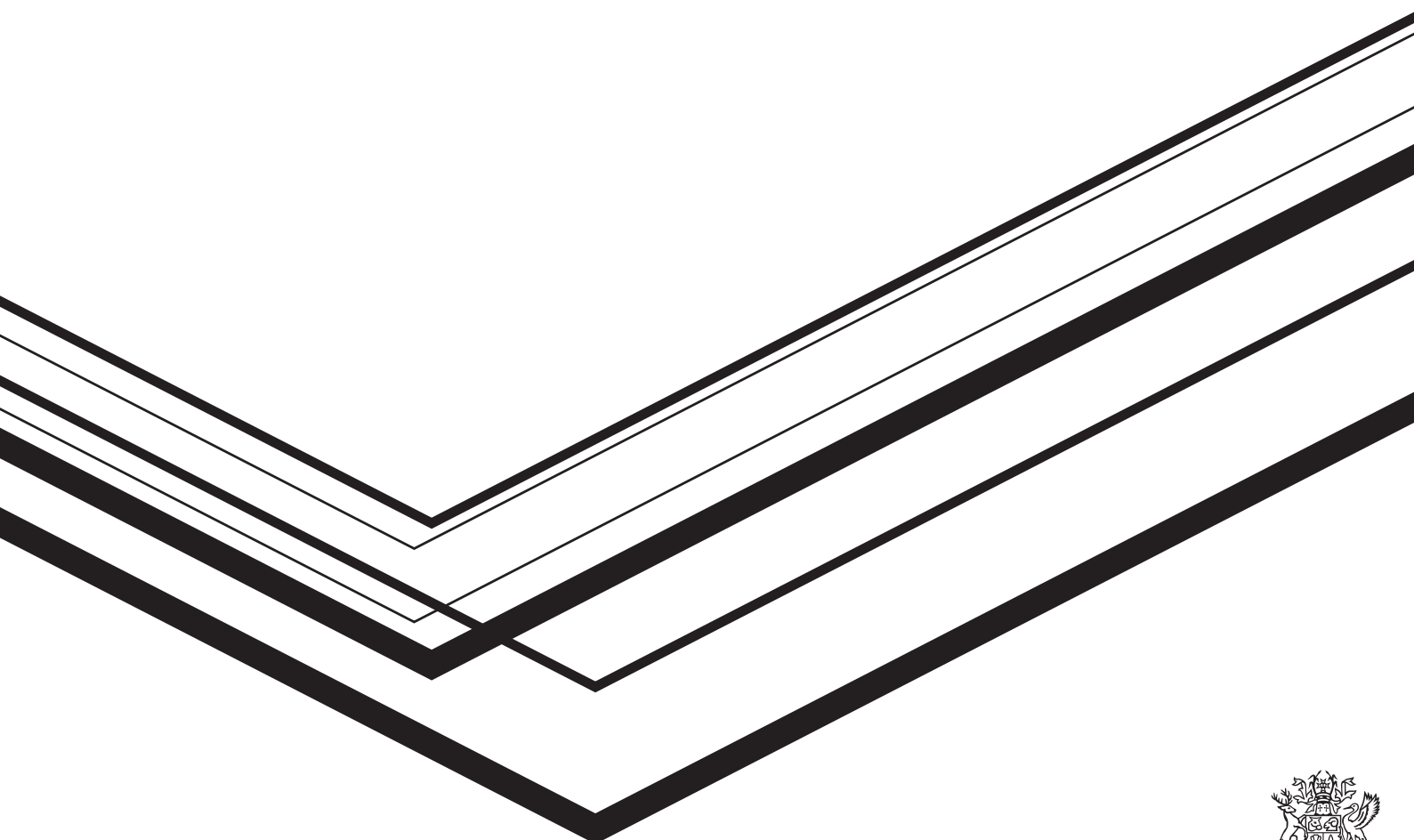


Service Delivery Statements

# Queensland Treasury



# **2015-16 Queensland Budget Papers**

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

## **Appropriation Bills**

## **Jobs Now, Jobs for the Future - Queensland Government employment plan**

## **Budget Highlights**

The suite of Budget Papers is similar to that published in 2014-15.

The Budget Papers are available online at [www.budget.qld.gov.au](http://www.budget.qld.gov.au)

© Crown copyright  
All rights reserved  
Queensland Government 2015

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

## **Service Delivery Statements**

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



# Queensland Treasury

## Summary of portfolio

Page	Queensland Treasury
2	Queensland Treasury - Controlled
	Queensland Treasury - Administered
40	Motor Accident Insurance Commission/Nominal Defendant

---

# Portfolio overview

## Ministerial and portfolio responsibilities

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

### **Treasurer, Minister for Employment and Industrial Relations and Minister for Aboriginal and Torres Strait Islander Partnerships**

**The Honourable Curtis Pitt MP**

### **Queensland Treasury**

**Under Treasurer: Mark Gray (to May 2015)**

**Under Treasurer: Jim Murphy (from June 2015)**

**Service area 1:** Fiscal

**Service area 2:** Economic

**Service area 3:** Commercial Services

**Service area 4:** Revenue Management

**Service area 5:** Industrial Relations

**Service area 6:** Queensland Productivity Commission

### **Motor Accident Insurance Commission/Nominal Defendant**

**Insurance Commissioner: Neil Singleton**

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

Additional information can be sourced from:

[www.treasury.qld.gov.au](http://www.treasury.qld.gov.au)

[www.justice.qld.gov.au/fair-and-safe-work](http://www.justice.qld.gov.au/fair-and-safe-work)

[www.maic.qld.gov.au](http://www.maic.qld.gov.au)

# Departmental overview

As a core agency of the Queensland Government, Queensland Treasury manages the State's finances responsibly in line with the Government's fiscal principles to deliver better services for Queenslanders and advance the State's economy to support growth, investment and employment.

With a continuing focus on supporting and delivering the Government's policy priorities, Queensland Treasury makes a direct contribution to each of the Queensland Government's objectives for the community:

- creating jobs and a diverse economy
- delivering quality frontline services
- protecting the environment
- building safe, caring and connected communities.

## Strategic direction

Four key themes underpin Queensland Treasury's strategic purpose:

- create a climate for economic growth and fiscal strength - creating an economic climate that supports growth, investment and job creation through expert advice, research and analysis
- improve services for Queenslanders - providing economic and fiscal advice across government to guide investment in quality services for Queenslanders
- empower our people - investing in our people's growth and development
- ensure safe, productive and fair workplaces - improving workplace health and safety, electrical safety and workers' compensation performance through the regulatory framework and the provision of services and policy advice as well as support of a productive industrial relations framework in Queensland.

These four key themes will be addressed by:

- stimulating the economy
- managing Queensland's Budget responsibly to maximise services, minimise costs and reduce debt
- shaping policy and informing key industry decisions through expert forecasting, modelling, research and analysis
- providing expert economic and financial advice across agencies
- maintaining and improving the integrity of the State's revenue base
- fostering strong business and community partnerships
- improving productivity and efficiency
- advocating Queensland's interests in Commonwealth-State relations
- delivering financial services to the community and managing grants
- making Queensland workplaces healthier and safer
- making Queensland homes and communities safe from the risk of hazardous materials and electrical harm
- ensuring a fair and modern industrial relations system
- maintaining professional, flexible and high quality workers' compensation services
- ensuring staff are empowered, responsive and engaged.

In 2015-16, Queensland Treasury's key priorities and initiatives are to:

- deliver the 2015-16 Queensland Budget, incorporating the Government's election commitments and associated funding reprioritisations
- as part of phase two of the Government's Debt Action Plan, undertake analysis of options for further debt reduction
- develop policies and programs to address entrenched labour market disadvantage for key cohorts including: young people, mature aged people, Aboriginal and Torres Strait Islander people, people with disabilities, and the long-term unemployed
- collaborate with relevant agencies to deliver the Working Queensland strategy, including skills and evaluation of employment outcomes
- establish the Business Development Fund to invest in innovative growing businesses based in Queensland

- collaborate with the Department of the Premier and Cabinet and relevant agencies to provide advice to Government on the Australian Government's reform of the Federation White and Green Paper process
- engage in, and provide advice to Government on, the Australian Government's tax reform White and Green Paper process
- contribute to the establishment of the Queensland Productivity Commission
- progress procurement activities relating to the Herston Quarter Redevelopment Project through a competitive bid process
- finalise the Toowoomba Second Range Crossing procurement through a multi-phase competitive bid process
- develop a new royalty rulings programme, in consultation with the Resource Consultative Committee, to provide greater certainty about royalty obligations to facilitate voluntary compliance
- improve health, safety and fairness in the workplace
- lead the establishment of three Social Benefit Bond pilots in the areas of recidivism, homelessness and issues affecting Aboriginal and Torres Strait Islander people
- progress consideration of the National Injury Insurance Scheme (NIIS) with a focus on the provision of reasonable and necessary lifetime care and support for people catastrophically injured in road traffic crashes and workplace accidents.

The major external factors that may impact on Queensland Treasury's objectives in 2015-16 are:

- changes in international and national financial and economic conditions
- the Australian Government's White and Green Paper processes on reform of the Federation and tax reform
- volatility in coal and petroleum royalties due to variations in international commodity pricing
- impacts from Australian Government budget decisions
- changes in relativities used by the Commonwealth Grants Commission, impacting on GST receipts
- the impact of a competitive workforce market and demand pressures from population growth and changing demographics in Queensland
- natural disasters.

# Service performance

## Service approach

Following the State Election on 31 January 2015, Queensland Treasury's role and functions focused on supporting the Government's objectives for the community, which required some realignment and change of service functions in some areas.

Responsibility for employment policy was transferred to Treasury, with a specialist employment policy unit established to provide advice to the Working Queensland Cabinet Committee and Working Queensland Interdepartmental Committee.

The new infrastructure advisory body Building Queensland was created to guide and shape the future of Queensland's infrastructure program. Some of the department's previous Projects Queensland's functions have been transferred to the new body.

The Queensland Productivity Commission (QPC) was established on 1 May 2015. The QPC will undertake independent, in-depth reviews of complex economic, industry and regulatory issues through open and transparent processes informed by wide public consultation, and formulate policy proposals and recommendations to Government to encourage economic growth, productivity and improved living standards across Queensland. It has been initially set up as a Government entity under the Public Service Act 2008. In 2015-16 it will become a statutory body under its own legislation. Under both structures it will operate independently.

On 1 July 2015, the Office of Fair and Safe Work Queensland was renamed the Office of Industrial Relations and joined Queensland Treasury, transferring from the Department of Justice and Attorney-General.

## Performance statement

### Fiscal

#### Service area objective

As the Queensland Government's principal source of fiscal advice, to deliver the Government's policy objectives in relation to the State Budget and the State Balance Sheet.

#### Service area description

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

Key activities undertaken by this service area include:

- developing and monitoring the State Budget
- management of the State's debt and balance sheet, in accordance with Government policies
- promoting Queensland's financial position in negotiations with the Australian Government and other states and territories
- providing financial advice to foster statewide infrastructure development on behalf of the Government
- implementing new whole-of-Government banking and payment services contracts, and working with Government agencies to improve the way financial dealings with suppliers, service providers and clients are managed.

#### 2015-16 service area highlights

The Fiscal service area's key priorities and initiatives for 2015-16 are to:

- deliver the 2015-16 Queensland Budget, incorporating the Government's commitments and associated funding reprioritisations
- provide advice to Government on further options to reduce debts as part of the Government's Debt Action Plan
- lead the establishment of three Social Benefit Bond pilots in the areas of recidivism, homelessness and issues affecting Aboriginal and Torres Strait Islander people.

Queensland Treasury	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
<b>Service: Fiscal</b>	1			
<b>Service standards</b>				
<i>Effectiveness measures</i>				
Target ongoing reduction in Queensland's relative debt burden, as measured by the General Government debt to revenue ratio	2	New measure	New measure	75%
Target net operating surplus that ensure any new capital investment in the General Government sector is funded primarily through recurrent revenues rather than borrowing	2	New measure	New measure	83%
The capital program will be managed to ensure a consistent flow of works to support jobs and the economy and reduce the risk of backlogs emerging	2	New measure	New measure	Met
Maintain competitive taxation - own source revenue to remain at or below 8.5% as a proportion of nominal gross state product	2	New measure	New measure	8.1%
Target full funding of long term liabilities such as superannuation and WorkCover in accordance with actuarial advice	2	New measure	New measure	100%

Notes:

1. An efficiency measure is being developed for this service and will be included in a future Service Delivery Statement.
2. These new measures in line with the current Government's fiscal principles are introduced to replace the discontinued measures relating to the former Government's fiscal principles. Further information regarding these measures can be found in Budget Paper 2.



## Economic

### Service area objective

As the Queensland Government's principal source of economic advice, to deliver the Government's policy commitments in relation to jobs and the economy.

