

# PART 9

## Minister for Main Roads and Local Government

### Summary of Portfolio Budgets

Page	Agency	2007-08 Budget \$'000	2007-08 Est. Act. \$'000	2008-09 Estimate \$'000
2-158	Main Roads - controlled	1,495,475	1,606,453	1,467,370
	Main Roads - administered	..	..	..
2-178	RoadTek	351,371	411,100	416,528
2-185	Department of Local Government, Sport and Recreation - controlled	612,405	678,386	626,734
	Department of Local Government, Sport and Recreation - administered	342,486	375,106	393,656

#### Notes:

1. Explanations of variances are provided in the financial statements section.
2. The financial statements reflect adjustments for Machinery of Government changes, which took effect during 2007-08. Further detail of these adjustments is contained in the financial statements section.

# Department of Main Roads

## Departmental Overview

### Strategic Issues

Roads are the backbone of the economy – connecting communities, providing access to services, and supporting commerce and industry throughout the state. The Department of Main Roads manages the state's single largest built community asset – the 33,550 kilometre state-controlled road network – with an expected value of \$37.285 billion at the end of 2007-08. Investment by the State Government is reflected in Main Roads' capital program, which has increased significantly from \$610 million in 2003-04 to \$2.241 billion in 2007-08 and \$2.462 billion in 2008-09.

There are a number of factors impacting upon Main Roads' ability to manage, operate, enhance, preserve and maintain the road system in Queensland.

- Strong economic and population growth, particularly in the South-East corner and provincial cities, is placing heavy demand on existing capacity of the road network.
- Queensland's population is expected to further increase to 5.6 million (or by 27%) in the next 20 years, generating demand for new jobs and more transport infrastructure.
- The labour market for experienced engineering and technical resources remains extremely competitive.
- The significant increase in road construction industry input costs – well above CPI over the last three years – is forecast to continue.
- Some sectors of industry already face challenges meeting demand for road project components and this may impact on project scheduling and delivery into the future.
- Strong growth in the use of higher mass limit freight vehicles, together with an increase in passenger use, is placing pressure on the condition of the existing road network, requiring significant investment in road asset preservation, renewal and maintenance.

Key strategic service delivery priorities for Main Roads in 2008-09 are to:

- improve the safety of the road environment
- manage the impacts of rapid population growth in urban centres and the growing challenge of traffic congestion, particularly in the South-East corner of the State
- continue to achieve reliable delivery of the Government's priority projects – especially election commitments and other special initiatives, including South East Queensland Infrastructure Plan and Program (SEQIPP) projects and the regional bridge renewal and accelerated road rehabilitation programs
- preserve, maintain and operate the state-controlled road network to improve the reliability of service to industry and the community throughout the State
- plan and prioritise future works to meet long-term needs of industry and the community within agreed state and federal funding limits
- develop a program to address the nation's infrastructure needs and possible changes to national policy, planning, funding and programming, in conjunction with other state jurisdictions and the federal government
- address congestion by:
  - undertaking major infrastructure projects such as the Gateway Bridge and Houghton Highway duplications;

- working to integrate the tolling systems managed by toll road operators; and
- partnering with RACQ to enable fast tow-away clearance of vehicles from crashes.

## 2008-09 Highlights

Specific milestones and initiatives to be achieved in 2008-09 include:

- commencement of planning and design for the Bruce Highway, Cooroy to Curra upgrade
- Ipswich Motorway upgrade (planning and land acquisition for the Dinmore to Goodna section, continuation of Wacol to Darra section and completion of the Logan Motorway Interchange)
- completion of construction of the South West Arterial, Springfield to Yamanto
- completion of construction of Caloundra, Caloundra-Mooloolaba (between Caloundra Road and Creekside Boulevard) and Maroochydore Roads and upgrading of the Sunshine Motorway on the Sunshine Coast
- commencement of the realignment of the Dawson Highway at the Calliope Range
- completion of construction of the Townsville Ring Road
- completion of construction of the Hospital Bridge in Mackay
- completion of construction of the Ward River and Woolshed Gully Bridges on the Diamantina Developmental Road near Charleville
- completion of corridor level planning to develop long-term (20 year) strategies for five state priority routes.

A number of projects and other initiatives directly target South East Queensland (SEQ) population growth demands and urban congestion. Main Roads will continue to balance the needs of SEQ and regional requirements, to support industry and improve community connectivity right across the state, consistent with the Blueprint for the Bush initiative.

All projects will focus directly on improving road safety for road users and road workers, delivering government commitments, and addressing the need to protect our existing and expanding road asset – on an efficient (whole-of-life) cost basis – now, and for future generations. Principal objectives are to:

- reduce road trauma through road network safety improvements and the provision of vehicle rest areas
- develop and deliver infrastructure and non-infrastructure solutions on the state-controlled road network (especially in SEQ) to alleviate traffic congestion over the short, medium and long-term
- adopt a state-wide approach to preservation and maintenance of the road network to maximise public safety and the life expectancy and reliability of the asset
- continue to make a positive contribution to reconciliation and Indigenous training
- partner with the Australian Government to plan and deliver an improved national network in Queensland (refer to Administered Items section for federal priorities)
- improve freight efficiency and heavy vehicle safety through the implementation of two national initiatives – the Intelligent Access Program (IAP) and Performance Based Standards (PBS)
- operate a road network that adequately supports freight vehicles, including higher mass vehicles that are vital to the booming resources and agricultural industries
- continue to provide a safer and more comfortable travel experience for all road users, including tourists, who are experiencing the benefits of rest areas throughout the state,

improved directional and information signage, and a road network that is improving its immunity to road closures caused by floods or other events

- work with the latest technology and build intelligent transport systems that enable optimal and reliable network operations as a way to tackle congestion.

## **2007-08 Achievements**

Main Roads works closely with all sectors of the road contracting industry (private, local government and Main Roads – RoadTek) and our major suppliers to deliver best value. Consultation across government, industry and community groups occurs during all phases of program and project development and delivery. Achievements in 2007-08 include:

- SEQIPP
  - commencement of construction of the Centenary Highway duplication between Springfield and Darra, in conjunction with the Darra to Springfield rail extension;
  - completion of the Tugun Bypass (June 2008) and opening six months ahead of schedule, which is estimated to save \$1.9 billion in reduced travel times and vehicle operating costs and \$59 million in avoided accidents over 30 years, as well as reducing carbon dioxide emissions by 3.5% by 2017;
  - continued progress on the upgrade of the western corridor road network between Brisbane and Ipswich, including calling of tenders for the upgrade of the eight kilometre Dinmore to Goodna section of the Ipswich Motorway (February 2008) and commencement of work on the five kilometre Wacol to Darra section of the Ipswich Motorway (March 2008);
  - opening of the Maroochy River Bridge duplication (in November 2007, one month ahead of schedule) and the Sippy Downs Interchange on the Sunshine Motorway opening to traffic (June 2008);
  - completion of the Caboolture Bypass interchange and commencement of the Bruce Highway six-laning between Uhlmann Road and Caboolture (December 2007); and
  - award of the main construction contract (December 2007) and commencement of construction for the Houghton Highway Bridge duplication (February 2008).
- Safer Roads Sooner Program – completion of 57 Safer Roads Sooner projects
- Regional Bridge Renewal Program – completed construction of 20 bridges
- Rural and Regional Road Funding Program
  - completion of upgrading sections of the Burke Development Road; and
  - commencement of construction of the Forgan Bridge in Mackay.
- completion of rehabilitation and widening on a 71 kilometre section of the Dawson Highway between Gladstone and Banana, and replacement of five timber bridges in Central Queensland under the Accelerated Road Rehabilitation Program
- strategic repositioning of Main Roads' regions in response to local government reforms which will result in improved coordination and planning, flexibility to respond to growth areas and opportunities to share resources across regions with local government
- worked closely with the previous Department of Local Government, Planning, Sport and Recreation (now the Department of Infrastructure and Planning) and other agencies to significantly progress the Far North Queensland Regional Plan (FNQ2025).

## Departmental Outputs

**Road System Planning:** Expenditure under this output directly supports the Government outcome for a strong diversified economy through investment in state-wide planning. Efficient state-wide road system planning ensures the long-term development of Queensland's road network as part of an integrated transport system. Main Roads' activities under this output ensure:

- understanding and response to long-term demand drivers relevant to the road system
- balanced investment between enhancement work and funding for maintenance, preservation and operations
- development of new road infrastructure to support efficient and safe travel
- efficiency of the network to support the growing freight task
- transport decisions meet the Queensland Government's requirements for the community.

**Infrastructure Program Development and Delivery:** Expenditure under this output contributes directly to the Government outcome of a strong diversified economy through the efficient programming, packaging and delivery of road construction and maintenance activities – aligned with industry capacity (private contractors, local government and Main Roads – RoadTek) to deliver.

The activities under this output relate to management of the development, implementation and monitoring of the works program to meet performance targets. It includes expenditure on road maintenance activities, with the program of overall road works outlined in the five-year Roads Implementation Program (RIP), published annually.

**Road Stewardship:** Expenditure under this output contributes directly to the Government outcome for safe and secure communities. The key focus is on the safe, sustainable management and operation of the road network and corridors including activities such as traffic operations, incident management, heavy vehicle management, road safety management, third-party access management, development impact assessment and road corridor environmental management.

**Road System Access Funding:** Expenditure under this output contributes directly to the Government outcome for a fair, socially cohesive and culturally vibrant society through the provision of funding grants under the Transport Infrastructure Development Scheme (TIDS) to local government road projects and Aboriginal and Torres Strait Islander community access improvements.

Main Roads also delivers a large and complex **capital investment program** that enhances, rehabilitates and preserves the road network throughout Queensland. Capital investment outcomes for road projects contribute to:

- Transport efficiency and effectiveness – lowering input costs for industry and business dependent upon road transport, and improving the competitiveness of many new and emerging industries.
- Safety – delivering significant road safety benefits through separation of traffic by road duplication, intersection upgrade improvements in road width, alignment and condition, flood immunity and visibility.
- Access – upgrading roads to rural and remote communities to provide more reliable access, for example, improved flood immunity.
- Environment – reducing traffic noise through treatments such as noise barriers and low noise surfacing on urban roads.

Full details of all works Main Roads plans to undertake over the next five years are provided in the 2008-09 to 2012-13 RIP.

## Staffing<sup>1</sup>

Output	Notes	2007-08 Budget	2007-08 Est. Actual	2008-09 Estimate
<b>Outputs</b>				
Road System Planning		382	355	358
Infrastructure Program Development and Delivery		2,411	2,562	2,593
Road Stewardship		553	629	635
Road System Access Funding		87	66	67
<b>Total outputs</b>	2, 3	<b>3,433</b>	<b>3,612</b>	<b>3,653</b>
<b>ADMINISTERED</b>				
		..	..	..
<b>BUSINESS UNITS</b>				
RoadTek		1,620	1,650	1,870
<b>Total business units</b>		<b>1,620</b>	<b>1,650</b>	<b>1,870</b>
<b>Total</b>		<b>5,053</b>	<b>5,262</b>	<b>5,523</b>

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Corporate FTEs are allocated across the outputs to which they relate.
3. The increase in the 2007-08 estimated actual reflects the successful recruitment of additional professional and technical staff to meet the continued growth in the capital works program. In addition, increased administrative support has been provided to ensure that highly-in-demand professional officers can focus on program delivery.

