

Ministerial Portfolio Statement

# Deputy Premier, Treasurer and Minister for Sport

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State Budget

05-06

**Smart State**

# 2005-06 Budget Papers

## 1. Budget Speech

## 2. Budget Strategy and Outlook

## 3. Capital Statement

## Budget Highlights

## Appropriation Bills

## Ministerial Portfolio Statements

The Ministerial Portfolio Statements (MPS) 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 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 2005-06.

The MPS are forward-looking in their focus and provide predominantly budgeted financial and non-financial 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 2005-06 Budget, final information about actual financial and non-financial performance is not yet available for the 2004-05 financial year. Therefore, an estimate of performance ("estimated actual") for 2004-05 is shown throughout the MPS.

The MPS forms part of the 2005-06 Budget Papers.

The MPS are on sale either individually or as a set through Goprint (phone 07 3246 3500) and are also available online at [www.budget.qld.gov.au](http://www.budget.qld.gov.au)

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**Queensland**  
Government

## **MINISTERIAL PORTFOLIO STATEMENT**

### **2005-06 STATE BUDGET**

**This Ministerial Portfolio Statement includes the  
following Departments and Agencies:**

**TREASURY DEPARTMENT**

**CORPTECH**

**MOTOR ACCIDENT INSURANCE COMMISSION  
NOMINAL DEFENDANT**

**SPORT AND RECREATION QUEENSLAND**

**OFFICE OF URBAN MANAGEMENT**



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**Queensland**  
Government

## **MINISTERIAL PORTFOLIO STATEMENT**

**2005-06 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 provides policy advice, strategies and financial services to assist the Government in achieving sustainable economic outcomes and fiscal strength for Queensland. Treasury works collaboratively with its stakeholders to assist the Government in meeting its fiscal objectives as outlined in the *Charter of Social and Fiscal Responsibility* and to progress its key objectives. Stakeholders include all Queensland Government agencies, other levels of government, business and communities across the State.

Key priorities for Treasury are:

- developing and monitoring the State Budget and whole-of-Government strategies to achieve the Government's priorities and advance the performance of the Queensland economy to support growth and employment
- providing advice on the South East Queensland Infrastructure Plan and Program (SEQIPP) in support of the Office of Urban Management in coordinating, reviewing and monitoring the SEQIPP
- managing the Government's shareholding interests in Government-owned corporations (GOCs) to maximise shareholder returns, build shareholder value and ensure appropriate corporate governance in GOCs
- delivering simple, efficient and equitable revenue management services for State taxes and grant and subsidy schemes
- playing a lead role in the evolution and refinement of the whole-of-Government model for shared service delivery
- maintaining the integrity and probity of the gambling industry, responsible gambling policy and research activities and managing the allocation of funds for community benefit
- coordinating a broad range of economic, social and statistical information services to enhance the evidence base for policy evaluation and performance
- improving products and services to meet the needs of employers and members of the State Public Sector Superannuation Fund (QSuper) and also improving the financial literacy of QSuper members.

### 2005-06 HIGHLIGHTS

Treasury will continue to develop the following initiatives in 2005-06:

- developing and monitoring the State Budget to assist the Government in achieving its priorities and building awareness of the risks and influences affecting Queensland's fiscal position
- monitoring GOC operational and financial performance, with a particular focus on the provision and management of essential infrastructure

- enhancing economic and social research agendas relating to the economic and social advancement of the State
- improving revenue management by providing responsive and ongoing legislation and revenue policy advice to Government
- managing the gaming machine reallocation scheme for hotels, including the review of the scheme as required by legislation
- improving products and services to meet the needs of QSuper members and employers and improving the financial literacy of QSuper members
- supporting the development and implementation of business solutions to deliver standardised corporate services, including finance, human resource management and documents and records management
- additional funding of \$550,000 to monitor progress with the implementation of the South East Queensland Infrastructure Plan and Program (SEQIPP), industry capacity issues and general economic conditions affecting infrastructure delivery
- allocation of \$1.2 million towards a State-wide marketing and education campaign to promote the National Census to be undertaken in 2006 to maximise Queensland's enumeration
- provision of \$7.2 million towards the continued development of the Revenue Management System in the Taxation output to support business improvement in the collection of revenue and payment of subsidies.

In its capacity as manager of the State's finances, Treasury will administer and receipt over \$14 billion in revenue in 2005-06. Treasury will administer grant and subsidy programs totalling over \$885 million in 2005-06.

## **DEPARTMENTAL OUTPUTS**

Treasury is a diverse and complex portfolio. Its structure consists of Treasury Office and six portfolio offices, allowing for a streamlined approach to dealing with policy and service delivery issues. Treasury's activities are strongly linked to the Government's key priorities and strategic governance principles and indicators.

### **Financial and Economic Policy**

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, managing the State's finances in accordance with the *Charter of Social and Fiscal Responsibility* and advancing the performance of the Queensland economy to support growth and employment.

### **GOC Performance and Governance**

The Office of Government Owned Corporations (OGOC) is responsible for supporting and advising shareholding Ministers in administering the Government's shareholding in its GOCs. This includes ensuring a strategic approach to policy development for GOCs, monitoring performance and ensuring compliance with relevant legislation.

## **Economic and Statistical Research**

The Office of Economic and Statistical Research (OESR) reports on economic and statistical research activities, including whole-of-Government collection, collation, interpretation, analysis and dissemination of high quality economic and statistical information, modelling and research services, and specific information and data management services for major initiatives and whole-of-Government priorities.

## **Taxation**

The Office of State Revenue (OSR) delivers and administers efficient and equitable revenue management services for State taxes and grant and subsidy schemes. It provides revenue policy advice, and Ministerial and legislative services to maintain and improve revenue systems and their administration. OSR is also responsible for administering the Community Ambulance Cover scheme, the Fuel Subsidy Scheme and the First Home Owner Grant.

## **Gambling**

The Queensland Office of Gaming Regulation (QOGR) is responsible for maintaining the integrity and probity of the gambling industry, responsible gambling policy and research activities and managing the allocation of funds for community benefit. Its role includes implementing a stringent licensing regime, the provision of policy advice on gambling issues, various compliance activities and implementing responsible gambling practices.

QOGR also manages the allocation of funds from the Community Investment Fund, which includes grants to community organisations from the Gambling Community Benefit Fund.

## **Superannuation**

The Government Superannuation Office (GSO) is responsible for administering the State Public Sector Superannuation Fund (QSuper), the Parliamentary Contributory Superannuation Fund and the pension entitlements of judges. This includes providing policy advice to the Government and Trustee Boards on products, services and administration of legislation in relation to the management of superannuation for Queensland public sector employees.

GSO also administers the State Government's long service leave provisions for Queensland public sector agencies.

## **Shared Service Implementation**

The Shared Service Implementation Office (SSIO) is responsible for implementing and refining the whole-of-Government model for shared service delivery. It ensures the implementation of the Shared Service Initiative is coordinated across the public sector and provides the foundation to implement business changes and information technology solutions necessary to drive efficient and effective corporate service delivery.

## OUTPUT LINKAGES WITH GOVERNMENT OUTCOMES

Output Name	Government Outcome/ Strategic Governance
Financial and Economic Policy	Delivering responsive government
GOC Performance and Governance	Delivering responsive government
Economic and Statistical Research	Delivering responsive government
Taxation	Delivering responsive government
Gambling	Delivering responsive government
Superannuation	Delivering responsive government
Shared Service Implementation	Delivering responsive government

## DEPARTMENTAL FINANCIAL SUMMARY

	2004-05 Adjusted Budget \$'000	2004-05 Est. Actual \$'000	2005-06 Estimate \$'000
<b>CONTROLLED<sup>1</sup></b>			
<b>Income</b>			
Output revenue	108,067	112,649	116,066
Own source revenue	64,972	63,155	64,578
<b>Total Income</b>	<b>173,039</b>	<b>175,804</b>	<b>180,644</b>
<b>Total expenses</b>	<b>173,039</b>	<b>175,804</b>	<b>180,644</b>
<b>Operating Surplus/ (Deficit)</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>NET ASSETS</b>	<b>59,393</b>	<b>69,376</b>	<b>69,247</b>
<b>ADMINISTERED<sup>1</sup></b>			
<b>Revenue</b>			
Administered item revenue	1,496,795	1,427,237	2,146,939
Other administered revenue	13,274,567	14,077,555	14,204,913
<b>Total revenue</b>	<b>14,771,362</b>	<b>15,504,792</b>	<b>16,351,852</b>
<b>Expenses</b>			
Transfers of administered revenue to Government	13,268,155	14,035,580	14,192,584
Administered expenses	1,498,429	1,438,889	2,146,140
<b>Total expenses</b>	<b>14,766,584</b>	<b>15,474,469</b>	<b>16,338,724</b>
<p>Notes:</p> <p>1. Explanations of variances are provided in the 'Explanation of Variances in the Financial Statements' section and Output Income Statements.</p> <p>The Financial Statements, including the 2004-05 Adjusted Budget figures reflect the removal of the equity return, which took effect during 2004-05. Further detail of this adjustment is contained in the 'Explanation of Variances in the Financial Statements' section.</p>			

## APPROPRIATIONS

	2004-05 Budget \$'000	2005-06 Estimate \$'000
<b>Controlled Items<sup>1</sup></b>		
Departmental Outputs <sup>2</sup>	111,079	116,066
Equity Adjustment <sup>3</sup>	7,241	4,487
<b>Administered Items<sup>1</sup></b>	<b>1,594,910</b>	<b>1,390,859</b>
<b>Vote Total</b>	<b>1,713,230</b>	<b>1,511,412</b>
<p>Notes:</p> <ol style="list-style-type: none"> <li>1. A reconciliation of appropriations to the Financial Statements follows the Financial Statements.</li> <li>2. The 2004-05 Budget figures <u>do not</u> reflect the removal of the equity return, which took effect during 2004-05. Further detail of this adjustment is contained in the 'Explanation of Variances in the Financial Statements' section.</li> <li>3. The decrease in the 2005-06 Estimate is due to a net decrease in equity adjustments pertaining to the OSR Revenue Management System project.</li> </ol>		

## STAFFING<sup>1</sup>

Output/Activity	Notes	2004-05 Est. Actual	2005-06 Estimate
<b>OUTPUTS<sup>2</sup></b>			
Financial and Economic Policy		235	242
GOC Performance and Governance		34	33
Economic and Statistical Research		98	104
Taxation	3	378	383
Gambling		229	233
Superannuation	4	380	365
Shared Service Implementation		32	34
<b>Total Outputs</b>		<b>1,386</b>	<b>1,394</b>
<b>ADMINISTERED</b>		..	..
<b>BUSINESS UNITS</b>			
CorpTech	5	440	543
<b>Total Business Units</b>		<b>440</b>	<b>543</b>
<b>Corporate Services provided to other agencies</b>		<b>27</b>	<b>30</b>
<b>Total</b>		<b>1,853</b>	<b>1,967</b>
Notes: 1. Full-Time Equivalents (FTEs) as at 30 June. 2. Corporate FTEs are allocated across the outputs to which they relate. 3. The 2004-05 Estimated Actual and the 2005-06 Estimate include 14 employees whose wages will be capitalised. Consequently, it would not be valid to perform output based average salary calculations on the basis of these FTE allocations. 4. The decrease in the 2005-06 Estimate is due to the streamlining of processes within the Operations area. 5. The 2004-05 Estimated Actual includes staff transitioned to CorpTech as a result of the inception of the Shared Service Initiative, and staff associated with the Shared Service Solutions (SSS) Program of works including those transferred from the Shared Service Implementation Office. The increase in the 2005-06 Estimate reflects the increased work effort involved in the SSS Program of works.			

## 2005-06 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	34,868	30,302	3,799	..	767
GOC Performance and Governance	3,548	3,443	90	..	15
Economic and Statistical Research	12,019	8,197	3,781	..	41
Taxation	42,856	41,678	1,038	..	140
Gambling	36,040	17,202	18,681	..	157
Superannuation	46,031	4,757	40,584	..	690
Shared Service Implementation	6,438	6,278	89	..	71
<b>Departmental</b>	<b>181,800</b>	<b>111,857</b>	<b>68,062</b>	<b>..</b>	<b>1,881</b>
<b>Other<sup>1</sup></b>	<b>5,281</b>	<b>4,209</b>	<b>1,037</b>	<b>..</b>	<b>35</b>
<b>Reconciliation Adjustment to the Income Statement<sup>2</sup></b>	<b>(6,437)</b>	<b>..</b>	<b>(6,437)</b>	<b>..</b>	<b>..</b>
<b>Total<sup>3</sup></b>	<b>180,644</b>	<b>116,066</b>	<b>62,662</b>	<b>..</b>	<b>1,916</b>
<p>Notes:</p> <ol style="list-style-type: none"> <li>1. The Department provides Corporate Support to non-departmental outputs (MAIC, Nominal Defendant and CorpTech). Whilst the associated expenses and revenues are reflected in the Financial Statements, they are not included in the individual Output Income Statements. Consequently the sum of the individual Output Income Statements does not add to the departmental Income Statement. The 2005-06 Corporate Support Allocation is provided on page 1-54.</li> <li>2. This line item represents eliminations upon consolidation for internal trading between outputs.</li> <li>3. This line reconciles to the departmental Income Statement where total cost is represented by total expenses from ordinary activities and other revenue represents grants and other contributions and other revenue.</li> </ol>					



## OUTPUT PERFORMANCE

### OUTPUT: Financial and Economic Policy

### RELATED OUTCOME: Delivering responsive government

#### DESCRIPTION

Treasury Office delivers the financial and economic policy output, providing strategies and advice at a whole-of-Government level to promote value-for-money service delivery, managing the State's finances in accordance with the *Charter of Social and Fiscal Responsibility* and advancing the 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*
- managing the Government's financial assets and liabilities, financial risks and exposures
- managing inter-governmental financial relations to further Queensland's financial and economic interests
- providing advice on Australian Government taxes and tax equivalents to Government agencies
- developing State taxation policy including assessing taxation initiatives and taxation expenditure
- developing regulatory policy, overseeing regulatory regimes and managing the implementation of National Competition Policy, including preparation of the annual report to the National Competition Council on implementation progress
- 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 the Government's Public Private Partnerships Policy and Value for Money Framework, and managing the Government's risk on major infrastructure projects
- providing insurance and insurance advice to Government through the Queensland Government Insurance Fund and overseeing the insurance scheme operating for not-for-profit community groups.

## REVIEW OF OUTPUT PERFORMANCE

### Recent Achievements

Significant recent achievements include:

- developed the 2005-06 State Budget
- monitored and reviewed the 2004-05 Budget
- maintained the State's AAA credit rating
- completed the fifth report of outcomes – the *Priorities in Progress Report 2003-04*, under the *Charter of Social and Fiscal Responsibility*
- developed a capital monitoring and review unit to assist in the development of the South East Queensland Infrastructure Plan and Program (SEQIPP) and improve Treasury's coordination and assessment of emerging capital and asset needs across the Government
- conducted the whole-of-Government review of information and communications technology (ICT) which resulted in the development of the *Smart Directions Statement for ICT within the Queensland Government*
- provided ongoing commercial and financial advice on a number of major infrastructure projects being progressed under the Public Private Partnerships Policy and Value for Money Framework
- provided information sessions, interactive workshops and developed revised accounting and financial reporting policies to ensure a smooth transition to internationally converged accounting standards
- developed policy at the national level with respect to tort law reform and evaluation of a possible long term care scheme for the catastrophically injured
- resolved complexities of the application of the Goods and Services Tax (GST) legislation to QGIF insured agencies
- providing Queensland's submissions and opinions as part of the review of simplification of the process underlying the distribution of GST revenue, which resulted in an outcome agreed by the Ministerial Council for Commonwealth-State Financial Relations
- completion of the ninth annual report to the National Competition Council reporting progress in implementing National Competition Policy reform, and preparation of Queensland Government submissions to the Productivity Commission's Review of National Competition Policy.

### Future Developments

During 2005-06, 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

- implementing outcomes of the Review of State Taxes under the *Inter-Governmental Agreement on the Reform of Commonwealth-State Financial Relations* and other State tax Budget measures
- continuing review of the financial management framework and identification of opportunities to improve the framework
- managing and coordinating the State Budget process within agreed timeframes
- continuing to provide commercial and financial advice to the Government on major asset management and infrastructure projects and work with responsible agencies on projects progressed under the Public Private Partnerships Policy and Value for Money Framework
- developing and facilitating strategies to lift the State's sustainable level of economic growth and addressing the challenges of an aging population and labour force
- providing reliable forecasts for the State economy
- developing a project assurance process for projects involving a substantial ICT component for potential use across Government
- continuing enhancement of the QGIF database to achieve more accurate premium setting and to provide insured agencies with data which improves their risk management practices
- monitoring national developments in insurance issues
- participating in the Commonwealth Grants Commission's review of the methods used to allocate GST revenue and providing Queensland submissions in relation to the potential simplification of specific aspects of this methodology
- continued development of the capital review and monitoring unit to monitor progress with SEQIPP, industry capacity issues and general economic conditions affecting infrastructure delivery.

## OUTPUT STATEMENT

Output: Financial and Economic Policy				
Measures	Notes	2004-05 Target/Est.	2004-05 Est. Actual	2005-06 Target/Est.
<b>Quantity</b>				
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		4	4	4
Economic Indicator Briefs		52	52	52
<b>Quality</b>				
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%	100%	100%
Compliance with the Uniform Presentation Framework requirements		100%	100%	100%
Achievement of National Competition Policy requirements		100%	100%	100%
Availability of financial management reporting system (Tridata)		95%	95%	95%
<b>Timeliness</b>				
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%
Annual Commonwealth Grants Research Program completed within agreed timeframes		100%	100%	100%
Legislation review program completed within agreed timeframes		100%	100%	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		95%	95%	95%

<b>Output: Financial and Economic Policy</b>				
<b>Measures</b>	<b>Notes</b>	<b>2004-05 Target/Est.</b>	<b>2004-05 Est. Actual</b>	<b>2005-06 Target/Est.</b>
<b>Cost (\$)</b>				
Cost of fiscal and financial management	1	\$6.019 million	\$6.189 million	\$5.086 million
Cost of portfolio resource allocation advice		\$6.281 million	\$5.776 million	\$5.956 million
Cost of economic, regulatory and inter-governmental relations advice	2	\$3.959 million	\$3.339 million	\$3.559 million
<b>State Contribution (\$'000)</b>	<b>3</b>	<b>25,870</b>	<b>29,665</b>	<b>30,302</b>
<b>Other Revenue (\$'000)</b>		<b>6,024</b>	<b>5,661</b>	<b>4,566</b>
<b>Total Cost (\$'000)</b>	<b>3</b>	<b>31,894</b>	<b>35,326</b>	<b>34,868</b>
<p>Note:</p> <ol style="list-style-type: none"> <li>1. The decrease in the 2005-06 Target/Estimate reflects the completion of the whole-of-Government information and communications technology project during 2004-05.</li> <li>2. The decrease in the 2004-05 Estimated Actual reflects a greater than anticipated level of vacancies throughout the year.</li> <li>3. The 2004-05 Target/Estimate reflects the removal of the equity return, which took effect during 2004-05. Further detail of this adjustment is contained in the 'Explanation of Variances in the Financial Statements' section.</li> </ol>				

## Output Income Statement – Financial and Economic Policy

	Notes	2004-05 Adjusted Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
<b>Income</b>				
Output revenue	1	25,870	29,665	30,302
User charges	2	5,495	4,466	3,799
Grants and other contributions		..	..	..
Other revenue		529	1,195	767
<b>Total Income</b>		<b>31,894</b>	<b>35,326</b>	<b>34,868</b>
<b>Expenses</b>				
Employee expenses	3	20,182	20,116	21,674
Supplies and services	4	9,117	11,800	10,738
Depreciation and amortisation	5	1,607	1,551	623
Grants and subsidies		..	380	420
Finance/borrowing costs		..	..	..
Other expenses		988	1,479	1,413
<b>Total expenses</b>		<b>31,894</b>	<b>35,326</b>	<b>34,868</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>..</b>	<b>..</b>	<b>..</b>
<p>Notes:</p> <ol style="list-style-type: none"> <li>1. The increase in the 2004-05 Estimated Actual is primarily due to the reclassification of administered expenses and corresponding budget for the Long Service Leave Central Scheme (LSLCS) and Queensland Government Insurance Fund (QGIF). The increase in the 2005-06 Estimate reflects additional funding for the development of the Capital Review and Monitoring Unit.</li> <li>2. The decrease in the 2004-05 Estimated Actual and the 2005-06 Estimate is due to a reduction in reimbursements for project expenses.</li> <li>3. The increase in the 2005-06 Estimate reflects the additional funding for the Capital Review and Monitoring Unit (refer to Note 1 above), as well as the full year effect of vacancies filled in the second half of 2004-05.</li> <li>4. The increase in the 2004-05 Estimated Actual reflects the reclassification of the LSLCS and QGIF. Refer to Note 1 above.</li> <li>5. The decrease in the 2005-06 Estimate reflects the full depreciation of the initial build of the Tridata system by the end of 2004-05. A program of maintenance and regular system upgrading has now been implemented, rather than system replacement.</li> </ol> <p>The Financial Statements, including the 2004-05 Adjusted Budget reflects the removal of the equity return, which took effect during 2004-05. Further detail of this adjustment is contained in the 'Explanation of Variances in the Financial Statements' section.</p>				

## **OUTPUT PERFORMANCE**

### **OUTPUT: GOC Performance and Governance**

#### **RELATED OUTCOME: Delivering responsive government**

##### **DESCRIPTION**

The primary focus of the Office of Government Owned Corporations (OGOC) is to support and advise shareholding Ministers in administering the Government's shareholding in its Government-owned corporations (GOCs). This includes ensuring a strategic approach to policy development for GOCs, monitoring performance and ensuring compliance with relevant legislation.

