

# PART 5

## Treasury Department

### Summary of departmental portfolio budgets

Page	Agency	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
1-111	Queensland Treasury - controlled	271,001	309,665	165,597
	Queensland Treasury - administered	4,763,334	4,720,615	6,279,327
1-133	Motor Accident Insurance Commission/ Nominal Defendant	10,529 59,129	10,528 17,366	11,163 63,009
1-145	Queensland Future Growth Corporation	..	..	..

Note:

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

## DEPARTMENTAL OVERVIEW

### MINISTERIAL RESPONSIBILITY

The Treasurer and Minister for State Development and Trade, the Honourable Andrew Fraser MP, and the Minister for Finance and The Arts, the Honourable Rachel Nolan MP, have ministerial responsibility for the Treasury Department.

### STRATEGIC ISSUES

The role of Treasury is to build the State's economic growth and ensure that Government resources improve quality of life for Queenslanders and achieve value for money.

To do this, Treasury provides:

- sound and timely advice to the Government to manage the State's finances in a sustainable way
- leadership in financial and economic management to the Queensland public sector.

Treasury contributes to the Government's *Toward Q2: Tomorrow's Queensland Strong ambition – Creating a diverse economy powered by bright ideas* – and the 2020 target *Queensland is Australia's strongest economy, with infrastructure that anticipates growth* by:

- delivering financial and economic policy advice, providing advice to foster State-wide infrastructure development and implementing whole-of-Government fiscal and economic strategies
- maximising the value of the Government's investment in Government-owned corporations (GOCs) to the State
- providing timely and comprehensive advice and information on the State's economy to the Treasurer, Minister for Finance and other key stakeholders
- 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.

Over the 2010-11 summer, Queensland experienced widespread flooding and cyclones resulting in the vast majority of the State being disaster declared. The natural disasters devastated communities and livelihoods, and significantly deteriorated business conditions for sectors of the economy. The Queensland Reconstruction Authority was established to lead rebuilding efforts and will report directly to the Premier as Minister for Reconstruction.

Reconstruction costs will continue to impact on an already challenging fiscal position. Treasury's strategic direction throughout 2011-12 will be driven by the need to support the Government's priority of rebuilding Queensland.

Treasury's objectives are to:

- restore the State's financial position by meeting the Government's fiscal principles while managing the continuing effects of the global financial crisis and the financial and economic challenges arising from State-wide natural disasters
- continue structural, infrastructure and other reforms to increase the productivity of the Queensland economy and raise living standards in a challenging external environment
- ensure Government resources achieve value for money, are directed to services that improve quality of life and are delivered efficiently and equitably
- secure good outcomes for Queensland in the Australian Government's reform agendas and the Commonwealth Grants Commission review processes.

## 2011-12 HIGHLIGHTS

Treasury will implement or continue the following major initiatives in 2011-12:

- manage the State Budget process in accordance with the *Charter of Fiscal Responsibility*
- manage the State Government's involvement in ongoing intergovernmental reform of Commonwealth grants (including national health and hospital reform), the distribution of GST grants and national taxation arrangements
- complete the restructure of the electricity generation GOCs to ensure their continued long-term viability in the face of considerable commercial challenges
- provide strategic advice to Government and assess carefully the risks and benefits of proposed major port expansions flowing from increased resource sector customer demand
- implement a State-wide campaign to promote the August 2011 national Census of Population and Housing to encourage participation by all Queenslanders
- undertake an extensive reinsurance pricing exercise to assist the Government in determining whether to purchase property and casualty reinsurance, inclusive of road assets and natural disaster coverage
- implement the Government's 2011-12 Budget revenue and grants measures, including the abolition of the Community Ambulance Cover levy, the new Queensland Building Boost Grant and changes to transfer duty
- incorporate the responsibility for royalty revenue collection into the Office of State Revenue, including the development of a royalties module in the Revenue Management System to allow for electronic lodgement and payment
- participate in, and advise Government about, the Australian Government's tax forum in October 2011
- participate in the Australian Government's review of the distribution of GST revenue to make improvements to the current methodology, particularly the mining assessment, and to introduce a simpler, fairer and more efficient method for distributing GST.

## RECENT ACHIEVEMENTS

In 2010-11 Treasury's key achievements included:

- managing the State Budget process in accordance with the *Charter of Fiscal Responsibility*
- completing the remaining transactions of the asset sales process, incorporating raising \$4.6 billion in proceeds from the QR National share offer (tranche 1), raising \$2.095 billion in proceeds from the 99-year lease of the Port of Brisbane, raising \$1.829 billion in proceeds from the 99-year lease of the Abbot Point Coal Terminal and finalising the \$3.088 billion transfer of Queensland Motorways Limited to QIC Limited
- amending the *Queensland Competition Authority Act 1997*, achieving certification of the effectiveness of Queensland's rail access regime by the Australian Government, and applying for certification of the Dalrymple Bay Coal Terminal access regime
- identifying and progressing opportunities for structural reform in the electricity generation sector to raise living standards and the productivity of the Queensland economy
- assisting in the establishment of QR Limited, a new GOC, and then monitoring and supporting its early development
- producing the Queensland Government's population projections to 2031 to inform government, private and community sector planning, policy and resource allocation
- further leveraging investment in Office of State Revenue's Revenue Management System by implementing this solution in other Government agencies to improve services to clients, reduce costs and enhance the level of information and intelligence available
- implementing an instalment payment option for land tax to help businesses and investors manage cashflow.

## **DEPARTMENTAL SERVICE AREAS**

Machinery-of-Government changes resulted in the transfer of the Department of Employment, Economic Development and Innovation's royalty collection function to Treasury's Office of State Revenue from 1 July 2011. Current departmental services are detailed in 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 *Charter of Fiscal Responsibility*, and advance the performance of the Queensland economy to support growth and employment.

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

- developing and monitoring the State Budget
- promoting Queensland's position in negotiations with the Australian Government 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
- providing advice on and undertaking commercial transactions on behalf of Government.

### **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. These 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 undertakes activities that support and assist the GOC sector in delivering competitive, cost-effective and timely infrastructure and services. The office also aims to build shareholder value and establish appropriate principles of strategic governance.

### **Economic and statistical research**

The Office of Economic and Statistical Research (OESR) provides whole-of-Government statistical, economic and demographic services including statistics, modelling and data management.

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

- supporting Treasury's analytical capabilities to inform advice on economic reform issues
- coordinating the activities of key statistics providers 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
- providing data, information and analysis for population dynamics and forecasts, residential dwelling activities and urban land supply
- maintaining and enhancing rigorous economic and social research agendas to advance the State

- enhancing and expanding official surveys and methodology capabilities.

## **Revenue management**

The Office of State Revenue (OSR) delivers and administers revenue management services for Queensland taxes (duties, payroll tax, land tax and gambling taxes), royalty revenue and grants. OSR also conducts revenue compliance and debt recovery activities, provides legislative and policy advice to the Government to maintain and improve the State's revenue system, and contributes to revenue forecasting and trend analysis to secure Queensland's future revenue base.

OSR works towards this by:

- positioning itself as a leading e-business agency with excellent client support and firm and fair enforcement
- providing responsive and ongoing legislation and revenue policy advice services to the State Government
- further developing its Revenue Management System to support innovative business practices.

## STAFFING<sup>1</sup>

Service areas	Notes	2010-11 Budget	2010-11 Est. actual	2011-12 Estimate
<b>Service<sup>2</sup></b>				
Financial and economic policy	3	297	296	275
GOC performance and governance		37	35	37
Economic and statistical research	4	135	134	139
Revenue management	5	466	465	475
<b>Total services</b>		<b>935</b>	<b>930</b>	<b>926</b>
<b>Corporate services provided to other agencies</b>	6	10	9	8
<b>Total</b>	7	<b>945</b>	<b>939</b>	<b>934</b>

### Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Corporate FTEs are allocated across the services to which they relate.
3. The decrease in the 2011-12 Estimate is due to the wind up of the Commercial Transactions Team following the anticipated finalisation of the Government's infrastructure asset sale process in 2011-12.
4. The increase in the 2011-12 Estimate is primarily due to additional positions for the national 2011 Census of Population and Housing project.
5. The increase in the 2011-12 Estimate is primarily due to the Machinery-of-Government transfer of staff performing the royalty collection function from the Department of Employment, Economic Development and Innovation on 1 July 2011.
6. Includes staff providing corporate support to the Motor Accident Insurance Commission and Nominal Defendant.
7. The 2011-12 Estimate does not reflect the potential impact of the Voluntary Separation Program.

