



State Budget 2012-13

Service Delivery Statements

Queensland Treasury and Trade



2012–13 State Budget Papers

- 1. Budget Speech**
- 2. Budget Strategy and Outlook**
- 3. Capital Statement**
- 4. Budget Measures**
- 5. Service Delivery Statements**

Appropriation Bills

The suite of Budget Papers is similar to that published in 2011-12.

In April 2012, machinery-of-Government changes saw the creation of 20 departments with each department reporting directly to one Minister.

These new arrangements have required minor changes to how information is presented in some Budget Papers. The 2012-13 Budget Papers provide continuity of information between the previous departmental structure and the new arrangements.

The Budget Papers are available online at www.budget.qld.gov.au

© Crown copyright
All rights reserved
Queensland Government 2012

Excerpts from this publication may be reproduced, with appropriate acknowledgement, as permitted under the Copyright Act.

Service Delivery Statements

ISSN 1445-4890 (Print)
ISSN 1445-4904 (Online)



Queensland Treasury and Trade

Summary of portfolio budgets

Page	Agency	2011-12 Adjusted Budget \$'000	2011-12 Est. actual \$'000	2012-13 Estimate \$'000
3	Queensland Treasury and Trade – controlled	175,663	167,900	228,527
	Queensland Treasury and Trade – administered	6,280,489	6,326,817	6,417,128
34	Motor Accident Insurance Commission/ Nominal Defendant	11,163 63,009	11,026 36,217	15,216 59,766
45	Queensland Future Growth Corporation	..	15	15

Note:

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

This page has been left blank.

PORTFOLIO OVERVIEW

Ministerial and portfolio responsibilities

The Queensland Treasury and Trade portfolio benefits Queenslanders by providing the following services:

Queensland Treasury and Trade:

- *Financial and economic policy*: provides sound and timely advice to the Government to manage the State's finances in a sustainable way; supports the Government's objectives in economic, regulatory and sectoral reform and governance; and optimises the provision of infrastructure by investigating and evaluating funding, procurement and delivery models
- *Government-owned corporations performance and governance*: advises and supports shareholding Ministers in managing the Government's shareholding in Government-owned corporations
- *Economic and statistical research*: provides high quality and fit-for-purpose statistics and research to improve planning, decision making, policy development, performance evaluation and resource allocation for Queensland
- *Revenue management*: manages Queensland's revenue base by delivering and administering simple, efficient and equitable revenue management services
- *Trade and investment*: assists Queensland companies to increase their global competitiveness and expand markets.

Motor Accident Insurance Commission/Nominal Defendant:

- The Motor Accident Insurance Commission is responsible for regulating and improving Queensland's compulsory third party insurance scheme and managing the Motor Accident Insurance and Nominal Defendant funds.

Portfolio Structure and Services

Treasurer of Queensland and Minister for Trade
The Honourable Tim Nicholls MP

Assistant Minister for Finance, Administration and Regulatory Reform
Deb Frecklington MP

Queensland Treasury and Trade
Under Treasurer: Helen Gluer

Service Area 1: Financial and economic policy

Service Area 2: Government-owned corporations performance and governance

Service Area 3: Economic and statistical research

Service Area 4: Revenue management

Service Area 5: Trade and investment

Motor Accident Insurance Commission/Nominal Defendant
Insurance Commissioner: Neil Singleton

Objective: To regulate and improve Queensland's compulsory third party insurance scheme and manage the Motor Accident Insurance and Nominal Defendant funds.

RESOURCES AND PERFORMANCE

DEPARTMENTAL OVERVIEW

Strategic direction

Queensland Treasury and Trade is focussed on restoring Queensland's position of financial strength through managing a fiscal strategy underpinned by the Government's four principles. The four principles are:

- to stabilise then significantly reduce debt
- to achieve and maintain a General Government sector fiscal balance by 2014-15
- to maintain a competitive tax environment for business
- to target full funding of long term liabilities in accordance with actuarial advice.

To deliver this strategy, Queensland Treasury and Trade's role is to:

- deliver the Queensland State Budget with a strong focus on fiscal repair and consolidation
- provide sound and timely advice on the State's economy to the Treasurer and other key stakeholders
- manage the State's revenue base in a competitive and sustainable tax environment
- assist Queensland companies to increase their global competitiveness and expand markets
- coordinate regulatory and sectoral reform across Government to enhance productivity and reduce red tape
- provide research, advice and direction to support the Government's objectives in economic, regulatory and sectoral reform and governance
- investigate and evaluate funding, procurement and delivery models for the State's infrastructure.

In 2012-13, Queensland Treasury and Trade's objectives are to:

- establish and pursue a fiscal strategy for returning the State Budget to fiscal balance by 2014-15 and responding to the Commission of Audit's recommendations
- continue to work closely with all key stakeholders on the legislation and due diligence to rationalise the bulk water industry, in accordance with the Government's commitment to reduce the cost of bulk water
- undertake additional compliance activity to enhance the integrity of the State's revenue base resulting in additional revenue collections
- establish Projects Queensland, to deliver value for money from State infrastructure projects with a focus on service delivery to encourage private investment in Queensland infrastructure
- establish an Office of Best Practice Regulation to cut red tape and regulation by 20 per cent
- develop enhanced processes for royalties and finalise the development of a royalties module in the Revenue Management System to allow for electronic lodgement and payment
- review the procedures and processes of the State Penalties Enforcement Registry to improve the collection of unpaid fines and reduce the value of the debt pool
- monitor the Government's investment in Government-owned corporations to deliver competitive, cost-effective and timely infrastructure and services
- work closely with all stakeholders to promote better access to overseas markets and encourage overseas investment in Queensland
- provide economic and statistical information services and products that contribute rigorous evidence in support of Government programs.

In 2012-13 Queensland Treasury and Trade will contribute towards the Government's fiscal repair objectives by delivering departmental savings. Activities that are no longer aligned with Government priorities have been identified and the Department has reviewed its structure and its way of operating to identify where functions can be streamlined and management structures flattened.

Key organisational principles have been to bring closer to the core functions of Treasury and Trade those activities previously undertaken in the Office of Government Owned Corporations and the Office of Economic and Statistical Research and a realignment of commercial, economic and fiscal functions to reduce duplication across the organisation.

The major external factors that may impact on Queensland Treasury and Trade's objectives are:

- ongoing international and domestic economic uncertainty. Continued weak consumer and business confidence across Europe and slower growth in several Asian countries are expected to persist in 2012-13, adversely impacting consumer demand and the demand for Queensland exports
- the Australian dollar is expected to continue to be above historical trend against the US dollar in 2012-13, negatively impacting on Queensland's international competitiveness, especially the manufacturing, agriculture, tourism and education sectors
- taken together, these factors may continue to adversely impact on the State's economic conditions and through revenues, the Government's fiscal repair agenda.

Queensland Treasury and Trade's key achievements for 2011-12 were:

- commencing the process to deliver the 2012-13 State Budget
- establishing and assisting the Commission of Audit
- managing the State Government's involvement in intergovernmental reform of Commonwealth grants (including health and hospital reform), the distribution of GST grants and national taxation arrangements
- commencing the consolidation of the South East Queensland (SEQ) bulk water industry, in accordance with the Government's plan to reduce the cost of bulk water supply in SEQ
- undertaking a review of private finance options for new port and water supply infrastructure to accommodate a growing coal industry
- analysing the economic impact on Queensland of national reforms such as the Council of Australian Governments reform and the carbon tax
- implementing a State wide campaign to promote the August 2011 national Census of Population and Housing to encourage participation by all Queenslanders
- managing \$12.4 billion in State revenue and grants which contributed to the provision of essential and front line services
- implementing changes to re-establish the principal place of residence concessional rate of transfer duty from 1 July 2012
- administering the increase of the payroll tax threshold at a rate of \$0.1 million per annum, from \$1 million in 2011-12 until it reaches \$1.6 million on 1 July 2017
- transitioning responsibility for the collection of royalty revenue and unpaid fines and penalties managed through the State Penalties Enforcement Registry
- assisting companies to expand export outcomes and generate inward investment by providing services to expand their markets and increase global competitiveness.

Departmental Budget Summary

The table below shows the total resources available in 2012-13 from all sources and summarises how resources will be applied by service area and by controlled and administered classifications.

Queensland Treasury and Trade	2011-12 Adjusted Budget \$'000	2011-12 Est. actual \$'000	2012-13 Estimate \$'000
CONTROLLED			
Income			
Appropriation for services ¹			
Deferred from previous year/s	14,048	(1,861)	16,924
Balance of service appropriation	151,831	156,615	201,469
Other revenue	9,784	13,950	10,134
Total income	175,663	168,704	228,527
Expenses			
Financial and economic policy	57,475	51,701	61,733
GOC performance and governance	7,718	6,106	4,400
Economic and statistical research	22,417	21,177	17,658
Revenue management ²	79,903	82,244	113,913
Trade and investment ³	7,990	5,184	29,723
Other ⁴	1,984	3,458	2,281
Reconciliation adjustment to the Income Statement ⁵	(1,824)	(1,970)	(1,181)
Total expenses	175,663	167,900	228,527
Operating surplus/deficit	..	804	..
Net assets	60,296	60,471	53,014
ADMINISTERED			
Revenue			
Commonwealth revenue	17,229,869	19,587,340	13,125,363
Appropriation of administered items	6,275,530	6,322,430	6,368,008
Other administered revenue	13,017,960	12,501,937	12,712,890
Total revenue	36,523,359	38,411,707	32,206,261
Expenses			
Transfers to government	30,242,870	32,084,890	25,786,361
Administered expenses	6,280,489	6,326,817	6,417,128
Total expenses	36,523,359	38,411,707	32,203,489
Net assets	(29,112,193)	(25,668,612)	(37,052,473)
APPROPRIATIONS			
Controlled Items			
Departmental services ¹	165,879	152,155	218,393
Equity adjustment	(3,852)	(6,719)	(7,457)
Administered items	6,227,450	6,348,933	6,260,234
VOTE TOTAL⁶	6,389,477	6,494,369	6,471,170

Notes:

1. In the 2011-12 Estimated actual, the amount of appropriation in the Income section does not align with the amount in the Appropriations section (which is based on the original Appropriation Bills) as a result of an appropriation payable of \$2.599 million at the end of 2010-11.
2. The 2011-12 Adjusted budget and 2011-12 Estimated actual do not match the Performance Statement as they only include one month's expenses of the State Penalties Enforcement Registry (SPER) following its Machinery of Government (MoG) transfer on 1 June 2012, while the Performance Statement discloses the full year amounts.
3. The 2011-12 Adjusted budget and 2011-12 Estimated actual do not match the Performance Statement as they only include two months' expenses of Trade and Investment Queensland following its MoG transfer on 1 May 2012, while the Performance Statement discloses the full year amounts.
4. This represents corporate services to non-departmental services (Motor Accident Insurance Commission and Nominal Defendant). The 2011-12 Estimated actual also includes corporate services provided to the Office of Liquor and Gaming Regulation.
5. This line represents the eliminations upon consolidation for internal trading between services.
6. As represented in the 2012-13 Appropriation Bills, except for the 2011-12 Adjusted budget which was adjusted to reflect the impact of the MoG transfers of the Trade and Investment Queensland and SPER.

Budget Measures Summary

The table shows a summary of Budget measures relating to the Department since the 2011-12 Budget. Further details are contained in Budget Paper No. 4.

Queensland Treasury and Trade	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
Revenue measures					
Up to and including 2011-12 MYR					
Administered	10,000	30,000	270,000	290,000	320,000
Departmental	..	..	..	..	..
2012-13 Budget					
Administered	..	70,518	342,048	297,184	238,279
Departmental	..	..	..	..	..
Total revenue measures¹					
Administered	10,000	100,518	612,048	587,184	558,279
Departmental	..	..	..	..	..
Expense measures					
Up to and including 2011-12 MYR					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
2012-13 Budget					
Administered	..	(32,500)	(71,800)	(81,800)	(91,800)
Departmental	(2,285)	24,360	(1,193)	81	309
Total expense measures¹					
Administered	..	(32,500)	(71,800)	(81,800)	(91,800)
Departmental	(2,285)	24,360	(1,193)	81	309
Capital measures					
Up to and including 2011-12 MYR					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
2012-13 Budget					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
Total capital measures					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..

