

State Budget 2014-15

Service Delivery Statements

Queensland Treasury and Trade

2014–15 State Budget Papers

- 1. Budget Speech**
- 2. Budget Strategy and Outlook**
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Appropriation Bills

Concessions Statement

The suite of Budget Papers is similar to that published in 2013-14.

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Service Delivery Statements

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Queensland Treasury and Trade

Summary of portfolio budgets

| Page | Agency | 2013-14 Adjusted Budget \$'000 | 2013-14 Est. Actual \$'000 | 2014-15 Budget \$'000 |
|------|---|---|----------------------------------|-----------------------------|
| 2 | Queensland Treasury and Trade - controlled | 211,369 | 213,292 | 203,033 |
| | Queensland Treasury and Trade - administered | 6,437,383 | 6,675,768 | 6,507,357 |
| 30 | Motor Accident Insurance Commission/ Nominal Defendant | 11,939 65,608 | 12,033 6,511 | 11,827 60,607 |
| 42 | Trade and Investment Queensland | 13,095 | 15,005 | 29,385 |

Notes:

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

PORTFOLIO OVERVIEW

Ministerial and portfolio responsibilities

The table below represents the agencies and services which are the responsibility of the Treasurer of Queensland and Minister for Trade:

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

| |
|--|
| Assistant Minister for Finance, Administration and Regulatory Reform Deb Frecklington MP (to May 2014) Lisa France MP (from May 2014) |
|--|

| |
|---|
| Queensland Treasury and Trade Under Treasurer: Helen Gluer (to November 2013) Under Treasurer: Mark Gray (from November 2013) |
| Service Area 1: Fiscal |
| Service Area 2: Economic |
| Service Area 3: Commercial services (Projects Queensland) |
| Service Area 4: Revenue management |

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

Objective: The Motor Accident Insurance Commission and the Nominal Defendant statutory bodies are focused on ensuring financial protection that makes Queensland stronger, fairer and safer.

| |
|--|
| Trade and Investment Queensland Chief Executive Officer: Andrew Tulloch (from February 2014) |
|--|

Objective: Trade and Investment Queensland delivers services to develop sustainable export markets, improve export capabilities and promote investment opportunities to international investors.

Additional information about these agencies can be sourced from:

www.treasury.qld.gov.au

www.maic.qld.gov.au

www.export.qld.gov.au

RESOURCES AND PERFORMANCE

DEPARTMENTAL OVERVIEW

Strategic direction

Queensland Treasury and Trade (QTT) aims for better economic and financial outcomes to improve prosperity for Queenslanders that is sustainable across generations.

To achieve this aim, the department's Strategic Plan is focused on three key themes:

1. fiscal strength and economic growth
2. investing in the community
3. empowering our people.

The three key themes will be accomplished through:

- balancing the budget and reducing debt
- promoting fiscal and economic policies to attract investment and encourage higher economic growth
- driving productivity improvements and reducing red tape and regulation
- delivering an efficient state revenue system
- fostering strong business and community relationships
- improving service delivery through renewal activities across agencies
- developing essential infrastructure and other projects benefiting the State
- supporting equitable outcomes for Queenslanders
- empowering and developing highly skilled and capable staff within the department that are committed to delivering better outcomes for the community.

In 2014-15, Queensland Treasury and Trade's objectives are to:

- deliver the 2014-15 Budget in accordance with the Government's fiscal principles
- provide whole-of-Government financial advice and reporting that enables efficient decision making
- contribute towards the implementation of accepted Commission of Audit recommendations, such as those relating to fiscal management and the roles and powers of the Queensland Competition Authority
- implement the Charter of Budget Accountability
- provide analysis and reporting outcomes for decision making around stabilising and reducing the State's debt
- support the Government's response to community feedback about the choices Queensland faces in reducing the State's debt
- deliver and manage the Social Services Reform Program, which includes the implementation of the Commission of Audit recommendations to improve the efficiency and effectiveness of grant administration
- oversight and implementation of coal seam gas industry fee and charges regime following the review by the Queensland Competition Authority
- participate in high-priority infrastructure and service delivery projects, including the Toowoomba Second Range Crossing, the BaT project, the Queens Wharf Brisbane Development, the new Government banking and receipting services and service delivery models for camera-detected offences
- support and contribute to red tape reduction

- collaborate with the Department of State Development, Infrastructure and Planning and the Queensland Resources Council to deliver a Resource Communities Data Portal, which will streamline access to data and reduce costs to project proponents in undertaking environmental impact statements
- contribute to the development of a new financial assurance system for resource companies
- participate in the implementation of the whole-of-Government One-Stop Shop
- participate in the Property Exchange Australia Ltd (originally known as National e-Conveyancing Development Limited) to deliver a national electronic conveyancing solution to the Australian property industry
- move to the implementation phase of reforms to the State Penalties Enforcement Registry, including process redesign and involvement of the private sector in service delivery
- commence implementation of improvements to the operations of the Insurance Commissioner, including consideration of CTP issues and broader service delivery options.

The major external factors that may impact on Queensland Treasury and Trade's objectives in 2014-15 are:

- volatility in international and national financial and economic conditions
- the outcome of the Commonwealth Grants Commission's 2015 Methodology Review, due in February 2015, which may significantly impact on Queensland's share of GST revenue
- potential impacts from Australian Government Budget decisions and National Commission of Audit recommendations
- the Australian Government's White Paper processes on reform of the Federation and taxation reform and their impact on future federal financial relations
- revenue volatility caused by variations in receipts based on coal, oil and gas and mineral royalties
- pressure on business and private finances, which may impact on debt recovery
- anticipated strengthening in housing transactions and major business transactions
- natural disasters.

Queensland Treasury and Trade's key achievements for 2013-14 were:

- delivering the 2013-14 Budget and Mid Year Fiscal and Economic Review in accordance with the Government's fiscal principles, including monitoring the outlook for the Queensland economy and potential revenue implications
- supporting the Treasurer's consultation with the community about the choices Queensland faces in seeking to reduce the State's debt, by detailing the State's current and projected financial position and identifying options to address debt levels
- managing the Social Services Reform Program, including introducing grants and procurement accounting guidelines and the development of a framework for investing in social services
- managing the State Government's involvement in the reform of GST distribution and the ongoing management of intergovernmental agreements and Commonwealth grants
- working with agencies to drive regulatory reform and red tape reduction
- working closely with key stakeholders on energy and water sector reforms
- monitoring and providing advice on Government-owned corporations to further improve operational efficiency and performance, while ensuring cost-effective infrastructure delivery
- releasing updated population projections for Queensland and its regions for use in service delivery and infrastructure planning
- contributing towards the implementation of accepted Commission of Audit recommendations
- finalising the competitive tender for the Government Wireless Network under a 15 year managed services agreement
- finalising procurement for construction and facilities management services for a package of 10 new schools

- finalising procurement for 75 new six-car train sets to replace an ageing train fleet and cater for increased demand caused by growth in South East Queensland
- completing a business case to assess uses for the old Royal Children's Hospital site in Herston
- identifying further opportunities to leverage Office of State Revenue's grants management capability across Government
- planning a program of reform for the State Penalties Enforcement Registry.

Departmental Budget Summary

The table below shows the total resources available in 2014-15 from all sources and summarises how resources will be applied by service area and by controlled and administered classifications.

| Queensland Treasury and Trade | 2013-14 Adjusted Budget \$'000 | 2013-14 Est. Actual \$'000 | 2014-15 Budget \$'000 |
|--|---|----------------------------------|-----------------------------|
| CONTROLLED | | | |
| Income | | | |
| Appropriation revenue ¹ | | | |
| Deferred from previous year/s | 18,328 | 3,689 | 14,209 |
| Balance of service appropriation | 178,581 | 190,801 | 178,800 |
| Other revenue | 14,460 | 18,802 | 10,024 |
| Total income | 211,369 | 213,292 | 203,033 |
| Expenses | | | |
| Fiscal | 29,481 | 37,339 | 37,239 |
| Economic | 25,979 | 25,639 | 25,233 |
| Commercial services (Projects Queensland) | 16,911 | 19,615 | 9,463 |
| Revenue management | 121,728 | 113,331 | 129,466 |
| Trade and investment ² | 15,768 | 15,768 | .. |
| Other ³ | 2,479 | 2,518 | 2,569 |
| Reconciliation adjustment to the Income Statement ⁴ | (977) | (918) | (937) |
| Total expenses | 211,369 | 213,292 | 203,033 |
| Operating surplus/deficit | .. | .. | .. |
| Net assets | 43,355 | 45,131 | 45,288 |
| ADMINISTERED | | | |
| Revenue | | | |
| Commonwealth revenue | 14,381,804 | 14,460,834 | 17,739,680 |
| Appropriation revenue ¹ | 6,395,348 | 6,675,768 | 6,507,357 |
| Other administered revenue | 12,827,884 | 12,463,519 | 13,397,715 |
| Total revenue | 33,605,036 | 33,600,121 | 37,644,752 |
| Expenses | | | |
| Transfers to government | 27,167,653 | 26,924,353 | 31,137,395 |
| Administered expenses | 6,437,383 | 6,675,768 | 6,507,357 |
| Total expenses | 33,605,036 | 33,600,121 | 37,644,752 |
| Net assets | (44,052,301) | (41,594,217) | (44,817,217) |

Notes:

1. Includes State and Commonwealth funding.
2. The 2013-14 Adjusted budget and the 2013-14 Estimated actual do not match the Performance Statement as they include seven months of expenses for Trade and Investment Queensland before its Machinery of Government transfer to a Statutory Body on 1 February 2014.
3. This represents corporate services to non-departmental services (Motor Accident Insurance Commission and Nominal Defendant).
4. This line represents the eliminations upon consolidation for internal trading between services.

Budget Measures Summary

The table shows a summary of Budget measures relating to the department since the 2013-14 Budget. Further details are contained in Budget Paper No. 4.

| Queensland Treasury and Trade | 2013-14 \$'000 | 2014-15 \$'000 | 2015-16 \$'000 | 2016-17 \$'000 | 2017-18 \$'000 |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenue measures | | | | | |
| Administered | .. | .. | .. | .. | .. |
| Departmental | .. | .. | .. | .. | .. |
| Expense measures | | | | | |
| Administered | .. | .. | .. | .. | .. |
| Departmental ¹ | 10,400 | 17,178 | 13,866 | 7,856 | 6,548 |
| Capital measures | | | | | |
| Administered | .. | .. | .. | .. | .. |
| Departmental | .. | 5,500 | .. | .. | .. |

Notes:

- Expense measures do not reconcile with Budget Paper No. 4 due to the Road Safety measure being reported wholly in the Department of Transport and Main Roads' section of Budget Paper No. 4.

Staffing¹

| Service Areas ² | Notes | 2013-14 Adjusted Budget | 2013-14 Est. Actual | 2014-15 Budget |
|---|-------|-------------------------------|------------------------|-------------------|
| Fiscal | 3 | 142 | 145 | 147 |
| Economic | 4 | 166 | 155 | 161 |
| Commercial services (Projects Queensland) | 5 | 19 | 26 | 26 |
| Revenue management | 6 | 642 | 609 | 626 |
| Total services | | 969 | 935 | 960 |
| Corporate services provided to other agencies | 7 | 9 | 9 | 9 |
| TOTAL | | 978 | 944 | 969 |

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Corporate FTEs are allocated across the service to which they relate.
3. The increase in the 2013-14 Estimated actual is due to the intake of graduates during 2013-14.
4. The decrease in the 2013-14 Estimated actual is mainly due to the Queensland Road Crash project being transferred to the Queensland Police Service and staff vacancies. The increase in the 2014-15 Budget is primarily due to staff returning from secondment and filling of vacant positions.
5. The increase in the 2013-14 Estimated actual reflects additional resource required by Projects Queensland to manage the increased number of projects, including the internal reallocation of staff from other areas within the department.
6. The decrease in the 2013-14 Estimated actual is due to vacancies, primarily relating to delays in the recruitment of additional compliance officers with positions being filled by temporary agency staff in the interim. The increase in the 2014-15 Budget relates to filling vacancies, mainly for additional compliance officers for enhanced compliance activities.
7. Includes staff providing corporate support to the Motor Accident Insurance Commission and Nominal Defendant.