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

Service areas	Total cost \$'000	Sources of revenue			
		State Contribution \$'000	User charges \$'000	C'wealth revenue \$'000	Other revenue \$'000
Financial and economic policy	57,497	55,762	1,735	..	..
GOC performance and governance	7,719	6,200	1,519	..	..
Economic and statistical research	22,420	16,304	6,116	..	..
Revenue management	77,813	76,204	1,609	..	..
<b>Departmental</b>	<b>165,449</b>	<b>154,470</b>	<b>10,979</b>	..	..
<b>Other<sup>2</sup></b>	<b>1,973</b>	<b>1,855</b>	<b>118</b>	..	..
<b>Reconciliation adjustment to the Income Statement<sup>3</sup></b>	<b>(1,825)</b>	..	<b>(1,825)</b>	..	..
<b>Total<sup>4</sup></b>	<b>165,597</b>	<b>156,325</b>	<b>9,272</b>	..	..

Notes:

1. Explanations of variances are provided in the 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 services (Motor Accident Insurance Commission and Nominal Defendant).
3. This line represents the eliminations upon consolidation for internal trading between services.
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 Owner's 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 purchasing a first home. The total cost of this First Home Owner Grant Scheme, including the \$4,000 Regional First Home Owner Grant Boost offered in 2010-11, is estimated at \$112 million in 2010-11 and \$117.5 million in 2011-12.

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

### **POLICY DECISIONS SINCE THE 2010-11 BUDGET**

#### **Queensland Building Boost Grant**

In order to assist recovery in the housing construction sector, the Government will provide a temporary \$10,000 grant towards the construction or purchase of a new home for six months commencing 1 August 2011. The grant will be available for all purchasers, including first home buyers, other homebuyers and investors, for houses or units valued at up to \$600,000. This measure is expected to provide \$140 million in assistance to purchasers of new residential property and the housing construction sector.

Eligibility for the grant will be dependent on the commencement date of the transaction being during the period in which the grant is available (i.e. 1 August 2011 to 31 January 2012), generally this will be the date the contract is made. Construction will need to be started and completed within specified timeframes. In the case of a contract to build a residence, building must start within 26 weeks of the contract being signed and must be completed within 18 months of building commencing.

#### **Abolition of the Community Ambulance Cover Levy**

To reduce cost of living pressures on Queensland households and businesses, the Government will abolish the Community Ambulance Cover levy from 1 July 2011. This measure represents a saving of around \$113 to each of the approximately 1.4 million electricity account holders that would have otherwise been liable for the levy in 2011-12.



## **Revisions to Transfer Duty**

In order to fund the Queensland Building Boost Grant and the abolition of the Community Ambulance Cover levy, the Government is removing the transfer duty concession for homebuyers purchasing homes from 1 August 2011. The concession currently provides assistance of up to \$7,175 for homebuyers and was estimated to cost the State \$308 million in revenue foregone in 2010-11.

At the same time, the transfer duty rate structure will be revised to ensure transfer duty payable on a home remains lower in Queensland than the standard arrangements in any other mainland state. There will be no impact on first home buyers purchasing a home valued at up to \$500,000, while those purchasing a home valued at between \$500,000 and \$600,000 will receive a partial first home concession.

## **Payroll tax rebate for apprentices and trainees**

The wages of apprentices and trainees are exempt from payroll tax. In addition to this employment incentive, the Government has decided to extend the 25% payroll tax rebate on the wages of each apprentice and trainee employed until 30 June 2012. The rebate will be offset against the tax payable on the wages of other employees.

## **Land Tax – capping of land values**

Land tax is levied on the unimproved value of the landowner's aggregated holdings of freehold land owned in Queensland as at midnight on 30 June each year. A 50% cap on the annual increase in land values used for the purpose of calculating land tax liabilities commenced from 1 July 2007 for a period of three years and was extended for a further year in the 2010-11 Budget. Land tax payers are estimated to have saved more than \$100 million over the period 2008-09 to 2011-12.

This Budget provides a continuation of the 50% land value cap in 2011-12 saving land tax payers approximately \$15 million.

## **Voluntary Separation Program**

The Government has announced a Voluntary Separation Program resulting in savings to the budget of \$175 million per annum ongoing from 2012-13.

The objective of the enhanced separation payments of the program is to encourage an estimated 3,500 public servants working in non-frontline service delivery roles to leave the service. However, the program is voluntary and the take up will depend on how attractive it is to employees.

The separation payments will be funded upfront with an estimated cost of around \$245 million in 2011-12.

## **Additional Efficiency Dividend**

The Government will increase the existing efficiency dividend by an additional \$56 million in 2013-14 and \$106 million in 2014-15, bringing the total efficiency dividend at a whole-of-Government level to \$500 million.

The additional efficiency dividend has been allocated across agencies.

## Land Rich Duty – Land Holder Model

As announced in the Mid Year Fiscal and Economic Review, the Government will apply a land holder model for land rich duty from 1 July 2011 resulting in \$30 million per annum in additional duty revenue from 2011-12. The existing land rich provisions in the *Duties Act 2001* will be modified to a land holder model. The land holder model is the model adopted in other states and territories with the exception of Tasmania. Duty will be applied to the acquisition of 50% or more of an unlisted company or 90% or more of a listed company or listed unit trust holding land in Queensland worth \$2 million or more. Duty for listed entities will be charged at a concessional rate of 10% of the amount that would otherwise be charged.

## Moving Royalties to monthly collections

As announced in the Mid Year Fiscal and Economic Review the Government will collect monthly royalty payments from the bulk of producers from 1 January 2012 (rather than quarterly as at present). While not increasing the amount of royalties collected, the cash flow benefit to the State from this measure is estimated to be \$14 million per annum.

## COMMUNITY INVESTMENT FUND

Treasury Administered is also responsible for the administration of the Community Investment Fund. The table below outlines the revenue and expense commitments of that Fund.

	2010-11 Est Act \$'000	2011-12 Estimate \$'000
<b>Opening Cash Balance</b>	<b>12,612</b>	<b>..</b>
<b>Revenue</b>		
8.5% of specific gaming taxes <sup>1</sup>	77,552	79,881
Proceeds from sale of authorities and club entitlements	1,487	3,800
Liquor licensing annual fees	18,475	18,937
Additional allocation of wagering taxes	20,000	21,000
Appropriation funding	26,968	23,760
<b>Total Revenue</b>	<b>144,482</b>	<b>147,378</b>
<b>Expenses</b>		
Gambling Community Benefit Fund	40,842	42,170
Casino Community Benefit Funds	6,717	6,935
Office of Liquor and Gaming Regulation	42,229	37,690
RSPCA <sup>2</sup>	6,023	..
Vision Australia <sup>3</sup>	1,700	..
Racing Industry Capital Development Scheme	20,000	21,000
Stadiums Queensland Debt Servicing	39,583	39,583
<b>Total Expenses</b>	<b>157,094</b>	<b>147,378</b>
<b>Closing Cash Balance</b>	<b>..</b>	<b>..</b>
Notes: 1. Represents 8.5% of wagering, casino, lotteries, keno and gaming machine tax. 2. A one-off grant to support the RSPCA's relocation to Wacol. 3. A one-off grant to support Vision Australia's relocation to Coorparoo.		

## DEPARTMENTAL STATEMENTS

### PERFORMANCE STATEMENT

	Notes	2010-11 Target/est.	2010-11 Est. actual	2011-12 Target/est.
<b>Service Area: Financial and economic policy</b>				
<b>Service standards</b>				
Achievement of fiscal objectives as described in the Charter of Fiscal Responsibility		Partial	Partial	Partial
<b>Other measures</b>				
Quarterly report on financial position completed within six weeks of quarter end		4	4	4
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 Report on State Finances process		100%	100%	100%
Data provision to the Commonwealth Grants Commission and Australian Bureau of Statistics within agreed timeframes		100%	100%	100%
Total cost of portfolio resource allocation advice	1	Amended measure	\$20.87 million	\$22.15 million
<b>State contribution (\$000)</b>	2	<b>168,895</b>	<b>75,963</b>	<b>55,762</b>
<b>Other revenue (\$000)</b>	3	<b>3,257</b>	<b>133,090</b>	<b>1,735</b>
<b>Total cost (\$000)</b>		<b>172,152</b>	<b>209,053</b>	<b>57,497</b>
<b>Service Area: GOC performance and governance</b>				
<b>Service standards</b>				
Cost of monitoring and governance per GOC		\$0.3 million	\$0.3 million	\$0.3 million
<b>Other measures</b>				
Percentage of GOC Statements of Corporate Intent (SCI) completed by 30 June		95%	95%	95%
Percentage of quarterly performance monitoring reports completed within six weeks	4	Amended measure	100%	100%
<b>State contribution (\$000)</b>	5	<b>5,797</b>	<b>5,327</b>	<b>6,200</b>
<b>Other revenue (\$000)</b>	6	<b>613</b>	<b>4,107</b>	<b>1,519</b>
<b>Total cost (\$000)</b>		<b>6,410</b>	<b>9,434</b>	<b>7,719</b>