### Service area description

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

- providing advice and oversight of macroeconomic, microeconomic and competition policies
- developing employment policy and programs to support the Working Queensland strategy and providing advice on broader Queensland labour market issues
- through the Queensland Government Statistician, delivering statistical and demographic research services across Government
- managing and coordinating intergovernmental fiscal relations issues, including national financial agreements, the distribution of the GST and national tax reform
- assessing Government-owned corporations' (GOCs) capital investments and monitoring their financial and non-financial performance
- driving a focus within GOCs on maximising performance and rates of return through improved commercial focus and better management of capital and operating expenses.

### 2015-16 service area highlights

The Economic service area's key priorities and initiatives for 2015-16 are to:

- develop policies and programs to address entrenched labour market disadvantage for key cohorts including: young people, mature aged people, Aboriginal and Torres Strait Islander people, people with disabilities, and the long-term unemployed
- collaborate with relevant agencies to deliver the Working Queensland strategy, including evaluation of employment outcomes
- establish the Business Development Fund to invest in innovative growing businesses based in Queensland
- collaborate with the Department of the Premier and Cabinet and relevant agencies to provide advice to Government on the Australian Government's reform of the Federation White and Green Paper process
- engage in, and provide advice to Government on, the Australian Government's tax reform White and Green Paper process
- update long-term population projections for Queensland and its regions for use in service delivery and infrastructure planning
- negotiate and finalise Statements of Corporate Intent that outline financial performance and returns from GOCs to Government for the year
- work with stakeholders to progress energy and water sector reforms in line with Government objectives
- contribute to the establishment of the Queensland Productivity Commission
- coordinate the Queensland Government's response to the Australian Government's Competition Policy Review.

Queensland Treasury	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
<b>Service area: Economic<sup>1</sup></b>				
<b>Service standards</b>				
<i>Effectiveness measures</i>				
Stakeholder and customer satisfaction with Queensland Government Statistician outputs (rated satisfied or very satisfied)	2	95%	100%	95%

Queensland Treasury	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
Development of labour market policies to assist disadvantaged cohorts	3	New Measure	New Measure	Met
Provision of regular, timely and high quality advice on Queensland economic and employment conditions and performance	3	New Measure	New Measure	Met
Provision of regular and timely analysis and advice on the Government's economic agenda, especially in terms of economic impacts (eg benefit-cost analysis)	3	New Measure	New Measure	Met

Notes:

1. An efficiency measure is being developed for this service and will be included in a future Service Delivery Statement
2. This measures customers' overall satisfaction with service provided. The customers are primarily Queensland Government agencies.
3. These new measures are introduced to measure a broad ranges of activities the Economics service area undertaking.

## Commercial Services

### Service area objective

To optimise the State's investment in and provision of infrastructure to communities by investigating and evaluating funding, procurement and delivery models, and maximising private investment in Queensland's infrastructure.

### Service area description

The Commercial Services service area's key functions include:

- managing the procurement of all privately financed major public infrastructure and service projects
- providing governance oversight to the delivery of privately financed major public infrastructure projects by agencies to ensure achievement of contracted value for money outcomes
- providing policy advice on private sector investment in Queensland
- providing commercial advice to the Government in relation to infrastructure projects, including potential innovative financing options and procurement models, to find ways to deliver the infrastructure prioritised and recommended by Building Queensland
- administering the State's Public Private Partnership policy, Project Assessment and Gateway Review frameworks, and Market-led Proposals Guidelines
- assessing and negotiating all Market-led Proposals received from private sector proponents.

### 2015-16 service area highlights

The Commercial Services area's key priorities and initiatives for 2015-16 are to:

- finalise the Toowoomba Second Range Crossing procurement through a multi-phase competitive bid process
- assess the financial, commercial and legal aspects of the proposals for the development of Queen's Wharf and integrated resort developments
- continue to oversee the construction of 1 William Street, managing the State's tenancy brief and specifications in line with the existing agreement
- progress procurement activities relating to the Herston Quarter Redevelopment Project through a competitive bid process.

Queensland Treasury	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
<b>Service area: Commercial Services<sup>1</sup></b>				
<b>Service standards</b>				
<i>Effectiveness measures</i>				
Percentage of key project milestones met	2	85%	100%	85%
Achievement of agreed cost targets for projects	3	New measure	New measure	85%

Notes:

1. This service area is renamed from the previous service area of 'Commercial services (Projects Queensland)'. An efficiency measure is being developed for this service and will be included in a future Service Delivery Statement.
2. Project milestones can be amended from time to time by the Government. The standard measures the effectiveness relating mainly to the management of the stages of the capital projects lifecycle which are the responsibility of the Commercial Group.
3. Cost targets can be amended from time to time by the Government. The new measure is introduced to measure the effectiveness relating primarily to the management of the stages of the capital projects lifecycle which are the responsibility of the Commercial Group.

## Revenue Management

### Service area objective

To enable government, business and community prosperity in Queensland through best practice revenue, grants and debt management collection.

### Service area description

The Revenue Management service area administers a revenue base of around \$13 billion by delivering and administering simple, efficient and equitable revenue management services for State taxes and royalty revenue. Additional responsibilities include undertaking revenue compliance, grant schemes and debt recovery and enforcement activities for the State.

This service area achieves its revenue responsibilities by:

- positioning itself as a leading e-business agency with high level client support and firm and fair enforcement
- providing responsive ongoing legislation and revenue policy advice to the State Government
- further progressing the development and implementation of the Revenue Management System to support innovative business practices
- developing and implementing targeted, fair and efficient infringement enforcement strategies
- leading end-to-end penalty debt management improvements via collaborative stakeholder engagement
- providing business intelligence and behaviour insights to inform enforcement and debt recovery policy and strategies.

### 2015-16 service area highlights

The Revenue Management services area's key priorities and initiatives for 2015-16 are to:

- integrate the Property Exchange Australia initiative to deliver a national electronic conveyancing solution to the Australian property industry
- continue to participate in and implement the whole-of-Government One-Stop Shop initiative
- contribute to the implementation of two Australian Government initiatives (establishing a national foreign ownership of land register and third party reporting of data to improve Australian Taxation Office compliance)
- strengthen the Office of State Revenue's capacity to manage revenue by expanding a risk-based revenue management framework
- promote a client-centric focus and drive effective client relationship management strategies to ensure Office of State Revenue clients are well informed on the law and their rights and obligations
- develop a new royalty rulings programme, in consultation with the Resource Consultative Committee, to provide greater certainty about royalty obligations to facilitate voluntary compliance.

Queensland Treasury	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
<b>Service area: Revenue Management</b>				
<b>Service standards</b>				
<i>Effectiveness measures</i>				
Customer satisfaction with services provided	1	New measure	New measure	70%
<i>Efficiency measures</i>				
Average overdue debt as a percentage of total revenue collected		2%	1.52%	2%
Total revenue dollars administered per dollar expended – accrual	2	\$202	\$192	\$203

Queensland Treasury	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
State Penalty Enforcement Registry clearance rate (finalisations/lodgements)	3	88%	60%	60%
State Penalty Enforcement Registry percentage of debt pool under compliance		64%	69%	64%

Notes:

1. This measures customers' overall satisfaction with service provided. Key customers include State tax and royalties payers and grant recipients.
2. The decrease in the 2014-15 Estimate Actual is due to a significant decrease in State revenue, in particular royalties revenue. The increase in the 2015-16 Target/Estimate reflects the anticipated increase in State revenue, including royalties revenue.
3. The 2014-15 Estimated Actual performance is below the 2014-15 Target due to the significant increase in tolling debts referred to the State Penalties Enforcement Registry during the period. It is anticipated the volume of debts referred will continue to grow in 2015-16 and is expected to be further impacted by the referral of fines related to the 2015 election.

## Industrial Relations

### Service area objective

To increase workplace safety and electrical safety; help Queensland business, Queensland Government entities, the community and not-for profit sector get on with the job; and make Queensland workplaces a fairer and more just place to work.

### Service area description

The Industrial Relations service area contributes to a fair, safe and just Queensland through a range of activities, including:

- workplace health and safety services
- advice and standards to keep Queenslanders safe at work
- standards and strategies for electrical safety and improved electrical safety performance
- workers' compensation policy advice
- industrial relations framework and public sector bargaining.

The Office works collaboratively with business, the community, Government entities and the not-for-profit sector and is reducing the regulatory burden to make it easier and cheaper to run a business.

### Services

- Industrial relations policy and regulation
- Public sector industrial relations
- Administration of the Industrial Court and Commission system
- Work health and safety services
- Electrical safety services
- Workers' compensation regulator services

### 2015-16 service area highlights

The Industrial Relations service area's key priorities and initiatives for 2015-16 are to:

- establish the Industrial Relations Legislative Reform Reference Group, comprising government, union and academic representatives, to undertake a comprehensive review of Queensland's industrial relations laws and tribunals. The group will report to Government by December 2015 with recommendations for reform
- advise the Government on industrial relations matters for the roll out and implementation of any remaining reforms under the 'Restoring Fairness for Government Workers' commitments
- establishing a Charter of Queensland Workers' Rights, recognising and protecting fundamental rights of workers, including fair and equitable remuneration, hours of work and forms of leave
- honouring the real Labour Day by restoring it to the traditional day in May and shifting the Queen's Birthday public holiday to October from 2016
- improving safety for Queenslanders at work by:
  - empowering trained health and safety representatives to have the authority to direct workers to cease unsafe work
  - restoring the rights of work health and safety entry permit holders to enter potentially unsafe sites, in order to protect the safety of workers at that location
  - reinstating the role that Codes of Practice play in preventing workplace injuries and also in prosecuting negligent employers
  - reinstating the requirement for employers to notify the Workers' Compensation Regulator where a worker is absent from work for more than four days due to a workplace injury, to make sure that the employer is held to account for safety in their workplace
  - reinstating the role of the Electrical Safety Commissioner, the Electrical Safety Education Committee, and the Electrical Equipment Committee

- ensuring a standalone Queensland Electrical Safety Office
- progressing actions to restore Queensland's workers' compensation scheme, including ensuring Queenslanders injured at work get the support and protection they need to provide for their families and get back to work; restoring the rights of injured workers to access their legal rights; and reinstating injured workers' rights to sue negligent employers if injured at work.

Queensland Treasury	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
<b>Service area: Industrial Relations</b>	1			
<b>Service: Industrial relations policy and regulation (IRPR)</b>	2			
<b>Service standards</b> <i>Effectiveness measures</i> Overall client satisfaction with inspectorate's effectiveness and professionalism	3	85%	95%	85%
<i>Efficiency measures</i> Cost of IRPR services per Queensland worker	4	\$3.32	\$3.17	\$3.24
<b>Service: Public sector industrial relations (PSIR)</b>	5			
<b>Service standards</b> <i>Effectiveness measures</i> Employee costs contained within Government wages policy	6	90%	100%	100%
<i>Efficiency measures</i> The average number of enterprise negotiations undertaken per full-time equivalent	7	New measure	New measure	2
<b>Service: Administration of the Industrial Court and Commission system</b>				
<b>Service standards</b> <i>Effectiveness measures</i> Percentage of matters resolved at conference	8	65%	60%	65%
<i>Efficiency measures</i> Average time for decisions to be published and made available to the community (days)	9	2	4	4
<b>Service: Work health and safety services</b>				
<b>Service standards</b> <i>Effectiveness measures</i> Number of workplace health and safety incidents notified to WHSQ per 10,000 employing businesses	10	New measure	New measure	166

Queensland Treasury	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
Overall client satisfaction with inspectorate's effectiveness and professionalism	11	85%	..	85%
<i>Efficiency measures</i> Cost of WHSQ services per worker covered by the workers' compensation scheme	12	\$27.88	\$28.75	\$27.88
<b>Service: Electrical safety services</b>				
<b>Service standards</b> <i>Effectiveness measures</i> The number of reported serious electrical incidents involving powerlines, installations and electrical equipment per million population	13	6	6.3	6
Overall client satisfaction with inspectorate's effectiveness and professionalism	14	85%	..	85%
<i>Efficiency measures</i> Cost of electrical safety services per person in Queensland		\$3.82	\$3.81	\$3.82
<b>Service: Workers compensation regulator services</b>				
<b>Service standards</b> <i>Effectiveness measures</i> Cost of Workers' Compensation Regulator service per worker covered by the workers' compensation scheme	15	New measure	New measure	\$7.00
<i>Efficiency measures</i> Percentage of dispute resolution completed within 3 months	16	New measure	New measure	85%

Notes:

1. Service standards for the Industrial Relations service area were reported in the Department of Justice and Attorney-General's Service Delivery Statement in 2014-15 and were transferred to Queensland Treasury as a result of a Machinery of Government change.
2. This is a renaming of the 'Private sector industrial relations service' to 'Industrial relations policy and regulation (IRPR).
3. The 2014-15 Estimated Actual reflects a three months' sample of data, not the actual survey which is undertaken every two years (next survey 2015-16). The improvement in customer feedback reflected in the 2014-15 Estimated Actual is a consequence of professional development of IRPR staff to focus on service delivery improvement.
4. The decrease in the 2014-15 Estimated Actual is due to the Queensland employment number being marginally higher than anticipated. The IRPR expenditure budget and labour force data are used to calculate the service cost per Queensland worker.
5. This new service represents the services provided by Public Sector Industrial Relations (PSIR), which was transferred from the Public Service Commission effective 1 March 2015.
6. The target for this measure has been increased to 100 percent, as all employee costs require the Industrial Relations Chief Executive Officer's Committee (IR CEO Committee) and/or Cabinet and Budget Review Committee's (CBRC) approval. If there is an abnormal rate to be negotiated, or exceptional circumstances exist, the IR CEO Committee and/or CBRC will review the amount before approval. No formal negotiations occur without the IR CEO Committee and/or CBRC's approval. If approvals are not received, negotiations may not commence, resulting in unnecessary delay or possibly arbitration by an industrial tribunal.
7. This new service standard measures productivity through the effective use of resources to ensure enterprise bargaining agreements are not affected by the external factors PSIR has no control over, including complexity of matter, number of parties within a negotiation, legislative amendments impacting agreements, and the Cabinet and Budget Review Committee timeframes.
8. The decrease in the 2014-15 Estimated Actual is due to more complex matters in relation to reinstatement coming before the Queensland Industrial Relations Court.



