



State Budget 2001-02



Queensland
Government

**Deputy Premier, Treasurer
and Minister for Sport**

Ministerial Portfolio Statements



MINISTERIAL PORTFOLIO STATEMENTS

2001-02 STATE BUDGET

This Ministerial Portfolio Statement includes the following Departments and Agencies:

TREASURY DEPARTMENT

SPORT AND RECREATION QUEENSLAND

**MOTOR ACCIDENT INSURANCE COMMISSION
NOMINAL DEFENDANT**

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DEPARTMENTAL OVERVIEW

STRATEGIC ISSUES

Treasury Department provides fiscal and economic advice to the Queensland Government, monitors the State's Government Owned Corporations (GOCs), co-ordinates economic and statistical research and provides taxation advice and collection. It is also responsible for energy policy, administers State superannuation, regulates gambling and promotes responsible gambling, and provides public sector financial management services.

Significant areas of focus for Treasury in managing and monitoring Queensland's financial assets and liabilities include:

- achieving the fiscal principles in the Charter of Social and Fiscal Responsibility in the medium to long-term;
- maintaining the State's competitive taxation levels while achieving key social and economic outcomes; and
- advancing the performance of the Queensland economy.

Treasury will continue to improve financial management through the *Managing for Outcomes* (MFO) process, further sharpening the focus of Government agencies on service delivery outcomes through more effective use of MFO.

Treasury will also continue to manage the issues related to the Commonwealth/State financial relationship, including ongoing National Competition Policy and structural reform issues. This will include:

- active participation in the Commonwealth Grants Commission's review of its methodology for recommending the distribution from the Goods and Services Tax (GST) revenue among the States; and
- improving the response rate for the *2001 Census of Population and Housing* in order to maximise the State's share of Commonwealth grants.

Other key priorities for Treasury are:

- increasing the level of interstate and international cooperation to efficiently regulate legal gambling in an increasingly global and technologically advanced industry;
- working with GOCs to ensure an appropriate return to taxpayers and achievement of policy objectives on the State's GOCs;
- managing the impact as the generation of post-war baby boomers approach retirement age. This includes impacts on government service delivery and revenue and specific implications for public sector superannuation administration; and
- ensuring the adequacy and ongoing capacity of energy markets and supply systems to deliver a competitively priced, reliable, safe and secure supply of energy to customers in Queensland.

2001-02 BUDGET HIGHLIGHTS

Treasury will implement several new and ongoing initiatives in the 2001-02 financial year, including:

- working with relevant agencies to implement the Government's *Queensland Energy Policy – A Cleaner Energy Strategy* and to further the development of a competitive and efficient energy market;
- introducing into Parliament and implementing the Taxation Administration Bill 2001 and the Duties Bill 2001 to deliver modern, simple legislation which reflects current business practices and minimises compliance costs to taxpayers. Related new business processes will mean more flexible and responsive lodgement, payment and communication methods;
- enhancing Queensland public sector superannuation arrangements to give members greater choice, simplicity, range of products, information and advice in planning for retirement;
- ongoing implementation of MFO with particular focus on building the financial and resource management skills of managers across the sector;
- finalising leasing arrangements for the Dalrymple Bay Coal Terminal;
- improving response rates for the *2001 Census of Population and Housing* to ensure the State's population is counted as accurately as possible for fiscal, social, planning and electoral redistribution reasons. \$0.5 million has been provided in this budget to promote awareness of the census and to highlight the need for all Queenslanders to be counted. Undercounting the State's population by just 1% could cost the Queensland Government approximately \$46 million in 2002-03, and approximately \$230 million until 2008, when the next census information will be available; and
- establishing the Queensland Government Insurance Fund, effective from 1 July 2001. This initiative will enhance financial risk management by identifying, providing for and funding claim liabilities across all State Government agencies.

DEPARTMENTAL OUTPUTS

Treasury delivers eight outputs, including a new output, Energy. This new output is delivered by the Office of Energy, which was established on 1 March 2001 through the amalgamation of Treasury's Energy Directorate and the Energy Division of the former Department of Mines and Energy (with the exception of the Office of Sustainable Energy).

Treasury makes a significant contribution to all seven whole-of-Government priorities and their associated outcomes through the provision of fiscal and economic advice and services to the public and private sectors and to the community.

Fiscal and Economic Policy

This output (formerly the financial and economic management output) is delivered by Treasury Office. The Office provides policies, strategies and advice to promote value for money service delivery, manage the State's finances in accordance with the Charter of Social and Fiscal Responsibility and advance the performance of the Queensland economy to support growth and employment. Delivery of this output includes responsibility for whole-of-Government financial management, co-ordination of national tax reform implementation, management of inter-governmental financial relations and provision of State revenue policy advice.

Treasury has a pivotal role in meeting the Government's commitment to achieving an internationally competitive economy, which contributes to growth and the creation of sustainable employment. It also contributes to public scrutiny of the activities of Executive Government through its budget development and performance monitoring role.

Treasury develops and implements structural and microeconomic reform, with a focus on ensuring that the benefits to the public outweigh the costs. The aim is to promote more jobs for Queenslanders while building the State's regions and enabling better quality of life.

GOC Performance and Governance

The Office of Government Owned Corporations (OGOC) manages the State's shareholding relationship with Government Owned Corporations (GOCs). The Office of Government Owned Corporations aims to maximise commercial outcomes for GOCs and ensure appropriate returns on assets. The Office of Government Owned Corporations' activities, particularly in the transport and electricity sectors, help to ensure competitive and cost effective infrastructure and services. Government Owned Corporations governance, and performance monitoring specifically, ensures high standards of accountability and social and fiscal responsibility.

Energy

Energy is a new output delivered by the recently established Office of Energy. The Office of Energy provides the Treasurer and the Government with advice, policies, strategies, services and legislative support on energy matters. It also delivers the Government's energy agenda to key stakeholders.

Economic and Statistical Research

The Office of Economic and Statistical Research (OESR) is responsible for this output. It provides statistical and economic intelligence and advice, data, research and modelling, and statistical co-ordination to the Queensland Government and community to support planning, decision making, policy development and resource allocation. It incorporates the collection, analysis, interpretation and dissemination of data, research and modelling, and the co-ordination of key statistical matters affecting the State.

Accurate economic and statistical information supports an internationally competitive economy. Information on key social issues assists Government agencies to provide appropriate infrastructure and services and take account of potential impacts of policy changes. This information also allows the Queensland Government to be informed, flexible and innovative.

Taxation

The Office of State Revenue (OSR) is responsible for maintaining and administering revenue collection, investigation and recovery services, as well as contributing to revenue policy advice and the administration of various grants and subsidy schemes (including the First Home Owner Grant and Fuel Subsidy Scheme). The provision of a simple, efficient and equitable taxation system enables the Queensland Government to provide services that benefit the community. This output was formerly titled the taxation administration output.

Gambling

This output (formerly the gambling regulation output) comprises gambling regulation conducted through the Queensland Office of Gaming Regulation (QOGR) and gambling policy research and allocation of grants conducted through the Gambling Policy Directorate of Treasury Office.

The Queensland Office of Gaming Regulation ensures that legal gambling is regulated in the community interest. This role encompasses the regulation of casinos, charitable gambling, gaming machines, interactive gambling, keno, lotteries, and wagering. The Queensland Office of Gaming Regulation maintains the integrity, probity and equity of gambling activities in Queensland while protecting the State's gambling taxes and levies.

The Gambling Policy Directorate has responsibility for co-ordinating the provision of responsible gambling policy advice, the implementation of responsible gambling practices, co-ordinating research to underpin future policy advice on gambling. It also manages the allocation of funds from the Community Investment Fund and the Gambling Community Benefit Fund.

The Queensland Government plays a lead role in addressing community concerns about the social impacts of gambling and directly contributes to social and fiscal responsibility and safer and more supportive communities. In addition, Queensland's contribution to the management and regulation of the gambling industry's advanced technological base will strengthen the State's position in the information age and protect the community.

Superannuation

The Government Superannuation Office (GSO) delivers the superannuation output (formerly the superannuation administration output), which encompasses the provision of policy advice, products, services and legislation relating to superannuation of Queensland State Public Sector employees. It administers the superannuation arrangements for Queensland State Public Sector employees, members of the Queensland Parliament, Judges and the Q•Invest Retirement Fund. The State Public Sector Superannuation Scheme, QSuper, is the largest fund administered by the GSO on behalf of its Board of Trustees.

The Government Superannuation Office also administers the State Government's long service leave liability. The Scheme covers employees of all Government departments including Commercialised Business Units, and continues the Government's commitment to fully fund its accruing liabilities.

Financial Management

The Office of Financial Management (OFM) is responsible for the financial management output (formerly the financial management services output) which provides integrated services to State Government departments to support business management improvements in line with the *Managing for Outcomes* (MFO) framework. These services include business improvement consultancy, skills development and training, systems maintenance and application support services, and benefits realisation advice and assistance. Through these services OFM directly contributes to ensuring a highly skilled and adaptable workforce and social and fiscal responsibility of Government agencies.

OUTPUT LINKAGES WITH GOVERNMENT PRIORITIES

Output Name	Whole-of-Government Outcomes	Whole-of-Government Priorities
Fiscal and Economic Policy	<ul style="list-style-type: none"> • An internationally competitive economy • Competitive and cost effective infrastructure • Infrastructure to support regional economic and social development • Infrastructure and social services to support social and economic development • High standards of accountability, consultation and ethics • Improved and integrated Government services • Social and fiscal responsibility • Public scrutiny of the activities of executive government 	<ul style="list-style-type: none"> • More jobs for Queenslanders • Building Queensland's regions • Better quality of life • Strong Government leadership
GOC Performance and Governance	<ul style="list-style-type: none"> • Competitive and cost effective infrastructure • Infrastructure to support regional economic and social development • Infrastructure and social services to support social and economic development • High standards of accountability, consultation and ethics • Improved and integrated Government services • Social and fiscal responsibility 	<ul style="list-style-type: none"> • More jobs for Queenslanders • Building Queensland's regions • Better quality of life • Strong Government leadership
Energy	<ul style="list-style-type: none"> • An internationally competitive economy • Competitive and cost effective infrastructure • Infrastructure to support regional economic and social development • Improved livability of cities, towns, regions and remote communities • Services and facilities that promote equitable and active participation by all Queenslanders • Richness of the environment protected for the benefit of current and future generations • Responsible and sustainable access to and development of Queensland's natural and primary resources • A clean environment • High standards of accountability, consultation and ethics • Active and informed citizenship • Improved and integrated Government services 	<ul style="list-style-type: none"> • More jobs for Queenslanders • Building Queensland's regions • Better quality of life • Valuing the environment • Strong Government leadership
Economic and Statistical Research	<ul style="list-style-type: none"> • An internationally competitive economy • Competitive and cost effective infrastructure • Infrastructure to support regional economic and social development • Infrastructure and social services to support social and economic development • Innovation and flexibility by industry and Government to strengthen Queensland's position in the information age • Active and informed citizenship • Richness of the environment protected for the benefit of current and future generations 	<ul style="list-style-type: none"> • More jobs for Queenslanders • Building Queensland's regions • Skilling Queensland – the Smart State • Safer and more supportive communities • Better quality of life • Valuing the environment • Strong Government leadership

Output Name	Whole-of-Government Outcomes	Whole-of-Government Priorities
Taxation	<ul style="list-style-type: none"> • Business and industry assisted to create secure sustainable jobs • An internationally competitive economy • High standards of accountability, consultation and ethics • Social and fiscal responsibility 	<ul style="list-style-type: none"> • More jobs for Queenslanders • Strong Government leadership
Gambling	<ul style="list-style-type: none"> • Business and industry assisted to create secure sustainable jobs • Innovation and flexibility by industry and Government to strengthen Queensland's position in the information age • A highly skilled and adaptable workforce which meets current and future needs • Infrastructure to support regional economic and social development • Infrastructure and social services to support social and economic development • Socially responsible and safe industry practices • Improved livability of cities, towns, regions and remote communities • Services and facilities that promote equitable and active participation by all Queenslanders • Active and informed citizenship • Social and fiscal responsibility • Constitutional, intergovernmental and legal advice and services in support of Executive Government and Parliament • Improved and integrated Government services 	<ul style="list-style-type: none"> • More jobs for Queenslanders • Skilling Queensland – the Smart State • Building Queensland's regions • Safer and more supportive communities • Better quality of life • Strong Government leadership
Superannuation	<ul style="list-style-type: none"> • A highly skilled and adaptable workforce which meets current and future needs • Socially responsible and safe industry practices • Improved and integrated Government services • Social and fiscal responsibility • Constitutional, intergovernmental and legal advice and services in support of Executive Government and Parliament 	<ul style="list-style-type: none"> • Skilling Queensland – the Smart State • Safer and more supportive communities • Strong Government leadership
Financial Management	<ul style="list-style-type: none"> • A highly skilled and adaptable workforce which meets current and future needs • Innovation and flexibility by industry and Government to strengthen Queensland's position in the information age • High standards of accountability, consultation and ethics • Improved and integrated Government services 	<ul style="list-style-type: none"> • Skilling Queensland – the Smart State • Strong Government leadership

DEPARTMENTAL FINANCIAL SUMMARY

	2000-01 Adjusted Budget \$'000	2000-01 Est. Actual \$'000	2001-02 Estimate \$'000
CONTROLLED			
Revenue			
Output revenue	97,224	100,891	110,107
Own source revenue	34,006	43,399	58,292
Total revenue¹	131,230	144,290	168,399
Total expenses¹	133,605	144,144	166,040
Operating result²	(2,375)	146	2,359
NET ASSETS	33,107	34,698	37,262
ADMINISTERED			
Revenue			
Administered item revenue	1,207,956	1,244,011	1,334,723
Other administered revenue	8,927,481	9,262,047	9,649,651
Total revenue	10,135,437	10,506,058	10,984,374
Expenses			
Transfers of administered revenue to government	8,927,481	9,262,047	9,649,651
Administered expenses	1,207,956	1,244,011	1,334,723
Total expenses	10,135,437	10,506,058	10,984,374
Notes: 1. The 2000-01 Adjusted Budget represents the original 2000-01 Budget adjusted for the 1 March 2001 Machinery of Government transfer of the Energy Division (excluding the Office of Sustainable Energy) from the former Department of Mines and Energy to Treasury. 2. The increased surplus in the 2001-02 Estimate is attributable to the Superannuation Output which will use the surplus to fund capital acquisitions.			

APPROPRIATIONS

	2000-01 Adjusted Budget \$'000	2001-02 Estimate \$'000
Controlled Items		
Departmental Outputs	97,224	110,107
Equity Adjustment	(2,222)	205
Administered Items¹	1,206,996	1,134,723
Vote Total²	1,301,998	1,245,035
Notes: 1. The Administered Items Appropriations varies from the Administered item revenue in the Departmental Financial Summary as detailed in the Reconciliation of Assets and Liabilities Administered on Behalf of the Whole-of-Government on page 1-69. 2. A reconciliation of appropriations to the Financial Statements follows the Financial Statements.		

STAFFING¹

Output/Activity	Notes	2000-01 Est. Actual	2001-02 Estimate
OUTPUTS^{2,3}			
Fiscal and Economic Policy	4	232	241
GOC Performance and Governance		20	21
Energy	4	75	91
Economic and Statistical Research		81	81
Taxation		368	366
Gambling	4	207	213
Superannuation	5	272	290
Financial Management	6	58	61
Total Outputs		1,313	1,364
ADMINISTERED			
	
Corporate Support provided to other agencies		7	8
Total		1,320	1,372
Notes: 1. Full-Time Equivalents (FTEs) as at 30 June. 2. Corporate Support FTEs are allocated across the outputs to which they relate. 3. Due to the application of internal charging for corporate support activities within the Department, some Corporate Support employee expenses are incorporated in the output operating statements as part of "Supplies and Services" expense. Thus it would not be valid to perform output based average salary calculations on the basis of these FTE allocations. 4. Increase in the 2001-02 Estimate reflects the filling of some vacancies within this output and in the case of the Energy Output, the full allocation of Corporate Support. 5. Increase in the 2001-02 Estimate is to deliver improved member services, review administrative processes and procedures, and to develop and implement a comprehensive marketing plan. 6. The increase in the 2001-02 Estimate reflects additional positions for Managing for Outcomes initiatives.			

2001-02 OUTPUT SUMMARY

Output	Total Cost \$'000	Sources of Revenue			
		Output Revenue \$'000	User Charges \$'000	C'wealth Revenue \$'000	Other Revenue \$'000
Fiscal and Economic Policy	33,387	27,416	5,885	..	86
GOC Performance and Governance	2,391	2,378	12	..	1
Energy	16,036	14,244	..	..	1,792
Economic and Statistical Research	11,405	8,496	2,897	..	12
Taxation	36,826	36,594	218	..	14
Gambling ¹	24,672	16,460	8,245	..	2
Superannuation ²	35,640	746	36,933	..	284
Financial Management	8,766	2,978	5,742	..	46
Departmental⁶	169,123	109,312	59,932	..	2,237
Other³	1,112	795	299	..	18
Reconciliation Adjustments to Statement of Financial Performance⁴	(4,195)	..	(4,194)	..	..
Total^{5,6}	166,040	110,107	56,037	..	2,255
<p>Notes:</p> <ol style="list-style-type: none"> 1. The Gambling Policy Directorate was attached to this output from 1 July 2000 but not included in the 2000-01 Budget. The total Sources of Revenue is greater than Total Cost resulting in an Operating Surplus of \$0.035 million. 2. The total Sources of Revenue is greater than Total Cost creating an Operating Surplus of \$2.323 million. These funds will be utilised to fund capital acquisition. 3. The Department provides Corporate Support to non-Departmental outputs. Whilst the associated expenses and revenues are reflected in the Financial Statements, they are not included in the individual Output Operating Statements. Consequently the sum of the individual Output Operating Statements do not add to the Departmental Statement of Financial Performance. The 2001-02 Corporate Support Allocation is provided in Attachment 1 to the Departmental Financial Statements. 4. This line item represents eliminations upon consolidation for inter Output/Departmental trading. This line does not add due to rounding adjustments. 5. This line reconciles to the Statement of Financial Performance where Total Cost is represented by Total Expenses From Ordinary Activities, and Other Revenue represents Grants and Other Contributions and Other Revenue. 6. Total Cost is greater than Total Sources of Revenue for the reasons detailed in 1 and 2 above. <p>Note:</p> <p>The sum of the individual Output Operating Statements for 2000-01 Adjusted Budget and the 2000-01 Estimated Actual do not add up to the Statement of Financial Performance due to: Corporate Support provided to non-Departmental outputs; inter Output/Departmental trading; and adjustments made to the Energy Output 2000-01 Adjusted Budget and 2000-01 Estimated Actual as detailed in Note 1 of the Energy Output Operating Statement.</p>					

OUTPUT PERFORMANCE

OUTPUT: Fiscal and Economic Policy

DESCRIPTION

Treasury Office delivers the Fiscal and Economic Policy output, providing policies, strategies and advice to promote value for money service delivery, manage the State's finances in accordance with the Charter of Social and Fiscal Responsibility and advance the performance of the Queensland economy to support growth and employment.

Activities include:

- developing the State Budget and whole-of-Government strategies to address the Government's priorities and meet the fiscal principles within the *Charter of Social and Fiscal Responsibility*;
- providing advice on resource allocation decisions at departmental level to achieve Government priorities and best value for money;
- monitoring performance and reporting for whole-of-Government and entity revenue and expenditure trends;
- managing the Government's financial assets and liabilities and financial risks and exposures and developing strategies to maintain the State's fiscal principles;
- managing inter-governmental financial relations to further Queensland's financial and economic interests through representation on the GST Administration Sub-Committee, Heads of Treasuries, Ministerial Council and the Commonwealth Grants Commission and through Specific Purpose Payments and inter-governmental taxation agreements;
- providing advice on Commonwealth taxes and tax equivalents to Government agencies;
- developing State taxation policy including assessing taxation initiatives and taxation expenditure, researching and reviewing State tax policy and developing tax options;
- developing structural reform policy frameworks and proposals, including corporatisation and commercialisation;
- developing and implementing financial performance management policies;
- defining the role of Government in infrastructure provision and managing the Government's risk on major infrastructure projects;
- managing the implementation of National Competition Policy; and
- assessing the economic implications of climate change abatement.

REVIEW OF OUTPUT PERFORMANCE

Recent Achievements

Significant recent achievements include:

- development of the 2000-01 State Budget in July 2000, and the 2001-02 State Budget in June 2001, in accordance with the *Charter of Social and Fiscal Responsibility*;
- completion of the first report on outcomes under the *Charter of Social and Fiscal Responsibility*. The *1999-2000 Priorities in Progress* report was developed to report to all Queenslanders on the outcomes achieved by the Government against its seven key policy priorities;
- improved monitoring of agency financial and non-financial performance through regular reviews of agency budgets and performance and through Treasury involvement in key reviews;
- full implementation of the GST within the Queensland Government (including management of standing exemptions from GST for part fees and charges);
- corporatisation of SunWater, previously the State Water Projects commercialised business unit within the former Department of Natural Resources on 1 October 2000;
- development of the long-term lease arrangement for the Dalrymple Bay Coal Terminal;
- anticipated receipt of the full amount of National Competition Policy (NCP) payments for 2000-01 following fulfilment of NCP requirements;
- development of guidelines outlining best practice principles for the \$3.5 billion Queensland Specific Purpose Payments received from the Commonwealth each year. Action is now underway to implement these guidelines throughout Queensland Government departments;
- secured an additional \$36 million from the change in relativities as a result of the Commonwealth Grants Commission 2001 update;
- completion of the 1999-2000 *Consolidated Financial Report of the Queensland Government* by 31 December 2000 in accordance with the Australian Accounting Standard 31 – *Financial Reporting by Government* and the *Financial Administration and Audit Act 1977* requirements;
- amendment to the *Financial Administration and Audit Act 1977* to introduce streamlined administrative processes and tighter reporting timeframes to improve efficiency and accountability and encourage closer working relationships between agencies and the Queensland Audit Office; and
- completion of a review of whole-of-Government banking agreements which included surveying agencies on their satisfaction with the various service providers and products.

