

State Budget 2013-14

Service Delivery Statements

Local Government, Community Recovery and Resilience



2013–14 State Budget Papers

1. Budget Speech
2. Budget Strategy and Outlook
3. Capital Statement
4. Budget Measures
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Appropriation Bills

Concessions Statement

The suite of Budget Papers is similar to that published in 2012-13.

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Service Delivery Statements

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Department of Local Government, Community Recovery and Resilience

Summary of portfolio budgets

Page	Agency	2012-13 Adjusted Budget \$'000	2012-13 Est. Actual \$'000	2013-14 Estimate \$'000
2	Department of Local Government, Community Recovery and Resilience – controlled	255,870	174,178	218,110
	Department of Local Government, Community Recovery and Resilience – administered	1,973,719	1,190,931	4,339,224
30	Queensland Reconstruction Authority	4,027,874	3,130,682	4,142,774

Notes:

1. Explanations of variances are provided in the financial statements.

PORTFOLIO OVERVIEW

Ministerial and portfolio responsibilities

The table below represents the agencies and services which are the responsibility of the Minister for Local Government, Community Recovery and Resilience.

Minister for Local Government, Community Recovery and Resilience
The Honourable David Crisafulli MP

Department of Local Government, Community Recovery and Resilience

Director General: Craig Evans

Service Area 1: Local Government

Service Area 2: Community Recovery and Resilience

Queensland Reconstruction Authority

Chief Executive Officer: Graeme Newton

Objective: To reconnect, rebuild and improve Queensland communities and economy

Additional information about these agencies can be sourced from www.dlgcrr.qld.gov.au and www.qldreconstruction.org.au

RESOURCES AND PERFORMANCE

DEPARTMENTAL OVERVIEW

Strategic direction

With a renewed emphasis on long-term, sustainable community recovery following the devastating January 2013 floods that affected many parts of Queensland, the former Department of Local Government became the Department of Local Government, Community Recovery and Resilience in February 2013.

The Minister for Local Government, Community Recovery and Resilience is responsible for administration of local government legislation, ensuring that Queensland councils have the necessary authority and capacity to contribute to the State's growth and economic success. The focus of new portfolio responsibilities will be on recovery from January's floods and on building and improving the State's resilience to natural disasters in future years.

The Minister's new portfolio responsibilities include oversight of the Queensland Reconstruction Authority (QRA). The QRA's mandate has been extended until 30 June 2015 underpinning the continued focus on reconstruction activities.

The Department of Local Government, Community Recovery and Resilience will concentrate on supporting and promoting the important role of local governments and on implementing innovative recovery and resilience initiatives in partnership with councils and other agencies in areas affected by natural disasters. Its vision is for empowered councils with capacity to build resilient local communities.

With an expanded portfolio, the department will have two service areas in 2013-14:

- **Local Government** – to be delivered through program implementation and review including capacity building, support for local government financial sustainability, administration of the Local Government Grants and Subsidies Program and the network of regional offices in the department's northern and southern regions
- **Community Recovery and Resilience** – to be delivered through the department's new Strategy, Governance and Resilience Division and in collaboration with other state agencies closely involved in natural disaster recovery and resilience initiatives.

To realise the Government's objectives for the community with a focus on the local government sector and on community recovery and resilience, the department will:

- take a leading role in overseeing the implementation of resilience projects to minimise the impact of future natural disasters
- provide a legislative framework that enables councils to deliver sound decisions and policies, to improve front-line services and to use sound financial management practices for the benefit of their communities
- advance the spirit of the Partners in Government Agreement to encourage and promote cooperation between State and local government and recognition of each other's economic, social and decision making roles and responsibilities.

Key objectives in the department's strategic plan 2013 - 17 inform the activities that the department will undertake to achieve its vision and to deliver on the Government's objectives for the community in the 2013-14 financial year.

Objectives and highlights for 2013-14

Councils have the authority and capacity to manage their interests, be financially sustainable and accountable to their communities—the department will:

- provide and administer a strategic policy and legislative framework for local governments
- ensure grant funding is administered efficiently and in accordance with the Government's priorities for local government
- highlight financial sustainability issues of local governments to key Government decision makers and to councils and provide support through education and training activities
- monitor local government performance and corporate governance to determine appropriate capacity building and intervention strategies
- implement the Local Government (De-amalgamation Implementation) Regulation 2013 to establish four new councils by January 2014.

Councils have access to high quality capacity building programs and resources—the department will:

- develop and facilitate delivery of State-wide capacity building programs and projects for local governments, in collaboration with other Government agencies and peak local government bodies
- develop comprehensive online resources to support and promote understanding of local government legislation
- co-deliver the Diploma of Local Government Administration program with the Local Government Association of Queensland
- provide targeted support for small rural, remote, and Indigenous councils in relation to financial management and good governance.

Recovery projects will be delivered and resilience activities implemented to mitigate the effect of natural disasters—the department will:

- establish the Strategy, Governance and Resilience Division within the Department of Local Government, Community Recovery and Resilience
- oversee the implementation of the 2013 Flood Recovery Plan
- establish governance frameworks to oversee and coordinate recovery and resilience activities undertaken by Government agencies
- provide regular reporting to both Government and the community on recovery and resilience activities and achievements.

Achievements for 2012-13

In 2012-13, the Department of Local Government, Community Recovery and Resilience:

- revitalised the *Local Government Act 2009* and the *City of Brisbane Act 2010* to increase the autonomy and effectiveness of local governments and to reduce red tape and prescription ensuring mayors and councillors have the authority and capacity to act in the best interests of their communities
- worked with the Boundaries Commissioner to establish a process to determine the feasibility of de-amalgamation proposals, giving Queenslanders a say in the future direction of their communities
- implemented a number of key Government election commitments including:
 - graffiti removal funding program undertaken by all councils in Queensland; and
 - meeting all 73 councils and mayors

- developed a State-wide Flood Recovery Plan in response to the natural disaster events of January 2013
- conducted de-amalgamation polls in Noosa, Livingstone, Mareeba and Douglas
- managed and implemented the Local Government Grants and Subsidies Program delivering:
 - the first round of funding to help local councils meet the Qld Floods Commission of Inquiry recommendations with \$11.4 million allocated for 54 projects in 36 councils;
 - \$1.5 million to commence the Brisbane River Catchment Flood Study which is a three year project; and
 - \$12.9 million to 43 councils for 67 local government infrastructure projects
- developed targeted resources and training programs to build the capability of the elected and administrative arms of local government and to address the needs of rural, remote and Indigenous local governments including:
 - completion of the 2012 Councillor Induction Program; and
 - delivery of workshops and online resources covering the changes to local government legislation
- supported the Local Government Association of Queensland Indigenous Leadership Group by:
 - delivering the Indigenous Council's Capacity Building Program including targeted training for councillors in governance and financial management; and
 - providing funding for business solutions including financial management and asset management systems and advisory services to improve administrative practices
- managed complaints regarding councillors through a robust, timely and efficient process including collaboration with the Remuneration and Discipline Tribunal (the Tribunal) and Regional Conduct Review Panels
- provided support to the Tribunal and the Regional Conduct Review Panels, including research and analysis, data collection and a secretariat function
- funded approximately \$ 11 million for major infrastructure projects under the Indigenous State Infrastructure Program including:
 - construction of a new 24 lot subdivision and a new two mega litre concrete water reservoir in Doomadgee Shire Council;
 - development of 17 serviced allotments, fencing and landscaping at sewerage treatment plant and a sewerage pump station upgrade at Aurukun Shire Council; and
 - a new water bore, a 16 lot subdivision and upgrades to a sewage and water bore pump station and reticulation system at Kowanyama Shire Council.

Departmental Budget Summary

The table below shows the total resources available in 2013-14 from all sources and summarises how resources will be applied by service area and by controlled and administered classifications.

Name of Department	2012-13 Adjusted Budget \$'000	2012-13 Est. Actual \$'000	2013-14 Estimate \$'000
CONTROLLED			
Income			
Appropriation for services ^{1,2}			
Deferred from previous year/s	126,360	78,845	82,451
Balance of service appropriation	97,072	77,647	93,897
Other revenue	4,245	4,564	446
Total income	227,677	161,056	176,794
Expenses			
Local Government	255,870	169,632	193,120
Community recovery and resilience	..	4,546	24,990
Total expenses	255,870	174,178	218,110
Operating surplus/deficit	(28,193)	(13,122)	(41,316)
Net assets	86,953	81,151	61,055
ADMINISTERED			
Revenue			
Commonwealth revenue	196,890	433,849	223,928
Appropriation of administered items	1,973,719	1,190,931	4,339,224
Other administered revenue	444	444	444
Total revenue	2,171,053	1,625,224	4,563,596
Expenses			
Transfers to government	197,334	434,293	224,372
Administered expenses	1,973,719	1,190,931	4,339,224
Total expenses	2,171,053	1,625,224	4,563,596
Net assets	..	..	..
APPROPRIATIONS			
Controlled Items			
Departmental services ¹	223,526	156,586	176,348
Equity adjustment	27,301	7,727	21,220
Administered items	1,973,719	1,190,931	4,339,224
VOTE TOTAL³	2,224,546	1,355,244	4,536,792

Notes:

1. Appropriation for services does not match appropriation for departmental services due to appropriation receivable of \$0.1 million for 2012-13
2. Includes State and Commonwealth funding.
3. As represented in the 2013-14 Appropriation Bills (other than for adjusted budget).