9. The increase in the 2014-15 Estimated Actual is due to a change to publishing processes. These processes now require an extra process to publish on the Queensland Courts website which requires an additional two days. However this ensures uniformity of the publication of decisions of the Commission and the Industrial Court.
10. This new service standard monitors and reports on the effectiveness of measures for compliance with legislative requirements for safety in the workplace and the community. It is considered an independent measure of changes in safety standards across Queensland workplaces. The 2015-16 Target was set after examining numbers of incidents over previous years to determine an approximate baseline.
11. This measure is a biennial measure and is not scheduled to be reported on in the 2015-16 Service Delivery Statement.
12. The increase in the 2014-15 Estimated Actual is due to labour force growth not being as strong as originally forecast, resulting in the increase of WHSQ costs of services per worker.
13. The increase in the 2014-15 Estimated Actual is due to higher than expected number of notified Serious Electrical Injuries from January to March 2015. The 2015-16 Target was set after examining numbers of serious electrical incidents over previous years to determine an approximate baseline. This measure is used across Australian state and territory regulators over a number of years, ensuring consistency and comparability to other jurisdictions.
14. This measure is a biennial measure and is not scheduled to be reported on in the 2015-16 Service Delivery Statement.
15. This new measure outlines the Workers' Compensation Regulator's (WCR) ability to deliver cost-effective services to all workers compensated by the workers' compensation scheme.
16. This new measure outlines the WCR's efficiency in resolving disputes in a timely manner. The three month timeframe is not legislative, but is an internal performance measure. The timeframe is also used for reporting nationally in the Safe Work Australia – Comparative Performance Monitoring Report.

## **Queensland Productivity Commission**

### **Service area objective**

To undertake independent, in-depth reviews of complex economic, industry and regulatory issues through open and transparent processes informed by wide public consultation, and formulate policy proposals and recommendations to Government to encourage economic growth, productivity and improved living standards across Queensland.

### **Service area description**

The Queensland Productivity Commission area's key functions include:

- conducting public inquiries
- regulatory guidance and advice
- competitive neutrality advice
- productivity research.

The Commission was established in May 2015 on an 'interim' basis as a government entity under the Public Service Act to allow a timely start to the electricity pricing inquiry.

In 2015-16, the Commission will be converted into an independent statutory body under its own enabling Act that will give it increased permanency and operational flexibility.

The objective of establishing the Commission as a statutory body under its own legislative framework is to ensure it operates and reports independently, on the basis of tasks referred to it by Government via the Treasurer as the responsible Minister. These tasks will have reference to matters such as the need to:

- improve the overall economic performance of the economy through higher productivity
- encourage the development and growth of Queensland industries
- recognise the interests of industries, employees, consumers and the community
- ensure the core principles of the Commission are based on independence, rigour, responsiveness, openness, transparency, equity, efficiency and effectiveness.

The Commission's functions are advisory only. Any policy action arising from the recommendations of a report will ultimately be a matter for Government.

### **2015-16 service area highlights**

The Queensland Productivity Commission area's key priorities and initiatives for 2015-16 are to:

- conduct an inquiry into electricity pricing
- conduct other inquiries as requested by Government
- deliver the Government's independent regulatory and competitive neutrality advice and guidance functions.

As a newly established entity, the appropriate efficiency and effectiveness measures will be developed for the service and will be included in a future Service Delivery Statement.

## Administered items

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

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

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

Financial statements and variance explanations in relation to Administered items appear in the departmental financial statements.

# **Policy decisions since 2014-15 Budget**

## **Deferral of the Increase in Payroll Tax Threshold**

Consistent with the Financial Statement provided during the 2015 election, the Government has deferred implementation of planned increases in the payroll tax threshold by \$100,000 on 1 July 2015.

Maintaining the current payroll tax threshold is a component of the Government's dedication to fully funding its election commitments, including the payroll tax rebate on apprentice and trainee wages and a range of initiatives under the Working Queensland plan. Queensland's payroll tax threshold is already the highest of the mainland states and the payroll tax rate is the lowest in Australia.

## **Rebate of Payroll Tax for Apprentices and Trainees**

The Government is providing a payroll tax rebate of 25 per cent on the wages of apprentices and trainees in addition to their wages being exempt from payroll tax up to 30 June 2018. The rebate will be used as an offset against payroll tax payable on the wages of other employees.

## **Transition of the Office of Best Practice Regulation**

As part of the Government's strategy to fund its election commitments, the Government has transitioned the Office of Best Practice Regulation with its functions and staff from the Queensland Competition Authority to form part of the Queensland Productivity Commission, delivering savings of \$3.2 million per annum from 2015-16.

## Discontinued measures

Performance measures included in the 2014-15 Service Delivery Statements that have been discontinued or replaced are reported in the following table.

Queensland Treasury	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
<b>Service area: Fiscal</b>				
Achievement of Government's four fiscal principles: - to stabilise then significantly reduce debt - to achieve and maintain a general Government sector fiscal balance by 2015-16 - to maintain a competitive tax environment for business - to target full funding of long term liabilities in accordance with actuarial advice	1	Partially met  On track  Met  Met	..  ..  ..  ..	Discontinued measure
<b>Service area: Industrial Relations</b>				
Percentage of successful prosecutions (per cent)	2	65%	80%	Discontinued measure
Overall client satisfaction with: access to and relevance of electrical safety seminar programs	3	..	..	Discontinued measure
Level of client satisfaction with registry services	4	85%	..	Discontinued measure

### Notes:

1. This measure reflects the former Government's fiscal principles and is discontinued and replaced by a new measure in line with the current Government's fiscal principles.
2. The percentage is not under the control of the Service area and is discontinued and replaced with a more representative measure of workplace health and safety services 'Number of workplace health and safety incidents notified'.
3. This measure is discontinued as it is no longer a relevant measure of effectiveness. This was a biennial measure and no survey data was available to report against in this Service Delivery Statement.
4. This measure is discontinued as it is no longer a robust measure of effectiveness. A low response rate has rendered the survey data unreliable to report against.

# Departmental budget summary

The table below shows the total resources available in 2015-16 from all sources and summarises how resources will be applied by service area and by controlled and administered classifications.

Queensland Treasury	2014-15 Adjusted Budget \$'000	2014-15 Est. Actual \$'000	2015-16 Budget \$'000
<b>CONTROLLED</b>			
<b>Income</b>			
Appropriation revenue <sup>1</sup>			
Deferred from previous year/s	14,209	(3,614)	14,116
Balance of service appropriation	178,800	220,984	203,057
Other revenue	10,024	24,570	113,242
<b>Total income</b>	<b>203,033</b>	<b>241,940</b>	<b>330,415</b>
<b>Expenses</b>			
Fiscal <sup>2</sup>	37,239	79,790	36,503
Economic	25,233	23,048	25,751
Commercial services <sup>3</sup>	9,463	22,828	4,939
Revenue Management	129,466	114,961	126,122
Industrial Relations <sup>4</sup>	..	..	131,782
Queensland Productivity Commission	..	66	4,300
Other <sup>5</sup>	2,569	2,273	2,116
Reconciliation adjustment to the Income Statement <sup>6</sup>	(937)	(1,026)	(1,098)
<b>Total expenses<sup>7</sup></b>	<b>203,033</b>	<b>241,940</b>	<b>330,415</b>
<b>Operating surplus/deficit</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Net assets</b>	<b>45,288</b>	<b>40,063</b>	<b>61,441</b>
<b>ADMINISTERED</b>			
<b>Revenue</b>			
Commonwealth revenue	17,739,680	16,808,352	18,226,350
Appropriation revenue	6,500,940	6,178,872	6,138,820
Other administered revenue	13,397,715	13,133,421	13,470,921
<b>Total revenue</b>	<b>37,638,335</b>	<b>36,120,645</b>	<b>37,836,091</b>
<b>Expenses</b>			
Transfers to government	31,137,395	29,722,828	31,530,877
Administered expenses	6,500,940	6,397,817	6,305,214
<b>Total expenses</b>	<b>37,638,335</b>	<b>36,120,645</b>	<b>37,836,091</b>
<b>Net assets</b>	<b>(44,817,217)</b>	<b>(42,399,802)</b>	<b>(36,902,747)</b>

Notes:

1. Includes State and Commonwealth funding.
2. The 2014-15 Estimated Actual includes \$43.601 million to compensate Queensland Treasury Corporation for costs incurred in relation to the former Government's preparatory and due diligence activities for transactions associated with the State's income-generating assets.
3. The 2015-16 Budget reflects the transfer of staff to support the establishment of Building Queensland effective 1 July 2015. In addition, only approved reimbursable projects managed by Commercial Group being included in 2015-16. Government projects are allocated to Commercial Group progressively and funding models and accurate budgeting outcomes will only be available when projects are approved and allocated to Commercial Group.
4. The Office of Industrial Relations has transferred from the Department of Justice and Attorney-General effective 1 July 2015. The 2015-16 Budget does not include expenses associated with corporate services which were yet to be transferred at the time of reporting. The 2014-15 Adjusted Budget for the Office is \$133.710M and the 2014-15 Estimate Actual for the Office is \$133.555M.
5. This represents corporate services to non-departmental services (Motor Accident Insurance Commission and Nominal Defendant).
6. This represents the eliminations upon consolidation for internal trading between services.
7. The 2015-16 Budget includes the Office of Industrial Relations which has transferred from the Department of Justice and Attorney-General effective 1 July 2015.

## Service area sources of revenue

Sources of revenue 2015-16 Budget <sup>1</sup>					
Service area	Total cost \$'000	State contribution \$'000	User charges and fees \$'000	C'wealth revenue \$'000	Other revenue \$'000
Fiscal	36,503	36,037	466	..	..
Economic	25,751	22,330	3,421	..	..
Commercial Services	4,939	4,881	58	..	..
Revenue Management	126,122	122,990	3,132	..	..
Industrial Relations <sup>2</sup>	131,782	27,633	12,404	..	91,745
Queensland Productivity Commission	4,300	1,300	3,000	..	..
<b>Departmental</b>	<b>329,397</b>	<b>215,171</b>	<b>22,481</b>	<b>..</b>	<b>91,745</b>
Other <sup>3</sup>	2,116	2,002	114	..	..
Reconciliation adjustment to the Income Statement <sup>4</sup>	(1,098)	..	(1,098)	..	..
<b>Total</b>	<b>330,415</b>	<b>217,173</b>	<b>21,497</b>	<b>..</b>	<b>91,745</b>

### Notes:

1. Explanations of variances are provided in the financial statements.
2. This does not include funding for corporate services which were yet to be transferred at the time of reporting from the Department of Justice and Attorney-General as part of the Machinery of Government transfer of the Office of Industrial Relations, effective 1 July 2015.
3. This represents corporate services provided to non-departmental services (Motor Accident Insurance Commission and Nominal Defendant).
4. This represents eliminations upon consolidation for internal trading between services.



## 2015-16 Budget Measures

This table shows a summary of budget measures relating to the department since the 2014-15 State Budget. Further details are contained in Budget Paper 4.

Queensland Treasury	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
<b>Revenue measures</b>					
Up to and including 2014-15 MYR					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
2015-16 Budget					
Administered	..	25,000	65,000	105,000	160,000
Departmental	..	..	..	..	..
<b>Total revenue measures</b>					
<b>Administered</b>	..	<b>25,000</b>	<b>65,000</b>	<b>105,000</b>	<b>160,000</b>
<b>Departmental</b>	..	..	..	..	..
<b>Expense measures</b>					
Up to and including 2014-15 MYR					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
2015-16 Budget					
Administered	..	(3,200)	(3,200)	(3,200)	(3,200)
Departmental <sup>1</sup>	43,601	3,139	3,315	2,277	2,438
<b>Total expense measures</b>					
<b>Administered</b>	..	<b>(3,200)</b>	<b>(3,200)</b>	<b>(3,200)</b>	<b>(3,200)</b>
<b>Departmental</b>	<b>43,601</b>	<b>3,139</b>	<b>3,315</b>	<b>2,277</b>	<b>2,438</b>
<b>Capital measures</b>					
Up to and including 2014-15 MYR					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
2015-16 Budget					
Administered	..	..	..	..	..
Departmental	..	10,000	10,000	10,000	10,000
<b>Total capital measures</b>					
<b>Administered</b>	..	..	..	..	..
<b>Departmental</b>	..	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>

Note:

1. The Government has provided additional funding of \$43.601 million in 2014-15 to reimburse Queensland Treasury Corporation for costs incurred in relation to the former Government's preparatory and due diligence activities for transactions associated with the State's income-generating assets.