Future Developments

During 2001-02, this output will focus on the following key priorities:

Managing for Outcomes (MFO)

- further develop and refine the MFO framework in order to secure the full range of benefits from MFO and clearly communicate these benefits to all stakeholders;
- improve whole-of-Government outcomes specification in order to strengthen the linkages between the services being delivered by the Queensland public sector (outputs) and the outcomes and priorities of the Government;
- improve performance management to enhance resource allocation processes;
- improve performance measures (both financial and non-financial) to increase the ability of the Government to benchmark its services with other sectors and jurisdictions; and
- improve transparency in government service delivery.

Strengthening State Finances and Ensuring Fiscal Sustainability

- continue to achieve the fiscal principles in the *Charter of Social and Fiscal Responsibility* and build stakeholder awareness of the risks and influences affecting Queensland's fiscal position;
- improve the quality of performance information and evaluation processes for resource allocation decision making;
- maintain the State's net worth and AAA credit rating;
- maintain a sustainable and competitive State tax regime; and
- manage Queensland's relationship with the Commonwealth, which is the State's single largest source of revenue.

Enhancing Economic Performance

- improve the performance of the public sector's infrastructure;
- encourage more informed economic debate and increase understanding of the key factors influencing economic performance;
- implementation of competitive reforms which provide public benefits; and
- advising on the implication of international responses to climate change on the economy.

OUTPUT STATEMENT

Output Title: Fiscal and Economic Policy				
Measures	Notes	2000-01 Target/Est.	2000-01 Estimated Actual	2001-02 Target/Est.
Quantity				
Quarterly budget reports		4	4	4
Monthly monitoring and budget reports		10	10	10
Agency Reviews	1	New Measure	New Measure	20
Quality				
Achievement of work plan as agreed with Treasurer		100%	100%	100%
Meeting the requirements of the Government's Charter of Social and Fiscal Responsibility		100%	100%	100%
Compliance with the Uniform Presentation Framework requirements		100%	100%	100%
Achievement of National Competition Policy requirements		100%	100%	100%
Availability of financial management reporting system		95%	99%	95%
Agency satisfaction with the Agency Review process	1	New Measure	New Measure	80%
Percentage of non-complex competitive neutrality complaints outside Queensland Competition Authority's jurisdiction resolved within three months	1	New Measure	New Measure	90%
Timeliness				
Achievement of key milestones in the budget process		100%	100%	100%
Budget and financial reports completed within agreed timeframes		100%	100%	100%
Whole-of-Government outcomes report completed within agreed timeframes		100%	100%	100%
Major structural reforms delivered within agreed timeframe		100%	100%	100%
Completion of GST implementation assessment by 31 December 2000	2	100%	100%	n/a
Production of annual whole-of-Government financial statements within agreed timeframes		100%	100%	100%

Output Title: Fiscal and Economic Policy				
Measures	Notes	2000-01 Target/Est.	2000-01 Estimated Actual	2001-02 Target/Est.
Timeliness (cont.)				
Delivery of annual Commonwealth Grants Research Program within agreed timeframes		100%	100%	100%
Completion of legislation review program in accordance with schedule	1	New Measure	New Measure	100%
Completion of Agency Reviews by 30 June 2002	1	New Measure	New Measure	100%
Completion of Ministerial Correspondence and Cabinet Submissions within agreed timelines	3	New Measure	New Measure	95%
Cost				
Cost of fiscal co-ordination, management and inter-governmental financial relations	4	\$8.4M	\$9.3M	\$9.4M
Cost of Government financial management and whole-of-Government financial reporting	4	\$3.3M	\$3.7M	\$3.7M
Cost of tax, revenue and economic policy co-ordination	4	\$4.4M	\$3.9M	\$3.9M
State Contribution (\$'000)		25,290	27,126	27,416
Other Revenue (\$'000)		3,250	4,864	5,971
Total Cost (\$'000)		28,540	31,486	33,387
Notes: 1. New tasks to be undertaken by Treasury commencing in 2001-02 requiring new performance measures. 2. GST has been implemented. Measure is no longer required. 3. Additional measure to reflect work program. 4. The 2000-01 Target/Est. has been revised to reflect the exclusion of the Energy Directorate which has been transferred to the Energy Output.				

Output Operating Statement – Fiscal and Economic Policy

	Notes	2000-01 Adjusted Budget \$'000	2000-01 Est. Act. \$'000	2001-02 Estimate \$'000
Operating Revenues	1			
Output revenue	2	25 290	27,126	27,416
User charges	3	3,189	4,696	5,885
Grants and other contributions		..	..	..
Assets assumed/liabilities transferred		..	..	..
Other		61	168	86
Total operating revenues	4	28,540	31,990	33,387
Operating Expenses	1			
Employee expenses	5	16,452	17,148	18,635
Supplies and services	6	7,509	9,928	10,669
Grants and subsidies		788	63	8
Depreciation and amortisation		2,694	2,680	2,936
Equity Return		476	527	455
Borrowing costs expense		..	..	..
Assets transferred/liabilities assumed		..	..	..
Other		621	1,140	684
Total operating expenses	4	28,540	31,486	33,387
OPERATING RESULT BEFORE EXTRAORDINARY ITEMS		..	504	..
Increase/(decrease) in net assets before extraordinary items		..	..	..
Extraordinary items		..	..	..
Increase/(decrease) in net assets		..	504	..

Notes:

1. The 2000-01 Adjusted Budget and 2000-01 Estimated Actual amounts have been recast to exclude activities of the Energy Directorate which has been transferred to the Energy Output along with any related Corporate Support allocation component for the full year.
2. The increase in the 2000-01 Estimated Actual and the 2001-02 Estimate largely reflects the direct allocation of some whole-of-Government activities to this output and a re-prioritisation of internal resources to this output.
3. The increase in the 2000-01 Estimated Actual and the 2001-02 Estimate largely reflects revenue to cover expenses associated with the Dalrymple Bay Coal Terminal long-term lease.
4. Corporate Support revenue and expenses have been allocated to this output based on activity-based costing models. The models used for the allocation of the 2000-01 Estimated Actual and the 2001-02 Estimate were refined and updated during 2000-01. The 2001-02 Corporate Support allocation is provided in Attachment 1 to the Departmental Financial Statements.
5. The increase in the 2000-01 Estimated Actual is due to the inclusion of expenses relating to the Dalrymple Bay Coal Terminal long-term lease, which were not included in the 2000-01 Adjusted Budget. The further increase in the 2001-02 Estimate is largely due to the filling of vacancies held during the 2000-01 financial year.
6. The increase in the 2000-01 Estimated Actual and the 2001-02 Estimate is due to expenses relating to the Dalrymple Bay Coal Terminal long-term lease, which were not included in the 2000-01 Adjusted Budget.

OUTPUT PERFORMANCE

OUTPUT: GOC Performance and Governance

DESCRIPTION

This output is delivered through the Office of Government Owned Corporations (OGOC), a Portfolio Office within the Treasury Department that manages the Queensland Government's shareholding relationship with Government Owned Corporations (GOCs). In doing so, it works closely with the departments of portfolio Ministers with shareholding responsibilities. It is responsible for managing the State's interest in its GOC sector with a view to maximising the Government's returns on investment.

Activities include:

- negotiating outcomes of the annual performance contract, or Statement of Corporate Intent (SCI), as well as the five-yearly Corporate Plan;
- monitoring the commercial performance of GOCs;
- assessing major investment proposals;
- monitoring GOC Board appointments; and
- ensuring GOC compliance with relevant Queensland Government policies.

Government Owned Corporations' regulatory issues, broad policy and economic or market policy issues, budget related purchasing issues and, in particular, Government Community Service Obligation (CSO) payments are addressed through Treasury Office (the Fiscal and Economic Policy Output), or the relevant Portfolio Department's GOC oversight function.

REVIEW OF OUTPUT PERFORMANCE

Recent Achievements

Significant recent achievements include:

- management of the shareholder approval process for a number of key investments by GOCs, including:
 - Powerlink's involvement in a consortium which acquired the South Australian electricity transmission business Electranet;
 - Tarong Energy Corporation's acquisition of Terragas Trader;
 - Bundaberg Port Authority's channel widening project; and
 - Port of Brisbane storage developments.
- development of strong partnerships with all GOCs across the energy, transport, gambling, funds management and water infrastructure sectors;
- successful conduct of a GOC Directors forum and education program in conjunction with Australian Institute of Company Directors;
- development and maintenance of the OGOC web site; and

- improvements to the SCI and Corporate Plan approval processes, allowing for greater shareholder approval in the early development of these key accountability documents.

Future Developments

During 2001-02, this output will focus on the following key priorities:

- further refine performance monitoring methodologies for GOCs, particularly in terms of developing a broader range of measures to replicate market scrutiny and better assess economic and financial performance;
- improve liaison with GOCs to better understand their business strategies and capacity for value adding;
- work with GOCs to achieve timely finalisation of SCIs;
- continuously seek to improve processes associated with assessing GOC investment proposals;
- review the GOC accountability framework and, in particular, the *Government Owned Corporations Act*;
- monitor Board and senior executive appointments and remuneration;
- review the capital structure of GOCs, particularly ports and the electricity network businesses, to ensure their balance sheets are optimally structured and reflect appropriate commercial benchmarks; and
- enhance the Office's web site, which will provide access to information on GOCs and GOC issues.

OUTPUT STATEMENT

Output Title: GOC Performance and Governance				
Measures	Notes	2000-01 Target/Est.	2000-01 Estimated Actual	2001-02 Target/Est.
Quantity				
Number of GOC Statements of Corporate Intent completed		19	19	20
Number of performance monitoring reports completed		76	80	80
Percentage of GOC investment proposals assessed within agreed timeframes		80%	100%	80%
Quality				
Percentage of Ministerial correspondence prepared to agreed Treasury standards		100%	100%	100%
GOC confidence with Statement of Corporate Intent / Corporate Plan negotiation process as measured through survey of GOCs	1	100%	Not Measured	100%
Timeliness				
Percentage of Statements of Corporate Intent and Corporate Plans completed and approved by the Treasurer as per the schedule outlined in the GOC Act		100%	100%	100%
Cost (\$)				
Cost of monitoring and governance per GOC		\$0.10M	\$0.11M	\$0.12M
State Contribution (\$'000)		2,124	2,153	2,378
Other Revenue (\$'000)		72	12	13
Total Cost (\$'000)		2,196	2,148	2,391
Notes: 1. Client satisfaction survey not conducted this year. Survey planned for 2001-02.				

Output Operating Statement – GOC Performance and Governance

	Notes	2000-01 Budget \$'000	2000-01 Est. Act. \$'000	2001-02 Estimate \$'000
Operating Revenues				
Output revenue	1	2,124	2,153	2,378
User charges		68	10	12
Grants and other contributions		..	..	..
Assets assumed/liabilities transferred		..	..	..
Other		4	2	1
Total operating revenues	2	2,196	2,165	2,391
Operating Expenses				
Employee expenses	3	1,408	1,515	1,761
Supplies and services	4	603	506	507
Grants and subsidies		..	..	..
Depreciation and amortisation		126	87	81
Equity Return		22	15	15
Borrowing costs expense		..	..	..
Assets transferred/liabilities assumed		..	..	..
Other		37	25	27
Total operating expenses	2	2,196	2,148	2,391
OPERATING RESULT BEFORE EXTRAORDINARY ITEMS		..	17	..
Increase/(decrease) in net assets before extraordinary items		..	17	..
Extraordinary items		..	..	..
Increase/(decrease) in net assets		..	17	..
Notes: <ol style="list-style-type: none"> The increase in the 2001-02 Estimate is due to increased funding for project work. Corporate Support revenue and expenses have been allocated to this output based on activity-based costing models. The models used for the allocation of the 2000-01 Estimated Actual and the 2001-02 Estimate were refined and updated during 2000-01. The full disclosure of the 2001-02 Corporate Support allocation is provided in Attachment 1 to the Departmental Financial Statements. The increase between the 2000-01 Budget and the 2000-01 Estimated Actual is due to staffing requirements as a result of an increase in Office of Government Owned Corporations' responsibilities. The further increase in the 2001-02 Estimate reflects the full year cost of the additional staff requirements for the output. The decrease between the 2000-01 Estimated Actual and the 2001-02 Estimate largely reflects reduced consultancy costs. 				

OUTPUT PERFORMANCE

OUTPUT: Energy

DESCRIPTION

This output is delivered by the Office of Energy, which was established on 1 March 2001 through the amalgamation of Treasury's Energy Directorate and the Energy Division of the former Department of Mines and Energy (with the exception of the Office of Sustainable Energy).

The output contribution of the former Energy Division of the Department of Mines and Energy was delivered through the Electricity, Gas, Petroleum and Greenhouse and Office of Sustainable Energy sub-outputs. Queensland Treasury's 2000-01 Ministerial Portfolio Statement reflected the Energy Directorate's output in terms of implementation of the Energy Policy, management of risk associated with electricity Government Owned Corporations (GOCs) and ongoing reform and improvement of the electricity GOC sector.

The Office of Energy is responsible for developing policies, processes and legislative arrangements and providing advice to the Treasurer and the Government on issues related to:

- the *Queensland Energy Policy – A Cleaner Energy Strategy*;
- energy policy, markets, major projects and planning;
- sustainable development in the energy sector (including greenhouse effects); and
- regulation and monitoring of the electricity, gas and petroleum industries.

The Office of Energy is also responsible for delivering the Government's energy agenda to key stakeholders and, in particular:

- facilitating implementation by industry of the *Queensland Energy Policy – A Cleaner Energy Strategy*;
- taking a lead role in advancing issues related to the national energy market;
- providing and supporting an environment conducive to developing of sustainable and renewable energy;
- providing an efficient regulatory and licensing regime for the electricity, gas and petroleum industries;
- monitoring the operating performance of the electricity, gas and petroleum industries; and
- providing a complaints and dispute resolution service between energy customers and suppliers.

REVIEW OF OUTPUT PERFORMANCE

Recent Achievements

Significant recent achievements include:

- establishment of the Office of Energy on 1 March 2001 to provide the Treasurer and the Government with advice, policies, strategies, services and legislative support on energy matters. The Office is also responsible for delivering the Government's energy agenda to other key stakeholders;
- development of an implementation plan for the *Queensland Energy Policy – A Cleaner Energy Strategy*;
- commencement of a Waste Mine Gas Abatement Program under the *Queensland Energy Policy – A Cleaner Energy Strategy*;
- commencement in July 2000 of a collaborative applied research project announced under the the Biomass Research and Development initiative of the *Queensland Energy Policy – A Cleaner Energy Strategy*. A commercial-scale cane cleaning and trash separation process has been developed and a pre-commercial prototype has been installed and is operating successfully at Condong Sugar Mill in NSW. The advanced gasification technology under development has the potential to generate up to 3,500 megawatts of export green energy from Queensland sugar mills;
- design of the Working Property Rebate. Rebates are available for installation of stand-alone power systems on family owned working properties. Initially the scheme will be limited to the most remote western and northern Queensland shires;
- establishment of the Energy Consumer Protection Office to provide an effective and accessible dispute resolution process to assist electricity customers who have a dispute or complaint with their electricity supplier;
- continued development of standard customer sale and connection contracts for non-contestable customers, to replace the existing interim standard customer contracts. Work also continued on the proposed amendments to the *Electricity Regulation 1994* setting out retailer of last resort arrangements, to apply in cases of retailer failure in the national electricity market;
- introduction of an electricity amendment regulation relating to on-selling of electricity by landlords to provide the opportunity for landlords and tenants to share the benefits from deregulation in the electricity industry;
- review of and advice on benefits, costs and pricing outcomes for electricity full retail competition. Advice was also provided on increases to the regulated electricity tariffs applying to franchise customers;
- finalisation of the Benchmark Price Agreement (BPA) negotiations with franchise retailers relating to 2000-01 Community Service Obligation (CSO) payments. A methodology for 2001-02 has been developed with investigation underway into a long run methodology;
- submissions, preparation, lodgement and ongoing negotiation in response to:
 - the Queensland Competition Authority's draft determination on distribution revenue caps for Ergon and Energex;

- the Australian Competition and Consumer Commission's draft determination on transmission pricing framework;
 - the National Electricity Code Administrator's Review of the Scope for Integrating the Energy Market and Network Services;
 - the National Electricity Market Management Company's annual review of electricity market pricing regions; and
 - the Australian Competition and Consumer Commission's draft determination on Powerlink's revenue cap.
- progress continued on the development of new gas and petroleum legislation to provide incentives to improve competition and fair trade within the industries; and
 - active participation in the National Green Power Accreditation Program Steering Committee. This included providing input into updating guidelines and the interaction between the Commonwealth's renewable energy legislation and the green power accreditation scheme. Advice was provided on a range of greenhouse issues affecting the energy sector, including international and national developments, greenhouse gas abatement policies and measures, emissions trading, the greenhouse trigger, and trends in emissions.

Future Developments

During 2001-02 this output will focus on the following key priorities:

- further develop and implement the *Queensland Energy Policy – A Cleaner Energy Strategy*;
- facilitate the development of proposed major energy-infrastructure projects including competitively priced supplies of gas and a North Queensland (Townsville) power station;
- facilitate any decision by Cabinet related to retail competition for electricity and gas franchise customers;
- develop a whole-of-Government greenhouse response strategy;
- develop a draft sustainable energy policy for consultation;
- manage the stability and predictability of the Government's CSO payments in relation to electricity supply;
- actively seek finalisation of National Electricity Market (NEM) operational issues with the other NEM jurisdictions and with the National Electricity Market Management Company Limited and the National Electricity Code Administrator;
- critically assess the efficiency and effectiveness of the existing NEM governance and market structure and play a lead role in identifying opportunities to improve the NEM regime and in implementing solutions;
- establish service and performance standards for electricity supply, and, in conjunction with the National Regulators' Forum, establish appropriate reporting requirements that:
 - are nationally consistent; and
 - will allow the service and reliability performance of the Queensland electricity retailers and network service providers to be regularly monitored and compared against a national benchmark.

- enhance the process for detecting early warning signals of possible failure in the energy markets as they affect Queensland;
- critically assess the efficiency and effectiveness of Queensland's regulatory regime (taking into account the proposed Petroleum and Gas Bill 2001) for the gas and electricity industries;
- implement recommendations of the review of the Energy Consumer Protection Office;
- continue to administer regulatory functions and services; and
- maintain and further develop ongoing relationships with key energy sector participants and other stakeholders.

OUTPUT STATEMENT

Output Title: Energy				
Measures	Notes	2000-01 Target/Est.	2000-01 Estimated Actual	2001-02 Target/Est.
Quantity				
Percentage of eligible Tranche 3 electricity customers declared contestable	1	50%	58%	n/a
Complete program for monitoring and review of Queensland gas tariffs	2	100%	0%	n/a
Number of pipeline, gas and electricity licenses and authorities issued	3	25	14	n/a
Security of Electricity Supply model delivered 4th Quarter 2000	4	100%	100%	n/a
Percentage of complaints received which are successfully completed by the Energy Consumer Protection Office	5	New Measure	New Measure	80%
Percentage of gas and electricity licence applications to the regulator satisfactorily completed within agreed standards	5	New Measure	New Measure	90%
Number of audits of maintenance practices at GOC power stations	5	New Measure	New Measure	9
Quality				
Implementation of the <i>Queensland Energy Policy- A Cleaner Energy Strategy</i> in accordance with Government policy and agreed timetables	5	New Measure	New Measure	100%
Percentage of customers who rate the performance of the Energy Consumer Protection Office as satisfactory or better		75%	75%	75%
Greenhouse, renewable and energy efficiency advice, and program and initiative delivery is rated by Minister as satisfactory or better	6	100%	100%	n/a
Legislative program, energy policy advice, briefings and Ministerial correspondence within agreed standards	6	New Measure	New Measure	95%
Regulatory investigations completed and determinations issued within agreed standards	5	New Measure	New Measure	90%
Average satisfaction rating by users of Office of Energy web site [1-4 scale]	5	New Measure	New Measure	3

Output Title: Energy (cont.)				
Measures	Notes	2000-01 Target/Est.	2000-01 Estimated Actual	2001-02 Target/Est.
Timeliness				
Meet timetable for gas retail contestability	7	100%	25%	n/a
Extent of implementation of gas retail contestability program	5	New Measure	New Measure	90%
Meet program for review and setting of revenue caps and network prices for electricity network businesses	8	100%	100%	n/a
Meet program for monitoring of the National Electricity Market and make recommendations to Minister (% completed on time)	9	100%	100%	n/a
Reporting on and responding to targeted National Electricity Market issues within agreed timetables	5	New Measure	New Measure	90%
Energy customer complaints resolved within agreed standards	5	New Measure	New Measure	90%
Location				
Number of Regional Electricity Council meetings outside Brisbane	5	New Measure	New Measure	24
State Contribution (\$'000)		11,545	10,340	14,244
Other Revenue (\$'000)		1,607	1,364	1,792
Total Cost (\$'000)		13,152	11,648	16,036
Notes: <ol style="list-style-type: none"> 1. This performance target was achieved in 2000-01, but will not be used in 2001-02 because all arrangements for Tranche 3 contestability are now well known within the marketplace, and customers' decisions about taking up contestable arrangements depend on market forces. It is no longer a measure of performance. 2. The performance target was not achieved, because a review of gas tariffs under the <i>Gas Act</i> is only carried out in response to an application to the Minister by a franchise holder for an increase in the maximum delivered gas prices charged by the franchise holder to reticulated gas consumers within the franchise. No such applications have been made in the 2000-01 financial year, hence the 2000-01 Estimated Actual of 0%. 3. Fewer applications were received because of uncertainty about gas contestability. 4. This performance target was completed on time by 31 December 2000, and is no longer required in 2001-02. 5. Several new performance measures have been included to provide a more comprehensive assessment of performance. 6. A new measure has been developed to better reflect the quality of service delivery achieved through this output. 7. Additional market operating arrangements were found to be required to underpin contestability in the Queensland gas market and this required a complete reappraisal of the gas contestability strategy and timetable with consequent delays. The measure has been replaced by a new measure that more effectively monitors performance. 8. This performance measure was completed in December 2000 and the function has now passed to the Queensland Competition Authority. The measure is therefore no longer required. 9. This measure has been replaced by a new measure that reflects a changed emphasis for 2001-02 "Reporting on and responding to targeted National Electricity Market issues within agreed timetables". 				