SERVICE PERFORMANCE

The department further reviewed and refined its organisational structure in 2014 to consolidate core strengths and better position it to meet emerging challenges and priorities.

Additional fine-tuning of the department's areas of focus and work program is planned for the year ahead.

The department will prioritise working across the sector with agencies to assist them in realising the financial and economic benefits of the Government's renewal program, including a strong emphasis on the benefits available from implementation of accepted recommendations from the Independent Commission of Audit.

Particular attention is being focused on encouraging collaboration across the department and enhancing opportunities for skills development and improved career paths for staff. One of the key planks of the department's Strategic Plan is empowering its people. In 2014, implementation of the Workforce Plan commenced to guide the achievement of this objective. The Workforce Plan runs to 2017 and includes a series of initiatives aimed at empowering and engaging staff to deliver and shape the department's current and future business.

The former Trade and Investment service area was transferred out of the department effective 1 February 2014 to be established as a Statutory Body.

The Fiscal, Economic, Commercial services (Projects Queensland) and Revenue management service areas remain largely unchanged, with some functions being realigned between the Fiscal and Economic areas.

Services

Our service areas are:

Fiscal

The Fiscal service area provides policies, strategies and advice at a whole-of-Government level to promote value-for-money service delivery, manage the State's finances in accordance with the Charter of Fiscal Responsibility, and advance the performance of the Queensland economy to support growth and employment. Key activities undertaken by this service area include:

- developing and monitoring the State Budget
- management of the State's debt and balance sheet, in accordance with Government policies
- promoting Queensland's financial position in negotiations with the Australian Government and other states and territories
- providing financial advice to foster State-wide infrastructure development on behalf of the Government.

Economic

The Economic service area undertakes a range of key activities, including:

- providing advice and oversight of macroeconomic, microeconomic and competition policies
- providing the function of the Queensland Government Statistician and being the primary source of statistical, economic and demographic research services across Government
- managing and coordinating intergovernmental fiscal relations issues, including national financial agreements, the distribution of the GST and national tax reform
- achieving best-practice regulation and reducing red tape
- assessing Government-owned corporations' (GOCs) capital investments and monitoring their financial and non-financial performance

- driving a focus within GOCs on maximising performance and rates of return through improved commercial focus and better management of capital and operating expenses.

Commercial services (Projects Queensland)

The Commercial services area's key functions are:

- leading the procurement of major public infrastructure and services, both privately financed and traditional models
- scoping and management of divestments and outsourcing arrangements
- detailed business case evaluation of major public infrastructure and service delivery requirements, packaging and delivery options, investment and finance options
- commercial advisory relating to Government infrastructure, procurement and renewal initiatives
- review and advice to Government regarding unsolicited proposals received from private sector proponents
- management of State infrastructure evaluation and procurement policy framework and coordination of project gateway reviews.

Revenue management

The Revenue management service area administers a revenue base of around \$13 billion by delivering and administering simple, efficient and equitable revenue management services for State taxes and royalty revenue. Additional responsibilities include undertaking revenue compliance, grant schemes and debt recovery and enforcement 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 with firm and fair enforcement
- providing responsive ongoing legislation and revenue policy advice to the State Government
- further progressing the development and implementation of the Revenue Management System to support innovative business practices.

Red tape reduction

Queensland Treasury and Trade is responsible for assisting and advising the Treasurer and Minister for Trade and the Assistant Minister for Finance, Administration and Regulatory Reform in their roles as the Ministers responsible for red tape reduction. In addition to reducing red tape in its own portfolio, the department is also responsible for facilitating, co-ordinating, and driving regulatory reform and red tape reduction across the Queensland Government.

In 2013-14, the department implemented a range of reforms to reduce and simplify the stock of Queensland regulation and assist business and home owners. Key reforms include:

- repealed eight Acts identified as being redundant
- amended and streamlined 12 pieces of legislation
- delivered, in collaboration with other key agencies, the Social Services Investment Portal in December 2013. The portal provides transparent reporting on the Government's investment in social services, as well as a high level summary of funding opportunities for which non-government and community organisations can apply
- converted Trade and Investment Queensland into a statutory body with a Board, designed to give it the autonomy and flexibility required to more effectively respond to the needs of Queensland businesses seeking new or expanded export markets
- implemented, in collaboration with the Department of Justice and Attorney General, a consistent approach on the annual indexation of monetary amounts across personal injury legislation in Queensland

- expanded the scope of transfer duty transactions that can now be undertaken by self-assessors, reducing turnaround times for businesses and their clients
- commenced a major review of the Regulatory Impact Statement (RIS) system, in conjunction with the Office of Best Practice Regulation, to streamline the RIS guidelines and ensure more effective regulatory impact analysis as part of the policy development process.

The department also developed a public online database, available on the departmental website, of the Government's key red tape reduction initiatives. The database allows businesses, community and not-for-profit organisations and individuals to easily identify relevant reforms and the benefits of those reforms.

The department is also currently undertaking a broad review of the policies and guidelines applicable to GOCs to ensure they do not impose unnecessary compliance and cost burdens.

2014-15 Service Summary¹

| Service area | Sources of Revenue | | | | |
|--|----------------------|---------------------------------|---------------------------------------|-------------------------------|----------------------------|
| | Total cost \$'000 | State Contribution \$'000 | User Charges and Fees \$'000 | C'wealth Revenue \$'000 | Other Revenue \$'000 |
| Fiscal | 37,239 | 36,727 | 512 | .. | .. |
| Economic | 25,233 | 21,867 | 3,366 | .. | .. |
| Commercial services (Projects Queensland) | 9,463 | 6,118 | 3,345 | .. | .. |
| Revenue Management | 129,466 | 125,856 | 3,610 | .. | .. |
| Departmental | 201,401 | 190,568 | 10,833 | .. | .. |
| Other² | 2,569 | 2,441 | 128 | .. | .. |
| Reconciliation adjustment to the Income Statement³ | (937) | .. | (937) | .. | .. |
| TOTAL⁴ | 203,033 | 193,009 | 10,024 | .. | .. |

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 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

| Queensland Treasury and Trade | Notes | 2013-14 Adjusted Target/Est. | 2013-14 Est. Actual | 2014-15 Target/Est. |
|---|-------|------------------------------------|------------------------|------------------------|
| Service Area: Fiscal | | | | |
| Service standards | | | | |
| Achievement of Government's four fiscal principles | | | | |
| - to stabilise then significantly reduce debt | 1 | Partially met | Partially met | Partially met |
| - to achieve and maintain a general Government sector fiscal balance by 2015-16 | 2 | On track | On track | On track |
| - to maintain a competitive tax environment for business | | Met | Met | Met |
| - to target full funding of long term liabilities in accordance with actuarial advice | | Met | Met | Met |
| State contribution (\$000) | 3 | 29,069 | 36,826 | 36,727 |
| Other revenue (\$000) | | 412 | 513 | 512 |
| Total cost (\$000) | | 29,481 | 37,339 | 37,239 |
| Service Area: Economic | | | | |
| Service standards | | | | |
| Stakeholder and client satisfaction with Queensland Government Statistician outputs (rated satisfied or very satisfied) | | | | |
| | | 95% | 100% | 95% |
| State contribution (\$000) | | 21,273 | 20,905 | 21,867 |
| Other revenue (\$000) | 4 | 4,706 | 4,734 | 3,366 |
| Total cost (\$000) | | 25,979 | 25,639 | 25,233 |
| Service Area: Commercial services (Projects Queensland) | | | | |
| Service standards | | | | |
| Percentage of key project milestones met | 5 | 100% | 90% | 85% |
| State contribution (\$000) | 6 | 10,775 | 9,979 | 6,118 |
| Other revenue (\$000) | 7 | 6,136 | 9,636 | 3,345 |
| Total cost (\$000) | | 16,911 | 19,615 | 9,463 |
| Service Area: Revenue Management | | | | |
| Service standards | | | | |
| Total revenue dollars administered per dollar expended – accrual | 8, 9 | \$192 | \$196 | \$202 |
| Average overdue debt as a percentage of total revenue collected | 8 | 2% | 2% | 2% |
| SPER clearance rate (finalisations/lodgements) | 10 | 77% | 85% | 88% |

| Queensland Treasury and Trade | Notes | 2013-14 Adjusted Target/Est. | 2013-14 Est. Actual | 2014-15 Target/Est. |
|---|-------|------------------------------------|------------------------|------------------------|
| SPER percentage of debt pool under compliance | | 58% | 60% | 64% |
| State contribution (\$000) | 11 | 119,011 | 109,994 | 125,856 |
| Other revenue (\$000) | 12 | 2,717 | 3,337 | 3,610 |
| Total cost (\$000) | | 121,728 | 113,331 | 129,466 |

Notes:

1. Further information on service standards for Fiscal is detailed in Budget Paper No. 2.
2. The original target of 2014-15 was subsequently updated to 2015-16 (see 2013-14 Budget).
3. The increase in the 2013-14 Estimated actual is primarily due to funding for the Strong Choices campaign to engage the community on the choices available to reduce the State's debt and restore Queensland's financial strength. The decrease in the 2014-15 Target/estimate is mainly due to one-off funding in 2013-14 associated with the Best Place to do Business campaign. This is partially offset by funding for departmental emergent projects.
4. The decrease in the 2014-15 Target/estimate is primarily due to the transfer of the Queensland Road Crash project to the Queensland Police Service.
5. Following a review at the beginning of 2013-14, the target was revised to accurately represent the outputs of Projects Queensland and the number, nature and complexity of the projects, encompassing stages of the projects rather than just project completion.
6. The decrease in the 2013-14 Estimated actual is primarily due to funding being deferred to future years to be more aligned with the operational needs of Projects Queensland. The decrease in the 2014-15 Target/estimate is mainly due to one-off funding in 2013-14 for the Schools Procurement, Government Wireless Network and the Whole-of-Government Banking projects.
7. The increase in 2013-14 Estimated actual is primarily due to the volume of reimbursable projects being unknown when the 2013-14 Target/estimate was developed. The subsequent decrease in the 2014-15 Target/estimate is mainly due to the 2014-15 Target/estimate only reflecting approved reimbursable projects. This figure is likely to change as projects are progressively approved.
8. These measures were developed prior to the Machinery of Government transfer of the State Penalties Enforcement Registry (SPER) into the Revenue management service. As the SPER Reform Program will commence in 2014-15, SPER collection and expenses have been excluded.
9. The increase in the 2013-14 Estimated actual reflects less than expected operational costs in the Office of State Revenue. This is partially offset by a weaker revenue collection from royalties as a result of lower coal prices which were expected to improve in 2013-14 but are now expected in 2014-15. The increase in the 2014-15 Target/estimate is due to an increase in revenue collection from key sources including royalties.
10. The increase in the 2013-14 Estimated actual is a result of the cleansing of data which produces an improvement in the clearance rate. The increase in the 2014-15 Target/estimate is a result of the implementation of the SPER Reform Program.
11. The decrease in the 2013-14 Estimated actual is primarily due to funding carried over for projects, including the trial of using mercantile agents to act on behalf of the State to collect unpaid fines and contribution toward the SPER Reform Program to transition SPER to a new service delivery model. The increase in the 2014-15 Target/estimate is mainly due to funding associated with SPER Reform Program and the mercantile agents trial.
12. The increase in the 2013-14 Estimated actual is due to contributions received from other Government departments for the QGrants system.