## Departmental capital program

Capital expenditure of \$7.022 million planned for 2015-16 primarily relates to \$5.5 million to support improvements to the State Penalties Enforcement Registry (SPER) system. The Government has committed to reviewing SPER's ICT and debt collection processes to ensure efficient and effective operation without outsourcing of the SPER system as was proposed by the previous government.

The remaining capital expenditure of \$1.522 million mainly relates to ongoing asset replacement for the Office of Industrial Relations.

## Capital budget

Queensland Treasury	Notes	2014-15 Adjusted Budget \$'000	2014-15 Est. Actual \$'000	2015-16 Budget \$'000
<b>Capital purchases<sup>1</sup></b>				
Total land, buildings and infrastructure		..	..	..
Total plant and equipment	2	6,020	..	6,569
Total other capital		600	..	453
<b>Total capital purchases</b>		<b>6,620</b>	<b>..</b>	<b>7,022</b>

Notes:

1. For more detail on the agency's capital acquisitions please refer to Budget Paper 3.
2. The decrease in the 2014-15 Estimated Actual and the subsequent increase in the 2015-16 Budget primarily represents capital expenditure to support improvements to the State Penalties Enforcement Registry system being delayed to 2015-16.

# Staffing<sup>1</sup>

Service areas <sup>2</sup>	Notes	2014-15 Adjusted Budget	2014-15 Est. Actual	2015-16 Budget
Fiscal	3	147	163	171
Economic	4	161	148	160
Commercial Services	5	26	25	21
Revenue Management	6	626	605	633
Industrial Relations	7	..	..	797
Queensland Productivity Commission	8	..	23	..
<b>Total services</b>		<b>960</b>	<b>964</b>	<b>1,782</b>
Corporate services provided to other agencies	9	9	8	8
<b>TOTAL</b>		<b>969</b>	<b>972</b>	<b>1,790</b>

## Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Corporate FTEs are allocated across the service to which they relate.
3. The increase in the 2014-15 Estimated Actual is due to internal transfers between services. The increase in the 2015-16 Budget reflects the completion of recruitment activities and the intake of graduates as part of the Department's graduate program.
4. The decrease in the 2014-15 Estimated Actual is mainly due to internal transfers and reductions in corporate staff. The increase in the 2015-16 Budget relates to the establishment of the Employment Policy Unit and the intake of graduates as part of the Department's graduate program.
5. The decrease in the 2015-16 Budget reflects the transfer of staff to support the establishment of Building Queensland.
6. The decrease in the 2014-15 Estimated Actual is due to delays in filling vacancies and reductions in corporate staff. The increase in the 2015-16 Budget relates to completion of recruitment activities and the intake of graduates as part of the Department's graduate program.
7. The Office of Industrial Relations has transferred from the Department of Justice and Attorney-General (DJAG) effective 1 July 2015. The 2014-15 Adjusted Budget for the Office is 777 FTEs and the 2014-15 Estimated actual for the Office is 795 FTEs. The increase in the 2014-15 Estimated Actual is due to the transfer of Public Sector Industrial Relations from the Public Services Commission, effective 1 March 2015.
8. The increase in the 2014-15 Estimated Actual is due to the establishment of the Queensland Productivity Commission on 1 May 2015. The decrease in the 2015-16 Budget is a result of the expected conversion of the Commission to a statutory body under its own legislation during 2015-16.
9. Includes staff providing corporate support to the Motor Accident Insurance Commission and the Nominal Defendant.

# Budgeted financial statements

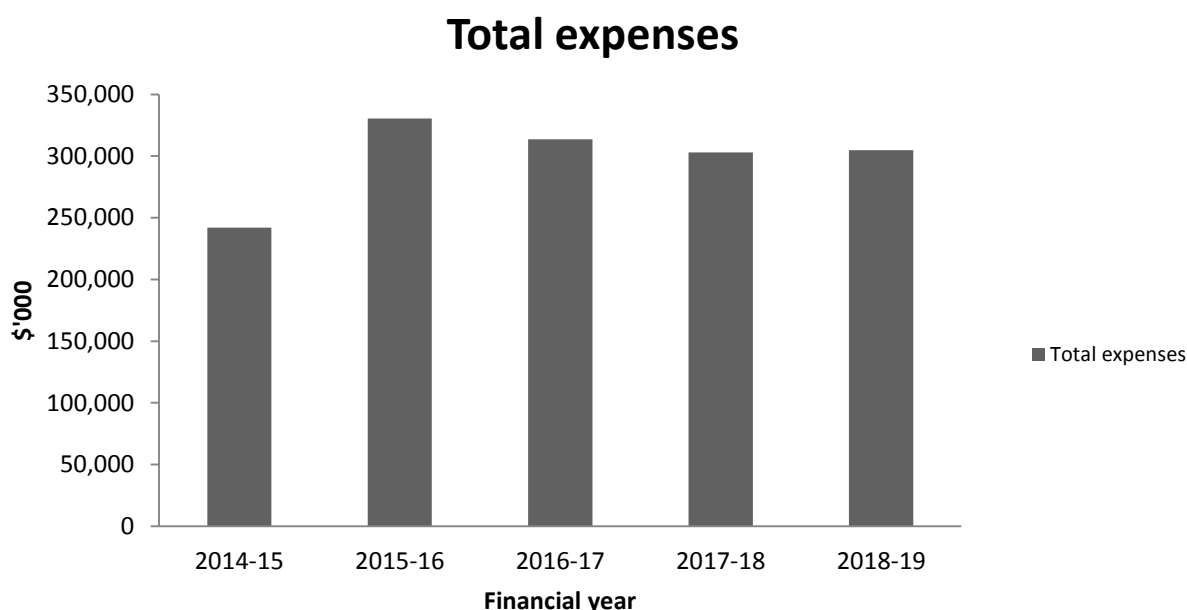
## Departmental income statement

Total expenses are estimated to be \$330.415 million in 2015-16, an increase of \$88.475 million from the 2014-15 financial year. The increase mainly reflects the Machinery of Government transfer of the Office of Industrial Relations from the Department of Justice and Attorney-General effective 1 July 2015. This is partially offset by that only approved reimbursable projects managed by Commercial Group being included in 2015-16. Government projects are allocated to Commercial Group progressively and funding models and accurate budgeting outcomes will only be available when projects are approved and allocated to Commercial Group. In addition, there was a one off payment made in 2014-15 to compensate the Queensland Treasury Corporation for costs incurred in relation to the former Government's preparatory and due diligence activities for transactions associated with the State's income-generating assets.

The decrease in 2016-17 is primarily due to a decrease in the Revenue Management System (RMS) amortisation costs as components of RMS are expected to reach the end of their accounting useful life in 2015-16. Also contributing is a reduction in costs over time associated with improvements to the State Penalties Enforcement Registry (SPER).

The decrease in 2017-18 is primarily due to a reduction in costs over time associated with improvements to SPER.

**Chart: Total departmental expenses across the Forward Estimates period**



## Departmental balance sheet

The department's main liabilities at the end of 2015-16 relate to operational payables (\$6.633 million) and accrued employee benefits (\$6.360 million). There are no known factors that will significantly vary these over the next three

The department's major assets at the end of 2015-16 are in cash (\$33.711 million), investments (\$16.832 million), operational receivables (\$9.617 million), and property, plant and equipment (\$7.471 million). Investments include the State's investment in the Property Exchange Australia Ltd (expected to remain constant over the next three years) and investments in innovative growing businesses based in Queensland by the Business Development Fund (expected to grow by \$10 million per annum over the next three years). Property, plant and equipment primarily relates to capital expenditure expected in 2015-16 to support improvements to the SPER system.

# Controlled income statement

Queensland Treasury	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
<b>INCOME</b>				
Appropriation revenue	1,7,15	193,009	217,370	217,173
Taxes		..	..	..
User charges and fees	2,8,16	10,024	24,570	21,497
Royalties and land rents		..	..	..
Grants and other contributions	9,17	..	..	91,020
Interest		..	..	..
Other revenue		..	..	725
Gains on sale/revaluation of assets		..	..	..
<b>Total income</b>		<b>203,033</b>	<b>241,940</b>	<b>330,415</b>
<b>EXPENSES</b>				
Employee expenses	3,10,18	101,732	96,045	199,350
Supplies and services	4,11,19	80,713	124,005	107,796
Grants and subsidies	12,20	..	..	5,647
Depreciation and amortisation	5,13,21	12,979	11,131	11,738
Finance/borrowing costs		..	..	..
Other expenses	6,14,22	7,609	10,759	5,884
Losses on sale/revaluation of assets		..	..	..
<b>Total expenses</b>		<b>203,033</b>	<b>241,940</b>	<b>330,415</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>..</b>	<b>..</b>	<b>..</b>

# Controlled balance sheet

Queensland Treasury	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets	25,33	20,138	22,244	33,711
Receivables	26,34	3,647	3,919	9,617
Other financial assets		..	..	..
Inventories		..	..	..
Other		4,035	4,249	4,901
Non financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>27,820</b>	<b>30,412</b>	<b>48,229</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets	27,35	6,832	6,832	16,832
Property, plant and equipment	23,28,36	7,609	1,473	7,471
Intangibles	29,37	9,282	8,798	2,511
Other		..	..	..
<b>Total non-current assets</b>		<b>23,723</b>	<b>17,103</b>	<b>26,814</b>
<b>TOTAL ASSETS</b>		<b>51,543</b>	<b>47,515</b>	<b>75,043</b>
<b>CURRENT LIABILITIES</b>				
Payables	30,38	3,455	3,990	6,633
Accrued employee benefits	31,39	2,306	3,426	6,360
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		494	36	609
<b>Total current liabilities</b>		<b>6,255</b>	<b>7,452</b>	<b>13,602</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>TOTAL LIABILITIES</b>		<b>6,255</b>	<b>7,452</b>	<b>13,602</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>45,288</b>	<b>40,063</b>	<b>61,441</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>	24,32,40	<b>45,288</b>	<b>40,063</b>	<b>61,441</b>

# Controlled cash flow statement

Queensland Treasury	Notes	2014-15 Budget* \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
Appropriation receipts	41,48,59	193,009	218,070	217,173
User charges and fees	42,49,60	14,847	30,086	26,320
Royalties and land rent receipts		..	..	..
Grants and other contributions	50,61	..	..	91,020
Interest received		..	..	..
Taxes		..	..	..
Other		6,204	6,204	6,929
<b>Outflows:</b>				
Employee costs	43,51,62	(101,732)	(95,395)	(199,350)
Supplies and services	44,52,63	(86,983)	(141,775)	(114,066)
Grants and subsidies	53,64	..	..	(5,647)
Borrowing costs		..	..	..
Other	45,54,65	(12,432)	(15,582)	(10,707)
<b>Net cash provided by or used in operating activities</b>		<b>12,913</b>	<b>1,608</b>	<b>11,672</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of non financial assets		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for non financial assets	46,66	(6,620)	..	(7,022)
Payments for investments	55,67	..	..	(10,000)
Loans and advances made		..	..	..
<b>Net cash provided by or used in investing activities</b>		<b>(6,620)</b>	<b>..</b>	<b>(17,022)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections	47,56,68	5,500	..	15,500
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals	57,69	(5,343)	(5,343)	(11,038)
<b>Net cash provided by or used in financing activities</b>		<b>157</b>	<b>(5,343)</b>	<b>4,462</b>
<b>Net increase/(decrease) in cash held</b>		<b>6,450</b>	<b>(3,735)</b>	<b>(888)</b>
<b>Cash at the beginning of financial year</b>		<b>13,688</b>	<b>25,979</b>	<b>22,244</b>
Cash transfers from restructure	58,70	..	..	12,355
<b>Cash at the end of financial year</b>		<b>20,138</b>	<b>22,244</b>	<b>33,711</b>

\*Technical adjustments have been made in this statement to reallocate amounts between categories and facilitate consistency across agencies.

