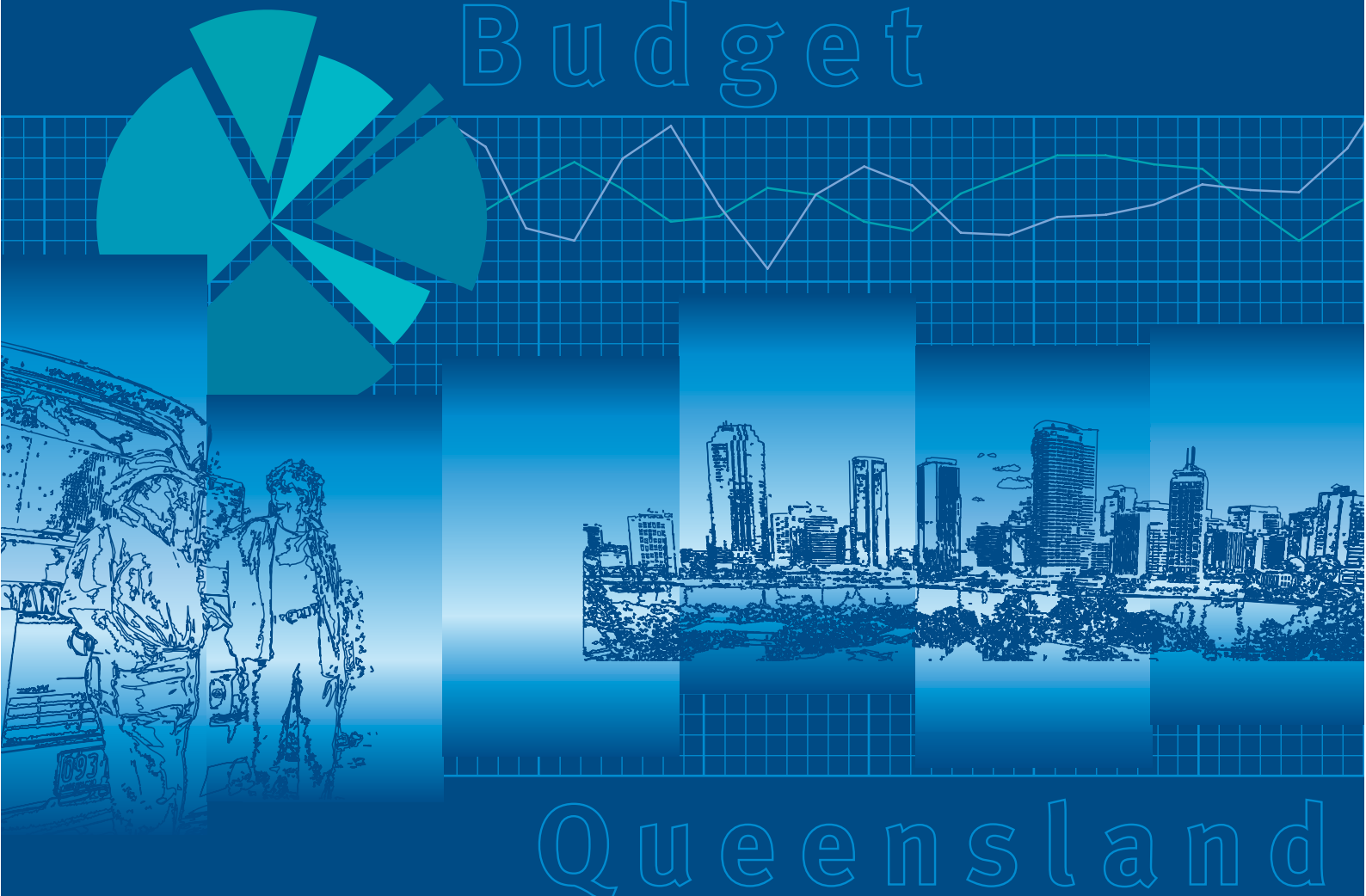


State Budget 2002-03

Deputy Premier, Treasurer and Minister for Sport
Ministerial Portfolio Statements



Budget



Queensland

2002-03 Budget Papers

1. Budget Speech
2. Budget Statement
3. Economic and Revenue Outlook
4. Capital Statement

Budget Highlights

Appropriation Bills

Ministerial Portfolio Statements

Queensland – Growing the Smart State

The Ministerial Portfolio Statements (MPS) documents are the primary source of information for the hearings of the Parliamentary Estimates Committees. These hearings examine the funding provided in the State Budget to each Ministerial portfolio, and take place following the presentation of the Budget. The MPS documents are also used by Members of Parliament, the media, the public and other interested parties for obtaining information on key strategies and prospective outcomes, and financial performance, of individual Queensland government agencies in 2002-03.

Thus, the MPS documents are forward-looking in their focus and provide predominantly budgeted financial and non-financial performance information for the new financial year. In this way, they complement agency annual reports, which document actual performance (including audited financial statements) for the financial year just completed.

Given the timing of the 2002-03 Budget, final information about actual financial and non-financial performance is not yet available for the 2001-02 financial year. Therefore an estimate of performance (“estimated actual”) for 2001-02 is shown throughout the MPS documents.

This document forms part of the 2002-03 Budget Papers. It is one of a series of 20 Statements for each of the 19 Ministerial Portfolios and the Legislative Assembly.

The Ministerial Portfolio Statements are on sale through Goprint, ph (07) 3246 3399 individually or as a set, or accessed through the internet at www.budget.qld.gov.au

© Crown copyright
All rights reserved
Queensland Government 2002

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



**Queensland
Government**

MINISTERIAL PORTFOLIO STATEMENTS

2002-03 STATE BUDGET

This Ministerial Portfolio Statement includes the following Departments and Agencies:

TREASURY DEPARTMENT

**MOTOR ACCIDENT INSURANCE COMMISSION
NOMINAL DEFENDANT**

SPORT AND RECREATION QUEENSLAND

STADIUM REDEVELOPMENT AUTHORITY

TABLE OF CONTENTS

TREASURY DEPARTMENT

Departmental Overview	1-1
Output Performance:	
Financial and Economic Policy	1-9
GOC Performance and Governance	1-14
Energy	1-18
Economic and Statistical Research	1-23
Taxation	1-28
Gambling	1-33
Superannuation	1-37
Administered Items	1-41
Capital Acquisitions	1-43
Financial Statements	1-45
Reconciliation of Appropriation Amounts to the Financial Statements	1-55

STATUTORY BODY

Motor Accident Insurance Commission/Nominal Defendant	2-1
---	-----

SPORT AND RECREATION QUEENSLAND

3-1

STATUTORY BODY

Stadium Redevelopment Authority	4-1
---------------------------------	-----

APPENDIX - Glossary of Terms



**Queensland
Government**

MINISTERIAL PORTFOLIO STATEMENTS

2002-03 STATE BUDGET

**DEPUTY PREMIER, TREASURER AND
MINISTER FOR SPORT**

TREASURY DEPARTMENT

**Hon. Terry Mackenroth MP
Deputy Premier, Treasurer
and Minister for Sport**

**Gerard Bradley
Under Treasurer**

DEPARTMENTAL OVERVIEW

STRATEGIC ISSUES

Treasury delivers policies, strategies and financial services at a whole-of-Government level to contribute to the Government's social, economic and fiscal objectives for the community. This includes responsibility for whole-of-Government fiscal and financial management, monitoring Government Owned Corporations (GOCs), co-ordinating economic and statistical research and services, and providing taxation advice and collection. It is also responsible for energy policy, the administration of State superannuation, and the regulation of gambling and promotion of responsible gambling.

Key priorities for Treasury are:

- advancing the performance of the Queensland economy to support growth and employment;
- achieving the fiscal principles in accordance with the *Charter of Social and Fiscal Responsibility*;
- developing and implementing the Government's energy policies;
- maintaining the State's competitive taxation levels while achieving key social and economic outcomes;
- managing public sector superannuation arrangements;
- managing the Government's shareholder interests in GOCs to maximise value to the State; and
- regulation of the gambling industry and development of responsible gambling within the industry and community.

2002-03 BUDGET HIGHLIGHTS

Treasury will continue to develop the following initiatives in the 2002-03 financial year, including:

- in collaboration with agencies, aligning Budget funding to meet Government priorities;
- implementing financial management improvements at whole-of-Government and agency level;
- co-ordinating the Government's response to public liability insurance issues and maintaining the provision of insurance to Government bodies through the Queensland Government Insurance Fund (QGIF);
- encouraging the further development of competitive energy markets and supply systems to deliver reliable and competitively priced energy supplies to domestic, business and industrial customers in Queensland;
- improving the collection of revenue and payment of subsidies through the strategic use of information technology;
- working with the State's GOCs to ensure an appropriate return to taxpayers; and

- implementing a scheme for re-allocating gaming machines in hotels as a result of introducing a state-wide cap on the number of gaming machines in hotels.

DEPARTMENTAL OUTPUTS

Treasury is a diverse portfolio. Its structure of Treasury Office and six portfolio offices allows for a dedicated approach to dealing with policy and service delivery issues.

Due to changes to organisational arrangements in February 2002, Treasury now delivers seven outputs. Financial management has now been incorporated into the new Financial and Economic Policy Output.

As a consequence, the output name Fiscal and Economic Policy has been changed to Financial and Economic Policy.

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

Financial and Economic Policy

This output provides policies, strategies and advice to support best practice financial management: management of the State's finances in accordance with *the Charter of Social and Fiscal Responsibility* and improved performance of the Queensland economy to support growth and employment.

Delivery of this output includes responsibility for whole-of-Government financial management, management of inter-governmental financial relations and provision of State revenue policy advice.

GOC Performance and Governance

Treasury, through the Office of Government Owned Corporations (OGOC), is responsible for managing the State's shareholding relationship with GOCs and ensuring that GOCs are managed efficiently and effectively through a strong governance regime. This role is co-ordinated with other State Government Ministers and departments that have shareholding responsibilities.

This includes ensuring a strategic approach to policy development for GOCs, monitoring performance and ensuring compliance with GOC legislation where relevant.

Energy

The Office of Energy provides policy advice, strategies, and legislative support to the Treasurer, and the Government and other stakeholders on issues related to:

- the Government's *Queensland Energy Policy – a Cleaner Energy Strategy*;
- energy policy, markets, major projects and planning;
- sustainable and renewable energy and greenhouse effects; and
- regulation and monitoring of the electricity, gas and petroleum industries.

Economic and Statistical Research

The Office of Economic and Statistical Research (OESR) provides 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.

OESR also collects, interprets, analyses and disseminates data, undertakes research, and coordinates key statistical modelling and research issues affecting the State.

Taxation

The Office of State Revenue is responsible for maintaining and administering revenue collection, investigation and recovery services. It is also responsible for contributing to revenue policy advice, and the administration of the First Home Owner Grant and the Fuel Subsidy Scheme.

Gambling

Treasury regulates and monitors Queensland's gambling industry to ensure that on balance, the State and the community as a whole benefit to the maximum extent from gambling.

The key role is to maintain the integrity, probity and equity of gambling activities in Queensland while protecting the State's gambling taxes and levies.

In line with the Government's *Policy Direction for Gambling in Queensland*, support is provided to address problem gambling issues and promote responsible gambling practices in Queensland. In addition, the Gambling Community Benefit Fund and the Casino Community Benefit Funds provide grants for not-for-profit community groups.

Superannuation

The Government Superannuation Office (GSO) provides policy advice, products, services and legislation relating to Queensland Public Sector employees' superannuation. It administers the superannuation arrangements for Queensland Public Sector employees, members of the Queensland Parliament and Judges.

The GSO also administers the State Government's long service leave provisions for Queensland Government employees.

OUTPUT LINKAGES WITH GOVERNMENT PRIORITIES

Output Name	Whole-of-Government Priorities
Financial and Economic Policy	<p>More jobs for Queenslanders – skills and innovation – the Smart State.</p> <p>Community engagement and a better quality of life.</p> <p>Building Queensland’s regions.</p> <p>This output supports the five whole-of-Government priorities through the corporate governance framework.</p>
GOC Performance and Governance	<p>More jobs for Queenslanders – skills and innovation – the Smart State.</p> <p>Building Queensland’s regions.</p> <p>This output supports the five whole-of-Government priorities through the corporate governance framework.</p>
Energy	<p>More jobs for Queenslanders – skills and innovation – the Smart State.</p> <p>Community engagement and a better quality of life.</p> <p>Valuing the environment.</p> <p>Building Queensland’s regions.</p>
Economic and Statistical Research	<p>More jobs for Queenslanders – skills and innovation – the Smart State.</p> <p>Safer and more supportive communities.</p> <p>Community engagement and a better quality of life.</p> <p>Building Queensland’s regions.</p>
Taxation	<p>More jobs for Queenslanders – skills and innovation – the Smart State.</p> <p>This output supports the five whole-of-Government priorities through the corporate governance framework.</p>
Gambling	<p>Safer and more supportive communities.</p> <p>Community engagement and a better quality of life.</p> <p>This output supports the five whole-of-Government priorities through the corporate governance framework.</p>

Output Name	Whole-of-Government Priorities
Superannuation	<p>More jobs for Queenslanders – skills and innovation – the Smart State.</p> <p>Safer and more supportive communities.</p> <p>This output supports the five whole-of-Government priorities through the corporate governance framework.</p>

DEPARTMENTAL FINANCIAL SUMMARY

	2001-02 Budget \$'000	2001-02 Est. Actual \$'000	2002-03 Estimate \$'000
CONTROLLED ¹			
Revenue			
Output revenue	110,107	112,114	109,810
Own source revenue	58,292	58,045	66,071
Total revenue	168,399	170,159	175,881
Total expenses	166,040	167,343	175,872
Operating result	2,359	2,816	9
NET ASSETS	37,262	40,391	44,900
ADMINISTERED ¹			
Revenue			
Administered item revenue	1,334,723	1,422,713	1,290,755
Other administered revenue	9,649,651	10,203,672	10,320,002
Total revenue	10,984,374	11,626,385	11,610,757
Expenses			
Transfers of administered revenue to Government	9,649,651	10,197,141	10,313,305
Administered expenses	1,334,723	1,428,798	1,297,100
Total expenses	10,984,374	11,625,939	11,610,405
Note:	1. Explanation of variances can be found in the Financial Statements section and Output Statements of Financial Performance.		

APPROPRIATIONS

	2001-02 Budget \$'000	2002-03 Estimate \$'000
Controlled Items ¹		
Departmental Outputs	110,107	109,810
Equity Adjustment	205	4,500
Administered Items ¹	1,134,723	762,575
Vote Total	1,245,035	876,885
Note:	1. A reconciliation of appropriations to the Financial Statements follows the Financial Statements.	

STAFFING¹

Output/Activity	Notes	2001-02 Est. Actual	2002-03 Estimate
OUTPUTS ^{1,2}			
Financial and Economic Policy		298	298
GOC Performance and Governance		22	25
Energy		94	87
Economic and Statistical Research		104	103
Taxation		388	388
Gambling	3	208	223
Superannuation	4	300	334
Total Outputs		1,414	1,458
ADMINISTERED		..	..
Corporate Services provided to other agencies		9	9
Total		1,423	1,467
Notes: 1. Full-Time Equivalents (FTEs) as at 30 June. 2. Corporate FTEs are allocated across the outputs to which they relate. 3. The increase in the staffing level for the 2002-03 Estimate is due to vacancies held during 2001-02 being filled as a result of expanded responsible Gambling programs. 4. Additional staff will be required for increased financial advisory services and information dissemination for members.			

2002-03 OUTPUT SUMMARY

Output	Total Cost \$'000	Sources of Revenue			
		Output Revenue \$'000	User Charges \$'000	C'wealth Revenue \$'000	Other Revenue \$'000
Financial and Economic Policy	41,785	32,313	9,246	..	226
GOC Performance and Governance	2,380	2,367	11	..	2
Energy	14,032	12,177	..	..	1,855
Economic and Statistical Research	11,441	7,700	3,720	..	21
Taxation	37,232	37,010	198	..	24
Gambling	26,595	16,810	9,790	..	3
Superannuation	45,911	680	44,688	..	543
Departmental	179,376	109,057	67,653	..	2,674
Other ¹	1,053	753	271	..	30
Reconciliation Adjustment to Statement of Financial Performance²	(4,557)	..	(4,557)	..	..
Total ³	175,872	109,810	63,367	..	2,704

Notes:

1. 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 Statements of Financial Performance. Consequently the sum of the individual Output Statements of Financial Performance does not add to the Departmental Statement of Financial Performance. The 2002-03 Corporate Support Allocation is provided in Attachment 1 to the Departmental Financial Statements.
2. This line item represents eliminations upon consolidation for inter Output/Department trading.
3. This line reconciles to the Statement of Financial Performance where Total Cost equals Total Expenses From Ordinary Activities, and Other Revenue equals the sum of Grants and Other Contributions and Other Revenue.

OUTPUT PERFORMANCE

OUTPUT: Financial and Economic Policy

DESCRIPTION

Treasury Office delivers the Financial and Economic Policy output, providing policies, strategies and advice at a whole-of-Government level to promote value for money service delivery, management of the State's finances in accordance with the *Charter of Social and Fiscal Responsibility* and improving performance of the Queensland economy to support growth and employment.

Activities include:

- developing and monitoring the State Budget and whole-of-Government strategies to achieve the Government's priorities and meet the fiscal principles within the *Charter of Social and Fiscal Responsibility* (the Charter);
- 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;
- providing advice on Commonwealth taxes and tax equivalents to Government agencies;
- developing State taxation policy including assessing taxation initiatives and taxation expenditure;
- development of regulatory policy, oversight of regulatory regimes and managing the implementation of the National Competition Policy (NCP);
- providing advice on macroeconomic trends and microeconomic policy issues;
- developing and facilitating the implementation of financial management improvements across Government;
- acting as the Government's commercial adviser in relation to infrastructure provision and managing the Government's risk on major infrastructure projects; and
- providing insurance to Government agencies through the QGIF, to insure and reinsure the risks of Government and provide advice to Government on issues relating to the insurance and management of risks.

REVIEW OF OUTPUT PERFORMANCE

Recent Achievements

- development of the 2002-03 State Budget in June 2002;
- completion of the second report of outcomes – the *Priorities in Progress Report 2000-01*, under the Charter;
- ongoing monitoring and review of the 2001-02 Budget;

- finalisation of long-term lease arrangements for the Dalrymple Bay Coal Terminal Lease;
- significant progress with the sale of the Brisbane Markets Corporation;
- substantial progress towards meeting the State's NCP legislation review and reform obligations by 30 June 2002;
- securing an additional \$100 million in underlying terms as a result of the Commonwealth Grants Commission (CGC) 2003 update. CGC's assessment has also been changed to reflect current royalty arrangements which will result in a \$10.5 million gain over the next two years;
- endorsement of a set of best practice principles and guidelines for use by agencies when negotiating Specific Purpose Payments (SPP) agreements with the Commonwealth;
- completion of the sell-down of the Government's shareholding in Suncorp-Metway;
- participation in a series of systematic reviews to align agency services with the Government's priorities (Aligning Services and Priorities [ASAP] reviews). These reviews included examining individual, cross-agency and whole-of-Government activities to determine the potential for resources to be reallocated to higher priority services to meet the Government's priorities; and
- involvement in the Public Liability Insurance Taskforce and development of group insurance scheme for community groups.

Future Developments

During 2002-03, this output will focus on the following key priorities:

- continuing to achieve the fiscal principles in the *Charter of Social and Fiscal Responsibility* and build awareness of the risks and influences affecting Queensland's fiscal position;
- maintaining the State's net worth and AAA credit rating;
- maintaining a sustainable and competitive State tax regime;
- managing the State's interests under the Intergovernmental Agreement;
- managing and co-ordinating the State Budget process within agreed timeframes;
- monitoring and managing Queensland's financial and social risk exposure by providing advice on key Government issues and major financial assets and liabilities;
- further developing and refining *Managing for Outcomes* (MFO);
- advancing the integration of ASAP into the Budget process and continuing to evaluate opportunities at an agency or whole-of-Government level to better align the delivery of services to the Government's priorities;
- developing and facilitating strategies to lift the State's sustainable level of economic growth;
- providing reliable forecasts for the State economy; and
- developing regulatory frameworks to promote efficient markets, investment and innovation.