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, royalties and Australian Government revenue which is used to fund Government priorities.

In addition, the department administers major grant programs and the Government's cash balance and financing requirements.

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

Policy Decisions Since The 2013-14 Budget

Extending the Transfer Duty Family Primary Production Concession

A transfer duty concession applies to transfers of land used for a primary production business where the transfer is a gift between lineal descendants. The purpose of the concession is to facilitate succession planning.

To recognise that direct lineal descendants are not always the family members who choose to continue the family business, the requirement of a direct lineal relationship will be removed. A family relationship will still be required, as will the requirement that the transfer be by way of gift.

CAPITAL

Capital program

Capital expenditure of \$6.62 million planned for 2014-15 primarily relates to \$5.5 million for the development and implementation of new system capability to support improved fine collection and debt recovery by the State Penalties Enforcement Registry.

In addition, the replacement of an aged legacy claims and policy management system by the Nominal Defendant and Queensland Government Insurance Fund was finalised in 2013-14. The project commenced in 2011-12 with a total capital expenditure of \$3.6 million.

Capital budget statement

| Queensland Treasury and Trade | Notes | 2013-14 Adjusted Budget \$'000 | 2013-14 Est. Actual \$'000 | 2014-15 Budget \$'000 |
|--|-------|---|----------------------------------|-----------------------------|
| Capital Purchases¹ | | | | |
| Total land, buildings and infrastructure | | .. | .. | .. |
| Total plant and equipment | 2 | 1,099 | 685 | 6,020 |
| Total other capital | 3 | 1,418 | 1,153 | 600 |
| Total Capital Purchases | | 2,517 | 1,838 | 6,620 |

Notes:

1. For more detail on the agency's capital acquisitions, please refer to Budget Paper 3.
2. The decrease in the 2013-14 Estimated actual is due to reduced requirements for leasehold improvement work as a result of the expected relocation to 1 William Street. The increase in the 2014-15 Budget reflects the development and implementation of new system capability to support improved fine collection and debt recovery by the State Penalties Enforcement Registry.
3. The decrease in the 2013-14 Estimated actual reflects the replacement of the electronic Documents and Records Management system being delayed to 2014-15 and reclassified to operating expenditure. This is partially offset by the acquisition of the Assurance and Compliance software by the Office of State Revenue. The decrease in the 2014-15 Budget is due to the one-off acquisition of the Assurance and Compliance software in 2013-14.

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.

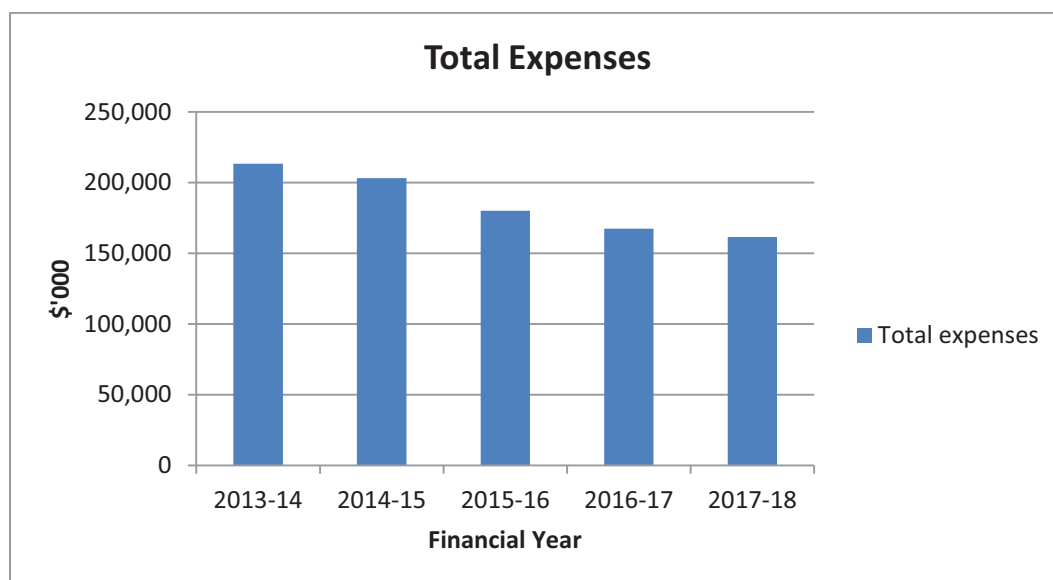
Departmental income statement

Total expenses are estimated to be \$203.033 million in 2014-15, a decrease of \$10.259 million from the 2013-14 financial year. The decrease is mainly due to the Machinery of Government transfer of Trade and Investment Queensland to a Statutory Body effective 1 February 2014. This decrease is partially offset by costs associated with the State Penalties Enforcement Registry (SPER) Reform Program to transition SPER to a new service delivery model and the impact of the Enterprise Bargaining agreement.

The decrease in 2015-16 is primarily due to estimates only reflecting costs for approved projects managed by Projects Queensland. Also contributing are transitioning costs in 2014-15 relating to SPER call centre function upon the commencement of the SPER Reform Program.

The decrease in 2016-17 reflects decreased Revenue Management System (RMS) amortisation expenses as components of RMS are expected to reach the end of their accounting useful life in 2015-16, pending a review of the asset's anticipated useful life in 2014-15. Also contributing is a reduction in costs over time associated with the SPER Reform Program.

Chart: Total departmental expenses across the Forward Estimates period



Departmental balance sheet

The department's major assets at the end of 2014-15 are in intangibles (\$9.282 million), property, plant and equipment (\$7.609 million), and investments (\$6.832 million). Intangibles are expected to decrease further in 2015-16 as a result of amortisation associated with the RMS software with the anticipated useful life of the RMS being subject to a review in 2014-15. Property, plant and equipment are expected to decrease by 33% over the next three years as a result of depreciation on ICT infrastructure, partially offset by ongoing asset replacement and upgrades. However, consistent with the Commission of Audit recommendations, the future model of IT is presently under review and the department is likely to transition from an ownership model to a service model at a point in the future. Investments represent the State's investment in the Property Exchange Australia Ltd (originally known as National E-conveyancing Development Limited) and are expected to remain constant over the next three years.

The department's main liabilities at the end of 2014-15 relate to operational payables (\$3.455 million) and accrued employee benefit (\$2.306 million). There are no known factors that will vary these over the next three years.

CONTROLLED INCOME STATEMENT

| Queensland Treasury and Trade | Notes | 2013-14 Adjusted Budget \$'000 | 2013-14 Est. Act. \$'000 | 2014-15 Budget \$'000 |
|-------------------------------------|-------|---|--------------------------------|-----------------------------|
| Income | | | | |
| Appropriation revenue | 1 | 196,909 | 194,490 | 193,009 |
| Taxes | | .. | .. | .. |
| User charges and fees | 2 | 13,935 | 18,557 | 10,024 |
| Royalties and land rents | | .. | .. | .. |
| Grants and other contributions | 3 | 525 | 245 | .. |
| Interest | | .. | .. | .. |
| Other revenue | | .. | .. | .. |
| Gains on sale/revaluation of assets | | .. | .. | .. |
| Total income | | 211,369 | 213,292 | 203,033 |
| Expenses | | | | |
| Employee expenses | 4 | 107,630 | 103,320 | 101,732 |
| Supplies and services: | | | | |
| - Outsourced service delivery | | .. | .. | .. |
| - Other supplies and services | 5 | 83,893 | 78,265 | 80,713 |
| Grants and subsidies | | .. | .. | .. |
| Depreciation and amortisation | | 11,399 | 11,613 | 12,979 |
| Finance/borrowing costs | | .. | .. | .. |
| Other expenses | 6 | 8,447 | 20,094 | 7,609 |
| Losses on sale/revaluation assets | | .. | .. | .. |
| Total expenses | | 211,369 | 213,292 | 203,033 |
| OPERATING SURPLUS/(DEFICIT) | | .. | .. | .. |
| | | | | |

CONTROLLED STATEMENT OF CHANGES IN EQUITY

| Queensland Treasury and Trade | Notes | 2013-14 Adjusted Budget \$'000 | 2013-14 Est. Act. \$'000 | 2014-15 Budget \$'000 |
|--|-------|---|--------------------------------|-----------------------------|
| Net effect of the changes in accounting policies and prior year adjustments | | .. | .. | .. |
| Increase/(decrease) in asset revaluation reserve | | .. | .. | .. |
| Net amount of all revenue and expense adjustments direct to equity not disclosed above | | .. | .. | .. |
| Net income recognised directly in equity | | .. | .. | .. |
| Surplus/(deficit) for the period | | .. | .. | .. |
| Total recognised income and expense for the period | | .. | .. | .. |
| Equity injection/(withdrawal) | 7 | (8,168) | (8,168) | 157 |
| Equity adjustments (inc. MoG transfers) | 8 | (2,189) | (2,189) | .. |
| Total movement in equity for period | | (10,357) | (10,357) | 157 |

CONTROLLED BALANCE SHEET

| Queensland Treasury and Trade | Notes | 2013-14 Adjusted Budget \$'000 | 2013-14 Est. Act. \$'000 | 2014-15 Budget \$'000 |
|--|-------|---|--------------------------------|-----------------------------|
| CURRENT ASSETS | | | | |
| Cash assets | 9 | 9,328 | 13,688 | 20,138 |
| Receivables | | 4,002 | 3,647 | 3,647 |
| Other financial assets | | .. | .. | .. |
| Inventories | | .. | .. | .. |
| Other | | 3,837 | 3,969 | 4,035 |
| Non-financial assets held for sale | | .. | .. | .. |
| Total current assets | | 17,167 | 21,304 | 27,820 |
| NON-CURRENT ASSETS | | | | |
| Receivables | | .. | .. | .. |
| Other financial assets | | 6,832 | 6,832 | 6,832 |
| Property, plant and equipment | 10 | 6,589 | 4,714 | 7,609 |
| Intangibles | 11 | 19,101 | 18,536 | 9,282 |
| Other | | .. | .. | .. |
| Total non-current assets | | 32,522 | 30,082 | 23,723 |
| TOTAL ASSETS | | 49,689 | 51,386 | 51,543 |
| CURRENT LIABILITIES | | | | |
| Payables | | 3,418 | 3,455 | 3,455 |
| Accrued employee benefits | | 2,390 | 2,306 | 2,306 |
| Interest-bearing liabilities and derivatives | | .. | .. | .. |
| Provisions | | .. | .. | .. |
| Other | | 526 | 494 | 494 |
| Total current liabilities | | 6,334 | 6,255 | 6,255 |
| NON-CURRENT LIABILITIES | | | | |
| Payables | | .. | .. | .. |
| Accrued employee benefits | | .. | .. | .. |
| Interest-bearing liabilities and derivatives | | .. | .. | .. |
| Provisions | | .. | .. | .. |
| Other | | .. | .. | .. |
| Total non-current liabilities | | .. | .. | .. |
| TOTAL LIABILITIES | | 6,334 | 6,255 | 6,255 |
| NET ASSETS/(LIABILITIES) | | 43,355 | 45,131 | 45,288 |
| EQUITY | | | | |
| Capital/contributed equity | 12 | 5,440 | 5,440 | 5,597 |
| Accumulated surplus/(accumulated deficit) | | 37,915 | 39,691 | 39,691 |
| Reserves: | | | | |
| - Asset revaluation surplus | | .. | .. | .. |
| - Other (specify) | | .. | .. | .. |
| TOTAL EQUITY | | 43,355 | 45,131 | 45,288 |