## 2008-09 Output Summary<sup>1</sup>

Output	Total cost \$'000	Sources of revenue			
		Appropriation \$'000	User charges \$'000	C'wealth revenue \$'000	Other revenue \$'000
Road System Planning	48,368	45,406	2,670		292
Infrastructure Program Development and Delivery	1,231,647	1,049,582	108,185	70,800	50,070
Road Stewardship	100,520	93,191	6,901		428
Road System Access Funding	86,835	75,411	2,337	8,923	164
<b>Total</b>	<b>1,467,370</b>	<b>1,263,590</b>	<b>120,093</b>	<b>79,723</b>	<b>50,954</b>

Note:

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

## Performance Statement

Measures		Notes	2007-08 Target/Est.	2007-08 Est. Actual	2008-09 Target/Est.
<b>Output name: Road System Planning</b>					
Road length (state-controlled roads)					
- total kilometres		1,2	33,357 km	33,550 km	See note 1
- total urban lane kilometres		3	3,955 lane-km	4,110 lane-km	See note 1
- total rural lane kilometres		3	58,491 lane-km	58,661 lane-km	See note 1
Percentage of lane kilometres unsealed		4	12.34%	12.10%	Decrease over time
Number of bridges	Timber:	5	424	392	Decrease over time
Number of bridges	Other:	5	2,414	2,446	Increase over time
Road system seal age (percentage of the state-controlled road network exceeding the optimal seal age)		6	15.6%	16.2%	Improvement through decrease over time
Road system condition (the percentage of rural and urban state-controlled roads with condition better than the specified benchmark)		7	Urban 98% Rural 95%	Urban 98% Rural 95%	Service standard to be maintained across the network
Road Ride Quality (the proportion of travel undertaken each year on rural and urban state-controlled roads with conditions better than the specified benchmark, using Austroads Smooth Travel Exposure methodology)		8	< 110 NRM Urban 95% Rural 92%  < 140 NRM Urban 99% Rural 98%	< 110 NRM Urban 95% Rural 92%  < 140 NRM Urban 99% Rural 98%	Service standard to be maintained in proportion to the increase in quantity of travel
Replacement value of state-controlled road network (\$'000)		9,10	\$34,945,406	\$37,285,419	\$39,420,653
Value of properties held for future works as a percentage of the replacement value of the state-controlled road network		10	<2%	2.4%	< 2%
<b>State contribution (\$000)</b>			<b>38,195</b>	<b>44,460</b>	<b>45,406</b>
<b>Other revenue (\$000)</b>			<b>2,276</b>	<b>2,143</b>	<b>2,962</b>
<b>Total cost (\$000)</b>			<b>40,471</b>	<b>46,603</b>	<b>48,368</b>

### Output name: Infrastructure Program Development and Delivery

Number of lane kilometres rehabilitated	11	540 km	774 km	540 km
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Measures	Notes	2007-08 Target/Est.	2007-08 Est. Actual	2008-09 Target/Est.
Number of lane kilometres resealed/resurfaced	12	4,500 lane-km	4,700 lane-km	4,500 lane-km
Number of timber bridges rehabilitated and/or replaced	13	22	25	28
Total number of timber bridges remaining on Higher Mass Limit (HML) routes	14	10	10	8
Percentage of major construction projects for which construction commenced no later than four months after programmed commencement date	15,16	90%	91.5%	90%
Percentage of major construction projects completed no more than 10% outside the programmed construction period	15,16,17	90%	85%	90%
Number of crashes by road users at and around road project worksites	18	< 26	see Note 18	<26
Percentage of major construction projects costing less than 10% over programmed estimate	15,16	90%	88.6%	90%
Expenditure on road maintenance and rehabilitation	19	\$430 million	\$546 million	\$461 million
<b>State contribution (\$000)</b>		<b>967,006</b>	<b>1,029,434</b>	<b>1,049,582</b>
<b>Other revenue (\$000)</b>		<b>189,696</b>	<b>240,663</b>	<b>229,055</b>
<b>Total cost (\$000)</b>		<b>1,272,142</b>	<b>1,347,359</b>	<b>1,231,647</b>

**Output name: Road Stewardship**

Percentage of completed road corridor environmental assessments	20	100%	100%	100%
Percentage of RIP projects with environmental assessments undertaken	21	100%	87%	100%
Network availability to increased capacity heavy vehicles. (The percentage of Type 2 Road Train network available)	22	AAB Quad:>30% BAB Quad:>60% ABB Quad:>30%	30% 100% 100%	30% 100% 100%
Number of significant environmental incidents investigated by the Environmental Protection Agency or the Department of Natural Resources and Water	23	New measure	4	0



Measures	Notes	2007-08 Target/Est.	2007-08 Est. Actual	2008-09 Target/Est.
Number of fatalities on state-controlled roads per 100,000 population	24	≤ 4.82	5.09	≤ 3.97
Number of fatal crashes on state-controlled roads per 100 million vehicle kilometres travelled	24	≤ 0.62	0.70	≤ 0.57
Number of serious injury (hospitalisation) crashes on state-controlled roads per 100 million vehicle kilometres travelled	25	Improvement over time	See Note 25	Improvement over time
Number of killed and serious injury (KSI) crashes on state-controlled roads per 100 million vehicle kilometres travelled by identified crash type	25	Improvement over time	See Note 25	Improvement over time
Congestion indicator relating to the greater Brisbane area (urban – average weekday AM and PM peak): Difference between actual travel speed and posted speed limit(s) on a representative sample of arterial roads and freeways in the urban metropolitan area. (This indicator will grow as congestion increases)	26	AM peak: 32.2 km/h PM peak: 23.6 km/h Off peak: 17.6 km/h All day: 23.9 km/h	AM peak: 39.9 km/h PM peak: 31.8 km/h Off peak: 21.7 km/h All day: 32.2 km/h	Service standard for urban travel to be maintained relative to the increase in quantity of travel
Percentage of state-controlled road network with an acceptable 'Level of Service' consistent with Austroads methodology.	27	Urban 42% Rural 84%	Urban 40% Rural 84%	Improvement over time in overall result, whilst maintaining service standard in urban growth areas
<b>State contribution (\$000)</b>		<b>81,096</b>	<b>92,072</b>	<b>93,191</b>
<b>Other revenue (\$000)</b>		<b>5,715</b>	<b>4,942</b>	<b>7,329</b>
<b>Total cost (\$000)</b>		<b>86,811</b>	<b>97,014</b>	<b>100,520</b>

#### Output name: Road System Access Funding

Number of Transport Infrastructure Development Scheme (TIDS) projects funded	28	459 projects	720 projects	742 projects
Bikeways – kilometres completed	29	New measure	104 km	99 km
TIDS Funding	30	\$63 million	93.6 million	\$65.6 million
Black Spot - Australian Government funding on local government roads	31	\$4.7 million	\$3.3 million	\$8.9 million
Bikeway grants	32	\$4.9 million	\$7.1 million	\$4.3 million
<b>State contribution (\$000)</b>		<b>84,336</b>	<b>106,436</b>	<b>75,411</b>
<b>Other revenue (\$000)</b>		<b>11,715</b>	<b>9,041</b>	<b>11,424</b>
<b>Total cost (\$000)</b>		<b>96,051</b>	<b>115,477</b>	<b>86,835</b>

Notes:

1. A state-controlled road is defined as "a road declared to be controlled by Main Roads, including the national network in Queensland". Total road length does not vary significantly from year to year. This measure reflects those roads where ownership is taken by the state and does not reflect local government-controlled roads. The 2007-08 target column represents the 2006-07 estimated actual figures and are provided for comparison purposes only. Data is provided for information only, no target is required.
2. Road length refers to the length of road in road kilometres on the state-controlled road network. The figure provided is actual length of the state-controlled road network as at March 2008. The 2007-08 target column represents the 2006-07 estimated actual figures and are provided for comparison purposes only. Data is provided for information only, no target is required.
3. The term "lane kilometres" (lane-km) refers to the length of all trafficable road lanes. The 2007-08 estimated actual figures are based on total lane-km using data for trafficable lanes as at March 2008. The rural/urban split is based on Austroads functional classifications. The 2007-08 target column represents the 2006-07 estimated actual figures and are provided for comparison purposes only. Data is provided for information only, no target is required.
4. This measure reports the percentage length of lanes on the state-controlled road network, owned and managed by Main Roads, which are unsealed. These figures are based on total lane-km for the state-controlled road network as at March 2008. Main Roads intends to improve, over time, the percentage of the network that is sealed; however, there will always be portions of the network that remain unsealed but fit for purpose. The 2007-08 target column represents the 2006-07 estimated actual figures and are provided for comparison purposes only.
5. The total number of bridges reported is the number owned by Main Roads that are "open to traffic". The figures reported are actual as at March 2008.
6. Optimal seal age is the estimated point in time when resurfacing activity should commence. This is an estimate and must be confirmed by a physical inspection before work is undertaken. The difference between 15.6% (2006-07) and 16.2% (2007-08) represents 329 lane-km of road. A number of factors affect seal life. Many seals continue to perform to a satisfactory level beyond the optimal seal age. A decrease in the measure indicates an improvement. The 2007-08 target column represents the 2006-07 estimated actual and are provided for comparison purposes only. The figures reported in the 2007-08 estimated actual column are actual as at the end of March 2008.
7. The measurement of surface smoothness is assessed through the National Association of Australian State Road Authorities (NAASRA) Roughness Meter (NRM) which records the number and size of "bumps" experienced within a vehicle for each kilometre travelled. This is expressed as NRM counts per kilometre. This is not related to the texture of the road surface itself, but the absence of larger scale depressions, failures and potholes that would otherwise contribute to an unpleasant or unsafe driving experience. Road system condition is the proportion of road length with measured surface smoothness less than each of the specified levels of 110 and 140 NRM. This is reported separately for urban and rural roads. The 110 NRM value is a benchmark level that represents reasonable travel conditions for passenger car users and 140 NRM is an upper limit of acceptability on most roads. The 2007-08 estimated actual figures are actual as at March 2008. This measure is to be reviewed and improved for the 2009-10 Agency Service Delivery Statement (ASDS).
8. Road Ride Quality is a measure of the smoothness of all travel on the state-controlled road network. The association of state road authorities (Austroads) has established a methodology for assessing and reporting road ride quality and has defined the measure as Smooth Travel Exposure (STE). STE is the proportion of travel undertaken each year on roads with measured surface smoothness less than each of the specified levels of 110 and 140 NRM (refer to Note 7). This is reported separately for urban and rural roads. The measure is the nationally accepted indicator for the condition of the network. The 2007-08 target column represents the 2006-07 estimated actual figures and are provided for comparison purposes only. The 2007-08 estimated actual figures are actual as at March 2008.
9. The road network valuation is based on the estimated replacement cost as at January 2008. The increase reflects strong growth in input costs for new works.
10. The increase is due to the number of large, complex projects being undertaken, including the Ipswich Motorway, Toowoomba Bypass and the Traveston Dam Bypass. Road network replacement value will be recalculated at 30 June 2008 and is expected to increase further which will result in a reduction in this percentage in 2008-09.
11. The estimated actual figure is based on completed rehabilitation projects recorded by Main Roads' A Road Management Information System (ARMIS) as at the end of March 2008. Rehabilitation work undertaken in conjunction with other works, for example, a duplication, is not reported as part of this measure. The increase in the 2007-08 estimated actual reflects extra resealing/resurfacing work undertaken as a result of extensive wet weather across the state in early 2008.
12. The increase in the 2007-08 estimated actual reflects extra resealing/resurfacing work undertaken as a result of extensive wet weather across the state in early 2008.
13. The Regional Bridge Renewal Program commenced in 2005-06. Annual counts of bridges rehabilitated and/or replaced may vary depending on funding commitments.
14. Higher Mass Limit (HML) network routes are those which are able to be accessed by approved vehicles. The total number of all bridges on HML routes is 1,150, of which 10 are timber.
15. These measures have been published since 1997-98 as part of the annual Roads Implementation Program (RIP), with a target of 90% in all cases, which has been accepted by industry. The 2008-09 target is in accordance with the long-standing published RIP target of 90%.
16. Major construction projects are those with a programmed cost estimate of \$1 million or greater. These measures include a reasonable allowance for normal engineering risks which can affect costs, commencement dates and construction periods.
17. The 2007-08 estimated actual is lower than the 2007-08 target due to delays in finalising project construction as a consequence of seasonal factors (that is, the prolonged wet season and widespread flooding across the state has impacted on projects in many areas) and resourcing issues.
18. Information reported in the 2007-08 Ministerial Portfolio Statement (MPS) was based on the state-controlled road network and included all crash types. This data is captured by Queensland Police Service (QPS) in the field and entered into a reporting system. Some of this data has not been available since June 2006 when QPS transitioned to a new system. A full data set will be available in the new system by December 2008.
19. The 2007-08 estimated actual is higher than the 2007-08 target because of additional expenditure under Natural Disaster Relief and Recovery Arrangements (NDRRA) due to extensive wet weather in early 2008.
20. This measure is the percentage of regions which have completed road corridor environmental assessments.

21. The level of environmental assessment is dependent on the size and complexity of each project. The department is committed to achieve the 100% target for this performance measure. The Department's SmartData collection and management system implementation across all regions commenced June 2006 and will be finalised in June 2008. This system will improve performance monitoring and reporting on all projects prior to their commencement. This will mean that all projects will undergo an environmental assessment before they are commenced. In respect of 2007-08 projects, remedial action to complete an assessment is being taken where projects have not met the requirements.
22. During 2007-08, research/analysis was carried out that supports access for these vehicles being as of-right to the Type 2 road train network under a performance guideline. The new arrangement is expected to commence in June 2008.
23. A significant incident is defined as an incident that causes an impact that will cost in excess of \$5,000 to repair or is considered high risk from a risk assessment perspective. The 2007-08 estimated actual is based on the actual result at the end of March 2008. This is within a program of around 1,000 – 1,500 projects per annum and represents less than 0.4% of projects undertaken.
24. The recent upward trend has been experienced in a number of states. The Australian Transport Council (ATC) has initiated a review of the national approach to road safety and security. The 2008-09 target is based on the ATC target of a 40% reduction in the number of fatalities per 100,000 population over the 2001-2010 period, as published in the national Road Safety Strategy 2001-2010.
25. This data is captured by QPS in the field and entered into a reporting system. Some of this data has not been available since June 2006 when QPS transitioned to a new system. A full data set will be available in the new system by December 2008.
26. The 2007-08 estimated actual results are interim and based on the Urban Travel Time Survey undertaken from March to November 2007. Analysis and gathering of traffic data to enable the finalisation of the travel time results for the Austroads sampled network are in progress and the final result may vary marginally.
27. Main Roads has adopted Level "C" or above as an acceptable standard. Level of service describes operational conditions within a traffic stream in terms of factors such as speed and travel time, freedom to manoeuvre, traffic interruptions, comfort and convenience, and safety. Level "C" is defined by Austroads as a stable flow of traffic where most drivers are restricted to some extent in their freedom to select their desired speed and to manoeuvre within a traffic stream. The 2007-08 Target-Est. column represents actual figures from 2006-07 and are provided for comparison purposes only.
28. The 2007-08 target reflects new projects only (excluding prior year carryovers). Totals for 2007-08 estimated actual and 2008-09 target comprise all projects, including projects carried forward from prior years. The number of TIDS projects will vary each year, due to the size and nature of projects for which local governments apply for funding assistance. All projects funded by the State Government under TIDS are fully detailed in the Roads Implementation Program (RIP) which is published annually.
29. This measure details the distance in kilometres of completed bikeways in the relevant financial year.
30. The 2007-08 estimated actual includes carryover of works from 2006-07 of \$27 million. The 2008-09 estimate does not reflect any carryover of works from 2007-08 to 2008-09. The value of these works however, is likely to be considerable given the requirement for local governments to focus on flood damage repair work on their own road networks.
31. Australian Government funding for 2008-09 on local government-controlled roads will not be known until after the Black Spot Consultative Panel meeting and the program is subsequently announced by the Australian Government in mid-2008. The 2008-09 estimate reflects the full funding currently available under the Black Spot program for works on state-controlled and local government-controlled roads.
32. The increase in 2007-08 estimated actual reflects a combination of carryover from 2006-07 and the early commencement of 2008-09 projects.