OUTPUT STATEMENT

Output Title: Financial and Economic Policy				
Measures	Notes (1)	2001-02 Target/Est.	2001-02 Estimated Actual	2002-03 Target/Est.
Quantity				
Quarterly budget reports		4	4	4
Monthly monitoring and budget reviews		10	10	10
Quarterly estimates of the cost of departmental insurance losses at a whole-of-Government level	2	New Measure	New Measure	4
Quality				
Achievement of work plan as agreed with Treasurer		100%	100%	100%
Meeting the requirements of the Government's <i>Charter of Social and Fiscal Responsibility</i>		100%	90%	90%
Compliance with the Uniform Presentation Framework requirements		100%	100%	100%
Achievement of National Competition Policy requirements		100%	100%	100%
Cabinet approval of <i>National Competition Policy Annual Report</i>	2	New Measure	New Measure	100%
Availability of financial management reporting system (Tridata)		95%	95%	95%
Timeliness				
Achievement of key milestones in the budget process		100%	100%	100%
Budget, financial and other 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%
Annual whole-of-Government financial statements completed within agreed timeframes		100%	100%	100%

Output Title: Financial and Economic Policy (cont.)

Measures	Notes (1)	2001-02 Target/Est.	2001-02 Estimated Actual	2002-03 Target/Est.
Timeliness (cont.)				
Annual Commonwealth Grants Research Program completed within agreed timeframes		100%	100%	100%
Legislation review program completed within agreed timeframes		100%	97%	100%
Ministerial Correspondence and Cabinet Submissions completed within agreed timelines		95%	95%	95%
Percentage of non-complex competitive neutrality complaints outside Queensland Competition Authority's jurisdiction resolved within three months		90%	90%	90%
Cost (\$'000)				
Cost of fiscal and financial management		11,672	10,329	10,249
Cost of Portfolio Resource Allocation Advice		5,151	4,960	4,985
Cost of economic, regulatory and inter-governmental relations advice		2,210	2,396	2,275
State Contribution (\$'000)		30,394	29,464	32,313
Other Revenue (\$'000)		11,759	13,033	9,472
Total Cost (\$'000)		42,153	41,278	41,785

Notes:

1. Following the Alignment of Services and Priorities (ASAP) review undertaken of Treasury Portfolio, the Financial Management and Fiscal and Economic Policy Outputs have been amalgamated resulting in a review of existing performance measures. The performance measures relating to the preparation of ASAP agency reviews have been removed. These reviews, originally to be prepared by Treasury, were undertaken by agencies in consultation with Treasury.
2. New performance measures focusing on the Output's new services and strategic direction.

Output Statement of Financial Performance – Financial and Economic Policy

	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
Operating Revenues				
Output revenue		30,394	29,464	32,313
User charges	1	11,627	12,779	9,246
Grants and other contributions		..	..	..
Other		132	254	226
Total operating revenues	2	42,153	42,497	41,785
Operating Expenses				
Employee expenses	3	23,204	20,808	22,409
Supplies and services		14,286	14,794	14,897
Equity return expenses		608	677	651
Depreciation and amortisation	4	3,251	2,865	2,423
Grants and subsidies		8	33	..
Other	5	796	2,101	1,405
Borrowing costs expense		..	..	..
Total operating expenses	2	42,153	41,278	41,785
NET SURPLUS OR DEFICIT BEFORE EXTRAORDINARY ITEMS		..	1,219	..
Extraordinary items		..	..	..
NET SURPLUS OR DEFICIT		..	1,219	..

Notes:

1. The increase in the 2001-02 Estimated Actual reflects higher than anticipated revenue received to reimburse expenses associated with the Dalrymple Bay Coal Terminal long-term lease and the sale of the Brisbane Market Corporation. The subsequent decrease in the 2002-03 Estimate is caused by a reduction in the Queensland Government Financial Management System (QGFMS) lead agency fees being charged to departments.
2. Corporate Support revenue and expenses have been allocated to this output based on activity-based costing models. The full disclosure of the 2002-03 Corporate Support allocation is provided in Attachment 1 to the Departmental Financial Statements.
3. The decrease in the 2001-02 Estimated Actual reflects higher than anticipated vacancy levels. The subsequent increase in the 2002-03 Budget reflects the realignment of activities between Fiscal and Economic Policy, Financial Management and the Economic and Statistical Research Outputs.
4. An increase in the non-current asset recognition threshold for the Department during the year means that many purchases previously capitalised are now expensed. As a consequence depreciation and amortisation expense has been reduced in the 2001-02 Estimated Actual and 2002-03 Estimate.
5. The increase in the 2001-02 Estimated Actual is caused by a combination of the write-off of all non-current assets with a book value below the recognition threshold (refer to Note 4) and the recognition of all subsequent purchases of such items as expenses. In addition the Department undertook a PC replacement program in order to replace PC's which are non-compliant with new system specifications.

OUTPUT PERFORMANCE

OUTPUT: GOC Performance and Governance

DESCRIPTION

The primary focus of the Office of Government Owned Corporations (OGOC) is to effectively manage the Government's shareholding in its GOCs. This includes ensuring a strategic approach to policy development for GOCs, monitoring performance and ensuring compliance with GOC legislation where relevant.

The Office aims to maximise outcomes for GOCs and ensure appropriate returns on assets. OGOC's activities, particularly in the transport and electricity sectors, help to ensure competitive and cost effective infrastructure and services to support social and economic development.

GOC's 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 Financial and Economic Policy Output), or the relevant portfolio department's GOC oversight function.

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; and
- oversight of Corporate Governance arrangements in GOCs.

REVIEW OF OUTPUT PERFORMANCE

Recent Achievements

The output's focus on an effective management framework for GOCs has produced the following achievements:

- continued improvements to the timeliness of and outcomes from the SCI process and quarterly report process, both key processes for the output;
- a renewed focus on industrial relations planning by GOCs, with review and reissue of industrial relations planning guidelines;
- extensive consultation with all stakeholders on the GOC Investment Policy (which sets key parameters for all new capital investments) and promulgation of the policy in 2001-02;
- significant progress on a review of the Competitive Neutrality Fee, with an options paper circulated to stakeholders and development of an assessment methodology underway;

- development and issue of guidelines for the export of services (overseas consultancies) for GOCs which formalise and standardise arrangements, including establishment of risk and operating parameters;
- completion of the OGOC website containing up-to-date information on GOC policies, structures and issues; and
- finalisation of the review of the port GOCs' capital structures, which culminated in three port authorities entering into a \$130 million share buy-back during the year.

Future Developments

During 2002-03, this output will focus on the following key priorities:

- working with GOCs to develop SCIs in accordance with Government shareholding interests;
- continuing to manage the Government's shareholder interest in GOCs. In particular as the markets in which GOCs operate continue to evolve, new challenges are emerging for GOCs and for the Government as their owner. In this context, there will be an emphasis on risk management and on ensuring that performance monitoring systems are effective;
- implementation of the GOC Investment Policy which was developed in 2001-02;
- implementation of the Competitive Neutrality Fee review and methodology by amending the Code of Practice for GOC Financial Arrangements; and
- the assessment of investment proposals by GOCs.

OUTPUT STATEMENT

Output: GOC Performance and Governance				
Measures	Notes	2001-02 Target/Est.	2001-02 Estimated Actual	2002-03 Target/Est.
Quantity				
Number of GOC Statements of Corporate Intent completed	1	20	20	19
Number of performance monitoring reports completed		80	80	76
Percentage of GOC investment proposals assessed within agreed timeframes		80%	80%	80%
Quality				
Percentage of Ministerial correspondence prepared to agreed Treasury standards		100%	100%	100%
Timeliness				
Percentage of Statements of Corporate Intent & Corporate Plans completed and agreed by the Treasurer as per the schedule outlined in the GOC Act		100%	100%	100%
Cost (\$)				
Cost of monitoring and governance per GOC		\$0.12M	\$0.12M	\$0.12M
State Contribution (\$'000)				
		2,378	2,510	2,367
Other Revenue (\$'000)		13	13	13
Total Cost (\$'000)		2,391	2,523	2,380
Note: 1. The decrease in the 2002-03 Target/Est. reflects the sale of the Brisbane Markets Corporation.				

Output Statement of Financial Performance – GOC Performance and Governance

	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
Operating Revenues				
Output revenue		2,378	2,510	2,367
User charges		12	11	11
Grants and other contributions		..	..	..
Other		1	2	2
Total operating revenues	1	2,391	2,523	2,380
Operating Expenses				
Employee expenses		1,761	1,873	1,961
Supplies and services	2	507	475	305
Equity return expense		15	15	13
Depreciation and amortisation	3	81	64	41
Grants and subsidies		..	..	..
Other	4	27	96	60
Borrowing costs expense		..	..	..
Total operating expenses	1	2,391	2,523	2,380
NET SURPLUS OR DEFICIT BEFORE EXTRAORDINARY ITEMS		..	..	..
Extraordinary items		..	..	..
NET SURPLUS OR DEFICIT		..	..	..
Notes:				
<ol style="list-style-type: none"> Corporate Support revenue and expenses have been allocated to this output based on activity-based costing models. The full disclosure of the 2002-03 Corporate Support allocation is provided in Attachment 1 to the Departmental Financial Statements. No consultancies have been budgeted for in the 2002-03 Estimate resulting in a decrease from the 2001-02 Estimated Actual. An increase in the non-current asset recognition threshold for the Department during the year means that many purchases previously capitalised are now expensed. As a consequence depreciation and amortisation expense have been reduced in the 2001-02 Estimated Actual and the 2002-03 Estimate. The increase in the 2001-02 Estimated Actual is caused by a combination of the write off of all non-current assets with a book value below the recognition threshold (refer to Note 3) and the recognition of all subsequent purchases of such items as expenses. In addition the Department undertook a PC replacement program in order to replace PC's which are non-compliant with new system specifications. 				

OUTPUT PERFORMANCE

OUTPUT: Energy

DESCRIPTION

The Office of Energy (OE) is responsible for the Energy Output, developing and implementing strategic policies, processes and legislative arrangements to further progress the development and delivery of energy to the Queensland community.

OE provides advice to the Treasurer and the Government on issues related to:

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

REVIEW OF OUTPUT PERFORMANCE

Recent Achievements

Significant recent achievements include:

- designing, conducting and completing an evaluation process for the Townsville Power Station and associated gas supply infrastructure;
- releasing details of the Queensland 13% Gas Scheme, to commence 1 January 2005;
- negotiating the Community Service Obligation (CSO) arrangements for 2001-02 with Energex and Ergon Energy;
- developing a new National Electricity Market (NEM) governance model for the National Electricity Market Ministers' Forum;
- conducting a comprehensive review of natural gas tariffs charged by Energex and Origin Energy and implementing a new pricing structure from 1 March 2002;
- commencement of Tranche 1 retail contestability for gas customers on 1 July 2001 and development of business rules for competition in this segment of the gas market;
- provision of policy and commercial advice on energy supply issues for major industrial projects;
- completing the National Competition Policy (NCP) review of the *Electricity Act 1994* and recommending legislative changes to remove barriers to competition;
- developed procedures for managing major electricity and liquid fuel supply shortfall or emergency events, participated in an inter-jurisdictional exercise to test emergency electricity procedures and commenced development of a gas emergency supply plan;
- undertaking audits of maintenance procedures of Government owned generation corporations; and

- dealing with over 1,300 complaints and disputes between electricity customers and electricity entities in the first year of operation.

Future Developments

During 2002-03 this output will focus on the following key priorities:

- finalising the 13% Gas Scheme ahead of draft legislation preparation for stakeholder consultation;
- reviewing the CSO arrangements which underpin the electricity uniform tariff and developing new longer-term arrangements to manage the inherent CSO risks to the State;
- participating with other jurisdictions in the review of national electricity market issues and reviews aimed at improving governance arrangements and market efficiency, and providing input to the Council of Australian Governments (COAG) review of longer-term energy market directions;
- reviewing strategic gas issues, including the benefits and costs of full retail contestability which is planned to commence from 1 January 2003 and pricing and market structure arrangements;
- implementing a Bill to replace the *Petroleum Act 1923* and the *Gas Act 1965*;
- reviewing the Queensland regulatory framework for licensing performance standards, reporting and compliance monitoring of electricity industry participants; and
- commencing a review of the existing Remote Area Electricity framework to determine its current relevance to residents in remote areas, investigate the use of new and innovative technology and identify possible future policy options.

OUTPUT STATEMENT

Output: Energy				
Measures	Notes	2001-02 Target/Est.	2001-02 Estimated Actual	2002-03 Target/Est.
Quantity				
Percentage of complaints received which are successfully completed by the Energy Consumer Protection Office		80%	80%	80%
Percentage of gas and electricity licence applications to the regulator satisfactorily completed within agreed standards		90%	90%	90%
Percentage of annual licence reports from electricity entities reviewed within agreed standards	1	New Measure	New Measure	100%
Quality				
Implementation of the <i>Queensland Energy Policy – A Cleaner Energy Strategy</i> in accordance with Government policy and agreed timetables		100%	100%	100%
Percentage of customers who rate the performance of the Energy Consumer Protection Office as satisfactory or better		75%	75%	75%
Legislative program, energy policy advice, briefings and Ministerial correspondence within agreed standards		95%	95%	95%
Regulatory investigations completed and determinations issued within agreed standards		90%	90%	90%
Average satisfaction rating by users of Office of Energy website (1-4 scale)		3	3	3
Timeliness				
Extent of implementation of gas retail contestability program		90%	90%	90%
Reporting on and responding to targeted National Electricity Market issues within agreed timetables		90%	90%	90%
Energy customer complaints resolved within agreed standards		90%	90%	90%
Reviews of annual licence compliance by electricity entities within agreed timeframes	1	New Measure	New Measure	100%

Output: Energy (cont.)				
Measures	Notes	2001-02 Target/Est.	2001-02 Est. Act.	2002-03 Target/Est.
Location Number of Regional Electricity Council meetings outside Brisbane	2	24	21	24
State Contribution (\$'000)		14,244	15,028	12,177
Other Revenue (\$'000)		1,792	1,851	1,855
Total Cost (\$'000)		16,036	16,873	14,032
Notes:				
1. Several new performance measures have been included to provide a more comprehensive assessment of performance.				
2. Three of the Regional Electricity Councils outside Brisbane did not hold a September quarter meeting in 2001 as the appointment of members on 5 September resulted in a delay in the scheduling of meetings for the year.				

Output Statement of Financial Performance – Energy

	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
Operating Revenues				
Output revenue	1	14,244	15,028	12,177
User charges		..	..	..
Grants and other contributions		1,792	1,760	1,855
Other		..	91	..
Total operating revenues	2	16,036	16,879	14,032
Operating Expenses				
Employee expenses	3	8,095	7,073	7,111
Supplies and services	4	5,413	6,265	4,521
Equity return expense		108	107	101
Depreciation and amortisation	5	588	455	314
Grants and subsidies	6	1,450	2,192	1,425
Other	7	382	781	560
Borrowing costs expense		..	..	..
Total operating expenses	2	16,036	16,873	14,032
NET SURPLUS OR DEFICIT BEFORE EXTRAORDINARY ITEMS		..	6	..
Extraordinary items		..	..	..
NET SURPLUS OR DEFICIT		..	6	..

Notes:

1. In its first year of operation the office needed additional one-off funding to cover its transition into Treasury.
2. Corporate Support revenue and expenses have been allocated to this output based on activity-based costing models. The full disclosure of the 2002-03 Corporate Support allocation is provided in Attachment 1 to the Departmental Financial Statements.
3. The reduction in the 2001-02 Estimated Actual and the 2002-03 Estimate is due to a revised staffing plan.
4. In 2001-02 several major projects, particularly the Townsville Power Station project, required the engagement of consultants to provide technical, financial and legal expertise and support to staff of the Office.
5. An increase in the non-current asset recognition threshold for the Department during the year means that many purchases previously recognised as assets are now expensed. As a consequence depreciation and amortisation expense has been reduced in the 2001-02 Estimated Actual and 2002-03 Estimate.
6. The 2001-02 Estimated Actual expense was greater than the original budget due to grant funding of \$0.850 million which was provided for a research project undertaken by the Office of Economic and Statistical Research in respect of Electricity Price Modelling.
7. The increase in the 2001-02 Estimated Actual is caused by a combination of the write off of all non-current assets with a book value below the recognition threshold (refer to Note 5) and the recognition of all subsequent purchases of such items as expenses. In addition the Department undertook a PC replacement program in order to replace PC's which are non-compliant with new system specifications.

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, which incorporates the collection, collation, interpretation, analysis and dissemination of high quality primary and secondary economic and statistical data. The output also includes the provision of specific information and data management services to support and inform improved planning, decision making, policy development and resource allocation.

OESR contributes to the Government's priorities by:

- collecting and disseminating accurate and timely information about the State and its regions;
- providing economic and statistical research services to facilitate evidence-based policy development;
- supporting the development of consistent and objective outcome indicators that are designed specifically to facilitate performance measurement across government to support MFO reporting; and
- co-ordinating key statistical issues affecting Queensland.

REVIEW OF OUTPUT PERFORMANCE

Recent Achievements

Significant achievements include:

- provision of high quality economic, social and statistical intelligence, contributing to the transparency and accountability of government by adhering to the principles and reporting requirements of the *Charter of Social and Fiscal Responsibility*;
- successful completion of major economic, demographic and statistical modelling tasks to better inform policy decision-making in the State Government, including modelling of the tourism and energy sectors of the Queensland economy;
- strategic research activity to provide a better understanding of the Queensland economy and its drivers and to explore the implication of alternative Commonwealth-State funding arrangements;
- data and coordination services for major Government activities, including the Queensland Spatial Information Infrastructure Strategy (QSIIS) Information Office and the Cape York Justice study; and
- completion of ten major surveys for State government agencies, including Queensland Household Surveys, and promotion of awareness of the 2001 National Census of Population and Housing especially through the Census at Schools campaign.

Future Developments

During 2002-03, this output will focus on the following key priorities:

- maintain and enhance rigorous economic and social research agendas relating to the economic and social advancement of the State, involving partnerships with Government, industry, Queensland universities and interstate and international academics;
- develop, maintain and enhance a suite of economic and statistical models, methodologies and standards, and promoting their availability, transparency and use across Government and the general community;
- continue to develop a knowledge and modelling capacity for the Queensland Government to facilitate assessment of policy change impacts in the national electricity market;
- contribute to the whole-of-Government review of Strategic Information Management to improve mechanisms for the purchase of data, avoiding duplication and encouraging sharing across all agencies as well as working with key stakeholders to develop a plan to establish and maintain an integrated statistical service across Government and an agreed set of official Queensland economic, social and environmental statistics; and
- continue to expand and enhance information services across all regions and sectors of the State, by encouraging the use of effective electronic data and information services.