Output Operating Statement – Energy

	Notes	2000-01 Adjusted Budget \$'000	2000-01 Est. Act. \$'000	2001-02 Estimate \$'000
Operating Revenues	1			
Output revenue	2	11,545	10,340	14,244
User charges		343	266	..
Grants and other contributions	3	1,257	1,088	1,792
Assets assumed/liabilities transferred		..	..	..
Other		7	10	..
Total operating revenues	4	13,152	11,704	16,036
Operating Expenses	1			
Employee expenses	5	5,457	5,260	8,095
Supplies and services	6	5,147	3,873	5,413
Grants and subsidies		1,437	1,510	1,450
Depreciation and amortisation		439	442	588
Equity Return		78	85	108
Borrowing costs expense		..	..	..
Assets transferred/liabilities assumed		..	..	..
Other		594	478	382
Total operating expenses	4	13,152	11,648	16,036
OPERATING RESULT BEFORE EXTRAORDINARY ITEMS		..	56	..
Increase/(decrease) in net assets before extraordinary items		..	56	..
Extraordinary items		..	..	..
Increase/(decrease) in net assets		..	56	..

Notes:

1. This output was created on 1 March 2001 following a Machinery of Government change. However, for comparative purposes with the 2001-02 Estimate, 12-month comparatives have been included in the 2000-01 Adjusted Budget and the 2000-01 Estimated Actual. These comparatives include amounts relating to the Energy Division (excluding the Office of Sustainable Energy) from the former Department of Mines and Energy and the Treasury Energy Directorate which was formerly part of the Fiscal and Economic Policy Output. Corporate Support costs are excluded from the comparatives for the period prior to the Machinery of Government changes, except in relation to the former Treasury Office Energy Directorate.
2. The increase in the 2001-02 Estimate reflects the full year Corporate Support allocation for the new Energy Output and also reflects additional allocation of funds to implement the *Queensland Energy Policy – A Cleaner Energy Strategy*.
3. The increase in the 2001-02 Estimate is due to increased revenue from industry to fund the Energy Consumer Protection Office and the Electricity Monitoring Unit.
4. Corporate Support revenue and expenses have been allocated to this output based on activity-based costing models. The models used for the allocation of the 2000-01 Estimated Actual and the 2001-02 Estimate were refined and updated during 2000-01. The full disclosure of the 2001-02 Corporate Support allocation is provided in Attachment 1 to the Departmental Financial Statements.
5. The increase in the 2001-02 Estimate reflects increased costs associated with the continuance of the electricity reform function as well as filling of several vacancies. Also contributing is a full year Corporate Support allocation to the new Energy Output.
6. The decrease in the 2000-01 Estimated Actual is due to a reduction in certain operating expenses and consultancy costs. The increase in the 2001-02 Estimate reflects the continuance of the electricity reform function as well as a full year Corporate Support allocation to the new Energy Output.

OUTPUT PERFORMANCE

OUTPUT: Economic and Statistical Research

DESCRIPTION:

The Office of Economic and Statistical Research (OESR) is responsible for the Economic and Statistical Research Output. The Office uses economists and statisticians to provide intelligence on economic, social, spatial, demographic, environmental and statistical issues to the Queensland Government and community to support and inform improved planning, decision making, policy development and resource allocation. The Office also collects, interprets, analyses and disseminates data, undertakes research, and co-ordinates key statistical and some research issues affecting Queensland.

Activities include:

- providing accurate and timely information about the State's economy;
- facilitating and encouraging good planning and decision making, including cost effective delivery of infrastructure and related services;
- providing access to accurate social, demographic and spatial information to facilitate improvements in quality of life in both urban and non-urban environments; and
- providing consistent and unambiguous outcome indicators that are designed specifically to facilitate performance measurement across Government to support *Managing for Outcomes* (MFO) reporting.

REVIEW OF OUTPUT PERFORMANCE

Recent Achievements

Significant recent achievements include:

- completion of major economic and statistical modelling tasks including:
 - assessment of Commonwealth tax reforms, renewable energy targets, and the impact of wage cases on the Queensland economy;
 - revenue forecasting for use in the State Budget process; and
 - first stage of the criminal justice modelling project.
- research activity including:
 - publication of the book *Understanding and Reducing Unemployment: National and State Perspectives*;
 - publication of five papers in research journals;
 - presentation of five research papers at national conferences;
 - updating the methodology for the Queensland State Accounts; and
 - the awarding of two Strategic Partnership with Industry Research and Training (SPIRT) grants by the Australian Research Council for collaborative research with Queensland University of Technology, Griffith University, the University of Queensland and the Department of Families.

- provision of high quality economic and social and statistical intelligence and the production of high quality briefings, bulletins and reports including the outlook for the Queensland economy for the 2000-01 and 2001-02 State Budgets; and
- data services and co-ordination services including:
 - co-ordination of whole-of-Government processes, such as the Labour Market Focus Group and the Queensland Spatial Information Infrastructure Strategy (QSIIS) Information Office;
 - data management services for a number of major statistical collections, including criminal justice, tourism and road crash data for Queensland and other jurisdictions;
 - completion of five major surveys for State Government agencies; and
 - completion of major statistical co-ordination projects in Cairns, Townsville and Mackay and expansion of statistical services in regional Queensland through the appointment of a permanent officer in Rockhampton.

In the past year, OESR has serviced a growing demand for rigorous, high quality statistical information in Queensland. This has been in response to the Australian Bureau of Statistics (ABS) concentrating its focus as a Commonwealth Government and national statistical provider and continuing to shift costs back to State purchasers and users.

There has also been increasing client demand for consistent and unambiguous outcome indicators that are designed specifically to facilitate performance measurement across all Government agencies, thereby minimising duplication of effort by providing a common platform for MFO reporting.

Future Developments

During 2001-02, this output will focus on the following key priorities:

- co-ordinate and enhance rigorous economic and statistical research agendas relating to the economic and social advancement of the State, involving partnerships with government, industry, and the academic and general communities eg. the work of the Employment Secretariat on whole-of-Government labour market issues;
- improve the Office's capacity to collect, analyse and disseminate accurate, timely State and regional information, with a view to facilitating high quality planning, decision making, resource allocation and policy development;
- improve whole-of-Government co-ordination, prioritisation and development of statistical activities and information to reduce duplication and improve the quality and quantity of information-sharing across agencies;
- project manage a publicity campaign to improve response rates for the *2001 Census of Population and Housing* so that the population of the State is counted as accurately as possible for fiscal, social, planning and electoral distribution reasons. This will optimise the State's share of federal tax revenues and grants, and improve the quality of census information needed by State service delivery agencies, especially those operating in regional and remote Queensland;
- expand and enhance information services into all regions and sectors of the State, by encouraging the use of effective electronic data and information services and by effective use of the Townsville and Rockhampton offices;

- develop, maintain and enhance a suite of economic and statistical models, methodologies and standards, and promote their availability, transparency and use across whole-of-Government and the general community;
- develop and maintain an integrated suite of financial models of the Queensland electricity industry to facilitate an improved understanding by policy analysts of the impact of policy changes and investment decisions on the value of, as well as the returns and risks to, the State's electricity assets on a whole-of Government basis;
- maximise the use of OESR's technical expertise, infrastructure and legislative authority to provide a common platform for MFO reporting across Government and to minimise duplication of effort; and
- develop a whole-of-Government position on statistical property rights, access to data and pricing of data, especially in relation to strategic statistical information property rights associated with administrative datasets maintained by state and local government in Queensland.

OUTPUT STATEMENT

Output Title: Economic and Statistical Research				
Measures	Notes	2000-01 Target/Est.	2000-01 Estimated Actual	2001-02 Target/Est.
Quantity				
Publications produced	1	40	40	n/a
Other substantial Briefing and Advisory items delivered to clients	1	660	660	n/a
Survey, data processing or data construction projects	2	New Measure	New Measure	20
Official publications, client reports or databases	2	New Measure	New Measure	70
Formal written briefings or reports provided to key clients on economic statistical and spatial issues	2	New Measure	New Measure	342
Number of Internet hits on OESR web site	2	New Measure	New Measure	250,000
Collaborative projects undertaken with or sponsored by other teams in Government or external researchers	2	New Measure	New Measure	12
Development and co-ordination of whole-of-Government policy issues or relations with organisations in other jurisdictions (number of projects)	2	New Measure	New Measure	22
Number of economic and social research, statistical standards or guidelines published	2	New Measure	New Measure	20
Factual answers to requests for information	2	New Measure	New Measure	3,250
Quality				
Activities where client satisfaction indicator above benchmarks	1	98%	98%	n/a
Quality audits		100%	100%	100%
Stakeholder and client satisfaction survey indicator (rated satisfied or very satisfied)	2	New Measure	New Measure	80%

Output Title: Economic and Statistical Research (cont.)				
Measures	Notes	2000-01 Target/Est.	2000-01 Estimated Actual	2001-02 Target/Est.
Timeliness				
Economic and Statistical outputs completed by deadline	1	95%	95%	n/a
Ad hoc information services provided within time expectations of client	1	98%	98%	n/a
Production and delivery within agreed timeframes (exc. internet services)	2	New Measure	New Measure	90%
Weekly web site maintenance/update	2	New Measure	New Measure	90%
Location				
Outputs delivered internal to State	1	80%	80%	n/a
Outputs delivered external to State	1	20%	20%	n/a
Briefings and reports delivered to clients outside Treasury Office	2	New Measure	New Measure	50%
Cost (\$)				
Total revenue from external sources	3	\$2.0M	\$2.9M	\$2.7M
State Contribution (\$'000)		7,643	7,615	8,496
Other Revenue (\$'000)		2,257	3,088	2,909
Total Cost (\$'000)		9,900	10,626	11,405
Notes: 1. These measures have been replaced by more appropriate measures. 2. In keeping with the role the Office of Economic and Statistical Research is playing with whole-of-Government performance measurement, the Office of Economic and Statistical Research has reviewed its own measures. These measures are re-focussed and more detailed, which will concentrate performance effort on key Office deliverables to clients. 3. Increase in the 2000-01 Estimated Actual and the 2001-02 Target/Est. is due to the inclusion of the Electricity Modelling project.				

Output Operating Statement – Economic and Statistical Research

	Notes	2000-01 Budget \$'000	2000-01 Est. Act. \$'000	2001-02 Estimate \$'000
Operating Revenues				
Output revenue	1	7,643	7,615	8,496
User charges	2	2,241	3,062	2,897
Grants and other contributions		..	..	..
Assets assumed/liabilities transferred		..	..	..
Other		16	26	12
Total operating revenues	3	9,900	10,703	11,405
Operating Expenses				
Employee expenses	4	5,438	5,330	6,205
Supplies and services	5	3,400	4,154	4,303
Grants and subsidies		31	32	32
Depreciation and amortisation		674	641	554
Equity Return		109	114	88
Borrowing costs expense		..	..	..
Assets transferred/liabilities assumed		..	..	..
Other	6	248	355	223
Total operating expenses	3	9,900	10,626	11,405
OPERATING RESULT BEFORE EXTRAORDINARY ITEMS		..	77	..
Increase/(decrease) in net assets before extraordinary items		..	77	..
Extraordinary items		..	..	..
Increase/(decrease) in net assets		..	77	..
Notes:				
1. The increase in the 2001-02 Estimate largely reflects additional funding for a publicity campaign for the 2001 Census of Population and Housing and for additional research.				
2. The increase in the 2000-01 Estimated Actual is due to greater than anticipated revenue from major surveys undertaken and revenue for an Electricity Modelling Project. The 2001-02 Estimate reflects a decrease in revenue from major surveys which is largely offset by the Electricity Modelling Project revenues.				
3. Corporate Support revenue and expenses have been allocated to this output based on activity-based costing models. The models used for the allocation of the 2000-01 Estimated Actual and the 2001-02 Estimate were refined and updated during 2000-01. The full disclosure of the 2001-02 Corporate Support allocation is provided in Attachment 1 to the Departmental Financial Statements.				
4. The increase in the 2001-02 Estimate reflects an Enterprise Bargaining award increase and full year cost of additional staff appointed for the Electricity Modelling Project.				
5. The increase in the 2000-01 Estimated Actual has resulted primarily from the Electricity Modelling Project and additional surveys undertaken by the output. The full year costs of the Electricity Modelling Project are also reflected in the 2001-02 Estimate.				
6. The 2000-01 Estimated Actual relates to one-off software costs for the Electricity Modelling Project.				

OUTPUT PERFORMANCE

OUTPUT: Taxation

DESCRIPTION

This output, delivered by the Office of State Revenue (OSR), aims to deliver and administer simple, efficient and equitable revenue management services for collection and payment. Major clients include the taxpayers of Queensland, their professional representatives and grant and subsidy recipients.

Activities include:

- revenue collection services, (comprising Stamp Duty, Pay-roll Tax, Land Tax and miscellaneous taxes), including revenue investigation and revenue debt recovery;
- revenue policy advice, incorporating legislative amendments and improvement, to maintain and improve the State's revenue collection system;
- grant and subsidy scheme administration, for the Fuel Subsidy, the First Home Owner Grant (FHOG) and Low Alcohol Liquor Subsidy Schemes. All schemes require claims processing, and a compliance program to ensure claimants and licensees comply with the *Fuel Subsidy Act 1997*, the *First Home Owner Grant Act 2000* and their respective administrative arrangements; and
- grants and subsidy scheme policy advice, incorporating legislative and ministerial services to maintain and improve the operation of the schemes.

REVIEW OF OUTPUT PERFORMANCE

Recent Achievements

Significant recent achievements include:

- implementation of the revised Fuel Subsidy Scheme including the formation of the Grants and Subsidies Division, which is responsible for both the Fuel Subsidy Scheme and the FHOG Scheme;
- implementation of the First Home Owner Grant Scheme from 1 July 2000. This scheme is aimed at maintaining affordability for first homebuyers following the introduction of the Goods and Services Tax;
- conduct of public consultation for the Duties Bill 2001 and Taxation Administration Bill 2001 including an extensive seminar program throughout the State;
- further expansion of the Returns Program, including the introduction of compulsory returns for regular lodgers in relation to certain classes of instruments; and
- implementation and administration of the Low Alcohol Liquor Subsidy Scheme.

Future Developments

During 2001-02, OSR will focus on the following key priorities:

Revenue Collection System

- implement Taxation Administration Bill 2001 and Duties Bill 2001 once enacted;
- contribute to the modernisation of Pay-roll and Land Tax legislation;
- integrate and consolidate self-assessment into revenue collection services;
- introduce e-business initiatives to support self-assessment;
- develop and implement a compliance/voluntary compliance strategy;
- support new business opportunities;
- maintain revenue collection within agreed service standards through continually reviewing best use of resources and refining systems and operating procedures against benchmarks and other best practice measures;
- strengthen client relationships;
- create change capability across revenue collections; and
- finalise an Information Technology Strategic Plan and commence implementation of the Business Systems Replacement Phase 1.

Revenue Policy Advice

- finalise public consultation and facilitate the introduction of the Duties Bill 2001 and Taxation Administration Bill 2001;
- review and advise on legislation administered by OSR and progress legislative amendments where necessary to protect the revenue and maintain the efficiency of the legislation;
- commence preparatory work to amend the *Pay-roll Tax Act 1971*, and the *Land Tax Act 1915* to accommodate the Taxation Administration Bill 2001;
- provide advice to the Government on implications of the Intergovernmental Agreement for taxes administered by OSR; and
- advise on legislative aspects of new business opportunities and progress any necessary legislation.

Grants and Subsidies Scheme Administration

- improve industry knowledge of grants and subsidies to ensure most efficient and effective administration;
- maintain an effective investigation program;
- identify and advise on any adjustments to grants or subsidies schemes;
- continually review the best use of resources and refine systems and operating procedures;
- develop and strengthen client relationships; and
- support new business opportunities.

OUTPUT STATEMENT

Output Title: Taxation				
Measures	Notes	2000-01 Target/Est.	2000-01 Estimated Actual	2001-02 Target/Est.
Quantity				
Amount of revenue collected		\$3.1B	\$3.1B	\$3.2B
Number of amendment provisions including subordinate legislation developed		6	7	8
Amount of reduction in fuel subsidy payments resulting from investigations	1	\$8.75M	\$9.5M	n/a
Number of First Home Owner Grant applications	2	25,000	31,000	26,000
Number of fuel subsidy payments	3	New Measure	New Measure	36,000
Quality				
Client satisfaction with service provided		70%	70%	70%
Revenue policy advice meets agreed standards	4	90%	90%	n/a
Percentage achievement of the agreed program of legislative amendment	4	100%	100%	n/a
Legislative amendment program and revenue policy advices within service standards	4	New Measure	New Measure	90%
Timeliness				
FHOG applications processed within service standards		95%	95%	95%
Investigations performed within service standards		90%	90%	90%
Amendment Bills developed within Government timeframes	5	100%	100%	n/a
Legislation program and deliverables within deadlines	5	New Measure	New Measure	90%
Payment and investigation of fuel subsidy claims within service standards	1	92.5%	92.5%	95%
Policy advice developed within agreed timeframes	5	90%	90%	n/a
Policy advice, briefings and Ministerial correspondence within deadlines	5	New Measure	New Measure	90%
Revenue collected within service standards		95%	95%	95%

Output Title: Taxation (cont.)				
Measures	Notes	2000-01 Target/Est.	2000-01 Estimated Actual	2001-02 Target/Est.
Cost (\$)				
Cost of processing applications for FHOG payments as a percentage of total grants		0.43	0.56	0.53
Revenue collection costs as a percentage of revenue collections		0.82	0.85	0.83
State Contribution (\$'000)		31,638	38,379	36,594
Other Revenue (\$'000)		257	245	232
Total Cost (\$'000)		31,895	37,637	36,826
Notes: <ol style="list-style-type: none"> 1. Targets were not included for these measures in the 2000-01 Ministerial Portfolio Statement as, at that time, the Government had formed a Taskforce to consider ways in which the Fuel Subsidy Scheme could be improved. The 2000-01 Target/Estimate was determined once the review had been finalised. This measure has been replaced. (See note 3). 2. Increased 2002-01 Estimated Actual due to enhancement of the First Home Owner Grant Scheme. 3. This new measure reflects the focus of the revised Fuel Subsidy Scheme on the payment of legally due subsidies. 4. This combined measure better reflects the integrated approach to revenue policy advice and legislative maintenance and improvement. 5. The replacement measures better encapsulate the deliverables from the legislative maintenance and revenue policy advice sub-outputs. 				

Output Operating Statement – Taxation

	Notes	2000-01 Budget \$'000	2000-01 Est. Act. \$'000	2001-02 Estimate \$'000
Operating Revenues				
Output revenue	1	31,638	38,379	36,594
User charges		241	208	218
Grants and other contributions		..	..	..
Assets assumed/liabilities transferred		..	..	..
Other		16	37	14
Total operating revenues	2	31,895	38,624	36,826
Operating Expenses				
Employee expenses	3	18,559	20,003	22,333
Supplies and services	4	10,421	12,042	10,929
Grants and subsidies		..	..	..
Depreciation and amortisation	5	1,953	2,364	2,391
Equity Return		301	423	326
Borrowing costs expense		..	..	..
Assets transferred/liabilities assumed		..	..	..
Other	6	661	2,805	847
Total operating expenses	2	31,895	37,637	36,826
OPERATING RESULT BEFORE EXTRAORDINARY ITEMS		..	987	..
Increase/(decrease) in net assets before extraordinary items		..	..	..
Extraordinary items		..	..	..
Increase/(decrease) in net assets		..	987	..
Notes:				
<ol style="list-style-type: none"> The increase in the 2000-01 Estimated Actual is due to increased funding associated with the revised Fuel Subsidy Scheme including one-off start-up costs. Further contributing to this increase was a review of the Corporate Support allocation to better reflect the support activities provided to the output. The reduction in the 2001-02 Estimate reflects the drop-off of the revised Fuel Subsidy start-up costs. Corporate Support revenue and expenses have been allocated to this output based on activity-based costing models. The models used for the allocation of the 2000-01 Estimated Actual and the 2001-02 Estimate were refined and updated during 2000-01. The full disclosure of the 2001-02 Corporate Support allocation is provided in Attachment 1 to the Departmental Financial Statements. Increased staffing levels in latter parts of the financial year due to the revised Fuel Subsidy Scheme are the main contributor to the increase in the 2000-01 Estimated Actual. The full year effects of these Fuel Subsidy Scheme staff costs are reflected in the increased 2001-02 Estimate. The increase in the 2000-01 Estimated Actual is due to the part year activities and one-off start-up costs of the revised Fuel Subsidy Scheme. Also contributing is additional Corporate Support allocation which better reflects the support activities provided to this output. The 2000-01 Estimated Actual and the 2001-02 Estimate is largely attributable to an increased allocation of Corporate Support to better reflect the support activities provided to this output. The increase in the 2000-01 Estimated Actual reflects one-off asset write-downs. 				

