

# **SERVICE DELIVERY STATEMENTS**

**Department of Housing  
and Public Works**

# 2017-18 Queensland Budget Papers

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## **Service Delivery Statements**

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# Department of Housing and Public Works

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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>
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<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 and Homelessness 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 and service trades, to provide remedies for defective building work and to build trust and confidence in the building and construction industry.</p>
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<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 regulate the residential rental housing and rooming accommodation sector and provide high quality client services that balances the rights and responsibilities of all parties in the residential rental sector.</p>
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## **Building and Asset Services**

**Deputy Director-General: Graham Atkins**

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

## **QFleet**

**Assistant Director-General: Kimberley Dripps**

**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.

Additional information about these agencies can be sourced from:

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

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

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

# Departmental overview

The Department of Housing and Public Works provides a diverse range of services to Queenslanders, in the areas of housing, building, fleet and asset management and procurement services. Our vision is to work together in partnership with stakeholders, to make a difference to Queenslanders by building 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 strategic objectives to enable:

- better lives, greater opportunities for Queensland's people and communities through housing services and support for regional communities
- safer and fairer building and residential living industries through effective policy, legislation and administration
- greater value and support for employment and economic opportunities through the effective use of resources, strategic procurement, strong partnerships and support for regional growth
- a collaborative, integrated, and agile organisation through a focus on quality services, performance excellence, flexibility and evidence based decision-making.

Underpinning these objectives is the department's long term vision to deliver key strategies: a Queensland Housing Strategy, a building strategy (through the Queensland Building Plan), and a procurement strategy.

A range of factors will impact on the department's operating environment in 2017-18, including:

- increased demand for affordable rental housing
- increasing complexity of client needs and a demand for holistic and person-centred services
- a national focus on measures to address the health and safety risks posed by non-conforming building products and matters affecting the building construction sector
- regional real estate market volatility affecting the return on investment for government employee residences.

In 2017-18, the department will deliver initiatives supporting portfolio priorities by:

- leading the roll-out of the new ten-year Queensland Housing Strategy to realise a new vision for Queensland's housing system, from homelessness to social housing, affordable rental, home ownership and retirement living options so that every Queenslander has a pathway to a safe, secure and affordable home
- under the Queensland Housing Strategy, reforming our services to offer person-centred, holistic approaches that recognise the capabilities, resources and preferences people possess, working in partnership with them to determine the best response to their needs and circumstances
- as part of the Queensland Housing Strategy, delivering the Housing Construction Jobs Program, to increase supply of social and affordable housing, drive local job creation and economic growth
- delivering reforms arising from the Queensland Building Plan, including delivering a suite of measures to help address security of payment for subcontractors, including establishing project bank accounts, and working with other agencies towards advancing green star ratings for government-owned buildings
- collaboratively working with the Australian Government, states and territories, industry and relevant regulators to address issues relating to non-conforming building products
- implementing revised procurement practices arising from the Queensland Government Procurement Interdepartmental Committee and recommendations from the Queensland Audit Office performance audit on *Strategic procurement (Report 1: 2016-17)* in partnership with Queensland Government agencies
- implementing a Brisbane central business district (CBD) and Fringe Area Government Office Accommodation Strategy 2015-2025
- commencing a targeted and accelerated four-year capital, maintenance and upgrade program to deliver safe and secure government employee housing in regional and remote locations across the state, including Aboriginal and Torres Strait Islander communities, thereby enabling police, teachers, medical professionals and associated government employees to deliver critical frontline services to the people of Queensland.

The department's total capital expenditure program for 2017-18 is \$554.4 million which comprises purchases of \$445.3 million and capital grants of \$109.1 million as detailed in *Capital Statement (Budget Paper 3)*.

# Service performance

## Performance statement

### Housing and Homelessness Services

#### Service area objective

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

#### Service area description

Housing and Homelessness 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 and Homelessness Services also includes regulatory services which regulate residential services, residential parks and retirement villages industries in Queensland. It oversees the National Regulatory System for Community Housing (NRSCH) in the State and the Queensland State Regulatory System for Community Housing (QSRSCH) through registration, monitoring and regulation of Queensland's community housing providers. It provides uniform legislation to ensure legislative and consumer protection requirements are being met by industry. Regulatory services operate independently from the funding arm of Housing and Homelessness Services.

#### Services

- Housing services
- Homelessness services

#### 2017-18 service area highlights

In 2017-18, Housing and Homelessness Services will support Government and departmental commitments and priorities by:

- leading the implementation of the new ten-year Queensland Housing Strategy, to build a better housing future for all Queenslanders
- delivering the Housing Construction Jobs Program to create a pipeline of development and catalyse private investment in local communities
- reforming services to become person-centred, holistic and assist Queenslanders on pathways to independence
- developing new flexible packages of products and services to enable greater person-centred service delivery including pathways into the private rental market
- modernising Housing Service Centres, including adopting new technologies, to improve the customer experience and improve the department's ability to assist vulnerable Queenslanders
- providing housing and support to vulnerable young people through investing in youth foyers and housing support services
- enhancing consumer protections and providing certainty for industry through improved regulatory frameworks for residential services, retirement villages and manufactured homes
- progressing reforms of the *Housing Act 2003* and the *Residential Tenancies and Rooming Accommodation Act 2008* to create a contemporary framework for the delivery of housing services and the residential accommodation sector, including considering prescribing minimum standards for rental premises
- continuing to provide new housing for Aboriginal and Torres Strait Islander communities including through the National Partnership on Remote Housing
- continuing to support home ownership on Aboriginal and Torres Strait Islander land

- 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 in Roma and Charters Towers
- continuing to contribute to the child safety reform agenda initiated by the Queensland Child Protection Commission of Inquiry final report
- continuing to improve the environmental sustainability performance of the social housing portfolio, through the design and amenity of new construction projects, and through maintenance and upgrade activities
- assisting with the implementation of the Department of Energy and Water Supply trials to install solar panels on public housing in a remote location (Lockhart River), regional locations (Cairns and Rockhampton) and metropolitan location (Logan)
- continuing to assess applications from non-government and local government community housing providers seeking registration under the NRSCH and QSRCH
- providing funding through the Dignity First Fund to support innovative responses that help Queenslanders experiencing homelessness to live with dignity, as well as preventing or reducing homelessness.

Department of Housing and Public Works	Notes	2016-17 Target/Est.	2016-17 Est. Actual	2017-18 Target/Est.
<b>Service area: Housing and Homelessness Services<sup>1</sup></b>				
<b>Service: Housing services</b>				
<b>Service standards</b>				
<i>Effectiveness measures</i>				
Level of overall client satisfaction				
Public Housing	2, 4	80%	85.8%	..
Community Housing	3, 4	80%	78.3%	..
Percentage of new households assisted into government-owned and managed social rental housing who were in very high or high need	5	90%	92%	90%
Percentage of department owned social rental housing dwellings in acceptable condition		98%	98%	98%
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, Bond Loans, Housing and Employment Program or Queensland Statewide Tenant Advice and Referral Service	6	New measure	New measure	71%
Proportion of newly constructed social housing dwellings meeting the Livable Housing Design guidelines gold or platinum standards		50%	49%	50%
Average wait time to allocation for assistance (months) with government-owned and managed social rental housing for clients in very high or high need	5, 7	8	7	8
Percentage of under occupied government-owned and managed social rental housing	8	14%	15.8%	15%



Department of Housing and Public Works	Notes	2016-17 Target/Est.	2016-17 Est. Actual	2017-18 Target/Est.
Proportion of government-owned social rental housing stock matched to greatest demand		54%	54%	54%
<i>Efficiency measure</i> Average tenancy and property management administration cost per households assisted with social rental housing	9, 10	\$1,233	\$1,262	\$1,281
<b>Service: Homelessness services</b>				
<b>Service standards</b> <i>Effectiveness measures</i> 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	11	64%	65.7%	66%
Percentage of homelessness services clients who requested assistance relating to domestic and family violence and received this assistance		87%	87.5%	87%
<i>Efficiency measure</i> Recurrent cost per client accessing homelessness services	12	New measure	New measure	\$2,800

Notes:

- Housing Services has been renamed to Housing and Homelessness Services for the 2017-18 *Service Delivery Statements* to reflect the full scope of services provided.
- Variance between 2016-17 Target/Estimate and 2016-17 Estimated Actual is due to improved client satisfaction that may be attributed to a range of service delivery factors such as the quality of dwelling conditions and implementation of four new policies: Fair absence from your home, Fair listing for vacancy, Fair expectations of behaviour and Fairer Rent Policy.
- Variance between 2016-17 Target/Estimate and 2016-17 Estimated Actual is due to the original estimate being based on available data and anticipated trends at that time. The 2016-17 Estimated Actual is the 2016 satisfaction result published in the Report on Government Services 2017. Ongoing registration of community housing providers under the National Regulatory System for Community Housing (NRSCH) is anticipated to improve tenant satisfaction in the future. The scheme provides tenants with greater assurance about the social housing system by establishing a consistent regulatory environment and clear performance measures for providers to meet.
- There is no 2017-18 Target/Estimate as this is a biennial measure with the next survey to be undertaken in 2018-19. Client satisfaction data is sourced from the Australian Institute of Health and Welfare, National Social Housing Survey and published in the Report on Government Services.
- The wording of this service standard has been amended to clarify that this measure relates to government-owned and managed social rental housing. The calculation methodology has not changed.
- This is a new service standard due to a change in methodology and replaces the discontinued service standard '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'. The wording of this new service standard reflects a change in the calculation method by including the Queensland Statewide Tenant Advice and Referral Service.
- Variance between 2016-17 Target/Estimate and 2016-17 Estimated Actual is due to a slight increase in the number of allocations in recent months. While allocation times improved in 2016-17, tightening of the rental market and other external housing market conditions are likely to continue to have an effect during 2017-18, therefore the 2017-18 Target/Estimate remains unchanged.
- Variance between 2016-17 Target/Estimate and 2016-17 Estimated Actual is due to maintaining existing practices in anticipation of a policy review and broader strategy being developed and implemented in 2017-18 to manage under-occupancy. Variance between 2016-17 and 2017-18 Target/Estimate is due to the 2017-18 Target/Estimate being set to reflect that the impact of new strategies to manage under-occupancy will take time to take effect.
- The wording of this service standard has been amended to clarify that this measure relates to social rental housing. The calculation methodology has changed for the cost per household assisted which now excludes Crisis Accommodation Program costs and National Partnership on Remote Housing tenancy management costs.
- Variances between the 2016-17 Target/Estimate and 2016-17 Estimated Actual, the 2016-17 Estimated Actual and 2017-18 Target/Estimate, and the 2016-17 and 2017-18 Targets/Estimates are primarily due to households assisted remaining relatively stable with lower than anticipated rates of exits. Anticipated expenditure has concurrently changed to include the retention of the Woodridge Housing Service Centre, enterprise bargaining increases in employee expenses and general indexation costs.

11. Variance between 2016-17 Target/Estimate and 2016-17 Estimated Actual is due to the original estimate being based on available data and anticipated trends at that time. The 2016-17 Estimated Actual is based on published *Report on Government Services* data. Variance between 2016-17 Target/Estimate and 2017-18 Target/Estimate is based on trends in both national and Queensland results demonstrating that increases are slowing.
12. This is a new service standard which demonstrates efficiency by monitoring the recurrent cost to the department per client accessing homelessness services. The data source is the *Report on Government Services*, and data/results as at 30 June of the reporting year are available annually by the end of January in the following year. The 2017-18 Target/Estimate has been set based on three years of *Report on Government Services* data. Calculation method is the total recurrent allocation expenditure on homelessness services divided by the number of clients provided with a service.

# 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. Policy Services include developing and advising on building and plumbing legislation, codes, building policy, research, standards, design and building industry engagement in Queensland. Operational Services also include strategic asset management of an owned accommodation portfolio of approximately 3,200 properties including 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 and government employee residences. Government Accommodation and Building Policy Services provides planning, strategy and policy development, leasing and tenancy management, and maintenance management across owned and leased portfolios.

## 2017-18 service area highlights

In 2017-18, Government Accommodation and Building Policy Services will support Government and departmental commitments and priorities by:

- progressing reforms arising from consultation on the Queensland Building Plan including:
  - delivering on addressing security of payment for subcontractors, including establishing project bank accounts
  - implementing reforms to the Home Warranty Insurance Scheme in partnership with the Queensland Building and Construction Commission
  - amending the *Building Act 1975* to reform building certification services
  - modernising the *Plumbing and Drainage Act 2002*
  - collaboratively working with the Australian Government, states and territories, industry and relevant regulators to address issues relating to non-conforming building products
  - working with other agencies towards achieving green star ratings for government-owned buildings
- continuing to manage the responsibilities of the Building and Development Dispute Resolution Tribunals to deliver efficient and cost effective dispute resolution services to industry and consumers
- providing policy advice to the government and agencies relating to key issues impacting Queensland's built environment including sustainability and health and safety matters
- commencing a targeted and accelerated four-year capital, maintenance and upgrade program to deliver safe and secure government employee housing in regional and remote locations across the state, including Aboriginal and Torres Strait Islander communities, thereby enabling police, teachers, medical professionals and associated government employees to deliver critical frontline services to the people of Queensland. Anticipated works include kitchen, bathroom and laundry upgrades, internal and external painting, carports, driveways, fencing and associated external site works
- continuing to implement a new regional property and tenancy management model that better supports leasing agencies and government employee housing tenants to initiate and manage the practical and legislative aspects of their tenancy, such as lease documentation and entry/exit condition assessments
- 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 the tenancy and space management of the government's leased office portfolio.