# Administered Items

## Description

For Main Roads, administered funding comprises payments received from the Australian Government in respect of capital expenditure under its road funding programs. The Australian Government allocation for capital expenditure on the AusLink network in 2008-09 totals \$638.6 million.

Under AusLink, the Australian Government has indicated that it will not accept full funding responsibility for road projects on the former National Highway System. Queensland already spends a significant amount of state funds on the AusLink network (for example, Flinders Highway, Pacific Motorway and Port of Brisbane Motorway), with \$287.6 million allocated in 2008-09 and \$1.730 billion committed over the life of the new five-year Roads Implementation Program (RIP). Queensland is negotiating with the Australian Government to address the urgent priority needs on the AusLink Network, in order to maintain or upgrade AusLink corridors in Queensland to a similar standard to that which exists in other states.

Federal election commitments to be allocated under AusLink2 (2009-10 to 2013-14) total \$4.335 billion. Key commitments are \$1.1 billion towards upgrading of the Ipswich Motorway, \$455 million matched contribution for the Pacific Motorway, \$2.2 billion towards the Bruce Highway, \$495 million towards Brisbane Urban Corridor upgrades, \$55 million for the Warrego Highway and \$30 million for non-AusLink roads.

## Review of Output Performance

### Recent Achievements and Emerging Issues

Significant progress was made during 2007-08 including:

- continuation of the upgrade of the Ipswich/Logan Motorway Interchange
- continuation of flood immunity improvement works on the Bruce Highway between Corduroy Creek and Tully High School
- continuation of six-laning of the Bruce Highway (Uhlmann Road – Caboolture)
- continuation of the \$220 million Townsville – Cairns accelerated Bruce Highway upgrade works.

### Future Developments

Major projects planned to be undertaken during 2008-09 under AusLink include:

- continuation of the six-laning of the Ipswich Motorway between Wacol and Darra
- commencement of construction on the Pacific Motorway of interchange upgrades and eight-laning between the Gateway and Logan Motorways
- commencement of construction of the Townsville Port Access road.

*Note: While federal funds may have been announced for a project (either as part of the federal budget or as part of an election campaign or media release), Queensland cannot commence construction works or claim reimbursement until the necessary funding instruments have been formally approved by the Australian Government. This construction funding approval is generally not provided until planning and design are complete and project scope, timing and cost are approved by the Australian Government. Accordingly, an announcement of funding for a project by the Australian Government does not allow the State Government to immediately commence construction.*

Financial statements and variance explanations in relation to Administered Items appear in the financial statements section.

# Departmental Statements

## Income Statement

Department of Main Roads	Notes	2007-08 Budget \$'000	2007-08 Est. Act. \$'000	2008-09 Estimate \$'000
<b>Income</b>				
Output revenue	1,8	1,170,633	1,272,402	1,263,590
User charges	2,9	72,836	125,003	120,093
Grants and other contributions	3,10	75,468	69,814	80,128
Other revenue	11	58,598	59,472	48,049
Gains on sale/revaluation of property, plant and equipment and investments		2,500	2,500	2,500
<b>Total income</b>		<b>1,380,035</b>	<b>1,529,191</b>	<b>1,514,360</b>
<b>Expenses</b>				
Employee expenses	4,12	245,078	273,327	279,980
Supplies and services	5,13	247,120	312,625	329,849
Grants and subsidies	6,14	69,919	92,875	62,924
Depreciation and amortisation	15	547,700	547,700	564,047
Finance/borrowing costs	16	71,832	69,301	72,397
Other expenses	7	169,278	18,077	13,626
Losses on sale/revaluation of property, plant and equipment and investments	7,17	144,548	292,548	144,547
<b>Total expenses</b>		<b>1,495,475</b>	<b>1,606,453</b>	<b>1,467,370</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>(115,440)</b>	<b>(77,262)</b>	<b>46,990</b>

## Statement of Changes in Equity

Department of Main Roads	Notes	2007-08 Budget \$'000	2007-08 Est. Act. \$'000	2008-09 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation reserve		684,622	684,622	684,622
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
<b>Net income recognised directly in equity</b>		<b>684,622</b>	<b>684,622</b>	<b>684,622</b>
Surplus/(deficit) for the period		(115,440)	(77,262)	46,990
<b>Total recognised income and expense for the period</b>		<b>569,182</b>	<b>607,360</b>	<b>731,612</b>
Equity injection/(withdrawal)		1,360,622	1,514,728	1,575,670
Equity adjustments (MoG transfers)		..	..	..
<b>Total movement in equity for period</b>		<b>1,929,804</b>	<b>2,122,088</b>	<b>2,307,282</b>

## Balance Sheet

Department of Main Roads	Notes	2007-08 Budget \$'000	2007-08 Est. Act. \$'000	2008-09 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets		2,072	7,649	6,148
Receivables	18	88,072	121,961	122,111
Other financial assets	19	601	..	..
Inventories		12,990	10,758	10,878
Other		10,303	9,097	9,097
Non-financial assets held for sale	20	10,150	5,944	5,944
<b>Total current assets</b>		<b>124,188</b>	<b>155,409</b>	<b>154,178</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		2	2	2
Other financial assets	27	184,237	188,344	198,134
Property, plant and equipment	21,28	27,503,563	29,296,675	31,711,637
Intangibles		17,031	12,453	17,036
Other		..	..	..
<b>Total non-current assets</b>		<b>27,704,833</b>	<b>29,497,474</b>	<b>31,926,809</b>
<b>TOTAL ASSETS</b>		<b>27,829,021</b>	<b>29,652,883</b>	<b>32,080,987</b>
<b>CURRENT LIABILITIES</b>				
Payables	22	500,947	564,520	565,225
Employee benefit obligations	23	30,326	34,766	34,766
Interest-bearing liabilities and derivatives	24	68,401	(23,397)	68,986
Provisions		..	..	..
Other		4,326	4,281	4,281
<b>Total current liabilities</b>		<b>604,000</b>	<b>580,170</b>	<b>673,258</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Employee benefits obligations	23	5,489	8,143	8,143
Interest-bearing liabilities and derivatives	25,29	967,178	930,121	957,855
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>972,667</b>	<b>938,264</b>	<b>965,998</b>
<b>TOTAL LIABILITIES</b>		<b>1,576,667</b>	<b>1,518,434</b>	<b>1,639,256</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>26,252,354</b>	<b>28,134,449</b>	<b>30,441,731</b>
<b>EQUITY</b>				
Capital/contributed equity	30	2,552,971	2,707,248	4,282,918
Retained surplus/(accumulated deficit)		12,040,272	11,742,003	11,788,993
Reserves:				
- Asset revaluation reserve	26	11,659,111	13,685,198	14,369,820
- Other (specify)		..	..	..
<b>TOTAL EQUITY</b>		<b>26,252,354</b>	<b>28,134,449</b>	<b>30,441,731</b>

## Cash Flow Statement

Department of Main Roads	Notes	2007-08 Budget \$'000	2007-08 Est. Act. \$'000	2008-09 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
Output receipts	31,38	1,170,633	1,272,402	1,263,590
User charges	32,39	79,516	131,683	126,773
Grants and other contributions	33,40	75,468	69,814	80,128
Other	41	121,209	122,083	110,660
<b>Outflows:</b>				
Employee costs	34	(245,078)	(273,327)	(279,980)
Supplies and services	35,42	(321,702)	(387,207)	(404,431)
Grants and subsidies	36,43	(69,919)	(92,875)	(62,924)
Borrowing costs		(71,953)	(69,422)	(72,518)
Other		(21,278)	(18,077)	(13,626)
<b>Net cash provided by/(used in) operating activities</b>		<b>716,896</b>	<b>755,074</b>	<b>747,672</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment	44	66,254	66,254	26,255
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for property, plant and equipment and intangibles		(2,207,016)	(2,237,008)	(2,461,425)
Payments for investments		(3,232)	(9,970)	(9,790)
Loans and advances made		..	..	..
<b>Net cash provided by/(used in) investing activities</b>		<b>(2,143,994)</b>	<b>(2,180,724)</b>	<b>(2,444,960)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings	45	129,280	35,000	185,000
Equity injections	46	2,049,665	2,204,401	2,827,980
<b>Outflows:</b>				
Borrowing redemptions	37,47	(62,826)	(104,874)	(64,883)
Finance lease payments		..	..	..
Equity withdrawals		(689,043)	(689,673)	(1,252,310)
<b>Net cash provided by/(used in) financing activities</b>		<b>1,427,076</b>	<b>1,444,854</b>	<b>1,695,787</b>
<b>Net increase/(decrease) in cash held</b>		<b>(22)</b>	<b>19,204</b>	<b>(1,501)</b>
<b>Cash at the beginning of financial year</b>		<b>2,094</b>	<b>(11,555)</b>	<b>7,649</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>2,072</b>	<b>7,649</b>	<b>6,148</b>

## Income Statement

<b>EXPENSES AND REVENUES ADMINISTERED ON BEHALF OF THE WHOLE-OF- GOVERNMENT</b>	<b>Notes</b>	<b>2007-08 Budget \$'000</b>	<b>2007-08 Est. Act. \$'000</b>	<b>2008-09 Estimate \$'000</b>
<b>Revenues</b>	1			
Commonwealth grants		627,640	633,294	638,610
Taxes, fees and fines		..	..	..
Royalties, property income and other territorial Revenue		..	..	..
Interest		..	..	..
Administered revenue		..	..	..
Other		..	..	..
<b>Total revenues</b>		<b>627,640</b>	<b>633,294</b>	<b>638,610</b>
<b>Expenses</b>				
Supplies and services		..	..	..
Depreciation and amortisation				
Grants and subsidies		..	..	..
Benefit payments				
Borrowing costs		..	..	..
Other		..	..	..
<b>Total expenses</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>Net surplus or deficit before transfers to Government</b>		<b>627,640</b>	<b>633,294</b>	<b>638,610</b>
<b>Transfers of administered revenue to Government</b>		<b>627,640</b>	<b>633,294</b>	<b>638,610</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>..</b>	<b>..</b>	<b>..</b>



## Balance Sheet

<b>ASSETS AND LIABILITIES ADMINISTERED ON BEHALF OF THE WHOLE-OF- GOVERNMENT</b>	<b>Notes</b>	<b>2007-08 Budget \$'000</b>	<b>2007-08 Est. Act. \$'000</b>	<b>2008-09 Estimate \$'000</b>
<b>CURRENT ASSETS</b>				
Cash assets		..	..	..
Receivables		..	..	..
Inventories				
Other	2	211,500	211,500	118,010
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>211,500</b>	<b>211,500</b>	<b>118,010</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment		..	..	..
Intangibles		..	..	..
Other		..	..	..
<b>Total non-current assets</b>		..	..	..
<b>TOTAL ADMINISTERED ASSETS</b>		<b>211,500</b>	<b>211,500</b>	<b>118,010</b>
<b>CURRENT LIABILITIES</b>				
Payables		..	..	..
Transfers to Government payable		..	..	..
Interest-bearing liabilities		..	..	..
Other		..	110,000	110,000
<b>Total current liabilities</b>		..	<b>110,000</b>	<b>110,000</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Interest-bearing liabilities		..	..	..
Other	2	211,500	101,500	8,010
<b>Total non-current liabilities</b>		<b>211,500</b>	<b>101,500</b>	<b>8,010</b>
<b>TOTAL ADMINISTERED LIABILITIES</b>		<b>211,500</b>	<b>211,500</b>	<b>118,010</b>
<b>ADMINISTERED NET ASSETS/(LIABILITIES)</b>		..	..	..
<b>EQUITY</b>				
Capital/Contributed equity		..	..	..
Retained surplus/(Accumulated deficit)		..	..	..
Reserves:		..	..	..
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
<b>TOTAL ADMINISTERED EQUITY</b>		..	..	..