OUTPUT STATEMENT

Output: Economic and Statistical Research				
Measures	Notes	2001-02 Target/Est.	2001-02 Estimated Actual	2002-03 Target/Est.
Quantity				
Survey, data processing or data construction projects	1	20	36	30
Official publications, client reports or databases	2,3	70	160	100
Formal written briefings or reports provided to key clients on economic statistical and spatial issues	3	342	340	200
Number of Internet hits on OESR web site	4	250,000	1,200,000	1,300,000
Collaborative projects undertaken with or sponsored by other teams in Government or external researchers	2,3	12	91	50
Development of and co-ordination of whole-of-Government policy issues with organisations in other jurisdictions (number of projects)	2	22	60	50
Number of economic and social research, statistical standards or guidelines published	3	20	15	10
Factual answers to requests for information	5	3,250	4,500	5,000
Quality				
Quality audits		100%	100%	100%
Stakeholder and client satisfaction survey indicator (rated satisfied or very satisfied)		80%	90%	90%
Timeliness				
Production and delivery within agreed timeframes (excl. Internet services)		90%	90%	90%
Location				
Briefings and reports delivered to clients outside Treasury Office		50%	50%	50%
Cost (\$'000)				
Total revenue from external sources		2,700	3,056	3,540
State Contribution (\$'000)				
		8,496	9,244	7,700
Other Revenue (\$'000)		2,909	3,266	3,741
Total Cost (\$'000)		11,405	12,510	11,441

Notes:

1. The increase in the 2001-02 Estimated Actual and the 2002-03 Target/Est. is due to additional surveys being undertaken for Gambling and Tourism. The 2002-03 Target/Est. is lower as demand for surveys in 2001-02 was particularly high.
2. The increase in the 2001-02 Estimated Actual is attributed to these being new measures in 2001-02 with no history to base the estimate on, and more work being undertaken by the Output than anticipated.
3. The decrease in the 2002-03 Target/Est. is due to the transfer of the macroeconomics team to the Financial and Economic Policy Output.
4. The increase for 2001-02 Estimated Actual is due to the Census at Schools project, running surveys through the internet, and an increased demand for information disseminated through the website.
5. The increase in the 2001-02 Estimated Actual is caused by this measure being applied to the entire Output instead of just to one team within the Output as anticipated in the 2001-02 Target/Est. The further increase in the 2002-03 Target/Est. is attributed to an anticipated increase in enquiries resulting from the release of the 2001 Census of Population and Housing data.

Output Statement of Financial Performance – Economic and Statistical Research

	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
Operating Revenues				
Output revenue	1	8,496	9,244	7,700
User charges	2	2,897	3,243	3,720
Grants and other contributions		..	..	..
Other		12	23	21
Total operating revenues	3	11,405	12,510	11,441
Operating Expenses				
Employee expenses	4	6,205	5,957	7,100
Supplies and services	5	4,303	4,722	3,271
Equity return expense		88	70	64
Depreciation and amortisation	6	554	556	534
Grants and subsidies		32	31	32
Other	7	223	1,174	440
Borrowing costs expense		..	..	..
Total operating expenses	3	11,405	12,510	11,441
NET SURPLUS OR DEFICIT BEFORE EXTRAORDINARY ITEMS		..	..	..
Extraordinary items		..	..	..
NET SURPLUS OR DEFICIT		..	..	..
Notes:				
<ol style="list-style-type: none"> 1. The increase in the 2001-02 Estimated Actual reflects additional funding to accommodate the change in the asset threshold. The decrease in the 2002-03 Estimate is attributable to the transfer of the macroeconomics team to the Financial and Economic Policy Output and the elimination of the Census funding specific to 2001-02. 2. The increase in the 2001-02 Estimated Actual is the result of increased survey work undertaken. The further increase in the 2002-03 Estimate relates to the anticipated sale of statistical services associated with the release of Census data and the continuation of the Household and Gambling surveys. 3. Corporate Support revenue and expenses have been allocated to this output based on activity based costing models. The full disclosure of the 2002-03 Corporate Support allocation is provided in Attachment 1 to the Departmental Financial Statements. 4. The increase in the 2002-03 Estimate reflects an enterprise bargaining award increase and the transfer of agency supplied casual staff to temporary public service positions. 5. The increase in the 2001-02 Estimated Actual relates to additional resources required to undertake surveys. The decrease in the 2002-03 Estimate relates to the transfer of the macroeconomics team to the Financial and Economic Policy Output, and the transfer of agency supplied casual staff to temporary public service positions and the elimination of Census funding. 6. An increase in the non-current asset recognition threshold for the Department during the year means that many purchases previously capitalised are now expensed. As a consequence depreciation and amortisation expense has been reduced in the 2001-02 Estimated Actual and 2002-03 Estimate. 7. The increase in the 2001-02 Estimated Actual is caused by a combination of the write off of all non-current assets with a book value below the recognition threshold (refer to Note 6) and the recognition of all subsequent purchases of such items as expenses. In addition the Department undertook a PC replacement program in order to replace PC's which are non-compliant with new system specifications. 				

OUTPUT PERFORMANCE

OUTPUT: Taxation

DESCRIPTION

This output comprises delivery and administration by the Office of State Revenue (OSR) of simple, efficient and equitable revenue management services for State taxes, grants and subsidy schemes. Key clients include taxpayers, grant and subsidy recipients, their agents and professional advisers.

OSR's main activities are:

- revenue collection services for Queensland's taxes (Stamp Duty, Pay-roll Tax, Land Tax and Debits Tax);
- collecting gambling taxes;
- grant and subsidy administration for the Fuel Subsidy and the First Home Owner Grant Schemes;
- revenue policy advice incorporating Ministerial and legislative services, to maintain and improve the State's revenue collection and payment systems; and
- revenue management and administration including assessment and collection processing, claim and payment processing, investigation and debt recovery.

REVIEW OF OUTPUT PERFORMANCE

Recent Achievements

Significant recent achievements include:

- finalised the *Taxation Administration Act 2001* and *Duties Act 2001* and regulations and implemented a strategy for introducing the new legislation, emphasising client education and transitional assistance;
- effectively implemented the First Home Owner Grant Scheme extension to provide an additional grant for new homes;
- developed and implemented improvements to the Fuel Subsidy Scheme to deliver operational efficiencies for Bulk End Users and to reduce their paperwork and compliance costs;
- implemented and maintained an effective compliance program for taxes, grants and subsidies;
- developed and implemented amendments to administered Acts and regulations; and
- preparation of a comprehensive Information Technology Strategic Plan.

Future Developments

During 2002-03, OSR will focus on the following key priorities:

- develop and implement a client relationship management strategy for improved self assessment, taxpayer certainty and client service aligned to the new legislation and operating systems;
- maintain revenue collection within agreed service standards through continually reviewing best use of resources and refining systems and operating procedures against benchmarks and other practice measures;
- adopt information technology as a main driver of OSR's future, and plan and resource its development accordingly;
- continually improve grant and subsidy schemes and their administration to deliver efficient, quality client service;
- maintain an effective investigation program;
- modernise and simplify legislation through the application of the *Taxation Administration Act 2001* to pay-roll tax;
- protect the State's revenue and support revenue management by providing ongoing legislation and revenue policy advice services to Government; and
- support new business opportunities through progressing necessary legislation.

OUTPUT STATEMENT

Output: Taxation				
Measures	Notes	2001-02 Target/Est.	2001-02 Estimated Actual	2002-03 Target/Est.
Quantity				
Amount of revenue collected	1	\$3.2 billion	\$3.5 billion	\$4.2 billion
Number of amendment provisions including subordinate legislation developed	2	8	8	5
Number of First Home Owner Grant (FHOG) applications	3	26,000	45,865	24,500
Number of fuel subsidy payments	4	36,000	30,926	34,400
Quality				
Client satisfaction with service provided		70%	70%	70%
Legislative amendment program and revenue policy advices within service standards		90%	90%	90%
Timeliness				
FHOG applications processed within service standards		95%	95%	95%
Percentage of investigations performed within service standards		90%	95%	90%
Legislation program and deliverables within deadlines		90%	90%	90%
Payment and investigation of fuel subsidy claims within service standards		95%	96%	95%
Policy advice, briefings and Ministerial correspondence within deadlines		90%	90%	90%
Revenue collected within service standards		95%	95%	95%
Cost (\$)				
Cost of processing applications for FHOG payments as a percentage of total grants	5	0.53%	0.33%	0.64%
Revenue collection costs as a percentage of revenue collections	6	0.83%	0.71%	0.63%
State Contribution (\$'000)		36,594	37,483	37,010
Other Revenue (\$'000)		232	255	222
Total Cost (\$'000)		36,826	37,738	37,232

Notes:

1. The 2001-02 Estimated Actual increase is due to a higher number of transactions attracting stamp duty than originally anticipated. The further increase in the 2002-03 Target/Est. is due to the inclusion of gambling taxes, levies and fees.
2. The 2002-03 Target/Est. includes an extension bill and regulation for the *Taxation Administration Act (TAA)*.
3. The increase in the 2001-02 Estimated Actual relates to increased demand for the original and the extended grant. The estimate of FHOG applications in 2002-03 is based on the Commonwealth's estimate of State FHOG expenditure contained in Commonwealth Budget Paper No. 3.
4. The decrease in the 2001-02 Estimated Actual relates to the Bulk End Users (BEU's) who are entitled to claim at least 3 months in arrears for all or part of the period. It is anticipated that in 2002-03, the increase in the BEU payment in advance from \$500 to \$1,000 will result in an increase in claims.
5. The reduction in the 2001-02 Estimated Actual is due to stronger than expected demand for the original and additional grant. The decrease in the budgeted grant expenditure in 2002-03 has resulted in the increase in this measure in the 2002-03 Target/Est.
6. Budgeted increases in the revenue collected have resulted in a decrease in this cost measure.

Output Statement of Financial Performance – Taxation

	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
Operating Revenues				
Output revenue		36,594	37,483	37,010
User charges		218	208	198
Grants and other contributions		..	..	..
Other		14	47	24
Total operating revenues	1	36,826	37,738	37,232
Operating Expenses				
Employee expenses		22,333	21,699	22,936
Supplies and services		10,929	10,881	11,154
Equity return expense	2	326	535	988
Depreciation and amortisation	3	2,391	2,162	1,463
Grants and subsidies		..	..	..
Other	4	847	2,461	691
Borrowing costs expense		..	..	..
Total operating expenses	1	36,826	37,738	37,232
NET SURPLUS OR DEFICIT BEFORE EXTRAORDINARY ITEMS		..	..	..
Extraordinary items		..	..	..
NET SURPLUS OR DEFICIT		..	..	..

Notes:

- Corporate Support revenue and expenses have been allocated to this output based on activity-based costing models. The full disclosure of the 2002-03 Corporate Support allocation is provided in Attachment 1 to the Departmental Financial Statements.
- The increase in the non-depreciable net asset base of the office due to the Information Technology Strategic Plan has resulted in the increase in the 2001-02 Estimated Actual and 2002-03 Estimate.
- An increase in the non-current asset recognition threshold for the Department during the year means that many purchases previously recognised as assets are now expensed. As a consequence depreciation and amortisation expenses have been reduced in the 2001-02 Estimated Actual and 2002-03 Estimate.
- The increase in the 2001-02 Estimated Actual is caused by a combination of the write off of all non-current assets with a book value below the recognition threshold (refer to Note 3) and the recognition of all subsequent purchases of such items as expenses. In addition the Department undertook a PC replacement program in order to replace PC's which are non-compliant with new system specifications.

OUTPUT PERFORMANCE

OUTPUT: Gambling

DESCRIPTION

This output comprises the regulation of all forms of legal gambling in Queensland - casinos, gaming machines, charitable gambling, keno, lotteries, wagering and interactive gambling - through the Queensland Office of Gaming Regulation (QOGR) and responsible gambling policy, research and allocation of grants through the Gambling Policy Directorate (GPD).

Activities include:

- licensing - premises, persons and probity investigations of individuals and corporate entities;
- ensuring industry compliance with gambling legislation through approvals, inspections, audit and investigation activities;
- reviewing and developing gambling policies and gambling legislation;
- co-ordinating the provision of responsible gambling policy advice, implementing responsible gambling practices and co-ordinating research to underpin future policy advice on gambling; and
- allocating funds from the Community Investment Fund and the Gambling Community Benefit Fund.

REVIEW OF OUTPUT PERFORMANCE

Recent Achievements

Significant recent achievements include:

- implementation of responsible gambling initiatives, including release of the *Responsible Gambling Strategy*; the *Queensland Responsible Gambling Code of Practice* and its associated resource manual; a training framework for venue staff; commencement of a research program, including the *Queensland Household Gambling Survey 2001*; expansion of gambling support services; introduction of a cap on gaming machine numbers in hotels; and restrictions on the operations of note acceptors in gaming machines;
- reviews of corporate and financial structures for Reef Casino and Jupiters Limited;
- implementation of a major restructure of inspectorate functions; and
- provision of industry support through development of an assistance package for the club industry and development of training packages for participants in the gaming machine and charitable and non-profit sectors.

Future Developments

During 2002-03, this output will focus on the following key priorities:

- maintain and enhance an effective regulatory regime for legal gambling in Queensland;
- implement a gaming machine re-allocation scheme for hotels;
- re-engineer business processes within the licensing area;
- evaluate community support programs for those adversely affected by their gambling to ensure access to effective intervention;
- monitor and review the *Queensland Responsible Gambling Code of Practice* and its associated resource manual as they are implemented to ensure their effectiveness in minimising harm from gambling;
- continue active participation in interstate and international regulatory forums to ensure continued implementation of best practice models to regulatory activities; and
- implement business assistance scheme arrangements for the club industry.

OUTPUT STATEMENT

Output: Gambling				
Measures	Notes	2001-02 Target/Est.	2001-02 Estimated Actual	2002-03 Target/Est.
Quantity				
Audit, probity and inspection activities completed in accordance with annual program		95%	95%	95%
Amount of revenue collected	1	\$602M	\$591M	NA
Quality				
Percentage of gambling providers committing to the implementation of the Code of Practice		70%	70%	70%
Suitability of all gambling participants and systems proven to be satisfactory		New Measure	New Measure	95%
People using intervention services who report a decrease in their gambling problems		New Measure	65%	65%
Timeliness				
Licence applications processed within set time		90%	95%	90%
Responsible Gambling outsourced research projects completed on time		60%	60%	60%
Gambling Community Benefit Fund applications processed within set times		95%	95%	95%
State Contribution (\$'000)		16,460	16,802	16,810
Other Revenue (\$'000)		8,247	6,515	9,793
Total Cost (\$'000)		24,672	23,298	26,595
Note: 1. 2002-03 Revenue collections are included in the Taxation Output.				

Output Statement of Financial Performance – Gambling

	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
Operating Revenues				
Output revenue		16,460	16,802	16,810
User charges	1	8,245	6,509	9,790
Grants and other contributions		..	..	..
Other	2	2	6	3
Total operating revenues	2	24,707	23,317	26,603
Operating Expenses				
Employee expenses	3	13,660	13,751	14,819
Supplies and services		5,109	4,866	5,342
Equity return expense		78	77	70
Depreciation and amortisation	4	779	689	634
Grants and subsidies	5	4,484	2,838	4,900
Other	6	562	1,077	830
Borrowing costs expense		..	..	..
Total operating expenses	2	24,672	23,298	26,595
NET SURPLUS OR DEFICIT BEFORE EXTRAORDINARY ITEMS		35	19	8
Extraordinary items		..	..	..
NET SURPLUS OR DEFICIT		35	19	8

Notes:

1. The increase in the 2002-03 Estimate reflects the revenue required by Gambling Policy Directorate which has increased due to contract work in 2001-02. The increase is also attributable to an increase in the hourly rate charged for evaluating gaming machines.
2. Corporate Support revenue and expenses have been allocated to this output based on activity-based costing models. The full disclosure of the 2002-03 Corporate Support allocation is provided in Attachment 1 to the Departmental Financial Statements.
3. The increase in the 2002-03 Estimate is due to the appointment of new staff in the Gambling Policy Directorate.
4. An increase in the non-current asset recognition threshold for the Department during the year means that many purchases previously capitalised as assets are now expensed. As a consequence depreciation and amortisation expenses have been reduced in the 2001-02 Estimated Actual and 2002-03 Estimate.
5. The decrease in the 2001-02 Estimate reflects actual funding required by the Department of Families to operate the Gambling Help Service system. The increase in the 2002-03 Estimate reflects increases in the number of Gambling Help Line Service locations and full year costs for the Gambling Help Line.
6. The increase in the 2001-02 Estimated Actual is caused by a combination of the write off of all non-current assets with a book value below the recognition threshold (refer to Note 4) and the recognition of all subsequent purchases of such items as expenses. In addition the Department undertook a PC replacement program in order to replace PC's which are non-compliant with new system specifications.

OUTPUT PERFORMANCE

OUTPUT: Superannuation

DESCRIPTION

The Government Superannuation Office (GSO) administers the State Public Sector Superannuation Fund (QSuper), the Parliamentary Contributory Superannuation Fund and the pension entitlements of Judges. GSO also administers the long service leave provisions for Queensland State Public Sector 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:

- development of a major investment restructure;
- improved service delivery to employers through enhanced e-commerce capability;
- strategic review of Q♦ Invest (jointly owned by the QSuper Board of Trustees and Queensland Investment Corporation) including expansion of financial planning services available to QSuper members, and the introduction of a Managed Fund through a partnership with Q♦ Invest;
- development and implementation of a comprehensive marketing plan; and
- transfer of Queensland Ambulance Service employees and Q♦ Invest Retirement Fund members to QSuper.

Future Developments

During 2002-03, this output will focus on the following key priorities:

- meet the increasing demands of members for information, education and advice within the Commonwealth Government's new financial services regime;
- implement information and e-commerce systems that will improve services to members and employers, and increase operational efficiencies in the GSO; and
- implement the investment restructure.

The following strategies will be implemented to meet these challenges:

- increase QSuper's regional presence throughout the State, including an expanded seminar program;
- expand member information services available within the GSO and through the Q♦Invest financial planning service;
- review customer service and disclosure procedures in light of the Financial Services Reform legislation;
- implement e-commerce facilities to enable employers and members to transact with the GSO over the internet, and internal workflow systems to enhance operational efficiencies;
- enhance the risk assessment and management system;
- continue to develop the marketing focus with the ongoing intention of retaining exiting members' monies in the schemes; and
- continue building strategic partnerships as a means of fast-tracking implementation or containing costs.

OUTPUT STATEMENT

Output: Superannuation				
Measures	Notes	2001-02 Target/Est.	2001-02 Estimated Actual	2002-03 Target/Est.
Quantity Percentage of members who elect to retain their voluntary monies within QSuper	1	70%	63%	70%
Quality Satisfaction of stakeholders with the delivery of products and services		93%	95%	93%
Percentage of external audits resulting in no qualifications		100%	100%	100%
Timeliness Meeting the performance benchmarks in the QSuper Trustees Administration Mandate and other agreements in place for the administration of funds other than QSuper		95%	95%	95%
Cost (\$) Administration costs per member are within the lowest quartile when benchmarked to peers		100%	100%	100%
State Contribution (\$'000)		746	793	680
Other Revenue (\$'000)		37,217	37,589	45,231
Total Cost (\$'000)		35,640	36,811	45,911
Notes:				
1. 2001-02 Estimated Actual reflects discretionary money retained on account of existing defined benefit members. Data extraction methods to cater for the entire fund are being enhanced.				

Output Statement of Financial Performance – Superannuation

	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
Operating Revenues				
Output revenue		746	793	680
User charges	1	36,933	37,029	44,688
Grants and other contributions		..	..	..
Other	2	284	560	543
Total operating revenues	3	37,963	38,382	45,911
Operating Expenses				
Employee expenses	4	17,876	17,167	20,260
Supplies and services	5	11,630	13,838	18,326
Equity return expense	6	677	676	558
Depreciation and amortisation	7	3,699	2,145	3,844
Grants and subsidies		..	..	..
Other	8	1,758	2,985	2,923
Borrowing costs expense		..	..	..
Total operating expenses	3	35,640	36,811	45,911
NET SURPLUS OR DEFICIT BEFORE EXTRAORDINARY ITEMS		2,323	1,571	..
Extraordinary items		..	..	..
NET SURPLUS OR DEFICIT		2,323	1,571	..