Department of Housing and Public Works	Notes	2016-17 Target/Est.	2016-17 Est. Actual	2017-18 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%	7.5%	≥6.5%
government employee housing	2	≥1.5%	1.7%	≥1.5%
Vacancy rate:				
office portfolio	3	≤4%	1.3%	≤3.5%
government employee housing	4	≤5%	6.3%	≤6%
Percentage of government-owned employee housing with an acceptable facility condition index rating	5	New measure	New measure	≥90%
Energy performance – percentage of occupied government office accommodation achieving a rating ≥ 4 star under the National Australian Built Environmental Rating System	6	New measure	New measure	>80%
<i>Efficiency measures</i>				
Work point density:				
average	7	13.5m <sup>2</sup> per person	13.5m <sup>2</sup> per person	13.5m <sup>2</sup> per person
new fitout	8	12m <sup>2</sup> per person	12.5m <sup>2</sup> per person	12m <sup>2</sup> per person

Notes:

1. The purpose of this service standard is to measure the return to government on the level of assets employed/owned by the department for the provision of office accommodation. Variance between 2016-17 Target/Estimate and 2016-17 Estimated Actual is due to normal fluctuations in gross rental income and property valuations, resulting in the commercial property portfolio's net return on investment exceeding the benchmark target and continuing to track private sector investment performance measures.
2. The purpose of this service standard is to measure the return to government on the level of assets employed/owned by the department for the provision of accommodation to government employees.
3. The purpose of this service standard is to assess the rate of vacancy within the office accommodation portfolio. The data is used as an indicator of the effectiveness of the service area's ability to strategically manage its leased and owned portfolios. Variance between 2016-17 Target/Estimate and 2017-18 Target/Estimate is due to a review of the optimal vacancy percentage for the revised size of the office portfolio.
4. The purpose of this service standard is to assess the rate of vacancy within the government employee housing portfolio. The data is used as an indicator of the effectiveness of the service area's ability to strategically manage its leased and owned portfolios. Variance between 2016-17 Target/Estimate and 2016-17 Estimated Actual is due to the downturn in occupancy in the mining sector that is impacting rental returns and vacancy rates resulting in agencies reducing requirements for employee housing in these locations. A large portion of the government employee housing portfolio is located in these areas, with the current average vacancy rate of around 6 per cent. Although the department is continuing to adopt strategies to minimise vacancy rates, the factors affecting the 2016-17 performance are likely to continue through 2017-18, with expected continuation of highly competitive rental markets and some decline in rent revenues due to increased vacancies.
5. This is a new service standard monitoring the maintenance performance of government owned employee housing to ensure that dwellings are kept at an appropriate and consistent standard to attract and retain skilled workers to deliver essential services in remote communities. The Facility Condition Index (FCI) score provides a quantitative measure of an asset's condition and is calculated by dividing the existing cost of deferred maintenance into the Asset Replacement Value and stated as a percentage. The FCI rating is in-line with the Maintenance Management Framework which is a whole-of-government policy for managing building maintenance, and it is a complementary measure that is used at portfolio level to gain a better understanding of the condition of assets, comparing the relative building condition over a period of time.

6. This is a new service standard demonstrating the energy effectiveness of the office accommodation portfolios managed, owned and leased. The calculation method is the aggregate of the occupied space of owned and leased office buildings which have achieved a National Australian Built Environmental Rating System desktop office energy star rating greater than or equal to 4 stars, expressed as a percentage of portfolio audited.
7. The purpose of this service standard is to determine the level of work point density for government offices. This area excludes special purpose areas such as conference room facilities.
8. The purpose of this service standard is to determine the average level of utilisation to be implemented for new government office fitouts. Special purpose areas such as customer services centres and conference room facilities may be excluded from this calculation.

## 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.

In addition to policy and framework management, Procurement Services provides category management for two whole-of-government spend Categories, being General Goods and Services and Building, Construction, and Maintenance. Procurement Services applies a lifecycle approach to the managing spend in these Categories, and, in the case of General Goods and Services, manages a range of common use supply arrangements.

### 2017-18 service area highlights

In 2017-18, Procurement Services will support government and departmental commitments and priorities by:

- implementing revised Queensland Government procurement practices arising from the Queensland Government Procurement Interdepartmental Committee and the Government's response to the Queensland Audit Office *Strategic procurement (Report 1: 2016-17)*
- continuing to implement the whole-of-government procurement operating model
- providing an agency led, centrally enabled function that takes a best practice category management approach to the procurement of general goods and services
- enabling Queensland Government departments to construct and maintain Queensland's building infrastructure through management of the building, construction and maintenance category
- driving value for money outcomes for Queensland by enabling government agencies to leverage spend and resources to deliver more services
- providing advice, support, frameworks and tools to enable agencies to increase opportunities for local suppliers, to grow regional economies and embed 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	2016-17 Target/Est.	2016-17 Est. Actual	2017-18 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, 3	..	56%	61%
Overall satisfaction with the way the Office of the Chief Advisor – Procurement engages with the Procurement Industry Advisory Group (external to government)	1, 2, 3	..	75%	80%
<i>Efficiency measure</i>	4			

Notes:

1. There is no 2016-17 Target/Estimate as this was a new measure introduced in 2016-17 with baseline data collected in 2016-17.

2. The wording of this Service Standard has changed from 'overall satisfaction with advice and support provided by the Office of the Chief Advisor - Procurement (external to government)' to 'overall satisfaction with the way the Office of the Chief Advisor - Procurement engages with the Procurement Industry Advisory Group (external to government)'. The reason for the change is to better reflect the engagement activities and secretariat services provided by the Office of the Chief Advisor - Procurement to the Procurement Industry Advisory Group. The methodology remains the same and the change is to terminology only.
3. The 2017-18 Target/Estimate is based on the baseline established in 2016-17.
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 2016-17 *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	2016-17 Target/Est.	2016-17 Est. Actual	2017-18 Target/Est.
<b>Service area: Housing and Homelessness Services</b>				
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	1	45%	47%	Discontinued measure
Level of overall client satisfaction Bond Loans	2	95%	96%	Discontinued Measure
Home Assist Secure	3	..	..	Discontinued measure
Proportion of exits from social rental housing to private market housing that were tenant initiated	4	48%	51%	Discontinued measure

### Notes:

1. This service standard was discontinued due to a change in the calculation methodology. This measure has been replaced by a new service standard including the Queensland Statewide Tenant Advice and Referral Service (QSTARS) from 2017-18. The new service standard is '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, Bond Loans, Housing and Employment Program or Queensland Statewide Tenant Advice and Referral Service'.
2. This service standard was discontinued as it only represents a portion of all private housing products offered by the department. In addition, the Bond Loan survey is only conducted on a triennial basis, which is viewed as inadequate for annual measurement purposes. Reporting of future survey results will be included in departmental annual reports, should the survey occur.
3. This service standard was discontinued as it only represents a portion of all private housing products offered by the department. In addition, the Home Assist Secure survey is only conducted on a triennial basis, which is viewed as inadequate for annual measurement purposes. There is no 2016-17 Target/Estimate or 2016-17 Estimated Actual as this is a triennial measure and the next survey would have been undertaken in 2017-18. Reporting of future survey results will be included in departmental annual reports, should the survey occur.
4. This service standard was discontinued as it focuses on a small component of the overall service area and is not reflective of the department's current service delivery focus and effort.



## **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 2017-18 will include revenue from the collection of fees for the Building and Development Dispute Resolution Tribunal appeals and for the accreditation of residential service units and retirement villages by Housing and Homelessness 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 2017-18 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	2016-17 Budget \$'000	2016-17 Est. Actual \$'000	2017-18 Budget \$'000
<b>CONTROLLED</b>			
<b>Income</b>			
Appropriation revenue <sup>1</sup>			
Deferred from previous year/s	116,842	101,701	63,503
Balance of service appropriation	614,591	609,543	647,072
Other revenue	1,085,073	1,060,805	1,127,076
<b>Total income</b>	<b>1,816,506</b>	<b>1,772,049</b>	<b>1,837,651</b>
<b>Expenses</b>			
Housing and Homelessness Services	1,123,275	1,118,245	1,214,269
Government Accommodation and Building Policy Services	843,859	853,610	798,441
Procurement Services	14,791	15,209	14,186
Corporate Services <sup>2</sup>	34,680	34,633	34,291
Eliminations <sup>3</sup>	(75,793)	(67,739)	(54,564)
<b>Total expenses</b>	<b>1,940,812</b>	<b>1,953,958</b>	<b>2,006,623</b>
<b>Operating surplus/deficit</b>	<b>(124,306)</b>	<b>(181,909)</b>	<b>(168,972)</b>
<b>Net assets</b>	<b>17,870,734</b>	<b>17,914,181</b>	<b>17,933,030</b>
<b>ADMINISTERED</b>			
<b>Revenue</b>			
Commonwealth revenue	..	..	..
Appropriation revenue	3,553	3,508	3,510
Other administered revenue	114	114	114
<b>Total revenue</b>	<b>3,667</b>	<b>3,622</b>	<b>3,624</b>
<b>Expenses</b>			
Transfers to government	114	114	114
Administered expenses	3,553	3,508	3,510
<b>Total expenses</b>	<b>3,667</b>	<b>3,622</b>	<b>3,624</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 decrease in eliminations from 2016-17 Adjusted Budget to 2017-18 Budget mainly represents the reallocation of the Corporate Services budget from Public Works to Housing and Homelessness Services.

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

Sources of revenue 2017-18 Budget					
Department of Housing and Public Works	Total cost \$'000	State contribution \$'000	User charges and fees \$'000	C'wealth revenue \$'000	Other revenue \$'000
Housing and Homelessness Services	1,214,269	228,285	430,225	374,889	11,385
Government Accommodation and Building Policy Services	798,441	94,285	688,857	..	15,812
Procurement Services	14,186	13,116	500	..	570
<b>Total</b>	<b>2,026,896</b>	<b>335,686</b>	<b>1,119,582</b>	<b>374,889</b>	<b>27,767</b>

Notes:

1. Explanations of variances are provided in the financial statements.
2. The total cost column does not equal the total expenses 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 2016-17 State Budget. Further details are contained in *Budget Measures (Budget Paper 4)*.

Department of Housing and Public Works	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
<b>Revenue measures</b>					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
<b>Expense measures<sup>1</sup></b>					
Administered	..	..	..	..	..
Departmental	2,000	52,075	55,630	46,391	37,233
<b>Capital measures</b>					
Administered	..	..	..	..	..
Departmental <sup>1</sup>	1,280	179,566	295,276	274,274	191,978

Note:

1. Figures reconcile with *Budget Measures (Budget Paper 4)*. Whole-of-government measures are not included in the table above.

## Departmental capital program

The department's total capital expenditure program for 2017-18 is \$445.3 million. In addition to this expenditure, the department provides funding for capital grants which are detailed in *Capital Statement (Budget Paper 3)*.

Program highlights include:

### Housing and Homelessness Services

- \$216.8 million to deliver 417 social housing dwellings and upgrade existing social housing.
- \$156.9 million for social housing in Aboriginal and Torres Strait Islander communities (including \$129.8 million funding through the National Partnership on Remote Housing) to deliver 238 dwellings, upgrade existing social housing and purchase 10 dwellings to be used as temporary accommodation as part of the program to progress the transfer of social housing for home ownership.
- \$13.8 million for supported accommodation including the construction of a new Youth Foyer in Townsville.

### Public Works

- \$50.5 million for the provision of Government employee housing to support the attraction and retention of government employees in locations of high need where there is no alternative accommodation in rural and remote Queensland. This includes \$11.8 million towards the construction of 24 units of accommodation in Aurukun for the provision of secure housing for government employees to support enhanced service delivery in this area.

## Capital budget

Department of Housing and Public Works	Notes	2016-17 Budget \$'000	2016-17 Est. Actual \$'000	2017-18 Budget \$'000
<b>Capital purchases<sup>1</sup></b>				
Total land, buildings and infrastructure	2, 4, 5	379,708	476,403	441,160
Total plant and equipment	3	3,701	4,893	4,183
Total other capital		..	..	..
<b>Total capital purchases</b>		<b>383,409</b>	<b>481,296</b>	<b>445,343</b>

Notes:

1. For more detail on the agency's capital acquisitions please refer to *Capital Statement (Budget Paper 3)*.
2. The increase from 2016-17 Adjusted Budget to 2016-17 Estimated Actual is mainly due to the fitout costs for 1 William Street, Brisbane. This increase is partly offset by the net deferral from 2016-17 to 2017-18 and out years for changes in the timing as a result of the complexity of the delivery of work for various housing programs including National Partnership on Remote Housing and Public Rental Housing programs.
3. The increase from 2016-17 Adjusted Budget to 2016-17 Estimated Actual is mainly due to the net transfer of funding for various projects from operating to capital expenditure due to the reclassification of items following a review of expenditure incurred.
4. The increase from 2016-17 Adjusted Budget to 2017-18 Budget is mainly due to the net increases in expenditure for various housing programs including National Partnership on Remote Housing, Public Rental Housing, Deed of Grants in Trust, construction of 24 units of government employee accommodation in Aurukun and new funding under the Queensland Housing Strategy, including a Youth Foyer in Townsville.
5. The decrease from 2016-17 Estimated Actual to 2017-18 Budget mainly relates to the fitout costs for 1 William Street, Brisbane recognised in 2016-17 partly offset by the net increases in expenditure for National Partnership on Remote Housing and Public Rental Housing programs and new funding under the Queensland Housing Strategy.

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

Department of Housing and Public Works	Notes	2016-17 Adjusted Budget	2016-17 Est. Actual	2017-18 Budget
Housing and Homelessness Services	3, 4, 5	1,336	1,392	1,403
Government Accommodation and Building Policy Services		222	219	228
Procurement Services		70	65	67
<b>TOTAL</b>		<b>1,628</b>	<b>1,676</b>	<b>1,698</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 to the 2016-17 adjusted budget figure for Housing and Homelessness Services from 1,342 to 1,336 FTE is due to a Machinery of Government change where six FTEs were transferred to the Department of Communities, Child Safety and Disability Services.
4. Variance between 2016-17 Adjusted Budget and 2016-17 Estimated Actual is due to Queensland Government's decision to not proceed with the Logan Renewal Initiative and increase of technical IT staff for systems development.
5. Increased 2017-18 budget for an additional eight FTEs to support home ownership on Aboriginal and Torres Strait Islander land.