## Cash Flow Statement

<b>CASH FLOWS ADMINISTERED ON BEHALF OF THE WHOLE-OF-GOVERNMENT</b>	<b>Notes</b>	<b>2007-08 Budget \$'000</b>	<b>2007-08 Est. Act. \$'000</b>	<b>2008-09 Estimate \$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
Administered item receipts		..	..	..
Grants and other contributions	3	517,640	523,294	545,120
Taxes, fees and fines		..	..	..
Royalties, property income and other territorial revenues		..	..	..
Other		..	..	..
<b>Outflows:</b>				
Transfers to Government	3	(517,640)	(523,294)	(545,120)
Grants and subsidies		..	..	..
Supplies and services		..	..	..
Borrowing costs		..	..	..
Other		..	..	..
<b>Net cash provided by/(used in) operating activities</b>		..	..	..
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for property, plant and equipment and intangibles		..	..	..
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by/(used in) investing activities</b>		..	..	..
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections		..	..	..
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by/(used in) financing activities</b>		..	..	..
<b>Net increase/(decrease) in cash held</b>		..	..	..
<b>Administered cash at beginning of financial year</b>		..	..	..
Cash transfers from restructure		..	..	..
<b>Administered cash at end of financial year</b>		..	..	..

# Explanation of Variances in the Financial Statements

## Income Statement

Major variations between 2007-08 Budget and 2007-08 Estimated Actual include:

1. The increase primarily reflects growth in motor vehicle registration fee revenue and additional funding for claims under the Natural Disaster Relief and Recovery Arrangement (NDRRA) following severe flooding events in Northern Queensland.
2. The variation reflects an increase in estimates for revenue to be received from government departments, local governments and industry for recoverable works together with a change in accounting treatment for the recovery of internal charges from RoadTek (move from Other Revenue).
3. The movement reflects the substantial increase in expenditure on the capital works program and the increase in the written-down replacement cost of the road asset.
4. The increase reflects the successful recruitment of additional professional and technical staff to meet the continued growth in planning activities and the capital works program. In addition, increased administrative support has been provided to ensure that highly-in-demand professional officers can focus on program delivery.
5. The increase reflects unforeseen works for NDRRA following severe flooding events in Northern Queensland. Routine maintenance expenditure has been increased due to local flooding and wet weather events across the state.
6. The increase in expenditure is due to the carryover of allocations for TIDS grants to local government following approval of commitments for new projects late in 2006-07.
7. The variation reflects the changed accounting arrangements for the write-off of the New South Wales portion of the Tugun Bypass project. This was budgeted as a write-off under Other Expenses in the original budget.

Major variations between 2007-08 Estimated Actual and the 2008-09 Estimate include:

8. The reduction in output revenue primarily reflects the expected lower levels of NDRRA expenditure for the year.
9. The variation reflects a reduction in the level of recoverable works expected to be undertaken for local governments, other government agencies and industry.
10. The increase reflects payments from the Australian Government for Black Spot to the same level as the 2007-08 Budget. During the year, the level of Black Spot capital works will be determined and transferred to Administered Revenue.
11. The decrease primarily reflects reduced revenue from developer contributions and dividends received from RoadTek.
12. The increase reflects additional Enterprise Development Agreement (EDA) funding in 2008-09.
13. The increase reflects increased forecast expenditure for routine maintenance and traffic operations.
14. The 2008-09 estimate reflects new allocations only for TIDS grants to local governments and does not include provision for any carryovers from 2007-08.
15. Depreciation expense increases annually reflecting growth in investment in the road system.
16. The increase reflects draw-downs of borrowings in 2008-09.
17. The decrease reflects the write-off of the New South Wales portion of the Tugun Bypass in 2007-08 following completion of the project.

## Balance Sheet

Major variations between 2007-08 Budget and 2007-08 Estimated Actual include:

18. The increase in receivables relates to a higher than anticipated GST refund from the Australian Tax Office and an equity contribution to Queensland Motorways Limited (QML) for the Port of Brisbane Motorway for which shares have not yet been issued.
19. The decrease reflects the transfer of investment in Transmax Pty Ltd from a current to non-current asset.
20. The decrease reflects the change in accounting treatment for land parcels which are held for sale but do not have a specific marketing campaign for sale within the current financial year. This is now reported as a Non-Current Asset (land held for sale).
21. The movement reflects the substantial increase in expenditure on the capital works program and the increase in the written-down replacement cost of the road asset.
22. The increase in the level of payables reflects the resumption of further land required for capital projects, the settlement of which is subject to negotiation with land owners.
23. The increase in both current and non-current employee benefits obligations (recreation leave and so on) reflects the transfer of staff in the design, soils and laboratory areas from RoadTek in early 2007-08 and an increase in the number of employees required to deliver the increasing capital works program.
24. The variation reflects the deferral of loan draw-downs for the Tugun Bypass of \$88.3 million until 2008-09.
25. The decrease reflects the net movement in debt servicing costs and draw-downs on approved borrowings.
26. The 2006-07 revaluation for the replacement value of the road network was higher than anticipated. Consequently, the 2007-08 budget estimate was understated. This impact continues on in future years.

Major variations between 2007-08 Estimated Actual and the 2008-09 Estimate include:

27. The estimate for the contribution to QML for the Port of Brisbane Motorway was omitted from the forward estimates commencing 2008-09. The agreed annual contribution of \$9 million has not altered since completion of the facility.
28. The movement reflects the substantial increase in expenditure on the capital works program and the increase in the written-down replacement cost of the road asset.
29. The increase reflects the net movement in debt servicing costs and draw-downs on approved borrowings.
30. The variation in the 2007-08 and 2008-09 estimates reflect the increased investment being made by the State Government in the road network.

## Cash Flow Statement

Major variations between 2007-08 Budget and 2007-08 Estimated Actual include:

31. The increase primarily reflects growth in motor vehicle registration fee revenue and additional funding for claims under the Natural Disaster Relief and Recovery Arrangement (NDRRA) following severe flooding events in Northern Queensland.
32. The variation reflects an increase in estimates for revenue to be received from government departments, local governments and industry for recoverable works together with a change in accounting treatment for the recovery of internal charges from RoadTek (move from Other Revenue).

33. The movement reflects the substantial increase in expenditure on the capital works program and the increase in the written-down replacement cost of the road asset.
34. The increase reflects the successful recruitment of additional professional and technical staff to meet the continued growth in planning activities and the capital works program. In addition, increased administrative support has been provided to ensure that highly-in-demand professional officers can focus on program delivery.
35. The increase reflects unforeseen works for NDRRA following severe flooding events in Northern Queensland. Routine maintenance expenditure has been increased due to local flooding and wet weather events across the state.
36. The increase in expenditure is due to the carryover of allocations for TIDS grants to local government following approval of commitments for new projects late in 2006-07.
37. The variation reflects scheduled redemptions plus a one-off payment of \$45 million to repay a short-term loan facility required in June 2007 to assist with management of cash flows. This allowed the deferral of longer-term loan draw-downs into 2008.

Major variations between 2007-08 Estimated Actual and the 2008-09 Estimate include:

38. The reduction in output revenue primarily reflects the expected lower levels of NDRRA expenditure for the year.
39. The variation reflects a reduction in the level of recoverable works expected to be undertaken for local governments, other government agencies and industry.
40. The increase reflects payments from the Australian Government for Black Spot to the same level as the 2007-08 Budget. During the year, the level of Black Spot capital works will be determined and transferred to Administered Revenue.
41. The decrease primarily reflects reduced revenue from developer contributions and dividends received from RoadTek.
42. The increase reflects increased forecast expenditure for routine maintenance and traffic operations.
43. The 2008-09 estimate reflects new allocations only for TIDS grants to local governments and does not include provision for any carryovers from 2007-08.
44. The 2007-08 estimated actual figures include disposal of surplus property on the Northern Transport Corridor. The 2008-09 estimate represents disposal of the balance of these properties.
45. The estimate reflects an increase in loans raised between financial years.
46. The variation in the 2007-08 and 2008-09 estimates reflect the increased investment being made by the State Government in the road network.
47. The 2007-08 estimated actual figures include the repayment of a short-term overdraft (\$45 million) which is not provided for again in 2008-09.

## **Income Statement**

### **Expenses and Revenues Administered on behalf of the Whole-of-Government**

Major variations between 2007-08 Estimated Actual and the 2008-09 Estimate include:

1. The movement reflects the reduction in Australian Government Administered grants following the 2007 federal election result and the subsequent cessation of the Alternative Northern Corridor (ANC) – Goodna Bypass – between Dinmore and Logan Motorway. This has been offset by increased allocations for the Bruce Highway, Ipswich Motorway (Wacol to Darra) and acceleration of a number of the Australian Government's election commitments, as announced in the May 2008 Federal Budget.

## **Balance sheet**

### **Assets and Liabilities Administered on behalf of the Whole-of-Government**

Major variations between 2007-08 Estimated Actual and the 2008-09 Estimate include:

2. This item represents funding received in advance in 2005-06 from the Australian Government for capital works projects to be undertaken in future years on the Bruce Highway between Townsville and Cairns. The funds are drawn down as projects are undertaken.

## **Cash Flow Statement**

### **Cash Flows Administered on behalf of the Whole-of-Government**

Major variations between 2007-08 Estimated Actual and the 2008-09 Estimate include:

3. The movement reflects the reduction in Australian Government Administered grants following the 2007 federal election result and the subsequent cessation of the Alternative Northern Corridor (ANC) – Goodna Bypass – between Dinmore and Logan Motorway. This has been offset by increased allocations for the Bruce Highway, Ipswich Motorway (Wacol to Darra) and acceleration of a number of the Australian Government's election commitments, as announced in the May 2008 Federal Budget.

# Commercialised Business Units

## RoadTek

### Overview

RoadTek is one of Queensland's major suppliers of civil construction and maintenance works and related services with a turnover in excess of \$430 million per year. It has a workforce of 1,650 employees and operates from 16 locations throughout Queensland.

In delivering a large, diverse program of works, RoadTek's number one priority is to build and maintain a culture of safety. This is promoted and demanded for road workers and road users.

### Review of Performance

#### Recent Achievements

In the last 12 months, RoadTek have:

- provided emergency response in the restoration of services to the general community following flooding on the Gold Coast and in North and Central Queensland
- targeted improvements to the scheduling and sequencing of works to enable more effective program delivery
- upgraded remote area airstrips (such as the Palm Island upgrade) and marine infrastructure in remote locations, including finger wharves, jetties and boat ramps
- supported local government through the hire of construction equipment and ongoing joint delivery of projects
- continued to monitor and maintain water infrastructure facilities, including water quality testing, across the state for the Department of Natural Resources and Water
- opened the Electrical Training Centre with a number of RoadTek electricians now undertaking training modules.

RoadTek continues to maintain a strong emphasis on business and project management performance, whilst maintaining certification against Australian and International standards in quality, safety, environment and customer service.

#### Future Developments

In 2008-09 RoadTek will focus its efforts on achieving the following initiatives:

- implementing the recommendations from the Service Delivery and Performance Commission Review of RoadTek in 2007-08.
- responding to the skills shortage through capability development programs targeted at core competencies in critical areas such as construction supervisors, plant operators and electrical trades people.
- implementing the Safety is First Program and the Workplace Health and Safety Code of Practice for works on or adjacent to roads.
- benchmarking RoadTek against industry best practice and responding accordingly.
- continuing to deliver a competitive return to the State Government.

The key challenge for RoadTek and industry is the high demand for skilled people to deliver construction services. RoadTek's challenge will be to manage performance while seeking to attract and maintain the knowledge and competence of experienced road building staff and developing graduates, apprentices and trainees for future years.

## Performance Statement

Measures	Notes	2007-08 Target/Est.	2007-08 Est. Actual	2008-09 Target/Est.
<b>Financial Performance Measures</b>				
<b>Capital Structure</b>				
Total Debt/Equity	1	31%	29%	27%
Long Term Debt/Total Assets	2	16.4%	15.9%	15.9%
Return on Equity	3,4	16.6%	20.1%	18.5%
Return on Revenue		4.15%	4.5%	4.5%
<b>Profitability</b>				
Profit Margin (Earnings before income tax/user charges)		6.5%	6.5%	6.5%
<b>Non-Financial Performance Measures</b>				
Lost Time Injury Frequency Rate	5	<24	23	<20
Plant Utilisation (Plant Hire Services)	6	80%	80%	75%

**Notes:**

1. The ongoing improvement of this measure can be attributed to RoadTek's increase in retained earnings through profitable trading.
2. Long term debt as a proportion of total assets is expected to remain stable.
3. The increase in 2007-08 reflects a higher level of earnings than in the original budget (Note 1 of the Income Statement refers).
4. Return on Equity will decline marginally in 2008-09 as 2007-08 revenue is expected to be in excess of budget which will increase Equity (Retained Earnings).
5. In accordance with *Australian Standard 1885.1 – Workplace Injury and Disease Recording Standard*, Lost Time Injury Frequency is the number of lost time injuries multiplied by one million and divided by the number of man-hours actually worked. An incident is defined as an injury that results in the loss of a shift (usually eight hours). As at the end of April 2008, the Lost Time Injury Frequency rate was 16.
6. The utilisation rate is expected to decrease slightly during the 2008-09 year due to a strategy to build a stock of fleet items in order to better service customers.