OUTPUT PERFORMANCE

OUTPUT: Gambling

DESCRIPTION

This output comprises gambling regulation conducted through the Queensland Office of Gaming Regulation (QOGR) and responsible gambling policy, research and allocation of grants conducted through the Gambling Policy Directorate in Treasury Office.

Gambling regulation, conducted through QOGR encompasses the regulation of all forms of legal gambling in Queensland – casinos, gaming machines, charitable gambling, keno, lotteries, wagering and interactive gambling.

Activities include:

- issuing licences for premises and persons;
- ensuring industry compliance with gambling legislation;
- investigating complaints and conducting prosecutions;
- conducting probity investigations of individuals and corporate entities;
- auditing operators;
- conducting inspections of all gambling products;
- overseeing day-to-day casino operations;
- providing information to current and prospective clients;
- evaluating and approving internal controls, gambling equipment and gambling rules;
- assessing and collecting gambling taxes and fees;
- reviewing and developing gambling policies and gambling legislation;
- conducting research; and
- providing legal advice.

The Gambling Policy Directorate co-ordinates the provision of responsible gambling policy advice, implements responsible gambling practices and co-ordinates research to underpin future policy advice on gambling. It also manages the allocation of funds from the Community Investment Fund which includes grants to community organisations from the Gambling Community Benefit Fund.

Activities include:

- undertaking a strategic research program;
- developing and implementing responsible gambling initiatives under the three objectives of prevention, protection and rehabilitation;

- providing secretariat support to the Responsible Gambling Advisory Committee (RGAC) to assist it in the provision of advice to Government on gambling issues;
- managing the distribution by the Gambling Community Benefit Fund of grants to community based organisations; and
- developing and implementing community, school and professional education and awareness campaigns.

REVIEW OF OUTPUT PERFORMANCE

Recent Achievements

Significant recent achievements include:

- announcement on 8 May 2001 of a State-wide cap on the number of gaming machines in hotels after which no more applications for new gaming machines in hotels were accepted. The cap is a Government response to community concerns about the growth of gaming machines;
- distribution by the Gambling Community Benefit Fund of over 2000 grants totalling \$28.5 million in 2000-01, to community based organisations;
- completed implementation of the *Gaming Machine White Paper* including:
 - extending the period of gaming machine licences, gaming nominee licences and gaming employee licences from two to five years;
 - renaming Machine Managers as Gaming Employees; and
 - introduction of Gaming Nominees.
- commencement of the *Gambling Legislation Amendment Act 2000*, setting in motion implementation of the higher priority policy initiatives of the Government's *Policy Direction for Gambling in Queensland*;
- conduct of a number of major probity investigations, domestically and overseas. These included investigations into the Accor Hotel Group and Casinos Austria as part of the review of a major recapitalisation process for the Reef Casino;
- introduction of the *Jupiters Casino Agreement Amendment Act 2000* and negotiation of amendments to the *Brisbane Casino Agreement*;
- launch of the new QOGR web site (www.qogr.qld.gov.au) and Intranet for staff;
- redevelopment of the gaming site licensing process to incorporate new Queensland Gaming Commission and legislative requirements as well as new forms. Relevant material was released as a comprehensive *Brief to Applicants* on 1 December 2000;
- appointment of seven Commissioners (three new and four returning) to an enlarged Queensland Gaming Commission on 7 December 2000;
- chaired the National Regulators' Responsible Gambling Working Party, which has the task of reviewing responsible gambling activity being undertaken in each jurisdiction and providing advice to the Gaming Regulators' Chief Executive Officer Forum (CEO Forum);

- release of discussion paper to industry and the community on the use of technology to assist in Responsible Gambling;
- introduction of new taxation rates and/or a rebate system to eliminate the impact of the GST on site gambling taxes;
- implementation of all recommendations of the *Queensland Audit Office Report* arising from the GOCORP licensing process and the recommendations of the *Review of Structure and Management Arrangements Report* on the structure of QOGR. A part of this process was a major renovation of QOGR's office space to accommodate the structural changes;
- completion of a needs analysis to establish the current and future need for Gambling Support Services, which will be used to ensure that services are located in areas of highest demand;
- development of two responsible gambling curriculum modules for inclusion in the set of Years 1 to 10 Health and Physical Education Sourcebook modules;
- development of a web site (www.responsiblegambling.qld.gov.au) to support teachers and students working with curriculum materials and to promote community and industry knowledge and access to information related to responsible gambling;
- release of and consultation on the draft *Queensland Responsible Gambling Code of Practice* to provide a proactive whole-of-industry approach to the promotion of responsible gambling practices;
- substantial progress on developing an Implementation Resource Manual to assist industry to comply with the *Queensland Responsible Gambling Code of Practice*; and
- in conjunction with the Department of Families, undertaking conduct of a tender process to extend telephone help-line from three regions to whole-of-State coverage.

Future Developments

During 2001-02, this output will focus on the following key priorities:

- achieve a balance between social and regulatory responsibilities, including continued implementation of initiatives in the *Policy Direction for Gambling in Queensland*;
- maintain rigid probity standards;
- establishment and implementation of a Major Facilities Fund to finance major public sporting and cultural facilities of Statewide significance. The first project to benefit from the Fund will be the redevelopment of Suncorp Metway Stadium. The Fund will be financed from a new gaming machine levy which will be applied to hotels whose monthly taxable metered win exceeds \$100,000;
- pro-actively identify and respond to technological trends including e-business solutions by developing systems to allow clients to lodge applications and other forms electronically and to monitor their progress electronically;
- address the global nature of the gambling industry, with emphasis on the need for national and international co-operation between regulators;
- further develop systems to support remote access for regional employees;

- develop multimedia training packages, especially for regional staff, to ensure ongoing skill development for staff;
- facilitate a Queensland base-line prevalence study to estimate the incidence, prevalence and impact of gambling problems;
- facilitate a survey into the association between crime and problem gambling with the Department of Corrective Services;
- complete the development of the *Queensland Responsible Gambling Code of Practice* and Implementation Resource Manual in consultation with the Responsible Gambling Advisory Committee;
- further develop the Responsible Gambling Strategy throughout the State;
- develop the whole-of-Government infrastructure to support an integrated approach to responsible gambling;
- develop a responsible gambling curriculum action plan with the Queensland School Curriculum Council and the Board of Senior Secondary School Studies; and
- develop a community education and awareness strategy and a framework for responsible gambling industry training.

OUTPUT STATEMENT

Output Title: Gambling				
Measures	Notes	2000-01 Target/Est.	2000-01 Estimated Actual	2001-02 Target/Est.
Quantity Audit, probity and inspection activities completed in accordance with annual program		95%	95%	95%
Amount of revenue collected	1	\$517M	\$553M	\$602M
Percentage of State covered by availability of problem gambling services		New Measure	25%	75%
Number of Queensland Responsible Gambling Strategy public consultation forums run across the state		New Measure	New Measure	6
Quality Persons and entities deemed suitable that subsequently prove satisfactory		99%	99%	99%
Percentage of gambling providers committing to implementation of Code of Practice		New Measure	New Measure	70%
Timeliness Licence applications processed within set time		90%	90%	90%
Responsible Gambling outsourced research projects completed on time		New Measure	New Measure	60%
Gambling Community Benefit Fund applications processed within set times		New Measure	95%	95%
Cost (\$) Cost of regulation per revenue \$ received	2	3.3%	3.0%	2.8%
State Contribution (\$'000)		16,063	16,117	16,460
Other Revenue (\$'000)		777	5,388	8,247
Total Cost (\$'000)		16,840	20,768	24,672
Notes: 1. The increase in the 2000-01 Estimated Actual is due to higher gaming machine tax than anticipated. 2. The cost of regulation excludes Gambling Policy Directorate's costs.				

Output Operating Statement – Gambling

	Notes	2000-01 Budget \$'000	2000-01 Est. Act. \$'000	2001-02 Estimate \$'000
Operating Revenues				
Output revenue		16,063	16,117	16,460
User charges	1	760	5,378	8,245
Grants and other contributions		..	..	..
Assets assumed/liabilities transferred		..	..	..
Other		17	10	2
Total operating revenues	2	16,840	21,505	24,707
Operating Expenses				
Employee expenses	3	11,709	12,271	13,660
Supplies and services	4	3,705	4,088	5,109
Grants and subsidies	5	..	2,462	4,484
Depreciation and amortisation		772	725	779
Equity Return		120	116	78
Borrowing costs expense		..	..	..
Assets transferred/liabilities assumed		..	..	..
Other	6	534	1,106	562
Total operating expenses	2	16,840	20,768	24,672
OPERATING RESULT BEFORE EXTRAORDINARY ITEMS		..	737	35
Increase/(decrease) in net assets before extraordinary items		..	737	35
Extraordinary items		..	..	..
Increase/(decrease) in net assets	7	..	737	35

Notes:

- The increase in the 2000-01 Estimated Actual is attributable to the Gambling Policy Directorate which was attached to this output from 1 July 2000 but not included in the 2000-01 Budget. The increase in 2001-02 Estimate is due to increased funding, primarily related to increased responsible gambling initiatives (see Notes 3, 4 and 5).
- Corporate Support revenue and expenses have been allocated to the output based on activity-based costing models. The models used for the allocation of the 2000-01 Estimated Actual and the 2001-02 Estimate were refined and updated during 2000-01. The full disclosure of the 2001-02 Corporate Support allocation is provided in Attachment 1 to the Departmental Financial Statements.
- The increase in the 2000-01 Estimated Actual is due to staff in the Gambling Policy Directorate. This has been slightly offset by vacancies held by the Office of Gaming Regulation during 2000-01. The 3% Enterprise Bargaining Agreement increase for 2001-02 and the full year effect of filling vacancies contributes to the increase in the 2001-02 Estimate.
- The increase in the 2000-01 Estimated Actual and 2001-02 Estimate primarily relates to increased responsible gambling activities of the Gambling Policy Directorate.
- The increase in the 2000-01 Estimated Actual is due to the Gambling Policy Directorate making grant payments to the Department of Families as a contribution to the delivery of the Gambling (Breakeven) initiative. The further increase to the 2001-02 Estimate is due to full year grants payments to the Department of Families and to fund a Social and Economic Community Gambling Issues research project.
- The increase in the 2000-01 Estimated Actual results from the activities of the Gambling Policy Directorate. The decrease in the 2001-02 Estimate arises within the Office of Gaming Regulation which anticipates decreased costs compared to 2000-01 in areas such as minor equipment, audit fees and several additional other expenses arising from fewer probity and fingerprint checks being undertaken.
- The 2000-01 Estimated Actual results from the delays in filling vacant positions (Refer Note 3).

OUTPUT PERFORMANCE

OUTPUT: Superannuation

DESCRIPTION

The Government Superannuation Office (GSO) administers the State Public Sector Superannuation Fund, the Parliamentary Contributory Superannuation Fund, the Q•Invest Retirement Fund and the entitlements of Judges. The Office also administers the long service leave entitlements of Queensland Government employees.

Activities include:

- provision of expert policy advice;
- provision of products and services concerned with regulatory frameworks; and
- administration of legislation related to the management of superannuation for Queensland State Public Sector employees.

REVIEW OF OUTPUT PERFORMANCE

Recent Achievements

Significant recent achievements include:

- implementation of new superannuation arrangements providing all Queensland State Public Sector employees with the ability to choose the superannuation option that suits their needs;
- QSuper surveying well in an international benchmarking exercise, with above average service and below average costs per member, and being awarded the best web site amongst 35 leading international pension systems (mainly US);
- delivery of a comprehensive member seminar program around the State;
- provision of member access to five different investment options including daily unit pricing;
- introduction of an opportunity for public sector employees to salary sacrifice superannuation contributions;
- amendments to the schemes governing legislation to ensure that they satisfy Commonwealth legislation and meet the needs of members and employers; and
- focussed market research to determine members' needs, perceptions, and satisfaction with service delivery.

Future Developments

During 2001-02, this output will focus on the following key priorities:

- continue to meet the expectations of members for greater choice, simplicity and range of products;
- develop innovative ways of addressing the increasing needs of members for information, education and advice to secure their retirement;
- administer superannuation funds in an environment of greater choice and transparency;
- embrace advances in technology as a means of transacting with employers and members in the financial services sector; and
- monitor and analyse Commonwealth Government initiatives for their effects on the State's superannuation schemes and address any implications.

The following strategies will be implemented to meet these challenges:

- extend the range of products and services offered to Queensland State Public Sector employees;
- develop and enhance the marketing focus with the intention of retaining a greater proportion of exiting members' monies in the schemes;
- incorporate relevant Commonwealth Government initiatives eg. family law amendments;
- provide members with the necessary tools to make informed choices eg. through seminars, enhanced access to information officers, the web site, benefit calculators and various member publications;
- ensure that all systems meet the various Boards of Trustees' product demands and business requirements;
- continue focus on efficiency gains in the GSO's operation eg. through rationalising the rules of the various schemes and streamlining administrative and funding structure;
- improve service delivery to members through enhanced e-commerce capability and the periodic upgrading of computer systems to embrace efficiencies;
- investigate strategic alliances to fast-track services and minimise costs; and
- anticipate future demands on resources and staffing in a proactive manner.

OUTPUT STATEMENT

Output Title: Superannuation				
Measures	Notes	2000-01 Targets/Est.	2000-01 Estimated Actual	2001-02 Targets/Est.
Quantity				
Percentage of discretionary funds retained within QSuper	1	55%	55%	n/a
Percentage of members who elect to retain their voluntary monies within QSuper	1	New Measure	New Measure	70%
Percentage of Annual Benefit Statements issued without avoidable discrepancies	2	96%	96%	n/a
Quality				
Satisfaction of stakeholders with the delivery of products and services	3	New Measure	New Measure	93%
Percentage of external audits resulting in no qualifications	4	New Measure	New Measure	100%
Satisfaction of stakeholders (eg. employers, members) with the delivery of products and services	3	92%	93%	n/a
Satisfaction of stakeholders (eg. the Government) with the policy advice on superannuation	3	92%	92%	n/a
Timeliness				
Meeting the performance benchmarks contained in the QSuper Trustees Administration Mandate and other agreements in place for the administration of Funds other than QSuper	5	95%	95%	95%
Provision of advice within prescribed timeframes	5	100%	100%	n/a
Cost (\$)				
Administration costs per member are within the lowest quartile when benchmarked to peers	6	New Measure	New Measure	100%
Cost of "Government Superannuation Policy Advice" sub-output as a proportion of the total Government Superannuation Office operating budget	6,7	4%	1%	n/a
Cost of "Management of Funds" sub-output as a proportion of the total Government Superannuation Office operating budget	6,7	96%	99%	n/a
State Contribution (\$'000)		2,582	176	746
Own Source Revenue (\$'000)		21,826	24,666	37,217
Total Cost (\$'000)		26,783	27,153	35,640

Notes:

1. The measure has been revised to encompass the percentage of members who elect to retain their voluntary monies within QSuper. The resulting figure will be more relevant as it reflects the forward focus of QSuper within the competitive superannuation industry.
2. The measure has been removed as it was found that it did not truly reflect the main focus of the Office.
3. The measures "Satisfaction of Stakeholders (eg. Employers, Members)..." and "Satisfaction of Stakeholders (eg. Government) with regard to policy advice..." have been merged.
4. A new measure has been included to reflect the increasing amount of compliance and governance work that the Office undertakes eg. for the Australian Taxation Office and for the preparation of financial statements, etc.
5. The two timeliness measures have been combined.
6. A new costing measure has been included to better reflect the administration costs per member as benchmarked with other Superannuation funds. As a result the existing measures are not continued.
7. A key factor to the decrease in the 2000-01 Estimated Actual cost of policy advice for Government Superannuation Office was the incursion of the cost of policy advice for the new public sector superannuation arrangements change in 1999-2000 instead of the anticipated 2000-01 financial year. A revised Activity Based Costing model, introduced early in 2001, confirmed actual costs of 1%. This change also flowed on to the 2000-01 Estimated Actual cost of management of funds.

Output Operating Statement – Superannuation

	Notes	2000-01 Budget \$'000	2000-01 Est. Act. \$'000	2001-02 Estimate \$'000
Operating Revenues				
Output revenue	1	2,582	176	746
User charges	2	21,814	24,030	36,933
Grants and other contributions		..	..	..
Assets assumed/liabilities transferred		..	..	..
Other	3	12	636	284
Total operating revenues	4	24,408	24,842	37,963
Operating Expenses				
Employee expenses	5	13,789	13,359	17,876
Supplies and services	1,6	9,726	9,792	11,630
Grants and subsidies		..	..	..
Depreciation and amortisation	7	1,112	2,015	3,699
Equity Return		643	681	677
Borrowing costs expense		..	..	..
Assets transferred/liabilities assumed		..	..	..
Other	8	1,513	1,306	1,758
Total operating expenses	4	26,783	27,153	35,640
OPERATING RESULT BEFORE EXTRAORDINARY ITEMS		(2,375)	(2,311)	2,323
Increase/(decrease) in net assets before extraordinary items		(2,375)	(2,311)	2,323
Extraordinary items		..	..	..
Increase/(decrease) in net assets	9	(2,375)	(2,311)	2,323
Notes: <ol style="list-style-type: none"> The 2000-01 Budget for Output Revenue and Supplies and Services has been re-cast to exclude an internal Corporate Support charge which was eliminated in the Output Operating Statement in the 1999-2000 Ministerial Portfolio Statement. The change in methodology for Corporate Support allocation has caused a shift in revenue recognition from Payment for outputs to User charges in the 2000-01 Estimated Actual and the 2001-02 Estimate. The increase in the 2001-02 Estimate reflects increased administration fees charged to provide enhanced services to members and the implementation of new products. The increase in the 2000-01 Estimated Actual relates to unforeseen revenue. Corporate Support revenue and expenses have been allocated to this output based on activity-based costing models. The models used for the allocation of the 2000-01 Estimated Actual and the 2001-02 Estimate were refined and updated during 2000-01. The full disclosure of the 2001-02 Corporate Support allocation is provided in Attachment 1 to the Departmental Financial Statements. The increase in the 2001-02 Estimate is due to an increase in employee numbers to deliver improved member services and develop and implement a comprehensive marketing plan. The increase in the 2001-02 Estimate is as a result of increased marketing and research costs in relation to the implementation of a comprehensive marketing plan and additional expenses associated with the delivery of improved member services and accommodating increased staff numbers. The increase in the 2000-01 Estimated Actual is due to increased amortisation expenses as a result of larger than expected capitalised costs on the New Public Sector Superannuation Arrangements. The increase in the 2001-02 Estimate relates to the capitalisation of expenditure on new and existing projects designed to introduce new service delivery channels and improve office efficiency. The decrease in the 2000-01 Estimated Actual is due to the achievement of savings in medical examinations, marketing and promotions and software licenses. The increase in the 2001-02 Estimate results from a comprehensive marketing plan and the expected increase in expenditure on client seminars, advertising, promotions and sponsorship and recruitment costs with the employment of additional staff (refer to Note 6). The 2001-02 Estimate will be utilised to fund capital purchases. 				

OUTPUT PERFORMANCE

OUTPUT: Financial Management

DESCRIPTION

The Office of Financial Management (OFM) provides a suite of client-specific services to Queensland Government departments as well as undertaking research and development that supports business management improvements in the sector in line with the *Managing for Outcomes* (MFO) framework.

Activities include:

- business improvement consultancy;
- skills development and training;
- systems maintenance and application support services; and
- benefits realisation advice and assistance.

REVIEW OF OUTPUT PERFORMANCE

Recent Achievements

Significant recent achievements include:

- successful restructure of the Office resulting in a redefinition of outputs, a new strategic plan and a new organisational structure based upon a client service philosophy. The new structure incorporates the provision of integrated services for Queensland Government agencies in systems, professional development and business improvements;
- delivery of support for the consolidation of MFO into agencies through a seminar series and a range of forums and workshops. To date, two Asset Management Seminars, two Performance Measurement Seminars, an Accrual Reporting Forum and two Asset Registration Workshops have been conducted. Based on the success of these forums, further activities are planned including continued assistance for the development of MFO within Queensland Government agencies;
- establishment of alliances with peak bodies and key stakeholders, both nationally and internationally, to assist with professional development activities, case studies, benefits realisation and other projects;
- in its lead agency role for the Queensland Government Financial Management System (QGFMS), OFM has led the review of the Bureau Services Support Agreement, co-ordinated an evaluation of the supply of SAP R/3 Facilities Management and out-sourced Help Desk Services to CITEC;
- provision of executive and management level training in financial management skills and public sector reform issues to the Department of Justice and Attorney General (JAG), as part of the shift in focus to client-specific services. The entire program of agency-specific training and documentation with JAG was well received and other departments have expressed an interest in similar programs;

- conduct of systems improvement projects with clients, including pilot Benefits Realisation projects at Corporate Services Agency and Police and a pilot implementation of the ANZ Corporate Card/Infospan package at Department of Families; and
- expansion of cross-agency networks with the establishment of additional special interest groups, such as benefits realisation, strategic management and travel management, as part of OFM's role to foster information sharing across the sector. In addition, the new OFM web site is approaching finalisation.