# Budgeted financial statements

## Analysis of budgeted financial statements

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

## Departmental income statement

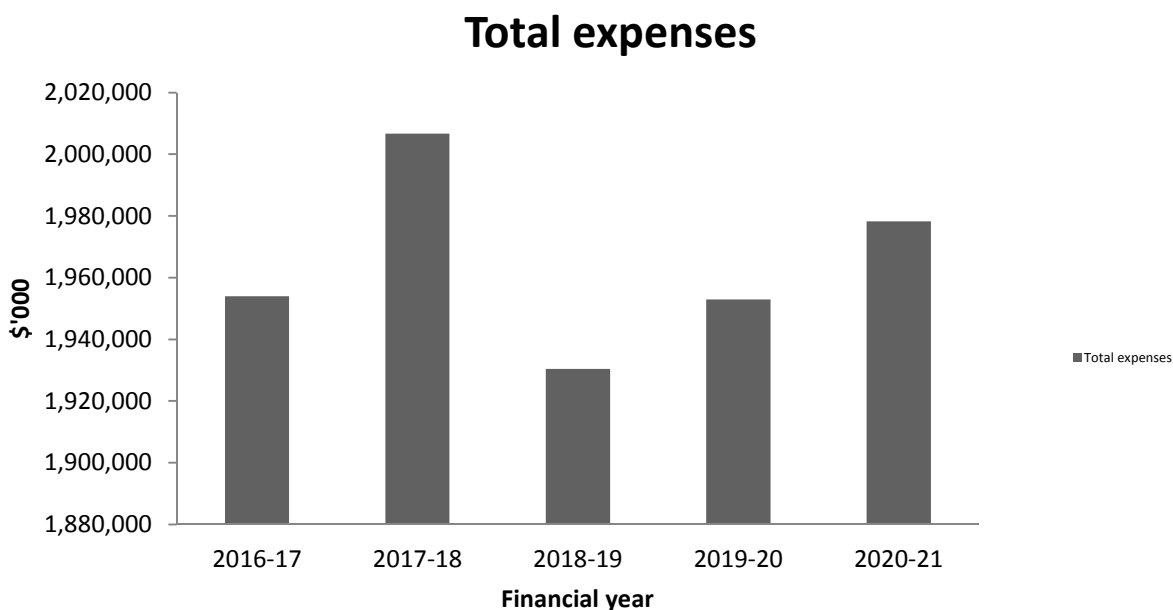
Total expenses are estimated to be \$2.007 billion in 2017-18, an increase of \$52.7 million from the estimated 2016-17 financial year. The increase in expenditure is mainly due to the increased expenditure relating to the implementation of the Queensland Housing Strategy, changes in the timing of expenditure due to the complexity of the delivery of work including in remote Aboriginal and Torres Strait Islander communities, the net increases from deferrals of grants for various housing programs to support the delivery of new initiatives and increased maintenance expenditure. These increases are partially offset by the phasing of expenditure relating to the implementation of Phase 1 of the Brisbane CBD and Fringe Area Government Office Accommodation Strategy 2015-25.

Over the forward estimate period:

- The decrease in expenditure from 2017-18 to 2018-19 of \$76.2 million is mainly due to the finalisation in 2017-18 of the National Partnership on Remote Housing, changes in the timing of the delivery of various housing programs and the phasing of expenditure for the replacement of the existing ICT housing solution. These decreases are partially offset by increases in expenditure for the initiatives under the Queensland Housing Strategy and for social housing maintenance and increased planned expenditure for new housing construction and upgrades for dwellings owned by Indigenous councils under the Deed of Grants in Trust.
- The increase in expenditure from 2018-19 to 2019-20 of \$22.6 million is mainly due to an increase for social housing maintenance, council rates and water charges and outsourced service delivery expenditure.
- The increase in expenditure from 2019-20 to 2020-21 of \$25.3 million is mainly due to the expected escalation increases in property costs relating to the non-residential property portfolio.

The operating position for the department for 2017-18 is an estimated deficit of \$169 million. This is mainly due to the cost of delivering social housing not being met by rent revenue from social housing tenants.

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



## Departmental balance sheet

The department's major assets estimated as at 30 June 2018 are in land (\$9.555 billion) and in commercial and residential buildings (\$6.998 billion). Over the next three years the net book value of land is expected to decrease and the net book value of buildings is expected to increase mainly as a result of increased capital expenditure. There is no assumption around the impact of inflation on land and building values.

The department's major liabilities estimated as at 30 June 2018 relate to interest-bearing liabilities and derivatives (\$418 million) and payables (\$527 million) and liabilities overall are estimated to decrease by \$71 million (or 7 per cent) by 2020-21, 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.

The payables include the recognition in 2016-17 for the accounting treatment impacts of the lease incentive for 1 William Street Brisbane and the Queen's Wharf Precinct Integrated Resort Development Land and Residential premiums, as well as the accounting treatment impact of transitioning a large portion of the commercial office portfolio from owned to leased with annual lease expenditure now reported on a straight-line basis over the term of the lease.



# Controlled income statement

Department of Housing and Public Works	Notes	2016-17 Adjusted Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>INCOME</b>				
Appropriation revenue		731,433	711,244	710,575
Taxes		..	..	..
User charges and fees	5	1,058,322	1,032,347	1,099,309
Royalties and land rents		100	100	100
Grants and other contributions		..	..	..
Interest		2,754	3,891	4,992
Other revenue		20,170	16,449	18,671
Gains on sale/revaluation of assets		3,727	8,018	4,004
<b>Total income</b>		<b>1,816,506</b>	<b>1,772,049</b>	<b>1,837,651</b>
<b>EXPENSES</b>				
Employee expenses	2,6	192,499	194,559	212,936
Supplies and services		1,350,453	1,357,857	1,378,861
Grants and subsidies	3,7	143,812	145,153	167,103
Depreciation and amortisation		210,870	210,573	208,555
Finance/borrowing costs		20,953	20,026	19,423
Other expenses		17,348	16,907	18,291
Losses on sale/revaluation of assets		4,877	8,883	1,454
<b>Total expenses</b>		<b>1,940,812</b>	<b>1,953,958</b>	<b>2,006,623</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>1,4,8</b>	<b>(124,306)</b>	<b>(181,909)</b>	<b>(168,972)</b>

# Controlled balance sheet

Department of Housing and Public Works	Notes	2016-17 Adjusted Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets	9,16,22	141,055	300,642	186,379
Receivables	10,17	104,947	126,667	133,338
Other financial assets		4,000	4,000	4,000
Inventories		187	268	259
Other	11,18	65,958	37,789	39,498
Non-financial assets held for sale	12,23	31,503	42,513	28,978
<b>Total current assets</b>		<b>347,650</b>	<b>511,879</b>	<b>392,452</b>
<b>NON-CURRENT ASSETS</b>				
Receivables	13,19,24	119,930	174,922	202,005
Other financial assets		180,589	186,678	184,178
Property, plant and equipment		17,968,998	18,063,968	18,167,773
Intangibles		988	1,214	607
Other		..	..	..
<b>Total non-current assets</b>		<b>18,270,505</b>	<b>18,426,782</b>	<b>18,554,563</b>
<b>TOTAL ASSETS</b>		<b>18,618,155</b>	<b>18,938,661</b>	<b>18,947,015</b>
<b>CURRENT LIABILITIES</b>				
Payables		131,713	129,556	132,208
Accrued employee benefits		5,667	7,707	7,821
Interest bearing liabilities and derivatives		17,597	17,388	17,778
Provisions		..	..	..
Other		27,573	30,319	30,417
<b>Total current liabilities</b>		<b>182,550</b>	<b>184,970</b>	<b>188,224</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables	14,20	3,967	389,434	394,851
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		408,365	418,754	400,680
Provisions		..	..	..
Other	15,21	152,539	31,322	30,230
<b>Total non-current liabilities</b>		<b>564,871</b>	<b>839,510</b>	<b>825,761</b>
<b>TOTAL LIABILITIES</b>		<b>747,421</b>	<b>1,024,480</b>	<b>1,013,985</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>17,870,734</b>	<b>17,914,181</b>	<b>17,933,030</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>		<b>17,870,734</b>	<b>17,914,181</b>	<b>17,933,030</b>

# Controlled cash flow statement

Department of Housing and Public Works	Notes	2016-17 Adjusted Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
Appropriation receipts		730,016	685,829	709,455
User charges and fees	25,30	1,236,134	1,105,874	1,139,120
Royalties and land rent receipts		100	100	100
Grants and other contributions		..	..	..
Interest received		2,754	2,781	2,794
Taxes		..	..	..
Other		182,433	177,887	174,490
<b>Outflows:</b>				
Employee costs	31,37	(192,519)	(194,444)	(212,862)
Supplies and services		(1,444,937)	(1,417,908)	(1,452,552)
Grants and subsidies	32,38	(143,812)	(145,153)	(167,103)
Borrowing costs		(20,953)	(20,026)	(19,423)
Other		(147,736)	(158,169)	(160,494)
<b>Net cash provided by or used in operating activities</b>		<b>201,480</b>	<b>36,771</b>	<b>13,525</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of non-financial assets	26,33,39	156,909	221,113	132,661
Investments redeemed		4,000	6,040	4,000
Loans and advances redeemed		33,357	31,052	34,485
<b>Outflows:</b>				
Payments for non-financial assets	27,34,40	(382,890)	(320,408)	(430,293)
Payments for investments		(1,500)	(1,500)	(1,500)
Loans and advances made		(30,748)	(32,922)	(35,955)
<b>Net cash provided by or used in investing activities</b>		<b>(220,872)</b>	<b>(96,625)</b>	<b>(296,602)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections	28,35,41	214,827	169,031	369,337
<b>Outflows:</b>				
Borrowing redemptions		(16,456)	(17,818)	(16,141)
Finance lease payments		(8,186)	(2,827)	(2,866)
Equity withdrawals	29,36,42	(204,465)	(67,517)	(181,516)
<b>Net cash provided by or used in financing activities</b>		<b>(14,280)</b>	<b>80,869</b>	<b>168,814</b>
<b>Net increase/(decrease) in cash held</b>		<b>(33,672)</b>	<b>21,015</b>	<b>(114,263)</b>
<b>Cash at the beginning of financial year</b>		<b>174,727</b>	<b>279,627</b>	<b>300,642</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>141,055</b>	<b>300,642</b>	<b>186,379</b>

# Administered income statement

Department of Housing and Public Works	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>INCOME</b>				
Appropriation revenue		3,553	3,508	3,510
Taxes		..	..	..
User charges and fees		114	114	114
Royalties and land rents		..	..	..
Grants and other contributions		..	..	..
Interest		..	..	..
Other revenue		..	..	..
Gains on sale/revaluation of assets		..	..	..
<b>Total income</b>		<b>3,667</b>	<b>3,622</b>	<b>3,624</b>
<b>EXPENSES</b>				
Employee expenses		..	..	..
Supplies and services		3,553	3,508	3,510
Grants and subsidies		..	..	..
Depreciation and amortisation		..	..	..
Finance/borrowing costs		..	..	..
Other expenses		..	..	..
Losses on sale/revaluation of assets		..	..	..
Transfers of Administered Revenue to Government		114	114	114
<b>Total expenses</b>		<b>3,667</b>	<b>3,622</b>	<b>3,624</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>..</b>	<b>..</b>	<b>..</b>

# Administered balance sheet

Department of Housing and Public Works	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'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	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
Appropriation receipts		3,553	3,508	3,510
User charges and fees		114	114	114
Royalties and land rent receipts		..	..	..
Grants and other contributions		..	..	..
Interest received		..	..	..
Taxes		..	..	..
Other		..	..	..
<b>Outflows:</b>				
Employee costs		..	..	..
Supplies and services		(3,553)	(3,509)	(3,510)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other		..	..	..
Transfers to Government		(114)	(114)	(114)
<b>Net cash provided by or used in operating activities</b>		..	<b>(1)</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>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>Net increase/(decrease) in cash held</b>		..	<b>(1)</b>	..
<b>Cash at the beginning of financial year</b>		..	<b>1</b>	..
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		..	..	..

# Explanation of variances in the financial statements

## Income statement

### Major variations between 2016-17 Adjusted Budget and 2016-17 Estimated Actual include:

1. The increase in the operating deficit is mainly due to the accounting treatment for the recognition of the lease incentive for 1 William Street Brisbane and the straight-line calculation impact on annual rent revenue and expenditure for the implementation of Phase 1 of the Brisbane CBD and Fringe Area Government Office Accommodation Strategy 2015-25 and ongoing costs to deliver Housing and Homelessness Services not being met by social housing rental revenue. These increases to the deficit are partially offset by government employee housing maintenance being funded from cash reserves.

### Major variations between 2016-17 Adjusted Budget and 2017-18 Budget include:

2. The increase in employee expenses is mainly due to delivering a significant project for the replacement of the existing ICT housing solution and the reinstatement of the employee expenses for the Woodridge Housing Service Centre.
3. The increase in grants and subsidies is mainly due to higher expenditure in 2017-18 based on the timing of capital grants for new housing construction and upgrades for dwellings owned by Indigenous councils under the Deed of Grants in Trust program and the National Partnership on Remote Housing.
4. The increase in the operating deficit is mainly due to the increase in costs to deliver housing and homelessness services not being met by social housing rental revenue partially offset by government employee housing maintenance being funded from cash reserves.

### Major variations between 2016-17 Estimated Actual and the 2017-18 Budget include:

5. The increase in user charges and fees is mainly due to adjustments for the accounting treatment of the rent revenue relating to Phase 1 of the Brisbane CBD and Fringe Area Government Office Accommodation Strategy 2015-25 and full year occupancy of 1 William Street and 42-60 Albert Street Brisbane in 2017-18.
6. The increase in employee expenses is mainly due to delivering a significant project for the replacement of the existing ICT housing solution and the annual enterprise bargaining increase.
7. The increase in grants and subsidies is mainly due to increases in expenditure in 2017-18 for various housing programs including National Partnership on Remote Housing, Capital Investments Statewide, Queensland Housing Strategy and Indigenous Housing Community Organisations. These increases are partially offset by the recognition of the 1 William Street Brisbane ICT fitout expenses paid in 2016-17.
8. The decrease in the operating deficit is mainly due to the accounting treatment for the recognition of the lease incentive for 1 William Street Brisbane and the straight-line calculation impact on annual rent revenue and expenditure for the implementation of Phase 1 of the Brisbane CBD and Fringe Area Government Office Accommodation Strategy 2015-25, and lower maintenance funded from cash reserves. These decreases are partially offset by the increase in costs to deliver housing and homelessness services not being met by social housing rental revenue.

