is mainly due to the deferral of funds for the Maroochydore and Thursday Island government office buildings, and the Boggo Road Brisbane redevelopment.
21. The decrease is due to the transfer of land at Kangaroo Point Brisbane to the Department of Environment and Resource Management, and a once off transfer of fitout costs to the government tenants occupying premises at 53 Albert Street Brisbane for nil consideration.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

22. The decrease is mainly due to projects nearing completion in 2010-11 including Cairns, Maroochydore and Thursday Island government office buildings, the Joint Contact Centre at Zillmere Brisbane, the Boggo Road Brisbane redevelopment, and the completion of the 63 George Street Brisbane Refurbishment in 2009-10.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

23. The decrease is mainly due to projects near completion in 2010-11 including Cairns government office building, Joint Contact Centre at Zillmere Brisbane, the Boggo Road Brisbane redevelopment and the completion of the 63 George Street Brisbane refurbishment in 2009-10.
24. The increase is due to the transfer of land at Kangaroo Point Brisbane to the Department of Environment and Resource Management and a once off transfer of the fitout costs to various agencies occupying premises at 53 Albert Street Brisbane both occurring in 2009-10.

Balance sheet

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

25. The increase is mainly due to additional asset sales including proceeds from the sale of the Yungaba site, Kangaroo Point Brisbane.
26. The increase primarily relates to the receivable raised for the construction of a new multicultural centre.
27. The increase is principally due to higher prepayments as a result of an increase in building outgoings.
28. The decrease is mainly due to the sale of the Yungaba site, Kangaroo Point Brisbane and the re-classification of properties back into the property plant and equipment category.
29. The decrease is primarily due to:
- devaluation of land and buildings as at the end of June 2009; and
 - deferral of funding for various capital projects into 2010-11 including Maroochydore and Thursday Island government office buildings and the Boggo Road Brisbane redevelopment.
30. The decrease is mainly due to the transfer of GovNet capital funding to CITEC and carryover of former Queensland Government Chief Information Office (QGCIO) capital funding into 2010-11. This is partly offset by a carryover adjustment from 2008-09.
31. The increase is due to the rollover of opening balance adjustments from the finalisation of accounts in the 2008-09 financial year.
32. The increase is due to the rollover of opening balance adjustments from the finalisation of accounts in the 2008-09 financial year.
33. The increase is due to the deferral of the drawdown of loans from 2008-09 for loans relating to the improvement of energy efficiency in government buildings and loans drawdown for various properties constructed in previous years.
34. The decrease is mainly due to the deferral of funds for the Maroochydore and Thursday Island government office buildings, and the Boggo Road Brisbane redevelopment.
35. The increase is primarily due to the opening balance adjustment for the profit attained in 2008-09 for the take up of land at Albert Park for a non-cash consideration from the Brisbane City Council.
36. The decrease is due to the devaluation of land and buildings at the end of June 2009.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

37. The increase is mainly due to cash received from asset sales.
38. The increase primarily relates to the receivable raised for the construction of a new multicultural centre.
39. The increase is principally due to higher prepayments as a result of an increase in building outgoings.
40. The decrease is mainly due to the sale of the Yungaba site, Kangaroo Point Brisbane and the re-classification of properties back into the property plant and equipment category.
- This decrease is partly offset by additional assets held for sale in 2010-11.
41. The decrease is primarily due to the devaluation of land and buildings at the end of June 2009.
42. The decrease is mainly due to the transfer of GovNet capital funding to CITEC.
43. The increase is due to the rollover of opening balance adjustments from the finalisation of accounts in the 2008-09 financial year.
44. The decrease is mainly due to the loan repayments.
45. The increase is due to the rollover of opening balance adjustments from the finalisation of accounts in the 2008-09 financial year.
46. The decrease is due to the overall reduction on the outstanding loans.
47. The increase is primarily due to the opening balance adjustment for the profit attained in 2008-09 for the take up of land at Albert Park for a non-cash consideration from the Brisbane City Council.
48. The decrease is due to the devaluation of land and buildings at the end of June 2009.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

49. The increase is mainly due to the deferral of capital acquisitions from 2009-10 to 2010-11.
50. The decrease is mainly due to the loan repayments.

51. The decrease is due to the overall reduction on the outstanding loans.
52. The increase is mainly due to the continued construction of Maroochydhore, Cairns and Thursday Island government office buildings and the Boggo Road Brisbane redevelopment.

Cash flow statement

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

53. The increase is mainly due to:
 - the receipt of funds relating to invoices accrued as at 30 June 2009;
 - carryover of funding from 2008-09 for various programs;
 - additional funding for the whole-of-Government arrangement for the acquisition of core Microsoft products and support;
 - additional funding required from the Consolidated Fund as a result of the retention of lower rent revenue from the relocation of government activities in government owned and leased buildings to support new service delivery objectives across government; and
 - funds approved for various projects and initiatives during the 2009-10 financial year.

This increase is partly offset by the transfer of funds for the TTP to CITEC and the deferral of funds for various projects from 2009-10 to 2010-11.
 54. The decrease is primarily due to relocation of government activities in government owned and leased buildings to support new service delivery objectives across government.
 55. The increase is mainly due to the:
 - payment of invoices accrued as at 30 June 2009; and
 - carryover of funds from 2008-09 for continuing programs.
 56. The increase is principally due to the additional asset sales for Yungaba site, Kangaroo Point Brisbane, 131 Colchester St, South Brisbane and 36 Shields St, Cairns.
 57. The decrease is mainly due to the deferral of funding for various projects into 2010-11 including Maroochydhore and Thursday Island government office buildings and the Boggo Road Brisbane redevelopment.
 58. The increase is principally due to the deferral of the drawdown of loans from 2008-09 for loans relating to the improvement of energy efficiency in government buildings and loans drawdown for various properties constructed in previous years.
 59. The decrease is mainly due to the deferral of funding for various projects into 2010-11 including Maroochydhore and Thursday Island government office buildings and the Boggo Road Brisbane redevelopment.
- These decreases are partly offset by the receipt of appropriation from the Consolidated Fund relating to invoices accrued as at 30 June 2009.

Major variations between 2009-10 Budget and the 2010-11 Estimate include:

60. The decrease is mainly due to:
 - the finalisation of various projects and programs in 2009-10; and
 - lower funding required from the Consolidated Fund mainly as a result of additional rent revenue from new government owned office buildings.

This is partly offset by additional funding for the whole-of-Government arrangement for the acquisition of core Microsoft products and support, funds approved for various projects and initiatives in 2010-11 and deferral of funds into 2010-11.
61. The increase is primarily due to:
 - additional rent revenue from private sector leases and new government owned office buildings;
 - recovery of additional third party costs from clients, together with the transfer of functions to ISD from SSA and additional IT resource requirements for QBuild; and
 - additional supplier rebates from the whole-of-Government rebate arrangements.
62. The increase is mainly due to:
 - transfer of functions to ISD from SSA and additional IT resource requirements for QBuild;
 - additional staff for the restructure of Queensland Government Chief Procurement Office;
 - additional staff for the growth in Smart Service Queensland contact centres; and
 - an enterprise bargaining pay increase of 4% effective from 1 August 2010.
63. The increase is mainly due to funds approved for various projects and initiatives in 2010-11.
64. The decrease is mainly due to projects nearing completion in 2010-11 including Cairns, Maroochydhore and Thursday Island government office buildings, the Joint Contact Centre at Zillmere Brisbane, the Boggo Road Brisbane redevelopment, and the completion of 63 George Street Brisbane Refurbishment in 2009-10.
65. There were no drawdowns in 2010-11 as there is no expected capital expenditure in 2010-11 funded by borrowings.
66. The decrease is mainly due to projects nearing completion in 2010-11 including Cairns, Maroochydhore and Thursday Island government office buildings, the Joint Contact Centre at Zillmere Brisbane, the Boggo Road Brisbane redevelopment, and the completion of 63 George Street Brisbane refurbishment in 2009-10.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

67. The decrease is mainly due to:
 - the finalisation of various projects and programs in 2009-10; and
 - lower funding required from the Consolidated Fund mainly as a result of additional rent revenue from private sector leases and new government owned office buildings.

This decrease is partly offset by the deferral of funds into 2010-11 and funds approved for various projects and initiatives in 2010-11.
68. The increase is primarily due to:
 - additional rent revenue from private sector leases and new government owned office buildings;
 - recovery of additional third party costs from clients, together with the transfer of functions to ISD from SSA and additional IT resource requirements for QBuild; and
 - additional supplier rebates from the whole-of-Government rebate arrangements.
69. The increase is mainly due to:
 - transfer of functions to ISD from SSA and additional IT resource requirements for QBuild;
 - additional staff for the restructure of Queensland Government Chief Procurement Office;
 - additional staff for the growth in Smart Service Queensland contact centres; and
 - an enterprise bargaining pay increase of 4% effective from 1 August 2010.

The decrease is mainly due to the 2009-10 Estimated actual includes the sale of the Yungaba site Kangaroo Point Brisbane, 131 Colchester St, South Brisbane and 36 Shields St, Cairns and a lower number of government employee housing disposals in 2010-11.

70. The decrease is mainly due to projects near completion in 2010-11 including Cairns government office building, Joint Contact Centre at Zillmere Brisbane, the Boggo Road Brisbane redevelopment and the completion of 63 George Street Brisbane refurbishment in 2009-10.
71. There were no drawdowns in 2010-11 as there is no expected capital expenditure in 2010-11 funded by borrowings.
72. The decrease is mainly due to projects near completion in 2010-11 including Cairns government office building, Joint Contact Centre at Zillmere Brisbane, the Boggo Road Brisbane redevelopment and the completion of 63 George Street Brisbane refurbishment in 2009-10.

Administered income statement

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

73. The increase is mainly due to:
 - carryover of funds from 2008-09 for CorpTech;
 - funding for the TTP transferred to CITEC;
 - funding for Natural Disaster Relief Assistance (NDRA) claims for various storms throughout Queensland; and
 - rent supplementation for the business units and shared service providers.
 These increases are offset by the receipt from CorpTech for grant funds which were returned to the Consolidated Fund and deferral of CorpTech funding to 2011-12 for the Corporate Solutions Program (CSP).
74. The increase is mainly due to:
 - funding for the TTP transferred to CITEC;
 - funding for NDRA claims for various storms throughout Queensland; and
 - rent supplementation for the business units and shared service providers.
75. The decrease is mainly due to the deferral of grant funding to 2011-12 relating to CorpTech for the CSP. These decreases are partly offset by carryover of funds from 2008-09 for CorpTech.
76. The increase relates to the payment of funds for SSA grant funding to the Consolidated Fund.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

77. The decrease is mainly due to:
 - lower CorpTech grant funding in 2010-11; and
 - deferral of funding from 2009-10 to 2010-11 for Information and Communication Technology Consolidation (ICTC - previously called TTP).
 These decreases are offset by rent supplementation funding for the business units and shared service providers.
78. The decrease is due to the timing of receipts relating to the whole-of-Government telecommunication and ICT arrangements.
79. The decrease is principally due to lower CorpTech grant funding in 2010-11.
80. The decrease is due to the timing of receipts relating to the whole-of-Government telecommunication and ICT arrangements.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

81. The decrease is mainly due to lower CorpTech grant funding.
82. The decrease is due to the timing of receipts relating to the whole-of-Government telecommunication and ICT arrangements.
83. The decrease is mainly due to lower CorpTech grant funding.
84. The decrease is due to timing of payments to the Consolidated Fund relating to the whole-of-Government telecommunication and ICT arrangements and no payment for SSA grant funding in 2010-11.

Administered cash flow statement

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

85. The increase is mainly due to:
 - carryover of funds from 2008-09 for CorpTech;
 - funding for the TTP transferred to CITEC;
 - funding for NDRA claims for various storms throughout Queensland; and
 - rent supplementation for the business units and shared service providers.
 These increases are offset by the remittance of CorpTech grant funds to the Consolidated Fund and deferral of CorpTech funding to 2011-12 for the CSP.
86. The increase relates to carryover funding from 2008-09 for grants received from CorpTech which was paid to the Consolidated Fund.
87. The increase primarily relates to the payment of funds for CorpTech grants to the Consolidated Fund.
88. The decrease is mainly due to the deferral of grant funding to 2011-12 relating to CorpTech for the CSP. These decreases are partly offset by carryover of funds from 2008-09 for CorpTech.
89. The increase is mainly due to:
 - funding for the TTP transferred to CITEC;
 - funding for NDRA claims for various storms throughout Queensland; and
 - rent supplementation for the business units and shared service providers.
90. The increase mainly relates to equity funding received from the Consolidated Fund to support CITEC's operations in transitioning to a whole-of-Government services provider and for CorpTech as a result of the equity to output swap no longer required.
91. The increase mainly relates to equity funding repaid to CorpTech as a result of the equity to output swap no longer required.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

92. The decrease is mainly due to:
 - lower CorpTech grant funding in 2010-11; and
 - deferral of funding from 2009-10 to 2010-11 for ICTC;These decreases are offset by rent supplementation funding for the business units and shared service providers.
93. The decrease is due to the timing of receipts relating to the whole-of-Government telecommunication and ICT arrangements.
94. The decrease is due to the timing of receipts relating to the whole-of-Government telecommunication and ICT arrangements.
95. The decrease is principally due to lower CorpTech grant funding in 2010-11.
96. The increase mainly relates to a receipt from CorpTech for the re-commencement of a depreciation funding withdrawal which is to be returned to the Consolidated Fund.
97. The increase mainly relates to a payment to the Consolidated Fund for the re-commencement of a depreciation funding withdrawal for CorpTech.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

98. The decrease is mainly due to lower CorpTech grant funding.
99. The 2009-10 amount relates to the carryover funding from 2008-09 received from CorpTech for grants which was paid to the Consolidated Fund in 2009-10.
100. The decrease mainly relates to the timing of receipts relating to the whole-of-Government telecommunications and ICT arrangements.
101. The decrease primarily relates to a one-off payment of funds to the Consolidated Fund in relation to CorpTech grant funding in 2009-10 and the timing of payments for the whole-of-government telecommunications and ICT arrangements.
102. The decrease is mainly due to lower CorpTech grant funding.
103. The decrease is mainly due to a 2008-09 administered payable paid in 2009-10 primarily relating to CorpTech and SSA.
104. The equity injection for 2009-10 Estimated actual is provided mainly to support CITEC's operations in transitioning to a whole-of-Government services provider and for an equity to output swap for CorpTech which did not proceed. The 2010-11 Estimate mainly relates to a receipt from CorpTech for depreciation funding to be returned to the Consolidated Fund and debt service payments received from the Consolidated Fund to be paid to CITEC associated with ICTC projects, as well as carryover of funding for GovNet.
105. The equity withdrawal for 2009-10 Estimated actual mainly relates to an equity injection to CITEC to support the business unit's operations in transitioning to a whole-of-Government services provider and an equity to output swap for CorpTech which did not proceed. The 2010-11 Estimate mainly relates to payments to the Consolidated Fund for depreciation funding from CorpTech and debt service payments paid to CITEC associated with ICTC projects, as well as carryover of funding for GovNet.

