

# PART 19

## Treasury Department

### Summary of departmental portfolio Budgets

Page	Agency	2009–10 Estimate \$'000
3-247	Queensland Treasury - controlled	143,488
	Queensland Treasury - administered	4,040,487
3-269	Motor Accident Insurance Commission/ Nominal Defendant	9,773 60,513
3-280	Queensland Future Growth Corporation	1,881

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# Departmental Overview

## Ministerial responsibility

The Treasurer and Minister for Employment and Economic Development, the Honourable Andrew Fraser MP, has ministerial responsibility for the Treasury Department.

## Strategic Issues

Treasury provides economic and financial policy advice to the Queensland Government to enhance the State's financial position and economic performance.

The Treasury Department is structured to help the Government meet its community objectives as outlined in Toward Q2: Tomorrow's Queensland and its fiscal objectives as required in the new *Charter of Fiscal Responsibility*.

Treasury's responsibilities and services include:

- managing the State's finances, advancing the performance of the Queensland economy, and providing policies, strategies and advice at a whole-of-Government level to promote value-for-money service delivery
- managing the State's interest in the Government-owned corporations (GOC) sector to maximise the Government's return on investments while ensuring reliable and secure service delivery
- providing statistical and economic services to improve planning, decision making, policy development, and resource allocation for Queensland
- delivering and administering simple, efficient and equitable revenue management services for State taxes and grant and subsidy schemes.

Globally, economic conditions continue to deteriorate, many major advanced economies are now in recession, growth in China and India is expected to slow, and the Australian economy is now also forecast to contract. The effects of the global economic downturn and tightening credit conditions on our major trading partners (Japan, Korea, European Union, China and India) are impacting on Queensland and affecting economic growth, exports, employment and the fiscal position.

Treasury's strategic direction throughout 2009-10 will be driven by a need to deal with the challenges of this global downturn and fiscal deterioration and to meet the Governments objectives of maintaining jobs and continuing to deliver the capital program. In particular Treasury will undertake a key role in implementing the Government's *Renewing Queensland Plan*.

## 2009–10 Highlights

Treasury will implement or continue with the following major initiatives in 2009-10:

- manage and coordinate the State Budget process, in accordance with the new *Charter of Fiscal Responsibility*
- manage and coordinate the Queensland Government's contribution to the Council of Australian Governments (COAG) Business Regulation and Competition reform agenda and other relevant national activities
- support departments and statutory bodies in implementing the requirements of the new *Financial Accountability Act 2009* and its subordinate legislation, with information sessions being held with agency officers. The new *Financial Accountability Handbook* will be released to support agencies in developing and implementing the processes and internal controls required to discharge their responsibilities under the new legislation.

- actively work with all GOCs to assist them in meeting their commercial performance and customer service objectives as agreed with the shareholders through the *Statement of Corporate Intent*
- undertake reviews of asset holdings and capital programs aimed at maximising the efficiency of each GOC's capital utilisation as set out in the December 2008 Major Economic Statement
- manage the processes associated with implementing the *Renewing Queensland Plan*
- build analytical capacity by consolidating and integrating existing functions and operations in the Government in economic and statistical services, particularly in economic modelling and analysis, labour market analysis and research, and demographics for whole-of-government
- plan, implement and report on a major official Queensland Labour Force Survey within the State to improve the quantity and reliability of regional and industry labour market statistics for Government decision making, planning and policy development
- leverage investment in the Office of State Revenue's (OSR) Revenue Management System (RMS) by developing grants administration capability
- expand OSR's e-business capabilities (including self assessment) and continue to deliver high quality revenue services to clients.

## 2008–09 Achievements

In 2008-09 Treasury's key achievements included:

- managing and coordinating the State Budget process
- continuing to provide commercial and financial advice to the Government on major asset management and infrastructure projects and monitoring progress of the South East Queensland Infrastructure Plan and Program, industry capacity issues and general economic conditions affecting infrastructure delivery
- completing the competitive bid processes associated with the disposal of Cairns and Mackay airports (by way of a long-term lease) and the State's shareholding in Brisbane Airport
- the passing in Parliament of the *Financial Accountability Act 2009*, which modernises the accountability and governance arrangements applicable to Queensland's departments and statutory bodies
- continuing to progress key GOC strategic policy directions to optimise the State's shareholding in the GOC sector, from an individual GOC and whole-of-portfolio perspective (including the impact of any emissions trading scheme)
- working with shareholding departments, GOCs and industry to ensure the delivery of key infrastructure priorities (particularly in the areas of energy, ports and rail) in a timely and efficient manner, observing commercial principles and optimal risk allocations across the GOC sector and the users or beneficiaries of that infrastructure
- forming a statistics team to provide statistical advice and services to the Department of Communities to improve information and statistics regarding Indigenous people in Queensland, including data for the first Closing the Gap annual report
- modelling the impacts of climate change on the Australian economy as part of the Garnaut Climate Change Review

- undertaking a Red Tape Reduction program to further assist the competitiveness of Queensland business by reducing administrative costs for clients, including the launch of OSR's new website, consolidating public rulings, expanding self assessment for duties, reviewing and simplifying the *Land Tax Act 1915* and e-business initiatives associated with RMS including e-registration
- continuing to enhance revenue compliance activities to help clients meet their obligations and receive their entitlements. One of the focus areas in 2008-09 was payroll tax, including the implementation of a penalty amnesty for employers who incorrectly excluded certain payments to contractors from their taxable wages for payroll tax purposes before 1 July 2008.

## Departmental Outputs

Machinery of Government changes resulted in the transfer of the Office of Liquor, Gaming and Racing from Treasury to the newly established Department of Employment, Economic Development and Innovation on 26 March 2009. Current departmental outputs are detailed on the following pages.

### Financial and economic policy

Treasury Office provides policies, strategies and advice at a whole-of-Government level to promote value-for-money service delivery, manage the State's finances in accordance with the new *Charter of Fiscal Responsibility*, and advance the performance of the Queensland economy to support growth and employment.

Treasury Office contributes to the Government's Toward Q2 Strong ambition – Creating a diverse economy powered by bright ideas. Its financial and economic policy output contributes to this by delivering financial and economic policy, providing advice to foster State-wide infrastructure development and implementing whole-of-Government fiscal and economic strategies.

Treasury Office achieves this by undertaking a range of key activities including:

- helping to deliver accountable government, economic success and growth in cities and regions by providing financially sustainable service through developing and monitoring the State Budget
- promoting Queensland's position in negotiations with the Commonwealth and other states and territories
- providing financial advice to foster State-wide infrastructure development
- advocating Queensland's regulatory reform objectives and achievements to business, community and government
- delivering financial advice to foster quality financial reporting and decision making
- managing the implementation of the *Renewing Queensland Plan*.

### Government-owned corporations performance and governance

The Office of Government Owned Corporations (OGOC) advises and supports shareholding Ministers in managing the Government's shareholding in GOCs. Government-owned corporations operate in open and competitive markets in a competitively neutral manner. The office takes a strategic approach to policy development for GOCs, monitoring their performance and ensuring they comply with relevant legislation.

OGOC contributes to the Government's Toward Q2 Strong ambition – Creating a diverse economy powered by bright ideas and Green ambition – Protecting our lifestyle and environment. The GOC performance and governance output contributes to a Strong Queensland by maximising the value of the Government's investment in GOCs to the State. It also contributes to a Green Queensland by ensuring major new investments are consistent with the Government's objectives of seeking to minimise the impact of Queensland on the climate.

OGOC achieves this by undertaking activities that support and assist the GOC sector in delivering competitive and cost-effective infrastructure and services on a timely basis and aims to build shareholder value and ensure appropriate principles of strategic governance are in place.

### **Economic and statistical research**

The Office of Economic and Statistical Research (OESR) is responsible for providing whole-of-Government economic and statistical research services, including statistics, modelling and data management.

OESR contributes to the Government's Toward Q2 Strong ambition – Creating a diverse economy powered by bright ideas. The economic and statistical research output contributes to this by providing timely and comprehensive advice to the Treasurer and other key stakeholders on policies to promote economic efficiency and flexibility.

OESR achieves this by undertaking a range of key activities including:

- supporting the development of Treasury's analytical capabilities to inform advice on economic reform issues (including climate change) and developments in macroeconomic conditions (including the global financial crisis)
- coordinating the activities of key providers of statistics to establish and maintain an integrated statistical service across governments
- working with other jurisdictions and Queensland agencies to reform statistical policies and processes
- providing a broad range of statistical services to support stakeholders' evidence base for policy evaluation and performance
- maintaining and enhancing rigorous economic and social research agendas to advance the State
- enhancing and expanding official surveys and methodology capabilities.

### **Revenue management**

To better reflect its activities, OSR has changed its output name from taxation to revenue management.

OSR delivers and administers revenue management services for Queensland taxes (comprising duties, payroll tax, land tax, Community Ambulance Cover and gambling taxes) as well as grants. OSR also conducts revenue compliance and debt recovery activities, provides legislative and policy advice to the Queensland Government to help maintain and improve the State's revenue system, and contributes to revenue forecasting and trend analysis to help secure Queensland's revenue base into the future.

OSR contributes to the Government's Toward Q2 Strong ambition – Creating a diverse economy powered by bright ideas and Green ambition – Protecting our lifestyle and environment. The revenue management output contributes to a Strong Queensland by taking a targeted and proactive approach to the State's financial and revenue management systems and practices, and developing its people to support innovative business practices. OSR is also taking steps to achieve a Green Queensland by developing and implementing a program to support the reduction of Treasury's carbon footprint.

OSR achieves this by undertaking a range of key activities to:

- position itself as a leading e-business agency with excellent client support and firm and fair enforcement
- provide responsive and ongoing legislation and revenue policy advice services to the State Government
- further progress the development and implementation of RMS to support innovative business practices.