Notes:

1. The increase in the 2002-03 Estimate reflects the provision of enhanced services to members and the implementation of new products particularly in the area of post employment.
2. The increase in the 2001-02 Estimated Actual is due to the reclassification of interest expense.
3. Corporate Support revenue and expenses have been allocated to this output based on activity-based costing models. The full disclosure of the 2002-03 Corporate Support allocation is provided in Attachment 1 to the Departmental Financial Statements.
4. The increase in the 2002-03 Estimate is due to additional staff required for increased financial advisory services and information dissemination for members.
5. The increase in the 2001-02 Estimated Actual and the 2002-03 Estimate relates to financial planning fees, accommodation and associated relocation costs and the increased use of contractors and consultants to assist in meeting the expected increase in demand.
6. The decrease in the 2002-03 Estimate reflects a reduction in net assets resulting from the policy change to the asset threshold (refer note 7) reflected in the 2001-02 Estimated Actual.
7. An increase in the non-current asset recognition threshold for the Department during the year means that many purchases previously recognised as assets are now expensed. As a consequence depreciation and amortisation expense have been reduced in the 2001-02 Estimated Actual.
8. The increase in the 2001-02 Estimated Actual is caused by a combination of the write off of all non-current assets with a book value below the recognition threshold (refer to Note 7) and the recognition of all subsequent purchases of such items as expenses. In addition the Department undertook a PC replacement program in order to replace PC's which are non-compliant with new system specifications.

ADMINISTERED ITEMS

DESCRIPTION

In its capacity as manager of the State's finances, Treasury 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, the Fuel Subsidy and First Home Owner Grant schemes. Treasury also administers whole-of-Government borrowing and debt management requirements, the investment of departmental cash balances and the Treasurer's advance contingency account.

REVIEW OF OUTPUT PERFORMANCE

Recent Achievements

General Revenue Assistance

General revenue assistance from the Commonwealth comprises Goods and Service Tax (GST) revenues, budget balancing assistance and National Competition Payments. The largest component is GST revenue, which is distributed among the States based on the recommendations of the Commonwealth Grants Commission (CGC).

The CGC's recommendations are updated annually, resulting in significant variations in Queensland's grant share. In its 2002 Update, the CGC's recommendations resulted in an underlying increase of general revenue funding for 2002-03 of \$99.9 million. Variations of this magnitude, both positive and negative, present risk management issues for Treasury.

The CGC reviews its methodology for recommending the distribution of general revenue over a five-year cycle. The current review is due for completion in February 2004, with the new methodology applying from 2004-05 to 2008-09.

The CGC's review involves an extensive consultation process with the States and other interested parties. The CGC visited Brisbane, Logan, Barcaldine and the Torres Strait Islands during Queensland's Workplace Discussions in October 2001. Further, Queensland lodged its Main Submission to the CGC in April 2002. Both the Workplace Discussions and the Main Submission provided evidence to support Queensland's funding requirements.

Low Alcohol Subsidy

A new national excise concession scheme for low alcohol beer is to be implemented from 1 July 2002. The scheme will replace Queensland's existing low alcohol subsidy scheme with a uniform subsidy, in the form of an excise concession on the wholesale price of low alcohol beer. The concession has been set at a higher rate than the current Queensland subsidy, resulting in expected price reductions for low alcohol beer in Queensland. The uniform scheme will also simplify arrangements for industry and reduce administration costs.

Financial Asset and Liability Management – Implementation of the Government Debt Pool

Treasury and Queensland Treasury Corporation (QTC) established the Government Debt Pool in November 2001. The Government Debt Pool is a centralised portfolio of debt and provides the only source of borrowings for all departments (excluding their commercialised business units). It replaced the arrangements whereby departments borrowed from QTC's generic debt pools.

The primary objective in establishing the Government Debt Pool was to manage interest rate risk for the whole-of-Government over the longer term. Major benefits of the Government Debt Pool are:

- centralised management of departments' debt funding arrangements; and
- greater budget certainty through the provision of fixed rate debt.

Group Insurance Arrangements – Not-for-profit Community Organisations

Treasury is currently in the process of implementing a group insurance arrangement for the not-for-profit sector. The new scheme is in response to growing community concern over the availability of, and costs associated with, public liability insurance.

A group insurance arrangement involves organisations banding together as a collective to buy insurance from a broker and/or underwriter. Under this arrangement, the risk is carried by the insurer under the one policy, ensuring individual organisations are not denied insurance because of adverse risk assessments. Banding together to bulk buy insurance offers a number of advantages in terms of savings on the costs of premiums, long term sustainability, and providing a mechanism for coordinated risk management.

A Government appointed insurance intermediary will administer the scheme. The Government will monitor performance reports and analyse claims and actuarial reports to ensure contractual requirements are met and there is fairness in future premium pricing. The new scheme is scheduled to commence on 1 September 2002.

CAPITAL ACQUISITIONS

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 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 2002-03 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 Treasury's Procurements and Contracts policies. The most significant capital purchases are for:

- GSO's continuation of additional e-business related initiatives including online superannuation services, an improved web site for interactive customer management, an upgrade of the interactive voice response systems, and streamlined member accounts. GSO's own-sourced revenue will fund these initiatives;
- OSR's enhancement of business systems to enable OSR to effectively administer the new *Duties Act 2001* and *Taxation Administration Act 2001*, implement e-business and self assessment initiatives, integrate grants and subsidies and maintain compatibility with Treasury;
- a general upgrade of the Treasury network, security and backup to ensure a stable computing environment for all officers;
- the implementation of additional initiatives relating to the K-economy project (knowledge management) which will improve information sharing across Treasury, including through the implementation of the Electronic Document and Retrieval Management System; and
- leasehold improvement of 33 Charlotte Street, a new building with expected completion by the end of 2003. This will bring together a number of Treasury offices (some in non-Government space) and reduce the number of Treasury locations from ten to five.

CAPITAL ACQUISITION STATEMENT

	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
<u>PROPERTY PLANT AND EQUIPMENT</u>				
Property Plant and Equipment				
Operational Asset Replacement	1	7,020	5,052	2,084
Other acquisitions of property, plant and equipment		..	..	..
TOTAL PROPERTY PLANT AND EQUIPMENT		7,020	5,052	2,084
<u>OTHER CAPITAL ACQUISITIONS</u>				
Other Capital Acquisitions				
OSR Business Systems Replacement	2	3,000	3,721	9,045
GSO Client Service Projects	3	4,214	3,980	3,322
33 Charlotte Street Leasehold Improvement	4	..	220	2,930
Other Items	5	1,222	1,519	1,308
TOTAL OTHER CAPITAL ACQUISITIONS		8,436	9,440	16,605
TOTAL CAPITAL ACQUISITIONS		15,456	14,492	18,689
<u>FUNDING SOURCES OF ACQUISITIONS</u>				
Equity Adjustment	6	205	3,000	4,500
Funding for depreciation and amortisation	7	11,482	9,066	9,340
Other		3,769	2,426	4,849
TOTAL FUNDING SOURCES		15,456	14,492	18,689
Notes:				
<ol style="list-style-type: none"> 1. The decrease in the 2001-02 Estimated Actual is due to the inclusion of project costs in the 2001-02 Budget, which are now being recognised as expenses relating to the Taxation and Financial and Economic Policy Outputs. In addition an increase in the non-current asset recognition threshold for the Department during the year means that many purchases previously recognised as assets are now expensed. 2. The 2001-02 Estimated Actual and the 2002-03 Estimate reflect the full funding requirements of the project costs. 3. The decrease in the 2001-02 Estimated Actual is due to delays in the commencement of projects. 4. Relates to the fitout of the new Government building at 33 Charlotte Street. 5. The increase in the 2001-02 Estimated Actual is the result of K-Economy project costs being brought forward from 2002-03. 6. Refer to Note 14 in the Statement of Financial Position in the Financial Statements section. 7. Refer to Note 6 in the Statement of Financial Performance in the Financial Statements section. 				

**DEPARTMENTAL
FINANCIAL
STATEMENTS**

STATEMENT OF FINANCIAL PERFORMANCE

	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
Revenues from ordinary activities				
Output revenue		110,107	112,114	109,810
User charges	1	56,037	55,269	63,367
Grants and other contributions		1,792	1,760	1,855
Other	2	463	1,016	849
Total revenues from ordinary activities		168,399	170,159	175,881
Expenses from ordinary activities excluding borrowing costs expense				
Employee expenses	3	93,591	88,729	97,062
Supplies and services	4	48,442	53,036	54,390
Equity return expense	5	1,929	2,186	2,471
Depreciation and amortisation	6	11,482	9,066	9,340
Grants and subsidies	7	5,973	3,719	5,757
Other	8	4,623	10,607	6,852
Total expenses from ordinary activities excluding borrowing costs expense		166,040	167,343	175,872
Borrowing costs expense		..	..	..
Surplus or deficit from ordinary activities before income tax expense/revenue		2,359	2,816	9
Income tax revenue/expense relating to ordinary activities		..	..	..
Surplus or deficit from ordinary activities after related income tax expense/revenue		2,359	2,816	9
Extraordinary items after related income tax expense/revenue		..	..	..
NET SURPLUS OR DEFICIT		2,359	2,816	9
Non-owner transaction changes in equity:				
- Net 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

	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
CURRENT ASSETS				
Cash	9	6,205	10,954	4,756
Receivables	10	7,937	9,685	11,651
Inventories		411	294	294
Other financial assets		..	..	..
Tax assets		..	..	..
Other		1,858	1,774	1,819
Total current assets		16,411	22,707	18,520
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Intangibles	11	15,916	17,368	25,204
Tax assets		..	..	..
Property, plant and equipment	12	15,710	14,338	15,851
Other		..	..	..
Total non-current assets		31,626	31,706	41,055
Self-generating and regenerating assets		..	..	..
TOTAL ASSETS		48,037	54,413	59,575
CURRENT LIABILITIES				
Payables	13	3,376	6,097	6,510
Interest-bearing liabilities		..	..	..
Provisions		7,220	7,785	8,019
Tax liabilities		..	..	..
Other		179	60	61
Total current liabilities		10,775	13,942	14,590
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities		..	..	..
Provisions		..	..	..
Tax liabilities		..	..	..
Other		..	80	85
Total non-current liabilities		..	80	85
TOTAL LIABILITIES		10,775	14,022	14,675
NET ASSETS (LIABILITIES)		37,262	40,391	44,900
EQUITY				
Contributed equity	14	7,080	9,648	14,148
Retained surpluses (accumulated deficits)	15	30,182	30,743	30,752
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		37,262	40,391	44,900

STATEMENT OF CASH FLOWS

	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Output receipts		110,107	113,551	109,810
User charges	16	53,597	51,520	61,407
Grants and other contributions		1,792	1,760	1,855
Interest received		414	800	849
Dividends received		..	..	..
Extraordinary items		..	..	..
Other		49	187	..
Outflows:				
Employee costs	17	93,591	88,502	96,828
Supplies and services	18	48,266	52,228	54,058
Grants and subsidies	19	5,973	3,719	5,757
Borrowing costs		..	..	..
Equity return	20	1,929	2,186	2,471
Taxation equivalents		..	..	..
Extraordinary items		..	..	..
Other	21	4,536	8,929	6,816
Net cash provided by (used in) operating activities		11,664	12,254	7,991
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment	22	15,456	14,440	18,689
Investments acquired		..	..	..
Loans and advances made		..	..	..
Net cash provided by (used in) investing activities		(15,456)	(14,440)	(18,689)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections	23	3,000	3,000	4,500
Outflows:				
Dividends paid		..	..	..
Borrowing redemptions		..	..	..
Finance lease payments (excluding interest component)		..	..	..
Equity withdrawals	24	2,795	..	..
Net cash provided by (used in) financing activities		205	3,000	4,500
Net Increase (decrease) in cash held		(3,587)	814	(6,198)
Cash at the beginning of financial year		9,792	10,140	10,954
Cash at the end of financial year		6,205	10,954	4,756

STATEMENT OF FINANCIAL PERFORMANCE

EXPENSES AND REVENUES ADMINISTERED ON BEHALF OF THE WHOLE OF GOVERNMENT	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
Revenues				
Commonwealth grants	25	5,661,161	5,881,059	5,916,415
Taxes, fees and fines	26	3,834,832	4,205,621	4,274,796
Royalties, property income and other territorial Revenue	27	103,825	79,253	76,970
Interest	28	39,197	21,726	40,392
Administered item revenue	29	1,334,723	1,422,713	1,290,755
Other		10,636	16,013	11,429
Total revenues		10,984,374	11,626,385	11,610,757
Expenses excluding borrowing costs				
Supplies and Services	30	100,679	104,295	111,501
Depreciation and amortisation		..	8	6
Grants and subsidies	31	668,206	723,645	625,448
Benefit payments	32	222,000	398,236	177,042
Treasurer's Advance	33	87,882	..	84,590
Other	34	174,226	156,054	238,882
Total expenses excluding borrowing costs		1,252,993	1,382,238	1,237,469
Borrowing costs expense	35	81,730	46,560	59,631
Net Surplus or Deficit Before Extraordinary Items		9,649,651	10,197,587	10,313,657
Extraordinary items		..	..	..
Net surplus or deficit before transfers to Government		9,649,651	10,197,587	10,313,657
Transfers of Administered Revenue to Government	36	9,649,651	10,197,141	10,313,305
NET SURPLUS OR DEFICIT		..	446	352

STATEMENT OF FINANCIAL POSITION

ASSETS AND LIABILITIES ADMINISTERED ON BEHALF OF THE WHOLE OF GOVERNMENT	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
CURRENT ASSETS				
Cash	37	(160,811)	(766,909)	(579,541)
Receivables	38	75,000	88,117	86,476
Inventories		..	..	..
Other financial assets	39	2,495	1,159	1,159
Other	40	190,725	395,512	396,513
Total current assets		107,409	(282,121)	(95,393)
NON-CURRENT ASSETS				
Receivables	41	106,647	94,850	90,043
Other financial assets	42	300,000	839,953	656,899
Intangibles		..	..	..
Property, plant and equipment		27	44	38
Other		..	..	..
Total non-current assets		406,674	934,847	746,980
Self-generating and regenerating Assets		..	..	..
TOTAL ADMINISTERED ASSETS		514,083	652,726	651,587
CURRENT LIABILITIES				
Payables	43	81,370	29,441	29,441
Transfers to Government payable	44	174,017	308,881	314,882
Interest-bearing liabilities		2,699	2,392	2,014
Other	45	20,561	78,745	78,773
Total current liabilities		278,647	419,459	425,110
NON-CURRENT LIABILITIES				
Payables	46	..	2,420	..
Interest-bearing liabilities	47	508,746	93,576	719,854
Other		120,429	114,507	109,507
Total non-current liabilities		629,175	210,503	829,361
TOTAL ADMINISTERED LIABILITIES		907,822	629,962	1,254,471
ADMINISTERED NET ASSETS (LIABILITIES)		(393,739)	22,764	(602,884)
EQUITY				
Contributed equity		(393,739)	22,318	(603,682)
Retained surpluses (accumulated deficits)		..	446	798
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL ADMINISTERED EQUITY		(393,739)	22,764	(602,884)

STATEMENT OF CASH FLOWS

CASH FLOWS ADMINISTERED ON BEHALF OF THE WHOLE OF GOVERNMENT	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Administered item receipts	48	1,334,723	1,447,748	1,293,175
Grants and other contributions	49	5,662,161	5,883,697	5,918,208
Taxes, fees and fines	50	3,834,823	4,199,204	4,274,796
Royalties, property income and other territorial revenues	51	98,825	79,253	71,970
Interest received	52	39,197	21,217	40,392
Extraordinary items		..	..	..
Other		5,511	44,163	8,031
Outflows:				
Transfers to Government	53	9,640,965	10,030,889	10,307,304
Grants and subsidies	54	904,124	1,127,451	804,910
Supplies and services	55	101,537	120,642	225,292
Borrowing costs	56	81,730	46,910	59,631
Extraordinary items		..	..	..
Other items	57	260,345	148,918	208,472
Net cash provided by (used in) operating activities		(13,461)	200,472	963
CASHFLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Investments redeemed	58	..	2,358,080	183,054
Loans and advances redeemed	59	325	6,389	4,773
Outflows:				
Payments for property, plant and equipment		..	52	..
Investments acquired	60	..	2,371,563	..
Loans and advances made	61	6,424	6,466	1,321
Net cash provided by (used in) investing activities		(6,099)	(13,612)	186,506
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings	62	201,960	2,301	628,291
Equity injections	63	..	77,207	95,400
Outflows:				
Borrowing redemptions		656	1,391	2,392
Finance lease payments (excluding interest component)		..	..	..
Equity withdrawals	64	200,000	71,534	721,400
Net cash provided by (used in) financing activities		1,304	6,583	(101)
Net increase (decrease) in cash held		(18,256)	193,443	187,368
Administered cash at beginning of financial year		(142,555)	(960,352)	(766,909)
Administered cash at end of financial year		(160,811)	(766,909)	(579,541)

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Statement of Financial Performance

1. The increase in the 2002-03 Estimate is due to an increase in administration fees charged by the Superannuation Output to implement new products and provide enhanced services to members. It is also due to an increase in the costs of the Gambling Policy Directorate which is fully funded from Treasury Administered.
2. The increase in the 2001-02 Estimated Actual relates to unforeseen revenue.
3. The decrease in the 2001-02 Estimated Actual is attributable to the Department carrying a higher level of vacancies than originally planned as well as a revised staffing plan in the Energy Output. The subsequent increase in the 2002-03 Estimate relates to an increase in staff in the Superannuation Output for enhanced financial advisory services and information dissemination services for members as well as a 3% increase in employee remuneration under an Enterprise Bargaining Agreement to all staff.
4. The increase in the 2001-02 Estimated Actual relates to financial planning fees, accommodation, consultant and contractor expenses in the Superannuation Output resulting from increased demand for services. It is also due to the use of consultants by the Energy Output particularly to service the Townsville Power Station Project. The further increase in the 2002-03 Estimate reflects additional costs associated with the expected demand for services on the Superannuation Output.
5. The increase in the 2002-03 Estimate is attributable to the increase in the Department's net asset base as a result of the Information Technology Strategic Plan capital project managed by the Taxation Output.
6. An increase in the non-current asset recognition threshold for the Department during the year means that many purchases previously recognised as assets are now expensed. As a consequence depreciation and amortisation expense have been reduced in the 2001-02 Estimated Actual and 2002-03 Estimate.
7. The decrease in the 2001-02 Estimated Actual can be attributed to a reduced level of grants paid to the Department of Families for the Gambling Help Service.
8. The increase in the 2001-02 Estimated Actual is caused by a combination of the write off of all non-current assets with a book value below the recognition threshold (refer to Note 6) and the recognition of all subsequent purchases of such items as expenses. In addition the Department undertook a PC replacement program in order to replace PC's which are non-compliant with new system specifications.

Statement of Financial Position

9. The increase in the 2001-02 Estimated Actual reflects the build up of cash reserves to fund the future purchase of project-related capital items. The subsequent decrease in the 2002-03 Estimate reflects the utilisation of these funds.
10. The increase in the 2002-03 Estimate reflects increased user charges revenue.
11. The increase in the 2002-03 Estimate is mainly attributable to capital expenditure on the Information Technology Strategic Plan project managed by the Taxation Output (refer to Capital Acquisition Statement).
12. The decrease in the 2001-02 Estimated Actual reflects the change in the non-current asset recognition threshold for the Department during the year where many purchases previously recognised as assets are now expensed (refer note 6, 8).
13. The increase in the 2001-02 Estimated Actual and 2002-03 Estimate reflects the increase in supplies and services expenses.
14. The increase in the 2001-02 Estimated Actual and 2002-03 Estimate can be attributed to equity injections from whole-of-Government that will be utilised to fund major capital projects.
15. Refer to Statement of Financial Performance explanations.

Statement of Cash Flows

16. Refer to 1 above.
17. Refer to 3 above.
18. Refer to 4 above.
19. Refer to 7 above.
20. Refer to 5 above.
21. Refer to 8 above.
22. Refer to the Capital Acquisition Statement.
23. Refer to 14 above.
24. The proposed equity withdrawal in 2001-02 Budget did not occur due to a review of balance sheet management.