	Notes	2010-11 Target/est.	2010-11 Est. actual	2011-12 Target/est.
<b>Service Area: Economic and statistical research</b>				
<b>Service standards</b>				
Stakeholder and client satisfaction with outputs (rated satisfied or very satisfied)		95%	95%	95%
<b>Other measures</b>				
Responses to requests for information	7	5,600	4,800	4,600
Formal products and services delivered to Treasury Office	8	150	75	75
Formal products and services delivered to other clients		400	400	400
Delivery of outputs within timeframes agreed with clients (excludes internet services)	9	90%	95%	95%
<b>State contribution (\$000)</b>	10	<b>14,143</b>	<b>13,518</b>	<b>16,304</b>
<b>Other revenue (\$000)</b>	11	<b>5,350</b>	<b>5,251</b>	<b>6,116</b>
<b>Total cost (\$000)</b>		<b>19,493</b>	<b>18,769</b>	<b>22,420</b>

#### Service Area: Revenue management

<b>Service standards</b>				
Client satisfaction with services provided		70%	70%	70%
Total revenue dollars administered per dollar expended – accrual	12	\$154	\$150	\$218
Average overdue debt as a percentage of total revenue collected	13	3%	2%	1.4%
<b>Other measures</b>				
Amount of revenue, grants and subsidies administered	12	\$9 billion	\$8.7 billion	\$12.7 billion
Number of First Home Owner Grant (FHOG) applications paid	14	23,750	15,720	16,785
FHOG applications processed within service standards		95%	95%	95%
Percentage of investigations performed within standards		90%	90%	90%
Percentage of lodgements and payments received electronically		70%	70%	70%
<b>State contribution (\$000)</b>	15	<b>72,367</b>	<b>70,554</b>	<b>76,204</b>
<b>Other revenue (\$000)</b>	16	<b>1,948</b>	<b>1,896</b>	<b>1,609</b>
<b>Total cost (\$000)</b>		<b>74,315</b>	<b>72,450</b>	<b>77,813</b>

#### Notes:

1. The increase in the 2011-12 Target/estimate primarily relates to employee expenses as a result of the Enterprise Bargaining Agreement and the cost of work to be undertaken to independently assess regulatory savings identified by Government agencies.
2. The decrease in the 2010-11 Estimated actual is due to a change in the funding structure of the Commercial Transactions Team (CTT). The decrease in the 2011-12 Target/estimate is mainly due to the majority of the CTT related work being completed in 2010-11.

3. The increase in the 2010-11 Estimated actual and subsequent decrease in the 2011-12 Target/estimate are primarily due to the anticipated one-off reimbursements of costs incurred by the CTT in 2010-11.
4. This measure was amended to reflect the percentage of quarterly reports completed before the deadline.
5. The decrease in the 2010-11 Estimated actual is due to funding deferred to future years for strategic policy projects. The increase in the 2011-12 Target/estimate is primarily due to funding carried over for strategic policy projects and the impact of the Enterprise Bargaining Agreement.
6. The increase in the 2010-11 Estimated actual and subsequent decrease in the 2011-12 Target/estimate are mainly due to reimbursements from Government-owned corporations for costs relating to the Genco Review project.
7. The decreases in the 2010-11 Estimated actual and the 2011-12 Target/estimate are due to an increase in published statistical products, including new products in Queensland Regional Profiles, on Datahub and the Office of Economic and Statistical Research website which have resulted in fewer requests for information.
8. The decreases in the 2010-11 Estimated actual and the 2011-12 Target/estimate are a result of fewer than expected Treasury Office requests for products and services.
9. The increases in the 2010-11 Estimated actual and the 2011-12 Target/estimate are due to increased client satisfaction with timeliness of outputs.
10. The decrease in the 2010-11 Estimated actual is due to funding carried over to future years for the resource communities monitoring program. The increase in the 2011-12 Target/estimate is due to increased funding for the Enterprise Bargaining Agreement and the national 2011 Census of Population and Housing project.
11. The increase in the 2011-12 Target/estimate is due to an anticipated increase in survey activity.
12. The increase in the 2011-12 Target/estimate is due to the transfer of responsibility for royalty revenue collection from the Department of Employment, Economic Development and Innovation (DEEDI) to the Office of State Revenue (OSR).
13. The decrease in the 2010-11 Estimated actual is due mainly to the timing of assessments and associated debt recovery action. The further decrease in the 2011-12 Target/estimate is due to the transfer of responsibility for royalty revenue collection from DEEDI to OSR.
14. The decrease in the 2010-11 Estimated actual is due to a greater than expected reduction in applications following the finalisation of the Australian Government funded First Home Owner's Boost payments, tighter lending conditions in the housing market and the impact of natural disasters.
15. The decrease in the 2010-11 Estimated actual is primarily due to funding carried over to future years for work on the Revenue Management System (RMS). The increase in the 2011-12 Target/estimate is mainly due to funding carried over from previous years for the RMS and the impact of the Enterprise Bargaining Agreement.
16. The decrease in the 2011-12 Target/estimate is primarily due to completion of the build component of the Standard Business Reporting program and the movement to ongoing operational support.

## INCOME STATEMENT

Treasury Department	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>Income</b>				
Service revenue	1	263,084	167,033	156,325
User charges	2	7,917	142,632	9,272
Grants and other contributions		..	..	..
Other revenue		..	..	..
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total income</b>		<b>271,001</b>	<b>309,665</b>	<b>165,597</b>
<b>Expenses</b>				
Employee expenses		98,451	96,355	97,580
Supplies and services	3	151,571	184,203	50,956
Grants and subsidies		..	..	..
Depreciation and amortisation	4	11,916	11,085	11,679
Finance/borrowing costs		..	..	..
Other expenses	5	9,063	18,022	5,382
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total expenses</b>		<b>271,001</b>	<b>309,665</b>	<b>165,597</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>..</b>	<b>..</b>	<b>..</b>

## STATEMENT OF CHANGES IN EQUITY

Treasury Department	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation 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		..	..	..
<b>Total recognised income and expense for the period</b>		<b>..</b>	<b>..</b>	<b>..</b>
Equity injection/(withdrawal)	6	(9,094)	(8,563)	(3,852)
Equity adjustments (MoG transfers)		..	..	..
<b>Total movement in equity for period</b>		<b>(9,094)</b>	<b>(8,563)</b>	<b>(3,852)</b>

## BALANCE SHEET

Treasury Department	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets	7	10,499	10,024	8,847
Receivables		5,823	5,760	5,760
Other financial assets		..	..	..
Inventories		..	..	..
Other		2,193	2,038	2,104
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>18,515</b>	<b>17,822</b>	<b>16,711</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets	8	..	..	2,844
Property, plant and equipment	9	13,662	12,627	12,963
Intangibles	10	36,258	36,459	30,538
Other		..	..	..
<b>Total non-current assets</b>		<b>49,920</b>	<b>49,086</b>	<b>46,345</b>
<b>TOTAL ASSETS</b>		<b>68,435</b>	<b>66,908</b>	<b>63,056</b>
<b>CURRENT LIABILITIES</b>				
Payables		3,752	3,887	3,887
Accrued employee benefits	11	5,129	3,265	3,265
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		507	518	518
<b>Total current liabilities</b>		<b>9,388</b>	<b>7,670</b>	<b>7,670</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>TOTAL LIABILITIES</b>		<b>9,388</b>	<b>7,670</b>	<b>7,670</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>59,047</b>	<b>59,238</b>	<b>55,386</b>
<b>EQUITY</b>				
Capital/contributed equity	12	24,858	24,365	20,513
Accumulated surplus/(accumulated deficit)		34,189	34,873	34,873
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
<b>TOTAL EQUITY</b>		<b>59,047</b>	<b>59,238</b>	<b>55,386</b>

## CASH FLOW STATEMENT

Treasury Department	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
Service receipts	13	263,084	174,787	156,325
User charges	14	7,917	163,612	9,272
Grants and other contributions		..	..	..
Other		..	..	..
<b>Outflows:</b>				
Employee costs		(98,451)	(95,396)	(97,580)
Supplies and services	15	(151,637)	(201,123)	(51,022)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other	16	(9,063)	(18,022)	(5,382)
<b>Net cash provided by/(used in) operating activities</b>		<b>11,850</b>	<b>23,858</b>	<b>11,613</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	17	(5,309)	(4,592)	(6,094)
Payments for investments	18	..	..	(2,844)
Loans and advances made		..	..	..
<b>Net cash provided by/(used in) investing activities</b>		<b>(5,309)</b>	<b>(4,592)</b>	<b>(8,938)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections	19	417	379	5,422
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals	20	(9,511)	(8,942)	(9,274)
<b>Net cash provided by/(used in) financing activities</b>		<b>(9,094)</b>	<b>(8,563)</b>	<b>(3,852)</b>
<b>Net increase/(decrease) in cash held</b>		<b>(2,553)</b>	<b>10,703</b>	<b>(1,177)</b>
<b>Cash at the beginning of financial year</b>		<b>13,052</b>	<b>(679)</b>	<b>10,024</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>10,499</b>	<b>10,024</b>	<b>8,847</b>