Notes:

1. Total revenue and expense measures do not match Budget Paper No. 4 as a result of whole-of-Government measures being included in Budget Paper No. 4.

Staffing¹

Queensland Treasury and Trade	Notes	2011-12 Adjusted Budget	2011-12 Est. actual	2012-13 Estimate
Queensland Treasury and Trade (excluding Revenue management)	2	656	615	570
Revenue management	3	517	472	524
Total		1,173	1,087	1,094

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. The decreases are primarily due to Queensland Treasury and Trade's commitment to reducing expenditure on non-frontline positions.
3. Consistent with the Commission of Audit recommendations, the Office of State Revenue will be undertaking additional compliance activity to enhance the integrity of the State's revenue base. Additional compliance officers will be appointed during 2012-13 to target serious non-compliance in payroll tax and royalties and to enhance compliance activities in the high revenue value programs. The increase in compliance is expected to result in additional revenue collections of \$34 million in 2012-13 and around \$52 million per annum from 2013-14.

SERVICE PERFORMANCE

Our service areas are:

Financial and economic policy

The Financial and economic policy service area provides policies, strategies and advice to promote value for money service delivery, manage the State's finances in accordance with the Charter of Fiscal Responsibility, and advance the performance of the Queensland economy to support growth and employment.

Key activities undertaken by this service area include:

- developing and monitoring the State Budget
- promoting Queensland's position in negotiations with the Australian Government and other states and territories
- investigating and evaluating funding, procurement and delivery models, and maximising private investment in Queensland's infrastructure
- advocating Queensland's regulatory reform objectives and achievements to business, community and government
- achieving best practice regulation, reducing red tape and delivering financial advice to achieve quality reporting and decision making.

GOC performance and governance

The Government owned corporations (GOC) performance and governance service area manages the State's interest in the Public Non-Financial Corporations sector to deliver market like returns while maintaining service delivery and governance commitments to Queenslanders. This service area supports the Public Non-Financial Corporations sector to deliver competitive, cost effective and timely infrastructure and services.

Economic and statistical research

The Economic and statistical research service area is the principal source for statistics and research within the Queensland Government. This service area supports the Department's analytical capabilities to provide advice on economic reform issues, coordinates the activities of key statistics providers to establish and maintain an integrated statistical service, and provides data, information and analysis on Queensland's population dynamics.

Revenue management

The Revenue management service area administers Queensland's revenue base by delivering and administering simple, efficient and equitable revenue management services for State taxes, royalty revenue and grant schemes. Additional responsibilities include undertaking revenue compliance and debt recovery activities for the State.

This service area achieves its revenue responsibilities by:

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

Trade and investment

The Trade and investment service area delivers a suite of client services to help Queensland companies develop markets, improve their export capability and promote trade and investment opportunities. This area has a strong focus on developing and expanding export opportunities in international education and training; food and agribusiness; mining equipment, technologies and services; and construction and infrastructure. This service area also assists investment attraction in agribusiness, resources, industrial biotechnology, infrastructure and tourism development.

2012-13 Service Summary¹

Service area	Sources of Revenue				
	Total cost \$'000	State Contribution \$'000	User Charges \$0'000	C'wealth Revenue \$'000	Other Revenue \$'000
Financial and economic policy	61,733	60,355	1,378	..	..
GOC performance and governance	4,400	4,359	41	..	..
Economic and statistical research	17,658	12,570	5,088	..	..
Revenue management	113,913	111,291	2,622	..	..
Trade and investment	29,723	27,629	794	..	1,300
Departmental	227,427	216,204	9,923	..	1,300
Other²	2,281	2,189	92	..	..
Reconciliation adjustment to the Income Statement³	(1,181)	..	(1,181)	..	..
Total⁴	228,527	218,393	8,834	..	1,300

Notes:

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

Performance Statement

	Notes	2011-12 Adjusted Target/est.	2011-12 Est. actual	2012-13 Target/est.
Service Area: Financial and economic policy				
Service standards				
Achievement of fiscal objectives as described in the Charter of Fiscal Responsibility	1	Partial	Partial	On track
Other measures				
Quarterly report on financial position completed within six weeks of quarter end		4	4	4
Compliance with the Uniform Presentation Framework requirements and relevant Australian Accounting Standards for whole of government financial reporting		100%	100%	100%
Achievement of key milestones in the Budget process		100%	100%	100%
Achievement of key milestones in the Report on State Finances process		100%	100%	100%
Data provision to the Commonwealth Grants Commission and Australian Bureau of Statistics within agreed timeframes		100%	100%	100%
Total cost of portfolio resource allocation advice	2	\$22.15 million	\$22.5 million	\$20.4 million
State contribution (\$000)	3	55,741	46,965	60,355
Other revenue (\$000)	4	1,734	5,163	1,378
Total cost (\$000)	5	57,475	51,701	61,733
Service Area: GOC performance and governance				
Service standards				
Cost of monitoring and governance per GOC	6	\$0.3 million	\$0.27 million	\$0.19 million
Other measures				
Percentage of GOC Statements of Corporate Intent (SCI) completed by 30 June	7	95%	0%	92%

	Notes	2011-12 Adjusted Target/est.	2011-12 Est. actual	2012-13 Target/est.
Percentage of quarterly performance monitoring reports completed within six weeks		100%	100%	100%
State contribution (\$000)	8	6,199	5,849	4,359
Other revenue (\$000)	9	1,519	416	41
Total cost (\$000)	10	7,718	6,106	4,400

Service Area: Economic and statistical research

Service standards

Stakeholder and client satisfaction with outputs (rated satisfied or very satisfied)		95%	100%	95%
--	--	-----	------	-----

Other measures

Responses to requests for information	11	4,600	4,384	3,910
---------------------------------------	----	-------	-------	-------

Formal products and services delivered to Treasury Office	12	75	58	60
---	----	----	----	----

Formal products and services delivered to other clients	13	400	307	272
---	----	-----	-----	-----

Delivery of outputs within timeframes agreed with clients (excludes internet services)		95%	100%	95%
--	--	-----	------	-----

State contribution (\$000)	14	16,301	15,314	12,570
Other revenue (\$000)	15	6,116	6,537	5,088
Total cost (\$000)	16	22,417	21,177	17,658

Service Area: Revenue management

Service standards

Client satisfaction with services provided	17	70%	69%	70%
--	----	-----	-----	-----

Total revenue dollars administered per dollar expended – accrual	17, 18	\$218	\$204	\$196
--	--------	-------	-------	-------

Average overdue debt as a percentage of total revenue collected	17	1.4%	1.5%	1.5%
---	----	------	------	------

SPER clearance rate (finalisations/ lodgements)	19	71%	76%	76%
---	----	-----	-----	-----

SPER percentage of debt pool under compliance	20	60%	52%	55%
---	----	-----	-----	-----

	Notes	2011-12 Adjusted Target/est.	2011-12 Est. actual	2012-13 Target/est.
Other measures				
Amount of revenue, grants and subsidies administered	17	\$12.7 billion	\$12.4 billion	\$12.4 billion
Number of First Home Owner Grant (FHOG) applications paid	21	16,785	19,657	12,000
FHOG applications processed within service standards		95%	100%	95%
Percentage of investigations performed within standards	17	90%	89%	90%
Percentage of lodgements and payments received electronically	17	70%	77%	70%
State contribution (\$000)	22	90,713	92,326	111,291
Other revenue (\$000)	23	1,609	2,525	2,622
Total cost (\$000)	24	92,322	95,465	113,913

Service Area: Trade and investment

Service standards

Number of targeted and qualified leads for Queensland businesses generated through Trade and Investment	25, 26	420	494	400
Queensland's overseas trade missions and other trade and export development activities				

Other measures

The number of structured programs/activities helping businesses build their capacity, improve their performance and/or access opportunities	25	418	423	400
The number of business participants in structured development activities	25, 26	8,218	10,033	8,000
Significant one on one business consultations undertaken	25, 26	1,692	4,425	2,000
Number of businesses involved in Trade and Investment Queensland's facilitated alliances, partnerships, industry networks, supply chains, clusters etc.	25, 27	385	248	250

	Notes	2011-12 Adjusted Target/est.	2011-12 Est. actual	2012-13 Target/est.
Number of businesses assisted to export or expand market share	25, 28	3,200	3,211	2,800
State contribution (\$000)	29	31,057	28,782	27,629
Other revenue (\$000)	30	2,226	2,066	2,094
Total cost (\$000)		33,283	30,701	29,723

Notes:

1. The 2011-12 Estimated actual is measured with reference to the fiscal objectives in operation at the time of the 2011-12 Budget. The 2012-13 Target/estimate is measured against the current fiscal objectives announced by the Government in its Interim Response to Commission of Audit, which was tabled in Parliament on 11 July 2012.
2. The decrease in the 2012-13 Target/estimate is due to the secondment of staff and their costs to the Commission of Audit and agency savings.
3. The decrease in the 2011-12 Estimated actual is primarily due to agency savings and the transfer of funding to support the establishment of the Office of the Business Commissioner. These are partially offset by funding for Voluntary Separation Program (VSP) payments. The increase in the 2012-13 Target/estimate is mainly due to funding carried over for projects and the estimated impact of the Enterprise Bargaining agreement. This is partially offset by funding for VSP payments in 2011-12 and agency savings.
4. The increase in the 2011-12 Estimated actual and subsequent decrease in the 2012-13 Target/estimate reflects a one-off reimbursement of costs incurred by the Commercial Transactions Team during 2011-12.
5. The 2011-12 Estimated actual total cost is less than total revenue sources due to savings achieved in consultancies, printing costs and audit fees.
6. The decrease in the 2011-12 Estimated actual and further decrease in the 2012-13 Target/estimate are due to agency savings.
7. The decrease in the 2011-12 Estimated actual is due to the proposed Statements of Corporate Intent not being approved by the Shareholding Ministers prior to 30 June 2012. The documents were prepared based on the previous Government's expectations for the Government owned corporation (GOC) sector and the Government has requested that GOC Boards resubmit their plans to align with the Government's agenda.
8. The decrease in the 2011-12 Estimated actual is mainly due to agency savings, partially offset by funding for VSP payments. The decrease in the 2012-13 Target/estimate is due to agency savings and funding for VSP payments in 2011-12, partially offset by the estimated impact of the Enterprise Bargaining Agreement.
9. The decrease in the 2011-12 Estimated actual is primarily due to less than expected reimbursements from GOCs for project expenditure. The further decrease in the 2012-13 Target/estimate is due to the completion of the Genco review project in 2011-12.
10. The 2011-12 Estimated actual total cost is less than total revenue sources due to savings achieved in consultancies and employee expenses.
11. The decrease in the 2012-13 Target/estimate is mainly due to a review of services provided by the Economic and statistical research service.
12. The decrease in the 2011-12 Estimated actual reflects the impact of the caretaker Government period.
13. The decrease in the 2011-12 Estimated actual is a result of an increased number of sizeable surveys delivered which has reduced the total number of surveys able to be undertaken. In addition, clients were awaiting the first 2011 census data release which provides more current data. The decrease in the 2012-13 Target/estimate is due to the reprioritisation of services provided to Government agencies under memorandum of understanding agreements.
14. The decrease in the 2011-12 Estimated actual is mainly due to agency savings, partially offset by funding for VSP payments. The decrease in the 2012-13 Target/estimate is due to agency savings, a reduction in funding for the 2011 national Census of Population and Housing project, and funding for VSP payments in 2011-12. These are partially offset by the estimated impact of the Enterprise Bargaining agreement.