Statement of Financial Performance

Expenses and Revenues Administered on Behalf of the Whole of Government

25. The increase in the 2001-02 Estimated Actual reflects parameter changes together with a higher First Home Owners' Grant Scheme Special Purpose Payment (due to the extension of the First Home Owners Grant scheme).
26. The increase in the 2001-02 Estimated Actual reflects higher stamp duty revenue, particularly related to growth and activity in the housing market.
27. The decrease in the 2001-02 Estimated Actual reflects a stamp duty equivalent reclassified to taxes, fees and fines.
28. The decrease in the 2001-02 Estimated Actual reflects lower than anticipated investment earnings due to lower than budgeted interest rates and intra year movements in invested cash balances.
29. This represents appropriation received from the Consolidated Fund to fund administered expenses (excluding the Casino Funds that are self-funded).
30. The increase in the 2002-03 Estimate reflects Queensland's share of the Australian Taxation Office's higher GST collection costs.
31. This expense item includes the Fuel Subsidy Scheme and CSO payments related to uniform electricity tariffs. Year to year movements are driven by factors such as fuel consumption, electricity pool prices and electricity consumption.
32. The increase in the 2001-02 Estimated Actual reflects higher demand following the extension of the First Home Owner's Grant Scheme (FHOGS). The decrease in the 2002-03 Estimate reflects anticipated lower demand for FHOGS.
33. The Treasurer's Advance Account reflects provisions for items which may emerge during the year. The 2001-02 Estimated Actual is nil as funds are lapsed to offset approved increases in departmental budgets during the year.
34. Year to year movements in this item reflect the timing and quantum of claims by agencies related to the Long Service Leave Scheme and the Government Insurance Fund.
35. 2001-02 Estimated Actual primarily reflects lower borrowing requirements for working capital due to improved cash flows.
36. 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

37. The decrease in the 2001-02 Estimated Actual reflects higher net credit balances of departmental and consolidated fund bank accounts available for investment through the Treasury Investment Suspense Account (an overdraft off-set account).
38. The increase in the 2001-02 Estimated Actual reflects higher tax receivables due to higher tax revenues (see Note 26).
39. The decrease in the 2001-02 Estimated Actual reflects a fixed interest security redemption.
40. The increase in the 2001-02 Estimated Actual primarily reflects higher than expected self-assessed taxes, fees and fines. Under the Treasurer's minimum reporting requirements receivables relating to self-assessed taxes are treated differently to taxes where an assessment is issued.
41. The decrease in the 2001-02 Estimated Actual reflects a State Loan repayment from the Queensland Rural Adjustment Authority.
42. The increase in the 2001-02 Estimated Actual reflects the higher available funds in Treasury Investment Suspense Account (refer to Note 37).
43. The decrease in the 2001-02 Estimated Actual reflects lower fuel subsidy and operating payables.
44. The increase in the 2001-02 Estimated Actual reflects higher payables to the Government in relation to accrued administered revenue.
45. The increase in the 2001-02 Estimated Actual reflects higher than expected revenues received in advance.
46. This represents payables in relation to finalisation of the Dalrymple Bay Coal Terminal lease.
47. 2001-02 Estimated Actual primarily reflects lower borrowing requirements for working capital due to improved cash flows. Increase in 2002-03 reflects borrowings for whole-of-Government working capital, capital acquisitions and to facilitate the recapitalisation of Enertrade.

Statement of Cash Flows

Cash Flows Administered on Behalf of the Whole of Government

48. Refer to 29 above.
49. Refer to 25 above.
50. Refer to 26 above.
51. Refer to 27 above.
52. Refer to 28 above.
53. Refer to 36 above.
54. Refer to 31 and 32 above.
55. Refer to 30 above.
56. Refer to 35 above.
57. Refer to 33 and 34 above.
58. The 2001-02 Estimated Actual reflects higher redemption of Treasury Suspense Account Investments than anticipated.
59. Refer to 41 above.
60. Refer to 42 above.
61. The decrease in the 2002-03 Estimate reflects lower loans made to the Queensland Rural Adjustment Authority.
62. Refer to 47 above.
63. The increase in the 2001-02 Estimated Actual reflects payments for claim liabilities relating to the collapse of FAI General Insurance Company Ltd.
64. Refer to 47 above.

RECONCILIATION OF 2002-03 APPROPRIATION AMOUNTS TO THE FINANCIAL STATEMENTS

CONTROLLED

Statement of Financial Performance

	\$'000
Output Revenue in Statement of Financial Performance ¹	109,810
<i>Add:</i> Appropriation Funding for Outputs Receivable	..
= Appropriation for Departmental Outputs	109,810
= Output Receipts in Statement of Cash Flows ²	109,810

Statement of Financial Position

	\$'000
Closing balance Contributed Equity ³	14,148
<i>Less:</i> Opening Balance Contributed Equity ³	9,648
= Change in contributed Equity in the Statement of Financial Position	4,500
<i>Add:</i> Appropriation Equity Injection Receivable	..
<i>Less:</i> Non-appropriated Equity Adjustments	..
= Appropriation for Equity Adjustment ⁴	4,500
= Net Appropriated Equity Adjustment in Statement of Cash Flows	4,500

1. This Output Revenue amount reconciles to the Output Revenue line in the Statement of Financial Performance on page 1-46.
2. This Output Revenue amount reconciles to the Output Receipts line in the Statement of Cash Flows on page 1-48.
3. The Contributed Equity amounts reconcile to the Contributed Equity line in the Statement of Financial Position on page 1-47.
4. The Appropriation for Equity Adjustment amount reconciles to the Equity Adjustment line in the Appropriations table on page 1-6.

ADMINISTERED

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

	\$'000
Administered Item Revenue in Statement of Financial Performance ⁵	1,290,755
<i>Add:</i> Other (Administered) Appropriation Receivable	<u>2,420</u>
= Appropriation for Administered Expenses ⁶	1,293,175

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

	\$'000
Closing balance Contributed Equity ⁷	(603,682)
<i>Less:</i> Opening Balance Contributed Equity ⁷	<u>22,318</u>
= Change in Contributed Equity in the Statement of Assets and Liabilities administered on behalf of the State Government	<u>(626,000)</u>
<i>Add:</i> Appropriation Equity Injection Receivable	..
<i>Less:</i> Non-appropriated Equity Adjustment	<u>(95,400)</u>
= Appropriation for Administered Equity Adjustment ⁶	(530,600)

5. 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 1-49.
6. Total Appropriation for Administered items (\$762.575 million) = Appropriation for Administered expenses (\$1.293 billion) + Appropriation for Administered Equity Adjustment (-\$530.6 million).
7. The Contributed Equity amounts reconcile to the Contributed Equity line in the Statement of Assets and Liabilities Administered on Behalf of the Whole of Government on page 1-50.

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 1-6.)

ATTACHMENT 1

Corporate Services¹ Allocation 2002-03 Estimate (\$'000)

	Notes	Total Corporate Services	Financial and Economic Policy	GOC Performance and Governance	Energy	Economic and Statistical Research	Taxation	Gambling	Superannuation	Other
Operating Revenues										
Output revenue		24,252	10,356	416	3,031	2,449	3,980	2,901	365	754
User charges		4,954	1,938	11	..	179	198	28	2,329	271
Grants and other contributions	
Other		534	226	2	..	20	24	3	229	30
Total operating revenues		29,740	12,520	429	3,031	2,648	4,202	2,932	2,923	1,055
Operating Expenses										
Employee expenses		16,302	6,768	234	1,669	1,458	2,251	1,662	1,700	560
Supplies and services		8,249	3,578	112	857	749	1,131	793	715	314
Equity return expense		754	318	13	73	64	126	70	64	26
Grants and subsidies	
Depreciation and amortisation		2,473	1,042	41	240	209	408	230	218	85
Other		1,962	814	29	192	168	286	177	226	70
Borrowing costs expense	
Total operating expenses		29,740	12,520	429	3,031	2,648	4,202	2,932	2,923	1,055
Full Time Equivalents		235	93	4	25	22	34	24	24	9

Note: The purpose of this table is to disclose the Corporate Support Revenue and Expenses provided to individual outputs for the 2002-03 financial year which have been allocated on a "Gross Allocation" basis (i.e. before Inter-Output/ Departmental trading). The allocations are based on an Activity Based Costing System.



Queensland
Government

MINISTERIAL PORTFOLIO STATEMENTS
2002-03 STATE BUDGET

DEPUTY PREMIER, TREASURER AND
MINISTER FOR SPORT

MOTOR ACCIDENT INSURANCE ADMINISTRATION

Hon. Terry Mackenroth MP
Deputy Premier, Treasurer
and Minister for Sport

Lesley Anderson
Motor Accident Insurance
Commissioner

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 include:

- ensuring premium affordability and overall stability of the scheme;
- increasing scheme efficiency to ensure the highest possible return of premium dollars reach claimants;
- reviewing and recommending the most appropriate structure for the scheme;
- maintaining insurance standards through regular and detailed contact with Australian Prudential Regulation Authority (APRA) as prudential regulator under the *Insurance Act 1973* and the *General Insurance Reform Act 2001* and monitoring the financial strength of licensed insurers through ongoing analysis;
- monitoring the operation of the scheme and the management of claims by insurers;
- providing education, research and funding initiatives to increase the community's awareness of the scheme and its claims process and to support initiatives that advance accident prevention and injury management; and
- funding and managing the claims liabilities of the Nominal Defendant including liabilities arising from the insolvency of FAI General Insurance Company Ltd.

Non-Departmental Output

The output provides policy advice and services related to the management of the CTP and Nominal Defendant schemes and contributes to Government priorities and outcomes by:

- supporting improved personal and public safety by funding selected accident prevention initiatives managed by other Government agencies;
- contributing to an accessible system of justice and administrative services by maintaining a common law scheme for claimants;
- contributing to socially responsible and safe industry practices by licensing and monitoring the financial strength of licensed insurers through ongoing analysis;
- contributing to the health and wellbeing of Queensland people which allows them to engage in community life by promoting research, education and providing rehabilitation services to minimise and mitigate the effects of motor vehicle accidents; and
- contributing to improving quality of life by ensuring affordable premiums and maintaining a scheme with fully funded premiums.

Staffing

It is anticipated that full time equivalent staffing numbers for 2002-03 will remain at 31.

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, supervising and monitoring the financial strength of Queensland compulsory third party motor vehicle insurers in relation to their CTP operations. The overall financial strength of insurers is the responsibility of the industry regulator, 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

Recent achievements include:

- setting of premium bands including independent quarterly actuarial analysis and recommendation to the Treasurer on the CTP levies within the legislative timeframes;
- examination of the options for mitigating Government risk in the CTP scheme and the distribution of a paper to prompt stakeholders' discussion of the issues;
- completion and presentation to Government of a report reviewing the first 12 months following the implementation of reforms to the CTP scheme;
- restructure of the Commission's injury management and claims advice operations to deliver outcomes from the CTP Review;
- development of improved strategies to ensure effective use of funding in the areas of injury prevention and control through the conduct of funding agreement compliance checks;

- funding approval for continuation and expansion of the Centre for Accident Research and Road Safety – Queensland (CARRS-Q) accident prevention centre, funding approval for Queensland Ambulance Service research project and approval to restructure funding arrangement for the Griffith University Research Fellowship;
- establishment of permanent arrangements for FAI claim tail management and the seamless continuation of payments on FAI tail claims including conversion of the FAI tail claims to the Nominal Defendant Claim Management System and the introduction of EFT to make these payments;
- establishment of arrangements to fund the FAI tail, including a \$5 increase in the Nominal Defendant levy per CTP policy, passage of an amendment Bill to transfer funds to the Nominal Defendant, and the provision of a Government deed of indemnity; and
- continue planned strategies to monitor and improve claims data provided by insurers through ongoing audits.

Future Developments

During 2002-03, this output will focus on the following key objectives:

- maintain the overall scheme stability by processes that enhance the competitive premium determination process, by contingency planning to deal with any breach of the affordability index, by streamlining the processes for setting premium bands and maintaining data integrity;
- determine the most appropriate structure for the scheme, and monitoring the operation of the scheme and the management of claims by insurers;
- implement claims process reforms through liaison with legal, medical and insurance professionals, achieving long-term targets for payments as a percentage of premiums to injured parties, enhancing services through the claims help line and information packs; and
- maintain an efficient Nominal Defendant scheme, including the management process for relevant FAI claims.

NON-DEPARTMENTAL OUTPUT STATEMENT

Non-Departmental Output: Motor Accident Insurance Administration				
Measures	Notes	2001-02 Target/Est.	2001-02 Estimated Actual	2002-03 Target/Est.
Quantity Number of Nominal Defendant claims finalised		550	550	550
Quality Percentage of premium going to injured persons		72%	67%	70%
Annual certification percentage of Nominal Defendant full funding as at 30 June of the previous year		New Measure	New Measure	100%
Timeliness Recommendation to the Treasurer on annual CTP levies by the agreed time frame		New Measure	New Measure	100%
Setting of premium bands within legislative timeframes, including independent quarterly actuarial review of scheme		100%	100%	100%
Cost (\$) Average operating cost per Nominal Defendant claim		New Measure	New Measure	\$1,004
Available funds per CTP policy for grant funding		New Measure	New Measure	\$0.22
State Contribution (\$'000)	
Other Revenue (\$'000)		59,969	42,254	60,555
Total Cost (\$'000)		54,948	70,771	65,012

FINANCIAL STATEMENTS

Statement of Financial Performance - Motor Accident Insurance Commission

	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
Revenues from ordinary activities				
User charges		..	..	..
Grants and other contributions		..	..	..
Other	1	6,310	4,741	6,597
Total revenues from ordinary activities		6,310	4,741	6,597
Expenses from ordinary activities excluding borrowing costs expense				
Employee expenses		1,220	1,177	1,289
Supplies and services		1,289	1,312	1,309
Depreciation and amortisation		55	10	43
Grants and subsidies	2	9,120	5,994	5,000
Other	3	106	205	177
Total expenses from ordinary activities excluding borrowing costs expense		11,790	8,698	7,818
Borrowing costs expense		..	..	..
Surplus or deficit from ordinary activities before income tax expense/revenue		(5,480)	(3,957)	(1,221)
Income tax revenue/expense relating to ordinary activities		..	..	..
Surplus or deficit from ordinary activities after related income tax expense/revenue		(5,480)	(3,957)	(1,221)
Extraordinary items after related income tax expense/revenue		..	..	..
NET SURPLUS OR DEFICIT		(5,480)	(3,957)	(1,221)
Non-owner transaction changes in equity:				
- 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		(5,480)	(3,957)	(1,221)
Total changes in equity other than those resulting from transactions with owners as owner		..	..	..

Statement of Financial Position - Motor Accident Insurance Commission

	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
CURRENT ASSETS				
Cash		300	300	300
Receivables	4	2,898	1,049	2,075
Inventories		..	..	..
Other financial assets	5	8,897	16,359	12,594
Tax assets		..	..	..
Other		32	36	36
Total current assets		12,127	17,744	15,005
NON-CURRENT ASSETS				
Receivables		1,050	1,050	1,050
Other financial assets		10,531	10,500	10,500
Intangibles	6	8	10	487
Tax assets		..	..	..
Property, plant and equipment		107	124	114
Other		..	..	..
Total non-current assets		11,696	11,684	12,151
Self-generating and regenerating assets		..	..	..
TOTAL ASSETS		23,823	29,428	27,156
CURRENT LIABILITIES				
Payables	7	440	127	96
Interest-bearing liabilities		..	..	..
Provisions		68	75	77
Tax liabilities		..	..	..
Other		..	..	..
Total current liabilities		508	202	173
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities		..	..	..
Provisions		..	..	..
Tax liabilities		..	..	..
Other		..	..	..
Total non-current liabilities		..	..	..
TOTAL LIABILITIES		508	202	173
NET ASSETS (LIABILITIES)		23,315	29,226	26,983
EQUITY				
Contributed equity		112	112	112
Retained surpluses (accumulated deficits)	8	1,458	11,814	10,071
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		21,745	17,300	16,800
TOTAL EQUITY		23,315	29,226	26,983

Statement of Cashflows – Motor Accident Insurance Commission

	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges		..	(2)	..
Grants and other contributions		..	..	..
Interest received	9	4,008	5,208	861
Dividends received		..	..	..
Extraordinary Items		..	..	..
Other	10	3,450	3,871	4,710
Outflows:				
Employee costs		1,220	1,181	1,287
Supplies and services		1,373	1,161	1,184
Grants and subsidies	11	9,120	6,154	5,156
Borrowing costs		..	..	..
Taxation equivalents		..	..	..
Extraordinary items		..	..	..
Other		106	201	177
Net cash provided by (used in) operating activities		(4,361)	380	(2,233)
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	(3)	..
Investments redeemed	12	76,543	63,000	3,795
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment		47	32	510
Investments acquired	13	14,348	5,830	30
Loans and advances made		..	..	..
Net cash provided by (used in) investing activities		62,148	57,135	3,255
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity Injections		..	3	..
Outflows:				
Dividends paid		..	..	..
Borrowing redemptions		..	..	..
Finance lease payments (excluding interest component)		..	..	..
Equity Withdrawals	14	57,787	57,818	1,022
Net cash provided by (used in) financing activities		(57,787)	(57,815)	(1,022)
Net increase (decrease) in cash held		..	(300)	..
Cash at the beginning of financial year		300	600	300
Cash at the end of financial year		300	300	300

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Statement of Financial Performance

1. The decrease in the 2001-02 Estimated Actual results from a lower than expected rate of return on QIC investments. The increase in 2002-03 Estimate is primarily due to an increase in the Statutory Insurance Scheme Levy from \$1.10 to \$1.35 together with an expected higher rate of return.
2. The decrease in the 2001-02 Estimated Actual and the 2002-03 Estimate is in relation to the cessation of re-current grants over the next few years.
3. The increase in the 2001-02 Estimated Actual is caused by a combination of the write-off of all non-current assets with a book value below the recognition threshold and the recognition of all subsequent purchases of such items as expenses. In addition the Department is engaging in a large desktop computer replacement program in the later part of 2001-02 in order to replace all computers currently in use which are beyond their useful life.

Statement of Financial Position

4. The decrease in the 2001-02 Estimated Actual reflects a lower than anticipated rate of return on the QIC investments. The rate of return for the 2002-03 Estimate is expected to be slightly higher than the 2001-02 rate resulting in the increase in receivables.
5. The increase in the 2001-02 Estimated Actual is due to a change in current/non-current reclassification for audit purposes. The decrease in the 2002-03 Estimate is primarily due to drawdowns required to subsidise the funding of grants and the anticipated shortfall in investment earnings.
6. The increase in 2002-03 Estimate reflects the anticipated purchase of a new licence.
7. The decrease in the 2001-02 Estimated Actual reflects anticipated project work relating to GST, now to be funded from the Queensland Transport Administration Fee.
8. The increase in the 2001-02 Estimated Actual has occurred as a result of higher than anticipated net surplus in 2000-01 and a smaller net deficit than originally budgeted for in 2001-02. The subsequent decrease in the 2002-03 Estimate results from an anticipated net deficit.

Statement of Cash Flows

9. The increase in the 2001-02 Estimated Actual reflects the receipts of higher than expected interest earned in 2000-01. The decrease in the 2002-03 Estimate reflects the receipts of lower interest earned during 2001-02 as a result of the lower rate of return.
10. The increase in the 2002-03 Estimate is primarily due to an increase in the Statutory Scheme Levy.
11. The decrease in the 2001-02 Estimated Actual and the 2002-03 Estimate is in relation to the cessation of re-current grants over the next few years.
12. The 2001-02 Estimated Actual reflects the transfer of funds from MAIC to Nominal Defendant in response to the collapse of FAI General Insurance Company Ltd. The 2002-03 Estimate reflects the drawdowns required to fund research grants.
13. The 2001-02 Estimated Actual reflects the reinvestment of interest received, which was lower than anticipated. The 2002-03 Estimate reflects the reinvestment of interest received which is expected to be lower as noted in 9 above.
14. The 2002-03 Estimate reflects the transfer of funds in 2001-02 from MAIC to Nominal Defendant in relation to the collapse of FAI General Insurance Company Ltd.