## Balance sheet

### Major variations between 2016-17 Adjusted Budget and 2016-17 Estimated Actual include:

9. The increase in cash assets held at 30 June 2017 is mainly due to the timing of 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.
10. The increase in current receivables is mainly due to the timing of invoicing and receipts at 30 June 2017.
11. The decrease in other current assets is mainly due to lower than expected rental expenditure prepayments relating to the commercial office portfolio and the change by the Queensland Government Insurance Fund in the timing of the premium no longer resulting in a prepayment.
12. The increase in non-financial assets held for sale is mainly due to the planned sale of non-residential land in 2017-18 identified in 2016-17.
13. The increase in non-current receivables is mainly due to the accounting treatment of transitioning a large portion of the commercial office portfolio from owned to leased with annual rent revenue now reported on a straight-line basis over the term of the lease with the difference between actual rent charged and annual rent revenue resulting in a deferred operating lease rent receivable.

14. The increase in non-current payables is mainly due to the accounting treatment for the recognition of the lease incentive for 1 William Street Brisbane and for the impact of transitioning a large portion of the commercial office portfolio from owned to leased with annual lease expenditure now reported on a straight-line basis over the term of the lease with the difference between actual rent paid and annual rent expenditure resulting in a deferred operating lease rent payable and the reclassification from other non-current liabilities for the Queen's Wharf Precinct Integrated Resort Development Land and Residential Land premiums.
15. The decrease in other non-current liabilities is mainly due to the reclassification of the Queen's Wharf Precinct Integrated Resort Development Land and Residential Land premiums from unearned revenue to non-current payables.

**Major variations between 2016-17 Adjusted Budget and 2017-18 Budget include:**

16. The increase in cash assets held at 30 June 2018 is mainly due to the implementation funding of the Queensland Housing Strategy. This is partially offset by a decrease in the rent revenue forecast as a result of the fairness review rent policy changes and increased expenditure to deliver a significant project for the replacement of the existing ICT housing solution.
17. The increase in current receivables is mainly due to higher commercial building debtors anticipated at 30 June 2018 due to the timing of invoices and receipts, the accounting treatment of transitioning a large portion of the commercial office portfolio from owned to leased with annual rent revenue now reported on a straight-line basis over the term of the lease with the difference between actual rent charged and annual rent revenue resulting in a deferred operating lease rent receivable and recognition of the second instalment of non-residential land sales proceeds which are due to be received in 2018-19.
18. The decrease in other current assets is mainly due to lower than expected rental expenditure prepayments relating to the commercial office portfolio and the change by the Queensland Government Insurance Fund in the timing of the premium no longer resulting in a prepayment.
19. The increase in non-current receivables is mainly due to the accounting treatment of transitioning a large portion of the commercial office portfolio from owned to leased with annual rent revenue now reported on a straight-line basis over the term of the lease with the difference between actual rent charged and annual rent revenue resulting in a deferred operating lease rent receivable.
20. The increase in non-current payables is mainly due to the accounting treatment for the recognition of the lease incentive for 1 William Street Brisbane and the impact of transitioning a large portion of the commercial office portfolio from owned to leased with annual lease expenditure now reported on a straight-line basis over the term of the lease with the difference between actual rent paid and annual rent expenditure resulting in a deferred operating lease rent payable and the reclassification from other non-current liabilities for the Queen's Wharf Precinct Integrated Resort Development Land and Residential Land premiums.
21. The decrease in other non-current liabilities is mainly due to the reclassification of the Queen's Wharf Precinct Integrated Resort Development Land and Residential Land premiums from unearned revenue to non-current payables.

**Major variations between 2016-17 Estimated Actual and the 2017-18 Budget include:**

22. The decrease in cash assets held at 30 June 2018 is mainly due to the return to the Consolidated Fund in 2017-18 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.
23. The decrease in non-financial assets held for sale is mainly due to lower non-residential land held for sale at 30 June 2018.
24. The increase in non-current receivables is mainly due to the accounting treatment of transitioning a large portion of the commercial office portfolio from owned to leased with annual rent revenue now reported on a straight-line basis over the term of the lease with the difference between actual rent charged and annual rent revenue resulting in a deferred operating lease rent receivable.

## Cash flow statement

**Major variations between 2016-17 Adjusted Budget and 2016-17 Estimated Actual include:**

25. The decrease in user charges is mainly due to the reclassification to sales of non-financial assets 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.



26. The increase in sales of non-financial assets is mainly due to the reclassification from user charges 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 partially offset by lower than anticipated sales of government employee residential properties and non-residential buildings in 2016-17.
27. The decrease in payments for non-financial assets is mainly due to the net deferral from 2016-17 to 2017-18 and out-years for changes in the timing as a result of the complexity of the delivery of work for various housing programs including National Partnership on Remote Housing and Public Rental Housing programs.
28. The decrease in equity injections is mainly due to deferrals from 2016-17 to 2017-18 for the National Partnership on Remote Housing program relating to the timings for new construction programs due to negotiations with Indigenous Councils, securing construction sites and design and development approvals.
29. The decrease in equity withdrawals is mainly due to the delayed return from 2016-17 to 2017-18 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.

**Major variations between 2016-17 Adjusted Budget and 2017-18 Budget include:**

30. The decrease in user charges is mainly due to the reclassification to sales of non-financial assets 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.
31. The increase in employee costs is mainly due to delivering a significant project for the replacement of the existing ICT housing solution and the reinstatement of the employee expenses for the Woodridge Housing Service Centre.
32. The increase in grants and subsidies is mainly due to higher expenditure in 2017-18 based on the timing of capital grants for new housing construction and upgrades for dwellings owned by Indigenous Councils under the Deed of Grants in Trust program and National Partnership on Remote Housing.
33. The decrease in sales of non-financial assets is mainly due to the lower anticipated sales of government employee residential properties and non-residential buildings in 2017-18 partially offset by the deferral from 2016-17 to 2017-18 due to the timing of settlement for the Coopers Plains land sales and an increase in Public Rental Housing land and building sales anticipated in 2017-18.
34. The increase in payments for non-financial assets is mainly due to the net increases in expenditure for various housing programs including National Partnership on Remote Housing, Public Rental Housing, Deed of Grants in Trust, funding under the Queensland Housing Strategy for a Youth Foyer in Townsville and construction in 2017-18 of 24 units of government employee accommodation in Aurukun.
35. The increase in equity injections is mainly due to increased funding in 2017-18 for the implementation of the Queensland Housing Strategy, Youth Foyer in Townsville and Indigenous Home Ownership program and the construction of 24 units of government employee accommodation in Aurukun and additional one and two-bedroom social housing dwellings in regional centres under the Significant Regional Infrastructure Projects program.
36. The decrease in equity withdrawals is mainly due to the sale of non-residential commercial properties not proceeding as originally budgeted.

**Major variations between 2016-17 Estimated Actual and the 2017-18 Budget include:**

37. The increase in employee costs is mainly due to delivering a significant project for the replacement of the existing ICT housing solution and the annual enterprise bargaining increase.
38. The increase in grants and subsidies is mainly due to higher expenditure in 2017-18 for various housing programs including National Partnership on Remote Housing, Capital Investments Statewide, Queensland Housing Strategy and Indigenous Housing Community Organisations. These increases are partially offset by the 1 William Street Brisbane ICT fitout expenses paid in 2016-17.
39. The decrease in sales of non-financial assets is mainly due to the reclassification from user charges 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 partially offset by the planned sale of non-residential land in 2017-18 and a deferral due to the timing of settlement for the Coopers Plains land sales from 2016-17 to 2017-18 and an increase in Public Rental Housing land and building sales anticipated in 2017-18.
40. The increase in payments for non-financial assets is mainly due to net increases in expenditure for National Partnership on Remote Housing program, Public Rental Housing, Youth Foyer in Townsville under the Queensland Housing Strategy and government employee housing property portfolio.
41. The increase in equity injection is mainly due to increased capital works funding for the Queensland Housing Strategy to continue the social housing capital program, Youth Foyer in Townsville, National Partnership on Remote Housing, Affordable Housing program and government employee housing property portfolio.

42. The increase in equity withdrawals is mainly due to the timing in the return from 2016-17 to 2017-18 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.

# 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	2016-17 Adjusted Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>INCOME</b>				
Appropriation revenue		731,433	711,244	710,575
Taxes		..	..	..
User charges and fees		1,528,399	1,586,999	1,638,610
Royalties and land rents		100	100	100
Grants and other contributions		170	290	302
Interest		3,756	4,728	5,977
Other revenue		23,989	20,327	22,472
Gains on sale/revaluation of assets		3,727	8,018	4,004
<b>Total income</b>		<b>2,291,574</b>	<b>2,331,706</b>	<b>2,382,040</b>
<b>EXPENSES</b>				
Employee expenses		313,679	312,896	334,742
Supplies and services		1,649,449	1,735,455	1,749,859
Grants and subsidies		143,812	145,153	167,103
Depreciation and amortisation		251,550	251,453	249,187
Finance/borrowing costs		27,360	25,798	25,308
Other expenses		18,873	18,369	19,809
Losses on sale/revaluation of assets		4,877	8,749	1,464
<b>Total expenses</b>		<b>2,409,600</b>	<b>2,497,873</b>	<b>2,547,472</b>
Income tax expense/revenue		1,884	4,723	1,062
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>(119,910)</b>	<b>(170,890)</b>	<b>(166,494)</b>

# Reporting entity balance sheet

Department of Housing and Public Works	Notes	2016-17 Adjusted Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets		258,047	433,523	320,623
Receivables		191,785	209,677	218,658
Other financial assets		4,000	4,000	4,000
Inventories		59,222	48,102	52,512
Other		71,111	42,929	44,852
Non-financial assets held for sale		31,503	42,513	28,978
<b>Total current assets</b>		<b>615,668</b>	<b>780,744</b>	<b>669,623</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		119,930	174,922	202,005
Other financial assets		180,589	186,678	184,178
Property, plant and equipment		18,195,348	18,304,791	18,398,474
Deferred tax assets		1,612	1,255	386
Intangibles		8,307	8,818	8,050
Other		..	..	..
<b>Total non-current assets</b>		<b>18,505,786</b>	<b>18,676,464</b>	<b>18,793,093</b>
<b>TOTAL ASSETS</b>		<b>19,121,454</b>	<b>19,457,208</b>	<b>19,462,716</b>
<b>CURRENT LIABILITIES</b>				
Payables		182,809	192,407	191,718
Current tax liabilities		(876)	526	(3,609)
Accrued employee benefits		10,207	12,641	12,366
Interest bearing liabilities and derivatives		17,597	17,388	17,778
Provisions		188	36	36
Other		99,411	96,377	97,168
<b>Total current liabilities</b>		<b>309,336</b>	<b>319,375</b>	<b>315,457</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		3,967	389,434	394,851
Deferred tax liabilities		10,228	12,862	13,200
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		574,877	585,266	577,192
Provisions		..	..	..
Other		152,539	31,322	30,230
<b>Total non-current liabilities</b>		<b>741,611</b>	<b>1,018,884</b>	<b>1,015,473</b>
<b>TOTAL LIABILITIES</b>		<b>1,050,947</b>	<b>1,338,259</b>	<b>1,330,930</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>18,070,507</b>	<b>18,118,949</b>	<b>18,131,786</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>		<b>18,070,507</b>	<b>18,118,949</b>	<b>18,131,786</b>

# Reporting entity cash flow statement

Department of Housing and Public Works	Notes	2016-17 Adjusted Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
Appropriation receipts		730,016	685,829	709,455
User charges and fees		1,771,288	1,761,260	1,743,552
Royalties and land rent receipts		100	100	100
Grants and other contributions		170	290	302
Interest received		3,728	3,620	3,767
Taxes		..	..	..
Other		213,617	202,854	205,414
<b>Outflows:</b>				
Employee costs		(313,643)	(313,242)	(335,068)
Supplies and services		(1,851,205)	(1,954,774)	(1,937,333)
Grants and subsidies		(143,812)	(145,153)	(167,103)
Borrowing costs		(27,303)	(25,790)	(25,304)
Taxation equivalents paid		(4,015)	(3,931)	(3,990)
Other		(161,109)	(172,150)	(172,705)
<b>Net cash provided by or used in operating activities</b>		<b>217,832</b>	<b>38,913</b>	<b>21,087</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of non-financial assets		156,909	221,113	132,661
Investments redeemed		4,000	6,040	4,000
Loans and advances redeemed		33,357	31,052	34,485
<b>Outflows:</b>				
Payments for non-financial assets		(383,220)	(320,608)	(433,732)
Payments for investments		(1,500)	(1,500)	(1,500)
Loans and advances made		(30,748)	(32,922)	(35,955)
<b>Net cash provided by or used in investing activities</b>		<b>(221,202)</b>	<b>(96,825)</b>	<b>(300,041)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		20,000	20,000	10,000
Equity injections		206,827	161,031	362,087
<b>Outflows:</b>				
Borrowing redemptions		(16,456)	(17,818)	(16,141)
Finance lease payments		(8,186)	(2,827)	(2,866)
Equity withdrawals		(204,465)	(67,517)	(181,516)
Dividends paid		(6,652)	(8,335)	(5,510)
<b>Net cash provided by or used in financing activities</b>		<b>(8,932)</b>	<b>84,534</b>	<b>166,054</b>
<b>Net increase/(decrease) in cash held</b>		<b>(12,302)</b>	<b>26,622</b>	<b>(112,900)</b>
<b>Cash at the beginning of financial year</b>		<b>270,349</b>	<b>406,901</b>	<b>433,523</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>258,047</b>	<b>433,523</b>	<b>320,623</b>

# 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*, the *Subcontractors' Charges Act 1974*, the *Plumbing and Drainage Act 2002* and the *Building Act 1975*.