Budget Measures Summary

The table shows a summary of Budget measures relating to the Department since the 2012-13 Budget. Further details are contained in Budget Paper No. 4.

Name of Department	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Revenue measures					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
Expense measures					
Administered	13,611	108,052	..	..	..
Departmental	567	5,761	5,559	3,475	3,475
Capital measures					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..

Note:

1. The tables for 2013-14 reconcile with Budget Paper 4.

Staffing¹

Service Areas ²	Notes	2012-13	2012-13	2013-14
		Adjusted Budget	Est. Actual	Estimate
Local Government		105	104	102
Community recovery and resilience	3	..	13	12
TOTAL		105	117	114

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Corporate FTEs are allocated across the service areas.
3. The Community Resilience Team was established to provide effective coordination, governance and reporting of whole-of-government response to the 2013 flood events and, to oversee community resilience activities across Queensland.

SERVICE PERFORMANCE

In February 2013, the former Department of Local Government was expanded to include new portfolio responsibilities for community recovery and resilience following the natural disasters that seriously affected many regions, towns and cities across the State in January 2013.

The Department of Local Government, Community Recovery and Resilience has two service areas reflecting the department's key roles in administering local government legislation, supporting and promoting the authority and autonomy of councils and in leading and managing vital flood recovery and resilience initiatives across Queensland.

Services

Our service areas are:

Local Government

The Local Government service area will ensure local governments are able to make effective decisions that bring increased economic prosperity and social cohesion to their local government areas. The department wants all local governments to have the necessary autonomy, authority, capacity and resilience to deliver the best outcomes for their community. The department's local government service objectives are that:

- councils have the authority and capacity to manage their interests, to be financially sustainable and accountable
- councils have access to high quality capacity building programs and resources.

To achieve these objectives, the local government service area provides support and advice in the following program areas.

Financial sustainability and accountability

- administer the Local Government Grants and Subsidies Program to maximise outcomes for the Queensland community
- support local governments to identify and manage financial sustainability issues
- administer the councillor conduct complaints management and referral process in accordance with legislation
- provide and administer a strategic policy and legislative framework for local government
- support councils in managing their statutory obligations

Capacity building

- develop and deliver targeted and high quality capacity building resources, training and solutions to councils to ensure strong and responsive local government for Queensland
- assist councils to identify opportunities for inter-council collaboration to build capacity, efficiencies and revenue
- implement an internal capacity building model for staff to improve and maintain understanding of local government

Community recovery and resilience

The Community Recovery and Resilience service area will facilitate Government agencies working together to build community resilience based on an all hazards approach in disaster ravaged areas. Resilience focus areas will include examination of the feasibility of levees and dams, natural safeguards and also community infrastructure such as community based, and led, support plans.

The clear priorities in 2013-14 and 2014-15 financial years will be shifting the long-term focus of all levels of government to minimising the flood impact on towns and vital infrastructure, in lieu of constant repair jobs. This department will look at ways to build up resilience to natural disasters or ease the impacts in those areas where solutions cannot be found.

The department's community recovery and resilience service objectives are that:

- local government and other key government agencies and asset owners work closely together to ensure that recovery actions are focussed on community outcomes, and that services are integrated and efficient
- recovery projects are delivered and resilience activities implemented to mitigate the effect of natural disasters
- the 2013 Flood Recovery Plan is implemented
- community resilience is built on an all hazards approach in disaster ravaged areas.

To achieve these objectives, the community recovery and resilience service area provides:

- support and advice to facilitate community recovery and resilience initiatives at a whole-of-Government level
- governance frameworks to oversee and coordinate recovery and resilience activities undertaken by government agencies
- regular reporting to Government and the community on recovery and resilience activities and achievements
- a coordinated approach to working in partnership with communities at the grass roots level to identify simple, practical and cost-effective solutions to minimise the impact of future natural disasters.

Red tape reduction

In 2012-13, the department's contribution to the Government's commitment to red tape reduction included:

- the review and amendment of local government legislation, which reduced the volume of the related documents by more than 20% and removed unnecessary prescription and regulation. It gave councils greater authority and autonomy and allowed them to determine the most appropriate way to address regulatory and planning requirements at the local level
- the requirement for Indigenous local governments to report on the State Government Financial Aid was extended from quarterly to half yearly resulting in reduced time spent by local governments and departmental staff in unnecessary administration and reporting
- the abolition of a live streaming requirement for particular councils, including Brisbane City Council, through amendments to the City of Brisbane Operations Regulation 2010 and the Local Government Operations Regulation 2010, resulting in significant savings in both time and costs in affected councils.

In 2013-14, to contribute further to red tape reduction, the department will:

- work with the Department of State Development, Infrastructure and Planning, the Department of Communities, Child Safety and Disability Services and the Queensland Reconstruction Authority to improve coordination and administration of all State funded flood mitigation programs, reducing duplication and delivering more effective project outcomes
- introduce a more streamlined approach to both application and acquittal processes for local government funding programs.

2013-14 Service Summary

Service area	Sources of Revenue				
	Total cost \$'000	State Contribution \$'000	User Charges \$'000	C'wealth Revenue \$'000	Other Revenue \$'000
Local Government	193,120	153,178	430	..	..
Community recovery and resilience	24,990	23,170	..	..	16
TOTAL	218,110	176,348	430	..	16

Notes:

1. Explanations of variances are provided in the financial statements.

Performance Statement

To improve accountability for performance, service standards for the 2013-14 State Budget will only present measures relating to the efficiency or effectiveness of services delivered by government. Measures of input and/or activity, which do not demonstrate effectiveness or efficiency and are no longer relevant measures of the agency's services, will be discontinued from being reported in the Service Delivery Statements. Discontinued measures that remain relevant to the agency's services will continue to be publicly available through alternative communication channels. For details on measures which are being discontinued and where this information may be accessed in the future, please refer to the 2013-14 Budget website at www.budget.qld.gov.au.

Department of Local Government, Community Recovery and Resilience	Notes	2012-13 Target/Est.	2012-13 Est. Actual	2013-14 Target/Est.
Service Area: Local Government				
Service standards				
Percentage of Local Governments satisfied with advice and services provided by the department	1	85%	85.1%	85%
Percentage of scheduled activities and programs undertaken by the department completed within agreed set timeframes and budget allocation	2	New Measure	New measure	85%
Percentage of Local Government Grants and Subsidies (infrastructure) Program funding agreements managed according to agreed timeframes	3	New Measure	New measure	90%
State contribution (\$000)		223,432	151,946	153,178
Other revenue (\$000)	5,7,10	4,245	4,525	430
Total cost (\$000)	8,11	255,870	169,632	193,120
Service Area: Community Recovery and Resilience				
Service standards				
Percentage of Local Government Grants and Subsidies (Flood) Program funding agreements managed according to agreed timeframes	4	New Measure	New measure	90%
State contribution (\$000)		..	4,546	23,170
Other revenue (\$000)	13,15,17	..	39	16
Total cost (\$000)	14,16,18	..	4,546	24,990

Notes:

1. 2012-13 Estimated Actual reflect the results from the survey of Mayors and Chief Executive Officers finalised in April 2013.
2. The department has included a new service standard which is an efficiency measure indicating the department's ability to meet key timeframes each financial year.
3. The standard has been designed to measure the department's efficiency in administering the Local Government Grants and Subsidies (infrastructure) Program.
4. The standard has been designed to measure the department's efficiency in administering the Local Government Grants and Subsidies (Flood) Program.

Local Government

Major variations between 2012-13 Adjusted Budget and 2012-13 Estimated actual include:

5. The decrease is primarily due to the carry-over of funding for the Local Government Grants and Subsidies Program, the Water and Sewage Program (WASP) and the Smaller Communities Assistance Program (SCAP) to 2012-13; and the realignment of funding from departmental services to equity for the construction of infrastructure assets under the Indigenous Environmental Health Infrastructure program (IEHIP).
6. The decrease is primarily due to the carry-over of funding for the Local Government Grants and Subsidies Program, the Water and Sewerage Program and the Smaller Communities Assistance Program to 2012-13 and to the transfer of infrastructure assets at nil value to Indigenous local councils under the IEHIP.