CONTROLLED CASH FLOW STATEMENT

| Queensland Treasury and Trade | Notes | 2013-14 Adjusted Budget \$'000 | 2013-14 Est. Act. \$'000 | 2014-15 Budget \$'000 |
|--|-------|---|--------------------------------|-----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Inflows | | | | |
| Appropriation receipts | 13 | 196,909 | 194,623 | 193,009 |
| User charges and fees | 14 | 12,735 | 17,908 | 10,024 |
| Royalties and land receipts | | .. | .. | .. |
| Grants and other contributions | 15 | 525 | 245 | .. |
| Interest received | | .. | .. | .. |
| Taxes | | .. | .. | .. |
| Other | | .. | .. | .. |
| Outflows | | | | |
| Employee costs | 16 | (107,630) | (103,520) | (101,732) |
| Supplies and services | 17 | (83,959) | (84,831) | (80,779) |
| Grants and subsidies | | .. | .. | .. |
| Borrowing costs | | .. | .. | .. |
| Other | 18 | (8,447) | (19,674) | (7,609) |
| Net cash provided by/(used in) operating activities | | 10,133 | 4,751 | 12,913 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Inflows | | | | |
| Sales of non-financial assets | | .. | .. | .. |
| Investments redeemed | | .. | .. | .. |
| Loans and advances redeemed | | .. | .. | .. |
| Outflows | | | | |
| Payments for non-financial assets | 19 | (2,517) | (1,838) | (6,620) |
| Payments for investments | | .. | .. | .. |
| Loans and advances made | | .. | .. | .. |
| Net cash provided by/(used in) investing activities | | (2,517) | (1,838) | (6,620) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Inflows | | | | |
| Borrowings | | .. | .. | .. |
| Equity injections | 20 | 11,100 | 11,100 | 5,500 |
| Outflows | | | | |
| Borrowing redemptions | | .. | .. | .. |
| Finance lease payments | | .. | .. | .. |
| Equity withdrawals | 21 | (19,268) | (19,268) | (5,343) |
| Net cash provided by/(used in) financing activities | | (8,168) | (8,168) | 157 |
| Net increase/(decrease) in cash held | | (552) | (5,255) | 6,450 |
| Cash at the beginning of financial year | | 16,565 | 25,628 | 13,688 |
| Cash transfers from restructure | 22 | (6,685) | (6,685) | .. |
| Cash at the end of financial year | | 9,328 | 13,688 | 20,138 |

ADMINISTERED INCOME STATEMENT

| Queensland Treasury and Trade | Notes | 2013-14 Adjusted Budget \$'000 | 2013-14 Est. Act. \$'000 | 2014-15 Budget \$'000 |
|---|-------|---|--------------------------------|-----------------------------|
| Income | | | | |
| Appropriation revenue | 23 | 6,395,348 | 6,675,768 | 6,507,357 |
| Taxes | 24 | 9,669,539 | 9,666,285 | 10,190,004 |
| User charges and fees | | 45,119 | 45,119 | 46,004 |
| Royalties and land rents | 25 | 2,567,079 | 2,241,029 | 2,644,712 |
| Grants and other contributions | 26 | 14,407,304 | 14,483,202 | 17,745,680 |
| Interest | | 30,835 | 25,840 | 25,969 |
| Other revenue | | 489,812 | 462,878 | 485,026 |
| Gains on sale/revaluation of assets | | .. | .. | .. |
| Total income | | 33,605,036 | 33,600,121 | 37,644,752 |
| Expenses | | | | |
| Employee expenses | | 6,301 | 6,301 | 6,301 |
| Supplies and services: | | | | |
| - Outsourced service delivery | | .. | .. | .. |
| - Other supplies and services | | 174,646 | 159,071 | 172,091 |
| Grants and subsidies | 27 | 173,952 | 149,190 | 126,567 |
| Depreciation and amortisation | | .. | .. | .. |
| Finance/borrowing costs | 28 | 1,993,222 | 1,952,940 | 2,167,170 |
| Other expenses | 29 | 4,089,262 | 4,408,266 | 4,035,228 |
| Losses on sale/revaluation assets | | .. | .. | .. |
| Transfers of Administered Revenue to Government | 30 | 27,167,653 | 26,924,353 | 31,137,395 |
| Total expenses | | 33,605,036 | 33,600,121 | 37,644,752 |
| OPERATING SURPLUS/(DEFICIT) | | .. | .. | .. |

ADMINISTERED BALANCE SHEET

| Queensland Treasury and Trade | Notes | 2013-14 Adjusted Budget \$'000 | 2013-14 Est. Act. \$'000 | 2014-15 Budget \$'000 |
|--|-------|---|--------------------------------|-----------------------------|
| CURRENT ASSETS | | | | |
| Cash assets | 31 | 23,682 | 110,521 | 127,714 |
| Receivables | 32 | 1,392,073 | 747,575 | 778,259 |
| Other financial assets | | .. | .. | .. |
| Inventories | | .. | .. | .. |
| Other | | 10,318 | 10,606 | 10,606 |
| Non-financial assets held for sale | | .. | .. | .. |
| Total current assets | | 1,426,073 | 868,702 | 916,579 |
| NON-CURRENT ASSETS | | | | |
| Receivables | 33 | 197,224 | 144,707 | 130,969 |
| Other financial assets | 34 | .. | 24,383 | 24,383 |
| Property, plant and equipment | | .. | .. | .. |
| Intangibles | | .. | .. | .. |
| Other | | .. | .. | .. |
| Total non-current assets | | 197,224 | 169,090 | 155,352 |
| TOTAL ASSETS | | 1,623,297 | 1,037,792 | 1,071,931 |
| CURRENT LIABILITIES | | | | |
| Payables | | 27,702 | 27,858 | 27,858 |
| Transfers to Government Payable | 35 | 1,374,390 | 748,032 | 778,104 |
| Accrued employee benefits | | .. | .. | .. |
| Interest-bearing liabilities and derivatives | | 8,759 | 9,512 | 9,409 |
| Provisions | | .. | .. | .. |
| Other | | 15,724 | 16,068 | 15,738 |
| Total current liabilities | | 1,426,575 | 801,470 | 831,109 |
| NON-CURRENT LIABILITIES | | | | |
| Payables | | .. | .. | .. |
| Accrued employee benefits | | .. | .. | .. |
| Interest-bearing liabilities and derivatives | 36 | 44,249,023 | 41,830,539 | 45,058,039 |
| Provisions | | .. | .. | .. |
| Other | | .. | .. | .. |
| Total non-current liabilities | | 44,249,023 | 41,830,539 | 45,058,039 |
| TOTAL LIABILITIES | | 45,675,598 | 42,632,009 | 45,889,148 |
| NET ASSETS/(LIABILITIES) | | (44,052,301) | (41,594,217) | (44,817,217) |
| EQUITY | | | | |
| Capital/contributed equity | 37 | (44,058,761) | (41,600,014) | (44,823,014) |
| Accumulated surplus/(accumulated deficit) | | 6,460 | 5,797 | 5,797 |
| Reserves: | | | | |
| - Asset revaluation surplus | | .. | .. | .. |
| - Other (specify) | | .. | .. | .. |
| TOTAL EQUITY | | (44,052,301) | (41,594,217) | (44,817,217) |

ADMINISTERED CASH FLOW STATEMENT

| Queensland Treasury and Trade | Notes | 2013-14 Adjusted Budget \$'000 | 2013-14 Est. Act. \$'000 | 2014-15 Budget \$'000 |
|--|-------|---|--------------------------------|-----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Inflows | | | | |
| Appropriation receipts | 38 | 6,395,348 | 6,835,585 | 6,507,357 |
| User charges and fees | | 45,119 | 45,119 | 46,004 |
| Royalties and land rent receipts | 39 | 2,567,530 | 2,241,480 | 2,634,080 |
| Grants and other contributions | 40 | 14,407,304 | 14,483,202 | 17,745,680 |
| Interest received | | 30,835 | 25,840 | 25,969 |
| Taxes | 41 | 9,621,365 | 9,470,111 | 10,156,830 |
| Other | | 428,863 | 401,055 | 418,298 |
| Outflows | | | | |
| Employee costs | | (6,301) | (6,301) | (6,301) |
| Supplies and services | | (174,646) | (101,571) | (172,091) |
| Grants and subsidies | 42 | (173,952) | (149,190) | (126,567) |
| Borrowing costs | 43 | (1,993,222) | (1,935,934) | (2,167,170) |
| Other | 44 | (4,015,248) | (4,437,070) | (3,961,214) |
| Transfers to Government | 45 | (27,148,664) | (27,665,615) | (31,107,323) |
| Net cash provided by/(used in) operating activities | | (15,669) | (793,289) | (6,448) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Inflows | | | | |
| Sales of non-financial assets | | .. | .. | .. |
| Investments redeemed | | .. | .. | .. |
| Loans and advances redeemed | 46 | 15,153 | 14,993 | 28,244 |
| Outflows | | | | |
| Payments for non-financial assets | | .. | .. | .. |
| Payments for investments | | .. | .. | .. |
| Loans and advances made | 47 | (36,420) | (33,288) | (6,000) |
| Net cash provided by/(used in) investing activities | | (21,267) | (18,295) | 22,244 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Inflows | | | | |
| Borrowings | 48 | 8,072,315 | 6,830,966 | 3,227,500 |
| Equity injections | 49 | .. | 11,795 | .. |
| Outflows | | | | |
| Borrowing redemptions | 50 | (8,762) | (20,557) | (3,103) |
| Finance lease payments | | .. | .. | .. |
| Equity withdrawals | 51 | (8,045,767) | (6,817,860) | (3,223,000) |
| Net cash provided by/(used in) financing activities | | 17,786 | 4,344 | 1,397 |
| Net increase/(decrease) in cash held | | (19,150) | (807,240) | 17,193 |
| Cash at the beginning of financial year | | 42,832 | 917,761 | 110,521 |
| Cash transfers from restructure | | .. | .. | .. |
| Cash at the end of financial year | | 23,682 | 110,521 | 127,714 |

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

From 1 July 2014, departments will no longer be liable for payroll tax. To provide comparable cost forecasts across all periods, the 2013-14 Adjusted budget and the 2013-14 Estimated actual have been recast to reflect the removal of payroll tax from Employee expenses and an associated reduction has been made to Appropriation revenue. The 2013-14 Adjusted budget Appropriation revenue and Employee expenses have been reduced by \$4.287 million. The 2013-14 Estimated actual Appropriation revenue and Employee expenses have been reduced by \$4.308 million.