# Statements

## Income Statement

RoadTek	Notes	2007-08 Budget \$'000	2007-08 Est. Act. \$'000	2008-09 Estimate \$'000
<b>Income</b>				
User charges	1,4	371,910	435,909	442,110
Grants and other contributions		72	128	76
Other revenue		1,503	2,839	2,452
Gains on sale/revaluation of property, plant and equipment and investments		460	722	728
<b>Total income</b>		<b>373,945</b>	<b>439,598</b>	<b>445,366</b>
<b>Expenses</b>				
Employee expenses	2	113,262	129,312	131,364
Supplies and services	2	220,154	264,276	267,002
Grants and subsidies		49	44	45
Depreciation and amortisation		13,901	11,898	12,030
Finance/borrowing costs	3	2,149	3,222	3,311
Other expenses		1,314	1,614	1,866
Losses on sale/revaluation of property, plant and equipment and investments		542	734	910
<b>Total expenses</b>		<b>351,371</b>	<b>411,100</b>	<b>416,528</b>
Surplus or deficit before related income tax		<b>22,574</b>	<b>28,498</b>	<b>28,838</b>
Income tax expense/revenue		6,772	8,549	8,651
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>15,802</b>	<b>19,949</b>	<b>20,187</b>

## Statement of Changes in Equity

RoadTek	Notes	2007-08 Budget \$'000	2007-08 Est. Act. \$'000	2008-09 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation reserve		27	27	27
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
<b>Net income recognised directly in equity</b>		<b>27</b>	<b>27</b>	<b>27</b>
Surplus/(deficit) for the period		15,802	19,949	20,187
<b>Total recognised income and expense for the period</b>		<b>15,829</b>	<b>19,976</b>	<b>20,214</b>
Equity injection/(withdrawal)		..	..	..
Equity adjustments (MoG transfers)		..	..	..
Dividends paid or provided		(9,043)	(14,073)	(10,064)
<b>Total movement in equity for period</b>		<b>6,786</b>	<b>5,903</b>	<b>10,150</b>

## Balance Sheet

RoadTek	Notes	2007-08 Budget \$'000	2007-08 Est. Act. \$'000	2008-09 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets	5	6,791	27,495	31,477
Receivables		56,060	55,969	60,640
Other financial assets		..	..	..
Inventories		20,043	17,227	17,237
Other		255	249	249
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>83,149</b>	<b>100,940</b>	<b>109,603</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	6	92,683	79,726	79,450
Intangibles		21	(1)	(6)
Deferred tax assets		1,492	1,632	1,632
Other		..	..	..
<b>Total non-current assets</b>		<b>94,196</b>	<b>81,357</b>	<b>81,076</b>
<b>TOTAL ASSETS</b>		<b>177,345</b>	<b>182,297</b>	<b>190,679</b>
<b>CURRENT LIABILITIES</b>				
Payables		38,054	38,244	36,659
Current tax liabilities		7,016	8,779	8,616
Employee benefits obligations		875	1,066	1,076
Interest-bearing liabilities and derivatives		29,000	29,000	29,000
Provisions		696	..	..
Other		(51)	(31)	(61)
<b>Total current liabilities</b>		<b>75,590</b>	<b>77,058</b>	<b>75,290</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Employee benefits obligations		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		6,671	5,977	5,977
<b>Total non-current liabilities</b>		<b>6,671</b>	<b>5,977</b>	<b>5,977</b>
<b>TOTAL LIABILITIES</b>		<b>82,261</b>	<b>83,035</b>	<b>81,267</b>
<b>NET ASSETS (LIABILITIES)</b>		<b>95,084</b>	<b>99,262</b>	<b>109,412</b>
<b>EQUITY</b>				
Capital/contributed equity		..	..	..
Retained surplus/(Accumulated deficit)	7	94,168	98,345	108,468
Reserves:				
- Asset revaluation reserve		916	917	944
- Other (specify)		..	..	..
<b>TOTAL EQUITY</b>		<b>95,084</b>	<b>99,262</b>	<b>109,412</b>

## Cash Flow Statement

RoadTek	Notes	2007-08 Budget \$'000	2007-08 Est. Act. \$'000	2008-09 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges	8	373,106	435,194	440,397
Grants and other contributions		72	128	76
Other		14,703	16,039	15,652
<b>Outflows:</b>				
Employee costs	9	(113,252)	(129,302)	(131,354)
Supplies and services	9	(237,895)	(283,812)	(284,743)
Grants and subsidies		(49)	(44)	(45)
Borrowing costs		(2,149)	(3,222)	(3,311)
Taxation equivalents paid		(7,640)	(4,484)	(9,082)
Other		(1,107)	(1,407)	(1,605)
<b>Net cash provided by/(used in) operating activities</b>		<b>25,789</b>	<b>29,090</b>	<b>25,985</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment		8,033	18,042	18,432
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for property, plant and equipment and intangibles		(35,124)	(30,124)	(30,371)
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by/(used in) investing activities</b>		<b>(27,091)</b>	<b>(12,082)</b>	<b>(11,939)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections		..	..	..
<b>Outflows:</b>				
Dividends paid		(9,043)	(14,073)	(10,064)
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by/(used in) financing activities</b>		<b>(9,043)</b>	<b>(14,073)</b>	<b>(10,064)</b>
<b>Net increase/(decrease) in cash held</b>		<b>(10,345)</b>	<b>2,935</b>	<b>3,982</b>
<b>Cash at the beginning of financial year</b>		<b>17,136</b>	<b>24,560</b>	<b>27,495</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>6,791</b>	<b>27,495</b>	<b>31,477</b>

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

### **Income Statement**

Major variations between 2007-08 Budget and 2007-08 Estimated Actual include:

1. The revenue increase is due to the accelerated program in some areas (Cloncurry and North Coast in particular), good road building conditions prior to weather events, and additional jobs won at tender box.
2. Employee expenses and Supplies and Services costs have increased in line with revenue.
3. Finance/borrowing costs have been impacted by interest rate rises on both short-term and fixed-term facilities.

Major variations between 2007-08 Estimated Actual and the 2008-09 Estimate include:

4. Revenue is expected to stabilise over the coming years in line with RIP projections.

### **Balance Sheet**

Major variations between 2007-08 Budget and 2007-08 Estimated Actual include:

5. The cash balance has increased in line with profitability.
6. The plant replacement program is behind budget due to delivery delays.

Major variations between 2007-08 Estimated Actual and the 2008-09 Estimate include:

7. Retained earnings growth is in line with profitability after income tax and dividends.

### **Cash Flow Statement**

Major variations between 2007-08 Budget and 2007-08 Estimated Actual include:

8. The revenue increase is due to the accelerated program in some areas (Cloncurry and North Coast in particular), good road building conditions prior to weather events, and additional jobs won at tender box.
9. Employee expenses and Supplies and Services costs have increased in line with revenue.

# Department of Local Government, Sport and Recreation

## Departmental Overview

The Department of Local Government, Sport and Recreation performs an integral role in developing sustainable and healthy communities and improving the quality of life for all Queenslanders. This includes establishing and maintaining a strong and modern system of local government and building the capacity of rural and regional communities.

*While the Department's financial statements incorporate budget information for Sport and Recreation, performance information for this function is provided in the Service Delivery Statement of the Minister for Police, Corrective Services and Sport.*

## Strategic Issues

On 15 March 2008 a new era for local government in Queensland commenced with new boundaries and new councils. The 73 elected councils will provide the capacity and strength to meet the challenges facing Queensland.

### Stronger Councils for a Growing Queensland

- Queensland remains Australia's fastest growing state with the consolidation of Councils and the establishment of new boundaries. With more than 1500 people moving to Queensland each week the pressures facing local governments are ever increasing.
- The historic reform of Queensland's local government system will deliver a stronger, more financially viable system of local government for Queensland and better equip this sector to meet the challenges of growth and grasp the economic opportunities it presents.
- Queensland's local government reform program will empower councils to place greater emphasis on services and the delivery of vital local infrastructure.
- Support for Queensland's local government sector will be targeted toward meeting the differing regional needs of local communities.
- Local government in Queensland will also be more transparent and accountable.

### Building a Modern, Contemporary Local Government System

- With the historic structural reform of local government complete, the department will now move into the next phase of the reform program which has three key elements:
  - a new, modernised Local Government Act;
  - an enhanced capacity building program to support Queensland's councils; and
  - a new performance evaluation and reporting process to ensure Queensland's local government system is transparent and accountable and which will support the improved sustainability of councils with enhanced planning, funding and provision of community assets.

To support this, the department will take an enhanced leadership role in setting the policy agenda for local government issues and, during 2008-09, will regionalise its operations to ensure the best support and services are provided to councils.

## 2008-09 Highlights

During 2008-09, the department will administer up to \$812 million in funding to local governments through the department's grants and subsidies programs. It will continue to support local governments through the reform years, secure water for the future and meet the unique needs of rural and regional communities.

### Supporting Local Governments through the Reform Years

The department will focus its efforts on supporting local governments both financially and with advice and services as they move forward under the new improved local government system. This support will include:

- Reviewing the legislative framework for local government to ensure it has a strong base from which to provide effective governance for the delivery of services to communities.
- Implementing an integrated state-wide regional service delivery and funding model, including the establishment of five new regional offices to improve client services and increase effectiveness and efficiency.
- Developing a new local government performance evaluation and reporting model, which will improve the sustainability of councils and establish clear asset planning, funding and reporting processes, including nationally agreed frameworks.
- Developing a suite of 'best practice' processes to build the capacity of local governments and to assist them to meet their statutory requirements and improve their overall performance. These processes will be particularly designed to meet the specialist needs of rural, remote and Indigenous councils.
- Strengthening local government transparency and accountability by requiring local governments to develop and enhance community reports to keep their communities advised of the performance of councils, including financial matters, community involvement, councillor performance and complaints management.
- Establishing a 'skills bank' to provide skilled personnel who are available to train, mentor and develop skills of Indigenous councillors and administrative staff.
- Providing \$1.3 million, through the Community Governance Improvement Strategy, to assist Indigenous councils to improve governance and service delivery through accredited training, community engagement and business systems improvement.
- Providing a revenue replacement package of \$14.1 million over four years to Indigenous councils as part of the Government's alcohol reform initiative.

### Securing water for the future

Securing long-term water supplies for Queensland communities will remain a focus for the department in 2008-09. This will include:

- Providing incentive funding of \$5 million to businesses outside South East Queensland with high levels of reticulated water consumption to implement water efficient devices and infrastructure.
- Providing a 100 % capital subsidy of \$25.5 million over 5 years to enable local government water service providers to introduce fluoride through water treatment plants in communities outside South East Queensland with more than 1000 people.

### Meeting the unique needs of rural and regional communities

The Office of Rural and Regional Communities will continue to support Queensland regions through:

- Managing the 170 *Blueprint for the Bush* initiatives across Government, including conducting the annual *Blueprint for the Bush* Ministerial Community Forum, and reporting on the implementation of the Blueprint.

- Progressing the *Strengthening Rural Communities* funding program, including:
  - \$3.7 million for *Our Place, Our Future*, providing resources for rural and remote communities to build and strengthen their capacity to shape their communities' future;
  - \$1 million for the *Rural Service Access* funding program, providing resources to establish community transport schemes to improve access to local services and enhance the communities' social and economic cohesion; and
  - \$0.2 million for the *Revitalising Rural Image* program, to assist communities to develop networks and promote rural lifestyles and opportunities, thereby attracting skilled workers and sustainable investment.
- Leading established whole-of-government community engagement forums including the Regional Managers' Coordination Networks and the Ministerial Regional Community Forums in Southeast Queensland and rural and regional communities across the State.

## 2007-08 Achievements

### Local government reform – a new era for local government in Queensland

- Introduced legislation to implement the recommendations of the independent Local Government Reform Commission to reduce the number of councils from 156 to 73.
- Provided \$27.1 million to support the local government reform process, including:
  - \$8.75 million to Local Transition Committees before the local government elections to assist with employment of interim Chief Executive Officers, planning the transition to new councils and the preparation of Transition Action Plans for each new council; and
  - \$17.75 million to newly created councils, post election, to assist with workforce transition, business system reviews, training and community engagement.
- Provided funding to assist with the establishment costs of Electoral Commission of Queensland (ECQ) undertaking the local government elections for the first time (included additional funding from program savings).
- Legislated for the:
  - protection of local government employees through the Local Government Reform Workforce Code of Practice and amendments to the Local Government and Industrial Relations Acts; and
  - fair and efficient transfer of community assets and liabilities between councils affected by transferring areas.
- Provided specific, targeted support for Indigenous councils affected by reform.

### A new system founded on transparency and accountability

- Implemented the recommendations of the independent Local Government Reform Commission, which provided recommendations of council boundaries, names and electoral arrangements.
- Established the independent Local Government Remuneration Tribunal to determine salaries for councillors.
- Appointed the ECQ to run the 15 March 2008 local government elections, the first time Queensland has had independently managed local government elections.