# Administered income statement

Queensland Treasury	Notes	2014-15 Adjusted Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
<b>INCOME</b>				
Appropriation revenue	71,83,93	6,500,940	6,178,872	6,138,820
Taxes	72,84,94	10,190,004	10,441,400	10,576,397
User charges and fees	73,85,95	46,004	78,041	110,855
Royalties and land rents	74,86,96	2,644,712	2,006,601	2,222,046
Grants and other contributions	75,87,97	17,745,680	16,814,352	18,227,400
Interest		31,748	35,696	30,969
Other revenue	76	479,247	565,683	529,604
Gains on sale/revaluation of assets		..	..	..
<b>Total income</b>		<b>37,638,335</b>	<b>36,120,645</b>	<b>37,836,091</b>
<b>EXPENSES</b>				
Employee expenses		..	..	..
Supplies and services	77,88	172,091	158,111	158,521
Grants and subsidies	78,89,98	120,150	137,831	102,400
Depreciation and amortisation		..	..	..
Finance/borrowing costs	79,90,99	2,167,170	2,056,115	1,904,076
Other expenses	80,100	3,967,515	3,825,309	3,973,823
Losses on sale/revaluation of assets	81,91,101	74,014	220,451	166,394
Transfers of Administered Revenue to Government	82,92,102	31,137,395	29,722,828	31,530,877
<b>Total expenses</b>		<b>37,638,335</b>	<b>36,120,645</b>	<b>37,836,091</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>..</b>	<b>..</b>	<b>..</b>



# Administered balance sheet

Queensland Treasury	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets	103,107	127,714	(2,294,439)	(2,277,111)
Receivables		778,259	632,353	613,593
Other financial assets		..	..	..
Inventories		..	..	..
Other		10,606	11,171	11,171
Non financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>916,579</b>	<b>(1,650,915)</b>	<b>(1,652,347)</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		130,969	151,195	145,030
Other financial assets	108	24,383	..	..
Property, plant and equipment		..	..	..
Intangibles		..	..	..
Other		..	..	..
<b>Total non-current assets</b>		<b>155,352</b>	<b>151,195</b>	<b>145,030</b>
<b>TOTAL ASSETS</b>		<b>1,071,931</b>	<b>(1,499,720)</b>	<b>(1,507,317)</b>
<b>CURRENT LIABILITIES</b>				
Payables		27,858	139,623	28,573
Transfers to Government payable		778,104	602,630	590,961
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		9,409	9,586	9,483
Provisions		..	..	..
Other	104,109	15,738	63,118	62,788
<b>Total current liabilities</b>		<b>831,109</b>	<b>814,957</b>	<b>691,805</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives	105,110,112	45,058,039	40,085,125	34,703,625
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>45,058,039</b>	<b>40,085,125</b>	<b>34,703,625</b>
<b>TOTAL LIABILITIES</b>		<b>45,889,148</b>	<b>40,900,082</b>	<b>35,395,430</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>(44,817,217)</b>	<b>(42,399,802)</b>	<b>(36,902,747)</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>	106,111,113	<b>(44,817,217)</b>	<b>(42,399,802)</b>	<b>(36,902,747)</b>

# Administered cash flow statement

Queensland Treasury	Notes	2014-15 Budget* \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
Appropriation receipts	114,125,137	6,500,940	6,359,983	6,027,765
User charges and fees	115,126,138	46,004	78,041	110,834
Royalties and land rent receipts	116,127,139	2,634,080	1,995,969	2,165,487
Grants and other contributions	117,128,140	17,745,680	16,814,352	18,227,400
Interest received		25,969	29,917	25,764
Taxes	118,129,141	10,156,830	10,356,226	10,543,223
Other		418,298	433,734	468,655
<b>Outflows:</b>				
Employee costs		..	..	..
Supplies and services		(172,091)	(169,111)	(158,521)
Grants and subsidies	119,130,142	(120,150)	(137,831)	(102,400)
Borrowing costs	120,131,143	(2,167,170)	(2,056,115)	(1,904,076)
Other	121,144	(3,967,515)	(3,930,309)	(3,973,823)
Transfers to Government	122,132,145	(31,107,323)	(29,839,193)	(31,547,237)
<b>Net cash provided by or used in operating activities</b>		<b>(6,448)</b>	<b>(64,337)</b>	<b>(116,929)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of non financial assets		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		28,244	28,244	27,791
<b>Outflows:</b>				
Payments for non financial assets		..	..	..
Payments for investments		..	..	..
Loans and advances made		(6,000)	(6,000)	(6,000)
<b>Net cash provided by or used in investing activities</b>		<b>22,244</b>	<b>22,244</b>	<b>21,791</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings	123,133,146	3,227,500	1,543,500	1,652,137
Equity injections	134,147	..	..	7,033,637
<b>Outflows:</b>				
Borrowing redemptions	135,148	(3,103)	(3,103)	(7,036,740)
Finance lease payments		..	..	..
Equity withdrawals	124,136,149	(3,223,000)	(1,650,055)	(1,536,582)
<b>Net cash provided by or used in financing activities</b>		<b>1,397</b>	<b>(109,658)</b>	<b>112,452</b>
<b>Net increase/(decrease) in cash held</b>		<b>17,193</b>	<b>(151,751)</b>	<b>17,314</b>
<b>Cash at the beginning of financial year</b>		<b>110,521</b>	<b>(2,142,688)</b>	<b>(2,294,439)</b>
Cash transfers from restructure		..	..	14
<b>Cash at the end of financial year</b>		<b>127,714</b>	<b>(2,294,439)</b>	<b>(2,277,111)</b>

\*Technical adjustments have been made in this statement to reallocate amounts between categories and facilitate consistency across agencies.

# Explanation of variances in the financial statements

## Income statement

### Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

1. The increase in Appropriation revenue is primarily due to funding in 2014-15 to compensate Queensland Treasury Corporation (QTC) for costs incurred in relation to the former Government's preparatory and due diligence activities for transactions associated with the State's income-generating assets. This is partially offset by funding carried over to future years for departmental projects.
2. The increase in User charges and fees is due to the volume of reimbursable projects managed by the Commercial Group being unknown when the 2014-15 Budget was developed. Also contributing is additional survey revenue for the Government Statistician's Office.
3. The decrease in Employee expenses is mainly due to delays in filling vacancies, primarily within the Office of State Revenue.
4. The increase in Supplies and services primarily relates to payment to QTC to compensate for costs incurred in relation to the former Government's preparatory and due diligence activities for transactions associated with the State's income-generating assets. Also contributing are costs associated with projects managed by the Commercial Group. These are partially offset by lower than anticipated consultancies associated with the former Government's Strong Choices campaign.
5. The decrease in Depreciation and amortisation is mainly due to a delay in incurring capital expenditure to support improvements to the State Penalties Enforcement Registry (SPER) system to 2015-16.
6. The increase in Other expenses reflects higher than anticipated promotional costs associated with the former Government's Strong Choices campaign. Also contributing is cost associated with the rolling out of laptops across the Department.

### Major variations between 2014-15 Budget and 2015-16 Budget include:

7. The increase in Appropriation revenue is mainly due to the Machinery of Government (MoG) transfer of the Office of Industrial Relations from the Department of Justice and Attorney-General effective 1 July 2015. This is partially offset by the finalisation of the former Government's Strong Choices campaign in 2014-15.
8. The increase in User charges and fees mainly relates to the MoG transfer of the Office of Industrial Relations and contributions from Government owned corporations toward Queensland Productivity Commission relating to the Electricity pricing inquiry.
9. The increase in Grants and other contributions relates to the MoG transfer of the Office of Industrial Relations.
10. The increase in Employee expenses primarily relates to the MoG transfer of the Office of Industrial Relations. Also contributing are costs associated with the Queensland Productivity Commission.
11. The increase in Supplies and services mainly relates to the MoG transfer of the Office of Industrial Relations, partially offset by the finalisation of the former Government's Strong Choices campaign in 2014-15.
12. The increase in Grants and subsidies relates to the MoG transfer of the Office of Industrial Relations.
13. The decrease in Depreciation and amortisation is a result of some assets reaching the end of their accounting useful life in 2014-15, partially offset by the impact of the MoG transfer of the Office of Industrial Relations.
14. The decrease in Other expenses mainly reflects the finalisation of the former Government's Strong Choices campaign in 2014-15.

### Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

15. The decrease in Appropriation revenue is mainly due to funding in 2014-15 to compensate QTC for costs incurred in relation to the former Government's preparatory and due diligence activities for transactions associated with the State's income-generating assets. Also contributing is the finalisation of the former Government's Strong Choices campaign in 2014-15. These are partially offset by the MoG transfer of the Office of Industrial Relations and funding carried over from 2014-15 to future years for departmental projects.

16. The decrease in User charges and fees is mainly due to only approved reimbursable projects managed by the Commercial Group being included in the 2015-16 Budget. Government projects are allocated to the Commercial Group progressively and funding models and accurate budgeting outcomes will only be available when projects are approved and allocated to the Commercial Group. This is partially offset by the MoG transfer of the Office of Industrial Relations and contributions from Government owned corporations toward Queensland Productivity Commission relating to the Electricity pricing inquiry.
17. The increase in Grants and other contributions relates to the MoG transfer of the Office of Industrial Relations.
18. The increase in Employee expenses primarily relates to the MoG transfer of the Office of Industrial Relations. Also contributing is the expected filling of vacancies by the Office of State Revenue and costs associated with the Queensland Productivity Commission.
19. The decrease in Supplies and services mainly relates to payment to QTC to compensate for costs incurred in relation to the former Government's preparatory and due diligence activities for transactions associated with the State's income-generating assets in 2014-15. Also contributing is the finalisation of the former Government's Strong Choices campaign in 2014-15 and that the 2015-16 Budget only includes approved reimbursable projects managed by the Commercial Group. These are partially offset by the MoG transfer of the Office of Industrial Relations and costs associated with improvements to SPER.
20. The increase in Grants and subsidies relates to the MoG transfer of the Office of Industrial Relations.
21. The increase in Depreciation and amortisation mainly relates to the MoG transfer of the Office of Industrial Relations.
22. The decrease in Other expenses mainly reflects the finalisation of the former Government's Strong Choices campaign in 2014-15.

## Balance sheet

### Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

23. The decrease in Property, plant and equipment is primarily due to capital expenditure to support improvements to the SPER system being delayed to 2015-16.
24. The decrease in Total equity is a result of an equity injection for capital expenditure to support improvements to the SPER system being delayed to 2015-16.

### Major variations between 2014-15 Budget and 2015-16 Budget include:

25. The increase in Cash Assets reflects the MoG transfer of the Office of Industrial Relations.
26. The increase in Receivables reflects the MoG transfer of the Office of Industrial Relations.
27. The increase in Non-current other financial assets is a result of the establishment of the Business Development Fund. The Fund will provide early stage venture capital by investing in innovative growing businesses based in Queensland to create new opportunities and productive capacity.
28. The decrease in Property, plant and equipment is primarily due to the expected depreciation on assets during 2015-16, partially offset by the MoG transfer of the Office of Industrial Relations.
29. The decrease in Intangibles is mainly due to the expected amortisation on system assets during 2015-16, primarily the Revenue Management System (RMS).
30. The increase in Payables reflects the MoG transfer of the Office of Industrial Relations.
31. The increase in Accrued employee benefits primarily relates to the MoG transfer of the Office of Industrial Relations.
32. The increase in Total equity reflects an equity injection for the establishment of the Business Development Fund and the MoG transfer of the net assets of the Office of Industrial Relations. These are partially offset by an equity withdrawal of amortisation funding for the RMS.

### Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

33. The increase in Cash Assets reflects the MoG transfer of the Office of Industrial Relations.
34. The increase in Receivables reflects the MoG transfer of the Office of Industrial Relations.
35. The increase in Non-current other financial assets is a result of the establishment of the Business Development Fund. The Fund will provide early stage venture capital by investing in innovative growing businesses based in Queensland to create new opportunities and productive capacity.

36. The increase in Property, plant and equipment is primarily due to capital expenditure to support improvements to the SPER system in 2015-16 and the MoG transfer of the Office of Industrial Relations. These are partially offset by depreciation on assets during 2015-16.
37. The decrease in Intangibles is mainly due to the expected amortisation on system assets during 2015-16, primarily the RMS.
38. The increase in Payables reflects the MoG transfer of the Office of Industrial Relations.
39. The increase in Accrued employee benefits primarily relates to the MoG transfer of the Office of Industrial Relations.
40. The increase in Total equity reflects an equity injection for the establishment of the Business Development Fund, the MoG transfer of the net assets of the Office of Industrial Relations, and an equity injection for capital expenditure to support improvements to the SPER system. These are partially offset by an equity withdrawal of amortisation funding for RMS.