FINANCIAL STATEMENTS

Statement of Financial Performance – Nominal Defendant

	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
Revenues from ordinary activities				
User charges		..	..	..
Grants and other contributions		..	..	..
Other	1	53,659	37,513	53,958
Total revenues from ordinary activities		53,659	37,513	53,958
Expenses from ordinary activities excluding borrowing costs expense				
Employee expenses		666	673	696
Supplies and services	2	42,361	32,687	33,838
Grants and subsidies		..	..	..
Depreciation and amortisation		59	6	21
Equity Return		..	..	..
Assets transferred/liabilities assumed		..	..	..
Other		72	40	23
Total expenses from ordinary activities excluding borrowing costs expense		43,158	33,406	34,578
Borrowing costs expense		..	..	..
Surplus or deficit from ordinary activities before income tax expense/revenue		10,501	4,107	19,380
Income tax revenue/expense relating to ordinary activities		..	..	..
Surplus or deficit from ordinary activities after related income tax expense/revenue		10,501	4,107	19,380
Extraordinary items after related income tax expense/revenue	3	..	28,667	22,616
NET SURPLUS OR DEFICIT		10,501	(24,560)	(3,236)
Non-owner transaction changes in equity:				
- 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 adjustment recognised directly in equity		10,501	(24,560)	(3,236)
Total changes in equity other than those resulting from transactions with owners as owner		..	..	..

Statement of Financial Position – Nominal Defendant

	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
CURRENT ASSETS				
Cash		300	300	300
Receivables	4	14,853	1,986	9,897
Inventories		..	..	..
Other financial assets	5	17,756	43,708	44,942
Tax assets		..	..	..
Other		..	155	155
Total current assets		32,909	46,149	55,294
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		136,014	141,927	141,927
Intangibles		18	20	18
Tax assets		..	..	..
Property, plant and equipment		57	63	85
Other	6	123,900	..	..
Total non-current assets		259,989	142,010	142,030
Self-generating and regenerating assets		..	..	..
TOTAL ASSETS		292,898	188,159	197,324
CURRENT LIABILITIES				
Payables	7	311	684	684
Interest-bearing liabilities		..	..	..
Provisions	8	142,995	103,397	83,478
Tax liabilities		..	..	..
Other		14,762	14,125	14,125
Total current liabilities		158,068	118,206	98,287
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities		..	..	..
Provisions	9	280,133	327,422	264,342
Tax liabilities		..	..	..
Other		..	..	..
Total non-current liabilities		280,133	327,422	264,342
TOTAL LIABILITIES		438,201	445,628	362,629
NET ASSETS (LIABILITIES)		(145,303)	(277,469)	(165,305)
EQUITY				
Contributed equity	10	57,933	129,488	224,888
Retained surpluses (accumulated deficits)	11	(203,236)	(386,957)	(390,193)
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		(145,303)	(257,469)	(165,305)

Statement of Cashflows – Nominal Defendant

	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges	12	1,158	(1,746)	..
Grants and other contributions		..	..	..
Interest received	13	8,734	11,161	1,080
Dividends received		..	..	..
Extraordinary Items		..	..	..
Other	14	39,341	38,247	44,967
Outflows:				
Employee costs		666	673	695
Supplies and services	15	121,366	164,471	139,454
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Taxation equivalents		..	..	..
Extraordinary items		..	..	..
Other		72	40	23
Net cash provided by (used in) operating activities		(72,871)	(117,522)	(94,125)
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	1	..
Investments redeemed	16	120,978	132,787	107,402
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment		45	25	41
Investments acquired	17	105,849	144,892	108,636
Loans and advances made		..	..	..
Net cash provided by (used in) investing activities		15,084	(12,129)	(1,275)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity Injections	18	57,787	129,331	95,400
Outflows:				
Dividends paid		..	..	..
Borrowing redemptions		..	..	..
Finance lease payments (excluding interest component)		..	..	..
Equity Withdrawals		..	..	..
Net cash provided by (used in) financing activities		57,787	129,331	95,400
Net increase (decrease) in cash held		..	(320)	..
Cash at the beginning of financial year		300	620	300
Cash at the end of financial year		300	300	300

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Statement of Financial Performance

1. The decrease in the 2001-02 Estimated Actual results from a lower than expected rate of return on investments, in addition to a lower than anticipated levy return. The increase in the 2002-03 Estimate reflects the anticipated higher rate of return together with increased levy revenue.
2. The decrease in the 2001-02 Estimated Actual is due to a provision expense for FAI General Insurance Company Ltd claims being treated as an Extraordinary item in that year.
3. The 2001-02 Estimated Actual is primarily due to a change in the treatment of FAI General Insurance Company Ltd claims and operating costs.

Statement of Financial Position

4. The decrease in the 2001-02 Estimated Actual reflects a lower than expected rate of return on QIC Investments. The rate of return for the 2002-03 Estimate is expected to be higher than the 2001-02 rate.
5. The increase in the 2001-02 Estimated Actual includes a reimbursement from Treasury for 2000-01 which was unknown at the time of the 2001-02 Budget.
6. The 2001-02 Estimate includes an allocation for the anticipated insolvency dividend. The treatment of the dividend has been altered to align with audit requirements.
7. The increase in the 2001-02 Estimated Actual reflects FAI Tail management costs and reinsurance.
8. The decrease in the 2001-02 Estimated Actual reflects the reclassification of the current/non current provisions to align with the audited opening balance apportionment. The decrease in the 2002-03 Estimate reflects the payment of the FAI Tail claims.
9. Refer to 8 above.
10. The increase in the 2001-02 Estimated Actual reflects the 2001-02 reimbursement from Treasury for claims liabilities relating to the collapse of FAI General Insurance Company Ltd. The 2002-03 Estimate is an accumulated figure, which also includes the 2002-03 reimbursement from Treasury.
11. The increase in the 2001-02 Estimated Actual is primarily a result of the change in treatment of the insolvency dividend.

Statement of Cash Flows

12. The movement in the 2001-02 Estimated Actual reflects a decrease in the amount of levies receivable at the end of 2000-01 as a result of a change in the frequency of levies received.
13. The increase in the 2001-02 Estimated Actual reflects the receipt of higher than expected interest earnings for 2000-01. The decrease in the 2002-03 Estimate reflects the receipt of lower interest earned during 2001-02 as a result of the lower rate of return.
14. The increase between the 2001-02 Estimated Actual and the 2002-03 Estimate reflects the increase in levies as a result of the FAI General Insurance Company Ltd collapse.
15. The increase in the 2001-02 Estimated Actual reflects a transfer from the non-current provision for claims paid to the current provision for a higher than anticipated pay-out of FAI General Insurance Company Ltd claims liabilities. The decrease in the 2002-03 Estimate reflects an anticipated lower pay-out of FAI claims liabilities.
16. The 2001-02 Estimated Actual and 2002-03 Estimate reflect drawdowns to fund FAI General Insurance Company Ltd Claims liabilities.
17. The increase in the 2001-02 Estimated Actual includes the reinvestment of the transfer of funds from MAIC and the reimbursement from Treasury in relation to the collapse of FAI General Insurance Company Ltd. The 2002-03 Estimate reflects the reimbursement of interest received together with the 2002-03 reimbursement from Treasury.
18. The increase in the 2001-02 Estimated Actual reflects the 2001-02 reimbursement from Treasury for claims liabilities relating to the collapse of FAI General Insurance Company Ltd. The 2002-03 Estimate is a result of the 2002-03 reimbursement from Treasury.



Queensland
Government

MINISTERIAL PORTFOLIO STATEMENTS

2002-03 STATE BUDGET

**DEPUTY PREMIER, TREASURER
MINISTER FOR SPORT**

SPORT AND RECREATION QUEENSLAND

Hon. Terry Mackenroth MP
Deputy Premier, Treasurer and
Minister for Sport

Kevin Yearbury
Director-General

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.

- The changing demographics of Queensland, increasing competition from the electronic leisure and entertainment industry, and changing work patterns are reducing levels of participation in sport and recreation and the numbers of volunteers who run clubs and associations.
- An expected population growth of 1.7% a year over the next ten years in urban and certain regional areas will place pressure on all levels of government to meet the demands for a variety of sport and active recreation infrastructure and services that are convenient and easily accessible.
- The need to respond to the specific needs of communities, particularly Aboriginal, Torres Strait Islander, South Sea Islander and remote communities, has necessitated locally driven and culturally appropriate sport and recreation programs to improve the quality of life in these communities.
- Sport and recreation is emerging as a significant generator of tourism and economic opportunities. The challenge for Queensland is to build on its success in attracting major events, elite athlete training and competition.
- Escalating insurance premiums are causing financial difficulties for some community sport and recreation clubs.
- There is a growing body of evidence linking diminishing levels of physical activity with increasing incidence of health disorders in our communities.
- Technology provides both opportunities and barriers to participation in physical activity. The Internet and videoconferencing enable people in regional and remote areas to access sport and recreation training programs to develop better skills. Conversely, television, pay television, home videos, computers, electronic games and the Internet increasingly present passive alternatives to physical activity.

2002-03 BUDGET HIGHLIGHTS

The Department develops policy and implements strategies to foster increased participation by Queenslanders in sport and active recreation at all levels. Priorities for 2002-03 include:

- implementing sport and recreation infrastructure and facilities programs designed to encourage participation and physical activity;
- motivating children to participate in physical activity and assist with coaching and skills development through the *Get Active Schools* program;
- assisting Queensland elite athletes prepare for the Manchester 2002 Commonwealth Games;
- progressing the redevelopment of the Tallebudgera Outdoor Recreation Centre as an aquatic centre of excellence;

- monitoring the completion of the redevelopment of Suncorp Metway Stadium as a world-class rectangular sports venue;
- assisting with the establishment of the Major Sports Facilities Authority; and
- facilitating the staging of the Rugby World Cup in 2003 as an opportunity to generate significant economic and social returns for Queensland.

OUTPUT PERFORMANCE

OUTPUT: Services, Infrastructure and Facilities to Queensland

DESCRIPTION

Reporting to the Deputy Premier, Treasurer and Minister for Sport, the Department develops policies and strategies, administers funding and delivers programs and services which seek to foster greater participation by Queenslanders in physical activity.

REVIEW OF OUTPUT PERFORMANCE

Recent Achievements

- Prepared a consultation draft of a *Physical Activity Strategy* which seeks to foster increased participation in sport and recreation activities and conducted a survey of representatives of the Queensland community as part of the consultation process.
- Monitored the redevelopment of Suncorp Metway Stadium as a world-class rectangular sports venue.
- Established the Major Sports Facilities Authority to oversee the management and operation of major State-owned sport and recreation facilities.
- Initiated an *Indigenous Sport and Recreation Strategy* (including an Indigenous Communities Assistance Package) and contributed to the whole-of-Government Cape York Partnership Initiative to foster increased participation in sport and recreation by indigenous communities.
- Initiated a *Regional and Remote Sport and Recreation Strategy*, including enhanced access for talented athletes in regional and rural Queensland to programs of the Queensland Academy of Sport (QAS) and access by regional and remote communities to physical activity programs.
- Established a local government assistance package to support improved access to outdoor recreation infrastructure such as cycle ways, walkways and walking trails.
- Increased access to, and the quality of, sport and recreation infrastructure in Queensland communities through the administration of the Minor Facilities Program, Major Facilities Program and National Standard Facilities Program.
- Continued to support the development of the Queensland sport and recreation industry at State and local levels through the Clubs Development Program and State Development Program.
- Commenced Stage 1 of the redevelopment of the Tallebudgera Outdoor Recreation Centre as an aquatic “Centre of Excellence”.
- In the Year of the Volunteer, initiated a program to recognise sporting volunteers for their contribution to the community.
- Continued to recognise the efforts of coaches and referees through the “*Thanks Coach. Thanks Ref*” Program.
- Initiated the Coaching and Officiating program, which provides forums, workshops and training resources (including distance learning) to support the continued development of coaches, instructors, officials and volunteers across the State.
- Worked with partners across State and local government to provide designated community renewal areas with improved access to sport and recreation opportunities as a means to revitalise community life and improve social infrastructure.

- Commenced development of an interactive web site and other resources for parents, teachers, early childhood carers and children to support and encourage children and young people to participate in sport and active recreation.
- Continued the *Just Walk It* program to provide safe opportunities for physical activity for those groups in the community with traditionally low participation rates.
- Initiated the Sport and Recreation Traineeships program to encourage accredited skills development and employment within the sport and recreation industry.
- Conducted the biannual Queensland Sport and Recreation Summit—Leaders in Sport 2002 to develop the skills of sports administrators and identify best practice initiatives for the benefit of the sport and recreation industry.
- Initiated the *Get Active Schools* program, where sports men and women from the QAS and elite sporting teams visit schools and regional and remote communities to motivate children to participate in physical activity and assist with coaching and skills development.
- Expanded the QAS Talent Search program to include triathlon and volleyball.
- Assisted Queensland’s elite athletes to prepare for selection to participate at the Manchester 2002 Commonwealth Games.

Future Developments

- Finalise and implement the *Physical Activity Strategy* for Queensland to foster increased participation in sport and recreation activities.
- Monitor the completion of the redevelopment of Suncorp Metway Stadium as a world-class rectangular sports venue.
- Assist in positioning Queensland to maximise the economic and social returns to the State from the staging of the Rugby World Cup in 2003.
- Further develop and implement the *Indigenous Sport and Recreation Strategy*, including the Indigenous Communities Assistance Package and the Cape York Partnership Initiative to foster increased participation in sport and recreation by indigenous communities.
- Further develop the *Regional and Remote Sport and Recreation Strategy* and continue to provide access to QAS programs for talented athletes in regional Queensland.
- Continue to administer the Local Government Development Program, which supports councils in the provision of outdoor recreation resources, sporting facilities and development of infrastructure such as cycle ways, walkways and walking trails.
- Continue to support the development of sport and recreation infrastructure in communities across Queensland through the administration of the Minor Facilities Program, Major Facilities Program and National Standard Facilities Program.
- Continue to support the development of the Queensland sport and recreation industry at the State and local levels through the Clubs Development Program and the State Development Program.
- Progress Stage 2 of the redevelopment of the Tallebudgera Outdoor Recreation Centre as an aquatic “Centre of Excellence”.
- Continue to implement the Coaching and Officiating program that provides forums, workshops and training resources (including distance learning) to support the further development of coaches, instructors, officials and volunteers across the State.
- Continue the QAS Talent Search program to identify talented young athletes who demonstrate the potential to participate in a particular Olympic sport.
- Continue the *Get Active Schools* program, where sports men and women from the QAS and elite sporting teams visit schools and communities to motivate children to participate in physical activity and assist with coaching and skills development.

- Finalise the Drugs in Sport legislation to control inappropriate drug use in the sporting industry.
- Continue to work with partners across State and local government to provide designated community renewal areas with access to sport and recreation opportunities as a means to revitalise community life and improve social infrastructure.
- Implement the “*Get Active Queensland*” public education and promotional campaign to increase the awareness of the benefits of regular physical activity and increase participation.
- Complete the development of an interactive web site and other resources for parents, teachers, early childhood carers and children to support and encourage children and young people to participate in sport and active recreation.
- Continue efforts to attract international and national events, training and competition to Queensland to maximise the economic return to the State from such events.
- Develop a whole-of-Government Outdoor Recreation and Education Centre strategy to achieve better utilisation of State-owned Outdoor Recreation and Education facilities.
- Redevelop the Townsville Sports Reserve to include a Sports House for use by regional sporting organisations.

OUTPUT STATEMENT

Output: Services, Infrastructure and Facilities to Queensland – Sport and Recreation				
Measures ¹	Notes	2001-02 Target/Est.	2001-02 Estimated Actual	2002-03 Target/Est.
Quantity				
Number of athletes assessed by the Talent Search program in Queensland.		New Measure	New Measure	7,500
Number of schools visited by QAS athletes.		New Measure	New Measure	100
Percentage of QAS athletes selected for national teams.		New Measure	New Measure	15%
Number of national and international sporting teams choosing Queensland as their preferred location for training.		New Measure	New Measure	20
Number of Queenslanders participating in the Department's sport and recreation participation programs.	2	New Measure	New Measure	3,050
Number of Queenslanders participating in the Department's sport and recreation skills programs.	3	New Measure	New Measure	2,200
Quality				
Percentage of athletes meeting or exceeding their personal development goals in relation to the Get Active Queensland Schools Program		New Measure	New Measure	80%
Cost (\$)				
Investment in sport and recreation infrastructure in Queensland.	4	\$33.7M	\$23.9M	\$41.9M
Total investment in sport and recreation skills programs.		New Measure	New Measure	\$10M
Total investment in sport and recreation participation programs.		New Measure	New Measure	\$2M
Location				
Number of QAS athletes training and residing in regional Queensland.		New Measure	New Measure	380
State Contribution (\$'000)		97,409	95,581	128,819
Other Revenue (\$'000)		3,670	3,990	3,387
Total Cost (\$'000)		101,079	99,571	132,206

Notes:

1. The Department has revised its output measures 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.
2. The following programs will contribute to this measure: Currimundi Outdoor Recreation Centre and Just Walk It.
3. The following programs will contribute to this measure: Coaching and Officiating Program and the Sport and Recreation Traineeships Program.
4. 2001-02 Estimated Actual lower than 2001-02 Target primarily due to:
 - withdrawal of a number of approved projects by the proponents;
 - continuation of the Major Facilities Program until 31 December 2002 resulting in a carryover to fund the completion of committed projects; and
 - Minor Facilities Program 2001 projects not meeting original timeframes, resulting in lower claims being lodged than estimated.

OUTPUT STATEMENT OF FINANCIAL PERFORMANCE – Services, Infrastructure and Facilities to Queensland

	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
Operating Revenues				
Output revenue	1	97,409	95,581	128,819
User charges	2	1,872	2,496	1,855
Grants and other contributions	3	1,292	954	1,058
Other		506	540	474
Total operating revenues		101,079	99,571	132,206
Operating Expenses				
Revaluation decrement		..	..	..
Employee expenses	4	17,013	17,597	20,186
Supplies and services	5	20,768	26,154	24,356
Equity return expense		3,795	4,116	4,393
Depreciation and amortisation	6	1,181	1,637	1,548
Grants and subsidies	7	55,620	46,738	79,241
Other		2,702	3,329	2,482
Borrowing costs expense		..	..	..
Total operating expenses		101,079	99,571	132,206
NET SURPLUS OR DEFICIT BEFORE EXTRAORDINARY ITEMS				
	
Extraordinary items		..	..	..
NET SURPLUS OR DEFICIT				
	

Notes:

- Variations reflect that Output revenue is directly proportional to Total Operating Expenses for Outputs, material variations in which are explained below.
- 2001-02 Estimated Actual higher than 2001-02 Budget primarily due to allocation of user charges revenue for the provision of information technology and network administration services. Reduction in 2002-03 reflects cessation of the user charges arrangements for the provision of information technology and network administration services to the Department of Local Government and Planning.
- 2001-02 Estimated Actual lower than 2001-02 Budget primarily due to a reduction in grant funding under the Commonwealth Active Australia program.
- 2002-03 Estimate higher than 2001-02 Budget and Estimated Actual reflects additional resources applied to support the development of elite athletes at the Queensland Academy of Sport and improve the management of grants and subsidies programs. The increase is also attributable to enterprise bargaining wage increases and salary increments payable under the State award.
- 2001-02 Estimated Actual higher than 2001-02 Budget primarily reflects additional resources applied to various sports development programs, and a reallocation of funds from grants and subsidies to supplies and services under the National Standard Facilities Program to enable direct payments to capital works contractors on behalf of approved grant program recipients. The decline in 2002-03 primarily reflects that the reallocation to supplies is not anticipated in that year.
- 2001-02 Estimated Actual higher than 2001-02 Budget primarily due to additional depreciation expenses arising from increased capital investment in outdoor recreation centres.
- 2001-02 Estimated Actual lower than 2001-02 Budget due to reallocation of funding to supplies and services under the National Standard Sport Facilities program to enable direct payments to capital works contractors on behalf of approved grant program recipients and the deferral of committed grant funding to 2002-03 to better align funding with anticipated draw downs by approved grant recipients. The increase in 2002-03 reflects the funding deferred from 2001-02, additional resources to be applied to sports development programs, and additional funding available from the Major Facilities Levy to be paid to the Stadium Redevelopment Authority to service loan arrangements for the Suncorp Metway Stadium Redevelopment.