## Staffing<sup>1</sup>

Treasury Department	Notes	2008-09 Adjusted Budget	2008-09 Est. Actual	2009-10 Estimate
<b>OUTPUTS</b>				
Financial and economic policy	2,3	289	264	288
GOC performance and governance	3	35	33	38
Economic and statistical research	3	115	110	122
Revenue management	3	515	494	518
QSuper	4	441	428	..
Other	5	15	17	11
<b>Total</b>		<b>1,410</b>	<b>1,346</b>	<b>977</b>

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. The decrease in the 2008-09 Estimated Actual and the subsequent increase in the 2009-10 Estimate is primarily due to the staffing vacancies as at 30 June 2009 being filled during 2009-10.
3. The increase in the 2009-10 Estimate is due to the reallocation of corporate support following transfers out in 2008-09 of the Office of Liquor, Gaming and Racing, CorpTech and QSuper Ltd.
4. The decrease in the 2009-10 Estimate is due to QSuper employees transferring to QSuper Ltd on 1 July 2009.
5. Includes staff providing corporate support to the Motor Accident Insurance Commission and Nominal Defendant. Some minor IT services were also provided to CorpTech in 2008-09.

## 2009–10 Output Summary<sup>1</sup>

Output	Total cost \$'000	Sources of revenue			
		State contribution \$'000	User charges \$'000	C'wealth revenue \$'000	Other revenue \$'000
Financial and economic policy	45,303	41,263	4,040	..	..
GOC performance and governance	6,271	5,589	682	..	..
Economic and statistical research	16,824	10,905	5,919	..	..
Revenue management	75,085	71,983	3,102	..	..
<b>Departmental</b>	<b>143,483</b>	<b>129,740</b>	<b>13,743</b>	<b>..</b>	<b>..</b>
<b>Other<sup>2</sup></b>	<b>2,058</b>	<b>1,832</b>	<b>226</b>	<b>..</b>	<b>..</b>
<b>Reconciliation adjustment to the Income Statement<sup>3</sup></b>	<b>(2,053)</b>	<b>..</b>	<b>(2,053)</b>	<b>..</b>	<b>..</b>
<b>Total<sup>4</sup></b>	<b>143,488</b>	<b>131,572</b>	<b>11,916</b>	<b>..</b>	<b>..</b>

Notes:

1. Explanations of variances are provided in the 'Departmental financial statements'.
2. The total revenue sources do not equal the "Total income" in the 'Departmental financial statements' as the Department provides corporate services to non-departmental outputs (Motor Accident Insurance Commission and Nominal Defendant).
3. This line represents the eliminations upon consolidation for internal trading between outputs.
4. This line reconciles to the 'Income Statement' where total cost is represented by total expenses.

# Administered Items

Administered activities are those undertaken by the Department on behalf of the whole-of-Government.

## Description

Treasury is responsible for overseeing significant administered revenues and expenses. Treasury receives a large proportion of the State's taxation and Australian Government revenue which is used to fund Government priorities.

In addition, Treasury administers major grants and subsidies including the First Home Owner Grant and the Australian Government's First Home Owners Boost.

Since 1 July 2000, the Queensland Government, administered through Treasury, has provided a \$7,000 grant – the First Home Owner Grant – to eligible persons to help offset the cost of building or purchasing a first home. The total cost of this First Home Owner Grant Scheme is estimated at \$240 million in 2008-09 and \$220 million in 2009-10. In addition, Treasury administers the Australian Government's First Home Owners Boost, with estimated payments of \$161.3 million in 2008-09 and \$142.5 million in 2009-10.

In its capacity as the Government's financial manager, Treasury also manages the Government's cash balances and financing requirements.

## Review of Service Performance

### Queensland Fuel Subsidy Scheme

In light of the current fiscal environment, the Government will abolish the Queensland Fuel Subsidy Scheme from 1 July 2009. This is expected to provide a saving of \$554 million in 2009-10, increasing to \$636 million in 2012-13.

### Transfer Duty – First home owner concession for land purchases

The exemption threshold for first home buyers purchasing vacant land will increase from \$150,000 to \$250,000, to more closely align the vacant land concession with the concession available for established homes. A partial concession will be provided for vacant land valued up to \$400,000.

### Payroll tax rebate for apprentice and trainee wages

In 2009-10, the Government will provide a 25% payroll tax rebate on the eligible wages of apprentices and trainees, in addition to these wages being exempt from payroll tax.

### Introduction of land tax instalment payment option

The Government will introduce an instalment payment option for land tax liabilities in 2010-11, to spread the tax liability over a longer period, thereby reducing the impact on taxpayer cashflows. In 2009-10, as an interim measure, the Government will extend the period of payment for land tax assessments from 30 days to 90 days, at an estimated cost of \$8 million.

### Delay in the abolition of transfer duty on core business assets

In light of the significant fall in revenues facing the State, the Government will defer the abolition of transfer duty on core business assets until 1 July 2013.

### Introduction of land tax surcharge

As announced in the December 2008 Major Economic Statement, the Government will introduce a land tax surcharge of 0.5% from 1 July 2009. The surcharge will apply where the aggregate value of all land (for land tax purposes) exceeds \$5 million and only to the portion of the value exceeding \$5 million.



**Increase tax rate on casino gaming machines**

As announced in the December 2008 Major Economic Statement, the Government will reduce the disparity between tax rates applicable to gaming machines in casinos compared to those in large clubs and hotels by increasing the tax rate on casino gaming machine wins by 10% and removing some concessional rates on premium play from 1 July 2009.

# Departmental Statements

## Performance Statement

Treasury Department	Notes	2008–09 Adjusted Target/Est.	2008–09 Est. Actual	2009–10 Target/Est.
<b>Output: Financial and economic policy</b>				
Quarterly reports on financial position within six weeks of quarter end		4	4	4
Number of written pieces of portfolio resource allocation advice provided	1	1,500	1,680	1,600
Number of written pieces of economic and inter-governmental relations advice provided	2	700	445	450
Number of written pieces of fiscal, taxation policy and financial management advice provided	3	800	645	650
Number of written pieces of infrastructure policy advice provided	4	350	450	500
Adherence to fiscal objectives as described in the <i>Charter of Fiscal Responsibility</i>	5	100%	Partial	Partial
Compliance with the Uniform Presentation Framework requirements and relevant Australian Accounting Standards for whole-of-Government financial reporting		100%	100%	100%
Achievement of key milestones in the Budget process		100%	100%	100%
Achievement of key milestones in the <i>Report on State Finances</i> process		100%	100%	100%
Data provision to the Commonwealth Grants Commission and Australian Bureau of Statistics within agreed timeframes		100%	100%	100%
Cost of portfolio resource allocation advice		\$6.7 million	\$6.33 million	\$6.47 million
Cost of economic and inter-governmental relations advice	6	\$1.4 million	\$1.03 million	\$0.89 million
Cost of fiscal, taxation policy and financial management advice		\$5.3 million	\$5.16 million	\$5.17 million
Cost of infrastructure policy advice	7	\$2.8 million	\$5.74 million	\$5.07 million
<b>State contribution (\$000)</b>	8	<b>44,561</b>	<b>45,084</b>	<b>41,263</b>
<b>Other revenue (\$000)</b>	9	<b>2,919</b>	<b>17,598</b>	<b>4,040</b>
<b>Total cost (\$000)</b>		<b>47,480</b>	<b>62,682</b>	<b>45,303</b>

Treasury Department	Notes	2008–09 Adjusted Target/Est.	2008–09 Est. Actual	2009–10 Target/Est.
<b>Output: GOC performance and governance</b>				
Number of GOC Statements of Corporate Intent (SCI) completed		16	16	16
Number of performance monitoring reports completed		64	64	64
Percentage of SCIs received and reviewed within the scheduled timeframe		95%	95%	95%
Cost of monitoring and governance per GOC		\$0.22 million	\$0.22 million	\$0.22 million
<b>State contribution (\$000)</b>	10	<b>5,184</b>	<b>5,150</b>	<b>5,589</b>
<b>Other revenue (\$000)</b>		<b>683</b>	<b>686</b>	<b>682</b>
<b>Total cost (\$000)</b>		<b>5,867</b>	<b>5,836</b>	<b>6,271</b>
<b>Output: Economic and statistical research</b>				
Responses to ad hoc requests for information	11	2,800	3,567	3,200
Formal products and services delivered to Treasury Office	12	150	254	250
Formal products and services delivered to other Government agencies	13	450	338	350
Stakeholder and client satisfaction with outputs (rated satisfied or very satisfied)		90%	95%	95%
Delivery of outputs within timeframes agreed with clients (excludes internet services)		90%	90%	90%
Revenue from fee-for-service outputs	14	\$5.8 million	\$6 million	\$5.4 million
<b>State contribution (\$000)</b>	15	<b>9,892</b>	<b>9,701</b>	<b>10,905</b>
<b>Other revenue (\$000)</b>	16	<b>6,421</b>	<b>6,431</b>	<b>5,919</b>
<b>Total cost (\$000)</b>		<b>16,313</b>	<b>16,132</b>	<b>16,824</b>
<b>Output: Revenue management</b>				
Amount of revenue, grants and subsidies administered	17	\$9.8 billion	\$8.7 billion	\$8.4 billion
Number of amendment provisions including subordinate legislation developed	18	5	7	5
Number of First Home Owner Grant (FHOG) applications paid	19	30,600	34,500	31,400
Number of fuel subsidy payments	20	20,000	19,488	6,500
Legislative amendment program and revenue policy advice within standards	21	90%	100%	90%
FHOG applications processed within service standards		95%	100%	95%