## Cash flow statement

### Major variations between 2014-15 Budget\* and 2014-15 Estimated Actual include:

41. The increase in Appropriation receipts is primarily due to funding in 2014-15 to compensate QTC for costs incurred in relation to the former Government's preparatory and due diligence activities for transactions associated with the State's income-generating assets. This is partially offset by funding carried over to future years for departmental projects.
42. The increase in User charges and fees is due to the volume of reimbursable projects managed by the Commercial Group being unknown when the 2014-15 Budget was developed. Also contributing is additional survey revenue for the Government Statistician's Office.
43. The decrease in Employee costs is mainly due to delays in filling vacancies, primarily within the Office of State Revenue.
44. The increase in Supplies and services primarily relates to payment to QTC to compensate for costs incurred in relation to the former Government's preparatory and due diligence activities for transactions associated with the State's income-generating assets. Also contributing are costs associated with projects managed by the Commercial Group. These are partially offset by lower than anticipated consultancies associated with the former Government's Strong Choices campaign.
45. The increase in Other outflows reflects higher than anticipated promotional costs associated with the former Government's Strong Choices campaign. Also contributing is cost associated with the rolling out of laptops across the Department.
46. The decrease in Payments for non-financial assets is primarily due to capital expenditure to support improvements to the SPER system being deferred to 2015-16. Also contributing is a reduction in capital expenditure on ICT equipment and leasehold improvements.
47. The decrease in Equity injections reflects the delay in equity injection for capital expenditure to support improvements to the SPER system to 2015-16.

### Major variations between 2014-15 Budget\* and 2015-16 Budget include:

48. The increase in Appropriation receipts is mainly due to the MoG transfer of the Office of Industrial Relations. This is partially offset by the finalisation of the former Government's Strong Choices campaign in 2014-15.
49. The increase in User charges and fees mainly relates to the MoG transfer of the Office of Industrial Relations and contributions from Government owned corporations toward the Queensland Productivity Commission relating to the Electricity pricing inquiry.
50. The increase in Grants and other contributions relates to the MoG transfer of the Office of Industrial Relations.
51. The increase in Employee costs primarily relates to the MoG transfer of the Office of Industrial Relations. Also contributing is the expected filling of vacancies by the Office of State Revenue and costs associated with the Queensland Productivity Commission.
52. The increase in Supplies and services mainly relates to the MoG transfer of the Office of Industrial Relations, partially offset by the finalisation of the former Government's Strong Choices campaign in 2014-15.
53. The increase in Grants and subsidies relates to the MoG transfer of the Office of Industrial Relations.
54. The decrease in Other outflows mainly reflects the finalisation of the former Government's Strong Choices campaign in 2014-15.

55. The increase in Payments for investments is a result of the establishment of the Business Development Fund. The Fund will provide early stage venture capital by investing in innovative growing businesses based in Queensland to create new opportunities and productive capacity.
56. The increase in Equity injections relates to the establishment of the Business Development Fund.
57. The increase in Equity withdrawals relates to the return of amortisation funding for RMS.
58. The increase in Cash transfers from restructures represents cash transferred into Queensland Treasury as part of the MoG transfer of the Office of Industrial Relations.

**Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:**

59. The decrease in Appropriation receipts is mainly due to funding in 2014-15 to compensate QTC for costs incurred in relation to the former Government's preparatory and due diligence activities for transactions associated with the State's income-generating assets. Also contributing is the finalisation of the former Government's Strong Choices campaign in 2014-15. These are partially offset by the MoG transfer of the Office of Industrial Relations and funding carried over from 2014-15 to future years for departmental projects.
60. The decrease in User charges and fees is mainly due to only approved reimbursable projects managed by the Commercial Group being included in the 2015-16 Budget. Government projects are allocated to the Commercial Group progressively and funding models and accurate budgeting outcomes will only be available when projects are approved and allocated to the Commercial Group. This is partially offset by the MoG transfer of the Office of Industrial Relations and contributions from Government owned corporations toward Queensland Productivity Commission relating to the Electricity pricing inquiry.
61. The increase in Grants and other contributions relates to the MoG transfer of the Office of Industrial Relations.
62. The increase in Employee costs primarily relates to the MoG transfer of the Office of Industrial Relations. Also contributing are costs associated with the Queensland Productivity Commission.
63. The decrease in Supplies and services mainly relates to payment to QTC to compensate for costs incurred in relation to the former Government's preparatory and due diligence activities for transactions associated with the State's income-generating assets in 2014-15. Also contributing is the finalisation of the former Government's Strong Choices campaign in 2014-15 and that 2015-16 Budget only includes approved reimbursable projects managed by the Commercial Group. These are partially offset by the MoG transfer of the Office of Industrial Relations and costs associated with improvements to SPER.
64. The increase in Grants and subsidies relates to the MoG transfer of the Office of Industrial Relations.
65. The decrease in Other outflows mainly reflects the finalisation of the former Government's Strong Choices campaign in 2014-15.
66. The increase in Payments for non-financial assets is primarily due to capital expenditure to support improvements to the SPER system expected in 2015-16.
67. The increase in Payments for investments is a result of the establishment of the Business Development Fund. The Fund will provide early stage venture capital by investing in innovative growing businesses based in Queensland to create new opportunities and productive capacity.
68. The increase in Equity injections relates to an equity injection for the establishment of the Business Development Fund. Also contributing is an equity injection for capital expenditure to support improvements to the SPER system.
69. The increase in Equity withdrawals relates to the return of amortisation funding for RMS.
70. The increase in Cash transfers from restructure represents cash transferred into Queensland Treasury as part of the MoG transfer of the Office of Industrial Relations.

## **Administered income statement**

**Major variations between 2014-15 Adjusted Budget and 2014-15 Estimated Actual include:**

71. Administered appropriation is received from the Consolidated Fund to fund administered expenses. Material changes in administered expenses are outlined in Notes 77 to 81.
72. The increase in Taxes primarily relates to transfer duty as a result of several extraordinary large non-residential transactions and a recovery in residential property market activity, partially offset by a reduction in payroll tax revenue.
73. The increase in User charges and fees relates to increased SPER fee income.
74. The decrease in Royalties and land rents reflects the impact of lower coal prices on coal royalties and oil prices on petroleum royalties.

75. The decrease in Grants and other contributions mainly reflects a change in the Natural Disaster Relief and Recovery Arrangements (NDRRA) funding from the Australian Government which was budgeted to be received in 2014-15 but was paid in advance by the Commonwealth on 30 June 2014.
76. The increase in Other Revenue relates to an increase in unpaid fines and other monetary penalties referred to SPER which are recognised as revenue.
77. The decrease in Supplies and services reflects the lower than anticipated reinsurance costs for the Queensland Government Insurance Fund.
78. The increase in Grants and subsidies represents the higher than anticipated Great Start Grants reflecting an improvement in the property market.
79. The decrease in Finance/borrowing costs is due to lower than budgeted borrowings in the 2013-14 outcome which reduced the opening stock of borrowing for 2014-15. In addition, new borrowings in 2014-15 were lower than budgeted due to the improved operating position and lower capital purchases by the State.
80. The decrease in Other expenses largely reflects lower than anticipated State share of the superannuation beneficiary payments.
81. The increase in Loss on sale/revaluation of assets is primarily due to higher than expected impairments and write-offs of receivables for taxes, fees and fines, including SPER.
82. This represents revenues collected on behalf of the Queensland Government which are transferred to the Consolidated Fund. Material changes in administered revenue are outlined in Notes 72 to 76.

**Major variations between 2014-15 Adjusted Budget and 2015-16 Budget include:**

83. Administered appropriation is received from the Consolidated Fund to fund administered expenses. Material changes in administered expenses are outlined in Notes 88 to 91.
84. The increase in Taxes primarily relates to transfer duty forecasts being stronger in 2015-16 due to maintained levels of duty from extraordinary large non-residential transactions.
85. The increase in User charges and fees is mainly the result of the MoG transfer of the Office of Industrial Relations. Also contributing is the increased SPER fee income.
86. The decrease in Royalties and land rents reflects the impact of lower coal prices on coal royalties and oil prices on petroleum royalties along with delays in the timing of LNG exports.
87. The increase in Grants and other contributions mainly reflects growth in GST payments to Queensland relative to 2014-15, partially offset by lower NDRRA funding from the Australian Government as the claims in relation to the very significant pre-2015 disaster events are finalised.
88. The decrease in Supplies and services reflects a reduction in reinsurance costs for the Queensland Government Insurance Fund.
89. The decrease in Grants and subsidies is a result of the MoG transfer of Trade and Investment Queensland (TIQ) to the Department of Infrastructure, Local Government and Planning (DILGP) effective 1 March 2015. This is partially offset by an anticipated increase in Great Start Grants reflecting an improvement in the property market.
90. The decrease in Finance/borrowing costs reflects the lower than budgeted stock of borrowings at 30 June 2015, and the implementation of the Government's Debt Action Plan in 2015-16.
91. The increase in the Loss on sale/revaluation of assets is primarily due to significant growth in tolling debt referrals to SPER (which have relatively lower debt recovery rates) and improvements to the methodology for impairing SPER revenue.
92. This represents revenues collected on behalf of the Queensland Government which are transferred to the Consolidated Fund. Material changes in administered revenue are outlined in Notes 84 to 87.

**Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:**

93. Administered appropriation is received from the Consolidated Fund to fund administered expenses. Material changes in administered expenses are outlined in Notes 98 to 101.
94. The increase in Taxes reflects higher payroll tax forecasts as a result of wage and employment growth.
95. The increase in User charges and fees is mainly a result of the MoG transfer of the Office of Industrial Relations.
96. The increase in Royalties and land rents primarily relates to LNG royalties reflecting the ramp up of exports along with an increase in export coal volumes.

97. The increase in Grants and other contributions is primarily due to growth in GST payments to Queensland relative to 2014-15.
98. The decrease in Grants and subsidies is a result of the MoG transfer of TIQ to DILGP effective 1 March 2015.
99. The decrease in Finance/borrowing costs largely reflects the impact of the Government's Debt Action Plan.
100. The increase in Other expenses mainly relates to State's share of superannuation beneficiary payments and higher Annual Leave Scheme payments.
101. The decrease in Loss on sale/revaluation of assets is primarily due to an expected reduction in impairment and write-offs of receivables for taxes, fees and fines, including SPER.
102. This represents revenues collected on behalf of the Queensland Government which are transferred to the Consolidated Fund. Material changes in administered revenue are outlined in Notes 94 to 97.

## Administered balance sheet

### Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

103. The decrease in Cash assets is due to a reduction in the Treasury Offset account as a result of an increase in departmental and Consolidated Fund surpluses under the whole of Government offset arrangements.
104. The increase in Other current liabilities reflects the estimated unearned revenue recognised by the Office of State Revenue relating to duties, royalties and payroll tax.
105. The decrease in Interest bearing liabilities and derivatives is a result of the lower opening stock of borrowing at 30 June 2014 and the improved operating position and lower capital purchases in 2014-15.
106. The increase in Total equity reflects less than expected transfer of proceeds of borrowing to the Consolidated Fund.

### Major variations between 2014-15 Budget and 2015-16 Budget include:

107. The decrease in Cash assets is due to a reduction in the Treasury Offset account as a result of an increase in departmental and Consolidated Fund surpluses under the whole of Government offset arrangements.
108. The decrease in Other financial assets reflects the transfer to QTC of the forward starting swap to hedge the interest rate exposure risk associated with Sunshine Coast University Hospital during 2014-15.
109. The increase in Other current liabilities reflects the estimated unearned revenue recognised by the Office of State Revenue relating to duties, royalties and payroll tax.
110. The decrease in Interest bearing liabilities and derivatives is due to the lower stock of borrowings at 30 June 2015, and the implementation of the Government's Debt Action Plan in 2015-16.
111. The increase in Total equity reflects the anticipated net repayment of borrowings as a result of the implementation of the Government's Debt Action Plan in 2015-16.

### Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

112. The decrease in Interest bearing liabilities and derivatives is primarily due to the implementation of the Government's Debt Action Plan in 2015-16.
113. The increase in Total equity reflects the anticipated net repayment of borrowings as a result of the Government's Debt Action Plan in 2015-16.

## Administered cash flow statement

### Major variations between 2014-15 Budget\* and 2014-15 Estimated Actual include:

114. Appropriation receipts are received from the Consolidated Fund to fund administered expenses. Material changes in administered expenses are outlined in Notes 119 to 121.
115. The increase in User charges and fees relates to increased SPER fee income.
116. The decrease in Royalties and land rent receipts reflects the impact of lower coal prices on coal royalties and oil prices on petroleum royalties.
117. The decrease in Grants and other contributions mainly reflects a change in the NDRRA funding from the Australian Government which was budgeted to be received in 2014-15 but was paid in advance by the Commonwealth on 30 June 2014.



118. The increase in Taxes primarily relates to transfer duty as a result of several extraordinary large non-residential transactions and a recovery in residential property market activity, partially offset by a reduction in payroll tax revenue.
119. The increase in Grants and subsidies represents the higher than anticipated Great Start Grants reflecting an improvement in the property market.
120. The decrease in Borrowing costs is due to lower than budgeted borrowings in the 2013-14 outcome which reduced the opening stock of borrowing for 2014-15. In addition, new borrowings in 2014-15 were lower than budgeted due to the improved operating position and lower capital purchases by the State.
121. The decrease in Other outflows largely reflects lower than anticipated State's share of the superannuation beneficiary payments.
122. This represents revenues collected on behalf of the Queensland Government which are transferred to the Consolidated Fund. Material changes in administered revenue are outlined in Notes 115 to 118.
123. The decrease in Borrowings is due to lower than budgeted borrowings as a result of the improved operating position and lower capital purchases by the State.
124. The decrease in Equity withdrawals is due to less than anticipated proceeds of borrowings being transferred to the Consolidated Fund.