Future Developments

During 2001-02, this output will focus on the following key priorities:

- provide high quality consultancy services to clients, covering the range of business, management and systems issues that are critical to the successful implementation of MFO. The Office of Financial Management is now well equipped with skills and knowledge, and has developed good working relationships with clients, following the restructure during 2000-01;
- co-ordinate the continued development of the MFO framework across Government with the transfer of existing staff associated with the initiative to the Office in April 2001;
- continue the MFO Seminar Series, commenced during 2000-01, with a monthly seminar on a topic of interest to State Government departments. Following on the process employed during 2000-01, it is planned that several smaller forums or workshops will be developed and delivered to agencies around the MFO Seminar topics;
- foster and facilitate the provision of cross-agency networks and Special Interest Groups (SIG). Current groups facilitated include the Inter-departmental Strategic Management Network Group, the Inter-departmental Accounting Group, the Directors of Finance Forum, the QGFMS Client Group, the Benefits Realisation SIG, the Security SIG, and the Travel Management SIG. A new network group, targeted at Statutory Authorities that fall within the MFO umbrella, will be set up to specifically address the needs of these agencies;
- facilitate the provision of a whole-of-Government graduate program dedicated to the provision of SAP R/3 skilled graduates to Queensland Government agencies. A consortium of interested and committed agencies will manage this program, with OFM providing administrative and training support;
- facilitate and support the movement of agencies to upgraded versions of the QGFMS (presently based on the SAP R/3 product). The Office of Financial Management will also continue working on reducing the cost of owning these systems and realising the benefits of investments in corporate management systems;
- enhance the present arrangements for training public sector staff in more effective management techniques. A diploma level course is being developed in conjunction with TAFE Queensland for training operational level staff using distance learning principles. Additionally, negotiations are continuing with various professional bodies to integrate OFM learning objectives into their personal development programs for members; and
- review the Lead Agency Agreement under which OFM provides services to agencies for the support of financial systems, in accordance with the terms of that agreement.

OUTPUT STATEMENT

Output Title: Financial Management				
Measures	Notes	2000-01 Target/Est.	2000-01 Estimated Actual	2001-02 Target/Est.
Quantity				
Concurrent and other named users		5,900	4,860	4,860
Training Participant Days	1	1,450	750	n/a
Systems service calls received	2	2,900	1,130	1,130
Number of whole-of-Government Seminars conducted	3	New Measure	New Measure	10
Number of cross agency forums	3	New Measure	New Measure	70
Number of single agency workshops/training sessions	3	New Measure	New Measure	80
Number of business improvements strategies developed	3	New Measure	New Measure	10
Average number of participants attending whole-of-Government seminars	3	New Measure	New Measure	200
Quality				
QA Certification to ISO9001 by 30 June		100%	100%	100%
Endorsement of progress report by QGFMS Strategic Advisory Board	4	6	0	n/a
Percentage of participants rated as competent or "pass" training courses	1	90%	90%	n/a
Client satisfaction with service provided		75%	75%	75%
Client satisfaction with whole-of-Government Seminars [1-4 scale]	3	New Measure	New Measure	3
Client satisfaction with projects delivered [1-4 scale]	3	New Measure	New Measure	3
Average level of satisfaction with web page layout and content [1-4 scale]	3	New Measure	New Measure	3

Output Title: Financial Management (cont.)				
Measures	Notes	2000-01 Target/Est.	2000-01 Estimated Actual	2001-02 Target/Est.
Timeliness				
Percentage of training consulting jobs delivered within contractual arrangements	5	90%	90%	n/a
Percentage of client projects delivered within contractual arrangements	3,5	New Measure	New Measure	90%
Fortnightly maintenance of web page to meet business needs and reflect changes	3	New Measure	New Measure	100%
Professional development products maintained for currency of information	3	New Measure	New Measure	100%
Resolution of Help Desk calls within one workday	3	New Measure	New Measure	90%
Location				
Number of training participant days delivered to locations outside CBD	1	450	150	n/a
Percentage of agencies attending cross-agency forums (average)	3	New Measure	New Measure	60%
Cost				
Cost of supplying Help Desk services	6	\$250,000	\$70,000	\$70,000
Average cost per attendee at whole-of-Government seminars	3	New Measure	New Measure	\$20
Cost per attendee at cross-agency forums (average)	3	New Measure	New Measure	\$20
State Contribution (\$'000)		2,546	2,157	2,978
Other Revenue (\$'000)		5,802	5,663	5,788
Total Cost (\$'000)		8,348	7,772	8,766
Notes: <ol style="list-style-type: none"> Following a review of OFM services, OFM shifted its efforts towards the provision of training and information through developing sessions tailored specifically for individual client agencies. This impacted on three performance measures, reducing the achievement against the target, and requiring their removal as OFM performance measures. Agencies have been entering an operational phase of SAP implementation during 2000-01, consequently their support needs were not as great as anticipated. These new performance measures focus on OFM's new services and strategic direction. A feature of the previous structure of OFM was the Queensland Government Financial Management System (QGFMS) Strategic Advisory Board, which was disbanded at the beginning of the 2000-01 financial year with the change in OFM's strategic direction. Some training consulting work had been delivered under the previous structure and direction of OFM. However, the work of the Client Services teams is significantly broader than delivery of training, and the performance measure has been removed and replaced with a measure with wider application. The cost of supplying Help Desk services has substantially reduced this year from that targeted as a result of the service being outsourced to CITEC. CITEC can deliver these services at a reduced cost due to economies of scale. 				

Output Operating Statement – Financial Management

	Notes	2000-01 Budget \$'000	2000-01 Est. Act. \$'000	2001-02 Estimate \$'000
Operating Revenues				
Output revenue	1	2,546	2,157	2,978
User charges	2	5,790	5,562	5,742
Grants and other contributions		..	..	..
Assets assumed/liabilities transferred		..	..	..
Other		12	101	46
Total operating revenues	3	8,348	7,820	8,766
Operating Expenses				
Employee expenses	4	3,748	3,277	4,569
Supplies and services	5	3,870	2,855	3,617
Grants and subsidies		..	..	..
Depreciation and amortisation		458	369	315
Equity Return		178	179	153
Borrowing costs expense		..	..	..
Assets transferred/liabilities assumed		..	..	..
Other	6	94	1,092	112
Total operating expenses	3	8,348	7,772	8,766
OPERATING RESULT BEFORE EXTRAORDINARY ITEMS		..	48	..
Increase/(decrease) in net assets before extraordinary items		..	48	..
Extraordinary items		..	..	..
Increase/(decrease) in net assets		..	48	..
Notes:				
<ol style="list-style-type: none"> 1. The increase in the 2001-02 Estimate reflects additional funding for further implementation of the <i>Managing for Outcomes</i> framework across Government. 2. The decrease in the 2000-01 Estimated Actual is attributed to the cessation of the training calendar in favour of tailored training to meet client needs. The lead-time required to implement the new strategic direction and to skill staff to implement the expanded role of the Office also contributed to the decrease. 3. Corporate Support revenue and expenses have been allocated to this output based on activity-based costing models. The models used for the allocation of the 2000-01 Estimated Actual and the 2001-02 Estimate were refined and updated during 2000-01. The full disclosure of the 2001-02 Corporate Support allocation is provided in Attachment 1 to the Departmental Financial Statements. 4. Delays experienced in bringing on specialist staff to meet the needs of the Office in its new direction have resulted in a decrease in the 2000-01 Estimated Actual. Additional resources have been provided in the 2001-02 Estimate to allow for the changed direction of the Office in the fields of public sector skills development and business improvement and the further implementation of the <i>Managing for Outcomes</i> framework. 5. The decrease in the 2000-01 Estimated Actual is due to reduced training activity which resulted in savings from the use of consultants and contractors as well as travel and printing, while changes to the delivery of Help Desk functions through CITEC have reduced computer charges. Similarly to Employee expenses, additional resources have been provided in the 2001-02 Estimate to allow for the changed direction of the Office in the fields of public sector skills development and business improvement and the further implementation of the <i>Managing for Outcomes</i> framework. 6. The increase in the 2000-01 Estimated Actual reflects the write-down of obsolete inventory held for re-sale. 				

ADMINISTERED ITEMS

DESCRIPTION

In its capacity as manager of the State's finances, the Treasury Department is responsible for overseeing significant administered revenues and expenses. The Department receives a large proportion of the State's taxation and Commonwealth revenue used to fund departmental outputs.

Treasury's administered statements include transactions relating to the management of superannuation, Long Service Leave Central Scheme, Fuel Subsidy Scheme, borrowings required on behalf of the State to contribute towards the Government's capital works program and the investment of departmental cash balances through the Treasury Investment Suspense Account. Treasury also manages the Treasurer's Advance Contingency Account.

KEY ISSUES

Superannuation Arrangements

The implementation of the enhanced superannuation arrangements offered to Queensland Government employees was finalised in 2000-01. These changes offered members the ability to choose the superannuation option that met their individual needs. Highlights of the implementation process included the delivery of a comprehensive member seminar program across the State and the enhancement of member choices via access to five investment options. The key focus for 2001-02 will be to develop innovative ways to meet members' needs for products and services and enhanced access to information and education via embracing advances in technology.

General Revenue Assistance

National tax reform has had a major impact on the administered revenue collected by Treasury. The largest component of Commonwealth general revenue assistance to Queensland in 2001-02 is GST revenue, which is distributed among the States based on the recommendations of the Commonwealth Grants Commission.

Other elements of general revenue assistance to Queensland include budget balancing assistance (which is paid to ensure that the budget positions of the States are no worse off as a result of national tax reform) and national competition payments.

The Commonwealth Grants Commission's recommendations are updated annually and significant variations can result in Queensland's grant share. In 2001-02, Queensland's grant share has increased by \$36.1 million as a result of the change in relativities. Variations of this magnitude, both positive and negative, can occur annually and this presents Treasury with a substantial risk management issue.

Fuel Subsidy Scheme – New Scheme Implemented in 2000-01

In August 1997, a decision of the High Court effectively invalidated other States' franchise fees on fuel and the Commonwealth was requested to act to protect these revenues by increasing its tax and excise rates, and returning these funds to the States.

New arrangements were implemented from October 2000, developed in consultation with a Fuel Taskforce comprising representatives of key fuel user groups. Under the old arrangements, the Office of State Revenue paid the subsidy to fuel companies. Now the subsidy is paid directly to fuel retailers and to bulk users of fuel for on-road purposes (farmers, transport companies and bus operators). The new arrangements are aimed at ensuring that the full subsidy is delivered to Queensland fuel consumers.

On 30 May 2001, the Government announced further improvements to the scheme, designed to reduce compliance costs and streamline claims processing. Under the new arrangements, small claimants will be able to receive the subsidy annually in advance. Primary producers in particular will benefit from these new arrangements.

Queensland Government Insurance Fund

Treasury is currently establishing a centralised Government self-insurance scheme, covering property losses and liability claims. At present, departments have only limited access to insurance, and meet the cost of most losses and claims from existing budget allocations.

By having access to insurance, agencies will be protected from large and unexpected losses, and will be able to draw on professional claims management skills. Being a self-insurance scheme, premiums can be minimised and administration costs kept low. Similar schemes have been implemented successfully in other States and by the Commonwealth. The new scheme is scheduled to commence from 1 July 2001 and will be managed by the Motor Accident Insurance Commission.

Financial Asset and Liability Management

To further enhance the management of the State's financial assets and liabilities, Queensland Treasury Corporation and Queensland Investment Corporation will integrate a number of their financial markets and corporate service functions to take advantage of the benefits to be gained from the economies of scope and scale. These benefits will ultimately deliver improved performance and service to all Queensland Government entities.

Other Ongoing Issues

Other significant issues that will impact on Treasury's activities during 2001-02 are as follows:

- ongoing management of the Long Service Leave Central Scheme. This Scheme allows the Government's long service leave liability to be fully funded, in much the same way as superannuation is fully funded;
- the Queensland Competition Authority will continue to receive funding to maintain its prices oversight, third party access, competitive neutrality, complaints and accreditation role;
- the Bowen Jobs Plan will continue to be implemented, providing special relief and employment generation initiatives in the Bowen Shire. Contributions to Council debt servicing and infrastructure development funding will continue until 2001-02; and
- the establishment and implementation of a Major Facilities Fund to finance major public sporting and cultural facilities of Statewide significance. The first project to benefit from the Fund will be the redevelopment of Suncorp Metway Stadium. The Fund will be financed from a new gaming machine levy which will be applied to hotels whose monthly taxable metered win exceeds \$100,000.

CAPITAL ACQUISITIONS

Queensland Treasury's primary business is to develop and administer policies related to the State's fiscal and economic management, including the State's budget, taxes, superannuation, gambling regulation and, new for this year, the State's energy strategy, policy and regulation.

This business relies primarily on the skills and knowledge of staff and is largely undertaken in an office environment using standard business equipment including computer hardware and software, printers, photocopiers and faxes. In addition, specialised computer software is required to undertake complex activities, such as the Tridata system, which captures the whole-of-Government financial reporting.

The majority of the capital acquisitions for 2001-02 relate to the replacement and upgrading of existing office equipment and software. These acquisitions will be undertaken according to the replacement schedule for the Portfolio (based on useful life) and managed under Queensland Treasury's Procurements and Contracts policies. The most significant non-replacement capital purchases are for:

- the Government Superannuation Office's (GSO's) introduction of additional e-business related initiatives in the coming financial year, including on-line superannuation services, an improved web site for interactive customer management, an upgrade of the interactive voice response systems, and streamlined member accounts. The Government Superannuation Office's own-sourced revenue will fund these initiatives;
- the Office of State Revenue's enhancement of business systems to a more modern standard (current systems 5-15 years old). This will enable OSR to effectively administer the new Duties Bill 2001 and Taxation Administration Bill 2001, implement e-business and self-assessment initiatives, integrate grants and subsidies and maintain compatibility with Treasury. This will also ensure OSR has a stable infrastructure to maximise revenue collection;
- a general upgrade of the Treasury network, security and backup to ensure a stable computing environment for all officers; and
- the implementation of additional initiatives relating to the K-economy project (knowledge management) which will improve information sharing across Treasury.

CAPITAL ACQUISITION STATEMENT

	Notes	2000-01 Adjusted Budget \$'000	2000-01 Est. Act. \$'000	2001-02 Estimate \$'000
<u>PROPERTY PLANT AND EQUIPMENT</u>	1			
Property Plant and Equipment				
Operational Asset Replacement		4,496	5,300	7,020
Other acquisitions of property, plant and equipment				
TOTAL PROPERTY PLANT AND EQUIPMENT		4,496	5,300	7,020
<u>OTHER CAPITAL ACQUISITIONS</u>	1			
Other Capital Acquisitions				
OSR Business Systems Replacement Phase 1	2	4,983	..	3,000
Tridata	3	1,000	1,100	..
New Public Sector Superannuation Arrangements and other GSO Client Service Projects	4	..	1,814	4,214
SAP Upgrade	5	..	1,112	..
OGR EIS Project	6	..	525	..
Other Items		862	1,396	1,222
TOTAL OTHER CAPITAL ACQUISITIONS		6,845	5,947	8,436
TOTAL CAPITAL ACQUISITIONS		11,341	11,247	15,456
<u>FUNDING SOURCES OF ACQUISITIONS</u>	1			
Equity Adjustment		(2,222)	(2,222)	205
Funding for Depreciation and Amortisation	7	8,420	9,413	11,482
Borrowings	8	4,523	..	..
Other		620	4,056	3,769
TOTAL FUNDING SOURCES		11,341	11,247	15,456
Notes:				
<ol style="list-style-type: none"> For comparative purposes with 2001-02 Estimate, amounts relating to the Energy Division (excluding the Office of Sustainable Energy) from the former Department of Mines and Energy have been included in the 2000-01 Adjusted Budget and 2000-01 Estimated Actual. As a consequence, these comparative amounts will not agree to relevant items in the Statement of Financial Performance (Depreciation and Amortisation) and the Statement of Cash Flows (Payments for Property, Plant and Equipment). A change in the strategic direction of the Taxation Output's IT Development Program has caused the deferral of this project to 2001-02. The development of the Tridata system was completed in 2000-01. The 2000-01 Estimated Actual includes Stage 2 of the New Public Sector Superannuation Arrangements undertaken by the Superannuation Output. Projects for 2001-02 include the development of and enhancements to Information Technology and other systems to improve client service and the Government Superannuation Office's competitiveness. The 2000-01 Estimated Actual reflects an upgrade of the SAP Business Management System. The 2000-01 Estimated Actual includes software development for the Gambling Output's Executive Information System and the Geographical Information System. Refer to Note 9 in the Statement of Financial Performance in the Financial Statements section and Note 1 above. Refer to Note 16 in the Statement of Financial Position in the Financial Statements section. 				

DEPARTMENTAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE[#] - See Notes

	Notes	2000-01 Adjusted Budget \$'000	2000-01 Est. Act. \$'000	2001-02 Estimate \$'000
Revenues from ordinary activities				
Output revenue	1	97,224	100,891	110,107
User charges	2	33,285	41,974	56,037
Grants and other contributions	3	566	398	1,792
Assets assumed/liabilities transferred		..	..	..
Other	4	155	1,027	463
Total revenues from ordinary activities		131,230	144,290	168,399
Expenses from ordinary activities excluding borrowing costs expense				
Employee expenses	5	75,552	76,625	93,591
Supplies and services	6,7	42,112	44,597	48,442
Grants and subsidies	8	1,486	3,297	5,973
Depreciation and amortisation	9	8,420	9,413	11,482
Equity Return		1,962	2,155	1,929
Assets transferred/liabilities assumed		..	..	..
Other	10	4,073	8,057	4,623
Total expenses from ordinary activities excluding borrowing costs expense		133,605	144,144	166,040
Borrowing costs expense		..	..	..
Share of net surplus or deficit of associates and joint ventures accounted for using the equity method		..	..	..
Surplus or deficit from ordinary activities before income tax expense/revenue	11	(2,375)	146	2,359
Income tax revenue/expense relating to ordinary activities		..	..	..
Surplus or deficit from ordinary activities after related income tax expense/revenue		(2,375)	146	2,359
Surplus or deficit from extraordinary items after related income tax expense/revenue		..	..	..
NET SURPLUS OR DEFICIT		(2,375)	146	2,359
Increase (decrease) in asset revaluation reserve		..	..	..
Net amount of each revenue, expense, valuation or other adjustment not disclosed above recognised as a direct adjustment to equity		..	..	..
Total revenues, expenses and valuation adjustments recognised directly in equity		..	..	..
Total changes in equity other than those resulting from transactions with owners as owner		..	..	..

STATEMENT OF FINANCIAL POSITION[#] - See Notes

	Notes	2000-01 Adjusted Budget \$'000	2000-01 Est. Act. \$'000	2001-02 Estimate \$'000
CURRENT ASSETS				
Cash	12	7,711	9,792	6,205
Receivables	13	6,698	5,504	7,937
Inventories	14	1,027	411	411
Investments accounted for using the equity method		4	..	..
Other financial assets		..	..	..
Tax assets		..	..	..
Other		1,867	1,858	1,858
Total current assets		17,307	17,565	16,411
NON-CURRENT ASSETS				
Receivables		..	..	..
Investments accounted for using the equity method		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	15	14,395	14,345	15,710
Intangibles		15,748	13,307	15,916
Tax assets		..	..	..
Other		..	..	..
Total non-current assets		30,143	27,652	31,626
Self Generating and Regenerating Assets		..	..	..
TOTAL ASSETS		47,450	45,217	48,037
CURRENT LIABILITIES				
Payables	16	3,911	3,120	3,376
Interest-bearing liabilities		1,131	..	..
Tax liabilities		..	..	..
Provisions		5,907	7,220	7,220
Other		2	179	179
Total current liabilities		10,951	10,519	10,775
NON-CURRENT LIABILITIES				
Payables	16	..	..	..
Interest-bearing liabilities		3,392	..	..
Tax liabilities		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		3,392	..	..
TOTAL LIABILITIES		14,343	10,519	10,775
NET ASSETS (LIABILITIES)		33,107	34,698	37,262
EQUITY				
Contributed equity	17	6,875	6,875	7,080
Retained surpluses/Accumulated deficit		26,232	27,823	30,182
Reserves:				
Asset revaluation reserve		..	..	..
Other (specify)		..	..	..
TOTAL EQUITY		33,107	34,698	37,262

STATEMENT OF CASH FLOWS[#] - See Notes

	Notes	2000-01 Adjusted Budget \$'000	2000-01 Est. Act. \$'000	2001-02 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges	18	32,849	40,754	53,597
Grants and other contributions	19	566	398	1,792
Output receipts	20	97,224	100,891	110,107
Interest received		..	760	414
Dividends		..	..	..
Extraordinary items		..	..	..
Other		155	219	49
Outflows:				
Employee costs	21	75,552	76,625	93,591
Supplies and services	22	42,801	45,286	48,266
Grants and subsidies	23	1,486	3,297	5,973
Borrowing costs		5	..	..
Dividends paid		..	..	..
Equity Return		1,962	2,155	1,929
Taxation equivalents		..	..	..
Extraordinary items		..	..	..
Other		4,018	5,453	4,536
Net cash provided by (used in) operating activities		4,970	10,206	11,664
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	62	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment	24	11,297	11,204	15,456
Investments acquired		..	..	..
Loans and advances made		..	..	..
Net cash provided by (used in) investing activities		(11,297)	(11,142)	(15,456)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings	25	4,523	..	..
Equity Injections	26	1,239	1,239	3,000
Outflows:				
Borrowings redemptions		..	..	..
Finance lease payments (excl. interest component)		..	..	..
Equity withdrawals		3,461	3,461	2,795
Net cash provided by (used in) financing activities		2,301	(2,222)	205
Net Increase (decrease) in cash held		(4,026)	(3,158)	(3,587)
Cash at the beginning of the financial year		11,737	12,950	9,792
Cash at the end of the financial year		7,711	9,792	6,205

STATEMENT OF FINANCIAL PERFORMANCE

EXPENSES AND REVENUES ADMINISTERED ON BEHALF OF THE WHOLE-OF-GOVERNMENT	Notes	2000-01 Budget \$'000	2000-01 Est. Act. \$'000	2001-02 Estimate \$'000
Revenues				
Commonwealth grants	27	5,144,325	5,416,679	5,661,161
Taxes, fees and fines	28	3,621,246	3,676,129	3,834,832
Royalties, property income and other territorial revenue	29	79,731	114,814	103,825
Interest	30	58,343	43,604	39,197
Administered item revenue	31	1,207,956	1,244,011	1,334,723
Assets assumed/liabilities transferred		..	..	..
Other	32	23,836	10,821	10,636
Total Revenues		10,135,437	10,506,058	10,984,374
Expenses excluding borrowing costs				
Supplies and Services	33	168,918	191,376	100,679
Depreciation and amortisation		..	..	..
Grants and subsidies	34	489,402	605,018	668,206
Benefit payments	35	137,100	215,000	222,000
Assets transferred/liabilities assumed		..	..	..
Treasurer's Advance	36	100,413	..	87,882
Other	37	260,417	164,663	174,226
Total expenses excluding borrowing costs		1,156,250	1,176,057	1,252,993
Borrowing costs expense	38	51,706	67,954	81,730
Net Surplus or Deficit Before Extraordinary Items		8,927,481	9,262,047	9,649,651
Extraordinary items		..	..	..
Net surplus or deficit before transfers to Government		8,927,481	9,262,047	9,649,651
Transfers of Administered Revenue to Government	39	8,927,481	9,262,047	9,649,651
NET SURPLUS OR DEFICIT		..	..	..