Major variations between 2012-13 Adjusted Budget and 2013-14 Estimate include:

7. The decrease is primarily due to a reduction in funding for the WASP, Priority Sewage Treatment Plant Upgrades Program, Cassowary Coast Regional Council Upgrade Program, Whitsunday Regional Council Water Treatment Plant Upgrade, and the Environmental Infrastructure Program, as these programs will either be completed in 2012-13 or in 2013-14; and the realignment of funding from departmental services to equity for the construction of infrastructure assets under IEHIP. This is partially offset by additional funding for the Royalties for Regions program.
8. The decrease principally relates to the completion of the Flexible Funding Program in 2012-13.
9. The decrease is primarily due to a reduction in funding for WASP, Priority Sewage Treatment Plant Upgrades Program, Cassowary Coast Regional Council Upgrade Program, Whitsunday Regional Council Water Treatment Plant Upgrade, and the Environmental Infrastructure Program, as these programs will either be completed in 2012-13 or in 2013-14. This is partially offset by additional funding for the Royalties for Regions program and the increase in the transfer of infrastructure assets at nil value to Indigenous local councils under the IEHIP.

Major variations between 2012-13 Estimated actual and the 2013-14 Estimate include:

10. The increase is primarily due to the carry-over of funding for the Local Government Grants and Subsidies Program and SCAP from 2012-13; and increased funding for the Royalties for Regions program. This is partially offset by a reduction in the WASP, Priority Sewage Treatment Plant Upgrades Program, Cassowary Coast Regional Council Upgrade Program, Whitsunday Regional Council Water Treatment Plant Upgrade, and the Environmental Infrastructure Program. These programs will either be completed in 2012-13 or in 2013-14.
11. The decrease principally relates to the completion of the Flexible Funding Program in 2012-13.
12. The increase is primarily due to the carry-over of funding for the Local Government Grants and Subsidies Program and SCAP from 2012-13; increased funding for the Royalties for Regions program; and the increase in the transfer of infrastructure assets at nil value to Indigenous local councils under the IEHIP. This is partially offset by a reduction in the WASP, Priority Sewage Treatment Plant Upgrades Program, Cassowary Coast Regional Council Upgrade Program, Whitsunday Regional Council Water Treatment Plant Upgrade, and the Environmental Infrastructure Program, as these programs will either be completed in 2012-13 or in 2013-14.

Community recovery and resilience

Major variations between 2012-13 Adjusted Budget and 2012-13 Estimated actual include:

13. The increase relates to the establishment of the Community Resilience Team and funding for the Local Government and Subsidies (Flood) Program.

14. The increase relates to the establishment of the Community Resilience Team and funding for the Local Government and Subsidies (Flood) Program.

Major variations between 2012-13 Adjusted Budget and 2013-14 Estimate include:

15. The increase relates to establishment of the Community Resilience Team and the increase funding for the Local Government and Subsidies (Flood) Program.
16. The increase relates to establishment of the Community Resilience Team; increase funding for the Local Government and Subsidies (Flood) Program and the draw down of cash received in prior years from an Australian Government's joint funding program.

Major variations between 2012-13 Estimated actual and the 2013-14 Estimate include:

17. The increase relates to establishment of the Community Resilience Team and the increase funding for the Local Government and Subsidies (Flood) Program.
18. The increase relates to establishment of the Community Resilience Team; increase funding for the Local Government and Subsidies (Flood) Program and the draw down of cash received in prior years from an Australian Government's joint funding program.

Administered Items

Administered activities are those undertaken by departments on behalf of the Government. The Department of Local Government, Community Recovery and Resilience administers funds on behalf of the State.

Queensland Reconstruction Authority (QRA)—The QRA manages and coordinates the Government's program of infrastructure renewal and recovery across disaster affected communities. Following the natural disasters in January 2013, the QRA's mandate was extended until June 2015 and responsibility for it was transferred to the Department of Local Government, Community Recovery and Resilience. The department administers funding to the QRA of \$0.76 billion in 2012-13 and an estimated \$4.1 billion projected for 2013-14.

Australian Government Financial Assistance Grants (FAG)—Under the *Local Government (Financial Assistance) Act 1995* the Australian Government provides grant funding to support Queensland councils in delivering services to their communities. In 2012-13, \$433.8 million was made available to local governments as untied funding. In the previous four years, the Australian Government has made an early payment of the following financial year's FAG in June.

Kuranda Rail Levy—supports tourist infrastructure in the Tablelands Regional Council area. The Department of Local Government, Community Recovery and Resilience administers an arrangement which will result in an estimated \$0.4 million in 2012-13 being provided to Tablelands Regional Council for the provision of tourist infrastructure in the town of Kuranda.

Kuranda Skyrail Levy—The department administers an arrangement between the Government and the operator of the Skyrail through which a contribution of approximately \$0.3 million is provided to Tablelands Regional Council for the provision of tourist infrastructure in the town of Kuranda.

Financial statements and variance explanations in relation to Administered Items appear in the Departmental Financial Statements.

CAPITAL

Capital program

The department's capital program primarily relates to the capital works undertaken under the Indigenous State Infrastructure Program (ISIP). The program provides funding for water supply, sewerage, drainage, solid waste, town roads and serviced land in Queensland's Indigenous councils. These capital works projects improve the environmental health conditions for the people living in the major communities in these Indigenous council areas by providing safe and secure drinking water, safe sewerage systems, safe solid waste disposal arrangements, reductions in vector environments (such as mosquitoes) and dust reduction through sealed roads.

The total estimated capital expenditure program for ISIP is \$62.2 million.

The capital expenditure budget for 2012-13 is approximately \$11 million and includes the following major infrastructure projects:

- Doomadgee Shire Council area for construction of a new 24 lot subdivision and a new two mega litre concrete water reservoir
- Aurukun Shire Council area for water supply and reticulation replacement, sewage pump station upgrades, water storage and landfill upgrades, 17 serviced allotments, and fencing and landscaping at sewerage treatment plant and landfill
- Kowanyama Shire Council area for a new water bore, a new 16 lot subdivision, and upgrades to sewage and water bore pump station, water and sewerage reticulation system upgrades, as well as earthworks and road upgrades.

The capital expenditure budget for 2013-14 is approximately \$22.3 million and includes the following major infrastructure projects:

- Mornington Island Shire Council area for upgrades to Dithery Creek Dam, the water treatment plant and sewage pump stations, and replacement of water reticulation systems
- Yarrabah Shire Council area for water reticulation upgrades and sewage pump station and reticulation upgrades and emergent sewerage overflow
- Doomadgee Shire Council for replacement of water reticulation and connections to subdivisions as well as upgrades to water infrastructure.

ISIP also supports the Council of Australian Governments (COAG) National Partnership Agreement on Remote Indigenous Housing by providing serviced lots and supporting infrastructure needed for additional housing in these communities. Further, this program contributes to the Commonwealth and State Governments' "Closing the Gap" priorities. Under this initiative, communities will have access to adequate and appropriate services in order to improve the health, safety and economic outcomes of Indigenous people.

Capital budget statement

Department of Local Government, Community Recovery and Resilience	Notes	2012-13 Adjusted Budget \$'000	2012-13 Est. Actual \$'000	2013-14 Estimate \$'000
Capital Purchases¹				
Total land, buildings and infrastructure		28,404	11,015	22,323
Total plant and equipment		36	36	36
Total other capital		..	..	..
Total Capital Purchases	2	28,440	11,051	22,359

Notes:

1. For more detail on the agency's capital acquisitions please refer to Budget Paper 3
2. Explanations of variances are provided in the financial statements.

BUDGETED FINANCIAL STATEMENTS

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

An analysis of the Department's budgeted financial statements, as reflected in the Department's financial statements, is provided below.

