

Service Delivery Statements

# Department of Housing and Public Works

# **2016-17 Queensland Budget Papers**

- 1. Budget Speech**
- 2. Budget Strategy and Outlook**
- 3. Capital Statement**
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**Budget Highlights**

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**Service Delivery Statements**

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## Department of Housing and Public Works

### Summary of portfolio

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# Portfolio overview

## Ministerial and portfolio responsibilities

The table below represents the agencies and services which are the responsibility of the Minister for Housing and Public Works:

|   |
|---|
| <p style="text-align: center;"><b>Minister for Housing and Public Works</b></p> <p style="text-align: center;">The Honourable Mick de Brenni MP</p> |
|---|

|  |
|--|
| <p style="text-align: center;"><b>Department of Housing and Public Works</b></p> <p style="text-align: center;">Director-General: Liza Carroll</p> |
| <p><b>Service area 1:</b> Housing Services</p>   |
| <p><b>Service area 2:</b> Government Accommodation and Building Policy Services</p>  |
| <p><b>Service area 3:</b> Procurement Services</p>   |

The Minister for Housing and Public Works is also responsible for:

|   |
|---|
| <p style="text-align: center;"><b>Queensland Building and Construction Commission</b></p> <p style="text-align: center;">Commissioner: Brett Bassett</p> <p><b>Objective:</b> To provide timely information, advice and regulation to ensure the maintenance of proper building standards, remedies for defective building work and promoting confidence in the building and construction industry.</p> |
|---|

|  |
|--|
| <p style="text-align: center;"><b>Residential Tenancies Authority</b></p> <p style="text-align: center;">Chief Executive Officer: Darren Barlow</p> <p><b>Objective:</b> To administer the <i>Residential Tenancies and Rooming Accommodation Act 2008</i> which regulates the residential rental sector in Queensland and provide high quality client services that balance the rights and responsibilities of all parties.</p> |
|--|

## **Building and Asset Services**

**Deputy Director-General: Graham Atkins**

**Objective:** To partner with Government agencies to strategically manage their building, construction and maintenance activities.

## **QFleet**

**Acting Assistant Director-General: Fiona Wright**

**Objective:** To deliver benefits to Government through aggregated procurement of vehicles and associated services and provide a central pool of expertise in fleet management.

Additional information about these agencies can be sourced from:

<http://www.hpw.qld.gov.au>

<http://www.qbcc.qld.gov.au>

<https://www.rta.qld.gov.au>

# Departmental overview

The Department of Housing and Public Works provides a diverse range of services to people, communities, industry and government in the areas of housing, building, fleet and asset management and procurement services. In partnership with stakeholders, our vision is to make a difference by working together to build better, safer places to live and work.

The department contributes to the Queensland Government's objectives for the community by delivering policies, programs and services which promote the creation of jobs and a diverse economy, deliver quality frontline services, build safe, caring and connected communities and protect the environment. This is achieved through the department's objectives:

- for people to experience better lives and greater opportunities through delivery of an accessible, integrated housing system and the department's support to other government agencies to deliver their essential services
- to have safer and fairer building industries for all Queenslanders through effective policy development and administration, that also supports business innovation and growth
- to support employment and economic opportunities in Queensland's communities, and deliver value through the department's effective use of resources, strategic procurement, and strong partnerships
- to empower our people by being a progressive organisation, focussed on quality services and performance excellence.

A range of factors will impact on the department's operating environment in 2016-17, including:

- the growing number of Queenslanders experiencing issues with housing access and affordability
- the introduction of the National Disability Insurance Scheme (NDIS) in Queensland from 1 July 2016, which is expected to increase the demand for accessible and affordable housing solutions
- long term funding arrangements with the Australian Government on the National Partnership on Remote Housing
- a renewed emphasis on environmental sustainability of buildings and the Queensland Government fleet, including climate change mitigation and energy saving initiatives
- implementation of a new whole-of-government procurement operating model.

In 2016-17, the department will deliver initiatives supporting portfolio priorities by:

- developing and implementing a new housing strategy for Queensland to shape the strategic direction of housing assistance and homelessness services as well as housing affordability over the next decade
- developing policy options for government on addressing security of payment for subcontractors following consultation with industry
- contributing to the development of national policy reforms for housing affordability and housing and homelessness services and introducing amended policies as a result of the Review of Housing Policies for Fairness
- working with the Australian Government to support the provision of affordable and appropriate housing for people with disability
- progressing necessary amendments to the *Retirement Villages Act 1999* and the *Manufactured Homes (Residential Parks) Act 2003* to improve consumer protection and increase understanding of rights and responsibilities
- supporting the Domestic and Family Violence Prevention Strategy and implementing the Government's response to the Domestic and Family Violence Taskforce *Not Now, Not Ever* Report including providing two additional shelters and the ongoing operation of two existing 72-hour crisis shelters for women and children escaping violence
- contributing to child safety reform initiated by the Queensland Child Protection Commission of Inquiry final report
- advancing reforms related to new smoke alarms requirements and the review of the *Building Act 1975* and certification
- working with other agencies towards achieving green star ratings for government-owned buildings
- delivering the construction program for government employee residences, in line with available funding, particularly in Aboriginal and Torres Strait Islander communities and very remote areas with no alternative accommodation
- implementing recommendations from the Interdepartmental Committee *Review of Queensland Government Procurement* including establishing the Office of Chief Advisor - Procurement.

The department's total capital expenditure program for 2016-17 is \$452.5 million which comprises capital purchases of \$383.4 million and capital grants of \$69.1 million as detailed in *Budget Paper 3*.

# Service performance

## Performance statement

### Housing Services

#### Service area objective

To deliver quality frontline human services by providing responsible and integrated housing and homelessness support services to vulnerable Queenslanders.

#### Service area description

Housing Services provides housing assistance and homelessness support services to Queenslanders most in need, for the duration of their need, through a mix of direct delivery and arrangements with funded service providers. This includes remote Aboriginal and Torres Strait Islander housing, social and private housing assistance, homelessness support services and crisis accommodation.

Housing Services also includes the Office of the Registrar which oversees the National Regulatory System for Community Housing (NRSCH) in Queensland. The NRSCH is a national system for registration, monitoring and regulation of community housing providers. It provides uniform legislation that regulates community housing organisations with the aim of growing the capability and capacity of these organisations. The Registrar operates independently from the funding arm of Housing Services.

#### 2016-17 service area highlights

In 2016-17, Housing Services will support Government and departmental commitments and priorities by:

- developing and implementing a new ten-year housing strategy for Queensland, to shape the strategic direction of housing assistance, homelessness services, housing affordability and specific housing issues affecting Aboriginal and Torres Strait Islander peoples
- introducing amended policies as a result of the Review of Housing Policies for Fairness to achieve a fairer approach and better outcomes for people living in and applying for social housing, as well as for neighbours, service partners, departmental staff and the community
- contributing to the development of national policy reforms for housing affordability and housing and homelessness services
- implementing the National Partnership on Remote Housing to continue to provide new housing for remote communities to 2017-18
- working with the Australian Government to support the provision of affordable and appropriate housing for people with disability
- utilising contemporary digital technologies to enhance client access to, and experience of, housing and homelessness frontline services
- growing and renewing the social and affordable housing portfolio through construction and redevelopment projects, including partnerships with government, non-government and private organisations
- initiating the implementation of new safety standards for smoke alarms in social housing
- testing the mental health demonstration project model of integrated housing, mental health and social welfare to assist social housing tenants with mental illness or related complex needs to sustain tenancies
- continuing to develop processes supporting home ownership on Aboriginal and Torres Strait Islander land
- constructing and purchasing additional dwellings that match need in Aboriginal and Torres Strait Islander communities
- assisting new households to remain in or move to the private housing rental market by developing targeted services for people and continuing to offer a range of existing services

- completing the assessment of applications from non-government and local government community housing providers seeking registration under the National Regulatory System for Community Housing
- continuing to investigate options for applying rate rebates or rental assistance to residents of retirement villages
- progressing necessary amendments to the *Retirement Villages Act 1999* and *Manufactured Homes (Residential Parks) Act 2003* to improve consumer protection and increase understanding of rights and responsibilities
- supporting the Domestic and Family Violence Prevention Strategy and implementing the Government's response to the Domestic and Family Violence Taskforce *Not Now, Not Ever* Report including providing two additional shelters and the ongoing operation of two existing 72-hour crisis shelters for women and children escaping violence
- continuing to contribute to the child safety reform agenda initiated by the Queensland Child Protection Commission of Inquiry final report.

| Department of Housing and Public Works  | Notes | 2015-16 Target/Est. | 2015-16 Est. Actual | 2016-17 Target/Est. |
|---|-------|---------------------|---------------------|---------------------|
| <b>Service area: Housing Services</b>   |       |                     |                     |                     |
| <b>Service standards</b>  |       |                     |                     |                     |
| <i>Effectiveness measures</i>   |       |                     |                     |                     |
| Level of overall client satisfaction  |       |                     |                     |                     |
| Bond Loans  | 1     | ..                  | ..                  | 95%                 |
| Home Assist Secure  | 2     | ..                  | ..                  | ..                  |
| Public Housing  | 3     | ..                  | ..                  | 80%                 |
| Community Housing   | 3     | ..                  | ..                  | 80%                 |
| Percentage of new households assisted into Government-managed social rental housing who were in very high or high need  |       | 90%                 | 91%                 | 90%                 |
| Percentage of department owned social rental housing dwellings in acceptable condition  |       | 98%                 | 99%                 | 98%                 |
| Percentage of clients who were homeless or at risk of homelessness who needed assistance to obtain or maintain independent housing and obtained or maintained independent housing after support   |       | 64%                 | 64%                 | 64%                 |
| Proportion of exits from social rental housing to private market housing that were tenant initiated   | 4     | 45%                 | 51%                 | 48%                 |
| Proportion of total new households assisted to remain in or move to the private housing rental market that were assisted through National Rental Affordability Scheme, RentConnect, Rental Grants, Housing and Employment Program or Bond Loans | 5     | 47%                 | 46.8%               | 45%                 |
| Proportion of newly constructed social housing dwellings meeting the Livable Housing Design guidelines gold or platinum standards   |       | 50%                 | 51%                 | 50%                 |



| Department of Housing and Public Works  | Notes | 2015-16 Target/Est. | 2015-16 Est. Actual | 2016-17 Target/Est. |
|---|-------|---------------------|---------------------|---------------------|
| Average wait time to allocation for assistance (months) with Government-managed social rental housing for clients in very high or high need |       | 8                   | 7.5                 | 8                   |
| Percentage of homelessness services clients who requested assistance relating to domestic and family violence and received this assistance  | 6     | New measure         | New measure         | 87%                 |
| Percentage of under occupied Government-owned and managed social rental housing   | 7     | 14%                 | 15.4%               | 14%                 |
| Proportion of government-owned social rental housing stock matched to greatest demand   | 8     | New measure         | New measure         | 54%                 |
| <i>Efficiency measures</i><br>Average tenancy and property management administration cost per households assisted                           | 9     | \$1,161             | \$1,243             | \$1,233             |

Notes:

- There is no 2015-16 Target/Estimate nor 2015-16 Estimated Actual as this is a triennial measure with the next survey to be undertaken in 2016-17.
- There is no 2015-16 Target/Estimate, 2015-16 Estimated Actual nor 2016-17 Target/Estimate as this is a triennial measure with the next survey to be undertaken in 2017-18.
- There is no 2015-16 Target/Estimate nor 2015-16 Estimated Actual as this is a biennial measure with the next survey to be undertaken in 2016-17.
- Variance between 2015-16 Target/Estimate and 2015-16 Estimated Actual is primarily due to increasing flexible private market conditions and less demand for housing in resource communities. Variance between the 2015-16 and 2016-17 Target/Estimate reflects a slow and gradual increase in tenant initiated exits to private market housing due to the same factors.
- Variance between 2015-16 and 2016-17 Target/Estimate is due to reduced demand for a number of private housing products including loan products. Competitively low interest rates from financial institutions in the home loan market over previous years have influenced a decreased demand for these loan products.
- This is a new service standard demonstrating the effectiveness of homelessness services for clients who requested assistance due to domestic and family violence. The methodology is the number of homelessness services clients with closed support periods who received assistance due to domestic and family violence, divided by the number of homelessness services clients with closed support periods who at presentation requested assistance relating to domestic and family violence.
- Variance between 2015-16 Target/Estimate and 2015-16 Estimated Actual is due to the management of under-occupancy being reassessed as part of the Fairness Review. This resulted in a deferral of under-occupancy reviews during 2015-16, where active management actions were not implemented, resulting in a marginal increase in under-occupancy. The Fairness Review and a broader strategy to manage under-occupancy more effectively will be implemented in 2016-17.
- This is a new service standard demonstrating effective facility utilisation by aligning and providing housing stock that matches the greatest demand of people requiring social rental housing. The methodology is the number of government-owned and managed social rental housing dwellings matching current highest demand as at the end of the financial year, divided by the total number of government-owned social rental housing dwellings as at end of financial year.
- Variance between the 2015-16 Target/Estimate and 2015-16 Estimated Actual is due to a decrease of 5.1 per cent in the number of households assisted while total expenditure has increased by 1.6 per cent. Variance between 2015-16 Estimated Actual and 2016-17 Target/Estimate is due to an increase of 2.0 per cent in the number of households assisted while total expenditure has increased by 1.2 per cent.

# Government Accommodation and Building Policy Services

## Service area objective

To deliver the best possible accommodation solutions for government in terms of office space and employee housing to ensure agencies can deliver essential government services to the community; to engage and strengthen relationships with the building construction industry and provide effective and efficient Queensland building and plumbing policy and legislation.

## Service area description

Government Accommodation and Building Policy Services delivers the Queensland Government's office accommodation and employee housing portfolio and manages significant building and property initiatives. Services include developing and advising on building and plumbing legislation, codes, building policy, research, standards, design and building industry engagement in Queensland. Services also include strategic asset management of an owned accommodation portfolio of approximately 200 buildings, ranging from large office blocks, particularly in regional centres, to non-office properties, such as heritage buildings, theatres, convention centres, cultural facilities, industrial properties and bridges. Government Accommodation and Building Policy Services provides planning, strategy and policy development, leasing and tenancy management, and maintenance management across owned and leased portfolios.

## 2016-17 service area highlights

In 2016-17, Government Accommodation and Building Policy Services will support Government and departmental commitments and priorities by:

- developing policy options for government on addressing security of payment for subcontractors following consultation with industry
- implementing reforms to the Home Warranty Insurance Scheme in partnership with the Queensland Building and Construction Commission
- delivering the construction program for government employee residences, in line with available funding, particularly in Aboriginal and Torres Strait Islander communities and very remote areas where there is no alternative accommodation and providing a maintenance and upgrade program
- developing and implementing a state-wide leasing agency support arrangement to streamline property inspection and maintenance services at tenant change-over times for government employee housing
- implementing a broader Brisbane CBD and Fringe Area Government Office Accommodation Strategy 2015-2025 including reducing the government office portfolio through vacating expiring leases and consolidating where possible, including transitioning 1 William Street to the leasing portfolio
- strengthening relationships with key building industry stakeholders to ensure the department is recognised as a primary point of contact for industry
- advancing reforms related to new smoke alarms requirements, the review of the *Building Act 1975* and certification, and the review of the *Plumbing and Drainage Act 2002*
- initiating the implementation of new safety standards for smoke alarms in government employee housing
- working with the Australian Government, states and territories, industry and relevant regulators to address issues relating to non-conforming and non-compliant building products
- continuing to manage the responsibilities of the Building and Development Committees to deliver efficient and cost effective dispute resolution services to industry and consumers
- working with other agencies towards achieving green star ratings for government-owned buildings
- providing policy advice to the government and agencies relating to key issues impacting Queensland's built environment including sustainability and health and safety matters.

| Department of Housing and Public Works                                     | Notes | 2015-16 Target/Est.           | 2015-16 Est. Actual           | 2016-17 Target/Est.           |
|--|-------|-------------------------------|-------------------------------|-------------------------------|
| <b>Service area: Government Accommodation and Building Policy Services</b> |       |                               |                               |                               |
| <b>Service standards</b>   |       |                               |                               |                               |
| <i>Effectiveness measures</i>  |       |                               |                               |                               |
| Return on investment:  |       |                               |                               |                               |
| commercial properties included in the office portfolio                     | 1     | ≥6.5%                         | 10.4%                         | ≥6.5%                         |
| government employee housing  | 2     | ≥2.2%                         | 1.8%                          | ≥1.5%                         |
| Vacancy rate:  |       |                               |                               |                               |
| office portfolio   | 3     | ≤4%                           | 2.4%                          | ≤4%                           |
| government employee housing  | 4     | ≤3%                           | 5%                            | ≤5%                           |
| <i>Efficiency measures</i>   |       |                               |                               |                               |
| Work point density:  |       |                               |                               |                               |
| average  | 5     | 13.5m <sup>2</sup> per person | 14.7m <sup>2</sup> per person | 13.5m <sup>2</sup> per person |
| new fitout   |       | 12m <sup>2</sup> per person   | 12.2m <sup>2</sup> per person | 12m <sup>2</sup> per person   |

Notes:

1. Variance between 2015-16 Target/Estimate and 2015-16 Estimated Actual is due to the reduction in value of properties located in the Queen's Wharf Brisbane precinct due to be vacated in 2016 to make way for the Queen's Wharf Development. This reduced value (as the denominator in the percentage calculation) resulted in an increased percentage return.
2. Variance between 2015-16 Target/Estimate and 2015-16 Estimated Actual is due to a decrease in net rent surplus resulting in a lower than expected return on investment. The decrease was a result of several key factors including a highly competitive rental market affecting rent levels, a decline in rent revenue due to increased vacancies and increase in costs incurred for maintenance. The 2016-17 Target/Estimate has been revised based on the estimated actual performance result. Factors affecting this performance are likely to continue through 2016-17.
3. Variance between 2015-16 Target/Estimate and 2015-16 Estimated Actual is due to the movement of agencies with expiring leases into existing vacancies and some new demands for space which were met through existing vacancies. The 2016-17 Target/Estimate is based on accepted industry standards.
4. Variance between the 2015-16 Target/Estimate and the 2015-16 Estimated Actual, and the variance between the 2015-16 Estimated Actual and the 2016-17 Target/Estimate is due to the general downturn in the mining sector that is impacting rental returns and vacancy rates. A large portion of the Government Employee Housing (GEH) portfolio is located in these areas which have seen higher than expected lease surrenders in 2015-16. GEH is continuing to adopt strategies to minimise vacancy rates. The 2016-17 Target/Estimate has been revised based on the estimated actual performance result. Factors affecting this performance are likely to continue through 2016-17.
5. Variance between 2015-16 Target/Estimate and 2015-16 Estimated Actual is due to some underutilisation in existing buildings. Several buildings with particularly low work point density will be relinquished as part of the Queen's Wharf Brisbane development and Brisbane CBD and Fringe Area Government Office Accommodation Strategy 2015-2025. The variance between 2015-16 Estimated Actual and 2016-17 Target/Estimate is expected to be achieved through the implementation of Phase 1 of the Brisbane CBD and Fringe Area Government Office Accommodation Strategy 2015-2025.

## Procurement Services

### Service area objective

To provide expert advisory, enabling and support services to agencies, suppliers and the community in the achievement of procurement outcomes.

### Service area description

Procurement Services manages the Queensland Government's procurement policy and related frameworks. It provides expert advice to stakeholders, and helps enable agencies to achieve their procurement outcomes by sharing procurement information, best practice and innovation; developing whole-of-government frameworks in areas including capability, accreditation and performance; and working with agencies to reduce the cost of doing business with the Queensland Government.