ADMINISTERED ITEMS

DESCRIPTION

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

The event is the 18th race of the 20-round FEDEX Championship Auto Racing Teams (CART) Inc. World Series. It is staged annually on the streets of Surfers Paradise on the Gold Coast.

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

The State Government provides a non-refundable grant to the race organisers to assist with the staging of the event. In 2002-03, the Government will contribute \$11.2 million towards the staging of the 2003 event and \$4M for the GCEC to meet sanction fee commitments to CART.

The event provides a significant economic return to Queensland. It is estimated the 2001 event generated approximately \$48 million in economic benefits to the State. The 2001 Honda Indy 300 generated record crowds, with more than 286,610 people attending the event over four days.

Under the current contract with CART, the international promoter, a race will be conducted on the Gold Coast each year up to and including 2003. The GCMEC and CART are currently discussing the possibility of extending the event agreement until 2006.

CAPITAL ACQUISITIONS

Capital Works in Outdoor Recreation Centres

In 2002-03, capital works associated with the outdoor recreation centres will include progressing the three year, \$18 million redevelopment of the Tallebudgera Outdoor Recreation Centre. A further \$1 million has been allocated to maintain and enhance infrastructure and facilities in other outdoor recreation centres

Other Departmental Property, Plant and Equipment

The Departmental plant and equipment asset base consists primarily of computer equipment and other information technology assets (computers on desks and the supporting network infrastructure). Capital funding is used to meet the planned, cyclical replacement of these assets. The Department depends on its information technology infrastructure to deliver better services and products to its clients in Brisbane and regional Queensland.

The Department reviews capital requirements annually to align capital investment decisions with forward estimates and to ensure a level of investment that optimises asset usage and meets business objectives.

CAPITAL ACQUISITION STATEMENT

	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
<u>PROPERTY PLANT AND EQUIPMENT</u>				
Property Plant and Equipment				
- Redevelopment of Tallebudgera Recreation Centre	1	5,000	4,661	7,000
- Outdoor Recreation Centres Minor Works	2	1,534	2,779	1,034
Other acquisitions of property, plant and equipment	3	458	782	1,565
TOTAL PROPERTY PLANT AND EQUIPMENT		6,992	8,222	9,599
<u>OTHER CAPITAL ACQUISITIONS</u>				
Other Capital Acquisitions		..	..	..
Other Items		..	..	..
TOTAL OTHER CAPITAL ACQUISITIONS		..	..	..
TOTAL CAPITAL ACQUISITIONS		6,992	8,222	9,599
<u>FUNDING SOURCES OF ACQUISITIONS</u>				
Equity Adjustment	4	5,811	5,679	..
Funding for depreciation and amortisation		1,181	1,637	1,548
Borrowings	5	..	..	8,051
Proceeds of asset sales		..	..	..
Other	6	..	906	..
TOTAL FUNDING SOURCES		6,992	8,222	9,599
Notes:				
1. 2002-03 Estimate higher than 2001-02 Estimated Actual due to programmed increase in funding for stage 2 of the redevelopment of the Tallebudgera Outdoor Recreation Centre.				
2. 2001-02 Estimated Actual higher than 2001-02 Budget due to funding deferred from 2000-01 to 2001-02 resulting in a better alignment of funding with expenditure under the capital works program. 2002-03 Estimate lower than 2001-02 Estimated Actual representing normal level of funding following the 2001-02 deferrals.				
3. 2001-02 Estimated Actual higher than 2001-02 Budget due to deferral of funding from 2000-01 to 2001-02 to better accord with requirements for the replacement of departmental plant and equipment. 2002-03 Estimate higher than 2001-02 Estimated Actual primarily due to an increase in expenditure to meet the planned cyclical replacement of plant and equipment in the departmental offices and outdoor recreation centres.				
4. 2002-03 Estimate reflects the reclassification of budgeted equity injections to borrowings as a funding source for capital acquisitions to achieve transparency between the capital works program and the source of funds for that program.				
5. 2002-03 Estimate reflects the reclassification of budgeted equity injections to borrowings as a funding source for capital acquisitions to achieve transparency between the capital works program and its funding source.				
6. 2001-02 Estimated Actual reflects cash balances carried from prior years to support the capital replacement program. 2002-03 Estimate reflects utilisation of cash balances by the end of 2001-02.				

**FINANCIAL
STATEMENTS
FOR
SPORT AND RECREATION
QUEENSLAND**

STATEMENT OF FINANCIAL PERFORMANCE

	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
Revenues from ordinary activities				
Output revenue	1	97,409	95,581	128,819
User charges	2	1,872	2,496	1,855
Grants and other contributions	3	1,292	954	1,058
Other		506	540	474
Total revenues from ordinary activities		101,079	99,571	132,206
Expenses from ordinary activities excluding borrowing costs expense				
Revaluation decrement		..	..	..
Employee expenses	4	17,013	17,597	20,186
Supplies and services	5	20,768	26,154	24,356
Equity return expense		3,795	4,116	4,393
Depreciation and amortisation		1,181	1,637	1,548
Grants and subsidies	6	55,620	46,738	79,241
Other		2,702	3,329	2,482
Total expenses from ordinary activities excluding borrowing costs expense		101,079	99,571	132,206
Borrowing costs expense		..	..	..
Surplus or deficit from ordinary activities before income tax expense/revenue		..	..	..
Income tax revenue/expense relating to ordinary activities		..	..	..
Surplus or deficit from ordinary activities after related income tax expense/revenue		..	..	..
Extraordinary items after related income tax expense/revenue		..	..	..
NET SURPLUS OR DEFICIT		..	..	..
Non-owner transaction changes in equity:				
- Net 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

	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
CURRENT ASSETS				
Cash	1	11,675	450	450
Receivables	2	1,077	3,381	3,381
Inventories		..	..	..
Other financial assets		..	..	..
Tax assets		..	..	..
Other	3	339	8	8
Total current assets		13,091	3,839	3,839
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Intangibles		..	..	..
Tax assets		..	..	..
Property, plant and equipment	4	56,707	68,723	76,774
Other		..	..	..
Total non-current assets		56,707	68,723	76,774
Self-generating and regenerating assets		..	..	..
TOTAL ASSETS		69,798	72,562	80,613
CURRENT LIABILITIES				
Payables	5	5,965	2,450	2,450
Interest-bearing liabilities	6	..	..	8,051
Provisions		1,031	1,313	1,313
Tax liabilities		..	..	..
Other		222	222	222
Total current liabilities		7,218	3,985	12,036
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities		..	..	..
Provisions		..	..	..
Tax liabilities		..	..	..
Other		..	..	..
Total non-current liabilities		..	..	..
TOTAL LIABILITIES		7,218	3,985	12,036
NET ASSETS (LIABILITIES)		62,580	68,577	68,577
EQUITY				
Contributed equity	7	62,580	68,577	65,580
Retained surpluses (accumulated deficits)		..	..	..
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		62,580	68,577	65,580

STATEMENT OF CASH FLOWS

	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Output receipts	1	97,409	95,581	128,819
User charges	2	1,872	2,496	1,855
Grants and other contributions	3	1,292	954	1,058
Interest received		506	540	474
Dividends received		..	..	..
Extraordinary items		..	..	..
Other	4	5,650	5,275	4,781
Outflows:				
Employee costs	5	17,013	17,597	20,186
Supplies and services	6	20,768	26,154	24,356
Grants and subsidies	7	55,620	46,738	79,241
Borrowing costs		..	..	..
Equity return		3,795	4,116	4,393
Taxation equivalents		..	..	..
Extraordinary items		..	..	..
Other	8	8,352	8,604	7,263
Net cash provided by (used in) operating activities		1,181	1,637	1,548
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment	9	6,992	8,222	9,599
Investments acquired		..	..	..
Loans and advances made		..	..	..
Net cash provided by (used in) investing activities		(6,992)	(8,222)	(9,599)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings	10	..	..	8,051
Equity injections	11	5,811	5,679	..
Outflows:				
Dividends paid		..	..	..
Borrowing redemptions		..	..	..
Finance lease payments (excluding interest component)		..	..	..
Equity withdrawals		..	..	..
Net cash provided by (used in) financing activities		5,811	5,679	8,051
Net Increase (decrease) in cash held		..	(906)	..
Cash at the beginning of financial year		11,675	1,356	450
Cash at the end of financial year		11,675	450	450

STATEMENT OF FINANCIAL PERFORMANCE

EXPENSES AND REVENUES ADMINISTERED ON BEHALF OF THE WHOLE OF GOVERNMENT	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
Revenues				
Commonwealth grants		..	..	..
Taxes, fees and fines		..	..	..
Royalties, property income and other territorial Revenue		..	..	..
Interest		..	..	..
Administered item revenue	1	11,640	11,640	15,890
Other		..	..	..
Total revenues		11,640	11,640	15,890
Expenses excluding borrowing costs				
Revaluation decrement		..	..	..
Supplies and Services		..	..	..
Depreciation and amortisation		690	690	690
Grants and subsidies	1	10,950	10,950	15,200
Benefit payments		..	..	..
Other		..	..	..
Total expenses excluding borrowing costs		11,640	11,640	15,890
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		..	..	..

STATEMENT OF FINANCIAL POSITION

ASSETS AND LIABILITIES ADMINISTERED ON BEHALF OF THE WHOLE OF GOVERNMENT	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
CURRENT ASSETS				
Cash	1	1,466	..	..
Receivables		..	..	..
Inventories		..	..	..
Other financial assets		..	..	..
Other		..	..	..
Total current assets		1,466	..	..
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Intangibles		..	..	..
Property, plant and equipment	2	1,429	1,429	739
Other		..	..	..
Total non-current assets		1,429	1,429	739
Self-generating and regenerating Assets		..	..	..
TOTAL ADMINISTERED ASSETS		2,895	1,429	739
CURRENT LIABILITIES				
Payables		..	..	..
Transfers to Government payable	3	1,466	..	..
Interest-bearing liabilities		..	..	..
Other		..	..	..
Total current liabilities		1,466	..	..
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities		..	..	..
Other		..	..	..
Total non-current liabilities		..	..	..
TOTAL ADMINISTERED LIABILITIES		1,466	..	..
ADMINISTERED NET ASSETS (LIABILITIES)		1,429	1,429	739
EQUITY				
Contributed equity	4	1,429	1,429	739
Retained surpluses (accumulated deficits)		..	..	..
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL ADMINISTERED EQUITY		1,429	1,429	739

STATEMENT OF CASH FLOWS

CASH FLOWS ADMINISTERED ON BEHALF OF THE WHOLE OF GOVERNMENT	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Administered item receipts	1	11,640	11,640	15,890
Grants and other contributions		..	..	..
Taxes, fees and fines		..	..	..
Royalties, property income and other territorial revenues		..	..	..
Interest received		..	..	..
Extraordinary items		..	..	..
Other		..	..	..
Outflows:				
Transfers to Government		..	..	..
Grants and subsidies	1	10,950	10,950	15,200
Supplies and services		..	..	..
Borrowing costs		..	..	..
Extraordinary items		..	..	..
Other items		..	..	..
Net cash provided by (used in) operating activities		690	690	690
CASHFLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment		..	..	..
Investments acquired		..	..	..
Loans and advances made		..	..	..
Net cash provided by (used in) investing activities		..	..	..
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections		..	..	..
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments (excluding interest component)		..	..	..
Equity withdrawals		690	690	690
Net cash provided by (used in) financing activities		(690)	(690)	(690)
Net increase (decrease) in cash held		..	..	..
Administered cash at beginning of financial year	2	1,466	..	..
Administered cash at end of financial year		1,466	..	..

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Note: Sport and Recreation Queensland financial statements are a subset of the Department of Innovation and Information Economy, Sport and Recreation Queensland financial statements.

Statement of Financial Performance

Major variations between 2001-02 Budget and 2001-02 Estimated Actual include:

1. 2001-02 Estimated Actual lower than 2001-02 Budget primarily due to deferral of funding to 2002-03 to meet commitments that are not expected to come to charge by year's end, partly offset by recognition of revenue reimbursed by the Stadium Redevelopment Authority (SRA) from loan funding for stadium redevelopment costs incurred by the Department on behalf of the SRA while borrowing negotiations were finalised.
2. 2001-02 Estimated Actual higher than 2001-02 Budget primarily due to allocation of user charges revenues for the provision of information technology and network administration services to the Department of Local Government and Planning.
3. 2001-02 Estimated Actual lower than 2001-02 Budget primarily due to a reduction in funding under the Commonwealth Active Australia program.
5. 2001-02 Estimated Actual higher than 2001-02 Budget primarily reflects additional resources applied to various sports development programs, and a reallocation of funds from grants and subsidies to supplies and services under the National Standard Sport Facilities program to enable direct payments to capital works contractors on behalf of approved grant program recipients.
6. 2001-02 Estimated Actual lower than 2001-02 Budget due to reallocation of funding to supplies and services under the National Standard Sport Facilities program to enable direct payments to capital works contractors on behalf of approved grant program recipients and the deferral of committed grant funding to 2002-03 to better align funding with anticipated draw downs by approved grant recipients.

Major variations between 2001-02 Budget and 2002-03 Estimate include:

1. 2002-03 Estimate higher than 2001-02 Budget primarily due to deferral of funding to 2002-03 to meet commitments that are not expected to come to charge by year's end, increased resources being applied to sport and recreation programs and additional funding available from the Major Facilities Levy to be paid to the Stadium Redevelopment Authority (SRA) to service loan arrangements for the Suncorp Metway Stadium Redevelopment.
4. 2002-03 Estimate higher than 2001-02 Budget reflects additional resources to be applied to support the development of elite athletes at the Queensland Academy of Sport and improve the management of grants and subsidies programs. The increase is also attributable to enterprise bargaining wage increases and salary increments payable under the State award.
5. 2002-03 Estimate higher than 2001-02 Budget primarily due to additional resources applied to various sports development programs. It also partly reflects the deferral of committed funding in some programs to 2002-03 to better align funding with anticipated expenditures.
6. 2002-03 Estimate higher than 2001-02 Budget primarily due to funding deferred from 2001-02 to better align funding with anticipated claims by grant recipients, increased resources to be applied to sports development programs, and additional funding available from the Major Facilities Levy to be paid to the Stadium Redevelopment Authority to service loan arrangements for the Suncorp Metway Stadium Redevelopment.

Major variations between 2001-02 Estimated Actual and the 2002-03 Estimate include:

1. 2002-03 Estimate higher than 2001-02 Estimated Actual primarily due to deferral of funding to 2002-03 to meet commitments that are not expected to come to charge by year's end, increased resources for sport and recreation programs and additional funding available from the Major Facilities Levy to be paid to the Stadium Redevelopment Authority (SRA) to service loan arrangements for the Suncorp Metway Stadium Redevelopment.
2. 2002-03 Estimate lower than 2001-02 Estimated Actual primarily due to the cessation of the allocation corporate services user charges revenues for the provision of information technology and network administration services to the Department of Local Government and Planning.
4. 2002-03 Estimate higher than 2001-02 Estimated Actual reflects additional resources applied to support the development of elite athletes at the Queensland Academy of Sport and improve the management of grants and subsidies programs, The increase is also attributable to enterprise bargaining wage increases and salary increments payable under the State award.
5. 2002-03 Estimate lower than 2001-02 Estimated Actual primarily due to the cessation in 2002-03 of an arrangement whereby funds were reallocated from grants and subsidies to supplies and services under the National Standard Sport Facilities program to enable direct payments to capital works contractors on behalf of approved grant program recipients.
6. 2002-03 Estimate higher than 2001-02 Estimated Actual primarily due to funding deferred from 2001-02 to better align funding with anticipated claims by grant recipients, increased resources to be applied to sports development programs, and additional funding from the Major Facilities Levy to be paid to the Stadium Redevelopment Authority to service loan arrangements for the Suncorp Metway Stadium Redevelopment.

Statement of Financial Position

Major variations between 2001-02 Budget and 2001-02 Estimated Actual include:

1. 2001-02 Estimated Actual lower than 2001-02 Budget primarily due to the utilisation of appropriation funding balances that transferred to the Department at the date of the Machinery-of-Government transfer in March 2001.
2. 2001-02 Estimated Actual higher than 2001-02 Budget due an increase in monies owed to the Department primarily in respect of GST input tax credits and interest earnings on the controlled bank account.
3. 2001-02 Estimated Actual lower than 2001-02 Budget primarily due to a reduction in estimated prepayments for services to be received from suppliers.
4. 2001-02 Estimated Actual higher than 2001-02 Budget primarily due to the transfer of the Willows Sports Complex from the Department of Tourism, Racing and Fair Trading and the deferral of part of the 2000-01 capital works program to 2001-02 to better align funding with anticipated expenditure.
5. 2001-02 Estimated Actual lower than 2001-02 Budget primarily due to an anticipated reduction in the level of departmental grants and subsidies liabilities at year end and a decline in the level of trade creditors.
7. 2001-02 Estimated Actual higher than 2001-02 Budget primarily due to contributed equity in relation to the Willows Sports Complex transferred from the Department of Tourism, Racing and Fair Trading.

Major variations between 2001-02 Budget and 2002-03 Estimate include:

1. 2001-02 Estimated Actual lower than 2001-02 Budget primarily due to the utilisation of appropriation funding balances that transferred to the Department at the date of the Machinery-of-Government transfer in March 2001.
2. 2002-03 Estimate higher than 2001-02 Budget due an increase in monies owed to the Department primarily in respect of GST input tax credits and interest earnings on the controlled bank account.
3. 2002-03 Estimate lower than 2001-02 Budget primarily due to a reduction in prepayments for services to be received from suppliers.
4. 2002-03 Estimate higher than 2001-02 Budget primarily due to the transfer of the Willows Sports Complex from the Department of Tourism, Racing and Fair Trading and additional funding for the continued redevelopment of the Tallebudgerra Outdoor recreation Centre and outdoor recreation centres across the State.
5. 2002-03 Estimate lower than 2001-02 Budget primarily due to an anticipated reduction in the level of departmental grants and subsidies liabilities at year end and a decline in the level of trade creditors.
6. 2002-03 Estimate reflects the reclassification of budgeted equity injections to borrowings as a funding source for capital acquisitions to achieve transparency between the capital works program and the source of funds for that program.
7. 2002-03 Estimate higher than 2001-02 Budget primarily due to contributed equity in relation to the Willows Sports Complex transferred from the Department of Tourism, Racing and Fair Trading.

Major variations between 2001-02 Estimated Actual and the 2002-03 Estimate include:

4. 2002-03 Estimate higher than 2001-02 Estimated Actual primarily due to additional funding for the continued redevelopment of the Tallebudgerra Outdoor Recreation Centre and outdoor recreation centres across the State.
6. 2002-03 Estimate reflects the reclassification of budgeted equity injections to borrowings as a funding source for capital acquisitions to achieve transparency between the capital works program and the source of funds for that program.

Statement of Cash Flows

Major variations between 2001-02 Budget and 2001-02 Estimated Actual include:

1. 2001-02 Estimated Actual lower than 2001-02 Budget primarily due to deferral of funding to 2002-03 to meet commitments that are not expected to come to charge by year's end, partly offset by recognition of revenue reimbursed by the Stadium Redevelopment Authority (SRA) from loan funding for Stadium Redevelopment costs incurred by the Department on behalf of the SRA while borrowing negotiations were finalised.
2. 2001-02 Estimated Actual higher than 2001-02 Budget primarily due to allocation corporate services user charges revenues for the provision of information technology and network administration services to the Department of Local Government and Planning.
3. 2001-02 Estimated Actual lower than 2001-02 Budget primarily due to a reduction in funding under the Commonwealth Active Australia program.
6. 2001-02 Estimated Actual higher than 2001-02 Budget primarily reflects additional resources being applied to various sports development programs, and a reallocation of funds from grants and subsidies to supplies and services under the National Standard Sport Facilities program to enable direct payments to capital works contractors on behalf of approved grant program recipients.
7. 2001-02 Estimated Actual lower than 2001-02 Budget due to reallocation of funding to supplies and services under the National Standard Sport Facilities program to enable direct payments to capital works contractors on behalf of approved grant program recipients and the deferral of committed grant funding to 2002-03 to better align funding with anticipated draw down by approved grant recipients.
9. 2001-02 Estimated Actual higher than 2001-02 Budget primarily due to deferral of part of the 2000-01 capital acquisition program to 2001-02 to better align funding with anticipated expenditure.