Commercialised Business Units

QBuild

OVERVIEW

QBuild is responsible for delivering building maintenance and construction services to government agencies. It also provides a response to protect and maintain government infrastructure assets in the event of natural disasters and major incidents and provides other services in the areas of building security, cleaning, horticulture, and the management of Brisbane's Roma Street Parkland. QBuild employs approximately 390 apprentices and trainees at any one time with an annual intake of 100 State-wide. A Community Service Obligation of \$8.7 million is allocated in support of this initiative.

Key factors and challenges impacting on QBuild include:

- upskilling QBuild and industry contract staff on safe work methods for handling or working with asbestos products
- developing workforce capacity and an effective supply chain in the far north of Queensland to deliver client expectations in Indigenous communities
- maximising investment in the new enterprise system Ellipse to achieve business efficiencies while providing timely and accurate reporting.

REVIEW OF PERFORMANCE

Recent achievements

QBuild's recent achievements include:

- delivering security works for employee housing to the value of \$1.7 million in Indigenous communities
- delivering \$459 million of client maintenance programs including:
 - the Government agency annual maintenance programs;
 - the Housing Improvement Program in Indigenous communities for the Department of Communities;
 - the maintenance and upgrade component of the Nation Building – Economic Stimulus Plan; and
 - the State Schools of Tomorrow Program for the Department of Education and Training.
- delivering a number of projects including the:
 - Inala Urban Renewal program;
 - Southport Fire Station Refurbishment for the Department of Community Safety;
 - Boonah 'the Outlook' New Accommodation Block for the Department of Communities;
 - rectification works to the Administration Block at Mount Gravatt High School for the Department of Education and Training following major fire damage;
 - Byfield State Forest Ranger's office building for the Department of Environment and Resource Management;
 - reconstruction of a 13-metre high timber windmill at the Southern Queensland Institute of TAFE in Toowoomba for the Q150 celebrations;
 - multi-unit upgrades for the Department of Communities – Housing and Homelessness in Caloundra, Maroochydore and Buderim; and

- Turner Street, Scarborough construction of eight two-bedroom units with all ground floor accommodation adaptable to suit people with a disability.
- assisting with the clean-up, re-building and recovery activities of flood damaged regions throughout Queensland
- introducing a comprehensive new enterprise system Ellipse, which enables QBuild to streamline business processes and enhance service delivery
- supporting the Government's *Toward Q2: Tomorrow's Queensland* – delivering world-class education and training under the 'Smart' initiative by continuing to employ 100 new apprentices each year. Currently, 390 apprentices and trainees are employed including 61 Indigenous apprentices/trainees and 18 female apprentices and trainees. Since October 1998, a total of 1,339 apprentices and trainees have been employed by QBuild in the apprentice program
- focusing on improved technical capability to support QBuild's delivery of government environmental and safety initiatives
- managing Roma Street Parkland, which attracts approximately 650,000 visitors a year.

Future developments

In the future, QBuild will:

- continue to deliver Government agency annual maintenance programs
- continue to improve delivery of services to the Department of Education and Training, and to the Department of Communities' housing programs
- work collaboratively with other agencies to meet clients and Indigenous community expectations in the delivery of the remote Indigenous housing and homelessness upgrade program
- undertake maintenance works to all government-owned employee housing across the State
- continue to improve technical capabilities to support QBuild's delivery of Government environmental and safety initiatives with a particular focus on asbestos awareness, management and training for contractors
- continue to develop and implement a safety culture within QBuild and the Queensland Building Industry. Accreditation through the Australian Quality Training Framework is being sought for the recently developed structured training program, which focuses on demonstrating safe methods for working with or removing asbestos containing material
- develop workforce capability and an effective supply chain to ensure timely delivery of programs within regional and remote centres particularly in the far north of Queensland
- continue to streamline QBuild's supply chain management within the Ellipse business system to realise business efficiencies.

STATEMENTS

PERFORMANCE STATEMENT

Service standards	Notes	2009-10 Target/est.	2009-10 Est. actual	2010-11 Target/est.
Financial performance measures				
Gross Profit as a % of Sales	1	11.19%	12.70%	11.69%
Current ratio		1.32:1	1.30:1	1.31:1
Net Profit as a % of Sales	2,3	0.71%	0.58%	0.59%
Non-financial performance measures				
Certification of Quality Assurance and Environmental Systems		Certification maintained	Certification maintained	Certification maintained
Project Competency – Workplace Health and Safety Certification under AS48001		Certification maintained	Certification maintained	Certification maintained
Workplace Health and Safety – Working days lost		1,459	1,458	1,459
Percentage of apprentices indentured outside the metropolitan region	4	≥ 65%	72%	≥ 65%
Percentage of apprentices successfully complete training	5	≥ 80%	80%	80%
Percentage of female participation in annual apprentice program		≥ 8%	8%	≥ 8%

Notes:

1. The increase in the 2009-10 Estimated actual from the 2009-10 Target/estimate is mainly due to the effect of cost reclassifications and anticipated efficiencies in service delivery.
2. The decrease in 2009-10 Estimated actual from the 2009-10 Target/estimate is due to increases in some supplies and services costs.
3. The increase in the 2010-11 Target/estimate from the 2009-10 Estimated actual is due to the higher volume of anticipated work.
4. Percentage of apprentices indentured outside the metropolitan region is given as part of the 2010 apprentice intake and includes 27% Indigenous apprentices from a 15% target, due to an anticipated increase in construction projects in regional centres. Placements where English is a second language was 9% from a 2% target.
5. Percentage of apprentices successfully completing training given as part of the 2006 apprentice intake.

INCOME STATEMENT

QBuild	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
Income				
User charges	1,5	731,279	798,333	833,738
Grants and other contributions		8,793	8,886	8,945
Other revenue		975	1,432	1,061
Gains on sale/revaluation of property, plant and equipment and investments		..	5	13
Total income		741,047	808,656	843,757
Expenses				
Employee expenses	6,9	201,300	207,765	233,389
Supplies and services	2,7	528,196	590,755	599,652
Grants and subsidies		..	..	..
Depreciation and amortisation	3,8,10	4,707	2,340	3,463
Finance/borrowing costs		333	1,623	768
Other expenses		1,347	1,582	1,538
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
Total expenses		735,883	804,065	838,810
Surplus or deficit before related income tax		5,164	4,591	4,947
Income tax expense/revenue	4	1,552	1,166	1,235
OPERATING SURPLUS/(DEFICIT) after related income tax		3,612	3,425	3,712

STATEMENT OF CHANGES IN EQUITY

QBuild	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 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		3,612	3,425	3,712
Total recognised income and expense for the period		3,612	3,425	3,712
Equity injection/(withdrawal)				
Equity adjustments (MoG transfers)				
Dividends paid or provided		(1,806)	(1,712)	(1,856)
Total movement in equity for period		1,806	1,713	1,856

BALANCE SHEET

QBuild	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
CURRENT ASSETS				
Cash assets	11,19	31,649	54,170	52,862
Receivables		114,661	111,781	116,682
Other financial assets		..	..	..
Inventories	12,20	18,341	24,503	25,259
Other	21	1,051	2,822	2,444
Non-financial assets held for sale		..	..	..
Total current assets		165,702	193,276	197,247
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	13	4,318	3,014	4,016
Deferred tax assets	14,25	7,210	4,232	4,914
Intangibles	26	24,024	25,309	22,627
Other		..	..	..
Total non-current assets		35,552	32,555	31,557
TOTAL ASSETS		201,254	225,831	228,804
CURRENT LIABILITIES				
Payables	22	74,900	86,207	85,180
Interest-bearing liabilities and derivatives		2,234	2,750	2,925
Current tax liabilities	15	1,995	..	..
Accrued employee benefits	16	3,279	4,643	5,154
Provisions		..	..	..
Other	17,23	43,165	54,774	57,198
Total current liabilities		125,573	148,374	150,457
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities and derivatives	27	4,721	4,241	1,358
Deferred tax liabilities	18,24,28	76	1,765	3,682
Accrued employee benefits		..	..	..
Provisions		..	..	..
Other		38	..	..
Total non-current liabilities		4,835	6,006	5,040
TOTAL LIABILITIES		130,408	154,380	155,497
NET ASSETS/(LIABILITIES)		70,846	71,451	73,307
EQUITY				
Capital/contributed equity		20,900	20,900	20,900
Retained surplus/(accumulated deficit)		49,946	50,551	52,407
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		70,846	71,451	73,307

CASH FLOW STATEMENT

QBuild	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges	29,34	773,371	843,523	878,064
Grants and other contributions		8,793	8,886	8,945
Other	30,35	56,094	62,333	60,826
Outflows:				
Employee costs	31,36	(200,879)	(211,855)	(232,879)
Supplies and services	32,37	(585,310)	(652,283)	(661,242)
Grants and subsidies		..	..	..
Borrowing costs	33	(333)	(1,623)	(768)
Taxation equivalents paid		..	..	..
Other	38	(42,683)	(46,205)	(48,063)
Net cash provided by/(used in) operating activities		9,053	2,776	4,883
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	5	13
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment and intangibles	39,40	(9,345)	(9,237)	(1,783)
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		(9,345)	(9,232)	(1,770)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections		..	..	..
Outflows:				
Dividends paid		(2,758)	(3,457)	(1,712)
Borrowing redemptions		(2,455)	(2,548)	(2,709)
Finance lease payments		..	..	..
Equity withdrawals`		..	..	..
Net cash provided by/(used in) financing activities		(5,213)	(6,005)	(4,421)
Net increase/(decrease) in cash held		(5,505)	(12,461)	(1,308)
Cash at the beginning of financial year		37,154	66,631	54,170
Cash transfers from restructure		..	..	..
Cash at the end of financial year		31,649	54,170	52,862

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Income statement

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

1. The increase is due to additional work from various Australian Government and State Government initiatives.
2. The increase is due to higher subcontractor costs resulting from new programs of work.
3. The decrease is a consequence of a review of expected useful life of the new business system resulting in lower amortisation costs.
4. The decrease is due to a lower income tax expense as a percentage of operating surplus as a consequence of reduced capital depreciation and amortisation costs.

Major variances between 2009-10 Budget and 2010-11 Estimate include:

5. The increase is due to additional volumes of work emanating from Australian Government and State Government initiatives.
6. The increase is due to the additional volumes of work emanating from various Australian Government and State Government initiatives.
7. The increase is due to additional subcontractor costs as a consequence of the increased volumes of work.
8. The decrease is a consequence of a review of the expected useful life of the new business system resulting in lower amortisation costs.

Major variances between 2009-10 Estimated actual and the 2010-11 Estimate include:

9. The increase reflects additional volumes of work under various Australian Government and State Government initiatives and agreed upon enterprise bargaining arrangements.
10. The increase reflects a full year of amortisation of the new business system.

Balance sheet

Major variances between 2009-10 Budget and 2009-10 Estimated actual include:

11. The cash balances have increased in line with additional volumes of work.
12. The increase relates to higher work in progress on construction works.
13. The decrease is due to lower opening balance due to fewer acquisitions than originally budgeted in prior year.
14. The decrease is due to tax effect of recognition of new business system as an intangible asset.
15. The decrease is due to tax effects of Annual Leave Central Scheme.
16. The increase is due to a higher than anticipated level of leave liability following implementation of the Annual Leave Central Scheme.
17. The increase reflects the effect of unearned revenue due to additional volume of work.
18. The increase due to tax effect of recognition of new business system as an intangible asset.

Major variances between 2009-10 Budget and 2010-11 Estimate include:

19. Cash balances have increased in line with additional volumes of work.
20. The increase relates to higher work in progress on construction works.
21. The increase reflects prepayment on maintenance agreements for software support.
22. The increase reflects trade payables in line with increased volume of work.
23. The increase reflects effect of unearned revenue due to additional volume of work.
24. The increase is due to tax effect of recognition of new business system as an intangible asset.

Major variances between 2009-10 Estimated actual and the 2010-11 Estimate include:

25. The increase is due to tax effect of recognition of new business system as an intangible asset.
26. The decrease reflects full year of amortisation of new business system.
27. The decrease reflects the reduction in borrowing following a further year repayment of a five year business system replacement loan.
28. The increase is due to tax effect of recognition of new business system as an intangible asset.

Cash flow statement

Major variances between 2009-10 Budget and 2009-10 Estimated actual include:

29. The increase reflects additional work from various Australian Government and State Government initiatives.
30. The increase reflects higher GST input tax due to changes in services delivered within GST-grouped entities.
31. The increase reflects higher labour costs and Annual Leave Central Scheme outflows.
32. The increase reflects higher cost of subcontractors in line with increased volume of work.
33. The increase reflects working capital arrangements during the financial year.

Major variances between 2009-10 Budget and 2010-11 Estimate include:

34. The increase reflects additional work from various Australian Government and State Government initiatives.
35. The increase reflects GST input tax due to changes in services delivered within GST-grouped entities.
36. The increase reflects higher labour costs and Annual Leave Central Scheme outflows.
37. The increase reflects higher cost of subcontractors in line with increased volume of work.
38. The increase reflects other direct costs in line with increased volume of work.
39. The decrease reflects the capitalisation of the new business system during 2009-10.

Major variances between 2009-10 Estimated actual and the 2010-11 Estimate include:

40. The decrease reflects the capitalisation of the new business system in 2009-10.

Project Services

OVERVIEW

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

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

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

The key factors and challenges impacting on Project Services include:

- delivering Project Services' commitment to the Nation Building – Economic Stimulus Plan (NB-ESP), including the Department of Communities' Social Housing Initiative
- extending the use of Building Information Modelling technologies in the design and construction of public buildings
- supporting clients in implementing government policy by investing in higher levels of environmental sustainability in their building projects
- sustaining a role as the building procurement and risk manager for government
- attracting, developing and retaining a skilled workforce, and responding to an ageing staff profile
- retaining appropriate market share with a capital works program which is forecast to reduce, impacting upon both the private and public sectors' work levels.

REVIEW OF PERFORMANCE

Recent achievements

As part of the Government's building capital works program, Project Services delivered a diverse range of projects throughout the State in 2009-10 including the:

- Joint Contact Centre at Zillmere, Brisbane which achieved a 6-star green star rating, signifying World Leadership status. The project received the highest Green Star rating ever received for an office building in Australia
- Kangaroo Point Park, which transformed the former Kangaroo Point TAFE site into a public space
- Coomera Police District Headquarters, accommodating more than 160 police officers across specialist units including forensic crash, traffic, criminal investigation, child protection, dog squad as well as a vehicle examination bay
- Townsville Hospital Expansion, where, as part of Stage 1, a 17-bed medical inpatient unit opened in July 2009 and a 13-bed Acute Elder Care Assessment Unit opened in August 2009
- Palm Island CBD Master Plan, which was developed in collaboration with Indigenous Business Australia and the Palm Island Aboriginal Shire Council. The Master Plan aims to formally define the land use relationships within the central business district on Palm Island for future development.

Future developments

Project Services will continue to deliver significant building capital works projects and programs on behalf of the Government including:

- the AFL stadium at Carrara on the Gold Coast (a 23,000-seat stadium capable of accommodating international standard sporting events)
- the 19-storey Supreme Court and District Court complex in the Brisbane central business district
- government office buildings at Maroochydore, Thursday Island and Cairns
- an Ecosciences Precinct at Boggo Road, Brisbane (Australia's first science "centre of excellence" supporting innovative research into climate change, healthy environment, balanced growth, sustainable industries and mineral and petroleum resources)
- new major State hospitals including the Gold Coast University Hospital and Queensland Children's Hospital, and redevelopment of hospitals at Robina, Cairns, Townsville, Mackay and Rockhampton
- procurement management of new major State hospitals including the Gold Coast University Hospital and Queensland Children's Hospital, and the redevelopment of hospitals at Robina, Cairns, Townsville, Mackay and Rockhampton
- significant correctional centre facilities at Gatton and Lotus Glen
- the Social Housing Initiatives under the NB-ESP.