OGOC aims to maximise shareholder returns, build shareholder value and ensure appropriate corporate governance in GOCs while being mindful that GOCs operate in open and competitive markets subject to the principle of competitive neutrality. 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.

Activities include:

- overseeing corporate governance arrangements in GOCs
- negotiating outcomes of the annual performance contract, or Statement of Corporate Intent (SCI) as well as the annual five year Corporate Plan
- monitoring the commercial performance of GOCs and conducting reviews of GOCs' strategic direction and outlook for commercial performance
- assessing major investment proposals
- collecting dividends and tax equivalent payments from the GOC sector on behalf of the Government
- coordinating the State Budget process relating to GOCs.

##### **REVIEW OF OUTPUT PERFORMANCE**

###### **Recent Achievements**

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

- assessment of various investment proposals and business strategies put forward by GOCs
- completion of annual SCI process for each GOC
- ongoing monitoring and development of GOC governance to ensure that the GOC accountability framework remains consistent with good corporate practice
- completion of a review of the performance payments system for GOCs and preparation of revised guidelines for GOC and senior executive remuneration

- use of GOC investment guidelines incorporating 10 investment principles which allow GOCs to act commercially and compete effectively while meeting the expectations, priorities and risk concerns of their Government shareholders
- ongoing monitoring of enterprise bargaining processes and outcomes for GOCs with a view to ensuring outcomes are in line with the expectations of shareholding Ministers
- assessing the impact of new International Financial Reporting Standards (IFRS) on GOC financial reporting requirements to ensure smooth transition to IFRS.

## **Future Developments**

During 2005-06, this output will focus on the following key priorities:

- monitoring GOC operational and financial performance, with a particular focus on the provision and management of essential infrastructure
- continuing the program of strategic assessments of GOCs focusing on issues such as financial performance, market environment and strategic direction
- working with GOCs to develop SCIs in accordance with Government shareholding interests
- ensuring GOCs have effective risk management, corporate governance and performance monitoring systems in place
- assessing GOC investment proposals.



## OUTPUT STATEMENT

Output: GOC Performance and Governance				
Measures	Notes	2004-05 Target/Est.	2004-05 Est. Actual	2005-06 Target/Est.
<b>Quantity</b> Number of GOC Statements of Corporate Intent completed	1	19	18	18
Number of performance monitoring reports completed	2	76	72	72
<b>Quality</b> Percentage of Ministerial correspondence prepared to agreed Treasury standards		95%	95%	95%
<b>Timeliness</b> Percentage of Statements of Corporate Intent (SCIs) received and reviewed within the scheduled timeframe	3	n/a	n/a	95%
<b>Cost (\$)</b> Cost of monitoring and governance per GOC	4	\$0.13 million	\$0.17 million	\$0.17 million
<b>State Contribution (\$'000)</b>	<b>5</b>	<b>2,820</b>	<b>2,910</b>	<b>3,443</b>
<b>Other Revenue (\$'000)</b>		<b>96</b>	<b>749</b>	<b>105</b>
<b>Total Cost (\$'000)</b>	<b>5</b>	<b>2,916</b>	<b>3,659</b>	<b>3,548</b>
<p>Notes.</p> <ol style="list-style-type: none"> <li>On 1 July 2004 the Rockhampton Port Authority (RPA) and Gladstone Port Authority (GPA) merged to create the Central Queensland Ports Authority (CQPA). The decrease in the 2005-06 Target/Estimate reflects the reduction in the number of GOCs as a result of the merger.</li> <li>The decreases in the 2004-05 Estimated Actual and the 2005-06 Target/Estimate are due to the timing of the introduction of quarterly reporting for the CQPA. Refer to Note 1 above.</li> <li>Measure has been amended to more accurately reflect the processes undertaken under the Government Owned Corporations Act 1993.</li> <li>The increase in average costs is due to the reduction in numbers of GOCs. Refer Note 1 above.</li> <li>The 2004-05 Target/Estimate reflects the removal of the equity return, which took effect during 2004-05. Further detail of this adjustment is contained in the 'Explanation of Variances in the Financial Statements' section.</li> </ol>				

## Output Income Statement – GOC Performance and Governance

	Notes	2004-05 Adjusted Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
<b>Income</b>				
Output revenue		2,820	2,910	3,443
User charges		80	86	90
Grants and other contributions		..	..	..
Other revenue	1	16	663	15
<b>Total Income</b>		<b>2,916</b>	<b>3,659</b>	<b>3,548</b>
<b>Expenses</b>				
Employee expenses		2,398	2,451	2,893
Supplies and services	1	422	1,083	540
Depreciation and amortisation		50	65	71
Grants and subsidies		..	..	..
Finance/borrowing costs		..	..	..
Other expenses		46	60	44
<b>Total expenses</b>		<b>2,916</b>	<b>3,659</b>	<b>3,548</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>..</b>	<b>..</b>	<b>..</b>
<p>Notes:</p> <p>1. The increase in the 2004-05 Estimated Actual reflects a change in the treatment for Government Owned Corporations' consultancy expenses and the subsequent reimbursement of the expenses. The expense and matching reimbursement have not been reflected in 2005-06 Budget.</p> <p>The Financial Statements, including the 2004-05 Adjusted Budget reflects the removal of the equity return, which took effect during 2004-05. Further detail of this adjustment is contained in the 'Explanation of Variances in the Financial Statements' section.</p>				

## **OUTPUT PERFORMANCE**

### **OUTPUT: Economic and Statistical Research**

### **RELATED OUTCOME: Delivering responsive government**

#### **DESCRIPTION**

The Office of Economic and Statistical Research is responsible for whole-of-Government collection, collation, interpretation, analysis and dissemination of high quality economic and statistical information, modelling and research services, and specific information and data management services for major initiatives and whole-of-Government priorities.

The economic and statistical research output contributes to the Government's priorities by coordinating a broad range of economic, social and statistical information services to enhance the evidence base for policy evaluation and performance measurement.

#### **REVIEW OF OUTPUT PERFORMANCE**

##### **Recent Achievements**

Significant recent achievements include:

- completion of major surveys for State Government agencies, including the bi-annual Queensland household survey
- successful completion of major economic and statistical modelling projects in the tourism, energy and rail sectors of the Queensland economy, the juvenile justice system, the Goods and Services Tax, and population projections for the State and its regions
- provision of high quality statistical information products and services that have improved information access and sharing across Government, including the Register of Strategic Information, the Queensland Regional Bodies Information System, and input to whole-of-Government initiatives such as Information Queensland and national initiatives such as the National Data Network.

##### **Future Developments**

During 2005-06 this output will focus on the following key priorities:

- maintaining and enhancing 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
- maintaining and enhancing a suite of economic and social models, methodologies and standards, and promote their availability, transparency and use across Government and the general community, in support of the Queensland Government's strategic policies

- increasing the provision of high quality statistical information products and services that contribute to the transparency, accountability and operational efficiency of government
- improving information coordination and sharing across Government through leadership of significant Strategic Information and Information Communication Technology Smart Directions initiatives, continued advancement of the whole-of-Government information business environment, and contribution to the national information access and standardisation programs
- enhancing statistical surveys capability, including implementation of longitudinal surveys and improved statistical methodologies for the analysis of longitudinal data
- developing and implementing a State-wide marketing campaign to promote the National Census to be undertaken in August 2006 to maximise Queensland's enumeration and to improve the quality of the Census data.

## OUTPUT STATEMENT

<b>Output: Economic and Statistical Research</b>				
<b>Measures</b>	<b>Notes</b>	<b>2004-05 Target/Est.</b>	<b>2004-05 Est. Actual</b>	<b>2005-06 Target/Est.</b>
<b>Quantity</b>				
Survey, data processing or data construction projects	1	60	80	85
Data dissemination outputs including official publications, client reports or databases		140	140	150
Formal written briefings or reports provided to key clients on economic statistical and spatial issues	2	140	80	90
Number of Internet hits on OESR web site	3	1.95 million	1.35 million	1.35 million
Number of hits on Data Hub home page	4	30,000	25,000	25,000
Collaborative projects undertaken with or sponsored by other teams in Government or external researchers	2	70	25	25
Development and coordination of whole-of-Government policy issues or relations with organisations in other jurisdictions (number of projects)	2	70	15	15
Number of statistical standards or guidelines published	5	25	15	15
Factual answers to requests for information	6	3,500	3,200	3,000
<b>Quality</b>				
Successful external quality audits		100%	100%	100%
Stakeholder and client satisfaction with outputs (rated satisfied or very satisfied)		90%	90%	90%
<b>Timeliness</b>				
Delivery of outputs within timeframes agreed with clients (excludes Internet Services)		90%	90%	90%
<b>Location</b>				
Briefings and reports delivered to clients outside Treasury Office		50%	50%	50%

<b>Output: Economic and Statistical Research</b>				
<b>Measures</b>	<b>Notes</b>	<b>2004-05 Target/Est.</b>	<b>2004-05 Est. Actual</b>	<b>2005-06 Target/Est.</b>
<b>Cost (\$)</b> Revenue from fee-for-service outputs		\$3.5 million	\$3.5 million	\$3.5 million
<b>State Contribution (\$'000)</b>	<b>7</b>	<b>7,702</b>	<b>7,854</b>	<b>8,197</b>
<b>Other Revenue (\$'000)</b>		<b>3,843</b>	<b>3,810</b>	<b>3,822</b>
<b>Total Cost (\$'000)</b>	<b>7</b>	<b>11,545</b>	<b>11,664</b>	<b>12,019</b>
<p>Notes:</p> <ol style="list-style-type: none"> <li>1. The increase in the 2004-05 Estimated Actual and 2005-06 Target are due to higher than anticipated increases in the number of surveys being undertaken for clients.</li> <li>2. The decrease in the 2004-05 Estimated Actual is primarily attributable to a change in the way deliverables are counted, compared with the method used in previous years.</li> <li>3. The decrease in the 2004-05 Estimated Actual is due to improved access to information on the OESR website.</li> <li>4. The decrease in the 2004-05 Estimated Actual is due to the 2004-05 Target being based on one year's actual information. The trend has become clearer with two years information now available.</li> <li>5. Improvements in the quality of standards and guidelines in recent years has resulted in a less than expected need for new or amended standards and guidelines.</li> <li>6. The lower number of requests for information in 2004-05 and 2005-06 is predominately due to the effect of the Data Hub and more information being available on the OESR website.</li> <li>7. The 2004-05 Target/Estimate reflects the removal of the equity return, which took effect during 2004-05. Further detail of this adjustment is contained in the 'Explanation of Variances in the Financial Statements' section.</li> </ol>				

## Output Income Statement – Economic and Statistical Research

	Notes	2004-05 Adjusted Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
<b>Income</b>				
Output revenue		7,702	7,854	8,197
User charges		3,798	3,744	3,781
Grants and other contributions		..	..	..
Other revenue		45	66	41
<b>Total Income</b>		<b>11,545</b>	<b>11,664</b>	<b>12,019</b>
<b>Expenses</b>				
Employee expenses	1	6,959	7,254	7,667
Supplies and services		3,676	3,511	3,388
Depreciation and amortisation		555	555	587
Grants and subsidies		35	31	31
Finance/borrowing costs		..	..	..
Other expenses		320	313	346
<b>Total expenses</b>		<b>11,545</b>	<b>11,664</b>	<b>12,019</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>..</b>	<b>..</b>	<b>..</b>
<p>Notes:</p> <p>1. The 2005-06 Estimate reflects funding for preliminary marketing for the 2006 Australian Bureau of Statistics Census of Population and Housing.</p> <p>The Financial Statements, including the 2004-05 Adjusted Budget reflects the removal of the equity return, which took effect during 2004-05. Further detail of this adjustment is contained in the 'Explanation of Variances in the Financial Statements' section.</p>				

## **OUTPUT PERFORMANCE**

### **OUTPUT: Taxation**

#### **RELATED OUTCOME: Delivering responsive government**

#### **DESCRIPTION**

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

OSR's main activities include:

- revenue collection services for Queensland's main taxes (duty, pay-roll tax, land tax and debits tax)
- collecting gambling taxes, levies and fees
- administering the Community Ambulance Cover scheme through electricity retailers
- administering the Fuel Subsidy Scheme and the First Home Owner Grant
- revenue policy advice, and Ministerial and legislative services to maintain and improve revenue systems and their administration
- revenue management and administration including assessment, collection, claim and payment processing, investigation and debt recovery.

#### **REVIEW OF OUTPUT PERFORMANCE**

##### **Recent Achievements**

Significant recent achievements include:

- maintenance of revenue collection within agreed service standards through reviewing resources, systems and procedures against best practice measures
- achievement of key milestones in the implementation of the Revenue Management System (RMS). RMS provides a direction for information technology infrastructure and support that incorporates contemporary business practices and payment methods
- maintenance and improvement of taxpayer certainty through the publication of consistent revenue rulings and practice directions
- review of taxation arrangements including legislative amendments to protect the State's tax base, maintain the efficiency of taxation legislation and give effect to State Budget revenue initiatives
- modernisation of pay-roll tax administration through the application of the *Taxation Administration Act 2001*, new technology systems and new business processes



- implementation of Computer Telephony Integration software to direct calls to the most appropriate client service officer
- management of the delayed land tax assessment cycle
- legislative amendments implementing the 2004-05 State Budget duty initiatives, which took effect on 1 August 2004, and increased the circumstances in which the transfer duty home concession is available to Queenslanders, reduced the insurance duty premium from 8.5% to 7.5% for class 1 general insurance and abolished credit card duty
- the repeal of the *Debits Tax Act 1990*, to abolish debits tax from 1 July 2005.

## **Future Developments**

During 2005-06, OSR will focus on the following key priorities:

- implementing the Government's 2005-06 revenue initiatives relating to land tax
- managing and improving revenue management by providing responsive and ongoing legislation and revenue policy advice to Government
- advising Government on the revenue management implications of revenue amendments
- continuing to implement RMS with forecast capital expenditure of \$7.2 million for 2005-06. As from 1 July 2005 the pay-roll tax module of the system will be operational
- commencing the application of the client relationship management strategy – incorporating improved self-assessment, a new compliance model, taxpayer certainty and client service – aligned to new legislation and operating systems
- modernising land tax administration through the continued implementation of the *Taxation Administration Act 2001*, new technology systems and new business processes
- improving and expanding self-assessment through the introduction of e-business initiatives with supporting voluntary compliance and investigations strategies
- improving Community Ambulance Cover scheme administration
- processing approximately \$6.7 billion in revenue and grant transactions
- managing revenue within agreed service standards by continually reviewing resources, systems and procedures against best practice measures.

## OUTPUT STATEMENT

Output: Taxation				
Measures	Notes	2004-05 Target/Est.	2004-05 Est. Actual	2005-06 Target/Est.
<b>Quantity</b>				
Amount of revenue and grants administered	1	\$6.3 billion	\$6.8 billion	\$6.7 billion
		5	5	5
Number of amendment provisions including subordinate legislation developed	2	21,000	22,600	22,600
Number of First Home Owner Grant (FHOG) applications		27,000	27,000	24,200
Number of fuel subsidy payments				
<b>Quality</b>				
Client satisfaction with service provided		70%	70%	70%
Legislative amendment program and revenue policy advices within service standards		90%	90%	90%
<b>Timeliness</b>				
FHOG applications processed within service standards		95%	95%	95%
Percentage of investigations performed within service standards		90%	90%	90%
Legislation program and deliverables within deadlines		90%	90%	90%
Payment and investigation of fuel subsidy claims within service standards		95%	95%	95%
Policy advice, briefings and Ministerial correspondence within deadlines		90%	90%	90%
Revenue collected within service standards		95%	95%	95%
<b>Cost (\$)</b>				
Total Revenue \$ administered per \$ expended – Accrual		\$175	\$175	\$180
<b>State Contribution (\$'000)</b>	<b>3</b>	<b>39,516</b>	<b>38,802</b>	<b>41,678</b>
<b>Other Revenue (\$'000)</b>		<b>1,033</b>	<b>1,170</b>	<b>1,178</b>
<b>Total Cost (\$'000)</b>	<b>3</b>	<b>40,549</b>	<b>39,972</b>	<b>42,856</b>
Notes: 1. Measure has been amended to include grants, such as the First Home Owners and Fuel Subsidy Schemes, administered by OSR. The increase in the 2004-05 Estimated Actual reflects higher transfer duty revenue, particularly those duties related to prices and activity in the housing market. 2. The increase in the 2004-05 Estimated Actual is due to a continuing increase in housing demand in South East Queensland. 3. The 2004-05 Target/Estimate reflects the removal of the equity return, which took effect during 2004-05. Further detail of this adjustment is contained in the 'Explanation of Variances in the Financial Statements' section.				

## Output Income Statement – Taxation

	Notes	2004-05 Adjusted Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
<b>Income</b>				
Output revenue		39,516	38,802	41,678
User charges		909	939	1,038
Grants and other contributions		..	..	..
Other revenue		124	231	140
<b>Total Income</b>		<b>40,549</b>	<b>39,972</b>	<b>42,856</b>
<b>Expenses</b>				
Employee expenses	1	23,389	21,719	24,073
Supplies and services	2	12,809	15,672	13,949
Depreciation and amortisation	3	2,850	1,597	4,069
Grants and subsidies		..	..	..
Finance/borrowing costs		..	..	..
Other expenses	4	1,501	984	765
<b>Total expenses</b>		<b>40,549</b>	<b>39,972</b>	<b>42,856</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>..</b>	<b>..</b>	<b>..</b>
<p>Notes:</p> <ol style="list-style-type: none"> <li>1. The decrease in the 2004-05 Estimated Actual is attributable to delays in the filling of vacant positions associated with OSR's re-alignment. The increase in the 2005-06 Estimate on the 2004-05 Budget and Estimated Actual reflects the full year effect of filling vacancies.</li> <li>2. The increase in the 2004-05 Estimated Actual is attributable to the use of agency temporary staff to fill the vacant positions associated with OSR's re-alignment. The decrease in the 2005-06 Estimate reflects a reduced need for agency temporary staff as a result of the appointment of permanent staff to these vacant positions.</li> <li>3. The decrease in the 2004-05 Estimated Actual is due to delays in the Revenue Management System (RMS) project and its capitalisation, which has postponed the associated depreciation expense. The increase in the 2005-06 Estimate is due to the capitalisation, and subsequent depreciation, of the RMS project.</li> <li>4. The decrease in the 2004-05 Estimated Actual is due to the replacement of desktop computers and associated IT equipment being funded from the Department's corporate support area in 2003-04, rather than OSR in 2004-05, as originally budgeted.</li> </ol> <p>The Financial Statements, including the 2004-05 Adjusted Budget reflects the removal of the equity return, which took effect during 2004-05. Further detail of this adjustment is contained in the 'Explanation of Variances in the Financial Statements' section.</p>				

## **OUTPUT PERFORMANCE**

### **OUTPUT: Gambling**

#### **RELATED OUTCOME: Delivering responsive government**

##### **DESCRIPTION**

The Queensland Office of Gaming Regulation (QOGR) is responsible for maintaining the integrity and probity of the gambling industry, gambling policy and research activities, and managing the allocation of funds for community benefit.