### 2016-17 service area highlights

In 2016-17, Procurement Services will support Queensland Government and departmental commitments and priorities by:

- implementing recommendations from the Interdepartmental Committee Review of Queensland Government Procurement including establishing the Office of the Chief Advisor – Procurement
- supporting Queensland Government departments to deliver quality goods and services to Queenslanders through management of the general goods and services category
- supporting Queensland Government departments in constructing and maintaining Queensland's building infrastructure through management of the building, construction and maintenance category
- increasing opportunities for local suppliers to grow regional economies
- embedding non-price considerations, including social procurement, into government procurement processes to facilitate opportunities for improved outcomes for targeted social groups.

| Department of Housing and Public Works  | Notes | 2015-16 Target/Est. | 2015-16 Est. Actual | 2016-17 Target/Est. |
|---|-------|---------------------|---------------------|---------------------|
| <b>Service area: Procurement Services</b>   |       |                     |                     |                     |
| <b>Service standards</b>  |       |                     |                     |                     |
| <i>Effectiveness measures</i>   |       |                     |                     |                     |
| Overall satisfaction with advice and support provided by the Office of the Chief Advisor – Procurement (internal to government) | 1, 2  | New measure         | New measure         | ..                  |
| Overall satisfaction with advice and support provided by the Office of the Chief Advisor – Procurement (external to government) | 1, 3  | New measure         | New measure         | ..                  |
| <i>Efficiency measures<sup>4</sup></i>  |       |                     |                     |                     |

Notes:

1. A new Office of the Chief Advisor – Procurement will be established by 1 July 2016. The Target/Estimate will be provided in the 2017-18 *Service Delivery Statement* after establishing baseline data in 2016-17.
2. This is a new measure to assess the effectiveness of the Office of the Chief Advisor – Procurement in executing its role of providing advice and support to key government stakeholders.
3. This is a new measure to assess the effectiveness of the Office of the Chief Advisor – Procurement in executing its role providing advice and support to key external stakeholders.
4. An efficiency measure is being developed for this service and will be included in a future *Service Delivery Statement*.

## Discontinued measures

Performance measures included in the 2015-16 *Service Delivery Statements* that have been discontinued or replaced are reported in the following table with estimated actual results.

| Department of Housing and Public Works        | Notes | 2015-16 Target/Est. | 2015-16 Est. Actual | 2016-17 Target/Est.  |
|---|-------|---------------------|---------------------|----------------------|
| <b>Service area: Procurement Services</b>     |       |                     |                     |                      |
| Operating cost as percentage of managed spend | 1, 2  | 0.09%               | 0.097%              | Discontinued measure |

Notes:

1. This service standard has been discontinued due to recommendations of the Interdepartmental Committee Review of Queensland Government Procurement which includes the recommendation to establish the Office of the Chief Advisor – Procurement by 1 July 2016. The new Office of the Chief Advisor – Procurement will not manage procurement spend therefore this measure will be unable to be reported.
2. Variance between the 2015-16 Target/Estimate and the 2015-16 Estimated Actual of 0.007% is largely due to higher than planned operating costs.

## **Administered items**

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

The Department of Housing and Public Works administers funds on behalf of the State which for 2016-17 will include revenue from the collection of fees for the Building and Development Tribunal appeals and for the accreditation of residential service units and retirement villages by Housing Services.

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

# Departmental budget summary

The table below shows the total resources available in 2016-17 from all sources and summarises how resources will be applied by service area and by controlled and administered classifications.

| Department of Housing and Public Works                | 2015-16<br>Adjusted Budget<br>\$'000 | 2015-16<br>Est. Actual<br>\$'000 | 2016-17<br>Budget<br>\$'000 |
|---|--------------------------------------|----------------------------------|-----------------------------|
| <b>CONTROLLED</b>                                     |                                      |                                  |                             |
| <b>Income</b>   |                                      |                                  |                             |
| Appropriation revenue <sup>1</sup>                    |                                      |                                  |                             |
| Deferred from previous year/s                         | 110,415                              | 75,616                           | 116,842                     |
| Balance of service appropriation                      | 569,499                              | 568,766                          | 642,279                     |
| Other revenue   | 1,016,523                            | 1,079,787                        | 1,085,073                   |
| <b>Total income</b>                                   | <b>1,696,437</b>                     | <b>1,724,169</b>                 | <b>1,844,194</b>            |
| <b>Expenses</b>                                       |                                      |                                  |                             |
| Housing Services                                      | 1,109,972                            | 1,078,544                        | 1,150,963                   |
| Government Accommodation and Building Policy Services | 626,103                              | 668,083                          | 843,859                     |
| Procurement Services                                  | 13,855                               | 16,258                           | 14,791                      |
| Corporate Services <sup>2</sup>                       | 46,375                               | 34,244                           | 34,680                      |
| Eliminations <sup>3</sup>                             | (19,023)                             | (20,649)                         | (75,793)                    |
| <b>Total expenses</b>                                 | <b>1,777,282</b>                     | <b>1,774,954</b>                 | <b>1,968,500</b>            |
| <b>Operating surplus/deficit</b>                      | <b>(80,845)</b>                      | <b>(50,785)</b>                  | <b>(124,306)</b>            |
| <b>Net assets</b>                                     | <b>17,926,964</b>                    | <b>17,857,265</b>                | <b>17,865,652</b>           |
| <b>ADMINISTERED</b>                                   |                                      |                                  |                             |
| <b>Revenue</b>  |                                      |                                  |                             |
| Commonwealth revenue                                  | ..                                   | ..                               | ..                          |
| Appropriation revenue                                 | 3,468                                | 3,338                            | 3,553                       |
| Other administered revenue                            | 89                                   | 114                              | 114                         |
| <b>Total revenue</b>                                  | <b>3,557</b>                         | <b>3,452</b>                     | <b>3,667</b>                |
| <b>Expenses</b>                                       |                                      |                                  |                             |
| Transfers to government                               | 89                                   | 111                              | 114                         |
| Administered expenses                                 | 3,468                                | 3,338                            | 3,553                       |
| <b>Total expenses</b>                                 | <b>3,557</b>                         | <b>3,449</b>                     | <b>3,667</b>                |
| <b>Net assets</b>                                     | <b>..</b>                            | <b>..</b>                        | <b>..</b>                   |

Notes:

1. Appropriation revenue includes State and Commonwealth funding.
2. Corporate Services costs have been allocated to services. The amounts shown in the above table for corporate service costs mainly represent recoveries from the commercialised business units.
3. Eliminations are costs that represent internal trading transactions within the departmental entity such as rent that is charged by the accommodation office to the services shown. The services expenditure represents the gross cost before eliminations. The increase in eliminations from 2015-16 Estimated actual and 2016-17 Budget mainly represents the reallocation of the Corporate Services budget from Housing Services to Public Works.

## Service area sources of revenue<sup>1, 2</sup>

| Sources of revenue<br>2016-17 Budget                  |                      |                              |                                 |                            |                         |
|---|----------------------|------------------------------|---------------------------------|----------------------------|-------------------------|
| Department of Housing and Public Works                | Total cost<br>\$'000 | State contribution<br>\$'000 | User charges and fees<br>\$'000 | C'wealth revenue<br>\$'000 | Other revenue<br>\$'000 |
| Housing Services                                      | 1,150,963            | 224,389                      | 430,437                         | 388,320                    | 11,108                  |
| Government Accommodation and Building Policy Services | 843,859              | 132,121                      | 668,498                         | ..                         | 15,643                  |
| Procurement Services                                  | 14,791               | 14,291                       | 500                             | ..                         | ..                      |
| <b>Total</b>  | <b>2,009,613</b>     | <b>370,801</b>               | <b>1,099,435</b>                | <b>388,320</b>             | <b>26,751</b>           |

Notes:

1. Explanations of variances are provided in the financial statements.
2. The total of the sources of revenue columns does not equal the total income in the departmental financial statements because transactions have been eliminated on consolidation in the departmental financial statements. These eliminations relate to rent on accommodation and corporate services. In addition, there are corporate services provided to the business units and the revenues and costs associated with these services are not included in the above service summary.



## Budget measures summary

This table shows a summary of budget measures relating to the department since the 2015-16 State Budget. Further details are contained in *Budget Paper 4*.

| Department of Housing and Public Works | 2015-16<br>\$'000 | 2016-17<br>\$'000 | 2017-18<br>\$'000 | 2018-19<br>\$'000 | 2019-20<br>\$'000 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Revenue measures</b>                |                   |                   |                   |                   |                   |
| Administered                           | ..                | ..                | ..                | ..                | ..                |
| Departmental                           | ..                | ..                | ..                | ..                | ..                |
| <b>Expense measures</b>                |                   |                   |                   |                   |                   |
| Administered                           | ..                | ..                | ..                | ..                | ..                |
| Departmental <sup>1</sup>              | ..                | 24,739            | 20,916            | 19,765            | 20,230            |
| <b>Capital measures</b>                |                   |                   |                   |                   |                   |
| Administered                           | ..                | ..                | ..                | ..                | ..                |
| Departmental                           | 11,521            | 4,200             | ..                | ..                | ..                |

Note:

- Figures reconcile with *Budget Paper 4*, including the whole-of-government expense measures 'Brisbane CBD government office agency rental impacts' and 'Reprioritisation allocations'.

## Departmental capital program

The department's total capital expenditure program for 2016-17 is \$383.4 million. In addition to this expenditure, the department provides funding for capital grants which are detailed in *Budget Paper 3*.

Program highlights include:

### Housing Services

- \$209.1 million for social housing to purchase 111 land lots, commence construction of 277 rental units, complete construction of 368 rental units, purchase 12 rental units and upgrade existing social housing.
- \$112 million for social housing in Aboriginal and Torres Strait Islander communities (including \$95.3 million funding through the National Partnership on Remote Housing) to commence construction of 233 rental units, complete construction of 140 rental units and upgrade existing social housing.
- \$12.8 million in Townsville (\$7.8 million) to complete construction of a facility (52 rental units) to support people from Aboriginal and Torres Strait Islander communities pursuing employment, education and training opportunities, and (\$5 million) to commence construction of a facility (40 rental units) to provide specialist supported accommodation for rough sleepers.
- \$4.2 million to provide shelters for women and children escaping domestic and family violence in Charters Towers and in a rural or remote location.

### Public Works

- \$33.4 million for the provision of Government Employee Housing. This includes \$23.4 million to provide 37 units of accommodation to support the attraction and retention of government employees in locations of high need where there is no alternative accommodation and \$10 million to undertake upgrades of existing residences to improve the quality of Government employee housing critical to attracting and retaining skilled employees in rural and remote Queensland.

## Capital budget

| Department of Housing and Public Works   | Notes | 2015-16 Adj. Budget \$'000 | 2015-16 Est. Actual \$'000 | 2016-17 Budget \$'000 |
|--|-------|----------------------------|----------------------------|-----------------------|
| <b>Capital purchases<sup>1</sup></b>     |       |                            |                            |                       |
| Total land, buildings and infrastructure | 2, 4  | 365,496                    | 337,292                    | 380,974               |
| Total plant and equipment                |       | 2,837                      | 2,805                      | 2,435                 |
| Total other capital                      | 3, 5  | ..                         | 1,238                      | ..                    |
| <b>Total capital purchases</b>           |       | <b>368,333</b>             | <b>341,335</b>             | <b>383,409</b>        |

Notes:

1. For more detail on the department's capital acquisitions please refer to *Budget Paper 3*.
2. The decrease from 2015-16 Budget to 2015-16 Estimated Actual is mainly due to net deferrals from 2015-16 to 2016-17 and outyears for National Partnership on Remote Housing program as a result of delays in commencing projects and the transfer of funding for various building projects from capital to operating expenditure due to the reclassification of items following a review of expenditure incurred. This is partially offset by an increase in funding for the delivery of two 72 Hour Crisis Shelters in Brisbane and Townsville and a transfer from capital grants for Rural and Remote program to fund upgrades for modular extensions on 40 year lease properties.
3. The increase from the 2015-16 Budget to 2015-16 Estimated Actual relates to the capital spend for Housing service centre fitout modification.
4. The increase from the 2015-16 Estimated Actual to 2016-17 Budget is mainly due to the net increases in expenditure for National Partnership on Remote Housing program, and an increase in expenditure for the Housing Services Turnkey Initiative and government employee housing.
5. The decrease from 2015-16 Estimated Actual to the 2016-17 Budget is due to the completion in 2015-16 of capital works of Housing service centre fitout modification.

## Staffing<sup>1, 2</sup>

| Department of Housing and Public Works                | Notes | 2015-16 Adj. Budget | 2015-16 Est. Actual | 2016-17 Budget |
|---|-------|---------------------|---------------------|----------------|
| Housing Services                                      | 3, 4  | 1,273               | 1,367               | 1,342          |
| Government Accommodation and Building Policy Services |       | 222                 | 217                 | 222            |
| Procurement Services                                  | 5, 6  | 70                  | 59                  | 70             |
| <b>TOTAL</b>  |       | <b>1,565</b>        | <b>1,643</b>        | <b>1,634</b>   |

### Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Corporate FTEs are allocated across the service to which they relate.
3. Variance between the 2015-16 Adjusted Budget and 2015-16 Estimated Actual is due to a delay in the operating model for Woodridge Housing Service Centre and implementation of various high demand programs.
4. Variance between 2015-16 Estimated Actual and 2016-17 Budget is mainly due to the changed operating model for Woodridge Housing Service Centre in 2016-17, partly offset by new positions in relation to: establishment of High Risk Teams as part of an Integrated Response to domestic and family violence; resolution of outstanding Aboriginal and Torres Strait Islander land entitlements under the *Aboriginal and Torres Strait Islander Land Holding Act 2013*; and the Future of Property and Tenancy System project.
5. Variance between the 2015-16 Adjusted Budget and 2015-16 Estimated Actual is due to vacant roles not yet filled following structural changes from implementation of Interdepartmental Committee review of Queensland Government Procurement.
6. Variance between the 2015-16 Estimated Actual and 2016-17 Budget is due to filling vacant roles.

# Budgeted financial statements

## Analysis of budgeted financial statements

An analysis of the department's financial position, as reflected in the department's financial statements, is provided below. The information provided in this section is for the departmental reporting entity only, which excludes the commercialised business units which are separate reporting entities.

## Departmental income statement

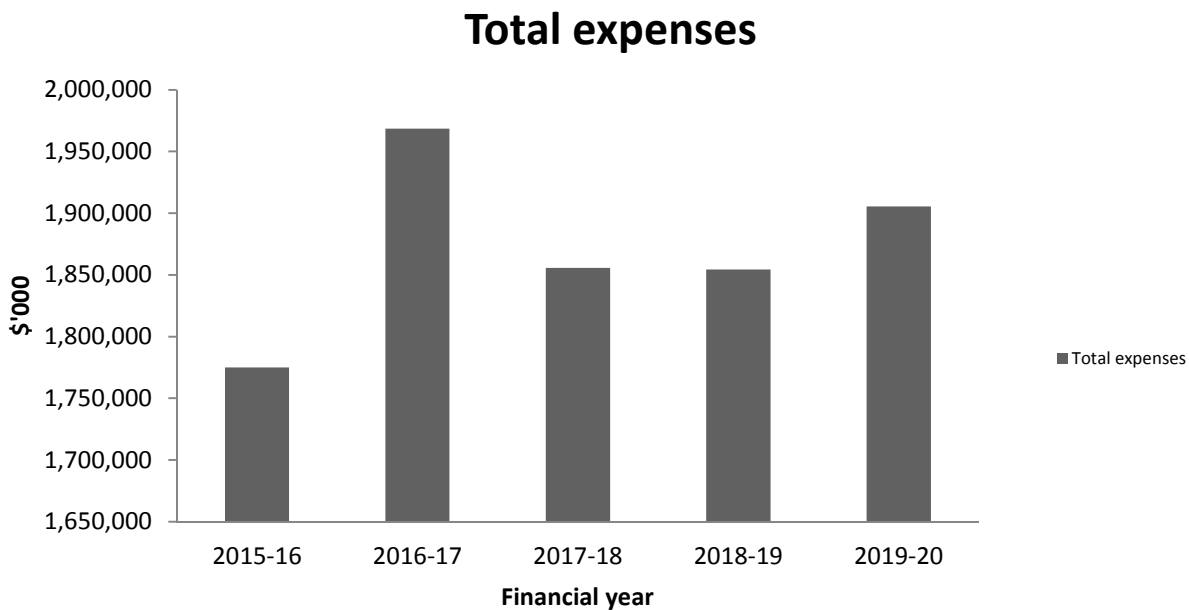
Total expenses are estimated to be \$1.969 billion in 2016-17, an increase of \$193.5 million from the estimated 2015-16 financial year. The increase in expenditure is mainly due to occupancy costs associated with 1 William Street Brisbane including accommodation for Queens Wharf Brisbane Precinct buildings, additional expenditure in the office accommodation program and government employee housing maintenance program, the net increases from deferrals of grants for various housing programs including work in remote Aboriginal and Torres Strait Islander communities, net increases from deferrals for outsourced service delivery expenditure and increased maintenance for social housing.

Over the forward estimate period:

- The decrease in expenditure from 2016-17 to 2017-18 of \$113 million is mainly due to the finalisation in 2016-17 of the long term housing program, planned reductions in 2017-18 for the National Partnership on Remote Housing Infrastructure program, Indigenous Rural and Remote capital grants program, National Partnership Agreement on Homelessness program, and increased planned expenditure in 2016-17 for the office accommodation program and maintenance for commercial buildings and government employee housing properties. These decreases are partially offset by an increase in 2017-18 for new housing and housing upgrades for dwellings owned by Indigenous councils under the Deed of Grants in Trust program.
- The decrease in expenditure from 2017-18 to 2018-19 of \$1.1 million is mainly due to finalisation in 2017-18 of the National Partnership on Remote Housing, Indigenous Community Housing Organisations program and Indigenous Rural and Remote capital grants for construction of properties for Aboriginal and Torres Strait Islander people throughout the state and lower government employee housing maintenance costs partially offset by an increase in maintenance costs for social housing and an increase for council rates and water charges.
- The increase in expenditure from 2018-19 to 2019-20 of \$51 million is mainly due to occupancy costs associated with 1 William Street Brisbane including alternate accommodation for Queens Wharf Brisbane Precinct buildings, an increase for council rates and water charges, an increase in maintenance costs for social housing and indexation increases in 2019-20 expenditure for homelessness programs expenditure.

The operating position for the department for 2016-17 is an estimated deficit of \$124.3 million. This is mainly due to the net contribution from the rent revenue for social housing after funding rates and maintenance costs being insufficient to meet the full depreciation cost for the social housing portfolio assets and expenditure on government employee housing maintenance funded from cash reserves.

Chart: Total departmental expenses across the Forward Estimates period



## Departmental balance sheet

The department's major assets estimated as at 30 June 2017 are in land (\$9.205 billion) and in commercial and residential buildings (\$7.407 billion). Over the next three years the net book value of land is expected to decrease by 1.6% and the net book value of buildings is expected to increase by 0.2% mainly as a result of capital expenditure on buildings being greater than the accumulated depreciation on buildings. There is no assumption around the impact of inflation on land and building values.

The department's major liabilities estimated as at 30 June 2017 relate to interest-bearing liabilities and derivatives (\$426 million) and payables (\$135.7 million) and liabilities overall are estimated to decrease by \$73 million (or 9.8%) by 2019-20, mainly due to scheduled repayments on interest-bearing liabilities.

Interest-bearing liabilities and derivatives relate to Australian Government and Queensland Treasury Corporation borrowings as well as finance leases mainly relating to properties leased under 40 Year Lease Agreements from Indigenous councils as part of the National Partnership on Remote Housing program.