## ADMINISTERED INCOME STATEMENT

Treasury Department	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>Revenues</b>				
Commonwealth grants	21	15,703,914	16,893,013	17,229,869
Taxes, fees and fines	22	8,832,436	8,503,075	9,081,341
Health Services Levy	23	34,000	39,000	41,340
Royalties, property income and other territorial Revenue	24	192,668	191,698	3,509,930
Interest	25	3,409	30,356	29,216
Administered revenue	26	4,736,334	4,706,518	6,275,530
Other	27	4,397	68,081	332,643
<b>Total revenues</b>		<b>29,507,158</b>	<b>30,431,741</b>	<b>36,499,869</b>
<b>Expenses</b>				
Supplies and services		132,106	132,106	132,357
Depreciation and amortisation		..	..	..
Grants and subsidies	28	374,496	416,873	769,387
Benefit payments		..	..	..
Borrowing costs	29	1,104,736	1,099,173	1,580,532
Other	30	3,151,996	3,072,463	3,797,051
<b>Total expenses</b>		<b>4,763,334</b>	<b>4,720,615</b>	<b>6,279,327</b>
<b>Net surplus or deficit before transfers to Government</b>		<b>24,743,824</b>	<b>25,711,126</b>	<b>30,220,542</b>
<b>Transfers of administered revenue to Government</b>	31	<b>24,762,526</b>	<b>25,723,738</b>	<b>30,220,542</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	32	<b>(18,702)</b>	<b>(12,612)</b>	<b>..</b>

## ADMINISTERED BALANCE SHEET

Treasury Department	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets	33	259,264	386,829	184,356
Receivables	34	420,153	419,115	1,207,058
Inventories		..	..	..
Other		2,925	2,925	2,925
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>682,342</b>	<b>808,869</b>	<b>1,394,339</b>
<b>NON-CURRENT ASSETS</b>				
Receivables	35	138,554	147,696	467,504
Other financial assets		..	..	..
Property, plant and equipment		..	..	..
Intangibles		..	..	..
Other		..	..	..
<b>Total non-current assets</b>		<b>138,554</b>	<b>147,696</b>	<b>467,504</b>
<b>TOTAL ADMINISTERED ASSETS</b>		<b>820,896</b>	<b>956,565</b>	<b>1,861,843</b>
<b>CURRENT LIABILITIES</b>				
Payables		34,484	34,564	34,564
Transfers to Government payable	36	161,983	162,467	949,244
Interest-bearing liabilities		10,787	10,837	11,199
Other		21,706	141,158	21,398
<b>Total current liabilities</b>		<b>228,960</b>	<b>349,026</b>	<b>1,016,405</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Interest-bearing liabilities	37	20,370,509	20,611,392	29,957,631
Other		..	..	..
<b>Total non-current liabilities</b>		<b>20,370,509</b>	<b>20,611,392</b>	<b>29,957,631</b>
<b>TOTAL ADMINISTERED LIABILITIES</b>		<b>20,599,469</b>	<b>20,960,418</b>	<b>30,974,036</b>
<b>ADMINISTERED NET ASSETS/(LIABILITIES)</b>		<b>(19,778,573)</b>	<b>(20,003,853)</b>	<b>(29,112,193)</b>
<b>EQUITY</b>				
Capital/Contributed equity	38	(19,765,966)	(20,009,545)	(29,117,885)
Accumulated surplus/(accumulated deficit)	39	(12,607)	5,692	5,692
Reserves:		..	..	..
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
<b>TOTAL ADMINISTERED EQUITY</b>		<b>(19,778,573)</b>	<b>(20,003,853)</b>	<b>(29,112,193)</b>

## ADMINISTERED CASH FLOW STATEMENT

Treasury Department	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
Administered item receipts	40	4,736,334	4,654,670	6,275,530
Grants and other contributions	41	15,706,414	16,865,713	17,560,169
Taxes, fees and fines	42	8,813,578	8,529,976	9,060,996
Health services levy	43	34,000	39,000	41,340
Royalties, property income and other territorial revenues	44	192,668	182,598	3,387,013
Other	45	5,315	31,346	31,568
<b>Outflows:</b>				
Transfers to Government	46	(24,762,865)	(25,844,977)	(30,084,102)
Grants and subsidies	47	(374,496)	(423,433)	(769,387)
Supplies and services	48	(133,107)	(145,728)	(132,357)
Borrowing costs	49	(1,104,736)	(1,110,173)	(1,580,532)
Other	50	(3,133,138)	(3,003,634)	(3,901,503)
<b>Net cash provided by/(used in) operating activities</b>		<b>(20,033)</b>	<b>(224,642)</b>	<b>(111,265)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed	51	7,123	56,765	7,293
<b>Outflows:</b>				
Payments for property, plant and equipment and intangibles		..	..	..
Payments for investments		..	..	..
Loans and advances made	52	785	(60,683)	(327,283)
<b>Net cash provided by/(used in) investing activities</b>		<b>7,908</b>	<b>(3,918)</b>	<b>(319,990)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings	53	7,511,132	9,746,232	9,468,132
Equity injections	54	436,086	8,864,965	286,770
<b>Outflows:</b>				
Borrowing redemptions	55	(3,424)	(8,299,583)	(122,854)
Finance lease payments		..	..	..
Equity withdrawals	56	(7,947,354)	(11,032,148)	(9,395,110)
<b>Net cash provided by/(used in) financing activities</b>		<b>(3,560)</b>	<b>(720,534)</b>	<b>236,938</b>
<b>Net increase/(decrease) in cash held</b>		<b>(15,685)</b>	<b>(949,094)</b>	<b>(194,317)</b>
<b>Administered cash at beginning of financial year</b>		<b>274,949</b>	<b>1,335,923</b>	<b>386,829</b>
Cash transfers from restructure	57	..	..	(8,156)
<b>Administered cash at end of financial year</b>		<b>259,264</b>	<b>386,829</b>	<b>184,356</b>

## EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

### Income statement

1. The decrease in the 2010-11 Estimated actual is due to a change in the funding structure of the Commercial Transactions Team (CTT) and deferrals to future years for the roll out of the whole-of-Government Finance and Human Resource systems and other projects. Partially offsetting this is funding carried over from 2009-10 for CTT. The decrease in the 2011-12 Estimate is due to the majority of CTT related work being completed in 2010-11. Partially offsetting this is additional funding associated with the Enterprise Bargaining Agreement and the national 2011 Census of Population and Housing project and funding deferred from 2010-11 for projects.
2. The increase in the 2010-11 Estimated actual and subsequent decrease in the 2011-12 Estimate are due to the anticipated one-off reimbursement of costs incurred by CTT and reimbursement for costs associated with the Wiggins Island Coal Terminal project and Genco Review project during 2010-11. Refer to General Note below for a table detailing 2010-11 gross and net CTT costs.
3. The increase in the 2010-11 Estimated actual is primarily due to CTT costs deferred from 2009-10. Also contributing are costs associated with undertaking the Genco Review project. The decrease in the 2011-12 Estimate is primarily due to the majority of CTT related work being completed in 2010-11. Also contributing is the anticipated completion of the Genco Review project in September 2011. Refer to General Note below for a table detailing 2010-11 gross and net CTT costs.
4. The decrease in the 2010-11 Estimated actual is due to the re-living of the Revenue Management System (RMS).
5. The increase in the 2010-11 Estimated actual primarily relates to audit fees and advertising costs incurred by the CTT. The subsequent decrease in the 2011-12 Estimate is due mainly to the majority of CTT related work being completed in 2010-11. Partially offsetting this is advertising costs relating to the national 2011 Census of Population and Housing project. Refer to General Note below for a table detailing 2010-11 gross and net CTT costs.

### Statement of changes in equity

6. The movement in the equity injection/(withdrawal) in the 2011-12 Estimate primarily relates to funding for the Queensland Government's investment in the national e-conveyancing body and the development of a royalties module in the RMS.

### Balance sheet

7. The decrease in the 2011-12 Estimate is primarily due to cash reserves being used to fund capital expenditure.
8. The increase in the 2011-12 Estimate relates to the Queensland Government's investment in the national e-conveyancing body.
9. The decrease in the 2010-11 Estimated actual is mainly due to a reduced requirement for leasehold improvement work.
10. The decrease in the 2011-12 Estimate is primarily due to amortisation on the RMS, partially offset by additional capital expenditure on the development of a royalties module in the RMS to allow for electronic lodgement and payment.
11. The decrease in the 2010-11 Estimated actual is due to revised estimates based on past trends.
12. The decrease in the 2011-12 Estimate is mainly due to equity withdrawal of amortisation funding for the RMS. Partially offsetting this is the Queensland Government's investment in the national e-conveyancing body and equity injection for the development of a royalties module in the RMS.