The QBCC's vision is to be a regulator that builds trust and confidence in all we do. The QBCC focusses 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:

- being an effective regulator to build confidence
- providing customer services that are timely, clear and transparent
- improving operational and organisational excellence, including nurturing our people to help them be their best, and being a financially sustainable organisation.

Key factors impacting on the QBCC include trends in building activity and in Queensland's service trades, 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 and lodging and tracking progress of their applications. 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 2016-17, the QBCC:

- assisted the Department of Housing and Public Works on the Queensland Building Plan
- implemented significant reforms to the Queensland Home Warranty Scheme
- provided the ability for customers to purchase home warranty insurance online through the self-service portal, 'myQBCC'
- continued the migration of outdated information technology platforms as part of the QBCC Information Service Roadmap
- commenced a review of the Minimum Financial Requirements Policy and the restructure of the Financial Investigations Unit (FIU) to improve the capability and capacity to act on financial irregularities and reported payment issues in the building industry
- started a series of strategic projects that will bring about greater internal operating effectiveness and efficiencies, including increasing the level of transparency through which the organisation operates. Strategic projects include the multi-disciplinary team pilot in Brisbane which aims to encourage innovation and improve communication with customers to deliver exceptional and efficient service and enhance job satisfaction
- commenced supporting the Service Trades Council.

In 2017-18, the QBCC will build on its 2016-17 achievements, and continue to achieve its objectives by:

- assisting the Department of Housing and Public Works progress actions coming out of the Queensland Building Plan
- finalising the review of the Minimum Financial Requirements Policy and the restructure of the FIU
- continuing with strategic projects to improve effectiveness and efficiencies in delivering services.

# 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 and service trades, provide remedies for defective building work, to build trust and confidence in the building and construction industry.

#### Service area description

The Queensland Building and Construction Commission (QBCC) regulates the building and construction industry to ensure maintenance of proper building standards and to achieve a reasonable balance between the interests of building contractors and consumers. The 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 comprises the Queensland Building and Construction (QBC) Board, the Commissioner, the organisational unit under the control of the Commissioner, and the Service Trades Council. The QBC Board provides guidance and leadership to the Service Trades Council, except for the Service Trades Council's legislated functions, as provided for under the *Plumbing and Drainage Act 2002*. The Service Trades Council's legislated functions include conferring on national policy development and implementation for the trade and reporting to the Minister on any issue relating to the trade that the Minister refers to it, or any matters the Council considers the Minister should know about. The Service Trades Council also seeks to strengthen Queensland's plumbing, drainage, air-conditioning, fire protection and mechanical services industries. In addition, the Service Trades Council may review Commissioner's decisions made about disciplinary matters specific to the service trades represented on the Council.

The QBCC regulates pool safety inspectors, plumbers, certifiers, building and trade contractors, fire protection, air-conditioning and mechanical services trades people by requiring that they 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	2016-17 Target/Est.	2016-17 Est. Actual	2017-18 Target/Est.
<b>Service area: Queensland Building and Construction Commission</b>				
<b>Service standards</b>				
<i>Effectiveness measures</i>				
Overall customer satisfaction	1	80%	72%	75%
Perception of fairness in decision-making: percentage of survey respondents agree the final decision was fair	2	New measure	New measure	65%
Percentage of decisions overturned by the Queensland Civil and Administrative Tribunal	3	New measure	New measure	4%

Queensland Building and Construction Commission	Notes	2016-17 Target/Est.	2016-17 Est. Actual	2017-18 Target/Est.
<i>Efficiency measures</i>				
Cost of recovering \$1.00 of funds owed to creditors	4	New measure	New measure	\$0.70
Percentage of early dispute resolution cases finalised within 28 days	5	90%	88%	80%
Average number of days to process licence applications	6	30 days	23 days	30 days
Percentage of owner builder permits approved within 15 working days		90%	91%	90%
Percentage of adjudication applications referred to an adjudicator within 4 days		97%	97.6%	98%
Percentage of insurance claims for defective work assessed and response provided within 35 business days	7	90%	30%	33%
Percentage of internal review applicants contacted within 2 business days		95%	95.7%	95%
Average processing time for an early dispute resolution case	8	New measure	New measure	28 working days
Average approval time for defects claims less than \$20,000	9	New measure	New measure	31 working days

Notes:

- Overall customer satisfaction is obtained from homeowners and licensees based on responses to nine different surveys after services have been delivered by various QBCC business functions. The variance between 2016-17 Target/Estimate and 2016-17 Estimated Actual may be due to unfavourable survey results from customers who received unfavourable decisions and the impact of these results on overall customer satisfaction. For example, analysis was undertaken on the licensee and homeowner responses to the Early Dispute Resolution survey for 2016-17. Comparing the responses between these two customer segments showed that responses were inversely proportional. This means, where homeowners were satisfied, licensees were dissatisfied and vice versa, indicating that the responses relate to favourable or unfavourable outcomes, rather than a response to the customer service delivery. If the responses received were solely based on customer service delivery, the results between licensees and home owners would likely show similar trends. Variance between the 2016-17 and 2017-18 Targets/Estimates is due to benchmarking performance against the 2016-17 Estimated Actual.
- This is a new service standard measuring perceptions of fair decision-making which is critical in building trust and confidence between the QBCC and the community. Surveys will provide evidence of change in perceptions.
- This is a new service standard demonstrating the effectiveness of the QBCC decision-making process. The intent is over time, there should be a decrease in the percentage of decisions overturned. This service standard will include all decisions made by the QBCC which can be externally reviewed in the Queensland Civil and Administrative Tribunal.
- This is a new service standard measuring how cost efficient the QBCC is in recovering one dollar of monies owed to other building and trade contractors including suppliers, following the QBCC decision upon investigation of complaints received under the Minimum Financial Requirements policy.
- Variance between the 2016-17 Target/Estimate and the 2017-18 Target/Estimate is due to broadening the duties of QBCC building inspectors, which will bring about greater benefits to home owners and QBCC principal contractors. This allows more issues to be resolved while construction is still underway, rather than at the end of the construction process where rectification would be more costly. The expansion of duties would have an impact on how timely cases can be finalised within 28 days, however with greater benefits to all involved.
- Variance between 2016-17 target/estimate and 2016-17 estimated actual is due to improvements in processing including a procedural change to only progress applications when all information is collected from customers. The 2016-17 Target/Estimate has been retained for 2017-18 as the QBCC undergoes a licence review and structural changes which will continue to impact on timeliness to process licence applications in 2017-18.
- Variance between 2016-17 Target/Estimate and the 2016-17 Estimated Actual is due to the combined impact of migrating information technology systems and the complexity of claims. QBCC moved to a new information technology system in December 2016. There are also numerous impacts beyond the control of the QBCC, such as claimants not providing timely information, multi-unit claims and the need to obtain advice from engineers and other consultants affecting response times due to the complexity of work involved. Variance between the 2016-17 and 2017-18 Targets/Estimates benchmarks performance against the 2016-17 Estimated Actual by acknowledging planned improvements to resourcing and information technology system will occur over a longer period.
- This new service standard complements the service standard 'Percentage of early dispute resolution cases finalised within 28 days'. Measuring the efficiency of dispute resolution provides insight into the average time it takes to finalise an early dispute resolution case. The calculation method is the sum of the number of business days for all the cases in the quarter divided by the number of cases.



9. This new service standard complements the service standard 'Percentage of insurance claims for defective work assessed and response provided within 35 business days'. Measuring the efficiency of the insurance claim processing provides further insight into the average time it takes to assess and provide a response to defect claims less than \$20,000. The days are calculated from the date the claim is open to the date the approval letter is sent for defects claim cases closed during the year where the defect claim value is less than \$20,000. The 2017-18 Target/Estimate has been based on performance targets from when a claim is opened to claim approval. The required functionality to produce benchmarking information is expected to be available by mid-May 2017.

# Staffing<sup>1</sup>

Queensland Building and Construction Commission	Notes	2016-17 Budget	2016-17 Est. Actual	2017-18 Budget
Queensland Building and Construction Commission	2	406	410	420

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Variance between 2016-17 Adjusted Budget and 2016-17 Estimated Actual is due to temporary positions in a Project Management Office business unit. Variance between 2016-17 Estimated Actual and 2017-18 Budget is due to the Project Management Office delivering on QBCC projects going forward and requiring resourcing accordingly.

# Income statement

Queensland Building and Construction Commission	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>INCOME</b>				
Taxes		..	..	..
User charges and fees	4,9	146,801	151,122	125,605
Grants and other contributions		..	..	..
Interest		7,275	7,677	7,998
Other revenue	5	83,100	81,905	73,457
Gains on sale/revaluation of assets		(23)	..	37
<b>Total income</b>		<b>237,153</b>	<b>240,704</b>	<b>207,097</b>
<b>EXPENSES</b>				
Employee expenses		48,321	46,210	48,609
Supplies and services	1	34,259	38,061	34,711
Grants and subsidies		..	..	..
Depreciation and amortisation	2,6	3,517	3,068	2,972
Finance/borrowing costs		..	..	..
Other expenses	7,10	115,176	115,160	91,116
Losses on sale/revaluation of assets	3,8	40,637	33,955	35,289
<b>Total expenses</b>		<b>241,910</b>	<b>236,454</b>	<b>212,697</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>(4,757)</b>	<b>4,250</b>	<b>(5,600)</b>

# Balance sheet

Queensland Building and Construction Commission	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets		7,205	7,755	7,205
Receivables		60,803	60,304	63,476
Other financial assets		215,270	234,324	233,736
Inventories		..	..	..
Other	11,14,20	27,368	21,360	16,310
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>310,646</b>	<b>323,743</b>	<b>320,727</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		90,180	91,157	94,611
Other financial assets		..	..	..
Property, plant and equipment	12,15	4,157	3,557	3,265
Intangibles	16,21	9,227	9,601	7,409
Other		..	..	..
<b>Total non-current assets</b>		<b>103,564</b>	<b>104,315</b>	<b>105,285</b>
<b>TOTAL ASSETS</b>		<b>414,210</b>	<b>428,058</b>	<b>426,012</b>
<b>CURRENT LIABILITIES</b>				
Payables		45,617	42,197	44,133
Accrued employee benefits	17,22	3,952	4,269	4,737
Interest bearing liabilities and derivatives		..	..	..
Provisions		48,158	51,515	51,465
Other	13,18,23	85,541	73,981	61,304
<b>Total current liabilities</b>		<b>183,268</b>	<b>171,962</b>	<b>161,639</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Accrued employee benefits	19	5,230	5,748	5,956
Interest bearing liabilities and derivatives		..	..	..
Provisions		189,677	175,952	189,632
Other		26	44	33
<b>Total non-current liabilities</b>		<b>194,933</b>	<b>181,744</b>	<b>195,621</b>
<b>TOTAL LIABILITIES</b>		<b>378,201</b>	<b>353,706</b>	<b>357,260</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>36,009</b>	<b>74,352</b>	<b>68,752</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>		<b>36,009</b>	<b>74,352</b>	<b>68,752</b>

# Cash flow statement

Queensland Building and Construction Commission	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges and fees	26,32	111,876	111,000	76,467
Grants and other contributions		..	..	..
Interest received		162	207	163
Taxes		..	..	..
Other		75,507	75,086	68,003
<b>Outflows:</b>				
Employee costs		(48,194)	(45,895)	(47,933)
Supplies and services	27,33	(38,925)	(35,583)	(27,724)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other	28,34	(95,807)	(93,739)	(77,498)
<b>Net cash provided by or used in operating activities</b>		<b>4,619</b>	<b>11,076</b>	<b>(8,522)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of non-financial assets		227	400	428
Investments redeemed	29,35	..	..	8,423
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for non-financial assets	24,30,36	(4,488)	(3,870)	(879)
Payments for investments	25,31,37	(2,774)	(10,886)	..
Loans and advances made		..	..	..
<b>Net cash provided by or used in investing activities</b>		<b>(7,035)</b>	<b>(14,356)</b>	<b>7,972</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>(2,416)</b>	<b>(3,280)</b>	<b>(550)</b>
<b>Cash at the beginning of financial year</b>		<b>9,621</b>	<b>11,035</b>	<b>7,755</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>7,205</b>	<b>7,755</b>	<b>7,205</b>

# Explanation of variances in the financial statements

## Income statement

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

1. The increase in supplies and services is due to the increase in payment to contractors for claims management fees. The total cost has increased and the recovery from reinsurers has been reallocated from supplies and services to claim recoveries revenue.
2. The decrease in depreciation and amortisation is due to revised timeframe for implementation of new software platforms.
3. The decrease in losses on sale/revaluation of assets is due to the decrease in provision for doubtful debts as a result of the decrease of claim recovery income due to a decrease in claims approved.

### Major variations between 2016-17 Budget and 2017-18 Budget include:

4. The decrease in user charges is due to the decrease in premium income based on the actual experience post the Home Warranty Insurance reforms which were effective from 28 October 2016.
5. The decrease in other revenue is due to the decrease in claims recoveries income due to an anticipated decrease in claims approved.
6. The decrease in depreciation and amortisation is due to a large leasehold restoration asset being fully depreciated and therefore decreasing the expense in 2017-2018.
7. The decrease in other expenses is due to reduced reinsurers' share of premium as a result of decreased premium income and an anticipated decrease in claims approved due to the change in activity in the industry.
8. The decrease in losses on sale/revaluation of assets is due to the decrease in provision for doubtful debts as a result of the decrease in claim recovery income due to a decrease in claims approved.

### Major variations between 2016-17 Estimated Actual and the 2017-18 Budget include:

9. The decrease in user charges is due to the decrease in premium income based on the actual experience post the Home Warranty Insurance reforms which were effective from 28 October 2016.
10. The decrease in other expenses is due to reduced reinsurers' share of premium as a result of decreased premium income and an anticipated decrease in claims approved due to the change in activity in the industry.