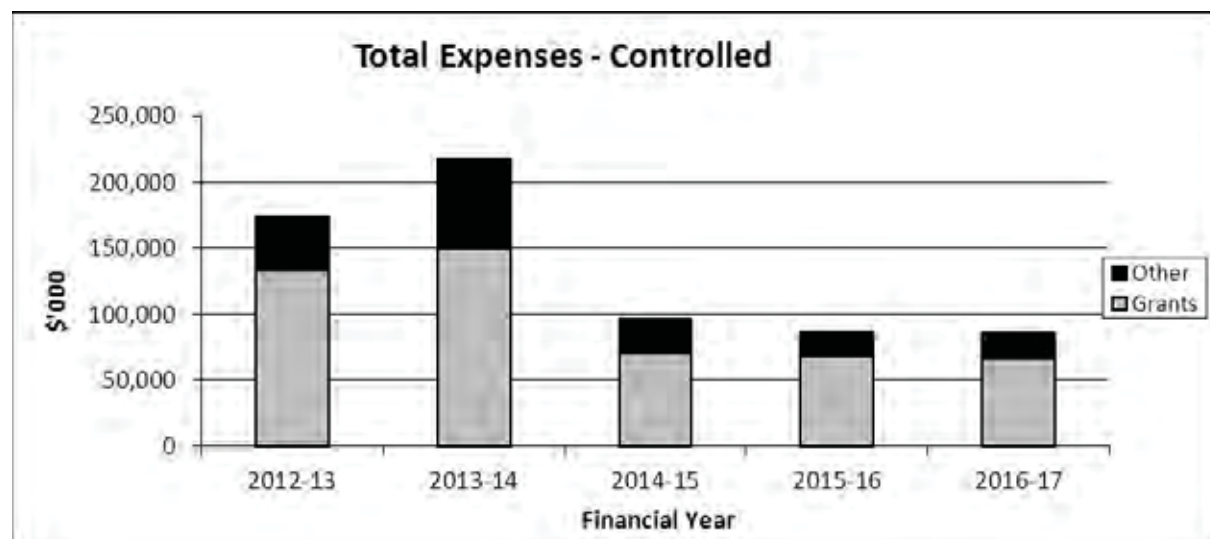
Departmental income statement

Total expenses are estimated to be \$218.1 million in 2013-14, an increase of \$43.9 million from the 2012-13 financial year. The increase is mainly due to the impact of the transfer of infrastructure assets to Indigenous local councils for no consideration under the Indigenous State Infrastructure Program and the carry-over of funding for grants and subsidies for local governments from 2012-13.

The forecasted deficit for the department is expected to be \$41.3 million. This deficit is primarily due to the transfer of infrastructure assets to Indigenous local councils for no consideration under the Indigenous State Infrastructure Program.

Total departmental expenses across the Forward Estimates period

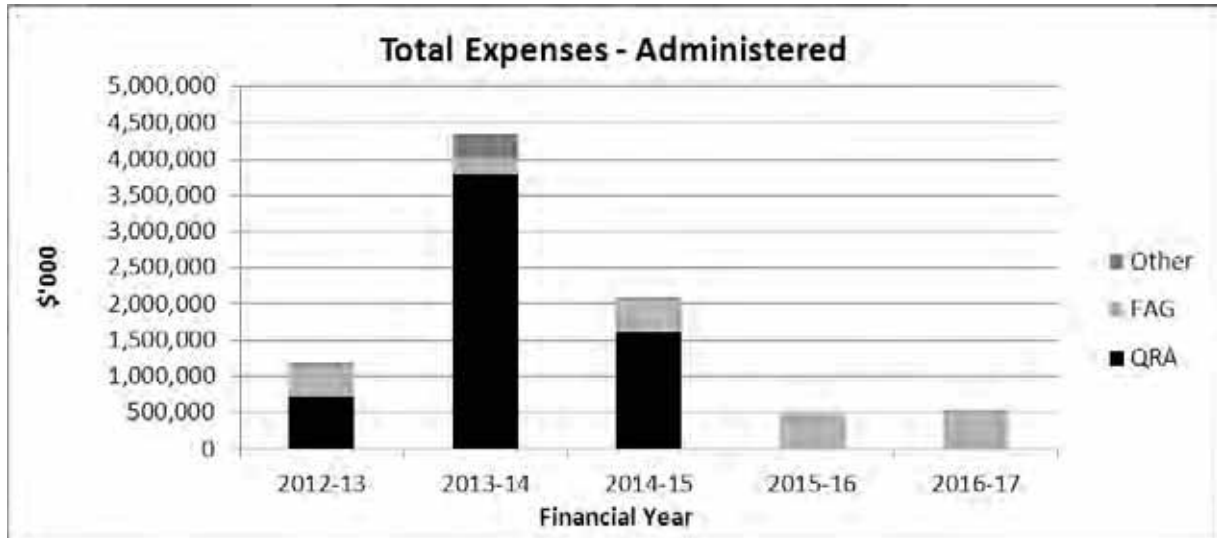
The decrease over the next few years in total departmental expenses is a result of the completion of Local Government Water and Sewerage programs, Smaller Communities Assistance Program, Priority Sewerage Treatment Plant Upgrades Program, Whitsunday Regional Council Water Treatment Plant Upgrade, Royalties for Regions (Round 1), the Local Government Subsidies Program for 2011-12 and 2012-13 and the Indigenous State Infrastructure Program.



Administered Income Statement

On 1 March 2013, the administrative funding for the Queensland Reconstruction Authority (QRA) was transferred from the Department of State Development, Infrastructure and Planning to the Department of Local Government, Community Recovery and Resilience.

Total expenses are estimated to be \$4.33 billion in 2013-14, an increase of \$3.15 billion from the 2012-13 financial year. The increase is mainly due to increase funding to the Queensland Reconstruction Authority for the Natural Disaster Relief and Recovery Arrangements. This increase is partially offset by the advance payment in June 2013 for Financial Assistance Grants to local governments that applies to 2013-14.



Direct comparison cannot be made between expenses in 2012-13 and expenses in the 2013-14 and subsequent years because of the transfer of QRA to the department on 1 March 2013.

Departmental balance sheet

The Department's major assets are in property, plant and equipment (\$42 million) and loans and advances (\$12 million). Plant and equipment is expected to decrease over the forward estimates period as construction of infrastructure assets are completed and transferred to Indigenous local councils in the Far North Queensland region. In addition, loans and advances are expected to decrease as they are repaid by local governments.

The department's main liabilities relate to trade creditors, outstanding grants to local governments and accrued employee expenses.

INCOME STATEMENT

Department of Local Government, Community Recovery and Resilience	Notes	2012-13 Adjusted Budget \$'000	2012-13 Est. Act. \$'000	2013-14 Estimate \$'000
Income				
Service revenue	1,7,14	223,432	156,492	176,348
User charges		50	330	430
Grants and other contributions	8,15	4,195	4,195	..
Other revenue		..	39	16
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
Total income		227,677	161,056	176,794
Expenses				
Employee expenses	2,9	12,514	13,256	13,073
Supplies and services	3,10,16	21,906	13,904	15,526
Grants and subsidies	4,11,17	193,018	133,618	149,714
Depreciation and amortisation		149	149	149
Finance/borrowing costs		..	..	..
Other expenses	5,12,18	28,283	13,251	39,648
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
Total expenses		255,870	174,178	218,110
OPERATING SURPLUS/(DEFICIT)	6,13,19	(28,193)	(13,122)	(41,316)

STATEMENT OF CHANGES IN EQUITY

Department of Local Government, Community Recovery and Resilience	Notes	2012-13 Adjusted Budget \$'000	2012-13 Est. Act. \$'000	2013-14 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments	
Increase/(decrease) in asset revaluation reserve	
Net amount of all revenue and expense adjustments direct to equity not disclosed above	
Net income recognised directly in equity	
Surplus/(deficit) for the period		(28,193)	(13,122)	(41,316)
Total recognised income and expense for the period		(28,193)	(13,122)	(41,316)
Equity injection/(withdrawal)		27,301	7,727	21,220
Equity adjustments (MoG transfers)	
Total movement in equity for period		(892)	(5,395)	(20,096)

BALANCE SHEET

Department of Local Government, Community Recovery and Resilience	Notes	2012-13 Adjusted Budget \$'000	2012-13 Est. Act. \$'000	2013-14 Estimate \$'000
CURRENT ASSETS				
Cash assets	26,34	10,585	10,488	8,797
Receivables	20,27	10,463	7,749	7,749
Other financial assets		..	..	..
Inventories		..	..	..
Other		332	3	3
Non-financial assets held for sale		..	..	..
Total current assets		21,380	18,240	16,549
NON-CURRENT ASSETS				
Receivables	28,35	11,697	11,696	10,593
Other financial assets		..	..	..
Property, plant and equipment	21,29,36	65,782	59,860	42,558
Intangibles		..	..	..
Other		..	..	..
Total non-current assets		77,479	71,556	53,151
TOTAL ASSETS		98,859	89,796	69,700
CURRENT LIABILITIES				
Payables	22,30	8,303	6,972	6,972
Accrued employee benefits	23,31	3,603	1,673	1,673
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total current liabilities		11,906	8,645	8,645
NON-CURRENT LIABILITIES				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		..	..	..
TOTAL LIABILITIES		11,906	8,645	8,645
NET ASSETS/(LIABILITIES)		86,953	81,151	61,055
EQUITY				
Capital/contributed equity	24,32,37	(312,163)	(331,238)	(310,018)
Accumulated surplus/(accumulated deficit)	25,33,38	380,812	394,085	352,769
Reserves:				
- Asset revaluation surplus		18,304	18,304	18,304
- Other (specify)		..	..	..
TOTAL EQUITY		86,953	81,151	61,055