Project Services will also continue to:

- maintain an influential, sustainable and recognised commercial position with clients through the ongoing refinement and development of partnering agreements with all core clients and develop strategic alliances through professional performance
- manage its 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 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 Government.

STATEMENTS

PERFORMANCE STATEMENT

Service standards	Notes	2009-10 Target/est.	2009-10 Est. actual	2010-11 Target/est.
Financial performance measures				
Gross Profit as a % of Total Sales	1,2	42.2%	31.8%	33.8%
Current ratio		3.5:1	3.3:1	3.2:1
Net Profit as a % of Total Sales	3,4	5.9%	3.4%	1.4%
Non-financial performance measures				
Project Competency – on Time		90%	90%	90%
Project Competency – on Budget		90%	90%	90%

Notes:

1. The decrease in the 2009-10 Estimated actual from the 2009-10 Target/estimate is due to additional outsourced project activity mainly relating to major hospital projects and the Gatton Correctional Precinct Development.
2. The decrease in the 2010-11 Target/estimate from the 2009-10 Target/estimate is due to additional outsourced project activity mainly relating to major hospital projects and the Gatton Correctional Precinct Development.
3. The decrease in the 2009-10 Estimated actual from the 2009-10 Target/estimate is due to a downturn in the program of work delivered internally while the service delivery structure has remained relatively stable. This is due to the Business Unit's commitment to continued investment in business systems and staff capability to be positioned for the future upturn of the market.
4. The decrease in the 2010-11 Target/estimate from the 2009-10 Estimated actual is due to a downturn in the program of work delivered internally while the service delivery structure has remained relatively stable. This is due to the business unit's commitment to continued investment in business systems and staff capability to be positioned for the future upturn of the market.

INCOME STATEMENT

Project Services	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
Income				
User charges	1,11	149,576	183,855	150,626
Grants and other contributions		..	..	..
Other revenue	2,6,12	1,896	2,090	2,612
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
Total income		151,472	185,945	153,238
Expenses				
Employee expenses	7,13	71,829	70,694	67,824
Supplies and services	3,8,14	69,214	108,019	82,394
Grants and subsidies		..	..	..
Depreciation and amortisation	4,9	1,198	623	595
Finance/borrowing costs		..	..	..
Other expenses		350	373	318
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
Total expenses		142,591	179,709	151,131
Surplus or deficit before related income tax	5,10,15	8,881	6,236	2,107
Income tax expense/revenue		2,666	1,961	522
OPERATING SURPLUS/ (DEFICIT) after related income tax		6,215	4,275	1,585

STATEMENT OF CHANGES IN EQUITY

Project Services	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 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		6,215	4,275	1,585
Total recognised income and expense for the period		6,215	4,275	1,585
Equity injection/(withdrawal)	
Equity adjustments (MoG transfers)	
Dividends paid or provided		(3,108)	(2,137)	(793)
Total movement in equity for period		3,107	2,138	792

BALANCE SHEET

Project Services	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
CURRENT ASSETS				
Cash assets	20,26	24,413	23,670	14,405
Receivables	16,21,27	24,239	26,409	21,882
Other financial assets		3	..	..
Inventories	17,22	1,189	..	..
Other		606	858	619
Non-financial assets held for sale		..	..	..
Total current assets		50,450	50,937	36,906
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment		1,118	1,330	850
Deferred tax assets		1,372	982	1,157
Intangibles	23,28	2,750	2,107	13,282
Other		..	..	..
Total non-current assets		5,240	4,419	15,289
TOTAL ASSETS		55,690	55,356	52,195
CURRENT LIABILITIES				
Payables	19,24,29	9,818	12,450	8,693
Interest-bearing liabilities and derivatives		..	..	..
Current tax liabilities	18,25	2,379	79	417
Accrued employee benefits		1,441	1,446	1,347
Provisions		717	1,457	957
Other		192	..	..
Total current liabilities		14,547	15,432	11,414
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Deferred tax liabilities		114	219	284
Accrued employee benefits		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		114	219	284
TOTAL LIABILITIES		14,661	15,651	11,698
NET ASSETS/ (LIABILITIES)		41,029	39,705	40,497
EQUITY				
Capital/contributed equity		1,730	1,730	1,730
Retained surplus/(accumulated deficit)		39,299	37,975	38,767
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		41,029	39,705	40,497

CASH FLOW STATEMENT

Project Services	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges	30,33,36	165,902	202,025	171,958
Grants and other contributions		..	..	..
Other	30,36	9,432	19,019	13,527
Outflows:				
Employee costs	32,37	(74,858)	(71,753)	(67,771)
Supplies and services	30,33,36	(79,007)	(115,937)	(95,681)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Taxation equivalents paid		(1,415)	(1,792)	(294)
Other	30,36	(14,323)	(24,715)	(17,577)
Net cash provided by/(used in) operating activities		5,731	6,847	4,162
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	31,34	(2,822)	(718)	(11,290)
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/ (used in) investing activities		(2,822)	(718)	(11,290)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections		..	..	..
Outflows:				
Dividends paid	35,38	(4,043)	(3,686)	(2,137)
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Net cash provided by/ (used in) financing activities		(4,043)	(3,686)	(2,137)
Net increase/(decrease) in cash held		(1,134)	2,443	(9,265)
Cash at the beginning of financial year		25,547	21,227	23,670
Cash transfers from restructure		..	..	..
Cash at the end of financial year		24,413	23,670	14,405

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Income statement

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

1. User charges are higher due to additional outsourced project activity mainly relating to major hospital projects and the Gattton Correctional Precinct Development.
2. Other revenues are more favourable due to higher interest revenue resulting from improved cash balances and increases in interest rates, and the rental supplementation from the Consolidated Fund.
3. Supplies and services are higher due to an increase in the amount of work outsourced to the private sector in line with a higher level of outsourced revenue included in User charges, mainly relating to major hospital projects.
4. Depreciation and amortisation are lower due to revised timings in the roll-out of SAP and other business system upgrades.
5. The net operating surplus is reduced due to a downturn in the program of work delivered internally while the service delivery structure has remained relatively stable. This is due to Business Unit's commitment to continued investment in business systems and staff capability to be positioned for the future upturn of the market.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

6. Other revenues are expected to be higher due to the rental supplementation funding and improved interest revenue as a result of higher interest rates and improved cash balances.
7. Employee expenses are expected to be lower due to a reduced program of work.
8. Supplies and services are expected to be higher mainly due to a greater level of outsourced work to the private sector which is included in user charges.
9. Depreciation and amortisation are expected to be lower due to the revised timing of the planned SAP upgrade.
10. The net operating surplus is reduced due to a downturn in the program of work delivered internally while the service delivery structure has remained relatively stable. This is due to the Business Unit's commitment to continued investment in business systems and staff capability to be positioned for the future upturn of the market.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

11. User charges are expected to be lower due to a reduced program of work, both internal fees and outsourced revenue.
12. Other revenue is expected to be higher due to improved interest revenue as a result of higher interest rates and improved cash balances.
13. Employee expenses are expected to be lower due to a reduced program of work.
14. Supplies and services are expected to be lower in line with a reduced program of work.
15. The net operating surplus is reduced due to a downturn in the program of work delivered internally while the service delivery structure has remained relatively stable. This is due to the Business Unit's commitment to continued investment in business systems and staff capability to be positioned for the future upturn of the market.

Balance sheet

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

16. Receivables are higher due to an increase in revenue outsourced to the private sector.
17. Inventories were budgeted to allow for some Work-In-Progress to be completed but not yet billed at year-end due to timing differences. It is now anticipated that the Business Unit is likely to be in a neutral position.
18. The tax liability is lower due to a reduced net profit position and has been offset by tax instalments for the current year.
19. Payables are higher as a result of an increase in cost of sales relating to revenue outsourced to the private sector.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

20. The decrease in cash is mainly due to the proposed major upgrades to SAP and other business systems including eTender and eContract.
21. The decrease in receivables is mainly due to a reduction in internal fees and continued improvements in debt management.
22. Inventories were budgeted to allow for some Work-In-Progress to be completed but not yet billed at year-end due to timing differences. It is now anticipated that the Business Unit is likely to be in a neutral position.
23. The increase in intangibles is due to the proposed major upgrade to SAP and a number of other business systems.
24. The decrease in payables is due to a reduced program of work delivered internally, and a reduction in dividends payable as a result of the reduced net profit position.
25. The tax liability is lower due to a reduced net profit position.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

26. The decrease in cash is due to the proposed upgrades to SAP and other business systems including eTender and eContract.
27. The decrease in receivables is in line with an expected smaller program of work, which will also result in a lower volume of work outsourced to the private sector.
28. The increase in intangibles is due to the major upgrades to SAP and a number of other business systems.
29. The decrease in payables is mainly due to a reduction in the program of work which will also result in less work being outsourced to external consultants. Dividends payable are also expected to decrease in line with a lower net profit position.

Cash flow statement

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

30. Cash inflows and outflows are higher primarily due to increased user charges particularly the outsourced revenue component and associated external consultant costs included in supplies and services. The movement also impacts on GST receivable and payable which are included in other inflows and outflows.
31. Payments for property, plant and equipment and intangibles are lower due to the postponement of business systems upgrades.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

- 32. Employee expenses are expected to be lower due to a reduced program of work.
- 33. Supplies and services are expected to be higher mainly due to a greater level of outsourced work to the private sector, including major hospital and housing projects.
- 34. Payments for property, plant and equipment, and intangibles are expected to be higher due to the major upgrades to SAP and other business systems.
- 35. Dividends paid are expected to be lower due to a reduced net profit position.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

- 36. Material movements in cash inflows and outflows are primarily due to a lower program of work which also impact on the level of cost of sales included in Supplies and services. The movement also impacts on GST receivable and payable which are included in other inflows and outflows.
- 37. Employee expenses are expected to be lower due to a reduced program of work.
- 38. Dividends paid are expected to be lower due to a reduced net profit position.

QFleet

OVERVIEW

QFleet is the Government's centralised fleet owner and manager. QFleet's role and value to Government is based on its capacity to aggregate the Government fleet, enable economies of scale and provide centralised expertise in fleet management. In 2009-10, QFleet managed approximately 13,500 vehicles on behalf of the Government. QFleet's key services are vehicle procurement; fleet leasing, management and advisory services; vehicle servicing and repairs; used vehicle sales; fleet reporting; and the development and management of fleet policy.

The key factors and challenges impacting on QFleet include:

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

REVIEW OF PERFORMANCE

Recent Achievements

QFleet's recent achievements include:

- implementing an improved vehicle procurement model enabling substantive savings to government whilst delivering on the Government's priorities of greener and safer vehicles
- further reducing vehicle emissions - the *QFleet ClimateSmart Action Plan 2007-2010* set a vehicle carbon dioxide (CO₂) emission reduction target of 15% by the end of 2010. As at March 2010, a 20.9% reduction in CO₂ emissions from the QFleet fleet had been achieved
- developing the Fleet Efficiency and Utilisation Policy (QFleet is the first government fleet in Australia to develop such a policy for client agencies)
- developing ClimateSmart strategic review modelling tools for operational, tactical and strategic performance analysis and reporting
- implementing a Driver Education and Awareness Program, including 102 workshops run in conjunction with CARRS-Q (QUT) for approximately 4,000 government drivers, State-wide.

Future developments

In the future, QFleet will:

- implement the Fleet Efficiency and Utilisation Policy, which provides a framework for best practice fleet management for the Government
- implement phase two of the *ClimateSmart Action Plan 2010-2012* to meet targets to reduce carbon emissions of the fleet by 25% by 2012 and 50% by 2017
- implement the second phase of QFleet's strategic procurement plan to reduce ClimateSmart emissions, enhance general fleet safety and lower the total cost of ownership to government
- develop and implement dashboard reporting on fleet performance for agency's chief executive officers to inform them of significant performance indicators in their fleet
- develop and provide a Driver Safety Manual to government agencies.

STATEMENTS

PERFORMANCE STATEMENT

Service standards	Notes	2009-10 Target/est.	2009-10 Est. actual	2010-11 Target/est.
Financial performance measures				
Current ratio	1	1.32:1	1.19:1	1.08:1
Gearing level	2	82%	80%	80%
Return on net assets	3	6.7%	10.1%	5.8%
Non-financial performance measures				
Reduction of carbon emissions in vehicles (ClimateSmart)	4	15% by 31 December 2010	20.9%	25% by 31 December 2012
Vehicle stocks on hand awaiting sale as a percentage of the total fleet	5	<10%	<10%	<10%

Notes:

1. The decrease in the 2010-11 Target/estimate from the 2009-10 Estimated actual is mainly due to a reduction of receivables from higher unearned income and improved recovery.
2. The variance between the 2009-10 Target/estimate and the 2010-11 Target/estimate relates to a reduction in debt to the Queensland Treasury Corporation and a minor increase in equity due to profits.
3. The decrease in the 2010-11 Target/estimate from the 2009-10 Estimated actual is due to a trend across Australia for an increase in new motor vehicle sales and a subsequent drop in used vehicle sales post the Global Financial Crisis.
4. QFleet met the target to reduce carbon dioxide emissions of its fleet by 15% in September 2009. As at end March 2010, QFleet's 2009-10 Estimated actual was 20.92%.
5. It is expected that by 30 June 2010, vehicle stocks on hand awaiting sale will be <10% of the total fleet.