## Balance sheet

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

11. The decrease in other current assets is due to the reduction in reinsurers' share of unearned income as a result of a change to the reinsurers agreements to collect an exchange commission from the reinsurers instead of the administration fee. This proportion is recognised upon receipt and not over the period of risk.
12. The decrease in property, plant and equipment is due to the actual acquisitions being delayed due to the timing of replacement of motor vehicles and leasehold improvements.
13. The decrease in other current liabilities is due to the decrease in unearned insurance premiums as a result of a change in the premium pricing structure for contracts signed from 28 October 2016. This change removed the administration fee and introduced an exchange commission which is recognised upon receipt and not over the period of risk.

### Major variations between 2016-17 Budget and 2017-18 Budget include:

14. The decrease in other current assets is due to the reduction in reinsurers' share of unearned income as a result of the decrease in premium income based on the actual experience post the Home Warranty Insurance reforms which were effective from 28 October 2016 and the change from an administration fee to the exchange commission.
15. The decrease in property, plant and equipment is due to the actual acquisitions for 2016-2017 being lower than the budgeted acquisitions, resulting in a lower opening balance for 2017-2018, due to the timing of replacement of motor vehicles and leasehold improvements.
16. The decrease in intangibles is due to amortisation of the existing intangible assets.

17. The increase in accrued employee benefits is due to the increase in outstanding annual leave entitlement as a result of an increase in staff numbers and the enterprise bargaining agreement salary increase.
18. The decrease in other current liabilities is due to the decrease in unearned insurance premiums due to the decrease in premium income and as a result of change in the premium pricing structure for contracts signed from 28 October 2016. This change removed the administration fee and introduced an exchange commission which is recognised upon receipt and not over the period of risk.
19. 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 2016-17 Estimated Actual and the 2017-18 Budget include:**

20. The decrease in other current assets is due to the reduction in reinsurers' share of unearned income as a result of the decrease in premium income based on the actual experience post the Home Warranty Insurance reforms effective from 28 October 2016.
21. The decrease in intangibles is due to amortisation of the existing intangible assets.
22. The increase in accrued employee benefits is due to the increase in outstanding annual leave entitlement as a result of an increase in staff numbers and the enterprise bargaining agreement salary increase.
23. The decrease in other current liabilities is due to the decrease in unearned insurance premiums as a result of the decrease in premium income based on the actual experience post the Home Warranty Insurance reforms effective from 28 October 2016.

## Cash flow statement

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

24. The decrease in payments for non-financial assets is due to the actual acquisitions of property, plant and equipment being lower than budgeted acquisitions, due to the timing of replacement of motor vehicles and leasehold improvements.
25. The increase in payments for investments is due to the increase in funds transferred to long term investments due to reduced expenditure.

**Major variations between 2016-17 Budget and 2017-18 Budget include:**

26. The decrease in user charges is due to the decrease in premium income and unearned insurance premiums based on the actual experience post the Home Warranty Insurance reforms effective from 28 October 2016.
27. The decrease in supplies and services is due to the reduction in reinsurers' share of unearned income due to the decrease in premium income and as a result of a change in the premium pricing structure for contracts signed from 28 October 2016. This change removed the administration fee and introduced an exchange commission which is recognised upon receipt and not over the period of risk.
28. The decrease in other operating outflows is due to reduced reinsurers' share of premium as a result of decreased premium income and a decrease in claims approved.
29. The increase in investments redeemed is due to transfer of funds from long term investments to cash to cover expenditure with decreased income.
30. The decrease in payments for non-financial assets is due to the reduction in spend on non-financial assets as limited non-financial assets are planned for replacement in 2017-18.
31. The decrease in payments for investments is due to no funds being transferred to long term investments to cover expenditure with decreased income.

**Major variations between 2016-17 Estimated Actual and the 2017-18 Budget include:**

32. The decrease in user charges is due to the decrease in premium income and unearned insurance premiums based on the actual experience post the Home Warranty Insurance reforms effective from 28 October 2016.
33. The decrease in supplies and services is due to the reduction in reinsurers' share of unearned income due to the decrease in premium income and as a result of a change in the premium pricing structure for contracts signed from 28 October 2016. This change removed the administration fee and introduced an exchange commission which is recognised upon receipt and not over the period of risk.
34. The decrease in other operating outflows is due to reduced reinsurers' share of premium as a result of decreased premium income and a decrease in claims approved.

35. The increase in investments redeemed is due to transfer of funds from long term investments to cash to cover expenditure with decreased income.
36. The decrease in payments for non-financial assets is due to the reduction in spend on non-financial assets as limited non-financial assets are planned for replacement in 2017-18.
37. The decrease in payments for investments is due to no funds being transferred to long term investments to cover expenditure with decreased income.



# 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
- addressing financial sustainability.

The RTA contributes to the Queensland Government's objective for the community to deliver quality frontline services 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 2016-17, effective investment management has resulted in stronger returns outperforming the budgeted target.

In 2016-17, the RTA:

- conducted consultation with the sector about the legislative review of the RTRA Act
- implemented a proactive legislative compliance agenda in partnership with sector stakeholders and other government agencies
- implemented an intake model in dispute resolution to ensure responsive frontline client service delivery
- enhanced and promoted eServices facilities that resulted in a 50% increase in the electronic submission of forms for faster finalisation of client transactions.

In 2017-18, the RTA will deliver services to clients by:

- leveraging off the recently implemented client management system to produce data analytic reporting that will identify improvements to frontline service delivery
- continuing to focus on business process improvements to ensure integrated client service delivery.

# Service performance

## Performance statement

### Residential Tenancies Authority

#### Service area objective

To regulate the residential rental housing and rooming accommodation sector and provide high quality client services that balances the rights and responsibilities of all parties in the residential rental sector.

#### Service area description

Services delivered by the Residential Tenancies Authority (RTA) include rental bond management, tenancy information and education, dispute resolution, investigation and prosecution of offences under the *Residential Tenancies and Rooming Accommodation Act 2008*, 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	2016-17 Target/Est.	2016-17 Est. Actual	2017-18 Target/Est.
<b>Service area: Residential Tenancies Authority</b>				
<b>Service standards</b>				
<i>Effectiveness measures</i>				
Proportion of disputes resolved after parties participated in the conciliation process	1	80%	70%	70%
Overall client satisfaction	2	New measure	New measure	75%
<i>Efficiency measures</i>				
Average annual return on investment	3	3.2%	3.8%	3.2%
Total cost for RTA output (excluding grants) as a proportion of the value of bonds held	4	4.4%	4.4%	4.0%

#### Notes:

- Variance between the 2016-17 Target/Estimate, 2016-17 Estimated Actual and 2017-18 Target/Estimate is due to changes associated with implementing the RTA's new business system where resolved disputes cannot be recorded as 'resolved' if the file was previously closed. The variance is also due to the way a dispute file can be closed. This was changed to encourage parties to participate in the dispute resolution process. The measure is calculated by dividing the total number of disputes conciliated where all parties to the dispute participated in the conciliation process, by the number of disputes that were resolved.
- This is a new service standard measuring overall client satisfaction with the Contact Centre. The 2017-18 Target/Estimate is based on baseline results achieved in 2016-17 with respondents rating the RTA services as 4 or 5 out of a 5-point scale across all survey dimensions for satisfaction. Survey dimensions include timeliness, ease of access, staff, quality and outcome to measure overall satisfaction as recommended by the Better Practice Guideline for Measuring Client Satisfaction.
- Variance between the 2016-17 Target/Estimate and the 2016-17 Estimated Actual is due to strong investment returns being achieved in the Queensland Investment Corporation (QIC) Property Fund and the QIC Global Credit Fund. Improved property valuations underpinned the performance of the QIC Property Fund whilst the Global Credit Fund benefitted from a narrowing of global credit spreads. The 2017-18 Target/Estimate is the forecast provided by RTA's external Investment Manager.
- Variance between the 2016-17 and 2017-18 Targets/Estimates is due to expenses being tightly controlled.

# Staffing<sup>1</sup>

<b>Residential Tenancies Authority</b>	<b>Notes</b>	<b>2016-17 Budget</b>	<b>2016-17 Est. Actual</b>	<b>2017-18 Budget</b>
Residential Tenancies Authority	2, 3, 4	206	244	220

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Variance between the 2016-17 Budget and 2016-17 Estimated Actual is due to an increase in the number of frontline staffing positions to process rental bond transactions since the replacement of RTA's core business system in August 2016.
3. Variance between the 2016-17 Estimated Actual and 2017-18 Budget is due to the cessation of temporary staff contracts that backfilled staff working on RTA's capital projects which ended on 30 June 2017. Additional FTE reductions are due to not replacing existing vacancies in back office functions.
4. Variance between the 2016-17 Budget and 2017-18 Budget is due to an increase in the number of frontline staffing positions to process rental bond transactions since the replacement of RTA's core business system in August 2016.

# Income statement

Residential Tenancies Authority	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>INCOME</b>				
Taxes		..	..	..
User charges and fees		..	..	..
Grants and other contributions		..	..	..
Interest	1,4,7	26,546	30,257	27,627
Other revenue		12	18	12
Gains on sale/revaluation of assets		..	..	..
<b>Total income</b>		<b>26,558</b>	<b>30,275</b>	<b>27,639</b>
<b>EXPENSES</b>				
Employee expenses	2,5,8	20,101	21,161	21,377
Supplies and services	6,9	13,363	13,475	11,857
Grants and subsidies		..	..	..
Depreciation and amortisation	3,10	1,463	1,370	1,674
Finance/borrowing costs		..	..	..
Other expenses		42	42	35
Losses on sale/revaluation of assets		30	33	34
<b>Total expenses</b>		<b>34,999</b>	<b>36,081</b>	<b>34,977</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>(8,441)</b>	<b>(5,806)</b>	<b>(7,338)</b>

# Balance sheet

Residential Tenancies Authority	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets	11,15,19	73,557	44,432	34,735
Receivables		468	495	495
Other financial assets	12,16,20	750,000	810,646	859,338
Inventories		..	..	..
Other		432	397	397
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>824,457</b>	<b>855,970</b>	<b>894,965</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment		934	1,123	807
Intangibles	17,21	11,636	11,624	10,426
Other		142	..	..
<b>Total non-current assets</b>		<b>12,712</b>	<b>12,747</b>	<b>11,233</b>
<b>TOTAL ASSETS</b>		<b>837,169</b>	<b>868,717</b>	<b>906,198</b>
<b>CURRENT LIABILITIES</b>				
Payables	13,18,22	804,118	826,727	871,316
Accrued employee benefits		2,381	3,761	3,991
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total current liabilities</b>		<b>806,499</b>	<b>830,488</b>	<b>875,307</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		325	359	359
Accrued employee benefits		1,142	869	869
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>1,467</b>	<b>1,228</b>	<b>1,228</b>
<b>TOTAL LIABILITIES</b>		<b>807,966</b>	<b>831,716</b>	<b>876,535</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>29,203</b>	<b>37,001</b>	<b>29,663</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>	14,23	<b>29,203</b>	<b>37,001</b>	<b>29,663</b>

# Cash flow statement

Residential Tenancies Authority	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges and fees		(30)	45	(34)
Grants and other contributions		..	..	..
Interest received	24,31	26,545	30,257	27,627
Taxes		..	..	..
Other		12	18	12
<b>Outflows:</b>				
Employee costs	27,32	(20,101)	(20,478)	(21,147)
Supplies and services		(13,363)	(13,261)	(11,857)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other	25,28,33	18,587	38,790	44,554
<b>Net cash provided by or used in operating activities</b>		<b>11,650</b>	<b>35,371</b>	<b>39,155</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	29,34	(4,402)	(4,526)	(160)
Payments for investments	26,30,35	21,914	(57,305)	(48,692)
Loans and advances made		..	..	..
<b>Net cash provided by or used in investing activities</b>		<b>17,512</b>	<b>(61,831)</b>	<b>(48,852)</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>29,162</b>	<b>(26,460)</b>	<b>(9,697)</b>
<b>Cash at the beginning of financial year</b>		<b>44,395</b>	<b>70,892</b>	<b>44,432</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>73,557</b>	<b>44,432</b>	<b>34,735</b>

# Explanation of variances in the financial statements

## Income statement

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

1. The increase in interest is due to higher than expected return on investments.
2. The increase in employee expenses is due to an increase in transactional processing staff.
3. The decrease in depreciation and amortisation is due to the delayed rollout of the myRTA platform.

### Major variations between 2016-17 Budget and 2017-18 Budget include:

4. The increase in interest is due to an increase in value of rental bond holdings and subsequent value of investments.
5. The increase in employee expenses is due to an increase in transactional processing staff.
6. The decrease in other supplies and services is due to the completion of the internal phase of the myRTA platform.

### Major variations between 2016-17 Estimated Actual and the 2017-18 Budget include:

7. The decrease in interest is due to lower expected returns on investments.
8. The increase in employee expenses is due to the replacement of agency staff with RTA employees.
9. The decrease in other supplies and services is due to the completion of the internal phase of the myRTA platform and replacement of agency staff with RTA employees.
10. The 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 2016-17 Budget and 2016-17 Estimated Actual include:

11. The decrease in cash assets reflects a movement from cash assets to other financial assets.
12. The increase in other financial assets is due to revised growth estimates of rental bond holdings and subsequent value of investments and increased investment in other financial assets compared to cash assets.
13. The increase in payables is due to revised growth estimates of rental bond holdings.
14. The increase in total equity is due to a better than estimated 2015-16 and 2016-17 operating results.

### Major variations between 2016-17 Budget and 2017-18 Budget include:

15. The decrease in cash assets reflects a movement from cash assets to other financial assets.
16. The increase in other financial assets is due to growth in rental bond holdings and subsequent value of investments and increased investment in other financial assets moved from cash assets.
17. The decrease in intangibles is due to the amortisation of the enterprise wide myRTA platform.
18. The increase in payables is due to an increase in the number and value of bonds held between the 2016-17 and 2017-18 financial years.