# Controlled income statement

| Department of Housing and Public Works | Notes         | 2015-16<br>Adjusted<br>Budget<br>\$'000 | 2015-16<br>Est. Act.<br>\$'000 | 2016-17<br>Budget<br>\$'000 |
|--|---------------|---|--------------------------------|-----------------------------|
| <b>INCOME</b>                          |               |   |                                |                             |
| Appropriation revenue                  | 1,5,9         | 679,914                                 | 644,382                        | 759,121                     |
| Taxes                                  |               | ..                                      | ..                             | ..                          |
| User charges and fees                  | 6             | 989,512                                 | 1,024,861                      | 1,058,322                   |
| Royalties and land rents               |               | 100                                     | 100                            | 100                         |
| Grants and other contributions         |               | 5,716                                   | 5,766                          | ..                          |
| Interest                               |               | 2,770                                   | 2,741                          | 2,754                       |
| Other revenue                          | 2,10          | 14,727                                  | 42,635                         | 20,170                      |
| Gains on sale/revaluation of assets    |               | 3,698                                   | 3,684                          | 3,727                       |
| <b>Total income</b>                    |               | <b>1,696,437</b>                        | <b>1,724,169</b>               | <b>1,844,194</b>            |
| <b>EXPENSES</b>                        |               |   |                                |                             |
| Employee expenses                      |               | 185,083                                 | 188,954                        | 193,070                     |
| Supplies and services                  | 7,11          | 1,198,193                               | 1,215,569                      | 1,377,679                   |
| Grants and subsidies                   | 3,12          | 153,367                                 | 108,939                        | 143,812                     |
| Depreciation and amortisation          |               | 201,488                                 | 216,010                        | 210,761                     |
| Finance/borrowing costs                |               | 21,241                                  | 21,767                         | 20,953                      |
| Other expenses                         |               | 12,562                                  | 18,151                         | 17,348                      |
| Losses on sale/revaluation of assets   |               | 5,348                                   | 5,564                          | 4,877                       |
| <b>Total expenses</b>                  |               | <b>1,777,282</b>                        | <b>1,774,954</b>               | <b>1,968,500</b>            |
| <b>OPERATING SURPLUS/(DEFICIT)</b>     | <b>4,8,13</b> | <b>(80,845)</b>                         | <b>(50,785)</b>                | <b>(124,306)</b>            |

# Controlled balance sheet

| Department of Housing and Public Works       | Notes    | 2015-16<br>Budget<br>\$'000 | 2015-16<br>Est. Act.<br>\$'000 | 2016-17<br>Budget<br>\$'000 |
|--|----------|-----------------------------|--------------------------------|-----------------------------|
| <b>CURRENT ASSETS</b>                        |          |                             |                                |                             |
| Cash assets                                  | 14,19,24 | 202,356                     | 174,727                        | 140,946                     |
| Receivables                                  |          | 102,130                     | 109,850                        | 104,947                     |
| Other financial assets                       |          | 4,000                       | 4,000                          | 4,000                       |
| Inventories                                  |          | 1,024                       | 231                            | 187                         |
| Other  | 15,20    | 41,791                      | 59,259                         | 65,958                      |
| Non-financial assets held for sale           | 16,25    | 24,676                      | 60,138                         | 31,503                      |
| <b>Total current assets</b>                  |          | <b>375,977</b>              | <b>408,205</b>                 | <b>347,541</b>              |
| <b>NON-CURRENT ASSETS</b>                    |          |                             |                                |                             |
| Receivables                                  | 17,21,26 | 83,655                      | 74,613                         | 119,930                     |
| Other financial assets                       |          | 184,833                     | 183,089                        | 180,589                     |
| Property, plant and equipment                |          | 17,935,943                  | 17,840,442                     | 17,964,025                  |
| Intangibles                                  |          | 1,797                       | 2,366                          | 988                         |
| Other  |          | ..                          | ..                             | ..                          |
| <b>Total non-current assets</b>              |          | <b>18,206,228</b>           | <b>18,100,510</b>              | <b>18,265,532</b>           |
| <b>TOTAL ASSETS</b>                          |          | <b>18,582,205</b>           | <b>18,508,715</b>              | <b>18,613,073</b>           |
| <b>CURRENT LIABILITIES</b>                   |          |                             |                                |                             |
| Payables                                     |          | 136,376                     | 130,216                        | 131,713                     |
| Accrued employee benefits                    |          | 5,402                       | 5,520                          | 5,667                       |
| Interest bearing liabilities and derivatives |          | 21,280                      | 19,273                         | 17,597                      |
| Provisions                                   |          | ..                          | ..                             | ..                          |
| Other  |          | 25,457                      | 27,598                         | 27,573                      |
| <b>Total current liabilities</b>             |          | <b>188,515</b>              | <b>182,607</b>                 | <b>182,550</b>              |
| <b>NON-CURRENT LIABILITIES</b>               |          |                             |                                |                             |
| Payables                                     |          | 4,916                       | 5,406                          | 3,967                       |
| Accrued employee benefits                    |          | ..                          | ..                             | ..                          |
| Interest bearing liabilities and derivatives | 22       | 461,200                     | 431,419                        | 408,365                     |
| Provisions                                   |          | ..                          | ..                             | ..                          |
| Other  | 18,23,27 | 610                         | 32,018                         | 152,539                     |
| <b>Total non-current liabilities</b>         |          | <b>466,726</b>              | <b>468,843</b>                 | <b>564,871</b>              |
| <b>TOTAL LIABILITIES</b>                     |          | <b>655,241</b>              | <b>651,450</b>                 | <b>747,421</b>              |
| <b>NET ASSETS/(LIABILITIES)</b>              |          | <b>17,926,964</b>           | <b>17,857,265</b>              | <b>17,865,652</b>           |
| <b>EQUITY</b>                                |          |                             |                                |                             |
| <b>TOTAL EQUITY</b>                          |          | <b>17,926,964</b>           | <b>17,857,265</b>              | <b>17,865,652</b>           |

# Controlled cash flow statement

| Department of Housing and Public Works                      | Notes    | 2015-16<br>Adjusted<br>Budget<br>\$'000 | 2015-16<br>Est. Act.<br>\$'000 | 2016-17<br>Budget<br>\$'000 |
|---|----------|---|--------------------------------|-----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |          |   |                                |                             |
| <b>Inflows:</b>   |          |   |                                |                             |
| Appropriation receipts                                      | 28,34,42 | 679,914                                 | 600,213                        | 757,704                     |
| User charges and fees                                       | 35,43    | 1,041,702                               | 1,085,203                      | 1,236,134                   |
| Royalties and land rent receipts                            |          | 100                                     | 100                            | 100                         |
| Grants and other contributions                              |          | 5,716                                   | 5,766                          | ..                          |
| Interest received   |          | 2,770                                   | 2,741                          | 2,754                       |
| Taxes   |          | ..                                      | ..                             | ..                          |
| Other   | 29,36    | 303,344                                 | 170,639                        | 182,433                     |
| <b>Outflows:</b>  |          |   |                                |                             |
| Employee costs  |          | (185,014)                               | (189,089)                      | (193,090)                   |
| Supplies and services                                       | 37,44    | (1,296,557)                             | (1,294,412)                    | (1,472,163)                 |
| Grants and subsidies  | 30,45    | (153,367)                               | (108,819)                      | (143,812)                   |
| Borrowing costs   |          | (21,241)                                | (21,767)                       | (20,953)                    |
| Other   | 31,38    | (261,964)                               | (146,339)                      | (147,736)                   |
| <b>Net cash provided by or used in operating activities</b> |          | <b>115,403</b>                          | <b>104,236</b>                 | <b>201,371</b>              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                 |          |   |                                |                             |
| <b>Inflows:</b>   |          |   |                                |                             |
| Sales of non-financial assets                               | 32,39,46 | 128,494                                 | 106,890                        | 156,909                     |
| Investments redeemed  |          | 4,500                                   | 6,500                          | 4,000                       |
| Loans and advances redeemed                                 |          | 33,145                                  | 31,157                         | 33,357                      |
| <b>Outflows:</b>  |          |   |                                |                             |
| Payments for non-financial assets                           | 47       | (367,739)                               | (340,741)                      | (382,890)                   |
| Payments for investments                                    |          | (1,200)                                 | (1,200)                        | (1,500)                     |
| Loans and advances made                                     |          | (37,181)                                | (29,231)                       | (30,748)                    |
| <b>Net cash provided by or used in investing activities</b> |          | <b>(239,981)</b>                        | <b>(226,625)</b>               | <b>(220,872)</b>            |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |          |   |                                |                             |
| <b>Inflows:</b>   |          |   |                                |                             |
| Borrowings  |          | ..                                      | ..                             | ..                          |
| Equity injections   | 33,40,48 | 270,195                                 | 143,457                        | 214,827                     |
| <b>Outflows:</b>  |          |   |                                |                             |
| Borrowing redemptions                                       |          | (16,084)                                | (16,084)                       | (16,456)                    |
| Finance lease payments                                      |          | (6,493)                                 | (6,493)                        | (8,186)                     |
| Equity withdrawals  | 41,49    | (83,353)                                | (88,930)                       | (204,465)                   |
| <b>Net cash provided by or used in financing activities</b> |          | <b>164,265</b>                          | <b>31,950</b>                  | <b>(14,280)</b>             |
| <b>Net increase/(decrease) in cash held</b>                 |          | <b>39,687</b>                           | <b>(90,439)</b>                | <b>(33,781)</b>             |
| <b>Cash at the beginning of financial year</b>              |          | <b>162,669</b>                          | <b>265,166</b>                 | <b>174,727</b>              |
| Cash transfers from restructure                             |          | ..                                      | ..                             | ..                          |
| <b>Cash at the end of financial year</b>                    |          | <b>202,356</b>                          | <b>174,727</b>                 | <b>140,946</b>              |



# Administered income statement

| Department of Housing and Public Works          | Notes | 2015-16<br>Budget<br>\$'000 | 2015-16<br>Est. Act.<br>\$'000 | 2016-17<br>Budget<br>\$'000 |
|---|-------|-----------------------------|--------------------------------|-----------------------------|
| <b>INCOME</b>                                   |       |                             |                                |                             |
| Appropriation revenue                           |       | 3,468                       | 3,338                          | 3,553                       |
| Taxes   |       | ..                          | ..                             | ..                          |
| User charges and fees                           |       | 89                          | 114                            | 114                         |
| Royalties and land rents                        |       | ..                          | ..                             | ..                          |
| Grants and other contributions                  |       | ..                          | ..                             | ..                          |
| Interest  |       | ..                          | ..                             | ..                          |
| Other revenue                                   |       | ..                          | ..                             | ..                          |
| Gains on sale/revaluation of assets             |       | ..                          | ..                             | ..                          |
| <b>Total income</b>                             |       | <b>3,557</b>                | <b>3,452</b>                   | <b>3,667</b>                |
| <b>EXPENSES</b>                                 |       |                             |                                |                             |
| Employee expenses                               |       | ..                          | ..                             | ..                          |
| Supplies and services                           |       | 3,468                       | 3,338                          | 3,553                       |
| Grants and subsidies                            |       | ..                          | ..                             | ..                          |
| Depreciation and amortisation                   |       | ..                          | ..                             | ..                          |
| Finance/borrowing costs                         |       | ..                          | ..                             | ..                          |
| Other expenses                                  |       | ..                          | ..                             | ..                          |
| Losses on sale/revaluation of assets            |       | ..                          | ..                             | ..                          |
| Transfers of Administered Revenue to Government |       | 89                          | 111                            | 114                         |
| <b>Total expenses</b>                           |       | <b>3,557</b>                | <b>3,449</b>                   | <b>3,667</b>                |
| <b>OPERATING SURPLUS/(DEFICIT)</b>              |       | <b>..</b>                   | <b>3</b>                       | <b>..</b>                   |

# Administered balance sheet

| Department of Housing and Public Works       | Notes | 2015-16<br>Budget<br>\$'000 | 2015-16<br>Est. Act.<br>\$'000 | 2016-17<br>Budget<br>\$'000 |
|--|-------|-----------------------------|--------------------------------|-----------------------------|
| <b>CURRENT ASSETS</b>                        |       |                             |                                |                             |
| Cash assets                                  |       | ..                          | ..                             | ..                          |
| Receivables                                  |       | ..                          | ..                             | ..                          |
| Other financial assets                       |       | ..                          | ..                             | ..                          |
| Inventories                                  |       | ..                          | ..                             | ..                          |
| Other  |       | ..                          | ..                             | ..                          |
| Non-financial assets held for sale           |       | ..                          | ..                             | ..                          |
| <b>Total current assets</b>                  |       | ..                          | ..                             | ..                          |
| <b>NON-CURRENT ASSETS</b>                    |       |                             |                                |                             |
| Receivables                                  |       | ..                          | ..                             | ..                          |
| Other financial assets                       |       | ..                          | ..                             | ..                          |
| Property, plant and equipment                |       | ..                          | ..                             | ..                          |
| Intangibles                                  |       | ..                          | ..                             | ..                          |
| Other  |       | ..                          | ..                             | ..                          |
| <b>Total non-current assets</b>              |       | ..                          | ..                             | ..                          |
| <b>TOTAL ASSETS</b>                          |       | ..                          | ..                             | ..                          |
| <b>CURRENT LIABILITIES</b>                   |       |                             |                                |                             |
| Payables                                     |       | ..                          | ..                             | ..                          |
| Transfers to Government payable              |       | ..                          | ..                             | ..                          |
| Accrued employee benefits                    |       | ..                          | ..                             | ..                          |
| Interest bearing liabilities and derivatives |       | ..                          | ..                             | ..                          |
| Provisions                                   |       | ..                          | ..                             | ..                          |
| Other  |       | ..                          | ..                             | ..                          |
| <b>Total current liabilities</b>             |       | ..                          | ..                             | ..                          |
| <b>NON-CURRENT LIABILITIES</b>               |       |                             |                                |                             |
| Payables                                     |       | ..                          | ..                             | ..                          |
| Accrued employee benefits                    |       | ..                          | ..                             | ..                          |
| Interest bearing liabilities and derivatives |       | ..                          | ..                             | ..                          |
| Provisions                                   |       | ..                          | ..                             | ..                          |
| Other  |       | ..                          | ..                             | ..                          |
| <b>Total non-current liabilities</b>         |       | ..                          | ..                             | ..                          |
| <b>TOTAL LIABILITIES</b>                     |       | ..                          | ..                             | ..                          |
| <b>NET ASSETS/(LIABILITIES)</b>              |       | ..                          | ..                             | ..                          |
| <b>EQUITY</b>                                |       |                             |                                |                             |
| <b>TOTAL EQUITY</b>                          |       | ..                          | ..                             | ..                          |

# Administered cash flow statement

| Department of Housing and Public Works                      | Notes | 2015-16<br>Budget<br>\$'000 | 2015-16<br>Est. Act.<br>\$'000 | 2016-17<br>Budget<br>\$'000 |
|---|-------|-----------------------------|--------------------------------|-----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |       |                             |                                |                             |
| <b>Inflows:</b>   |       |                             |                                |                             |
| Appropriation receipts                                      |       | 3,468                       | 3,457                          | 3,553                       |
| User charges and fees                                       |       | 89                          | 114                            | 114                         |
| Royalties and land rent receipts                            |       | ..                          | ..                             | ..                          |
| Grants and other contributions                              |       | ..                          | ..                             | ..                          |
| Interest received   |       | ..                          | ..                             | ..                          |
| Taxes   |       | ..                          | ..                             | ..                          |
| Other   |       | ..                          | 11                             | ..                          |
| <b>Outflows:</b>  |       |                             |                                |                             |
| Employee costs  |       | ..                          | ..                             | ..                          |
| Supplies and services                                       |       | (3,468)                     | (3,561)                        | (3,553)                     |
| Grants and subsidies  |       | ..                          | ..                             | ..                          |
| Borrowing costs   |       | ..                          | ..                             | ..                          |
| Other   |       | ..                          | ..                             | ..                          |
| Transfers to Government                                     |       | (89)                        | (87)                           | (114)                       |
| <b>Net cash provided by or used in operating activities</b> |       | <b>..</b>                   | <b>(66)</b>                    | <b>..</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                                    |       | ..                          | ..                             | ..                          |
| Loans and advances made                                     |       | ..                          | ..                             | ..                          |
| <b>Net cash provided by or used in investing activities</b> |       | <b>..</b>                   | <b>..</b>                      | <b>..</b>                   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |       |                             |                                |                             |
| <b>Inflows:</b>   |       |                             |                                |                             |
| Borrowings  |       | ..                          | ..                             | ..                          |
| Equity injections   |       | ..                          | ..                             | ..                          |
| <b>Outflows:</b>  |       |                             |                                |                             |
| Borrowing redemptions                                       |       | ..                          | ..                             | ..                          |
| Finance lease payments                                      |       | ..                          | ..                             | ..                          |
| Equity withdrawals  |       | ..                          | (1,002)                        | ..                          |
| <b>Net cash provided by or used in financing activities</b> |       | <b>..</b>                   | <b>(1,002)</b>                 | <b>..</b>                   |
| <b>Net increase/(decrease) in cash held</b>                 |       | <b>..</b>                   | <b>(1,068)</b>                 | <b>..</b>                   |
| <b>Cash at the beginning of financial year</b>              |       | <b>..</b>                   | <b>1,068</b>                   | <b>..</b>                   |
| Cash transfers from restructure                             |       | ..                          | ..                             | ..                          |
| <b>Cash at the end of financial year</b>                    |       | <b>..</b>                   | <b>..</b>                      | <b>..</b>                   |

# Explanation of variances in the financial statements

## Income statement

### Major variations between 2015-16 Adjusted Budget and 2015-16 Estimated Actual include:

1. The decrease in appropriation revenue is mainly due to the net deferral of funds from 2015-16 to 2016-17 and outyears for various housing programs including National Partnership Agreement on Remote Indigenous Housing program for infrastructure, maintenance and tenancy management for people from remote communities and National Partnership Agreement on Homelessness and the office accommodation program.
2. The increase in other revenue is mainly due to a one off accounting restatement of the lease liability as a result of the introduction of statutory rates charges for 40 year lease council properties and the receipt of proceeds in settlement of contractual arrangements from the prior sale of caravan parks.
3. The decrease in grants and subsidies is mainly due to the net deferral from 2015-16 to 2016-17 and outyears for various housing programs including National Partnership Agreement on Remote Indigenous Housing capital grants mainly Aboriginal and Torres Strait Islander land infrastructure development, Indigenous Community Housing Organisation capital grants and long term housing program.
4. The improvement in the operating deficit is mainly due to the one-off accounting restatement of the lease liability as a result of the introduction of statutory rates charges for 40 year lease council properties, the receipt of proceeds in settlement of contractual arrangements from the prior sale of caravan parks and the net deferral of the Indigenous Community Housing Organisation grant expenditure from 2015-16 to 2016-17 and 2017-18. These improvements are partially offset by expenditure on government employee housing maintenance funded from cash reserves and maintenance expenditure deferred from 2014-15 funded in prior years.

### Major variations between 2015-16 Adjusted Budget and 2016-17 Budget include:

5. The increase in appropriation revenue is mainly due to additional funding required to supplement rental costs associated with the redevelopment of the Queens Wharf Brisbane precinct and occupancy in 1 William Street Brisbane and the net deferral of funds from 2015-16 to 2016-17 and outyears for various housing programs including National Partnership Agreement on Remote Indigenous Housing program for infrastructure, maintenance and tenancy management for people from remote communities and National Partnership Agreement on Homelessness and the office accommodation program.
6. The increase in user charges is mainly due to higher accommodation charges and forecast increased rent revenue for social housing.
7. The increase in supplies and services is mainly due to occupancy costs associated with 1 William Street Brisbane including alternate accommodation for Queens Wharf Brisbane Precinct buildings, the deferral of office accommodation program expenditure from 2015-16 to 2016-17, additional maintenance programs for residential and non-residential buildings and increases in housing rates, maintenance and outsourced service delivery.
8. The increase in the operating deficit is mainly due to additional expenditure on government employee housing backlog maintenance funded from cash reserves, maintenance funded from prior year retained surpluses and a net deferral of capital grants from 2015-16 to 2016-17 for the Indigenous Community Housing Organisation program.

### Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:

9. The increase in appropriation revenue is mainly due to additional funding required to supplement rental costs associated with the redevelopment of the Queens Wharf Brisbane precinct and occupancy in 1 William Street Brisbane and the net deferral of funds from 2015-16 to 2016-17 and out-years for various housing programs including National Partnership Agreement on Remote Indigenous Housing program for infrastructure, maintenance and tenancy management for people from remote communities, National Partnership Agreement on Homelessness and long term housing program and the office accommodation program. These increases are partially offset by decreases in 2016-17 for various housing programs including National Partnership on Remote Housing program for infrastructure, maintenance and tenancy management for people from remote communities and State matching funding for long term programs.
10. The decrease in other revenue is mainly due to a one off accounting restatement in 2015-16 of the lease liability as a result of the introduction of statutory rates charges for 40 year lease council properties and the receipt of proceeds in 2015-16 in settlement of contractual arrangements from the prior sale of caravan parks.
11. The increase in supplies and services is mainly due to occupancy costs associated with 1 William Street Brisbane including alternate accommodation for Queens Wharf Brisbane Precinct buildings, the net deferral of expenditure from 2015-16 to 2016-17 for the office accommodation program, additional maintenance programs for non-residential buildings and increased outsourced service delivery.