To deliver this output QOGR undertakes a number of activities including:

- a stringent licensing regime to issue licences for organisations and persons to operate in the gambling industry in Queensland
- evaluating and approving internal controls, gambling equipment and gambling rules
- inspection and auditing of gambling sites and products, investigating complaints and undertaking prosecutions
- probity investigations of individuals and corporate entities
- providing policy advice and administering legislation
- managing the allocation of funds for community benefit.

##### **REVIEW OF OUTPUT PERFORMANCE**

###### **Recent Achievements**

Significant recent achievements include:

- finalised tenders for hotel gaming machine operating authorities
- finalised regulatory requirements to allow for the merger of Jupiters Ltd and Tabcorp Ltd
- implemented revised Community Impact Statement Guidelines with greater emphasis and guidance on identifying an impact area and conducting community consultation
- introduced requirements for manufacturers to have an approved control system for their supply operations
- released draft principles for card-based gaming in Queensland
- released a new version of Queensland's gaming machine communication protocol, QCOM version 1.6, to facilitate the monitoring of gaming machines
- completed analysis of private sector or third party involvement in the operations of clubs including commencement of a review of private interest arrangements in other gaming activities – for example, art unions and lucky envelope operations
- commenced implementation of the gaming machine audit methodology incorporating a more efficient use of technology and a risk-based framework

- commenced a new regime for excluding problem gamblers from gambling activities, following its development by industry, community and government
- the Responsible Gambling Fund made payments of \$10.9 million directed towards gambling help services, community awareness and research
- distributed \$32.7 million in grants from the Gambling Community Benefit Fund for the period from 1 April 2004 to 31 March 2005, for 2,190 projects to be undertaken by Queensland community organisations.

### **Future Developments**

During 2005-06 this output will focus on the following key priorities:

- managing the gaming machine reallocation scheme for hotels, including the review of the scheme as required by legislation
- implementing the gaming machine audit methodology process including liaising with industry on corporate governance and compliance program-related issues
- monitoring of private sector or third party involvement in the operations of clubs including the review of the private interest arrangements in other gaming activities – for example, art unions and lucky envelope operations
- renewing five year individual and organisational licences commencing from 1 July 2005
- reviewing the *Gaming Machine Act 1991*
- completing the major redevelopment of the main business application used by the office to meet changed business needs and reduce business risk
- providing gambling policy advice based on rigorous social and economic research, including the release of the results of the Queensland Household Gambling Survey
- providing \$13.4 million from the Responsible Gambling Fund for grants for developing and overseeing the continuing implementation of the *Queensland Responsible Gambling Strategy* and harm minimisation programs, including effective evaluation of early intervention and rehabilitation programs
- distributing an estimated \$33 million in grants from the Gambling Community Benefit Fund.

## OUTPUT STATEMENT

<b>Output: Gambling</b>				
<b>Measures</b>	<b>Notes</b>	<b>2004-05 Target/Est.</b>	<b>2004-05 Est. Act.</b>	<b>2005-06 Target/Est.</b>
<b>Quantity</b> Audit, probity and inspection activities completed in accordance with annual program		95%	95%	95%
<b>Quality</b> 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		95%	95%	95%
People using intervention services who report a decrease in their gambling problems		65%	65%	65%
<b>Timeliness</b> Licence applications processed within set time		90%	90%	90%
Gambling Community Benefit Fund applications processed within set times		95%	95%	95%
<b>State Contribution (\$'000)</b>	<b>1</b>	<b>17,005</b>	<b>17,035</b>	<b>17,202</b>
<b>Other Revenue (\$'000)</b>		<b>16,557</b>	<b>15,768</b>	<b>18,838</b>
<b>Total Cost (\$'000)</b>	<b>1</b>	<b>33,562</b>	<b>32,803</b>	<b>36,040</b>
Notes: 1. The 2004-05 Target/Estimate reflects the removal of the equity return, which took effect during 2004-05. Further detail of this adjustment is contained in the 'Explanation of Variances in the Financial Statements' section.				

## Output Income Statement – Gambling

	Notes	2004-05 Adjusted Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
<b>Income</b>				
Output revenue		17,005	17,035	17,202
User charges	1	16,472	15,497	18,681
Grants and other contributions		..	..	..
Other revenue		85	271	157
<b>Total Income</b>		<b>33,562</b>	<b>32,803</b>	<b>36,040</b>
<b>Expenses</b>				
Employee expenses	2	16,375	16,177	17,432
Supplies and services	2	8,771	8,723	9,806
Depreciation and amortisation		917	1,010	1,147
Grants and subsidies	3	5,395	4,763	5,413
Finance/borrowing costs		..	..	..
Other expenses		2,104	2,130	2,242
<b>Total expenses</b>		<b>33,562</b>	<b>32,803</b>	<b>36,040</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>..</b>	<b>..</b>	<b>..</b>
<p>Notes:</p> <ol style="list-style-type: none"> <li>1. The Research and Community Engagement Division funds its expenses through user charges. The decrease in the 2004-05 Estimated Actual and the increase in the 2005-06 Estimate reflect the deferred recovery of costs caused by delays in the development and rollout of the Responsible Gambling Community Awareness Campaign.</li> <li>2. The increase in the 2005-06 Estimate is due to the deferral of costs associated with the development and rollout of the Responsible Gambling Community Awareness campaign.</li> <li>3. The decrease in the 2004-05 Estimated Actual reflects a reduction in grants approved under the Responsible Gambling Research program. The increase in the 2005-06 Estimate reflects the entire allocation of funds available for the Grants and Subsidies Program.</li> </ol> <p>The Financial Statements, including the 2004-05 Adjusted Budget reflects the removal of the equity return, which took effect during 2004-05. Further detail of this adjustment is contained in the 'Explanation of Variances in the Financial Statements' section.</p>				

## OUTPUT PERFORMANCE

### OUTPUT: Superannuation

### RELATED OUTCOME: Delivering responsive government

#### 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. This includes providing policy advice to the Government and Trustee Boards on products, services and administration of legislation in relation to the management of superannuation for Queensland public sector employees. The GSO also administers the State Government's long service leave provision fund for Queensland public sector agencies.

Activities include:

- providing expert policy advice to stakeholders
- providing products and services to meet the needs of members and stakeholders
- administering legislation related to the management of superannuation for Funds administered by the GSO.

#### REVIEW OF OUTPUT PERFORMANCE

##### Recent Achievements

Significant recent achievements include:

- restructured QSuper's underlying asset trust structure, facilitating introduction of four new member investment options expanding the suite of investment choices available to members with an accumulation account to eight options
- completed a review of member communication and developed a member education strategy to maximise the impact of QSuper's communication and improve financial literacy, including a major redevelopment of the QSuper website
- introduced significant efficiencies and enhancements into the production of Member Benefit Statements, improving the integrity of the information provided and the timeliness of their distribution to members
- received industry awards for the annual report, *Superscoop*, and *Retirement Preparation Guide*
- improved business processes to deliver new key performance indicators including the establishment of a Program Management Office to manage GSO's major projects.



## **Future Developments**

The GSO, in consultation with the QSuper Board of Trustees, developed a new strategic vision for QSuper for the period 2005–08. In the superannuation industry, the next three years are expected to bring heightened competition and changing expectations of fund members. The GSO will address the changing environment by concentrating on four key areas:

- focusing on branding and product attributes to position QSuper as a leading superannuation provider and industry expert providing retirement lifestyle solutions
- developing products which focus on the core superannuation offering, supporting members to attain the lifestyle in retirement they desire and also delivering services over multiple channels and tailored where possible to suit members' needs
- delivering high quality superannuation and general financial education through an enhanced website and tailored publications to improve the financial literacy of members
- marketing QSuper through proactive, scientific and targeted contact with members, including personalised materials and retention programs.

## OUTPUT STATEMENT

<b>Output: Superannuation</b>				
<b>Measures</b>	<b>Notes</b>	<b>2004-05 Target/Est.</b>	<b>2004-05 Est. Act.</b>	<b>2005-06 Target/Est.</b>
<b>Quantity</b> Percentage of members who elect to retain their voluntary monies with QSuper.		70%	67%	70%
<b>Quality</b> Satisfaction of stakeholders with the delivery of products and services		93%	100%	100%
Percentage of external audits resulting in no qualifications		100%	100%	100%
<b>Timeliness</b> 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%
<b>Cost (\$)</b> Administration costs per member are within the lowest quartile when benchmarked to peers		100%	100%	100%
<b>State Contribution (\$'000)</b>	<b>1</b>	<b>4,907</b>	<b>5,221</b>	<b>4,757</b>
<b>Other Revenue (\$'000)</b>		<b>42,480</b>	<b>41,314</b>	<b>41,274</b>
<b>Total Cost (\$'000)</b>	<b>1</b>	<b>47,387</b>	<b>46,535</b>	<b>46,031</b>
Notes: 1. The 2004-05 Target/Estimate reflects the removal of the equity return, which took effect during 2004-05. Further detail of this adjustment is contained in the 'Explanation of Variances in the Financial Statements' section.				

## Output Income Statement – Superannuation

	Notes	2004-05 Adjusted Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
<b>Income</b>				
Output revenue		4,907	5,221	4,757
User charges	1	41,955	40,549	40,584
Grants and other contributions		..	..	..
Other revenue		525	765	690
<b>Total Income</b>		<b>47,387</b>	<b>46,535</b>	<b>46,031</b>
<b>Expenses</b>				
Employee expenses	2	25,917	24,592	25,191
Supplies and services	3	14,217	15,204	13,524
Depreciation and amortisation	4	4,099	3,578	3,767
Grants and subsidies		..	..	..
Finance/borrowing costs		..	..	..
Other expenses	5	3,154	3,161	3,549
<b>Total expenses</b>		<b>47,387</b>	<b>46,535</b>	<b>46,031</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>			..	..
<p>Notes:</p> <ol style="list-style-type: none"> <li>1. User charges are determined on the basis of cost recovery and the reduction in the 2004-05 Estimated Actual and the 2005-06 Estimate represents anticipated cost savings as detailed in the notes below.</li> <li>2. The decrease in the 2004-05 Estimated Actual is a result of utilising contractors to resource expenditure projects and the use of agency temporary staff to fill temporary vacancies. The increase in the 2005-06 Estimate reflects the net impact of an increase in costs from the Enterprise Bargaining Agreement and the decrease in FTE levels due to efficiency gains.</li> <li>3. The increase in the 2004-05 Estimated Actual reflects increased consultancy costs for a major review of member communication, and the use of contractors to resource expenditure projects and temporary staff to fill temporary vacancies. The decrease in the 2005-06 Estimate reflects the correction of agency temporary staff and contractor levels following the completion of major expenditure projects.</li> <li>4. The decrease in the 2004-05 Estimated Actual is a result of a review of asset useful lives.</li> <li>5. The increase in the 2005-06 Estimate is primarily due to the desktop computer replacement program. The annual program was budgeted in 2004-05 but was subsequently deferred.</li> </ol> <p>The Financial Statements, including the 2004-05 Adjusted Budget reflects the removal of the equity return, which took effect during 2004-05. Further detail of this adjustment is contained in the 'Explanation of Variances in the Financial Statements' section.</p>				

## **OUTPUT PERFORMANCE**

### **OUTPUT: Shared Service Implementation**

### **RELATED OUTCOME: Delivering responsive government**

#### **DESCRIPTION**

The Shared Service Initiative (SSI) is a whole-of-Government project with the vision of delivering high-quality, cost-effective corporate services across Government. It will result in corporate services that are sustainable and innovative.

The Shared Service Implementation Office (SSIO) is a temporary office within Treasury and is responsible for implementing the Government's vision for shared corporate services in partnership with the shared service providers (SSPs), CorpTech, agencies and internal-to-Government service providers.

SSIO plays a lead role in the evolution and refinement of the whole-of-Government model for shared service delivery. It ensures the implementation of the SSI is coordinated, effective, efficient and equitable. Through its stewardship and program management role, SSIO lays the foundation for implementation of business changes and information technology solutions necessary to drive efficient and effective corporate service delivery.

Activities undertaken by SSIO include:

- communicating the vision for shared services and engaging stakeholders internal and external to Government
- leading the evolution and refinement of a whole-of-Government model for shared service delivery
- planning, analysing, monitoring and promoting the SSI
- ensuring a coordinated, effective, efficient and equitable implementation process
- partnering with SSPs, CorpTech, agencies and internal-to-Government service providers to ensure the ongoing viability of the SSI.

#### **REVIEW OF OUTPUT PERFORMANCE**

##### **Recent Achievements**

Significant recent achievements include:

- supported the development of business solutions to deliver standardised corporate services, including finance, human resource management, and documents and records management
- developed a standard suite of services for delivery by SSPs

- progressed the development of a blueprint for regional shared corporate service delivery
- established a framework for measuring the performance of corporate services delivery to ensure consistent performance measurement across all providers
- supported improvement in the business capability of providers, including the design of costing and pricing solutions, co-location of providers and the implementation of annual client and customer satisfaction surveys
- engaged stakeholders internal and external to Government, on the changing landscape and business benefits resulting from shared services
- refined the shared service model to ensure optimal efficiency and effectiveness in corporate service delivery
- supported the progress of workforce capability strategies including coordinating implementation of training and development opportunities of corporate services staff.

### **Future Developments**

During 2005-06, SSIO will focus on the following key priorities:

- continue to support the development and implementation of business solutions to deliver standardised corporate services, including finance, human resource management, and documents and records management
- finalise the implementation of the blueprint for regional shared corporate service delivery
- coordinate, guide and review of the implementation of a standard suite of services for shared service providers
- further implement the accommodation strategy including co-location of providers in Brisbane and regions
- develop a program of change aimed at building transformational leadership capacity across corporate services
- further refine the SSI's performance management framework particularly focusing on performance measurement and data integrity
- engage stakeholders internal and external to Government, on the changing landscape and business benefits resulting from shared services
- continue to refine the shared service model to ensure optimal efficiency and effectiveness in corporate service delivery
- progress workforce capability strategies including coordinating implementation of training and development opportunities for corporate services staff.

## OUTPUT STATEMENT

Output: Shared Services Implementation				
Measures	Notes	2004-05 Target/Est.	2004-05 Est. Actual	2005-06 Target/Est.
<b>Quantity</b>				
Percentage of identified SSI skills gaps addressed through training		80%	86%	80%
Number of reports on SSIO progress against Whole-of-Government Implementation Plans		4	4	4
Operating level agreements in place for core corporate servicing across all agencies		100%	100%	100%
<b>Quality</b>				
Satisfaction with management of shared services implementation:				
• CEO and key managers;		80%	80%	80%
• government		100%	100%	100%
Peak implementation bodies' minimum level of satisfaction with the design and implementation of business solutions	1	80%	80%	80%
<b>Timeliness</b>				
Achievement of key deliverables in SSIO Implementation Plan		100%	100%	100%
Provision of policy advice, briefings, ministerial correspondence within agreed time frames		95%	99%	95%
<b>Cost (\$)</b>				
SSIO operating expenses as % of total SSI expenditure		<5%	<5%	<5%
<b>State Contribution (\$'000)</b>	<b>2</b>	<b>6,016</b>	<b>6,351</b>	<b>6,278</b>
<b>Other Revenue (\$'000)</b>		<b>199</b>	<b>181</b>	<b>160</b>
<b>Total Cost (\$'000)</b>	<b>2</b>	<b>6,215</b>	<b>6,532</b>	<b>6,438</b>
Notes: 1. This has been reworded to add clarity to the measure and more accurately reflect target audiences. 2. The 2004-05 Target/Estimate reflects the removal of the equity return, which took effect during 2004-05. Further detail of this adjustment is contained in the 'Explanation of Variances in the Financial Statements' section.				

## Output Income Statement – Shared Service Implementation

	Notes	2004-05 Adjusted Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
<b>Income</b>				
Output revenue		6,016	6,351	6,278
User charges		132	83	89
Grants and other contributions		..	..	..
Other revenue		67	98	71
<b>Total Income</b>		<b>6,215</b>	<b>6,532</b>	<b>6,438</b>
<b>Expenses</b>				
Employee expenses	1	4,800	2,749	3,086
Supplies and services	2	1,098	1,488	871
Depreciation and amortisation		132	97	81
Grants and subsidies	3	..	1,882	2,300
Finance/borrowing costs		..	..	..
Other expenses		185	316	100
<b>Total expenses</b>		<b>6,215</b>	<b>6,532</b>	<b>6,438</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>..</b>	<b>..</b>	<b>..</b>
<p>Notes:</p> <ol style="list-style-type: none"> <li>1. The reduction in the 2004-05 Adjusted Budget reflects the transfer of the Business Transformation function of SSIO to CorpTech. The increase in the 2005-06 Estimate is attributable to the Enterprise Bargaining Agreement increase, coupled with the full year effect of filling vacant positions.</li> <li>2. The increase in the 2004-05 Estimated Actual is due to a one-off carry forward of specialised contractor based funding for deferred Shared Service Initiative projects.</li> <li>3. The grants and subsidy item represents funding to CorpTech for the Business Transformation activities previously performed by SSIO. The increase in the 2005-06 Estimate represents an increase in SSP funding for the 'interim wins' initiative as reflected in the revised SSI business case.</li> </ol> <p>The Financial Statements, including the 2004-05 Adjusted Budget reflects the removal of the equity return, which took effect during 2004-05. Further detail of this adjustment is contained in the 'Explanation of Variances in the Financial Statements' section.</p>				

## **ADMINISTERED ITEMS**

Treasury is responsible for overseeing significant administered revenues and expenses. Treasury receives a large proportion of the State's taxation and Australian Government revenue used to fund outputs.

In addition, Treasury administers significant grants and subsidies programs such as the First Home Owners and Fuel Subsidy Schemes.

In its capacity as the Government's financial manager, Treasury also manages the Government's cash balances and financing requirements.

## **REVIEW OF OUTPUT PERFORMANCE**

### **Recent Achievements and Emerging Issues**

During 2004-05, a number of revenue concessions were successfully implemented:

- The Principal Place of Residence transfer duty concession was extended, with the concessional duty rate of 1% now applying to the first \$300,000 of the value of a principal place of residence
- Insurance duty rates for class 1 general insurance were reduced from 8.5% to 7.5%
- Credit card duty previously imposed at the rate of 10 cents per transaction, was abolished.

Debits tax will be abolished from 1 July 2005.

### **Review of State Taxes**

Earlier this year, Queensland participated in a review conducted by Australian governments into the need to retain a number of business duties. In April, Queensland joined a number of other States in putting forward to the Commonwealth a proposal for the abolition of these business duties. Queensland's proposal is to abolish six duties over a five year period from 1 January 2006:

- Lease duty and credit business duty from 1 January 2006
- Hire duty and marketable securities duty from 1 January 2007
- Half of mortgage duty from January 2008, with full abolition in January 2009
- Half of transfer duty on non-realty conveyances from January 2010, with full abolition in January 2011.

The implementation of this proposal will have significant implications for the composition of State revenues and the activities of the Office of State Revenue.

### **Land Tax**

Queensland has experienced strong growth in property market activity and land values since 2001, resulting in increasing numbers of landowners liable for land tax and growing land tax liabilities for landowners already in the system.

In this Budget, the Government announces changes to the Queensland land tax system that will reduce the impact of recent increases in land valuations. The reforms will significantly reduce taxpayer numbers and deliver rate reductions for all taxpayers. The reforms will take effect from 2005-06.