15. The decrease in the 2012-13 Target/estimate is primarily due to decreased survey activity.
16. The 2011-12 Estimated actual total cost is less than total revenue sources due to higher than anticipated revenue for administering surveys from the Industrial Land Program and Education Planning Services, and agency savings.
17. These measures were developed prior to the Machinery of Government (MoG) transfer of the State Penalties Enforcement Registry (SPER) into the Revenue management service, and therefore exclude SPER.
18. The decrease in the 2011-12 Estimated actual and further decrease in the 2012-13 Target/estimate are primarily due to weaker than expected revenue collection from key sources including duties and royalties.
19. The increase in the 2011-12 Estimated actual is due to an increase in unpaid community service as a result of improved education and engagement with disadvantaged and vulnerable debtors and debt write offs.
20. The decrease in the 2011-12 Estimated actual is due to a higher rate of lodgements and the backlogs in sending out Reminder Notices and Driver License Suspension notifications. These backlogs influence the volume of debts managed through compliance and enforcement activities.
21. The increase in the 2011-12 Estimated actual is due to stronger than anticipated first home owner demand. The decrease in the 2012-13 Target/estimate is due to the change in the eligibility criteria.
22. The increase in the 2011-12 Estimated actual is primarily due to funding for VSP payments and work to integrate royalties into the RMS, partially offset by agency savings. The increase in the 2012-13 Target/estimate is primarily due to funding for initiatives outlined in Budget Paper No. 4 and the estimated impact of the Enterprise Bargaining agreement. This is partially offset by agency savings as well as funding for VSP payments and the integration of royalties into the RMS during 2011-12.
23. The increase in the 2011-12 Estimated actual is due to cost recovery for RMS services provided to the Office of Liquor and Gaming Regulation and higher than expected credit card surcharge fees revenue due to greater than anticipated uptake by clients of the credit card payment option.
24. The 2011-12 Estimated actual total cost is greater than total revenue sources due to costs associated with administering the previous Government's Queensland Building Boost Grant program.
25. All Trade and investment performance measures are derived from the measures reported by the former Department of Employment, Economic Development and Innovation. These will be reviewed in full during 2012-13 to ensure Trade and investment performance measures are weighted towards outcomes, rather than activity levels.
26. The increase in the 2011-12 Estimated actual is a result of enhanced reporting functionality to track significant business consultations throughout Trade and Investment Queensland (TIQ). The decrease in the 2012-13 Target/estimate is due to a review of TIQ's services to ensure that effort is diverted to value for money activities at the appropriate investment levels.
27. The decrease in the 2011-12 Estimated actual reflects the re-prioritisation of activities to increase focus on significant one-on-one business consultations.
28. The decrease in the 2012-13 Target/estimate is due to a review of TIQ's services to ensure that effort is diverted to value for money activities at the appropriate investment levels.
29. The decrease in the 2011-12 Estimated actual is due to agency savings. This is partially offset by funding for the establishment of the Santiago Office. The further decrease in the 2012-13 Target/estimate is due to agency savings, partially offset by the estimated impact of the Enterprise Bargaining agreement.
30. The 2011-12 Estimated actual total cost is less than total revenue sources primarily due to agency savings achieved.

ADMINISTERED ITEMS

Administered activities are those undertaken by departments on behalf of the Government.

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

In addition, the Department administers major grants and subsidies programs and the Government's cash balances and financing requirements.

POLICY DECISIONS SINCE THE 2011-12 BUDGET

Principal Place of Residence Concession

The Government has reinstated the principal place of residence concessional rate for transfer duty from 1 July 2012, saving Queenslanders up to \$7,175 when buying a home.

Increase in the Payroll Tax Threshold

Consistent with the Government's election commitment, the payroll tax threshold has increased from \$1 million in 2011-12 to \$1.1 million in 2012-13 and will continue to increase by \$100,000 each year until it reaches \$1.6 million on 1 July 2017.

Queensland Competition Authority - Office of Best Practice Regulation

The Government is providing funding of \$2.5 million in 2012-13 rising to \$3.2 million per annum from 2013-14 to establish and operate the Office of Best Practice Regulation.

Health Services Levy

Following consideration of the Commission of Audit recommendations, the Government will rescind the former Government's decision to reduce the rate of the health services levy payable by hotels where the monthly metered win (player loss) from gaming machines exceeds \$100,000 per month.

Gaming Machine Tax

Following consideration of the Commission of Audit recommendations, the Government is introducing an additional tier into the gaming machine tax rate structure that will increase the tax payable by clubs where monthly metered win (player loss) from gaming machines exceeds \$850,000 per month.

Camera Detected Offences Administrative Activities

The Government employs mobile speed cameras, fixed speed cameras, point to point cameras, red light cameras and combined red light/speed cameras. As part of Government's road toll reduction strategy, some additional cameras will be deployed and the number of operational hours will be increased for some types of cameras.

Duty on the Transfer of Exploration Permits

Transfer Duty was previously payable on the transfer of mining and petroleum tenures. However, transfers of exploration permits did not attract duty. The previous Government decided that from January 2012, duty would apply to the transfer of exploration permits. The Government has decided that an exemption will be provided to "Farm-in" arrangements. These are a common risk sharing mechanism used by junior exploration companies.

Coal Royalty Rate Structure Revisions

Following consideration of the Commission of Audit recommendations, the Government is increasing the royalty payable on the value of coal where it exceeds \$100 per tonne. From 1 October 2012, the previous single rate of 10% on the value above \$100 per tonne will be replaced with a rate of 12.5% on the value between \$100 and \$150 per tonne, with a rate of 15% applied to the value above \$150 per tonne.

Increased Revenue Compliance Activity

Consistent with the Commission of Audit recommendations, the Office of State Revenue will be undertaking additional compliance activity to enhance the integrity of the State's revenue base. The increase in compliance is expected to result in additional revenue collections.

Revisions to the First Home Owner Grant

Following consideration of the Commission of Audit recommendations, the Government is changing eligibility for the First Home Owner Grant. To further support housing construction, a First Home Owner Construction Grant will be provided in relation to new homes, and the amount will increase from \$7,000 to \$15,000.

Penalty Unit Increase – State Penalties Enforcement Registry Recovery

The Government will increase the value of the penalty unit from \$100 to \$110 to reflect movement in the Consumer Price Index. The penalty unit is the basic monetary value for most fines and penalty infringement notices. Where legislation provides for an offence, it will also prescribe the penalty for the offence as a multiple of the base penalty unit. In total this penalty unit increase will provide additional revenue of \$20.9 million in 2012-13 and \$22.6 million ongoing from 2013-14.

Revisions to Transfer Duty

Following consideration of the Commission of Audit recommendations, the Government has increased the marginal rate of transfer duty payable on the value of property above \$1 million from 5.25% to 5.75%.

COMMUNITY INVESTMENT FUND

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

	2011-12 Est Act \$'000	2012-13 Estimate \$'000
Opening Cash Balance	6,888	6,888
Revenue		
8.5% of specific gaming taxes ¹	80,941	84,399
Proceeds from sale of authorities and club entitlements	15,920	10,800
Liquor licensing annual fees	18,775	19,458
Additional allocation of wagering taxes	19,928	38,888
Appropriation funding	13,271	10,945
Total Revenue	148,835	164,490
Expenses		
Gambling Community Benefit Fund	42,313	42,863
Casino Community Benefit Funds	6,958	7,049
Office of Liquor and Gaming Regulation ²	40,053	33,335
Racing Industry Capital Development Scheme	19,928	38,888
Stadiums Queensland Debt Servicing	39,583	39,583
Total Expenses	148,835	161,718
Closing Cash Balance	6,888	9,660

Notes:

1. Represents 8.5% of wagering, casino, lotteries, keno and gaming machine tax.
2. The decrease in the 2012-13 Estimate is primarily due to a reduction in projects approved for 2012-13.

CAPITAL

Capital program

The departmental capital program mainly relates to ongoing asset replacement and upgrade, primarily for the Revenue Management System (RMS).

Capital expenditure of \$6.784 million planned for 2012-13 includes \$3.45 million for RMS enhancements, \$1.3 million for the replacement of the electronic Documents and Records Management system, and \$0.97 million for leasehold improvements work.

The RMS is the key tool for the administration of approximately \$12 billion in State revenue and grants. New technology will complement the existing IT systems and provide the Office of State Revenue with enhanced capacity to maximise revenue identification and collections through increased compliance activity and integrating multiple information databases.

The electronic Documents and Records Management system is used across the Department to manage official documents and records. This system requires replacement to effectively integrate with the departmental information technology operating environment.

In addition, during 2011-12 the Nominal Defendant and Queensland Government Insurance Fund commenced development of a claims and policy management system.

This replaces an aged legacy system and is based on a business process management framework which will provide efficiencies, and be scalable and robust. System development work commenced in March 2012 and is expected to be finalised during 2013-14. The total estimated capital expenditure is \$2.5 million, with \$0.25 million being incurred in 2011-12, \$1.5 million planned for 2012-13 and \$0.75 million planned for 2013-14.

Capital budget statement

Queensland Treasury and Trade	Notes	2011-12 Adjusted Budget \$'000	2011-12 Est. actual \$'000	2012-13 Estimate \$'000
Capital Purchases¹				
Total land, buildings and infrastructure		..	..	..
Total plant and equipment	2	4,594	1,467	1,534
Total other capital	3	1,590	111	5,250
Total Capital Purchases		6,184	1,578	6,784

Notes:

1. For more detail on the agency's capital acquisitions please refer to Budget Paper 3.
2. The decrease in the 2011-12 Estimated actual is due to the Storage Area Network and Metropolitan Area Network project costs being reclassified from capital to operating expenditure, following a decision that these services be provided by CITEC. Also contributing is the RMS enhancements being delayed to 2012-13 and reclassified as other capital.
3. The decrease in the 2011-12 Estimated actual primarily relates to costs associated with the development of a royalties module in the RMS being reclassified from capital to operating expenditure. The subsequent increase in the 2012-13 Estimate is primarily due to the RMS enhancements and the replacement of the electronic Documents and Records Management system planned for 2012-13.

BUDGETED FINANCIAL STATEMENTS

Analysis of budgeted financial statements

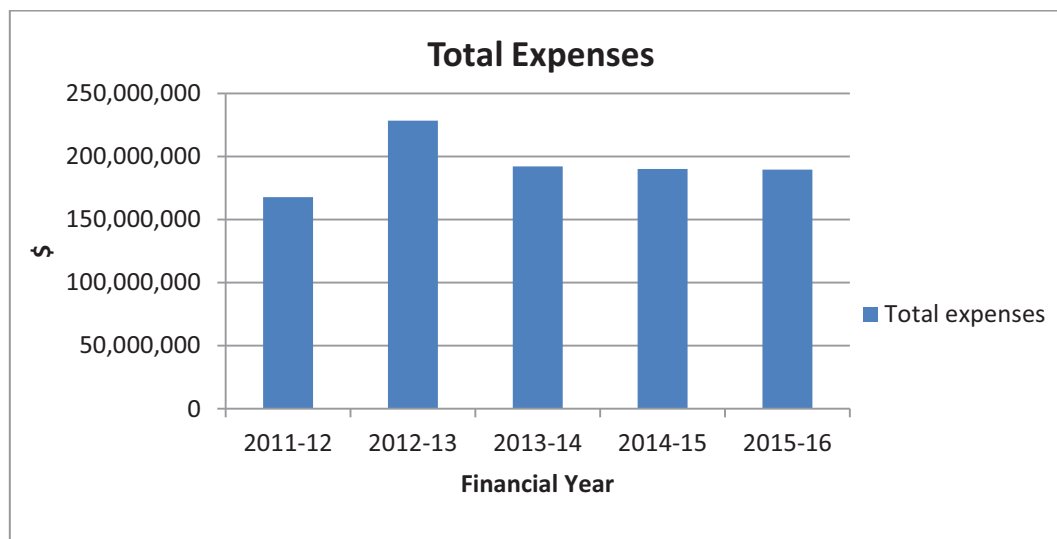
An analysis of the Department's budgeted financial statements, as reflected in the Department's financial statements, is provided below.