### Cash flow statement

13. The decrease in the 2010-11 Estimated actual is due to a change in the funding structure of the Commercial Transactions Team (CTT) and deferrals to future years for the roll out of the whole-of-Government Finance and Human Resource systems and other projects. Partially offsetting this is funding carried over from 2009-10 for CTT. The decrease in the 2011-12 Estimate is due to the majority of CTT related work being completed in 2010-11. Partially offsetting this is additional funding associated with the Enterprise Bargaining Agreement and the national 2011 Census of Population and Housing project and funding deferred from 2010-11 for projects.
14. The increase in the 2010-11 Estimated actual and subsequent decrease in the 2011-12 Estimate are due to inflows relating to the anticipated one-off reimbursement of costs incurred by CTT and reimbursement for costs associated with the Wiggins Island Coal Terminal project and Genco Review project during 2010-11.
15. The increase in the 2010-11 Estimated actual is primarily due to CTT costs deferred from 2009-10. Also contributing are costs associated with undertaking the Genco Review project. The decrease in the 2011-12 Estimate is primarily due to the majority of CTT related work being completed in 2010-11. Also contributing is the anticipated completion of the Genco Review project in September 2011.
16. The increase in the 2010-11 Estimated actual primarily relates to audit fees and advertising expenditure incurred by the CTT. The subsequent decrease in the 2011-12 Estimate is due mainly to the majority of CTT related work being completed in 2010-11. Partially offsetting this is advertising costs relating to the national 2011 Census of Population and Housing project.
17. The decrease in the 2010-11 Estimated actual is mainly due to a reduction in the requirement for leasehold improvement work. The subsequent increase in the 2011-12 Estimate primarily relates to the development of a royalties module in the RMS.
18. The 2011-12 Estimate relates to the Queensland Government's investment in the national e-conveyancing body.
19. The increase in the 2011-12 Estimate is primarily due to funding for the Queensland Government's investment in the national e-conveyancing body and funding for the development of a royalties module in the RMS.
20. Equity withdrawals mainly relate to the return of amortisation funding on the RMS.

### Administered income statement

21. The increase in the 2010-11 Estimated actual is primarily due to the \$2.05 billion advance Natural Disaster Relief and Recovery Arrangements (NDRRA) contribution from the Australian Government following the 2010-11 summer floods and cyclones, which is partially offset by a decrease in the Australian Government's estimate of the 2010-11 GST pool. The increase in the 2011-12 Estimate reflects an expected increase in GST.

22. The decrease in the 2010-11 Estimated actual is largely due to lower than expected property market activity, resulting in decreased taxation revenue from transfer duty. The increase in the 2011-12 Estimate is a result of increases in taxation revenue in line with economic growth.
23. The higher 2010-11 Estimated actual and 2011-12 Estimate reflect an increase in gaming machine activity in hotels.
24. The increase in the 2011-12 Estimate reflects the transfer of royalty collection responsibilities from the Department of Employment, Economic Development and Innovation (DEEDI) to the Office of State Revenue (OSR) on 1 July 2011.
25. The increase in the 2010-11 Estimated actual is due to the transfer of the collection of interest earned on accounts held under the *Property Agents and Motor Dealers Act 2000* from DEEDI to OSR.
26. Administered appropriation is received from the Consolidated Fund to fund administered expenses. Material changes in administered expenses are outlined in Notes 28, 29 and 30.
27. The increases in the 2010-11 Estimated actual and 2011-12 Estimate are a result of NDRRA capital grants received from the Queensland Reconstruction Authority (QRA) for on-lending to the Queensland Rural Adjustment Authority (QRAA) in relation to the 2010-11 summer floods and cyclones.
28. The increase in the 2010-11 Estimated actual primarily relates to transfer of cash received from the Australian Government to QRA for additional NDRRA loans relating to the 2010-11 summer floods and cyclones, partially offset by a decrease in First Home Owner Grant payments resulting from lower than expected housing market activity. The further increase in the 2011-12 Estimate relates to the temporary Queensland Building Boost Grant towards the construction or purchase of new homes and transfer of cash received from the Australian Government to QRA for additional NDRRA loans relating to the 2010-11 summer floods and cyclones.
29. The increase in the 2011-12 Estimate mainly relates to borrowings in support of the Government's capital works program.
30. The decrease in the 2010-11 Estimated actual mainly relates to the decrease in the State's share of superannuation beneficiary payments. The subsequent increase in the 2011-12 Estimate is due to an increase in the State's share of superannuation beneficiary payments and an increase in Annual Leave Central Scheme payments.
31. This represents revenues collected on behalf of the Queensland Government which are transferred to the Consolidated Fund. Material changes in administered revenues are outlined in Notes 21 to 25 and Note 27.
32. A general reduction in gambling and casino taxes has resulted in lower than expected revenue to the Community Investment Fund in 2010-11 resulting in Treasury Administered operating in deficit.

## Administered balance sheet

33. Treasury, in its capacity as the manager of the State's finances, operates a bank account facility, including an overdraft, offset by the departmental cash holdings.
34. The increase in the 2011-12 Estimate reflects the transfer of royalty collection responsibilities from DEEDI to OSR.
35. The increases in the 2010-11 Estimated actual and the 2011-12 Estimate are primarily due to additional NDRRA loans made to QRAA relating to the 2010-11 summer floods and cyclones. The increase in the 2010-11 Estimate actual is partially offset by loan repayment received from QRAA during 2010-11.
36. The increase in the 2011-12 Estimate reflects the transfer of royalty collection responsibilities from DEEDI to OSR.
37. The increase in the 2011-12 Estimate relates to borrowings in support of the Government's capital works program.
38. Contributed equity primarily represents the net impact of the transfer from the Consolidated Fund for repayments of borrowings and transfer to the Consolidated Fund of proceeds of borrowings.
39. The increase in the 2010-11 Estimated actual reflects a lower than budgeted operating deficit in 2010-11.

## Administered cash flow statement

40. Administered appropriation is received from the Consolidated Fund to fund administered expenses. Material changes in administered expenditures are outlined in Notes 47 to 50.
41. The increase in the 2010-11 Estimated actual is primarily due to the \$2.05 billion advance Natural Disaster Relief and Recovery Arrangements (NDRRA) contribution from the Australian Government following the 2010-11 summer floods and cyclones, which is partially offset by a decrease in the Australian Government's estimate of the 2010-11 GST pool. The increase in the 2011-12 Estimate reflects an expected increase in GST.
42. The decrease in the 2010-11 Estimated actual is largely due to lower than expected property market activity, resulting in decreased taxation revenue from transfer duty. The increase in the 2011-12 Estimate is a result of increases in taxation revenue in line with economic growth.
43. The higher 2010-11 Estimated actual and 2011-12 Estimate reflect an increase in gaming machine activity in hotels.
44. The increase in the 2011-12 Estimate reflects the transfer of royalty collection responsibilities from DEEDI to OSR.
45. The increase in the 2010-11 Estimated actual is due to the transfer of the collection of interest earned on accounts held under the *Property Agents and Motor Dealers Act 2000* from DEEDI to OSR.
46. This represents revenues collected on behalf of the Queensland Government which are transferred to the Consolidated Fund. Material changes in administered revenue are outlined in Notes 41 to 45.
47. The increase in the 2010-11 Estimated actual primarily relates to transfer of cash received from the Australian Government to QRA for additional NDRRA loans relating to the 2010-11 summer floods and cyclones, partially offset by a decrease in First Home Owner Grant payments resulting from lower than expected housing market activity. The further increase in the 2011-12 Estimate relates to the temporary Queensland Building Boost Grant towards the construction or purchase of new homes and transfer of cash received from the Australian Government to QRA for additional NDRRA loans relating to the 2010-11 summer floods and cyclones.
48. The increase in the 2010-11 Estimated actual is mainly due to cash payments of 2009-10 payables during 2010-11.
49. The increase in the 2011-12 Estimate mainly relates to borrowings in support of the Government's capital works program.
50. The increase in the 2011-12 Estimate is due to an increase in the State's share of superannuation beneficiary payments and an increase in Annual Leave Central Scheme payments.
51. The increase in the 2010-11 Estimated actual reflects loan repayments received from QRAA during 2010-11.
52. The increases in the 2010-11 Estimated actual and the 2011-12 Estimate are primarily due to additional NDRRA loans made to QRAA relating to the 2010-11 summer floods and cyclones.
53. In its capacity as manager of the State's finances, Treasury expects to raise additional borrowings in 2010-11 and 2011-12 in support of the Government's capital works program.
54. The increase in the 2010-11 Estimated actual and subsequent decrease in the 2011-12 Estimate primarily relate to the transfer of net proceeds of asset sales from the Consolidated Fund for the repayment of borrowings during 2010-11.