INCOME STATEMENT

QFleet	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
Income				
User charges	1,7,13	147,807	227,481	226,414
Grants and other contributions		..	..	..
Other revenue		641	647	642
Gains on sale/revaluation of property, plant and equipment and investments	2,8	421	..	..
Total income		148,869	228,128	227,056
Expenses				
Employee expenses	3,9	10,326	8,955	10,968
Supplies and services	4,10	46,592	118,201	131,250
Grants and subsidies		..	..	..
Depreciation and amortisation		65,290	66,448	64,492
Finance/borrowing costs	5,14	16,432	13,997	15,326
Other expenses		279	554	538
Losses on sale/revaluation of property, plant and equipment and investments	12	4,180	..	..
Total expenses		143,099	208,155	222,574
Surplus or deficit before related income tax		5,770	19,973	4,482
Income tax expense/revenue	6,11,15	1,731	5,992	1,345
OPERATING SURPLUS/(DEFICIT) after related income tax		4,039	13,981	3,137

STATEMENT OF CHANGES IN EQUITY

QFleet	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 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	16,18	4,039	13,981	3,137
Total recognised income and expense for the period		4,039	13,981	3,137
Equity injection/(withdrawal)		..	..	..
Equity adjustments (MoG transfers)		..	..	..
Dividends paid or provided	17,19	(2,020)	(6,990)	(1,568)
Total movement in equity for period		2,019	6,991	1,569

BALANCE SHEET

QFleet	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
CURRENT ASSETS				
Cash assets		500	543	500
Receivables	20,28	14,066	12,293	7,056
Other financial assets		..	..	..
Inventories	26	281	13,749	13,370
Other		5,326	5,709	5,114
Non-financial assets held for sale	27	12,783	..	..
Total current assets		32,956	32,294	26,040
NON-CURRENT ASSETS				
Receivables		2	..	..
Other financial assets		..	..	..
Property, plant and equipment	21,25	312,868	306,309	316,961
Deferred tax assets		1,372	759	759
Intangibles	22	6,160	4,809	5,285
Other		..	..	..
Total non-current assets		320,402	311,877	323,005
TOTAL ASSETS		353,358	344,171	349,045
CURRENT LIABILITIES				
Payables		22,452	20,670	22,256
Interest-bearing liabilities and derivatives		..	..	..
Current tax liabilities	23	1,731	5,977	1,345
Accrued employee benefits		449	497	497
Provisions		..	..	..
Other		270	..	..
Total current liabilities		24,902	27,144	24,098
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities and derivatives	24,29	265,754	250,002	256,353
Deferred tax liabilities		4,075	3,276	3,276
Accrued employee benefits		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		269,829	253,278	259,629
TOTAL LIABILITIES		294,731	280,422	283,727
NET ASSETS/(LIABILITIES)		58,627	63,749	65,318
EQUITY				
Capital/contributed equity		26,097	26,095	26,095
Retained surplus/(accumulated deficit)		32,530	37,654	39,223
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		58,627	63,749	65,318

CASH FLOW STATEMENT

QFleet	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges	30	160,425	244,169	251,431
Grants and other contributions		..	..	..
Other		932	663	642
Outflows:				
Employee costs	34 35	(10,326)	(8,732)	(10,968)
Supplies and services	31,36	(56,090)	(211,001)	(218,165)
Grants and subsidies		..	..	..
Borrowing costs	39	(16,583)	(13,984)	(15,121)
Taxation equivalents paid	40	(1,873)	..	(5,977)
Other		(279)	(554)	(539)
Net cash provided by/(used in) operating activities		76,206	10,561	1,303
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment	32	76,825	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment and intangibles	38	(148,016)	(529)	(707)
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		(71,191)	(529)	(707)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings	33	7,069	30,000	18,456
Equity injections		..	..	..
Outflows:				
Dividends paid	37,42	(2,186)	(5,660)	(6,990)
Borrowing redemptions	41	(9,917)	(35,001)	(12,105)
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Net cash provided by/(used in) financing activities		(5,034)	(10,661)	(639)
Net increase/(decrease) in cash held		(19)	(629)	(43)
Cash at the beginning of financial year		519	1,172	543
Cash transfers from restructure		..	..	..
Cash at the end of financial year		500	543	500

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

General Note: As a result of a change in the accounting standards AASB 107 *Statement of Cash Flows* and AASB 116 *Property Plant and Equipment*, changes are required to the Income Statement, Balance Sheet and the Cash Flow Statement. The gross proceeds from sales of vehicles must be classified as user charges in the Income Statement with the written down value at date of sale classified as supplies and services. Vehicles awaiting sale must be classified as inventories in the Balance Sheet. The cash flows relating to sales and purchase of motor vehicle assets must now be classified as Cash Flows From Operating Activities in the Cash Flow Statement. These changes have been implemented for the 2009-10 Estimated actuals and 2010-11 Estimate. The 2009-10 Budget appears the same as in the 2009-10 Service Delivery Statements.

Income statement

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

1. The increase is mainly due to the inclusion of the gross proceeds on vehicle sales (see General Note).
2. The decrease is due to gain on sale not being disclosed owing to changes in accounting standards (see General Note).
3. The decrease is due to utilisation of agency staff at workshops and staff capitalised to the core system replacement project.
4. The increase is mainly due to the inclusion of written down values on sale of vehicles in supplies and services (see General Note).
5. The decrease is due to lower interest rates for many months of the year and a reduced level of debt.
6. The increase in income tax is due to the higher profit for the 2009-10 year.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

7. The increase is mainly due to the inclusion of the gross proceeds on vehicle sales (see General Note).
8. The decrease is due to the gain on sale not being disclosed owing to changes in accounting standards (see General Note).
9. The increase is due to enterprise bargaining increases and a restructure of business operations in 2009-10.
10. The increase is mainly due to the inclusion of written down values on sale of vehicles in supplies and services and costs associated with the business systems replacement project (see General Note).
11. The reduced tax is due to the lower profits expected in the 2010-11 fiscal year.
12. The decrease is due to loss on sale not being disclosed owing to changes in accounting standards (see General Note).

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

13. The decrease is due to a minor fall in the resale prices of used vehicles as the economy improves and new vehicle sales increase, resulting in more used cars on the market.
14. The increase is due to higher borrowing costs resulting from higher interest rates and increased borrowing levels.
15. The decrease is due to the lower profits estimated for fiscal year 2010-11.

Statement of changes in equity

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

16. The increase is due to gains on the sale of motor vehicles, user charges and savings in vehicle maintenance costs, employee costs and finance borrowing costs.
17. The increase is due to a higher than budgeted net operating surplus, after taxes.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

18. The decrease is due to lower lease revenue due to a marginally smaller fleet size and estimated lower net profits on the vehicle resale markets
19. The decrease in provision for dividends is due to lower net operating surplus after taxes.

Balance sheet

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

20. The decrease is due to improved debt recovery.
21. The decrease is due to the lower residual values and therefore higher depreciation on motor vehicles.
22. The decrease in value of intangible assets is due to deferral of core system replacement implementation.
23. The increase in the provision for taxation is as a result of the higher operating surplus.
24. The decrease in borrowings is mainly due to extra cash flow from improved values on motor vehicle sales.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

25. The increase is due to potential higher prices of new vehicles to the required standards of safety and fit for purpose and the need to replace the 3 year lease vehicles from 2007 at a higher cost.
26. The increase is due to the inclusion of motor vehicles held for sale, transferred from Non-financial assets held for sale (see General Note).
27. The decrease is due to the transfer of motor vehicles held for sale to inventories (see General Note).

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

28. The decrease is mainly due to improved recovery from debtors.
29. The increase in borrowings is due to higher average cost of replacement of motor vehicles and the higher number of vehicles being replaced.

Cash flow statement

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

30. The increase is due to the inclusion of the proceeds on sale of vehicles (see General Note).
31. The increase is mainly due to increased motor vehicle service costs and the inclusion of purchases of new vehicles transferred from payments for property plant and equipment (see General Note).

32. The decrease is due to the proceeds on sale of vehicles being now included in User charges (see General Note).
33. The increase in borrowings is due to need for short term borrowings offset by greater redemptions of the debt.
34. The reduction is due to the restructure of the business part way through the year, which saw the number of jobs reduced and some vacancies filled later in the year, as well as capitalisation of staff working on the core system replacement project.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

35. The increase is due to enterprise bargaining and more permanent positions to achieve the full staffing levels.
36. The increase is due to higher charges for motor vehicle servicing, core system replacement and the purchase of new vehicles (see General Note).
37. The increase in dividend paid is due to the high operating surplus in 2009-10.
38. The decrease is due to the costs of motor vehicle purchases now being included in supplies and services (see General Note).

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

39. The increase is due to borrowings at higher interest rates, as a result of the recovery in global financial markets.
40. The increase is due to the improved surplus in 2009-10, resulting in tax payments in 2010-11.
41. The decrease in redemptions is due to less cash flow available from lower profits on sale of vehicles expected in 2010-11.
42. The increase is due to the higher operating profits in 2009-10 resulting mainly from resale of vehicles.

CITEC

OVERVIEW

CITEC is the Queensland Government's primary technology service provider. CITEC's core business is to deliver data centre, network and infrastructure services, including solutions integration services, to the whole-of-Government. CITEC also delivers information brokerage services through CITEC Confirm.

The Queensland Government Chief Technology Office (QGCTO), established within CITEC, provides leadership and direction, collaboration and management on whole-of-Government ICT to the Government and its agencies. The QGCTO has a focus on standards for the technology domain of the Government Enterprise Architecture and gives direction to technology consolidation programs across government. It ensures that whole-of-Government investment in technology is optimised to meet information management and integrated government service delivery outcomes.

The key factors and challenges impacting on CITEC include:

- progressing the long-term consolidation of agency ICT infrastructure to the whole-of-Government providing economies of scale and secure environments
- managing resources to effectively deliver ICT infrastructure services and their required operating capacity
- sustaining a viable CITEC financial position as well as managing long-term investments in whole-of-Government ICT infrastructure
- identifying opportunities for partnering with the ICT industry.

REVIEW OF PERFORMANCE

Recent achievements

CITEC's recent achievements include:

- transitioning agencies equipment and other ICT infrastructure to the Polaris Data Centre to facilitate whole-of-Government ICT infrastructure consolidation including equipment from the Department of Transport and Main Roads, the Department of Education and Training, the Department of Public Works as well as the Public Trust Office
- finalising consolidation strategies and roadmaps for the Department of Transport and Main Roads, the Department of Education and Training, and the Department of Public Works for transition to whole-of-Government ICT infrastructure service offerings with draft consolidation strategies and roadmaps developed for a further four agencies
- finalising an Applications Rationalisation Methodology for adoption by agencies in assessing and managing applications in use within each department
- completing the detailed design of the technology architecture of the whole-of-Government Identity Directory and Email Service (IDES), which will consolidate email service delivery across government and provide improved whole-of-Government identity management
- upgrading service and capacity through procurement of more advanced and cost effective technology, such as mainframes
- establishing a common Internet Service Provider arrangement for provisioning agency internet capacity needs which has been taken up by all departments with savings to agencies of \$6.6 million as at March 2010
- finalising a large scale technology consolidation for the whole-of-Government intranet (GovNet) resulting in a reduction of \$1 million annually and improved resilient and high speed connectivity between agencies sharing business critical applications

- implementing a common agency ICT service call logging and management system, promoting a standard government-wide approach for improved help desk call resolution
- completing an evaluation process for the whole-of-Government Foundation Infrastructure Program, which includes network infrastructure
- developing a whole-of-Government approach to procurement of ICT infrastructure and services available for use by all departments resulting in agency cost avoidance of \$1 million to December 2009.

Future developments

In the future, CITEC will:

- commission the Foundation ICT Infrastructure for network connectivity, data storage facilities and server equipment to provide whole-of-Government consolidation capability
- implement IDES technology and commence roll-out across departments
- implement actions from the Government's *Toward Q2 through ICT* Strategy to reform technology capability and service delivery including reviewing future data centre capacity requirements of government and a shared utility approach to infrastructure service delivery
- continue the transition of agency ICT infrastructure into whole-of-Government ICT service delivery offerings
- investigate and, where appropriate, progress CITEC ICT infrastructure and service delivery capability in support of the Government's response to the Council of Australian Governments initiatives.

STATEMENTS

PERFORMANCE STATEMENT

Service standards	Notes	2009-10 Target/est.	2009-10 Est. actual	2010-11 Target/est.
Financial performance measures				
Earnings Before Interest and Tax (EBIT) (\$'000)	1,3,5	(5,131)	(10,567)	(14,910)
Current Ratio		1.41:1	1.86:1	1.37:1
Gearing Level	2,4,6	64.7%	54.4%	67.3%
Return on Net Assets		(8.3%)	(17.1%)	(15.3%)
Non-financial performance measures				
Number of Information Technology graduates, trainees and cooperative students employed each year		10	16	10
Agency accepted design conversions to whole-of-Government ICT infrastructure		100%	100%	100%
Government Enterprise Architecture Papers		10	20	10

Notes:

1. The decrease in the 2009-10 Estimated actual from the 2009-10 Target/estimate is a result of the winding back of services to commercial clients, deferred ICT projects, costs of transitioning CITEC to a whole-of-Government services provider and the cost associated with delivering the Identity, Directory and Email Services (IDES) program of work.
2. The decrease in the 2009-10 Estimated actual from the 2009-10 Target/estimate is due to higher total equity as a result of the additional equity injection to support CITEC's operations in transitioning to a whole-of-Government ICT services provider.
3. The decrease in the 2010-11 Target/estimate from the 2009-10 Target/estimate is a result of the winding back of services to commercial clients, deferred ICT projects, the costs of transitioning CITEC to a whole-of-Government services provider and the cost associated with delivering the IDES program of work.
4. The increase in the 2010-11 Target/estimate from the 2009-10 Target/estimate is due to loan draw downs for the IDES and ICTC programs.
5. The decrease in the 2010-11 Target/estimate from the 2009-10 Estimated actual is a result of the winding back of services to commercial clients, deferral of Queensland Government ICT discretionary projects and costs of transitioning CITEC to a whole-of-Government services provider.
6. The increase in the 2010-11 Target/estimate from the 2009-10 Target/estimate is due to loan draw downs for the IDES and ICTC programs.

INCOME STATEMENT

CITEC	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
Income				
User charges	1,6,11	165,092	160,636	182,205
Grants and other contributions		..	..	..
Other revenue		2,160	2,285	2,100
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
Total income		167,252	162,921	184,305
Expenses				
Employee expenses	2,7,12	60,633	62,640	70,119
Supplies and services	3,8,13	98,833	101,082	114,768
Grants and subsidies		..	..	..
Depreciation and amortisation	4,9,14	10,542	8,283	12,126
Finance/borrowing costs		2,430	1,560	3,096
Other expenses		1,256	1,011	1,057
Losses on sale/revaluation of property, plant and equipment and investments		11	20	26
Total expenses		173,705	174,596	201,192
Surplus or deficit before related income tax	5,10,15	(6,453)	(11,675)	(16,887)
Income tax expense/revenue		(3,691)	(3,601)	(4,053)
OPERATING SURPLUS/(DEFICIT) after related income tax	5,10,15	(2,762)	(8,074)	(12,834)

STATEMENT OF CHANGES IN EQUITY

CITEC	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 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	16,18,20	(2,762)	(8,074)	(12,834)
Total recognised income and expense for the period		(2,762)	(8,074)	(12,834)
Equity injection/(withdrawal)	17,19,21	5,426	23,193	8,421
Equity adjustments (MoG transfers)		..	..	..
Dividends paid or provided		..	..	..
Total movement in equity for period		2,664	15,119	(4,413)

BALANCE SHEET

CITEC	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
CURRENT ASSETS				
Cash assets	22,30,39	2,434	15,636	5,531
Receivables	31,40	23,766	24,036	28,717
Other financial assets		..	..	..
Inventories		134	51	60
Other	23,32	3,210	7,608	7,306
Non-financial assets held for sale		..	..	..
Total current assets		29,544	47,331	41,614
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		500	500	500
Property, plant and equipment	33,41	45,241	44,829	54,526
Deferred tax assets	24,34,42	5,881	8,635	13,692
Intangibles	25,33,41	15,609	23,508	31,821
Other		1,425	850	850
Total non-current assets		68,656	78,322	101,389
TOTAL ASSETS		98,200	125,653	143,003
CURRENT LIABILITIES				
Payables	26,35,43	7,130	10,682	12,120
Interest-bearing liabilities and derivatives	27,36,44	8,919	9,991	12,226
Current tax liabilities		..	..	..
Accrued employee benefits		940	1,903	2,319
Provisions		..	..	..
Other		3,965	2,841	3,819
Total current liabilities		20,954	25,417	30,484
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities and derivatives	27,36,44	47,648	56,662	72,354
Deferred tax liabilities		..	808	1,812
Accrued employee benefits		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		47,648	57,470	74,166
TOTAL LIABILITIES		68,602	82,887	104,650
NET ASSETS/(LIABILITIES)		29,598	42,766	38,353
EQUITY				
Capital/contributed equity	28,37,45	21,238	37,514	45,935
Retained surplus/(accumulated deficit)	29,38,46	8,360	5,252	(7,582)
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		29,598	42,766	38,353