Treasury Department	Notes	2008–09 Adjusted Target/Est.	2008–09 Est. Actual	2009–10 Target/Est.
Percentage of investigations performed within standards		90%	90%	90%
Legislation program and deliverables within deadlines	22	90%	100%	90%
Payment of fuel subsidy claims within standards	23	90%	100%	90%
Policy advice, briefings and Ministerial correspondence within deadlines	24	90%	80%	90%
Revenue collected within due dates		95%	95%	95%
Client satisfaction with service provided		70%	70%	70%
Total revenue dollars administered per dollar expended – accrual		\$162	\$156	\$148
<b>State contribution (\$000)</b>	25	<b>71,877</b>	<b>66,184</b>	<b>71,983</b>
<b>Other revenue (\$000)</b>	26	<b>2,662</b>	<b>3,906</b>	<b>3,102</b>
<b>Total cost (\$000)</b>		<b>74,539</b>	<b>70,090</b>	<b>75,085</b>

Notes:

1. The increase in the 2008-09 Estimated Actual and subsequent decrease in the 2009-10 Target/Estimate is due to the number of incoming Government briefs required during the 'caretaker' period in 2008-09.
2. The decrease in the 2008-09 Estimated Actual is due to a decrease in the number of written pieces of advice following internal restructures.
3. The decrease in the 2008-09 Estimated Actual is due to fewer pieces of advice than anticipated following the transfer of some functions to the Department of the Premier and Cabinet.
4. The increases in the 2008-09 Estimated Actual and the 2009-10 Target/Estimate are due to internal restructures.
5. As noted in the Economic and Fiscal Update released in February 2009, due to the current economic and fiscal outlook, the Government will not meet all of its fiscal objectives in 2008-09.
6. The decreases in the 2008-09 Estimated Actual and the 2009-10 Target/Estimate are due to internal restructures.
7. The increase in the 2008-09 Estimated Actual is a result of internal restructures and additional work relating to water projects.
8. The decrease in the 2009-10 Target/Estimate is primarily due to the expected completion in 2008-09 of the Sale of Wind and Gas Assets and Airport Transaction projects.
9. The increase in the 2008-09 Estimated Actual is due to a change in the South East Queensland water reform implementation funding source from output revenue to user charges. The subsequent decrease in the 2009-10 Target/Estimate is a result of the completion of this project in 2008-09.
10. The increase in the 2009-10 Estimate is due to the reallocation of corporate support following transfers out in 2008-09 of the Office of Liquor, Gaming and Racing, CorpTech and QSuper Ltd.
11. The increase in the 2008-09 Estimated Actual is due to increased requests for information caused by the global financial crisis.
12. The increase in the 2008-09 Estimated Actual is due to increased requests for briefs as a result of the global financial crisis.
13. The decrease in the 2008-09 Estimated Actual is mainly due to a redefinition of performance measures resulting in a new baseline.
14. The decrease in the 2009-10 Target/Estimate is primarily due to certain operations transferring to the Department of Environment and Resource Management (DERM).
15. The increase in the 2009-10 Estimate is due to the reallocation of corporate support following the transfer out in 2008-09 of the Office of Liquor, Gaming and Racing, CorpTech and QSuper Ltd.
16. The decrease in the 2009-10 Target/Estimate is due to the transfer of certain operations to DERM.
17. The decrease in the 2008-09 Estimated Actual and 2009-10 Target/Estimate is mainly due to the flow on effects of the global financial crisis and the cessation of the Fuel Subsidy Scheme from 2009-10.
18. The increase in the 2008-09 Estimated Actual is due to additional legislative amendments developed in preparation for the implementation of Release 3 of the Revenue Management System in July 2009.
19. The increase in the 2008-09 Estimated Actual is due to an increase in first homebuyers as a result of the Australian Government's First Home Owner Boost announced on 14 October 2008. The subsequent decrease in the 2009-10 Target/Estimate reflects the announcement in the Commonwealth Budget that the additional payment will cease on 31 December 2009.
20. The decrease in the 2009-10 Target/Estimate is due to the cessation of the Fuel Subsidy Scheme. Some payments will be required in 2009-10 for subsidy entitlements arising before the Scheme ceased.
21. All legislative and revenue policy advice was delivered within standards during 2008-09.

22. All policy advice, briefings and legislative amendment programs submitted to Queensland Treasury's Cabinet Legislation and Liaison Office met the applicable deadlines.
23. All fuel subsidy claims received were paid within the *Fuel Subsidy Act 1997* requirements.
24. The decrease in the 2008-09 Estimated Actual is due to the delay in some correspondence as a result of the highly complex nature of various matters.
25. The decrease in the 2008-09 Estimated Actual is primarily due to the deferral of funding associated with the Revenue Management System project as a result of changes in the project schedule and the reclassification of Land Tax valuation fees from controlled to administered.
26. The increase in the 2008-09 Estimated Actual and subsequent decrease in the 2009-10 Target/Estimate reflects funding from the Australian Taxation Office for the Standard Business Reporting project.

## Income Statement

Treasury Department	Notes	2008-09 Adjusted Budget \$'000	2008-09 Est. Act. \$'000	2009-10 Estimate \$'000
<b>Income</b>				
Output revenue	1	155,272	145,144	131,572
User charges	2	33,897	56,137	11,916
Grants and other contributions	3	662	..	..
Other revenue	4	109	164	..
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total income</b>		<b>189,940</b>	<b>201,445</b>	<b>143,488</b>
<b>Expenses</b>				
Employee expenses	5	102,536	105,460	86,447
Supplies and services	6	62,155	71,292	41,701
Grants and subsidies	7	5,578	4,742	..
Depreciation and amortisation	8	13,013	12,531	10,838
Finance/borrowing costs	9	140	140	..
Other expenses	10	5,923	7,478	4,502
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total expenses</b>		<b>189,345</b>	<b>201,643</b>	<b>143,488</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	11	<b>595</b>	<b>(198)</b>	<b>..</b>

## Statement of Changes in Equity

Treasury Department	Notes	2008-09 Adjusted Budget \$'000	2008-09 Est. Act. \$'000	2009-10 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation reserve		..	..	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
<b>Net income recognised directly in equity</b>		<b>..</b>	<b>..</b>	<b>..</b>
Surplus/(deficit) for the period		595	(198)	..
<b>Total recognised income and expense for the period</b>		<b>595</b>	<b>(198)</b>	<b>..</b>
Equity injection/(withdrawal)	12	14,453	15,506	(3,095)
Equity adjustments (MoG transfers)	13	(8,543)	(11,453)	..
<b>Total movement in equity for period</b>		<b>6,505</b>	<b>3,855</b>	<b>(3,095)</b>

## Balance Sheet

Treasury Department	Notes	2008-09 Adjusted Budget \$'000	2008-09 Est. Act. \$'000	2009-10 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets	14	17,634	12,499	7,916
Receivables	15	3,947	5,607	5,607
Other financial assets		..	..	..
Inventories		..	..	..
Other		2,050	1,953	2,019
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>23,631</b>	<b>20,059</b>	<b>15,542</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	16	18,043	15,008	18,354
Intangibles	17	48,323	45,003	43,079
Other		..	..	..
<b>Total non-current assets</b>		<b>66,366</b>	<b>60,011</b>	<b>61,433</b>
<b>TOTAL ASSETS</b>		<b>89,997</b>	<b>80,070</b>	<b>76,975</b>
<b>CURRENT LIABILITIES</b>				
Payables		3,652	3,590	3,590
Employee benefit obligations	18	8,119	5,160	5,160
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		498	542	542
<b>Total current liabilities</b>		<b>12,269</b>	<b>9,292</b>	<b>9,292</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Employee benefits obligations	18	1,122	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>1,122</b>	<b>..</b>	<b>..</b>
<b>TOTAL LIABILITIES</b>		<b>13,391</b>	<b>9,292</b>	<b>9,292</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>76,606</b>	<b>70,778</b>	<b>67,683</b>
<b>EQUITY</b>				
Capital/contributed equity	19	42,025	36,252	33,157
Retained surplus/(accumulated deficit)		34,581	34,526	34,526
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
<b>TOTAL EQUITY</b>		<b>76,606</b>	<b>70,778</b>	<b>67,683</b>

## Cash Flow Statement

Treasury Department	Notes	2008-09 Adjusted Budget \$'000	2008-09 Est. Act. \$'000	2009-10 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
Output receipts	20	155,272	147,147	131,572
User charges	21	33,897	59,987	11,916
Grants and other contributions	22	662	..	..
Other		109	164	..
<b>Outflows:</b>				
Employee costs	23	(102,159)	(104,959)	(86,447)
Supplies and services	24	(62,221)	(64,961)	(41,767)
Grants and subsidies	25	(5,578)	(4,742)	..
Borrowing costs	26	(140)	(140)	..
Other	27	(5,923)	(16,808)	(4,502)
<b>Net cash provided by/(used in) operating activities</b>		<b>13,919</b>	<b>15,688</b>	<b>10,772</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for property, plant and equipment and intangibles	28	(31,003)	(28,758)	(12,260)
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by/(used in) investing activities</b>		<b>(31,003)</b>	<b>(28,758)</b>	<b>(12,260)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings	29	1,230	1,226	..
Equity injections	30	24,022	23,426	5,100
<b>Outflows:</b>				
Borrowing redemptions	31	(44)	(342)	..
Finance lease payments		..	..	..
Equity withdrawals	32	(9,569)	(8,733)	(8,195)
<b>Net cash provided by/(used in) financing activities</b>		<b>15,639</b>	<b>15,577</b>	<b>(3,095)</b>
<b>Net increase/(decrease) in cash held</b>		<b>(1,445)</b>	<b>2,507</b>	<b>(4,583)</b>
<b>Cash at the beginning of financial year</b>		<b>19,463</b>	<b>20,376</b>	<b>12,499</b>
Cash transfers from restructure	33	(384)	(10,384)	..
<b>Cash at the end of financial year</b>		<b>17,634</b>	<b>12,499</b>	<b>7,916</b>