55. The increase in the 2010-11 Estimated actual and subsequent decrease in the 2011-12 Estimate primarily relate to the transfer of net proceeds of asset sales from the Consolidated Fund for the repayment of borrowings during 2010-11.
56. The increase in the 2010-11 Estimate and the subsequent decrease in the 2011-12 Estimate primarily relate to the transfer to the Consolidated Fund of proceeds of borrowings.
57. Cash transfers from restructure in 2011-12 represents the cash to transfer from DEEDI as a result of the transfer of royalty collection responsibilities to OSR on 1 July 2011.

General Note - Costs of Asset Sale Transactions:

	2009-10 Actual \$'000	2010-11 Est Act \$'000	2011-12 Estimate \$'000	Total \$'000
Total expenses	56,005	165,163	4,483	225,651 <sup>1</sup>
Expenses funded by business or shareholding agency <sup>2</sup>	18,005	126,987	..	144,992
Net Treasury expenses	38,000	38,176	4,483	80,659
Notes: 1. Total expenses of \$226 million include \$143 million for QR National, \$25 million for Port of Brisbane, \$16 million for Abbot Point Coal Terminal, \$21 million for Queensland Motorways Limited and \$21 million for Forestry Plantations Queensland. 2. Where appropriate, a portion of the costs of sale were met by the owner of the shares or the business itself.				

# 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 service. MAIC regulates and improves the Queensland Compulsory Third Party (CTP) insurance scheme and manages the Motor Accident Insurance and Nominal Defendant funds.

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.

MAIC, including the Nominal Defendant, contributes to the Government's *Toward Q2: Tomorrow's Queensland* ambitions in the following ways:

- Fair – *Supporting safe and caring communities* – by maintaining a viable CTP scheme balanced with reasonable and appropriate compensation to the injured
- Smart – *Delivering world class education and training* – by providing funds for research, education and service delivery in injury prevention and rehabilitation
- Healthy – *Making Queenslanders Australia's healthiest people* – by investing in research and service delivery to reduce the incidence of loss and the impact of trauma for people injured in motor vehicle accidents
- Strong ambition – *Creating a diverse economy powered by bright ideas* – by monitoring the financial stability of licensed CTP insurers and the Nominal Defendant to support the viability of Queensland's CTP scheme.

MAIC and the Nominal Defendant achieve these ambitions by:

- 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.

The Nominal Defendant acts 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 included:

- using the results of actuarial analyses to consider the feasibility of a lifetime care and support scheme in CTP

- conducting a review of the CTP scheme underwriting model, and implementing changes to enhance the CTP scheme delivering annual savings of up to \$24 to Queensland motor vehicle owners
- supporting Queensland motor vehicle owners by enabling quarterly premium payments for those in declared disaster areas.

### **Future developments**

In 2011-12, MAIC will focus on the following major initiatives:

- improving information available to injured people that are eligible to make a claim under the *Motor Accident Insurance Act 1994*
- investing in systems upgrades to underpin more effective claims management processes and to support a strong and fully funded Nominal Defendant Scheme.



# STATEMENTS

## STAFFING<sup>1</sup>

	Notes	2010-11 Budget	2010-11 Est. actual	2011-12 Estimate
Motor Accident Insurance Commission/Nominal Defendant		35	34	35

Note:

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

## PERFORMANCE STATEMENT

	Notes	2010-11 Target/est.	2010-11 Est. actual	2011-12 Target/est.
<b>Service Area: Motor Accident Insurance Commission/Nominal Defendant</b>				
<b>Service standards</b>				
Highest filed CTP premium for Class 1 vehicles (sedans and wagons) as a percentage of average weekly earnings	1	New measure	<45%	<45%
CTP levy funds expended on grants per registered vehicle	2	\$0.52	\$0.43	\$0.48
Percentage of the Nominal Defendant claims finalised compared to the number outstanding at the start of the financial year		50%	50%	50%
<b>Other measures</b>				
Setting of premium bands within legislated timeframes		100%	100%	100%
Recommendation to the Treasurer of annual CTP levies by legislated timeframes		100%	100%	100%
Percentage of Nominal Defendant claims settled within two years of compliance		50%	52%	50%
Percentage of Nominal Defendant claims with General Damages paid within 60 days of the settlement date	3	95%	85%	95%
<b>State contribution (\$000)</b>		..	..	..
<b>Other revenue (\$000)</b>	4	113,397	148,208	107,700
<b>Total cost (\$000)</b>	5	69,658	27,894	74,172

Notes:

1. This new measure will help MAIC track affordability and measure the effectiveness of the Queensland CTP scheme. As prescribed under the *Motor Accident Insurance Act 1994*, the affordability index is 45% of average weekly earnings.
2. The decrease in the 2010-11 Estimated actual is primarily due to an increase in the Commission's operating expenses and a decrease in the estimated number of registered vehicles for 2010-11.
3. The decrease in the 2010-11 Estimated actual is due to delays in obtaining final settlement clearances from external agencies. Current work practices are being reviewed in order to achieve target in future.

4. The increase in the 2010-11 Estimated actual is due to a higher than forecast rate of return on QIC investments. The subsequent decrease in the 2011-12 Target/estimate is due to a forecast return to long run average returns on investments held with QIC.
5. The decrease in the 2010-11 Estimated actual is due to the receipt of FAI-Tail dividends. The subsequent increase in the 2011-12 Target/estimate is due to no FAI-Tail dividends forecast to be received.

## INCOME STATEMENT

Motor Accident Insurance Commission	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>Income</b>				
Service revenue		..	..	..
User charges		..	..	..
Grants and other contributions		..	..	..
Other revenue	1	14,283	23,488	19,991
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total income</b>		<b>14,283</b>	<b>23,488</b>	<b>19,991</b>
<b>Expenses</b>				
Employee expenses		2,540	2,385	2,588
Supplies and services	2	1,813	1,940	2,205
Grants and subsidies		6,000	6,000	6,200
Depreciation and amortisation		40	40	7
Finance/borrowing costs		..	..	..
Other expenses		136	163	163
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total expenses</b>		<b>10,529</b>	<b>10,528</b>	<b>11,163</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	3	<b>3,754</b>	<b>12,960</b>	<b>8,828</b>

## STATEMENT OF CHANGES IN EQUITY

Motor Accident Insurance Commission	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation 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		3,754	12,960	8,828
<b>Total recognised income and expense for the period</b>		<b>3,754</b>	<b>12,960</b>	<b>8,828</b>
Equity injection/(withdrawal)	4	..	57,818	..
Equity adjustments (MoG transfers)		..	..	..
<b>Total movement in equity for period</b>		<b>3,754</b>	<b>70,778</b>	<b>8,828</b>

## BALANCE SHEET

Motor Accident Insurance Commission	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets		1,000	1,348	1,000
Receivables		232	139	139
Other financial assets	5	40,086	106,871	116,074
Inventories		..	..	..
Other		..	17	17
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>41,318</b>	<b>108,375</b>	<b>117,230</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets		10,500	10,500	10,500
Property, plant and equipment		99	85	78
Intangibles		..	..	..
Other		..	..	..
<b>Total non-current assets</b>		<b>10,599</b>	<b>10,585</b>	<b>10,578</b>
<b>TOTAL ASSETS</b>		<b>51,917</b>	<b>118,960</b>	<b>127,808</b>
<b>CURRENT LIABILITIES</b>				
Payables	6	513	1,628	1,634
Accrued employee benefits	7	..	199	212
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total current liabilities</b>		<b>513</b>	<b>1,827</b>	<b>1,846</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables	8	53	..	..
Accrued employee benefits	7	..	31	32
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>53</b>	<b>31</b>	<b>32</b>
<b>TOTAL LIABILITIES</b>		<b>566</b>	<b>1,858</b>	<b>1,878</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>51,351</b>	<b>117,102</b>	<b>125,930</b>
<b>EQUITY</b>				
Capital/contributed equity	9	..	57,818	57,818
Accumulated surplus/(accumulated deficit)	10	35,451	42,784	51,612
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (Income maintenance & grants reserve)		15,900	16,500	16,500
<b>TOTAL EQUITY</b>		<b>51,351</b>	<b>117,102</b>	<b>125,930</b>

## CASH FLOW STATEMENT

Motor Accident Insurance Commission	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
Service receipts		..	..	..
User charges		..	..	..
Grants and other contributions		..	..	..
Other	11	14,283	23,488	19,991
<b>Outflows:</b>				
Employee costs		(2,527)	(2,372)	(2,574)
Supplies and services	12	(1,806)	(1,933)	(2,199)
Grants and subsidies		(6,000)	(6,000)	(6,200)
Borrowing costs		..	..	..
Other		(136)	(163)	(163)
<b>Net cash provided by/(used in) operating activities</b>		<b>3,814</b>	<b>13,020</b>	<b>8,855</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		(55)	(55)	..
Payments for investments	13	(3,759)	(70,783)	(9,203)
Loans and advances made		..	..	..
<b>Net cash provided by/(used in) investing activities</b>		<b>(3,814)</b>	<b>(70,838)</b>	<b>(9,203)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections	14	..	57,818	..
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by/(used in) financing activities</b>		<b>..</b>	<b>57,818</b>	<b>..</b>
<b>Net increase/(decrease) in cash held</b>		<b>..</b>	<b>..</b>	<b>(348)</b>
<b>Cash at the beginning of financial year</b>		<b>1,000</b>	<b>1,348</b>	<b>1,348</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>1,000</b>	<b>1,348</b>	<b>1,000</b>

## EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

### Income statement

1. The increase in the 2010-11 Estimated actual is due to a higher than forecast rate of return on QIC investments. The subsequent decrease in the 2011-12 Estimate is due to a forecast return to long run average returns on investments held with QIC.
2. The increase in the 2011-12 Estimate is mainly due to an increase in QIC management fees as a result of higher than forecast returns on QIC investments.
3. The increase in the 2010-11 Estimated actual is due to higher than forecast rates of return on QIC investments. The subsequent decrease in the 2011-12 Estimate is due to a forecast return to long run average returns on investments held with QIC.