Departmental income statement

Total expenses are estimated to be \$228.5 million in 2012-13, an increase of \$60.6 million from the 2011-12 financial year. The increase is mainly due to the impact of the Machinery of Government (MoG) transfers of Trade and Investment Queensland and the State Penalties Enforcement Registry (SPER) into Queensland Treasury and Trade, the additional State revenue compliance effort and the trial of using mercantile agents to act on behalf of the State Government to recover unpaid fines. Also contributing is a provision for the increase in employee costs as a result of the Enterprise Bargaining agreement. This is partially offset by savings resulting from a review of activities across the Department reflecting the commitment to value for money service delivery and to reduce expenditure on non-frontline service delivery.

The decrease in 2013-14 is a result of the finalisation of the mercantile agents trial and other one off projects during 2012-13, decreased Revenue Management System (RMS) amortisation expenses, and a number of savings initiatives being implemented.

Chart: Total departmental expenses across the Forward Estimates period



Note: Direct comparison cannot be made between expenses in the 2011-12 year and expenses in the 2012-13 and subsequent years because of machinery-of-government changes which took place in 2011-12.

Departmental balance sheet

The Department's major assets are in intangibles (\$28.298 million at the end of 2012-13); property, plant and equipment (\$7.484 million at the end of 2012-13) and investments (\$6.832 million at the end of 2012-13). Intangibles are expected to decrease over the next three years as a result of RMS software amortisation. Property, plant and equipment is expected to increase by 24.2% over the next three years, as a result of planned ICT infrastructure replacement and upgrades. Investments represent the State's investment in the National E-conveyancing Development Limited and are expected to remain constant over the next three years. The net book values of all intangibles and property, plant and equipment assets may change as a result of regular fair value and useful life reviews.

The Department's main liabilities relate to operational payables (\$7.885 million at the end of 2012-13) and accrued employee entitlements (\$3.176 million at the end of 2012-13). There are no known factors that will vary these over the next three years.

INCOME STATEMENT

Queensland Treasury and Trade	Notes	2011-12 Adjusted Budget \$'000	2011-12 Est. Act. \$'000	2012-13 Estimate \$'000
Income				
Service revenue	1	165,879	154,754	218,393
User charges	2	9,672	13,707	8,834
Grants and other contributions	3	112	236	1,300
Other revenue		..	..	..
Gains on sale/revaluation of property, plant and equipment and investments		..	7	..
Total income		175,663	168,704	228,527
Expenses				
Employee expenses	4	101,489	103,937	123,718
Supplies and services	5	56,658	46,699	85,461
Grants and subsidies		7	99	25
Depreciation and amortisation	6	11,788	10,693	12,065
Finance/borrowing costs		..	..	..
Other expenses	7	5,721	6,472	7,258
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
Total expenses		175,663	167,900	228,527
OPERATING SURPLUS/(DEFICIT)		..	804	..

STATEMENT OF CHANGES IN EQUITY

Queensland Treasury and Trade	Notes	2011-12 Adjusted Budget \$'000	2011-12 Est. act. \$'000	2012-13 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments	8	..	1,583	..
Increase/(decrease) in asset revaluation reserve		..	..	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
Net income recognised directly in equity		..	1,583	..
Surplus/(deficit) for the period		..	804	..
Total recognised income and expense for the period		..	2,387	..
Equity injection/(withdrawal)	9	(3,852)	(6,719)	(7,457)
Equity adjustments (MoG transfers)	10	4,910	4,910	..
Total movement in equity for period		1,058	578	(7,457)

BALANCE SHEET

Queensland Treasury and Trade	Notes	2011-12 Adjusted Budget \$'000	2011-12 Est. act. \$'000	2012-13 Estimate \$'000
CURRENT ASSETS				
Cash assets	11	11,529	19,846	13,354
Receivables	12	6,430	8,034	4,705
Other financial assets		..	..	..
Inventories		..	..	..
Other	13	2,121	8,301	5,637
Non-financial assets held for sale		..	12	..
Total current assets		20,080	36,193	23,696
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets	14	2,844	4,601	4,601
Property, plant and equipment	15	13,446	9,059	7,484
Intangibles	16	34,098	31,992	28,298
Other		560	560	560
Total non-current assets		50,948	46,212	40,943
TOTAL ASSETS		71,028	82,405	64,639
CURRENT LIABILITIES				
Payables	17	6,382	17,589	7,885
Accrued employee benefits	18	3,832	3,176	3,176
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other	19	518	1,169	564
Total current liabilities		10,732	21,934	11,625
NON-CURRENT LIABILITIES				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		..	..	..
TOTAL LIABILITIES		10,732	21,934	11,625
NET ASSETS/(LIABILITIES)		60,296	60,471	53,014
EQUITY				
Capital/contributed equity	20	25,423	24,139	16,682
Accumulated surplus/(accumulated deficit)		34,873	36,332	36,332
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		60,296	60,471	53,014

CASH FLOW STATEMENT

Queensland Treasury and Trade	Notes	2011-12 Adjusted Budget \$'000	2011-12 Est. act. \$'000	2012-13 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Service receipts	21	165,477	152,155	218,393
User charges	22	20,699	39,011	11,558
Grants and other contributions	23	112	236	1,300
Other		..	..	..
Outflows:				
Employee costs	24	(101,489)	(103,361)	(123,718)
Supplies and services	25	(67,751)	(61,785)	(92,501)
Grants and subsidies		(7)	(99)	(25)
Borrowing costs		..	..	..
Other	26	(5,721)	(5,948)	(7,258)
Net cash provided by/(used in) operating activities		11,320	20,209	7,749
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	7	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment and intangibles	27	(6,184)	(1,578)	(6,784)
Payments for investments	28	(2,844)	(5,249)	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		(9,028)	(6,820)	(6,784)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections	29	5,422	1,844	1,078
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals	30	(9,274)	(8,563)	(8,535)
Net cash provided by/(used in) financing activities		(3,852)	(6,719)	(7,457)
Net increase/(decrease) in cash held		(1,560)	6,670	(6,492)
Cash at the beginning of financial year		10,024	10,111	19,846
Cash transfers from restructure	31	3,065	3,065	..
Cash at the end of financial year		11,529	19,846	13,354

ADMINISTERED INCOME STATEMENT

Queensland Treasury and Trade	Notes	2011-12 Adjusted Budget \$'000	2011-12 Est. act. \$'000	2012-13 Estimate \$'000
Revenues				
Commonwealth grants	32	17,229,869	19,587,340	13,125,363
Taxes, fees and fines	33	9,104,831	9,313,354	9,685,348
Health services levy	34	41,340	43,152	46,640
Royalties, property income and other territorial Revenue	35	3,509,930	2,972,371	2,932,788
Interest	36	29,216	39,188	32,023
Administered revenue	37	6,275,530	6,322,430	6,368,008
Other	38	332,643	133,872	16,091
Total revenues		36,523,359	38,411,707	32,206,261
Expenses				
Supplies and services	39	132,430	174,566	170,559
Depreciation and amortisation		..	..	..
Grants and subsidies	40	769,387	496,670	359,553
Benefit payments		..	..	..
Borrowing costs	41	1,580,532	1,479,675	1,749,715
Other	42	3,798,140	4,175,906	4,137,301
Total expenses		6,280,489	6,326,817	6,417,128
Net surplus or deficit before transfers to Government		30,242,870	32,084,890	25,789,133
Transfers of administered revenue to Government	43	30,242,870	32,084,890	25,786,361
OPERATING SURPLUS/(DEFICIT)	44	..	..	2,772

ADMINISTERED BALANCE SHEET

Queensland Treasury and Trade	Notes	2011-12 Adjusted Budget \$'000	2011-12 Est. act. \$'000	2012-13 Estimate \$'000
CURRENT ASSETS				
Cash assets	45	187,533	1,117,920	698,739
Receivables	46	1,526,847	1,320,888	1,349,629
Inventories		..	..	..
Other	47	2,925	26,478	10,345
Non-financial assets held for sale		..	..	..
Total current assets		1,717,305	2,465,286	2,058,713
NON-CURRENT ASSETS				
Receivables	48	467,504	165,918	161,685
Other financial assets		..	..	..
Property, plant and equipment		..	..	..
Intangibles		..	..	..
Other		..	..	..
Total non-current assets		467,504	165,918	161,685
TOTAL ADMINISTERED ASSETS		2,184,809	2,631,204	2,220,398
CURRENT LIABILITIES				
Payables	49	35,388	380,486	35,940
Transfers to Government payable	50	1,271,386	1,328,223	1,355,093
Interest-bearing liabilities	51	11,199	8,762	8,761
Other	52	21,398	111,384	16,054
Total current liabilities		1,339,371	1,828,855	1,415,848
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities	53	29,957,631	26,470,961	37,857,023
Other		..	..	..
Total non-current liabilities		29,957,631	26,470,961	37,857,023
TOTAL ADMINISTERED LIABILITIES		31,297,002	28,299,816	39,272,871
ADMINISTERED NET ASSETS/(LIABILITIES)		(29,112,193)	(25,668,612)	(37,052,473)
EQUITY				
Capital/Contributed equity	54	(29,117,885)	(25,681,193)	(37,067,826)
Accumulated surplus/(Accumulated deficit)	55	5,692	12,581	15,353
Reserves:		..	..	..
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
TOTAL ADMINISTERED EQUITY		(29,112,193)	(25,668,612)	(37,052,473)

ADMINISTERED CASH FLOW STATEMENT

Queensland Treasury and Trade	Notes	2011-12 Adjusted Budget \$'000	2011-12 Est. act. \$'000	2012-13 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Administered item receipts	56	6,275,530	6,494,397	6,093,424
Grants and other contributions	57	17,560,169	19,760,374	13,083,783
Taxes, fees and fines	58	9,083,397	9,201,794	9,604,180
Health services levy	59	41,340	43,152	46,640
Royalties, property income and other territorial revenues	60	3,387,013	3,417,807	2,907,301
Other	61	31,568	50,085	34,364
Outflows:				
Transfers to Government	62	(30,106,430)	(32,799,210)	(25,759,491)
Grants and subsidies	63	(769,387)	(496,670)	(359,553)
Supplies and services	64	(132,430)	(173,161)	(168,378)
Borrowing costs	65	(1,580,532)	(1,483,436)	(1,749,715)
Other	66	(3,901,503)	(4,080,361)	(4,155,397)
Net cash provided by/(used in) operating activities		(111,265)	(65,229)	(422,842)
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed	67	7,293	15,206	15,153
Outflows:				
Payments for property, plant and equipment and intangibles		..	..	..
Payments for investments		..	..	..
Loans and advances made	68	(327,283)	(80,989)	(10,920)
Net cash provided by/(used in) investing activities		(319,990)	(65,783)	4,233
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings	69	9,468,132	7,055,018	11,394,823
Equity injections	70	286,770	303,578	124,486
Outflows:				
Borrowing redemptions	71	(122,854)	(961,992)	(8,762)
Finance lease payments		..	..	..
Equity withdrawals	72	(9,395,110)	(8,159,965)	(11,511,119)
Net cash provided by/(used in) financing activities		236,938	(1,763,361)	(572)
Net increase/(decrease) in cash held		(194,317)	(1,894,373)	(419,181)
Administered cash at beginning of financial year	73	386,829	3,009,115	1,117,920
Cash transfers from restructure	74	(4,979)	3,178	..
Administered cash at end of financial year	75	187,533	1,117,920	698,739