Major variations between 2001-02 Budget and 2002-03 Estimate include:

1. 2002-03 Estimate higher than 2001-02 Budget primarily due to deferral of funding to 2002-03 to meet commitments that are not expected to come to charge by year's end, increased resources applied to sport and recreation programs and additional funding available from the Major Facilities Levy to be paid to the Stadium Redevelopment Authority (SRA) to service loan arrangements for the Suncorp Metway Stadium redevelopment.
4. 2002-03 Estimate lower than 2001-02 Budget primarily due to the expectation that there would be reduced levels of cash received from input tax credits from the ATO.
5. 2002-03 Estimate higher than 2001-02 Budget and Estimate Actual reflects additional resources applied to support the development of elite athletes at the Queensland Academy of Sport and improve the management of grants and subsidies programs. The increase is also attributable to enterprise bargaining wage increases and salary increments payable under the State award.
6. 2002-03 Estimate higher than 2001-02 Budget primarily due to additional resources applied to various sports development programs. It also partly reflects the deferral of committed funding in some programs to 2002-03 to better align funding with anticipated expenditures.
7. 2002-03 Estimate higher than 2001-02 Budget primarily due to funding deferred from 2001-02 to better align funding with anticipated claims by grant recipients, increased resources applied to sports development programs, and additional funding from the Major Facilities Levy to be paid to the Stadium Redevelopment Authority to service loan arrangements for the Suncorp Metway Stadium Redevelopment.
8. 2002-03 Estimate lower than 2001-02 Budget primarily due to the expectation that there will be less GST paid on purchases by the Department in 2002-03.
9. 2002-03 Estimate higher than 2001-02 Budget primarily due to programmed increase in funding for stage 2 of the redevelopment of the Tallebudgerra Outdoor Recreation Centre.
10. 2002-03 Estimate reflects the reclassification of budgeted equity injections to borrowings as a funding source for capital acquisitions to achieve transparency between the capital works program and the source of funds for that program.
11. 2002-03 Estimate lower than 2001-02 Budget primarily due to the reclassification of budgeted equity injections to borrowings as a funding source for capital acquisitions to achieve transparency between the capital works program and the source of funds for that program.

Major variations between 2001-02 Estimated Actual and the 2002-03 Estimate include:

1. 2002-03 Estimate higher than 2001-02 Estimated Actual primarily due to deferral of funding to 2002-03 to meet commitments that are not expected to come to charge by year's end, increased resources applied to sport and recreation programs and additional funding from the Major Facilities Levy to be paid to the Stadium Redevelopment Authority (SRA) to service loan arrangements for the Suncorp Metway Stadium redevelopment.
2. 2002-03 Estimate lower than 2001-02 Estimated Actual primarily due to the cessation of the allocation corporate services user charges revenues for the provision of information technology and network administration services to the Department of Local Government and Planning.
4. 2002-03 Estimate lower than 2001-02 Estimated Actual primarily due to the expectation that there would be reduced levels of cash received from input tax credits from the ATO.
5. 2002-03 Estimate higher than 2001-02 Estimated Actual reflects additional resources applied to support the development of elite athletes at the Queensland Academy of Sport and improve the management of grants and subsidies programs. The increase is also attributable to enterprise bargaining wage increases and salary increments payable under the State award.
6. 2002-03 Estimate lower than 2001-02 Estimated Actual primarily due to the cessation in 2002-03 of an arrangement whereby funds were reallocated from grants and subsidies to supplies and services under the National Standard Sport Facilities program to enable direct payments to capital works contractors on behalf of approved grant program recipients.
7. 2002-03 Estimate higher than 2001-02 Estimated Actual primarily due to funding deferred from 2001-02 to better align funding with anticipated claims by grant recipients, increased resources to be applied to sports development programs, and additional funding from the Major Facilities Levy to be paid to the Stadium Redevelopment Authority to service loan arrangements for the Suncorp Metway Stadium Redevelopment.
8. 2002-03 Estimate lower than 2001-02 Budget primarily due to the expectation that there will be less GST paid on purchases by the Department in 2002-03.
9. 2002-03 Estimate higher than 2001-02 Estimated Actual primarily due to programmed increase in funding for stage 2 of the redevelopment of the Tallebudgerra Outdoor Recreation Centre
10. 2002-03 Estimate reflects the reclassification of budgeted equity injections to borrowings as a funding source for capital acquisitions to achieve transparency between the capital works program and the source of funds for that program.
11. 2002-03 Estimate lower than 2001-02 Estimated Actual due to the reclassification of budgeted equity injections to borrowings as a funding source for capital acquisitions to achieve transparency between the capital works program and the source of funds for that program.

Statement of Financial Performance

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

Major variations between 2001-02 Budget and 2002-03 Estimate include:

1. 2002-03 Estimate primarily reflects an increase in appropriation funding payable to the Gold Coast Events Company for the Honda Indy 300 for the 2003 race.

Major variations between 2001-02 Estimated Actual and the 2002-03 Estimate include:

1. 2002-03 Estimate primarily reflects an increase in appropriation funding payable to the Gold Coast Events Company for the Honda Indy 300 for the 2003 race.

Statement of Financial Position

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

Major variations between 2001-02 Budget and 2001-02 Estimated Actual include:

1. 2001-02 Estimated Actual reflects that cash balances from 2000-01 payable to Treasury in respect of the finalisation of the Sport and Youth Fund and equity withdrawal in relation to depreciation on the administered asset holdings of the Gold Coast Events Company for the Honda Indy 300 have been paid in 2001-02.
3. 2001-02 Estimated Actual reflects that cash balances from 2000-01 payable to Treasury in respect of the finalisation of the Sport and Youth Fund and equity withdrawal in relation to depreciation on the administered asset holdings of the Gold Coast Events Company for the Honda Indy 300 have been paid in 2001-02.

Major variations between 2001-02 Budget and 2002-03 Estimate include:

1. 2002-03 Estimate reflects that cash balances from 2000-01 payable to Treasury in respect of the finalisation of the Sport and Youth Fund and equity withdrawal in relation to depreciation on the administered asset holdings of the Gold Coast Events Company for the Honda Indy 300 have been paid in 2001-02.
2. 2002-03 Estimate lower than 2001-02 Budget due to the depreciation of the administered asset holdings of the Gold Coast Events Company for the Honda Indy 300.
3. 2002-03 Estimate reflects that cash balances from 2000-01 payable to Treasury in respect of the finalisation of the Sport and Youth Fund and equity withdrawal in relation to depreciation on the administered asset holdings of the Gold Coast Events Company for the Honda Indy 300 have been paid in 2001-02.
4. 2002-03 Estimate lower than 2001-02 Budget due to the depreciation of the administered asset holdings of the Gold Coast Events Company for the Honda Indy 300.

Major variations between 2001-02 Estimated Actual and the 2002-03 Estimate include:

2. 2002-03 Estimate lower than 2001-02 Estimated Actual due to the depreciation of the administered asset holdings of the Gold Coast Events Company for the Honda Indy 300.
4. 2002-03 Estimate lower than 2001-02 Estimated Actual due to the depreciation of the administered asset holdings of the Gold Coast Events Company for the Honda Indy 300.

Statement of Cash Flows

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

Major variations between 2001-02 Budget and 2001-02 Estimated Actual include:

2. 2001-02 Estimated Actual lower than 2001-02 Budget reflects that cash balances from 2000-01 payable to Treasury in respect of the finalisation of the Sport and Youth Fund and equity withdrawal in relation to depreciation on the administered asset holdings of the Gold Coast Events Company for the Honda Indy 300 have been paid in 2001-02.

Major variations between 2001-02 Budget and 2002-03 Estimate include:

1. 2002-03 Estimate primarily reflects an increase in appropriation funding payable to the Gold Coast Events Company for the Honda Indy 300 for the 2003 race.
2. 2002-03 Estimate lower than 2001-02 Budget reflects that cash balances from 2000-01 payable to Treasury in respect of the finalisation of the Sport and Youth Fund and equity withdrawal in relation to depreciation on the administered asset holdings of the Gold Coast Events Company for the Honda Indy 300 have been paid in 2001-02.

Major variations between 2001-02 Estimated Actual and the 2002-03 Estimate include:

1. 2002-03 Estimate primarily reflects an increase in appropriation funding payable to the Gold Coast Events Company for the Honda Indy 300 for the 2003 race.



Queensland
Government

MINISTERIAL PORTFOLIO STATEMENTS

2002-03 STATE BUDGET

**DEPUTY PREMIER, TREASURER AND
MINISTER FOR SPORT**

STADIUM REDEVELOPMENT AUTHORITY

Hon. Terry Mackenroth MP
Deputy Premier, Treasurer and
Minister for Sport

Kevin Yearbury
Chief Executive Officer
Stadium Redevelopment Authority

OVERVIEW

The Stadium Redevelopment Authority was established on 21 December 2001. The Authority replaced the former Lang Park Trust which ceased to function on 20 December 2001.

The Authority is accountable to the Deputy Premier, Treasurer and Minister for Sport.

The Stadium Redevelopment Authority is a statutory body within the meaning of the *Financial Administration and Audit Act 1977* and *Statutory Bodies Financial Arrangements Act 1982*.

The primary functions of the Authority are to oversee the redevelopment of Suncorp Metway Stadium as a world-class rectangular sports venue with a seating capacity of 52,500 and to perform the financial and administrative functions associated with the development, management and operations of the venue during the redevelopment period.

The redevelopment will generate at least 496 jobs through direct employment during construction and generate at least 300 jobs in associated supply sectors. On completion, the hosting of major events will result in significant economic benefits in direct and flow-on income for associated industries (e.g. retail, hospitality and accommodation).

The stadium is scheduled for completion in May 2003 for the conduct of Rugby League State of Origin series matches, National Rugby League fixture matches and 2003 Rugby World Cup matches.

Once the redevelopment is completed, the stadium will transfer to the Major Sports Facilities Authority, which will manage the venue.

NON-DEPARTMENTAL OUTPUT PERFORMANCE

NON-DEPARTMENTAL OUTPUT: Redevelopment of Suncorp Metway Stadium

REVIEW OF NON-DEPARTMENTAL OUTPUT PERFORMANCE

Recent Achievements

- Managed the stadium redevelopment project, contracting responsibility for supervising the construction to the Department of Public Works.
- Conducted exploratory negotiations (in conjunction with Sport and Recreation Queensland) to identify prospective tenants.
- Established a governance framework for the effective management of the redevelopment.
- Contributed to the establishment of the Community Liaison Group (in conjunction with Sport and Recreation Queensland) to facilitate input from the local community into the redevelopment.
- Established loan arrangements for the redevelopment of Suncorp Metway Stadium, consistent with the approved funding model.
- Assisted the Queensland Events Corporation in their negotiations with the Australian Rugby Union to secure 2003 Rugby World Cup matches at the redeveloped Suncorp Metway Stadium.

Future Developments

- Complete the Stadium's redevelopment by the end of May 2003 within the project budget of \$279.7 million.
- Establish operations at the Stadium and arrange for its commissioning upon completion of construction.
- Negotiate hiring agreements with prospective tenants.
- Establish a Venue Hire Agreement with the Australian Rugby Union for the conduct of 2003 Rugby World Cup matches.
- Manage the transfer of management functions from the Stadium Redevelopment Authority to the Major Sports Facilities Authority on completion of the redevelopment.

NON-DEPARTMENTAL OUTPUT STATEMENT

Non-Departmental Output: Redevelopment of Suncorp Metway Stadium				
Measures	Notes	2001-02 Target/Est.	2001-02 Est. Actual	2002-03 Target/Est.
Quantity Number of jobs created directly from the redevelopment.		New measure	New measure	496
Timeliness Suncorp-Metway Stadium redevelopment completed within agreed timeframes.		May 2003	May 2003	May 2003
Cost (\$) Suncorp-Metway Stadium Redevelopment completed within budget.		\$279.7M	\$279.7M	\$279.7M
State Contribution (\$'000)		22,100	22,100	15,100
Other Revenue (\$'000)		99	99	165
Total Cost (\$'000)		22,199	22,199	15,265

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE

	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
Revenues from ordinary activities				
User charges		21	21	9
Grants and other contributions	1	22,100	22,100	15,100
Other		78	78	156
Total revenues from ordinary activities		22,199	22,199	15,265
Expenses from ordinary activities excluding borrowing costs expense				
Revaluation decrement		..	..	..
Employee expenses		74	74	67
Supplies and services		87	87	171
Depreciation and amortisation		3	3	5
Grants and subsidies		..	..	..
Other		..	..	..
Total expenses from ordinary activities excluding borrowing costs expense		164	164	243
Borrowing costs expense	2	769	769	..
Surplus from ordinary activities before income tax expense/revenue		21,266	21,266	15,022
Income tax revenue/expense relating to ordinary activities		..	..	..
Surplus from ordinary activities after related income tax expense/revenue		21,266	21,266	15,022
Extraordinary items after related income tax expense/revenue		..	..	..
NET SURPLUS		21,266	21,266	15,022
Non-owner transaction changes in equity:				
- 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		21,266	21,266	15,022

STATEMENT OF FINANCIAL POSITION

	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
CURRENT ASSETS				
Cash	1	3,677	3,677	49,005
Receivables		23	23	23
Inventories		..	..	..
Other financial assets		..	..	..
Tax assets		..	..	..
Other		..	..	..
Total current assets		3,700	3,700	49,028
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Intangibles		..	..	..
Tax assets		..	..	..
Property, plant and equipment	1	92,543	92,543	..
Other		..	..	..
Total non-current assets		92,543	92,543	..
Self-generating and regenerating assets		..	..	..
TOTAL ASSETS		96,243	96,243	49,028
CURRENT LIABILITIES				
Payables		1	1	1
Interest-bearing liabilities		..	..	..
Provisions		19	19	19
Tax liabilities		..	..	..
Other		..	..	..
Total current liabilities		20	20	20
NON-CURRENT LIABILITIES				
Payables	1	5,000	5,000	..
Interest-bearing liabilities	1	57,237	57,237	..
Provisions		..	..	..
Tax liabilities		..	..	..
Other		..	..	..
Total non-current liabilities		62,237	62,237	..
TOTAL LIABILITIES		62,257	62,257	20
NET ASSETS (LIABILITIES)		33,986	33,986	49,008
EQUITY				
Contributed equity		12,720	12,720	12,720
Retained surpluses (accumulated deficits)	5	21,266	21,266	36,288
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		33,986	33,986	49,008

STATEMENT OF CASHFLOWS

	Notes	2001-02 Budget \$'000	2001-02 Est. Act. \$'000	2002-03 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges		14	14	9
Grants and other contributions	1	22,100	22,100	15,100
Interest received		78	78	156
Dividends received		..	..	..
Extraordinary Items		..	..	..
Other		..	..	..
Outflows:				
Employee costs		74	74	67
Supplies and services		136	136	171
Grants and subsidies		..	..	..
Borrowing costs		30	30	..
Taxation equivalents		..	..	..
Extraordinary items		..	..	..
Other		..	..	..
Net cash provided by (used in) operating activities		21,952	21,952	15,027
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment	2	..	..	314,326
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment	3	63,563	63,563	221,788
Investments acquired		..	..	..
Loans and advances made		..	..	..
Net cash provided by (used in) investing activities		(63,563)	(63,563)	92,538
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings	4	41,437	41,437	206,049
Outflows:				
Dividends paid		..	..	..
Borrowing redemptions	5	..	..	268,286
Finance lease payments (excluding interest component)		..	..	..
Net cash provided by (used in) financing activities		41,437	41,437	(62,237)
Net increase (decrease) in cash held		(174)	(174)	45,328
Cash at the beginning of financial year		3,851	3,851	3,677
Cash at the end of financial year		3,677	3,677	49,005

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Statement of Financial Performance

Major variations between 2001-02 Budget and 2002-03 Estimate include:

1. 2002-03 Estimate lower than 2001-02 Budget primarily due to recognition of revenue in 2001-02 received to service borrowings.
2. 2002-03 Estimate lower than 2001-02 Budget due to Australian Accounting Standards requirements on the treatment of interest expense for construction projects (AAS34 refers).

Major variations between 2001-02 Estimated Actual and the 2002-03 Estimate include:

1. 2002-03 Estimate lower than 2001-02 Estimated Actual primarily due to recognition of revenue in 2001-02 received to service borrowings.
2. 2002-03 Estimate lower than 2001-02 Estimated Actual due to Australian Accounting Standards requirements on the treatment of interest expense for construction projects (AAS34 refers).

Statement of Financial Position

Major variations between 2001-02 Budget and 2002-03 Estimate include:

1. 2002-03 Estimate higher than 2001-02 Budget due to the accounting treatment associated with the transfer of Suncorp-Metway Stadium to the Major Sports Facilities Authority.
2. 2002-03 Estimate higher than 2001-02 Budget due to Australian Accounting Standard requirements on the treatment of interest expense for construction projects (AAS34 refers).

Major variations between 2001-02 Estimated Actual and the 2002-03 Estimate include:

1. 2002-03 Estimate higher than 2001-02 Estimated Actual due to the accounting treatment associated with the transfer of Suncorp-Metway Stadium to the Major Sports Facilities Authority.
2. 2002-03 Estimate higher than 2001-02 Estimated Actual due to Australian Accounting Standard requirements on the treatment of interest expense for construction projects (AAS34 refers).

Statement of Cash Flows

Major variations between 2001-02 Budget and 2002-03 Estimate include:

1. 2002-03 Estimate lower than 2001-02 Budget primarily due to recognition of revenue in 2001-02 received to service borrowings.
2. 2002-03 Estimate higher than 2001-02 Budget due to the accounting treatment associated with the transfer of Suncorp-Metway Stadium to the Major Sports Facilities Authority.
3. 2002-03 Estimate higher than 2001-02 Budget primarily attributable to the costs associated with the redevelopment.
4. 2002-03 Estimate higher than 2001-02 Budget primarily due to loan draw-downs to meet redevelopment costs.
5. 2002-03 Estimate higher than 2001-02 Budget due to the accounting treatment associated with the transfer of Suncorp-Metway Stadium to the Major Sports Facilities Authority.

Major variations between 2001-02 Estimated Actual and the 2002-03 Estimate include:

1. 2002-03 Estimate lower than 2001-02 Estimated Actual primarily due to recognition of revenue in 2001-02 received to service borrowings.
2. 2002-03 Estimate higher than 2001-02 Estimated Actual due to the accounting treatment associated with the transfer of Suncorp-Metway Stadium to the Major Sports Facilities Authority.
3. 2002-03 Estimate higher than 2001-02 Estimated Actual primarily attributable to the costs associated with the redevelopment.
4. 2002-03 Estimate higher than 2001-02 Estimated Actual primarily due to loan draw-downs to meet redevelopment costs.
5. 2002-03 Estimate higher than 2001-02 Budget due to the accounting treatment associated with the transfer of Suncorp-Metway Stadium to the Major Sports Facilities Authority.

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.
Equity Injection	An increase in the investment of the Government in a public sector agency.
Equity Return	A periodic return on equity reflecting the opportunity cost to the Government of its investment in agencies.
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.
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.
Outputs	Discrete services or products for external customers or consumers produced by agencies with funding from the Government.
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.
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.
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".

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 2002-03 Budget Papers.



Deputy Premier, Treasurer and Minister for Sport

Ministerial Portfolio Statements

www.budget.qld.gov.au