12. The increase in grants and subsidies is mainly due to the net increase in expenditure for various housing programs including National Rental Affordability Scheme and deferral of long term housing program from 2015-16 to 2016-17.
13. The increase in the operating deficit is mainly due to the one off accounting restatement of the lease liability as a result of the introduction of statutory rates charges for 40 year lease council properties in 2015-16, the receipt of proceeds in settlement of contractual arrangements from the prior sale of caravan parks, the deferral of capital grants from 2015-16 to 2016-17 for the Indigenous Community Housing Organisations program, maintenance funded from prior year retained surpluses and the additional 2016-17 expenditure on government employee housing maintenance funded from cash reserves.

## Balance sheet

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

14. The decrease in cash assets is mainly due to the net deferral of equity funding for the National Partnership Agreement on Remote Indigenous Housing to 2016-17 and 2017-18 and operational expenditure deferred from 2014-15 to 2015-16. This is partially offset by higher actual opening balances from 2014-15 compared to what was estimated in the budget as a result of differences between estimated and actual cash flows for the previous financial year.
15. The increase in other current assets is mainly due to higher rental expenditure prepayments as a result of the move from government owned buildings to private sector commercial building leases.
16. The increase in non-financial assets held for sale is mainly due to the sale of non-residential buildings in 2016-17.
17. The decrease in non-current receivables is mainly due to the lower actual opening balances for Housing loan products.
18. The increase in other non-current liabilities is mainly due to the reclassification of the EcoScience Centre finance lease from non-current interest-bearing liabilities.

### Major variations between 2015-16 Budget and 2016-17 Budget include:

19. The decrease in cash assets is mainly due to reduced equity funding from the Commonwealth for the National Partnership on Remote Housing program.
20. The increase in other current assets is mainly due to higher rental expenditure prepayments as a result of the move from government owned buildings to private sector commercial building leases.
21. The increase in non-current receivables is mainly due to the recognition in 2016-17 of the finance lease receivable for the land at 1 William Street Brisbane.
22. The decrease in non-current interest-bearing liabilities is mainly due to the reclassification of the EcoScience Centre finance lease to other non-current liabilities.
23. The increase in other non-current liabilities is mainly due to the recognition of the unearned revenue relating to the Queens Wharf Brisbane precinct in 2016-17 and the reclassification of the EcoScience Centre finance lease from non-current interest-bearing liabilities.

### Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:

24. The decrease in cash assets is mainly due to net outlays on lending and financing activities and government employee housing backlog maintenance funded from cash reserves partially offset by the net proceeds from the sale of the remaining Boggo Road Urban Village lots in 2016-17.
25. The decrease in non-financial assets held for sale is mainly due to lower non-residential properties held for sale at 30 June 2016.
26. The increase in non-current receivables is mainly due to the recognition in 2016-17 of the finance lease receivable for the land at 1 William Street Brisbane.
27. The increase in other non-current liabilities is mainly due to the recognition of the unearned revenue relating to the Queens Wharf Brisbane precinct in 2016-17.

# Cash flow statement

## Major variations between 2015-16 Adjusted Budget and 2015-16 Estimated Actual include:

28. The decrease in appropriation receipts is mainly due to the net deferral of funds from 2015-16 to 2016-17 and outyears for various housing programs including National Partnership Agreement on Remote Indigenous Housing program for infrastructure, maintenance and tenancy management, long term housing program and National Partnership Agreement on Homelessness and the deferral of cash appropriation for the National Rental Affordability Scheme. These decreases are partially offset by additional funding required to supplement rental costs associated with the redevelopment of the Queens Wharf Brisbane precinct buildings.
29. The decrease in other operating inflows is mainly due to lower goods and services input tax credits received from the Australian Taxation Office.
30. The decrease in grants and subsidies is mainly due to the net deferral from 2015-16 to 2016-17 and outyears for various housing programs including National Partnership Agreement on Remote Indigenous Housing capital grants, Indigenous Community Housing Organisation capital grants and long term housing program.
31. The decrease in other operating outflows is mainly due to lower goods and services tax remitted to the Australian Taxation Office.
32. The decrease in sales of non-financial assets is mainly due to the deferred sale of non-residential buildings from 2015-16 to 2016-17 and 2017-18.
33. The decrease in equity injections is mainly due to deferrals relating to the National Partnership Agreement on Remote Indigenous Housing program from 2015-16 to 2016-17 and 2017-18 to align the cash cycle with program delivery and from 2015-16 to 2016-17 for delays in commencement and completion targets relating to 40 year leases and National Rugby League House construction.

## Major variations between 2015-16 Adjusted Budget and 2016-17 Budget include:

34. The increase in appropriation receipts is mainly due to additional funding required to supplement rental costs associated with the redevelopment of the Queens Wharf Brisbane precinct and occupancy in 1 William Street Brisbane and the net deferral of funds from 2015-16 to 2016-17 and out-years for various housing programs including National Partnership Agreement on Remote Indigenous Housing program for infrastructure, maintenance and tenancy management for people from remote communities and National Partnership Agreement on Homelessness.
35. The increase in user charges is mainly due to the receipt in 2016-17 of the unearned revenue relating to the Queens Wharf Brisbane precinct, higher accommodation charges and forecast increased rent receipts for social housing.
36. The decrease in other operating inflows is mainly due to decreases in goods and services input tax credits received from the Australian Taxation Office.
37. The increase in supplies and services is mainly due to occupancy costs associated with 1 William Street Brisbane including alternate accommodation for Queens Wharf Brisbane Precinct buildings, the deferral of expenditure from 2015-16 to 2016-17 for building and information technology programs, additional maintenance programs for residential and non-residential buildings and an increase in housing rates, maintenance and outsourced service delivery.
38. The decrease in other operating outflows is mainly due to lower goods and services tax remitted to the Australian Taxation Office.
39. The increase in sales of non-financial assets inflows is mainly due to higher sales of surplus government employee residential housing properties forecast in 2016-17 and the sale in 2016-17 of the remaining Boggo Road Urban Village lots partially offset by the delayed sale of non-residential buildings from 2015-16 to 2017-18.
40. The decrease in equity injection inflows is mainly due to decreased capital works funding for the National Partnership on Remote Housing and the proposed completion of the Thursday Island Staff Accommodation project in 2015-16.
41. The increase in equity withdrawals is mainly due to the return to the Consolidated Fund of the Integrated Resort Development Land and Residential Land premiums received by the department as part of the consideration for the Queen's Wharf precinct in 2016-17.

**Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:**

42. The increase in appropriation receipts is mainly due to the net deferral of funds from 2015-16 to 2016-17 and out-years for various housing programs including National Partnership Agreement on Remote Indigenous Housing program for infrastructure and tenancy management for people from remote communities, National Partnership Agreement on Homelessness and long term housing program and the office accommodation program, additional funding to supplement rental costs associated with the redevelopment of the Queens Wharf Brisbane precinct buildings and deferral of cash appropriation for the National Rental Affordability Scheme from 2015-16 to 2016-17 and out-years. These increases are partially offset by decreases in expenditure in 2016-17 for various housing programs.
43. The increase in user charges is mainly due to the receipt in 2016-17 of the unearned revenue relating to the Queens Wharf Brisbane precinct and higher accommodation charges.
44. The increase in supplies and services is mainly due to occupancy costs associated with 1 William Street Brisbane including alternate accommodation for Queens Wharf Brisbane Precinct buildings, the net deferral of expenditure from 2015-16 to 2016-17 for the office accommodation program, additional maintenance programs for non-residential buildings, an increase in outsourced service delivery, expenditure for the new smoke alarm legislation requirements and higher goods and services tax paid to suppliers.
45. The increase in grants and subsidies is mainly due to the net increase in expenditure for various housing programs including capital investment statewide, Indigenous Rural and Remote program and National Rental Affordability Scheme.
46. The increase in sales of non-financial assets inflows is mainly due to the planned sales of non-residential buildings in 2016-17 and higher sales of surplus government employee residential housing properties in 2016-17.
47. The increase in payments for non-financial assets outflows is mainly due to the net increases in expenditure for the National Partnership on Remote Housing program, increase in expenditure for Turnkey Initiative and additional purchases of government employee housing properties in 2016-17. These increases are partially offset by the completion of the Thursday Island staff accommodation in 2015-16.
48. The increase in equity injection inflows is mainly due to increased capital works funding for the National Partnership on Remote Housing. These increases are partially offset by the completion of the Thursday Island staff accommodation in 2015-16.
49. The increase in equity withdrawals is mainly due to the return to the Consolidated Fund of the Integrated Resort Development Land and Residential Land premiums received by the department as part of the consideration for the Queen's Wharf precinct in 2016-17.

# Reporting Entity Financial Statements

Reporting Entity comprises:

- Department of Housing and Public Works (excluding Administered);
- Building and Asset Services;
- Q-Fleet.

Explanations of variances for each entity are included in the individual budget financial statements located in this *Service Delivery Statement*.

## Reporting entity income statement

| Department of Housing and Public Works | Notes | 2015-16<br>Adjusted<br>Budget<br>\$'000 | 2015-16<br>Est. Act.<br>\$'000 | 2016-17<br>Budget<br>\$'000 |
|--|-------|---|--------------------------------|-----------------------------|
| <b>INCOME</b>                          |       |   |                                |                             |
| Appropriation revenue                  |       | 679,914                                 | 644,382                        | 759,121                     |
| Taxes                                  |       | ..                                      | ..                             | ..                          |
| User charges and fees                  |       | 1,507,428                               | 1,536,184                      | 1,528,399                   |
| Royalties and land rents               |       | 100                                     | 100                            | 100                         |
| Grants and other contributions         |       | 5,716                                   | 5,947                          | 170                         |
| Interest                               |       | 4,168                                   | 3,593                          | 3,756                       |
| Other revenue                          |       | 19,255                                  | 46,544                         | 23,989                      |
| Gains on sale/revaluation of assets    |       | 3,698                                   | 3,684                          | 3,727                       |
| <b>Total income</b>                    |       | <b>2,220,279</b>                        | <b>2,240,434</b>               | <b>2,319,262</b>            |
| <b>EXPENSES</b>                        |       |   |                                |                             |
| Employee expenses                      |       | 302,690                                 | 306,127                        | 314,250                     |
| Supplies and services                  |       | 1,547,036                               | 1,550,634                      | 1,676,675                   |
| Grants and subsidies                   |       | 153,367                                 | 108,939                        | 143,812                     |
| Depreciation and amortisation          |       | 236,626                                 | 253,799                        | 251,441                     |
| Finance/borrowing costs                |       | 28,399                                  | 27,518                         | 27,360                      |
| Other expenses                         |       | 13,983                                  | 19,641                         | 18,873                      |
| Losses on sale/revaluation of assets   |       | 5,351                                   | 5,554                          | 4,877                       |
| <b>Total expenses</b>                  |       | <b>2,287,452</b>                        | <b>2,272,212</b>               | <b>2,437,288</b>            |
| Income tax expense/revenue             |       | 4,105                                   | 5,703                          | 1,884                       |
| <b>OPERATING SURPLUS/(DEFICIT)</b>     |       | <b>(71,278)</b>                         | <b>(37,481)</b>                | <b>(119,910)</b>            |



# Reporting entity balance sheet

| Department of Housing and Public Works       | Notes | 2015-16<br>Budget<br>\$'000 | 2015-16<br>Est. Act.<br>\$'000 | 2016-17<br>Budget<br>\$'000 |
|--|-------|-----------------------------|--------------------------------|-----------------------------|
| <b>CURRENT ASSETS</b>                        |       |                             |                                |                             |
| Cash assets                                  |       | 293,559                     | 270,349                        | 257,938                     |
| Receivables                                  |       | 201,982                     | 199,089                        | 191,785                     |
| Other financial assets                       |       | 4,000                       | 4,000                          | 4,000                       |
| Inventories                                  |       | 49,473                      | 56,603                         | 59,222                      |
| Other  |       | 46,245                      | 64,272                         | 71,111                      |
| Non-financial assets held for sale           |       | 24,676                      | 60,138                         | 31,503                      |
| <b>Total current assets</b>                  |       | <b>619,935</b>              | <b>654,451</b>                 | <b>615,559</b>              |
| <b>NON-CURRENT ASSETS</b>                    |       |                             |                                |                             |
| Receivables                                  |       | 83,655                      | 74,613                         | 119,930                     |
| Other financial assets                       |       | 184,833                     | 183,089                        | 180,589                     |
| Property, plant and equipment                |       | 18,162,762                  | 18,076,872                     | 18,190,375                  |
| Deferred tax assets                          |       | 3,260                       | 2,445                          | 1,612                       |
| Intangibles                                  |       | 12,105                      | 13,059                         | 8,307                       |
| Other  |       | ..                          | ..                             | ..                          |
| <b>Total non-current assets</b>              |       | <b>18,446,615</b>           | <b>18,350,078</b>              | <b>18,500,813</b>           |
| <b>TOTAL ASSETS</b>                          |       | <b>19,066,550</b>           | <b>19,004,529</b>              | <b>19,116,372</b>           |
| <b>CURRENT LIABILITIES</b>                   |       |                             |                                |                             |
| Payables                                     |       | 194,094                     | 185,095                        | 182,809                     |
| Current tax liabilities                      |       | 1,509                       | 1,470                          | (876)                       |
| Accrued employee benefits                    |       | 8,945                       | 9,925                          | 10,207                      |
| Interest bearing liabilities and derivatives |       | 21,280                      | 19,273                         | 17,597                      |
| Provisions                                   |       | 1,075                       | 188                            | 188                         |
| Other  |       | 92,898                      | 99,537                         | 99,411                      |
| <b>Total current liabilities</b>             |       | <b>319,801</b>              | <b>315,488</b>                 | <b>309,336</b>              |
| <b>NON-CURRENT LIABILITIES</b>               |       |                             |                                |                             |
| Payables                                     |       | 4,916                       | 5,406                          | 3,967                       |
| Deferred tax liabilities                     |       | 8,996                       | 10,846                         | 10,228                      |
| Accrued employee benefits                    |       | ..                          | ..                             | ..                          |
| Interest bearing liabilities and derivatives |       | 602,712                     | 577,931                        | 574,877                     |
| Provisions                                   |       | ..                          | ..                             | ..                          |
| Other  |       | 622                         | 32,018                         | 152,539                     |
| <b>Total non-current liabilities</b>         |       | <b>617,246</b>              | <b>626,201</b>                 | <b>741,611</b>              |
| <b>TOTAL LIABILITIES</b>                     |       | <b>937,047</b>              | <b>941,689</b>                 | <b>1,050,947</b>            |
| <b>NET ASSETS/(LIABILITIES)</b>              |       | <b>18,129,503</b>           | <b>18,062,840</b>              | <b>18,065,425</b>           |
| <b>EQUITY</b>                                |       |                             |                                |                             |
| <b>TOTAL EQUITY</b>                          |       | <b>18,129,503</b>           | <b>18,062,840</b>              | <b>18,065,425</b>           |

# Reporting entity cash flow statement

| Department of Housing and Public Works                      | Notes | 2015-16<br>Budget*<br>\$'000 | 2015-16<br>Est. Act.<br>\$'000 | 2016-17<br>Budget<br>\$'000 |
|---|-------|------------------------------|--------------------------------|-----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |       |                              |                                |                             |
| <b>Inflows:</b>   |       |                              |                                |                             |
| Appropriation receipts                                      |       | 679,914                      | 600,213                        | 757,704                     |
| User charges and fees                                       |       | 1,621,394                    | 1,713,291                      | 1,771,288                   |
| Royalties and land rent receipts                            |       | 100                          | 100                            | 100                         |
| Grants and other contributions                              |       | 5,716                        | 5,947                          | 170                         |
| Interest received   |       | 4,180                        | 3,638                          | 3,728                       |
| Taxes   |       | ..                           | ..                             | ..                          |
| Other   |       | 338,185                      | 199,903                        | 213,617                     |
| <b>Outflows:</b>  |       |                              |                                |                             |
| Employee costs  |       | (303,469)                    | (306,045)                      | (314,214)                   |
| Supplies and services                                       |       | (1,765,368)                  | (1,822,014)                    | (1,878,431)                 |
| Grants and subsidies  |       | (153,367)                    | (108,819)                      | (143,812)                   |
| Borrowing costs   |       | (28,345)                     | (27,748)                       | (27,303)                    |
| Taxation equivalents paid                                   |       | (5,849)                      | (5,033)                        | (4,015)                     |
| Other   |       | (277,165)                    | (162,558)                      | (161,109)                   |
| <b>Net cash provided by or used in operating activities</b> |       | <b>115,926</b>               | <b>90,875</b>                  | <b>217,723</b>              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                 |       |                              |                                |                             |
| <b>Inflows:</b>   |       |                              |                                |                             |
| Sales of non-financial assets                               |       | 128,494                      | 106,890                        | 156,909                     |
| Investments redeemed  |       | 4,500                        | 6,500                          | 4,000                       |
| Loans and advances redeemed                                 |       | 33,145                       | 31,157                         | 33,357                      |
| <b>Outflows:</b>  |       |                              |                                |                             |
| Payments for non-financial assets                           |       | (368,254)                    | (340,941)                      | (383,220)                   |
| Payments for investments                                    |       | (1,200)                      | (1,200)                        | (1,500)                     |
| Loans and advances made                                     |       | (37,181)                     | (29,231)                       | (30,748)                    |
| <b>Net cash provided by or used in investing activities</b> |       | <b>(240,496)</b>             | <b>(226,825)</b>               | <b>(221,202)</b>            |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |       |                              |                                |                             |
| <b>Inflows:</b>   |       |                              |                                |                             |
| Borrowings  |       | 19,600                       | 22,000                         | 20,000                      |
| Equity injections   |       | 270,195                      | 143,457                        | 206,827                     |
| <b>Outflows:</b>  |       |                              |                                |                             |
| Borrowing redemptions                                       |       | (20,684)                     | (27,584)                       | (16,456)                    |
| Finance lease payments                                      |       | (6,493)                      | (6,493)                        | (8,186)                     |
| Equity withdrawals  |       | (83,353)                     | (88,930)                       | (204,465)                   |
| Dividends paid  |       | (7,399)                      | (8,258)                        | (6,652)                     |
| <b>Net cash provided by or used in financing activities</b> |       | <b>171,866</b>               | <b>34,192</b>                  | <b>(8,932)</b>              |
| <b>Net increase/(decrease) in cash held</b>                 |       | <b>47,296</b>                | <b>(101,758)</b>               | <b>(12,411)</b>             |
| <b>Cash at the beginning of financial year</b>              |       | <b>246,263</b>               | <b>372,107</b>                 | <b>270,349</b>              |
| Cash transfers from restructure                             |       | ..                           | ..                             | ..                          |
| <b>Cash at the end of financial year</b>                    |       | <b>293,559</b>               | <b>270,349</b>                 | <b>257,938</b>              |

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

# Statutory bodies

## Queensland Building and Construction Commission

### Overview

The Queensland Building and Construction Commission (QBCC) is a statutory body established under the *Queensland Building and Construction Commission Act 1991* to regulate the building industry and is responsible for administering this Act, the *Building and Construction Industry Payments Act 2004* and the *Subcontractors' Charges Act 1974*.

The QBCC's vision is to be recognised as the best and most respected regulatory service provider in Australia. The QBCC focuses on customers, both consumers and contractors, by improving service quality and access to information and advice, and increasing awareness of QBCC's regulatory role. To achieve the vision the QBCC's objectives include:

- ensuring maintenance of proper building standards and promoting confidence in the building and construction industry
- improving service quality, frontline services and making it easier for customers to access QBCC's services and information
- communicating and creating awareness of the QBCC and its services
- developing and rewarding a workforce which is customer focused.

Key factors impacting on the QBCC include trends in building activity, contractor insolvency and emerging construction methods.