## CAPITAL ACQUISITIONS

Treasury's key infrastructure requirements are primarily intellectual capital and technology solutions. The majority of capital acquisitions for 2005-06 relates to projects which support initiatives such as the development of e-commerce capabilities in the Taxation output and the replacement of operational assets that provide Treasury's key infrastructure of intellectual capital and software solutions needs.

The most significant capital purchases are for the:

- Office of State Revenue's continued development and implementation of the Revenue Management System (previously known as the Information and Technology Strategic Plan) to enhance information technology and management. The system is designed to employ contemporary technology to provide revenue and information management and e-business capability to better service the Government and people of Queensland. As from 1 July 2005, the pay-roll tax module of the system will be operational
- Office of Gaming Regulation's improvement of business systems including the re-development of the Office's Analytical and Spatial systems and the Internet and Intranet sites. The replacement of aging IT infrastructure and software development to comply with mandatory information standards, which supports the Government's outcome of providing safe and secure communities
- Adoption of a new Electronic Documents and Records Management System (eDRMS) within Treasury to be phased in over a period of three years. The implementation, to be conducted by Portfolio Services, will require significant process change and improved information management practices in order to achieve efficiency and effectiveness benefits. Enhanced outputs such as improved turnaround time for policy advice and improved quality of advice and decisions are expected from adopting the eDRMS. These benefits will be driven through improved management of electronic and hard copy forms of information. Implementing an eDRMS will also assist Treasury in meeting legislative requirements and standards for information and records management.

## CAPITAL ACQUISITION STATEMENT

	Notes	2004-05 Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
<b><u>PROPERTY PLANT AND EQUIPMENT</u></b>				
<b>Property Plant and Equipment</b>				
- Asset Replacement	1	5,580	7,426	3,931
- OSR Business/Revenue Management System	2	1,025	690	320
- eDRMS IT and Document/Records Management	3	..	..	272
<b>Other acquisitions of property, plant and equipment</b>		152	..	..
<b>TOTAL PROPERTY PLANT AND EQUIPMENT</b>		<b>6,757</b>	<b>8,116</b>	<b>4,523</b>
<b><u>OTHER CAPITAL ACQUISITIONS</u></b>				
<b>Other Capital Acquisitions</b>				
- Asset Replacement		..	..	377
- OSR Business/Revenue Management System	4	7,638	8,284	6,894
- QOGR Systems Development	5	1,278	1,023	772
- eDRMS IT and Document/Records Management	3	..	772	858
<b>Other Items</b>	6	189	970	122
<b>TOTAL OTHER CAPITAL ACQUISITIONS</b>		<b>9,105</b>	<b>11,049</b>	<b>9,023</b>
<b>TOTAL CAPITAL ACQUISITIONS</b>		<b>15,862</b>	<b>19,165</b>	<b>13,546</b>
<b><u>FUNDING SOURCES OF ACQUISITIONS</u></b>				
Equity Adjustment	7	7,241	6,293	4,487
Funding for depreciation and amortisation	8	8,621	9,391	11,416
Borrowings		..	..	..
Proceeds of asset sales		..	48	..
Other	9	..	3,433	(2,357)
<b>TOTAL FUNDING SOURCES</b>		<b>15,862</b>	<b>19,165</b>	<b>13,546</b>
<b>Notes:</b> <ol style="list-style-type: none"> <li>1. The increase in the 2004-05 Estimated Actual reflects Treasury's replacement program to ensure that key infrastructure of intellectual capital and software solution needs are provided in stable and up to date environments.</li> <li>2. The decreases in the 2004-05 Estimated Actual and 2005-06 Estimate are due to a reduction in the costs associated with the equipment purchase.</li> <li>3. The expenditure in 2004-05 Estimated Actual reflects an early commencement of the project. The amount under Other Capital Acquisitions largely relates to set-up costs associated with the projects administration. The project commenced in February 2005.</li> <li>4. The increase in the 2004-05 Estimated Actual and the decrease in the 2005-06 Estimate reflect the accelerated rate of progress on the project.</li> <li>5. The decrease in the 2005-06 Estimate reflects the expected completion of the project in 2005-06.</li> <li>6. The increase in 2004-05 Estimated Actual primarily relates to funding for the previously unbudgeted Budget Development and Monitoring Module.</li> <li>7. Refer to Note 12 on page 1-45 in the Balance Sheet in the Financial Statements section.</li> <li>8. Refer to Note 5 on page 1-44 in the Income Statement in the Financial Statements section.</li> <li>9. This item represents the increases and decreases in cash reserves needed to fund capital expenditure.</li> </ol>				

# **DEPARTMENTAL FINANCIAL STATEMENTS**

## INCOME STATEMENT

	Notes	2004-05 Adjusted Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
<b>Income</b>				
Output revenue	1	108,067	112,649	116,066
User charges	2	63,559	59,815	62,662
Grants and other contributions		..	..	..
Other revenue		1,413	3,340	1,916
<b>Total Income</b>		<b>173,039</b>	<b>175,804</b>	<b>180,644</b>
<b>Expenses</b>				
Employee expenses	3	101,554	96,402	103,314
Supplies and services	4	48,837	56,051	50,792
Grants and subsidies		4,643	6,515	7,442
Depreciation and amortisation	5	10,742	9,391	11,416
Finance/borrowing costs		..	..	..
Other expenses		7,263	7,445	7,680
<b>Total expenses</b>		<b>173,039</b>	<b>175,804</b>	<b>180,644</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>..</b>	<b>..</b>	<b>..</b>

## STATEMENT OF CHANGES IN EQUITY

	Notes	2004-05 Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
Net effect of the adoption of a new accounting standard	6	..	..	(4,616)
Increase / (decrease) in asset revaluation reserve		..	..	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
<b>Net income recognised directly in equity</b>		<b>..</b>	<b>..</b>	<b>(4,616)</b>
Surplus / (deficit) for the period		..	..	..
<b>Total recognised income and expense for the period</b>		<b>..</b>	<b>..</b>	<b>(4,616)</b>
Equity injection / (withdrawal)	7	7,241	6,293	4,487
Equity adjustment (MoG transfer)	8	..	9,672	..
<b>Total movement in equity for period</b>		<b>7,241</b>	<b>15,965</b>	<b>(129)</b>

## BALANCE SHEET

	Notes	2004-05 Adjusted Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets	9	25,472	22,363	24,246
Receivables	10	7,993	10,656	11,855
Other financial assets		..	..	..
Inventories		158	7	7
Other		2,512	1,903	1,966
<b>Total current assets</b>		<b>36,135</b>	<b>34,929</b>	<b>38,074</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets		..	..	..
Inventories		..	..	..
Property, plant and equipment	11	17,145	25,369	24,078
Intangibles		24,975	26,325	25,071
Other		..	..	..
<b>Total non-current assets</b>		<b>42,120</b>	<b>51,694</b>	<b>49,149</b>
<b>TOTAL ASSETS</b>		<b>78,255</b>	<b>86,623</b>	<b>87,223</b>
<b>CURRENT LIABILITIES</b>				
Payables		9,564	7,345	7,783
Interest-bearing liabilities and derivatives		..	..	..
Accrued employee benefits		9,213	8,764	8,913
Provisions		..	17	17
Other		5	75	75
<b>Total current liabilities</b>		<b>18,782</b>	<b>16,201</b>	<b>16,788</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Accrued employee benefits		..	966	1,108
Provisions		..	..	..
Other		80	80	80
<b>Total non-current liabilities</b>		<b>80</b>	<b>1,046</b>	<b>1,188</b>
<b>TOTAL LIABILITIES</b>		<b>18,862</b>	<b>17,247</b>	<b>17,976</b>
<b>NET ASSETS (LIABILITIES)</b>		<b>59,393</b>	<b>69,376</b>	<b>69,247</b>
<b>EQUITY</b>				
Capital / Contributed equity	12	24,913	33,111	37,598
Retained surplus / (accumulated deficit)	13	34,480	36,265	31,649
<b>TOTAL EQUITY</b>		<b>59,393</b>	<b>69,376</b>	<b>69,247</b>

## CASH FLOW STATEMENT

	Notes	2004-05 Adjusted Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
Output receipts	14	108,067	112,649	116,066
User charges		63,475	61,464	61,464
Grants and other contributions		..	..	..
Other		1,413	3,252	1,915
<b>Outflows:</b>				
Employee costs	15	(101,216)	(96,064)	(102,964)
Supplies and services	16	(48,834)	(57,147)	(50,404)
Grants and subsidies		(4,643)	(6,515)	(7,442)
Borrowing costs		..	..	..
Other		(7,262)	(7,355)	(7,679)
<b>Net cash provided by/ (used in) operating activities</b>		<b>11,000</b>	<b>10,284</b>	<b>10,956</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment		(1)	48	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for property, plant and equipment	17	(6,757)	(8,116)	(4,524)
Payments for intangibles	18	(9,105)	(11,049)	(9,023)
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by/ (used in) investing activities</b>		<b>(15,863)</b>	<b>(19,117)</b>	<b>(13,547)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections		8,663	6,526	7,213
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		(1,422)	(233)	(2,726)
<b>Net cash provided by/ (used in) financing activities</b>		<b>7,241</b>	<b>6,293</b>	<b>4,487</b>
<b>Net Increase/ (decrease) in cash held</b>		<b>2,378</b>	<b>(2,540)</b>	<b>1,896</b>
<b>Cash at the beginning of financial year</b>		<b>23,107</b>	<b>24,996</b>	<b>22,363</b>
Cash transfers from restructure		(13)	(93)	(13)
<b>Cash at the end of financial year</b>		<b>25,472</b>	<b>22,363</b>	<b>24,246</b>

## INCOME STATEMENT

<b>EXPENSES AND REVENUES ADMINISTERED ON BEHALF OF THE WHOLE OF GOVERNMENT</b>	<b>Notes</b>	<b>2004-05 Budget \$'000</b>	<b>2004-05 Est. Act. \$'000</b>	<b>2005-06 Estimate \$'000</b>
<b>Revenues</b>				
Commonwealth grants	19	7,474,741	7,684,245	8,000,778
Taxes, fees and fines	20	5,669,087	6,247,184	6,081,962
Royalties, property income and other territorial revenue		74,298	72,151	75,000
Interest	21	45,130	62,189	40,639
Administered item revenue	22	1,496,795	1,427,237	2,146,939
Other		11,311	11,786	6,534
<b>Total revenues</b>		<b>14,771,362</b>	<b>15,504,792</b>	<b>16,351,852</b>
<b>Expenses</b>				
Supplies and services		136,114	141,373	146,583
Depreciation and amortisation		8	..	..
Grants and subsidies	23	772,961	801,663	885,586
Benefit payments		..	..	..
Borrowing Costs		2,656	1,898	26,109
Treasurer's Advance	24	100,000	..	100,000
Other	25	486,690	493,955	987,862
<b>Total expenses</b>		<b>1,498,429</b>	<b>1,438,889</b>	<b>2,146,140</b>
<b>Net surplus or deficit before transfers to Government</b>		<b>13,272,933</b>	<b>14,065,903</b>	<b>14,205,712</b>
<b>Transfers of Administered Revenue to Government</b>	26	<b>13,268,155</b>	<b>14,035,580</b>	<b>14,192,584</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>4,778</b>	<b>30,323</b>	<b>13,128</b>

## BALANCE SHEET

ASSETS AND LIABILITIES ADMINISTERED ON BEHALF OF THE WHOLE OF GOVERNMENT	Notes	2004-05 Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets	27	(96,878)	(173,348)	(162,203)
Receivables	28	84,860	157,309	158,814
Other financial assets		..	..	..
Inventories		..	..	..
Other	29	227,051	251,718	252,719
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>215,033</b>	<b>235,679</b>	<b>249,330</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		78,782	79,088	71,266
Other financial assets		..	..	..
Inventories		..	..	..
Property, plant and equipment	3	..	..	..
Intangibles		..	..	..
Other		..	..	..
<b>Total non-current assets</b>		<b>78,785</b>	<b>79,088</b>	<b>71,266</b>
<b>TOTAL ADMINISTERED ASSETS</b>		<b>293,818</b>	<b>314,767</b>	<b>320,596</b>
<b>CURRENT LIABILITIES</b>				
Payables		24,785	25,128	25,128
Transfers to Government payable		..	..	..
Interest-bearing liabilities		3,180	2,893	3,255
Other		48,751	42,783	42,453
<b>Total current liabilities</b>		<b>76,716</b>	<b>70,804</b>	<b>70,836</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Interest-bearing liabilities and derivatives	30	22,961	21,129	828,798
Other		96,350	98,668	93,668
<b>Total non-current liabilities</b>		<b>119,311</b>	<b>119,797</b>	<b>922,466</b>
<b>TOTAL ADMINISTERED LIABILITIES</b>		<b>196,027</b>	<b>190,601</b>	<b>993,302</b>
<b>ADMINISTERED NET ASSETS / (LIABILITIES)</b>		<b>97,791</b>	<b>124,166</b>	<b>(672,706)</b>
<b>EQUITY</b>				
Capital / Contributed equity	31	74,566	75,441	(734,559)
Retained surplus / (accumulated deficit)	32	23,225	48,725	61,853
Reserves:				
- Asset revaluation reserve		..	..	..
- Other		..	..	..
<b>TOTAL ADMINISTERED EQUITY</b>		<b>97,791</b>	<b>124,166</b>	<b>(672,706)</b>



## CASH FLOW STATEMENT

<b>CASH FLOWS ADMINISTERED ON BEHALF OF THE WHOLE OF GOVERNMENT</b>	<b>Notes</b>	<b>2004-05 Budget \$'000</b>	<b>2004-05 Est. Act. \$'000</b>	<b>2005-06 Estimate \$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
Administered item receipts	33	1,517,923	1,311,574	2,146,939
Grants and other contributions	34	7,477,924	7,687,428	8,004,400
Taxes, fees and fines	35	5,669,087	6,247,184	6,081,962
Royalties, property income and other territorial revenues		74,298	72,151	75,000
Interest received	36	45,130	62,189	40,639
Other		1,158	1,629	(4,046)
<b>Outflows:</b>				
Transfers to Government	37	(13,268,155)	(14,234,540)	(14,192,584)
Grants and subsidies	38	(794,089)	(825,974)	(885,586)
Supplies and services		(137,115)	(142,374)	(147,584)
Borrowing costs		(2,656)	(1,898)	(26,109)
Treasurer's Advance	39	(100,000)	..	(100,000)
Other	40	(485,050)	(492,311)	(986,234)
<b>Net cash provided by / (used in) operating activities</b>		<b>(1,545)</b>	<b>(314,942)</b>	<b>6,797</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		6,339	6,339	7,123
<b>Outflows:</b>				
Payments for property, plant and equipment		..	..	..
Payments for intangibles		..	..	..
Payments for investments		..	..	..
Loans and advances made		(228)	(228)	517
<b>Net cash provided by / (used in) investing activities</b>		<b>6,111</b>	<b>6,111</b>	<b>7,640</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings	41	954	954	810,132
Equity injections	42	76,987	27,570	53,920
<b>Outflows:</b>				
Borrowing redemptions		(3,103)	(3,103)	(3,424)
Finance lease payments		..	..	..
Equity withdrawals	43	(76,987)	(40,011)	(863,920)
<b>Net cash provided by / (used in) financing activities</b>		<b>(2,149)</b>	<b>(14,590)</b>	<b>(3,292)</b>
<b>Net increase / (decrease) in cash held</b>		<b>2,417</b>	<b>(323,421)</b>	<b>11,145</b>
<b>Administered cash at beginning of financial year</b>		<b>(99,295)</b>	<b>150,015</b>	<b>(173,348)</b>
<b>Administered cash at end of financial year</b>		<b>(96,878)</b>	<b>(173,348)</b>	<b>(162,203)</b>
Cash transfers from restructure		..	58	..

## EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Queensland Government entities will adopt Australian Equivalents to International Financial Reporting Standards (IFRS) from 1 July 2005. These Standards replace existing Australian Accounting Standards, with the exception of AAS 29 *Financial Reporting by Government Departments* and AAS 31 *Financial Reporting by Governments*.

The format of the Financial Statement tables in the 2005 Ministerial Portfolio Statements has been amended to accord with the adoption of IFRS. The main changes to the tables reflect new terminology and new reporting disclosures. The Statement of Financial Performance is now known as the Income Statement, the Statement of Financial Position is now the Balance Sheet, and the Statement of Cash Flows is now the Cash Flow Statement. Where IFRS has had an impact, these impacts are detailed in the following notes.

The equity return expense has been discontinued effective from 1 July 2004 and has been removed from the 2004-05 Budget estimates to provide for comparability with the 2005-06 Budget estimates. Machinery of Government changes are also reflected (if relevant) in the recast estimates.

### Income Statement

1. The increase in the 2004-05 Estimated Actual and 2005-06 Estimate reflects the reclassification of administered expenses and corresponding revenue for the Queensland Government Insurance Fund and Long Service Leave Central Scheme, and additional funding for the depreciation of leasehold improvements for 33 Charlotte Street, the Revenue Management System project, and Shared Services Initiative projects. Contributing to the increase in the 2005-06 Estimate is additional funding for the Enterprise Bargaining Agreement and for SSIO projects.
2. The decrease in the 2004-05 Estimated Actual is due to reductions in reimbursements for project expenses, and the collection of superannuation fund member fees. The increase in 2005-06 Estimate reflects the deferred recovery of costs in relation to the Responsible Gambling projects.
3. The decrease in the 2004-05 Estimated Actual reflects the transfer of Business Transformation resources to CorpTech, the use of contractors and agency temporary staff, and delays in the filling of vacant positions. The increase in the 2005-06 Estimate is due to costs associated with Responsible Gambling projects and the filling of vacant positions associated with OSR's realignment.
4. The increase in the 2004-05 Estimated Actual is primarily due to the use of agency temporary staff during OSR's realignment and the reclassification of administered expenses and corresponding budget for the Long Service Leave Central Scheme and Queensland Government Insurance Fund. The subsequent decrease in the 2005-06 Estimate reflects a reduction in agency temporary staff and contractor levels, and a decrease in expenses following the completion of the relocation to 33 Charlotte Street.
5. The decrease in the 2004-05 Estimated Actual and subsequent increase in the 2005-06 Estimate reflects the delay in capitalising the OSR Revenue Management System project.

### Statement of Changes in Equity

6. The adjustment in the 2005-06 Estimate reflects a reduction in asset values on the adoption of Australian Equivalents to International Financial Reporting Standards (IFRS).
7. This item reflects the equity injections to fund part of the OSR Revenue Management System project. These equity injections are partially offset by equity withdrawals equivalent to the depreciation funding on this project.
8. The increase in the 2004-05 Estimated Actual represents the asset transferred from the Department of Public Works for the leasehold improvements undertaken on 33 Charlotte Street.

### Balance Sheet

9. Refer to the Cash Flow Statement. The decrease in the 2004-05 Estimated Actual is caused by higher than anticipated capital expenditure together with a decrease the net equity received. The increase in the 2005-06 Estimate is primarily due to a decrease in capital expenditure.
10. The increase in the 2004-05 Estimated Actual reflects a growth in the anticipated proportion of accrued versus collected revenue based on the proportion recognised as accrued in the 2003-04 General Purpose Financial Statements. The subsequent increase in the 2005-06 Estimate reflects increased user charges revenue.
11. The increase in the 2004-05 Estimated Actual reflects lower than anticipated depreciation costs, increased expenditure on asset replacement, the acceleration of work on OSR's Revenue Management System and the commencement of work on the eDRMS project.
12. Refer to Notes 7 and 8 above.
13. The increase in the 2004-05 Estimated Actual is due to a higher than anticipated net surplus arising in 2003-04. The decrease in the 2005-06 Estimate is due to an IFRS adjustment. Refer to Note 6 above.

## Cash Flow Statement

14. Refer to Note 1 above.
15. Refer to Note 3 above.
16. Refer to Note 4 above.
17. Refer to the Capital Acquisition Statement on p1-42.
18. Refer to the Capital Acquisition Statement on p1-42.