Income statement

1. The decrease in the 2013-14 Estimated actual is primarily due to funding carried over to futures years for departmental projects, partially offset by funding for the Strong Choices campaign to engage the community on the choices available to reduce the State's debt and restore Queensland's financial strength. The decrease in the 2014-15 Budget is primarily due to the full year effect of the Machinery of Government (MoG) transfer of Trade and Investment Queensland (TIQ) to a Statutory Body. Also contributing is one off funding in 2013-14 for the Great Start Grants promotional costs and the Best Place to do Business campaign. These are partially offset by funding carried over from 2013-14, funding for the State Penalties Enforcement Registry (SPER) Reform Program to transition SPER to a new service delivery model, and the impact of the Enterprise Bargaining Agreement (EBA).
2. The increase in the 2013-14 Estimated actual is primarily due to the volume of reimbursable projects managed by Projects Queensland (PQ) being unknown when the 2013-14 Budget was developed. The decrease in the 2014-15 Budget is mainly due to the 2014-15 Budget only reflecting approved reimbursable projects managed by PQ and known projects and survey revenue within the Queensland Government Statistician's Office. Also contributing is the full year effects of the MoG transfer of TIQ.
3. The decrease in the 2013-14 Estimated actual is due to a reclassification of revenue received from the Department of Education, Training and Employment for the International Education and Training Unit within TIQ to user charges. The further decrease in the 2014-15 Budget reflects the full year impact of the MoG transfer of TIQ.
4. The decrease in the 2013-14 Estimated actual is primarily due to active management of filling vacancies across the department and delays in the recruitment of additional compliance officers with positions being filled by temporary agency staff in the interim. The decrease in the 2014-15 Budget is primarily due to the full year effects of the MoG transfer of TIQ. This is partially offset by the impact of the EBA, resources required by PQ to manage Government projects, and costs associated with additional compliance officers.
5. The decrease in the 2013-14 Estimated actual is primarily due to delays in projects, including the SPER Reform Program and the trial of using mercantile agents to act on behalf of the State to collect unpaid fines. These are partially offset by costs associated with the Strong Choices campaign. The increase in the 2014-15 Budget is due to costs associated with the SPER Reform Program, partially offset by the full year effects of the MoG transfer of TIQ.
6. The increase in the 2013-14 Estimated actual is due to costs associated with the Strong Choices campaign, the Government Wireless Network project and the Best Place to do Business campaign. The decrease in the 2014-15 Budget is due to one off promotional costs for the Great Start Grants in 2013-14 and the full year effect of the MoG transfer of TIQ. Also contributing is the one off costs associated with the Best Place to do Business campaign in 2013-14.

Statement of changes in equity

7. The increase in the 2014-15 Budget reflects an equity injection for the development and implementation of new system capability to support improved fine collection and debt recovery by SPER.
8. Equity adjustments (including MoG transfers) in 2013-14 represent the transfer of TIQ from Queensland Treasury and Trade and establishment as a statutory body.

Balance sheet

9. The increase in the 2013-14 Estimated actual is primarily due to a higher audited opening balance as a result of unbudgeted 2012-13 operating surplus and lower than expected capital expenditure in 2012-13. The increase in the 2014-15 Budget is mainly due to a delay in equity withdrawal of amortisation funding to future years.

10. The decreased in the 2013-14 Estimated actual reflect a lower audited opening balance as a result of lower than expected capital expenditure during 2012-13. The increase in the 2014-15 Budget reflects the development and implementation of new system capability to support improved fine collection and debt recovery by SPER, partially offset by the expected depreciation on assets during 2014-15.
11. The decrease in the 2014-15 Budget reflects amortisation on system assets, mainly the Revenue Management System (RMS).
12. The increase in the 2014-15 Budget is mainly due to equity injection for the development and implementation of new system capability to support improved fine collection and debt recovery by SPER, partially offset by equity withdrawal of amortisation funding for RMS.

Cash flow statement

13. The decrease in the 2013-14 Estimated actual is primarily due to funding carried over to future years for departmental projects, partially offset by funding for the Strong Choices campaign to engage the community on the choices available to reduce the State's debt and restore Queensland's financial strength. The decrease in the 2014-15 Budget is primarily due to the full year effect of the MoG transfer of TIQ to a Statutory Body. Also contributing is one off funding in 2013-14 for the Great Start Grants promotional costs and the Best Place to do Business campaign. These are partially offset by funding carried over from 2013-14, funding for the SPER Reform Program to transition SPER to a new service delivery model, and the impact of the EBA.
14. The increase in the 2013-14 Estimated actual is primarily due to the volume of reimbursable projects managed by PQ being unknown when the 2013-14 Budget was developed. The decrease in the 2014-15 Budget is mainly due to the 2014-15 Budget only reflecting approved reimbursable projects managed by PQ and known projects and survey revenue within the Queensland Government Statistician's Office. Also contributing is the full year effects of the MoG transfer of TIQ.
15. The decrease in the 2013-14 Estimated actual is due to a reclassification of revenue received from the Department of Education, Training and Employment for the International Education and Training Unit within TIQ to user charges. The further decrease in the 2014-15 Budget reflects the full year impact of the MoG transfer of TIQ.
16. The decrease in the 2013-14 Estimated actual is primarily due to active management of filling vacancies across the department and delays in the recruitment of additional compliance officers with positions being filled by temporary agency staff in the interim. The decrease in the 2014-15 Budget is primarily due to the full year effects of the MoG transfer of TIQ. This is partially offset by the impact of EBA, resources required by PQ to manage Government projects, and costs associated with additional compliance officers.
17. The increase in the 2013-14 Estimated actual is primarily due to costs associated with the Strong Choices campaign and cash payments for 2012-13 payables primarily relating to TIQ and costs of projects managed by PQ. These are partially offset by delays in projects, including the SPER Reform Program and the trial of using mercantile agents to act on behalf of the State to collect unpaid fines. The decrease in the 2014-15 Budget is due to the full year effects of the MoG transfer of TIQ and the fact that 2013-14 Estimated actual includes cash payments for 2012-13 payables. These are partially offset by costs associated with the SPER Reform Program.
18. The increase in the 2013-14 Estimated actual is due to costs associated with the Strong Choices campaign, the Government Wireless Network project and the Best Place to do Business campaign. The decrease in the 2014-15 Budget is due to one off promotional costs for the Great Start Grants in 2013-14 and the full year effect of the MoG transfer of TIQ. Also contributing is the one off costs associated with the Best Place to do Business campaign in 2013-14.
19. The decrease in the 2013-14 Estimated actual reflects the replacement of the electronic Documents and Records Management system being delayed to 2014-15 and reclassified to operating expenditure and a reduced requirements for leasehold improvement work as a result of the expected relocation to 1 William Street. These are partially offset by the acquisition of the Assurance and Compliance software. The increase in the 2014-15 Budget reflect the development and implementation of new system capability to support improved fine collection and debt recovery by SPER.
20. The Equity injection in 2013-14 relates to capital funding on a program of urban mitigation works across the Airportlink project corridor. The Equity injection in 2014-15 relates to capital funding for the development and implementation of new system capability to support improved fine collection and debt recovery by SPER.

21. The Equity withdrawal in 2013-14 primarily reflects anticipated equity withdrawal relating to passing on of capital funding to the Brisbane City Council for a program of urban mitigation works across the Airportlink project corridor. Also contributing is equity withdrawal of amortisation funding for RMS. The Equity withdrawal in 2014-15 mainly relates to equity withdrawal of amortisation funding for RMS.
22. Cash transfers from restructure in 2013-14 represents cash transferred over to the TIQ statutory body as part of the MoG transfer of TIQ, effective 1 February 2014.

Administered income statement

23. Administered appropriation is received from the Consolidated Fund to fund administered expenses. Material changes in administered expenses are outlined in Notes 27 to 29.
24. The decrease in the 2013-14 Estimated actual relates to lower than expected duty on insurance policies following increased competition in the insurance market and lower than anticipated payroll tax as a result of slower wage growth. These are partially offset by growth in transfer duty reflecting an improvement in property market activity. The increase in the 2014-15 Budget is reflective of the continued growth in the property market. From 1 July 2014 departments will no longer be liable for payroll tax. To provide comparable revenue forecasts across all periods, the 2013-14 Adjusted budget and the 2013-14 Estimated actual have been recast to reflect the removal of payroll tax from Taxes revenue and an associated reduction has been made to Transfer of Administered Revenue to Government.
25. The decrease in the 2013-14 Estimated actual and subsequent increase in the 2014-15 Budget reflects lower coal prices which were expected to improve in 2013-14 but are now expected in 2014-15. Also contributing to the increase in royalties in 2014-15 is the first exports of liquefied natural gas expected in late 2014.
26. The increase in the 2013-14 Estimated actual reflects an increase in the Australian Government's estimate of the 2013-14 GST pool. The further increase in the 2014-15 Budget is due to growth in GST payments to Queensland relative to 2013-14. Also contributing is the Natural Disaster Relief and Recovery Arrangements (NDRRA) funding from the Australian Government.
27. The decrease in the 2013-14 Estimated actual is due to a cessation of grant to SEQWater as a result of SEQWater no longer paying competitive neutrality fees from 1 July 2013 following a revision to Government policy. The decrease in the 2014-15 Budget reflects a reduction in capital grants to Queensland Reconstruction Authority (QRA) relating to NDRRA events.
28. The decrease in the 2013-14 Estimated actual reflects lower than anticipated borrowings requirements during 2013-14 as a result of the State's improved fiscal balance. The increase in the 2014-15 Budget reflects higher interest expenses resulting from the expected increase in borrowings.
29. The increase in the 2013-14 Estimated actual reflects higher than anticipated State's share of superannuation beneficiary payments. The decrease in the 2014-15 Budget reflects a return to average levels of superannuation beneficiary payments.
30. This represents revenues collected on behalf of Queensland Government which are transferred to the Consolidated Fund. Material changes in administered revenue are outlined in Notes 24 to 26.

Administered balance sheet

31. The increase in the 2013-14 Estimated actual is primarily due to a higher audited opening balance.
32. The decrease in the 2013-14 Estimated actual is due to a change in accounting treatment of taxes and royalties during 2013-14 to recognise revenue when an assessment is lodged, resulting in accrued taxes and royalties based on estimates no longer being recognised at year end.
33. The decrease in the 2013-14 Estimated actual reflects a lower audited opening balance mainly due to decreased volume of NDRRA loans made to Queensland Rural Adjustment Authority (QRAA). The further decrease in the 2014-15 Budget is due to the expected receipts of repayment relating to NDRRA loans.
34. The increase in the 2013-14 Estimated actual represents derivatives relating to the Queensland Health forward starting swap contract to hedge the economic risk that may arise from a floating rate borrowing.
35. This reflects the administered revenue yet to be transferred to the Consolidated Fund at year end. The decrease in the 2013-14 Estimated actual is a result of a decrease in accrued taxes and royalties recognised at year end due to a change in accounting treatment.
36. The decrease in the 2013-14 Estimated actual is primarily due to lower than anticipated borrowings required as a result of the State's improved fiscal balance. The increase in the 2014-15 Budget reflects anticipated borrowings during 2014-15 to meet Whole of Government funding requirements.

37. The decrease in the 2013-14 Estimated actual is due to less than expected transfer of proceeds of borrowings to the Consolidated Fund. The increase in the 2014-15 Budget reflects the transfer to the Consolidated Fund of proceeds of borrowings during 2014-15.

Administered cash flow statement

38. Administered appropriation is received from the Consolidated Fund to fund administered expenses. Material changes in administered expenses are outlined in Notes 42 to 44.
39. The decrease in the 2013-14 Estimated actual and subsequent increase in the 2014-15 Budget reflects lower coal prices which were expected to improve in 2013-14 but are now expected in 2014-15. Also contributing to the increase in royalties in 2014-15 is the first exports of liquefied natural gas expected in late 2014.
40. The increase in the 2013-14 Estimated actual reflects an increase in the Australian Government's estimate of the 2013-14 GST pool. The further increase in the 2014-15 Budget is due to growth in GST payments to Queensland relative to 2013-14. Also contributing is the NDRRA funding from the Australian Government.
41. The decrease in the 2013-14 Estimated actual relates to lower than expected duty on insurance policies following increased competition in the insurance market and lower than anticipated payroll tax as a result of slower wage growth. These are partially offset by growth in transfer duty reflecting an improvement in property market activity. The increase in the 2014-15 Budget is reflective of the continued growth in the property market.
42. The decrease in the 2013-14 Estimated actual is due to a cessation of grant to SEQWater as a result of SEQWater no longer paying competitive neutrality fees from 1 July 2013 following a revision to Government policy. The decrease in the 2014-15 Budget reflects a reduction in capital grants to QRA relating to NDRRA events.
43. The decrease in the 2013-14 Estimated actual reflects lower than anticipated borrowing requirements during 2013-14 as a result of the State's improved fiscal balance. The increase in the 2014-15 Budget reflects higher interest expenses resulting from the expected increase in borrowings.
44. The increase in the 2013-14 Estimated actual reflects higher than anticipated State's share of superannuation beneficiary payments. The decrease in the 2014-15 Budget reflects a return to average levels of superannuation beneficiary payments.
45. 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 39 to 41.
46. The increase in the 2014-15 Budget reflects the anticipated redemptions of NDRRA loans by QRAA.
47. The decrease in the 2014-15 Budget reflects the volume of anticipated NDRRA loans made to QRAA.
48. In its capacity as manager of the State's finance, Queensland Treasury and Trade expects to undertake lower borrowings in 2013-14 as a result of the State's improved fiscal balance. The 2014-15 Budget reflects anticipated borrowings during 2014-15 to meet Whole of Government funding requirements.
49. The 2013-14 Estimated actual relates to an equity injection associated with the repayments of stand-alone Stadium loans before these loans were consolidated with the whole-of-Government borrowings.
50. The increase in the 2013-14 Estimated actual and subsequent decrease in the 2014-15 Budget reflects the repayments of Stadium loans before these loans were consolidated with the whole-of-Government borrowings in 2013-14.
51. The decrease in the 2013-14 Estimated actual reflects less than anticipated proceeds of borrowings being transferred to the Consolidated Fund. The 2014-15 Budget reflect the transfer of proceeds of borrowings to the Consolidated Fund during 2014-15.