The QBCC contributes to the Queensland Government's objectives for the community by delivering quality frontline services and creating jobs and a diverse economy. The QBCC is committed to doing this by constantly improving and introducing more efficient ways for customers to access online services, such as making payments, lodge and track progress of their applications, or the ability to speak to someone to get advice or to give feedback 24 hours, 7 days a week, either verbally or online. Licensing and compliance provides opportunities for fully qualified and competent builders and various types of tradespeople to become employed or to start their own businesses, creating more job opportunities.

### Service summary

In 2015-16, the QBCC implemented a range of service improvements and reforms including:

- repealed *Domestic Building Contracts Act 2000* and introduced new domestic building contract requirements
- implemented the Service Trades Council within the QBCC
- promoted the mandatory Pool Safety Standard which came into effect on 1 December 2015
- improved frontline services, awareness and access to services and information by introducing mobile applications, website improvements and using social media to listen and engage with customers
- commenced the migration of outdated information technology systems onto the Salesforce platform including delivering the ability for customers to create and update their own profile and track their cases.

In 2016-17, the QBCC will deliver improved services and regulation by:

- developing strategies to address issues affecting the building and construction industry, including non-conforming building products, security of payment and contractor insolvency
- implementing reforms to the Queensland Home Warranty Scheme
- continuing the migration of outdated information technology systems onto the Salesforce platform including the ability for customers to purchase Home Warranty Insurance online.

# Service performance

## Performance statement

### Queensland Building and Construction Commission

#### Service area objective

To provide timely information, advice and regulation to ensure the maintenance of proper building standards, remedies for defective building work and promoting confidence in the building and construction industry.

#### Service area description

The Queensland Building and Construction Commission (QBCC) provides resolution services for homeowners who are either in the building process or after the completion of having building work carried out by a builder or trade contractor, due to the contractor's failure to complete the work, building defects or subsidence. Where these types of issues cannot be resolved the QBCC provides a remedy to rectification or non-completion through the Queensland Home Warranty Scheme. The QBCC also regulates pool safety inspectors, plumbers, certifiers and building and trade contractors by requiring that these contractors hold a QBCC licence and comply with the provisions of the *Queensland Building and Construction Commission Act 1991*, the *Building Act 1975* and the *Plumbing and Drainage Act 2002*.

The QBCC administers the *Building and Construction Industry Payments Act 2004* which establishes the framework for rapid adjudication of payments disputes to improve security of payment in the industry.

| Queensland Building and Construction Commission  | Notes | 2015-16 Target/Est. | 2015-16 Est. Actual | 2016-17 Target/Est. |
|--|-------|---------------------|---------------------|---------------------|
| <b>Service area: Queensland Building and Construction Commission</b>                                     |       |                     |                     |                     |
| <b>Service standards</b>   |       |                     |                     |                     |
| <i>Effectiveness measure</i>   |       |                     |                     |                     |
| Overall customer satisfaction  | 1     | New measure         | New measure         | 80%                 |
| <i>Efficiency measures</i>   |       |                     |                     |                     |
| Percentage of early dispute resolution cases finalised within 28 days                                    | 2     | 90%                 | 86%                 | 90%                 |
| Average number of days to process licence applications   | 3     | 25 days             | 36 days             | 30 days             |
| Percentage of owner builder permits approved within 15 working days                                      | 4     | 90%                 | 95%                 | 90%                 |
| Percentage of adjudication applications referred to an adjudicator within 4 days                         | 5     | 95%                 | 97%                 | 97%                 |
| Percentage of insurance claims for defective work assessed and response provided within 35 business days | 6     | 90%                 | 39%                 | 90%                 |
| Percentage of internal review applicants contacted within 2 business days                                | 7     | 90%                 | 95%                 | 95%                 |

#### Notes:

1. This is a new service standard measuring overall customer satisfaction and was introduced as a replacement to the previous customer satisfaction service standard. The change was necessary due to significant changes in sampling methodology by expanding the customer segments being surveyed and broadening survey data collection channels since July 2015. The change in methodology makes direct comparison to previous year's results unreliable. It is expected improvements in service quality will be reflected in the customer satisfaction survey results.

2. Variance between 2015-16 Target/Estimate and 2015-16 Estimated Actual is due to a higher level of cases received than was anticipated requiring facilitated resolution during the construction project, which exceeded 28 days. This increase in volume is likely to be due to more customers becoming aware of the early dispute resolution service which is relatively new, having only been introduced from 1 July 2014. The variance between 2015-16 Estimated Actual and 2016-17 Target/Estimate is expected to be overcome as more training is delivered to staff and new information systems and field-based technology are introduced and integrated, with the objective to improve processing times.
3. Variance between 2015-16 Target/Estimate and 2015-16 Estimated Actual is due to higher than anticipated volume of customers becoming technically qualified and therefore meeting the criteria in order to be eligible to apply for a licence. It is understood the training sector is handling higher volumes of students in the building and construction disciplines and this increase can be attributed to more accessible State and Australian Government funding for subsidised training services. The variance between 2015-16 Estimated Actual and 2016-17 Target/Estimate is expected to reduce marginally as the demand and access to subsidised training services also reduces marginally.
4. Variance between 2015-16 Target/Estimate and 2015-16 Estimated Actual is due to the allocation of dedicated resources to only process owner builder permit applications. The variance between 2015-16 Estimated Actual and 2016-17 Target/Estimate can be expected to return to target, when the dedicated resources will also process licence applications in conjunction with owner builder permit applications, as part of their daily workload.
5. Variance between 2015-16 Target/Estimate and 2015-16 Estimated Actual is due to improved systems and controls that were established to enforce the four-day compliance objective being more effective than anticipated.
6. Variance between 2015-16 Target/Estimate and 2015-16 Estimated Actual is due to the combined impact of delays caused by systems and resourcing shortfalls which were originally planned to be offset by transitioning to new, more efficient technology that was deferred in the short term. Extra time taken by homeowners to respond to requests also impacted on response times. The variance between the 2015-16 Estimated Actual and 2016-17 Target/Estimate is expected to improve once the insurance claims process transitions to the new technology.
7. Variance between 2015-16 Target/Estimate and 2015-16 Estimated Actual is due to recent improvements to processes and systems during the year, to automate the process of contacting applicants within two business days.

## Discontinued measures

Performance measures included in the 2015-16 *Service Delivery Statements* that have been discontinued or replaced are reported in the following table with estimated actual results.

| Queensland Building and Construction Commission                      | Notes | 2015-16 Target/Est. | 2015-16 Est. Actual | 2016-17 Target/Est.  |
|--|-------|---------------------|---------------------|----------------------|
| <b>Service area: Queensland Building and Construction Commission</b> |       |                     |                     |                      |
| Overall customer satisfaction  | 1     | 85%                 | 73%                 | Discontinued measure |

Note:

1. This service standard has been discontinued as it has been superseded by a new service standard (also named Overall Customer Satisfaction) due to significant change in sampling methodology making direct comparison of previous year results unreliable.

# Staffing<sup>1</sup>

| Queensland Building and Construction Commission | Notes | 2015-16 Budget | 2015-16 Est. Actual | 2016-17 Budget |
|---|-------|----------------|---------------------|----------------|
| Queensland Building and Construction Commission | 2, 3  | 377            | 403                 | 406            |

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Variance between 2015-16 Budget and 2015-16 Estimated Actual is due to new positions established in regional service centres, positions required for the new functions such as the Services Trade division, and appointing a Workplace Health and Safety Advisor, a Procurement Officer, and four new Building Inspectors to support the increasing demand for dispute resolution services.
3. Variance between 2015-16 Estimated Actual and 2016-17 Budget is due to new positions required in Internal Review, which is a service that was introduced on 1 July 2014 and has experienced a gradual increase in demand.

# Income statement

| Queensland Building and Construction Commission | Notes  | 2015-16<br>Budget<br>\$'000 | 2015-16<br>Est. Act.<br>\$'000 | 2016-17<br>Budget<br>\$'000 |
|---|--------|-----------------------------|--------------------------------|-----------------------------|
| <b>INCOME</b>                                   |        |                             |                                |                             |
| Taxes   |        | ..                          | ..                             | ..                          |
| User charges and fees                           | 1,9    | 145,526                     | 126,375                        | 146,801                     |
| Grants and other contributions                  |        | ..                          | ..                             | ..                          |
| Interest  | 2,6,10 | 13,535                      | (2,117)                        | 7,275                       |
| Other revenue                                   |        | 77,167                      | 79,590                         | 83,100                      |
| Gains on sale/revaluation of assets             |        | 15                          | 9                              | (23)                        |
| <b>Total income</b>                             |        | <b>236,243</b>              | <b>203,857</b>                 | <b>237,153</b>              |
| <b>EXPENSES</b>                                 |        |                             |                                |                             |
| Employee expenses                               | 7,11   | 42,731                      | 42,565                         | 48,321                      |
| Supplies and services                           | 3      | 32,431                      | 38,081                         | 34,259                      |
| Grants and subsidies                            |        | ..                          | ..                             | ..                          |
| Depreciation and amortisation                   | 4,8,12 | 3,098                       | 2,563                          | 3,517                       |
| Finance/borrowing costs                         |        | ..                          | ..                             | ..                          |
| Other expenses                                  | 5      | 119,560                     | 105,350                        | 115,176                     |
| Losses on sale/revaluation of assets            | 13     | 37,325                      | 33,682                         | 40,637                      |
| <b>Total expenses</b>                           |        | <b>235,145</b>              | <b>222,241</b>                 | <b>241,910</b>              |
| <b>OPERATING SURPLUS/(DEFICIT)</b>              |        | <b>1,098</b>                | <b>(18,384)</b>                | <b>(4,757)</b>              |



# Balance sheet

| Queensland Building and Construction Commission | Notes    | 2015-16<br>Budget<br>\$'000 | 2015-16<br>Est. Act.<br>\$'000 | 2016-17<br>Budget<br>\$'000 |
|---|----------|-----------------------------|--------------------------------|-----------------------------|
| <b>CURRENT ASSETS</b>                           |          |                             |                                |                             |
| Cash assets                                     | 14,25,36 | 5,305                       | 9,621                          | 7,205                       |
| Receivables                                     | 15,26    | 68,305                      | 55,619                         | 60,803                      |
| Other financial assets                          |          | 211,372                     | 205,383                        | 215,270                     |
| Inventories                                     |          | ..                          | ..                             | ..                          |
| Other   | 16,27,37 | 35,641                      | 22,958                         | 27,368                      |
| Non-financial assets held for sale              |          | ..                          | ..                             | ..                          |
| <b>Total current assets</b>                     |          | <b>320,623</b>              | <b>293,581</b>                 | <b>310,646</b>              |
| <b>NON-CURRENT ASSETS</b>                       |          |                             |                                |                             |
| Receivables                                     | 17,28    | 116,336                     | 84,587                         | 90,180                      |
| Other financial assets                          |          | ..                          | ..                             | ..                          |
| Property, plant and equipment                   | 18,29    | 5,438                       | 4,317                          | 4,157                       |
| Intangibles                                     | 19,30,38 | 5,695                       | 8,346                          | 9,227                       |
| Other   |          | 66                          | 66                             | ..                          |
| <b>Total non-current assets</b>                 |          | <b>127,535</b>              | <b>97,316</b>                  | <b>103,564</b>              |
| <b>TOTAL ASSETS</b>                             |          | <b>448,158</b>              | <b>390,897</b>                 | <b>414,210</b>              |
| <b>CURRENT LIABILITIES</b>                      |          |                             |                                |                             |
| Payables  | 31       | 40,745                      | 42,988                         | 45,617                      |
| Accrued employee benefits                       | 20,32    | 5,039                       | 4,031                          | 3,952                       |
| Interest bearing liabilities and derivatives    |          | ..                          | ..                             | ..                          |
| Provisions                                      | 21,33    | 53,940                      | 48,158                         | 48,158                      |
| Other   | 22,34,39 | 61,127                      | 76,923                         | 85,541                      |
| <b>Total current liabilities</b>                |          | <b>160,851</b>              | <b>172,100</b>                 | <b>183,268</b>              |
| <b>NON-CURRENT LIABILITIES</b>                  |          |                             |                                |                             |
| Payables  |          | ..                          | ..                             | ..                          |
| Accrued employee benefits                       | 23,35    | 4,417                       | 5,024                          | 5,230                       |
| Interest bearing liabilities and derivatives    |          | ..                          | ..                             | ..                          |
| Provisions                                      | 24       | 206,557                     | 172,973                        | 189,677                     |
| Other   |          | 35                          | 34                             | 26                          |
| <b>Total non-current liabilities</b>            |          | <b>211,009</b>              | <b>178,031</b>                 | <b>194,933</b>              |
| <b>TOTAL LIABILITIES</b>                        |          | <b>371,860</b>              | <b>350,131</b>                 | <b>378,201</b>              |
| <b>NET ASSETS/(LIABILITIES)</b>                 |          | <b>76,298</b>               | <b>40,766</b>                  | <b>36,009</b>               |
| <b>EQUITY</b>                                   |          |                             |                                |                             |
| <b>TOTAL EQUITY</b>                             |          | <b>76,298</b>               | <b>40,766</b>                  | <b>36,009</b>               |

# Cash flow statement

| Queensland Building and Construction Commission             | Notes    | 2015-16<br>Budget<br>\$'000 | 2015-16<br>Est. Act.<br>\$'000 | 2016-17<br>Budget<br>\$'000 |
|---|----------|-----------------------------|--------------------------------|-----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |          |                             |                                |                             |
| <b>Inflows:</b>   |          |                             |                                |                             |
| User charges and fees                                       | 40,48    | 121,916                     | 88,922                         | 111,876                     |
| Grants and other contributions                              |          | ..                          | ..                             | ..                          |
| Interest received   | 41,49    | 175                         | 387                            | 162                         |
| Taxes   |          | ..                          | ..                             | ..                          |
| Other   | 42       | 72,550                      | 81,306                         | 75,507                      |
| <b>Outflows:</b>  |          |                             |                                |                             |
| Employee costs  | 46,50    | (42,449)                    | (42,199)                       | (48,194)                    |
| Supplies and services                                       | 43,51    | (40,560)                    | (32,845)                       | (38,925)                    |
| Grants and subsidies  |          | ..                          | ..                             | ..                          |
| Borrowing costs   |          | ..                          | ..                             | ..                          |
| Other   | 44       | (105,220)                   | (86,826)                       | (95,807)                    |
| <b>Net cash provided by or used in operating activities</b> |          | <b>6,412</b>                | <b>8,745</b>                   | <b>4,619</b>                |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                 |          |                             |                                |                             |
| <b>Inflows:</b>   |          |                             |                                |                             |
| Sales of non-financial assets                               |          | 148                         | 213                            | 227                         |
| Investments redeemed  |          | ..                          | ..                             | ..                          |
| Loans and advances redeemed                                 |          | ..                          | ..                             | ..                          |
| <b>Outflows:</b>  |          |                             |                                |                             |
| Payments for non-financial assets                           |          | (4,657)                     | (4,677)                        | (4,488)                     |
| Payments for investments                                    | 45,47,52 | (2,103)                     | (7,678)                        | (2,774)                     |
| Loans and advances made                                     |          | ..                          | ..                             | ..                          |
| <b>Net cash provided by or used in investing activities</b> |          | <b>(6,612)</b>              | <b>(12,142)</b>                | <b>(7,035)</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>(200)</b>                | <b>(3,397)</b>                 | <b>(2,416)</b>              |
| <b>Cash at the beginning of financial year</b>              |          | <b>5,505</b>                | <b>13,018</b>                  | <b>9,621</b>                |
| Cash transfers from restructure                             |          | ..                          | ..                             | ..                          |
| <b>Cash at the end of financial year</b>                    |          | <b>5,305</b>                | <b>9,621</b>                   | <b>7,205</b>                |

# Explanation of variances in the financial statements

## Income statement

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

1. The decrease in user charges is due to the decrease in premium revenue as the assumed number of policies issued in 2015-16 did not eventuate.
2. The decrease in interest is due to investment performance lower than budgeted rate of return as a result of the global economic environment.
3. The increase in supplies and services is due to the mitigation of risk by replacing ageing information services infrastructure and software platform.
4. The decrease in depreciation and amortisation is due to revised timeframe for implementation of new software platforms.
5. The decrease in other expenses is due to reduced reinsurers' share of premium as a result of decreased premium income and a reduction in the level of reinsurance.

### Major variations between 2015-16 Budget and 2016-17 Budget include:

6. The decrease in interest is due to reduced investment performance in 2015-16 resulting in conservative forecast for 2016-17.
7. The increase in employee expenses is due to the increase in staff numbers for new functionalities including the Assistant Commissioner Service Trade Division.
8. The increase in depreciation and amortisation is due to release of new software platforms.

### Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:

9. The increase in user charges is due to the anticipated increase in insurance premium revenue and reduction in the level of reinsurance.
10. The increase in interest is due to forecast investment performance improving from 2015-16.
11. The increase in employee expenses is due to the increase in staff numbers for new functionalities including the Assistant Commissioner Service Trade Division.
12. The increase in depreciation and amortisation is due to release of new software platforms.
13. The increase in losses on sale/revaluation of assets is due to increase in provision for doubtful debts as a result of the increase of claim recovery income due to an increase in claims approved.

## Balance sheet

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

14. The increase in cash assets is due to Queensland Building and Construction Commission (QBCC) holding additional funds to meet short term commitments.
15. The decrease in receivables is due to reduction in the current proportion of the reinsurers' share of future claims.
16. The decrease in other current assets is due to reduction in reinsurers' share of unearned income as there was a reduction in the level of reinsurance.
17. The decrease in non-current receivables is due to reduction in reinsurers' share of future claims as there was a reduction in the level of reinsurance.
18. The decrease in property, plant and equipment is due to the ageing leasehold improvements across the QBCC's offices.
19. The increase in intangible assets is due to development of new software platforms to replace out-dated systems.
20. The decrease in accrued employee benefits is due to the reduction in outstanding salaries payable at the end of the period.
21. The decrease in provisions is due to a reduction in future claims provision as a result of anticipated increase in premiums issued not occurring in 2015-16.
22. The increase in other current liabilities is due to the increase in unearned income as a result of the introduction of the three year licence renewals and multi-year renewals for plumbers and drainers.

23. The increase in non-current accrued employee benefits is due to increase in number of staff eligible for long service leave and higher than budgeted enterprise bargaining agreement salary increase.
24. The decrease in provisions is due to a reduction in future claims provision as a result of anticipated increase in premiums issued not occurring in 2015-16.

**Major variations between 2015-16 Budget and 2016-17 Budget include:**

25. The increase in cash assets is due to QBCC holding additional funds to meet short term commitments.
26. The decrease in receivables is due to a reduction in claims recovery receivable as a result of reduction in reinsurers' share.
27. The decrease in other current assets is due to the reduction in reinsurers' share of unearned income as there was a reduction in the level of reinsurance.
28. The decrease in non-current receivables is due to the reduction in reinsurers' share of future claims as there was a reduction in the level of reinsurance.
29. The decrease in property, plant and equipment is due to the ageing leasehold improvements across the QBCC's offices.
30. The increase in intangible assets is due to the development of new software platforms to replace out-dated systems.
31. The increase in payables is due to the number of approved claims outstanding as a result of an anticipated increase in claims approved.
32. The decrease in accrued employee benefits is due to the reduction in outstanding salaries payable at the end of the period.
33. The decrease in provisions is due to a reduction in future claims provision as a result of anticipated increase in premiums issued not occurring in 2015-16.
34. The increase in other current liabilities is due to the increase in unearned income as a result of the introduction of the three year licence renewals and multi-year renewals for plumbers and drainers.
35. The increase in non-current accrued employee benefits is due to the increase in number of staff eligible for long service leave and the enterprise bargaining agreement salary increase.

**Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:**

36. The decrease in cash assets is due to QBCC reducing the holding in cash to meet short term commitments.
37. The increase in other current assets is due to an increase in reinsurers' share of unearned premium income as a result of anticipated increase in premiums issued and change in reinsurers' share of unearned income.
38. The increase in intangible assets is due to development of new software platforms to replace out-dated systems.
39. The increase in other current liabilities is due to an increase in unearned insurance income as a result of anticipated increase in premiums issued.