CASH FLOW STATEMENT

CITEC	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges	47,53,58	176,075	172,151	195,641
Grants and other contributions		..	..	..
Other	53,58	11,596	12,248	14,753
Outflows:				
Employee costs	54,59	(62,313)	(62,309)	(69,494)
Supplies and services	48,55,60	(106,433)	(116,811)	(127,842)
Grants and subsidies		..	..	..
Borrowing costs		(2,000)	(920)	(2,944)
Taxation equivalents paid		..	..	..
Other		(16,842)	(16,424)	(16,431)
Net cash provided by/(used in) operating activities		83	(12,065)	(6,317)
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	49,56,61	(43,406)	(45,282)	(30,136)
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		(43,406)	(45,282)	(30,136)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings	50,57,62	45,400	47,750	28,167
Equity injections	51,63	5,426	23,193	8,421
Outflows:				
Dividends paid		..	..	..
Borrowing redemptions	52,64	(7,204)	(3,758)	(8,679)
Finance lease payments		..	(591)	(1,561)
Equity withdrawals		..	..	..
Net cash provided by/(used in) financing activities		43,622	66,594	26,348
Net increase/(decrease) in cash held		299	9,247	(10,105)
Cash at the beginning of financial year		2,135	6,389	15,636
Cash transfers from restructure		..	..	..
Cash at the end of financial year		2,434	15,636	5,531

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Income statement

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

1. The decrease is mainly due to the winding back of services to commercial clients and reduced Identity, Directory and Email Services (IDES) revenue as a result of timing differences in the delivery of the program.
2. The increase is due to additional resource requirements necessary to transition CITEC to a whole-of-Government ICT services provider (including IDES and ICT Consolidation (ICTC)).
3. The increase is due to additional resource requirements necessary to transition CITEC to a whole-of-Government ICT services provider (including IDES and ICTC).
4. The decrease is due to the timing of asset acquisitions associated with the IDES and ICTC programs.
5. The increased deficit is a result of the winding back of services to Commercial clients, deferral of the Queensland Government ICT discretionary projects, costs of transitioning CITEC to a whole-of-Government ICT services provider and the cost associated with delivering upon the IDES program.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

6. The increase is due to additional volumes for whole-of-Government ICT services (including IDES and ICTC).
7. The increase is due to enterprise bargaining and additional resource requirements to deliver whole-of-Government ICT services.
8. The increase is due to service delivery expenditure necessary to support additional volume for whole-of-Government services (including IDES and ICTC).
9. The increase is mainly due to the depreciation impact of asset acquisitions for the IDES and ICTC programs.
10. The increased deficit is a result of the winding back of services to Commercial clients, deferral of Queensland Government ICT discretionary projects, the costs of transitioning CITEC to a whole-of-Government ICT services provider and the cost associated with delivering on the IDES program.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

11. The increase is due to additional volumes for whole-of-Government ICT services (including IDES and ICTC).
12. The increase is due to enterprise bargaining and additional resource requirements to deliver whole-of-Government ICT services.
13. The increase is due to service delivery expenditure necessary to support additional volume for whole-of-Government services (including IDES and ICTC).
14. The increase is mainly due to the depreciation impact of asset acquisitions for the IDES and ICTC programs.
15. The increased deficit is a result of the winding back of services to Commercial clients, deferral of the Queensland Government ICT discretionary projects, the costs of transitioning CITEC to a whole-of-Government ICT services provider and the cost associated with delivering on the IDES program.

Statement of changes in equity

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

16. The increased deficit is a result of the winding back of services to Commercial clients, deferral of Queensland Government ICT discretionary projects, costs of transitioning CITEC to a whole-of-Government ICT services provider and the cost associated with delivering upon the IDES program.
17. The increase is due to an equity injection to support CITEC's operations in transitioning to a whole-of-Government ICT services provider offset by a reduction in equity injections due to the timing of principal payments made in respect to the ICTC loan facility.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

18. The increased deficit is a result of the winding back of services to Commercial clients, deferral of Queensland Government ICT discretionary projects, costs of transitioning CITEC to a whole-of-Government ICT services provider and the cost associated with delivering on the IDES program.
19. The increase is due to the timing of principal payments made in respect to the ICTC loan facility and funding for GovNet capital acquisitions.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

20. The increased deficit is a result of the winding back of services to Commercial clients, deferral of the Queensland Government ICT discretionary projects, costs of transitioning CITEC to a whole-of-Government ICT services provider and the cost associated with delivering upon the IDES program.
21. The decrease is due to an equity injection to support CITEC's operations in transitioning to a whole-of-Government ICT services provider received in 2009-10 offset by an increase in equity injections due to the timing of principal payments made in respect to the ICTC loan facility and funding for GovNet capital acquisitions.

Balance sheet

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

22. The increase is due to the cash impact of the payment and part utilisation of the equity injection to support CITEC's operations in transitioning to a whole-of-Government ICT services provider.
23. The increase is due to higher prepayments of supplies and services associated with the IDES Program.
24. The increase is due to the higher deficit and corresponding carried forward tax losses.
25. The increase is mainly due to additional asset acquisitions for the IDES and ICTC programs.
26. The increase is due to the impact of service delivery expenditure for additional volume for whole-of-Government ICT services.
27. The increase is due to loan draw downs for the IDES and ICTC programs.

28. The increase is due to an equity injection to support CITEC's operations in transitioning to a whole-of-Government ICT services provider offset by a reduction in equity injections due to the timing of principal payments made in respect to the ICTC loan facility.
29. The decrease is due to the higher operating deficit as a result of the winding back of services to Commercial clients, deferral of Queensland Government ICT discretionary projects, costs of transitioning CITEC to a whole-of-Government ICT services provider and the cost associated with delivering upon the IDES program.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

30. The increase is due to the cash impact of the payment and utilisation of the equity injection to support CITEC's operations in transitioning to a whole-of-Government ICT services provider.
31. The increase is due to additional volumes for whole-of-Government ICT services (including IDES and ICTC).
32. The increase is due to higher prepayments of supplies and services associated with the IDES Program.
33. The increase is mainly due to asset acquisitions for the IDES, ICTC and GovNet programs.
34. The increase is due to the higher deficit and corresponding carried forward tax losses.
35. The increase is due to the impact of service delivery expenditure for additional volume for whole-of-Government ICT services.
36. The increase is due to loan draw downs for the IDES and ICTC programs.
37. The increase is due to the impact of the equity injection to support CITEC's operations in transition to whole-of-Government ICT services provider and funding for principal payments made in respect to the ICTC loan facility and GovNet capital acquisitions.
38. The decrease is due to the higher operating deficit as a result of the winding back of services to Commercial clients, deferral of Queensland Government ICT discretionary projects costs of transitioning CITEC to a whole-of-Government ICT services provider and the cost associated with delivering on the IDES program.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

39. The decrease is due to the cash impact of the utilisation of the equity injection to support CITEC's operations in transitioning to a whole-of-Government ICT service provider.
40. The increase is due to additional volumes for whole-of-Government ICT services (including IDES and ICTC).
41. The increase is mainly due to asset acquisitions for the IDES and ICTC programs.
42. The increase is due to the higher deficit and corresponding carried forward tax losses.
43. The increase is due to the impact of service delivery expenditure for additional volume for whole-of-Government ICT services.
44. The increase is due to loan draw downs for the IDES and ICTC programs.
45. The increase is due to the timing of principal payments made in respect to the ICTC loan facility and funding for GovNet capital acquisitions.
46. The decrease is due to the higher operating deficit as a result of the winding back of services to Commercial clients, deferral of Queensland Government ICT discretionary projects and the costs of transitioning CITEC to a whole-of-Government ICT services provider and the cost associated with delivering upon the IDES program.

Cash flow statement

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

47. The decrease is mainly due to the winding back of services to Commercial clients and reduced IDES revenue as a result of changes to the timing of program delivery.
48. The increase is due to additional resource requirements necessary to transition CITEC to a whole-of-Government ICT services provider (including IDES and ICTC).
49. The increase is mainly due to asset acquisitions for the IDES and ICTC programs.
50. The increase is mainly due to asset acquisitions for the IDES and ICTC programs.
51. The increase is due to an equity injection to support CITEC's operations in transitioning to a whole-of-Government ICT services provider offset by the timing of principal payments made in respect to the ICTC loan facility.
52. The decrease is due to the timing of principal payments made in respect to the ICTC loan facility.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

53. The increase is due to additional volumes for whole-of-Government ICT services (including IDES and ICTC).
54. The increase is due to enterprise bargaining and additional resource requirements to deliver whole-of-Government ICT services.
55. The increase is due to service delivery expenditure necessary to support additional volume for whole-of-Government services (including IDES and ICTC).
56. The decrease reflects initial foundation asset acquisitions made in 2009-10 in respect to IDES and ICTC programs which were of a non recurring nature.
57. The decrease is due to the borrowings made in 2009-10 in respect to the IDES and ICTC programs.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

58. The increase is due to additional volumes for whole-of-Government ICT services (including IDES and ICTC).
59. The increase is due to enterprise bargaining and additional resource requirements to deliver whole-of-Government ICT services.
60. The increase is due to service delivery expenditure necessary to support additional volume for whole-of-Government services (including IDES and ICTC).
61. The decrease reflects initial foundation asset acquisitions made in 2009-10 in respect to IDES and ICTC programs which were of a non recurring nature.
62. The decrease is due to the borrowings made in 2009-10 in respect to the IDES and ICTC programs.
63. The decrease is due to an equity injection to support CITEC's operations in transitioning to a whole-of-Government ICT services provider received in 2009-10 offset by the timing of principal payments made in respect to the ICTC loan facility and funding for Govnet capital acquisitions.
64. The increase is due to the timing of principal payments made in respect to the ICTC loan facility.

Goprint

OVERVIEW

Goprint, the Government printer for over 140 years, provides a range of print products and related services to Queensland Government agencies. It was the first printer in Queensland to gain Environmental Management Systems certification. This certification along with new environmentally friendly press technologies ensures Goprint products are produced in the most environmentally sustainable way and with minimal environmental impact.

Goprint has primary responsibility for the production of reserved service documents for the Queensland Government. It is an accredited supplier to the new Print Management Unit, which will manage all Government print work with the exception of reserved services.

The key factors and challenges impacting on Goprint include:

- the need to obtain the right type and volume of work to ensure its production capacity is sufficiently utilised
- the increasing demand for electronic and web-based documents
- restructuring to meet the changing demands and requirements within the print industry
- reducing overhead costs to remain competitive.

REVIEW OF PERFORMANCE

Recent achievements

Goprint's recent achievements include:

- on time delivery of more than 2,500 jobs of a secure and confidential nature for Queensland Parliament and Executive Government including the State Budget, Bills, Acts as Passed, Hansard, Gazettes and Reprint series (reserved services)
- continuing work and improvements in the environmental area. Goprint is accredited to national environmental standards (ISO14001 Environmental Accreditation) and was the first printer in Queensland with this accreditation
- developing and implementing a Lean Manufacturing Program delivering a reduction in paper waste of 27% per annum
- establishing an ecoBiz eco-efficiency partnership with the Department of Environment and Resource Management, which provides improved management of energy, water and material resources through a six step on-site assessment program
- working with unions and staff to complete the restructure process as prescribed by Executive Government
- successfully delivering the requirements of Regional Parliament (sitting outside of Brisbane) including Bills, Hansard, tabled reports and Notice Papers.

Future developments

In the future Goprint will:

- continue to deliver mandated reserved services and print products to a high standard
- refine business models and structures to improve service delivery and cost effectiveness
- increase public sector awareness of its services and capabilities, especially in relation to reserved services.

STATEMENTS

PERFORMANCE STATEMENT

Service standards	Notes	2009-10 Target/est.	2009-10 Est. actual	2010-11 Target/est.
Financial performance measures				
Gross Profit as a % of Sales	1,2	28.08%	23.16%	25.85%
Current Ratio	3	3.1:1	2.7:1	2.9:1
Non-financial performance measures				
Spoilage as a % of Sales		0.5%	0.41%	0.5%
On Time Deliveries for Reserved Services		100%	100%	100%
Utilisation of Core Equipment and Resources	4,5	80%	63%	80%

Notes:

1. The decrease in the 2009-10 Estimated actual from the 2009-10 Target/estimate primarily relates to the timing of the implementation of the Print Management Unit (PMU) and reduced spending on print within agencies.
2. The increase in the 2010-11 Target/estimate from the 2009-10 Estimated actual primarily relates to current market trends and anticipated workflows through the PMU.
3. The decrease in the 2009-10 Estimated actual from the 2009-10 Target/estimate reflects the loss incurred in 2009-10.
4. The decrease in the 2009-10 Estimated actual from the 2009-10 Target/estimate was influenced by the economic downturn and an overall reduction in print spend within the market, as well as the timing of the anticipated roll-out of the PMU.
5. The increase in the 2010-11 Target/estimate from the 2009-10 Estimated actual is due to the anticipated full implementation of the PMU within government departments throughout 2010-11, which will provide an increased opportunity for quoting on government work.

INCOME STATEMENT

Goprint	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
Income				
User charges	1,6,12	11,538	9,197	10,344
Grants and other contributions		3,600	3,600	3,600
Other revenue	2,7,13	48	367	310
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
Total income		15,186	13,164	14,254
Expenses				
Employee expenses	8,14	5,151	5,157	4,942
Supplies and services	3,9,15	9,313	8,268	8,800
Grants and subsidies		..	..	..
Depreciation and amortisation	4,10	530	453	452
Finance/borrowing costs	5,11	140	..	..
Other expenses		52	60	60
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
Total expenses		15,186	13,938	14,254
Surplus or deficit before related income tax		..	(774)	..
Income tax expense/revenue		..	..	..
OPERATING SURPLUS/(DEFICIT) after related income tax		..	(774)	..

STATEMENT OF CHANGES IN EQUITY

Goprint	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 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		..	(774)	..
Total recognised income and expense for the period		..	(774)	..
Equity injection/(withdrawal)	
Equity adjustments (MoG transfers)	
Dividends paid or provided	
Total movement in equity for period		..	(774)	..