STATUTORY BODIES

MOTOR ACCIDENT INSURANCE COMMISSION/NOMINAL DEFENDANT

AGENCY OVERVIEW

Strategic direction

The Motor Accident Insurance Commission (MAIC) and the Nominal Defendant statutory bodies are focused on ensuring financial protection that makes Queensland stronger, fairer and safer. To deliver this protection:

- MAIC's role is to regulate and improve Queensland's compulsory third party (CTP) insurance scheme and manage the Motor Accident Insurance and Nominal Defendant funds
- The Nominal Defendant's role is to compensate people who are injured as a result of negligent driving of unidentified and/or motor vehicles with no CTP insurance, and act as the insurer of last resort by meeting the claim costs of any licensed insurer who may become insolvent.

In 2014-15, MAIC and the Nominal Defendant's strategic objectives are to:

- provide a viable and equitable personal injury motor accident insurance scheme
- continually improve the operational performance of the Nominal Defendant
- provide a corporate governance model that facilitates MAIC's vision and meets the State's financial and performance requirements.

In 2014-15, MAIC and the Nominal Defendant will contribute towards the Queensland Government's objectives for the community by:

- 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 accidents.

The major factors that may impact on MAIC and the Nominal Defendant's objectives include claims trends, delivery costs, broader economic volatility, potential legislative reforms, the risk of insurer insolvency and the challenge of keeping CTP premiums affordable while managing a competitive insurer premium filing model.

RESOURCES AND PERFORMANCE

MAIC and the Nominal Defendant's key achievements for 2013-14 were:

- 2014-15 Nominal Defendant Levy held at the same level as 2013-14
- implementing a new Nominal Defendant claims management system
- smooth transition of Suncorp one license changes
- approving and executing NRMA license withdrawal
- amending the *Motor Accident Insurance Act 1994* to facilitate enhanced stakeholder consultation
- implementing enhanced scheme performance monitoring and reporting capability.

Looking forward, MAIC and the Nominal Defendant's primary focus for 2014-15 includes:

- assisting Queensland Treasury and Trade in reviewing aspects of the CTP scheme
- implementing renewal recommendations in line with the Queensland Treasury and Trade Renewal Program
- realising the benefits of the Nominal Defendant claims management system
- delivering cost reductions through process improvements
- implementing a new MAIC research governance model
- realising cost savings through the Nominal Defendant legal panel review.

STATEMENTS

Staffing¹

| Motor Accident Insurance Commission/Nominal Defendant | Notes | 2013-14 Budget | 2013-14 Est. Actual | 2014-15 Budget |
|--|-------|-------------------|------------------------|-------------------|
| | 2 | 40 | 42 | 42 |

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. The increase in the 2013-14 Estimated actual is for positions transferring from Queensland Treasury and Trade to continue current technical support and maintenance of the Queensland Compulsory Third Party insurance scheme claims register.

Performance Statement

| Motor Accident Insurance Commission/Nominal Defendant | Notes | 2013-14 Target/est. | 2013-14 Est. Actual | 2014-15 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% |
| Percentage of the Nominal Defendant claims finalised compared to the number outstanding at the start of the financial year | | 50% | 50% | 50% |
| Percentage of Nominal Defendant claims settled within two years of compliance | | 50% | 50% | 50% |
| Percentage of Nominal Defendant claims with General Damages paid within 60 days of the settlement date | | 95% | 95% | 95% |

INCOME STATEMENT

| Motor Accident Insurance Commission | Notes | 2013-14 Budget \$'000 | 2013-14 Est. Act. \$'000 | 2014-15 Budget \$'000 |
|-------------------------------------|-------|-----------------------------|--------------------------------|-----------------------------|
| Income | | | | |
| User charges and fees | | 50 | 50 | 40 |
| Grants and other contributions | | .. | .. | .. |
| Interest | 1 | 9,681 | 17,415 | 10,652 |
| Other revenue | | 11,805 | 11,805 | 12,167 |
| Gains on sale/revaluation of assets | | .. | .. | .. |
| Total income | | 21,536 | 29,270 | 22,859 |
| Expenses | | | | |
| Employee expenses | 2 | 3,533 | 3,050 | 3,265 |
| Supplies and services: | | | | |
| - Outsourced service delivery | | .. | .. | .. |
| - Other supplies and services | 3 | 2,068 | 2,593 | 2,378 |
| Grants and subsidies | | 6,000 | 6,000 | 6,000 |
| Depreciation and amortisation | | 5 | 5 | 3 |
| Finance/borrowing costs | | .. | .. | .. |
| Other expenses | | 333 | 385 | 181 |
| Losses on sale/revaluation assets | | .. | .. | .. |
| Total expenses | | 11,939 | 12,033 | 11,827 |
| OPERATING SURPLUS/(DEFICIT) | 4 | 9,597 | 17,237 | 11,032 |

STATEMENT OF CHANGES IN EQUITY

| Motor Accident Insurance Commission | Notes | 2013-14 Budget \$'000 | 2013-14 Est. Act. \$'000 | 2014-15 Budget \$'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 | | 9,597 | 17,237 | 11,032 |
| Total recognised income and expense for the period | | 9,597 | 17,237 | 11,032 |
| Equity injection/(withdrawal) | | .. | .. | .. |
| Equity adjustments (inc. MoG transfers) | | .. | .. | .. |
| Total movement in equity for period | | 9,597 | 17,237 | 11,032 |

BALANCE SHEET

| Motor Accident Insurance Commission | Notes | 2013-14 Budget \$'000 | 2013-14 Est. Act. \$'000 | 2014-15 Budget \$'000 |
|--|-------|-----------------------------|--------------------------------|-----------------------------|
| CURRENT ASSETS | | | | |
| Cash assets | | 2,000 | 2,000 | 2,000 |
| Receivables | | 66 | 57 | 55 |
| Other financial assets | | 12,124 | 11,790 | 11,827 |
| Inventories | | .. | .. | .. |
| Other | | 383 | 360 | 360 |
| Non-financial assets held for sale | | .. | .. | .. |
| Total current assets | | 14,573 | 14,207 | 14,242 |
| NON-CURRENT ASSETS | | | | |
| Receivables | | .. | .. | .. |
| Other financial assets | 5 | 132,633 | 139,587 | 150,620 |
| Property, plant and equipment | | 20 | 20 | 17 |
| Intangibles | | .. | .. | .. |
| Other | | .. | .. | .. |
| Total non-current assets | | 132,653 | 139,607 | 150,637 |
| TOTAL ASSETS | | 147,226 | 153,814 | 164,879 |
| CURRENT LIABILITIES | | | | |
| Payables | | 229 | 333 | 337 |
| Accrued employee benefits | | 284 | 258 | 287 |
| Interest-bearing liabilities and derivatives | | .. | .. | .. |
| Provisions | | .. | .. | .. |
| Other | | .. | .. | .. |
| Total current liabilities | | 513 | 591 | 624 |
| NON-CURRENT LIABILITIES | | | | |
| Payables | | .. | .. | .. |
| Accrued employee benefits | | .. | .. | .. |
| Interest-bearing liabilities and derivatives | | .. | .. | .. |
| Provisions | | .. | .. | .. |
| Other | | .. | .. | .. |
| Total non-current liabilities | | .. | .. | .. |
| TOTAL LIABILITIES | | 513 | 591 | 624 |
| NET ASSETS/(LIABILITIES) | | 146,713 | 153,223 | 164,255 |
| EQUITY | | | | |
| Capital/contributed equity | | 57,818 | 57,818 | 57,818 |
| Accumulated surplus/(accumulated deficit) | 6 | 88,895 | 95,405 | 106,437 |
| Reserves: | | | | |
| - Asset revaluation surplus | | .. | .. | .. |
| - Other (specify) | | .. | .. | .. |
| TOTAL EQUITY | | 146,713 | 153,223 | 164,255 |

CASH FLOW STATEMENT

| Motor Accident Insurance Commission | Notes | 2013-14 Budget \$'000 | 2013-14 Est. Act. \$'000 | 2014-15 Budget \$'000 |
|--|-------|-----------------------------|--------------------------------|-----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Inflows | | | | |
| User charges and fees | | 52 | 52 | 42 |
| Grants and other contributions | | .. | .. | .. |
| Interest received | 7 | 9,681 | 17,415 | 10,652 |
| Taxes | | .. | .. | .. |
| Other | | 11,805 | 11,805 | 12,167 |
| Outflows | | | | |
| Employee costs | 8 | (3,505) | (3,022) | (3,236) |
| Supplies and services | 9 | (2,069) | (2,594) | (2,374) |
| Grants and subsidies | | (6,000) | (6,000) | (6,000) |
| Borrowing costs | | .. | .. | .. |
| Other | | (333) | (385) | (181) |
| Net cash provided by/(used in) operating activities | | 9,631 | 17,271 | 11,070 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Inflows | | | | |
| Sales of non-financial assets | | .. | .. | .. |
| Investments redeemed | | .. | .. | .. |
| Loans and advances redeemed | | .. | .. | .. |
| Outflows | | | | |
| Payments for non-financial assets | 10 | (9,631) | (18,278) | (11,070) |
| Payments for investments | | .. | .. | .. |
| Loans and advances made | | .. | .. | .. |
| Net cash provided by/(used in) investing activities | | (9,631) | (18,278) | (11,070) |
| 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 | | .. | (1,007) | .. |
| Cash at the beginning of financial year | | 2,000 | 3,007 | 2,000 |
| Cash transfers from restructure | | .. | .. | .. |
| Cash at the end of financial year | | 2,000 | 2,000 | 2,000 |

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Income statement

1. The increase in the 2013-14 Estimated actual is due to a higher than expected rate of return on Queensland Investment Corporation (QIC) investments. The 2014-15 Budget is based on QIC's estimate of long term average annual rates of return for the portfolio.
2. The decrease in the 2013-14 Estimated actual is due to vacancies during 2013-14. The subsequent increase in the 2014-15 Budget is primarily due to positions transferring from Queensland Treasury and Trade in late 2013-14 to continue current technical support and maintenance of the Queensland Compulsory Third Party insurance scheme claims register. This is partially offset by the cessation of payroll tax for Government departments from 1 July 2014.
3. The increase in the 2013-14 Estimated actual reflects an increase in contractor and consultancy engagements primarily due to a greater focus on renewal and contestability. The subsequent decrease in 2014-15 Budget is primarily due to an expected reduction in consultancy costs.
4. The increase in the 2013-14 Estimated actual is primarily due to a higher than expected rate of return on QIC investments. The decrease in the 2014-15 Budget is primarily due to a return to QIC's estimate of long term average rates of return for the portfolio.