## Cash flow statement

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

40. The decrease in user charges and fees is due to the anticipated increase in premiums issued which has not occurred in 2015-16.
41. The increase in interest received is due to an increased holding in short term funds to meet commitments.
42. The increase in other inflows is due to the increase in unearned licence revenue as a result of the three year licence renewals and multi-year renewals for plumbers and drainers and a decrease in claims recovery.
43. The decrease in supplies and services is due to the reduction in reinsurers' share of unearned income as there was a reduction in the level of reinsurance.
44. The decrease in other operating outflows is due to the reduced reinsurers' share of premium as a result of decreased premium income, a reduction in the level of reinsurance and a decrease in the future claims provision.
45. The increase in payments for investments is due to the transfer of funds to long term investments due to the increase in unearned income.

**Major variations between 2015-16 Budget and 2016-17 Budget include:**

46. The increase in employee costs is due to the increase in staff numbers for new functionalities including the Assistant Commissioner Service Trade Division.
47. The increase in payments for investments is due to the transfer of funds to long term investments due to the increase in unearned income.

**Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:**

48. The increase in user charges and fees is due to the anticipated increase in insurance premiums and change in reinsurers' share of premium including a reduction in the level of reinsurance.
49. The decrease in interest received is due to a decreased holding in short term funds.
50. The increase in employee costs is due to the increase in staff numbers for new functionalities including the Service Trade Division.
51. The increase in supplies and services is due to the change in reinsurers' share of unearned income and the anticipated increase in insurance premiums.
52. The decrease in payments for investments is due to less funds being transferred to long term investments.

# Residential Tenancies Authority

## Overview

The Residential Tenancies Authority (RTA) is a statutory body established under the *Residential Tenancies and Rooming Accommodation Act 2008* (the RTRA Act), accountable to a Board of Directors, and under the portfolio responsibility of the Minister for Housing and Public Works.

The RTA administers the RTRA Act which regulates the residential rental sector in Queensland. The RTA is self-funded from the earnings on the investment of rental bonds lodged with the organisation. The RTA's vision is to make renting work for everyone. To achieve this vision the RTA's strategic objectives include:

- delivering secure online services that make renting easier for everyone
- maintaining strong relationships with the sector and stakeholders to ensure high levels of community awareness of the RTRA Act, the RTA and its services
- simple cost-effective systems to enable great client service
- delivering value for money services
- growing value through innovation and cost-base efficiency
- maintaining financial sustainability.

The RTA contributes to the Queensland Government's objective of delivering quality frontline services for the community by providing statewide rental bond management, tenancy information, self-resolution assistance and support, community education, a conciliation service for tenancy disputes, investigating offences under the RTRA Act, providing sector research and data, and policy advice to Government.

## Service summary

The RTA is dependent on the investment of rental bonds to fund its operations. In 2015-16, lower than anticipated rates of return were received. External factors including low interest rates and slow-growing median rents resulted in less rental bond money to invest.

The RTA will continue to ensure effective investment strategies and prudent financial management.

During 2015-16, the RTA:

- prepared legislative amendments that ensured Queensland met national uniform standards on tenancy database listings
- implemented two modules of the RTA's new core business system
- developed a new investment strategy
- responded to 408,000 telephone enquiries
- received 26,500 requests for dispute resolution and maintained the resolution rate of 80 per cent where parties participated in the dispute resolution process
- processed a total of 753,000 bond management forms.

In 2016-17, the RTA will deliver services to clients by:

- launching the myRTA client portal giving clients fast and secure access to online bond management
- conducting a state-wide community education campaign to promote the myRTA client portal
- continuing to progress business process improvements to ensure the RTA delivers responsive and integrated client services
- engaging with the sector about the legislative review of the RTRA Act including public consultation on prescribing minimum standards.

# Service performance

## Performance statement

### Residential Tenancies Authority

#### Service area objective

To administer the *Residential Tenancies and Rooming Accommodation Act 2008* (the RTRA Act) which regulates the residential rental sector in Queensland and provide high quality client services that balance the rights and responsibilities of all parties.

#### Service area description

Services delivered by the RTA include rental bond management, tenancy information and education, dispute resolution, investigation and prosecution of offences under the RTRA Act, monitoring sector data, conducting industry research and providing policy advice to Government about the residential rental sector. The RTA assists tenants, lessors, agents, residents and accommodation providers in houses, flats, caravans and rooming accommodation.

| Residential Tenancies Authority   | Notes | 2015-16<br>Target/Est. | 2015-16<br>Est. Actual | 2016-17<br>Target/Est. |
|---|-------|------------------------|------------------------|------------------------|
| <b>Service area: Residential Tenancies Authority</b>  |       |                        |                        |                        |
| <b>Service standards</b>  |       |                        |                        |                        |
| <i>Effectiveness measure</i><br>Proportion of disputes lodged resolved after parties participated in conciliation process |       | 80%                    | 81%                    | 80%                    |
| <i>Efficiency measures</i><br>Average annual return on investment   | 1, 2  | 4.0%                   | 2.8%                   | 3.2%                   |
| Total cost for RTA output (excluding grants) as a proportion of the value of bonds held                                   | 3     | 4.5%                   | 4.2%                   | 4.4%                   |

Notes:

1. Variance between the 2015-16 Target/Estimate and the 2015-16 Estimated Actual is due to low interest rates.
2. Variance between the 2015-16 Estimated Actual and 2016-17 Target/Estimate is based on Queensland Investment Corporation projected likely returns. The 2016-17 Target/Estimate has been revised based on the 2015-16 Estimated Actual performance result.
3. Variance between the 2015-16 Estimated Actual and the 2015-16 Estimated Actual is due to lower than average rental bond portfolio growth and low net population growth in Queensland, while RTA costs have increased above inflation due to the finalisation of the myRTA Core IT system replacement project.

## Discontinued measures

Performance measures included in the 2015-16 *Service Delivery Statements* that have been discontinued or replaced are reported in the following table with estimated actual results.

| Residential Tenancies Authority  | Notes | 2015-16<br>Target/Est. | 2015-16<br>Est. Actual | 2016-17<br>Target/Est. |
|--|-------|------------------------|------------------------|------------------------|
| <b>Service area: Residential Tenancies Authority</b>   |       |                        |                        |                        |
| Investigations resolved as a proportion of all investigations finalised (where the RTRA Act applies) | 1     | 90%                    | 100%                   | Discontinued measure   |

Note:

1. This service standard has been discontinued as the investigations module of the RTA's new core business system was implemented from 1 October 2015. The 2015-16 Estimated Actual is for the period 1 July 2015 to 30 September 2015. Proposed service standards relating to investigations into non-compliance with the RTRA Act will be evaluated prior to new service standards being included in a future *Service Delivery Statement*.



# Staffing<sup>1</sup>

| <b>Residential Tenancies Authority</b> | <b>Notes</b> | <b>2015-16<br/>Budget</b> | <b>2015-16<br/>Est. Actual</b> | <b>2016-17<br/>Budget</b> |
|--|--------------|---------------------------|--------------------------------|---------------------------|
| Residential Tenancies Authority        |              | 208                       | 206                            | 206                       |

Note:

1. Full-time equivalents (FTEs) as at 30 June.

# Income statement

| Residential Tenancies Authority      | Notes | 2015-16<br>Budget<br>\$'000 | 2015-16<br>Est. Act.<br>\$'000 | 2016-17<br>Budget<br>\$'000 |
|--------------------------------------|-------|-----------------------------|--------------------------------|-----------------------------|
| <b>INCOME</b>                        |       |                             |                                |                             |
| Taxes                                |       | ..                          | ..                             | ..                          |
| User charges and fees                |       | ..                          | ..                             | ..                          |
| Grants and other contributions       |       | ..                          | ..                             | ..                          |
| Interest                             | 1,4,6 | 31,047                      | 22,596                         | 26,546                      |
| Other revenue                        |       | ..                          | 11                             | 12                          |
| Gains on sale/revaluation of assets  |       | ..                          | ..                             | ..                          |
| <b>Total income</b>                  |       | <b>31,047</b>               | <b>22,607</b>                  | <b>26,558</b>               |
| <b>EXPENSES</b>                      |       |                             |                                |                             |
| Employee expenses                    | 2,7   | 20,398                      | 19,217                         | 20,101                      |
| Supplies and services                | 8     | 13,082                      | 12,687                         | 13,363                      |
| Grants and subsidies                 | 5,9   | 5,000                       | 5,000                          | ..                          |
| Depreciation and amortisation        | 3,10  | 1,293                       | 589                            | 1,463                       |
| Finance/borrowing costs              |       | ..                          | ..                             | ..                          |
| Other expenses                       |       | 144                         | 34                             | 42                          |
| Losses on sale/revaluation of assets |       | 80                          | 18                             | 30                          |
| <b>Total expenses</b>                |       | <b>39,997</b>               | <b>37,545</b>                  | <b>34,999</b>               |
| <b>OPERATING SURPLUS/(DEFICIT)</b>   |       | <b>(8,950)</b>              | <b>(14,938)</b>                | <b>(8,441)</b>              |

# Balance sheet

| Residential Tenancies Authority              | Notes    | 2015-16<br>Budget<br>\$'000 | 2015-16<br>Est. Act.<br>\$'000 | 2016-17<br>Budget<br>\$'000 |
|--|----------|-----------------------------|--------------------------------|-----------------------------|
| <b>CURRENT ASSETS</b>                        |          |                             |                                |                             |
| Cash assets                                  | 11,16,20 | 31,383                      | 44,395                         | 73,557                      |
| Receivables                                  |          | 471                         | 467                            | 468                         |
| Other financial assets                       | 12,17,21 | 777,493                     | 771,914                        | 750,000                     |
| Inventories                                  |          | ..                          | ..                             | ..                          |
| Other  |          | 380                         | 432                            | 432                         |
| Non-financial assets held for sale           |          | ..                          | ..                             | ..                          |
| <b>Total current assets</b>                  |          | <b>809,727</b>              | <b>817,208</b>                 | <b>824,457</b>              |
| <b>NON-CURRENT ASSETS</b>                    |          |                             |                                |                             |
| Receivables                                  |          | ..                          | ..                             | ..                          |
| Other financial assets                       |          | ..                          | ..                             | ..                          |
| Property, plant and equipment                |          | 1,093                       | 1,315                          | 934                         |
| Intangibles                                  | 13,18,22 | 15,128                      | 8,316                          | 11,636                      |
| Other  |          | ..                          | 142                            | 142                         |
| <b>Total non-current assets</b>              |          | <b>16,221</b>               | <b>9,773</b>                   | <b>12,712</b>               |
| <b>TOTAL ASSETS</b>                          |          | <b>825,948</b>              | <b>826,981</b>                 | <b>837,169</b>              |
| <b>CURRENT LIABILITIES</b>                   |          |                             |                                |                             |
| Payables                                     | 14,19,23 | 776,418                     | 785,489                        | 804,118                     |
| Accrued employee benefits                    |          | 2,597                       | 2,381                          | 2,381                       |
| Interest bearing liabilities and derivatives |          | ..                          | ..                             | ..                          |
| Provisions                                   |          | ..                          | ..                             | ..                          |
| Other  |          | ..                          | ..                             | ..                          |
| <b>Total current liabilities</b>             |          | <b>779,015</b>              | <b>787,870</b>                 | <b>806,499</b>              |
| <b>NON-CURRENT LIABILITIES</b>               |          |                             |                                |                             |
| Payables                                     |          | ..                          | 325                            | 325                         |
| Accrued employee benefits                    |          | 1,076                       | 1,142                          | 1,142                       |
| Interest bearing liabilities and derivatives |          | ..                          | ..                             | ..                          |
| Provisions                                   |          | ..                          | ..                             | ..                          |
| Other  |          | ..                          | ..                             | ..                          |
| <b>Total non-current liabilities</b>         |          | <b>1,076</b>                | <b>1,467</b>                   | <b>1,467</b>                |
| <b>TOTAL LIABILITIES</b>                     |          | <b>780,091</b>              | <b>789,337</b>                 | <b>807,966</b>              |
| <b>NET ASSETS/(LIABILITIES)</b>              |          | <b>45,857</b>               | <b>37,644</b>                  | <b>29,203</b>               |
| <b>EQUITY</b>                                |          |                             |                                |                             |
| <b>TOTAL EQUITY</b>                          | 15,24    | <b>45,857</b>               | <b>37,644</b>                  | <b>29,203</b>               |

# Cash flow statement

| Residential Tenancies Authority                             | Notes    | 2015-16<br>Budget<br>\$'000 | 2015-16<br>Est. Act.<br>\$'000 | 2016-17<br>Budget<br>\$'000 |
|---|----------|-----------------------------|--------------------------------|-----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |          |                             |                                |                             |
| <b>Inflows:</b>   |          |                             |                                |                             |
| User charges and fees                                       |          | (91)                        | 23                             | (30)                        |
| Grants and other contributions                              |          | ..                          | ..                             | ..                          |
| Interest received   | 25,30,35 | 31,193                      | 22,613                         | 26,545                      |
| Taxes   |          | ..                          | ..                             | ..                          |
| Other   |          | 26                          | (21)                           | 12                          |
| <b>Outflows:</b>  |          |                             |                                |                             |
| Employee costs  | 26,36    | (20,593)                    | (19,329)                       | (20,101)                    |
| Supplies and services                                       | 37       | (12,839)                    | (12,297)                       | (13,363)                    |
| Grants and subsidies  | 31,38    | (5,000)                     | (5,000)                        | ..                          |
| Borrowing costs   |          | ..                          | ..                             | ..                          |
| Other   | 27,32,39 | 39,409                      | 28,276                         | 18,587                      |
| <b>Net cash provided by or used in operating activities</b> |          | <b>32,105</b>               | <b>14,265</b>                  | <b>11,650</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                           | 28,33,40 | (8,520)                     | (2,628)                        | (4,402)                     |
| Payments for investments                                    | 29,34,41 | (36,382)                    | (17,526)                       | 21,914                      |
| Loans and advances made                                     |          | ..                          | ..                             | ..                          |
| <b>Net cash provided by or used in investing activities</b> |          | <b>(44,902)</b>             | <b>(20,154)</b>                | <b>17,512</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>(12,797)</b>             | <b>(5,889)</b>                 | <b>29,162</b>               |
| <b>Cash at the beginning of financial year</b>              |          | <b>44,180</b>               | <b>50,284</b>                  | <b>44,395</b>               |
| Cash transfers from restructure                             |          | ..                          | ..                             | ..                          |
| <b>Cash at the end of financial year</b>                    |          | <b>31,383</b>               | <b>44,395</b>                  | <b>73,557</b>               |

# Explanation of variances in the financial statements

## Income statement

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

1. Decrease in interest is due to lower than expected return on investments.
2. Decrease in employee expenses is due to current staff vacancies.
3. Decrease in depreciation and amortisation is due to the rollout of the myRTA platform being delayed until the 2016-17 year.

### Major variations between 2015-16 Budget and 2016-17 Budget include:

4. Decrease in interest is due to lower than expected return on investments.
5. Reduction in grants to the Department of Housing and Public Works.

### Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:

6. Increase in interest due to higher expected returns on investments.
7. Increase in employee expenses is due to filling vacant positions and the completion of the capitalisation of systems development costs of the myRTA platform.
8. Increase in other supplies and services is due to the timing of the operational costs associated with the enterprise wide myRTA transformation program.
9. Reduction in grants to the Department of Housing and Public Works.
10. Increase in depreciation and amortisation is due to commencement of amortisation for capitalised systems development costs of the myRTA platform.

## Balance sheet

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

11. Increase in cash assets reflects greater investment in cash holdings and investments compared to other financial assets. This has been partially offset by the operating deficit in 2015-16.
12. Decrease in other financial assets is due to revised estimates in growth in rental bond holdings and subsequent value of investments and increased investment in cash holdings and investments compared to other financial assets.
13. Decrease in intangibles is due to the timing of the capitalisation of the systems development costs of the enterprise wide myRTA transformation program.
14. Increase in payables is due to an increase in the number of bonds held compared to what was budgeted.
15. Decrease in total equity is due to an increased operating deficit which is predominately the result of a lower than expected return on investments.

### Major variations between 2015-16 Budget and 2016-17 Budget include:

16. Increase in cash assets reflects greater investment in cash holdings and investments compared to other financial assets. This has been partially offset by the operating deficits in 2015-16 and 2016-17.
17. Decrease in other financial assets is due to revised estimates in growth in rental bond holdings and subsequent value of investments and increased investment in cash holdings and investments compared to other financial assets.
18. Decrease in intangibles is due to the timing of the capitalisation of the systems development costs of the enterprise wide myRTA transformation program.
19. Increase in payables is due to an increase in the number of bonds held between the 2015-16 and 2016-17 financial years.

### Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:

20. Increase in cash assets reflects greater investment in cash holdings and investments compared to other financial assets. This has been partially offset by the operating deficit in 2016-17.

21. Decrease in other financial assets is due to revised estimates in growth in rental bond holdings and subsequent value of investments and increased investment in cash holdings and investments compared to other financial assets.
22. Increase in intangibles is due to the capitalisation of system development costs for the myRTA transformation program.
23. Increase in payables is due to an increase in the number of bonds held between the 2015-16 and 2016-17 financial years.
24. Decrease in total equity is due to a continuing operating deficit which is predominately the result of a lower than expected return on investments.

## Cash flow statement

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

25. Decrease in interest received is due to lower than expected return on investments.
26. Decrease in employee costs is due to current staff vacancies.
27. Decrease in other outflows is due to the number of rental bonds held increasing from what was budgeted.
28. Decrease in payments for non-financial assets is due to the timing of the capitalisation of the systems development costs of the enterprise wide myRTA transformation program.
29. Decrease in payments for investments is due to revised estimates in the growth in rental bond holdings and subsequent value of investments.

### Major variations between 2015-16 Budget and 2016-17 Budget include:

30. Decrease in interest received is due to lower return on investments.
31. Decrease in grants and subsidies is due to a reduction in grants to the Department of Housing and Public Works.
32. Decrease in other outflows is due to the number of rental bonds held increasing from the 2015-16 to the 2016-17 financial years.
33. Decrease in payments for non-financial assets is due to the timing of the capitalisation of the systems development costs of the enterprise wide myRTA transformation program.
34. Decrease in payments for investments is due to increased investment in cash assets versus other financial assets and subsequent reclassification from investing activities to operating activities.

### Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:

35. Increase in interest received is due to higher expected returns on investments.
36. Increase in employee costs is due to filling vacant positions and the completion of the capitalisation of systems development costs of the myRTA platform.
37. Increase in other supplies and services is due to the engagement of additional contractors associated with the enterprise wide myRTA transformation program.
38. Decrease in grants and subsidies is due to a reduction in grants to the Department of Housing and Public Works.
39. Decrease in other outflows is due to the number of rental bonds held increasing from the 2015-16 to the 2016-17 financial years.
40. Increase in payments for non-financial assets is due to transfer of capitalised systems development cost from work in progress to capital additions.
41. Decrease in payments for investments is due to increased investment in cash assets versus other financial assets and subsequent reclassification from investing activities to operating activities.

# Commercialised business units

## Building and Asset Services

### Overview

Building and Asset Services' vision is to be a strategic partner in the planning and delivery of Queensland government agencies' building, construction and maintenance programs to build better and safer places to live and work. With a strong focus on asset life cycle management frameworks, Building and Asset Services actively works with industry to deliver sophisticated and innovative procurement arrangements to deliver better asset management outcomes and a reduction in transactional costs for government.

With a broad geographic presence across Queensland, supported by six regional offices in Brisbane, Cairns, Townsville, Rockhampton, Maryborough and Toowoomba and a network of district offices and depots, Building and Asset Services is positioned to work closely with industry to maximise local supplier participation to build Queensland's regional capability. The cross-agency programs that Building and Asset Services delivers regionally, enables apprenticeship and traineeship opportunities.

Building and Asset Services has developed strong relationships with Aboriginal and Torres Strait Islander communities and is helping build the capability of the people within these communities to support employment in the delivery of building, construction and maintenance activities.

The key factors impacting on Building and Asset Services will be improving engagement with the industry including seeking continued innovation in procurement of building construction and maintenance activities and working closely with agencies to develop forward programs of work that drive value for government and provide continuity of work for the building industry.