CASH FLOW STATEMENT

Department of Local Government, Community Recovery and Resilience	Notes	2012-13 Adjusted Budget \$'000	2012-13 Est. Act. \$'000	2013-14 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Service receipts	39,46,53	223,526	156,586	176,348
User charges	40,54	50	12,630	430
Grants and other contributions	47,55	4,115	4,195	..
Other		..	39	16
Outflows:				
Employee costs	41,48	(12,514)	(13,256)	(13,073)
Supplies and services	42,49,56	(21,906)	(19,204)	(15,526)
Grants and subsidies	43,50,57	(193,018)	(131,118)	(149,714)
Borrowing costs		..	..	..
Other		(137)	(136)	(136)
Net cash provided by/(used in) operating activities		116	9,736	(1,655)
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		1,103	1,103	1,103
Outflows:				
Payments for property, plant and equipment and intangibles	44,51,58	(28,440)	(11,051)	(22,359)
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		(27,337)	(9,948)	(21,256)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections	45,52,59	28,404	8,830	22,323
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		(1,103)	(1,103)	(1,103)
Net cash provided by/(used in) financing activities		27,301	7,727	21,220
Net increase/(decrease) in cash held		80	7,515	(1,691)
Cash at the beginning of financial year		10,505	2,973	10,488
Cash transfers from restructure		..	..	..
Cash at the end of financial year		10,585	10,488	8,797

ADMINISTERED INCOME STATEMENT

Department of Local Government, Community Recovery and Resilience	Notes	2012-13 Adjusted Budget \$'000	2012-13 Est. Act. \$'000	2013-14 Estimate \$'000
Revenues				
Commonwealth grants	60,63,66	196,890	433,849	223,928
Taxes, fees and fines		444	444	444
Royalties, property income and other territorial revenue		..	..	..
Interest		..	..	..
Administered revenue	61,64,67	1,973,719	1,190,931	4,339,224
Other		..	..	..
Total revenues		2,171,053	1,625,224	4,563,596
Expenses				
Supplies and services		..	..	..
Depreciation and amortisation		..	..	..
Grants and subsidies	62,65,68	1,973,719	1,190,931	4,339,224
Benefit payments		..	..	..
Borrowing costs		..	..	..
Other		..	..	..
Total expenses		1,973,719	1,190,931	4,339,224
Net surplus or deficit before transfers to Government		197,334	434,293	224,372
Transfers of administered revenue to Government		197,334	434,293	224,372
OPERATING SURPLUS/(DEFICIT)		..	..	..

ADMINISTERED BALANCE SHEET

Department of Local Government, Community Recovery and Resilience	Notes	2012-13 Adjusted Budget \$'000	2012-13 Est. Act. \$'000	2013-14 Estimate \$'000
CURRENT ASSETS				
Cash assets	
Receivables	
Inventories				
Other	
Non-financial assets held for sale	
Total current assets	
NON-CURRENT ASSETS				
Receivables	
Other financial assets	
Property, plant and equipment	
Intangibles	
Other	
Total non-current assets	
TOTAL ADMINISTERED ASSETS	
CURRENT LIABILITIES				
Payables	
Transfers to Government payable	
Interest-bearing liabilities	
Other	
Total current liabilities	
NON-CURRENT LIABILITIES				
Payables	
Interest-bearing liabilities	
Other	
Total non-current liabilities	
TOTAL ADMINISTERED LIABILITIES	
ADMINISTERED NET ASSETS/(LIABILITIES)	
EQUITY				
Capital/Contributed equity		(63,193)	(63,193)	(63,193)
Accumulated surplus/(Accumulated deficit)		63,193	63,193	63,193
Reserves:				
- Asset revaluation surplus	
- Other (specify)	
TOTAL ADMINISTERED EQUITY	

ADMINISTERED CASH FLOW STATEMENT

Department of Local Government, Community Recovery and Resilience	Notes	2012-13 Adjusted Budget \$'000	2012-13 Est. Act. \$'000	2013-14 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Administered item receipts	69,73,77	1,973,719	1,190,931	4,339,224
Grants and other contributions	70,74,78	196,890	433,849	223,928
Taxes, fees and fines		444	444	444
Royalties, property income and other territorial revenues		..	..	..
Other		..	..	..
Outflows:				
Transfers to Government	71,75,79	(197,334)	(434,297)	(224,372)
Grants and subsidies	72,76,80	(1,973,719)	(1,190,931)	(4,339,224)
Supplies and services		..	(37)	..
Borrowing costs		..	..	..
Other		..	(6)	..
Net cash provided by/(used in) operating activities		..	(47)	..
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment and intangibles		..	..	..
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		..	..	..
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections		..	..	..
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Net cash provided by/(used in) financing activities		..	..	..
Net increase/(decrease) in cash held		..	(47)	..
Administered cash at beginning of financial year		..	47	..
Cash transfers from restructure		..	..	..
Administered cash at end of financial year		..	..	..

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Income statement

Major variations between 2012-13 Adjusted Budget and 2012-13 Estimated actual include:

1. The decrease is primarily due to the carry-over of funding for the Local Government Grants and Subsidies Program, the Water and Sewage Program (WASP) and the Smaller Communities Assistance Program (SCAP) to 2012-13; and the realignment of funding from departmental services to equity for the construction of infrastructure assets under the Indigenous Environmental Health Infrastructure program (IEHIP).
2. The increase principally relates to the appointment of officers for the Community Resilience and Boundaries Commissioner Teams and the appointment of two Disaster Recovery Coordinators.
3. The decrease is primarily due to the realignment of funding from departmental services to equity for the construction of infrastructure assets under IEHIP; and the carry-over of funding for the maintenance of water infrastructure of the Northern Peninsula Area (NPA) Water Supply and for the COAG Capacity Building program to 2012-13.
4. The decrease is primarily due to the carry-over of funding for the Local Government Grants and Subsidies Program, the Water and Sewerage Program and the Smaller Communities Assistance Program to 2012-13.
5. The decrease relates to the transfer of infrastructure assets at nil value to Indigenous local councils under the IEHIP.
6. The decrease primarily relates to the transfer of infrastructure assets at nil value to Indigenous local councils under the IEHIP.

Major variations between 2012-13 Adjusted Budget and 2013-14 Estimate include:

7. The decrease is primarily due to a reduction in funding for the WASP, Priority Sewage Treatment Plant Upgrades Program, Cassowary Coast Regional Council Upgrade Program, Whitsunday Regional Council Water Treatment Plant Upgrade, and the Environmental Infrastructure Program, as these programs will either be completed in 2012-13 or in 2013-14; and the realignment of funding from departmental services to equity for the construction of infrastructure assets under IEHIP. This is partially offset by additional funding for the Royalties for Regions program.
8. The decrease principally relates to the completion of the Flexible Funding Program in 2012-13.
9. The increase principally relates to the appointment of officers for the Community Resilience and Boundaries Commissioner Teams and the appointment of two Disaster Recovery Coordinators. This is partially offset by savings achieved through the management of Non-frontline services staff positions.
10. The decrease is primarily due to the realignment of funding from departmental services to equity for the construction of infrastructure assets under IEHIP; and to the reduced funding for the operation and maintenance of water infrastructure of the NPA Water Supply.
11. The decrease is primarily due to a reduction in funding for WASP, Priority Sewage Treatment Plant Upgrades Program, Cassowary Coast Regional Council Upgrade Program, Whitsunday Regional Council Water Treatment Plant Upgrade, and the Environmental Infrastructure Program, as these programs will either be completed in 2012-13 or in 2013-14. This is partially offset by additional funding for the Royalties for Regions program.
12. The increase relates to the transfer of infrastructure assets at nil value to Indigenous local councils under the IEHIP.
13. The increase primarily relates to the transfer of infrastructure assets at nil value to Indigenous local councils under the IEHIP.

Major variations between 2012-13 Estimated actual and the 2013-14 Estimate include:

14. The increase is primarily due to the carry-over of funding for the Local Government Grants and Subsidies Program and SCAP from 2012-13; and increased funding for the Royalties for Regions program. This is partially offset by a reduction in the WASP, Priority Sewage Treatment Plant Upgrades Program, Cassowary Coast Regional Council Upgrade Program, Whitsunday Regional Council Water Treatment Plant Upgrade, and the Environmental Infrastructure Program. These programs will either be completed in 2012-13 or in 2013-14.
15. The decrease principally relates to the completion of the Flexible Funding Program in 2012-13.
16. The increase is primarily due to the carry-over of funding for the COAG Capacity Building program from 2012-13.