### Transition planning - assistance for the new councils

- Established the State Transition Committee, which guided the overall local government reform program and included representation from local government peak bodies, unions and government agencies.
- Coordinated and led the Staff Support Sub-Committee and the Indigenous Sub-Committee, which guided the respective transition activities in relation to the protection

of the local government workforce and the unique needs of Aboriginal and Torres Strait Island councils during the transition.

- Supported the establishment of 34 Local Transition Committees to oversee the local level change processes required to successfully transition councils in the lead up to the March 2008 local government elections.

### **Additional support for councils**

- Funding was provided through the department to assist local governments deliver a range of new and improved community infrastructure, including:
  - community health was improved through the delivery of up to \$46 million under the Indigenous Environmental Health Infrastructure Program, delivering new water and sewerage infrastructure; and
  - more than \$189 million was provided to local governments to support the construction and augmentation of critical water infrastructure and to support water conservation initiatives such as the Government's very successful Home WaterWise service.
- Lead the implementation, monitoring and reporting of 170 *Blueprint for the Bush* initiatives across Government.
- Maintained the Government's commitment to community engagement through:
  - the annual *Blueprint for the Bush* Ministerial Community Forum;
  - 15 Regional Managers' Coordination Networks; and
  - 30 Ministerial Regional Community Forums held in Southeast Queensland and rural and regional communities across the State.
- Delivered \$6.1 million to Aboriginal and Island councils through the Community Governance Improvement Strategy to improve governance and local government service delivery, including delivery of accredited training in local government administration, and non-accredited training to staff across all Indigenous councils as well as research into the development of a local government skills bank to provide skilled personnel to train, mentor and develop skills of Indigenous councils' staff.

## **Departmental Outputs**

During 2007-08, the Department of Local Government, Sport and Recreation reviewed its output structure and associated output performance measures to better reflect the responsibilities of the agency following machinery-of-Government changes in September 2007. The department's outputs for local government contribute to the Government's priorities of 'Modernising the Federation and Delivering Accountable Government' and 'Strengthening Indigenous Communities'. The outputs are:

**Services to support sustainable, transparent and accountable local governments** - encouraging councils to behave with integrity in the best interests of their communities in governance, financial management, infrastructure sustainability and service delivery.

**Services to support engaged rural and regional communities** - managing the engagement between rural and regional communities and the Government to promote sustainable communities within regions.



## Staffing<sup>1</sup>

Output	Notes	2007-08 Adjusted Budget	2007-08 Est. Actual	2008-09 Estimate
<b>Outputs</b>				
Services to support sustainable, transparent and accountable local governments	2,4,5,6	168.7	172.2	172.2
Services to support engaged rural and regional communities	3,4,5,6	74.6	71.7	71.7
<b>Total outputs</b>		<b>243.3</b>	<b>243.9</b>	<b>243.9</b>
<b>Total</b>		<b>243.3</b>	<b>243.9</b>	<b>243.9</b>

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Figures reflect Machinery of Government changes in September 2007.
3. The inclusion of 74.6 FTEs for Services to support engaged rural and regional communities Output is due to the Machinery of Government changes in September 2007 and includes proportionate Corporate and Executive Services (CES) and Strategic Policy and Legislation (SPL) FTEs.
4. Proportionate CES and SPL FTEs are allocated across the outputs to which they relate.
5. Figures represent the department of Local Government only.
6. Output names have changed for 2008-09.

## 2008-09 Output Summary<sup>1</sup>

Output	Total cost \$'000	Sources of revenue			
		Appropriation \$'000	User charges \$'000	C'wealth revenue \$'000	Other revenue \$'000
Services to support sustainable, transparent and accountable local governments	461,765	444,195	45	17,525	..
Services to support engaged rural and regional communities	12,750	12,651	..	..	99
<b>Total</b>	<b>474,515</b>	<b>456,846</b>	<b>45</b>	<b>17,525</b>	<b>99</b>

Note:

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

# Administered Items

## Description

As reflected in the Administered Financial Statements, the department administers funds:

- provided by the Australian Government as Financial Assistance Grants for local governments under the *Local Government (Financial Assistance) Act 1995* (Commonwealth) to support the service provision capacity of councils; and
- for the Tablelands Regional Council for tourist infrastructure in Kuranda.

## Review of Output Performance

### Recent Achievements and Emerging Issues

#### Commonwealth Financial Assistance Grant

Queensland's Local Government Grants Commission is an independent body appointed by the State Government to recommend the distribution of the Australian Government funded Financial Assistance Grant. This grant is aimed at improving the capacity of local governments to provide services. In 2007-08, \$244.33 million was made available to local governments for general purposes while a further \$102.50 million was made available for road purposes.

#### Kuranda Infrastructure Levy

The department administered an arrangement which resulted in \$0.44 million in 2007-08 (consisting of contributions from Queensland Rail) being provided to Tablelands Regional Council for the provision of tourist infrastructure in the town of Kuranda. Legislation is in place to ensure any third party operators on the Kuranda line also contribute to the levy arrangement.

#### Kuranda Skyrail Levy

An amount of \$0.40 million received from the operator of the Kuranda Skyrail toward the provision of tourist infrastructure in the town of Kuranda was forwarded to Tablelands Regional Council in 2007-08.

### Future developments

Financial statements and variance explanations in relation to Administered Items appear in the 'Departmental Financial Statements'.

#### Commonwealth Financial Assistance Grant

Queensland's Local Government Grants Commission will continue to undertake research on its distribution methodology as outlined in the Commission's yearly report for 2007. Funding of \$363.91 million will be made available to local governments in 2008-09.

# Departmental Statements

## Performance Statement

Measures	Notes	2007-08 Target/Est.	2007-08 Est. Actual	2008-09 Target/Est.
<b>Output name: Services to support sustainable, transparent and accountable local governments.</b>				
Percentage of councils which had qualified audit reports that then achieved improved audit results in the following year	1,2	75%	70%	Discontinued
Number of councils with unqualified audit reports	3	145	143	..
Total grant and subsidy funding distributed to local governments	1,4	\$740 million	\$814 million	Discontinued
Total number of local government projects funded	1,5	950	864	Discontinued
Percentage of Councillors advised/trained in the Code of Conduct	6	New Measure	New Measure	100%
Client satisfaction with advice and services provided by the department	7,8	80%	..	80%
Local government satisfaction with departmental relationship	7,9	80%	..	80%
Client satisfaction with management of local government funding programs	7,10	80%	..	80%
Development of financial sustainability frameworks for Queensland's local governments	11	New Measure	New Measure	100%
Percentage of councils that maintain or improve their QTC Financial Sustainability rating	12	New Measure	New Measure	100%
Percentage of Statutory approvals processed within agreed timeframes	1,13	90%	78%	Discontinued
Percentage of grant and subsidy notifications within agreed timeframes	14	95%	89%	95%
Proportion of local government grants and subsidies administered outside South East Queensland	1,15	75%	72%	Discontinued
Proportion of local government grants and subsidies distributed to rural, regional and Indigenous communities	16	New Measure	New Measure	75%
Administration costs as a percentage of local government grants and subsidy funding distributed	17	0.75%	0.47%	0.75%
<b>State contribution (\$000)</b>		<b>447,063</b>	<b>505,484</b>	<b>444,195</b>
<b>Other revenue (\$000)</b>		<b>12,099</b>	<b>18,666</b>	<b>17,570</b>
<b>Total cost (\$000)</b>		<b>459,162</b>	<b>524,150</b>	<b>461,765</b>

Measures	Notes	2007-08 Target/Est.	2007-08 Est. Actual	2008-09 Target/Est.
<b>Output name: Services to support engaged rural and regional communities</b>				
Number of Ministerial Regional Community Forums held	1	40	40	Discontinued
Satisfaction level of participants and partners at Office of Regional and Rural Communities forums	18	New Measure	New Measure	80%
Percentage of grant and subsidy notifications within agreed timeframes	19	New Measure	New Measure	95%
Percentage of proposals from Ministerial Regional Community Forums responded to within agreed timeframes	20	New Measure	New Measure	95%
<b>State contribution (\$000)</b>		<b>12,804</b>	<b>13,732</b>	<b>12,651</b>
<b>Other revenue (\$000)</b>		<b>99</b>	<b>169</b>	<b>99</b>
<b>Total cost (\$000)</b>		<b>12,903</b>	<b>13,901</b>	<b>12,750</b>

Notes:

1. The department has revised its outputs in response to the Machinery of Government changes in September 2007. The output measures have also been revised to better assess the impact and effectiveness of the department's programs and services for Queensland communities which is reflected in the new performance measures. Therefore, this measure will be discontinued from 2007-08.
2. Percentage of councils with qualified audit reports by the Queensland Auditor-General in 2005-06 that achieved improved audit results in 2006-07.
3. Number of councils whose financial statements for 2006-07 have not been qualified by the Queensland Auditor-General. The 2008-09 Target Estimate will be established once an analysis of the 73 post-reform councils is completed.
4. Total value of State and Australian Government grants and subsidies distributed by the department to local governments. The 2007-08 Estimated Actual is greater than the 2007-08 Target Estimate due to unanticipated expenditure in water and sewerage infrastructure as a result of urgent replacement of existing assets.
5. Number of approved local government projects that received funding from the department during the year. The 2007-08 Estimated Actual is less than the 2007-08 Target Estimate due to greater than expected disruptions to council's normal business during local government reform, resulting in councils deferring projects pending the completion of the reform process.
6. Percentage of councillors who have been advised of, or trained in, the Councillor Code of Conduct.
7. Due to the local government reform process and the associated council elections, the department decided to hold over the annual client satisfaction survey from March 2008 to March 2009.
8. Business Improvement Survey undertaken each year (latest being March 2007) to measure local government satisfaction with advice and services provided by the department.
9. Annual survey of local governments' satisfaction with the relationship they have with the department.
10. Annual survey of clients' satisfaction with the way the department manages and administers funding programs.
11. Percentage implementation of national financial sustainability frameworks in local government, including both mainstream and Indigenous councils.
12. Percentage of councils with a maintained or improved Queensland Treasury Corporation Financial Sustainability rating.
13. Percentage of statutory approvals processed within agreed timeframes. The 2007-08 Estimated Actual is less than the 2007-08 Target Estimate due to the larger than expected numbers of Section 492 applications processed. There was a 418% increase in these applications from the previous year which was significantly influenced by local government reform.
14. Percentage of grants and subsidies applications notified by the department in accordance with agreed annual timeframes. The 2007-08 Estimated Actual is less than the 2007-08 Target Estimate due to delays in provision of necessary supporting documentation from councils.
15. Number of grants approved for recipients outside south east Queensland compared to total number of grants approved by the department.
16. Percentage of grants and subsidies approved for rural, remote and Indigenous communities compared to total number of grants approved by the department.
17. Total of departmental administration and management costs as a percentage of the total value of local government grants and subsidy funding distributed. The 2007-08 Estimated Actual is less than the 2007-08 Target Estimate due to some positions in the department's funding area not being filled during year. However these positions are expected to be filled during 2008-09.
18. Participants that indicated that they were satisfied or better with the department's Office of Regional and Rural Communities forums.
19. Percentage of grants and subsidies applications notified by the department in accordance with agreed annual timeframes.
20. Percentage of regional proposals received from Ministerial Regional Community Forum members that received a written response from the Minister within agreed timeframes.