### Service summary

In 2015-16, Building and Asset Services:

- improved efficiencies in the procurement of low cost trade based services with the implementation of the Unplanned Maintenance and Minor Upgrade Services Standing Offer Arrangement which has extended the work to a broader base of local contractors across the State
- delivered improvements to the contractor web portal in the form of an electronic invoicing solution, which reduced the cost of transactions within Government
- supported a number of Aboriginal and Torres Strait Islander Councils in developing building, procurement and contract management capability. These partnerships are focused on building resilience and the economy in remote communities and on delivery of cost effective services and solutions.

In 2016-17, Building and Asset Services will deliver strategic solutions in partnership with customer agencies, including:

- identifying asset life cycle maintenance solutions that will complement the principles of the State Infrastructure Plan and the Total Asset Management Plan Framework
- working closely with the Department of Science, Information Technology and Innovation on the development of a whole-of-government asset life cycle management system that will enable better investment and funding decisions for building infrastructure
- enhancing planning and programming approaches through rolling programs of works for building, construction and maintenance that will deliver pipelines of work for industry to create jobs and training opportunities
- encouraging procurement innovation from industry
- partnering with Aboriginal and Torres Strait Islander Councils, communities and relevant stakeholders to successfully deliver programs under the National Partnership on Remote Housing and National Affordable Housing Agreement.

# Service performance

## Performance statement

### Building and Asset Services

#### Service area objective

To partner with Government agencies to strategically manage their building, construction and maintenance activities.

#### Service area description

Building and Asset Services, in partnership with Queensland Government agencies, supports strategic asset management by managing risks for diverse building asset portfolios and providing expertise in planning, procurement and delivery of new building infrastructure, asset and facilities management. In doing so, Building and Asset Services works closely with industry and local suppliers to maximise value for money procurement and contract management outcomes. This assists government agencies to meet their service delivery outcomes for the community, and provide employment opportunities across the state including regional and remote communities of Queensland.

| Building and Asset Services  | Notes | 2015-16<br>Target/Est. | 2015-16<br>Est. Actual | 2016-17<br>Target/Est. |
|--|-------|------------------------|------------------------|------------------------|
| <b>Service area: Building and Asset Services</b>                                     |       |                        |                        |                        |
| <b>Service standards</b>   |       |                        |                        |                        |
| <i>Effectiveness measures</i>  |       |                        |                        |                        |
| Overall customer satisfaction  | 1     | 80%                    | 84%                    | ..                     |
| Percentage of maintenance spend on facility management with local/regional suppliers | 2     | New measure            | New measure            | 70%                    |
| <i>Efficiency measures</i>   |       |                        |                        |                        |
| Gross profit as a percentage of sales  | 3     | 8.1                    | 8.4                    | 8.6                    |
| Net profit before tax and dividends as a percentage of sales                         | 4     | 0.1                    | 0.0                    | 0.0                    |
| Current ratio  |       | 1.75:1                 | 1.73:1                 | 1.75:1                 |

Notes:

1. There is no 2016-17 Target/Estimate as this is a biennial measure with the next survey to be undertaken in 2017-18.
2. This is a new service standard reporting on the benefits of the Unplanned Maintenance and Minor Works/Upgrade Standing Offer Arrangement (UMMUS) implemented in 2015-16. The UMMUS is a regional approach to procuring multi-trades for maintenance and minor works services and provides local and competitive contractors and suppliers with the opportunity to participate in the government work that is undertaken in their region.
3. Variance between the 2015-16 Target/Estimate, 2015-16 Estimated Actual and 2016-17 Target/Estimate is mainly due to the impact of increased contribution from expected higher volume of sales.
4. Variance between the 2015-16 Target/Estimate and the 2015-16 Estimated Actual and 2016-17 Target/Estimate is mainly due to additional program delivery costs than allowed in the original budget, higher accommodation costs and engagement of 19 Aboriginal and Torres Strait Islander trainees.



## Discontinued measures

Performance measures included in the 2015-16 *Service Delivery Statements* that have been discontinued or replaced are reported in the following table with estimated actual results.

| Building and Asset Services                      | Notes | 2015-16 Target/Est. | 2015-16 Est. Actual | 2016-17 Target/Est.  |
|--|-------|---------------------|---------------------|----------------------|
| <b>Service area: Building and Asset Services</b> |       |                     |                     |                      |
| Value created from better procurement            | 1     | 10%                 | 9%                  | Discontinued measure |

Note:

1. This service standard has been discontinued as the measure related to the procurement arrangements for unplanned maintenance and service maintenance sourced and implemented during 2015-16.

## Staffing<sup>1, 2</sup>

| <b>Building and Asset Services</b> | <b>Notes</b> | <b>2015-16<br/>Budget</b> | <b>2015-16<br/>Est. Actual</b> | <b>2016-17<br/>Budget</b> |
|------------------------------------|--------------|---------------------------|--------------------------------|---------------------------|
| Building and Asset Services        | 3            | 1,301                     | 1,281                          | 1,284                     |

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Corporate FTEs are allocated across the service to which they relate.
3. Variance between 2015-16 Budget and 2015-16 Estimated Actual is due to apprentices completing their training and unfilled vacant roles.

# Income statement

| Building and Asset Services          | Notes       | 2015-16<br>Budget<br>\$'000 | 2015-16<br>Est. Act.<br>\$'000 | 2016-17<br>Budget<br>\$'000 |
|--------------------------------------|-------------|-----------------------------|--------------------------------|-----------------------------|
| <b>INCOME</b>                        |             |                             |                                |                             |
| User charges and fees                | 1,6         | 794,883                     | 815,767                        | 816,000                     |
| Grants and other contributions       |             | ..                          | 181                            | 170                         |
| Interest                             | 2,7         | 1,285                       | 816                            | 816                         |
| Other revenue                        |             | 4,710                       | 4,591                          | 4,514                       |
| Gains on sale/revaluation of assets  |             | ..                          | ..                             | ..                          |
| <b>Total income</b>                  |             | <b>800,878</b>              | <b>821,355</b>                 | <b>821,500</b>              |
| <b>EXPENSES</b>                      |             |                             |                                |                             |
| Employee expenses                    | 8,11        | 112,839                     | 112,405                        | 116,240                     |
| Supplies and services                | 3,9         | 682,384                     | 703,710                        | 699,893                     |
| Grants and subsidies                 |             | ..                          | ..                             | ..                          |
| Depreciation and amortisation        | 4           | 3,363                       | 3,726                          | 3,653                       |
| Finance/borrowing costs              |             | ..                          | ..                             | ..                          |
| Other expenses                       |             | 1,279                       | 1,354                          | 1,384                       |
| Losses on sale/revaluation of assets |             | 3                           | (10)                           | ..                          |
| <b>Total expenses</b>                |             | <b>799,868</b>              | <b>821,185</b>                 | <b>821,170</b>              |
| Income tax expense/revenue           |             | 303                         | 51                             | 99                          |
| <b>OPERATING SURPLUS/(DEFICIT)</b>   | <b>5,10</b> | <b>707</b>                  | <b>119</b>                     | <b>231</b>                  |

# Balance sheet

| Building and Asset Services                  | Notes    | 2015-16<br>Budget<br>\$'000 | 2015-16<br>Est. Act.<br>\$'000 | 2016-17<br>Budget<br>\$'000 |
|--|----------|-----------------------------|--------------------------------|-----------------------------|
| <b>CURRENT ASSETS</b>                        |          |                             |                                |                             |
| Cash assets                                  |          | 86,742                      | 89,403                         | 92,995                      |
| Receivables                                  | 12,17    | 124,095                     | 111,969                        | 112,192                     |
| Other financial assets                       |          | ..                          | ..                             | ..                          |
| Inventories                                  | 13,18    | 39,830                      | 51,406                         | 51,406                      |
| Other  |          | 277                         | 103                            | 103                         |
| Non-financial assets held for sale           |          | ..                          | ..                             | ..                          |
| <b>Total current assets</b>                  |          | <b>250,944</b>              | <b>252,881</b>                 | <b>256,696</b>              |
| <b>NON-CURRENT ASSETS</b>                    |          |                             |                                |                             |
| Receivables                                  |          | ..                          | ..                             | ..                          |
| Other financial assets                       |          | ..                          | ..                             | ..                          |
| Property, plant and equipment                |          | 1,264                       | 1,294                          | 1,315                       |
| Deferred tax assets                          | 14,19    | 3,230                       | 2,436                          | 1,603                       |
| Intangibles                                  | 20,23    | 10,308                      | 10,693                         | 7,319                       |
| Other  |          | ..                          | ..                             | ..                          |
| <b>Total non-current assets</b>              |          | <b>14,802</b>               | <b>14,423</b>                  | <b>10,237</b>               |
| <b>TOTAL ASSETS</b>                          |          | <b>265,746</b>              | <b>267,304</b>                 | <b>266,933</b>              |
| <b>CURRENT LIABILITIES</b>                   |          |                             |                                |                             |
| Payables                                     |          | 76,689                      | 75,862                         | 75,964                      |
| Current tax liabilities                      |          | 303                         | 34                             | 66                          |
| Accrued employee benefits                    |          | 3,385                       | 4,201                          | 4,381                       |
| Interest bearing liabilities and derivatives |          | ..                          | ..                             | ..                          |
| Provisions                                   | 15,21    | 1,075                       | 188                            | 188                         |
| Other  |          | 61,975                      | 66,212                         | 66,212                      |
| <b>Total current liabilities</b>             |          | <b>143,427</b>              | <b>146,497</b>                 | <b>146,811</b>              |
| <b>NON-CURRENT LIABILITIES</b>               |          |                             |                                |                             |
| Payables                                     |          | ..                          | ..                             | ..                          |
| Deferred tax liabilities                     | 16,22,24 | 4,196                       | 2,613                          | 1,813                       |
| Accrued employee benefits                    |          | ..                          | ..                             | ..                          |
| Interest bearing liabilities and derivatives |          | ..                          | ..                             | ..                          |
| Provisions                                   |          | ..                          | ..                             | ..                          |
| Other  |          | 12                          | ..                             | ..                          |
| <b>Total non-current liabilities</b>         |          | <b>4,208</b>                | <b>2,613</b>                   | <b>1,813</b>                |
| <b>TOTAL LIABILITIES</b>                     |          | <b>147,635</b>              | <b>149,110</b>                 | <b>148,624</b>              |
| <b>NET ASSETS/(LIABILITIES)</b>              |          | <b>118,111</b>              | <b>118,194</b>                 | <b>118,309</b>              |
| <b>EQUITY</b>                                |          |                             |                                |                             |
| <b>TOTAL EQUITY</b>                          |          | <b>118,111</b>              | <b>118,194</b>                 | <b>118,309</b>              |

# Cash flow statement

| Building and Asset Services                                 | Notes    | 2015-16<br>Budget<br>\$'000 | 2015-16<br>Est. Act.<br>\$'000 | 2016-17<br>Budget<br>\$'000 |
|---|----------|-----------------------------|--------------------------------|-----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |          |                             |                                |                             |
| <b>Inflows:</b>   |          |                             |                                |                             |
| User charges and fees                                       | 25,29,32 | 846,843                     | 881,342                        | 866,978                     |
| Grants and other contributions                              |          | ..                          | 181                            | 170                         |
| Interest received   |          | 1,285                       | 853                            | 816                         |
| Other   | 26,33    | 23,903                      | 17,398                         | 23,520                      |
| <b>Outflows:</b>  |          |                             |                                |                             |
| Employee costs  | 30,34    | (113,687)                   | (112,272)                      | (116,139)                   |
| Supplies and services                                       | 27,31,35 | (750,291)                   | (799,725)                      | (770,021)                   |
| Grants and subsidies  |          | ..                          | ..                             | ..                          |
| Borrowing costs   |          | ..                          | ..                             | ..                          |
| Taxation equivalents paid                                   |          | (58)                        | ..                             | (34)                        |
| Other   |          | (1,280)                     | (1,207)                        | (1,338)                     |
| <b>Net cash provided by or used in operating activities</b> |          | <b>6,715</b>                | <b>(13,430)</b>                | <b>3,952</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                           |          | (500)                       | (200)                          | (300)                       |
| Payments for investments                                    |          | ..                          | ..                             | ..                          |
| Loans and advances made                                     |          | ..                          | ..                             | ..                          |
| <b>Net cash provided by or used in investing activities</b> |          | <b>(500)</b>                | <b>(200)</b>                   | <b>(300)</b>                |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |          |                             |                                |                             |
| <b>Inflows:</b>   |          |                             |                                |                             |
| Borrowings  |          | ..                          | ..                             | ..                          |
| Equity injections   |          | ..                          | ..                             | ..                          |
| <b>Outflows:</b>  |          |                             |                                |                             |
| Borrowing redemptions                                       |          | ..                          | ..                             | ..                          |
| Finance lease payments                                      |          | ..                          | ..                             | ..                          |
| Equity withdrawals  |          | ..                          | ..                             | ..                          |
| Dividends paid  |          | (101)                       | (170)                          | (60)                        |
| <b>Net cash provided by or used in financing activities</b> |          | <b>(101)</b>                | <b>(170)</b>                   | <b>(60)</b>                 |
| <b>Net increase/(decrease) in cash held</b>                 |          | <b>6,114</b>                | <b>(13,800)</b>                | <b>3,592</b>                |
| <b>Cash at the beginning of financial year</b>              | 28       | <b>80,628</b>               | <b>103,203</b>                 | <b>89,403</b>               |
| Cash transfers from restructure                             |          | ..                          | ..                             | ..                          |
| <b>Cash at the end of financial year</b>                    |          | <b>86,742</b>               | <b>89,403</b>                  | <b>92,995</b>               |

# Explanation of variances in the financial statements

## Income statement

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

1. The increase in user charges is mainly due to increased maintenance work including the School Infrastructure Enhancement program and carryover of 2014-15 work.
2. The decrease in interest income is due to lower average cash balances throughout the year.
3. The increase in supplies and services is mainly due to an increase in payments to contractors reflecting the higher volume of work.
4. The increase in amortisation expenses is due to capitalisation of system software costs.
5. The decrease in the surplus mainly reflects additional program delivery costs than allowed in the original budget, higher accommodation costs and engagement of 19 Aboriginal and Torres Strait Islander trainees.

### Major variations between 2015-16 Budget and 2016-17 Budget include:

6. The increase in user charges and fees is mainly due to increased maintenance work, including the School Infrastructure Enhancement and Smoke Alarms Replacement programs.
7. The decrease in interest income is due to lower expected average cash balances throughout the year.
8. The increase in employee expense is mainly due to 2016-17 Budget assumptions for the Enterprise Bargaining Agreements increases.
9. The increase in supplies and services is mainly due to an increase in payments to contractors reflecting the higher volume of work.
10. The decrease in the surplus mainly reflects 2016-17 Budget assumptions for Enterprise Bargaining Agreements increases and reduced interest income.

### Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:

11. The increase in employee expense is mainly due to 2016-17 Budget assumptions for the Enterprise Bargaining Agreements increases.

## Balance sheet

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

12. The decrease in receivables is mainly due to a expected lower May and June Sales Revenue in 2015-16 Estimated Actual compared to 2015-16 Budget.
13. The increase in inventories (construction work in progress) mainly reflects the estimated timing of the work performed.
14. The decrease in deferred tax assets is mainly due to the reductions in provisions and carried forward losses.
15. The decrease in provisions is mainly due to the timing of payments and revised end of year estimates.
16. The decrease in deferred tax liability is mainly due to the movement between the tax base and accounting carrying value of the capitalised system software costs.

### Major variations between 2015-16 Budget and 2016-17 Budget include:

17. The decrease in receivables is mainly due to a expected lower May and June Sales Revenue in 2016-17 Budget compared to 2015-16 Budget.
18. The increase in inventories (construction work in progress) mainly reflects the estimated timing of the work performed.
19. The decrease in deferred tax assets is mainly due to the reductions in provisions and carried forward losses.
20. The decrease in intangibles is mainly due to the amortisation of capitalised systems software costs.
21. The decrease in provisions is mainly due to the timing of payments and revised end of year estimates.
22. The decrease in deferred tax liability is mainly due to the movement between the tax base and accounting carrying value of the capitalised system software costs.

**Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:**

23. The decrease in intangibles is mainly due to the amortisation of capitalised systems software costs.
24. The decrease in deferred tax liability is mainly due to the movement between the tax base and accounting carrying value of the capitalised system software costs.

## **Cash flow statement**

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

25. The increase in user charges and fees is mainly due to the increased maintenance work, carryover of 2014-15 work and the reduction of receivables.
26. The decrease in other inflows is mainly due to lower than anticipated Goods and Services Tax inflows from the Australian Taxation Office.
27. The increase in supplies and services is mainly due to payments to contractors reflecting the higher volume of work.
28. The increase in cash at the beginning of the financial year is mainly due to a higher level of collections from customers in June 2015 than expected.

**Major variations between 2015-16 Budget and 2016-17 Budget include:**

29. The increase in user charges and fees is mainly due to increased maintenance work and the reduction in receivables.
30. The increase in employee expense is mainly due to 2016-17 budget assumptions for the Enterprise Bargaining Agreements increases.
31. The increase in supplies and services is mainly due to payments to contractors reflecting the higher volume of work.

**Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:**

32. The decrease in user charges and fees is mainly due to lower volume of work in June 2016 compared to June 2015 resulting in lower cash collections from customers in 2016-17.
33. The increase in other inflows is mainly due to higher than anticipated Goods and Services Tax inflows from the Australian Taxation Office.
34. The increase in employee expense is mainly due to 2016-17 budget assumptions for the Enterprise Bargaining Agreements increases.
35. The decrease in supplies and services is mainly due to lower volume of work in June 2016 compared to June 2015 resulting in lower cash payments to contractors in 2016-17.

# QFleet

## Overview

As the Queensland Government's fleet owner and manager, responsible for approximately 9,800 passenger and light commercial motor vehicles, QFleet's vision is to be a valued and trusted partner of customers and stakeholders through best practice fleet management based on aggregated procurement, risk management, total cost of ownership and safety.

QFleet's focus is the delivery of an integrated package of flexible fleet management services and value-adding solutions that reflect Government policy and support the delivery of government services and programs to the community.

Services are provided to core government agencies and are also available to government-owned corporations, statutory authorities and eligible non-government organisations. Services include vehicle contract management, fleet advisory services, in-service maintenance management, accident management, end-of-life repairs and vehicle remarketing. Tools and advice are provided to assist customers with fit-for-purpose vehicle selection and achieving optimal fleet utilisation.

Key factors impacting on QFleet include:

- government exposure to motor vehicle residual value risk resulting from market volatility
- aggregating the owned Queensland Government motor vehicle fleet for procurement and associated services and partnering with other government fleets such as Queensland Police and Queensland Fire and Emergency Services
- the need to ensure government policy priorities are met, including cost minimisation, climate change mitigation, accountability and transparency while aligning the fleet mix with market demand at end-of-life
- evolving a fleet delivery model that better understands, anticipates, meets and exceeds customer requirements.

## Service summary

In 2015-16, QFleet:

- continued to work with organisations to identify procurement opportunities through access to procurement arrangements and extended those arrangements to include statutory bodies, local government authorities and community and not for profit groups
- commenced engagement with government agencies to consider and develop car sharing models in support of the Brisbane CBD and Fringe Accommodation Strategy 2015-2025
- introduced plug-in hybrid electric vehicles to the Queensland Government fleet in support of the Queensland Government's revitalised climate change agenda
- continued to support regional and remote communities by providing specialised fit-for-purpose transport solutions
- supported vehicle driver safety by updating safety manuals.

In 2016-17, QFleet will implement a range of initiatives, including:

- delivering enhanced fleet management services to improve efficiencies and generate savings for Government
- delivering a car sharing model in the Brisbane CBD as a cost effective means to improve the utilisation of the Queensland Government vehicles located in the area
- implementing a QFleet environmental policy for the Queensland Government vehicle fleet that will include introducing a number of initiatives specifically aimed at reducing or minimising greenhouse gas emissions
- developing vehicle safety education programs for Queensland Government drivers and fleet managers
- facilitating a panel arrangement for whole-of-government in-vehicle monitoring and fleet optimisation services
- continuing to work in partnership with organisations to identify procurement opportunities through access to procurement arrangements.