## Income Statement

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

19. The increase in the 2004-05 Estimated Actual and 2005-06 Estimate reflects population and other parameter changes applying to the GST Pool.
20. The increase in the 2004-05 Estimated Actual reflects higher transfer duty revenue, particularly those duties related to prices and activity in the housing market.
21. The increase in the 2004-05 Estimated Actual reflects higher cash balances.
22. This represents the appropriation received from the Consolidated Fund to fund administered expenses (excluding the Casino Funds that are self funded).
23. The increase in the 2005-06 Estimate is primarily due to an increase in community service obligation payments to Enertrade.
24. The Treasurer's Advance reflects provisions for items which may emerge during the year.
25. The increase in the 2005-06 Estimate reflects the full year effect of the recommencement of employer contributions towards superannuation beneficiary payments following the full utilisation of the forward funding that was provided in 2003-04.
26. This represents revenues collected on behalf of the Queensland Government, which are transferred to the Consolidated Fund.

## Balance Sheet

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

27. The Administered cash position operates in overdraft due to differences in the timing of appropriation receipts and administered expense payments. The decrease in the 2004-05 Estimated Actual and 2005-06 Estimate is due to a higher than anticipated receivables opening balance.
28. The increase in the 2004-05 Estimated Actual is due to a higher than anticipated receivables opening balance for stamp duty, taxes and interest.
29. The increase in the 2004-05 Estimated Actual is due to a higher than anticipated 2004-05 opening balance for other taxes.
30. In its capacity as manager of the State's finances Treasury is expected to borrow \$810 million in 2005-06 in support of the Government's capital works program.
31. The 2005-06 Estimate includes an equity withdrawal of \$810 million to the Consolidated Fund for the State's capital works program. Refer to Note 30 above.
32. The increase in the 2004-05 Estimated Actual reflects a higher than anticipated 2004-05 surplus due to the sale of Gaming Machine Operating Authorities.

## Cash Flow Statement

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

33. Refer to Note 22 above.
34. Refer to Note 19 above.
35. Refer to Note 20 above.
36. Refer to Note 21 above.
37. Refer to Note 26 above.
38. Refer to Note 23 above.
39. Refer to Note 24 above.
40. Refer to Note 25 above.
41. Refer to Note 30 above.
42. The 2004-05 Estimated Actual and 2005-06 Estimate include equity injections to fund CorpTech's Shared Service Solutions project and Nominal Defendant's HIH tail claims. The 2004-05 Estimated Actual also includes an equity injection for the reinvestment of the QIC 2003-04 dividend. These equity injections are offset by corresponding equity withdrawals.
43. This item represents the equity withdrawals that correspond to the equity injections discussed in Note 42 above. The 2004-05 Estimated Actual also includes a reimbursement of equity injection funding to the Consolidated Fund as a result of the utilisation of higher than expected surplus Nominal Defendant balances. In addition, the 2005-06 Estimate includes an equity withdrawal of \$810 million pertaining to the Government's capital works program. Refer to Note 31 above.

# RECONCILIATION OF 2005-06 APPROPRIATION AMOUNTS TO THE FINANCIAL STATEMENTS

## CONTROLLED

### Income Statement

	\$'000
Output Revenue in Income Statement <sup>1</sup>	116,066
<i>Add:</i> Appropriation Funding for Outputs Receivable	..
= Appropriation for Departmental Outputs	116,066
= Output Receipts in Cash Flow Statement <sup>2</sup>	116,066

### Balance Sheet

	\$'000
Closing balance Contributed Equity <sup>3</sup>	37,598
<i>Less:</i> Opening Balance Contributed Equity <sup>3</sup>	33,111
= Change in Contributed Equity in the Balance Sheet	4,487
<i>Add:</i> Appropriation Equity Injection Receivable	..
<i>Less:</i> Non-appropriated Equity Adjustments	..
= Appropriation for Equity Adjustment <sup>4</sup>	4,487
= Net Appropriated Equity Adjustment in Cash Flow Statement	4,487

1. This Output Revenue amount reconciles to the Output Revenue line in the Income Statement on page 1-44.
2. This Output Revenue amount reconciles to the Output Receipts line in the Cash Flow Statement on page 1-46.
3. The Contributed Equity amounts reconcile to the Contributed Equity line in the Balance Sheet on page 1-45.
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 Income Statement <sup>5</sup>	2,146,939
Add: Other (Administered) Appropriation Receivable	..
= Appropriation for Administered Expenses <sup>6</sup>	2,146,939

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

	\$'000
Closing balance Contributed Equity <sup>7</sup>	(734,559)
Less: Opening Balance Contributed Equity <sup>7</sup>	75,441
= Change in Contributed Equity in the Statement of Assets and Liabilities administered on behalf of the State Government	(810,000)
Add: Appropriation Equity Injection Receivable	..
Less: Non-appropriated Equity Adjustment <sup>8</sup>	(53,920)
= Appropriation for Administered Equity Adjustment <sup>6</sup>	(756,080)

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 1-47.

6. Total Appropriation for Administered items (\$1,390.859 million) = Appropriation for Administered expenses (\$2,146.939 million) + Appropriation for Administered Equity Adjustment (-\$756.080 million).

7. The Contributed Equity amounts reconciles to the Contributed Equity line in the Statement of Assets and Liabilities Administered on Behalf of the Whole of Government on page 1-48.

8. Non-appropriated equity adjustments relate to funding of the Nominal Defendant HIH tail claims and CorpTech's Shared Service Solutions project.

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).

## Corporate Services<sup>1</sup> Allocation 2005-06 Estimate (\$'000)

	Notes	Total Corporate Services	Financial and Economic Policy	GOC Performance and Governance	Economic and Statistical Research	Taxation	Gambling	Superannuation	Shared Service Implementation	Other
<b>Income</b>										
Output revenue		26,593	7,746	389	1,271	4,728	3,015	4,757	478	4,209
User charges		5,343	887	90	281	1,038	629	1,292	89	1,037
Grants and other contributions		..	..	..	..	..	..	..	..	..
Other revenue		1,370	767	15	41	140	157	144	71	35
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..	..	..	..	..	..	..
<b>Total income</b>		<b>33,306</b>	<b>9,400</b>	<b>494</b>	<b>1,593</b>	<b>5,906</b>	<b>3,801</b>	<b>6,193</b>	<b>638</b>	<b>5,281</b>
<b>Expenses</b>										
Employee expenses	2	13,907	5,173	183	598	2,222	1,497	2,579	284	1,371
Supplies and services		13,304	2,970	222	706	2,610	1,610	2,561	238	2,387
Grants and subsidies		..	..	..	..	..	..	..	..	..
Depreciation and amortisation		3,987	449	71	223	821	502	777	74	1,070
Finance/borrowing costs		..	..	..	..	..	..	..	..	..
Other expenses		2,108	808	18	66	253	192	276	42	453
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..	..	..	..	..	..	..
<b>Total expenses</b>		<b>33,306</b>	<b>9,400</b>	<b>494</b>	<b>1,593</b>	<b>5,906</b>	<b>3,801</b>	<b>6,193</b>	<b>638</b>	<b>5,281</b>
<b>Full Time Equivalents</b>		<b>189</b>	<b>53</b>	<b>3</b>	<b>9</b>	<b>33</b>	<b>22</b>	<b>35</b>	<b>4</b>	<b>30</b>

Notes:

- Corporate services functions include: executive services (Office of the Under Treasurer), finance and administration, human resources, procurement services, knowledge services, information technology, strategic development, legal services, internal audit services, actuarial services and Ministerial and Cabinet liaison.
- Includes payments to Corporate Solutions Queensland (CSQ) and CorpTech for the provision of finance, human resources, procurement and information technology services.

# **SHARED SERVICE PROVIDER**

## **SHARED SERVICE PROVIDER: CorpTech**

### **OVERVIEW**

The Shared Service Initiative (the Initiative) is a whole-of-Government approach to corporate services delivery. The vision is to provide high-quality, cost-effective corporate services across the Queensland Government. Shared services are underpinned by standardising business processes, consolidating technology and pooling resources and expertise.

Under the shared service model, Government agencies have joined together in 'clusters' to share corporate services through shared service providers (SSPs) and a single technology centre of skill for corporate applications. Each service provider or centre of skill is 'hosted' by one agency which provides the mechanism for employment and accountability under Queensland public sector legislation. Hosted by Treasury, CorpTech was established as the technology centre of skill on 1 July 2003.

CorpTech provides information and communication technology (ICT) systems application, infrastructure and other services to SSPs and agencies as detailed in Operating Level Agreements (OLAs). CorpTech manages a number of significant systems including human resources, finance, facilities management, document and records management, and some supporting systems such as help desk, call centres and environmental management solutions.

### **BUSINESS PRIORITIES**

CorpTech's strategic business priorities for 2003-08 are:

- maintain continuity of ICT support services to Shared Service Providers (SSPs) and agencies
- integrate and develop ICT systems to meet SSI objectives, in particular, to achieve optimisation of corporate services applications and infrastructure
- provide service solutions identified through client service agreements that are developed and managed in line with the objectives of strategic and operational plans, and take into account industry best practice models
- implement an effective information security management system that adopts the Corporate Information Security Framework
- develop and maintain effective working partnerships with SSPs, agencies and any external ICT service providers.

The success of the Initiative will be demonstrated through outcomes in the four key result areas of benefits, customers, improvement and capability.

This is the second year of operation for CorpTech and the criteria for judging the success of CorpTech and the Initiative is continuing to be improved.

### **Key achievements in 2004-05**

Significant key achievements include:

- developed Strategic Plan 2004-09 and Business Plan 2004
- maintained business continuity while establishing major transformational projects
- finalised all CorpTech OLAs with SSPs and some agencies
- achieved or exceeded targets for meeting service performance standards
- established and implemented a Shared Service Solutions program of work to develop ICT applications
- completed request for offer and evaluation process which led to the determination of the preferred offeror for the HR Business Solution
- implemented rationalised payroll disbursement arrangements across Government
- the selection of an electronic documents and records management system (eDRMS) provider
- piloted eDRMS in CorpTech and completed preparations for another pilot in the Department of Employment and Training and web content management solution pilots
- progressed fundamental change to the way CorpTech delivers ICT support services to clients.

### **Strategic Direction**

Over the next two years, CorpTech, SSPs and agencies will work together to construct and pilot standardised business process solutions and implement standard systems to support these processes to generate whole-of-Government cost efficiencies and implement a common costing and pricing approach, enabling benchmarking and performance reviews.

CorpTech's prime contribution is to undertake key ICT projects to deliver system solutions which support corporate services provided by SSPs and also meet agency-specific needs. CorpTech will also continue to maintain ongoing ICT support services to SSPs and agencies.



## PERFORMANCE STATEMENT

CorpTech				
Measures	Notes	2004-05 Target/Est.	2004-05 Est. Actual	2005-06 Target/Est.
<b>Financial Performance Measures</b>				
<i><b>Benefits</b></i>				
\$ SSP Estimated Actual Forecast end of year Surplus/Deficit		773	..	..
% Labour costs of total expenses	1	29%	41%	41%
<b>Non-Financial Performance Measures</b>				
<i><b>Capability</b></i>				
Number of FTEs in SSP	2	264	440	543
<p>Notes:</p> <ol style="list-style-type: none"> <li>1. The increase in Labour costs as a percentage of total expenses reflects the increase in labour based operating expenditure to be incurred as part of the Shared Service Solutions (SSS) Program of works.</li> <li>2. The 2004-05 Target/Estimate includes only those staff who transitioned to CorpTech as a result of the inception of the Shared Service Initiative. The increase in the 2004-05 Estimated Actual reflects the staff associated with the SSS Program of works and includes the staff transferred with the transition of the SSS Program of works to CorpTech from the Shared Service Implementation Office on 1 July 2004. The increase in 2005-06 Target/Estimate reflects the further increased work effort involved in the SSS Program of works.</li> </ol>				

## **CAPITAL ACQUISITIONS**

### **OVERVIEW**

CorpTech is the technology centre of skill established under the Shared Services Initiative (SSI) to deliver innovative corporate applications and infrastructure solutions across Government.

To achieve these solutions CorpTech will take the lead role in standardising and optimising whole-of-Government corporate services systems helping to provide a cost effective and client-focused service and realising economies of scale through consolidation of the infrastructure that supports the corporate services applications.

### **CAPITAL PROGRAM**

CorpTech has responsibility for the detailed design, construction, pilot, implementation and ongoing delivery of the SSI systems solutions program. The CorpTech Shared Service Solutions (SSS) Program is an overview of the technology projects required to achieve the SSI's business targets for information and communication technology (ICT) systems. The SSS Program has been developed in accordance with the principles outlined in the ICT Optimisation Strategy Submission, approved by the CEO Governance Committee in April 2003. The key targets of the Optimisation Strategy Submission in regard to the SSI environment are:

- an optimal number of corporate service application installations supporting standardised business processes
- minimisation of agency specific customisation within corporate service applications
- an optimisation of the number of instances of each application
- continued support for the use of enterprise wide systems by agencies where it is cost effective for the agency and whole-of-Government.

The SSS Program is a program of work to build the systems technology required to achieve the business targets of the SSI Business Plan for systems. The SSS Program includes the asset acquisition costs and the human resource effort required to build and deliver the systems.

The SSS Program is a major strategic priority for the organisation and is included in the CorpTech Strategic Plan 2003-08.

From 1 October 2004 CorpTech became the provider of some ICT services for documents and records management, fleet and telecommunications administration. A whole-of-Government eDRMS has been selected and developed to pilot stage.

### **PROGRAM FUNDING**

These projects will be funded from a combination of:

- revenue quarantined from agencies for depreciation expenses
- cash received for accumulated depreciation
- equity injections.

## CAPITAL ACQUISITION STATEMENT

	Notes	2004-05 Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
<b><u>PROPERTY PLANT AND EQUIPMENT</u></b>				
<b>Property Plant and Equipment</b>				
- Computer Equipment	1	499	5,100	500
- Other		..	150	150
<b>Other acquisitions of property, plant and equipment</b>		..	..	..
<b>TOTAL PROPERTY PLANT AND EQUIPMENT</b>		<b>499</b>	<b>5,250</b>	<b>650</b>
<b><u>OTHER CAPITAL ACQUISITIONS</u></b>				
<b>Other Capital Acquisitions</b>				
- Shared Service Solutions (SSS) Program	2	42,000	11,565	44,563
<b>Other Items</b>		150	..	..
<b>TOTAL OTHER CAPITAL ACQUISITIONS</b>		<b>42,150</b>	<b>11,565</b>	<b>44,563</b>
<b>TOTAL CAPITAL ACQUISITIONS</b>		<b>42,649</b>	<b>16,815</b>	<b>45,213</b>
<b><u>FUNDING SOURCES OF ACQUISITIONS</u></b>				
Equity Adjustment	3	26,077	1,815	30,213
Funding for depreciation and amortisation		16,572	13,180	14,713
Borrowings		..	..	..
Proceeds of asset sales		..	..	..
Other	4	..	1,820	287
<b>TOTAL FUNDING SOURCES</b>		<b>42,649</b>	<b>16,815</b>	<b>45,213</b>
<b>Notes:</b> 1. The 2004-05 Estimated Actual includes expenditure on Network Connectivity required for the Shared Service Initiative. 2. The reduction in the 2004-05 Estimated Actual reflects the recategorisation of capital SSS expenditure to operating expenses and the realignment of the estimated expenditure with the SSS Program of works. 3. The 2004-05 Estimated Actual and the 2005-06 Estimate represent the sources of funding for the SSS and other capital works programs. 4. This item represents the increase in cash reserves needed to fund capital expenditure.				

## FINANCIAL STATEMENTS

### INCOME STATEMENT

	Notes	2004-05 Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
<b>Income</b>				
User charges		63,839	68,399	67,250
Grants and other contributions	1	684	39,971	21,577
Other revenue		313	2,200	500
<b>Total Income</b>		<b>64,836</b>	<b>110,570</b>	<b>89,327</b>
<b>Expenses</b>				
Employee expenses	2	18,562	43,360	34,802
Supplies and services	3	22,879	45,570	37,502
Grants and subsidies		..	..	..
Depreciation and amortisation	4	20,372	13,180	14,713
Finance / borrowing costs		85	84	40
Other expenses	5	2,165	8,376	2,270
<b>Total expenses</b>		<b>64,063</b>	<b>110,570</b>	<b>89,327</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>773</b>	<b>..</b>	<b>..</b>

### STATEMENT OF CHANGES IN EQUITY

	Notes	2004-05 Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
Net effect of the adoption of a new accounting standard		..	14	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
<b>Net income recognised directly in equity</b>		<b>..</b>	<b>14</b>	<b>..</b>
Surplus / (deficit) for the period		773	..	..
<b>Total recognised income and expense for the period</b>		<b>773</b>	<b>14</b>	<b>..</b>
Equity injection / (withdrawal)		26,077	1,815	30,213
Increase / (decrease) in asset revaluation reserve		..	..	..
<b>Total movement in equity for period</b>		<b>26,850</b>	<b>1,829</b>	<b>30,213</b>

## BALANCE SHEET

	Notes	2004-05 Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets		7,042	14,647	12,230
Receivables		1,369	2,181	2,831
Inventories		..	155	155
Other		1,785	1,085	1,085
<b>Total current assets</b>		<b>10,196</b>	<b>18,068</b>	<b>16,301</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	959	334
Other financial assets		..	..	..
Inventories		..	..	..
Property, plant and equipment		452	5,374	4,240
Intangibles	6	73,321	46,988	78,622
Other		..	..	..
<b>Total non-current assets</b>		<b>73,773</b>	<b>53,321</b>	<b>83,196</b>
<b>TOTAL ASSETS</b>		<b>83,969</b>	<b>71,389</b>	<b>99,497</b>
<b>CURRENT LIABILITIES</b>				
Payables		2,259	11,895	10,239
Interest-bearing liabilities and derivatives		625	..	..
Accrued employee benefits		1,712	1,720	1,786
Provisions		..	..	..
Other		..	31	41
<b>Total current liabilities</b>		<b>4,596</b>	<b>13,646</b>	<b>12,066</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Interest-bearing liabilities and derivatives		350	959	334
Accrued employee benefits		..	311	411
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>350</b>	<b>1,270</b>	<b>745</b>
<b>TOTAL LIABILITIES</b>		<b>4,946</b>	<b>14,916</b>	<b>12,811</b>
<b>NET ASSETS (LIABILITIES)</b>		<b>79,023</b>	<b>56,473</b>	<b>86,686</b>
<b>EQUITY</b>				
Capital / Contributed equity	7	77,565	56,392	86,605
Retained surplus / (Accumulated deficit)		1,458	81	81
Reserves:				
- Asset revaluation reserve		..		
- Other		..		
<b>TOTAL EQUITY</b>		<b>79,023</b>	<b>56,473</b>	<b>86,686</b>

## CASH FLOW STATEMENT

	Notes	2004-05 Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges		63,839	69,298	66,600
Grants and other contributions	8	684	39,971	21,577
Other		313	2,170	510
<b>Outflows:</b>				
Employee costs	9	(18,771)	(43,519)	(34,636)
Supplies and services	10	(23,038)	(45,092)	(39,161)
Grants and subsidies		..	..	..
Borrowing costs		(85)	(84)	(40)
Other	11	(2,077)	(10,069)	(2,267)
<b>Net cash provided by / (used in) operating activities</b>		<b>20,865</b>	<b>12,675</b>	<b>12,583</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment		..	..	..
Loans and advances redeemed		..	703	625
<b>Outflows:</b>				
Payments for property, plant and equipment	12	(499)	(5,250)	(650)
Payments for intangibles	13	(42,150)	(11,565)	(44,563)
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by / (used in) investing activities</b>		<b>(42,649)</b>	<b>(16,112)</b>	<b>(44,588)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections	14	42,000	16,815	45,213
<b>Outflows:</b>				
Borrowing redemptions		(700)	(703)	(625)
Finance lease payments		..	..	..
Equity withdrawals		(15,923)	(15,000)	(15,000)
<b>Net cash provided by / (used in) financing activities</b>		<b>25,377</b>	<b>1,112</b>	<b>29,588</b>
<b>Net Increase / (decrease) in cash held</b>		<b>3,593</b>	<b>(2,325)</b>	<b>(2,417)</b>
<b>Cash at the beginning of financial year</b>		<b>3,449</b>	<b>16,972</b>	<b>14,647</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>7,042</b>	<b>14,647</b>	<b>12,230</b>

# EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

## Income Statement

1. The 2004-05 Estimated Actual and the 2005-06 Estimate include funding for the Shared Service Solutions (SSS) Program of works and the Electronic Document and Records Management System development.
2. The 2004-05 Estimated Actual and the 2005-06 Estimate expenditure movements reflect the planned expenditure associated with the SSS Program of works and the Electronic Document and Records Management System development.
3. Refer to Note 2 above.
4. The 2004-05 Estimated Actual reflects the reassessment of the useful life of CorpTech's intangible assets to align with the planned roll-out of the new Finance and HR systems solutions.
5. The 2004-05 Estimated Actual reflects the increased performance return to be paid in 2004-05. There is no performance return charge in 2005-06.