17. The increase is primarily due to the carry-over of funding for the Local Government Grants and Subsidies Program and SCAP from 2012-13; and increased funding for the Royalties for Regions program. This is partially offset by a reduction in the WASP, Priority Sewage Treatment Plant Upgrades Program, Cassowary Coast Regional Council Upgrade Program, Whitsunday Regional Council Water Treatment Plant Upgrade, and the Environmental Infrastructure Program, as these programs will either be completed in 2012-13 or in 2013-14.
18. The increase relates to the transfer of infrastructure assets at nil value to Indigenous local councils under the IEHIP.
19. The increase primarily relates to the transfer of infrastructure assets at nil value to Indigenous local councils under IEHIP.

Balance sheet

Major variations between 2012-13 Adjusted Budget and 2012-13 Estimated actual include:

20. The decrease primarily reflects a reduction in costs, which will be recovered from other Government Departments, due to the Machinery of Government changes in 2011-12.
21. The decrease principally relates to a reduction in the construction of infrastructure assets on behalf of Indigenous local councils in the Far North Queensland region.
22. The decrease reflects a reduction in creditors at year end due to Machinery of Government changes.
23. The decrease reflects a reduction in accrued employee expenses at year end due to Machinery of Government changes.
24. The decrease principally relates to the contribution made for the construction of infrastructure assets under IEHIP.
25. The increase primarily relates to a reduction in the transfer of infrastructure assets at nil value to Indigenous local councils under the IEHIP.

Major variations between 2012-13 Adjusted Budget and 2013-14 Estimate include:

26. The decrease principally relates to the draw down of cash received in prior years from an Australian Government's joint funding program.
27. The decrease primarily reflects a reduction in costs, which will be recovered from other Government Departments, due to the Machinery of Government changes in 2011-12.
28. The decrease principally reflects loan repayments by local governments.
29. The decrease principally relates to the transfer of infrastructure assets at nil value to Indigenous local councils under the IEHIP.
30. The decrease reflects a reduction in creditors at year end due to Machinery of Government changes.
31. The decrease reflects a reduction in accrued employee expenses at year end due to Machinery of Government changes.
32. The increase principally relates to the contribution made for the construction of infrastructure assets under IEHIP.
33. The decrease primarily relates to the transfer of infrastructure assets at nil value to Indigenous local councils under the IEHIP.

Major variations between 2012-13 Estimated actual and the 2013-14 Estimate include:

34. The decrease principally relates to the draw down of cash received in prior years from an Australian Government's joint funding program.
35. The decrease principally reflects loan repayments by local governments.
36. The decrease principally relates to the transfer of infrastructure assets at nil value to Indigenous local councils under the IEHIP.
37. The increase principally relates to the contribution made for the construction of infrastructure assets under IEHIP.
38. The decrease reflects the forecasted deficit for 2013-14.

Cash flow statement

Major variations between 2012-13 Adjusted Budget and 2012-13 Estimated actual include:

39. The decrease is primarily due to the carry-over of funding for the Local Government Grants and Subsidies Program, the Water and Sewage Program (WASP) and the Smaller Communities Assistance Program (SCAP) to 2012-13; and the realignment of funding from departmental services to equity for the construction of infrastructure assets under the Indigenous Environmental Health Infrastructure program (IEHIP).

40. The increase principally relates to the recovery of expenses paid on behalf of another Government department due to Machinery of Government changes.
41. The increase principally relates to the appointment of officers for the Community Resilience and Boundaries Commissioner Teams and the appointment of two Disaster Recovery Coordinators.
42. The decrease principally relates to a reduction in expenses paid on behalf of another Government department due to Machinery of Government changes.
43. The decrease is primarily due to the carry-over of funding for the Local Government Grants and Subsidies Program, the Water and Sewerage Program and the Smaller Communities Assistance Program to 2012-13.
44. The increase principally relates to the construction of infrastructure assets on behalf of Indigenous local councils under IEHIP.
45. The decrease principally relates to the contribution made for the construction of infrastructure assets under IEHIP.

Major variations between 2012-13 Adjusted Budget and 2013-14 Estimate include:

46. The decrease is primarily due to a reduction in funding for the WASP, Priority Sewage Treatment Plant Upgrades Program, Cassowary Coast Regional Council Upgrade Program, Whitsunday Regional Council Water Treatment Plant Upgrade, and the Environmental Infrastructure Program, as these programs will either be completed in 2012-13 or in 2013-14; and the realignment of funding from departmental services to equity for the construction of infrastructure assets under IEHIP. This is partially offset by additional funding for the Royalties for Regions program.
47. The decrease principally relates to the completion of the Flexible Funding Program in 2012-13.
48. The increase principally relates to the appointment of officers for the Community Resilience and Boundaries Commissioner Teams and the appointment of two Disaster Recovery Coordinators. This is partially offset by savings achieved through the management of Non-frontline services staff positions.
49. The decrease is primarily due to the realignment of funding from departmental services to equity for the construction of infrastructure assets under IEHIP; and to the reduced funding for the operation and maintenance of water infrastructure of the NPA Water Supply.
50. The decrease is primarily due to a reduction in funding for WASP, Priority Sewage Treatment Plant Upgrades Program, Cassowary Coast Regional Council Upgrade Program, Whitsunday Regional Council Water Treatment Plant Upgrade, and the Environmental Infrastructure Program, as these programs will either be completed in 2012-13 or in 2013-14. This is partially offset by additional funding for the Royalties for Regions program.
51. The increase principally relates to the construction of infrastructure assets on behalf of Indigenous local councils under IEHIP.
52. The decrease principally relates to the contribution made for the construction of infrastructure assets under IEHIP.

Major variations between 2012-13 Estimated actual and the 2013-14 Estimate include:

53. The increase is primarily due to the carry-over of funding for the Local Government Grants and Subsidies Program and SCAP from 2012-13; and increased funding for the Royalties for Regions program. This is partially offset by a reduction in the WASP, Priority Sewage Treatment Plant Upgrades Program, Cassowary Coast Regional Council Upgrade Program, Whitsunday Regional Council Water Treatment Plant Upgrade, and the Environmental Infrastructure Program. These programs will either be completed in 2012-13 or in 2013-14.
54. The decrease principally relates to the collection of recoveries from another Government department due to Machinery of Government changes in 2011-12.
55. The decrease principally relates to the completion of the Flexible Funding Program in 2012-13.
56. The decrease principally relates to a reduction in expenses paid on behalf of another Government department due to Machinery of Government changes.
57. The increase is primarily due to the carry-over of funding for the Local Government Grants and Subsidies Program and SCAP from 2012-13; and increased funding for the Royalties for Regions program. This is partially offset by a reduction in the WASP, Priority Sewage Treatment Plant Upgrades Program, Cassowary Coast Regional Council Upgrade Program, Whitsunday Regional Council Water Treatment Plant Upgrade, and the Environmental Infrastructure Program, as these programs will either be completed in 2012-13 or in 2013-14.
58. The decrease principally relates to the completion of the construction of infrastructure assets on behalf of Indigenous local councils in Far North Queensland region.

59. The increase primarily relates to the reduction in contributions due to the completion of the construction of infrastructure assets under IEHIP.

Administered income statement

On 1 March 2013, the administrative funding for the Queensland Reconstruction Authority (QRA) was transferred from the Department of State Development, Infrastructure and Planning to the Department of Local Government, Community Recovery and Resilience.

Major variations between 2012-13 Adjusted Budget and 2012-13 Estimated actual include:

60. The increase primarily relates to the advance payment in June 2013 for Financial Assistance Grants (FAG) to local governments that applies to 2013-14.
61. The decrease primarily relates to the carry-over of funding for the Queensland Reconstruction Authority (QRA) to 2013-14. This decrease is partially offset by the advance payment in June 2013 for FAG that applies to 2013-14.
62. The decrease primarily relates to the carry-over of funding for QRA to 2013-14. This decrease is partially offset by the advance payment in June 2013 for FAG that applies to 2013-14.

Major variations between 2012-13 Adjusted Budget and 2013-14 Estimate include:

63. The increase primarily reflects projected annual adjustments to the calculation of funding for FAG to local governments.
64. The increase primarily relates to increase funding to QRA for the Natural Disaster Relief and Recovery Arrangements (NDRRA).
65. The increase primarily relates to increase funding to QRA for NDRRA.

Major variations between 2012-13 Estimated actual and the 2013-14 Estimate include:

66. The decrease primarily relates to the advance payment in June 2013 for FAG to local governments that applies to 2013-14.
67. The increase primarily relates to increase funding to QRA for NDRRA. This increase is partially offset by the advance payment in June 2013 for FAG that applies to 2013-14.
68. The increase primarily relates to increase funding to QRA for NDRRA. This increase is partially offset by the advance payment in June 2013 for FAG that applies to 2013-14.