### Statement of changes in equity

4. The 2010-11 Estimated actual relates to the Nominal Defendant transferring \$57.818 million back to the Motor Accident Insurance Commission. These funds were transferred from the Motor Accident Insurance Commission to the Nominal Defendant Fund on 22 January 2002 to be applied to outstanding claims liabilities arising from the insolvency of FAI General Insurance Company Limited. As funds received from the liquidator exceed the Deed of Indemnity to Nominal Defendant for the assumed HIH CTP liability, the Nominal Defendant is transferring the \$57.818 million back to the Motor Accident Insurance Commission.

### Balance sheet

5. The increase in the 2010-11 Estimated actual relates to the Nominal Defendant transferring \$57.818 million back to the Motor Accident Insurance Commission and an increase in returns from investments in QIC. The further increase in the 2011-12 Estimate reflects returns on QIC investments. Refer to Note 4 for more detail.
6. The increase in the 2010-11 Estimated actual reflects a higher expected closing balance based on prior year trends.
7. The increase in the 2010-11 Estimated actual is due to a reclassification of accrued employee benefits previously disclosed as payables.
8. The decrease in the 2010-11 Estimated actual is due to a reclassification of accrued employee benefits previously disclosed as payables.
9. The increase in the 2010-11 Estimated actual is due to the Nominal Defendant transferring \$57.818 million back to the Motor Accident Insurance Commission. Refer to Note 4 for more detail.
10. The increase in the 2010-11 Estimated actual and 2011-12 Estimate reflects positive returns on QIC investments.

### Cash flow statement

11. The increase in the 2010-11 Estimated actual is due to a higher than forecast rate of return on QIC investments. The subsequent decrease in the 2011-12 Estimate is due to a forecast return to long run average returns on investments held with QIC.
12. The increase in the 2011-12 Estimate is mainly due to an increase in QIC management fees as a result of higher than forecast returns on QIC investments.
13. The increase in the 2010-11 Estimated actual is due to higher than expected returns from QIC investments and the investing of \$57.818 million transferred back from the Nominal Defendant.
14. The increase in the 2010-11 Estimated actual is a result of the Nominal Defendant transferring \$57.818 million back to the Motor Accident Insurance Commission. Refer to Note 4 for more detail.

## INCOME STATEMENT

Nominal Defendant	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>Income</b>				
Service revenue		..	..	..
User charges		..	..	..
Grants and other contributions		..	..	..
Other revenue	1	99,114	124,720	87,709
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total income</b>		<b>99,114</b>	<b>124,720</b>	<b>87,709</b>
<b>Expenses</b>				
Employee expenses		1,140	1,124	1,250
Supplies and services	2	57,957	57,295	61,699
Grants and subsidies		..	..	..
Depreciation and amortisation		4	18	18
Finance/borrowing costs		..	..	..
Other expenses	3	28	(41,071)	42
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total expenses</b>		<b>59,129</b>	<b>17,366</b>	<b>63,009</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	4	<b>39,985</b>	<b>107,354</b>	<b>24,700</b>

## STATEMENT OF CHANGES IN EQUITY

Nominal Defendant	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation 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		39,985	107,354	24,700
<b>Total recognised income and expense for the period</b>		<b>39,985</b>	<b>107,354</b>	<b>24,700</b>
Equity injection/(withdrawal)	5	..	(57,818)	..
Equity adjustments (MoG transfers)		..	..	..
<b>Total movement in equity for period</b>		<b>39,985</b>	<b>49,536</b>	<b>24,700</b>

## BALANCE SHEET

Nominal Defendant	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets		2,000	2,000	2,000
Receivables	6	197	2,902	2,916
Other financial assets	7	87,665	186,444	196,444
Inventories		..	..	..
Other		..	7	7
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>89,862</b>	<b>191,353</b>	<b>201,367</b>
<b>NON-CURRENT ASSETS</b>				
Receivables	8	..	6,275	6,275
Other financial assets	9	433,167	332,145	359,999
Property, plant and equipment		39	34	29
Intangibles		..	13	..
Other		..	..	..
<b>Total non-current assets</b>		<b>433,206</b>	<b>338,467</b>	<b>366,303</b>
<b>TOTAL ASSETS</b>		<b>523,068</b>	<b>529,820</b>	<b>567,670</b>
<b>CURRENT LIABILITIES</b>				
Payables		461	280	282
Accrued employee benefits	10	..	85	88
Interest-bearing liabilities and derivatives		..	..	..
Provisions		44,704	42,796	45,802
Other	11	30,707	25,276	23,390
<b>Total current liabilities</b>		<b>75,872</b>	<b>68,437</b>	<b>69,562</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		18	..	..
Accrued employee benefits	10	..	14	15
Interest-bearing liabilities and derivatives		..	..	..
Provisions		178,816	171,184	183,208
Other		..	..	..
<b>Total non-current liabilities</b>		<b>178,834</b>	<b>171,198</b>	<b>183,223</b>
<b>TOTAL LIABILITIES</b>		<b>254,706</b>	<b>239,635</b>	<b>252,785</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>268,362</b>	<b>290,185</b>	<b>314,885</b>
<b>EQUITY</b>				
Capital/contributed equity	12	58,037	121	121
Accumulated surplus/(accumulated deficit)	13	210,325	290,064	314,764
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
<b>TOTAL EQUITY</b>		<b>268,362</b>	<b>290,185</b>	<b>314,885</b>



## CASH FLOW STATEMENT

Nominal Defendant	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
Service receipts		..	..	..
User charges		..	..	..
Grants and other contributions		..	..	..
Other	14	100,009	141,734	85,809
<b>Outflows:</b>				
Employee costs		(1,135)	(1,119)	(1,246)
Supplies and services		(57,955)	(57,293)	(61,697)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other	15	16,572	43,262	14,988
<b>Net cash provided by/(used in) operating activities</b>		<b>57,491</b>	<b>126,584</b>	<b>37,854</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		(20)	(20)	..
Payments for investments	16	(57,471)	(69,164)	(37,854)
Loans and advances made		..	..	..
<b>Net cash provided by/(used in) investing activities</b>		<b>(57,491)</b>	<b>(69,184)</b>	<b>(37,854)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections		..	..	..
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals	17	..	(57,818)	..
<b>Net cash provided by/(used in) financing activities</b>		<b>..</b>	<b>(57,818)</b>	<b>..</b>
<b>Net increase/(decrease) in cash held</b>		<b>..</b>	<b>(418)</b>	<b>..</b>
<b>Cash at the beginning of financial year</b>		<b>2,000</b>	<b>2,418</b>	<b>2,000</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>2,000</b>	<b>2,000</b>	<b>2,000</b>

## EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

### Income statement

1. The increase in the 2010-11 Estimated actual is due to a higher than forecast rate of return on QIC investments. The subsequent decrease in the 2011-12 Estimate is due to a forecast return to long run average returns on investments held with QIC.
2. The increase in the 2011-12 Estimate is a result of projected increase in Nominal Defendant claims costs and movement in outstanding claims provision.
3. The decrease in the 2010-11 Estimated actual is a result of FAI-Tail dividends received. The increase in the 2011-12 Estimate is due to no FAI-Tail dividends forecast to be received in 2011-12.
4. The increase in the 2010-11 Estimated actual is due to higher than forecast rates of return on QIC investments and unbudgeted FAI-Tail dividends. The decrease in the 2011-12 Estimate is due a forecast return to long run average returns on investments held with QIC and no FAI-Tail dividends forecast to be received.

### Statement of changes in equity

5. The decrease in the 2010-11 Estimated actual is a result of the Nominal Defendant transferring \$57.818 million back to the Motor Accident Insurance Commission. These funds were transferred from the Motor Accident Insurance Commission to the Nominal Defendant Fund on 22 January 2002 to be applied to outstanding claims liabilities arising from the insolvency of FAI General Insurance Company Limited. As funds received from the liquidator exceed the Deed of Indemnity to Nominal Defendant for the assumed HIH CTP liability, the Nominal Defendant is transferring the \$57.818 million back to the Motor Accident Insurance Commission.