## Administered Income Statement

Treasury Department	Notes	2008-09 Adjusted Budget \$'000	2008-09 Est. Act. \$'000	2009-10 Estimate \$'000
<b>Revenues</b>				
Commonwealth grants	34	8,724,133	9,744,812	15,657,445
Taxes, fees and fines	35	9,150,807	7,780,689	8,000,962
Health Services Levy	36	46,800	40,600	43,848
Royalties, property income and other territorial revenue	37	97,553	137,823	174,933
Interest		5,602	6,469	4,912
Administered revenue	38	2,848,205	4,291,486	4,004,887
Other		5,164	6,707	3,221
<b>Total revenues</b>		<b>20,878,264</b>	<b>22,008,586</b>	<b>27,890,208</b>
<b>Expenses</b>				
Supplies and services	39	132,289	149,271	131,855
Treasurer's Advance	40	50,000	..	..
Depreciation and amortisation		..	..	..
Grants and subsidies	41	913,362	1,191,198	579,160
Benefit payments		..	..	..
Borrowing costs	42	355,714	377,792	718,128
Other	43	1,460,090	2,628,121	2,611,344
<b>Total expenses</b>		<b>2,911,455</b>	<b>4,346,382</b>	<b>4,040,487</b>
<b>Net surplus or deficit before transfers to Government</b>		<b>17,966,809</b>	<b>17,662,204</b>	<b>23,849,721</b>
<b>Transfers of administered revenue to Government</b>	44	<b>17,996,419</b>	<b>17,697,927</b>	<b>23,862,821</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	45	<b>(29,610)</b>	<b>(35,723)</b>	<b>(13,100)</b>

## Administered Balance Sheet

Treasury Department	Notes	2008-09 Adjusted Budget \$'000	2008-09 Est. Act. \$'000	2009-10 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets	46	(150,699)	(55,398)	(65,481)
Receivables		373,731	377,413	378,579
Inventories		..	..	..
Other		38,592	39,132	40,133
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>261,624</b>	<b>361,147</b>	<b>353,231</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		148,288	148,669	140,847
Other financial assets		..	..	..
Property, plant and equipment		..	..	..
Intangibles		..	..	..
Other		..	..	..
<b>Total non-current assets</b>		<b>148,288</b>	<b>148,669</b>	<b>140,847</b>
<b>TOTAL ADMINISTERED ASSETS</b>		<b>409,912</b>	<b>509,816</b>	<b>494,078</b>
<b>CURRENT LIABILITIES</b>				
Payables		36,737	36,120	36,120
Transfers to Government payable		37,432	37,374	37,035
Interest-bearing liabilities		3,505	3,681	4,043
Other	47	47,846	23,498	23,168
<b>Total current liabilities</b>		<b>125,520</b>	<b>100,673</b>	<b>100,366</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		5	1	1
Interest-bearing liabilities	48	6,196,323	7,910,272	15,807,941
Other		5	..	..
<b>Total non-current liabilities</b>		<b>6,196,333</b>	<b>7,910,273</b>	<b>15,807,942</b>
<b>TOTAL ADMINISTERED LIABILITIES</b>		<b>6,321,853</b>	<b>8,010,946</b>	<b>15,908,308</b>
<b>ADMINISTERED NET ASSETS/(LIABILITIES)</b>		<b>(5,911,941)</b>	<b>(7,501,130)</b>	<b>(15,414,230)</b>
<b>EQUITY</b>				
Capital/Contributed equity	49	(5,967,308)	(7,559,630)	(15,459,630)
Retained surplus/(Accumulated deficit)		55,367	58,500	45,400
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
<b>TOTAL ADMINISTERED EQUITY</b>		<b>(5,911,941)</b>	<b>(7,501,130)</b>	<b>(15,414,230)</b>

## Administered Cash Flow Statement

Treasury Department	Notes	2008-09 Adjusted Budget \$'000	2008-09 Est. Act. \$'000	2009-10 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
Administered item receipts	50	2,848,205	4,228,762	4,004,887
Grants and other contributions	51	8,726,633	9,748,070	15,659,945
Taxes, fees and fines	52	9,150,807	7,823,689	8,000,962
Health Services Levy	53	46,800	40,600	43,848
Royalties, property income and other territorial revenues	54	97,553	137,823	174,933
Other		7,969	(1,215)	4,015
<b>Outflows:</b>				
Transfers to Government	55	(17,997,261)	(17,744,769)	(23,863,160)
Grants and subsidies	56	(913,362)	(1,202,198)	(579,160)
Supplies and services	57	(183,290)	(140,272)	(132,856)
Borrowing costs	58	(355,714)	(358,412)	(718,128)
Other	59	(1,458,463)	(2,631,494)	(2,609,717)
<b>Net cash provided by/(used in) operating activities</b>		<b>(30,123)</b>	<b>(99,416)</b>	<b>(14,431)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		7,123	7,123	7,123
<b>Outflows:</b>				
Payments for property, plant and equipment and intangibles		..	..	..
Payments for investments		..	..	..
Loans and advances made	60	1,267	17,267	517
<b>Net cash provided by/(used in) investing activities</b>		<b>8,390</b>	<b>24,390</b>	<b>7,640</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings	61	2,799,532	4,194,132	7,900,132
Equity injections	62	990,764	1,546,462	440,105
<b>Outflows:</b>				
Borrowing redemptions	63	(3,424)	(230,818)	(3,424)
Finance lease payments		..	..	..
Equity withdrawals	64	(3,790,914)	(9,281,212)	(8,340,105)
<b>Net cash provided by/(used in) financing activities</b>		<b>(4,042)</b>	<b>(3,771,436)</b>	<b>(3,292)</b>
<b>Net increase/(decrease) in cash held</b>		<b>(25,775)</b>	<b>(3,846,462)</b>	<b>(10,083)</b>
<b>Administered cash at beginning of financial year</b>		<b>(102,891)</b>	<b>3,813,097</b>	<b>(55,398)</b>
Cash transfers from restructure	65	(22,033)	(22,033)	..
<b>Administered cash at end of financial year</b>		<b>(150,699)</b>	<b>(55,398)</b>	<b>(65,481)</b>

# Explanation of Variances in the Financial Statements

## Treasury Department

### Income Statement

1. The decrease in the 2008-09 Estimated Actual is due to a change in the funding for the South East Queensland (SEQ) Water Reform Transaction Implementation Unit from output revenue to user charges, deferral of funding to 2009-10 for the Revenue Management System (RMS) program and the legislative change that saw the liquor component of the Office of Liquor, Gaming and Racing (OLGR) funded from the Community Investment Fund (CIF) from 1 January 2009. This is partially offset by funding for the Airport Transaction project and the Sale of Wind and Gas Assets (SWAG) project. The further decrease in the 2009-10 Estimate is due to the completion of the Airport Transaction project, the completion of the SWAG project and the full year effect of the Machinery of Government (MoG) transfer of OLGR to the Department of Employment, Economic Development and Innovation (DEEDI) on 26 March 2009.
2. The increase in the 2008-09 Estimated Actual is mainly due to the reimbursement of costs incurred by the SEQ Water Reform Transaction Implementation Unit, reimbursement of costs incurred on the Standard Business Reporting project and funding from the CIF for the liquor component of OLGR for the period 1 January to 26 March 2009. The decrease in the 2009-10 Estimate is primarily due to the completion of the SEQ Water Reform Transaction Implementation Unit, the full year effect of the MoG transfer of OLGR to DEEDI and the cessation of corporate support revenue due to MoG changes.
3. The decrease in the 2008-09 Estimated Actual is mainly due to changes in the funding arrangement for a new grants management system in OLGR.
4. The decrease in the 2009-10 Estimate is mainly due to the full year effect of the MoG transfer of OLGR to DEEDI.
5. The increase in the 2008-09 Estimated Actual is mainly due to costs incurred on the Airport Transaction project, the SWAG project and additional liquor licensing resources. The decrease in the 2009-10 Estimate is primarily due to the completion of the Airport Transaction project, the completion of the SWAG project and the full year effect of the MoG transfer of OLGR to DEEDI. This is partially offset by costs associated with the estimated cost of the new Enterprise Bargaining Agreement.
6. The increase in the 2008-09 Estimated Actual is mainly due to costs associated with the Airport Transaction project, partially offset by a decrease in payments to the Shared Service Agency. The decrease in the 2009-10 Estimate is primarily due to the completion of the Airport Transaction and SWAG projects, the completion of the SEQ Water Reform Transaction Implementation Unit and the full year effect of the MoG transfer of OLGR to DEEDI.
7. The decrease in the 2009-10 Estimate is primarily due to the full year effect of the MoG transfer of OLGR to DEEDI.
8. The decrease in the 2008-09 Estimated Actual is mainly due to changes in the capitalisation schedule of the RMS. The further decrease in the 2009-10 Estimate is primarily due to the full year effect of the MoG transfer of OLGR to DEEDI.
9. The decrease in the 2009-10 Estimate reflects the transfer of loans held by the Racing Science Centre which transferred as part of the MoG transfer of OLGR to DEEDI on 26 March 2009.
10. The increase in the 2008-09 Estimated Actual is mainly due to additional advertising costs associated with responsible gambling initiatives. The decrease in the 2009-10 Estimate is primarily due to the full year effect of the MoG transfer of OLGR to DEEDI along with reduced software licence costs.
11. The reduction in the 2008-09 Estimated Actual operating result is due to changes in the funding arrangement for the capital development of a grants management system in OLGR. The 2008-09 Estimated Actual deficit is represented by unfunded depreciation expense on assets purchased by the Racing Science Centre partially offset by revenue received from the racing control bodies to cover the principal component of loans taken out to purchase the assets.

### Statement of Changes in Equity

12. The movements in the equity injection/(withdrawal) in the 2008-09 Adjusted Budget, the 2008-09 Estimated Actual and the 2009-10 Estimate primarily reflect equity adjustments relating to the RMS program of work.
13. The equity adjustments (MoG transfers) in the 2008-09 Adjusted Budget and the 2008-09 Estimated Actual represent the MoG transfer of OLGR to DEEDI on 26 March 2009.