Administered cash flow statement

Major variations between 2012-13 Adjusted Budget and 2012-13 Estimated actual include:

69. The decrease primarily relates to the carry-over of funding for QRA to 2013-14. This decrease is partially offset by the advance payment in June 2013 for FAG that applies to 2013-14.
70. The increase primarily relates to the advance payment in June 2013 for FAG to local governments that applies to 2013-14.
71. The increase primarily relates to the advance payment in June 2013 for FAG to local governments that applies to 2013-14.
72. The decrease primarily relates to the carry-over of funding for QRA to 2013-14. This decrease is partially offset by the advance payment in June 2013 for FAG that applies to 2013-14.

Major variations between 2012-13 Adjusted Budget and 2013-14 Estimate include:

73. The increase primarily relates to increase funding to QRA for NDRRA.
74. The increase primarily reflects projected annual adjustments to the calculation of funding for FAG to local governments.
75. The increase primarily reflects projected annual adjustments to the calculation of funding for FAG to local governments.
76. The increase primarily relates to increase funding to QRA for NDRRA.

Major variations between 2012-13 Estimated actual and the 2013-14 Estimate include:

77. The increase primarily relates to increase funding to QRA for NDRRA. This increase is partially offset by the advance payment in June 2013 for FAG that applies to 2013-14.
78. The decrease primarily relates to the advance payment in June 2013 for FAG to local governments that applies to 2013-14.
79. The decrease primarily relates to the advance payment in June 2013 for FAG to local governments that applies to 2013-14.

80. The increase primarily relates to increase funding to QRA for NDRRA. This increase is partially offset by the advance payment in June 2013 for FAG that applies to 2013-14.

STATUTORY BODY

QUEENSLAND RECONSTRUCTION AUTHORITY

AGENCY OVERVIEW

The Queensland Reconstruction Authority (the Authority) was established under *the Queensland Reconstruction Authority Act 2011* following the unprecedented natural disasters which struck Queensland over the summer months of 2010-11. The Authority's role was extended to cover historical 2009 and 2010 disaster events and events of 2012. Subsequently, the *Queensland Reconstruction Authority Amendment Bill 2013* was passed on 14 February 2013 to expand the jurisdiction of the Authority to include recent events of 2013, extending the term of the Authority to 30 June 2015.

The Authority manages and coordinates the Government's program of infrastructure reconstruction within disaster affected communities. The Authority's role focuses on working with state and local government partners to deliver value for money, and best practice expenditure and acquittal of public reconstruction funds.

Strategic direction

The Queensland Reconstruction Authority's strategic objectives, in the context of natural disaster relief and recovery are:

- build a resilient Queensland and support resilient Queenslanders
- deliver best practice expenditure of public reconstruction funds.

The Authority contributes to achieving the Government's objectives for the community, in particular:

- 'Restore accountability in Government' by reporting monthly to the State and Commonwealth ensuring transparency and assurance that funds are being used appropriately
- 'Grow a four pillar economy' by coordinating the rapid restoration of a competitive, sustainable Queensland
- 'Deliver better infrastructure and better planning' by coordinating all state-wide natural disaster relief and recovery reconstruction functions.

RESOURCES AND PERFORMANCE

In 2012-13, the Queensland Reconstruction Authority:

- continued to actively manage and resource State-wide reconstruction works under the Natural Disaster Relief and Recovery Arrangements program and report on their progress
- operated a Regional Liaison Officer network to provide principal points of contact for each affected region
- supported the State Government's response to the Queensland Floods Commission of Inquiry recommendations
- finalised and maintained State-wide floodplain mapping to support local government planning schemes and implemented Part 1 and Part 2 floodplain toolkit into planning schemes.

In 2013-14, the Authority will:

- continue to actively manage and resource State-wide Natural Disaster Relief and Recovery Arrangement reconstruction works, including works relating to Queensland's natural disaster events of 2013, and report on their progress
- acquit Natural Disaster Relief and Recovery Arrangement claims with the Australian Government
- continue damage assessment operations to capture and monitor progress of reconstruction in natural disaster affected areas across the State
- continue to operate a Regional Liaison Officer network to engage with reconstruction delivery agents across the State, providing principal points of contact for each effected region.

STATEMENTS

Staffing

Queensland Reconstruction Authority	Notes	2012-13 Budget	2012-13 Est. Actual	2013-14 Estimate
	1	101	98	98

Notes:

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

Performance Statement

To improve accountability for performance, service standards for the 2013-14 State Budget will only present measures that relate to the efficiency or effectiveness of services delivered. Measures of input and/or activity which do not demonstrate the effectiveness or efficiency of the agency's services have been discontinued. Discontinued measures that remain relevant to the agency's services will continue to be publicly available through alternative communication channels. For details on measures which are being discontinued and where this information may be accessed in the future, please refer to the 2013-14 Budget website at www.budget.qld.gov.au.

Queensland Reconstruction Authority	Notes	2012-13 Target/est.	2012-13 Target/act.	2013-14 Target/est.
Service standards				
Completion of the reconstruction as required by the Commonwealth Natural Disaster Relief and Recovery Arrangements (events activated before 30 June 2012)	1	Dec 2012	June 2014	June 2014
Acquittal and finalisation of Natural Disaster Relief and Recovery Arrangement claims with the Commonwealth Government for the relevant financial year	2	..	..	June 2014
Compliance with legislated requirements to report the Authority's function and performance	3	100%	100%	100%

Notes:

1. The Queensland Reconstruction Authority has been extended to 30 June 2015. The Authority has now been made responsible under ministerial direction for all Natural Disaster Relief and Recovery Arrangements activated disaster events.
2. This relates to acquittal and finalisation of funds from the Australian Government for funds expended to 30 June 2013 as required under the Commonwealth's Natural Disaster Relief and Recovery Arrangements Determination 2012.
3. Under the *Queensland Reconstruction Authority Act 2011*, the Authority is required to publicly provide monthly reports. These are available online at www.qldra.org.au.

INCOME STATEMENT

Queensland Reconstruction Authority	Notes	2012-13 Budget \$'000	2012-13 Est. Act. \$'000	2013-14 Estimate \$'000
Income				
User charges		..	..	..
Grants and other contributions	1,5,9	2,376,319	1,370,846	4,142,774
Other revenue		..	..	..
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
Total income		2,376,319	1,370,846	4,142,774
Expenses				
Employee expenses	3,6,10	9,547	12,010	11,079
Supplies and services	3,7,11	9,486	19,896	16,372
Grants and subsidies	2,8,11	4,008,099	3,098,389	4,115,046
Depreciation and amortisation		541	160	..
Finance/borrowing costs		..	..	..
Other expenses		201	227	277
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
Total expenses	4	4,027,874	3,130,682	4,142,774
OPERATING SURPLUS/(DEFICIT)		(1,651,555)	(1,759,836)	..

STATEMENT OF CHANGES IN EQUITY

Queensland Reconstruction Authority	Notes	2012-13 Budget \$'000	2012-13 Est. Act. \$'000	2013-14 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments	
Increase/(decrease) in asset revaluation reserve	
Net amount of all revenue and expense adjustments direct to equity not disclosed above	
Net income recognised directly in equity	
Surplus/(deficit) for the period		(1,651,555)	(1,759,836)	..
Total recognised income and expense for the period		(1,651,555)	(1,759,836)	..
Equity injection/(withdrawal)		(541)	(160)	..
Equity adjustments (MoG transfers)	
Total movement in equity for period		(1,652,096)	(1,759,996)	..