### Balance sheet

6. The increase in the 2010-11 Estimated actual is a result of increased FAI-Tail Sharing receivables.
7. The increase in the 2010-11 Estimated actual is due to a reclassification of the current/non current investments to align with the apportionment of the Nominal Defendant outstanding claims provision.
8. The increase in the 2010-11 Estimated actual is due to reinsurance recoveries receivables.
9. The decrease in the 2010-11 Estimated actual is mainly due to a reclassification of the current/non current investments to align with the apportionment of the Nominal Defendant outstanding claims provision as per external audit advice.
10. The increase in the 2010-11 Estimated actual is due to a reclassification of accrued employee benefits previously included in payables.
11. The decrease in the 2010-11 Estimated actual and further decrease in the 2011-12 Estimate is due to the abolition of the FAI/HIH Levy from 1 October 2010.
12. The decrease in the 2010-11 Estimated actual relates to the Nominal Defendant transferring \$57.818 million back to the Motor Accident Insurance Commission. Refer to Note 5 for more detail.
13. The increase in the 2010-11 Estimated actual and the further increase in the 2011-12 Estimate reflects positive returns on QIC investments.

### Cash flow statement

14. The increase in the 2010-11 Estimated actual is due to a higher than forecast rate of return on QIC investments. The subsequent decrease in the 2011-12 Estimate is due to a forecast return to long run average returns on investments held with QIC.
15. The increase in the 2010-11 Estimated actual is a result of FAI-Tail dividends received. The subsequent decrease in the 2011-12 Estimate is due to no FAI-Tail dividends forecast to be received and a forecast decrease in the FAI-Tail claims.
16. The increase in the 2010-11 Estimated actual is due to higher than forecast rate of return on QIC investments. The subsequent decrease in the 2011-12 Estimate is due to a forecast return to long run average returns on investments held with QIC.
17. The increase in the 2010-11 Estimated actual is a result of the Nominal Defendant transferring \$57.818 million back to the Motor Accident Insurance Commission. Refer to Note 5 for more detail.

# 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:

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

In doing so, the Fund directly contributes to the Government's *Toward Q2: Tomorrow's Queensland* Strong ambition – *creating a diverse economy powered by bright ideas*.

## REVIEW OF PERFORMANCE

### Recent achievements

Significant recent achievements include allocating an estimated \$404.7 million toward water and transport infrastructure, clean coal technology, climate change and Smart State projects and social housing stock in 2010-11. The Fund also benefited from reinjecting interest earnings on the fund balance.

The Queensland Government has recently decided that interest earnings retained by the Queensland Future Growth Fund that have not been previously allocated will be utilised to fund infrastructure associated with the Flying Start initiative.

### Future developments

The Fund will continue to contribute to key priorities with an estimated \$167.4 million allocated to projects in 2011-12. As part of the 2011-12 Budget, the Government has decided to allocate the bulk of the remaining funds to the education infrastructure required for the Year 7 Flying Start initiative (\$328.2 million) and the continuation of Smart State initiatives (\$85 million).

Queensland Future Growth Fund projects	Total allocation \$'000	Actual funding to 30 June 2010 \$'000	2010-11 Budget \$'000	2010-11 Est. Act. \$'000	2011-12 Estimate \$'000	Post 2011-12 \$'000
Transport infrastructure <sup>1</sup>	541,700	449,400	70,400	20,800	4,600	66,900
Water infrastructure	1,000,000	835,900	73,400	164,100	..	..
Clean coal technology	200,000	115,600	4,700	16,400	12,500	55,500
Climate change projects	175,000	18,600	43,200	38,400	40,700	77,300
Smart State projects	211,000	27,500	80,900	75,000	43,500	65,000
Commercial infrastructure including Government- owned corporations <sup>1</sup>	500,000	500,000	..	..	..	..
Social housing stock	500,000	350,000	90,000	90,000	60,000	..
Education Infrastructure	328,200	..	..	..	6,100	322,100
<b>Total<sup>2</sup></b>	<b>3,455,900</b>	<b>2,297,000</b>	<b>362,600</b>	<b>404,700</b>	<b>167,400</b>	<b>586,800</b>

Notes:

1. Transport infrastructure includes the Mount Isa rail line project which has been re-allocated from Commercial infrastructure.
2. Includes retained earnings of the Fund that had not been allocated previously.

# STATEMENTS

## PERFORMANCE STATEMENT

	Notes	2010-11 Target/est.	2010-11 Est. actual	2011-12 Target/est.
<b>Service Area: Queensland future growth corporation</b>				
<b>Other measures</b>				
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>38,391</b>	<b>46,373</b>	<b>32,679</b>
<b>Total cost (\$000)</b>		..	..	..

Note:

1. This reflects forecast interest earnings on the Fund balance. The decrease in interest earnings is due to a reduced fund balance in 2011-12 as funds are allocated to projects.

## INCOME STATEMENT

Queensland Future Growth Corporation	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>Income</b>				
Service revenue		..	..	..
User charges		..	..	..
Grants and other contributions		..	..	..
Other revenue	1	38,391	46,373	32,679
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total income</b>		<b>38,391</b>	<b>46,373</b>	<b>32,679</b>
<b>Expenses</b>				
Employee expenses		..	..	..
Supplies and services		..	..	..
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>..</b>	<b>..</b>	<b>..</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>38,391</b>	<b>46,373</b>	<b>32,679</b>

## STATEMENT OF CHANGES IN EQUITY

Queensland Future Growth Corporation	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation 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		38,391	46,373	32,679
<b>Total recognised income and expense for the period</b>		<b>38,391</b>	<b>46,373</b>	<b>32,679</b>
Equity injection/(withdrawal)		(362,637)	(404,682)	(167,340)
Equity adjustments (MoG transfers)		..	..	..
<b>Total movement in equity for period</b>		<b>(324,246)</b>	<b>(358,309)</b>	<b>(134,661)</b>

## BALANCE SHEET

Queensland Future Growth Corporation	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets		783,380	752,391	617,730
Receivables	2	..	11,043	11,043
Other financial assets		..	..	..
Inventories		..	..	..
Other		..	..	..
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>783,380</b>	<b>763,434</b>	<b>628,773</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>783,380</b>	<b>763,434</b>	<b>628,773</b>
<b>CURRENT LIABILITIES</b>				
Payables		..	14	14
Accrued employee benefits		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total current liabilities</b>		<b>..</b>	<b>14</b>	<b>14</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>TOTAL LIABILITIES</b>		<b>..</b>	<b>14</b>	<b>14</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>783,380</b>	<b>763,420</b>	<b>628,759</b>
<b>EQUITY</b>				
Capital/contributed equity	3	403,892	372,421	205,081
Accumulated surplus/(accumulated deficit)		379,488	390,999	423,678
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
<b>TOTAL EQUITY</b>		<b>783,380</b>	<b>763,420</b>	<b>628,759</b>

## CASH FLOW STATEMENT

Queensland Future Growth Corporation	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
Service receipts		..	..	..
User charges		..	..	..
Grants and other contributions		..	..	..
Other	4	38,391	46,373	32,679
<b>Outflows:</b>				
Employee costs		..	..	..
Supplies and services		..	..	..
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other		..	..	..
<b>Net cash provided by/(used in) operating activities</b>		<b>38,391</b>	<b>46,373</b>	<b>32,679</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for property, plant and equipment and intangibles		..	..	..
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by/(used in) investing activities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections		..	..	..
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals	5	(362,637)	(404,682)	(167,340)
<b>Net cash provided by/(used in) financing activities</b>		<b>(362,637)</b>	<b>(404,682)</b>	<b>(167,340)</b>
<b>Net increase/(decrease) in cash held</b>		<b>(324,246)</b>	<b>(358,309)</b>	<b>(134,661)</b>
<b>Cash at the beginning of financial year</b>		<b>1,107,626</b>	<b>1,110,700</b>	<b>752,391</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>783,380</b>	<b>752,391</b>	<b>617,730</b>



## **EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS**

### **Income statement**

1. This reflects forecast interest earnings on the Fund balance. The decrease in interest earnings is due to a reduced fund balance in 2011-12 as funds are allocated to projects.

### **Balance sheet**

2. The increase reflects interest receivable on cash balances.
3. The decrease reflects the drawdown of funds provided to agencies for expenditure on Queensland Future Growth Fund projects.

### **Cash flow statement**

4. This reflects forecast interest earnings on the Fund balance. The decrease in interest earnings is due to a reduced fund balance in 2011-12 as funds are allocated to projects.
5. This reflects the drawdown of funds provided to agencies for expenditure on Queensland Future Growth Fund projects.