### Balance Sheet

14. Refer to the Cash Flow Statement. The decrease in the 2008-09 Estimated Actual is mainly due to the transfer of cash to the Annual Leave Central Scheme equivalent to the Department's accrued annual leave liability. The decrease in the 2009-10 Estimate is primarily due to cash reserves being used to fund capital expenditure.
15. The increase in the 2008-09 Estimated Actual is due to the estimated reimbursement receivable from the Annual Leave Central Scheme at 30 June 2009. The scheme was introduced in 2008-09 and as such is not reflected in the 2008-09 Adjusted Budget.
16. The decrease in the 2008-09 Estimated Actual is mainly due to less than budgeted plant and equipment expenditure during 2007-08 resulting in a lower than forecast opening balance in 2008-09. The subsequent increase in the 2009-10 Estimate is due to capital projects delayed from 2008-09 to 2009-10.
17. The decrease in the 2008-09 Estimated Actual is mainly due to less than budgeted expenditure on RMS development in 2007-08 resulting in a lower than forecast opening balance in 2008-09. The decrease in the 2009-10 Estimate is primarily due to amortisation on the RMS, partially offset by additional expenditure on the RMS.
18. The decrease in the 2008-09 Estimated Actual is due to the introduction of the Annual Leave Central Scheme in 2008-09. As a result Treasury no longer holds the accrued annual leave liability and therefore the 2008-09 Estimated Actual and 2009-10 Estimate represent estimates of annual leave and long service levies payable and salaries and wages payable.
19. The decrease in the 2008-09 Estimated Actual reflects equity adjustments relating to the RMS program of work and the MoG transfer of OLGR to DEEDI on 26 March 2009. The decrease in the 2009-10 Estimate reflects equity adjustments associated with the RMS program of work.

### Cash Flow Statement

20. Refer to Note 1 above.
21. Refer to Note 2 above.
22. Refer to Note 3 above.
23. Refer to Note 5 above.
24. Refer to Note 6 above.

25. Refer to Note 7 above.
26. Refer to Note 9 above.
27. The increase in the 2008-09 Estimated Actual is mainly due to additional advertising costs associated with responsible gambling initiatives and the transfer of cash to the Annual Leave Central Scheme equivalent to the Department's accrued annual leave liability. The decrease in the 2009-10 Estimate is primarily due to the transfer of cash to the Annual Leave Central Scheme equivalent to the Department's accrued annual leave liability in 2008-09, the full year effect of the MoG transfer of OLGR to DEEDI and reduced software licence costs.
28. The decrease in the 2009-10 Estimate is mainly due to a reduction in the budgeted expenditure on RMS development.
29. The decrease in the 2009-10 Estimate reflects the transfer of loans held by the Racing Science Centre which transferred as part of the MoG transfer of OLGR to DEEDI on 26 March 2009.
30. Equity injections reflect the level of investments in the development of the RMS by the State.
31. The decrease in the 2009-10 Estimate reflects the transfer of loans held by the Racing Science Centre which transferred as part of the MoG transfer of OLGR to DEEDI on 26 March 2009.
32. Equity withdrawals mainly relate to the return of amortisation funding on the RMS.
33. Cash transfers from restructure in 2008-09 represents the cash transferred to DEEDI as a result of the MoG transfer of OLGR on 26 March 2009.

## **Administered Income Statement**

34. The increases in the 2008-09 Estimated Actual and the 2009-10 Estimate primarily relate to the Council of Australian Governments' (COAG) decision in November 2009 to change the method of Australian Government payments so that from February 2009, the majority of payments would be made directly to State Treasury departments. As a result of this change, revenues which were previously reported by departments are now receipted by the Treasury Department and appropriated to agencies. 2009-10 reflects the first full year of the new arrangements.
35. The decrease in the 2008-09 Estimated Actual is the result of a general slowing of the economy and rapid slowdown in property market activity, resulting in lower taxation revenues, particularly Transfer Duty. The increase in the 2009-10 Estimate is the result of modest growth in State taxes, primarily due to the lagged impact of three-year averaging on land tax liabilities.
36. The lower Health Services Levy revenue in the 2008-09 Estimated Actual reflects lower than expected gaming machine activity in hotels.
37. These amounts reflect Competitive Neutrality Fees charged on lending by Queensland Treasury Corporation to Government owned corporations. The increase in the 2008-09 Estimated Actual and further increase in the 2009-10 Estimate relate to both increased market credit margins and increasing levels of borrowing.
38. Administered appropriation is received from the Consolidated Fund to fund administered expenses. Material changes in administered expenses are outlined in Notes 39 to 43.
39. The increase in the 2008-09 Estimated Actual represents fees for previous year's services payable to Queensland Investment Corporation for administration of the State's long term investments. These assets were transferred to the Queensland Treasury Corporation from 1 July 2008.
40. Treasurer's Advance reflects provision for items which may emerge during the year and was abolished in the 2008-09 Major Economic Statement, with issues now funded on an emergent basis.
41. The increase in the 2008-09 Estimated Actual is primarily the result of the introduction of the Australian Government's First Home Owners Boost and funding provided by the Australian Government for the Queensland Rural Adjustment Authority. The decrease in the 2009-10 Estimate is primarily due to the abolition of the Queensland Fuel Subsidy Scheme and an expected reduction in First Home Owner Grant and Australian Government's First Home Owners Boost payments.
42. The increase in the 2008-09 Estimated Actual and further increase in the 2009-10 Estimate relates to increased levels of borrowing in support of the Government's capital works program and expected Budget deficit.
43. The increase in the 2008-09 Estimated Actual primarily relates to the introduction of the Annual Leave Central Scheme (ALCS). The ALCS commenced from 30 June 2008 to centrally fund the annual leave obligations of departments, commercialised business units and shared service providers. On commencement, annual leave liabilities were transferred to the Crown to be held at a consolidated whole-of-government level. Under ALCS, member agencies must contribute a levy equal to their annual leave cost and claims are made against the scheme for amounts paid to employees for annual leave.
44. This represents revenues collected on behalf of the Queensland Government which are transferred to the Consolidated Fund. The increase in the 2009-10 Estimate primarily relates to the estimated increase in Australian Government grants as outlined in Note 34.
45. The utilisation of surplus Community Investment Fund cash balances in 2008-09 and 2009-10 as a source of funds for grant payments has resulted in an operating deficit in 2008-09 and 2009-10.

## **Administered Balance sheet**

46. Treasury, in its capacity as the manager of the State's finances, operates a bank overdraft facility offset by departmental cash holdings.
47. The decrease in the 2008-09 Estimated Actual reflects unearned appropriation returned to the Consolidated Fund.
48. In its capacity as manager of the State's finances, Treasury expects to borrow \$4.2 billion in 2008-09 and \$7.9 billion in 2009-10 in support of the Government's capital works program and to fund expected Budget deficits.
49. Changes in contributed equity for the 2008-09 Estimated Actual primarily represent the transfer to Consolidated Fund of proceeds of borrowings made in 2007-08 and 2008-09. The increase in the 2009-10 Estimate reflects the equity withdrawal to the Consolidated Fund for the State's capital works program.

## **Administered Cash Flow Statement**

50. Refer to Note 38.
51. Refer to Note 34.
52. Refer to Note 35.
53. Refer to Note 36.
54. Refer to Note 37.
55. Refer to Note 44.
56. Refer to Note 41.
57. Refer to Note 39 and 40.
58. Refer to Note 42.

- 59. Refer to Note 43.
- 60. The increase in the 2008-09 Estimated Actual relates to a loan made to Queensland Rural Adjustment Authority for Natural Disaster Relief Assistance.
- 61. Refer to Note 48.
- 62. The increase in the 2008-09 Estimated Actual relates to the transfer of funds from the Queensland Future Growth Fund to the South East Queensland bulk water entities. As the administering Department, drawdowns from the Queensland Future Growth Fund payments pass through Treasury as an equity injection and a subsequent equity withdrawal. The reduction in 2009-10 relates to a lower level of expected transfers from the Queensland Future Growth Fund.
- 63. The increase in the 2008-09 Estimated Actual represents a repayment on loans relating to the Gold Coast Desalination Plant.
- 64. The increase in the 2008-09 Estimated Actual reflects the transfer of borrowing proceeds in 2007-08 and 2008-09 to Consolidated Fund in addition to the Queensland Future Growth Fund transaction as outlined in Note 62. The 2009-10 Estimate is the sum of the expected transfers from the Queensland Future Growth Fund as outlined in Note 62 and the expected borrowing requirements of \$7.9 billion.
- 65. These cash transfers result from the Machinery of Government transfer of the Office of Liquor Gaming and Racing to the Department of Employment, Economic Development and Innovation from 26 March 2009.

# Statutory Bodies

## Motor Accident Insurance Commission/ Nominal Defendant

### Overview

The Motor Accident Insurance Commission (MAIC) and the Nominal Defendant statutory bodies contribute to the motor accident insurance administration.

The motor accident insurance administration regulates and improves the Queensland Compulsory Third Party (CTP) insurance scheme and manages the Nominal Defendant Fund.

A key focus of this service is to maintain a viable CTP insurance scheme that is affordable to motor vehicle owners with the backing of a fully funded Nominal Defendant scheme for uninsured or unidentified motor vehicles.

The MAIC and the Nominal Defendant contribute to the Government's Toward Q2 Fair ambition – Supporting safe and caring communities, Smart ambition – Creating a diverse economy powered by bright ideas and Healthy ambition – Making Queenslanders Australia's healthiest people. The motor accident insurance administration output contributes to a Fair Queensland by maintaining a viable CTP scheme balanced with reasonable and appropriate compensation to the injured. It also contributes to a Smart Queensland by providing funds for research and education in the fields of injury prevention and rehabilitation, and a Healthy Queensland by investing in research to improve road safety interventions and service delivery for people injured in motor vehicle accidents.