Balance sheet

5. The increase in the 2013-14 Estimated actual reflects increased investment of surplus funding mainly resulting from higher than expected return on QIC investments. The increase in the 2014-15 Budget reflects the investment of surplus funds during 2014-15.
6. The increase in the 2013-14 Estimated actual and further increase in the 2014-15 Budget reflects the projected operating surpluses.

Cash flow statement

7. The increase in the 2013-14 Estimated actual is due to a higher than expected rate of return on QIC investments. The 2014-15 Budget is based on QIC's estimate of long term average annual rates of return for the portfolio.
8. The decrease in the 2013-14 Estimated actual is due to vacancies during 2013-14. The subsequent increase in the 2014-15 Budget is primarily due to positions transferring from Queensland Treasury and Trade in late 2013-14 to continue current technical support and maintenance of the Queensland Compulsory Third Party insurance scheme claims register. This is partially offset by the cessation of payroll tax for Government departments from 1 July 2014.
9. The increase in the 2013-14 Estimated actual reflects an increase in contractor and consultancy engagements primarily due to a greater focus on renewal and contestability. The subsequent decrease in 2014-15 Budget is primarily due to an expected reduction in consultancy costs.
10. The increase in the 2013-14 Estimated actual reflects a projected increase in operating surplus, resulting in more funding available for investment. The 2014-15 Budget reflects the investment of the projected operating surplus in 2014-15.

INCOME STATEMENT

| Nominal Defendant | Notes | 2013-14 Budget \$'000 | 2013-14 Est. Act. \$'000 | 2014-15 Budget \$'000 |
|-------------------------------------|-------|-----------------------------|--------------------------------|-----------------------------|
| Income | | | | |
| User charges and fees | | .. | .. | .. |
| Grants and other contributions | | .. | .. | .. |
| Interest | 1 | 48,698 | 88,962 | 54,037 |
| Other revenue | | 44,650 | 44,650 | 45,837 |
| Gains on sale/revaluation of assets | | .. | .. | .. |
| Total income | | 93,348 | 133,612 | 99,874 |
| Expenses | | | | |
| Employee expenses | 2 | 1,642 | 1,866 | 1,732 |
| Supplies and services: | | | | |
| - Outsourced service delivery | | .. | .. | .. |
| - Other supplies and services | 3 | 63,772 | 55,300 | 58,303 |
| Grants and subsidies | | .. | .. | .. |
| Depreciation and amortisation | 4 | 86 | 87 | 517 |
| Finance/borrowing costs | | .. | .. | .. |
| Other expenses | 5 | 108 | (50,742) | 55 |
| Losses on sale/revaluation assets | | .. | .. | .. |
| Total expenses | | 65,608 | 6,511 | 60,607 |
| OPERATING SURPLUS/(DEFICIT) | 6 | 27,740 | 127,101 | 39,267 |

STATEMENT OF CHANGES IN EQUITY

| Nominal Defendant | Notes | 2013-14 Budget \$'000 | 2013-14 Est. Act. \$'000 | 2014-15 Budget \$'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 | | 27,740 | 127,101 | 39,267 |
| Total recognised income and expense for the period | | 27,740 | 127,101 | 39,267 |
| Equity injection/(withdrawal) | | .. | .. | .. |
| Equity adjustments (inc. MoG transfers) | | .. | .. | .. |
| Total movement in equity for period | | 27,740 | 127,101 | 39,267 |

BALANCE SHEET

| Nominal Defendant | Notes | 2013-14 Budget \$'000 | 2013-14 Est. Act. \$'000 | 2014-15 Budget \$'000 |
|--|-------|-----------------------------|--------------------------------|-----------------------------|
| CURRENT ASSETS | | | | |
| Cash assets | | 3,000 | 3,000 | 3,000 |
| Receivables | 7 | 2,852 | 3,288 | 3,581 |
| Other financial assets | 8 | 148,696 | 180,364 | 190,482 |
| Inventories | | .. | .. | .. |
| Other | | .. | .. | .. |
| Non-financial assets held for sale | | .. | .. | .. |
| Total current assets | | 154,548 | 186,652 | 197,063 |
| NON-CURRENT ASSETS | | | | |
| Receivables | 7 | 5,676 | 4,821 | 5,260 |
| Other financial assets | 8 | 595,410 | 642,232 | 691,554 |
| Property, plant and equipment | 7 | 7 | 8 | 6 |
| Intangibles | | 3,217 | 3,516 | 3,001 |
| Other | | .. | .. | .. |
| Total non-current assets | | 604,310 | 650,577 | 699,821 |
| TOTAL ASSETS | | 758,858 | 837,229 | 896,884 |
| CURRENT LIABILITIES | | | | |
| Payables | | 484 | 561 | 611 |
| Accrued employee benefits | | 135 | 211 | 214 |
| Interest-bearing liabilities and derivatives | | .. | .. | .. |
| Provisions | 9 | 49,333 | 46,299 | 51,258 |
| Other | | 21,792 | 21,413 | 21,913 |
| Total current liabilities | | 71,744 | 68,484 | 73,996 |
| NON-CURRENT LIABILITIES | | | | |
| Payables | | .. | .. | .. |
| Accrued employee benefits | | .. | .. | .. |
| Interest-bearing liabilities and derivatives | | .. | .. | .. |
| Provisions | 9 | 185,589 | 138,897 | 153,773 |
| Other | | .. | .. | .. |
| Total non-current liabilities | | 185,589 | 138,897 | 153,773 |
| TOTAL LIABILITIES | | 257,333 | 207,381 | 227,769 |
| NET ASSETS/(LIABILITIES) | | 501,525 | 629,848 | 669,115 |
| EQUITY | | | | |
| Capital/contributed equity | | 121 | 121 | 121 |
| Accumulated surplus/(accumulated deficit) | 10 | 501,404 | 629,727 | 668,994 |
| Reserves: | | | | |
| - Asset revaluation surplus | | .. | .. | .. |
| - Other (specify) | | .. | .. | .. |
| TOTAL EQUITY | | 501,525 | 629,848 | 669,115 |

CASH FLOW STATEMENT

| Nominal Defendant | Notes | 2013-14 Budget \$'000 | 2013-14 Est. Act. \$'000 | 2014-15 Budget \$'000 |
|--|-------|-----------------------------|--------------------------------|-----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Inflows | | | | |
| User charges and fees | | .. | .. | .. |
| Grants and other contributions | | .. | .. | .. |
| Interest received | 11 | 48,698 | 88,962 | 54,037 |
| Taxes | | .. | .. | .. |
| Other | | 42,512 | 42,564 | 45,605 |
| Outflows | | | | |
| Employee costs | 12 | (1,639) | (1,863) | (1,729) |
| Supplies and services | 13 | (41,430) | (41,606) | (38,418) |
| Grants and subsidies | | .. | .. | .. |
| Borrowing costs | | .. | .. | .. |
| Other | 14 | (108) | 50,742 | (55) |
| Net cash provided by/(used in) operating activities | | 48,033 | 138,799 | 59,440 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Inflows | | | | |
| Sales of non-financial assets | | .. | .. | .. |
| Investments redeemed | | .. | .. | .. |
| Loans and advances redeemed | | .. | .. | .. |
| Outflows | | | | |
| Payments for non-financial assets | 15 | (1,550) | (1,776) | .. |
| Payments for investments | 16 | (46,483) | (137,037) | (59,440) |
| Loans and advances made | | .. | .. | .. |
| Net cash provided by/(used in) investing activities | | (48,033) | (138,813) | (59,440) |
| 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 | | .. | (14) | .. |
| Cash at the beginning of financial year | | 3,000 | 3,014 | 3,000 |
| Cash transfers from restructure | | .. | .. | .. |
| Cash at the end of financial year | | 3,000 | 3,000 | 3,000 |

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Income statement

1. The increase in the 2013-14 Estimated actual is due to a higher than expected rate of return on Queensland Investment Corporation (QIC) investments. The 2014-15 Budget is based on QIC's estimate of long term average annual rates of return for the portfolio.
2. The increase in the 2013-14 Estimated actual and the subsequent decrease in the 2014-15 Budget reflect additional one-off costs in 2013-14 associated with the Connect system which replaces the legacy claims management system, together with the cessation of payroll tax for Government departments from 1 July 2014.
3. The decrease in the 2013-14 Estimated actual is primarily due to lower than anticipated Nominal Defendant claims costs and movement in outstanding claims liability. The increase in the 2014-15 Budget is a result of projected movement in outstanding claims liability partially offset by a decrease in Nominal Defendant claims costs.
4. The increase in the 2014-15 Budget reflects amortisation costs associated with the Connect system which is expected to be commissioned in 2013-14. The Connect system replaces the legacy claims management system.
5. The decrease in the 2013-14 Estimated actual is a result of unanticipated FAI-Tail dividends received. The subsequent increase in the 2014-15 Budget is due to no FAI-Tail dividends forecast to be received.
6. The increase in the 2013-14 Estimated actual is primarily due to a higher than expected rate of return on investments and receipt of unanticipated FAI-Tail dividends. The decrease in the 2014-15 Budget is primarily due to a return to QIC's estimate of long term average rates of return for the portfolio, together with no FAI-Tail dividends forecast to be received in 2014-15.

Balance sheet

7. The movement in the 2013-14 Estimated actual reflects audited opening balances and projected movements in Nominal Defendant claim recoveries.
8. The increase in the 2013-14 Estimated actual and the further increase in the 2014-15 Budget reflect the investment of projected surplus funding.
9. The decrease in the 2013-14 Estimated actual and subsequent increase in the 2014-15 Budget relate to movements in outstanding claims liability. The 2013-14 Estimated actual and 2014-15 Budget of outstanding claims liability are based on actuarial assessment.
10. The increase in the 2013-14 Estimated actual is due to an increase in the projected operating surplus for 2013-14. The further increase in the 2014-15 Budget reflects a projected operating surplus for 2014-15.

Cash flow statement

11. The increase in the 2013-14 Estimated actual is due to a higher than expected rate of return on QIC investments. The 2014-15 Budget is based on QIC's estimate of long term average annual rates of return for the portfolio.
12. The increase in the 2013-14 Estimated actual and the subsequent decrease in the 2014-15 Budget reflect additional one-off costs in 2013-14 associated with the Connect system which replaces the legacy claims management system, together with the cessation of payroll tax for Government departments from 1 July 2014.
13. The decrease in 2014-15 Budget is a result of projected decreases in Nominal Defendant claims costs.
14. The decrease in the 2013-14 Estimated actual is a result of unanticipated FAI-Tail dividends received. The subsequent increase in the 2014-15 Budget is due to no FAI-Tail dividends forecast to be received.
15. This reflects capital expenditure associated with the Connect system which replaces the legacy claims management system.
16. The increase in the 2013-14 Estimated actual reflects the investment of higher than expected surplus funding provided by operating activities. The 2014-15 Budget reflects the investment of the expected surplus funding provided by operating activities during 2014-15.

Trade and Investment Queensland

AGENCY OVERVIEW

Strategic direction

Trade and Investment Queensland (TIQ) was established 1 February 2014 as a statutory body by the Queensland Government as the principal export promotion and investment attraction agency. TIQ delivers a range of services to Queensland businesses across metropolitan and regional Queensland to develop sustainable export markets, improve export capabilities and promote investment opportunities to potential international investors.

TIQ was established with the following key objectives:

- to facilitate, promote, identify, attract and develop trade and investment opportunities
- to conduct research into, and analysis of, trade and investment opportunities
- to partner with governments, industry organisations and international networks to promote Queensland business and international trade and investment opportunities through representation in 16 locations worldwide and eight regional locations.