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Income statement

1. The decrease in the 2011-12 Estimated actual is primarily due to the Voluntary Separation Program (VSP) savings and other savings achieved in 2011-12, partially offset by funding for VSP payments. The increase in the 2012-13 Estimate is primarily due to the full year effect of the Machinery of Government (MoG) transfers of Trade and Investment Queensland (TIQ) and the State Penalties Enforcement Registry (SPER), funding for initiatives outlined in Budget Paper No. 4 (BP4) and the estimated impact of the Enterprise Bargaining Agreement. This is partially offset by the full year impact of VSP savings and other agency savings to reduce expenditure on non-frontline service delivery.
2. The increase in the 2011-12 Estimated actual and subsequent decrease in the 2012-13 Estimate is primarily due to one-off reimbursements of costs incurred by the Commercial Transactions Team (CTT) and reimbursements for the Office of Liquor and Gaming Regulation (OLGR) ICT related costs in 2011-12 and a decrease in the number of statistical surveys expected in 2012-13.
3. The increase in the 2012-13 Estimate primarily relates to the full year impact of the MoG transfer of TIQ.
4. The increase in the 2011-12 Estimated actual is primarily due to VSP payments, partially offset by agency savings achieved in 2011-12. The increase in the 2012-13 Estimate is mainly due to the full year effect of the MoG transfers of TIQ and SPER, additional compliance officers in the Office of State Revenue and the estimated impact of the Enterprise Bargaining Agreement. These are partially offset by the VSP payments in 2011-12 and agency savings.
5. The decrease in the 2011-12 Estimated actual is primarily due to savings achieved in 2011-12. The increase in the 2012-13 Estimate is mainly due to the full year effect of the MoG transfers of TIQ and SPER and initiatives outlined in BP4. These are partially offset by a reduction in contractors, consultancies and travel costs.
6. The decrease in the 2011-12 Estimated actual is mainly due to ICT project costs being reclassified to operating expenditure and RMS enhancements being delayed to 2012-13, resulting in a reduction in the associated depreciation. The increase in the 2012-13 Estimate is mainly due to the full year effect of the MoG transfers of TIQ and SPER.
7. The increase in the 2011-12 Estimated actual is primarily due to advertising costs associated with the previous Government's Queensland Building Boost Grant (QBBG) program, partially offset by lower than anticipated advertising costs associated with the national 2011 Census of Population and Housing project. The increase in the 2012-13 Estimate mainly relates to the RMS enhancements, partially offset by the cessation of the QBBG program.

Statement of changes in equity

8. The movement in the 2011-12 Estimated actual relates to the reclassification of a prior year contribution to National E-conveyancing Development Limited (NECDL) as shares.
9. The decrease in the 2011-12 Estimated actual is due to a reduction in an equity injection for the NECDL investment as a result of departmental cash reserves being used to fund a portion of the investment, an equity injection deferred to 2012-13 associated with delays in RMS enhancements, and the reclassification of funding for royalties related RMS work to operating. The further decrease in the 2012-13 Estimate is due to the one-off equity injection for the NECDL investment in 2011-12.
10. The Equity adjustments (MoG transfers) in the 2011-12 Adjusted budget and the 2011-12 Estimated actual represent the MoG transfers of TIQ and SPER.

Balance sheet

11. The increase in the 2011-12 Estimated actual is due to a larger than expected payables balance at 30 June 2012 and less than expected capital expenditure in 2011-12. The decrease in the 2012-13 Estimate is primarily due to cash reserves being used to fund capital expenditure and the net impact of movements in receivables and payables.
12. The increase in the 2011-12 Estimated actual and subsequent decrease in the 2012-13 Estimate is mainly due to receivables for the cash balances of TIQ and SPER associated with their MoG transfers in 2011-12.
13. The increase in the 2011-12 Estimated actual relates to the NECDL investment for which shares are yet to be allocated and higher than projected prepayments. The decrease in the 2012-13 Estimate reflects the current trend in prepayments.

14. The increase in the 2011-12 Estimated actual relates to the NECDL investment.
15. The decrease in the 2011-12 Estimated actual is primarily due to the ICT project costs being reclassified to operating expenditure and the RMS enhancements being delayed to 2012-13. The decrease in the 2012-13 Estimate mainly relates to the expected depreciation on existing assets during 2012-13, partially offset by capital expenditure planned for 2012-13.
16. The decrease in the 2011-12 Estimated actual is mainly due to costs associated with royalties related RMS work being reclassified to operating expenditure. The decrease in the 2012-13 Estimate is primarily due to amortisation on system assets, partially offset by planned system replacement and enhancements.
17. The increase in the 2011-12 Estimated actual and the subsequent decrease in the 2012-13 Estimate is primarily due to payables associated with post-MoG transactions relating to TIQ and SPER and a payable to Queensland Investment Corporation (QIC) to on pass a one-off receipt in 2011-12.
18. The decrease in the 2011-12 Estimated actual reflects the current trend in accrued employee benefits reflecting the commitment to reduce expenditure on non-frontline service delivery.
19. The increase in the 2011-12 Estimated actual and subsequent decrease in the 2012-13 Estimate is due to a one-off unearned revenue amount in 2011-12.
20. The decrease in the 2012-13 Estimate is mainly due to equity withdrawal of amortisation funding for the RMS, partially offset by an equity injection for RMS enhancements.

Cash flow statement

21. The decrease in the 2011-12 Estimated actual is primarily due to the VSP savings and other savings achieved in 2011-12, partially offset by funding for VSP payments. The increase in the 2012-13 Estimate is primarily due to the full year effect of the MoG transfers of TIQ and SPER, funding for initiatives outlined in BP4 and the estimated impact of the Enterprise Bargaining Agreement. This is partially offset by the full year impact of VSP savings and other agency savings to reduce expenditure on non-frontline service delivery.
22. The increase in the 2011-12 Estimated actual and subsequent decrease in the 2012-13 Estimate is primarily due to one-off reimbursements of costs incurred by the CTT and reimbursements for OLGR ICT related costs in 2011-12 and a decrease in the number of statistical surveys expected in 2012-13.
23. The increase in the 2012-13 Estimate primarily relates to the full year impact of the MoG transfer of TIQ.
24. The increase in the 2011-12 Estimated actual is primarily due to VSP payments, partially offset by savings achieved in 2011-12. The increase in the 2012-13 Estimate is mainly due to the full year effect of the MoG transfers of TIQ and SPER, additional compliance officers in the Office of State Revenue and the estimated impact of the Enterprise Bargaining Agreement. These are partially offset by VSP payments in 2011-12 and agency savings.
25. The decrease in the 2011-12 Estimated actual is primarily due to savings achieved in 2011-12. The increase in the 2012-13 Estimate is mainly due to the full year effect of the MoG transfers of TIQ and SPER and initiatives outlined in BP4. These are partially offset by a reduction in contractors, consultancies and travel costs.
26. The increase in the 2011-12 Estimated actual is primarily due to advertising costs associated with the QBBG program, partially offset by lower than projected advertising costs associated with the national 2011 Census of Population and Housing project. The increase in the 2012-13 Estimate is mainly due to costs associated with the RMS enhancements, partially offset by the cessation of the QBBG program.
27. The decrease in the 2011-12 Estimated actual is primarily due to ICT project costs and costs associated with royalties related RMS work being reclassified to operating expenditure and the RMS enhancements being delayed to 2012-13. The subsequent increase in the 2012-13 Estimate reflects the RMS enhancements, leasehold improvement work and the replacement of the electronic Documents and Records Management system planned for 2012-13.
28. Payments for investments relate to the NECDL investment.
29. The decrease in the 2011-12 Estimated actual reflects a reduction in equity injection for the NECDL investment as a result of departmental cash reserves being used to fund a portion of the investment, equity injection deferred to 2012-13 for RMS enhancements, and a change from equity injection to appropriation as a result of the reclassification of royalties related RMS work to operating expenditure. The 2012-13 Estimate relates to funding for the RMS enhancements.
30. Equity withdrawals mainly relate to the return of amortisation funding on the RMS.
31. Cash transfers from restructure in 2011-12 represents the cash to transfer as a result of the MoG transfer of TIQ on 1 May 2012 and the MoG transfer of SPER on 1 June 2012.

Administered income statement

32. The increase in the 2011-12 Estimated actual reflects an increase in the National Partnership Payments (NPPs) from the Australian Government largely as a result of bringing forward 2012-13 funding in the Roads, Education, Health and Communities sectors. Also contributing is increased Natural Disaster Relief and Recovery Arrangements (NDRRA) funding from the Australian Government. The decrease in the 2012-13 Estimate primarily relates to an expected reduction in NDRRA funding in light of the significant advance payment and the impact of bringing forward 2012-13 NPPs to 2011-12. Also contributing is the replacement of expired Healthcare Special Purpose Payments with National Health Reform funding that is paid directly into the national funding pool for healthcare and hospitals. These decreases are partially offset by an increase in the Australian Government's estimate of the 2012-13 GST pool together with an increase in Queensland's share of the GST revenue.
33. The increase in the 2011-12 Estimated actual relates to higher than expected payroll tax revenue largely due to strong wage and employment growth in the mining sector. The increase in the 2012-13 Estimate primarily relates to the transfer of the collection of SPER fines from the Department of Justice and the Attorney-General (JAG) on 1 May 2012. Also contributing is an increase in payroll tax revenue reflecting anticipated wage and employment growth.
34. The increase in the 2012-13 Estimate reflects the rescinding of the previous Government's decision to reduce the rate of the health services levy payable by hotels where the monthly metered win (player loss) from gaming machines exceeds \$100,000 per month.
35. The decrease in the 2011-12 Estimated actual reflects lower than forecast revenue from coal and other mining royalties.
36. The increase in the 2011-12 Estimated actual reflects interest earnings relating to the Initial Public Offering (IPO) of Queensland Rail Limited (QR) and increased interest relating to the Public Trust Office's Unclaimed Money Fund. The subsequent decrease in the 2012-13 Estimate reflects the one off interest earnings relating to the IPO of QR during 2011-12.
37. Administered appropriation is received from the Consolidated Fund to fund administered expenses. Material changes in administered expenses are outlined in Notes 39 to 42.
38. The decrease in the 2011-12 Estimated actual and the further decrease in the 2012-13 Estimate reflect the decreasing volume of capital grants received from the Queensland Reconstruction Authority (QRA) for on-lending to the Queensland Rural Adjustment Authority (QRAA) for NDRRA events.
39. The increase in the 2011-12 Estimated actual reflects unanticipated reinsurance costs and higher than expected GST administration costs.
40. The decrease in the 2011-12 Estimated actual and the 2012-13 Estimate reflect the decreasing volume of funding transferred to QRA relating to NDRRA loans to QRAA. Also contributing are decreases in the QBBG reflecting the end of this one off program.
41. The decrease in the 2011-12 Estimated actual is a result of lower than anticipated borrowings requirements during 2011-12 as a result of higher than projected Australian Government payments and improved General Government fiscal balance. The increase in the 2012-13 Estimate reflects higher interest expenses resulting from increases in borrowings.
42. The increase in the 2011-12 Estimated actual reflects increases in the State's share of superannuation beneficiary payments and Annual Leave Central Scheme payments. Also contributing is a one off ex-gratia payment relating to transfer duty associated with the restructure of the State Government owned electricity generating companies.
43. This represents revenues collected on behalf of the Queensland Government which are transferred to the Consolidated Fund. Material changes in administered revenue are outlined in Notes 32 to 36 and Note 38.
44. The surplus in the 2012-13 Estimate relates to the Community Investment Fund as a result of funding exceeding grant commitments during 2012-13.

Administered balance sheet

45. Queensland Treasury and Trade, in its capacity as the manager of the State's Finances, operates a bank account facility, including an overdraft, offset by departmental cash holdings. The increase in the 2011-12 Estimated actual is due to lower estimates of receivables and higher estimates of payables, as outlined below. The decrease in the 2012-13 Estimate reflects the anticipated decreases in payables and other current liabilities.