## Balance Sheet

6. The 2004-05 Adjusted Budget and Estimated Actual and the 2005-06 Estimate reflect the planned expenditure on the SSS Program of works offset by the amortisation on legacy assets and the write-off of these assets at the completion of their useful lives.
7. Movements in Contributed Equity are attributable to equity injections and withdrawals funding the SSS Program of works.

## Statement of Cash Flows

8. Refer to Note 1 above.
9. Refer to Note 2 above.
10. Refer to Note 3 above.
11. Refer to Note 5 above.
12. The 2004-05 Estimated Actual includes expenditure on Network Connectivity required for the Shared Service Initiative.
13. The decrease in the 2004-05 Estimated Actual reflects the recategorisation of capital expenditure in the SSS Program of works to operating expenditure. The expenditure represented reflects the planned expenditure on the SSS Program of works.
14. The 2004-05 Adjusted Budget and Estimated Actual and the 2005-06 Estimate represent the equity injections required to fund the SSS Program of works.

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**Queensland**  
Government

## **MINISTERIAL PORTFOLIO STATEMENT**

**2005-06 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**  
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. They provide a framework for the determination of premiums and levies, and ensure compliance with the provisions of the *Motor Accident Insurance Act 1994*, and meet the cost of claims involving unidentified and uninsured motor vehicles, as well as claims against insolvent Queensland Compulsory Third Party (CTP) insurers.

This output involves the provision of a viable and equitable personal injury compensation scheme through the regulation of the 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
- reviewing and recommending the most appropriate structure for the scheme
- maintaining insurance standards through regular and detailed contact with the Australian Prudential Regulation Authority 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
- 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

This output provides policy advice and service related to the management of the CTP and Nominal Defendant schemes. The delivery of this output contributes to Government priorities and community outcomes by:

- contributing to an improved standard of living for all Queenslanders by ensuring affordable premiums, issuing licences, monitoring the financial strength of licensed insurers through ongoing analysis and maintaining a scheme with fully funded premiums
- minimising the risk and impact of accidents by funding selected accident prevention initiatives managed by other Government agencies
- improving the lives of victims injured through motor vehicle accidents by promoting research, education and rehabilitation services through the CTP scheme.

## Staffing

It is anticipated that full-time equivalent staffing numbers for 2005-06 will be approximately 35.

## **NON-DEPARTMENTAL OUTPUT PERFORMANCE**

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

#### **RELATED OUTCOME: Delivering responsive government**

##### **DESCRIPTION**

The Motor Accident Insurance Commission (MAIC) is responsible for the motor accident insurance administration output. The Commission provides a viable and equitable personal injury compensation scheme through the regulation of the Queensland Compulsory Third Party (CTP) scheme encompassing injury prevention and control, and manages the Nominal Defendant scheme.

Activities include:

- licensing, supervising and monitoring the financial strength of insurers in relation to their CTP operations
- keeping the statutory scheme under review, making recommendations for its amendment and working in partnership with stakeholders to improve management processes for claims
- setting premium bands and recommending levies based on research and independent actuarial analysis
- collecting statistical data on the scheme and monitoring scheme trends and the performance of CTP insurers
- promoting, assessing and, where appropriate, funding education and research activities to minimise and mitigate the effects of motor vehicle accidents, and monitor the provision of rehabilitation services
- determining the appropriate Nominal Defendant levy, managing claims lodged against the Nominal Defendant and prudently investing claim reserves
- operating CTP claims and premium helpline services for scheme users.

##### **REVIEW OF NON-DEPARTMENTAL OUTPUT PERFORMANCE**

###### **Recent Achievements**

Significant recent achievements include:

- downward trend in CTP premiums during 2004-05. This trend is attributed to amendments to the scheme in 2000 and the introduction of the Injury Scale Value for general damages under the *Civil Liability Act 2003*
- established the CTP premium information line and CTP premium calculator on the Commission's website with the website recording an average of 1,000 visits per month
- set quarterly CTP premium bands during 2004-05 and recommended levies and administration fees to apply in 2005-06

- linked the Commission's funded researchers with CTP industry rehabilitation advisers so the grants funding program is better aligned with the scheme's overall rehabilitation research and education needs
- worked in partnership with stakeholders throughout Australia to examine the feasibility of a long-term care scheme for motor accident victims and other persons requiring long-term care
- continued examination of the Queensland Government's options to mitigate the Government's risk from the insolvency of a CTP insurer
- tested and released the Nominal Defendant Claims Management System
- appointed independent actuaries to assess the CTP premiums for the next two years
- negotiated a reinsurance contract on favourable terms for the Nominal Defendant in a difficult reinsurance market
- relocated all outstanding FAI Run-Off claims to the Nominal Defendant as at 30 June 2004 with the necessary creation of five additional temporary positions.

### **Future Developments**

During 2005-06, this output will focus on the following key objectives:

- continuing to achieve better balance in the stakeholder relationship with insurers, CTP claimants, legal representatives and medical and allied health providers
- developing and improving records management practices to comply with information standards and to enhance the efficiency of service to the community
- refining legislative, regulatory, analytical and consultative processes which support scheme affordability and stability
- implementing Government policy and work closely with the Australian Prudential Regulation Authority to mitigate State Government risk from CTP insurer insolvency
- enhancing the grant management framework and continue to refine policy in relation to levy and grant funding in a whole-of-Government context
- managing the remaining FAI claims and the proof-of-debt process.

## NON-DEPARTMENTAL OUTPUT STATEMENT

Non-Departmental Output: Motor Accident Insurance Administration				
Measures	Notes	2004-05 Target/Est.	2004-05 Est. Actual	2005-06 Target/Est.
<b>Quantity</b> Number of Nominal Defendant claims finalised		550	600	600
<b>Quality</b> Percentage of premium going to injured persons	1	70%	65%	65%
Annual certification percentage of Nominal Defendant full funding as at 30 June of the previous year		100%	100%	100%
<b>Timeliness</b> Recommendation to the Treasurer of annual CTP levies by the agreed time frame		100%	100%	100%
Setting of premium bands within legislative timeframes, including independent quarterly actuarial review of scheme		100%	100%	100%
<b>Cost (\$)</b> Average operating cost per Nominal Defendant claim		\$1,110	\$1,093	\$1,144
Average funds per CTP policy for grant funding	2	\$0.49	\$0.58	\$0.50
<b>State Contribution (\$'000)</b>		..	..	..
<b>Other Revenue (\$'000)</b>	3	72,878	89,217	77,931
<b>Total Cost (\$'000)</b>	4	49,705	56,284	55,456
Notes: 1. The scheme efficiency index target was adjusted following a review of the components of the premium and a reassessment of the scope to bring about improvements in efficiency within the current scheme design. 2. The increase in the 2004-05 Estimated Actual is a result of lower than anticipated operating expenses. The decrease in the 2005-06 Estimate is a result of an increase in operating expenses as compared to 2004-05. 3. The 2004-05 Estimated Actual reflects a higher than anticipated return on Queensland Investment Corporation (QIC) investments. The decrease in the 2005-06 Estimate is the result of a forecasted lower return on QIC investments. 4. The increase in the 2004-05 Estimated Actual is a result of a higher anticipated movement in the Nominal Defendant outstanding claims provision together with an anticipated lower receipt of FAI-Tail sharing recoveries.				



## FINANCIAL STATEMENTS

### INCOME STATEMENT – Motor Accident Insurance Commission

	Notes	2004-05 Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
<b>Income</b>				
User charges		..	..	..
Grants and other contributions		..	..	..
Other revenue	1	8,358	10,802	9,397
<b>Total Income</b>		<b>8,358</b>	<b>10,802</b>	<b>9,397</b>
<b>Expenses</b>				
Employee expenses		1,537	1,494	1,651
Supplies and services		1,083	1,014	1,190
Grants and subsidies	2	4,096	4,031	3,445
Depreciation and amortisation		69	32	84
Finance / borrowing costs		..	..	..
Other expenses		187	125	115
<b>Total expenses</b>		<b>6,972</b>	<b>6,696</b>	<b>6,485</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>1,386</b>	<b>4,106</b>	<b>2,912</b>

### STATEMENT OF CHANGES IN EQUITY

	Notes	2004-05 Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
Net effect of the adoption of a new accounting standard		..	..	1
Net amount of all revenue and expense adjustments direct to equity not disclosed above		(2)	(1)	..
<b>Net income recognized directly in equity</b>		<b>(2)</b>	<b>(1)</b>	<b>1</b>
Surplus / (deficit) for the period		1,386	4,106	2,912
<b>Total recognized income and expense for the period</b>		<b>1,384</b>	<b>4,105</b>	<b>2,913</b>
Equity injection / (withdrawal)		..	..	..
Increase / (decrease) in asset revaluation reserve		..	..	..
<b>Total movement in equity for period</b>		<b>1,384</b>	<b>4,105</b>	<b>2,913</b>

## BALANCE SHEET – Motor Accident Insurance Commission

	Notes	2004-05 Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets		500	500	500
Receivables		296	135	105
Other financial assets	3	18,029	21,793	24,806
Inventories		..	..	..
Other		1	3	2
<b>Total current assets</b>		<b>18,826</b>	<b>22,431</b>	<b>25,413</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		500	500	500
Other financial assets		10,500	10,500	10,500
Inventories		..	..	..
Property, plant and equipment		54	55	49
Intangibles		280	285	226
Other		..	..	..
<b>Total non-current assets</b>		<b>11,334</b>	<b>11,340</b>	<b>11,275</b>
<b>TOTAL ASSETS</b>		<b>30,160</b>	<b>33,771</b>	<b>36,688</b>
<b>CURRENT LIABILITIES</b>				
Payables		284	224	229
Interest-bearing liabilities and derivatives		..	..	..
Accrued employee benefits		..	100	87
Provisions		101	..	..
Other		..	..	..
<b>Total current liabilities</b>		<b>385</b>	<b>324</b>	<b>316</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Accrued employee benefits		..	..	12
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>..</b>	<b>..</b>	<b>12</b>
<b>TOTAL LIABILITIES</b>		<b>385</b>	<b>324</b>	<b>328</b>
<b>NET ASSETS (LIABILITIES)</b>		<b>29,775</b>	<b>33,447</b>	<b>36,360</b>
<b>EQUITY</b>				
Capital / Contributed equity		149	166	166
Retained surplus / (Accumulated deficit)	4	15,030	19,361	22,863
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (Income Maintenance & Grants Reserve)	5	14,596	13,920	13,331
<b>TOTAL EQUITY</b>		<b>29,775</b>	<b>33,447</b>	<b>36,360</b>

## CASH FLOW STATEMENT – Motor Accident Insurance Commission

	Notes	2004-05 Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges		..	..	..
Grants and other contributions		..	..	..
Other	6	8,419	10,793	9,434
<b>Outflows:</b>				
Employee costs		(1,537)	(1,495)	(1,651)
Supplies and services		(1,093)	(975)	(1,216)
Grants and subsidies	7	(4,096)	(4,031)	(3,445)
Borrowing costs		..	..	..
Other		(160)	(184)	(90)
<b>Net cash provided by / (used in) operating activities</b>		<b>1,533</b>	<b>4,108</b>	<b>3,032</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment		30	..	..
Investments redeemed		148	120	5
<b>Outflows:</b>				
Payments for property, plant and equipment		(75)	(76)	(19)
Payments for intangibles		..	..	..
Payments for investments	8	(1,636)	(6,386)	(3,018)
Loans and advances made		..	..	..
<b>Net cash provided by / (used in) investing activities</b>		<b>(1,533)</b>	<b>(6,342)</b>	<b>(3,032)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections		..	..	..
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by / (used in) financing activities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>Net Increase / (decrease) in cash held</b>		<b>..</b>	<b>(2,234)</b>	<b>..</b>
<b>Cash at the beginning of financial year</b>		<b>500</b>	<b>2,734</b>	<b>500</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>500</b>	<b>500</b>	<b>500</b>

# EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

## Income Statement

1. The increase in the 2004-05 Estimated Actual results from a higher than expected rate of return on Queensland Investments Corporation investments. The decrease in the 2005-06 Estimate is due to a lower expected rate of return.
2. The reduction in the 2004-05 Estimated Actual and the 2005-06 Estimate reflects the decision to reduce funding for research and service programs.

## Balance Sheet

3. The increase in the 2004-05 Estimated Actual and the 2005-06 Estimate reflects an increase in investments as a result of positive investment earnings in 2004-05 and 2005-06.
4. The increase in the 2004-05 Estimated Actual has occurred as a result of a higher than anticipated audited opening balance and a higher than expected net surplus than originally budgeted due to higher investment returns. The subsequent increase in the 2005-06 Estimate primarily results from an anticipated net surplus.
5. Reserves for grants have been revised downwards in the 2004-05 Estimated Actual and 2005-06 Estimate in line with anticipated reductions in grant expenditure. Refer to Note 2 above.

## Cash Flow Statement

6. Refer to Note 1 above.
7. Refer to Note 2 above.
8. The increase in the 2004-05 Estimated Actual predominantly reflects the reinvestment of higher than anticipated investment earnings. The subsequent decrease in the 2005-06 Estimate has occurred as a result of the reinvestment of lower investment earnings expected in 2005-06 compared to 2004-05.

## INCOME STATEMENT – Nominal Defendant

	Notes	2004-05 Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
<b>Income</b>				
User charges		..	..	..
Grants and other contributions		..	..	..
Other revenue	1	64,520	78,415	68,534
<b>Total Income</b>		<b>64,520</b>	<b>78,415</b>	<b>68,534</b>
<b>Expenses</b>				
Employee expenses		746	712	772
Supplies and services	2	43,818	46,074	48,953
Grants and subsidies		..	..	..
Depreciation and amortisation		59	27	53
Finance / borrowing costs		..	..	..
Other expenses	3	(1,890)	2,775	(807)
<b>Total expenses</b>		<b>42,733</b>	<b>49,588</b>	<b>48,971</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>21,787</b>	<b>28,827</b>	<b>19,563</b>

## STATEMENT OF CHANGES IN EQUITY

	Notes	2004-05 Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
Net effect of the adoption of a new accounting standard	4	..	..	(14,000)
Net amount of all revenue and expense adjustments direct to equity not disclosed above		(1)	..	13
<b>Net income recognised directly in equity</b>		<b>(1)</b>	<b>..</b>	<b>(13,987)</b>
Surplus / (deficit) for the period		21,787	28,827	19,563
<b>Total recognised income and expense for the period</b>		<b>21,786</b>	<b>28,827</b>	<b>5,576</b>
Equity injection / (withdrawal)	5	34,987	14,657	14,895
Increase / (decrease) in asset revaluation reserve		..	..	..
<b>Total movement in equity for period</b>		<b>56,773</b>	<b>43,484</b>	<b>20,471</b>

## BALANCE SHEET – Nominal Defendant

	Notes	2004-05 Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
<b>CURRENT ASSETS</b>				
Cash assets	6	500	1,000	1,000
Receivables	7	18,141	21,475	16,866
Other financial assets	8	41,865	42,757	48,668
Inventories		..	..	..
Other		3	5	3
<b>Total current assets</b>		<b>60,509</b>	<b>65,237</b>	<b>66,537</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets	9	190,737	171,029	194,669
Inventories		..	..	..
Property, plant and equipment		20	14	9
Intangibles		192	206	162
Other		..	..	..
<b>Total non-current assets</b>		<b>190,949</b>	<b>171,249</b>	<b>194,840</b>
<b>TOTAL ASSETS</b>		<b>251,458</b>	<b>236,486</b>	<b>261,377</b>
<b>CURRENT LIABILITIES</b>				
Payables	10	1,598	428	439
Interest-bearing liabilities and derivatives		..	..	..
Accrued employee benefits		..	68	60
Provisions	11	61,589	65,471	57,684
Other		25,010	25,179	26,296
<b>Total current liabilities</b>		<b>88,197</b>	<b>91,146</b>	<b>84,479</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		56	..	..
Interest-bearing liabilities and derivatives		..	..	..
Accrued employee benefits		..	..	8
Provisions	12	194,926	182,461	193,540
Other		..	..	..
<b>Total non-current liabilities</b>		<b>194,982</b>	<b>182,461</b>	<b>193,548</b>
<b>TOTAL LIABILITIES</b>		<b>283,179</b>	<b>273,607</b>	<b>278,027</b>
<b>NET ASSETS (LIABILITIES)</b>		<b>(31,721)</b>	<b>(37,121)</b>	<b>(16,650)</b>
<b>EQUITY</b>				
Capital / Contributed equity	13	279,155	245,538	260,433
Retained surplus / (Accumulated deficit)	14	(310,876)	(282,659)	(277,083)
Reserves:				
- Asset revaluation reserve		..	..	..
- Other		..	..	..
<b>TOTAL EQUITY</b>		<b>(31,721)</b>	<b>(37,121)</b>	<b>(16,650)</b>

## CASH FLOW STATEMENT – Nominal Defendant

	Notes	2004-05 Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges		..	..	..
Grants and other contributions		..	..	..
Other	15	74,017	87,374	74,292
<b>Outflows:</b>				
Employee costs		(746)	(712)	(772)
Supplies and services	16	(43,865)	(25,126)	(26,674)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other	17	(30,713)	(50,270)	(32,186)
<b>Net cash provided by / (used in) operating activities</b>		<b>(1,307)</b>	<b>11,266</b>	<b>14,660</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of property, plant and equipment		24	..	..
Investments redeemed	18	32,661	26,509	10,709
<b>Outflows:</b>				
Payments for property, plant and equipment		..	(2)	(4)
Payments for intangibles		..	(49)	..
Payments for investments	19	(66,365)	(52,943)	(40,260)
<b>Net cash provided by / (used in) investing activities</b>		<b>(33,680)</b>	<b>(26,485)</b>	<b>(29,555)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections	20	34,987	14,657	14,895
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by / (used in) financing activities</b>		<b>34,987</b>	<b>14,657</b>	<b>14,895</b>
<b>Net Increase / (decrease) in cash held</b>		<b>..</b>	<b>(562)</b>	<b>..</b>
<b>Cash at the beginning of financial year</b>		<b>500</b>	<b>1,562</b>	<b>1,000</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>500</b>	<b>1,000</b>	<b>1,000</b>

# EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

## Income Statement

1. The increase in the 2004-05 Estimated Actual results from a higher than expected rate of return on Queensland Investment Corporation (QIC) investments. The decrease in the 2005-06 Estimate is a result of a lower expected rate of return on QIC investments.
2. The increase in the 2004-05 Estimated Actual is due to a higher than anticipated movement in the Nominal Defendant outstanding claims provision. The increase in the 2005-06 Estimate is a result of a forecasted increase in Nominal Defendant claims costs and movement in the outstanding claims provision as compared to 2004-05.
3. The increase in the 2004-05 Estimated Actual has occurred as a result of a lower than anticipated receipt of FAI-Tail sharing recoveries. The decrease in the 2005-06 Estimate reflects an anticipated lower payout of FAI-Tail claims offset by a projected increase in FAI-Tail sharing recoveries.

## Statement of Changes in Equity

4. The 2005-06 Estimate includes an opening balance adjustment to the FAI-Tail outstanding claims provision as a result of the implementation of the Australian Equivalents to the International Financial Reporting Standards (AIFRS).
5. The decrease in the 2004-05 Estimated Actual reflects a decrease in the reimbursement from Treasury for FAI-Tail claims liabilities as a result of a decision to utilise surplus Nominal Defendant funds to meet FAI claims during 2004-05.