BALANCE SHEET

Goprint	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
CURRENT ASSETS				
Cash assets	16,24,30	3,186	2,610	2,706
Receivables	17,31	1,450	1,049	1,470
Other financial assets		..	..	..
Inventories		440	440	440
Other		130	130	130
Non-financial assets held for sale		..	..	..
Total current assets		5,206	4,229	4,746
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	18,25,32	2,982	3,094	2,642
Deferred tax assets		..	..	..
Intangibles		..	..	..
Other		..	..	..
Total non-current assets		2,982	3,094	2,642
TOTAL ASSETS		8,188	7,323	7,388
CURRENT LIABILITIES				
Payables	19,26	1,109	1,008	1,029
Interest-bearing liabilities and derivatives		..	..	..
Current tax liabilities		..	..	..
Accrued employee benefits	20,33	231	197	241
Provisions		..	..	..
Other		350	350	350
Total current liabilities		1,690	1,555	1,620
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities and derivatives	21,27	2,256	..	..
Deferred tax liabilities		..	..	..
Accrued employee benefits		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		2,256	..	..
TOTAL LIABILITIES		3,946	1,555	1,620
NET ASSETS/(LIABILITIES)		4,242	5,768	5,768
EQUITY				
Capital/contributed equity	22,28	12,585	14,885	14,885
Retained surplus/(accumulated deficit)	23,29	(8,343)	(9,117)	(9,117)
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		4,242	5,768	5,768

CASH FLOW STATEMENT

Goprint	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges	34,42,50	13,039	10,337	11,274
Grants and other contributions	35,43,51	3,918	3,749	3,288
Other	36,44	933	1,136	1,148
Outflows:				
Employee costs	37,45,52	(5,216)	(4,945)	(4,898)
Supplies and services	38,46,53	(10,283)	(8,966)	(9,612)
Grants and subsidies		..	..	..
Borrowing costs	39,47	(140)	..	..
Taxation equivalents paid		..	..	..
Other	40,48,54	(1,223)	(993)	(1,104)
Net cash provided by/(used in) operating activities		1,028	318	96
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		..	(15)	..
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		..	(15)	..
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		1,028	303	96
Cash at the beginning of financial year	41,49	2,158	2,307	2,610
Cash transfers from restructure		..	..	..
Cash at the end of financial year		3,186	2,610	2,706

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Income statement

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

1. The decrease is due to the timing of the implementation of the Print Management Unit (PMU) and reduced spending on print within departments.
2. The increase is due to unbudgeted cost recoveries and increased interest receipts.
3. The decrease is due to lower cost of sales resulting from the reduced sales.
4. The decrease is due to assets reaching the end of their useful lives in the asset register.
5. The decrease is due to the Queensland Treasury Corporation (QTC) loan being paid out in full in June 2009.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

6. The decrease is due to the timing of the implementation of the PMU and reduced spending on print within departments.
7. The increase is due to greater cost recoveries and interest receipts.
8. The decrease is due to a reduced establishment resulting from the restructure of Goprint's operations partially offset by an enterprise bargaining increase.
9. The decrease is due to lower cost of sales resulting from the reduced sales.
10. The decrease is due to assets reaching the end of their useful lives in the asset register.
11. The decrease is due to the QTC loan being paid out in full in June 2009.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

12. The increase is due to current market trends and anticipated workflows through the PMU.
13. The decrease is due to lower cost recoveries and interest receipts.
14. The decrease is due to a reduced establishment resulting from the restructure of Goprint's operations partially offset by an enterprise bargaining increase.
15. The increase is due to higher cost of sales resulting from the increased sales.

Balance sheet

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

16. The decrease is due to the loss incurred in 2009-10.
17. The decrease is due to lower monthly sales in the last quarter of 2009-10.
18. The increase is due to lower than anticipated depreciation resulting from assets reaching the end of their useful lives in the asset register.
19. The decrease is due to reduced cost of sales outstanding in 2009-10.
20. The decrease is due to a lower than anticipated salaries and wages accrual at 30 June 2010.
21. The decrease is due to the QTC loan being paid out in full in June 2009.
22. The increase is due to the equity injection received from the Consolidated Fund to extinguish the long term loan.
23. The increased accumulated deficit is due to the loss incurred in 2009-10.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

24. The decrease is due to the loss incurred in 2009-10.
25. The decrease is due to depreciation of the asset base being greater than the estimated additions to the asset base.
26. The decrease is due to reduced cost of sales outstanding in 2010-11.
27. The decrease is due to the QTC loan being paid out in full in June 2009.
28. The increase is due to the equity injection received from the Consolidated Fund to extinguish the long term loan.
29. The increased accumulated deficit is due to the loss incurred in 2009-10.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

30. The increase is predominantly due to decreased employee related expenditures.
31. The increase is due to community service obligation grants receivable at the end of 2010-11.
32. The decrease is due to depreciation of the asset base being greater than the estimated additions to the asset base.
33. The increase is due to a higher anticipated salaries and wages accrual at 30 June 2011.

Cash flow statement

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

34. The decrease is due to the timing of the implementation of the Print Management Unit and reduced spending on print within departments.
35. The decrease is due to lower community service obligation grants receivable at 30 June 2009.
36. The increase is due to unbudgeted cost recoveries and increased interest receipts.
37. The decrease is due to a lower than anticipated salaries and wages accrual at 30 June 2010.
38. The decrease is due to lower cost of sales resulting from the reduced sales.
39. The decrease is due to the QTC loan being paid out in full in June 2009.
40. The decrease is due to lower GST reimbursements from the Australian Taxation Office (ATO) due to the lower cost of supplies and services.
41. The increase is due to a lower than anticipated loss in June 2009.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

42. The decrease is due to the timing of the implementation of the PMU and reduced spending on print within departments.
43. The decrease is due to lower community service obligation grants receivable at 30 June 2010.
44. The increase is due to greater cost recoveries and interest receipts.
45. The decrease is due to a reduced establishment resulting from the restructure of Goprint's operations partially offset by an enterprise bargaining increase.

- 46. The decrease is due to lower cost of sales resulting from the reduced sales.
- 47. The decrease is due to the QTC loan being paid out in full in June 2009.
- 48. The decrease is due to lower GST reimbursements from the ATO due to the lower cost of supplies and services.
- 49. The increase is due to a higher closing cash balance in June 2010.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

- 50. The increase is due to current market trends and anticipated workflows through the PMU.
- 51. The decrease is due to a higher community service obligation grant receivable at 30 June 2011.
- 52. The decrease is due to a reduced establishment resulting from the restructure of Goprint's operations partially offset by an enterprise bargaining increase.
- 53. The increase is due to higher cost of sales resulting from the increased sales.
- 54. The increase is due to higher GST reimbursements from the ATO due to higher cost of supplies and services.

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 agency awareness of the significance of supply chain management in reducing costs
- continuing to improve the performance and cost management of all SDS' operations
- leveraging relationships with suppliers and customers to reduce the Government's environmental footprint relating to supply management
- maintaining staff morale, skills and commitment through targeted workforce management strategies
- enhancing the value of SDS to agencies, including recognising SDS' contribution to government service delivery and savings strategies.

REVIEW OF PERFORMANCE

Recent achievements

SDS's recent achievements include:

- developing further its position as a key supply partner to the department's disaster recovery efforts, recently assisting with the Shen Neng 1 Great Barrier Reef spill incident, tropical Cyclone Ului and the Charleville floods
- attaining 9.9% year-to-date sales growth across SDS' three business divisions
- attaining 40% growth in furniture sales as a result of SDS' participation in the Building the Education Revolution rollout, delivering interactive whiteboards to state schools across Queensland
- improving technology and shift management throughout the peak delivery period to reduce warehouse agency staff costs
- containing freight costs to a 1.7% increase despite a 6% increase in Cost of Goods Sold, ensuring efficient management of SDS' 200,000 annual deliveries
- achieving \$2.1 million in total savings to the public sector market following the introduction of the highly competitive Government Preferred Product List in General Merchandise
- conducting extensive business re-engineering to ensure a streamlined supply chain management solution including:
 - developing a new pricing model for SDS' Publication Distribution Centre within SDS Publications;
 - integrating duplicated functions within SDS; and
 - developing a new, transparent model for furniture acquisition, consolidation and delivery.

Future developments

In the future, SDS will:

- relocate the publications warehouse from Woolloongabba to Zillmere to reduce the number of warehouses from three to two
- re-engineer the Zillmere and Brendale warehouses to enhance the overall efficiency of SDS' warehouse operations
- roll out the proposed supply model for furniture to the education sector
- roll out the new pricing model for SDS Publications
- develop a new supply model for SDS' General Merchandise division
- launch a communications campaign to enhance agency awareness of the significance of supply chain management in delivering improved outcomes
- implement a targeted business development campaign to engage major community service agencies to utilise SDS' full spectrum of supply management solutions.

STATEMENTS

PERFORMANCE STATEMENT

Service standards	Notes	2009-10 Target/est.	2009-10 Est. actual	2010-11 Target/est.
Financial performance measures				
Gross Profit as a % of Sales		31.7%	27.3%	28.6%
Net profit as a % of sales (before tax)	1,2	(1.54)%	(0.26)%	0.09%
Improvement in Sales %	3,4	1.0%	2.3%	(6.4)%
Non-financial performance measures				
Brendale warehouse asset utilisation		>90%	>90%	>90%
Inventory turnover				
– General Merchandise		7.5	8	8
– Furniture		5	6	7

Notes:

1. The increase in the 2009-10 Estimated actual from the 2009-10 Target/estimate primarily relates to a number of direct supplier to customer shipment initiatives undertaken at lower than average gross profit margins, which reduces direct costs associated with warehousing and despatch of inventory.
2. The increase in the 2010-11 Target/estimate from the 2009-10 Estimated actual relates to the sales mix used, which is expected to produce improved gross margin and also a decrease in fixed costs for 2010-11.
3. The increase in the 2009-10 Estimated actual from the 2009-10 Target/estimate primarily relates to the distribution of Interactive Whiteboards and other promotional products to various client agencies.
4. The decrease in the 2010-11 Target/estimate from the 2009-10 Estimated actual relates to discontinuation in 2010-11 of the initiatives referred to in Note 3.

INCOME STATEMENT

SDS (Sales and Distribution Services)	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
Income				
User charges	1,7	63,946	66,502	62,230
Grants and other contributions		..	..	..
Other revenue	5	1,100	1,912	1,959
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
Total income		65,046	68,414	64,189
Expenses				
Employee expenses	2	9,030	8,507	8,847
Supplies and services	1,8	55,663	59,335	54,527
Grants and subsidies		..	..	..
Depreciation and amortisation		379	343	342
Finance/borrowing costs	3	357	256	260
Other expenses	4,6	602	147	160
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
Total expenses		66,031	68,588	64,136
Surplus or deficit before related income tax		(985)	(174)	53
Income tax expense/revenue		..	..	16
OPERATING SURPLUS/(DEFICIT) after related income tax		(985)	(174)	37

STATEMENT OF CHANGES IN EQUITY

SDS (Sales and Distribution Services)	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 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		(985)	(174)	37
Total recognised income and expense for the period		(985)	(174)	37
Equity injection/(withdrawal)	
Equity adjustments (MoG transfers)	
Dividends paid or provided		(18)
Total movement in equity for period		(985)	(174)	19

BALANCE SHEET

SDS (Sales and Distribution Services)	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
CURRENT ASSETS				
Cash assets		450	450	450
Receivables	9,14	5,000	7,000	6,875
Other financial assets		..	..	..
Inventories	15	6,500	6,000	6,100
Other	10,16	150	295	295
Non-financial assets held for sale		..	..	..
Total current assets		12,100	13,745	13,720
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	20	363	363	509
Deferred tax assets		347	347	347
Intangibles		823	823	750
Other		..	..	..
Total non-current assets		1,533	1,533	1,606
TOTAL ASSETS		13,633	15,278	15,326
CURRENT LIABILITIES				
Payables	11,17	6,598	5,917	5,946
Interest-bearing liabilities and derivatives	12,18	4,500	5,500	5,500
Current tax liabilities		..	..	..
Accrued employee benefits		160	160	160
Provisions		..	..	..
Other		570	320	320
Total current liabilities		11,828	11,897	11,926
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Deferred tax liabilities		..	..	..
Accrued employee benefits		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		..	..	..
TOTAL LIABILITIES		11,828	11,897	11,926
NET ASSETS/(LIABILITIES)		1,805	3,381	3,400
EQUITY				
Capital/contributed equity	13,19	4,950	5,974	5,974
Retained surplus/(accumulated deficit)		(3,145)	(2,593)	(2,574)
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		1,805	3,381	3,400

CASH FLOW STATEMENT

SDS (Sales and Distribution Services)	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges	21,26,30	72,597	71,478	68,539
Grants and other contributions		..	..	..
Other	22	6,055	6,858	6,506
Outflows:				
Employee costs		(9,028)	(8,608)	(8,847)
Supplies and services	23,27,31	(61,135)	(63,743)	(59,230)
Grants and subsidies		..	..	..
Borrowing costs		(357)	(256)	(260)
Taxation equivalents paid		(74)	..	..
Other		(6,985)	(6,793)	(6,418)
Net cash provided by/(used in) operating activities		1,073	(1,064)	290
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		(300)	(428)	(290)
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		(300)	(428)	(290)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings	24,28	5,000	15,650	12,000
Equity injections		..	..	..
Outflows:				
Dividends paid		(88)	..	..
Borrowing redemptions	25,29	(5,661)	(14,250)	(12,000)
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Net cash provided by/(used in) financing activities		(749)	1,400	..
Net increase/(decrease) in cash held		24	(92)	..
Cash at the beginning of financial year		426	542	450
Cash transfers from restructure		..	..	..
Cash at the end of financial year		450	450	450

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Income statement

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

1. The variance is due to direct ship initiatives introduced in 2009-10 in the furniture stream resulting in additional sales.
2. The variance relates to a number of positions not being filled in 2009-10.
3. The decrease is attributable to the effective management of the working capital facility.
4. The decrease is due to the anticipated assessment of net realisable value on the preparatory year stock in 2008-09. This however was no longer necessary due to successful strategies to minimise the stock.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

5. The increase is due to rent supplementation from the Consolidated Fund.
6. The anticipated assessment of net realisable value on the preparatory year stock in 2009-10 did not occur due to successful strategies to minimise the stock.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

7. The reduction primarily relates to a number of one-off initiatives undertaken in 2009-10 that are not anticipated to continue in 2010-11.
8. The decrease is primarily related to the reduction in cost of sales associated with the reduction in sales.

Balance sheet

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

9. The increase is due to large client capital projects.
10. The increase is due to an increase in prepaid expenses.
11. The decrease is a consequence of more efficient management of creditors during 2009-10.
12. Business strategies undertaken during the year have required an increase in balance to the working capital facility to fund stock purchases.
13. The increase is due to an equity injection received from the Consolidated Fund in 2009-10.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

14. The increase is mainly due to large client capital projects.
15. The decrease in inventory is due to implementation of direct ship initiatives.
16. The increase is due to an increase in prepaid expenses.
17. The decrease is mainly due to more efficient management of creditors during 2009-10 which has reduced payables. This is partially offset by the recognition of the dividend payable to the Consolidated Fund.
18. Business strategies undertaken during year have required an increase in balance to the working capital facility to fund stock purchases.
19. The increase is due to an equity injection received from the Consolidated Fund in 2009-10.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

20. The anticipated increase is due to property, plant and equipment requirements as a result of warehouse relocation and restructure.

Cash flow statement

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

21. The decrease is due to the anticipated increase to receivables.
22. The increase is due to the higher than anticipated GST credits on purchases to be received from the Australian Taxation Office.
23. The increase is due to an increase in cost of sales.
24. The increase is due to borrowing requirements throughout the year.
25. The increase is due to borrowing redemptions throughout the year.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

26. The decrease is due to the lower than anticipated user charges.
27. The decrease is due to a reduction in the cost of sales.
28. The increase is due to borrowing requirements throughout the year.
29. The increase is due to borrowing redemptions throughout the year.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

30. The decrease is due to the lower than anticipated user charges owing to a number of one-off initiatives undertaken in 2009-10 that are not anticipated to continue in 2010-11.
31. The decrease is due to a reduction in the cost of sales.