STATEMENT OF FINANCIAL POSITION

ASSETS AND LIABILITIES ADMINISTERED ON BEHALF OF THE WHOLE-OF-GOVERNMENT	Notes	2000-01 Budget \$'000	2000-01 Est. Act. \$'000	2001-02 Estimate \$'000
CURRENT ASSETS				
Cash	40	(221,101)	(142,555)	(160,811)
Receivables		76,745	74,273	75,000
Inventories		..	..	..
Other financial assets		2,495	2,495	2,495
Other	41	179,498	189,867	190,725
Total current assets		37,637	124,080	107,409
NON-CURRENT ASSETS				
Receivables	42	87,337	101,563	106,647
Other financial assets		288,444	300,000	300,000
Property, plant and equipment		46	27	27
Intangibles		..	..	..
Other		..	..	..
Total Non-Current Assets		375,827	401,590	406,674
Self-generating and regenerating Assets		..	..	..
TOTAL ADMINISTERED ASSETS		413,464	525,670	514,083
CURRENT LIABILITIES				
Payables	43	62,087	95,288	81,370
Transfers to Government payable	44	15,565	165,331	174,017
Interest-bearing liabilities		678	1,766	2,699
Other	45	31,829	20,543	20,561
Total current liabilities		110,159	282,928	278,647
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities	46	23,005	308,375	508,746
Other		121,890	128,106	120,429
Total non-current liabilities		144,895	436,481	629,175
TOTAL ADMINISTERED LIABILITIES		255,054	719,409	907,822
ADMINISTERED NET ASSETS (LIABILITIES)		158,410	(193,739)	(393,739)
EQUITY				
Contributed equity	47	158,410	(193,739)	(393,739)
Retained surpluses/Accumulated deficit		..	..	..
Reserves				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL ADMINISTERED EQUITY		158,410	(193,739)	(393,739)

STATEMENT OF CASH FLOWS

CASH FLOWS ADMINISTERED ON BEHALF OF THE WHOLE-OF-GOVERNMENT	Notes	2000-01 Budget \$'000	2000-01 Est. Act. \$'000	2001-02 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Administered item receipts	48	1,207,956	1,301,744	1,334,723
Grants and other contributions	49	5,154,125	5,417,679	5,662,161
Taxes, fees and fines	50	3,621,102	3,677,274	3,834,823
Royalties, property income and other territorial revenues	51	72,054	102,137	98,825
Interest received	52	58,343	43,922	39,197
Extraordinary items		..	..	..
Other	53	12,345	11,659	5,511
Outflows:				
Transfers to Government	54	8,919,593	9,271,742	9,640,965
Grants and subsidies	55	626,502	793,350	904,124
Supplies and services	56	168,918	173,906	101,537
Borrowing costs	57	51,706	67,954	81,730
Extraordinary items		..	..	..
Other payments	58	359,206	162,680	260,345
Net cash provided by (used in) operating activities		..	84,783	(13,461)
CASHFLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Investments redeemed	59	..	97,336	..
Loans and advances redeemed		1,378	279	325
Outflows:				
Payments for property, plant and equipment		..	..	..
Investments acquired		..	40	..
Loans and advances made	60	..	16,228	6,424
Net cash provided by (used in) investing activities		1,378	81,347	(6,099)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings	61	..	286,966	201,960
Equity Injections		888	..	..
Outflows:				
Borrowing redemptions		378	378	656
Equity Withdrawals	62	1,848	280,000	200,000
Finance lease payments (excl. interest component)		..	..	..
Net cash provided by (used in) financing activities		(1,338)	6,588	1,304
Net Increase (decrease) in cash held		40	172,718	(18,256)
Administered cash at beginning of the financial year		(221,141)	(315,273)	(142,555)
Administered cash at end of the financial year		(221,101)	(142,555)	(160,811)

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

- # The 1 March 2001 Machinery of Government changes resulted in the transfer of the Energy Division (excluding the Office of Sustainable Energy) from the former Department of Mines and Energy to Treasury. Accordingly, the 2000-01 Adjusted Budget and the 2000-01 Estimated Actual, reflect four months of activity relating to the transferred function.
- The individual Output Operating Statements do not add to the Statement of Financial Performance due to: Corporate Support provided to non-Departmental outputs; intra output/Departmental trading; and adjustments made to the Energy output 2000-01 Adjusted Budget and 2001-02 Estimated Actual as detailed in Note 1 of the Energy Output Operating Statement.

Statement of Financial Performance

1. The increase in the 2000-01 Estimated Actual is largely attributable to increased funding associated with the revised Fuel Subsidy Scheme, including one-off start-up costs. These were not included in the 2000-01 Adjusted Budget. The increase in the 2001-02 estimate is mainly attributable to additional funding to; implement the *Queensland Energy Policy – A Cleaner Energy Strategy*; conduct a publicity campaign for the 2001 Census of Population and Housing; and implement the 3% Enterprise Bargaining Agreement.
2. The increase in the 2000-01 Estimated Actual and the 2001-02 Estimate is due to the inclusion of revenues for the Gambling Policy Directorate within the Gambling Output, the Dalrymple Bay Coal Terminal long-term lease within the Fiscal and Economic Policy Output and an increase in administration fees charged by the Superannuation Output to provide enhanced services to members and the implementation of new products.
3. The increase in the 2001-02 Estimate is largely attributable to full year costs of the Energy Output (see # above) and increased revenue from the electricity industry for the Consumer Protection Office and Electricity Monitoring Unit.
4. The increase in the 2000-01 Estimated Actual relates to unforeseen revenue.
5. The increase in the 2001-02 Estimate is largely attributable to: full year costs of the Energy Output (see also # above) and the filling of some vacancies in this output; full year costs of staffing associated with the Electricity Modelling Project in the Economic and Statistical Research Output; full year costs of staffing associated with the revised Fuel Subsidy Scheme in the Taxation output; full year effect of filling vacancies in the Fiscal and Economic Policy and Gambling Outputs; increased employees to deliver improved member services in the Superannuation Output; and a 3% increase in employee remuneration under an Enterprise Bargaining Agreement.
6. The increase in the 2000-01 Estimated Actual is largely attributable to: expenses relating to the Dalrymple Bay Coal Terminal long-term lease in the Fiscal and Economic Policy Output; costs associated with the Electricity Modelling Project in the Economic and Statistical Research Output; and part year activities and one-off start-up costs associated with the revised Fuel Subsidy Scheme in the Taxation Output. These increases are partly offset by reductions in training related expenses in the Financial Management Output.
7. The increase in the 2001-02 Estimate is largely attributable to: expenses relating to the Dalrymple Bay Coal Terminal long-term lease in the Fiscal and Economic Policy Output; full year costs of the Energy Output (see also # above) and implementation of the *Queensland Energy Policy – A Cleaner Energy Strategy*; full year costs of the Electricity Modelling Project in the Economic and Statistical Research Output; increased responsible gambling activities in the Gambling Output; increased costs associated with improved member services in the Superannuation Output; and increased expenses associated with public sector skills development and further implementation of the *Managing for Outcomes* framework in the Financial Management Output. These increases are partly offset by a reduction in expenses in the Taxation Output.
8. The increase in the 2000-01 Estimated Actual is due to part-year grant payments to the Department of Families as contribution to the delivery of the Gambling (Breakeven) initiative. The increase in the 2001-02 Estimate reflects full year grant payments to the Department of Families for the Gambling (Breakeven) initiative and funding for a Social and Economic Community Gambling Issues research project.
9. The increase in the 2000-01 Estimated Actual is primarily due to increased amortisation expenses in the Superannuation Output as a result of larger than expected capitalised costs on the New Public Sector Superannuation Arrangements. The increase in the 2001-02 Estimate relates to further capitalisation of expenditure on new and existing projects within the Superannuation Output designed to introduce new service delivery channels and improve office efficiency.
10. The increase in the 2000-01 Estimated Actual is primarily due to one-off asset write-downs. Software costs associated with the Electricity Modelling Project in the Economic and Statistical Research output have also contributed to the increase.
11. The 2001-02 Estimated Actual surplus is attributable to the Superannuation Output which will use the surplus to fund capital acquisitions.

Statement of Financial Position

12. The decrease in the 2001-02 Estimate reflects the use of cash reserves to fund the purchase of project-related capital items.
13. The 2001-02 Estimate reflects increased user charges revenue.
14. The reduction in the 2000-01 Estimated Actual reflects the write-down of obsolete inventory held for resale in the Financial Management Output.
15. The reduction in the 2000-01 estimated Actual reflects lower than anticipated capital expenditure on intangibles. The increase in the 2001-02 Estimate reflects increased capital expenditure on intangibles in the Superannuation Output and the Taxation Output. (Refer to the Capital Acquisition Statement.)

16. The reduction in the 2000-01 Estimated Actual reflects a deferral of the IT development program in the Taxation Output for which borrowings were planned for in 2000-01.
17. Refer to Reconciliation of Appropriation Amounts to the Financial Statements (Controlled Statement of Financial Position) on page 1-69.

Statement of Cash Flows

18. Refer to 2 above.
19. Refer to 3 above.
20. Refer to 1 above.
21. Refer to 5 above.
22. Refer to 6 and 7 above.
23. Refer to 8 above.
24. Refer to Capital Acquisition Statement.
25. Refer to 16 above.
26. The increase in the 2001-02 Estimate is for the IT Strategic Plan Implementation in the Taxation Output. (Refer to the Capital Acquisition Statement.)

Statement of Financial Performance

Expenses and Revenues Administered on Behalf of the Whole-of-Government

27. The increase in the 2000-01 Estimated Actual represents higher than anticipated Budget Balancing Assistance Payments, higher Natural Disaster Relief funding due to accelerated expenditure by local governments for existing disasters, and the final payment of general revenue grants relating to 1999-2000. The increase in the 2001-02 Estimate relates to higher GST revenue grants and higher than expected National Competition Policy payments, partly offset by lower expected Natural Disaster Relief funding.
28. The increase in the 2000-01 Estimated Actual and the 2001-02 Estimate relates to higher than expected gaming machine tax and payroll tax receipts. The increase in the 2001-02 Estimate reflects a range of items, details of which can be found in Chapter 2 of Budget Paper No. 3.
29. The increase in the 2000-01 Estimated Actual is due to the unexpected receipt of a number of tax equivalent payments from GOCs. The decrease in the 2001-02 Estimate relates to the cessation of the receipt of sales tax equivalents in 2000-01.
30. The decrease in the 2000-01 Estimated Actual and the 2001-02 Estimate is due to a reduction in Treasurer's fund interest resulting from both lower investment balances and lower than anticipated QIC investment earnings.
31. This represents appropriation received from the Consolidated Fund to fund administered expenses.
32. The decrease in the 2000-01 Estimated Actual and the 2001-02 Estimate has resulted from the non-receipt of items which have instead been received by other government entities.
33. The increase in the 2000-01 Estimated Actual relates to Queensland's share of the Australian Taxation Office's higher than expected GST collection costs, partly offset by savings from the forward funding of tax and administration fees on post-retirement superannuation products. The decrease in the 2001-02 Estimate relates to a significant drop in future GST collection costs and savings from the forward funding of tax and administration fees on post-retirement superannuation products.
34. The increase in the 2000-01 Estimated Actual relates to the transfer of community service obligations payable to Energex and Ergon from the former Department of Mines and Energy under a Machinery-of-Government change. The increase also results from higher payments under the Fuel Subsidy Scheme due to lower than expected savings from the transfer of responsibility for off-road diesel subsidies to the Commonwealth. The increase in the 2001-02 Estimate primarily relates to the full year impact of electricity industry community service obligations.
35. The increase in the 2000-01 Estimated Actual and the 2001-02 Estimate represents higher than anticipated grants paid under the First Home Owners Grant Scheme, including the cost of extending the grant to \$14,000 for certain home buyers.
36. The Treasurer's Advance Account reflects provisions for items, which may emerge during the year, and/or major items, which are not able to be finalised for incorporation into departmental budgets. The 2000-01 Estimated Actual is nil as funds are lapsed to offset approved increases in departmental budgets during the year.
37. The decrease in the 2000-01 Estimated Actual and the 2001-02 Estimate relates to the forward funding of post-retirement superannuation products, partly offset by higher claims made by agencies against the Long Service Leave Central Scheme.
38. The increase in the 2000-01 Estimated Actual and the 2001-02 Estimate results from higher than anticipated interest paid to agencies on their bank balances under the Cash Management Incentives Regime, and also reflects the interest costs associated with borrowings which have been utilised for whole-of-Government capital requirements and working capital needs. These borrowings are administered by Treasury Department on behalf of the State.
39. This represents revenues collected on behalf of the Queensland Government, which are transferred to the Consolidated Fund.

Statement of Financial Position

Assets and Liabilities Administered on Behalf of the Whole-of-Government

40. The decrease in the 2000-01 Estimated Actual and the 2001-02 Estimate reflects lower net credit balances of departmental and Consolidated Fund bank accounts available for investment through the Treasury Investment Suspense Account which is an overdraft off-set account.
41. The increase in the 2000-01 Estimated Actual and the 2001-02 Estimate represents higher than expected accrued taxes, fees and fines.
42. The increase in the 2000-01 Estimated Actual and the 2001-02 Estimate reflects an increase in an NDRA loan provided to the Queensland Rural Adjustment Authority.
43. The increase in the 2000-01 Estimated Actual and the 2001-02 Estimate is due to an expected community service obligation payable at year end.
44. The increase in the 2000-01 Estimated Actual and the 2001-02 Estimate reflects higher administered revenue receivable at year end and not transferred to the Government.
45. The decrease in the 2000-01 Estimated Actual and the 2001-02 Estimate relates to a lower than expected fuel subsidy scheme liability payable at year end.
46. The increase in the 2000-01 Estimated Actual and the 2001-02 Estimate reflects whole-of-Government capital requirements and borrowings for non-financial assets not allocated to agencies. These borrowings are administered by Treasury on behalf of the State.
47. The decrease in the 2000-01 Estimated Actual and the 2001-02 Estimate reflects the utilisation via an Equity Withdrawal of borrowings for whole-of-Government capital requirements and borrowings for non-financial assets not allocated to agencies and a prior year adjustment for transfers to Government payable but not accrued. Refer to Reconciliation of Appropriation Amounts to the Financial Statements (Administered Assets and Liabilities on Behalf of the Whole-of-Government) on page 1-70.

Statement of Cash Flows

Cash Flows Administered on Behalf of the Whole-of-Government

48. Refer to 31 above.
49. Refer to 27 above.
50. Refer to 28 above.
51. Refer to 29 above.
52. Refer to 30 above.
53. Refer to 32 above.
54. Refer to 39 above.
55. Refer to 34, 35 above.
56. Refer to 33 above.
57. Refer to 38 above.
58. Refer to 36, 37 above.
59. The 2000-01 Estimated Actual reflects higher redemption of Treasury Investment Suspense Account investments than anticipated.
60. Refer to 42 above.
61. Refer to 46 above.
62. The increase in the 2000-01 Estimated Actual and the 2001-02 Estimate reflects the Equity Withdrawal discussed in Note 47 above.

RECONCILIATION OF APPROPRIATION AMOUNTS TO THE FINANCIAL STATEMENTS

CONTROLLED

Statement of Financial Performance

	2000-01 Adjusted Budget \$'000	2000-01 Est.Act. \$'000	2001-02 Estimate \$'000
Output Revenue in Statement of Financial Performance ¹	97,224	100,891	110,107
Add: Appropriation Funding for Outputs Receivable ^a	..	..	..
= Appropriation for Departmental Outputs	97,224	100,891	110,107
= Output Receipts in Statement of Cash Flows ²	97,224	100,891	110,107

Statement of Financial Position

	2000-01 Adjusted Budget \$'000	2000-01 Est.Act. \$'000	2001-02 Estimate \$'000
Closing balance Contributed Equity ³	6,875	6,875	7,080
Less: Opening Balance Contributed Equity ³	9,097	8,739	6,875
= Change in Contributed Equity in the Statement of Financial Position	(2,222)	(1,864)	205
Add: Appropriation Equity Injection Receivable ^b	..	..	..
Less: Non-appropriated Equity Adjustments ⁴	..	358	..
= Appropriation for Equity Adjustment ⁵	(2,222)	(2,222)	205
= Net Appropriated Equity Adjustment in Statement of Cash Flows	(2,222)	(2,222)	205

1. This Output Revenue amount reconciles to the Output Revenue line in the Statement of Financial Performance on page 1-60.
 2. This Output Revenue amount reconciles to the Output Receipts line in the Statement of Cash Flows on page 1-62.
 3. The Contributed Equity amounts reconcile to the Contributed Equity line in the Statement of Financial Position on page 1-61.
 4. Non-appropriated equity adjustments relate to Machinery of Government changes, long service leave liabilities transferred to the whole-of-Government scheme.
 5. The Appropriation for Equity Adjustment amount reconciles to the Equity Adjustment line in the Appropriations table on page 1-8.
- a. This line item relates to operating revenue recognised in one year for which the cash is not received until the subsequent year.
- b. This line item relates to equity recognised in one year for which the cash is not received until the subsequent year.

ADMINISTERED

Expenses and Revenues Administered on Behalf of the Whole-of-Government

	2000-01 Budget \$'000	2000-01 Est.Act. \$'000	2001-02 Estimate \$'000
Administered Item Revenue in Statement of Financial Performance ⁶	1,207,956	1,244,011	1,334,723
Add: Other (Administered) Appropriation Receivables	..	..	..
= Appropriation for Administered Expenses ⁷	1,207,956	1,244,011	1,334,723

Assets and Liabilities Administered on Behalf of the Whole of Government

	2000-01 Budget \$'000	2000-01 Est.Act. \$'000	2001-02 Estimate \$'000
Closing balance Contributed Equity ⁸	158,410	(193,739)	(393,739)
Less: Opening Balance Contributed Equity ⁸	159,370	86,261	(193,739)
= Change in Contributed Equity in the Statement of Assets and Liabilities administered on behalf of the whole-of-Government	(960)	(280,000)	(200,000)
Add: Appropriation Equity Injection Receivable ^b	..	..	..
Less: Non-appropriated Equity Adjustment	..	..	..
= Net Appropriated Administered Equity Adjustment in Statement of Cash Flows	(960)	(280,000)	(200,000)

6. The Administered Item Revenue amount reconciles to the Administered Item Revenue line in the Statement of Expenses and Revenues Administered on Behalf of the whole-of-Government on page 1-63.
7. The 2000-01 Estimated Actual of \$1.302 billion in the Statement of Cashflows Administered on Behalf of the whole-of-Government on page 1-65 equals the appropriation for Administered Expenses of \$1.244 billion and the reversal of an Appropriation Receivable of \$57.733 million.
8. The Contributed Equity amounts reconcile to the Contributed line in the Statement of Assets and Liabilities Administered on Behalf of the whole-of-Government on page 1-64.

Note: Appropriation for Administered Expenses + Appropriation for Administered Equity Adjustment = total Administered Items (which reconciles to the Administered Items line in the Appropriations table on page 1-8).