### Major variations between 2016-17 Estimated Actual and the 2017-18 Budget include:

19. The decrease in cash assets reflects a movement from cash assets to other financial assets and the operating deficit in 2017-18.
20. The increase in other financial assets is due to growth in rental bond holdings and subsequent value of investments.
21. The decrease in intangibles is due to the amortisation of the enterprise wide myRTA platform.
22. The increase in payables is due to an increase in the number and value of bonds.
23. The 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 2016-17 Budget and 2016-17 Estimated Actual include:**

24. The increase in interest received is due to higher than expected return on investments.
25. The increase in other outflows is due to higher growth in the number and value of rental bonds.
26. The increase in payment for investments reflects a movement from cash and cash investments compared to other financial assets.

### **Major variations between 2016-17 Budget and 2017-18 Budget include:**

27. The increase in employee costs is due to an increase in transactional processing staff.
28. The increase in other outflows is due to higher growth in the number and value of rental bonds.
29. The decrease in payments for non-financial assets is due to the completion of the internal phase of the myRTA platform.
30. The increase in payments for investments reflects an increased holding in financial assets compared to cash and cash investments.

### **Major variations between 2016-17 Estimated Actual and the 2017-18 Budget include:**

31. The decrease in interest received is due to lower expected returns on investments.
32. The increase in employee costs is due to an increase in transactional processing staff.
33. The increase in other outflows is due to higher growth in the number and value of rental bonds.
34. The decrease in payments for non-financial assets is due to the completion of the internal phase of the myRTA platform.
35. The decrease in payments for investments is due to the change of holdings from cash and cash investments to other financial assets in 2016-17.



# Commercialised business units

## Building and Asset Services

### Overview

Building and Asset Services' vision is to be a proactive business partner to Queensland government agencies, through planning, procuring, delivering and maintaining their built assets 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. This also allows Building and Asset Services to provide immediate response to communities affected by natural disasters and other major events. The cross-agency programs that Building and Asset Services delivers regionally support apprenticeship and traineeship opportunities in communities.

Building and Asset Services has developed strong relationships with Aboriginal and Torres Strait Islander communities and continues to support the local communities toward their longer-term sustainability and goal of self-governance. This aligns with the State's aims to gain leverage through program and project management to stimulate economic growth whilst maximising employment opportunities during program delivery.

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 Queensland government agencies to develop forward programs of work that drive value for government and provide continuity of work for the building industry.

### Service summary

In 2016-17, Building and Asset Services:

- continued to work closely with the Department of Science, Information Technology and Innovation on the development of a whole-of-government asset life cycle management system that aims to facilitate better longer term strategic planning and budget allocations of limited funding
- encouraged innovative procurement solutions through local industry by undertaking early market engagement activities for the capital works programs in Aboriginal and Torres Strait Islander communities under the National Partnership on Remote Housing
- partnered with Aboriginal and Torres Strait Islander Councils to successfully deliver programs under the National Partnership on Remote Housing and National Affordable Housing Agreement.

In 2017-18, Building and Asset Services will deliver strategic solutions in partnership with customer agencies, including:

- developing a category management approach for building, construction and maintenance works which will further strengthen procurement engagement activities with local and regional communities
- developing and implementing consistent contract management processes to strengthen project outcomes
- phasing the implementation of a social procurement framework and supporting documentation to enhance sustainable and strategic procurement practices and contribute to building stronger communities
- continuing to partner with Aboriginal and Torres Strait Islander Councils to deliver capital and maintenance programs under the National Partnership on Remote Housing and National Affordable Housing Agreement to maximise employment opportunities and provide economic stimulation to those remote communities
- working with Housing and Homeless Services to reduce preconstruction planning and procurement timeframes for detached housing projects delivered in Aboriginal and Torres Strait Islander communities, from a current average of 44 weeks to an average of 28 weeks, saving 16 weeks in predelivery time over a four year period
- reviewing procurement processes to improve efficiencies and delivery outcomes.

# Service performance

## Performance statement

### Building and Asset Services

#### Service area objective

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

#### Service area description

Building and Asset Services, in partnership with its Queensland Government agency customers, supports strategic asset management by managing risks for diverse building asset portfolios and providing expertise in planning, procurement and delivery of new building infrastructure, as well as asset and facilities management. In doing so, Building and Asset Services works closely with industry and suppliers to maximise value for money procurement and contract management outcomes. This assists Building and Asset Services' Queensland Government agency customers 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	2016-17 Target/Est.	2016-17 Est. Actual	2017-18 Target/Est.
<b>Service area: Building and Asset Services</b>				
<b>Service standards</b>				
<i>Effectiveness measures</i>				
Overall customer satisfaction	1	..	..	80%
Percentage of maintenance spend on Building and Asset Services' customer's facilities with regional suppliers	2	70%	88%	88%
<i>Efficiency measures</i>				
Gross profit as a percentage of revenue generated from work delivered on behalf of BAS customers	3	8.6	7.9	7.9
Net profit before tax and dividends as a percentage of sales	4	0.0	0.2	0.1
Current ratio	5	1.75:1	1.70:1	1.76:1

Notes:

1. There is no 2016-17 Target/Estimate and 2016-17 Estimated Actual as this is a biennial measure with the next survey to be undertaken in 2017-18.
2. Variance between 2016-17 Target/Estimate and 2016-17 Estimated Actual is due to the refinement of data resulting in a better than anticipated result for this measure that was introduced in 2016-17. Variance between 2016-17 and 2017-18 Targets/Estimates is due to a continuous focus on local engagement planned for 2017-18.
3. Variance between the 2016-17 Target/Estimate, the 2016-17 Estimated Actual and the 2017-18 Target/Estimate is mainly due to an accounting treatment realigning the delivery of certain support costs.
4. Variance between 2016-17 Target/Estimate, 2016-17 Estimated Actual and 2017-18 Target/Estimate is mainly due to the increase in contribution from expected higher volume of sales.
5. Variance between 2016-17 Target/Estimate and 2016-17 Estimated Actual is mainly due to higher cash balance at the start of the year than originally budgeted, and an increase in payables due to the anticipated increase in contractors' invoices reflecting the higher volume of work at the end of the financial year.

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

<b>Building and Asset Services</b>	<b>Notes</b>	<b>2016-17 Budget</b>	<b>2016-17 Est. Actual</b>	<b>2017-18 Budget</b>
Building and Asset Services	3	1,284	1,274	1,270

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 2016-17 Budget and 2016-17 Estimated Actual is due to apprentices completing their training and unfilled vacant roles.

# Income statement

Building and Asset Services	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>INCOME</b>				
User charges and fees	1,5,8	816,000	885,763	897,667
Grants and other contributions		170	290	302
Interest		816	748	750
Other revenue		4,514	4,039	3,956
Gains on sale/revaluation of assets		..	..	..
<b>Total income</b>		<b>821,500</b>	<b>890,840</b>	<b>902,675</b>
<b>EXPENSES</b>				
Employee expenses	2,9	116,240	113,709	116,738
Supplies and services	3,6,10	699,893	770,756	780,343
Grants and subsidies		..	..	..
Depreciation and amortisation		3,653	3,665	3,504
Finance/borrowing costs		..	..	..
Other expenses		1,384	1,342	1,379
Losses on sale/revaluation of assets		..	(134)	10
<b>Total expenses</b>		<b>821,170</b>	<b>889,338</b>	<b>901,974</b>
Income tax expense/revenue		99	451	210
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>4,7,11</b>	<b>231</b>	<b>1,051</b>	<b>491</b>

# Balance sheet

Building and Asset Services	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets	12,17	92,995	109,512	104,811
Receivables	13,18	112,192	115,251	115,918
Other financial assets		..	..	..
Inventories	14,19	51,406	45,654	46,267
Other		103	148	148
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>256,696</b>	<b>270,565</b>	<b>267,144</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment		1,315	1,076	1,172
Deferred tax assets	20,24	1,603	1,249	380
Intangibles	21,25	7,319	7,604	4,304
Other		..	..	..
<b>Total non-current assets</b>		<b>10,237</b>	<b>9,929</b>	<b>5,856</b>
<b>TOTAL ASSETS</b>		<b>266,933</b>	<b>280,494</b>	<b>273,000</b>
<b>CURRENT LIABILITIES</b>				
Payables	15,22,26	75,964	94,129	86,897
Current tax liabilities		66	302	141
Accrued employee benefits		4,381	4,726	4,381
Interest bearing liabilities and derivatives		..	..	..
Provisions		188	36	36
Other	16,23	66,212	59,615	60,414
<b>Total current liabilities</b>		<b>146,811</b>	<b>158,808</b>	<b>151,869</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Deferred tax liabilities		1,813	1,956	1,156
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>1,813</b>	<b>1,956</b>	<b>1,156</b>
<b>TOTAL LIABILITIES</b>		<b>148,624</b>	<b>160,764</b>	<b>153,025</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>118,309</b>	<b>119,730</b>	<b>119,975</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>		<b>118,309</b>	<b>119,730</b>	<b>119,975</b>

# Cash flow statement

Building and Asset Services	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges and fees	27,31,33	866,978	929,788	952,971
Grants and other contributions		170	290	302
Interest received		816	746	749
Other	28,34	23,520	16,002	23,545
<b>Outflows:</b>				
Employee costs		(116,139)	(114,235)	(117,094)
Supplies and services	29,32,35	(770,021)	(840,950)	(862,681)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Taxation equivalents paid		(34)	(150)	(302)
Other		(1,338)	(1,018)	(1,365)
<b>Net cash provided by or used in operating activities</b>		<b>3,952</b>	<b>(9,527)</b>	<b>(3,875)</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		(300)	(200)	(300)
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by or used in investing activities</b>		<b>(300)</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	30	(60)	(1,069)	(526)
<b>Net cash provided by or used in financing activities</b>		<b>(60)</b>	<b>(1,069)</b>	<b>(526)</b>
<b>Net increase/(decrease) in cash held</b>		<b>3,592</b>	<b>(10,796)</b>	<b>(4,701)</b>
<b>Cash at the beginning of financial year</b>		<b>89,403</b>	<b>120,308</b>	<b>109,512</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>92,995</b>	<b>109,512</b>	<b>104,811</b>

# Explanation of variances in the financial statements

## Income statement

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

1. The increase in user charges and fees is mainly due to increased maintenance and upgrade work including refurbishment and facilities maintenance for correctional centres.
2. The decrease in employee expenses is mainly due to the movement of resources within the agency and the timing of filling positions.
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 surplus mainly reflects the delivery of higher volume of work.

### Major variations between 2016-17 Budget and 2017-18 Budget include:

5. The increase in user charges and fees is mainly due to increased maintenance and upgrade work including refurbishment and facilities maintenance for correctional centres and School Electrical Safety programs.
6. The increase in supplies and services is mainly due to an increase in payments to contractors reflecting the higher volume of work.
7. The increase in surplus mainly reflects the delivery of higher volume of work.

### Major variations between 2016-17 Estimated Actual and the 2017-18 Budget include:

8. The increase in user charges and fees is mainly due to increased maintenance and upgrade work including refurbishment and facilities maintenance for correctional centres and the School Infrastructure Enhancement and Electrical Safety programs.
9. The increase in employee expense is mainly due to 2017-18 budget assumptions for the Enterprise Bargaining Agreements.
10. The increase in supplies and services is mainly due to an increase in payments to contractors reflecting the higher volume of work.
11. The decrease in surplus mainly reflects an increase in employee expenses for the Enterprise Bargaining Agreements partly offset by the contribution from the delivery of the higher volume of work.

## Balance sheet

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

12. The increase in cash is mainly due to cash balances at the start of the year being higher than originally budgeted, the anticipated timing of payments to contractors and receipts from customers at the end of the year.
13. The increase in receivables is mainly due to the expected higher sales revenue in the last quarter of the 2016-17 financial year compared to budget.
14. The decrease in inventories (construction work in progress) mainly reflects the estimated timing of the work performed.
15. The increase in payables is due to anticipated increase in contractors invoices reflecting the higher volume of work at the end of the financial year.
16. The decrease in other payables is mainly due to a reduction in unearned revenue.

### Major variations between 2016-17 Budget and 2017-18 Budget include:

17. The increase in cash is mainly due to the anticipated timing of payments to contractors and receipts from customers at the end of the year.
18. The increase in receivables is mainly due to the expected higher sales revenue in the last quarter of the 2017-18 financial year compared to budget.
19. The decrease in inventories (construction work in progress) mainly reflects the estimated timing of the work performed and completed.
20. The decrease in deferred tax assets is mainly due to the reductions in provisions and carried forward tax losses.

21. The decrease in intangibles is mainly due to the amortisation of capitalised systems software costs.
22. The increase in payables is due to an increase in payments to contractors reflecting the higher volume of work at the end of the financial year.
23. The decrease in other payables is mainly due to a reduction in unearned revenue.

**Major variations between 2016-17 Estimated Actual and the 2017-18 Budget include:**

24. The decrease in deferred tax assets is mainly due to the reductions in provisions and carried forward tax losses.
25. The decrease in intangibles is mainly due to the amortisation of capitalised systems software costs.
26. The decrease in payables is mainly due timing of maintenance programs and payments to contractors.

## Cash flow statement

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

27. The increase in user charges and fees is mainly due to increased maintenance and upgrade work including refurbishment and facilities maintenance for correctional centres.
28. The decrease in other inflows is mainly due to lower than anticipated Goods and Services Tax (GST) inflows from the Australian Taxation Office (ATO).
29. The increase in supplies and services is mainly due to an increase in payments to contractors reflecting the higher volume of work.
30. The increase in dividends paid is due to the higher than anticipated profit from 2015-16 financial year.

**Major variations between 2016-17 Budget and 2017-18 Budget include:**

31. The increase in user charges and fees is mainly due to increased maintenance and upgrade work including refurbishment and facilities maintenance for correctional centres and School Electrical Safety programs.
32. The increase in supplies and services is mainly due to an increase in payments to contractors reflecting the higher volume of work.