Shared Service Providers

Shared Service Agency

OVERVIEW

The Shared Service Agency (SSA) provides finance, procurement, human resource management, facilities management, and mail support services to around 80,000 public servants in 11 agencies and six statutory authorities. SSA's delivery of back office services enables agencies to concentrate on their core business – providing essential services, such as policing, child protection, housing, ambulance services, environmental protection and delivering critical infrastructure for the State.

The key factors and challenges impacting on the SSA include:

- maintaining service delivery while realigning the organisational structure and how and where services are delivered
- implementing a contemporary 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

SSA's recent achievements include:

- continuing to provide services to approximately 80,000 staff including processing 170,000 pays, 8,700 job applications, 4,200 appointments, 1,400 separations, payment of 330,000 invoice lines and raising 35,000 invoice lines on average per month
- ensuring around 3,500 carers of 6,700 children receive regular payments
- providing an easier and more accessible process for the payment of higher duties for staff in five versions of the human resource system
- seamlessly migrating 2,300 staff into human resource systems for three different agencies and finalising the transfer to one finance system for one of the more complex agencies to give effect to machinery-of-Government changes
- improving the internal controls supporting services to safeguard client agencies from potential theft, fraud or errors and to ensure greater administrative efficiency
- merging six mail rooms throughout Brisbane into one modern mail sorting facility serving nine agencies more efficiently and more cost-effectively
- designing a comprehensive technical training program to build the capability of SSA staff.

Future developments

In the future, SSA will:

- continue to work in collaboration with client agencies and with CorpTech to progressively implement standard human resource and finance systems to reduce complexity and infrastructure costs
- consolidate and standardise processes and systems to provide more streamlined, cost-effective and timely services to clients and government

- continue to refine the business model to better enable State-wide service delivery improvement and reduce the cost of services for client agencies
- design and implement strategies to foster a stronger performance-focused culture
- implement robust performance measures to identify process improvement opportunities, increase productivity and provide better performance information to clients.

STATEMENTS

PERFORMANCE STATEMENT

Service standards	Notes	2009-10 Target/est.	2009-10 Est. actual	2010-11 Target/est.
Financial performance measures				
Labour costs as a percentage of total expenses		58%	60%	56%
Current Ratio	1	1.4:1	1.8:1	2:1
Non-financial performance measures				
Customer satisfaction with service delivery	2	≥ 70%	N/A	≥ 70%
Targeted business reform projects delivered within agreed budget		Within 10% of budget	Within 10% of budget	Within 10% of budget

Notes:

1. The increase in the 2009-10 Estimated actual from the 2009-10 Target/estimate is due to a reduction in actual and forecast levels of unearned revenue.
2. The SSA did not conduct a major customer survey during 2009-10. This major survey and the rolling program of pulse surveys, introduced to seek timelier customer feedback on major services, have been delayed due to the impact of machinery-of-Government changes on client agencies. The next major survey is expected to occur in 2011.

INCOME STATEMENT

Shared Service Agency	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
Income				
User charges	8	180,249	172,307	188,076
Grants and other contributions	1,5,9	4,334	5,399	1,308
Other revenue	2,6,10	98	258	196
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
Total income		184,681	177,964	189,580
Expenses				
Employee expenses		107,536	106,709	105,270
Supplies and services	3,7,11	73,602	67,662	80,634
Grants and subsidies		..	..	..
Depreciation and amortisation		2,450	2,428	2,534
Finance/borrowing costs		..	..	..
Other expenses	4	1,093	1,165	1,142
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
Total expenses		184,681	177,964	189,580
OPERATING SURPLUS/(DEFICIT)		..	..	..

STATEMENT OF CHANGES IN EQUITY

Shared Service Agency	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 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)	
Total movement in equity for period	

BALANCE SHEET

Shared Service Agency	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
CURRENT ASSETS				
Cash assets	12,19,26	8,461	1,114	2,971
Receivables		20,007	19,785	20,373
Other financial assets		..	..	..
Inventories		9	..	..
Other	13,20,27	64	896	510
Non-financial assets held for sale		..	..	..
Total current assets		28,541	21,795	23,854
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	14,21,28	6,320	7,211	5,243
Intangibles	15,22,29	960	856	525
Other		..	..	..
Total non-current assets		7,280	8,067	5,768
TOTAL ASSETS		35,821	29,862	29,622
CURRENT LIABILITIES				
Payables		9,416	9,439	9,532
Accrued employee benefits	16,23,30	2,890	2,692	2,359
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other	17,24	7,616	..	..
Total current liabilities		19,922	12,131	11,891
NON-CURRENT LIABILITIES				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		..	..	..
TOTAL LIABILITIES		19,922	12,131	11,891
NET ASSETS/(LIABILITIES)		15,899	17,731	17,731
EQUITY				
Capital/contributed equity	18,25	12,873	14,798	14,798
Retained surplus/(accumulated deficit)		3,026	2,933	2,933
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		15,899	17,731	17,731

CASH FLOW STATEMENT

Shared Service Agency	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges	36	200,120	190,845	208,986
Grants and other contributions	31,33,37	4,334	5,399	1,308
Other		8,688	8,967	8,903
Outflows:				
Employee costs		(107,869)	(106,832)	(105,234)
Supplies and services	34,38	(82,550)	(81,233)	(89,231)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other		(23,400)	(22,566)	(22,640)
Net cash provided by/ (used in) operating activities		(677)	(5,420)	2,092
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	32,35,39	(1,079)	(1,659)	(235)
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		(1,079)	(1,659)	(235)
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		(1,756)	(7,079)	1,857
Cash at the beginning of financial year		10,217	8,193	1,114
Cash transfers from restructure		..	..	..
Cash at the end of financial year		8,461	1,114	2,971

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Income statement

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

1. The increase is due to a higher than forecast carry-over of funding for business improvement projects.
2. The increase is due to supplementation funding for increased accommodation costs.
3. The decrease is mainly due to a reduction in contractor costs as a result of reduced demand for services.
4. The increase mainly relates to higher audit costs.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

5. The decrease is due to a reduction in funding for business improvement projects.
6. The increase is due to supplementation funding for increased accommodation costs.
7. The increase is mainly due to higher third party provider costs.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

8. The increase in User charges is mainly due to cost increases associated with enterprise bargaining increases and higher third party provider costs.
9. The decrease is due to a reduction in funding for business improvement projects.
10. The decrease is due to a forecast reduction in other revenue.
11. The increase is mainly due to higher third party provider costs.

Balance sheet

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

12. The decrease is predominantly due to the billing for services changing from monthly in advance to monthly in arrears.
13. The increase is due to the recognition of prepaid salaries as at 30 June 2010.
14. The increase is due to the regional network upgrade.
15. The decrease is in line with a revised forecast of amortisation on intangibles.
16. The decrease is due to movements related to employee expenses.
17. The decrease is due to a reduction in unearned revenue.
18. The increase is mainly due to a capital injection in the prior financial year.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

19. The decrease is predominantly due to the billing for services changing from monthly in advance to monthly in arrears.
20. The increase is due to the recognition of prepaid salaries as at 30 June 2011.
21. The decrease is due to capital rationalisation and efficient capital management.
22. The decrease is in line with a revised forecast of amortisation on intangibles.
23. The decrease is due to movements related to employee expenses.
24. The decrease is due to a reduction in unearned revenue.
25. The increase is mainly due to a capital injection in the prior financial year.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

26. The increase is predominantly due to a reduction in capital expenditure.
27. The decrease is due to a reduction to prepaid salaries as at 30 June 2011.
28. The decrease is due to capital rationalisation and efficient capital management.
29. The decrease is in line with a revised forecast of amortisation on intangibles.
30. The decrease is due to movements related to employee expenses.

Cash flow statement

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

31. The increase is due to a higher than forecast carry-over of funding for business improvement projects.
32. The increase is due to the regional network upgrade.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

33. The decrease is due to a reduction in funding for business improvement projects.
34. The increase is mainly due to higher third party provider costs.
35. The decrease is due to a reduction in capital purchases.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

36. The increase is mainly due to enterprise bargaining increases and higher third party provider costs.
37. The decrease is due to a reduction in funding for business improvement projects.
38. The increase is mainly due to higher third party provider costs.
39. The decrease is due to capital rationalisation, efficient capital management and a reduction in ICT infrastructure replacement in preparedness for transition to a third party provider arrangement for these services.

CorpTech

OVERVIEW

CorpTech is responsible for supporting whole-of-Government information systems that are used to support the State's finances, workforce and administration. These whole-of-Government information systems include payroll, rostering, purchasing, inventory management, asset management, accounts payable, accounts receivable and travel management.

CorpTech plays a significant role in the implementation of the Government's *Toward Q2 through ICT* strategy through the consolidation and standardisation of human resources (HR) and financial management information systems to reduce the cost of these services and systems to government.

The key factors and challenges impacting on CorpTech include:

- the diverse range of HR management systems and finance systems requires that the workforce has the capacity and skills to deliver the development and support services
- ongoing rationalisation and consolidation of HR and financial management systems.

REVIEW OF PERFORMANCE

Recent achievements

CorpTech's recent achievements include:

- delivering payroll services for 180,000 public servants each fortnight
- delivering significant enhancements to, and implementation of, whole-of-Government HR and finance systems
- migrating seven departments onto a consolidated Aurion payroll environment
- completing a technical upgrade to the Department of Education and Training payroll environment
- implementing the new whole-of-Government finance system into the Department of Community Safety
- supporting the implementation of the human resource solution in Queensland Health
- migrating over 900 Department of Communities staff into the new whole-of-Government HR solution
- a technical upgrade of the whole-of-Government recruitment system (RecruitASP) including Jobs Online
- a technical upgrade of the Queensland Health Finance system (FAMMIS)
- machinery-of-Government projects for the Department of Communities, and the Department of Employment, Economic Development and Innovation to migrate employee records on to whole-of-Government SAP systems.

Future developments

In the future, CorpTech will:

- progress the implementation of finance and payroll information systems through the Corporate Solutions Program
- implement robust, consistent end-to-end ICT industry standard practices to deliver faster and more effective services.

STATEMENTS

PERFORMANCE STATEMENT

Service standards	Notes	2009-10 Target/est.	2009-10 Est. actual	2010-11 Target/est.
Financial performance measures				
Labour costs as a percentage of total expenses	1,2	28%	32%	33%
Non-financial performance measures				
Percentage of OLAs signed		100%	100%	100%
Percentage of Incidents and Service Requests completed on time		80%	93%	80%
Percentage of system availability	3,4	98%	99%	98%
Projects completed on time, within budget and in accordance with agreed project outcomes		Completed and met	7 of 8 completed and met	On time and on budget

Notes:

1. The increase in the 2009-10 Estimated actual from the 2009-10 Target/estimate is due to the engagement of additional staff for the Corporate Solutions Program (CSP) and conversion of contract staff to departmental employees.
2. The increase in the 2010-11 Target/estimate from the 2009-10 Estimated actual is due to a decrease in overall total expenditure as a result of a decrease in contractor expenditure associated with the CSP and a one-off contribution from the CSP to SSA for project activities in 2009-10.
3. Refers to priority projects in the Corporate Solutions Program.
4. Outstanding project expected to be completed in 2010-11 reporting period.

INCOME STATEMENT

CorpTech	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
Income				
User charges	1,7,10	92,072	104,966	120,629
Grants and other contributions	2,8,11	36,744	25,541	2,621
Other revenue		228	358	358
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
Total income		129,044	130,865	123,608
Expenses				
Employee expenses	3	36,469	42,215	40,346
Supplies and services	4,12	57,889	65,202	58,498
Grants and subsidies		..	..	..
Depreciation and amortisation	5	27,298	20,673	22,043
Finance/borrowing costs		..	..	..
Other expenses	6,9	7,388	2,775	2,721
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
Total expenses		129,044	130,865	123,608
OPERATING SURPLUS/(DEFICIT)		..	..	..

STATEMENT OF CHANGES IN EQUITY

CorpTech	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 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)	13,14,15	(7,700)	712	(26,132)
Equity adjustments (MoG transfers)		..	..	..
Total movement in equity for period		(7,700)	712	(26,132)

BALANCE SHEET

CorpTech	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
CURRENT ASSETS				
Cash assets	16,20,24	16,033	37,525	30,826
Receivables	17	8,936	18,452	17,922
Other financial assets		..	..	..
Inventories		..	..	..
Other		2,750	1,775	1,775
Non-financial assets held for sale		2	2	2
Total current assets		27,721	57,754	50,525
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment		1,288	809	1,209
Intangibles	18,21,25	188,570	163,946	145,148
Other		..	..	..
Total non-current assets		189,858	164,755	146,357
TOTAL ASSETS		217,579	222,509	196,882
CURRENT LIABILITIES				
Payables		16,169	16,178	16,683
Accrued employee benefits		940	2,553	2,553
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total current liabilities		17,109	18,731	19,236
NON-CURRENT LIABILITIES				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		..	..	..
TOTAL LIABILITIES		17,109	18,731	19,236
NET ASSETS/(LIABILITIES)		200,470	203,778	177,646
EQUITY				
Capital/contributed equity	22,26	197,313	203,474	177,342
Retained surplus/(accumulated deficit)	19,23	3,157	304	304
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		200,470	203,778	177,646

CASH FLOW STATEMENT

CorpTech	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges	27,33,37	101,258	105,478	121,159
Grants and other contributions	28,34,38	17,373	25,541	2,621
Other		7,931	16,735	13,364
Outflows:				
Employee costs	29	(38,001)	(43,742)	(40,341)
Supplies and services		(63,305)	(62,720)	(57,998)
Grants and subsidies	30,39	..	(32,492)	..
Borrowing costs		..	..	..
Other		(16,062)	(19,352)	(15,727)
Net cash provided by/ (used in) operating activities		9,194	(10,552)	23,078
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	31,35,40	(49,032)	(20,081)	(3,645)
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		(49,032)	(20,081)	(3,645)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections		..	712	..
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals	32,36,41	(7,700)	..	(26,132)
Net cash provided by/(used in) financing activities		(7,700)	712	(26,132)
Net increase/(decrease) in cash held		(47,538)	(29,921)	(6,699)
Cash at the beginning of financial year		63,571	67,446	37,525
Cash transfers from restructure		..	..	..
Cash at the end of financial year		16,033	37,525	30,826

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Income statement

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

1. The increase is mainly due to agency contributions towards the cost of the Corporate Solutions Program (CSP).
2. The decrease is mainly due to a reduction in grant funding for the CSP.
3. The increase is mainly due to additional staff for the CSP and the conversion of contract staff to departmental employees.
4. The increase is mainly due to contractor expenditure associated with CSP, a one-off contribution from the CSP to the Shared Service Agency (SSA) for project activities in 2009-10 and the reclassification of SSA charges from other expenses.
5. The decrease is due to the change in the timing of 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 a one solution model.
6. The decrease is due to a reduction in software licences and portable and attractive items and a reclassification of SSA charges to supplies and services.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

7. The difference is primarily due to an increase in charges to agencies to cover the cost of services to offset the reduction in grant funding in 2010-11.
8. The decrease is due to a reduction in grant funding which is offset by an increase in user charges.
9. The decrease is due to a reduction in software licences and portable and attractive items and a reclassification of SSA charges to supplies and services.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

10. The difference is primarily due to an increase in charges to agency to cover the cost of services to offset the reduction in grant funding in 2010-11.
11. The decrease is due to a reduction in grant funding which is offset by an increase in user charges.
12. The decrease is mainly due to a reduction in contractor expenditure associated with the CSP and a one-off contribution from the CSP to SSA for project activities in 2009-10.