## Balance Sheet

6. The increase in the 2004-05 Estimated Actual is a result of an increase to working capital to enhance cash flow management in relation to claim payments and investment activities.
7. The increase in the 2004-05 Estimated Actual reflects a higher than anticipated FAI-Tail Sharing & Reinsurance Receivable actuarially determined in 2003-04. The decrease in the 2005-06 Estimate is a result of a decrease in the reimbursement from Treasury for FAI-Tail claims as a result of lower than anticipated claims payments as the FAI-Tail diminishes.
8. The increase in the 2004-05 Estimated Actual primarily reflects the reclassification of the current/non-current investments to align with the apportionment of the Nominal Defendant outstanding claims provision. The increase in the 2005-06 Estimate predominantly reflects the reinvestment of positive earnings in 2005-06 and the reclassification of the current/non-current investments to align with the apportionment of the Nominal Defendant outstanding claims provision. Refer to Note 9 below.
9. The decrease in the 2004-05 Estimated Actual and the increase in the 2005-06 Estimate reflects the reclassification of the current/non-current investments to align with the apportionment of the Nominal Defendant outstanding claims provision.
10. The decrease in the 2004-05 Estimated Actual reflects the cessation of outsourced FAI Management fees accrued at year end. The FAI-Tail claims from 1 July 2004 are managed in-house by the Nominal Defendant.
11. The increase in the 2004-05 Estimated Actual reflects a higher than anticipated audited current outstanding claims provision opening balance. The decrease in the 2005-06 Estimate reflects a decrease in the movement of the outstanding claims provision as compared to 2004-05.
12. The decrease in the 2004-05 Estimated Actual has occurred as a result of a lower than anticipated audited current outstanding claims provision opening balance. Refer to Note 4 above.
13. Refer to Note 5 above. The 2005-06 Estimate includes the addition of the 2005-06 reimbursement from Treasury to the accumulated balance.
14. The decrease in the 2004-05 Estimated Actual deficit has occurred as a result of a higher than anticipated audited opening balance together with a higher than expected net surplus in 2004-05. The decrease in the 2005-06 Estimate is a result of an anticipated net surplus in 2005-06 together with an opening balance adjustment to the FAI outstanding claims provision (refer to Note 4 above).

## Cash Flow Statement

15. Refer to Note 1 above.
16. The decrease in the 2004-05 Estimated Actual is attributable to a change in the reporting of Nominal Defendant and FAI-Tail claim payments.
17. The increase in the 2004-05 Estimated Actual is attributable to a change in the reporting of Nominal Defendant and FAI-Tail claim payments. The decrease in the 2005-06 Estimate is a result of lower than anticipated claim payments as the FAI-Tail diminishes.
18. The decrease in the 2004-05 Estimated Actual and the 2005-06 Estimate reflects an expected decrease in drawdowns as a result of the run-off of the FAI-Tail costs.
19. Refer to Note 5 above. The decrease in the 2005-06 Estimate is primarily due to the reinvestment of lower than anticipated investment earnings.
20. Refer to Note 5 above.









**Queensland**  
Government

## **MINISTERIAL PORTFOLIO STATEMENT**

**2005-06 STATE BUDGET**

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

**SPORT AND RECREATION QUEENSLAND  
QUEENSLAND ACADEMY OF SPORT**

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

**Dr Ted Campbell  
Director-General**

This Ministerial Portfolio Statement (MPS) includes financial and performance information for Sport and Recreation Queensland and the Queensland Academy of Sport which report to the Deputy Premier, Treasurer and Minister for Sport. Information relating to Sport and Recreation Queensland and the Queensland Academy of Sport also appears in the MPS for the Minister for Environment, Local Government, Planning and Women.

## DEPARTMENTAL OVERVIEW

Sport and Recreation Queensland (SRQ) and the Queensland Academy of Sport (QAS), operating within the Department of Local Government, Planning, Sport and Recreation (DLGPSR), are responsible for developing and managing policies, strategies, programs and services to foster greater participation in sport and active recreation – from the grass roots to the elite levels.

### STRATEGIC ISSUES

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

- The common theme emerging from surveys and research is that Queenslanders could participate in sport and active recreation more often. The development of participation opportunities for Queenslanders needs to take into account that participation choices are increasingly influenced by changing work and family patterns, competing priorities and the capacity of local communities to provide participation solutions.
- The sport and active recreation industry is a major provider of participation opportunities yet faces significant challenges in keeping pace with the participation needs of Queenslanders. The industry needs to access appropriate support, resources and information in order to satisfy community expectations, respond to a more complex operating environment and build its capacity to provide safe, enjoyable and relevant participation opportunities – from the grassroots to the elite level.
- Queensland's population is changing in many ways. The State's geographical spread, the disparity in population growth between regions and a rapidly ageing population presents challenges in delivering sport and active recreation services, facilities and opportunities. The Queensland Government has made significant investments in sport and active recreation infrastructure and it is important this infrastructure is used effectively to maximise community participation opportunities, remains accessible and future investments continue to meet the sport and active recreation needs of Queenslanders.
- Queensland has a unique comparative advantage over other States, through its mix of climate, lifestyle, facilities, elite athlete development services, expertise and environment. Collectively, these need to be harnessed to attract sport investment, participation, training and competition. The significant economic and social returns available from national and international level training and competition are being actively pursued. The benefits of this from international promotion, visitor numbers and associated expenditure, local expenditure, facilities development and knowledge/skills transfer are maximised to support the future development of sport in Queensland.
- Continuing performance improvement in the world sporting arena is putting increased demands on Australia to maintain and enhance its competitive edge in elite athlete development. The challenge for Queensland is competing at a national and international level to access the latest in sport technology and coaching expertise and skills in a lucrative and specialist market.

- In a constantly changing global sporting environment, the need for long-term planning for athlete development and excellence becomes essential. The challenge is to ensure that Queensland responds proactively to these changes to ensure our athletes continue to perform at high standards in the world arena.

## **2005-06 HIGHLIGHTS**

During 2005-06 SRQ and the QAS will:

- develop and promote a range of new activities and programs to increase sport and active recreation opportunities at SRQ's outdoor recreation centres
- develop a prioritised capital works program for SRQ's outdoor recreation centres for the next three years to improve the quality and accessibility of facilities at a number of these centres
- work in partnership with the preferred developer to progress the delivery of an international-standard State Tennis Centre at Tennyson
- complete the Townsville Sports House development as a key regional facility, providing a new base for a number of regional sporting associations and the regional operations of the QAS and the North Queensland office of SRQ
- progress the Stage 3 development of the Queensland Sport and Athletics Centre to further position the QAS as a centre of excellence for elite sport development and training and advance its reputation as the premier State Institute/Academy of Sport
- prepare Queensland's elite athletes for the 2006 Commonwealth Games through targeted training, sports science and a range of other support services.

## **OUTPUT PERFORMANCE**

**OUTPUT: Services, Infrastructure and Facilities to Queensland – Sport and Recreation**

**RELATED OUTCOME: Healthy, active individuals and communities**

### **DESCRIPTION**

Reporting to the Deputy Premier, Treasurer and Minister for Sport, the sport and recreation portfolio develops policies and strategies, administers funding and delivers programs and services which seek to foster greater participation in sport and active recreation – from the grass roots to the elite levels.

Through SRQ and the QAS, the department delivers sport and active recreation programs and services that aim to:

- encourage more Queenslanders to participate in sport and active recreation
- build a sport and active recreation industry responsive to the participation needs of Queenslanders
- improve access by Queenslanders to well planned sport and active recreation places and facilities which support participation from the grass roots to elite levels
- position Queensland nationally and internationally as a premier sport location
- develop elite athletes through high performance sports programs to both optimise Queensland's national and international sporting success and ensure recognition of Queensland's athletes as sporting ambassadors for Queensland and Australia.

### **REVIEW OF OUTPUT PERFORMANCE**

#### **Recent Achievements**

##### **Encouraging more Queenslanders to participate in sport and active recreation**

- Commenced implementation of the new business strategy and operating arrangements for SRQ's 12 outdoor recreation centres. This includes the establishment of programs at a number of centres to promote the advantages of lifelong participation in sport and active recreation.
- Continued to implement the **Get Active Queensland Children and Young People Strategy**. This includes the release of further educational and promotional tools and resources for parents, teachers and early childhood carers, to support and encourage children and young people to participate in sport and active recreation.
- Worked with key partners such as Education Queensland, Queensland Health and the Australian Sports Commission to enhance sport and active recreation participation opportunities in the school environment.
- Streamlined and standardised the operation of SRQ's funding programs and increased the funding pool available to support local level participation through facility development and club development opportunities.

### **Building a sport and active recreation industry responsive to the participation needs of Queenslanders**

- Continued to support the development of sport and active recreation organisations at the State and local levels and their capacity to deliver services and participation opportunities through funding and targeted programs such as the **Locker Rooms** and **Building Active Communities** workshops.
- Streamlined the operation of the **State Development Program** and transitioned funding agreements with State sport and recreation organisations to a three-year timeframe. This will facilitate longer term planning and development opportunities to be implemented by these organisations.
- Worked with the Commonwealth Department of Communications, Information Technology and the Arts and the Australian Sports Drug Agency to assist in the implementation of the **World Anti-Doping Code** and contributed to Australia's response to the proposed **International Convention Against Doping in Sport**.
- Supported implementation of the **Queensland Government Anti-doping Policy in Sport** through implementation of the Queensland Government Drug Testing Program, the development of an education campaign promoting the Drug-Free Sport message and the introduction of a funding eligibility requirement that State sporting organisations adopt an anti-doping policy consistent with that of their national body.

### **Improving access by Queenslanders to well planned sport and active recreation places and facilities that support participation from the grass roots to the elite levels**

- Completed capital improvements at a number of outdoor recreation centres to support increased utilisation of the centres and provide enhanced opportunities for users to participate in sport and active recreation activities.
- Commenced construction of the Townsville Sports House as a key regional facility, which will provide a new base for a number of regional sporting associations, the regional operations of the QAS and the North Queensland office of SRQ.
- Continued to support the development and delivery of local, regional and State standard sport and recreation infrastructure throughout Queensland through the department's facility development programs.
- Provided advice and guidance to local governments to facilitate appropriate consideration of the sport and active recreation needs of communities in new local government planning schemes.

### **Partnering with key stakeholders to position Queensland nationally and internationally as a premier sporting location**

- Completed the competitive bid process for the Tennyson Riverside Development project providing the opportunity to develop an international-standard State Tennis Centre and associated development at Tennyson.
- Facilitated international delegations and promoted Queensland's sporting facilities with a view to attracting international and national teams to Queensland for elite training and competition purposes in the lead up to the Beijing Olympics in 2008.
- Worked with the Queensland Cricket Association and Cricket Australia to progress the development of facilities at Allan Border Field, Albion to support the operation of the Commonwealth Bank Cricket Centre of Excellence.



- Hosted the international Oceania Athletics Championships at the Townsville Sports Reserve and the World Rope Skipping Championships at the redeveloped Tallebudgera Outdoor Recreation Centre, showcasing the capacity of these key regional facilities to support national and international standard events.
- Further enhanced the online Elite Training Facilities Directory, providing better information and services to help attract international teams to Queensland for training and competition purposes.

**Developing Queensland's elite athletes through high performance sports programs to both optimise Queensland's national and international sporting success and ensure recognition of Queensland's athletes as sporting ambassadors for Queensland and Australia**

- Finalised preparation for Queensland's elite athletes competing at the Athens 2004 Olympic and Paralympic Games. QAS athletes achieved their best Olympic and Paralympic result since the QAS was established in 1991, winning 35 Olympic medals and 25 Paralympic medals.
- Continued to progress the research program of the Centre of Excellence for Applied Sport Science Research through the establishment of post-doctoral fellowships and additional PhD scholarships, masters and honours student programs.
- Maintained the focus on a whole-of-State approach for the training of Queensland's elite athletes through the regionalisation program and through the expansion of the QAS Talent Search program to regional areas.
- Continued to work with the National Elite Sports Council and the Australian Sports Commission to ensure the QAS sports programs for 2005-09 are complementary to national strategic directions for elite sport development and that duplication throughout the national network is minimised.

**Future Developments**

**Encouraging more Queenslanders to participate in sport and active recreation**

- Continue to deliver a range of funding programs focussed at supporting the development of local level participation opportunities by sport and active recreation organisations, local governments and indigenous organisations.
- Develop and promote a range of new activities and programs to increase sport and active recreation opportunities at SRQ's outdoor recreation centres.
- Further enhance operating and promotional arrangements at SRQ's outdoor recreation centres, focussing on the particular advantages, opportunities and experiences afforded by each site.
- Work with the Australian Sports Commission to facilitate implementation of the Australian Government's **Active After School Communities Program** in Queensland.
- Encourage more girls to participate in sport and active recreation by delivering targeted information about the benefits of participation, the pathways to high level competition and career opportunities in the industry.
- Evaluate the **Get Active Queensland Children and Young People Strategy** to assess the effectiveness of the associated projects and resources in achieving the goals of the strategy.

### **Building a sport and active recreation industry responsive to the participation needs of Queenslanders**

- Review and consolidate the resources available to sport and active recreation clubs to ensure they are better able to access advice and assistance to sustain and grow participant numbers and provide services to support their membership.
- Continue to support the development of sport and active recreation organisations at the State and local levels to build their capacity to provide services that foster participation opportunities.
- Evaluate and refine resources and activities that promote a harassment free environment for participation in sport and active recreation.
- Review the **Sports Drug Testing Act 2003** and the **Queensland Government Anti Doping Policy** to ensure they complement the requirements of the **World Anti-doping Code** and the draft **International Convention Against Doping in Sport**.
- Work with partners such as the Australian Sports Drugs Agency in the development and delivery of educational and promotional material on drugs in sport.

### **Improving access by Queenslanders to well planned sport and active recreation places and facilities which support participation from the grass roots to the elite levels**

- Continue to support the development and delivery of local and regional sport and active recreation infrastructure through the department's facility development programs.
- Develop a prioritised capital works program for SRQ's outdoor recreation centres for the next three years to improve the quality and accessibility of facilities at these centres.
- Complete the Townsville Sports House development as a key regional facility, providing a new base for a number of regional sporting associations, the regional operations of the QAS and the North Queensland office of SRQ.
- Support implementation of the **South East Queensland Regional Plan** as a means to facilitate appropriate planning by local governments in the region for the delivery of sport and active recreation places and facilities to meet community needs.

### **Partnering with key stakeholders to position Queensland nationally and internationally as a premier sporting location**

- Work in partnership with the preferred developer to progress delivery of an international-standard State Tennis Centre at Tennyson.
- Progress the Stage 3 development of the Queensland Sport and Athletics Centre to further position the QAS as a centre of excellence for elite sport development and training and advance its reputation as the premier State Institute/Academy of Sport.
- Work with State sporting organisations, the QAS, Queensland Events Corporation and the Major Sports Facilities Authority to identify new sport development opportunities. This includes further centres of excellence and emerging industry programs, to benefit the development of sport in Queensland.
- Facilitate international delegations and continue to promote Queensland's sport facilities to attract international and national teams to Queensland for elite training and competition purposes in the lead up to the Beijing Olympics in 2008.

**Developing Queensland's elite athletes through high performance sports programs to both optimise Queensland's national and international sporting success and ensure recognition of Queensland's athletes as sporting ambassadors to Queensland and Australia**

- Prepare Queensland's elite athletes for the 2006 Commonwealth Games through targeted training, sports science, athlete assistance and a range of other support services.
- Continue to conduct research through the Centre of Excellence for Applied Sport Science Research, Queensland's leading centre dedicated to applied research initiatives in sport science, sports medicine, psychology and nutrition.
- Continue the whole-of-State focus on the delivery of QAS programs including the Talent Search Program and Athlete and Coach support services.

## OUTPUT STATEMENT

Output: Services, Infrastructure and Facilities to Queensland - Sport and Recreation				
Measures	Notes	2004-05 Target/Est.	2004-05 Est. Actual	2005-06 Target/Est.
<b>Quantity</b>				
Number of athletes assessed by the Talent Search program in Queensland.	1	4,000	4,000	2,000
Number of schools visited by QAS athletes.	2	150	212	150
Percentage of QAS athletes selected for national teams.	3	20%	26%	22%
Number of national and international sporting teams choosing Queensland as their preferred location for training.	4	28	28	32
Number of Queenslanders participating in the department's sport and active recreation participation programs.	5	164,150	341,602	379,450
Number of Queenslanders participating in the department's sport and recreation skills programs.	6	3,760	3,715	3,615
<b>Quality</b>				
Number of athletes meeting or exceeding their personal development goals in relation to the <i>Get Active Queensland Schools Program</i> .		90%	92%	90%
Average satisfaction rating, on a scale of 1-5, of surveyed participants in sport and recreation skills programs.		4	4	4
Average satisfaction rating, on a scale of 1-5, of surveyed participants in sport and recreation participation programs.		4	4	4
<b>Cost (\$)</b>				
Investment in sport and recreation infrastructure in Queensland.	7	\$44.3 million	\$42.2 million	\$54 million
Total investment in sport and recreation participation and development programs.		\$17 million	\$18.3 million	\$17.8 million
<b>State Contribution (\$'000)</b>		<b>152,159</b>	<b>138,298</b>	<b>176,923</b>
<b>Other Revenue (\$'000)</b>		<b>4,337</b>	<b>5,170</b>	<b>4,839</b>
<b>Total Cost (\$'000)</b>		<b>156,496</b>	<b>143,468</b>	<b>181,762</b>

**Output: Services, Infrastructure and Facilities to Queensland - Sport and Recreation****Notes:**

1. 2005-06 Target Estimate is lower than 2004-05 Estimated Actual due to a move from mass-based testing in South East Queensland to a more targeted approach. Mass-based testing will continue in regional Queensland.
2. 2004-05 Estimated Actual is higher than 2004-05 Target Estimate primarily due to the program including many small school clusters when delivered in regional and rural areas and an enhanced focus on visiting schools in remote Cape York communities. Pending availability of athletes, visits to schools in Cape York communities will be repeated in 2005-06.
3. 2004-05 Estimated Actual higher than 2004-05 Target Estimate due to higher than expected representation on the 2004 Olympic Team, particularly in team sports. 2005-06 Target Estimate lower than 2004-05 Estimated Actual due to retirement of senior athletes following the 2004 Olympics.
4. 2005-06 Target Estimate higher than 2004-05 Estimated Actual due to the development of a targeted marketing campaign in the lead up to the 2008 Olympics in Beijing.
5. 2004-05 Estimated Actual higher than 2004-05 Target Estimate primarily due to stronger than anticipated attendances at a number of the outdoor recreation centres and a greater number of schools visited by the Get Active Queensland Schools Program. 2005-06 Target Estimate higher than 2004-05 Estimated Actual primarily due to the implementation of sport and recreation programs at a number of outdoor recreation centres.
6. 2005-06 Target Estimate lower than 2004-05 Estimated Actual primarily due to the Traineeship Assistance Package concluding.
7. 2005-06 Target Estimate higher than 2004-05 Target Estimate and 2004-05 Estimated Actual primarily due to the increase in budget allocation for SRQ's Major Facilities and Minor Facilities programs and further works at State owned facilities to meet workplace health and safety standards.