BALANCE SHEET

Queensland Reconstruction Authority	Notes	2012-13 Adjusted Budget \$'000	2012-13 Est. Act. \$'000	2013-14 Estimate \$'000
CURRENT ASSETS				
Cash assets		..	..	..
Receivables	13,14,15	111,517	22,981	22,981
Other financial assets		..	..	..
Inventories		..	..	..
Other	15	102	..	..
Non-financial assets held for sale		..	..	..
Total current assets		111,619	22,981	22,981
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	15	229	473	473
Intangibles		..	..	..
Other		..	..	..
Total non-current assets		229	473	473
TOTAL ASSETS		111,848	23,454	23,454
CURRENT LIABILITIES				
Payables	15	31,263	29,060	29,060
Accrued employee benefits	15	1,822	1,537	1,537
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total current liabilities		33,085	30,597	30,597
NON-CURRENT LIABILITIES				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		..	..	..
TOTAL LIABILITIES		33,085	30,597	30,597
NET ASSETS/(LIABILITIES)		78,763	(7,143)	(7,143)
EQUITY				
Capital/contributed equity		(979)	(160)	(160)
Accumulated surplus/(accumulated deficit)		79,742	(6,983)	(6,983)
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
TOTAL EQUITY		78,763	(7,143)	(7,143)

CASH FLOW STATEMENT

Queensland Reconstruction Authority	Notes	2012-13 Budget \$'000	2012-13 Est. Act. \$'000	2013-14 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges		..	..	..
Grants and other contributions	16,18,22	2,376,319	1,370,846	4,142,774
Other		286,316	286,316	376,616
Outflows:				
Employee costs	17,19,23	(9,557)	(12,020)	(11,079)
Supplies and services	17,20,24	(296,711)	(307,121)	(392,988)
Grants and subsidies	21,25	(4,008,099)	(3,098,389)	(4,115,046)
Borrowing costs		..	..	..
Other		(201)	(227)	(277)
Net cash provided by/(used in) operating activities		(1,651,933)	(1,760,595)	..
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment and intangibles		(473)	(473)	..
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		(473)	(473)	..
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections		..	..	..
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		(541)	(160)	..
Net cash provided by/(used in) financing activities		(1,652,947)	(1,761,228)	..
Net increase/(decrease) in cash held		(1,652,947)	(1,761,228)	..
Cash at the beginning of financial year		1,652,947	1,761,228	..
Cash transfers from restructure		..	..	..
Cash at the end of financial year		..	..	..

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Income statement

Major variations between 2012-13 Adjusted Budget and 2012-13 Estimated actual include:

1. Grants and other contributions 2012-13 estimated actuals are below 2012-13 budget due to the change to the funding profile from the Commonwealth Government.
2. Grants and subsidies 2012-13 estimated actuals is below 2012-2013 budget due to the impact of Tropical Cyclone Oswald and associated disaster events and the resulting change to the profile of reconstruction spend in State Departments and Agencies (SDAs) and Local Government Authorities (LGAs).
3. Employee expenses and Supplies and Services expenses 2012-13 budget reflected the original Queensland Reconstruction Authority's (the 'Authority's') legislated cessation date of 21 February 2013. 2012-13 estimated actuals represents expenditure for the full financial year following the extension of the Authority to 30 June 2015.
4. Operating deficit 2012-13 estimated actuals is above 2012-13 budget due to a combination of changes in funding profile of Grants and other contributions revenue and Grants and subsidies expenditure as noted above.

Major variations between 2012-13 Budget and 2013-14 Estimate include:

5. Grants and other contributions 2013-14 estimate is above 2012-13 budget due to the impact of Tropical Cyclone Oswald and associated disaster events in 2012-13 and the resulting change to the profile of funding required for reconstruction spend by SDAs and LGAs.
6. Employee expenses 2013-14 estimate is above 2012-13 budget reflecting the extension to the legislated cessation date of the Authority from 21 February 2013 to 30 June 2015.
7. Supplies and services 2013-14 estimate is above 2012-13 budget reflecting the extension to the legislated cessation date of the Authority from 21 February 2013 to 30 June 2015.
8. Grants and subsidies 2013-14 estimate is above 2012-13 budget due to impact of Tropical Cyclone Oswald and associated disaster events in 2012-13 and the resulting change to the profile of reconstruction spend in SDAs and LGAs.

Major variations between 2012-13 Estimated actual and the 2013-14 Estimate include:

9. Grants and other contributions 2013-14 estimate is above 2012-13 estimated actual due to the impact of Tropical Cyclone Oswald and associated disaster events in 2012-13 and the resulting change to the profile of funding required for reconstruction spend by SDAs and LGAs.
10. Employee expenses 2012-13 estimated actual is above 2013-14 estimate below due to the impact of Tropical Cyclone Oswald and associated disaster events in 2012-13.
11. Supplies and services 2012-13 estimated actual is above 2013-14 estimate due to the impact of Tropical Cyclone Oswald and associated disaster events in 2012-13.
12. Grants and subsidies 2013-14 estimate is above 2012-13 estimated actual due to the impact of Tropical Cyclone Oswald and associated disaster events in 2012-13 and the resulting change to the profile of reconstruction spend in SDAs and LGAs.

Balance sheet

Major variations between 2012-13 Budget and 2012-13 Estimated actual include:

13. Receivables 2012-13 estimated actuals is below 2012-13 budget due to the settlement of grant receivables earlier than budgeted.

Major variations between 2012-13 Budget and 2013-14 Estimate include:

14. Receivables 2013-14 estimate is below 2012-13 budget due to the settlement of grant receivables earlier than budgeted.

Major variations between 2012-13 Estimated actual and the 2013-14 Estimate include:

15. It is estimated that the balances of the 2013-14 estimate will be the same as 2012-13 estimated actual.

Cash flow statement

Major variations between 2012-13 Budget and 2012-13 Estimated actual include:

16. Grants and other contributions 2012-13 estimated actuals is below 2012-13 budget due the impact of Tropical Cyclone Oswald and associated disaster events and the resulting change to the profile of funding required for reconstruction spend by SDAs and LGAs.
17. Employee costs and Supplies and services 2012-13 estimated actuals is above 2012-13 budget reflecting the extension to the legislated cessation date of the Authority from 21 February 2013 to 30 June 2015 and also the timing of GST receipts.

Major variations between 2012-13 Budget and 2013-14 Estimate include:

18. Grants and other contributions 2013-14 estimate is above 2012-13 budget due to the impact of Tropical Cyclone Oswald and associated disaster events in 2012-13 and the resulting change to the profile of funding required for reconstruction spend by SDAs and LGAs.
19. Employee expenses 2013-14 estimate is above 2012-13 budget reflecting the extension to the legislated cessation date of the Authority from 21 February 2013 to 30 June 2015.
20. Supplies and services 2013-14 estimate is above 2012-13 budget reflecting the extension to the legislated cessation date of the Authority from 21 February 2013 to 30 June 2015 and additional GST receivable on Grants and subsidies and other expenditure.
21. Grants and subsidies 2013-14 estimate is above 2012-13 budget due to the impact of Tropical Cyclone Oswald and associated disaster events in 2012-13 and the resulting change to the profile of reconstruction spend in SDAs and LGAs.

Major variations between 2012-13 Estimated actual and the 2013-14 Estimate include:

22. Grants and other contributions 2013-14 estimate is above 2012-13 estimated actual due to the impact of Tropical Cyclone Oswald and associated disaster events in 2012-13 and the resulting change to the profile of funding required for reconstruction spend by SDAs and LGAs.
23. Employee expenses 2012-13 estimated actual is above 2013-14 estimate due to the impact of Tropical Cyclone Oswald and associated disaster events in 2012-13.
24. Supplies and services 2013-14 estimate is above 2012-13 estimated actual due to additional GST receivable on Grants and subsidies and other expenditure.
25. Grants and subsidies 2013-14 estimate is above 2012-13 estimated actual due to the impact of Tropical Cyclone Oswald and associated disaster events in 2012-13 and the resulting change to the profile of reconstruction spend in SDAs and LGAs.

GLOSSARY OF TERMS

Accrual Accounting — Recognition of economic events and other financial transactions involving revenue, expenses, assets, liabilities and equity as they occur and reporting in financial statements in the period to which they relate, rather than when a flow of cash occurs.

Administered Items — Assets, liabilities, revenues and expenses an entity administers, without discretion, on behalf of the Government.

Agency/Entity — 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.

Appropriation — Funds issued by the Treasurer, under Parliamentary authority, to agencies during a financial year for:

- delivery of agreed services
- administered items
- adjustment of the Government’s equity in agencies, including acquiring of capital.

Balance Sheet — A financial statement that reports the assets, liabilities and equity of an entity as at a particular date.

Capital — 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.

Cash Flow Statement — A financial statement reporting the cash inflows and outflows for an entity’s operating, investing and financing activities in a particular period.

Controlled Items — 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.

Depreciation — The periodic allocation of the cost of physical assets, representing the amount of the asset consumed during a specified time.

Equity — 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.

Equity Injection	— An increase in the investment of the Government in a public sector agency.
Financial Statements	— Collective description of the Income Statement, the Balance Sheet and the Cash Flow Statement for an entity's controlled and administered activities.
Income Statement	— 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.
Outcomes	— Whole-of-government outcomes are intended to cover all dimensions of community well being. They express the current needs and future aspirations of communities, within a social, economic and environment context.
Own-Source Revenue	— Revenue that is generated by an agency, generally through the sale of goods and services, but it may also include some Commonwealth funding.
Priorities	— Key policy areas that will be the focus of Government activity.
Services	— The actions or activities (including policy development) of an agency which contribute to the achievement of the agency's objectives.

For a more detailed Glossary of Terms, please refer to the Reader's Guide available on the Budget website at www.budget.qld.gov.au.