## Income Statement

Department of Local Government, Sport and Recreation	Notes	2007-08 Adjusted Budget \$'000	2007-08 Est. Act. \$'000	2008-09 Estimate \$'000
<b>Income</b>				
Output revenue	1,8,16	592,160	644,719	600,058
User charges	2,9,17	2,266	6,742	5,714
Grants and other contributions	3,10,18	18,192	26,855	20,855
Other revenue		(200)	83	107
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total income</b>		<b>612,418</b>	<b>678,399</b>	<b>626,734</b>
<b>Expenses</b>				
Employee expenses	4,11,19	53,017	56,877	47,565
Supplies and services	5,20	33,157	45,352	34,935
Grants and subsidies	6,12,21	514,731	570,134	537,544
Depreciation and amortisation		5,080	5,080	5,014
Finance/borrowing costs	13,22	550	550	1,300
Other expenses	7,14	5,870	393	376
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total expenses</b>		<b>612,405</b>	<b>678,386</b>	<b>626,734</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>13</b>	<b>13</b>	<b>..</b>

## Statement of Changes in Equity

Department of Local Government, Sport and Recreation	Notes	2007-08 Adjusted Budget \$'000	2007-08 Est. Act. \$'000	2008-09 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation reserve	15,23	24,603	24,603	27,068
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
<b>Net income recognised directly in equity</b>		<b>24,603</b>	<b>24,603</b>	<b>27,068</b>
Surplus/(deficit) for the period		13	13	..
<b>Total recognised income and expense for the period</b>		<b>24,616</b>	<b>24,616</b>	<b>27,068</b>
Equity injection/(withdrawal)		(1,362)	(162)	4,271
Equity adjustments (MoG transfers)		(7,550)	(7,550)	(3)
<b>Total movement in equity for period</b>		<b>15,704</b>	<b>16,904</b>	<b>31,336</b>

## Balance Sheet

Department of Local Government, Sport and Recreation	Notes	2007-08 Adjusted Budget \$'000	2007-08 Est. Act. \$'000	2008-09 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets	24,31,39	22,517	27,744	7,300
Receivables	25,32	3,124	8,010	8,010
Other financial assets		..	..	..
Inventories		..	..	..
Other		242	123	123
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>25,883</b>	<b>35,877</b>	<b>15,433</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	26,33,40	246,741	379,054	416,334
Intangibles		(5)	..	..
Other		..	..	..
<b>Total non-current assets</b>		<b>246,736</b>	<b>379,054</b>	<b>416,334</b>
<b>TOTAL ASSETS</b>		<b>272,619</b>	<b>414,931</b>	<b>431,767</b>
<b>CURRENT LIABILITIES</b>				
Payables	27,34	5,723	10,675	10,675
Employee benefit obligations		3,755	4,527	4,527
Interest-bearing liabilities and derivatives		(162)	..	..
Provisions		..	..	..
Other	28,35,41	15,165	19,010	1,485
<b>Total current liabilities</b>		<b>24,481</b>	<b>34,212</b>	<b>16,687</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Employee benefits obligations		935	677	677
Interest-bearing liabilities and derivatives	29,36,42	12,628	14,181	17,206
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>13,563</b>	<b>14,858</b>	<b>17,883</b>
<b>TOTAL LIABILITIES</b>		<b>38,044</b>	<b>49,070</b>	<b>34,570</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>234,575</b>	<b>365,861</b>	<b>397,197</b>
<b>EQUITY</b>				
Capital/contributed equity	37,43	155,005	156,134	160,402
Retained surplus/(accumulated deficit)		(3,093)	(3,094)	(3,094)
Reserves:				
- Asset revaluation reserve	30,38,44	82,663	212,821	239,889
- Other (specify)		..	..	..
<b>TOTAL EQUITY</b>		<b>234,575</b>	<b>365,861</b>	<b>397,197</b>

## Cash Flow Statement

Department of Local Government, Sport and Recreation	Notes	2007-08 Adjusted Budget \$'000	2007-08 Est. Act. \$'000	2008-09 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
Output receipts	45,55,67	592,160	643,098	600,058
User charges	46,56,68	2,266	6,772	5,714
Grants and other contributions	47,57,69	6,192	9,468	3,330
Other	48,58,70	(631)	(348)	107
<b>Outflows:</b>				
Employee costs	49,59,71	(53,392)	(57,252)	(47,565)
Supplies and services	50,72	(33,110)	(45,305)	(34,935)
Grants and subsidies	51,60,73	(514,731)	(591,299)	(537,544)
Borrowing costs	61,74	(550)	(550)	(1,300)
Other	52,62	(5,870)	(393)	(376)
<b>Net cash provided by/(used in) operating activities</b>		<b>(7,666)</b>	<b>(35,809)</b>	<b>(12,511)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment		(120)	(120)	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for property, plant and equipment and intangibles	53,63,75	(21,039)	(24,039)	(15,229)
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by/(used in) investing activities</b>		<b>(21,159)</b>	<b>(24,159)</b>	<b>(15,229)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings	54,64,76	8,880	10,680	3,025
Equity injections	65,77	3,355	4,555	6,517
<b>Outflows:</b>				
Borrowing redemptions		(13)	(13)	..
Finance lease payments		..	..	..
Equity withdrawals	66,78	(4,717)	(4,717)	(2,246)
<b>Net cash provided by/(used in) financing activities</b>		<b>7,505</b>	<b>10,505</b>	<b>7,296</b>
<b>Net increase/(decrease) in cash held</b>		<b>(21,320)</b>	<b>(49,463)</b>	<b>(20,444)</b>
<b>Cash at the beginning of financial year</b>		<b>43,904</b>	<b>77,274</b>	<b>27,744</b>
Cash transfers from restructure		(67)	(67)	..
<b>Cash at the end of financial year</b>		<b>22,517</b>	<b>27,744</b>	<b>7,300</b>

## Income Statement

<b>EXPENSES AND REVENUES ADMINISTERED ON BEHALF OF THE WHOLE-OF- GOVERNMENT</b>	<b>Notes</b>	<b>2007-08 Adjusted Budget \$'000</b>	<b>2007-08 Est. Act. \$'000</b>	<b>2008-09 Estimate \$'000</b>
<b>Revenues</b>				
Commonwealth grants	1,4,6	316,551	346,832	363,904
Taxes, fees and fines		449	449	444
Royalties, property income and other territorial revenue	2,7	..	4,000	..
Interest		..	..	..
Administered revenue	3,5,8	342,458	375,106	393,656
Other		..	..	..
<b>Total revenues</b>		<b>659,458</b>	<b>726,387</b>	<b>758,004</b>
<b>Expenses</b>				
Supplies and services		..	..	..
Depreciation and amortisation		..	..	..
Grants and subsidies	3,5,8	342,486	375,106	393,656
Benefit payments		..	..	..
Borrowing costs		..	..	..
Other		..	..	..
<b>Total expenses</b>		<b>342,486</b>	<b>375,106</b>	<b>393,656</b>
<b>Net surplus or deficit before transfers to Government</b>		<b>316,972</b>	<b>351,281</b>	<b>364,348</b>
<b>Transfers of administered revenue to Government</b>		<b>316,972</b>	<b>351,281</b>	<b>364,348</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>..</b>	<b>..</b>	<b>..</b>



## Balance Sheet

<b>ASSETS AND LIABILITIES ADMINISTERED ON BEHALF OF THE WHOLE-OF- GOVERNMENT</b>	<b>Notes</b>	<b>2007-08 Adjusted Budget \$'000</b>	<b>2007-08 Est. Act. \$'000</b>	<b>2008-09 Estimate \$'000</b>
<b>CURRENT ASSETS</b>	9,10			
Cash assets		2,174	134	134
Receivables		..	..	..
Inventories		..	..	..
Other		..	..	..
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>2,174</b>	<b>134</b>	<b>134</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 ADMINISTERED ASSETS</b>		<b>2,174</b>	<b>134</b>	<b>134</b>
Payables	9,10	..	..	..
Transfers to Government payable		..	..	..
Interest-bearing liabilities		..	..	..
Other		2,174	..	..
<b>Total current liabilities</b>		<b>2,174</b>	<b>..</b>	<b>..</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Interest-bearing liabilities		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>ADMINISTERED NET ASSETS/(LIABILITIES)</b>		<b>..</b>	<b>134</b>	<b>134</b>
Capital/Contributed equity		..	..	..
Retained surplus/(Accumulated deficit)		..	134	134
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
<b>TOTAL ADMINISTERED EQUITY</b>		<b>..</b>	<b>134</b>	<b>134</b>

## Cash Flow Statement

<b>CASH FLOWS ADMINISTERED ON BEHALF OF THE WHOLE-OF-GOVERNMENT</b>	<b>Notes</b>	<b>2007-08 Adjusted Budget \$'000</b>	<b>2007-08 Est. Act. \$'000</b>	<b>2008-09 Estimate \$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
Administered item receipts	11,14,16	342,458	375,147	393,656
Grants and other contributions	12,15,17	316,551	346,832	363,904
Taxes, fees and fines		449	449	444
Royalties, property income and other territorial revenues	13,18	..	4,000	..
Other		..	..	..
<b>Outflows:</b>				
Transfers to Government	12,15,17	(316,972)	(353,465)	(364,348)
Grants and subsidies	11,14,16	(342,486)	(375,106)	(393,656)
Supplies and services		..	(142)	..
Borrowing costs		..	..	..
Other		..	..	..
<b>Net cash provided by/(used in) operating activities</b>		..	<b>(2,285)</b>	..
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for property, plant and equipment and intangibles		..	..	..
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by/(used in) investing activities</b>		..	..	..
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections		..	..	..
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by/(used in) financing activities</b>		..	..	..
<b>Net increase/(decrease) in cash held</b>		..	<b>(2,285)</b>	..
<b>Administered cash at beginning of financial year</b>		<b>2,174</b>	<b>2,419</b>	<b>134</b>
Cash transfers from restructure		..	..	..
<b>Administered cash at end of financial year</b>		<b>2,174</b>	<b>134</b>	<b>134</b>

# Explanation of Variances in the Financial Statements

## Income Statement

Major variations between 2007-08 Adjusted Budget and 2007-08 Estimated Actual include:

1. The increase primarily reflects increased funding for Natural Disaster Relief Arrangements, Local Government Reform, the expansion of the Home Waterwise Service and new funding for Springfield Town Centre Regional Park. This is partially offset by the realignment of funding to 2008-09 as a result of revised forecasts by local councils for major infrastructure projects to meet grant scheme commitments under the Local Government Infrastructure Grant and Subsidy Programs.
2. The increase primarily reflects increased activity at Active Recreation Centres, contributions from State and National Bodies to Queensland Academy of Sport, the realignment of industry contributions to the Racing Science Centre from Grants and contributions to User charges and the realignment of revenue for Queensland Academy of Sport from Grants and contributions to User charges.
3. The increase primarily reflects the Australian Government's contribution towards Indigenous Environmental Health Infrastructure Grants and Subsidies and one off contributions from the Gold Coast City Council for the MacIntosh Island Bridge.
4. The increase is primarily due to additional funds for the Local Government Reform Taskforce and additional resources to meet operational requirements for Sport and Recreation.
5. The Increase primarily reflects additional funds for the Local Government Reform Taskforce, Active Recreation Centres and Queensland Academy of Sport, the realignment of accommodation leases from Other expenses to Supplies and services and the realignment of payments to Queensland Academy of Sport athletes from Grants and subsidies to Supplies and services.
6. The increase primarily reflects increased funding for Natural Disaster Relief Arrangements, Local Government Reform, the expansion of the Home Waterwise Service and new funding for Springfield Town Centre Regional Park. This is partially offset by the realignment of funding to 2008-09 as a result of revised forecasts by local councils for major infrastructure projects to meet grant scheme commitments under the Local Government Infrastructure Grant and Subsidy Programs.
7. The decrease primarily reflects the realignment of accommodation leases from Other expenses to Supplies and services.

Major variations between 2007-08 Adjusted Budget and 2008-09 Estimate include:

8. The increase primarily relates to increased funding to improve the well being of Queenslanders and their communities through sport and recreation and forecast increases in the annual forward estimates of the Department's proportional share of gaming machine revenue receipts.
9. The increase primarily relates to increased activity at Active Recreation Centres and the realignment of revenue for Queensland Academy of Sport from Grants and contributions to User charges.
10. The increase primarily relates to Australian Government's contribution towards Indigenous Environmental Health Infrastructure Grants and Subsidies and Yarrabah Subdivision project.
11. The decrease primarily relates to the Machinery of Government transfer of the Sustainable Planning function to the Department of Infrastructure and Planning and the Office of Racing to Queensland Treasury. This is partially offset by the Machinery of Government transfer of the Office of Rural and Regional Communities from the Department of Communities.
12. The increase primarily relates to increased funding to improve the well being of Queenslanders and their communities through sport and recreation and forecast increases in the annual forward estimates of the Department's proportional share of gaming machine revenue receipts.
13. The increase relates to the borrowing costs for the Tennyson Riverside Development Project.
14. The decrease primarily reflects the realignment of accommodation leases from Other expenses to Supplies and services.
15. The increase primarily reflects the annual incremental increase in the value of departmental land and buildings.

Major variations between 2007-08 Estimated Actual and the 2008-09 Estimate include:

16. The decrease is primarily due to the realignment of funding as a result of revised forecasts by local councils for major infrastructure projects for the Local Government Infrastructure Grant and Subsidy Programs and the completion of the Local Government Reform. This is partially offset by increased funding to improve the well being of Queenslanders and their communities through sport and recreation and forecast increases in the annual forward estimates of the Department's proportional share of gaming machine revenue receipts.
17. The decrease primarily reflects a reduction in contributions from State and National Bodies to Queensland Academy of Sport.
18. The decrease primarily reflects one off contributions from the Gold Coast City Council for the MacIntosh Island Bridge, realignment of funding for Obesity Summit, Indigenous Environmental Health Infrastructure Grants and Subsidies, Regional Flood Mitigation Programme and the Machinery of Government transfer of the Sustainable Planning function to the Department of Infrastructure and Planning and the Office of Racing to Queensland Treasury. This is partially offset by the Australian Government's contribution for the Yarrabah Subdivision project.
19. The decrease primarily reflects the Machinery of Government transfer of the Sustainable Planning function to the Department of Infrastructure and Planning, the Office of Racing to Queensland Treasury and completion of the Local Government Reform Taskforce. This is partially offset by the Enterprise Bargaining increase and the Machinery of Government transfer of the Office of Rural and Regional Communities from the Department of Communities.
20. The decrease primarily reflects the Machinery of Government transfer of the Sustainable Planning function to the Department of Infrastructure and Planning, the Office of Racing to Queensland Treasury and completion of the Local Government Reform Taskforce. This is partially offset by the Machinery of Government transfer of the Office of Rural and Regional Communities from the Department of Communities.
21. The decrease is primarily due to the realignment of funding as a result of revised forecasts by local councils for major infrastructure projects for the Local Government Infrastructure Grant and Subsidy Programs and the completion of the Local Government Reform. This is partially offset by increased funding to improve the well being of Queenslanders and their communities through sport and recreation and forecast increases in the annual forward estimates of the Department's proportional share of gaming machine revenue receipts.
22. The increase relates to the borrowing costs for the Tennyson Riverside Development Project.
23. The increase primarily reflects the annual incremental increase in the value of departmental land and buildings.