The MAIC and Nominal Defendant achieve this by contributing to activities that improve road safety and deliver better health outcomes including:

- licensing, supervising and monitoring the financial strength of insurers' CTP operations
- setting premium bands and recommending scheme levies based on research and independent actuarial analyses
- promoting, assessing and, where appropriate, funding education and research activities to minimise injuries, mitigate the effects of motor vehicle accidents and monitor the provision of rehabilitation services
- acting as a CTP insurer where damages are claimed for personal injury arising from the liability of unidentified and/or uninsured motor vehicles and meeting the cost of claims of an insolvent CTP insurer.

### Review of Performance

#### Recent achievements

Significant recent achievements include:

- drawing on the operational claim synergies in the Queensland Government Insurance Fund and the Nominal Defendant Fund, and delivering a combined claims operation that achieved cost efficiencies
- developing and implementing an online facility to allow Queenslanders to nominate a change of CTP insurer mid-term.

**Future developments**

During 2009-10, the motor accident insurance administration will focus on the following major initiatives:

- continuing to reorganise the work of MAIC in response to business needs and to bring about operational efficiencies
- monitoring the impact of recent claim trends on premium rates and making recommendations for scheme improvements.



# Statements

## Performance Statement

Motor Accident Insurance Commission	Notes	2008-09 Target/Est.	2008-09 Est. Actual	2009-10 Target/Est.
Setting of premium bands within legislative timeframes, including independent quarterly actuarial review of scheme		100%	100%	100%
Highest filed CTP premium for Class 1 vehicles does not exceed the Affordability Index as prescribed under the <i>Motor Accident Insurance Act 1994</i>		100%	100%	100%
Percentage of premium going to injured persons		65%	65%	65%
Recommendation to the Treasurer of annual CTP levies by the agreed timeframe		100%	100%	100%
Available funds per CTP policy for grant funding	1	\$0.34	\$0.46	\$0.50
Annual actuarial certification of Nominal Defendant full funding status as at 30 June		100%	100%	100%
Number of Nominal Defendant claims finalised as a percent of total outstanding claims		50%	50%	50%
Average operating cost per Nominal Defendant claim	2	\$1,484	\$1,520	\$1,753
<b>State contribution (\$'000)</b>				
<b>Other revenue(\$'000)</b>	3	<b>94,637</b>	<b>11,750</b>	<b>83,319</b>
<b>Total cost (\$'000)</b>		<b>65,271</b>	<b>62,884</b>	<b>70,286</b>

Notes:

1. The increases in the 2008-09 Estimated Actual and the 2009-10 Target/Estimate are the result of increases in the Statutory Insurance Scheme levy.
2. The increase in the 2009-10 Target/Estimate is the result of higher operating expenses for the Nominal Defendant and a reduced number of open claims.
3. The decrease in the 2008-09 Estimated Actual is due to lower than expected (negative) returns on Queensland Investment Corporation (QIC) investments. The subsequent increase in the 2009-10 Target/Estimate is due to the expected return to positive rates of return estimated by QIC.

## Income Statement

Motor Accident Insurance Commission	Notes	2008-09 Budget \$'000	2008-09 Est. Act. \$'000	2009-10 Estimate \$'000
<b>Income</b>				
User charges		..	..	..
Grants and other contributions		..	..	..
Other revenue	1,7	12,220	3,896	11,261
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total income</b>		<b>12,220</b>	<b>3,896</b>	<b>11,261</b>
<b>Expenses</b>				
Employee expenses	2	2,691	2,317	2,556
Supplies and services	3	1,359	1,667	1,615
Grants and subsidies	4,8	5,375	4,800	5,400
Depreciation and amortisation		67	67	62
Finance/borrowing costs		..	..	..
Other expenses		176	143	140
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total expenses</b>		<b>9,668</b>	<b>8,994</b>	<b>9,773</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	5,6,9	<b>2,552</b>	<b>(5,098)</b>	<b>1,488</b>

## Statement of Changes in Equity

Motor Accident Insurance Commission	Notes	2008-09 Budget \$'000	2008-09 Est. Act. \$'000	2009-10 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation reserve		..	..	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
<b>Net income recognised directly in equity</b>		<b>..</b>	<b>..</b>	<b>..</b>
Surplus/(deficit) for the period		2,552	(5,098)	1,488
<b>Total recognised income and expense for the period</b>		<b>2,552</b>	<b>(5,098)</b>	<b>1,488</b>
Equity injection/(withdrawal)		..	..	..
Equity adjustments (MoG transfers)		..	..	..
<b>Total movement in equity for period</b>		<b>2,552</b>	<b>(5,098)</b>	<b>1,488</b>

## Balance Sheet

Motor Accident Insurance Commission	Notes	2008-09 Budget \$'000	2008-09 Est. Act. \$'000	2009-10 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets	10	1,001	952	952
Receivables		354	585	599
Other financial assets	11,13	36,381	26,216	27,763
Inventories		..	..	..
Other		31	1	3
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>37,767</b>	<b>27,754</b>	<b>29,317</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		500	500	500
Other financial assets		10,500	10,500	10,500
Property, plant and equipment		2	16	8
Intangibles		86	86	32
Other		..	..	..
<b>Total non-current assets</b>		<b>11,088</b>	<b>11,102</b>	<b>11,040</b>
<b>TOTAL ASSETS</b>		<b>48,855</b>	<b>38,856</b>	<b>40,357</b>
<b>CURRENT LIABILITIES</b>				
Payables		586	570	582
Employee benefits obligations		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total current liabilities</b>		<b>586</b>	<b>570</b>	<b>582</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		45	45	46
Employee benefits obligations		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>45</b>	<b>45</b>	<b>46</b>
<b>TOTAL LIABILITIES</b>		<b>631</b>	<b>615</b>	<b>628</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>48,224</b>	<b>38,241</b>	<b>39,729</b>
<b>EQUITY</b>				
Capital/contributed equity		164	164	164
Retained surplus/(Accumulated deficit)	12,14	32,753	22,202	23,690
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (Income maintenance & grants reserve)		15,307	15,875	15,875
<b>TOTAL EQUITY</b>		<b>48,224</b>	<b>38,241</b>	<b>39,729</b>

## Cash Flow Statement

<b>Motor Accident Insurance Commission</b>	<b>Notes</b>	<b>2008-09 Budget \$'000</b>	<b>2008-09 Est. Act. \$'000</b>	<b>2009-10 Estimate \$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges		(4)	..	..
Grants and other contributions		..	..	..
Other	15,20	12,220	3,892	11,257
<b>Outflows:</b>				
Employee costs	16	(2,681)	(2,307)	(2,544)
Supplies and services	17	(1,355)	(1,663)	(1,616)
Grants and subsidies		(5,375)	(4,800)	(5,400)
Borrowing costs		..	..	..
Other		(176)	(143)	(140)
<b>Net cash provided by/(used in) operating activities</b>		<b>2,629</b>	<b>(5,021)</b>	<b>1,547</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment		..	..	..
Investments redeemed	18	5,375	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for property, plant and equipment and intangibles		..	..	..
Payments for investments	19,21	(8,145)	4,579	(1,547)
Loans and advances made		..	..	..
<b>Net cash provided by/(used in) investing activities</b>		<b>(2,770)</b>	<b>4,579</b>	<b>(1,547)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections		..	..	..
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by/(used in) financing activities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>Net increase/(decrease) in cash held</b>		<b>(141)</b>	<b>(442)</b>	<b>..</b>
<b>Cash at the beginning of financial year</b>		<b>1,142</b>	<b>1,394</b>	<b>952</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>1,001</b>	<b>952</b>	<b>952</b>

# Explanation of Variances in the Financial Statements

## Motor Accident Insurance Commission

### Income Statement

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

1. The decrease is due to a lower than expected (negative) rate of return on Queensland Investment Corporation (QIC) investments.
2. Lower than expected employee expenses due to vacancies being filled by temporary agency staff and contractors.
3. Higher than expected supplies and services due to the engagement of temporary agency staff and contractors to fill vacancies.
4. Lower than expected grants committed due to the effect of the erosion of funding available for grants resulting from the negative return on QIC investments.
5. The operating deficit is due to lower than expected (negative) rates of return on QIC investments.

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

6. The operating surplus decrease is due to lower than expected rates of return on QIC investments.

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

7. The increase is due to the expected return to positive investment rates of return from QIC investments.
8. The increase in grants and subsidies is the result of an expected return to positive earnings on QIC investments.
9. The operating surplus increase is due to the expected return to positive investment rates of return from QIC investments.

### Balance Sheet

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

10. The decrease is due to a number of variations detailed in the statement of cash flows.
11. The decrease is due to lower than expected (negative) returns from QIC investments.
12. Refer to note 5 above.

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

13. The decrease is due to lower than expected (negative) returns from QIC investments.
14. Refer to note 9 above.

### Cash Flow Statement

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

15. Refer to note 1 above.
16. Refer to note 2 above.
17. Refer to note 3 above.
18. The decrease is due to lower than expected (negative) returns from QIC investments.
19. The decrease is due to lower than expected (negative) returns from QIC investments.

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

20. The decrease is due to lower than expected rates of return on QIC investments.

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

21. The increase in the 2009-10 Estimate reflects the expected return to positive earnings from QIC investments and the reinvestment of these earnings.