**Major variations between 2014-15 Budget\* and 2015-16 Budget include:**

125. Appropriation receipts are received from the Consolidated Fund to fund administered expenses. Material changes in administered expenses are outlined in Notes 130 to 131.
126. The increase in User charges and fees is mainly the result of the MoG transfer of the Office of Industrial Relations. Also contributing is the increased SPER fee income.
127. The decrease in Royalties and land rent receipts reflects the impact of lower coal prices on coal royalties and oil prices on petroleum royalties along with delays in the timing of LNG exports.
128. The increase in Grants and other contributions mainly reflects growth in GST payments to Queensland relative to 2014-15, partially offset by lower NDRRA funding from the Australian Government as the claims in relation to the very significant pre-2015 disaster events are finalised.
129. The increase in Taxes primarily relates to transfer duty forecasts being stronger in 2015-16 due to maintained levels of duty from extraordinary large non-residential transactions.
130. The decrease in Grants and subsidies is a result of the MoG transfer of TIQ to DILGP effective 1 March 2015. This is partially offset by anticipated increase in Great Start Grants reflecting an improvement in the property market.
131. The decrease in Borrowing costs reflects the lower than budgeted stock of borrowings at 30 June 2015, and the implementation of the Government's Debt Action Plan in 2015-16.
132. This represents revenues collected on behalf of the Queensland Government which are transferred to the Consolidated Fund. Material changes in administered revenue are outlined in Notes 126 to 129.
133. The 2015-16 Budget reflects the anticipated borrowings during 2015-16.
134. The 2015-16 Budget reflects an equity injection for the anticipated repayment of borrowings during 2015-16 as part of the Government's Debt Action Plan.
135. The 2015-16 Budget reflects the anticipated repayment of borrowings during 2015-16 as part of the Government's Debt Action Plan.
136. The 2015-16 Budget reflects the transfer the anticipated proceeds of borrowings to the Consolidated Fund.

**Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:**

137. Appropriation receipts are received from the Consolidated Fund to fund administered expenses. Material changes in administered expenses are outlined in Notes 142 to 144.
138. The increase in User charges and fees is mainly a result of the MoG transfer of the Office of Industrial Relations.
139. The increase in Royalties and land rent receipts primarily relates to LNG royalties reflecting the ramp up of exports along with an increase in export coal volumes.
140. The increase in Grants and other contributions is primarily due to growth in GST payments to Queensland relative to 2014-15.
141. The increase in Taxes reflects higher payroll tax forecasts as a result of wage and employment growth.

142. The decrease in Grants and subsidies is a result of the MoG transfer of TIQ to DILGP effective 1 March 2015.
143. The decrease in Borrowing costs reflects the impact of the Government's Debt Action Plan.
144. The increase in Other outflows mainly relates to State's share of superannuation beneficiary payments and higher Annual Leave Scheme payments.
145. This represents revenues collected on behalf of the Queensland Government which are transferred to the Consolidated Fund. Material changes in administered revenue are outlined in Notes 138 to 141.
146. The 2015-16 Budget reflects the anticipated borrowings during 2015-16.
147. The 2015-16 Budget reflects an equity injection for the anticipated repayment of borrowings during 2015-16 as part of the Government's Debt Action Plan.
148. The 2015-16 Budget reflects the anticipated repayment of borrowings during 2015-16 as part of the Government's Debt Action Plan.
149. The 2015-16 Budget reflects the transfer the anticipated proceeds of borrowings to the Consolidated Fund.

# Statutory body

## Motor Accident Insurance Commission/Nominal Defendant

### Overview

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

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

In 2015-16, MAIC and the Nominal Defendant's strategic objectives are to:

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

In 2015-16, MAIC and the Nominal Defendant will contribute towards the Queensland Government's objectives for the community by:

- building safe, caring and connected communities by investing in road safety initiatives to reduce the frequency of motor vehicle accidents and minimise their impact on the community
- investing in targeted research and service delivery initiatives to improve health outcomes for people injured in motor vehicle crashes.

The major factors that may impact on MAIC and the Nominal Defendant's objectives include unexpected adverse claim trends, broader economic volatility and the risk of licensed insurer insolvency.

### Service performance

MAIC and the Nominal Defendant's key achievements for 2014-15 were:

- realising the benefits of the Nominal Defendant claims management system
- delivering cost reductions through process improvements
- commencing implementation of a new MAIC research governance model
- realising cost savings through the Nominal Defendant legal panel review
- the Nominal Defendant levy per policy for Class 1 reduced from \$11.50 in 2014-15 to \$11.00 in 2015-16.

Looking forward, MAIC and the Nominal Defendant's primary focus for 2015-16 includes:

- delivering further cost savings and process improvements within MAIC and where practical across the CTP scheme
- supporting a culture of innovation by enabling exploration and adoption of new technological solutions to improve CTP scheme experience and outcomes
- collaborating and supporting the Department of Transport and Main Roads and Queensland Police Service's focus on improving road safety outcomes.

# Service performance

## Performance statement

### Motor Accident Insurance Commission/Nominal Defendant

#### Service area objective

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

#### Service area description

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

Motor Accident Insurance Commission / Nominal Defendant	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
<b>Service standards</b> <i>Effectiveness measure</i> Highest filed CTP premium for Class 1 vehicles (sedans and wagons) as a percentage of average weekly earnings		<45%	<45%	<45%
<i>Efficiency measures</i> Percentage of the Nominal Defendant claims finalised compared to the number outstanding at the start of the financial year		50%	50%	50%
Percentage of the Nominal Defendant claims settled within two years of compliance		50%	50%	50%
Percentage of Nominal Defendant claims with General Damages paid within 60 days of the settlement date		95%	95%	95%

# Staffing<sup>1</sup>

Motor Accident Insurance Commission / Nominal Defendant	Notes	2014-15 Budget	2014-15 Est. Actual	2015-16 Budget
Motor Accident Insurance Commission/Nominal Defendant	2	42	35	35

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. The decrease in the 2014-15 Estimated Actual is primarily due to rationalisation of roles and functions in areas where vacancies have arisen.

# Income statement

Motor Accident Insurance Commission	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
<b>INCOME</b>				
Taxes	3,8	7,336	7,336	6,013
User charges and fees		40	40	..
Grants and other contributions		..	..	..
Interest	4,9	10,652	10,922	11,965
Other revenue		4,831	4,831	5,000
Gains on sale/revaluation of assets		..	..	..
<b>Total income</b>		<b>22,859</b>	<b>23,129</b>	<b>22,978</b>
<b>EXPENSES</b>				
Employee expenses	1,5,10	3,265	2,953	2,840
Supplies and services	2,6,11	2,378	2,955	3,967
Grants and subsidies	7,12	6,000	6,000	16,000
Depreciation and amortisation		3	10	10
Finance/borrowing costs		..	..	..
Other expenses		181	250	161
Losses on sale/revaluation of assets		..	..	..
<b>Total expenses</b>		<b>11,827</b>	<b>12,168</b>	<b>22,978</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>11,032</b>	<b>10,961</b>	<b>..</b>

# Balance sheet

Motor Accident Insurance Commission	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets		2,000	2,000	2,000
Receivables		55	55	55
Other financial assets	13,16	11,827	22,978	22,996
Inventories		..	..	..
Other		360	195	193
Non financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>14,242</b>	<b>25,228</b>	<b>25,244</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets	14,17	150,620	142,418	142,418
Property, plant and equipment		17	10	..
Intangibles		..	..	..
Other		..	..	..
<b>Total non-current assets</b>		<b>150,637</b>	<b>142,428</b>	<b>142,418</b>
<b>TOTAL ASSETS</b>		<b>164,879</b>	<b>167,656</b>	<b>167,662</b>
<b>CURRENT LIABILITIES</b>				
Payables		337	850	854
Accrued employee benefits		287	135	137
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total current liabilities</b>		<b>624</b>	<b>985</b>	<b>991</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>TOTAL LIABILITIES</b>		<b>624</b>	<b>985</b>	<b>991</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>164,255</b>	<b>166,671</b>	<b>166,671</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>	15	<b>164,255</b>	<b>166,671</b>	<b>166,671</b>

# Cash flow statement

Motor Accident Insurance Commission	Notes	2014-15 Budget* \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges and fees		42	42	..
Grants and other contributions		..	..	..
Interest received	20,26	10,652	10,922	11,965
Taxes	21,27	7,336	7,336	6,013
Other		4,831	4,831	5,000
<b>Outflows:</b>				
Employee costs	18,22,28	(3,236)	(3,070)	(2,838)
Supplies and services	19,23,29	(2,374)	(2,951)	(3,961)
Grants and subsidies	24,30	(6,000)	(6,000)	(16,000)
Borrowing costs		..	..	..
Other		(181)	(250)	(161)
<b>Net cash provided by or used in operating activities</b>		<b>11,070</b>	<b>10,860</b>	<b>18</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of non financial assets		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for non financial assets		..	..	..
Payments for investments	25,31	(11,070)	(11,811)	(18)
Loans and advances made		..	..	..
<b>Net cash provided by or used in investing activities</b>		<b>(11,070)</b>	<b>(11,811)</b>	<b>(18)</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 or used in financing activities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>Net increase/(decrease) in cash held</b>		<b>..</b>	<b>(951)</b>	<b>..</b>
<b>Cash at the beginning of financial year</b>		<b>2,000</b>	<b>2,951</b>	<b>2,000</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>2,000</b>	<b>2,000</b>	<b>2,000</b>

\*Technical adjustments have been made in this statement to reallocate amounts between categories and facilitate consistency across agencies.



# Explanation of variances in the financial statements

## Income statement

### Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

1. A decrease in Employee expenses is primarily due to rationalisation of roles in areas where vacancies have arisen.
2. An increase in Supplies and services reflects an increase in contractor and consultancy engagements due to a greater focus on improvement initiatives and increased levels of specialised actuarial advice.

### Major variations between 2014-15 Budget and 2015-16 Budget include:

3. The Statutory Insurance Scheme levy per vehicle reduced from \$1.85 in 2014-15 to \$1.50 in 2015-16.
4. The budget assumption for 2015-16 is based on Queensland Investment Corporation's (QIC) estimate of long term average annual rate of return for the portfolio on the projected QIC balance as at 30 June 2015.
5. A decrease in Employee expenses is primarily due to rationalisation of roles in areas where vacancies have arisen.
6. An increase in Supplies and services reflects a greater focus on strategic analysis and advice and further improvement to the CTP scheme performance.
7. An increase in Grants and subsidies is due to proposed investment in targeted research and service delivery initiatives which benefit motorists through reducing the incidence and cost of road trauma.

### Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

8. The Statutory Insurance Scheme levy per vehicle reduced from \$1.85 in 2014-15 to \$1.50 in 2015-16.
9. The budget assumption for 2015-16 is based on QIC's estimate of long term average annual rate of return for the portfolio on the projected QIC balance as at 30 June 2015.
10. A decrease in Employee expenses is primarily due to rationalisation of roles in areas where vacancies have arisen.
11. An increase in Supplies and services reflects a greater focus on strategic analysis and advice and further improvement to the CTP scheme performance.
12. An increase in Grants and subsidies is due to proposed investment in targeted research and service delivery initiatives which benefit motorists through reducing the incidence and cost of road trauma.

## Balance sheet

### Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

13. An increase in Current other financial assets is due to reclassification from non-current to current investments.
14. A decrease in Non-current other financial assets is due to reclassification from non-current to current investments.
15. An increase in Total equity is due to an increase in the projected Operating surplus.

### Major variations between 2014-15 Budget and 2015-16 Budget include:

16. An increase in Current other financial assets is due to reclassification from non-current to current investments.
17. A decrease in Non-current other financial assets is due to reclassification from non-current to current investments.

## Cash flow statement

### Major variations between 2014-15 Budget\* and 2014-15 Estimated Actual include:

18. A decrease in Employee costs is primarily due to rationalisation of roles in areas where vacancies have arisen.
19. An increase in Supplies and services reflects an increase in contractor and consultancy engagements due to a greater focus on improvement initiatives and increased levels of specialised actuarial advice.

**Major variations between 2014-15 Budget\* and 2015-16 Budget include:**

20. The budget assumption for 2015-16 is based on QIC's estimate of long term average annual rate of return for the portfolio on the projected QIC closing balance as at 30 June 2015.
21. The Statutory Insurance Scheme levy per vehicle reduced from \$1.85 in 2014-15 to \$1.50 in 2015-16.
22. A decrease in Employee costs is primarily due to rationalisation of roles in areas where vacancies have arisen.
23. An increase in Supplies and services reflects a greater focus on strategic analysis and advice and further improvement to the CTP scheme performance.
24. An increase in Grants and subsidies is due to proposed investment in targeted research and service delivery initiatives which benefit motorists through reducing the incidence and cost of road trauma.
25. A decrease in Payments for investments reflects a projected decrease in operating surplus for 2015-16, resulting in less funding available for investment.

**Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:**

26. The budget assumption for 2015-16 is based on QIC's estimate of long term average annual rate of return for the portfolio on the projected QIC closing balance as at 30 June 2015.
27. The Statutory Insurance Scheme levy per vehicle reduced from \$1.85 in 2014-15 to \$1.50 in 2015-16.
28. A decrease in Employee costs is primarily due to rationalisation of roles in areas where vacancies have arisen.
29. An increase in Supplies and services reflects a greater focus on strategic analysis and advice and further improvement to the CTP scheme performance.
30. An increase in Grants and subsidies is due to proposed investment in targeted research and service delivery initiatives which benefit motorists through reducing the incidence and cost of road trauma.
31. A decrease in Payments for investments reflects a projected decrease in operating surplus for 2015-16, resulting in less funding available for investment.

# Income statement

Nominal Defendant	Notes	2014-15 Budget* \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
<b>INCOME</b>				
Taxes	4,9	45,337	45,337	43,787
User charges and fees		..	..	..
Grants and other contributions		..	..	..
Interest	1,5,10	54,037	60,614	66,375
Other revenue		500	934	..
Gains on sale/revaluation of assets		..	..	..
<b>Total income</b>		<b>99,874</b>	<b>106,885</b>	<b>110,162</b>
<b>EXPENSES</b>				
Employee expenses	2,6,11	1,732	1,532	1,303
Supplies and services	7,12	4,992	4,913	5,370
Grants and subsidies		..	..	..
Depreciation and amortisation		517	520	523
Finance/borrowing costs		..	..	..
Other expenses	3,8,13	53,366	(4,346)	51,642
Losses on sale/revaluation of assets		..	..	..
<b>Total expenses</b>		<b>60,607</b>	<b>2,619</b>	<b>58,838</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>39,267</b>	<b>104,266</b>	<b>51,324</b>

\*Technical adjustments have been made in this statement to reallocate amounts between categories and facilitate consistency across agencies.

# Balance sheet

Nominal Defendant	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets		3,000	3,000	3,000
Receivables	14,21	3,581	1,132	1,132
Other financial assets	15,22,28	190,482	201,785	219,916
Inventories		..	..	..
Other		..	..	..
Non financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>197,063</b>	<b>205,917</b>	<b>224,048</b>
<b>NON-CURRENT ASSETS</b>				
Receivables	16,23	5,260	4,171	4,171
Other financial assets	17,24,29	691,554	745,488	798,868
Property, plant and equipment		6	4	..
Intangibles		3,001	3,032	2,513
Other		..	..	..
<b>Total non-current assets</b>		<b>699,821</b>	<b>752,695</b>	<b>805,552</b>
<b>TOTAL ASSETS</b>		<b>896,884</b>	<b>958,612</b>	<b>1,029,600</b>
<b>CURRENT LIABILITIES</b>				
Payables		611	502	552
Accrued employee benefits		214	75	76
Interest bearing liabilities and derivatives		..	..	..
Provisions	18,25,30	51,258	35,644	39,763
Other		21,913	22,128	22,128
<b>Total current liabilities</b>		<b>73,996</b>	<b>58,349</b>	<b>62,519</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		..	..	..
Provisions	19,26,31	153,773	134,091	149,585
Other		..	..	..
<b>Total non-current liabilities</b>		<b>153,773</b>	<b>134,091</b>	<b>149,585</b>
<b>TOTAL LIABILITIES</b>		<b>227,769</b>	<b>192,440</b>	<b>212,104</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>669,115</b>	<b>766,172</b>	<b>817,496</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>	20,27,32	<b>669,115</b>	<b>766,172</b>	<b>817,496</b>

# Cash flow statement

Nominal Defendant	Notes	2014-15 Budget* \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges and fees		..	..	..
Grants and other contributions		..	..	..
Interest received	33,38,44	54,037	60,614	66,375
Taxes	39,45	45,837	45,337	43,787
Other		(232)	695	..
<b>Outflows:</b>				
Employee costs	34,40,46	(1,729)	(1,667)	(1,302)
Supplies and services	35,41,47	(4,942)	(1,740)	(5,320)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other	36,42,48	(33,531)	25,078	(32,029)
<b>Net cash provided by or used in operating activities</b>		<b>59,440</b>	<b>128,317</b>	<b>71,511</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of non financial assets		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for non financial assets		..	..	..
Payments for investments	37,43,49	(59,440)	(129,265)	(71,511)
Loans and advances made		..	..	..
<b>Net cash provided by or used in investing activities</b>		<b>(59,440)</b>	<b>(129,265)</b>	<b>(71,511)</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 or used in financing activities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>Net increase/(decrease) in cash held</b>		<b>..</b>	<b>(948)</b>	<b>..</b>
<b>Cash at the beginning of financial year</b>		<b>3,000</b>	<b>3,948</b>	<b>3,000</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>3,000</b>	<b>3,000</b>	<b>3,000</b>

\*Technical adjustments have been made in this statement to reallocate amounts between categories and facilitate consistency across agencies.

# Explanation of variances in the financial statements

## Income statement

### Major variations between 2014-15 Budget\* and 2014-15 Estimated Actual include:

1. An increase in Interest is primarily due to unanticipated FAI-Tail dividends being invested resulting in higher than expected earnings on Queensland Investment Corporation (QIC) investments.
2. A decrease in Employee expenses is primarily due to rationalisation of roles in areas where vacancies have arisen.
3. A decrease in Other expenses is a result of unanticipated FAI-Tail dividends received in 2014-15. Dividends are treated as a reduction in expenses (revaluation of outstanding claims liability) rather than revenue at the whole-of-Government level. Also contributing to the decrease is a projected decrease in Nominal Defendant claims costs.

### Major variations between 2014-15 Budget\* and 2015-16 Budget include:

4. The Nominal Defendant levy per policy for Class 1 reduced from \$11.50 in 2014-15 to \$11.00 in 2015-16.
5. The budget assumption for 2015-16 is based on QIC's estimate of long term average annual rate of return for the portfolio on the projected QIC balance as at 30 June 2015.
6. A decrease in Employee expenses is primarily due to rationalisation of roles in areas where vacancies have arisen.
7. An increase in Supplies and services is primarily due to management costs associated with investments.
8. A decrease in Other expenses is a result of projected decrease in Nominal Defendant claims costs.

### Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

9. The Nominal Defendant levy per policy for Class 1 reduced from \$11.50 in 2014-15 to \$11.00 in 2015-16.
10. The budget assumption for 2015-16 is based on QIC's estimate of long term average annual rate of return for the portfolio on the projected QIC balance as at 30 June 2015.
11. A decrease in Employee expenses is primarily due to rationalisation of roles in areas where vacancies have arisen.
12. An increase in Supplies and services is primarily due to management costs associated with investments.
13. An increase in Other expenses is due to no FAI-Tail dividends forecast to be received in 2015-16 as well as a projected increase in Nominal Defendant claims costs in 2015-16.

## Balance sheet

### Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

14. A decrease in Current receivables reflects audited opening balances and projected movements in Nominal Defendant claim recoveries.
15. An increase in Current other financial assets reflects the investment of surplus funding.
16. A decrease in Non-current receivables reflects audited opening balances and projected movements in Nominal Defendant claim recoveries.
17. An increase in Non-current other financial assets reflects the investment of surplus funding.
18. A decrease in Current provisions relates to movement in outstanding claims liability. The outstanding claims liability is based on actuarial assessment.
19. A decrease in Non-current provisions relates to movement in outstanding claims liability. The outstanding claims liability is based on actuarial assessment.
20. An increase in Total equity is a result of an increase in the projected Operating surplus.

### Major variations between 2014-15 Budget and 2015-16 Budget include:

21. A decrease in Current receivables reflects audited opening balances and projected movements in Nominal Defendant claim recoveries.

22. An increase in Current other financial assets reflects the investment of surplus funding.
23. A decrease in Non-current receivables reflects audited opening balances and projected movements in Nominal Defendant claim recoveries.
24. An increase in Non-current other financial assets reflects the investment of surplus funding.
25. A decrease in Current provisions relates to movement in outstanding claims liability. The outstanding claims liability is based on actuarial assessment.
26. A decrease in Non-current provisions relates to movement in outstanding claims liability. The outstanding claims liability is based on actuarial assessment.
27. An increase in Total equity reflects projected operating surpluses for 2014-15 and 2015-16.

**Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:**

28. An increase in Current other financial assets reflects the investment of surplus funding.
29. An increase in Non-current other financial assets reflects the investment of surplus funding.
30. An increase in Current provisions relates to movement in outstanding claims liability. The outstanding claims liability is based on actuarial assessment.
31. An increase in Non-current provisions relates to movement in outstanding claims liability. The outstanding claims liability is based on actuarial assessment.
32. An increase in Total equity reflects projected operating surplus for 2015-16.

## Cash flow statement

**Major variations between 2014-15 Budget\* and 2014-15 Estimated Actual include:**

33. An increase in Interest received is primarily due to unanticipated FAI-Tail dividends being invested resulting in higher than expected earnings on QIC investments.
34. A decrease in Employee costs is primarily due to rationalisation of roles in areas where vacancies have arisen.
35. A decrease in Supplies and services reflects cash received in 2014-15 relating to the prior year.
36. A decrease in Other outflows is a result of unanticipated FAI-Tail dividends received in 2014-15. Also contributing to the decrease is a projected decrease in Nominal Defendant claims costs.
37. An increase in Payments for investments reflects the investment of higher than expected surplus funding provided by operating activities.

**Major variations between 2014-15 Budget\* and 2015-16 Budget include:**

38. The budget assumption for 2015-16 is based on QIC's estimate of long term average annual rate of return for the portfolio on the projected QIC balance as at 30 June 2015.
39. The Nominal Defendant levy per policy for Class 1 reduced from \$11.50 in 2014-15 to \$11.00 in 2015-16.
40. A decrease in Employee costs is primarily due to rationalisation of roles in areas where vacancies have arisen.
41. An increase in Supplies and services is primarily due to management costs associated with investments.
42. A decrease in Other outflows is a result of projected decrease in Nominal Defendant claims costs.
43. An increase in Payments for investments reflects a projected increase in operating surplus for 2014-15, resulting in more funding available for investment.

**Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:**

44. The budget assumption for 2015-16 is based on QIC's estimate of long term average annual rate of return for the portfolio on the projected QIC balance as at 30 June 2015.
45. The Nominal Defendant levy per policy for Class 1 reduced from \$11.50 in 2014-15 to \$11.00 in 2015-16.
46. A decrease in Employee costs is primarily due to rationalisation of roles in areas where vacancies have arisen.

47. An increase in Supplies and services reflects cash received in 2014-15 relating to the prior year together with management costs associated with investments.
48. An increase in Other outflows is due to no FAI-Tail dividends forecast to be received in 2015-16 as well as a projected increase in Nominal Defendant claims costs in 2015-16.
49. A decrease in Payments for investments reflects a projected decrease in operating surplus for 2015-16, resulting in less funding available for investment.



# Glossary of terms

<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>Administered items</b>	Assets, liabilities, revenues and expenses an entity administers, without discretion, on behalf of the Government.
<b>Agency/entity</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 other organisations established by Executive decision.
<b>Appropriation</b>	Funds issued by the Treasurer, under Parliamentary authority, to agencies during a financial year for: delivery of agreed services administered items adjustment of the Government's equity in agencies, including acquiring of capital.
<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 an entity's stock of assets and the capital grants it makes to other agencies. Assets include property, plant and equipment, intangible items and inventories that an entity owns/controls and uses in the delivery of services.
<b>Cash Flow Statement</b>	A financial statement reporting the cash inflows and outflows for an entity's operating, investing and financing activities in a particular period.
<b>Controlled Items</b>	Assets, liabilities, revenues and expenses that are controlled by departments. These relate directly to the departmental operational objectives and arise at the discretion and direction of that department.
<b>Depreciation</b>	The periodic allocation of the cost of physical assets, representing the amount of the asset consumed during a specified time.
<b>Equity</b>	Equity is the residual interest in the assets of the entity after deduction of its liabilities. It usually comprises the entity's accumulated surpluses/losses, capital injections and any reserves.
<b>Equity injection</b>	An increase in the investment of the Government in a public sector agency.
<b>Financial statements</b>	Collective description of the Income Statement, the Balance Sheet and the Cash Flow Statement for an entity's controlled and administered activities.

<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>Machinery-of-government</b>	The redistribution of the public business of one government agency to another government agency. Also referred to as MoG.
<b>Outcomes</b>	Whole-of-government outcomes are intended to cover all dimensions of community wellbeing. They express the current needs and future aspirations of communities, within a social, economic and environment context.
<b>Own-source revenue</b>	Revenue that is generated by an agency, generally through the sale of goods and services, but it may also include some Commonwealth funding.
<b>Priorities</b>	Key policy areas that will be the focus of Government activity.
<b>Services</b>	The actions or activities (including policy development) of an agency which contribute to the achievement of the agency's objectives.

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