46. The decrease in the 2011-12 Estimated actual reflects a reduction in royalties receivable as a result of changing from quarterly to monthly collection.
47. The increase in the 2011-12 Estimated actual reflects prepaid reinsurance premiums and recoupment from the QRA for NDRRA grants paid to QRAA. The subsequent decrease in the 2012-13 Estimate is due to a reduction in recoupment from the QRA.
48. The decrease in the 2011-12 Estimated actual is due to a reduction in the NDRRA loans made to QRAA.
49. The increase in the 2011-12 Estimated actual and subsequent decrease in the 2012-13 Estimate relate to one off appropriation payable and health reform funding received in advance from the Australian Government in 2011-12.
50. This reflects the administered revenue yet to be transferred to the Consolidated Fund at year end.
51. The decrease in the 2011-12 Estimated actual reflects the lower audited opening balances of NDRRA loans from the Australian Government.
52. The increase in the 2011-12 Estimated actual and subsequent decrease in the 2012-13 Estimate relates to Queensland Government Insurance Fund (QGIF) premiums to be transferred to the Consolidated Fund for investment at the end of 2011-12.
53. The decrease in the 2011-12 Estimated actual is due to a lower than anticipated borrowings requirement in 2011-12 as a result of higher than projected Australian Government payments and improved General Government fiscal balance. The increase in the 2012-13 Estimate reflects increased borrowings as a result of increased whole-of-Government funding requirements.
54. Contributed equity primarily represents the net impact of the transfer from the Consolidated Fund for repayments of borrowings and transfer to the Consolidated Fund of proceeds of borrowings.
55. The increase in the 2011-12 Estimated actual is due to a higher than projected operating surplus in 2010-11. The further increase in the 2012-13 Estimate reflects the expected operating surplus in 2012-13 relating to the Community Investment Fund.

Administered cash flow statement

56. Administered appropriation is received from the Consolidated Fund to fund administered expenses. Material changes in administered expenditures are outlined in Notes 63 to 66.
57. The increase in the 2011-12 Estimated actual reflects an increase in the NPPs from the Australian Government largely as a result of a bringing forward of 2012-13 funding in the Roads, Education, Health and Communities sectors. Also contributing is increased NDRRA funding. The decrease in the 2012-13 Estimate primarily relates to an expected reduction in NDRRA funding and the impact of the bringing forward of the 2012-13 NPPs to 2011-12. Also contributing is the replacement of the expired Healthcare Special Purpose Payments with the National Health Reform funding that is paid directly into the national funding pool for healthcare and hospitals. These decreases are partially offset by an increase in the Australian Government's estimate of the 2012-13 GST pool together with an increase in Queensland's share of the GST revenue.
58. The increase in the 2011-12 Estimated actual relates to higher than expected payroll tax revenue largely due to strong wage and employment growth in the mining sector. The increase in the 2012-13 Estimate primarily relates to the transfer of the collection of SPER fines from JAG on 1 May 2012. Also contributing is an increase in payroll tax revenue reflecting wage and employment growth.
59. The increase in the 2012-13 Estimate reflects the rescinding of the previous Government's decision to reduce the rate of the health services levy payable by hotels where the monthly metered win (player loss) from gaming machines exceeds \$100,000 per month.
60. The increase in the 2011-12 Estimated actual reflects the increased cash receipts as a result of changing from quarterly to monthly collection for royalties, partially offset by lower than anticipated coal and mining royalties revenue. The decrease in the 2012-13 Estimate is primarily driven by cash received for the June 2011 quarter royalties during 2011-12.
61. The increase in the 2011-12 Estimated actual reflects interest earnings relating to the IPO of QR and increased interest relating to the Public Trust Office's Unclaimed Money Fund. The subsequent decrease in the 2012-13 Estimate reflects the one off interest earnings relating to the IPO of QR during 2011-12.
62. This represents revenues collected on behalf of the Queensland Government which are transferred to the Consolidated Fund. Material changes in administered receipts are outlined in Notes 57 to 61.
63. The decrease in the 2011-12 Estimated actual and the 2012-13 Estimate reflect the decreasing volume of funding transferred to QRA relating to NDRRA loans to QRAA. Also contributing are decreases in the QBBG reflecting the end of this one off program.

64. The increase in the 2011-12 Estimated actual reflects unanticipated reinsurance costs and higher than expected GST administration costs.
65. The decrease in the 2011-12 Estimated actual is a result of lower than anticipated borrowings requirements during 2011-12 as a result of higher than projected Australian Government payments and improved General Government fiscal balance. The increase in the 2012-13 Estimate reflects higher interest expenses resulting from increases in borrowings.
66. The increase in the 2011-12 Estimated actual is due to an increase in the State's share of superannuation beneficiary payments and Annual Leave Central Scheme payments. Also contributing is a one off ex-gratia payment relating to transfer duty associated with the restructure of the State government owned electricity generating companies. The increase in the 2012-13 Estimate is due to the transfer of QGIF premiums collected in 2011-12 to the Consolidated Fund during 2012-13.
67. The increase in the 2011-12 Estimate actual relates to increased NDRRA loans redemptions from QRRA.
68. The decrease in the 2011-12 Estimated actual and further decrease in the 2012-13 Estimate reflects the decreasing volume of NDRRA loans made to QRRA.
69. In its capacity as manager of the State's finances, Queensland Treasury and Trade expects to undertake lower borrowings in 2011-12 as a result of higher than budgeted Australian Government payments and improved General Government fiscal balance and higher borrowings in 2012-13 as a result of increased whole-of-Government funding requirements.
70. The increase in the 2011-12 Estimated actual reflects the level of drawdowns from the Queensland Future Growth Fund (QFGF). As the administering department, drawdowns from the QFGF pass through the departmental administered accounts as an equity injection and a subsequent equity withdrawal. The decrease in the 2012-13 Estimate reflects funding provided for the repayment of borrowings during 2011-12.
71. The increase in the 2011-12 Estimated actual and the subsequent decrease in the 2012-13 Estimate reflect the repayment of borrowings during 2011-12.
72. The decrease in the 2011-12 Estimated actual and subsequent increase in the 2012-13 Estimate relates to proceeds of borrowings being transferred to the Consolidated Fund.
73. The increase in the 2011-12 Estimated actual and subsequent decrease in the 2012-13 Estimate primarily relates to equity injections received in 2010-11 but used for the repayment of borrowings during 2011-12 and borrowing raised in June 2011 but transferred to the Consolidated Fund in July 2011.
74. Cash transfers from restructure in the 2011-12 Adjusted budget represents the cash transferred as a result of the MoG transfers of the royalty collection function on 1 July 2011 and SPER on 1 June 2012. Cash transfers from restructure in the 2011-12 Estimated actual represent cash transferred as a result of the MoG transfer of SPER.
75. The increase in the 2011-12 Estimated actual mainly represents QGIF premiums to be transferred to the Consolidated Fund, an increase in the net balance of the Treasury Offset Account, an appropriation payable at the end of 2011-12, and higher than projected revenue collected but yet to be transferred to the Consolidated Fund. The decrease in the 2012-13 Estimate is primarily due to the return of cash to the Consolidated Fund relating to appropriation payables at the end of 2011-12 and the transfer of QGIF premiums collected in 2011-12 to the Consolidated Fund during 2012-13.

STATUTORY BODIES

MOTOR ACCIDENT INSURANCE COMMISSION/NOMINAL DEFENDANT

AGENCY OVERVIEW

Strategic direction

The Motor Accident Insurance Commission (MAIC) and the Nominal Defendant statutory bodies contribute to the motor accident insurance administration service. MAIC regulates and improves Queensland's Compulsory Third Party (CTP) insurance scheme and manages the Motor Accident Insurance and Nominal Defendant funds.

This service contributes to the Queensland Government objectives for the community by:

- growing a four pillar economy by maintaining prudent investment strategies for the Motor Accident Insurance and Nominal Defendant funds
- lowering the cost of living by monitoring and reporting on CTP scheme affordability
- revitalising front line services by investing in targeted research and service delivery initiatives which benefit motorists and improve health outcomes for people injured in motor vehicle crashes.

MAIC also operates to:

- monitor the financial stability of licensed CTP insurers and the Nominal Defendant to support the viability of Queensland's CTP scheme
- set premium bands and recommend scheme levies based on research and independent actuarial analyses.

Key factors that may impact on the CTP insurance scheme include claims trends, delivery costs and the broader economic volatility as well as future potential legislative reforms and the risk of insurer insolvency.

RESOURCES AND PERFORMANCE

- MAIC continues to focus on scheme affordability and efficiency by developing a CTP scheme performance index to monitor the balance of how CTP premiums are applied to claimant benefits and delivery costs. The Nominal Defendant continues to improve performance by investing in a new claims and policy management system, which replaces an aged legacy system that will be unsupported by 2014
- Looking forward, MAIC will maintain an efficient and equitable CTP scheme through insurer compliance and monitoring programs, policy development and advice, targeted research and funding, and ensuring a fully funded Nominal Defendant. A robust and strategic corporate governance framework for continuous improvement and innovation will guide MAIC and its initiatives over the next five years.

STATEMENTS

Staffing¹

Motor Accident Insurance Commission/Nominal Defendant	Notes	2011-12 Budget	2011-12 Est. actual	2012-13 Estimate
	2	35	43	50

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. The increase in the 2011-12 Estimated actual is due to additional positions approved in August 2011 following a review of operational requirements and commencement of the claims and policy management system replacement project. The increase in the 2012-13 Estimate is due to additional positions in relation to the claims and policy management system replacement project as well as additional compliance as a result of federal regulation. FTE numbers will be reduced in 2013-14 once the system is operationalised.

Performance Statement

Motor Accident Insurance Commission/Nominal Defendant	Notes	2011-12 Target/est.	2011-12 Est. actual	2012-13 Target/Est.
Service standards				
Highest filed CTP premium for Class 1 vehicles (sedans and wagons) as a percentage of average weekly earnings		<45%	<45%	<45%
CTP levy funds expended on grants per registered vehicle	1	\$0.48	\$0.36	\$0.18
Percentage of the Nominal Defendant claims finalised compared to the number outstanding at the start of the financial year		50%	52%	50%
Other measures				
Setting of premium bands within legislated timeframes		100%	100%	100%
Recommendation to the Treasurer of annual CTP levies by legislated timeframes		100%	100%	100%
Percentage of Nominal Defendant claims settled within two years of compliance		50%	51%	50%
Percentage of Nominal Defendant claims with General Damages paid within 60 days of the settlement date		95%	95%	95%

Note:

1. The decrease in the 2011-12 Estimated actual and further decrease in the 2012-13 Target/estimate are primarily due to increases in the Commission's operating expenses as a result of additional positions approved in August 2011 following a review of operational requirements. However, other funding sources are available to fully fund grant commitments as grants are funded from the CTP levy, penalties revenue and Queensland Investment Corporation investments.

The grants program is developed to meet legislative requirements to fund activities including research that contributes to a reduction in the frequency and severity of road traffic crashes as well as improving outcomes for injured parties through enhanced injury management and rehabilitation practices.