RESOURCES AND PERFORMANCE

During 2013-14, TIQ:

- became a statutory body governed under the *Trade and Investment Queensland Act 2013*
- appointed a TIQ Board and Chief Executive Officer to govern the organisation
- transferred the international investment functions from Invest Queensland in the Department of State Development, Infrastructure and Planning to TIQ
- transferred the Business and Skilled Migration Unit from the Department of Education, Training and Employment to TIQ
- involved in nine Ministerial led missions, with two delegates securing valuable contracts as a result of missions led by the Premier, Rail Skills Australasia and Slattery Australia
- opened the new TIQ overseas offices in Jakarta and Houston.

During 2014-15, TIQ expects to:

- maximise potential investment and trade opportunities from the Cairns G20 Finance Ministers and Central Bank Governors Meeting in September 2014 and the G20 Leaders Summit in Brisbane in November 2014 to ensure that Queensland products and services are prominently showcased to the world
- participate in major international and domestic trade show events including hosting Export Week 2014 and the 25th Premier of Queensland Export Awards
- through its domestic and global network, increase export activity in the State, by matching competitive Queensland companies to international business opportunities
- attract international investment to the State by identifying international investment opportunities and linking these to investment ready projects in Queensland
- attract business migrants to Queensland by presenting the State as a business migration destination and nominating applicants for business migration visas
- manage the development and promotion of Brand Queensland to target international audiences to maximise the profile of Queensland and generate new commercial opportunities for the State.

STATEMENTS

Staffing¹

| Trade and Investment Queensland | Notes | 2013-14 Adjusted Budget | 2013-14 Est. Actual | 2014-15 Budget |
|---------------------------------|-------|-------------------------------|------------------------|-------------------|
| | 2 | 105 | 125 | 125 |

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. The increase in the 2013-14 Estimated actual is due to the aligning of resources to the functions which transitioned to Trade and Investment Queensland as part of the Trade and Investment review 2013. In conjunction with this alignment contractors have also been converted to TIQ temporary employees.

Performance Statement

| Trade and Investment Queensland | Notes | 2013-14 Target/Est. | 2013-14 Est. Actual | 2014-15 Target/Est. |
|---|-------|------------------------|------------------------|------------------------|
| Service standards | | | | |
| Number of targeted and qualified trade and investment leads provided to Queensland businesses and generated through Trade and Investment Queensland's overseas missions and other trade and investment development activities | | | | |
| | | 400 | 405 | 420 |

INCOME STATEMENT

| Trade and Investment Queensland | Notes | 2013-14 Adjusted Budget \$'000 | 2013-14 Est. Act. \$'000 | 2014-15 Budget \$'000 |
|--------------------------------------|-------|---|--------------------------------|-----------------------------|
| Income | | | | |
| User charges and fees | 1 | 203 | 203 | 389 |
| Grants and other contributions | 2 | 12,892 | 14,802 | 28,492 |
| Interest | | .. | .. | .. |
| Other revenue | 3 | .. | .. | 504 |
| Gains on sale/revaluation of assets | | .. | .. | .. |
| Total income | | 13,095 | 15,005 | 29,385 |
| Expenses | | | | |
| Employee expenses | 4 | 9,241 | 8,032 | 19,497 |
| Supplies and services: | | | | |
| - Outsourced service delivery | | .. | .. | .. |
| - Other supplies and services | 5 | 3,438 | 6,761 | 9,468 |
| Grants and subsidies | | .. | 10 | .. |
| Depreciation and amortisation | 6 | 241 | 52 | 130 |
| Finance/borrowing costs | | .. | .. | .. |
| Other expenses | | 175 | 34 | 150 |
| Losses on sale/revaluation of assets | 7 | .. | 116 | 140 |
| Total expenses | | 13,095 | 15,005 | 29,385 |
| OPERATING SURPLUS/(DEFICIT) | | .. | .. | .. |

STATEMENT OF CHANGES IN EQUITY

| Trade and Investment Queensland | Notes | 2013-14 Adjusted Budget \$'000 | 2013-14 Est. Act. \$'000 | 2014-15 Budget \$'000 |
|--|-------|---|--------------------------------|-----------------------------|
| Net effect of the changes in accounting policies and prior year adjustments | | .. | .. | .. |
| Increase/(decrease) in asset revaluation reserve | | .. | .. | .. |
| Net amount of all revenue and expense adjustments direct to equity not disclosed above | | .. | .. | .. |
| Net income recognised directly in equity | | .. | .. | .. |
| Surplus/(deficit) for the period | | .. | .. | .. |
| Total recognised income and expense for the period | | .. | .. | .. |
| Equity injection/(withdrawal) | | .. | .. | .. |
| Equity adjustments (inc. MoG transfers) | 8 | 2,189 | 2,189 | .. |
| Total movement in equity for period | | 2,189 | 2,189 | .. |

BALANCE SHEET

| Trade and Investment Queensland | Notes | 2013-14 Adjusted Budget \$'000 | 2013-14 Est. Act. \$'000 | 2014-15 Budget \$'000 |
|--|-------|---|--------------------------------|-----------------------------|
| CURRENT ASSETS | | | | |
| Cash assets | 9 | 6,120 | 5,931 | 5,557 |
| Receivables | | 897 | 897 | 897 |
| Other financial assets | | .. | .. | .. |
| Inventories | | .. | .. | .. |
| Other | | 195 | 195 | 195 |
| Non-financial assets held for sale | | .. | .. | .. |
| Total current assets | | 7,212 | 7,023 | 6,649 |
| NON-CURRENT ASSETS | | | | |
| Receivables | | .. | .. | .. |
| Other financial assets | | .. | .. | .. |
| Property, plant and equipment | | 362 | 551 | 421 |
| Intangibles | | .. | .. | .. |
| Other | | .. | .. | .. |
| Total non-current assets | | 362 | 551 | 421 |
| TOTAL ASSETS | | 7,574 | 7,574 | 7,070 |
| CURRENT LIABILITIES | | | | |
| Payables | 10 | 4,751 | 4,751 | 4,247 |
| Accrued employee benefits | | 634 | 634 | 634 |
| Interest-bearing liabilities and derivatives | | .. | .. | .. |
| Provisions | | .. | .. | .. |
| Other | | .. | .. | .. |
| Total current liabilities | | 5,385 | 5,385 | 4,881 |
| NON-CURRENT LIABILITIES | | | | |
| Payables | | .. | .. | .. |
| Accrued employee benefits | | .. | .. | .. |
| Interest-bearing liabilities and derivatives | | .. | .. | .. |
| Provisions | | .. | .. | .. |
| Other | | .. | .. | .. |
| Total non-current liabilities | | .. | .. | .. |
| TOTAL LIABILITIES | | 5,385 | 5,385 | 4,881 |
| NET ASSETS/(LIABILITIES) | | 2,189 | 2,189 | 2,189 |
| EQUITY | | | | |
| Capital/contributed equity | | 2,189 | 2,189 | 2,189 |
| Accumulated surplus/(accumulated deficit) | | .. | .. | .. |
| Reserves: | | | | |
| - Asset revaluation surplus | | .. | .. | .. |
| - Other (specify) | | .. | .. | .. |
| TOTAL EQUITY | | 2,189 | 2,189 | 2,189 |

CASH FLOW STATEMENT

| Trade and Investment Queensland | Notes | 2013-14 Adjusted Budget \$'000 | 2013-14 Est. Act. \$'000 | 2014-15 Budget \$'000 |
|--|-------|---|--------------------------------|-----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Inflows | | | | |
| User charges and fees | 11 | 203 | 203 | 389 |
| Grants and other contributions | 12 | 12,892 | 14,802 | 28,492 |
| Interest received | | | | |
| Taxes | | .. | .. | .. |
| Other | 13 | .. | .. | 504 |
| Outflows | | | | |
| Employee costs | 14 | (9,241) | (8,032) | (19,497) |
| Supplies and services | 15 | (4,244) | (7,567) | (9,972) |
| Grants and subsidies | | .. | (10) | .. |
| Borrowing costs | | .. | .. | .. |
| Other | | (175) | (34) | (150) |
| Net cash provided by/(used in) operating activities | | (565) | (638) | (234) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Inflows | | | | |
| Sales of non-financial assets | | .. | .. | .. |
| Investments redeemed | 16 | .. | (116) | (140) |
| Loans and advances redeemed | | .. | .. | .. |
| Outflows | | | | |
| Payments for non-financial assets | | .. | .. | .. |
| Payments for investments | | .. | .. | .. |
| Loans and advances made | | .. | .. | .. |
| Net cash provided by/(used in) investing activities | | .. | (116) | (140) |
| 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 | | (565) | (754) | (374) |
| Cash at the beginning of financial year | | .. | .. | 5,931 |
| Cash transfers from restructure | 17 | 6,685 | 6,685 | .. |
| Cash at the end of financial year | | 6,120 | 5,931 | 5,557 |

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Income statement

1. The increase in the 2014-15 Budget is due to the full year effect of the Machinery of Government (MoG) transfer of Trade and Investment Queensland (TIQ) to a statutory body.
2. The increase in the 2014-15 Budget is due to the full year effect of the MoG of TIQ to a statutory body.
3. The increase in the 2014-15 Budget is due to revenue received in advance in previous financial years that is being fully expended in 2014-15.
4. The decrease in the 2013-14 Estimated actual is mainly due to delays in recruitment activities while TIQ was transitioned to a statutory body. The increase in the 2014-15 Budget is due to the full year effect of the MoG of TIQ to a statutory body.
5. The increase in the 2013-14 Estimated actual is primarily associated with the establishment and operation of two new overseas offices in Houston and Jakarta and one-off costs associated with transitioning to a statutory body. The increase in the 2014-15 Budget is due to the full year effect of the MoG of TIQ to a statutory body.
6. The decrease in the 2013-14 Estimated actual is mainly due to capital expenditure being postponed while TIQ was transitioned to a statutory body.
7. The increase in the 2013-14 Estimated actual and subsequent increase in the 2014-15 Budget relates to the fluctuation of the foreign exchange rates.

Statement of changes in equity

8. Equity adjustments (inc MoG transfers) in the 2013-14 Adjusted budget and 2013-14 Estimated actual represent the transfer of TIQ from Queensland Treasury and Trade and established as a statutory body.

Balance sheet

9. The decrease in the 2014-15 Budget is mainly a result of reduction in payables at year end.
10. The decrease in the 2014-15 Budget is due to revenue received in previous financial years being fully expended in 2014-15.

Cash flow statement

11. The increase in the 2014-15 Budget is due to the full year effect of the MoG of TIQ to a statutory body.
12. The increase in the 2014-15 Budget is due to the full year effect of the MoG of TIQ to a statutory body.
13. The increase in the 2014-15 Budget is due to revenue received in previous financial years being fully expended in 2014-15.
14. The decrease in the 2013-14 Estimated actual is mainly due to delays in recruitment activities while TIQ was transitioned to a statutory body. The increase in the 2014-15 Budget is due to the full year effect of the MoG of TIQ to a statutory body.
15. The increase in the 2013-14 Estimated actual is primarily associated with the establishment and operation of two new overseas offices in Houston and Jakarta and one-off costs associated with transitioning to a statutory body. The increase in the 2014-15 Budget is due to the full year effect of the MoG of TIQ to a statutory body.
16. The increase in the 2013-14 Estimated actual and subsequent increase in the 2014-15 Budget relates to the fluctuation of the foreign exchange rates.
17. Equity adjustments (inc MoG transfers) in the 2013-14 Adjusted budget and 2013-14 Estimated actual represent the transfer of TIQ from Queensland Treasury and Trade and established as a statutory body.

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.