Corporate Support Allocation – 2001-02 Estimate (\$'000)

ATTACHMENT 1

	Total Corporate Support	Fiscal and Economic Policy	GOC Performance and Governance	Energy	Economic and Statistical Research	Taxation	Gambling	Superannuation	Financial Management	Other
Operating Revenues										
Output revenue	23,991	8,466	441	3,184	2,573	4,214	3,044	313	961	795
User charges	5,464	1,411	12	..	197	218	31	2,569	727	299
Grants and other contributions	..	..	..	..	..	..	..	..	..	..
Assets assumed/liabilities transferred	..	..	..	..	..	..	..	..	..	..
Other	313	86	1	..	12	14	2	134	46	18
Total operating revenues	29,768	9,963	454	3,184	2,782	4,446	3,077	3,016	1,734	1,112
Operating Expenses										
Employee expenses	15,096	4,979	227	1,622	1,417	2,187	1,615	1,652	853	544
Supplies and services	9,208	3,170	132	1,006	879	1,327	931	839	555	369
Grants and subsidies	..	..	..	..	..	..	..	..	..	..
Depreciation and amortisation	3,862	1,284	68	393	343	668	377	357	232	140
Equity Return	800	266	15	81	71	141	78	71	48	29
Borrowing costs expense	..	..	..	..	..	..	..	..	..	..
Assets transferred/liabilities assumed	..	..	..	..	..	..	..	..	..	..
Other	802	264	12	82	72	123	76	97	46	30
Total operating expenses	29,768	9,963	454	3,184	2,782	4,446	3,077	3,016	1,734	1,112
Full Time Equivalents										
	201	68	3	21	19	30	21	20	12	7

Note: The purpose of this table is to disclose the Corporate Support Revenue and Expenses provided to individual outputs for the 2001-02 financial year which have been allocated on a "Gross Allocation" basis (ie before Inter Output/Departmental trading). The allocations are based on an Activity Based Costing system.

This section includes discussion on the Sport and Recreation Queensland function which reports to the Deputy Premier, Treasurer and Minister for Sport. However, the Sport and Recreation Queensland function is administratively part of the Department of Innovation and Information Economy, Sport and Recreation Queensland. Information relating to the Sport and Recreation Queensland function also appears in the Ministerial Portfolio Statement for the Minister for Innovation and Information Economy.

DEPARTMENTAL OVERVIEW

STRATEGIC ISSUES

The following factors are influencing the nature, shape and delivery of the Department's sport and recreation services and products:

- A growing body of evidence linking diminishing levels of physical activity with increasing incidence of health disorders and declining social cohesion in our communities.
- The changing demographics of Queensland, increasing competition for the entertainment dollar, expansion of the electronic leisure industry, a decreasing volunteer base and changing work patterns are providing new challenges for Government and other providers of sport and recreation experiences.
- There is an increasing interest in the community in physical activities that can be undertaken independently or without organised structures. An emerging trend indicates people are less interested in participating in formal structured sports than in the past.
- Traditional sport and recreation organisations are facing growing competition from private commercial service providers, with people increasingly prepared to pay for the services they want without participating in traditional club volunteer roles.
- Sport and recreation is emerging as a significant generator of tourism and economic opportunities. The challenge for Queensland is to build on its success of attracting major events, elite athlete training and competition.
- A major challenge for sport and recreation providers is to make their programs accessible to people in regional and remote communities, given the capacity of such programs to assist in overcoming isolation and contribute to community cohesion.

2001-02 Budget Highlights

The Department develops policy proposals and implements strategies to foster increased participation by Queenslanders in sport at all levels and in recreational pursuits. The Department also provides support to local governments, sporting and community organisations to enable them to provide sport and recreation infrastructure and facilities. Sport and recreation contributes to the economic and social development of communities across Queensland by promoting participation, a sense of identity and social cohesion. Priorities for 2001-02 include:

- finalising a Physical Activity Strategy, which will provide the strategic framework for Government and the sport and recreation industry to encourage higher levels of participation in sport and recreation, leading to increased levels of physical activity;
- progressing the redevelopment of Suncorp Metway Stadium as a world-class rectangular sports venue;
- continuing to support the development of community sport and recreation facilities in regional Queensland;
- working with local governments to improve the management of outdoor recreation resources and to develop complementary infrastructure such as cycleways, walkways and walking trails;
- expanding the programs offered by the North Queensland Academy of Sport to improve regional and remote access to elite coaching and sport science;

- continuing the employment of Local Indigenous Recreation Officers in identified communities to promote culturally appropriate physical activity programs and services; and
- initiating a program of visits to schools by sports men and women from the Queensland Academy of Sport to motivate children to participate in physical activity and assist with coaching and skills development.

OUTPUT PERFORMANCE

OUTPUT: Services, Infrastructure and Facilities to Queensland's Regions

DESCRIPTION

Reporting to the Deputy Premier, Treasurer and Minister for Sport, the Department of Innovation and Information Economy, Sport and Recreation Queensland develops policies and strategies and administers funding and other programs and services which foster greater participation by Queenslanders in physical activity.

REVIEW OF OUTPUT PERFORMANCE

Recent Achievements

- Prepared a consultation draft of a Physical Activity Strategy for Queensland to foster increased participation in sport and recreation activities.
- Completed the detailed design of, and obtained planning approvals for, the redevelopment of the Suncorp Metway stadium as a world class rectangular sports venue.
- Established a Drugs in Sport policy, a risk management guide to anti-doping practices and a Queensland Government User Pays Drug Testing program to increase awareness and understanding of drugs in sport issues among the sporting community.
- Encouraged individuals and communities to improve their quality of life through the promotion of community walking activities (organised by 42 organisations in local communities) under the *Just Walk It* Program.
- Funded further stages in the redevelopment of Ballymore to support the ongoing development of rugby union.
- Successfully staged the Olympic Football Tournament between 13 and 23 September 2000, providing the opportunity for more than 200,000 Queenslanders to experience an Olympic event locally.
- Attracted 179 teams representing 48 countries at eight locations across the State for pre-Olympic training.
- Promoted the development of sport and recreation programs for indigenous youth.
- Increased access to sport and recreation opportunities – particularly in regional Queensland - by improving the number and standard of facilities available to communities through the provision of grants from the Minor Sport and Recreation Facilities Program, the National Standard Sport Facilities Program and the Community Sport and Recreation Facilities Program.
- Supported the development of the Queensland sport and recreation industry by funding a range of education, training and development initiatives targeted at improving the management and operational capacities of sport and recreation organisations.
- Developed an International Year of the Volunteer strategic plan to assist Queensland sport and recreation organisations to improve their capacity to attract and retain volunteers.
- Assisted 68 of Queensland's elite athletes to compete successfully in the Sydney 2000 Olympics for a total of 20 medals.
- Reviewed the programs and services of the Queensland Academy of Sport (QAS) following the 2000 Olympics and incorporated three new sports – Rugby League, Rugby Union and Golf – in the QAS coaching programs.

Future Developments

- Finalise and implement a Queensland Physical Activity Strategy, to foster increased participation by Queenslanders in sport and recreation.
- Progress the redevelopment of Suncorp Metway Stadium as a world-class rectangular sports venue.
- Develop and implement an Indigenous Sport and Recreation Strategy, to foster increased participation in sport and recreation in indigenous communities as a mechanism for reducing crime and other anti-social behaviour. This includes continuing the employment of Local Indigenous Recreation Officers in identified communities to promote culturally appropriate physical activity programs and services.
- Develop and implement a Regional and Remote Sport and Recreation Strategy, designed to facilitate improved access to sport and recreation opportunities for people living in regional and remote communities.
- Develop and implement a Local Government Assistance Package to support improved management of outdoor recreation resources and facilitate the development of complementary infrastructure such as cycleways, walkways and walking trails.
- Continue to support the development of sport and recreation infrastructure through the administration of the Minor Sport and Recreation Facilities Program, the National Standard Sport Facilities Program and the Community Sport and Recreation Facilities Program.
- Further support the development of the Queensland sport and recreation industry through the Community Sport and Recreation Development Program and the State Sport and Recreation Development Program.
- Facilitate the redevelopment of the Tallebudgera Outdoor Recreation Centre over the next three years to become an aquatic “Centre of Excellence”.
- Develop and implement sport and recreation physical activity programs through the Currimundi Outdoor Recreation Centre.
- Work in partnership with councils to enable Queensland communities to derive optimum benefits from State Government and local government sport and recreation programs.
- Expand the “*Thanks Coach. Thanks Ref*” program to recognise the achievements of officials within the sport and recreation industry.
- Develop support programs to assist volunteers to acquire and enhance their skills under the Volunteer Management Program and Club/Association Program (VMP/CAMP).
- Expand the Queensland Academy of Sport’s Talent Search program to include triathlon, beach volleyball and softball.
- Enhance access by elite and talented athletes in regional Queensland to the programs of the Queensland Academy of Sport.
- Initiate a program of visits to schools by sports men and women from the Queensland Academy of Sport to motivate children to participate in physical activity and assist with coaching and skills development.

OUTPUT STATEMENT

Output: Services, Infrastructure and Facilities to Queensland's Regions – Sport and Recreation Queensland				
Measures	Notes	2000-01 Target/Est.	2000-01 Estimated Actual	2001-02 Target/Est.
Quantity				
Number of athletes benefiting from QAS programs.	1	454	535	643
Number of QAS athletes selected for State teams.		80	80	80
Number of QAS athletes selected for national teams.	2	18	22	24
Queensland adult participation rate in sport and physical activities.	3	60%	62.5%	63%
Quality				
Level of satisfaction with QAS services.	4	90%	98%	98%
Cost (\$)				
Total expenditure on developing Queensland's elite athletes		New Measure	New Measure	\$6.957M
Investment in sport and recreation infrastructure in Queensland		New Measure	New Measure	\$33.7M
State Contribution (\$'000)		85,087	89,683	97,409
Other Revenue (\$'000)		4,385	4,159	3,670
Total Cost (\$'000)		89,472	93,842	101,079
<p>Notes:</p> <p>The Department has revised its output measures to better represent the span of the agency's business in a more integrated manner and to provide more meaningful data on the performance of its products and services. The new measures seek to achieve a greater focus on assessing the impact for clients of the policy settings and frameworks promulgated by the agency and assisting the agency to demonstrate its contribution to the achievement of whole of Government priorities and outcomes.</p> <ol style="list-style-type: none"> 2000-01 Estimated Actual higher than 2000-01 Target primarily due to a higher number of elite athletes accessing Queensland Academy of Sport (QAS) services in the lead up to the Sydney Olympics and the expansion of the QAS programs to include rugby league, rugby union and golf. 2001-02 Target higher than 2000-01 Estimated Actual primarily due to the expansion of the QAS Talent Search program to include triathlon, beach volleyball and softball. 2000-01 Estimated Actual exceeded the 2000-01 Target primarily as a result of the expansion of the QAS programs to include rugby league, rugby union and golf. The adult participation rate is assessed annually by the Australian Bureau of Statistics in a random survey of Queensland households. This data is collected annually through a survey of all elite athletes participating in QAS programs. 2000-01 Estimated Actual higher than the 2000-01 Target primarily as a reflection of the QAS improving its operations (systems, processes and corporate governance arrangements) and the programs delivered to athletes (including performance and career development programs). 				

Output Operating Statement – Services, Infrastructure and Facilities to Queensland's Regions – Sport and Recreation Queensland

	Notes	2000-01 Adjusted Budget \$'000	2000-01 Est. Act. \$'000	2001-02 Estimate \$'000
Operating Revenues				
Output revenue	1	85,087	89,683	97,409
User charges		1,764	1,764	1,872
Grants and other contributions	2	2,621	1,853	1,292
Assets assumed/liabilities transferred		..	..	..
Other	3	..	542	506
Total operating revenues		89,472	93,842	101,079
Operating Expenses				
Employee expenses	4	16,007	17,874	17,013
Supplies and services	5	25,703	27,836	20,768
Grants and subsidies	6	41,011	40,052	55,620
Depreciation and amortisation		1,165	1,185	1,181
Equity Return	7	3,804	3,185	3,795
Borrowing costs expense		..	..	..
Assets transferred/liabilities assumed		..	..	..
Other	8	1,782	3,710	2,702
Total operating expenses		89,472	93,842	101,079
OPERATING RESULT BEFORE EXTRAORDINARY ITEMS		..	..	..
Increase/(decrease) in net assets before extraordinary items		..	..	..
Extraordinary items		..	..	..
Increase/(decrease) in net assets		..	..	..

Notes:

As a result of Machinery-of-Government (MOG) changes, responsibility for activities under the Innovation and Information Economy and Sport and Recreation Queensland portfolios were transferred to the Department of Innovation and Information Economy, Sport and Recreation Queensland from the Department of Communication and Information, Local Government, Planning and Sport, the Department of the Premier and Cabinet and the Department of State Development.

In accordance with Queensland Treasury guidelines, the output operating statement has been recast as if the Machinery-of-Government changes occurred on 1 July 2000, to enable comparability of outputs between years.

1. Variations reflect that Output Revenue is directly proportional to Total Operating Expenses for Outputs, material variations in which are explained below.
2. 2001-02 Estimate lower than 2000-01 Estimated Actual primarily due to a reduction in funding anticipated from the Commonwealth for the development of Elite Athletes and an adjustment to the disbursement arrangements for Keno Revenue as reflected in the *Gambling Legislation Amendment Act 2000*.
3. 2000-01 Estimated Actual higher than 2000-01 Adjusted Budget primarily due to interest revenue earned on controlled bank account balances following the implementation of the Cash Management Incentives Regime (CMIR) under accrual output budgeting.
4. 2001-02 Estimate lower than 2000-01 Estimated Actual primarily the result of the reduction in funding anticipated from the Commonwealth for the development of elite athletes and reflecting the completion of support for the Olympic Football Tournament.

Notes (cont'd):

5. 2000-01 Estimated Actual higher than 2000-01 Adjusted Budget primarily due to actual deferrals from 1999-2000 being higher than the estimates contained in the 2000-01 Adjusted Budget, resulting in a better alignment of funding with projected expenditures.
2001-02 Estimate lower than 2000-01 Estimated Actual primarily the result of the completion of the Olympic Football Tournament and the associated re-allocation of funding to grants and subsidies, offset partly by the allocation of funding to implement several key initiatives including the Queensland Physical Activity Strategy, the Local Government Assistance Package, the Indigenous Sport and Recreation Strategy and the Regional and Remote Sport and Recreation Strategy, all announced as part of the Government's *"Getting Active-The Lifestyle Choice"* policy statement.
6. 2001-02 Estimate higher than 2000-01 Estimated Actual primarily due to the re-allocation of funding from supplies and services to grants and subsidies as a result of the completion of the Olympic Football Tournament, to meet funding commitments under grant and subsidy programs and the anticipated additional funding to be received from the Major Facilities Levy to be paid to the Lang Park Trust to assist with the cost of the Suncorp Metway Stadium redevelopment.
7. 2000-01 Estimated Actual lower than 2000-01 Adjusted Budget primarily due to an adjustment of equity return funding provided in respect of assets held by Sport and Recreation Queensland.
2001-02 Estimate higher than 2000-01 Estimated Actual primarily due to increased equity return funding in respect of the assets held by Sport and Recreation Queensland.
8. 2000-01 Estimated Actual higher than 2000-01 Adjusted Budget primarily due to projected increases in Gaming Machine Revenue and actual deferrals from 1999-2000 being higher than the estimates contained in the 2000-01 Adjusted Budget.

ADMINISTERED ITEMS

DESCRIPTION

The Gold Coast Events Company (GCEC) is a government owned company established as the primary vehicle for holding and managing the Government 50% ownership of Gold Coast Motor Events Co, which conducts the annual IndyCar event on the Gold Coast.

The IndyCar event is the penultimate race of the 19-round FEDEX Championship Auto Racing Teams Inc. World Series. It is staged annually on the streets of Surfers Paradise on Queensland's Gold Coast.

The four day event is conducted under a partnership arrangement between the GCEC and International Management Group of America Pty Ltd (IMG). Under the terms of the partnership agreement, IMG manage the day to day operations of the event and underwrite any losses.

The State Government provides a non-refundable grant to the race organisers to assist with the staging of the event. In 2001-02, the Government will contribute \$10.95 million towards the cost of staging the 2002 event.

The event provides a significant economic return to the State. It has been estimated that each year, the event yields a potential economic value of approximately \$42 million to Queensland. The 2000 Honda Indy 300 (which was the 10th anniversary of the event on the Gold Coast) generated record crowds, with more than 269,890 people attending the event over the four days.

Under the contract with CART, the international promoter, a race will be conducted on the Gold Coast each year up to and including 2003.

STATEMENT OF FINANCIAL PERFORMANCE – Sport and Recreation Queensland

EXPENSES AND REVENUES ADMINISTERED ON BEHALF OF THE WHOLE OF GOVERNMENT	Notes	2000-01 Adjusted Budget \$'000	2000-01 Est. Act. \$'000	2001-02 Estimate \$'000
Revenues				
Commonwealth grants		..	..	..
Taxes, fees and fines		..	..	..
Royalties, property income and other territorial revenue		..	..	..
Interest		..	..	..
Administered item revenue	1	230	230	11,640
Assets assumed/liabilities transferred		..	..	..
Other		..	..	..
Total revenues		230	230	11,640
Expenses excluding borrowing costs				
Supplies and Services		..	..	..
Depreciation and amortisation	2	230	230	690
Grants and subsidies	1	..	..	10,950
Benefit payments		..	..	..
Assets transferred/liabilities assumed		..	..	..
Other		..	..	..
Total expenses excluding borrowing costs		230	230	11,640
Borrowing costs expense		..	..	..
Net Surplus or Deficit Before Extraordinary Items		..	..	..
Extraordinary items		..	..	..
Net surplus or deficit before transfers to Government		..	..	..
Transfers of Administered Revenue to Government		..	..	..
NET SURPLUS OR DEFICIT		..	..	..
Notes: 1. 2001-02 Estimate higher than 2000-01 Adjusted Budget and Estimated Actual due to recognition of full year Administered Item Revenue and Expenses for the Department of Innovation and Information Economy, Sport and Recreation Queensland following the Machinery-of-Government transfers in March 2001, primarily in respect of the grant made to the Gold Coast Events Corporation for the Honda Indy 300. 2. 2001-02 Estimate higher than 2000-01 Adjusted Budget and Estimated Actual due to recognition of full year depreciation of administered assets held by the Gold Coast Events Corporation for the Honda Indy 300.				

CAPITAL ACQUISITIONS

DEPARTMENTAL PROPERTY, PLANT AND EQUIPMENT

The Departmental asset base consists primarily of computer equipment and other information technology (computers on desks and the supporting network). Capital funding is used to meet the planned, cyclical replacement of these assets. The Department's information technology infrastructure provides a vehicle to communicate with and deliver services and products to its clients across Departmental Outputs.

SPORT AND RECREATION CAPITAL WORKS

Capital works in outdoor recreation centres and ongoing plant and equipment acquisitions will continue to improve the standard of facilities within these centres and the delivery of services to clients from Departmental offices. In 2001-02, capital works associated with the outdoor recreation centres will include the first stage of the \$18 million upgrade of the Tallegbudgera Outdoor Recreation Centre, which is planned to be completed over a three year period. A further \$1.5 million has been allocated to enhance infrastructure and facilities in other outdoor recreation centres.

CAPITAL ACQUISITION STATEMENT – Sport and Recreation Queensland

	Notes	2000-01 Adjusted Budget \$'000	2000-01 Est. Act. \$'000	2001-02 Estimate \$'000
<u>PROPERTY PLANT AND EQUIPMENT</u>				
Property Plant and Equipment - Outdoor Recreation Centres	1	2,328	2,328	6,534
Other acquisitions of property, plant and equipment		170	170	276
TOTAL PROPERTY PLANT AND EQUIPMENT		2,498	2,498	6,810
<u>OTHER CAPITAL ACQUISITIONS</u>				
Other Capital Acquisitions				
Other Items		..	..	..
TOTAL OTHER CAPITAL ACQUISITIONS		..	..	..
TOTAL CAPITAL ACQUISITIONS		2,498	2,498	6,810
<u>FUNDING SOURCES OF ACQUISITIONS</u>				
Equity Adjustment	2	499	499	5,811
Funding for Depreciation and Amortisation		999	999	999
Other	3	1,000	1,000	..
TOTAL FUNDING SOURCES		2,498	2,498	6,810
Notes: 1. 2001-02 Estimate higher than 2000-01 Estimated Actual primarily the result of additional funding being provided for the redevelopment of the Tallebudgera Outdoor Recreation Centre. 2. 2001-02 Estimate higher than 2000-01 Estimated Actual primarily the result of additional equity and depreciation funding for the redevelopment of the Tallebudgera Outdoor Recreation Centre. 3. 2001-02 Estimate lower than 2000-01 Estimate Actual reflects the consumption in 2000-01 of cash balances carried over from prior years on the Outdoor Recreation Centres minor capital works program.				

OVERVIEW

STRATEGIC ISSUES

Two statutory bodies, the Motor Accident Insurance Commission (MAIC) and the Nominal Defendant, contribute to the Motor Accident Insurance Administration Output. This output involves the provision of a viable and equitable personal injury compensation scheme through the regulation of the Queensland Compulsory Third Party (CTP) scheme encompassing injury control and the management of the Nominal Defendant scheme. The key strategic directions of this output are:

- ensuring premium affordability by reporting to Government on the cost trends of the scheme and amending the scheme if the affordability index is likely to be exceeded;
- establishing and developing target rates of efficiency of the scheme which measure the cost of delivering benefits to injured persons and the proportion of the premium dollar that reaches injured persons;
- maintaining insurance standards and scheme credibility through licensing, prudential supervision of insurers and monitoring insurer claims management compliance;
- promoting research, education and the provision of rehabilitation services to minimise and mitigate the effects of motor vehicle accidents; and
- funding and managing claims liabilities which became the legal responsibility of the Nominal Defendant upon the insolvency of FAI General Insurance Company Ltd (part of the HIH Group) under section 33 of the Motor Accident Insurance Act 1994.