INCOME STATEMENT

Motor Accident Insurance Commission	Notes	2011-12 Budget \$'000	2011-12 Est. act. \$'000	2012-13 Estimate \$'000
Income				
User charges		..	66	70
Grants and other contributions		..	..	..
Other revenue	1	19,991	11,471	19,324
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
Total income		19,991	11,537	19,394
Expenses				
Employee expenses	2	2,588	3,202	3,522
Supplies and services		2,205	2,054	2,313
Grants and subsidies	3	6,200	5,570	9,000
Depreciation and amortisation		7	6	5
Finance/borrowing costs		..	..	..
Other expenses		163	194	376
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
Total expenses		11,163	11,026	15,216
OPERATING SURPLUS/(DEFICIT)	4	8,828	511	4,178

STATEMENT OF CHANGES IN EQUITY

Motor Accident Insurance Commission	Notes	2011-12 Budget \$'000	2011-12 Est. act. \$'000	2012-13 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments	
Increase/(decrease) in asset revaluation reserve	
Net amount of all revenue and expense adjustments direct to equity not disclosed above	
Net income recognised directly in equity	
Surplus/(deficit) for the period		8,828	511	4,178
Total recognised income and expense for the period		8,828	511	4,178
Equity injection/(withdrawal)	
Equity adjustments (MoG transfers)	
Total movement in equity for period		8,828	511	4,178

BALANCE SHEET

Motor Accident Insurance Commission	Notes	2011-12 Budget \$'000	2011-12 Est. act. \$'000	2012-13 Estimate \$'000
CURRENT ASSETS				
Cash assets	5	1,000	2,119	2,119
Receivables		139	183	181
Other financial assets	6	116,074	15,216	19,421
Inventories		..	..	..
Other		17	246	246
Non-financial assets held for sale		..	..	..
Total current assets		117,230	17,764	21,967
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets	7	10,500	99,790	99,790
Property, plant and equipment		78	30	25
Intangibles		..	..	..
Other		..	..	..
Total non-current assets		10,578	99,820	99,815
TOTAL ASSETS		127,808	117,584	121,782
CURRENT LIABILITIES				
Payables	8	1,634	211	217
Accrued employee benefits		212	213	226
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total current liabilities		1,846	424	443
NON-CURRENT LIABILITIES				
Payables		..	..	..
Accrued employee benefits		32	7	8
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		32	7	8
TOTAL LIABILITIES		1,878	431	451
NET ASSETS/(LIABILITIES)		125,930	117,153	121,331
EQUITY				
Capital/contributed equity		57,818	57,818	57,818
Accumulated surplus/(accumulated deficit)	9	51,612	59,335	63,513
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (Income maintenance & grants reserve)	10	16,500	..	..
TOTAL EQUITY		125,930	117,153	121,331

CASH FLOW STATEMENT

Motor Accident Insurance Commission	Notes	2011-12 Budget \$'000	2011-12 Est. act. \$'000	2012-13 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges		..	(61)	72
Grants and other contributions		..	..	..
Other	11	19,991	11,471	19,324
Outflows:				
Employee costs	12	(2,574)	(3,198)	(3,508)
Supplies and services		(2,199)	(2,228)	(2,307)
Grants and subsidies	13	(6,200)	(5,575)	(9,000)
Borrowing costs		..	..	..
Other		(163)	(199)	(376)
Net cash provided by/(used in) operating activities		8,855	210	4,205
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	1	..
Investments redeemed	14	..	364	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment and intangibles		..	..	..
Payments for investments	15	(9,203)	..	(4,205)
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		(9,203)	365	(4,205)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections		..	..	..
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Net cash provided by/(used in) financing activities		..	..	..
Net increase/(decrease) in cash held		(348)	575	..
Cash at the beginning of financial year		1,348	1,544	2,119
Cash transfers from restructure		..	..	..
Cash at the end of financial year		1,000	2,119	2,119

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Income statement

1. The decrease in the 2011-12 Estimated actual is due to a lower than expected rate of return on Queensland Investment Corporation (QIC) investments. The budget assumption for the coming year is based on QIC's estimate of the long term average annual rate of return for the portfolio.
2. The increase in the 2011-12 Estimated actual is primarily due to Voluntary Separation Program (VSP) payments and additional positions approved in August 2011 following a review of operational requirements. The further increase in the 2012-13 Estimate is primarily due to the estimated impact of the Enterprise Bargaining Agreement.
3. The decrease in the 2011-12 Estimated actual is due to an underspend in the grants program. The subsequent increase in the 2012-13 Estimate is the result of proposed investment in research activities and service delivery to improve road safety and health outcomes for claimants.
4. The decrease in the 2011-12 Estimated actual is primarily due to a lower than expected rate of return on QIC investments. The subsequent increase in the 2012-13 Estimate is primarily due to an increase in the forecast rate of return from QIC, partially offset by increased grant expenses.

Balance sheet

5. The increase in the 2011-12 Estimated actual is due to a higher than expected opening balance and higher than projected net increase in cash flows during 2011-12 as detailed in the Cash Flow Statement.
6. The decrease in the 2011-12 Estimated actual is due to reclassification from current to non-current investments and lower than expected returns on QIC investments resulting in less funding available for re-investing. The subsequent increase in the 2012-13 Estimate reflects the investment of returns on QIC investments.
7. The increase in the 2011-12 Estimated actual is due to a reclassification of investments from current to non-current.
8. The decrease in the 2011-12 Estimated actual is due to timing of grant payments.
9. The increase in the 2011-12 Estimated actual reflects the transfer of reserves to accumulated surplus, partially offset by a reduction in operating surplus. The further increase in the 2012-13 Estimate reflects the projected operating surplus in 2012-13.
10. The decrease in the 2011-12 Estimated actual is due to the transfer of reserves to accumulated surplus as the reserves were no longer required.

Cash flow statement

11. The decrease in the 2011-12 Estimated actual is due to a lower than expected rate of return on QIC investments. The budget assumption for the coming year is based on QIC's estimate of the long term average annual rate of return for the portfolio.
12. The increase in the 2011-12 Estimated actual is due to VSP payments and additional positions approved in August 2011 following a review of operational requirements. The further increase in the 2012-13 Estimate is due to the estimated impact of the Enterprise Bargaining Agreement.
13. The decrease in the 2011-12 Estimated actual is due to an underspend in the grants program. The increase in the 2012-13 Estimate is the result of a proposed investment in research activities and service delivery to improve road safety and health outcomes for claimants.
14. The increase in the 2011-12 Estimated actual is due to a reduction in the 2011-12 operating surplus resulting in a redemption of investment.
15. The decrease in the 2011-12 Estimated actual is due to a reduction in operating surplus, resulting in less funding available for investment. The subsequent increase in the 2012-13 Estimate reflects the investment of the projected operating surplus in 2012-13.

INCOME STATEMENT

Nominal Defendant	Notes	2011-12 Budget \$'000	2011-12 Est. act. \$'000	2012-13 Estimate \$'000
Income				
User charges		..	..	..
Grants and other contributions		..	..	..
Other revenue	1	87,709	48,069	86,602
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
Total income		87,709	48,069	86,602
Expenses				
Employee expenses	2	1,250	1,490	1,462
Supplies and services	3	61,699	37,605	58,240
Grants and subsidies		..	..	..
Depreciation and amortisation		18	18	3
Finance/borrowing costs		..	..	..
Other expenses	4	42	(2,896)	61
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
Total expenses		63,009	36,217	59,766
OPERATING SURPLUS/(DEFICIT)	5	24,700	11,852	26,836

STATEMENT OF CHANGES IN EQUITY

Nominal Defendant	Notes	2011-12 Budget \$'000	2011-12 Est. act. \$'000	2012-13 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments	
Increase/(decrease) in asset revaluation reserve	
Net amount of all revenue and expense adjustments direct to equity not disclosed above	
Net income recognised directly in equity	
Surplus/(deficit) for the period		24,700	11,852	26,836
Total recognised income and expense for the period		24,700	11,852	26,836
Equity injection/(withdrawal)	
Equity adjustments (MoG transfers)	
Total movement in equity for period		24,700	11,852	26,836

BALANCE SHEET

Nominal Defendant	Notes	2011-12 Budget \$'000	2011-12 Est. act. \$'000	2012-13 Estimate \$'000
CURRENT ASSETS				
Cash assets	6	2,000	3,273	3,273
Receivables		2,916	2,771	2,771
Other financial assets	7	196,444	123,125	133,625
Inventories		..	..	..
Other		7	..	..
Non-financial assets held for sale		..	..	..
Total current assets		201,367	129,169	139,669
NON-CURRENT ASSETS				
Receivables		6,275	5,071	5,071
Other financial assets	7	359,999	455,743	489,734
Property, plant and equipment		29	13	10
Intangibles	8	..	250	1,750
Other		..	..	..
Total non-current assets		366,303	461,077	496,565
TOTAL ASSETS		567,670	590,246	636,234
CURRENT LIABILITIES				
Payables		282	589	591
Accrued employee benefits		88	147	150
Interest-bearing liabilities and derivatives		..	..	..
Provisions	9	45,802	41,298	44,652
Other		23,390	23,408	23,908
Total current liabilities		69,562	65,442	69,301
NON-CURRENT LIABILITIES				
Payables		..	..	..
Accrued employee benefits		15	4	5
Interest-bearing liabilities and derivatives		..	..	..
Provisions	9	183,208	152,685	167,977
Other		..	..	..
Total non-current liabilities		183,223	152,689	167,982
TOTAL LIABILITIES		252,785	218,131	237,283
NET ASSETS/(LIABILITIES)		314,885	372,115	398,951
EQUITY				
Capital/contributed equity		121	121	121
Accumulated surplus/(accumulated deficit)	10	314,764	371,994	398,830
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (Income maintenance & grants reserve)		..	..	..
TOTAL EQUITY		314,885	372,115	398,951

CASH FLOW STATEMENT

Nominal Defendant	Notes	2011-12 Budget \$'000	2011-12 Est. act. \$'000	2012-13 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges		..	..	..
Grants and other contributions		..	..	..
Other	11	85,809	79,441	87,102
Outflows:				
Employee costs	12	(1,246)	(1,441)	(1,458)
Supplies and services	13	(46,667)	(36,447)	(39,592)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other	14	(42)	2,892	(61)
Net cash provided by/(used in) operating activities		37,854	44,445	45,991
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	(5)	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment and intangibles	15	..	(250)	(1,500)
Payments for investments	16	(37,854)	(42,622)	(44,491)
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		(37,854)	(42,877)	(45,991)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections		..	..	..
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Net cash provided by/(used in) financing activities		..	..	..
Net increase/(decrease) in cash held		..	1,568	..
Cash at the beginning of financial year		2,000	1,705	3,273
Cash transfers from restructure		..	..	..
Cash at the end of financial year		2,000	3,273	3,273

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Income statement

1. The decrease in the 2011-12 Estimated actual is due to a lower than expected rate of return on Queensland Investment Corporation (QIC) investments. The budget assumption for the coming year is based on QIC's estimate of the long term average annual rate of return for the portfolio.
2. The increase in the 2011-12 Estimated actual is primarily due to Voluntary Separation Program (VSP) payments and additional positions approved in August 2011 following a review of operational requirements.
3. The decrease in the 2011-12 Estimated actual is primarily due to lower than anticipated claims costs and movement in the outstanding claims liability. The increase in the 2012-13 Estimate is a result of projected increase in Nominal Defendant claims costs and movement in outstanding claims liability.
4. The decrease in the 2011-12 Estimated actual is a result of FAI-Tail dividends received. The subsequent increase in the 2012-13 Estimate is due to no FAI-Tail dividends forecast to be received in 2012-13. Dividends are treated as a reduction in expenses (revaluation of outstanding claims liability) rather than revenue at the whole-of-Government level.
5. The decrease in the 2011-12 Estimated actual is due to a lower than expected rate of return on QIC investments, partially offset by a lower than anticipated movement in the outstanding claims liability. The increase in the 2012-13 Estimate is due to a higher forecast rate of return from QIC, partially offset by projected increase in Nominal Defendant claims costs and movement in outstanding claims liability.

Balance sheet

6. The increase in the 2011-12 Estimated actual is due to higher than projected net increase in cash held during 2011-12 as detailed in the Cash Flow Statement.
7. The movement in the 2011-12 Estimated actual is due to higher audited opening balances and a reclassification of the current/non-current investments to align with the apportionment of the Nominal Defendant outstanding claims liability. The increases in the 2012-13 Estimate reflect the investment of projected surplus funding during 2012-13.
8. The increase in the 2011-12 Estimated actual and further increase in the 2012-13 Estimate reflects the commencement of the Claims and Policy Management System replacement project during 2011-12.
9. The decrease in the 2011-12 Estimated actual and the subsequent increase in the 2012-13 Estimate relate to movements in outstanding claims liability. The 2011-12 Estimated actual and 2012-13 Estimate of outstanding claims liability are based on an actuarial assessment.
10. The increase in the 2011-12 Estimated actual is due to higher audited opening balance as a result of unanticipated FAI-Tail dividend received and a reduction in the outstanding claims liability. This is partially offset by a decrease in the projected operating surplus for 2011-12. The further increase in the 2012-13 Estimate reflects a projected operating surplus for 2012-13.