## Income Statement

Nominal Defendant	Notes	2008-09 Budget \$'000	2008-09 Est. Act. \$'000	2009-10 Estimate \$'000
<b>Income</b>				
User charges		..	..	..
Grants and other contributions		..	..	..
Other revenue	1,7	82,417	7,854	72,058
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total income</b>		<b>82,417</b>	<b>7,854</b>	<b>72,058</b>
<b>Expenses</b>				
Employee expenses		845	955	1,193
Supplies and services	2,5	51,963	57,130	59,253
Grants and subsidies		..	..	..
Depreciation and amortisation		45	45	40
Finance/borrowing costs		..	..	..
Other expenses	3,8	2,750	(4,240)	27
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total expenses</b>		<b>55,603</b>	<b>53,890</b>	<b>60,513</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	4,6,9	<b>26,814</b>	<b>(46,036)</b>	<b>11,545</b>

## Statement of Changes in Equity

Nominal Defendant	Notes	2008-09 Budget \$'000	2008-09 Est. Act. \$'000	2009-10 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation reserve		..	..	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
<b>Net income recognised directly in equity</b>		<b>..</b>	<b>..</b>	<b>..</b>
Surplus/(deficit) for the period		26,814	(46,036)	11,545
<b>Total recognised income and expense for the period</b>		<b>26,814</b>	<b>(46,036)</b>	<b>11,545</b>
Equity injection/(withdrawal)	10	..	(8,925)	..
Equity adjustments (MoG transfers)		..	..	..
<b>Total movement in equity for period</b>		<b>26,814</b>	<b>(54,961)</b>	<b>11,545</b>

## Balance Sheet

Nominal Defendant	Notes	2008-09 Budget \$'000	2008-09 Est. Act. \$'000	2009-10 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets	11,16	999	2,021	2,021
Receivables		1,693	1,845	1,845
Other financial assets		75,525	70,361	76,336
Inventories		..	..	..
Other		3	4	4
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>78,220</b>	<b>74,231</b>	<b>80,206</b>
<b>NON-CURRENT ASSETS</b>				
Receivables	12,17	..	..	..
Other financial assets		349,287	238,012	264,717
Property, plant and equipment		(2)	13	12
Intangibles		39	39	..
Other		..	..	..
<b>Total non-current assets</b>		<b>349,324</b>	<b>238,064</b>	<b>264,729</b>
<b>TOTAL ASSETS</b>		<b>427,544</b>	<b>312,295</b>	<b>344,935</b>
<b>CURRENT LIABILITIES</b>				
Payables		445	440	454
Employee benefits obligations		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		49,820	42,737	47,775
Other		27,955	31,052	31,984
<b>Total current liabilities</b>		<b>78,220</b>	<b>74,229</b>	<b>80,213</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		15	9	10
Employee benefits obligations		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions	13	190,808	161,517	176,627
Other		..	..	..
<b>Total non-current liabilities</b>		<b>190,823</b>	<b>161,526</b>	<b>176,637</b>
<b>TOTAL LIABILITIES</b>		<b>269,043</b>	<b>235,755</b>	<b>256,850</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>158,501</b>	<b>76,540</b>	<b>88,085</b>
<b>EQUITY</b>				
Capital/contributed equity	14,18	89,616	78,476	78,476
Retained surplus/(Accumulated deficit)	15,19,20	68,885	(1,936)	9,609
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
<b>TOTAL EQUITY</b>		<b>158,501</b>	<b>76,540</b>	<b>88,085</b>

## Cash Flow Statement

Nominal Defendant	Notes	2008-09 Budget \$'000	2008-09 Est. Act. \$'000	2009-10 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges		1,190	..	..
Grants and other contributions		..	..	..
Other	21,27	82,417	8,948	72,990
<b>Outflows:</b>				
Employee costs		(840)	(950)	(1,189)
Supplies and services		(51,954)	(57,121)	(59,242)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other	22,25,28	10,244	17,235	20,121
<b>Net cash provided by/(used in) operating activities</b>		<b>41,057</b>	<b>(31,888)</b>	<b>32,680</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for property, plant and equipment and intangibles		..	..	..
Payments for investments	23,26,29	(41,016)	40,042	(32,680)
Loans and advances made		..	..	..
<b>Net cash provided by/(used in) investing activities</b>		<b>(41,016)</b>	<b>40,042</b>	<b>(32,680)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections		..	..	..
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals	24,30	..	(8,925)	..
<b>Net cash provided by/(used in) financing activities</b>		<b>..</b>	<b>(8,925)</b>	<b>..</b>
<b>Net increase/(decrease) in cash held</b>		<b>41</b>	<b>(771)</b>	<b>..</b>
<b>Cash at the beginning of financial year</b>		<b>958</b>	<b>2,792</b>	<b>2,021</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>999</b>	<b>2,021</b>	<b>2,021</b>



# Explanation of Variances in the Financial Statements

## Nominal Defendant

### Income Statement

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

1. The decrease is due to a lower than expected (negative) rate of return on Queensland Investment Corporation (QIC) investments.
2. The increase is a result of an increase in Nominal Defendant claims costs and movement in outstanding claims provision as compared to the 2008-09 budget.
3. The decrease in the 2008-09 Estimated Actual is a result of FAI-Tail dividends received and reimbursed to Government.
4. The estimated 2008-09 deficit is due to lower than expected (negative) rates of return on QIC investments.

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

5. The increase in the 2009-10 Target/Estimate is a result of a forecast increase in Nominal Defendant claims costs and movement in outstanding claims in 2009-10.
6. The decrease in the 2009-10 estimated surplus is due to a lower rate of return expected on QIC investments.

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

7. The 2009-10 Estimate reflects the expected return to positive earnings from QIC investments.
8. The decrease in the 2009-10 Estimate is due to no dividends forecast to be received for the FAI –Tail in 2009-10.
9. The 2009-10 estimated surplus reflects the expected return to positive earnings QIC investments.

### Statement of Changes in Equity

10. The decrease in the 2008-09 Estimated Actual is a result of reimbursement to Government for the FAI-Tail claims. The increase in the 2009-10 Estimate is a result of a nil projected reimbursement to Government from FAI-Tail operating surplus.

### Balance Sheet

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

11. The increase is due to a higher than budgeted opening balance.
12. The decrease is a result of lower than expected (negative) investment earnings from QIC and reclassification of the current/non current investments to align with the apportionment of the Nominal Defendant outstanding claims provision.
13. The decrease in the 2008-09 Estimated Actual is a result of a lower than anticipated audited non-current outstanding claim provision opening balance.
14. The decrease reflects FAI-Tail dividends received and reimbursed to Government through non-appropriated equity withdrawals.
15. The decrease is a result of lower than expected (negative) investment earnings from QIC.

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

16. Refer to note 11 above.
17. Refer to note 12 above.
18. Refer to note 14 above.
19. The decrease is a result of lower than expected investment earnings from QIC.

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

20. The increase in the 2009-10 Estimate reflects the expected return to positive earnings from QIC investments.

### Statement of Cash Flows

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

21. The decrease in the 2008-09 Estimated Actual is a result of lower than expected (negative) rates of return on QIC investments.
22. The decrease in the 2008-09 Estimated Actual is a result of FAI-Tail dividends received and reimbursed to Government.
23. The decrease in the 2008-09 Estimated Actual is a result of negative earnings from QIC investments.
24. The decrease in the 2008-09 Estimated Actual is a result of a reimbursement to Government for FAI-Tail claims.

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

25. The decrease in the 2009-10 Estimate is due to an increase in the provision for outstanding claims.
26. The decrease in the 2009-10 Estimate is a result of reinvestment of lower earnings.

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

27. The increase in the 2009-10 Estimate reflects the expected return to positive earnings from QIC investments.
28. Refer to note 25 above.
29. The increase in the 2009-10 Estimate reflects the expected reinvestment of positive earnings from QIC investments.
30. The increase in the 2009-10 Estimate is a result of a nil projected reimbursement to Government from FAI-Tail operating surplus.

# Queensland Future Growth Corporation

## Overview

The Queensland Future Growth Corporation was created as a corporation sole under the *Future Growth Fund Act 2006* to administer the Queensland Future Growth Fund (the Fund).

The Fund supports initiatives and infrastructure benefiting Queensland by:

- implementing strategies to secure water supply and providing finance for critical water infrastructure
- providing funding for infrastructure projects that support the State's growth, particularly in the areas of transport, housing and commercial infrastructure
- supplying funds to research and develop innovative technologies that address climate change and proactively advance the State's environmental sustainability.

By doing so, the Fund directly contributes to the Government's Toward Q2 Strong ambition – Creating a diverse economy powered by bright ideas.

## Review of Performance

### Recent achievements

Significant recent achievements include allocating an estimated \$955.7 million towards transport and water infrastructure, climate change projects, Smart State projects, social housing stock, clean coal technology and commercial infrastructure in 2008-09.

The Fund also benefited from the reinjection of interest earnings on the Fund balance.

### Future developments

Over the coming years, the Fund will continue to contribute to the delivery of the following key priorities:

- constructing infrastructure projects in the areas of water and transport, with \$149.9 million forecast to be allocated to these projects in 2009-10
- funding for clean coal technology that will make a proactive and positive contribution to the science and technology of reducing carbon emissions
- funding for the Renewable Energy Fund and the Queensland Smart Energy Savings Fund to support climate change initiatives such as the Queensland Solar Hot Water Program, the Geothermal Energy Centre of Excellence and a range of energy conservation and demand management measures designed to reduce peak electricity demand in Queensland
- contributing further towards Smart State projects, specifically the Innovation Building Fund
- funding for commercial infrastructure, with the remaining \$50 million from the \$100 million allocation to be provided to the Abbott Point Coal Terminal expansion in 2009-10
- continuing to provide funding to the Department of Communities for the expansion of the State's social housing stock, with \$140 million forecast to be allocated from the Fund in 2009-10.

The Fund will continue to benefit from the reinjection of interest earnings on the Fund balance.