Non-Departmental Output

The Motor Accident Insurance Administration Output provides policy advice and services related to the management of the CTP and Nominal Defendant schemes. The delivery of this output contributes to the following Government priorities and outcomes:

- by funding selected accident prevention initiatives managed by other Government agencies MAIC supports improved personal and public safety. Maintaining an essentially unlimited common law scheme for claimants contributes to an accessible system of justice and administrative services. The licensing and prudential supervision of insurers and monitoring of compliance with legislation contributes to socially responsible and safe industry practices;
- by promoting research, education and providing rehabilitation services to minimise and mitigate the effects of motor vehicle accidents contributes to the health and wellbeing of Queensland people and allows them to participate in community life and the State's development; and
- by ensuring affordable premiums and maintaining a scheme with fully funded premiums, the delivery of this output contributes to social and fiscal responsibility.

Staffing

It is anticipated that full time equivalent staffing numbers for 2001-02 will be 31, reflecting the broadened strategic focus and responsibilities of the MAIC and Nominal Defendant.

NON-DEPARTMENTAL OUTPUT PERFORMANCE

NON-DEPARTMENTAL OUTPUT: **Motor Accident Insurance Administration**

DESCRIPTION

The Motor Accident Insurance Commission is responsible for the Motor Accident Insurance Administration Output. It provides a viable and equitable personal injury compensation scheme through the regulation of the Queensland CTP scheme encompassing injury prevention and control, and manages the Nominal Defendant Scheme.

Activities include:

- keeping the statutory insurance scheme generally under review and making recommendations for its amendment;
- licensing and supervising CTP motor vehicle insurers in conjunction with the Australian Prudential Regulation Authority (APRA);
- independent actuarial analysis of the scheme resulting in setting premium bands and recommending levies to Government;
- promoting research, education and the provision of rehabilitation services;
- maintaining a claims help line;
- developing and maintaining a claims register and statistical data base for the purpose of providing management information; and
- administering the Nominal Defendant Fund.

REVIEW OF NON-DEPARTMENTAL OUTPUT PERFORMANCE

Recent Achievements

Significant recent achievements include:

- implementation of the amended *Motor Accident Insurance Act 2000*, which commenced on 1 October 2000. The new Act has significantly revised the responsibilities of the Office;
- implementation of competitive premium model reflected in premiums filed by insurers;
- development and subsequent operation of the CTP Claims Helpline;
- on-going liaison with police, transport, medical and legal specialists to develop and maintain best practice policies serving the community's interests; and
- establishment and management of arrangements to settle claims liabilities associated with the insolvency of the FAI General Insurance Company Ltd.

Future Developments

During 2001-02, this output will focus on the following key priorities:

- maintain the competitive premium determination process and overall stability of the scheme;
- maintain insurance standards and scheme credibility through licensing, enhancing prudential supervision of insurers in association with APRA and monitoring insurer claims management compliance;
- ensure effective use of funding in the area of injury prevention and control;
- maintain an efficient Nominal Defendant scheme;
- monitor claims data provided by insurers;
- achieve long-term targets for payments as a percentage of premiums to injured parties; and
- develop processes to fund and manage relevant FAI General Insurance Company Ltd claims.

The following strategies will be implemented to meet these challenges:

- adopt a more technological approach to management;
- monitor the affordability index and undertake contingency planning for a breach of this index;
- interact with stakeholders to achieve balance in the scheme. This includes working with the legal and medical professions and the insurance industry to implement claims process reform; enhancing the Claims Helpline service and producing information packs for claimants;
- streamline the process for setting premium bands;
- partially devolve management of grants to the Commission's funded research centres;
- ongoing audit of claims data input and direct consultation with insurers on data; and
- transfer of funds from the Motor Accident Insurance Fund to the Nominal Defendant to assist in meeting liability associated with the insolvency of the FAI General Insurance Company Ltd.

NON-DEPARTMENTAL OUTPUT STATEMENT

Non-Departmental Output Title: Motor Accident Insurance Administration				
Measures	Notes	2000-01 Target/Est.	2000-01 Estimated Actual	2001-02 Target/Est.
Quantity Number of Nominal Defendant claims finalised	1	620	550	550
Quality Percentage of premiums going to injured persons		67%	67%	72%
CTP premiums below affordability index		100%	100%	100%
Licensing and prudential supervision activities undertaken for all CTP insurers		100%	100%	100%
Annual certification of Nominal Defendant full funding as at 30 June each year		100%	100%	100%
Timeliness Recommendation to Government on annual CTP levies by 1 March		100%	100%	100%
Setting of premium bands within legislative timeframes, including independent quarterly actuarial review of scheme	2	New Measure	New Measure	100%
Cost Operating cost / Nominal Defendant claim	3	\$935	\$984	\$1,030
Maximum cost of scheme regulation per CTP policy	4	\$1.00	\$1.00	\$1.10
State Contribution (\$'000)		..	..	..
Other Revenue (\$'000)		59,790	44,919	59,969
Total Cost (\$'000)	5	52,154	279,914	54,948
Notes: 1. Due to the nature of claims it is difficult to accurately predict the number of claims finalised in any period. The number of claims finalised does not reflect the impact of the insolvency of the FAI General Insurance Company Ltd due to its complexity. 2. MAIC now sets quarterly floor and ceiling premiums for each insurance class within which CTP insurers file premiums. Premiums are filed quarterly on a competitive basis. This has required the addition of a performance measure. 3. The increase in cost per claim for both 2000-01 and 2001-02 is attributable to the apportionment of corporate services charges to Nominal Defendant. The operating costs per claim does not include the impact of the insolvency of the FAI General Insurance Company Ltd as the processing arrangements are yet to be finalised. 4. Target for 2001-02, maximum cost of scheme regulation is increased from \$1.00 to \$1.10. This reflects the increased cost of administration of the Motor Accident Insurance scheme. 5. The increase in the 2000-01 Estimated Actual is attributable to the recognition of the estimated net outstanding claims liability resulting from the insolvency of FAI General Insurance Ltd.				

FINANCIAL STATEMENTS

Statement of Financial Performance - Motor Accident Insurance Commission

	Notes	2000-01 Budget \$'000	2000-01 Est. Act. \$'000	2001-02 Estimate \$'000
Revenues from ordinary activities				
Output revenue		..	..	..
User charges		..	..	..
Grants and other contributions		..	..	..
Assets assumed/liabilities transferred		..	..	..
Other	1	14,333	8,236	6,310
Total revenues from ordinary activities		14,333	8,236	6,310
Expenses from ordinary activities excluding borrowing costs expense				
Employee expenses	2	1,035	1,045	1,220
Supplies and services	3	1,493	2,320	1,289
Grants and subsidies	4	7,732	7,732	9,120
Depreciation and amortisation		53	33	55
Equity Return		..	..	..
Assets transferred/liabilities assumed		..	..	..
Other		228	125	106
Total expenses from ordinary activities excluding borrowing costs expense		10,541	11,255	11,790
Borrowing costs expense		..	..	..
Share of net surplus or deficit of associates and joint ventures accounted for using the equity method		..	..	..
Surplus or deficit from ordinary activities before income tax expense/revenue		3,792	(3,019)	(5,480)
Income tax revenue/expense relating to ordinary activities		..	..	..
Surplus or deficit from ordinary activities after related income tax expense/revenue		..	..	..
Surplus or deficit from extraordinary items after income tax expense/revenue		..	..	..
NET SURPLUS OR DEFICIT		3,792	(3,019)	(5,480)
Increase (decrease) in asset revaluation reserve		..	..	..
Net amount of each revenue, expense, valuation or other adjustment not disclosed above recognised as a direct adjustment to equity		..	..	..
Total revenues, expenses and valuation adjustments recognised directly in equity		3,792	(3,019)	(5,480)
Total changes in equity other than those resulting from transactions with owners as owner		..	..	..

Statement of Financial Position - Motor Accident Insurance Commission

	Notes	2000-01 Budget \$'000	2000-01 Est. Act. \$'000	2001-02 Estimate \$'000
CURRENT ASSETS				
Cash		103	300	300
Receivables	5	10,383	4,046	2,898
Inventories		..	..	..
Investments accounted for using the equity method		..	..	..
Other financial assets	6	12,470	13,305	8,897
Tax assets		..	..	..
Other		20	32	32
Total current assets		22,976	17,683	12,127
NON-CURRENT ASSETS				
Receivables		1,050	1,050	1,050
Investments accounted for using the equity method		..	..	..
Other financial assets	7	68,752	68,318	10,531
Property, plant and equipment		115	112	107
Intangibles		13	11	8
Tax assets		..	..	..
Other		..	..	..
Total non-current assets		69,930	69,491	11,696
Self-generating and regenerating assets		..	..	..
TOTAL ASSETS		92,906	87,174	23,823
CURRENT LIABILITIES				
Payables	8	48	524	440
Interest-bearing liabilities		..	..	..
Tax liabilities		..	..	..
Provisions		47	68	68
Other		..	..	..
Total current liabilities		95	592	508
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities		..	..	..
Tax liabilities		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		..	..	..
TOTAL LIABILITIES		95	592	508
NET ASSETS (LIABILITIES)		92,811	86,582	23,315
EQUITY				
Contributed equity		112	112	112
Retained surplus/ Accumulated deficits	9	73,326	64,725	1,458
Reserves				
- Asset revaluation reserve		..	..	..
- Other (specify)		19,373	21,745	21,745
TOTAL EQUITY		92,811	86,582	23,315

Statement of Cash Flows - Motor Accident Insurance Commission

	Notes	2000-01 Budget \$'000	2000-01 Est. Act. \$'000	2001-02 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges		..	63	..
Grants and other contributions		..	..	..
Output receipts		..	..	..
Interest received	10	10,160	11,972	4,008
Dividends		..	..	..
Extraordinary items		..	..	..
Other		4,130	4,187	3,450
Outflows:				
Employee costs		1,040	1,051	1,220
Supplies and services	11	1,478	2,308	1,373
Grants and subsidies		7,732	7,732	9,120
Borrowing costs		..	..	..
Equity return		..	..	..
Taxation equivalents		..	..	..
Extraordinary items		..	..	..
Other		228	125	106
Net cash provided by (used in) operating activities		3,812	5,006	(4,361)
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Investments redeemed	12	12,000	14,211	76,543
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment		105	94	47
Investments acquired	13	15,707	18,496	14,348
Loans and advances made		..	..	..
Net cash provided by (used in) investing activities		(3,812)	(4,379)	62,148
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity Injections		..	..	..
Outflows:				
Borrowings redemptions		..	..	..
Finance lease payments (excl. interest component)		..	..	..
Equity withdrawals	14	..	..	57,787
Net cash provided by (used in) financing activities		..	..	(57,787)
Net increase (decrease) in cash held		..	627	..
Cash at the beginning of the financial year		103	(327)	300
Cash at the end of the financial year		103	300	300

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Operating Statement

1. The decrease in the 2000-01 Estimated Actual results from a lower than anticipated rate of return on investments. The decrease in the 2001-02 Estimate reflects reduced interest earnings resulting from the transfer of assets to Nominal Defendant in response to the collapse of the FAI General Insurance Company Ltd.
2. The increase in the 2001-02 Estimate primarily relates to the appointment of additional staff.
3. The increase in the 2000-01 Estimated Actual includes expenditure on an unanticipated project in association with Queensland Transport. Expenses are expected to decrease in 2001-02 following the project's completion.
4. The increase in the 2001-02 Estimate relates to increased funding requests.

Statement of Financial Position

5. The decrease in the 2000-01 Estimated Actual reflects a lower than anticipated rate of return on QIC investments. The decrease in the 2001-02 Estimate reflects the impact of reduced interest earnings noted in 1 above.
6. The decrease in the 2001-02 Estimate is primarily due to drawdowns required to fund the Commission's anticipated Operating loss.
7. The decrease in the 2001-02 Estimate reflects the transfer of assets from MAIC to Nominal Defendant in response to the collapse of FAI General Insurance Company Ltd.
8. The increase in the 2000-01 Estimated Actual reflects an accrual for project work completed prior to year end.
9. Refer to 7 above.

Statement of Cash Flows

10. The increase in the 2000-01 Estimated Actual reflects the receipt of higher than anticipated interest earned in the prior year. The decrease in the 2001-02 Estimate reflects the receipt of lower interest earned during 2000-01 as a result of the lower rate of return.
11. Refer to 3 above.
12. The 2001-02 Estimate reflects the asset transfer from MAIC to Nominal Defendant in response to the collapse of FAI General Insurance Company Ltd.
13. The increase in the 2000-01 Estimated Actuals reflects the re-investment of interest received, which was higher than anticipated. The decrease in the 2001-02 Estimate reflects the re-investment of interest received which is expected to be lower as noted in 10 above.
14. Refer to 12 above.

FINANCIAL STATEMENTS

Statement of Financial Performance - Nominal Defendant

	Notes	2000-01 Budget \$'000	2000-01 Est. Act. \$'000	2001-02 Estimate \$'000
Revenues from ordinary activities				
Output revenue		..	..	..
User charges		..	..	..
Grants and other contributions		..	..	..
Assets assumed/liabilities transferred		..	..	..
Other	1	45,457	36,683	53,659
Total revenues from ordinary activities		45,457	36,683	53,659
Expenses from ordinary activities excluding borrowing costs expense				
Employee expenses		637	642	666
Supplies and services	2	40,896	267,978	42,361
Grants and subsidies		..	..	..
Depreciation and amortisation		57	22	59
Equity Return		..	..	..
Assets transferred/liabilities assumed		..	..	..
Other		23	17	72
Total expenses from ordinary activities excluding borrowing costs expense		41,613	268,659	43,158
Borrowing costs expense		..	..	..
Share net surplus or deficit of associates and joint ventures accounted for using the equity method		..	..	..
Surplus or deficit from ordinary activities before income tax expense/revenue		3,844	(231,976)	10,501
Income tax revenue/expense relating to ordinary activities		..	..	..
Surplus or deficit from ordinary activities after related income tax expense/revenue		..	..	..
Surplus or deficit from extraordinary items after income tax expense/revenue		..	..	..
NET SURPLUS OR DEFICIT		3,844	(231,976)	10,501
Increase (decrease) in asset revaluation reserve		..	..	..
Net amount of each revenue, expense, valuation or other adjustment not disclosed above recognised as a direct adjustment to equity		..	..	..
Total revenues, expenses and valuation adjustments recognised directly in equity		3,844	(231,976)	10,501
Total changes in equity other than those resulting from transactions with owners as owner		..	..	..

Statement of Financial Position - Nominal Defendant

	Notes	2000-01 Budget \$'000	2000-01 Est. Act. \$'000	2001-02 Estimate \$'000
CURRENT ASSETS				
Cash		318	300	300
Receivables	3	18,112	9,269	14,853
Inventories		..	..	..
Investments accounted for using the equity method		..	..	..
Other financial assets	4	35,382	32,885	17,756
Tax assets		..	..	..
Other		3	..	..
Total current assets		53,815	42,454	32,909
NON-CURRENT ASSETS				
Receivables		..	..	..
Investments accounted for using the equity method		..	..	..
Other financial assets	5	157,072	136,014	136,014
Property, plant and equipment		66	66	57
Intangibles		22	23	18
Tax assets		..	..	..
Other	6	..	123,900	123,900
Total non-current assets		157,160	260,003	259,989
Self-generating and regenerating assets		..	..	..
TOTAL ASSETS		210,975	302,457	292,898
CURRENT LIABILITIES				
Payables	7	79	316	311
Interest-bearing liabilities		..	..	..
Tax liabilities		..	..	..
Provisions	8	30,547	126,995	142,995
Other		10,000	13,604	14,762
Total current liabilities		40,626	140,915	158,068
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities		..	..	..
Tax liabilities		..	..	..
Provisions	8	163,746	375,133	280,133
Other		..	..	..
Total non-current liabilities		163,746	375,133	280,133
TOTAL LIABILITIES		204,372	516,048	438,201
NET ASSETS (LIABILITIES)		6,603	(231,591)	(145,303)
EQUITY				
Contributed equity	9	145	146	57,933
Retained surpluses/Accumulated deficits	10	6,458	(213,737)	(203,236)
Reserves				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		6,603	(231,591)	(145,303)

Statement of Cash Flows - Nominal Defendant

	Notes	2000-01 Budget \$'000	2000-01 Est. Act. \$'000	2001-02 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges		..	1,122	1,158
Grants and other contributions		..	..	..
Output receipts		..	..	..
Interest received	11	12,995	24,029	8,734
Dividends		..	..	..
Extraordinary items		..	..	..
Other	12	33,242	29,336	39,341
Outflows:				
Employee costs		636	648	666
Supplies and services	13	18,468	47,869	121,366
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Equity Return		..	..	..
Taxation equivalents		..	..	..
Extraordinary items		..	..	..
Other		44	17	72
Net cash provided by (used in) operating activities		27,089	5,953	(72,871)
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Investments redeemed	14	14,471	40,795	120,978
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment		98	101	45
Investments acquired	15	41,462	46,980	105,849
Loans and advances made		..	..	..
Net cash provided by (used in) investing activities		(27,089)	(6,286)	15,084
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections	16	..	..	57,787
Outflows:				
Borrowings redemptions		..	..	..
Finance lease payments (excl. interest component)		..	..	..
Equity withdrawals		..	..	..
Net cash provided by (used in) financing activities		..	..	57,787
Net Increase (decrease) in cash held		..	(333)	..
Cash at the beginning of the financial year		318	633	300
Cash at the end of the financial year		318	300	300

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Operating Statement

1. The decrease in the 2000-01 Estimated Actual results from a lower than anticipated rate of return on investments. The increase in the 2001-02 Estimate reflects an expected higher rate of return together with increased levy revenue.
2. The increase in the 2000-01 Estimated Actual reflects the Nominal Defendant's liability for claims resulting from the FAI General Insurance Company Ltd collapse.

Statement of Financial Position

3. The decrease in the 2000-01 Estimated Actual reflects a lower than anticipated rate of return on QIC investments. The rate of return for the 2001-02 Estimate is expected to be slightly higher than the 2000-01 rate.
4. The decrease in the 2000-01 Estimated Actual and the 2001-02 Estimate reflects drawdown of investments to make FAI General Insurance Company Ltd claims payments, partially offset by the transfer of assets in 2001-02 from MAIC in response to the collapse of FAI General Insurance Company Ltd.
5. The decrease in the 2000-01 Estimated Actual relates to the reinvestment of interest as current investments, not non-current as budgeted.
6. The increase in the 2000-01 Estimated Actual reflects the expected insolvency dividend.
7. The increase in the 2000-01 Estimated Actual is due to an accrual for reinsurance.
8. The movement in provisions reflects FAI General Insurance Company Ltd claims liabilities.
9. The increase in the 2001-02 Estimate reflects the transfer of assets from MAIC to Nominal Defendant in response to the collapse of FAI General Insurance Company Ltd.
10. The decrease in the 2000-01 Estimated Actual includes the total liability for FAI General Insurance Company Ltd claims recognised.

Statement of Cash Flows

11. The increase in the 2000-01 Estimated Actual reflects the receipt of higher than anticipated interest earnings. The decrease in the 2001-02 Estimate reflects the receipt of lower interest earned during 2000-01 as a result of the lower rate of return.
12. The increase in the 2001-02 Estimate reflects the increase in levies as a result of the FAI General Insurance Company Ltd collapse.
13. Refer to 10 above.
14. The increase in the 2000-01 Estimated Actual and the 2001-02 Estimate reflects drawdowns to fund FAI General Insurance Company Ltd claims.
15. The increase in the 2001-02 Estimate reflects the asset transfer from MAIC to Nominal Defendant in response to the collapse of FAI General Insurance Company Ltd.
16. Refer to 9 above.

GLOSSARY OF TERMS

Accrual Output Budgeting (AOB)	A process through which agencies are funded and monitored on the basis of delivery (performance) of outputs which have been costed on a full accrual basis. Queensland's model of AOB, <i>Managing for Outcomes</i> , is a fully integrated planning, budgeting and performance management framework.
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 which an agency administers on behalf of the Government without discretion.
Agency	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 organisations established by Executive decision rather than legislation.
Appropriation	Represents Parliamentary authority for the Treasurer to issue funds to agencies during a financial year for: <ul style="list-style-type: none"> • delivery of agreed outputs; • administered items; and • adjusting the Government's equity in agencies.
Capital	A term used to refer to the stock of assets, including property, plant and equipment, intangible assets and inventories, that an agency owns and/or controls, and uses in the delivery of services, and capital grants made to other entities.
Controlled Items	Assets, liabilities, revenues and expenses that are controlled by departments, in that they relate directly to the departmental operational objectives and which arise at the discretion and direction of the department concerned.
Depreciation	The periodic allocation of the cost of physical assets, representing the amount of the asset consumed during a particular period of time.

Equity	Equity is the residual interest in the assets of the entity after deduction of its liabilities. It usually comprises the agency's accumulated surpluses/losses, capital injections and any reserves.
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Equity Injection	An increase in the investment of the Government in a public sector agency.
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Equity Return	A periodic return on equity reflecting the opportunity cost to the Government of its investment in agencies.
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Financial Statements	Collective description of the Statement of Financial Position (Balance Sheet), the Statement of Financial Performance, the Statement of Cash Flows and associated notes to the accounts.
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Own-Source Revenue	Revenue generated by an agency, generally through the sale of goods and services but may also include approved Commonwealth Specific Purpose Payments.
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Outputs	Discrete services or products for external customers or consumers produced by agencies with funding from the Government.
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Statement of Cash Flows	A financial statement which reports the inflows and outflows of cash for a particular period for the operating, investing and financing activities undertaken by an agency or the Government as a whole.
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Statement of Financial Performance	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.
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Statement of Financial Position	A financial statement that reports the assets, liabilities and equity of an entity as at a particular date. Also referred to as a "Balance Sheet".
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For a more detailed Glossary of Terms, please refer to the Reader's Guide contained in Budget Paper No. 2, provided as part of the 2001-02 Budget Papers.