Statement of changes in equity

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

13. The variance is due the cancellation of a planned equity withdrawal.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

14. The variance is due to a combination of the planned equity withdrawal in the 2009-10 Budget and the recommencement of equity withdrawals in 2010-11.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

15. The variance is to due to the recommencement of equity withdrawals in 2010-11.

Balance sheet

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

16. The increase is mainly due to the accumulation of cash balances for the CSP.
17. The increase is mainly due to a change in timing of the recovery of user charges from the SSA.
18. The decrease is due to the change in timing 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 a one solution model.
19. The difference is due to the reclassification of prior year adjustments for work in progress from capital/contributed equity to retained surplus.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

20. The increase is mainly due to the accumulation of cash balances for the CSP.
21. The decrease is mainly due to a change in timing in the implementation of the CSP.
22. The variance is due to a combination of the planned equity withdrawal in the 2009-10 Budget and the recommencement of equity withdrawals in 2010-11.
23. The difference is due to the reclassification of prior year adjustments for work in progress from capital/contributed equity to retained surplus.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

24. The decrease is attributable to the net effect of depreciation, recovered through user charges, exceeding capital acquisitions in 2010-11 and the equity withdrawal in 2010-11.
25. The decrease is mainly due to the depreciation charge on assets for 2010-11.
26. The variance is to due to the recommencement of equity withdrawals in 2010-11.

Cash flow statement

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

27. The increase is mainly due to agency contributions towards the cost of the CSP.
28. The difference is due to the deferral of 2008-09 grant funding partially offset by funding deferred to future years.
29. The increase is mainly due to additional staff for the CSP and the conversion of contract staff to departmental employees.
30. The 2009-10 amount represents grant funding not utilised in 2008-09 and repaid to the Consolidated Fund in 2009-10.
31. The decrease is due to the change in the timing of 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 a one solution model.
32. The variance is due the cancellation of a planned equity withdrawal.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

33. The difference is primarily due to an increase in charges to agencies to cover the cost of services to offset the reduction in grant funding in 2010-11.
34. The decrease is due to a reduction in grant funding which is offset by an increase in user charges.
35. The decrease is due to the change in the timing of the implementation of the CSP as a result of a change in direction to support multiple systems and projects simultaneously rather than the previously approach based on a one solution model.
36. The variance is due to a combination of the planned equity withdrawal in the 2009-10 Budget and the recommencement of equity withdrawals in 2010-11.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

37. The difference is primarily due to an increase in charges to agency to cover the cost services to offset the reduction in grant funding in 2010-11.
38. The decrease is due to a reduction in grant funding which is offset by an increase in user charges.
39. The 2009-10 amount represents grant funding not utilised in 2008-09 and repaid to the Consolidated Fund in 2009-10.
40. The decrease is due to the change in the timing of the implementation of the CSP as a result of a change in direction to support multiple systems and projects simultaneously rather than the previously approach based on a one solution model.
41. The variance is to due to the recommencement of equity withdrawals in 2010-11.

Statutory Body

Queensland Building Services Authority

OVERVIEW

The Queensland Building Services Authority (the Authority) is a statutory body established under the *Queensland Building Services Authority Act 1991* (the Act). The Authority provides a comprehensive licensing regime for the building industry and performs regulatory functions under this Act.

The Authority also administers the *Building and Construction Industry Payments Act 2004*, the *Subcontractors Charges Act 1974* and the *Domestic Building Contracts Act 2000*.

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

The Authority's staff consisted of 353 estimated full time equivalents at 30 June 2010, with estimated full time equivalents of 355 at 30 June 2011.

REVIEW OF PERFORMANCE

Recent achievements

The Authority's recent achievements include:

- issuing 81,053 home warranty insurance policies for residential building work valued at \$7.2 billion and approved \$47 million in home warranty insurance claims
- successfully negotiating a two-year reinsurance contract effective 1 July 2010
- processing 6,200 dispute notifications
- completing 13 Contractor Education Supershows, 27 Trade Specific Seminars and 39 Consumer Education Seminars attended by 6,900 contractors
- registering 825 adjudicated decisions under the *Building and Construction Industry Payments Act 2004* for a value of \$195 million
- providing financial and business assistance to 1,342 contractors through education and awareness
- continuing an aggressive compliance program to remove rogues from the industry by interviewing some 9,000 licensees on site
- responding to 250,000 telephone enquiries.

Future developments

In future the Authority will:

- introduce fairer contracts in the residential sector
- introduce technology to ensure lodgement of licence renewals online and increase educational material available on-line
- continue education of contractors on business management skills and common defects
- continue education of consumers on the building process.

The Government's Performance Management Framework is being progressively implemented. The Framework no longer uses the concepts of 'outputs' and 'performance measures' that were previously used in Service Delivery Statements. They are replaced with 'services' and 'service standards'. These terms are defined in the Budget Readers' Guide. Together, they begin to provide information about how efficiently and effectively agencies deliver services within their approved Budget.

All agencies reviewed their service structures and service standards as part of this transition year. Approved changes are included in this year's Service Delivery Statement. Results against measures that have been discontinued are included in Appendix A (Book 5 of the Service Delivery Statements) for this year only. A key aspect of improving performance information is reviewing performance data. As such, each year agencies will continue to review and improve their service standards to provide better information on the effectiveness and efficiency of their services.

STATEMENTS

STAFFING¹

	Notes	2009-10 Budget	2009-10 Est. actual	2010-11 Estimate
	2	342	353	355

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. The increase from the 2009-10 Budget to both the 2009-10 Estimated actual and 2010-11 Estimate is due to an increase in technical staff numbers to accommodate additional work loads owing to the increase in licensee insolvencies.

PERFORMANCE STATEMENT

Service standards	Notes	2009-10 Target/est.	2009-10 Est. actual	2010-11 Target/est.
Number of insurance policies issued	1	72,000	81,053	82,000
Number of licensees including Accredited Building Certifiers		85,222	84,121	87,315
Number of licence applications received		8,760	9,000	8,000
Number of unlicensed contractor investigations initiated		675	680	680
Number of investigations into breaches of financial requirements for licensing		1800	1746	1800
Number of dispute notifications finalised	2	5,500	6,200	6,800
Number of insurance claims finalised	3	1,600	1,900	1,800
Number of investigations into breaches of legislated contractual obligations		300	282	280
Number of licences cancelled		3,645	3,820	3,600
Percentage of customers satisfied with advice and support provided		90	85	90
Percentage of licence applications processed within 45 days		80%	83%	82%
Percentage of disputes finalised within 80 days		60%	58%	60%
Percentage of calls answered within 60 seconds or less	4	80%	60%	70%
Percentage movement in licensee database		New measure	3.25%	3%
Number of Building and Construction Industry Payments Act claims registered		New measure	1,100	1,200
Number of Building and Construction Industry Payments Act claims decided		New measure	825	1,000
Percentage of certifiers' assessments of building permits compliant		New measure	80%	85%
State contribution (\$'000)		..	..	..
Other revenue (\$'000)		124,239	152,302	153,103
Total cost (\$'000)		126,260	145,351	148,085

Notes:

1. The variance is due to increase in new home construction following earlier than forecast recovery.
2. The variance is due to increased new dispute workloads as a result of increased licensee insolvencies.
3. The variance is due to higher than forecast claim numbers as a result of high non-completion claims following industry downturn.
4. The variance is due to increased volume of compliance issues, contractor failures and the *Building and Construction Industry Payments Act 2004* enquiry calls.

INCOME STATEMENT

Queensland Building Services Authority	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
Income				
User charges	3,6	57,416	60,540	71,602
Grants and other contributions		..	..	..
Other revenue	1,4,7	66,857	91,791	81,503
Gains on sale/revaluation of property, plant and equipment and investments		(34)	(29)	(2)
Total income		124,239	152,302	153,103
Expenses				
Employee expenses		29,094	28,593	32,332
Supplies and services		14,054	15,568	15,467
Grants and subsidies		..	..	..
Depreciation and amortisation		1,686	1,743	1,587
Finance/borrowing costs		..	..	..
Other expenses	2,5	81,426	99,447	98,699
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
Total expenses		126,260	145,351	148,085
OPERATING SURPLUS/(DEFICIT)		(2,021)	6,951	5,018

STATEMENT OF CHANGES IN EQUITY

Queensland Building Services Authority	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 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		(2,021)	6,951	5,018
Total recognised income and expense for the period		(2,021)	6,951	5,018
Equity injection/(withdrawal)		..	..	..
Equity adjustments (MoG transfers)		..	..	..
Total movement in equity for period	8,9,10	(2,021)	6,951	5,018
		..		

BALANCE SHEET

Queensland Building Services Authority	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
CURRENT ASSETS				
Cash assets		5,306	5,306	5,306
Receivables	11,17,24	29,795	41,315	54,354
Other financial assets	18	131,132	139,969	149,608
Inventories		..	..	..
Other		20,419	20,308	23,457
Non-financial assets held for sale		..	..	..
Total current assets		186,652	206,898	232,725
NON-CURRENT ASSETS				
Receivables		83,095	76,515	84,771
Other financial assets		..	..	..
Property, plant and equipment		6,548	6,743	6,918
Intangibles	12,19,25	3,501	1,355	1,695
Other		498	498	426
Total non-current assets		93,642	85,111	93,810
TOTAL ASSETS		280,294	292,009	326,535
CURRENT LIABILITIES				
Payables	13,20,26	35,381	40,314	52,706
Accrued employee benefits	14,21	7,450	3,021	2,922
Interest-bearing liabilities and derivatives		..	..	..
Provisions		34,653	32,449	32,437
Other		24,272	24,325	29,431
Total current liabilities		101,756	100,109	117,496
NON-CURRENT LIABILITIES				
Payables		..	..	..
Accrued employee benefits	15,22	2,580	3,455	3,855
Interest-bearing liabilities and derivatives		..	..	..
Provisions		132,172	124,200	136,224
Other	27	1,815	1,794	1,491
Total non-current liabilities		136,567	129,449	141,570
TOTAL LIABILITIES		238,323	229,558	259,066
NET ASSETS/(LIABILITIES)		41,971	62,451	67,469
EQUITY				
Capital/contributed equity		..	..	..
Retained surplus/(accumulated deficit)	16,23	41,971	62,451	67,469
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		41,971	62,451	67,469

CASH FLOW STATEMENT

Queensland Building Services Authority	Notes	2009-10 Budget \$'000	2009-10 Est. act. \$'000	2010-11 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges		64,959	64,455	63,669
Grants and other contributions		..	..	..
Other	28,33	53,484	68,961	67,444
Outflows:				
Employee costs		(26,357)	(28,269)	(32,031)
Supplies and services	29	(16,923)	(21,066)	(18,242)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other	30,34	(65,616)	(78,192)	(74,843)
Net cash provided by/(used in) operating activities		9,547	5,889	5,997
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment	31,35,37	(34)	(219)	(2)
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment and intangibles		(1,812)	(1,802)	(2,102)
Payments for investments	32,36,38	(7,701)	(6,317)	(3,893)
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		(9,547)	(8,338)	(5,997)
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		..	(2,449)	..
Cash at the beginning of financial year		5,306	7,755	5,306
Cash transfers from restructure		..	..	..
Cash at the end of financial year		5,306	5,306	5,306

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Income statement

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

1. The movement is due to better than forecast investment returns as the market recovers from the global financial crisis (GFC) and an increase in reinsurance recoveries on claims following high claim approvals.
2. The movement is due to Insurance claims being higher than forecast due to licensee insolvencies.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

3. The movement is due to higher insurance premium income as a result of growth in the residential building sector.
4. The movement is due to an increase in investment income and an increase in reinsurance recoveries due to an increase in claim approvals.
5. The movement is due to insurance claims forecast to continue at higher than normal approvals resulting from licensee insolvencies.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

6. The movement is due to higher insurance premium income as a result of growth in the residential building sector.
7. The movement is due to a decrease in reinsurance recoveries as a result of lower claims approvals forecast for 2010-11.

Statement of changes in equity

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

8. The movement is due to better than forecast investment returns as the market recovers from the GFC and increase in insurance premium revenue as a result of growth in the residential building sector.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

9. The movement is due to better than forecast investment returns as the market recovers from the GFC and an increase in insurance premium revenue as a result of growth in the residential building sector.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

10. The movement is due to better than forecast investment returns as the market recovers from the GFC and an increase in insurance premium revenue as a result of growth in the residential building sector.

Balance sheet

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

11. The movement is due to an increase in claims recoveries as a result of gross claim approvals being above forecast
12. The movement is due to limited software development and amortisation of existing software.
13. The movement is due to reinsurers' share of unearned income increased as a result of increased gross premium income and increase in approved claims outstanding following high claim approvals.
14. The movement is due to a lower than forecast staff turnover rate and lower than forecast leave taken.
15. The movement is due to forecasted increase staff leave to be taken beyond 2010.
16. The movement is due to better than forecast investment returns as the market recovers from the GFC.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

17. The movement is due to an increase in claims recoveries as a result of gross claim approvals being above forecast.
18. The movement is due to an increase in amount of funds under investment.
19. The movement is due to limited software development and amortisation of existing software.
20. The movement is due to reinsurers' share of unearned income increased as a result of increased gross premium income and increase in approved claims outstanding following high claim approvals.
21. The movement is due to a lower than forecast staff turnover rate and lower than forecast leave taken.
22. The movement is due to forecasted increase staff leave to be taken beyond 2010.
23. The movement is due to better than forecast investment returns as the market recovers from the GFC.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

24. The movement is due to an increase in claims recoveries as a result of gross claim approvals continuing above normal levels.
25. The movement is due to limited software development and amortisation of existing software.
26. The movement is due to reinsurers' share of unearned income increased as a result of increased gross premium income and increase in approved claims outstanding following high claim approvals.
27. The movement is due to a lease incentive payment received.

Cash flow Statement

Major variations between 2009-10 Budget and 2009-10 Estimated actual include:

28. The movement is due to better than forecast investment returns as market recovers from the GFC and an increase in reinsurance recoveries on claims following high claim approvals.
29. The movement is due to increased legal fees associated with major legal case, increased technical inspection costs as a result of increased dispute numbers and the cost of the April 2009 media campaign invoiced in August 2009.
30. The movement is due to Insurance claims being higher than forecast due to licensee insolvencies.
31. The movement is due to losses on motor vehicle trade values due to movement in vehicle types.
32. The movement is due to better than forecast investment returns as the market recovers from the GFC.

Major variations between 2009-10 Budget and 2010-11 Estimate include:

- 33. The movement is due to better than forecast investment returns as the market recovers from the GFC and an increase in reinsurance recoveries on claims following high claim approvals.
- 34. The movement is due to Insurance claims being higher than forecast owing to licensee insolvencies.
- 35. The movement is due to a change in vehicle retention years and completion of new fleet trades.
- 36. The movement is due to better than forecast investment returns as the market recovers from the GFC.

Major variations between 2009-10 Estimated actual and the 2010-11 Estimate include:

- 37. The movement is due to better than forecast investment returns as the market recovers from the GFC.
- 38. The movement is due to better than forecast investment returns as the market recovers from the GFC.