## Balance Sheet

Major variations between 2007-08 Adjusted Budget and 2007-08 Estimated Actual include:

24. The increase primarily reflects the retention of an appropriate level of cash to meet current liabilities as they fall due.
25. The increase primarily relates to increases in operational receivables including GST tax credits, QTC interest and general trade receivables.
26. The increase primarily reflects higher than anticipated revaluation of departmental land and buildings as part of the planned asset revaluation process and the purchase of plant and equipment.
27. The increase primarily reflects a revised estimate of grant liabilities associated with the local government and sport and recreation grant programs at 30 June 2007.
28. The increase reflects the recognition of unearned revenue relating to Australian Government receipts for Indigenous Environmental Health Infrastructure Grants and Subsidies and the Regional Flood Mitigation Programme.
29. The increase reflects Queensland Treasury Corporation borrowings for the Tennyson Riverside Development project.
30. The increase primarily reflects higher than anticipated revaluation of departmental land and buildings as part of the planned asset revaluation process and the purchase of plant and equipment.

Major variations between 2007-08 Adjusted Budget and 2008-09 Estimate include:

31. The decrease represents the utilisation of cash received for matching Australian Government contributions for Indigenous Environmental Health Infrastructure Grants and Subsidies and the Regional Flood Mitigation Programme.
32. The increase primarily relates to increases in operational receivables including GST tax credits, QTC interest and general trade receivables.
33. The increase primarily reflects higher than anticipated revaluation of departmental land and buildings as part of the planned asset revaluation process, the purchase of property, plant and equipment and the annual incremental increase in the value of departmental land and buildings.
34. The increase primarily reflects a revised estimate of grant liabilities associated with the local government and sport and recreation grant programs at 30 June 2007.
35. The decrease represents a reduction in unearned revenue originally recognised for matching Australian Government contributions for Indigenous Environmental Health Infrastructure Grants and Subsidies and the Regional Flood Mitigation Programme.
36. The increase reflects Queensland Treasury Corporation borrowings for the Tennyson Riverside Development project.
37. The increase reflects funding for the Tennyson Riverside Development project.
38. The increase primarily reflects higher than anticipated revaluation of departmental land and buildings as part of the planned asset revaluation process.

Major variations between 2007-08 Estimated Actual and the 2008-09 Estimate include:

39. The decrease represents the utilisation of cash received for matching Australian Government contributions for Indigenous Environmental Health Infrastructure Grants and Subsidies and the Regional Flood Mitigation Programme.
40. The increase primarily reflects the purchase of property, plant and equipment and the annual incremental increase in the value of departmental land and buildings.
41. The decrease reflects the recognition of unearned revenue relating to Australian Government receipts for Indigenous Environmental Health Infrastructure Grants and Subsidies and the Regional Flood Mitigation Programme.
42. The increase reflects Queensland Treasury Corporation borrowings for the Tennyson Riverside Development project.
43. The increase reflects funding for the Tennyson Riverside Development project.
44. The increase primarily reflects the annual incremental increase in the value of departmental land and buildings.

## Cash Flow Statement

Major variations between 2007-08 Adjusted Budget and 2007-08 Estimated Actual include:

45. The increase primarily reflects increased funding for Natural Disaster Relief Arrangements, Local Government Reform, the expansion of the Home Waterwise Service and new funding for Springfield Town Centre Regional Park. This is partially offset by the realignment of funding to 2008-09 as a result of revised forecasts by local councils for major infrastructure projects to meet grant scheme commitments under the Local Government Infrastructure Grant and Subsidy Programs.
46. The increase primarily reflects increased activity at Active Recreation Centres, contributions from State and National Bodies to Queensland Academy of Sport, the realignment of industry contributions to the Racing Science Centre from Grants and contributions to User charges and the realignment of revenue for Queensland Academy of Sport from Grants and contributions to User charges.
47. The increase primarily reflects the Australian Government's contribution towards Indigenous Environmental Health Infrastructure Grants and Subsidies and one off contributions from the Gold Coast City Council for the MacIntosh Island Bridge.
48. The increase represents the realignment of revenue from Other revenue to User charges for the Plumbers and Drainers Board, which was transferred in the Machinery of Government to the Department of Infrastructure and Planning and the Machinery of Government transfer of the Office of Rural and Regional Communities from the Department of Communities.
49. The increase is primarily due to additional funds for the Local Government Reform Taskforce and additional resources to meet operational requirements of Sport and Recreation.
50. The Increase primarily reflects additional funds for the Local Government Reform Taskforce, Active Recreation Centres, Queensland Academy of Sport, the realignment of accommodation leases from Other expenses to Supplies and services and the realignment of payments to Queensland Academy of Sport athletes from Grants and subsidies to Supplies and services.
51. The increase primarily reflects increased funding for Natural Disaster Relief Arrangements, Local Government Reform, the expansion of the Home Waterwise Service and new funding for Springfield Town Centre Regional Park. This is partially offset by the realignment of funding to 2008-09 as a result of revised forecasts by local councils for major infrastructure projects to meet grant scheme commitments under the Local Government Infrastructure Grant and Subsidy Programs.
52. The decrease primarily reflects the realignment of accommodation leases from Other expenses to Supplies and services.
53. The increase reflects Queensland Treasury Corporation borrowings for the Tennyson Riverside Development project.
54. The increase reflects Queensland Treasury Corporation borrowings for the Tennyson Riverside Development project.

Major variations between 2007-08 Adjusted Budget and 2008-09 Estimate include:

55. The increase primarily relates to increased funding to improve the well being of Queenslanders and their communities through sport and recreation and forecast increases in the annual forward estimates of the Department's proportional share of gaming machine revenue receipts.
56. The increase primarily relates to increased activity at Active Recreation Centres and the realignment of revenue for Queensland Academy of Sport from Grants and contributions to User charges.
57. The decrease primarily reflects the Australian Government's contribution towards Indigenous Environmental Health Infrastructure Grants and Subsidies and one off contributions from the Gold Coast City Council for the MacIntosh Island Bridge.
58. The increase represents the realignment of revenue from Other revenue to User charges for the Plumbers and Drainers Board, which was transferred in the Machinery of Government to the Department of Infrastructure and Planning and the Machinery of Government transfer of the Office of Rural and Regional Communities from the Department of Communities.
59. The decrease primarily relates to the Machinery of Government transfer of the Sustainable Planning function to the Department of Infrastructure and Planning and the Office of Racing to Queensland Treasury. This is partially offset by the Machinery of Government transfer of the Office of Rural and Regional Communities from the Department of Communities.
60. The increase primarily relates to increased funding to improve the well being of Queenslanders and their communities through sport and recreation and forecast increases in the annual forward estimates of the Department's proportional share of gaming machine revenue receipts.
61. The increase represents debt servicing funding for Queensland Treasury Corporation borrowings associated with the Tennyson Riverside Development project.
62. The decrease primarily reflects the realignment of accommodation leases from Other expenses to Supplies and services.
63. The decrease represents a changed funding profile for the Tennyson Riverside Development project which is due for completion in 2008-09.
64. The decrease reflects Queensland Treasury Corporation borrowings for the Tennyson Riverside Development project.
65. The increase reflects funding for the Tennyson Riverside Development project.
66. The decrease reflects the one off contribution to whole-of-Government information technology projects.

Major variations between 2007-08 Estimated Actual and the 2008-09 Estimate include:

67. The decrease is primarily due to the realignment of funding as a result of revised forecasts by local councils for major infrastructure projects for the Local Government Infrastructure Grant and Subsidy Programs and the completion of the Local Government Reform. This is partially offset by increased funding to improve the well being of Queenslanders and their communities through sport and recreation and forecast increases in the annual forward estimates of the Department's proportional share of gaming machine revenue receipts.
68. The decrease primarily reflects a reduction in contributions from State and National Bodies to Queensland Academy of Sport.
69. The decrease primarily reflects one off contributions from the Gold Coast City Council for the MacIntosh Island Bridge, realignment of funding for Obesity Summit initiatives, and the Machinery of Government transfer of the Sustainable Planning function to the Department of Infrastructure and Planning and the Office of Racing to Queensland Treasury.
70. The increase represents the realignment of revenue from Other revenue to User charges for the Plumbers and Drainers Board, that was transferred in the Machinery of Government to the Department of Infrastructure and Planning and the Machinery of Government transfer of the Office of Rural and Regional Communities from the Department of Communities.
71. The decrease primarily reflects the Machinery of Government transfer of the Sustainable Planning function to the Department of Infrastructure and Planning, the Office of Racing to Queensland Treasury and completion of the Local Government Reform Taskforce. This is partially offset by the Enterprise Bargaining increase and the Machinery of Government transfer of the Office of Rural and Regional Communities from the Department of Communities.
72. The decrease primarily reflects the Machinery of Government transfer of the Sustainable Planning function to the Department of Infrastructure and Planning, the Office of Racing to Queensland Treasury and completion of the Local Government Reform Taskforce. This is partially offset by the Machinery of Government transfer of the Office of Rural and Regional Communities from the Department of Communities.
73. The decrease is primarily due to the realignment of funding as a result of revised forecasts by local councils for major infrastructure projects for the Local Government Infrastructure Grant and Subsidy Programs and the completion of the Local Government Reform. This is partially offset by increased funding to improve the well being of Queenslanders and their communities through sport and recreation and forecast increases in the annual forward estimates of the Department's proportional share of gaming machine revenue receipts.
74. The increase represents debt servicing funding for Queensland Treasury Corporation borrowings associated with the Tennyson Riverside Development project.
75. The decrease represents a changed funding profile for the Tennyson Riverside Development project which is due for completion in 2008-09.
76. The decrease reflects Queensland Treasury Corporation borrowings for the Tennyson Riverside Development project.
77. The increase reflects funding for the Tennyson Riverside Development project.
78. The decrease reflects the one off contribution to whole-of-Government information technology projects.

## **Income Statement**

### **Expenses and Revenues Administered on behalf of the Whole-of-Government**

Major variations between 2007-08 Adjusted Budget and 2007-08 Estimated Actual include:

1. The increase reflects the revised actual funding received from the Australian Government for the Financial Assistance Grants (FAG) to local governments.
2. The increase reflects the dividend payment from the Gold Coast Events Company which was remitted to Queensland Treasury.
3. The increase primarily reflects the revised funding for the FAG to local governments in addition to funds received for the Mount Isa and Gladstone Area Water Boards.

Major variations between 2007-08 Adjusted Budget and 2008-09 Estimate include:

4. The increase reflects projected annual adjustments to the calculation of funding from the Australian Government for the FAG to local governments.
5. The increase reflects projected annual adjustments to the calculation of funding from the Australian Government for the FAG to local governments and increased funding to Stadiums Queensland.

Major variations between 2007-08 Estimated Actual and the 2008-09 Estimate include:

6. The increase reflects projected annual adjustments to the calculation of funding from the Australian Government for the FAG to local governments.
7. The decrease reflects the dividend payment from the Gold Coast Events Company which was remitted to Queensland Treasury.
8. The increase reflects projected annual adjustments to the calculation of funding from the Australian Government for the FAG to local governments and increased funding to Stadiums Queensland.

## **Balance Sheet**

### **Assets and Liabilities Administered on behalf of the Whole-of-Government**

Major variations between 2007-08 Adjusted Budget and 2007-08 Estimated Actual include:

9. The decrease reflects the payment of outstanding payables during the 2007-08 financial year.

Major variations between 2007-08 Adjusted Budget and 2008-09 Estimate include:

10. The decrease reflects the payment of outstanding payables during the 2007-08 financial year.

## **Cash Flow Statement**

### **Cash Flows Administered on behalf of the Whole-of-Government**

Major variations between 2007-08 Adjusted Budget and 2007-08 Estimated Actual include:

11. The increase reflects the revised actual funding received from the Australian Government for the Financial Assistance Grants (FAG) to local governments.
12. The increase reflects the revised funding for the FAG to local governments in addition to funds received for the Mount Isa and Gladstone Area Water Boards.
13. The increase reflects the dividend payment from the Gold Coast Events Company which was remitted to Queensland Treasury.

Major variations between 2007-08 Adjusted Budget and 2008-09 Estimate include:

14. The increase reflects projected annual adjustments to the calculation of funding from the Australian Government for the FAG to local governments.
15. The increase reflects projected annual adjustments to the calculation of funding from the Australian Government for the FAG to local governments and increased funding to Stadiums Queensland.

Major variations between 2007-08 Estimated Actual and the 2008-09 Estimate include:

16. The increase reflects projected annual adjustments to the calculation of funding from the Australian Government for the FAG to local governments.
17. The increase reflects projected annual adjustments to the calculation of funding from the Australian Government for the FAG to local governments and increased funding to Stadiums Queensland.
18. The decrease reflects the dividend payment from the Gold Coast Events Company which was remitted to Queensland Treasury.