# Service performance

## Performance statement

### QFleet

#### Service area objective

To deliver benefits to the Government through aggregated procurement of vehicles and associated services, and provide a central pool of expertise in fleet management.

#### Service area description

QFleet is responsible for whole-of-government fleet policy development and implementation. Services include vehicle procurement and contract management, fleet advisory services to public sector departments, as well as government-funded organisations, in-service maintenance, accident management, and end-of-life repairs and vehicle remarketing. This supports government agencies to meet their service delivery outcomes for the community.

| QFleet  | Notes | 2015-16<br>Target/Est. | 2015-16<br>Est. Actual | 2016-17<br>Target/Est. |
|---|-------|------------------------|------------------------|------------------------|
| <b>Service area: QFleet</b>   |       |                        |                        |                        |
| <b>Service standards</b>  |       |                        |                        |                        |
| <i>Effectiveness measure</i>  |       |                        |                        |                        |
| Overall customer satisfaction   | 1     | 79%                    | 89%                    | ..                     |
| <i>Efficiency measures</i>  |       |                        |                        |                        |
| Current ratio   | 2, 3  | 1.23:1                 | 1.33:1                 | 3.00:1                 |
| Return on net assets  | 4, 5  | 8.5%                   | 10.1%                  | 5.0%                   |
| Gearing level   | 6     | 62%                    | 62%                    | 64%                    |
| Percentage of vehicle fleet utilisation compared to agreed lease parameters |       | 90%                    | 89.5%                  | 90%                    |

#### Notes:

1. There is no 2016-17 Target/Estimate as this is a biennial measure with the next survey to be undertaken in 2017-18.
2. Variance between the 2015-16 Target/Estimate and 2015-16 Estimated Actual is due to higher cash assets as a result of a higher opening cash balance and lower payables as a result of lower vehicle purchases in June 2016 than budgeted.
3. Variance between both 2015-16 Target/Estimate and 2015-16 Estimated Actual and the 2016-17 Target/Estimate is mainly due to lower payables as a result of planned lower vehicle purchases in June 2017 and higher cash assets mainly as a result of timing of vehicle purchases and receipts from vehicle sales.
4. Variance between the 2015-16 Target/Estimate and 2015-16 Estimated Actual is mainly due to a higher operating surplus.
5. Variance between both 2015-16 Target/Estimate and 2015-16 Estimated Actual and the 2016-17 Target/Estimate is due to a lower operating surplus in 2016-17 mainly as a result of a reduction in vehicles available for sale in 2016-17 which resulted from the halt in purchasing vehicles across the 2012-13 financial year.
6. Variance between both the 2015-16 Target/Estimate and 2015-16 Estimated Actual and the 2016-17 Target/Estimate is mainly due to an increase in interest bearing liabilities as a result of new borrowings anticipated to finance vehicle purchases.

## Staffing<sup>1, 2</sup>

| QFleet | Notes | 2015-16<br>Budget | 2015-16<br>Est. Actual | 2016-17<br>Budget |
|--------|-------|-------------------|------------------------|-------------------|
| QFleet | 3     | 49                | 53                     | 50                |

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Corporate FTEs are allocated across the service to which they relate.
3. Variance between 2015-16 Budget and 2015-16 Estimated Actual is due to filling vacant roles and participation in the Department of Housing and Public Works' Graduate Program.

# Income statement

| QFleet                               | Notes         | 2015-16<br>Budget<br>\$'000 | 2015-16<br>Est. Act.<br>\$'000 | 2016-17<br>Budget<br>\$'000 |
|--------------------------------------|---------------|-----------------------------|--------------------------------|-----------------------------|
| <b>INCOME</b>                        |               |                             |                                |                             |
| User charges and fees                | 1,5,10        | 145,615                     | 140,826                        | 115,805                     |
| Grants and other contributions       |               | ..                          | ..                             | ..                          |
| Interest                             |               | 113                         | 36                             | 186                         |
| Other revenue                        |               | 370                         | 410                            | 397                         |
| Gains on sale/revaluation of assets  |               | ..                          | ..                             | ..                          |
| <b>Total income</b>                  |               | <b>146,098</b>              | <b>141,272</b>                 | <b>116,388</b>              |
| <b>EXPENSES</b>                      |               |                             |                                |                             |
| Employee expenses                    |               | 4,768                       | 4,768                          | 4,940                       |
| Supplies and services                | 2,6,11        | 89,593                      | 77,717                         | 61,923                      |
| Grants and subsidies                 |               | ..                          | ..                             | ..                          |
| Depreciation and amortisation        | 7             | 31,775                      | 34,063                         | 37,027                      |
| Finance/borrowing costs              | 3,8,12        | 7,158                       | 5,751                          | 6,407                       |
| Other expenses                       |               | 142                         | 136                            | 141                         |
| Losses on sale/revaluation of assets |               | ..                          | ..                             | ..                          |
| <b>Total expenses</b>                |               | <b>133,436</b>              | <b>122,435</b>                 | <b>110,438</b>              |
| Income tax expense/revenue           |               | 3,802                       | 5,652                          | 1,785                       |
| <b>OPERATING SURPLUS/(DEFICIT)</b>   | <b>4,9,13</b> | <b>8,860</b>                | <b>13,185</b>                  | <b>4,165</b>                |

# Balance sheet

| QFleet                                       | Notes    | 2015-16<br>Budget<br>\$'000 | 2015-16<br>Est. Act.<br>\$'000 | 2016-17<br>Budget<br>\$'000 |
|--|----------|-----------------------------|--------------------------------|-----------------------------|
| <b>CURRENT ASSETS</b>                        |          |                             |                                |                             |
| Cash assets                                  | 14,22,29 | 4,461                       | 6,219                          | 23,997                      |
| Receivables                                  | 15,30    | 10,407                      | 12,157                         | 10,368                      |
| Other financial assets                       |          | ..                          | ..                             | ..                          |
| Inventories                                  | 16,23,31 | 8,619                       | 4,966                          | 7,629                       |
| Other  | 17,24    | 4,177                       | 4,910                          | 5,050                       |
| Non-financial assets held for sale           |          | ..                          | ..                             | ..                          |
| <b>Total current assets</b>                  |          | <b>27,664</b>               | <b>28,252</b>                  | <b>47,044</b>               |
| <b>NON-CURRENT ASSETS</b>                    |          |                             |                                |                             |
| Receivables                                  |          | ..                          | ..                             | ..                          |
| Other financial assets                       |          | ..                          | ..                             | ..                          |
| Property, plant and equipment                |          | 225,555                     | 235,136                        | 225,035                     |
| Deferred tax assets                          |          | 30                          | 9                              | 9                           |
| Intangibles                                  |          | ..                          | ..                             | ..                          |
| Other  |          | ..                          | ..                             | ..                          |
| <b>Total non-current assets</b>              |          | <b>225,585</b>              | <b>235,145</b>                 | <b>225,044</b>              |
| <b>TOTAL ASSETS</b>                          |          | <b>253,249</b>              | <b>263,397</b>                 | <b>272,088</b>              |
| <b>CURRENT LIABILITIES</b>                   |          |                             |                                |                             |
| Payables                                     | 18,25,32 | 15,679                      | 13,904                         | 10,854                      |
| Current tax liabilities                      | 19,26,33 | 1,206                       | 1,436                          | (942)                       |
| Accrued employee benefits                    |          | 158                         | 204                            | 159                         |
| Interest bearing liabilities and derivatives |          | ..                          | ..                             | ..                          |
| Provisions                                   |          | ..                          | ..                             | ..                          |
| Other  |          | 5,466                       | 5,727                          | 5,626                       |
| <b>Total current liabilities</b>             |          | <b>22,509</b>               | <b>21,271</b>                  | <b>15,697</b>               |
| <b>NON-CURRENT LIABILITIES</b>               |          |                             |                                |                             |
| Payables                                     |          | ..                          | ..                             | ..                          |
| Deferred tax liabilities                     | 20,27    | 4,800                       | 8,233                          | 8,415                       |
| Accrued employee benefits                    |          | ..                          | ..                             | ..                          |
| Interest bearing liabilities and derivatives | 21,28,34 | 141,512                     | 146,512                        | 166,512                     |
| Provisions                                   |          | ..                          | ..                             | ..                          |
| Other  |          | ..                          | ..                             | ..                          |
| <b>Total non-current liabilities</b>         |          | <b>146,312</b>              | <b>154,745</b>                 | <b>174,927</b>              |
| <b>TOTAL LIABILITIES</b>                     |          | <b>168,821</b>              | <b>176,016</b>                 | <b>190,624</b>              |
| <b>NET ASSETS/(LIABILITIES)</b>              |          | <b>84,428</b>               | <b>87,381</b>                  | <b>81,464</b>               |
| <b>EQUITY</b>                                |          |                             |                                |                             |
| <b>TOTAL EQUITY</b>                          |          | <b>84,428</b>               | <b>87,381</b>                  | <b>81,464</b>               |

# Cash flow statement

| QFleet  | Notes    | 2015-16<br>Budget<br>\$'000 | 2015-16<br>Est. Act.<br>\$'000 | 2016-17<br>Budget<br>\$'000 |
|---|----------|-----------------------------|--------------------------------|-----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |          |                             |                                |                             |
| <b>Inflows:</b>   |          |                             |                                |                             |
| User charges and fees                                       | 41,50    | 160,312                     | 157,129                        | 129,069                     |
| Grants and other contributions                              |          | ..                          | ..                             | ..                          |
| Interest received   |          | 125                         | 44                             | 158                         |
| Other   | 35,42,51 | 11,490                      | 12,958                         | 8,756                       |
| <b>Outflows:</b>  |          |                             |                                |                             |
| Employee costs  |          | (4,768)                     | (4,684)                        | (4,985)                     |
| Supplies and services                                       | 43,52    | (146,535)                   | (139,352)                      | (98,232)                    |
| Grants and subsidies  |          | ..                          | ..                             | ..                          |
| Borrowing costs   | 36,44    | (7,104)                     | (5,981)                        | (6,350)                     |
| Taxation equivalents paid                                   | 37,45,53 | (5,791)                     | (5,033)                        | (3,981)                     |
| Other   | 46,54    | (13,921)                    | (15,012)                       | (12,035)                    |
| <b>Net cash provided by or used in operating activities</b> |          | <b>(6,192)</b>              | <b>69</b>                      | <b>12,400</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                           |          | (15)                        | ..                             | (30)                        |
| Payments for investments                                    |          | ..                          | ..                             | ..                          |
| Loans and advances made                                     |          | ..                          | ..                             | ..                          |
| <b>Net cash provided by or used in investing activities</b> |          | <b>(15)</b>                 | <b>..</b>                      | <b>(30)</b>                 |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |          |                             |                                |                             |
| <b>Inflows:</b>   |          |                             |                                |                             |
| Borrowings  | 38       | 19,600                      | 22,000                         | 20,000                      |
| Equity injections   |          | ..                          | ..                             | ..                          |
| <b>Outflows:</b>  |          |                             |                                |                             |
| Borrowing redemptions                                       | 39,47,55 | (4,600)                     | (11,500)                       | ..                          |
| Finance lease payments                                      |          | ..                          | ..                             | ..                          |
| Equity withdrawals  | 48,56    | ..                          | ..                             | (8,000)                     |
| Dividends paid  | 40,49,57 | (7,298)                     | (8,088)                        | (6,592)                     |
| <b>Net cash provided by or used in financing activities</b> |          | <b>7,702</b>                | <b>2,412</b>                   | <b>5,408</b>                |
| <b>Net increase/(decrease) in cash held</b>                 |          | <b>1,495</b>                | <b>2,481</b>                   | <b>17,778</b>               |
| <b>Cash at the beginning of financial year</b>              |          | <b>2,966</b>                | <b>3,738</b>                   | <b>6,219</b>                |
| Cash transfers from restructure                             |          | ..                          | ..                             | ..                          |
| <b>Cash at the end of financial year</b>                    |          | <b>4,461</b>                | <b>6,219</b>                   | <b>23,997</b>               |

# Explanation of variances in the financial statements

## Income statement

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

1. The decrease in user charges is mainly due to lower proceeds on vehicle sales primarily due to adjustments in the level of vehicles being returned from customers.
2. The decrease in supplies and services is mainly due to a lower written down value on vehicle sales as a result of fewer vehicles sold.
3. The decrease in borrowing costs is mainly due to a lower than budgeted interest rate on borrowings.
4. The increase in the operating surplus is mainly due to higher profit on vehicle sales and lower borrowing costs.

### Major variations between 2015-16 Budget and 2016-17 Budget include:

5. The decrease in user charges is mainly due to lower proceeds on vehicle sales resulting from the halt in purchasing vehicles across the 2012-13 financial year which has now resulted in fewer vehicles being available for sale in 2016-17.
6. The decrease in supplies and services is mainly due to lower written down value on fewer vehicle sales resulting from the halt in purchasing vehicles across the 2012-13 financial year.
7. The increase in depreciation is due to a change in budget assumptions on pricing, lease terms and mix of the vehicle fleet.
8. The decrease in borrowing costs is due to a budgeted lower interest rate on the long term borrowings.
9. The decrease in the operating surplus is mainly due to the reduction in vehicle returns in 2016-17 resulting from the halt in purchasing vehicles across the 2012-13 financial year.

### Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:

10. The decrease in user charges is mainly due to lower proceeds on the sale of a reduced number of vehicles available for sale in 2016-17. This is as a result of the halt in purchasing vehicles across the 2012-13 financial year.
11. The decrease in supplies and services is mainly due to lower written down value on fewer vehicle sales as a result of the halt in purchasing vehicles across the 2012-13 financial year.
12. The increase in borrowing costs is mainly due to new borrowings to finance vehicle purchases in 2016-17.
13. The decrease in the operating surplus is mainly due to the reduction of vehicles available for sale in 2016-17 resulting from the halt in purchasing vehicles across the 2012-13 financial year.

## Balance sheet

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

14. The increase in cash assets is mainly due to higher operating surplus and a higher actual opening cash balance than budgeted.
15. The increase in receivables is mainly due to higher lease revenue and accrued sales for the month of June 2016.
16. The decrease in inventories is mainly due to reduced vehicle returns resulting in a lower number of vehicles awaiting sale at June.
17. The increase in other current assets is mainly due to timing differences in payments for vehicle statutory charges compared with the original budget.
18. The decrease in payables mainly represents lower amounts payable for vehicle purchases forecast for the month of June, partially offset by an increase in the dividend provision on the higher anticipated surplus.
19. The increase in current tax liabilities is mainly due to the increase in the operating surplus.
20. The increase in deferred tax liabilities is mainly due to timing differences between the accounting and tax treatment of assets and liabilities.
21. The increase in interest bearing liabilities is in line with funding requirements in relation to vehicle purchases.

**Major variations between 2015-16 Budget and 2016-17 Budget include:**

22. The increase in cash assets is mainly due to a higher opening cash balance and timing of vehicle purchases and receipts from vehicle sales.
23. The decrease in inventories is mainly due to reduced returns resulting in a lower number of vehicles awaiting sale.
24. The increase in other current assets is mainly due to timing differences in payments for vehicle statutory charges.
25. The decrease in payables is mainly due to a lower dividend provision from the lower operating surplus and lower creditors for reduced vehicle purchases in June 2017.
26. The decrease in current tax liabilities is due to the lower operating surplus as compared with the operating surplus in 2015-16 which resulted in higher tax instalments.
27. The increase in deferred tax liabilities is mainly due to timing differences between the accounting and tax treatment of assets and liabilities.
28. The increase in interest bearing liabilities is due to new borrowings anticipated to finance vehicle purchases.

**Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:**

29. The increase in cash assets is mainly due to the timing of vehicle purchases and receipts from vehicle sales.
30. The decrease in receivables is mainly due to lower sales in June 2017 and lower revenue from end-of-life charges due to reduced vehicle returns.
31. The increase in inventories is due to a higher expected number of vehicles awaiting sale in June 2017.
32. The decrease in payables is mainly due to a lower dividend provision from the lower operating surplus and lower creditors as a result of fewer vehicle purchases expected in June 2017.
33. The decrease in current tax liabilities is due to the lower operating surplus as compared with the operating surplus in 2015-16 which resulted in higher tax instalments.
34. The increase in interest bearing liabilities is due to new borrowings anticipated to finance vehicle purchases.

## Cash flow statement

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

35. The increase in other inflows represents higher goods and services tax (GST) receivable from the Australian Taxation Office (ATO).
36. The decrease in borrowing costs is mainly due to a lower than budgeted interest rate on borrowings.
37. The decrease in taxation equivalents paid is mainly due to the receipt of income tax refund for 2014-15.
38. The increase in borrowing inflows is in line with funding requirements in relation to vehicle purchases.
39. The increase in borrowing redemptions represents an increase in repayment of borrowings used in 2015-16 and not budgeted due to the timing of vehicle purchases.
40. The increase in dividends paid is due to the higher operating surplus in 2014-15 than budgeted.

**Major variations between 2015-16 Budget and 2016-17 Budget include:**

41. The decrease in user charges is mainly due to lower sales proceeds on fewer vehicle sales resulting from the halt in purchasing vehicles across the 2012-13 financial year resulting in fewer vehicles available for sale in 2016-17.
42. The decrease in other inflows is mainly due to lower GST receivable from the ATO.
43. The decrease in supplies and services is mainly due to lower payments for reduced vehicle purchases.
44. The decrease in borrowing costs is mainly due to a lower budgeted interest rate on borrowings.
45. The decrease in taxation equivalents paid is due to the lower operating surplus.
46. The decrease in other outflows is mainly due to lower GST paid to the ATO on reduced vehicle proceeds.
47. The decrease in borrowing redemptions is in line with funding requirements in relation to vehicle purchases.
48. The increase in equity withdrawals is due to a payment to the departmental entity for maintenance and upgrade works in 2016-17.
49. The decrease in dividends paid is due to the lower operating surplus budgeted in 2015-16 compared to 2014-15.

**Major variations between 2015-16 Estimated Actual and the 2016-17 Budget include:**

- 50. The decrease in user charges is mainly due to lower sales proceeds on fewer vehicle sales resulting from the halt in purchasing vehicles across the 2012-13 financial year resulting in fewer vehicles available for sale in 2016-17.
- 51. The decrease in other inflows is mainly due to lower GST receivable from the ATO on reduced vehicle purchases.
- 52. The decrease in supplies and services is mainly due to lower payments for reduced vehicle purchases.
- 53. The decrease in tax equivalents paid is mainly due to the lower operating surplus.
- 54. The decrease in other outflows is mainly due to lower GST paid to the ATO on reduced vehicle proceeds.
- 55. The decrease in borrowing redemptions is in line with funding requirements in relation to vehicle purchases.
- 56. The increase in equity withdrawals is due to a payment to the departmental entity for maintenance and upgrade works in 2016-17.
- 57. The decrease in dividends paid is due to the lower operating surplus estimated in 2015-16 compared to 2014-15.



# Glossary of terms

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|-----------------------------|--|
| <b>Accrual accounting</b>   | Recognition of economic events and other financial transactions involving revenue, expenses, assets, liabilities and equity as they occur and reporting in financial statements in the period to which they relate, rather than when a flow of cash occurs.  |
| <b>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: <ul style="list-style-type: none"> <li>• delivery of agreed services</li> <li>• administered items</li> <li>• adjustment of the Government's equity in agencies, including acquiring of capital.</li> </ul> |
| <b>Balance sheet</b>        | A financial statement that reports the assets, liabilities and equity of an entity as at a particular date.  |
| <b>Capital</b>              | A term used to refer to 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.  |

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| <b>Income statement</b>   | A financial statement highlighting the accounting surplus or deficit of an entity. It provides an indication of whether the entity has sufficient revenue to meet expenses in the current year, including non-cash costs such as depreciation. |
| <b>Outcomes</b>           | Whole-of-government outcomes are intended to cover all dimensions of community 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.  |
| <b>Service area</b>       | Related services grouped into a high level service area for communicating the broad types of services delivered by an agency.  |
| <b>Service standard</b>   | Define a level of performance that is expected to be achieved appropriate for the service area or service. Service standards are measures of efficiency or effectiveness.  |

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)