Cash flow statement

11. The decrease in the 2011-12 Estimated actual is due to a lower than expected rate of return on QIC investments, partially offset by cash received during 2011-12 for 2010-11 FAI-Tail dividends. The subsequent increase in the 2012-13 Estimate is due to a higher forecast rate of return from QIC, partially offset by cash received during 2011-12 relating to the FAI-Tail dividends. The budget assumption for the coming year is based on QIC's estimate of the long term average annual rate of return for the portfolio.
12. The increase in the 2011-12 Estimated actual is primarily due to Voluntary Separation Program Payments and additional positions approved in August 2011 following a review of operational requirements.
13. The decrease in the 2011-12 Estimated actual is primarily due to lower than anticipated claims costs. The increase in the 2012-13 Estimate is a result of projected increase in Nominal Defendant claims costs.
14. The decrease in the 2011-12 Estimated actual is a result of FAI-Tail dividends received. The subsequent increase in the 2012-13 Estimate is due to no FAI-Tail dividends forecast to be received in 2012-13.
15. The increase in the 2011-12 Estimated actual and 2012-13 Estimate is due to the commencement of the Claims and Policy Management System replacement project during 2011-12.
16. The increase in the 2011-12 Estimated actual and the further increase in the 2012-13 Estimate primarily relate to the investment of surplus funding provided by operating activities.

QUEENSLAND FUTURE GROWTH CORPORATION

AGENCY OVERVIEW

Strategic direction

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

The key purpose of the Fund is to provide funding for infrastructure and initiatives that will benefit Queensland's economy.

In light of the Australian Government's introduction of a carbon tax on 1 July 2012, the Government decided to abolish a number of climate change programs to reduce duplication, many of which were either partly or wholly funded by the Queensland Future Growth Corporation. This means that the funding allocation from the Fund for the Climate Change and Clean Coal programs are now finalised. This presents an opportunity for the Queensland Government to review the ongoing operations of the Corporation.

RESOURCES AND PERFORMANCE

Over the last financial year, the Fund has supported initiatives in transport, clean coal technology, climate change, research and development, education and social housing.

In 2011-12, the Fund provided an estimated \$200.9 million including infrastructure required for moving Year 7 into secondary school, social housing stock, the Northern Busway and Smart State projects. The Fund also benefited from reinjecting interest earnings on the Fund balance.

The Fund will allocate \$107.8 million to projects in 2012-13, most notably continued funding for infrastructure associated with moving Year 7 into secondary school.

Queensland Future Growth Fund projects	Total allocation \$'000	Total Savings \$'000 ³	Actual funding to 30 June 2011 \$'000	2011-12 Budget \$'000	2011-12 Est. Act. \$'000	2012-13 Estimate \$'000	Post 2012-13 \$'000
Transport infrastructure ¹	541,700	..	449,243	4,600	77,209	15,248	..
Water infrastructure	1,000,000	..	1,000,000	..	..	..	..
Clean coal technology	200,000	(67,421)	132,052	12,500	527	..	..
Climate change projects	175,000	(94,837)	57,001	40,700	23,162	..	..
Smart State projects	211,000	(11,009)	136,362	43,500	33,862	29,767	..
Commercial infrastructure including Government- owned corporations ¹	500,000	..	500,000	..	..	..	..
Social housing stock	500,000	..	440,000	60,000	60,000	..	..
Education Infrastructure ⁴	328,200	..	..	6,100	6,100	62,759	259,341
Total²	3,455,900	(173,267)	2,714,658	167,400	200,860	107,774	259,341

Notes:

1. Transport infrastructure includes the Mount Isa rail line project which has been re-allocated from Commercial infrastructure.
2. Includes retained earnings of the Fund that had not been allocated previously.
3. Savings refer to programs or projects ceased by the administering department. All savings will be returned to the Consolidated Fund.
4. The allocation post 2012-13 is being directed to the capital requirements associated with the transition of Year 7 from primary to secondary school.

STATEMENTS

Staffing

Queensland Future Growth Corporation	Notes	2011-12 Budget	2011-12 Est. actual	2012-13 Estimate
	1	..	..	..

Note:

1. The Queensland Future Growth Corporation does not have any employees. Financial and corporate services are delivered by Queensland Treasury and Trade in accordance with the current service level agreement.

Performance Statement

Queensland Future Growth Corporation	Notes	2011-12 Target/est.	2011-12 Est. actual	2012-13 Target/Est.
Measures				
Fund administered in accordance with government guidelines		100%	100%	100%
Allocation of funds to projects within the intended scope of the Fund		100%	100%	100%
Provision of funding in accordance with project cash flow	1	100%	Partial	100%

Note:

1. The partial achievement in the 2011-12 Estimated actual is due to the impact of Machinery of Government changes resulting in a payable at year end.

INCOME STATEMENT

Queensland Future Growth Corporation	Notes	2011-12 Budget \$'000	2011-12 Est. act. \$'000	2012-13 Estimate \$'000
Income				
User charges		..	..	..
Grants and other contributions		..	..	..
Other revenue	1	32,679	28,165	16,456
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
Total income		32,679	28,165	16,456
Expenses				
Employee expenses		..	..	..
Supplies and services		..	2	2
Grants and subsidies		..	..	..
Depreciation and amortisation		..	..	..
Finance/borrowing costs		..	..	..
Other expenses		..	13	13
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
Total expenses		..	15	15
OPERATING SURPLUS/(DEFICIT)		32,679	28,150	16,441

STATEMENT OF CHANGES IN EQUITY

Queensland Future Growth Corporation	Notes	2011-12 Budget \$'000	2011-12 Est. act. \$'000	2012-13 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments	
Increase/(decrease) in asset revaluation reserve	
Net amount of all revenue and expense adjustments direct to equity not disclosed above	
Net income recognised directly in equity	
Surplus/(deficit) for the period		32,679	28,150	16,441
Total recognised income and expense for the period		32,679	28,150	16,441
Equity injection/(withdrawal)		(167,340)	(200,860)	(281,041)
Equity adjustments (MoG transfers)	
Total movement in equity for period		(134,661)	(172,710)	(264,600)

BALANCE SHEET

Queensland Future Growth Corporation	Notes	2011-12 Budget \$'000	2011-12 Est. act. \$'000	2012-13 Estimate \$'000
CURRENT ASSETS				
Cash assets		617,730	600,708	319,396
Receivables	2	11,043	6,335	6,335
Other financial assets		..	..	..
Inventories		..	..	..
Other		..	..	..
Non-financial assets held for sale		..	..	..
Total current assets		628,773	607,043	325,731
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment		..	..	..
Intangibles		..	..	..
Other		..	..	..
Total non-current assets		..	..	..
TOTAL ASSETS		628,773	607,043	325,731
CURRENT LIABILITIES				
Payables	3	14	16,725	13
Accrued employee benefits		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total current liabilities		14	16,725	13
NON-CURRENT LIABILITIES				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		..	..	..
TOTAL LIABILITIES		14	16,725	13
NET ASSETS/(LIABILITIES)		628,759	590,318	325,718
EQUITY				
Capital/contributed equity	4	205,081	171,561	..
Accumulated surplus/(accumulated deficit)	4	423,678	418,757	325,718
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (Income maintenance & grants reserve)		..	..	..
TOTAL EQUITY		628,759	590,318	325,718

CASH FLOW STATEMENT

Queensland Future Growth Corporation	Notes	2011-12 Budget \$'000	2011-12 Est. act. \$'000	2012-13 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges		..	..	..
Grants and other contributions		..	..	..
Other	5	32,679	32,449	16,456
Outflows:				
Employee costs		..	..	..
Supplies and services		..	(2)	(2)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other		..	(13)	(13)
Net cash provided by/(used in) operating activities		32,679	32,434	16,441
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment and intangibles		..	..	..
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		..	..	..
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections		..	..	..
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals	6	(167,340)	(184,148)	(297,753)
Net cash provided by/(used in) financing activities		(167,340)	(184,148)	(297,753)
Net increase/(decrease) in cash held		(134,661)	(151,714)	(281,312)
Cash at the beginning of financial year		752,391	752,422	600,708
Cash transfers from restructure		..	..	..
Cash at the end of financial year		617,730	600,708	319,396

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Income statement

1. This reflects forecast interest earnings on the Fund balance. The decrease in the 2011-12 Estimated actual and further decrease in the 2012-13 Estimate is due to a reduced Fund balance as funds are allocated to projects together with lower than anticipated interest rates.

Balance sheet

2. This reflects forecast interest receivable on the Fund balance at year end. The decrease in the 2011-12 Estimated actual reflects a reduced Fund balance as funds are allocated to projects together with lower than anticipated interest rates.
3. The increase in the 2011-12 Estimated actual and subsequent decrease in the 2012-13 Estimate primarily relates to funding payable for projects administered by the Department of Science, Information Technology, Innovation and the Arts. The 2011-12 funding requirement was only able to be finalised post 30 June due to Machinery of Government changes.
4. The decrease in the 2011-12 Estimated actual and the 2012-13 Estimate relates to the expected drawdown of funds provided to agencies for expenditure on Queensland Future Growth Fund projects. Savings will be returned to the Consolidated Fund in 2012-13.

Cash flow statement

5. This reflects forecast interest earnings on the Fund balance. The decrease in the 2012-13 Estimate is due to a reduced Fund balance in 2012-13 as funds are allocated to projects together with lower interest rates.
6. This reflects the drawdown of funds provided to agencies for expenditure on Queensland Future Growth Fund projects. The increase in the 2011-12 Estimated actual reflects several projects, in particular transport related projects, being brought forward. This is partially offset by savings consistent with the Government's election commitments. The savings will be returned to the Consolidated Fund in 2012-13.

This page has been left blank.

GLOSSARY OF TERMS

Accrual Accounting — Recognition of economic events and other financial transactions involving revenue, expenses, assets, liabilities and equity as they occur and reporting in financial statements in the period to which they relate, rather than when a flow of cash occurs.

Administered Items — Assets, liabilities, revenues and expenses an entity administers, without discretion, on behalf of the Government.

Agency/Entity — Used generically to refer to the various organisational units within Government that deliver services or otherwise service Government objectives. The term can include departments, commercialised business units, statutory bodies or other organisations established by Executive decision.

Appropriation — Funds issued by the Treasurer, under Parliamentary authority, to agencies during a financial year for:

- delivery of agreed services
- administered items
- adjustment of the Government's equity in agencies, including acquiring of capital.

Balance Sheet — A financial statement that reports the assets, liabilities and equity of an entity as at a particular date.

Capital — A term used to refer to an entity's stock of assets and the capital grants it makes to other agencies. Assets include property, plant and equipment, intangible items and inventories that an entity owns/controls and uses in the delivery of services.

Cash Flow Statement — A financial statement reporting the cash inflows and outflows for an entity's operating, investing and financing activities in a particular period.

Controlled Items — Assets, liabilities, revenues and expenses that are controlled by departments. These relate directly to the departmental operational objectives and arise at the discretion and direction of that department.

Depreciation — The periodic allocation of the cost of physical assets, representing the amount of the asset consumed during a specified time.

Equity — Equity is the residual interest in the assets of the entity after deduction of its liabilities. It usually comprises the entity's accumulated surpluses/losses, capital injections and any reserves.

Equity Injection	— An increase in the investment of the Government in a public sector agency.
Financial Statements	— Collective description of the Income Statement, the Balance Sheet and the Cash Flow Statement for an entity's controlled and administered activities.
Income Statement	— A financial statement highlighting the accounting surplus or deficit of an entity. It provides an indication of whether the entity has sufficient revenue to meet expenses in the current year, including non-cash costs such as depreciation.
Outcomes	— Whole-of-government outcomes are intended to cover all dimensions of community well being. They express the current needs and future aspirations of communities, within a social, economic and environment context.
Own-Source Revenue	— Revenue that is generated by an agency, generally through the sale of goods and services, but it may also include some Commonwealth funding.
Priorities	— Key policy areas that will be the focus of Government activity.
Services	— The actions or activities (including policy development) of an agency which contribute to the achievement of the agency's objectives.

For a more detailed Glossary of Terms, please refer to the Reader's Guide available on the Budget website at www.budget.qld.gov.au.