**Major variations between 2016-17 Estimated Actual and the 2017-18 Budget include:**

33. The increase in user charges and fees is mainly due to increased maintenance and upgrade work including refurbishment and facilities maintenance for correctional centres and the School Infrastructure Enhancement and Electrical Safety programs.
34. The increase in other inflows is mainly due to higher than anticipated GST inflows from the ATO.
35. The increase in supplies and services is mainly due to an increase in payments to contractors reflecting the higher volume of work.



# QFleet

## Overview

As the Queensland Government's fleet owner and manager, 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.

Responsible for approximately 9,900 passenger and light commercial motor vehicles, QFleet's focus is the delivery of an integrated package of 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 motor vehicle contract management, fleet advisory services, in-service maintenance management, accident management, end-of-life repairs and motor vehicle remarketing. Tools and advice are provided to assist customers with fit-for-purpose motor vehicle selection and achieving optimal fleet utilisation. Specialised fit-for-purpose motor vehicle solutions are provided to agencies with particular transportation needs, such as wheelchair carrying capability and harsh terrain operations.

Key factors impacting on QFleet include:

- government exposure to motor vehicle residual value risk resulting from market volatility
- ageing technological capability of the current fleet management system
- 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 2016-17, QFleet:

- delivered enhanced fleet management services to improve efficiencies and generate savings for Government
- delivered a proof-of-concept trial for a car-sharing model to validate a cost effective means to improve the utilisation of the Queensland Government motor vehicles in the Brisbane CBD
- released the QFleet Road Safety Manual and established the inter-departmental Road Safety Focus Network, to link government fleet managers with workplace health and safety officers to share ideas for safety improvement
- established a panel arrangement for whole-of-government in-vehicle monitoring systems and fleet optimisation services
- worked in partnership with agencies and non-tied organisations to identify the most appropriate strategic procurement opportunities
- commenced planning for the procurement of a new fleet management system, in partnership with the Public Safety Business Agency and the Queensland Ambulance Service.

In 2017-18, QFleet will implement a range of initiatives, including:

- developing a strategy to increase the number of electric vehicles in the fleet
- investigating the feasibility of expanding the government car-sharing model to a regional location
- investigating alternative products and services to enhance QFleet's provision of efficient and cost-effective transport solutions
- implementing a QFleet Environmental Strategy for the Queensland Government motor vehicle fleet that includes initiatives specifically aimed at reducing or minimising greenhouse gas emissions
- working in partnership with the Department of Environment and Heritage Protection to develop and implement strategies to offset the Queensland Government motor vehicle fleet's greenhouse gas emissions
- establishing a standing offer arrangement for the provision of tyres and associated services for whole-of-government to leverage spend through an approved panel of suppliers.

# 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	2016-17 Target/Est.	2016-17 Est. Actual	2017-18 Target/Est.
<b>Service area: QFleet</b>				
<b>Service standards</b>				
<i>Effectiveness measure</i>				
Overall customer satisfaction	1	..	..	85%
<i>Efficiency measures</i>				
Current ratio	2, 3, 4	3.0:1	2.3:1	3.2:1
Return on net assets	5, 6	5.0%	8.0%	3.4%
Gearing level	7	64%	63%	65%
Percentage of vehicle fleet utilisation compared to agreed lease parameters		90%	90%	90%

#### Notes:

1. There is no 2016-17 Target/Estimate and 2016-17 Estimated Actual as this is a biennial measure with the next survey to be undertaken in 2017-18.
2. Variance between the 2016-17 Target/Estimate and 2016-17 Estimated Actual is due to having lower assets held for sale in June 2017 than budgeted resulting from higher than budgeted vehicle sales in 2016-17 and higher provisions for income tax and dividends due to a higher operating surplus than budgeted.
3. Variance between 2016-17 Estimated Actual and 2017-18 Target/Estimate is due to higher cash assets in 2017-18 mainly as a result of timing of vehicle purchases and receipts from vehicle sales.
4. Variance between 2016-17 Target/Estimate and 2017-18 Target/Estimate is due to higher cash assets in 2017-18 resulting from a higher opening cash balance and timing of vehicle purchases and receipts from vehicle sales.
5. Variance between the 2016-17 Target/Estimate and 2016-17 Estimated Actual is mainly due to a higher operating surplus.
6. Variance between 2016-17 Target/Estimate, 2016-17 Estimated Actual and 2017-18 Target/Estimate is mainly due to lower operating surplus in 2017-18 due to a reduction in vehicles available for sale in 2017-18.
7. Variance between 2016-17 Target/Estimate, 2016-17 Estimated Actual and 2017-18 Target/Estimate is mainly due to new borrowings to finance vehicle purchases in 2017-18.

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

QFleet	Notes	2016-17 Budget	2016-17 Est. actual	2017-18 Budget
QFleet		50	49	49

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Corporate FTEs are allocated across the service to which they relate.

# Income statement

QFleet	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>INCOME</b>				
User charges and fees	1,5,8	115,805	125,647	108,907
Grants and other contributions		..	..	..
Interest		186	89	235
Other revenue		397	391	397
Gains on sale/revaluation of assets		..	..	..
<b>Total income</b>		<b>116,388</b>	<b>126,127</b>	<b>109,539</b>
<b>EXPENSES</b>				
Employee expenses		4,940	4,628	5,068
Supplies and services	2,6,9	61,923	64,152	58,480
Grants and subsidies		..	..	..
Depreciation and amortisation		37,027	37,215	37,128
Finance/borrowing costs	3	6,407	5,772	5,885
Other expenses		141	120	139
Losses on sale/revaluation of assets		..	..	..
<b>Total expenses</b>		<b>110,438</b>	<b>111,887</b>	<b>106,700</b>
Income tax expense/revenue		1,785	4,272	852
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>4,7,10</b>	<b>4,165</b>	<b>9,968</b>	<b>1,987</b>

# Balance sheet

QFleet	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets	15,21	23,997	23,369	29,433
Receivables		10,368	9,398	9,352
Other financial assets		..	..	..
Inventories	11,16,22	7,629	2,180	5,986
Other		5,050	4,992	5,206
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>47,044</b>	<b>39,939</b>	<b>49,977</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	12,23	225,035	239,747	229,529
Deferred tax assets		9	6	6
Intangibles		..	..	3,139
Other		..	..	..
<b>Total non-current assets</b>		<b>225,044</b>	<b>239,753</b>	<b>232,674</b>
<b>TOTAL ASSETS</b>		<b>272,088</b>	<b>279,692</b>	<b>282,651</b>
<b>CURRENT LIABILITIES</b>				
Payables	17,24	10,854	10,361	12,563
Current tax liabilities	13,18,25	(942)	224	(3,750)
Accrued employee benefits		159	208	164
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		5,626	6,443	6,337
<b>Total current liabilities</b>		<b>15,697</b>	<b>17,236</b>	<b>15,314</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Deferred tax liabilities	14,19,26	8,415	10,906	12,044
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives	20,27	166,512	166,512	176,512
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>174,927</b>	<b>177,418</b>	<b>188,556</b>
<b>TOTAL LIABILITIES</b>		<b>190,624</b>	<b>194,654</b>	<b>203,870</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>81,464</b>	<b>85,038</b>	<b>78,781</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>		<b>81,464</b>	<b>85,038</b>	<b>78,781</b>

# Cash flow statement

QFleet	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges and fees	28,32,36	129,069	140,717	120,423
Grants and other contributions		..	..	..
Interest received		158	93	224
Other	37	8,756	9,517	7,931
<b>Outflows:</b>				
Employee costs		(4,985)	(4,563)	(5,112)
Supplies and services	29,33,38	(98,232)	(111,587)	(91,614)
Grants and subsidies		..	..	..
Borrowing costs	30	(6,350)	(5,764)	(5,881)
Taxation equivalents paid		(3,981)	(3,781)	(3,688)
Other	34,39	(12,035)	(12,963)	(10,846)
<b>Net cash provided by or used in operating activities</b>		<b>12,400</b>	<b>11,669</b>	<b>11,437</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		(30)	..	(3,139)
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by or used in investing activities</b>		<b>(30)</b>	<b>..</b>	<b>(3,139)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings	35,40	20,000	20,000	10,000
Equity injections		..	..	..
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		(8,000)	(8,000)	(7,250)
Dividends paid	31,41	(6,592)	(7,266)	(4,984)
<b>Net cash provided by or used in financing activities</b>		<b>5,408</b>	<b>4,734</b>	<b>(2,234)</b>
<b>Net increase/(decrease) in cash held</b>		<b>17,778</b>	<b>16,403</b>	<b>6,064</b>
<b>Cash at the beginning of financial year</b>		<b>6,219</b>	<b>6,966</b>	<b>23,369</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>23,997</b>	<b>23,369</b>	<b>29,433</b>

# Explanation of variances in the financial statements

## Income statement

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

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

### Major variations between 2016-17 Budget and 2017-18 Budget include:

5. The decrease in user charges is mainly due to lower proceeds on vehicle sales.
6. The decrease in supplies and services is mainly due to a lower written down value on sale of vehicles as a result of fewer vehicles being sold in 2017-18.
7. The decrease in operating surplus is mainly due to lower profit from reduced vehicle sales.

### Major variations between 2016-17 Estimated Actual and the 2017-18 Budget include:

8. The decrease in user charges is mainly due to lower proceeds on vehicle sales resulting from the reduced number of vehicles expected to be sold in 2017-18.
9. The decrease in supplies and services is mainly due to a lower written down value on sale of vehicles as a result of fewer vehicles being sold in 2017-18.
10. The decrease in operating surplus is mainly due to lower profit from reduced vehicle sales.

## Balance sheet

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

11. The decrease in inventories is mainly due to a lower number of vehicles awaiting sale at the end of June 2017 as a result of higher than expected vehicle sales during the year.
12. The increase in property plant and equipment is mainly due to a greater fleet size than budgeted.
13. The increase in current tax liabilities is mainly due to the increase in the operating surplus.
14. The increase in deferred tax liabilities is mainly due to timing differences between the accounting and tax treatment of assets and liabilities.

### Major variations between 2016-17 Budget and 2017-18 Budget include:

15. The increase in cash assets is mainly due to a higher opening cash balance and timing of vehicle purchases and receipts from vehicle sales.
16. The decrease in inventories is mainly due to a lower number of vehicles awaiting sale at the end of June 2018.
17. The increase in payables is mainly due to increased motor vehicle purchases in June 2018.
18. The decrease in current tax liabilities is due to a higher estimated operating surplus in 2016-17 resulting in tax instalments for 2017-18 exceeding the estimated tax liability.
19. The increase in deferred tax liabilities is mainly due to timing differences between the accounting and tax treatment of assets and liabilities.
20. The increase in interest-bearing liabilities is due to new borrowings to finance vehicle purchases in 2017-18.

### Major variations between 2016-17 Estimated Actual and the 2017-18 Budget include:

21. The increase in cash assets is mainly due to timing of vehicle purchases and receipts from vehicle sales.
22. The increase in inventories is mainly due to higher volume of scheduled vehicle returns in the last quarter of the 2017-18 financial year increasing the number of vehicles awaiting sale in June 2018.
23. The decrease in property plant and equipment is mainly due to timing of vehicle purchases and vehicle sales.

24. The increase in payables is mainly due to timing of motor vehicle purchases in June 2018.
25. The decrease in current tax liabilities is due to a higher estimated operating surplus in 2016-17 resulting in tax instalments for 2017-18 exceeding the estimated tax liability.
26. The increase in deferred tax liabilities is mainly due to timing differences between the accounting and tax treatment of assets and liabilities.
27. The increase in interest-bearing liabilities is due to new borrowings to finance vehicle purchases in 2017-18.

## Cash flow statement

### **Major variations between 2016-17 Budget and 2016-17 Estimated Actual include:**

28. The increase in user charges is mainly due to higher proceeds on vehicle sales.
29. The increase in supplies and services is mainly due to a higher number of vehicles purchased.
30. The decrease in borrowing costs is mainly due to a lower than budgeted interest rate on borrowings.
31. The increase in dividends paid is due to the higher operating surplus in 2015-16 than budgeted.

### **Major variations between 2016-17 Budget and 2017-18 Budget include:**

32. The decrease in user charges is mainly due to lower proceeds on vehicle sales.
33. The decrease in supplies and services is mainly due to lower payments for a reduced number of vehicles expected to be purchased in 2017-18.
34. The decrease in other outflows is mainly due to lower goods and services tax paid to the Australian Taxation Office on reduced vehicle proceeds from sales.
35. The decrease in borrowings is mainly due to fewer vehicles being purchased as a result of 2017-18 being a low scheduled returns year.

### **Major variations between 2016-17 Estimated Actual and the 2017-18 Budget include:**

36. The decrease in user charges is mainly due to lower proceeds on vehicle sales.
37. The decrease in other inflows is mainly due to lower goods and services tax receivable from the Australian Taxation Office.
38. The decrease in supplies and services is mainly due to lower payments for a reduced number of vehicles expected to be purchased in 2017-18.
39. The decrease in other outflows is mainly due to lower goods and services tax paid to the Australian Taxation Office on lower proceeds from vehicle sales.
40. The decrease in borrowings is mainly due to fewer vehicles being purchased in 2017-18.
41. The decrease in dividends paid is due to the lower operating surplus estimated in 2016-17 compared to 2015-16.



# Glossary of terms

<b>Accrual accounting</b>	Recognition of economic events and other financial transactions involving revenue, expenses, assets, liabilities and equity as they occur and reporting in financial statements in the period to which they relate, rather than when a flow of cash occurs.
<b>Administered items</b>	Assets, liabilities, revenues and expenses an entity administers, without discretion, on behalf of the Government.
<b>Agency/entity</b>	Used generically to refer to the various organisational units within Government that deliver services or otherwise service Government objectives. The term can include departments, commercialised business units, statutory bodies or other organisations established by Executive decision.
<b>Appropriation</b>	Funds issued by the Treasurer, under Parliamentary authority, to agencies during a financial year for: <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.
<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)





Queensland Budget 2017-18

**Service Delivery Statements**

[budget.qld.gov.au](http://budget.qld.gov.au)