<b>Queensland Future Growth Fund projects</b>	<b>Total allocation \$'000</b>	<b>2006-07 Actual \$'000</b>	<b>2007-08 Actual \$'000</b>	<b>2008-09 Budget \$'000</b>	<b>2008-09 Est. Act. \$'000</b>	<b>2009-10 Estimate \$'000</b>
Transport infrastructure	500,000	..	149,300	177,000	153,600	135,100
Water infrastructure	1,000,000	..	..	567,400	557,200	14,800
Clean coal technology	300,000	29,600	22,400	19,400	46,900	19,000
Climate change projects	100,000	..	..	32,000	3,000	43,200
Smart State projects	100,000	..	6,800	20,000	20,000	23,200
Commercial infrastructure including Government-owned corporations	600,000	400,000	..	50,000	50,000	50,000
Social housing stock	500,000	..	85,000	125,000	125,000	140,000
<b>Total</b>	<b>3,100,000</b>	<b>429,600</b>	<b>263,500</b>	<b>990,800</b>	<b>955,700</b>	<b>425,300</b>

# Statements

## Performance Statement

Queensland Future Growth Corporation	Notes	2008-09 Target/Est.	2008-09 Est. Actual	2009-10 Target/Est.
Fund administered in accordance with government guidelines		100%	100%	100%
Allocation of funds to projects within the intended scope of the Fund		100%	100%	100%
Provision of funding in accordance with project cash flow		100%	100%	100%
<b>State contribution (\$'000)</b>		..	..	..
<b>Other revenue(\$'000)</b>	1	<b>158,775</b>	<b>107,616</b>	<b>57,367</b>
<b>Total cost (\$'000)</b>	2	<b>2,135</b>	<b>1,935</b>	<b>1,881</b>

Notes:

1. Other revenue reflects forecast interest earnings on the Fund balance. The decrease in interest earnings is largely due to a reduction in interest rates and a reduced fund balance in 2009-10 as funds are allocated to projects.
2. Total cost reflects forecast administration charges payable to the Queensland Treasury Corporation to manage the Fund's investments, as well as other charges associated with the administration of the Fund.

## Income Statement

Queensland Future Growth Corporation	Notes	2008-09 Budget \$'000	2008-09 Est. Act. \$'000	2009-10 Estimate \$'000
<b>Income</b>				
User charges		..	..	..
Grants and other contributions		..	..	..
Other revenue	1	158,775	107,616	57,367
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total income</b>		<b>158,775</b>	<b>107,616</b>	<b>57,367</b>
<b>Expenses</b>				
Employee expenses		..	..	..
Supplies and services	2	2,135	1,935	1,881
Grants and subsidies		..	..	..
Depreciation and amortisation		..	..	..
Finance/borrowing costs		..	..	..
Other expenses		..	..	..
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total expenses</b>		<b>2,135</b>	<b>1,935</b>	<b>1,881</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>156,640</b>	<b>105,681</b>	<b>55,486</b>

## Statement of Changes in Equity

Queensland Future Growth Corporation	Notes	2008-09 Budget \$'000	2008-09 Est. Act. \$'000	2009-10 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation reserve		..	..	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
<b>Net income recognised directly in equity</b>		<b>..</b>	<b>..</b>	<b>..</b>
Surplus/(deficit) for the period		156,640	105,681	55,486
<b>Total recognised income and expense for the period</b>		<b>156,640</b>	<b>105,681</b>	<b>55,486</b>
Equity injection/(withdrawal)		(990,764)	(955,739)	(425,291)
Equity adjustments (MoG transfers)		..	..	..
<b>Total movement in equity for period</b>		<b>(834,124)</b>	<b>(850,058)</b>	<b>(369,805)</b>

## Balance Sheet

Queensland Future Growth Corporation	Notes	2008-09 Budget \$'000	2008-09 Est. Act. \$'000	2009-10 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets		1,641,143	1,536,351	1,316,546
Receivables		..	..	..
Other financial assets	3	..	150,000	..
Inventories		..	..	..
Other		..	..	..
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>1,641,143</b>	<b>1,686,351</b>	<b>1,316,546</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment		..	..	..
Intangibles		..	..	..
Other		..	..	..
<b>Total non-current assets</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>TOTAL ASSETS</b>		<b>1,641,143</b>	<b>1,686,351</b>	<b>1,316,546</b>
<b>CURRENT LIABILITIES</b>				
Payables		..	..	..
Employee benefits obligations		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total current liabilities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Employee benefits obligations		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>TOTAL LIABILITIES</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>1,641,143</b>	<b>1,686,351</b>	<b>1,316,546</b>
<b>EQUITY</b>				
Capital/contributed equity	4	1,338,619	1,425,320	1,000,029
Retained surplus/(Accumulated deficit)		302,524	261,031	316,517
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
<b>TOTAL EQUITY</b>		<b>1,641,143</b>	<b>1,686,351</b>	<b>1,316,546</b>

## Cash Flow Statement

Queensland Future Growth Corporation	Notes	2008-09 Budget \$'000	2008-09 Est. Act. \$'000	2009-10 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges		..	..	..
Grants and other contributions		..	..	..
Other	5	158,775	107,616	57,367
<b>Outflows:</b>				
Employee costs		..	..	..
Supplies and services	6	(2,135)	(1,941)	(1,881)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other		..	..	..
<b>Net cash provided by/(used in) operating activities</b>		<b>156,640</b>	<b>141,192</b>	<b>75,615</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment		..	..	..
Investments redeemed	7	275,000	125,000	150,000
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for property, plant and equipment and intangibles		..	..	..
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by/(used in) investing activities</b>		<b>275,000</b>	<b>125,000</b>	<b>150,000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections		..	..	..
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals	8	(990,764)	(979,075)	(425,291)
<b>Net cash provided by/(used in) financing activities</b>		<b>(990,764)</b>	<b>(979,075)</b>	<b>(425,291)</b>
<b>Net increase/(decrease) in cash held</b>		<b>(559,124)</b>	<b>(748,400)</b>	<b>(219,805)</b>
<b>Cash at the beginning of financial year</b>		<b>2,200,267</b>	<b>2,284,751</b>	<b>1,536,351</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>1,641,143</b>	<b>1,571,868</b>	<b>1,316,546</b>

# **Explanation of Variances in the Financial Statements**

## **Queensland Future Growth Corporation**

### **Income Statement**

1. This reflects forecast interest earnings on the Fund balance. The decrease in interest earnings is largely due to the reduction in interest rates and a reduced fund balance in 2009-10 as funds allocated to projects.
2. This reflects forecast administration charges payable to the Queensland Treasury Corporation (QTC) to manage the Fund's investments, as well as other charges associated with the administration of the Fund.

### **Balance Sheet**

3. The increase between the 2008-09 Budget and 2008-09 Estimated Actual reflects the investment in fixed rate deposits with QTC which mature in the same year.
4. The decrease in 2009-10 reflects the drawdown of funds provided to agencies for expenditure on Queensland Future Growth Fund projects.

### **Cash Flow Statement**

5. This reflects forecast interest earnings on the Fund balance. The decrease in interest earnings is largely due to the reduction in interest rates and a reduced fund balance in 2009-10 as funds are allocated to projects.
6. This reflects forecast administration charges payable to QTC to manage the Fund's investments, as well as other charges associated with the administration of the Fund.
7. This reflects the changing fixed rate deposits profile invested with QTC.
8. This reflects the drawdown of funds provided to agencies for expenditure on Queensland Future Growth Fund projects.



# Glossary of Terms

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<b>Accrual Accounting</b>	— Recognition of economic events and other financial transactions involving revenue, expenses, assets, liabilities and equity as they occur and reporting in financial statements in the period to which they relate, rather than when a flow of cash occurs.
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<b>Administered Items</b>	— Assets, liabilities, revenues and expenses an entity administers, without discretion, on behalf of the Government.
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<b>Agency/Entity</b>	— Used generically to refer to the various organisational units within Government that deliver services or otherwise service Government objectives. The term can include departments, commercialised business units, statutory bodies or other organisations established by Executive decision.
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<b>Appropriation</b>	— Funds issued by the Treasurer, under Parliamentary authority, to agencies during a financial year for: <ul style="list-style-type: none"> <li>– delivery of agreed outputs</li> <li>– administered items</li> <li>– adjustment of the Government’s equity in agencies, including acquiring of capital.</li> </ul>
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<b>Balance Sheet</b>	— A financial statement that reports the assets, liabilities and equity of an entity as at a particular date.
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<b>Capital</b>	— A term used to refer to an entity’s stock of assets and the capital grants it makes to other agencies. Assets include property, plant and equipment, intangible items and inventories that an entity owns/controls and uses in the delivery of services.
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<b>Cash Flow Statement</b>	— A financial statement reporting the cash inflows and outflows for an entity’s operating, investing and financing activities in a particular period.
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<b>Controlled Items</b>	— Assets, liabilities, revenues and expenses that are controlled by departments. These relate directly to the departmental operational objectives and arise at the discretion and direction of that department.
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<b>Depreciation</b>	— The periodic allocation of the cost of physical assets, representing the amount of the asset consumed during a specified time.
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<b>Equity</b>	— Equity is the residual interest in the assets of the entity after deduction of its liabilities. It usually comprises the entity's accumulated surpluses/losses, capital injections and any reserves.
<b>Equity Injection</b>	— An increase in the investment of the Government in a public sector agency.
<b>Financial Statements</b>	— Collective description of the Income Statement, the Balance Sheet and the Cash Flow Statement for an entity's controlled and administered activities.
<b>Income Statement</b>	— A financial statement highlighting the accounting surplus or deficit of an entity. It provides an indication of whether the entity has sufficient revenue to meet expenses in the current year, including non-cash costs such as depreciation.
<b>Outcomes</b>	— Whole-of-government outcomes are intended to cover all dimensions of community well being. They express the current needs and future aspirations of communities, within a social, economic and environment context.
<b>Outputs</b>	— Discrete services or products for external customers or consumers that an agency produces with funding provided directly or indirectly from the Government.
<b>Own-Source Revenue</b>	— Revenue that is generated by an agency, generally through the sale of goods and services, but it may also include some Commonwealth funding.
<b>Priorities</b>	— Key policy areas that will be the focus of Government activity.

For a more detailed Glossary of Terms, please refer to the Reader's Guide available on the Budget website at [www.budget.qld.gov.au](http://www.budget.qld.gov.au).