## Output Income Statement – Services, Infrastructure and Facilities to Queensland – Sport and Recreation

	Notes	2004-05 Adjusted Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
<b>Income</b>				
Output revenue	1,2	152,159	138,298	176,923
User charges		2,838	2,768	3,154
Grants and other contributions		943	1,329	1,109
Other Revenue	3	556	1,073	576
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total Income</b>		<b>156,496</b>	<b>143,468</b>	<b>181,762</b>
<b>Expenses</b>				
Employee expenses		22,665	23,196	23,336
Supplies and services	4	42,358	29,298	29,603
Grants and subsidies	5	84,200	83,169	120,523
Depreciation and amortisation	6	3,528	3,873	4,796
Finance/borrowing costs		..	..	..
Other expenses		3,745	3,932	3,504
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total expenses</b>		<b>156,496</b>	<b>143,468</b>	<b>181,762</b>
<b>OPERATING SURPLUS/ (DEFICIT)</b>		<b>..</b>	<b>..</b>	<b>..</b>

### Notes:

1. The decrease in the 2004-05 Estimated Actual reflects the deferral of funding to 2005-06 to meet current year capital grant commitments that will not be drawn down in 2004-05.
2. The 2005-06 Estimate is higher than the 2004-05 Estimated Actual due to increased revenue from the Major Facilities Levy to service borrowings for the Brisbane Cricket Ground redevelopment and deferrals in capital grants from 2004-05 to meet current year commitments.
3. The 2004-05 Estimated Actual is higher than the 2004-05 Adjusted Budget due to the receipt during 2004-05 of prior year grant refunds.
4. The 2004-05 Estimated Actual is lower than the 2004-05 Adjusted Budget due to a reallocation to meet grants and subsidies funding commitments.
5. The 2005-06 Estimate is higher than the 2004-05 Adjusted Budget and 2004-05 Estimated Actual primarily due to deferrals from 2004-05 to 2005-06 to better align funding with anticipated draw downs by grant recipients, an increase in Major Facilities Levy revenue to service borrowings for the Brisbane Cricket Ground redevelopment and the increase in the budget allocation for SRQ's Major Facilities and Minor Facilities programs.
6. The 2005-06 Estimate is higher than the 2004-05 Estimated Actual due to a reallocation from supplies and services to cover depreciation expense arising on a number of assets and capital projects commissioned including the Tallegbudgera Outdoor Recreation Centre and Townsville Sports House development.

The financial statements, including the Adjusted 2004-05 Budget, reflect adjustments for machinery of government changes and the removal of the equity return, which took effect during 2004-05. Further detail of these adjustments is contained in the 'Explanation of Variances in the Financial Statements' section.

## **ADMINISTERED ITEMS**

### ***Gold Coast Events Company***

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 Lexmark Indy 300 on the Gold Coast.

The four day event is conducted under a partnership arrangement between GCEC and the 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. The Government will contribute \$11.2 million towards the staging of the 2006 event.

The event provides a significant economic return to Queensland. It is estimated by GCMEC the 2003 event generated approximately \$50 million in economic benefits to the State. The 2004 event generated record crowds, with more than 309,000 people attending the event over four days.

## **CAPITAL ACQUISITIONS**

The department's asset base primarily consists of land and buildings at outdoor recreation centres, the Townsville Sports Reserve, Sport Houses, computer equipment and other information technology (desktop computers, printers, photocopiers and the supporting network). Capital funding is used to meet the planned, cyclical replacement of these assets as well as maintaining and enhancing this infrastructure and these facilities.

The Capital Acquisition Statement on the following page provides an overview of funding provided and expended in 2004-05 and planned acquisitions totalling \$5.9 million in 2005-06.



## CAPITAL ACQUISITION STATEMENT

	Notes	2004-05 Adjusted Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
<b><u>PROPERTY PLANT AND EQUIPMENT</u></b>				
<b>Property Plant and Equipment</b>				
General Acquisitions	1	747	1,231	600
Townsville Sports House	2	2,550	550	2,000
Outdoor Recreation Centres	3	2,834	5,650	3,274
<b>Other acquisitions of property, plant and equipment</b>		..	..	..
<b>TOTAL PROPERTY PLANT AND EQUIPMENT</b>		<b>6,131</b>	<b>7,431</b>	<b>5,874</b>
<b><u>OTHER CAPITAL ACQUISITIONS</u></b>				
<b>Other Capital Acquisitions</b>		..	..	..
<b>Other Items</b>		..	..	..
<b>TOTAL OTHER CAPITAL ACQUISITIONS</b>		..	..	..
<b>TOTAL CAPITAL ACQUISITIONS</b>		<b>6,131</b>	<b>7,431</b>	<b>5,874</b>
<b><u>FUNDING SOURCES OF ACQUISITIONS</u></b>				
Equity Adjustment	4	2,727	3,543	1,270
Funding for depreciation and amortisation	5	3,404	3,404	4,604
Borrowings		..	..	..
Proceeds of asset sales		..	..	..
Other	6	..	484	..
<b>TOTAL FUNDING SOURCES</b>		<b>6,131</b>	<b>7,431</b>	<b>5,874</b>
<b>Notes:</b> 1. The increase in 2004-05 Estimated Actual compared to the 2004-05 Adjusted Budget relates to the allocation of deferrals from 2003-04 to fund current year commitments. 2. The decrease in the 2004-05 Estimated Actual to the 2004-05 Adjusted Budget is primarily due to deferral of funding to 2005-06 for the finalisation of the Townsville Sports House. Construction of Townsville Sports House has been delayed due to protracted negotiations over the transfer of the site lease to SRQ and finalisation of design specifications. 3. The increase in 2004-05 Estimated Actual compared to the 2004-05 Adjusted Budget relates to deferrals from 2003-04 to fund current year commitments. 4. Variances relate to the movements described above in Notes 1, 2 and 3. 5. The 2005-06 Estimate is higher than the 2004-05 Estimated Actual due to a reallocation from supplies and services to cover the depreciation expense arising on a number of assets and capital projects commissioned including the Tallebudgera Outdoor Recreation Centre and Townsville Sports House development. 6. The 2004-05 Estimated Actual represents deferrals to meet commitments from the prior financial year.				

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**Queensland**  
Government

## **MINISTERIAL PORTFOLIO STATEMENT**

**2005-06 STATE BUDGET**

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

**OFFICE OF URBAN MANAGEMENT**

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

**Dr Ted Campbell  
Director-General**

This Ministerial Portfolio Statement (MPS) includes financial and performance information for the Office of Urban Management which reports to the Deputy Premier, Treasurer and Minister for Sport. Information relating to the Office of Urban Management also appears in the MPS for the Minister for Environment, Local Government, Planning and Women.

## DEPARTMENTAL OVERVIEW

The Office of Urban Management (OUM), operating within the Department of Local Government, Planning, Sport and Recreation (DLGPSR), is responsible for managing growth and infrastructure coordination and planning for South East Queensland (SEQ), the fastest growing region in Australia. The Office reports to the Deputy Premier, Treasurer and Minister for Sport and is responsible for development and implementation of the **South East Queensland Regional Plan** and the **South East Queensland Infrastructure Plan and Program** (SEQIPP) to ensure liveable and sustainable communities are maintained throughout SEQ.

### STRATEGIC ISSUES

SEQ is the fastest growing region in Australia. It is forecast that by 2026 the region will be home to 3.7 million people – up from 2.5 million in 2001. This represents more than a quarter of all the population growth in Australia over the next 25 years. This growth, while creating opportunities, also brings with it challenges. If SEQ is to ensure liveable communities and sustainable development, this growth needs to be managed by governments at all levels, working cooperatively to develop and implement a regional plan.

The partnership in managing regional planning which has been built up between the State Government and local governments in SEQ, through previous projects such as SEQ 2001 and SEQ 2021, will continue. It is recognised, however, that the pressures created by rapid growth in SEQ may at times generate issues that cannot be resolved by agreement between stakeholders and, in such circumstances, the State Government will need to provide leadership in the region.

The OUM supports the Government's priority of managing urban growth and building Queensland's regions through the effective development, implementation and management of best practice planning in SEQ. The OUM focuses on:

- ensuring appropriate land use and development throughout SEQ
- encouraging natural resource investment planning and management
- coordinating regional social and economic planning for SEQ
- identifying and coordinating future key regional infrastructure needs to support the regional settlement strategy
- ensuring regional infrastructure needs are communicated effectively to local governments and agencies for implementation
- providing advice on the preparation of the **Integrated Planning Act 1997** (IPA), planning schemes and priority infrastructure plans.

## 2005-06 HIGHLIGHTS

Managing growth and its associated impacts in SEQ is a key priority of the Queensland Government. To effectively manage this growth, the Queensland Government will release the final **South East Queensland Regional Plan** (the Regional Plan) in June 2005. This Plan outlines a new approach, based on managing, rather than merely responding, to growth. The Plan will be monitored annually and reviewed every five years.

The Regional Plan will protect over 80% of land in SEQ from urban development, and confined within an urban development to areas contained within an Urban Footprint. The Urban Footprint has been calculated to ensure there is more than enough land to cater for growth to 2026.

In order to implement the Regional Plan, the OUM will work with the 18 local governments in SEQ, over the three months from July to September 2005, to identify necessary amendments to their planning schemes to ensure these schemes align with the Regional Plan. The OUM will release guidelines in June 2005 to assist local governments with this task. The OUM will also assist local governments in the region to begin work on their local growth management strategies. These strategies will identify how each local government will implement the urban development components of the Regional Plan. The OUM will also work with all State agencies to review current State Government policies, which may need to be amended or developed in order to implement the plan.

In 2005-06, the OUM will produce guidelines for the development of approved Structure Plans for all major residential development of greenfield sites. These guidelines will outline the broad environmental, land use, infrastructure and development concepts that need to be taken into account when undertaking detailed master and site planning for large greenfield developments.

To support the Regional Plan, the Queensland Government released the *200-202 Infrastructure Plan and Program* on 27 April 2005. This release was a significant achievement as it is the first time the Queensland Government has made a 10-year commitment to fund the necessary infrastructure to support growth in SEQ. The SEQIPP also shows the Government's intentions regarding planning infrastructure over the next 20 years and details the investigations needed to identify future major infrastructure investment.

The SEQIPP is a \$55 billion package (including investment contributions from the Australian Government and the Brisbane City Council). This includes:

- a \$35 billion roads and transport package including funding provision for projects to be investigated
- \$1.5 billion in health infrastructure, including two new hospitals
- 63 new primary and secondary schools at a cost of \$1.8 billion
- water projects totalling \$2.3 billion, including a new dam at Wyaralong
- \$3.4 billion to be spent on energy networks in the next five years
- \$10 billion in expected outlays on energy networks (beyond the first five years).



This package includes an estimated \$25.7 billion in additional State investment in SEQ over the next 20 years, including an extra \$2 billion for the next four years over current budget commitments. The first in an annual series, the SEQIPP will be updated each year in conjunction with the State budget.

Funding of \$0.6 million will also be provided for the OUM to undertake a number of other key projects:

- Undertaking a detailed planning study of the Mt Lindsay/North Beaudesert Investigation Area, in conjunction with Beaudesert Shire, Gold Coast City and Logan City councils, as identified in the draft Regional Plan. This study will involve an investigation of broad land uses to determine what level and type of development, if any, is most suitable for this area. In determining this, the investigation will consider significant environmental values of the area, as well as transport services, infrastructure, social services and employment opportunities at a local level, and in a broader regional context;
- Advancing planning for Transit Oriented Developments (TODs) in SEQ by identifying and investigating potential sites and examining mechanisms to implement priority TODs for the region. A key component of this study will be the establishment of a TOD Taskforce to assist in the facilitation of TOD outcomes across the region. TODs involve increased residential densities and mixed-use development around activity centres and high capacity public transport nodes. An amount of \$45 million over three years has been set aside in this Budget as seed funding to assist in the establishment of TODs. The main objective is to achieve more efficient land use and increased public transport patronage; and
- In recognition of the importance of maintaining rural production and rural character in SEQ, the study will assess existing information on the social, economic and environmental issues confronting rural industries and rural land owners in the region. Working with key stakeholders the study will examine the viable existing industries and areas and for other lands consider alternative use options such as tourism, biofuels, environmental services, rehabilitation for nature conservation and outdoor recreation. Outcomes will inform State and local governments, NRM bodies and rural and community stakeholders.

## OUTPUT PERFORMANCE

**OUTPUT:** Urban Management for South East Queensland

**RELATED OUTCOME:** A strong diversified economy

### DESCRIPTION

Reporting to the Deputy Premier, Treasurer and Minister for Sport, the output through the Office of Urban Management (OUM) coordinates planning in South East Queensland (SEQ) and works collaboratively with State agencies, local governments and other stakeholders to manage growth in the region.

The OUM works collaboratively with the 18 local governments in SEQ to ensure that future land use and infrastructure needs for the region, as reflected within the *South East Queensland Regional Plan* (the Regional Plan) and the *Integrated Development Assessment System (IDAS)*, are adopted in local government planning schemes.

### REVIEW OF OUTPUT PERFORMANCE

#### Recent Achievements

- Completed the draft Regional Plan for Government endorsement and public consultation. More than 8,500 submissions were received.
- Launched the OUM website with access to online geo-spatial mapping consistent with the draft Regional Plan.
- Completed and released the SEQIPP in April 2005. The SEQIPP is a \$55 billion infrastructure package.
- Contributed to effective urban management in SEQ by initiating amendments to the *Integrated Planning Act 1997* (IPA) including:
  - achieved statutory recognition of the Regional Coordination Committee (RCC) as a regional advisory body
  - confirmed the status of the Regional Plan as a statutory planning instrument
  - provided for the Regional Plan to be a matter of State interest
  - provided that the Regional Plan be a matter requiring a material consideration when Integrated Development Assessment System (IDAS) applications are being assessed by local governments in the SEQ region.
- Commenced the Mt Lindesay / North Beaudesert Investigation Area study, which included the first round of public consultation.
- Continued to seek input from industry and community groups in relation to the Regional Plan and its implementation and in relation to open space and infrastructure planning.
- Established and supported an SEQ Regional Open Space Advisory Committee to provide advice to the Deputy Premier and the RCC.

- Worked with local governments to ensure IPA planning schemes in SEQ are consistent with the regional plan.

### **Future Developments**

- Finalise and release the Regional Plan following consideration of stakeholder and public comment, for release in June 2005.
- Establish a program and process to work with local governments to ensure IPA planning schemes in SEQ are aligned with the Regional Plan.
- Work with State agencies and the private sector to monitor implementation of the SEQIPP.
- Consult with local governments and the private sector to identify sites for, and progress the development of, agreed Transit Oriented Developments.
- Finalise the Mt Lindesay / North Beaudesert planning study, following consideration of stakeholder and public comment and develop a Draft Growth Management Framework for the future of the Investigation Area by April 2006.
- Work with local governments and the private sector to develop guidelines to assist the preparation of Local Growth Management Strategies.
- Coordinate the implementation of the Regional Plan, and report on progress to the RCC.
- Continue to work with State agencies, local governments and community groups to progress open space planning.

## OUTPUT STATEMENT

<b>Output: Urban Management for South East Queensland</b>				
<b>Measures</b>	<b>Notes</b>	<b>2004-05 Target/Est.</b>	<b>2004-05 Est. Actual</b>	<b>2005-06 Target/Est.</b>
<b>Quantity</b>				
Number of:				
• publications in relation to planning and development issues	1	8	10	5
• Regional Coordination Committee (RCC) meetings held per year.		5	5	4
<b>Quality</b>				
Client satisfaction with the quality of seminars, workshops and forums.		80%	80%	80%
Regional Coordination Committee (RCC) satisfaction with technical and administrative support for regional planning.		80%	80%	80%
<b>Timeliness</b>				
SEQ Regional Plan approved by Government.	2	April 2005	June 2005	..
Complete SEQIPP.	3	June 2005	April 2005	May 2006
<b>State Contribution (\$'000)</b>		<b>6,534</b>	<b>7,334</b>	<b>6,672</b>
<b>Other Revenue (\$'000)</b>		<b>500</b>	<b>585</b>	<b>113</b>
<b>Total Cost (\$'000)</b>		<b>7,034</b>	<b>7,919</b>	<b>6,785</b>
<b>Notes:</b> 1. The increase in Estimated Actual for 2004-05 over Target Estimate for 2004-05 relates to publications produced for the Mt Lindesay/North Beaudesert Land Use Study. 2. This measure has been discontinued as the objective has been attained. Release of the draft SEQ Regional Plan was delayed due to extended public consultation over the Christmas/New Year period to ensure an equitable and open consultation process. The SEQ Regional Plan is to be monitored annually and formally reviewed every five years. 3. Delivery of the SEQIPP was brought forward to achieve better integration and alignment with the annual State Budget process. SEQIPP will be updated annually.				

## Output Income Statement – Urban Management for South East Queensland

	Notes	2004-05 Adjusted Budget \$'000	2004-05 Est. Act. \$'000	2005-06 Estimate \$'000
<b>Income</b>				
Output revenue	1	6,534	7,334	6,672
User charges	2	..	85	113
Grants and other contributions	3	500	500	..
Other Revenue		..	..	..
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total Income</b>		<b>7,034</b>	<b>7,919</b>	<b>6,785</b>
<b>Expenses</b>				
Employee expenses	4	4,041	3,683	3,389
Supplies and services	1	2,596	3,788	2,995
Grants and subsidies		..	2	2
Depreciation and amortisation	5	40	73	44
Finance/borrowing costs		..	..	..
Other expenses		357	373	355
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
<b>Total expenses</b>		<b>7,034</b>	<b>7,919</b>	<b>6,785</b>
<b>OPERATING SURPLUS/ (DEFICIT)</b>		<b>..</b>	<b>..</b>	<b>..</b>

### Notes:

1. The 2004-05 Estimated Actual is higher than the 2004-05 Adjusted Budget due to funding deferred from 2003-04 for various projects and the transfer of Open Space Management carryover from 2003-04.
2. The 2004-05 Estimated Actual and 2005-06 Estimate reflect revenue derived from the sale of draft regulatory maps.
3. The decrease in the 2005-06 Estimate is due to the cessation of funding previously provided by South East Queensland Regional Organisation of Councils (SEQROC), from 2005-06 onwards.
4. The 2004-05 Estimated Actual is lower than the 2004-05 Adjusted Budget due to deferring the full implementation of the organisational structure. Rather than implementing the full permanent organisational structure the Office of Urban Management seconded employees from particular fields of specialisation from within key agencies and councils. These secondees were often jointly funded by the OUM and the external agency/council, hence the reduction from the 2004-05 Estimated Actual.
5. The 2004-05 Estimated Actual increase is due to deferral of funds in corporate services from 2003-04 to cover capital projects and asset replacement.

The financial statements, including the Adjusted 2004-05 Budget, reflect adjustments for Machinery of Government changes and the removal of the equity return, which took effect during 2004-05. Further detail of these adjustments is contained in the 'Explanation of Variances in the Financial Statements' section.

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## GLOSSARY OF TERMS

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<b>Accrual Accounting</b>	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.
<b>Accrual Output Budgeting (AOB)</b>	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.
<b>Administered Items</b>	Assets, liabilities, revenues and expenses an agency administers on behalf of the Government without discretion.
<b>Agency</b>	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.
<b>Appropriation</b>	Represents Parliamentary authority for the Treasurer to issue funds to agencies during a financial year for: <ul style="list-style-type: none"> <li>• delivery of agreed outputs</li> <li>• administered items</li> <li>• adjusting the Government's equity in agencies.</li> </ul>
<b>Balance Sheet</b>	A financial statement that reports the assets, liabilities and equity of an entity as at a particular date.
<b>Capital</b>	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.
<b>Cash Flow Statement</b>	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.
<b>Controlled Items</b>	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.
<b>Depreciation</b>	The periodic allocation of the cost of physical assets, representing the amount of the asset consumed during a particular period of time.

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<b>Equity</b>	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.
<b>Equity Injection</b>	An increase in the investment of the Government in a public sector agency.
<b>Equity Return</b>	A periodic return on equity reflecting the opportunity cost to the Government of its investment in agencies.
<b>Financial Statements</b>	Collective description of the Income Statement, the Balance Sheet and the Cash Flow Statement.
<b>Income Statement</b>	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.
<b>Outcomes</b>	Whole-of-Government Outcomes are intended to cover all dimensions of community well being. They express the current needs and future aspirations of communities, within a social, economic and environment context.
<b>Outputs</b>	Discrete services or products for external customers or consumers produced by agencies with funding from the Government.
<b>Own-Source Revenue</b>	Revenue generated by an agency, generally through the sale of goods and services but may also include approved Commonwealth Specific Purpose Payments.
<b>Priorities</b>	The Government's Priorities represent the areas of policy for focussed attention during a given term. They highlight key areas where improved results are sought.

For a more detailed Glossary of Terms, please refer to the Reader's Guide available on the Budget website at [www.budget.qld.gov.au](http://www.budget.qld.gov.au).



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